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TRANSLATION

# Independent Auditor's Report

## To the Shareholders of UniCredit Bank Srbija a.d., Beograd Group

### Opinion

We have audited the consolidated financial statements of UniCredit Bank Srbija a.d., Beograd Group (the "Group"), whose parent entity is UniCredit Bank Srbija a.d., Beograd, which comprise:

- the consolidated statement of financial position as at 31 December 2025;

and, for the period from 1 January to 31 December 2025:

- the consolidated statement of profit or loss;
- the consolidated statement of other comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;

and

- notes, comprising material accounting policies and other explanatory information;

(the "consolidated financial statements").

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

**Basis for Opinion**

We conducted our audit in accordance with the Law on Auditing and the Law on Accounting of the Republic of Serbia, the Decision on External Audit of Banks and applicable auditing standards in the Republic of Serbia. Our responsibilities under those regulations are further described in the Auditor's Responsibility for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Serbia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Impairment allowance of loans and receivables from clients**

The carrying amount of loans and receivables from clients as at 31 December 2025: RSD 439,191,623 thousand, accounting for 56% of total assets; related impairment allowance as at 31 December 2025: RSD 9,720,600 thousand; net impairment losses recognized in profit or loss in 2025: RSD 299,791 thousand.

We refer to the consolidated financial statements: Note 2(d) „Impact of the uncertainty in the economic environment”, Note 3(k)(viii) „Impairment identification and measurement”, Note 4(b) „Credit risk”, Note 5 „Use of estimates and judgments”, Note 12 „Net income from reduction in impairment of financial assets not measured at fair value through profit or loss” and Note 24 „Loans and receivables from clients”.

Key audit matter	Our response
<p><b>Why this matter was a key audit matter</b>                      Impairment allowance on loans and receivables from clients (IFRS 9 Expected Credit Losses) reflects management’s estimate of expected credit losses across the portfolio and is sensitive to judgement in (i) identifying exposures with a significant increase in credit risk and (ii) selecting forward-looking scenarios and any management overlays (including those described in Note 2(d)). For individually assessed Stage 3 exposures, the allowance depends on estimates of recoveries and the timing of collateral realisation.</p>	<p>Our procedures included, among others, with the involvement of our credit risk and information technology specialists where relevant:</p> <ul style="list-style-type: none"> <li>• <b>Allowance methodology and governance:</b> assessing the impairment methodology, including staging criteria and default definitions, and whether it was applied consistently across portfolios in accordance with the applicable financial reporting framework.</li> <li>• <b>Modelled expected credit losses:</b> evaluating key model parameters (PD, LGD, EAD/CCF) by comparing them to historical default and loss experience and assessing how forward-looking information was incorporated, including any management adjustments described in the consolidated financial statements.</li> <li>• <b>Staging and credit risk assessment:</b> for a risk-based sample, assessing whether exposures were appropriately classified by inspecting underlying credit files and credit risk assessments.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Individually assessed exposures:</b> for a risk-based sample, evaluating cash-flow assumptions and collateral recoveries by inspecting valuation reports and comparing key inputs to available market information and, where relevant, considering subsequent events.</li> <li>• <b>Disclosures:</b> assessing whether the credit risk and impairment disclosures appropriately described the key judgements and estimation uncertainty.</li> </ul>
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### Other Information

Management is responsible for the other information. The other information comprises the consolidated Annual Business Report for the year ended 31 December 2025.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated Annual Business Report, we are also required by the Law on Accounting of the Republic of Serbia to express an opinion on whether the consolidated Annual Business Report:

- is consistent with the consolidated financial statements; and
- has been prepared in accordance with the applicable legal requirements.

Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion, the information given in the consolidated Annual Business Report for the financial year for which the consolidated financial statements are prepared, in all material respects:

- is consistent with the consolidated financial statements; and
- has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, we are required to report if we identify material misstatements in the consolidated Annual Business Report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Law on Auditing of the Republic of Serbia, the Decision on External Audit of Banks and applicable auditing standards in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## KPMG d.o.o. Beograd

### *Signed on the Serbian original*

Nikola Đenić  
*Licensed Certified Auditor*

Belgrade, 18 February 2026

*This is a translation of the original Independent Auditor's Report issued in the Serbian language.  
All due care has been taken to produce a translation that is as faithful as possible to the original.  
However, if any questions arise related to interpretation of the information  
contained in the translation, the Serbian version of the document shall prevail.  
We assume no responsibility for the correctness of the translation of the Group's consolidated financial statements.*

## KPMG d.o.o. Beograd



Nikola Đenić  
*Licensed Certified Auditor*

Belgrade, 18 February 2026

**UNICREDIT BANK SRBIJA A.D., BEOGRAD**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2025**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2025***All amounts expressed in thousands of RSD, unless otherwise stated.***CONTENTS**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**CONSOLIDATED INCOME STATEMENT**

Year Ended December 31, 2025

(Thousands of RSD)

	Note	2025	2024
Interest income	3.d, 7	39,022,921	41,322,733
Interest expenses	3.d, 7	(11,064,208)	(13,580,101)
<b>Net interest income</b>		<b>27,958,713</b>	<b>27,742,632</b>
Fee and commission income	3.e, 8	15,098,358	13,760,158
Fee and commission expenses	3.e, 8	(5,199,480)	(4,155,460)
<b>Net fee and commission income</b>		<b>9,898,878</b>	<b>9,604,698</b>
Net gains on changes in the fair value of financial instruments	3.f, 9	342,198	214,655
Net gains on derecognition of the financial instruments measured at fair value	3.g, 10	301,004	-
Net losses on derecognition of the financial instruments measured at fair value	3.g, 10	-	(53,975)
Net losses on risk hedging	3.h, 25	(6,836)	(4,481)
Net foreign exchange gains and currency clause effects	3.c, 11	-	172,005
Net foreign exchange losses and currency clause effects	3.c, 11	(122,254)	-
Net income from reduction in impairment of financial assets not measured at fair value through profit or loss	3.k, 12	277,238	749,586
Net gains on derecognition of the financial instruments measured at amortized cost	3.i, 13	-	150,618
Other operating income	14	289,968	158,323
<b>Total operating income, net</b>		<b>38,938,909</b>	<b>38,734,061</b>
Salaries, salary compensations and other personal expenses	15	(4,869,525)	(4,343,688)
Depreciation and amortization charge	3.q, 3.r, 3.t, 16	(1,244,199)	(1,335,132)
Other income	17	1,182,582	1,279,795
Other expenses	18	(7,336,002)	(6,914,433)
<b>Profit before tax</b>		<b>26,671,765</b>	<b>27,420,603</b>
Current income tax expense	3.j, 19	(3,147,042)	(3,332,221)
Deferred tax losses	3.j, 37.2	(110,864)	(33,709)
<b>Profit after tax</b>		<b>23,413,859</b>	<b>24,054,673</b>
<b>Result of the period - profit</b>		<b>23,413,859</b>	<b>24,054,673</b>
<b>Profit attributable to the parent entity</b>		<b>23,428,756</b>	<b>24,054,673</b>
<b>Loss attributable to owners without control rights</b>		<b>(14,897)</b>	<b>-</b>

Belgrade, February 13, 2026

Signed on behalf of the management of UniCredit Bank Srbija A.D., Beograd by:

Nikola Vuletić  
Management Board Chairperson



Miloš Belić  
Member of the Management Board  
Head of Finance

Mirjana Kovačević  
Head of Financial and Regulatory Disclosure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

Year Ended December 31, 2025

(Thousands of RSD)

	Note	2025	2024
<b>Net profit for the year</b>		23,413,859	24,054,673
Other comprehensive income			
<i>Components of other comprehensive income that cannot subsequently be reclassified to profit or loss:</i>			
- Increase in revaluation reserves based on intangible assets and fixed assets		4,080	109,025
- Actuarial gains		33,158	35,615
<i>Components of other comprehensive income that may subsequently be reclassified to profit or loss:</i>			
- Positive effects of change in value of debt instruments measured at fair value through other comprehensive income		31,629	1,730,072
- Gains on cash flow hedging instruments		-	115,488
- Losses from cash flow hedging instruments		(25,457)	-
Losses on taxes relating to other comprehensive income	37.2	(6,512)	(298,530)
<b>Total positive other comprehensive income for the year</b>	40.2	36,898	1,691,670
<b>TOTAL POSITIVE COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>23,450,757</b>	<b>25,746,343</b>
<b>Total positive comprehensive income for the year attributable to the parent entity</b>		<b>23,465,654</b>	<b>25,746,343</b>
<b>Total negative comprehensive income for the year attributable to owners without control rights</b>		<b>(14,897)</b>	<b>-</b>

Belgrade, February 13, 2026

Signed on behalf of the management of UniCredit Bank Srbija A.D., Beograd by:

  
Nikola Vuletić  
Management Board Chairperson



  
Miloš Belić  
Member of the Management Board  
Head of Finance

  
Mirjana Kovačević  
Head of Financial and Regulatory Disclosure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

(Thousands of RSD)

	Note	2025	2024
Cash and balances held with the central bank	3.l, 20	156,147,442	191,329,015
Receivables under derivative financial instruments	3.m, 21	1,233,090	1,667,357
Securities	3.k, 3.p, 22	116,903,359	102,868,522
Loans and receivables due from banks and other financial institutions	3.k, 3.o, 23	57,034,098	72,007,912
Loans and receivables from clients	3.k, 3.o, 24	439,191,623	384,756,722
Receivables under derivatives designated as risk hedging instruments	3.n, 25	269,117	427,229
Intangible assets	3.r, 3.u, 26 3.q, 3.t, 3.u,	2,406,790	2,403,826
Property, plant and equipment	27	3,594,171	2,956,285
Investment property	3.s, 28	6,333	11,701
Deferred tax assets	3.j, 37	454,641	572,017
Other assets	29	4,150,291	3,261,267
<b>Total assets</b>		<b>781,390,955</b>	<b>762,261,853</b>
Liabilities under derivative financial instruments	3.m, 30	1,250,757	1,706,884
Deposits and other liabilities due to banks, other financial institutions and the central bank	3.k, 3.v, 31	158,521,090	168,680,584
Deposits and other liabilities due to customers	3.k, 3.v, 32	481,835,967	463,782,795
Liabilities under derivatives designated as risk hedging instruments	3.n, 25	607,417	687,148
Liabilities under securities	3.k, 3.v, 34	6,012,951	-
Subordinated liabilities	3.k, 3.v, 35	3,556,844	-
Provisions	3.w, 3.y, 36	4,140,377	4,676,063
Current tax liabilities	3.j, 19.4	92,506	1,091,929
Other liabilities	3.t, 38	8,789,851	8,575,808
<b>Total liabilities</b>		<b>664,807,760</b>	<b>649,201,211</b>
Issued (share) capital	40.1	24,169,776	24,169,776
Profit	40.1	25,298,124	25,356,317
Reserves	40.1	67,095,324	63,534,549
Minority interest	40.1	19,971	-
<b>Total equity</b>		<b>116,583,195</b>	<b>113,060,642</b>
<b>Total liabilities and equity</b>		<b>781,390,955</b>	<b>762,261,853</b>

Belgrade, February 13, 2026

Signed on behalf of the management of UniCredit Bank Srbija A.D., Beograd by:

  
Nikola Vuletić  
Management Board Chairperson



  
Miloš Belić  
Member of the Management Board  
Head of Finance

  
Mirjana Kovačević  
Head of Financial and Regulatory Disclosure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended December 31, 2025

(Thousands of RSD)

	Share and other capital	Share premium	Reserves from profit and other reserves	Positive revaluation reserves	Negative revaluation reserves	Profit	Minority interest	Total
<b>Opening balance as at 1 January of the previous year</b>	23,607,620	562,156	54,906,013	-	(1,371,132)	19,760,286	-	97,464,943
<b>Adjusted opening balance as at 1 January of the previous year</b>	23,607,620	562,156	54,906,013	-	(1,371,132)	19,760,286	-	97,464,943
Total positive other comprehensive income for the period	-	-	-	320,538	1,371,132	-	-	1,691,670
Profit for the current year	-	-	-	-	-	24,054,673	-	24,054,673
Transfer from reserves to result due to reversal of reserves-increase	-	-	-	-	-	3,576	-	3,576
Distribution of profit - increase	-	-	8,307,998	-	-	-	-	8,307,998
Distribution of profit, and/or coverage of losses - decrease	-	-	-	-	-	(8,307,998)	-	(8,307,998)
Dividend payments	-	-	-	-	-	(10,154,220)	-	(10,154,220)
Total transactions with owners	-	-	8,307,998	-	-	(18,462,218)	-	(10,154,220)
<b>Balance as at 31 December of the previous year</b>	<b>23,607,620</b>	<b>562,156</b>	<b>63,214,011</b>	<b>320,538</b>	<b>-</b>	<b>25,356,317</b>	<b>-</b>	<b>113,060,642</b>
<b>Opening balance as at 1 January of the current year</b>	23,607,620	562,156	63,214,011	320,538	-	25,356,317	-	113,060,642
<b>Adjusted opening balance as at 1 January of the current year</b>	23,607,620	562,156	63,214,011	320,538	-	25,356,317	-	113,060,642
Total positive other comprehensive income for the period	-	-	-	36,898	-	-	-	36,898
Profit for the current year	-	-	-	-	-	23,428,756	-	23,428,756
Loss for the current year	-	-	-	-	-	-	(14,897)	(14,897)
Transfer from reserves to result due to reversal of reserves-increase	-	-	-	-	-	5,568	-	5,568
Distribution of profit - increase	-	-	3,523,877	-	-	-	-	3,523,877
Distribution of profit, and/or coverage of losses - decrease	-	-	-	-	-	(3,523,877)	-	(3,523,877)
Dividend payments	-	-	-	-	-	(19,968,640)	-	(19,968,640)
Other increase	-	-	-	-	-	-	34,868	34,868
Total transactions with the owners	-	-	3,523,877	-	-	(23,492,517)	34,868	(19,933,772)
<b>Balance as at 31 December of the current year</b>	<b>23,607,620</b>	<b>562,156</b>	<b>66,737,888</b>	<b>357,436</b>	<b>-</b>	<b>25,298,124</b>	<b>19,971</b>	<b>116,583,195</b>

Belgrade, February 13, 2026

Signed on behalf of the management of UniCredit Bank Srbija A.D., Beograd by:

Nikola Vuletić  
Management Board Chairperson

Miloš Belić  
Member of the Management Board  
Head of Finance



Mirjana Kovačević  
Head of Financial and Regulatory Disclosure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year Ended December 31, 2025

(Thousands of RSD)

Note	2025	2024
<b>Cash inflows from operating activities</b>	<b>48,957,639</b>	<b>49,900,434</b>
Interest inflows	32,805,355	35,090,601
Fee and commission inflows	14,972,788	13,865,970
Inflows from other operating income	1,179,496	943,863
<b>Cash outflows from operating activities</b>	<b>(28,021,057)</b>	<b>(28,377,595)</b>
Interest outflows	(10,715,767)	(12,111,610)
Fee and commission outflows	(5,695,444)	(4,657,200)
Payments to, and on behalf of employees	(4,621,468)	(4,329,397)
Taxes, contributions and other duties paid	(798,218)	(798,096)
Outflows from other operating expenses	(6,190,160)	(6,481,292)
<b>Net cash inflows from operating activities prior to increases/decreases in financial assets and financial liabilities</b>	<b>20,936,582</b>	<b>21,522,839</b>
<b>Decrease in financial assets and increase in financial liabilities</b>	<b>8,060,322</b>	<b>87,735,391</b>
Decrease in receivables under securities and other financial assets not intended for investment	-	1,522,472
Increase in deposits and other liabilities due to banks, other financial institutions, the central bank and customers	7,623,058	85,808,832
Increase in other financial liabilities	316,933	175,533
Increase in liabilities under derivatives designated as hedging instruments and changes in the fair value of hedged items	120,331	228,554
<b>Increase in financial assets and decrease in financial liabilities</b>	<b>(12,185,237)</b>	<b>(100,653,189)</b>
Increase in loans and receivables due from banks, other financial institutions, the central bank and customers	(9,469,139)	(100,653,189)
Increase in receivables arising under securities and other financial assets not intended for investment	(2,716,098)	-
<b>Net cash inflow by operating activities before income taxes</b>	<b>16,811,667</b>	<b>8,605,041</b>
Income tax paid	(4,146,429)	(3,770,159)
Dividends paid	(19,968,640)	(10,154,220)
<b>Net cash outflow by operating activities</b>	<b>(7,303,402)</b>	<b>(5,319,338)</b>
<b>Cash inflows from investing activities</b>	<b>16,043,043</b>	<b>23,092,168</b>
Inflows from investing in investment securities	16,043,043	23,092,168
<b>Cash outflows from investing activities</b>	<b>(22,664,643)</b>	<b>(17,483,125)</b>
Cash outflows for investing in investments securities	(21,764,390)	(16,709,745)
Cash outflows for the purchases of intangible assets, property, plant and equipment	(900,253)	(773,380)
<b>Net cash inflows by investing activities</b>	<b>-</b>	<b>5,609,043</b>
<b>Net cash outflows by investing activities</b>	<b>(6,621,600)</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

Year Ended December 31, 2025

(Thousands of RSD)

	Note	2025	2024
<b>Cash inflows from financing activities</b>		<b>29,887,579</b>	<b>25,932,315</b>
Cash inflows from subordinated liabilities		3,516,975	-
Borrowings, inflows		20,335,736	25,932,315
Cash inflows arising from issued securities		6,000,000	-
Other inflows from financial activities		34,868	-
<b>Cash outflows from financing activities</b>		<b>(19,900,429)</b>	<b>(17,797,797)</b>
Cash outflows from loans taken		(19,473,224)	(17,265,651)
Other outflows from financing activities		(427,205)	(532,146)
<b>Net cash inflow by financing activities</b>		<b>9,987,150</b>	<b>8,134,518</b>
<b>Total cash inflows</b>		<b>102,948,583</b>	<b>186,660,308</b>
<b>Total cash outflows</b>		<b>(106,886,435)</b>	<b>(178,236,085)</b>
Net cash increase		-	8,424,223
Net cash decrease		(3,937,852)	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	3.l, 41	<b>109,358,651</b>	<b>100,875,615</b>
Foreign exchange Gains		-	58,813
Foreign exchange losses		(19,959)	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	3.l, 41	<b>105,400,840</b>	<b>109,358,651</b>

Belgrade, February 13, 2026

Signed on behalf of the management of UniCredit Bank Srbija A.D., Beograd by:

Nikola Vuletić  
Management Board Chairperson

Miloš Belić  
Member of the Management Board  
Head of Finance



Mirjana Kovačević  
Head of Financial and Regulatory Disclosure

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**1. BANKING GROUP'S ESTABLISHMENT AND ACTIVITY**

In 2025 the Banking Group (hereinafter: the "Group") is comprised of the parent entity UniCredit Bank Srbija a.d. Rajičeva 27-29, Beograd (hereinafter: the "Parent Entity" or the "Bank") and its subsidiaries UniCredit Leasing Srbija d.o.o. Beograd and UCITS Fund Management Company UniCredit Invest a.d. Beograd.

**(a) Establishment and Activity of the Bank**

UniCredit Bank Srbija a.d. Beograd was originally established as HVB Banka Jugoslavija ("HVB") in 2001 after obtaining an operating license from the National Bank of Yugoslavia on July 2, 2001. On October 1, 2005, a status change of merger and acquisition of entities HVB Banka Srbija i Crna Gora A.D. Beograd, as the Acquirer and Eksport-Import banka Eksimbank A.D. Beograd as the Acquiree, was registered. The Bank changed its name to UniCredit Bank Srbija a.d. Beograd on March 30, 2007.

The Bank is a member of UniCredit Group. In accordance with the reorganization of the Banking Group's activities in Central and Eastern European countries, under the Demerger and Takeover Agreement executed by and between UniCredit Bank Austria AG and UCG Beteiligungsverwaltung GmbH on August 31, 2016 and Merger and Acquisition Agreement executed by and between UCG Beteiligungsverwaltung GmbH and UniCredit SpA on September 30, 2016, UniCredit Bank Austria AG transferred its sole (100%) ownership of the Bank to the Austrian holding company UCG Beteiligungsverwaltung GmbH. Through merger of UCG Beteiligungsverwaltung GmbH with UniCredit SpA, UniCredit SpA became the sole shareholder of UniCredit Bank Srbija a.d., Beograd.

The Bank is registered in the Republic of Serbia to provide banking services associated with payment transfers, lending and depositary activities in the country and abroad and other activities defined by the Law on Banks and the Bank's own Statute.

The Bank holds sole (100%) equity interest in the subsidiary UniCredit Leasing d.o.o., Beograd and 51% equity interest in the subsidiary UCITS Fund Management Company UniCredit Invest a.d. Beograd.

As of December 31, 2025, the Bank comprises of 2 Head Offices in Belgrade, 72 branch offices and 3 counters located in towns throughout the Republic of Serbia (December 31, 2024: 71 branch offices and 2 counters).

As of December 31, 2025, the Bank has 1,406 employees (December 31, 2024: 1,354 employees).

**(b) Establishment and Activity of the Subsidiary UniCredit Leasing Srbija d.o.o. Beograd**

The Subsidiary UniCredit Leasing Srbija d.o.o. Beograd (hereinafter: "Leasing") was established under Decision of the Commercial Court in Belgrade, registry card no. 1-92733-00, dated May 18, 2004 under the name of HVB Leasing d.o.o. Beograd. The founder of Leasing was Bank Austria Creditanstalt Leasing GmbH, Vienna. On April 11, 2007, Leasing changed its name into UniCredit Leasing d.o.o. Beograd. Change of the founder was registered with the Serbian Business Registers Agency under no. 4109/2009 dated February 10, 2009, with UniCredit Global Leasing S.p.A, Milan registered as the new founder. In January 2016, in accordance with the Agreement on Sale and Purchase of Equity Interest and upon obtaining the National Bank of Serbia's approval, the Bank became the sole (100%) owner of Leasing. The aforementioned change in ownership was registered with the Serbian Business Registers Agency on January 26, 2016.

The Leasing Company is principally involved in finance lease activities.

As of December 31, 2025, Leasing has 34 employees (December 31, 2024: 37 employees).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**1. BANKING GROUP'S ESTABLISHMENT AND ACTIVITY (Continued)**

**(c) Establishment and Activity of the Subsidiary UCITS Fund Management Company UniCredit Invest a.d. Beograd**

The Subsidiary UCITS Fund Management Company UniCredit Invest a.d. Beograd (in further text: Company) was established as of May 30, 2025, as joint stock company, which is not a public company in the sense of the law governing the capital market by UniCredit bank Srbija ad Beograd with equity share 51% and Structured Invest S.A., Luksemburg with equity share 49%.

The Securities Commission of the Republic of Serbia (hereinafter: the Securities Commission) on April 28, 2025, based on Decision no. 2/5-101-2403/9-24 on granting a license to a management company for investment funds, issued a license to the Company to operate and carry out activities related to the organization and management of a UCITS fund.

The Company's activity is performing activities related to the organization and management of a UCITS fund, while its primary activity registered with the Business Registers Agency is fund management.

As of December 31, 2025, the Company has 7 employees.

**2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**(a) Basis of Preparation and Presentation of the Consolidated Financial Statements**

Legal entities and entrepreneurs incorporated in Serbia are required to maintain their books of account, to recognize and value assets and liabilities, income and expenses, and to present, submit and disclose financial statements in conformity with the Law on Accounting. As a large legal entity, the Bank is required to apply International Financial Reporting Standards ("IFRS"), which as per the aforementioned law comprise the following: the Framework for the Preparation and Presentation of Financial Statements (the "Framework"), International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), as well as the related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and additional related interpretations issued by the International Accounting Standards Board ("IASB").

The accompanying consolidated financial statements are presented in the format prescribed under the Decision on the Forms and Contents of the Items in the Forms of the Financial Statements of Banks (Official Gazette of RS no. 93/2020 and 56/2025).

These consolidated financial statements were prepared at historical cost principle, except for the measurement of the following significant statement of financial position items:

- financial assets stated at fair value through other comprehensive income;
- financial assets and liabilities at fair value through profit and loss,
- derivative financial instruments stated at fair value' and
- investment property stated at fair value;
- property used for performance of the Group's own business activity that are stated at revalued method;
- recognized financial assets and liabilities at amortized cost designated as hedged item in qualifying fair value hedging relationships at amortized cost adjusted for hedging gain or loss.

Historical cost is generally based on the fair value of consideration paid in exchange for goods and services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**(a) Basis of Preparation and Presentation of the Consolidated Financial Statements (Continued)**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique according to IFRS 13. Upon estimating the fair value of assets or liabilities, the Group takes into account characteristics of assets or liabilities that other market participants would also consider upon determining the price of assets or liabilities at the measurement date. Fair value for measurement and/or disclosure purposes in the accompanying consolidated financial statements was determined in the aforesaid manner, except for share-based payment transactions, which are in the scope of IFRS 2, leasing transactions, which are in the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as the net realizable value in IAS 2 or value in use in IAS 36.

According to IFRS 13, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In the preparation of the accompanying consolidated financial statements, the Group adhered to the accounting policies described in Note 3.

The Group's consolidated financial statements are stated in thousands of dinars (RSD). Dinar is the official reporting currency in the Republic of Serbia.

Standards/amendments to the existing standards and interpretations issued that came into effect in the current period are disclosed in Note 2(b). Standards/amendments to the existing standards and interpretations in issue but not yet in effect are disclosed in Note 2(c).

**(b) Adoption of the New Standards and Revised/Amended Standards Effective for the Current Year**

In 2025, amendments to IAS 21 "Effects of changes in exchange rates" - lack of substitutability have come into force.

The amendments to the standard above have not led to any material changes in the Group's consolidated financial statements.

**(c) New and Revised IFRS Standards in Issue but not yet Effective**

At the date of approval of these financial statements, the following new standards, amendments to existing standards and new interpretation were in issue, but not yet effective:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 applicable to periods after January 1, 2026;
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 applicable to periods after January 1, 2026;
- Annual Improvements to IFRS Accounting Standards that are applicable to periods after January 1, 2026;
- Amendments to IFRS 18 Presentation and Disclosure in Financial Statements applicable to periods after January 1, 2027;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures applicable to period after January 1, 2027.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**(c) New and Revised IFRS Standards in Issue but not yet Effective (Continued)**

The Group's management has elected not to adopt these new standards, amendments to the existing standards and new interpretations in advance of their effective dates. The Group's management anticipates that the adoption of these standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Group in the period of initial application.

**(d) Impact of the uncertainty in the economic environment**

According to data from the National Bureau of Statistics, real GDP growth in Q3 2025 was 2% y-o-y, while inflation hovered around the upper limit of the target range between January and August 2025 and then began to slow down in September (when it stood at 2.9%) and remained at this level through the end of 2025.

Sanctions on Naftna industrija Srbije (NIS), which have been postponed several times since first being introduced in January and fully came into effect in early October, represent the greatest short-term risk for Serbian economy, owing to the company's systemic importance and its overall contribution to GDP and fiscal revenue. The only option to lift the sanctions is a change in ownership structure such that the majority shareholder fully exits the company (Gaspromneft, also under American sanctions). According to latest information from late 2025 and early 2026, the Russian owners of NIS have been conducting negotiations on selling their majority stake in NIS (MOL is mentioned as the most likely buyer). Sanctions have been waived until the end of January 2026 allowing purchase of new quantities of oil and pointing to good chances that the sanctions issue should be fully resolved in 2026.

Foreign trade grew (and foreign account deficit fell) in 2025 despite high tariffs imposed on Serbia by the new US administration at the level of 35%, which didn't strongly affect the Serbian economy owing to low US export volumes. There has however been a considerable decline in FDI in 2025, which also hit other countries in the region and is likely to be the result of economic stagnation in major European economies (where much of the FDI has come from). Inflation is expected to remain within the target range in 2026, owing largely to the effect of the government decree from November 2025 capping wholesale and retail markups, and possibly increase to the upper limit of the target range later in the year, due to low base effect.

*Calculation of the expected credit loss*

Group has timely coped with the emerging geo-political risks triggered by Russia-Ukraine crises by adopting overlay measures on both Corporate and Retail sub-perimeters deemed vulnerable in case of negative evolution of the scenario. The intensification of geopolitical and trade tensions - including renewed global protectionism, supply chain fragmentation and prolonged market uncertainty has heightened the risk of adverse credit outcomes. Geo-political risks have been evolving more towards trade tensions whereas risks underlying current overlays is fading away due to smoothening of past energy supply tensions and stabilization of inflation and interest rate risks. Consequently, the evolution of overlay framework envisages more granular sector-based quantification in order to capture the level of sensitivity of the different industries to export vulnerabilities, including proactive staging classifications on clients detected within monitoring of the portfolio affected by overlay. The methodological approach for the re-assessment of the Geopolitical Corporate overlay leverages on the IFRS9 "Adverse" scenario used as starting point. This scenario, which already embeds a worsening of global trade and geopolitical tensions, provides a robust and internally validated framework to anchor revised analysis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(d) Impact of the uncertainty in the economic environment (Continued)***Calculation of the expected credit loss (Continued)*

Forecasts on macro-factors provided within IFRS9 scenario are then extended with sectoral dynamics. Indeed, forecasts provided by Group Investment Strategy include projections only on key macro-factors (e.g., GDP, Rates, etc) but not sectoral dynamics. In order to properly consider the sectorial expected dynamic, on top of IFRS9 "Adverse" scenario, sector-specific impacts are incorporated to account for specific vulnerabilities driven by:

- Trade tensions and supply chain disruptions including spillover effect on interconnected industries
- Euro-US Dollar exchange rate movements affecting external demand
- uncertainty due to US sanctions against Naftna Industrija Srbije (NIS)<sup>1</sup>

In this way, the evolution of default rates by sector is modeled as the combined result of satellite and sectoral models, hereby capturing both macro-driven and sector-specific dynamics.

Overview of components of managerial overlays (in thousand RSD)	December 31, 2024	2025 effect - addition/(reversal)	December 31, 2025
<b>Overlay - Geopolitical</b>	<b>794,318</b>	<b>1,416,809</b>	<b>2,211,127</b>
- Retail clients (housing)	96,899	(96,899)	-
- Retail clients (unpaid)	47,294	(47,294)	-
- Corporate clients	650,125	1,561,002	2,211,127
<b>Overlay - CREF</b>	<b>450,635</b>	<b>(450,635)</b>	<b>-</b>
<b>Total</b>	<b>1,244,953</b>	<b>966,174*</b>	<b>2,211,127</b>

\* Overlays recognized as of December 31, 2024, in the total amount of RSD 594,828 thousand have been released:

- Regarding Geopolitical overlay:
  - Retail clients – for: 1) floating rate mortgages (not having overdue instalments), given the sensitiveness in this context of increasing interest rate/inflation in the amount of RSD 47,294 thousand, and 2) at least 1 unpaid instalment on their exposures, considered a perimeter with already difficulties in payments and as such particularly vulnerable in this specific contingency in the amount of RSD 96,899 thousand.
- Regarding CREF overlay:
  - Corporate clients – rated by IPRE model (Income Producing Real Estate) as well as clients classified within construction industry in the amount of RSD 450,635 thousand.

The geopolitical overlay for corporate clients has been re-quantified in the amount of RSD 1,561,002 thousand, with a focus on a more detailed sector classification to include the sensitivity level of different industries to export vulnerability, including proactive classification of clients at this stage within portfolio monitoring, as previously described in this note.

<sup>1</sup> Regardless of whether sanctions are currently active or temporarily suspended, the unpredictability of geopolitical measures such as sanctions introduces a persistent layer of uncertainty for businesses and policymakers. This uncertainty can translate into volatility in energy markets, sudden shifts in supply chains, and price shocks that affect production costs and competitiveness, elevated credit risk, particularly in energy-intensive sectors.

For Serbia, where energy infrastructure is concentrated and heavily dependent on foreign ownership, the risk is not limited to the immediate enforcement of sanctions but extends to the possibility of future restrictions or regulatory shifts. Such uncertainty underscores the need to incorporate geopolitical risk factors, ensuring resilience against potential shocks even when sanctions are not actively enforced. The analysis indicates that, under this ad-hoc "adverse" scenario for Serbia, the annual Default Rate for the corporate portfolio would increase by +30% compared to "IFRS9 Adverse". This delta was applied in addition to contributions from Satellite Models and Sectoral Models, to capture the risk of future restrictions or regulatory changes

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2025***All amounts expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****(d) Impact of the uncertainty in the economic environment (Continued)***Calculation of the expected credit loss (Continued)*

As of 31 December 2025, overall effect of overlays applied amount to 18,853 thousand EUR (RSD 2,211,127 thousand) and are broken-down according to the following sectors:

Industry Sector	Overlay amount in thousand EUR
Manufacture of machinery	128
Automotive	328
Metallurgy	70
Mining and quarrying	4
Manufacture of industrial products (non metall.)	2,568
Food and beverage	496
Constructions	2,351
Manufacture of electric and electronic products	612
Textile - Apparels	163
Agriculture, forestry and fishing	744
Air transport	90
Logistic	137
Utility	2,379
Tourism	282
Professional Services	445
Real estates	3,094
Wholesale trade	3,953
Proactive classification of clients to Stage 2 – all sectors	1,009
<b>Total</b>	<b>18,853</b>

**(e) Comparative Information**

Comparative information in the accompanying consolidated financial statements represents the data from the Group's consolidated financial statements for 2024.

**(f) Use of Estimates**

Preparation of the consolidated financial statements in accordance with IFRS requires the Group's management to make the best possible estimates and reasonable assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, as well as income and expenses arising during the accounting period. Actual amounts of assets and liabilities may vary from these estimates.

These estimations and underlying assumptions are subject to regular review. The revised accounting estimates are presented for the period in which they are revised as well as for the ensuing periods.

Further explanations have been reported in Note 5.

**(g) Statement of Compliance**

The Group's financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies presented hereinafter have been consistently applied by the Group for all years presented in the accompanying consolidated financial statements. The Group's main accounting policies applied to the current and previous reporting periods are presented in greater detail hereunder.

**(a) Consolidation**

The Group's consolidated financial statements include the consolidated statement of financial position as of December 31, 2025, and the related consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements.

The Group's consolidated financial statements as of and for the year ended December 31, 2025, include the financial statements of the Parent Entity (the Bank) and financial statements of the following subsidiary:

	Equity Interest %	
	2025	2024
Subsidiary:		
UniCredit Leasing d.o.o., Beograd	100%	100%
UCITS Fund Management Company UniCredit Invest a.d. Beograd	51%	-

All materially significant amounts, transactions and balances derived from intercompany relationships are eliminated in consolidation applying the method of full consolidation.

**(b) Going Concern**

Considering the circumstances caused by Russian-Ukrainian and Middle East conflicts, the Group's management believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future. As a result, the Group's financial statements have been prepared on a going concern basis, assuming that the Group will continue its operations for an indefinite period in the future.

**(c) Foreign Exchange Translation**

Transactions denominated in foreign currencies are translated into dinars at official middle exchange rates effective at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies, as well as those indexed to a currency clause, are translated into dinars by applying the official middle exchange rates prevailing at the reporting date. Gains and losses incurred in realized transactions of purchase and sale of foreign currency and effective foreign currency with individuals and legal entities during the period are stated in the Group's income statement, within the position "Net fee and commission income".

Exchange differences resulting from the translation of one currency into another currency at different exchange rates, including exchange rate differences based on the currency clause, are stated in the Group's income statement under "Net foreign exchange gains/losses and currency clause effects".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Foreign Exchange Translation (Continued)**

Non-monetary assets and liabilities denominated in foreign currencies measured at fair value are translated to the functional currency at the exchange rate effective at the date that the fair value was determined. Non-monetary assets and liabilities that are stated at historical cost in a foreign currency are translated using the exchange rates effective at the dates of the transactions.

The official exchange rates determined by the NBS and applied in the translation of the statement of financial position's components into dinars for the following major currencies were as follows:

	December 31, 2025	December 31, 2024
USD	99.9165	112.4386
EUR	117.2820	117.0149
CHF	126.0013	124.5237

**(d) Interest Income and Expenses**

*(i) The Effective Interest Method*

Interest income and expenses are recognized in the income statement in the period they relate to using the effective interest method for all interest-bearing financial instruments measured at amortized cost (AC) and securities at fair value through other comprehensive income (FVtOC).

The effective interest rate is the rate that precisely discounts estimated future payments or receipts over the expected life of the financial instrument or over a shorter period, where appropriate, to the net carrying value of the financial asset or financial liability. In calculation of the effective interest rate, the Group estimates cash flows taking into account all the contractually agreed terms of the financial instrument but does not consider future credit losses. The effective interest rate calculation includes all fees and amounts paid or received between the counterparties and transaction costs that form an integral part of the effective interest rate.

Transaction costs are costs directly attributable to the acquisition or the issuance of a financial asset or liability. These include fees and commissions paid to agents, advisers, brokers and dealers, fees from regulatory agencies and stock exchanges, as well as taxes and fees related to the transfer if exist. Transaction costs do not include premiums or discounts, financing costs or internal administrative costs or maintenance costs. Only transaction costs that are certain or determinable are included in the amortized cost at the initial recognition of a financial asset. If the Group receives a fee from a client that offsets similar charges paid by the Group, only the net amount is included in the amortized value of the asset.

Fees that are integral part of the effective interest rate of a financial instrument include:

- a) "origination fees" – fees charged by the Group in connection with issuance or acquisition of a financial asset; such fees include fees for evaluation of the financial position of borrowers, for evaluating and recording guarantees, collaterals and other security arrangements, for negotiating the terms of an instrument, preparing and processing documents and closing transactions;
- b) "commitment fees" - fees received for the issue of a loan when it is probable that the loan arrangement will be realized,
- c) "origination fees" - fees payable based on the issue of financial liabilities that are measured at amortized cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Interest Income and Expenses (Continued)**

*(i) The Effective Interest Method (Continued)*

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than those that are credit-impaired. Regular interest income from impaired financial assets is calculated based on the net value of the financial asset using the effective interest method. Calculation of penalty interest income from impaired financial assets is suspended from the moment when the client becomes credit-impaired and is recorded from then on within off-balance sheet items, except for a portion of the legally prescribed penalty interest on written-off loans without debt acquittal, which is recorded when collected.

Impaired loans and receivables are those loans and receivables due from clients who are in the status of default (internal ratings 8-, 9 and 10), i.e., classified in Stage 3 under IFRS 9. If the status of a financial asset is improved so that it is no longer impaired, the Group resumes calculation of interest income on a gross basis.

For financial assets classified under IFRS 9 as POCI ("purchased or originated credit-impaired" assets), the Group calculates interest income by applying the credit-adjusted effective interest rate on the amortized cost of an asset. Credit-adjusted effective interest rate is the interest rate that, on initial recognition, discounts expected cash flows including credit losses to the amortized value of the POCI financial asset.

*(ii) Presentation*

Interest income and expenses recognized in profit or loss include:

- interest on financial assets and financial liabilities that are measured at amortized cost (AC) calculated using the effective interest rate method;
- interest on securities measured at fair value through other comprehensive income (FVtOCI) calculated using the effective interest rate method;
- interest on coupon securities held for trading; and
- interest on derivative financial instruments.

**(e) Fee and Commission Income and Expenses**

Fee and commission income and expenses that are integral part of the effective interest rate of a financial asset or liability are included in the calculation of the effective interest rate and therefore stated within interest income and expenses.

Fees that are not integral part of the effective interest rate of a financial instrument and are therefore accounted for in accordance with IFRS 15 include:

- a) "monitoring" or "management" fees – fees charged by the Group for loan servicing;
- b) "commitment fees" – fees for issuing a loan when it is unlikely that the loan arrangement will be realized; and
- c) syndicated loan fees received by the Group as a transaction agent/arranger.

In accordance with IFRS 15, two approaches for the recognition of fee and commission income are provided: "at a point in time" and "over time" as the related services are performed. Fee and commission income includes revenues from international and domestic payment services, issuance of guarantees, letters of credit and other banking services as well as income from realized transactions of foreign exchange purchases/sales and effective foreign currency transactions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fee and commission expenses mostly relate to fees for transactions and services provided and are recorded upon receipt of services. Fee and commission expenses also include expenses from realized transactions of foreign exchange purchases/sales and effective foreign currency transactions.

**(f) Net Gains/Losses on Changes in the Fair Value of Financial Instruments**

Net gains/losses on the change in the fair value of financial instruments include the effects of fair value adjustment of derivatives, except for derivatives designated as risk hedging instruments and fair value adjustment of financial assets and financial liabilities carried at fair value through profit or loss.

**(g) Net Gains/Losses on Derecognition of Financial Instruments Measured at Fair Value**

Net gains/losses from derecognition of the financial instruments measured at fair value include the effects of the derecognition of financial assets and financial liabilities measured at fair value through profit or loss, as well as financial assets measured at fair value through other comprehensive income.

**(h) Net Gains/Losses on Risk Hedging**

Net gains/losses on risk hedging include net gains on the value adjustment of financial derivatives designated as risk hedging instruments as well as on the fair value adjustment of loans, receivables and securities as hedged items, these adjustments arising from the risk against which the item is hedged.

**(i) Net Gains/Losses on Derecognition of Financial Instruments Measured at Amortized Cost**

Net gains/losses from derecognition of the financial instruments measured at amortized cost include the effects arising from derecognition of financial assets at amortized cost.

**(j) Income Tax Expenses**

Tax expenses comprise current taxes and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

**(i) Current Income Tax**

Current income tax is an expected tax payable or receivable as per taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Current income tax represents an amount calculated in accordance with the Republic of Serbia Corporate Income Tax Law. The prescribed tax rate for 2025 equals 15%. The taxable income is the profit before taxes shown in the statutory statement of income, adjusted in accordance with the tax regulations of the Republic of Serbia.

**(ii) Deferred Income Taxes**

Deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

Based on their future tax consequences, temporary differences can be:

- taxable temporary differences, which will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset is recovered or the liability is settled in accordance with the appropriate tax regime; or
- deductible temporary differences, which will result in amounts that can be deducted in determining the taxable profit (tax loss) of the future period in which the carrying amount of the asset will be recovered or the liability settled in accordance with the appropriate tax regime.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Income Tax Expenses (Continued)**

*(iii) Other Taxes and Contributions*

According to the relevant legislation in the Republic of Serbia, the Group pays various taxes, contributions, and duties payable, such as property tax, payroll contributions charged to the employer and other public duties. These are included under other expenses within the income statement.

**(k) Financial Assets and Liabilities**

*(i) Recognition and Initial Measurement*

The Group initially recognizes financial assets and liabilities at the settlement date.

A financial asset or liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets and liabilities at fair value through profit or loss, whose measurement does not include such costs.

*(ii) Classification and Subsequent Measurement*

**Financial Assets**

Upon initial recognition, the Group classifies its financial assets in one of the following three categories:

- financial assets at amortized cost (AC);
- financial assets at fair value through other comprehensive income (FVtOCI); and
- financial assets through profit or loss (FVtPL).

The requirements regarding the classification of debt and equity instruments are described below:

*Debt Instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the perspective of the issuer, such as loans, securities, and other similar receivables.

Classification and measurement of financial assets depend on the following two main criteria:

- 1) business model based on which the Group manages a financial asset; and
- 2) characteristics of the contractual cash flows of a financial asset (the so-called SPPI criterion).

*Business Model*

The business model reflects the manner in which the Group manages its financial assets in order to generate cash flows therefrom, i.e., the business model determines whether the cash flows will result from holding the assets ("hold to collect" business model) or from their holding as well as sales ("hold to collect and sell" business model). If neither of the aforesaid is applicable (e.g. a financial asset is held for trading), such an asset is held within the "other" business model and classified as measured at fair value through profit or loss (FVtPL). Business model assessment is performed at the level of a group of financial assets such as portfolio or sub-portfolio level, taking into account all the relevant and objective information such as sales of assets that were realized in the past, management's intentions regarding future sales, risk management, valuation of the assets' performance and reporting thereon to the management, etc. Business model assessment is based on realistic future expectations. Reclassification of a financial asset is made if the business model within which the asset is managed is changed. The Group does not expect frequent changes of its business models.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

(ii) *Classification and Subsequent Measurement (Continued)*

**Financial Assets (Continued)**

*Debt Instruments (Continued)*

SPPI Criterion

In instances of "hold to collect" or "hold to collect and sell" business models, the Group assesses whether the contractual cash flows of the financial asset represent solely payments of the principal and interest payment ("SPPI test"). For the purpose of this assessment, "principal" is defined as the fair value of a financial asset at the date of initial recognition. "Interest" is defined as consideration for the time value of money, the accepted level of credit risk of the borrower, other basic lending risks as well as an appropriate margin. If the contractual terms of a financial asset include exposure to risks that are not in accordance with the underlying loan arrangement, a financial asset is classified and measured at fair value through profit or loss.

Based on the above explained criteria, debt instruments are classified into the following asset categories:

1) Financial Assets at Amortized Cost (AC)

A financial asset that is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual cash flows represent solely payments of principal and interest and is not irrevocably classified as financial assets at fair value through profit or loss, is measured at amortized cost. The amortized value of these financial assets is subsequently adjusted for estimated impairment as explained in Note 3.(k)(viii). Interest income on these financial assets is recognized using the effective interest method and is included in the item of interest Income within in the income statement.

2) Financial Assets at Fair Value through Other Comprehensive Income (FVtOCI)

A financial asset that is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and whose contractual cash flows represent solely payments of principal and interest and is not irrevocably classified as financial assets at fair value through profit or loss, is classified and measured at fair value through other comprehensive income. The effects of the change in fair value in the subsequent measurement of these assets are recorded in the other comprehensive income. As with financial assets at amortized cost, the impairment, interest income and foreign exchange gains/losses are recognized in the income statement. The loss allowance is not recognized in balance sheet but in other comprehensive income considering that book value of those assets should be equal to fair value. Upon derecognition, cumulative gains and losses previously recognized in the other comprehensive income are reclassified and presented within net gains/losses on derecognition of financial assets measured at fair value in the income statement. Interest income on these financial assets is recognized at the effective interest method and is included in the item of interest Income within the income statement.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

(ii) *Classification and Subsequent Measurement (Continued)*

**Financial Assets (Continued)**

*Debt Instruments (Continued)*

3) Financial Assets at Fair Value through Profit or Loss (FVtPL)

A financial asset that does not meet the criteria for classification at amortized cost or at fair value through other comprehensive income is measured at fair value through profit or loss. In addition, the following assets are classified as FVtPL:

- held-for-trading financial assets if they are acquired for purpose of sale or repurchase in the near term or when they are initially recognized as part of a portfolio of financial instruments that are managed together in order to achieve short-term profits;
- financial assets that the Group, upon initial recognition, designates as assets at fair value through profit or loss, irrespective of the business model and cash flow characteristics, in order to eliminate or significantly reduce the so-called "accounting mismatch".

Subsequent changes in the fair value of these assets are recorded through profit or loss within the line item of net gains/losses on the change in the fair value of financial instruments. Interest income on coupon securities held for trading is included in the interest income within the income statement.

*Equity Instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, i.e., instruments that do not contain the contractual obligation of payment and represent a share in the net assets of the issuer.

The Group's equity instruments are measured at fair value through other comprehensive income, except when they are traded, in which case they are measured at fair value through profit or loss. Such a classification is performed for each equity instrument individually. Equity instruments at fair value through other comprehensive income are initially recognized at fair value plus transaction costs directly attributable to their acquisition, unless the Group assesses in some cases that the cost is the best estimate of their fair value.

Effects of the changes in the fair value of equity instruments that are measured at FVtOCI in subsequent measurement are recognized in the other comprehensive income and are never reclassified to the income statement, even when the asset is derecognized. The provisions of IFRS 9 regarding impairment of financial assets relate only to debt instruments. For equity instruments at FVtOCI, the effects of impairment are not recognized through the income statement. Instead, all changes in their fair value are recorded within the other comprehensive income. Dividends are recognized within the line item of other operating income in the income statement when the Group's right to receive a dividend is established.

Effects of changes in the fair value of equity instruments at FVtPL are recorded under the item of net gains/(losses) on the change in the fair value of financial instruments in the income statement.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(ii) Classification and Subsequent Measurement (Continued)*

**Financial Liabilities**

The Group classifies financial liabilities, except for irrevocable commitments for loans and financial guarantees, as liabilities measured at amortized cost or as fair value through profit or loss (please refer to Note 3.(v)).

Financial liabilities at fair value through profit or loss include derivatives, financial liabilities held for trading (e.g. short positions in a trading book) and other financial liabilities that are designated at FVtPL on initial recognition. However, in respect of the measurement of financial liabilities initially designated at FVtPL, IFRS 9 requires that the changes in the fair value of a financial liability that relate to changes in the Group's own credit risk are presented in the other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk would cause or increase an accounting mismatch in the income statement. Changes in the fair value of liabilities arising from credit risk are not subsequently reclassified to the income statement.

*(iii) Derecognition*

**Financial Assets**

The Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- when the Group transfers substantially all the risks and rewards associated with ownership of the financial asset or it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control over a financial asset;
- when contractual terms of a financial asset are significantly modified contractual terms (please refer to Note 3.(k)(iv)).

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset acquired less any new liability assumed) and (ii) any cumulative gain or loss that was previously recognized in other comprehensive income is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion thereof. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repo transactions.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(iii) Derecognition (Continued)*

**Financial Assets (Continued)**

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similarly to repo transactions since the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risk and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement in the asset, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**Financial Liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or have expired.

*(iv) Modification*

*Derecognition due to Significant Modification of Contractual Terms*

In instances of amendments to the contractual terms, the Group assesses whether cash flows have been significantly modified. If the cash flows of a financial asset/liability are significantly modified in relation to originally contracted, asset/liability is derecognized and new financial asset/liability is recognized at fair value increased by any transaction costs (referring to new financial asset/liability). Any difference between the carrying amount of the existing asset/liability and fair value of a new financial asset/liability is recognized in the income statement within the net gains/losses on derecognition of the financial instruments recognized at fair value and net gains/losses on derecognition of the financial instruments recognized at amortized cost.

Under significant modification of cash flows, the Group considers: changes of contracts due to commercial reasons that are in accordance with market conditions, changes in the currency or debtor, as well as changes that introduce contractual provisions resulting in non-compliance with the SPPI criteria. In accordance with IFRS 9, a new financial asset is classified in Stage 1 for ECL measurement of expected credit losses (in further text: ECL), unless it is a POCI asset (purchased or originated credit-impaired asset).

*Modifications of a Financial Asset that do not Lead to Derecognition*

Amendments to the contracts due to the financial difficulties of the borrower are not considered a significant modification and do not lead to derecognition of a financial asset.

In accordance with IFRS 9, the Group determines the new gross carrying amount of a financial asset and recognizes a modification gain/loss in the income statement (the line item of net gains/losses on impairment of financial assets not recognized at fair value through profit or loss).

The gross carrying amount of the financial asset is determined as the present value of the modified cash flows discounted at the original effective interest rate. Any transaction costs adjust the carrying amount of a modified financial asset and are amortized over its useful life.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(v) Offsetting*

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the recognized amounts and it intends either to settle the liability on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

*(vi) Amortized Cost Measurement*

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is subsequently measured, minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initial amount recognized and the maturity amount, less any reduction for impairment.

*(vii) Fair Value Measurement*

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

Whenever possible, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and other optional models. The selected valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data. Assets and long positions are measured at a bid price and liabilities and short positions are measured at an asking price.

When the Group has position with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(vii) Fair Value Measurement (Continued)*

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received. However, in some cases, the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. Otherwise, the difference is not recognized in profit or loss immediately but over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

*(viii) Impairment Identification and Measurement*

In accordance with IFRS 9, upon impairment of financial instruments existence of objective evidence of impairment is not necessary for recognition of credit losses. Expected credit losses are also recognized for unimpaired financial assets. In other words, the Group calculates provisions for credit losses for all credit exposures other than those already measured at fair value through profit or loss (including both performing and non-performing financial assets).

Expected credit losses (ECL) are recalculated on each reporting date in order to reflect the changes occurred in the credit risk since the initial recognition of a financial instrument. Such an approach results in earlier recognition of credit losses as it is necessary to recalculate expected credit losses over a 12-month period for all credit exposures (the so-called Stage 1). It is necessary to recalculate lifetime expected credit losses for all exposures that have significant increase in the credit risk (the so-called Stage 2).

In ECL calculation, the Group uses forward-looking information and macroeconomic factors, i.e., the Group considers not only the historical information adjusted to reflect the effects of the present conditions and information providing objective evidence of the financial asset being impaired or actual losses incurred, but reasonable and supportable information as well, which include projections of future economic conditions in calculation of expected credit losses, both on individual and at collective bases. The amount of provisions for credit losses will increase with deterioration of the projected economic conditions and decrease with their improvement.

The Basic Principles and Rules Used by the Group in Calculation of Allowances under IFRS 9

The Group calculates 12-month expected credit loss or a lifetime expected credit loss of financial instruments depending on the significance of the change in its credit risk occurred since the instrument's initial recognition.

For these purposes, the Group uses the following three stages of impairment:

- Stage 1 includes all new financial assets at initial recognition and instruments without significant credit quality deterioration since their initial recognition or low-risk instruments;
- Stage 2 includes financial instruments with significant credit quality deterioration since their initial recognition yet with no objective evidence of impairment based on credit losses;
- Stage 3 includes financial instruments where objective evidence of impairment exists at the reporting date.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(viii) Impairment Identification and Measurement (Continued)*

The Basic Principles and Rules Used by the Group in Calculation of Allowances under IFRS 9 (Continued)

Stages 1 and 2 include only performing financial assets. Stage 3 includes only non-performing financial assets.

- For financial assets in Stage 1, the Group calculates 12-month expected credit losses.
- For financial assets in Stage 2, the Group calculates lifetime expected credit losses.
- For financial assets in Stage 3, the Group calculates lifetime expected credit losses

Financial assets are transferred from Stage 1 to Stage 2 when the credit risk has increased significantly since the instruments' initial recognition. The transfer logic is based on quantitative and qualitative criteria and must be applied to on exposures that are within the scope of the ECL model. Deterioration of the probability of default (PD) is the key parameter underlying the quantitative criterion of the transfer logic. The PD is calculated at counterparty level and also that the staging process takes place by transaction. The transfer logic model in the Group is based on a quantitative approach named "quantile regression model" where 1) the term significant is translated in term of percentile leading to the determination of a transfer threshold (depending on PD at inception, age and residual maturity), representing a theoretical increase reputed by the quantitative model as "significant" from the statistical standpoint; the quantile regression model uses 3 input variables (PD at inception, age and residual maturity) to describe the target variable which is the quantile; 2) the term increase is translated in term of relative increase/decrease in Lifetime PD from the inception date to the reporting date of the financial instruments. Whenever the realized variation of the IFRS 9 Lifetime PD violates the transfer threshold estimated by the model the financial instruments is classified in Stage 2.

The relative increase in PD that leads to transfer to Stage 2 for each segment, rating at inception and remaining maturity is given in the tables below:

		Remaining Maturity =< 1Y	Remaining Maturity =< 2Y	Remaining Maturity > 2Y
Initial rating (1 to 8)	Corporate	up to 12.61x	up to 9.37x	up to 6.42x
	Small business	up to 16.83x	up to 10.97x	up to 6.80x
	Retail	up to 12.61x	up to 6.81x	up to 3.57x

The following qualitative criteria are applied after the said quantitative parameter:

- Forbearance status classification results in automatic classification to Stage 2 for the following at least 24 months (probation period). After that period, if there are no other significant indicators of credit risk deterioration, the transaction may be reclassified to Stage 1;
- 30 days past due – if a transaction reaches 30 days past due, it should be classified into Stage 2;
- All performing exposures included in Watch List 2 or worsening managerial classification (all performing exposures transferred to the remit of the Loan Restructuring and Workout departments) should be classified into Stage 2.

Watch list 2 means clients with higher risk, showing structural/strategic problems, bad business health, profitability issues. Of course, this Watch list 2 status cannot be assigned to financial instrument at origination, this status is assigned in case of deterioration in credit risk compare to initial credit risk at inception.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(viii) Impairment Identification and Measurement (Continued)*

The Basic Principles and Rules Used by the Group in Calculation of Allowances under IFRS 9 (Continued)

In order to improve transfer logic model, Bank has implemented additional quantitative backstop indicators must be classified as Stage 2 :

- facilities with threefold increase in the lifetime credit risk;
- facilities related to counterparties with a Basel PD higher than 20%.

These backstop indicators are complementing the transfer logic model in sense that at origination no transaction could have a greater Basel PD of 9.222% as that is the upper bound of rating 7 from the master scale which is used as a cutoff in the origination process. The transfer logic model could have a more loose threshold applied on these transactions depending on the age, remaining maturity and initial IFRS9 PD so the 20% Basel PD backstop triggers the Stage 2 allocation before the transfer logic model. Similarly, the threefold increase in the lifetime credit risk is there for the transactions in the better rating groups so that if there is a deterioration in their rating the threefold increase will be triggered before the breach of the transfer logic threshold.

The transfer approach from stage to stage forth and back is symmetrical. Specifically, if in subsequent reporting periods the credit quality of a financial asset assigned to Stage 2 improves such that there is no longer a significant increase in credit risk since initial recognition, then the asset is reassigned to Stage 1. Nevertheless, an additional minimum time permanence is present which does not allow transfer to Stage 1 before the minimum continuous time spent in Stage 2 is at least 3 months.

In the impairment process, the Group applies special treatment to the purchases of already impaired assets from the so-called NPL portfolios and to the approval of new loans to the borrowers with already impaired loans within its portfolio, i.e. those already in NPL status. In accordance with the Standard, such assets are defined as POCI (purchased and/or originated impaired credit assets) and are separately measured through cumulative changes in lifetime expected credit losses of the instruments after their initial recognition. Positive changes in the lifetime expected credit losses of the instrument are recognized as gains on the impairment of instruments if the expected credit loss is lower than the amount of expected credit losses included in the estimated cash flows upon initial recognition.

*(ix) Write-Off*

When certain financial assets are determined to be irrecoverable, these are written off. Write-off of an asset represents derecognition of that asset within the statement of financial position, where write-off of assets without debt acquittal is distinguished from write-off with debt acquittal.

Assets are written off without debt acquittal in instances where the Group has estimated that the assets will not be collected but does not waive its contractual and legal rights in respect of such assets. In such cases, the Group estimates that it is economically justified to undertake further activities related to the collection of a financial asset. The Group also has the right to calculate legally prescribed penalty interest after write off without debt acquittal, but ceases to record it until collection.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial Assets and Liabilities (Continued)**

*(ix) Write-Off (Continued)*

The Group performs write-offs without debt acquittal (accounting write-offs) based on the decisions of its competent bodies and/or the relevant NBS decision for financial assets with low collectability rates that are fully impaired (100% provided for). Given that the Group does not waive the right to collect financial assets, write-off without debt acquittal, (accounting write-off) represents derecognition of the financial assets in the statement of financial position and recording those within the off-balance sheet items. When the Group estimates that there is no justification for undertaking further activities related to the collection of a financial asset (completed bankruptcy or liquidation procedure, court ruling and the like), the Group's competent bodies enact a decision on derecognition of the asset from the off-balance sheet items.

The Group writes off financial assets with debt acquittal when these are estimated as irrecoverable and that it is not economically justifiable to take further actions toward their collection. In such instances, the written-off financial assets are derecognized from the statement of financial position without any further recording.

In the event that the Group collects a financial asset previously written-off, the income is recognized in the income statement under the net gains/losses on impairment of financial assets not recognized at fair value through profit or loss.

The outstanding amount of written off financial assets without debt acquittal as of December 31, 2025, is RSD 17,637,124 thousands (December 31, 2024: RSD 16,676,250 thousands).

**(l) Cash and Balances Held with the Central Bank**

Cash and balances held with the central bank include cash on hand, balances held on the Bank's gyro account, other cash funds and the obligatory foreign currency reserve held with the central bank. Cash and balances held with the central bank are stated at amortized cost within the statement of financial position.

For the purposes of cash flow statement preparation, cash and cash equivalents include funds held on the accounts with foreign banks, while the obligatory foreign currency reserve held with the central bank is not included in the cash flow statement.

**(m) Receivables and Liabilities under Derivatives**

Derivatives are derivative financial instruments or other contracts that have three basic characteristics: their value changes depending on changes in some basic or underlying value, they require no or relatively little initial net investment, and they are settled on a specific future date. Derivatives include forward transactions, currency swaps, interest rate swaps as well as interest options. In the statement of financial position, they are presented within assets if their fair value is positive and within liabilities if their fair value is negative. They are initially recognized at fair value and the effects of the change in fair value on subsequent measurement are presented in the income statement, within the line item of net gains/losses on the change in the fair value of financial instruments.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Derivatives Held as Risks Hedging Instruments and Hedge Accounting**

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position. For hedge accounting, the Group applies IFRS 9 as well as IAS 39 for fair value hedge strategies related to exposures of portfolios of financial assets or financial liabilities to interest rates (macro fair value hedging), which is permitted by paragraph 6.1.3 of IFRS 9.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, along with the method that will be used to assess the effectiveness of the hedging relationship.

A hedging relationship qualifies for hedge accounting if and only if all of the following conditions are met:

- The hedging relationship consists solely of eligible hedging instruments and eligible hedged items;
- At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the entity's risk management objective and hedging strategy, including the identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess whether the hedging relationship meets the effectiveness requirements (including an analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- The hedging relationship meets all the following effectiveness requirements regarding hedge effectiveness:
  - there is an economic relationship between the hedged item and the hedging instrument;
  - the effect of credit risk does not dominate the value changes resulting from the economic relationship;
  - and the hedge ratio in the hedging relationship is the same as the ratio resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of the hedged item. However, this designation should not reflect an imbalance between the weighting of the hedged item and the hedging instrument that would cause hedge ineffectiveness.

*(i) Fair Value Hedges*

When a derivative is designated as the hedging instrument in a hedge against a change in the fair value of a recognized asset or liability that could affect the profit or loss, changes in the fair value of the derivative are recognized immediately in the profit or loss (income) statement, together with changes in the fair value of the hedged item that are attributable to the risk hedged.

If only certain risks attributable to hedged items are subject to hedging, the recognized changes in fair value of the hedged items that are not associated with the risk subject to hedging are recognized in accordance with the Group's policy on financial instrument measurement depending on the instrument classification.

*(ii) Cash Flow Hedges*

When a derivative is designated as the hedging instrument in a hedge against a change in the cash flows of a recognized asset, liability or highly probable future transaction that could affect the profit or loss, changes in the fair value of the derivative are recognized:

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Derivatives Held as Risks Hedging Instruments and Hedge Accounting (Continued)**

*(ii) Cash Flow Hedges (Continued)*

- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income; and
- the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss.

The recognized changes in fair value of the hedged items are recognized in accordance with the Group's policy on financial instrument measurement depending on the instrument classification.

**(o) Loans and Receivables**

Line items "loans and receivables due from banks and other financial institutions" and "loans and receivables due from customers" in the Group's statement of financial position include financial assets that are measured at amortized cost or at fair value through profit or loss (please refer to Note 3(k)(ii)). If they are measured at amortized cost, loans and receivables are presented net of allowances for impairment in the statement of financial position (Note 3(k)(viii)). Allowance for impairment is made by reducing the carrying amount of a loan or receivable. If, in a subsequent period, the amount of impairment loss decreases, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of reversal is recognized in the income statement within the line item of net gains/losses on the reversal of impairment/impairment of financial assets not measured at fair value through profit or loss.

**(p) Securities**

The line item of securities in the statement of financial position includes debt securities that can be classified into all three categories of financial assets depending on the business model and SPPI criteria. For classification and measurement, please refer to Note 3(k)(ii).

**(q) Property and Equipment**

*(i) Recognition and Measurement*

Items of property and equipment are initially measured at cost or purchase price. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of such equipment.

Subsequent to the initial recognition:

- the Group measures equipment at cost net of accumulated depreciation and any accumulated impairment losses;
- while property items are measured at revalued amounts, being their fair values at the revaluation date.

Revaluation is made with sufficient regularity to ensure that the carrying value of the property does not depart materially from the fair value thereof at the end of the reporting period. According to the instructions received from the UniCredit Group, the "desktop" revaluations should be performed by certified appraisers on a semi-annual basis. If such a revaluation reveals that fair value deviates by more than 10% from the carrying value, the "full" fair value assessment is to be undertaken.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(q) Property and Equipment (Continued)**

*(i) Recognition and Measurement (Continued)*

Recording the revaluation effects depends on whether the difference between the carrying value and the fair value is positive or negative at the revaluation date. Positive revaluation effects are recognized as increase in the revaluation reserves and/or gains on the change in the fair value of the asset to the extent of the decrease previously charged for the same property due to revaluation. Negative revaluation effects are recognized as decrease in the previously made revaluation reserves and/or losses on the change in the fair value of the asset. Revaluation reserves made in this respect are fully reclassified to the retained earnings upon derecognition of the property. Revaluation reserves are reclassified/transferred to the retained earnings even during the use of the property, on a straight-line basis. However, revaluation reserves cannot be reclassified to the profit or loss.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and the difference is recognized net within other income/expenses in the profit or loss statement.

*(ii) Subsequent Expenditure*

Subsequent expenditure is capitalized only when it is probable that the future economic benefits thereof will flow to the Group.

The cost of replacing part of an item of property or equipment is recognized within the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

*(iii) Depreciation*

Items of property and equipment are depreciated from the month following the month when they become available for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The depreciation rates used for the current and comparative periods are as follows:

<b>Assets</b>	<b>Estimated Useful Life (Years)</b>	<b>Minimum Annual Rate %</b>
Buildings	according to estimated useful life	-
Furniture	Maximum 25	4%
Electronic systems	Maximum 15	6,67%
Other	Maximum 10	10%

The base for depreciation calculation is the cost of assets or, in case of property, the revalued amount of property. Depreciation methods, useful lives and residual values are reassessed at each financial year-end and adjusted as appropriate.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Intangible Assets**

The Group's intangible assets comprise software, licenses and other intangible assets. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in the profit or loss on a straight-line basis over the estimated useful life of an intangible asset, from the month following the month when the asset becomes available for its intended use.

The estimated useful life of intangible assets is five years and amortization rate used equals 20%, except for the assets whose usage periods are contractually defined, when these assets are amortized over the contractually defined periods.

Amortization methods, useful lives and residual values of intangible assets are reassessed at each financial year-end and adjusted as appropriate.

**(s) Investment Property**

Investment property is property held by the owner either to earn rental income or for capital appreciation or both.

Upon acquisition, investment property is initially measured at cost or purchase price. After initial measurement, Group uses the fair value model for investment property measurement. The Group's investment property is no longer depreciated or subject to impairment assessment. Gains or losses arising from the fair value adjustment of investment property are recognized as income or expenses in the period when realized/incurred.

**(t) Leases**

*(i) The Group as the Lessee*

IFRS 16 defines a lease as a contract or a part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. A right-of-use (ROU) asset is recognized if the following conditions are cumulatively met:

- the underlying assets may be either explicitly or implicitly identified;
- the lessee has the right to obtain substantially all of the economic benefits from the use of the asset throughout the lease period; and
- the lessee has the right to direct the use of the identified asset, i.e., decide about how and for what purpose the asset will be used throughout the period of use.

As allowed by the standard, the Group does not apply the accounting required for lessee to low value leases assets i.e. value up to EUR 5,000 in RSD counter value, to short term leases with lease terms of up to a year and leases of intangible assets. Typical low-value underlying assets are: printers, water dispensers, POS terminals, tablets, computers, telephones and small office furniture items. Such leases are recognized as expenses in the Group's income statement on a straight-line basis.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) Leases (Continued)**

*(i) The Group as the Lessee (Continued)*

When a contract is assessed to be/contain a lease, the right-of-use asset is recognized within assets, while the lease liability is recognized within equity and liabilities on the Group's statement of financial position. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made and deposits placed at or before the commencement date;
- any initial direct costs incurred by the lessee;
- decrease for any lease incentives received from the lessor; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to its original condition.

After the initial recognition, the right-of-use (ROU) asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability. ROU assets are depreciated on a straight-line basis. Calculation of the depreciation charge commences on the first calendar following the month when the asset became available to the Group.

The lease liability is initially measured at the net present value of the future lease payments (net of value added tax), discounted using the interest rate implicit in the lease, or, if it cannot be readily determined, at the Group's incremental borrowing rate. The incremental borrowing rate is determined based on the cost of financing of liabilities with a similar term and with a similar security to the liability defined by the lease contract.

Future lease payments that are included in the amount of the lease liability after discounting encompass:

- fixed lease payments less any lease incentives received;
- variable lease payments, which depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the Group, as the lessee, is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as the lessee, exercising an option to terminate the lease.

After initial recognition, the lease liability is decreased by the amount of the lease payments made and increased by the interest accrued on the lease liability and adjusted for the following:

- a change in future lease payments resulting from a change in an index or a rate initially used to determine those payments;
- a change in the assessment of an option to purchase the underlying asset;
- a change in the amounts expected to be payable under a residual value guarantee; and
- a change in the lease term.

Adjustment to the amount of the lease liability requires a corresponding adjustment of the right-of-use assets. In respect of each lease, the Group recognizes depreciation charge and interest expenses in its income statement.

*(i) The Group as the Lessor*

As a lessor, the Group needs to assess whether a lease is a finance or an operating lease. If the Group assesses that a lease contract transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, such a lease is classified as a finance lease. Otherwise, it will be an operating lease. IFRS 16 does not introduce any significant changes for the lessor lease accounting in comparison to IAS 17.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Impairment of Non-Financial Assets**

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested for impairment on annual basis. An impairment loss is recognized in the amount that the carrying value of an asset or a cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a cash-generating unit.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount (as the difference between the two). Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(v) Deposits, Borrowings, Liabilities under securities and Subordinated Liabilities**

Deposits, borrowings, liabilities under securities and subordinated liabilities are the Group's main source of debt funding.

The Group classifies equity instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Deposits, borrowings, liabilities under securities and subordinated liabilities are initially measured at fair value increased by directly attributable transaction costs and are subsequently measured at their amortized cost using the effective interest method.

**(w) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Group does not perform discounting of the future cash flows that are, as per the best estimates, expected to arise in the near term.

**(x) Financial Guarantees**

Financial guarantees represent contracts whereby the Group is obligated to make the designated payment to the guarantee holder for the loss incurred due to the designated debtor's failure to make the relevant payment in timely manner in accordance with the debt instrument terms.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(y) Employee Benefits**

In accordance with regulatory requirements of the Republic of Serbia, the Group is under obligation to pay contributions to tax authorities and state social security funds, which guarantee social security insurance benefits to employees. These obligations involve the payment of contributions by the employer, in amounts computed by applying the specific, legally prescribed rates. The Group is also legally obligated to withhold contributions from gross salaries to employees, and, on behalf of its employees, transfer the withheld portions directly to the government funds. These taxes and contributions payable on behalf of the employee and employer are charged to employee salaries and personal expenses in the period in which they arise.

Pursuant to the Labor Law, the Group has an obligation to disburse an employment retirement benefit to a retiree. Long-term provisions for retirement benefits payable upon fulfillment of the prescribed criteria reported at December 31, 2025, represent the present value of the expected future payments to employees determined by actuarial assessment using actuarial assumptions. In determining provisions for retirement benefits, the Group used data and assumptions such as the official statistical mortality rate tables, employee turnover and disability rates, the projected annual salary growth rate of 11%, and an annual discount rate of 5%. In addition, in 2025, the Group accrued expenses for unused annual leaves (vacations).

Liabilities for short-term employee benefits are recognized on undiscounted basis as an expense when the service is provided. Long-term benefits refer to payments based on long-term remuneration schemes of employees which are included in these schemes based on the criteria of contributing to the long-term and growing profitability of the Group. Liabilities for long-term employee benefits are recognized using the appropriate discount rate.

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**4. RISK MANAGEMENT**

**(a) Introduction and Overview**

The main types of material risks that the Group is exposed to are the following:

- Credit risk;
- Market risk;
- Operational risk
- Liquidity risk;
- Compliance risk;
- AML risk (Money laundering and terrorist financing risks);
- Strategic risk/Business risk;
- Reputational risk;
- Interest rate risk in the banking book;
- Model risk;

**Risk Management Framework**

The most important role in the risk management as a part of internal control system is assigned to the Supervisory Board (SB) of the Bank, which is responsible for risk management system establishing and monitoring. SB is defining strategies and policies for managing key risk types that the Group is exposed to in its operations. Also, SB is in charge of giving prior consent for the bank's exposure to each single person or a group of related persons which exceeds 10% of the bank's regulatory capital, and/or for the increase of this exposure in excess of 20% of bank's regulatory capital. Audit Committee is supporting SB in its functioning by considering the most important internal regulations of the Group before final approval by SB. Management Board of the Bank is responsible for approval and implementation risk strategies and policies and for approval of risk management procedures i.e. procedures for identification, measuring, estimation and managing of risks. Important role in loan approval process is assigned to the Credit Committee, which is in charge of making decisions about credit applications within its competence level or giving recommendations for higher credit approval competence level.

Internal organization of the Group ensures functional and organizational separation of risk management and other regular business activities. The Group has separate organizational unit that covers risk management – Risk Management.

Risk Management is organized in order to cover risk management, through the work of the following structures:

- Enterprise&Credit Risks (within which there are structures: Collateral and Asset management, Credit risk control & Integrated risks and Credit risk modelling);
- Credit Risk Operations (within which there are structures: Underwriting, and Monitoring & Special Credit);
- Financial risks;
- Non-Financial Risks

All organizational units are directly subordinated to the member of Management Board, who is in charge for risk management, which assures prevention of conflict of interests and separation of risk management and other regular operational activities of the Group.

**Internal Audit**

The Internal Audit conducts its activities based on the annual operating plan and multi-year internal audit plan approved by the Supervisory Board. Frequency of internal audit (frequency or length of an audit cycle) of a particular process/risk varies from one to five years and directly depends on the assessed risk level, regulatory and/or request of UniCredit Group. Internal Audit regularly monitors implementation of recommendations issued in its reports (action plans) and reports their statuses to the Management Board, Audit Committee and the Supervisory Board including delays in the implementation of the measures.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2025***All amounts expressed in thousands of RSD, unless otherwise stated.***4. RISK MANAGEMENT (Continued)****(b) Credit Risk**

Credit risk is the risk of possible negative effects on financial result and capital of the Group caused by the Borrower's default on its obligations to the Group and potentially decrease of credit capacity of client.

Credit process in the Group is based on strict segregation of the competences and responsibilities in credit operations between risk taking activities, "business" function responsibilities on one side and credit risk management function on the other side. Business function is represented with structures that are dealing with client acquisition and relationship management, while credit risk management function is represented by mentioned structures in Risk Management in charge of loan underwriting, monitoring, restructuring and collection. According to "four eye" principle, decision on credit application is proposed by business side (first vote) and final decision or recommendation for credit approval decision is given by risk management function (second vote). Exception can be made for standardized products in retail segment, when due to a large number of relatively small loan amounts and simplification of the procedure, approval process can be completely realized within business function, with mandatory applied "4 eyes principle", in accordance with predefined criteria and parameters, approved by risk management function.

With the aim to ensure adequate and timely risk management in the area of crediting activity, the Group applies the following internal bylaws: Risk Management Rulebook, Rules on Competences for Credit Business, documents which define rules for internal credit rating assignment, Rules of Procedure for the Credit Committee, Credit Risk Mitigation Policy, Policy, Real Estate Valuation Policy, Guidelines for the Management of Corporate Special Credit Clients, Guidelines for the monitoring of customers with increased risk and rules on management of Special Credit Clients, Rules on the IAS/IFRS Provisioning and other enactments. The Group's goal is to protect itself from the negative impact and to optimize the level of the risks assumed by defining adequate procedures and individual responsibilities in the risk management process.

In order to define consistent guidelines for the credit activity and a general framework for risk management, the Group enacts credit risk management strategies for the retail and corporate segments for each financial year. The strategies include general guidelines for the basic parameters of risk management, principles for analysis of the creditworthiness of each customer segment, and definition of the direction of development of individual products, as well as detailed strategy direction of portfolio development per certain industries. In this manner, the Group ensures that the adopted business policies are implemented resulting in acceptable credit risk exposure at the level of individual loans, as well as adequate diversification and general quality of the loan portfolio. The Group also considers analysis of the money laundering and terrorist financing risk in making decisions on the credit risk assumption.

Competences, responsibilities and authorities of persons involved in the risk management system are defined by the Rules on Competences for Credit Business. In credit process decision making, the "four eyes" principle has to be followed irrespective of the decision-making level in order to ensure that the two sides involved in the credit process check each other – the one proposing and the other approving a loan. The focus of Corporate Monitoring in 2025 was on assessing warning signals induced by overall crisis related to world conflicts but also negative market trends in several industries, and its impact on portfolio.

The Group continued with the comprehensive analysis of the existing monitoring process, in line with Group framework, all with the aim of improving its efficiency and effectiveness, in order to recognize risks earlier and to ensure a timely reaction of the Group.

The main goal in 2025 was to ensure continuity in terms of mitigating potential negative effects due to the geopolitical situation and to define adequate strategies towards clients due to the negative impacts caused by the global crisis.

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**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Credit Risk Reporting**

The Group manages credit risk, sets credit risk limits and controls it in all segments of its business and for all relevant types of corporate and retail loans. Timely identification, measuring, monitoring and managing of the credit risk on the Group's portfolio level is supported by the Risk Management Information System ("RMIS"). By reporting at the total portfolio level or at the individual client level, RMIS provides complete, accurate and timely information about the balance, quality and movements of the loan portfolio.

RMIS has to fulfil the following four main functions:

1. Collect and process data and credit risk indicators;
2. Analyze movements and changes of the entire loan portfolio and its structural characteristics;
3. Continuously monitor credit risk; and
4. Provide a basis for the process of decision-making on the credit risk management.

The scope of credit risk monitoring, management and reporting on a portfolio level includes monitoring of loan loss provisions (impairment allowances of balance sheet assets and provisions for probable losses per off-balance sheet items).

*Credit Risk Parameters*

Credit risk is quantified by measuring the expected credit losses (ECL). Main indicators that are used to monitor credit risk and to calculate expected credit losses are as follows:

- Exposure of the Group at default (EaD);
- Probability of default (PD); and
- Loss given default (LGD).

The Group uses internal credit rating models. Rating models define specific rating for clients with similar credit risk levels. Each rating grade is related to a certain PD parameter value on the master rating scale. The Group also internally calculates other credit risk parameters.

Internal credit risk assessment models, credit risk parameters and collaterals are used for loan loss provisions calculation in line with IFRS, as defined by the Group's special bylaws. In order to fulfil the aforesaid functions, RMIS uses IT systems of UniCredit Group and internally generated databases with information about the portfolio at the individual loan facility level. The Group's systems provide rating and past-due days data as important client's credit risk parameters

*Limits*

The Group manages credit risk concentration of the portfolio by setting appropriate limits. Limits are defined by the Group's internal bylaws and/or NBS regulations and compliance with those is monitored and reported on an ongoing basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Credit Risk Reporting (Continued)**

*Reports*

In monitoring of the credit risk on the portfolio level, the following reports are used:

Report	Responsible organizational unit	Frequency	Report user				
			CRO Division	ALCO	Management Board	Audit committee	Supervisory Board
CRO report/SB presentation	CFO / Risk management	Quarterly (as needed)			+	+	+
Credit Risk Dashboard	Credit risk control & Integrated risks	monthly**	+				
Risk appetite report	Credit risk control & Integrated risks	quarterly			+	+	+
Bank's Risk profile	Financial risks	monthly		+			
Management summary report	Financial risks	daily			+***		
Operational risk report	Non-financial risks	monthly			+****		
Reputational risk report	Non-financial risks	quarterly			+*****		

\* Report is presented for consideration and analysis, before final presentation on Supervisory Board.

\*\* The predefined report form is updated monthly according to the availability of the most recent data. The report is made available to the Head of the Risk Management and directors of the structures within the Risk Management function.

\*\*\* Report recipients are the following organizational structures: Members of the Management Board (CEO and structures Heads: Finance, Corporates, Retail, Risk Management), Trading, Investment services, Finance, Financial risks, UCL CEO, but also and UniCredit Group representatives (on demand).

\*\*\*\* Report recipients are the following organizational structures: Management team of the Bank and CEO Leasing, Internal Audit, Compliance, Banking operations, Digital Governance & Control, Digital & Information, Security, Strategic, credit and integrated risks, the structure which is covering the Fraud Management. The report represents the monthly overview of operational risk events.

\*\*\*\*\* Report recipients are the Management team of the Bank. The report represents quarterly overview of the analysis results and effect on reputational risk.

CRO Report to the Supervisory Board is prepared quarterly or more frequently if necessary, depending on the schedule of the Supervisory Board's meetings. All organizational units within the Risk Management participate in preparation of the report while Enterprise & Credit Risk is responsible for coordination and delivery of the report. The report is prepared in the form of a presentation and includes, among other things, the following:

- Status overview of the most relevant activities of the Risk Management;
- Information on the structure and movements of the loan portfolio;
- Information on the key indicators of the portfolio quality, balance and movements of non-performing loans (NPLs), provisions for credit losses, risk costs and coverage of NPLs with credit loss provisions;
- Basic information on the portfolio concentration and compliance with the set limits, including the list of 10 largest client groups and 10 largest non-performing clients by their overall exposure.

Credit Risk Dashboard Report is updated on a monthly basis by Enterprise & Credit Risk and delivered to the Management Board member in charge of the Risk Management and Directors of all structures within Risk Management. The information is presented at the sub-segment level (large corporate clients, middle-sized corporate clients, real estate financing, business clients and entrepreneurs and individuals) with comparative data for the previous month and previous year-end.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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*All amounts expressed in thousands of RSD, unless otherwise stated.***4. RISK MANAGEMENT (Continued)****(b) Credit Risk (Continued)****Credit Risk Reporting (Continued)***Reports (Continued)*

The report includes the following information:

- Loan structure (type and currency);
- Portfolio structure per internal credit rating categories;
- Portfolio structure per (non)-default client status;
- Data on the asset quality at the sub-segment level (exposure, NPL volume and ratio, amount of credit loss provisions, NPLs coverage with credit loss provisions);
- PD and LGD per segment;
- Credit loss provisioning costs per sub-segment (charge and release/reversal as compared to the beginning of year and previous month); and
- cost of risk per sub-segment.

The risk appetite report is compiled on a quarterly basis and presented at the Supervisory board meeting. The organizational units of the Group that participate in the development of the risk appetite framework participate in the preparation of the report. The report involves monitoring the behavior of key performance risk indicators over time, which aim to:

- to ensure that business is conducted up to risk tolerance at the level of the Group, which is additionally through the 'bottom up' process agreed with the Holding Company and adopted by the local Supervisory Board;
- to warn of potentially significant negative developments of key indicators and their components, as well as to provide an explanation of the same;
- to support the development of future strategic decisions in accordance with its risk profile.

In addition to the standardized reports, there are many activities undertaken in order to provide accurate parameters used in credit risk monitoring: *ad hoc* analyses and reporting and other activities that contribute to the accuracy of the credit risk parameters.

*Ad hoc* analyses and reporting are applied in cases of the Group's higher risk exposure, especially if the credit risk level is changing drastically and abruptly and when timely reaction is expected – for example: deterioration of internally assigned rating grades, significant need for additional provisions, signs of mismatching in organization, implemented system or procedures, change of any of the credit risk parameters or in calculation of provisions.

Other activities conducted by the Group include: quality verification of data used in monitoring, managing of and reporting on the credit risk, improvement of the existing systems and procedures, annual process of budgeting and subsequent control and any adjustments of the budgeted parameters.

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**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Credit Risk Reporting (Continued)**
*Credit Risk Exposure*

The table below shows the Group's maximum credit risk exposure per financial instrument type:

	Cash and balances held with the central bank (Note 20)		Securities including pledged financial assets (Note 22)		Loans and receivables due from banks and other fin. institutions (Note 23)		Loans and receivables from clients (Note 24)		Other financial assets** (Note 29)		Off-balance sheet items	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Individually impaired</b>												
Corporate clients, rating 10	-	-	-	-	-	-	447,411	569,267	15,621	9,051	-	7,542
Corporate clients, rating 9	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients, restructured loans*	-	-	-	-	-	-	3,546,037	4,315,882	3,089	2,260	56,779	323,870
Retail clients, > 90 days past due*	-	-	-	-	-	-	4,650,454	4,732,657	60,940	49,048	3,292	3,534
Gross loans	-	-	-	-	-	-	8,643,902	9,617,806	79,650	60,359	60,071	334,946
Impairment allowance	-	-	-	-	-	-	5,866,114	6,580,722	67,010	56,475	55,095	179,659
Carrying value	-	-	-	-	-	-	2,777,788	3,037,084	12,640	3,884	4,976	155,287
<b>Group-level impaired</b>												
Corporate clients, rating 1 - 6	156,147,453	191,329,023	114,637,839	101,781,723	57,047,037	72,022,759	274,148,545	240,874,404	763,647	268,380	311,640,141	306,577,947
Corporate clients, rating 7	-	-	-	-	-	-	9,281,548	8,069,983	13,338	927	5,894,094	4,926,407
Corporate clients, rating 8	-	-	-	-	-	-	1,843,341	241,255	809	468	210,323	164,535
Retail clients, Stage 1	-	-	-	-	-	-	144,823,627	128,787,608	28,891	23,907	6,125,214	6,473,843
Retail clients, Stage 2	-	-	-	-	-	-	10,171,260	7,915,193	25,739	18,100	489,801	550,958
Gross loans	156,147,453	191,329,023	114,637,839	101,781,723	57,047,037	72,022,759	440,268,321	385,888,443	832,424	311,782	324,359,573	318,693,690
Impairment allowance	11	8	123,432	284,930	12,939	14,847	3,854,486	4,168,805	2,140	586	1,320,621	1,059,297
Carrying value	156,147,442	191,329,015	114,514,407	101,496,793	57,034,098	72,007,912	436,413,835	381,719,638	830,284	311,196	323,038,952	317,634,393
Carrying value of rated assets	156,147,442	191,329,015	114,514,407	101,496,793	57,034,098	72,007,912	439,191,623	384,756,722	842,924	315,080	323,043,928	317,789,680
Carrying value of non-rated assets	-	-	2,388,952	1,371,729	-	-	-	-	2,100,801	2,051,924	-	-
<b>Total carrying value</b>	<b>156,147,442</b>	<b>191,329,015</b>	<b>116,903,359</b>	<b>102,868,522</b>	<b>57,034,098</b>	<b>72,007,912</b>	<b>439,191,623</b>	<b>384,756,722</b>	<b>2,943,725</b>	<b>2,367,004</b>	<b>323,043,928</b>	<b>317,789,680</b>

\* Category "Corporate clients – restructured loans" and category "Retail clients > 90 days past due" include customers with internal rating 8- and 10, whose impairment allowance was made on a group-level and not individually.

\*\* Difference compared to total other assets relates to non-financial assets with gross carrying value of RSD 1,211,495 thousand (2024: RSD 896,256 thousand) and impairment allowance of RSD 4,928 thousand (2024: RSD 1,993 thousand).

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**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Implementation of Basel Standards**

In the area of application of Basel standards related to credit risk models, the focus of activities was primarily on the finalization of development of Loss Given Default models, recalibration of probability of default model for agro clients and recalibration of probability of default model for leasing exposures.

**Internal Rating System (Rating Scale)**

The ranking rules for customers are established at the level of UniCredit Group and as such are uniform for each member of UniCredit Group. The UniCredit Group's rating system was developed and has been in use since 2004 at the group level for clients in the corporate segment. For retail clients and entrepreneurs, the rating system was internally developed and has been in use since 2010. The Group uses the UniCredit Group's rating models for multinational companies, banks, insurance companies and exposures to states/governments. The master rating scale is used as a unique rating assignment method, which ensures that customers with the same rating have the same credit characteristics and the same probability that they will not settle their liabilities, in part or in full, within the period of 1 year.

The master scale is divided into 10 rating classes that are further broken down into a total of 26 rating subgroups.

Rating Notch	Rating	PD min %	PD mid %	PD max %
1	1+	0.000%	0.020%	0.026%
2	1	0.026%	0.030%	0.035%
3	1-	0.035%	0.041%	0.048%
4	2+	0.048%	0.056%	0.065%
5	2	0.065%	0.076%	0.089%
6	2-	0.089%	0.104%	0.121%
7	3+	0.121%	0.141%	0.165%
8	3	0.165%	0.192%	0.224%
9	3-	0.224%	0.262%	0.306%
10	4+	0.306%	0.357%	0.417%
11	4	0.417%	0.487%	0.568%
12	4-	0.568%	0.663%	0.775%
13	5+	0.775%	0.904%	1.056%
14	5	1.056%	1.232%	1.439%
15	5-	1.439%	1.680%	1.961%
16	6+	1.961%	2.289%	2.673%
17	6	2.673%	3.120%	3.643%
18	6-	3.643%	4.253%	4.965%
19	7+	4.965%	5.796%	6.767%
20	7	6.767%	7.900%	9.222%
21	7-	9.222%	10.767%	12.570%
22	8+	12.570%	14.674%	17.131%
23	8	17.131%	20.000%	100%
24	8-	100%	100%	100%
25	9	100%	100%	100%
26	10	100%	100%	100%

The internal master scale is compliant with Basel Standards, meaning that each rating subgroup has a PD parameter associated with it, with probability that a customer with particular characteristics will be unable to settle liabilities toward the Group and enter the default status. For the first 23 subgroups the probability of default ranges between 0.02% and 20.00%, where those clients are rated between 1+ and 8. Their probability of default is based on the statistical analyses of the historical data.

Ratings from 1+ to 6-: These rating notches are reserved for customers determined in an internal credit assessment to have a credit standing of very good to just acceptable. For customers with this rating periodic review of creditworthiness is performed once a year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2025***All amounts expressed in thousands of RSD, unless otherwise stated.***4. RISK MANAGEMENT (Continued)****(b) Credit Risk (Continued)****Internal Rating System (Rating Scale) (Continued)**

Ratings 7+ to 7-: These cover three subgroups for transactions with low credit rating clients. Customers assigned these rating notches have substantially higher risk factors and must be constantly monitored.

Ratings 8+ and 8-: cover those clients that are not determined for individual provisioning but are subject to special loan restructuring or debt reduction measures.

Rating 8- relates to customers in default according to the Basel Standards criteria.

Rating 9 refers to customers with loans provided for on an individual basis or those where a portion of the receivables has been written off.

Rating 10 is assigned to the clients in the process of liquidation or bankruptcy.

Ratings 8-, 9 and 10 are by definition assigned to customers in default in accordance with Basel Standards criteria, with special credit loss provisioning calculation.

For IFRS 9 purposes the rating from the master scale is adjusted in such way that clients from the rating notches with the same rating (i.e. 1+, 1 and 1-) are grouped together in one rating class (i.e. rating 1). IFRS 9 PD model creates PD curves for rating classes from 1 to 8 for 3 segments Retail, Business, Corporate. Afterwards these PD curves are adjusted for forward looking information. With FLI the PD values for the first 3 years will be adjusted in accordance with the macroeconomic outlook impacting the PD values to go up or down in value. In addition, based on the policies of the Group, PDs need to be client-specific. Therefore, punctual cumulative PDs (cPDs) on a client level are derived from the cPDs on a rating class level. Clients are assigned to rating classes based on their punctual Basel PD at the reporting date. This Basel PD of a client is compared to the PD mid values taken from the master scale, which is shown in the previous page, of the whole rating class and based on that the cPD curve is shifted upwards or downwards depending on if the clients Basel PD is above or below the PD mid value.

**Methodology for Calculation of Expected Credit Losses**

In accordance with the current Rulebook on IFRS Loan Loss Provisioning, the Group calculates 12-month ECL or a lifetime ECL of a financial instrument depending on the significance of the change in its credit risk occurred since the instrument's initial recognition. For these purposes, the Group uses the following three stages of impairment:

- Stage 1 includes all new financial assets at initial recognition (except POCI) and instruments without significant credit quality deterioration since their initial recognition, or instrument with low-level credit risk;
- Stage 2 includes financial instruments with significant credit quality deterioration since their initial recognition yet with no objective evidence of impairment based on credit losses;
- Stage 3 includes financial instruments where objective evidence of impairment exists at the reporting date.

Stages 1 and 2 include only performing financial assets. Stage 3 includes only non-performing financial assets. For financial assets in Stage 1, the Group calculates 12-month expected credit losses. For financial assets in Stage 2, the Group calculates lifetime expected credit losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)****(b) Credit Risk (Continued)****Methodology for Calculation of Expected Credit Losses (Continued)**

Stage 1 12-month expected credit losses are calculated, except for maturity shorter than 12 months. It applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality. Allowances are calculated in accordance with the Group methodology the following way:

$$ECL = \sum_{m=1}^{\min(12;T)} (CPD_m - CPD_{m-1}) \times LGD_m^{unsec} \times EAD_m^{unsec} \times \left(\frac{1}{1 + EIR}\right)^{\frac{m}{12}}$$

Where:

- $EAD_{t_i}^{unsec}$  Unsecured exposure at default for account at time  $t_i$ , namely Exposure at default for account at time  $m$ , minus the allocated collateral amount
- $EAD_m^{unsec}$  Unsecured exposure at end of month (note: secured part assumed to have LGD 0%, thus ECL 0)
- $CPD_m$  Cumulative punctual PD at month  $m$
- $LGD_m^{unsec}$  Unsecured loss given default at month  $m$
- $T$  Maturity in months
- $EIR$  Effective interest rate
- $m$  End of month

Financial instruments, for which significant deterioration in credit quality has occurred since initial recognition are assigned to Stage 2. However, these financial instruments are not in default yet, lifetime expected credit losses are calculated. Allowances are calculated in accordance with the Group methodology using the following approach:

$$ECL = \sum_{m=1}^T (CPD_m - CPD_{m-1}) \times LGD_m^{unsec} \times EAD_m^{unsec} \times \left(\frac{1}{1 + EIR}\right)^{\frac{m}{12}}$$

Where:

- $EAD_{t_i}^{unsec}$  Unsecured exposure at default for account at time  $t_i$ , namely Exposure at default for account at time  $m$ , minus the allocated collateral amount
- $EAD_m^{unsec}$  Unsecured exposure at end of month (note: secured part assumed to have LGD 0%, thus ECL 0)
- $CPD_m$  Cumulative punctual PD at month  $m$
- $LGD_m^{unsec}$  Unsecured loss given default at month  $m$
- $T$  Maturity in months
- $EIR$  Effective interest rate
- $m$  End of month

LGD is one of the key components of the credit risk parameters based ECL model presented in Equation above. LGD based on IFRS 9 requirement are to be adjusted by Forward-looking information and calculated in the following manner:

$$LGD_{unsec} = LGD_{liquidation} * (1 - cure\ rate)$$

Where LGD liquidation is the estimated pool based average values of LGD for default events resolved in liquidation for the 3 segments Retail, Business and Corporate, and the cure rate is the probability that the default event will return to the performing portfolio, thus be cured.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Methodology for Calculation of Expected Credit Losses (Continued)**

The main goal of the FLI is to incorporate in LGD parameters the future macroeconomic tendencies and adjust the predicted portfolio RRs for following years. Specifically, based on a macroeconomic model, the Group forecasts the year-to-year percentage change ( $\Delta$ ) of the yearly recovery rates with respect to the current point in cycle, which is expected to be recovered within a 12-month time horizon, calculated as follows:

$$\Delta_{t_i}^{RR} = \frac{RR_{FL_{t_i}} - RR_{t_0}}{RR_{t_0}}, i = 1, 2, 3sv$$

Where:

- $RR_{FL_{t_i}}$ , corresponding to the forecasted yearly recovery rates in 1 year, 2 years, and in 3 years;
- $RR_{t_0}$ , corresponding to the last yearly recovery rates

Multi scenario overlay is applied to fulfill the requirements of IFRS 9 standard and the best practices in the banking industry for including macro-economic effects, based on a range of possible outcomes, into the expected credit losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

## 4. RISK MANAGEMENT (Continued)

## (b) Credit Risk (Continued)

## Methodology for Calculation of Expected Credit Losses (Continued)

The table containing weights for four alternative scenarios (out of which baseline (BL), negative or contagion (CONT) and positive (POS) were communicated from the Group, and the average (AVG) scenario is simply the weighted average of aforementioned 3) that were applied to November's LLP run is represented below:

Name	Severity	Weight	Comment
Bl	-	60%	Baseline
Cont	downturn	35%	Contagion
Pos	upturn	5%	Positive
Avg	-	-	It has been created taking the weighted average of each "delta" i.e. change in PD/LGD values per segment among all the scenarios above. This is used only for Staging allocation, meaning that the final calculation of multi scenario overlay will take the stage from the average scenario and all other information from the previous 3 scenarios.

The forecasted default rates (as well as recovery rates) represent the input for the point in time (PIT)/FLI adjustment of the lifetime probability of default (and lifetime loss given default) parameters used to calculate the multi scenario overlay.

Sensitivity of EAD and ECL per local segment and stage is given in RSD thousands in the following tables:

Portfolio	EAD Baseline				EAD Negative				EAD Positive			
	of which S1	of which S2	of which S3	Total	of which S1	of which S2	of which S3	Total	of which S1	of which S2	of which S3	Total
Corporate	167,599,388	24,875,639	5,012,640	197,487,667	167,310,166	25,164,861	5,012,640	197,487,667	167,616,695	24,858,332	5,012,640	197,487,667
Small Business	35,573,397	4,401,623	1,437,266	41,412,286	35,362,096	4,612,924	1,437,266	41,412,286	35,646,968	4,328,052	1,437,266	41,412,286
Retail - Mortgages	40,281,299	1,262,247	439,468	41,983,014	40,270,164	1,273,382	439,468	41,983,014	40,284,455	1,259,091	439,468	41,983,014
Retail - Others	67,179,621	3,338,292	2,858,731	73,376,644	67,064,165	3,453,748	2,858,731	73,376,644	67,209,167	3,308,746	2,858,731	73,376,644
<b>Total</b>	<b>310,633,705</b>	<b>33,877,801</b>	<b>9,748,105</b>	<b>354,259,611</b>	<b>310,006,591</b>	<b>34,504,915</b>	<b>9,748,105</b>	<b>354,259,611</b>	<b>310,757,285</b>	<b>33,754,221</b>	<b>9,748,105</b>	<b>354,259,611</b>

Portfolio	EAD Baseline				EAD Negative				EAD Positive			
	of which S1	of which S2	of which S3	Total	of which S1	of which S2	of which S3	Total	of which S1	of which S2	of which S3	Total
Corporate	588,050	657,814	4,210,028	5,455,892	625,216	717,829	4,218,804	5,561,849	564,245	632,932	4,205,426	5,402,603
Small Business	293,037	286,494	1,050,700	1,630,231	307,447	309,572	1,081,970	1,698,989	283,868	275,105	1,034,292	1,593,265
Retail Mortgages	29,016	38,875	107,392	175,283	29,673	40,884	108,692	179,249	28,816	38,207	106,766	173,789
Retail - Others	550,390	405,505	2,152,246	3,108,141	586,713	439,806	2,191,198	3,217,717	536,146	394,576	2,133,488	3,064,210
<b>Total</b>	<b>1,460,493</b>	<b>1,388,688</b>	<b>7,520,366</b>	<b>10,369,547</b>	<b>1,549,049</b>	<b>1,508,091</b>	<b>7,600,664</b>	<b>10,657,804</b>	<b>1,413,075</b>	<b>1,340,820</b>	<b>7,479,972</b>	<b>10,233,867</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Methodology for Calculation of Expected Credit Losses (Continued)**

Portfolio	ECL Final			
	of which S1	of which S2	of which S3	Total
Corporate	574,492	643,069	4,210,028	5,427,589
Small Business	294,260	287,794	1,050,700	1,632,754
Retail - Mortgages	28,667	38,408	107,392	174,467
Retail - Others	543,795	400,636	2,152,246	3,096,677
<b>Total</b>	<b>1,441,214</b>	<b>1,369,907</b>	<b>7,520,366</b>	<b>10,331,487</b>

Multi scenario overlay for Q4 2025 and Q4 2024 is given in the table below. Overlay factor is added as a multiplier on top of ECL calculation for all performing transactions.

Local Portfolio	Overlay Factor Q4 2025	Overlay Factor Q4 2024	GW Portfolio	Overlay Factor Q4 2025	Overlay Factor Q4 2024
<b>Business:</b>	1.0216	1.005	<b>FI (Banks):</b>	1.0145	1.0195
<b>Corporate:</b>	1.0274	1.0613	<b>GPF:</b>	1.0438	1.0609
<b>Retail:</b>	1.0235	1.0345	<b>MNC:</b>	1.0235	1.0777
			<b>SOV:</b>	1.0030	1.2181

*Rules and Principles for ECL Calculation for Non-Performing Financial Assets – Stage 3*

In accordance with the current Rulebook on IFRS Loan Loss Provisioning, if there is objective evidence of impairment (default status) on the financial statements' preparation date, all financial assets are classified into Stage 3. According to Art. 178 of the EU regulation n. 575/2013 a 'default' shall be considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place: 1) the obligor is past due more than 90 days on any material credit obligation; or/and 2) the obligor is unlikely to pay at least one of his credit obligations in full without recourse actions to be taken by the respective legal entity. For financial instruments classified into Stage 3, the rule is that impairment is based on the calculation of lifetime ECL. In this process, the Group specifically treats clients in the default status whose exposure is considered significant and such loans or clients are individually assessed by the Group on a case by case basis, whereas the loans that are not individually significant are assessed on a collective basis.

A financial asset is impaired, and impairment has occurred if there is an evidence of impairment arising from one or more events that occurred after the date of initial recognition of the asset, which have an impact on the estimated future cash flows of that financial asset. If any such evidence exists, the Group is required to calculate the amount of such impairment in order to determine whether the impairment loss should be recognized. In other words, if there is any evidence of impairment, the Group should estimate the amount that can be recovered for that asset or group of assets and recognize the impairment losses.

When determining the adequate amount of the provision, the Group must differentiate the need to calculate the specific provision on an individual basis and the specific provision on a collective basis for clients that are grouped into categories with similar risk characteristics, based on the segment to which the client belongs and the total amount of exposure at the client level. The total exposure of the client is comprised of the balance sheet and off-balance sheet receivables, including undrawn loan funds. The process of determining a specific provision on an individual basis is intended to measure the impairment loss at the client level. An individual provision is assessed as the difference between the carrying amount of the receivable and the present value of the expected future cash flows discounted at the effective interest rate of the financial asset (e.g., the effective interest rate specified when upon contract execution). In other words, the provision will be determined in the amount of an individual receivable that is not expected to be recovered.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Methodology for Calculation of Expected Credit Losses (Continued)**

*Rules and Principles for ECL Calculation for Non-Performing Financial Assets – Stage 3 (Continued)*

In the event that the effective interest rate is not available, an alternative interest rate that is defined in accordance with the Group's bylaws will be used to calculate the provision. When determining the present value of the receivables, the discounted cash flow from the repayment of principal, interest or any other cash flow from a loan is calculated first. Thereafter, the discounted cash flow from the net realizable value of collateral for that loan is calculated. The final net present value of future cash flows of the loan is compared to its carrying amount and the amount of provision for impairment losses for the given loan that are recognized in the profit or loss statement is determined.

The calculation of provisions for exposures with impairment that are not classified as individually significant is carried out on a collective basis by grouping the default status clients into homogeneous categories with similar risk characteristics. When defining homogeneous categories, the Group applies the criteria used for segmentation when developing a model for calculating the loss rate due to default status (LGD model). The calculation of collective provisions in Stage 3 is performed for the default status clients that do not meet the requirements for an individual assessment of the provision. Calculation of the provision on the collective basis is made using the following calculation formula:

$$\text{ECL} = \text{unsecEAD} \times \text{LGDS3 (time in default)}$$

Where:

- unsecEAD designates exposure in default reduced by the value of the collateral; and
- LGDs3 (time in default) designates loss at the moment of default.

If a receivable is fully collateralized and for this reason unsecEAD is equal to 0, the following formula is applied:

$$\text{ECL} = \text{EAD} \times \text{provisioning weight for Stage 1}$$

The provisioning weight for Stage 1 is determined semi-annually, by recalculating this value based on the average level of provisions per portfolio segments. Values of LGDs3 (time in default) depend on the client segment, number of years the repayment lasts, and the period that the client has spent in the default status.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

**Methodology for Calculation of Expected Credit Losses (Continued)**

*Rules and Principles for ECL Calculation for Non-Performing Financial Assets – Stage 3 (Continued)*

Overview of loans and receivables subject of the guarantee scheme as of 31.12.2025

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne*	Public guarantees received	Inflows to non-performing exposures**
1 Newly originated loans and advances subject to public guarantee schemes	209,312	18,877	45,772	-
2 of which: Collateralized by residential immovable property	-			-
3 of which: Non-financial corporations	209,312	18,877	45,772	-
4 of which: Small and Medium-sized Enterprises	209,312			-
5 of which: Collateralized by commercial immovable property	4,625			-

\* Loans and receivables from customers as of December 31, 2025, by the presented categories.

\*\* Category shows increase in Non-performing exposures after new approval under guarantee scheme (as of December 31, 2025).

Overview of loans and receivables subject of the guarantee scheme as of 31.12.2024

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne*	Public guarantees received	Inflows to non-performing exposures**
1 Newly originated loans and advances subject to public guarantee schemes	798,154	178,669	181,432	-
2 of which: Collateralized by residential immovable property	-			-
3 of which: Non-financial corporations	798,154	178,669	41,917	263,822
4 of which: Small and Medium-sized Enterprises	797,626			263,822
5 of which: Collateralized by commercial immovable property	9,478			-

\* Loans and receivables from customers as of December 31, 2024, by the presented categories.

\*\* Category shows increase in Non-performing exposures after new approval under guarantee scheme (as of December 31, 2024).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

## 4. RISK MANAGEMENT (Continued)

## (b) Credit Risk (Continued)

## Methodology for Calculation of Expected Credit Losses (Continued)

Rules and Principles for ECL Calculation for Non-Performing Financial Assets – Stage 3 (Continued)

The table below shows a breakdown of gross and net non-performing loans due from banks and customers.

	Securities (Note 22)		Loans and receivables due from banks and other financial institutions (Note 23)		Loans and receivables from clients (Note 24)		Other assets (Note 29)		Off-balance sheet items	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
<b>December 31, 2025</b>										
Corporate clients, rating 10	-	-	-	-	447,411	66,890	15,621	361	-	-
Corporate clients, rating 9	-	-	-	-	-	-	-	-	-	-
Corporate clients, restructured loans	-	-	-	-	3,546,037	1,157,075	3,089	757	56,779	3,781
Retail clients, > 90 days past due	-	-	-	-	4,650,454	1,553,823	60,940	11,522	3,292	1,195
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,643,902</b>	<b>2,777,788</b>	<b>79,650</b>	<b>12,640</b>	<b>60,071</b>	<b>4,976</b>
<b>December 31, 2024</b>										
Corporate clients, rating 10	-	-	-	-	569,267	116,515	9,051	376	7,542	600
Corporate clients, rating 9	-	-	-	-	-	1	-	1	-	1
Corporate clients, restructured loans	-	-	-	-	4,315,882	1,455,226	2,260	192	323,870	153,428
Retail clients, > 90 days past due	-	-	-	-	4,732,657	1,465,342	49,048	3,315	3,534	1,258
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,617,806</b>	<b>3,037,084</b>	<b>60,359</b>	<b>3,884</b>	<b>334,946</b>	<b>155,287</b>

The aging structure of matured and unimpaired loans as of December 31, 2025, is provided in the table below:

	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
Loans and receivables from clients					
Gross carrying value	11,345,660	1,168,288	312,458	359,143	13,185,549
Impairment allowance	(274,752)	(73,153)	(42,885)	(133,988)	(524,778)
Net carrying value	<b>11,070,908</b>	<b>1,095,135</b>	<b>269,573</b>	<b>225,155</b>	<b>12,660,771</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Movements of the Gross Carrying Values of Assets per Class of Assets and per Impairment Stage**

## (i) Cash and balances held with the central bank

Stage	Changes within the Stage			Transfers among Stages							Newly approved (+)	December 31, 2025		
	January 1, 2025	Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)	
Stage 1	191,329,023	-	(35,181,570)	-	-	-	-	-	-	-	-	-	-	156,147,453
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>191,329,023</b>	<b>-</b>	<b>(35,181,570)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,147,453</b>

Stage	Changes within the Stage			Transfers among Stages							Newly approved (+)	December 31, 2024		
	January 1, 2024	Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)	
Stage 1	130,511,724	60,817,299	-	-	-	-	-	-	-	-	-	-	-	191,329,023
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>130,511,724</b>	<b>60,817,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,329,023</b>

## (ii) Securities at amortized cost (AC) and at fair value through other comprehensive income (FVtOCI)

Stage	Changes within the Stage			Transfers among Stages							Newly approved (+)	December 31, 2025		
	January 1, 2025	Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)	
Stage 1	101,781,723	12,856,116	-	-	-	-	-	-	-	-	-	-	-	114,637,839
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>101,781,723</b>	<b>12,856,116</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,637,839</b>

Stage	Changes within the Stage			Transfers among Stages							Newly approved (+)	December 31, 2024		
	January 1, 2024	Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)	
Stage 1	102,262,512	-	(480,789)	-	-	-	-	-	-	-	-	-	-	101,781,723
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>102,262,512</b>	<b>-</b>	<b>(480,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,781,723</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All amounts expressed in thousands of RSD, unless otherwise stated.

## 4. RISK MANAGEMENT (Continued)

## (b) Credit Risk (Continued)

## Movements of the Gross Carrying Values of Assets per Class of Assets and per Impairment Stage (Continued)

## (iii) Loans and receivables due from banks and other financial institutions

Stage	Changes within the Stage				Transfers among Stages including Repayments						Exit (-)	Newly approved (+)	December 31, 2025
	January 1, 2025	Increases (+)	Decreases (-)	Total transfers and repayments	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	71,934,743	1,173,526	(16,436,524)	(1,722)	(1,722)	-	-	-	-	-	(1,513,946)	1,661,300	56,817,377
Stage 2	88,016	166,617	(25,110)	137	137	-	-	-	-	-	-	-	229,660
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Partial repayments	-	-	-	1,585	1,585	-	-	-	-	-	-	-	-
<b>Total</b>	<b>72,022,759</b>	<b>1,340,143</b>	<b>(16,461,634)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,513,946)</b>	<b>1,661,300</b>	<b>57,047,037</b>

Stage	Changes within the Stage				Transfers among Stages including Repayments						Exit (-)	Newly approved (+)	December 31, 2024
	January 1, 2024	Increases (+)	Decreases (-)	Total transfers and repayments	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	62,970,750	19,345,156	(6,453,624)	(30,669)	(30,669)	-	-	-	-	-	(5,451,781)	1,554,911	71,934,743
Stage 2	38,071	763	-	32,530	32,530	-	-	-	-	-	(6,751)	23,403	88,016
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Partial repayments	-	-	-	(1,861)	(1,861)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>63,008,821</b>	<b>19,345,919</b>	<b>(6,453,624)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,458,532)</b>	<b>1,578,314</b>	<b>72,022,759</b>

## (iv) Loans and receivables from clients

Stage	Changes within the Stage				Transfers among Stages including Repayments						Exit (-)	Newly approved (+)	December 31, 2025
	January 1, 2025	Increases (+)	Decreases (-)	Total transfers and repayments	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	337,402,875	17,233,743	(56,277,533)	(12,512,169)	(30,481,743)	19,567,859	(1,604,460)	6,175	-	-	(63,326,427)	174,249,605	396,770,094
Stage 2	48,486,206	22,330	(4,295,809)	488,022	19,697,889	(17,703,145)	-	-	(1,717,008)	210,286	(8,914,748)	7,712,853	43,498,854
Stage 3	9,617,168	45,862	(2,428,603)	2,009,674	-	-	1,150,667	(14,723)	1,145,562	(271,832)	(1,362,955)	762,129	8,643,275
Partial repayments	-	-	-	10,014,473	10,783,854	(1,864,714)	453,793	8,548	571,446	61,546	-	-	-
<b>Total</b>	<b>395,506,249</b>	<b>17,301,935</b>	<b>(63,001,945)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,604,130)</b>	<b>182,724,587</b>	<b>448,912,223</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Movements of the Gross Carrying Values of Assets per Class of Assets and per Impairment Stage (Continued)**

## (iv) Loans and receivables from clients

Stage	Changes within the Stage			Transfers among Stages including Repayments								Newly approved (+)	December 31, 2024
	January 1, 2024	Increases (+)	Decreases (-)	Total transfers and repayments	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)	Exit (-)		
Stage 1	247,025,832	10,379,188	(34,776,809)	4,998,890	(25,570,112)	32,484,286	(1,952,489)	37,205			(49,788,784)	159,564,558	337,402,875
Stage 2	97,117,338	172,486	(6,469,454)	(25,633,108)	18,144,176	(42,576,565)			(1,893,663)	692,944	(25,718,019)	9,016,963	48,486,206
Stage 3	13,773,346	38,056	(1,459,121)	2,297,500			1,584,047	(44,646)	1,611,522	(853,423)	(7,161,142)	2,128,529	9,617,168
Partial repayments				18,651,832	7,596,714	10,242,163	348,792	8,10€	288,514	167,541			
<b>Total</b>	<b>357,916,516</b>	<b>10,589,730</b>	<b>(42,705,384)</b>	<b>315,114</b>	<b>170,778</b>	<b>149,884</b>	<b>(19,650)</b>	<b>667</b>	<b>6,373</b>	<b>7,062</b>	<b>(82,667,945)</b>	<b>170,710,050</b>	<b>395,506,249</b>

## (v) Other assets

Stage	Changes within the Stage			Transfers among Stages including Repayments								Newly approved (+)	December 31, 2025
	January 1, 2025	Increases (+)	Decreases (-)	Total transfers and repayments	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)	Exit (-)		
Stage 1	3,131,025	31,565	(13,872)	(9,038)	(14,691)	6,717	(1,066)	2			(23,878)	916,008	4,031,810
Stage 2	128,937	11,133	(19,066)	24,921	28,066	(7,664)			(1,886)	6,405	(61,771)	28,754	112,908
Stage 3	60,359	12,065	(2,594)	(1,067)			1,322	(2)	3,521	(5,908)	(35,273)	46,161	79,651
Partial repayments				(14,816)	(13,375)	947	(256)	-	(1,635)	(497)			
<b>Total</b>	<b>3,320,321</b>	<b>54,763</b>	<b>(35,532)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,922)</b>	<b>990,923</b>	<b>4,224,369</b>

Stage	Changes within the Stage			Transfers among Stages including Repayments								Newly approved (+)	December 31, 2024
	January 1, 2024	Increases (+)	Decreases (-)	Total transfers and repayments	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)	Exit (-)		
Stage 1	1,813,920	1,250,210	(174)	22,823	(520)	23,257	(2)	88			(14,303)	58,549	3,131,025
Stage 2	105,860	17,342	(11,832)	(33,916)	596	(33,728)			(1,892)	1,108	(19,344)	70,827	128,937
Stage 3	78,442	7,428	(10,338)	2,543			8	(656)	4,105	(914)	(52,551)	34,835	60,359
Partial repayments				8,550	(76)	10,471	(6)	568	(2,213)	(194)			
<b>Total</b>	<b>1,998,222</b>	<b>1,274,980</b>	<b>(22,344)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(86,198)</b>	<b>164,211</b>	<b>3,320,321</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Movements of the Impairment Allowance of Assets per Class of Assets and per Impairment Stage**

## (i) Cash and balances held with the central bank

Stage	January 1, 2025	Changes within the Stage			Transfers among Stages						Newly approved (+)	December 31, 2025	
		Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)
Stage 1	8	3	-	-	-	-	-	-	-	-	-	-	11
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8</b>	<b>3</b>	-	-	-	-	-	-	-	-	-	-	<b>11</b>

Stage	January 1, 2024	Changes within the Stage			Transfers among Stages						Newly approved (+)	December 31, 2024	
		Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)
Stage 1	8	-	-	-	-	-	-	-	-	-	-	-	8
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8</b>	-	-	-	-	-	-	-	-	-	-	-	<b>8</b>

## (ii) Securities at amortized cost (AC) and at fair value through other comprehensive income (FVtOCI)

Stage	January 1, 2025	Changes within the Stage			Transfers among Stages						Newly approved (+)	December 31, 2025	
		Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)
Stage 1	284,930	-	(161,498)	-	-	-	-	-	-	-	-	-	123,432
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>284,930</b>	-	<b>(161,498)</b>	-	-	-	-	-	-	-	-	-	<b>123,432</b>

Stage	January 1, 2024	Changes within the Stage			Transfers among Stages						Newly approved (+)	December 31, 2024	
		Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)
Stage 1	271,187	13,743	-	-	-	-	-	-	-	-	-	-	284,930
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>271,187</b>	<b>13,743</b>	-	-	-	-	-	-	-	-	-	-	<b>284,930</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All amounts expressed in thousands of RSD, unless otherwise stated.

## 4. RISK MANAGEMENT (Continued)

## (b) Credit Risk (Continued)

## Movements of the Impairment Allowance of Assets per Class of Assets and per Impairment Stage (Continued)

(iii) Loans and receivables due from banks and other financial institutions

Stage	Changes within the Stage				Transfers among Stages						Exit (-)	Newly approved (+)	December 31, 2025
	January 1, 2025	Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	15,803	136	(5,719)	(4)	(4)	-	-	-	-	-	(3,640)	7,485	14,061
Stage 2	(738)	4	(174)	4	4	-	-	-	-	-	-	-	(904)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Total transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Change*	(218)	-	-	-	-	-	-	-	-	-	-	-	(218)
<b>Total</b>	<b>14,847</b>	<b>140</b>	<b>(5,893)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,640)</b>	<b>7,485</b>	<b>12,939</b>

Stage	Changes within the Stage				Transfers among Stages						Exit (-)	Newly approved (+)	December 31, 2024
	January 1, 2024	Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	3,254	2,347	(779)	(64)	(64)	-	-	-	-	-	(1,662)	12,707	15,803
Stage 2	(606)	-	-	64	64	-	-	-	-	-	(197)	1	(738)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Total transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Change*	(218)	-	-	-	-	-	-	-	-	-	-	-	(218)
<b>Total</b>	<b>2,430</b>	<b>2,347</b>	<b>(779)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,859)</b>	<b>12,708</b>	<b>14,847</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Movements of the Impairment Allowance of Assets per Class of Assets and per Impairment Stage (Continued)**

## (iv) Loans and receivables from clients

Stage	January 1, 2025	Changes within the Stage			Total transfers	Transfers among Stages						Exit (-)	Newly approved (+)	December 31, 2025
		Increases (+)	Decreases (-)			S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	3,712,648	94,572	(647,651)	439,874	(221,243)	682,500	(29,644)	8,261	-	-	(554,548)	978,688	4,023,583	
Stage 2	651,973	293,061	(369,940)	(505,821)	221,243	(682,500)	-	-	(212,308)	167,744	(374,886)	483,662	178,049	
Stage 3	1,806,995	437,550	(1,760,307)	65,947	-	-	29,644	(8,261)	212,308	(167,744)	(977,867)	495,615	67,933	
Total transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change*	4,577,911	-	-	873,124	629,830	(616,594)	591,636	(8,223)	432,820	(156,345)	-	-	5,451,035	
<b>Total</b>	<b>10,749,527</b>	<b>825,183</b>	<b>(2,777,898)</b>	<b>873,124</b>	<b>629,830</b>	<b>(616,594)</b>	<b>591,636</b>	<b>(8,223)</b>	<b>432,820</b>	<b>(156,345)</b>	<b>(1,907,301)</b>	<b>1,957,965</b>	<b>9,720,600</b>	

Stage	January 1, 2024	Changes within the Stage			Total transfers	Transfers among Stages						Exit (-)	Newly approved (+)	December 31, 2024
		Increases (+)	Decreases (-)			S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	2,714,355	83,260	(592,989)	779,012	(235,266)	1,028,501	(36,274)	22,051	-	-	(488,832)	1,217,842	3,712,648	
Stage 2	1,857,990	276,157	(411,445)	(680,335)	235,266	(1,028,501)	-	-	(325,957)	438,857	(858,227)	467,833	651,973	
Stage 3	5,202,864	557,050	(966,916)	(98,677)	-	-	36,274	(22,051)	325,957	(438,857)	(4,457,238)	1,569,912	1,806,995	
Total transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change*	3,671,600	-	-	906,311	500,889	(830,601)	985,119	(22,457)	697,519	(424,158)	-	-	4,577,911	
<b>Total</b>	<b>13,446,809</b>	<b>916,467</b>	<b>(1,971,350)</b>	<b>906,311</b>	<b>500,889</b>	<b>(830,601)</b>	<b>985,119</b>	<b>(22,457)</b>	<b>697,519</b>	<b>(424,158)</b>	<b>(5,804,297)</b>	<b>3,255,587</b>	<b>10,749,527</b>	

## (v) Other assets

Stage	January 1, 2024	Changes within the Stage			Total transfers	Transfers among Stages						Exit (-)	Newly approved (+)	December 31, 2025
		Increases (+)	Decreases (-)			S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			
Stage 1	2,975	16	(80)	(1)	(11)	15	(7)	2	-	-	(79)	416	3,247	
Stage 2	2,586	315	(174)	5,772	11	(15)	-	-	(47)	5,823	(105)	720	9,114	
Stage 3	41,338	12,767	(2,403)	(5,771)	-	-	7	(2)	47	(5,823)	(33,280)	38,693	51,344	
Total transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change*	12,155	-	-	(1,782)	44	(4)	926	(2)	2,759	(5,505)	-	-	10,373	
<b>Total</b>	<b>59,054</b>	<b>13,098</b>	<b>(2,657)</b>	<b>(1,782)</b>	<b>44</b>	<b>(4)</b>	<b>926</b>	<b>(2)</b>	<b>2,759</b>	<b>(5,505)</b>	<b>(33,464)</b>	<b>39,829</b>	<b>74,078</b>	

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Movements of the Impairment Allowance of Assets per Class of Assets and per Impairment Stage (Continued)**

## (v) Other assets (Continued)

Stage	Changes within the Stage			Total transfers	Transfers among Stages								Newly approved (+)	December 31, 2024
	January 1, 2024	Increases (+)	Decreases (-)		S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)	Exit (-)			
Stage 1	6,396	2	(4,229)	607	(1)	42	(4)	570			(1)	200	2,975	
Stage 2	1,487	144	(15)	797	1	(42)			(32)	870	(103)	276	2,586	
Stage 3	61,827	8,393	(10,033)	(1,404)			4	(570)	32	(870)	(49,523)	32,078	41,338	
Total transfers	-			-	-	-	-	-	-	-			-	
Change*	10,011			2,144	2	(19)	4	(570)	3,590	(863)			12,155	
<b>Total</b>	<b>79,721</b>	<b>8,539</b>	<b>(14,277)</b>	<b>2,144</b>	<b>2</b>	<b>(19)</b>	<b>4</b>	<b>(570)</b>	<b>3,590</b>	<b>(863)</b>	<b>(49,627)</b>	<b>32,554</b>	<b>59,054</b>	

**Movements of off-balance sheet exposures**

Stage	Changes within the Stage			Total transfers	Transfers among Stages						Newly approved (+)	December 31, 2025	
	January 1, 2025	Increases (+)	Decreases (-)		S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)
Stage 1	269,740,279	17,241,693	(27,593,301)	3,691,418	(17,601,990)	21,298,229	(5,621)	800			(89,008,822)	118,072,902	292,144,169
Stage 2	48,953,410	617,290	(692,611)	(12,001,414)	13,610,497	(25,610,964)			(1,143)	196	(14,509,202)	9,847,932	32,215,405
Stage 3	334,947	122	(6,365)	5,580			5,441	(800)	1,163	(224)	(274,985)	771	60,070
Partial repayments				8,304,416	3,991,493	4,312,735	180	0	(20)	28			
<b>Total</b>	<b>319,028,636</b>	<b>17,859,105</b>	<b>(28,292,277)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(103,793,009)</b>	<b>127,921,605</b>	<b>324,419,644</b>

Stage	Changes within the stage			Total transfers	Transfers among Stages						Newly approved (+)	December 31, 2024	
	January 1, 2024	Increases (+)	Decreases (-)		S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)			Exit (-)
Stage 1	214,540,508	14,283,892	(24,537,521)	9,183,441	(8,962,369)	18,117,799	(16,270)	44,281			(80,050,914)	136,320,873	269,740,279
Stage 2	68,829,766	2,773,054	(4,713,106)	(7,395,285)	9,421,285	(16,730,736)			(110,227)	24,393	(32,186,716)	21,645,697	48,953,410
Stage 3	465,214	175	(183)	42,913			12,696	(79,476)	117,788	(8,095)	(335,399)	162,227	334,947
Partial repayments				(1,831,069)	(458,916)	(1,387,063)	3,574	35,195	(7,561)	(16,298)			
<b>Total</b>	<b>283,835,488</b>	<b>17,057,121</b>	<b>(29,250,810)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(112,573,029)</b>	<b>158,128,797</b>	<b>319,028,636</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**
**(b) Credit Risk (Continued)**
**Movements of provision for off-balance sheet exposures**

Stage	January 1, 2025	Changes within the Stage			Transfers among Stages							Newly approved (+)	December 31, 2025
		Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)	Exit (-)		
Stage 1	765,538	123,512	(116,736)	315,002	(25,329)	339,954	(19)	396			(134,073)	218,607	1,171,850
Stage 2	(49,957)	171,023	(90,089)	(314,609)	25,329	(339,954)			(129)	145	(150,156)	254,752	(179,036)
Stage 3	(5,984)	16,903	(2,030)	(393)			19	(396)	129	(145)	(143,610)	566	(134,548)
Partial repayments	-			0	0	0	0	0	0	0			0
Change*	529,359			(11,909)	287,950	(303,328)	3,335	(394)	664	(136)			517,450
<b>Total</b>	<b>1,238,956</b>	<b>311,438</b>	<b>(208,855)</b>	<b>(11,909)</b>	<b>287,950</b>	<b>(303,328)</b>	<b>3,335</b>	<b>(394)</b>	<b>664</b>	<b>(136)</b>	<b>(427,839)</b>	<b>473,925</b>	<b>1,375,716</b>

Stage	January 1, 2024	Changes within the Stage			Transfers among Stages							Newly approved (+)	December 31, 2024
		Increases (+)	Decreases (-)	Total transfers	S1 (-) to S2 (+)	S2 (-) to S1 (+)	S1 (-) to S3 (+)	S3 (-) to S1 (+)	S2 (-) to S3 (+)	S3 (-) to S2 (+)	Exit (-)		
Stage 1	341,291	32,060	(51,725)	346,064	(16,866)	321,299	(97)	41,728			(103,338)	201,186	765,538
Stage 2	334,482	52,529	(192,056)	(304,786)	16,866	(321,299)			(1,262)	909	(275,400)	335,274	(49,957)
Stage 3	174,802	267	(9,965)	(41,278)			97	(41,728)	1,262	(909)	(231,406)	101,596	(5,984)
Total transfers	-			-	-	-	-	-	-	-			-
Change*	687,349			(157,990)	124,942	(288,005)	5,454	(41,364)	41,708	(725)			529,359
<b>Total</b>	<b>1,537,924</b>	<b>84,856</b>	<b>(253,746)</b>	<b>(157,990)</b>	<b>124,942</b>	<b>(288,005)</b>	<b>5,454</b>	<b>(41,364)</b>	<b>41,708</b>	<b>(725)</b>	<b>(610,144)</b>	<b>638,056</b>	<b>1,238,956</b>

In the migration overviews above, by position, the following are shown:

- "Changes within the Stage" represent increases and decreases exposures for receivables that exist at the beginning and end of the period;
- The part of the table "Transfers among Stages" shows the exposures with changed Stage at the end of the period compared to the beginning of the period;
- In the "Exit" part of the table, fully repaid exposures are shown, i.e. exposures that exist at the beginning of the period but do not exist at the end of the period;
- The "Newly approved" category shows the exposures created during the period;
- Change\* means net re-measurement of loss allowances.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)****(b) Credit Risk (Continued)***Security Instruments - Collaterals*

Credit risk is mitigated through adequate collateral management process. The purpose of acquiring all available collaterals, proper booking, assessment and monitoring is to minimize the risk as much as possible. Therefore, the Group is especially dedicated to the management of collaterals in order to maintain the acceptable relationship between the undertaken risk and the realistic rate of the collateral recovery, control and mitigation of risks related to quality, concentration, or securitization of the receivables, maturity, currency, etc. Aiming at further enhancement of processes and systems with regards to credit risk mitigation, the Bank as parent company set up a special organizational unit, whose activities include collateral appraisal, process of collateral monitoring, accurate reporting, management of the relationships with external associates (licensed certified valuers and appraisers, insurance companies and supervisors), preparations of expert opinions, internal appraisal reports and the overall legal and economic collateral assessment, improvement of data quality and statistical monitoring of collaterals.

The Group uses relevant policies and procedures for collateral management. The most significant collaterals accepted and used by the Group for minimizing credit risk comprise:

- financial collaterals (cash deposits), allowed to be recognized in full amounts;
- payment guarantees issued by first-class banks and governments, allowed to be recognized at full amounts;
- mortgages on residential or commercial property, recognized up to 70% and 60%, respectively, of the appraised value of the property; and
- securities issued by governments, central banks or institutions with adequate credit rating.

In the event that the currency of a security instrument differs from the currency of the loan for which it provides security, the value of the security instrument must be further reduced using a factor defined for every currency combination, as prescribed by the Group's internal bylaws governing the process of credit risk mitigation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. RISK MANAGEMENT (Continued)**

**(b) Credit Risk (Continued)**

*Security Instruments – Collaterals (Continued)*

Appraised fair values of collaterals securitizing the Group's loans up to the credit risk exposure level as of December 31, are presented in the table below:

	Loans and receivables due from banks and other financial institutions		Loans and receivables due from customers		Off-balance sheet assets	
	2025	2024	2025	2024	2025	2024
<b>Corporate clients, rating 10</b>	-	-	<b>95,338</b>	<b>186,470</b>	-	-
Real estate	-	-	37,308	78,339	-	-
Cash deposit	-	-	-	-	-	-
Guarantee	-	-	10,059	12,777	-	-
Pledge	-	-	-	14,322	-	-
Other	-	-	47,971	81,032	-	-
<b>Corporate clients, rating 9</b>	-	-	-	-	-	-
Real estate	-	-	-	-	-	-
Cash deposit	-	-	-	-	-	-
Guarantee	-	-	-	-	-	-
Pledge	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Corporate clients, restructured loans</b>	-	-	<b>1,845,044</b>	<b>1,775,963</b>	-	<b>2,549</b>
Real estate	-	-	1,212,526	980,500	-	-
Cash deposit	-	-	5,295	4,706	-	400
Guarantee	-	-	37,408	91,725	-	-
Pledge	-	-	343,696	334,115	-	2,149
Other	-	-	246,119	364,917	-	-
<b>Retail clients, &gt; 90 days past due</b>	-	-	<b>859,231</b>	<b>664,891</b>	-	-
Real estate	-	-	440,747	464,919	-	-
Cash deposit	-	-	-	637	-	-
Guarantee	-	-	85,822	30,727	-	-
Pledge	-	-	-	-	-	-
Other	-	-	332,662	168,608	-	-
<b>Group-level impairment allowance based on collateral appraisal</b>	<b>293,831</b>	<b>292,538</b>	<b>147,179,952</b>	<b>138,801,373</b>	<b>17,651,050</b>	<b>20,956,547</b>
Real estate	-	-	108,597,981	96,644,841	8,929,401	9,761,870
Cash deposit	293,469	292,413	3,194,123	3,053,351	4,642,400	6,243,061
Guarantee	362	125	8,144,343	16,515,215	4,019,094	4,859,444
Pledge	-	-	1,781,192	1,858,742	13,616	45,801
Other	-	-	25,462,313	20,729,224	46,539	46,371
<b>Total</b>	<b>293,831</b>	<b>292,538</b>	<b>149,979,565</b>	<b>141,428,697</b>	<b>17,651,050</b>	<b>20,959,096</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)****(c) Market Risks**

Market risks represent the possibility of adverse effects on the financial performance and the Group's capital due to changes in the value of on-balance sheet and off-balance sheet items that arise from the fluctuations of market prices. The market risks include foreign exchange risk and price risks in respect of debt and equity securities.

The set-up system of limits for the Group's exposure to the market risks establishes threshold for the total absorption of economic capital as well as the acceptable level of economic loss both for the activities carried out through the trading book and for the overall business activity of the Group in accordance with its risk-taking capacities.

One of the basic indicators for monitoring of the Group's exposure to the market risks during 2025 is:

- VaR (Value at Risk) – a potential loss of portfolio value in one day with 99% confidence interval; VaR is calculated based on the historical simulation approach and is monitored daily. The main risk factors that are covered by this calculation are: interest rate risk, credit spread risk, foreign exchange risk, volatility and inflation,

In addition to these basic indicators, when monitoring and managing exposure to market risks, the Group also uses some additional granular limits - aimed at preventing increased exposure within individual risk factors, as well as in risk factors that are not sufficiently considered in VaR analyses. The most important of these indicators are sensitivity analyses – BPV (Basis Point Value Sensitivity) and CPV (Credit Point Value Sensitivity).

During 2025, the Group's exposure to market risks was within defined limits and in accordance with its risk-taking capacities.

Breakdown of VaR position of the trading portfolio:

	At December 31	Average	Maximum	Minimum
<b>2025</b>				
Foreign exchange risk	706	1,520	6,523	161
Interest rate risk	6,188	8,110	21,509	2,644
Credit spread risk	10,952	10,399	22,514	2,577
Covariance	(6,692)	-	-	-
Total	11,154	10,897	25,947	2,885
<b>2024</b>				
Foreign exchange risk	195	1,095	2,573	185
Interest rate risk	4,091	32,145	59,537	1,883
Credit spread risk	5,827	19,433	36,220	1,359
Covariance	(3,431)	-	-	-
Total	6,682	33,188	59,962	2,252

Retroactive testing (back-testing) of the VaR model is monitored monthly and reported to the ALCO.

If the realized loss is higher than the loss shown by the VaR model, it is considered as overdraft. Retroactive testing refers to the period of last 250 working days in relation to the date of observation.

Climate risk exposure is gradually introduced in Market risk monitoring, currently only for information purposes. The effect on which climate-related risks potentially affect market risk is reflected in the change in fair value of the Group's positions due to volatility in market factors (interest rates, exchange rates) caused by: transition risk (due to more restrictive regulatory requirements to control the economy leading to global warming) and physical risk (due to the economic impact of increased emissions).

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**4. RISK MANAGEMENT (Continued)**

**(c) Market Risks (Continued)**

There were no strategic changes relating to liquidity and market risk management compared to 2023. Basic updates in internal policies relate to the revision of existing process roles and activities, updating of appropriate limits for indicators and implementation of deposit modeling without agreed maturity (from the point of view of liquidity and interest rate risk).

*Foreign Exchange (Currency) Risk*

Foreign exchange (currency) risk is the risk of potential negative effects on the Group's performance and capital due to fluctuations in the foreign currency exchange rates.

The foreign currency risk ratio is the total open foreign currency position relative to the Group's capital, calculated in accordance with the National Bank of Serbia decision on the capital adequacy of banks. The Group is obliged to maintain the ratio between assets and liabilities in such a way that its total open foreign currency position at the end of a working day must not exceed 20% of its capital. Financial Risk prepares a report on foreign exchange risk position for the purposes of NBS on an intraday basis (the report is sent at noon and at 2 p.m.), as well as on daily and monthly basis only for Bank positions, while on consolidated level semiannally including UCS Leasing position.

The Group is exposed to the effects of exchange rate fluctuations for major foreign currencies on its financial position and cash flows. The Group's management acknowledge and local ALCO approves limits for the risk exposure per foreign currencies and constantly monitors whether balances (positions) in various foreign currencies are within the prescribed limits. Limits apply to all the relevant foreign currency products.. They cover trading items as well as selected strategic foreign currency of treasury and Balance Sheet Management position. All sensitivities that result from foreign currency balances are limited by the general VaR limit set at the Group aggregated level and for Trading and Balance Sheet Management.

To protect itself against the risk of fluctuations in the foreign currency exchange rates, the Group executes derivative contracts and loan contracts with a foreign currency index clause.

The Group's foreign currency risk management at the operating level is the responsibility of the Trading organizational structure within Client Risk Management & Treasury.

Foreign exchange risk ratio is calculated as ratio between the total Net open FX position and the Group's capital.

	2025	2024
Foreign exchange risk ratio:		
- as at December 31	1.37	0.85
- maximum for the period – December	3.63	4.33
- minimum for the period – December	0.25	0.07

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All amounts expressed in thousands of RSD, unless otherwise stated.

## 4. RISK MANAGEMENT (Continued)

## (c) Market Risks (Continued)

## Foreign Exchange (Currency) Risk (Continued)

The Group's net currency position as at December 31, 2025:

	USD	EUR	CHF	Other currencies	RSD	Total
Cash and balances held with the central bank	139,932	41,734,204	206,602	109,265	113,957,439	156,147,442
Receivables under derivative financial instruments	-	1,219,201	-	-	13,889	1,233,090
Securities	-	28,697,683	-	-	88,205,676	116,903,359
Loans and receivables due from banks and other financial institutions	12,827,650	5,812,529	54,310	272,898	38,066,711	57,034,098
Loans and receivables from clients	-	285,286,712	73,764	-	153,831,147	439,191,623
Receivables under derivatives designated as risk hedging instruments	-	269,117	-	-	-	269,117
Other assets	2,835	1,279,665	-	315	2,867,476	4,150,291
<b>Total assets</b>	<b>12,970,417</b>	<b>364,299,111</b>	<b>334,676</b>	<b>382,478</b>	<b>396,942,338</b>	<b>774,929,020</b>
Liabilities under derivative financial instruments	-	1,236,126	-	-	14,631	1,250,757
Deposits and other liabilities due to banks, other financial institutions and the central bank	252,109	136,963,316	161	1,123	21,304,381	158,521,090
Deposits and other liabilities due to customers	20,558,998	211,502,391	4,439,059	798,485	244,537,034	481,835,967
Liabilities under derivatives designated as risk hedging instruments	-	607,417	-	-	-	607,417
Liabilities under securities	-	-	-	-	6,012,951	6,012,951
Subordinated liabilities	-	3,556,844	-	-	-	3,556,844
Other liabilities	301,150	4,671,538	19,344	108,779	3,689,040	8,789,851
<b>Total liabilities</b>	<b>21,112,257</b>	<b>358,537,632</b>	<b>4,458,564</b>	<b>908,387</b>	<b>275,558,037</b>	<b>660,574,877</b>
Off-balance sheet financial instruments (FX swap, forward and spot)	8,160,600	(5,974,900)	4,120,243	548,024	(6,859,137)	(5,170)
<b>Net currency position as of December 31, 2025</b>	<b>18,760</b>	<b>(213,421)</b>	<b>(3,645)</b>	<b>22,115</b>	<b>114,525,164</b>	<b>114,348,973</b>

\*Note: Assets and liabilities with a currency clause index are stated within currency to which they are indexed

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)****(c) Market Risks (Continued)***Foreign Exchange (Currency) Risk (Continued)**The Group's net currency position as at December 31, 2024:*

	USD	EUR	CHF	Other currencies	RSD	Total
Cash and balances held with the central bank	145,889	39,740,822	159,485	87,734	151,195,085	191,329,015
Receivables under derivative financial instruments	-	1,647,794	-	-	19,563	1,667,357
Securities	117,009	19,990,882	-	-	82,760,631	102,868,522
Loans and receivables due from banks and other financial institutions	18,307,076	16,336,500	49,814	503,822	36,810,700	72,007,912
Loans and receivables from clients	-	259,751,003	80,001	-	124,925,718	384,756,722
Receivables under derivatives designated as risk hedging instruments	-	427,229	-	-	-	427,229
Other assets	59,538	1,062,523	-	-	2,139,206	3,261,267
<b>Total assets</b>	<b>18,629,512</b>	<b>338,956,753</b>	<b>289,300</b>	<b>591,556</b>	<b>397,850,903</b>	<b>756,318,024</b>
Liabilities under derivative financial instruments	-	1,693,591	-	-	13,293	1,706,884
Deposits and other liabilities due to banks, other financial institutions and the central bank	397,671	135,704,297	381	-	32,578,235	168,680,584
Deposits and other liabilities due to customers	17,829,982	201,095,006	4,540,662	1,157,751	239,159,394	463,782,795
Liabilities under derivatives designated as risk hedging instruments	-	687,148	-	-	-	687,148
Other liabilities	454,328	4,686,327	32,614	107,750	3,294,789	8,575,808
<b>Total liabilities</b>	<b>18,681,981</b>	<b>343,866,369</b>	<b>4,573,657</b>	<b>1,265,501</b>	<b>275,045,711</b>	<b>643,433,219</b>
Off-balance sheet financial instruments (FX swap, forward and spot)	48,278	4,296,938	4,286,106	665,887	(9,291,027)	6,182
<b>Net currency position as of December 31, 2024</b>	<b>(4,191)</b>	<b>(612,678)</b>	<b>1,749</b>	<b>(8,058)</b>	<b>113,514,165</b>	<b>112,890,987</b>

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*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. RISK MANAGEMENT (Continued)**

**(d) Operational Risks**

Operational risk is the risk of possible adverse effects on financial result and capital of the Group caused by omissions (unintentional and intentional) in employees' work, inadequate internal procedures and processes, inadequate management of information and other systems, as well as by unforeseeable external events. Operational risk includes legal risk and compliance risk while strategic risks, business risks and reputational risks are different from operational risk. Operational events are those resulting from inadequate or failed internal processes, personnel and systems or from systemic and other external events: internal or external fraud, employment practices and workplace safety, clients claims, products distribution, fines and penalties due to regulation breaches, damage to Company's physical assets, business disruption and system failures, process management.

**(e) Liquidity Risk**

Liquidity risk is a risk of adverse effects on the Group's financial performance and capital caused by the Group's inability to settle its matured liabilities due to drawdown of the existing sources of financing, i.e., the Group's inability to obtain new sources of financing or difficult conversion of assets into liquid funds because of market disruptions. The main objective of the overall liquidity management of the Group is to maintain adequate liquidity and financing position, which will enable the Group to fulfil its payment obligations not only in regular business, but in stressful circumstances as well.

The liquidity risk that the Group is faced with in everyday business may have different forms:

- Intraday liquidity risk – the liquidity risk during the day occurs when the Group is unable to meet its payment obligations in a timely manner, both under normal and stress conditions;
- Short-term liquidity risk refers to a risk of mismatch between the amounts and/or the maturities of cash inflows and outflows over a short period of time (up to one year);
- Market liquidity risk is a risk that the Group may face a significant loss of its liquid assets' value whenever it is necessary to liquidate them through sales or repo transactions;
- Structural liquidity risk is defined as the inability to obtain the necessary funds to maintain an adequate relationship between mid-term and long-term (over one year) assets and liabilities at reasonable price levels, in a stable and sustainable manner, without affecting the daily operations or the financial position of the Group;
- The risk of unforeseen or stressful circumstances relates to future and unexpected obligations that could require the Group to maintain higher liquidity than what is considered a sufficient amount for conducting regular business operations;
- Financing concentration risk occurs when the Group uses a limited number of sources of financing, so that they become such that a withdrawal of one or more of them could cause liquidity problems;
- Foreign currency liquidity risk (FX risk) arises from the current and projected liquidity mismatch between the cash inflows and outflows in foreign currencies, or a different allocation of assets and liabilities in foreign currencies within a time horizon.

Within the liquidity risk management, the Group addresses each of the above listed sources of liquidity risk through the appropriately set up system of limits.

The limit system used in daily liquidity risk management ensures that the Group maintains liquidity and financing position that is strong enough to bear the potential effects of unfavorable scenarios in which the above listed risks can be materialized. The limit system for the Group is defined in the Risk Appetite Framework (RAF) as well as other granular limits.

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**4. RISK MANAGEMENT (Continued)**

**(e) Liquidity Risk (Continued)**

RAF defines the level of risk that the Group is willing to take in achieving its strategic goals and business plan, considering the interest of its shareholders, as well as capital and other regulatory and legal requirements. As such, RAF is approved by the Supervisory Board, while the granular limits (or other form of limitation) are derived from RAF: their approval and escalation process, however, includes other Group's committees or functions that are set at a lower hierarchy level in the Group's organization.

Some of the main liquidity indicators included in RAF for 2025 were:

- the Bank's liquidity ratio and narrow liquidity ratio of Bank;
- the liquidity coverage ratio (LCR) - consolidated; and
- the net stable funding ratio (NSFR) - consolidated.

During 2025, there was no breach of any of the defined limits.

*The Bank's liquidity ratio and narrow liquidity ratio*

The liquidity ratio of the Bank is the ratio of the sum of level 1 and level 2 liquid receivables of the Bank and the sum of liabilities payable on demand or with no agreed maturity and liabilities falling due within a month from the date of liquidity ratio calculation.

In the context of this report, based on Decision of NBS on Liquidity Risk Management by Banks, Level 1 liquid receivables are: cash and balances with Central Bank, balances on the accounts with banks that have been rated at least BBB in the Standard & Poor's or Fitch-IBCA rating or at least Baa3 in the Moody's rating and Securities portfolio. Level 2 are other receivables due within a month after the liquidity ratio was calculated.

The Bank is obliged to maintain the level of liquidity so that:

- at least 1.0 – when calculated as an average of all working days in a month;
- not below 0.9 – for over three consecutive working days; and
- at least 0.8 – when calculated for one working day.

The narrow liquidity ratio is the ratio of level 1 liquid receivables of a Bank and the sum of liabilities payable on demand or with no agreed maturity and liabilities falling due within a month from the date of liquidity ratio calculation.

The Bank is obliged to maintain the level of liquidity so that narrow liquidity ratio is:

- at least 0.7 – when calculated as an average of all working days in a month;
- not below 0.6 – for over three consecutive working days; and
- at least 0.5 – when calculated for one working day.

The Bank is under obligation to report to the NBS if the liquidity ratios are non-compliant with the prescribed parameters for two consecutive working days and must do so on the next working day. If the Group determines a critically low liquidity ratio, it must report this to the NBS at the latest by the next working day. Such a report should contain information on the amount of shortfall liquid assets, on the reasons for the lack of liquidity and on the activities planned for resolving the causes of illiquidity.

Financial Risk prepares a report on daily liquidity for the National Bank of Serbia daily.

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**4. RISK MANAGEMENT (Continued)**

**(e) Liquidity Risk (Continued)**

Realized values of the liquidity and narrow liquidity ratios during 2025 and 2024:

	2025	2024
The Bank's liquidity ratio		
- as at 31 December	2.14	2.24
- average for the period – December	2.10	2.18
- maximum for the period – December	2.26	2.38
- minimum for the period – December	2.01	2.03
	2025	2024
The Bank's narrow liquidity ratio		
- as at 31 December	1.58	1.62
- average for the period – December	1.29	1.35
- maximum for the period – December	1.58	1.62
- minimum for the period – December	1.07	1.02

*Liquidity Coverage Ratio (LCR)*

This indicator represents the ratio of the Group's high quality liquid assets (liquidity buffer) to the net outflows of its liquid assets that would occur during the next 30 days from this indicator calculation date under the assumed stress conditions. This ratio is calculated monthly for the Bank and semiannually for the Group's consolidation level. The Group is required to maintain the liquidity coverage ratio observing the total in all currencies at a level not lower than 100%.

The Group's realized LCR values indicate a high level of liquidity maintained during 2025 and 2024:

<b>As at December 31</b>	2025	2024
Liquidity buffer	219,669,623	247,841,765
Net outflows of liquid assets	147,350,215	148,547,904
LCR	149%	167%

*Net Stable Funding Ratio (NSFR)*

This indicator represents the need for banks for total available stable funding (ASF) to be at least equal to total required stable funding (RSF) over a one-year horizon ( $ASF/RSF \geq 100\%$ ). ASF and RSF are calculated by applying different weights to funding sources and assets through defined factors, according to their liquidity and maturity. The indicator is calculated according to the NBS methodology. This indicator is calculated monthly for the Bank, submitted quarterly to the NBS, and twice a year consolidated at the Group level. During 2025, the Bank operated within the limits defined by the RAF process.

The liquidity risk management system also defines specific limits that ensure that the liquidity reserves are high enough to cover even the intense stress periods. The liquidity risk stress test is carried out on a monthly basis and is based on the scenario analyses. If necessary, frequency of stress testing can be increased to weekly basis. The objective of the scenario analysis is testing of the Group's ability to continue its business activities while facing a stressful event.

Three basic scenarios are analyzed:

- Market scenario (stressful circumstances caused by market events);
- The name crisis (stressful circumstances caused by unfavorable news in the media or events related to the Group); and
- Combined scenario (combination of the above two scenarios).

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**4. RISK MANAGEMENT (Continued)**

**(e) Liquidity Risk (Continued)**

Given the banking turmoil and financial distress of Silicon Valley Bank (SVB) and First Republic Bank in US and of Credit Suisse in Europe, UniCredit Group has introduced a new ad hoc scenario in the liquidity stress test, called Extreme scenario, on top of our regular scenarios. Compared to the combined scenario, the main changes in the extreme scenario are in the positions of financial and interbank deposits, which have a full run-off profile. Extreme scenario is not applied on consolidated level but only considering Bank positions.

To ensure timely and adequate actions in cases of increased liquidity risk, the Group has adopted the Business Continuity Plan, which is tested on an annual basis and which:

- Precisely defines procedures for early detection of the Group's liquidity problems, including a list of early warning indicators;
- Clearly defines activities, obligations and responsibilities in liquidity crisis management; and
- Precisely defines the manner of accessing available or potential sources of liquidity, as well as procedures for securing access to supplementary sources of financing, or sources that are not used in regular business.

The effect on which climate-related risks potentially affect Group liquidity risk. It can occur through transitional risk (increased liquidity needs in high-CARBON companies that have difficulty adapting to a carbon neutral economy) and physical risk (increased need for 'I' liquidity due to severe weather events).

Contingency liquidity or capital policy was not activated (nor was there a need for it). With a stable and adequate liquidity potential, the Group has not experienced an outflow of retail and corporate deposits, nor restrictions on the money market due to the reduction of limits by other financial institutions. Early warning indicators EWI indicators, both for the Group and the market, are set at an appropriate distance from the RAF or the level of regulatory limits, leaving time for the Group to respond in a timely manner during potential or actual crises.

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## 4. RISK MANAGEMENT (Continued)

## (e) Liquidity Risk (Continued)

The following table provides breakdown of relevant maturity groups of the Group's financial assets and liabilities as of December 31, 2025:

	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and balances held with the central bank	156,147,442	-	-	-	-	156,147,442
Receivables under derivative financial instruments	-	-	1,233,090	-	-	1,233,090
Securities	15,580,331	-	-	39,473,063	61,849,965	116,903,359
Loans and receivables due from banks and other financial institutions	54,368,178	30,742	1,907,793	727,385	-	57,034,098
Loans and receivables from clients	39,327,292	19,455,734	104,480,452	212,076,394	63,851,751	439,191,623
Receivables under derivatives designated as risk hedging instruments	-	-	269,117	-	-	269,117
Other assets	2,661,971	-	1,488,320	-	-	4,150,291
<b>Total assets</b>	<b>268,085,214</b>	<b>19,486,476</b>	<b>109,378,772</b>	<b>252,276,842</b>	<b>125,701,716</b>	<b>774,929,020</b>
<b>Liabilities</b>						
Liabilities under derivative financial instruments	-	-	1,250,757	-	-	1,250,757
Deposits and other liabilities due to banks, other financial institutions and the central bank	35,227,155	66,864,655	41,988,298	14,440,982	-	158,521,090
Deposits and other liabilities due to customers	392,391,182	34,208,217	48,780,291	6,094,092	362,185	481,835,967
Liabilities under derivatives designated as risk hedging instruments	-	-	607,417	-	-	607,417
Liabilities under securities	-	-	-	6,012,951	-	6,012,951
Subordinated liabilities	-	-	-	-	3,556,844	3,556,844
Other liabilities	4,827,206	62,585	2,482,139	1,294,620	123,301	8,789,851
<b>Total liabilities</b>	<b>432,445,543</b>	<b>101,135,457</b>	<b>95,108,902</b>	<b>27,842,645</b>	<b>4,042,330</b>	<b>660,574,877</b>
Off-balance sheet items	32,985	65,970	296,864	1,165,866	-	1,561,685
<b>Net liquidity gap as at December 31, 2025</b>	<b>(164,393,314)</b>	<b>(81,714,951)</b>	<b>13,973,006</b>	<b>223,268,331</b>	<b>121,659,386</b>	<b>112,792,458</b>

In the analysis of liquidity risk, the Group also takes into account off-balance sheet positions. Irrevocable or conditionally revocable liquidity and credit facilities assumed to require structural funding is calculated by using Liquidity outflows T+2 in the Combined scenario, where part to be funded is equal to the sum of Undrawn Revolving committed credit and liquidity facilities and Undrawn Non-Revolver committed credit and liquidity facilities. The total volume assumed to be drawn and requiring structural funding needs is: linearly spread from Spot next up to 1 year (excluded) for financial institutions, assuming the short-term maturity of the drawn line or linearly spread from 1 up to 5 years for all the other counterparty types.

The structure of asset and liability maturities as at December 31, 2025, is indicative of maturity mismatch between the outstanding maturities of assets and those of liabilities in the time buckets, with marked negative mismatch in the buckets of up to a month and from 1 to 3 months. This mismatch is primarily due to maturity structure of deposits, i.e., a significant share of demand deposits in the total deposits. Based on historical data and experience, a significant portion of demand deposits may be considered a long-term source of financing given their stability, growth rate and withdrawal rate. At the same time, we underline that the Group is in possession of liquid instruments, i.e., securities and other liquidity reserves, that can be pledged with the National Bank of Serbia at any time, or sold on a secondary market, and has at its disposal funds from the parent bank (in line with funding plan) and international financial institutions in accordance with the adopted financing plan for the current year, all of which can be used to cover potential outflows of funds at any time, even in the stress scenarios. The stress scenario analyses are performed and analyzed by the relevant Group's units and teams. on an ongoing basis.

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## 4. RISK MANAGEMENT (Continued)

## (e) Liquidity Risk (Continued)

The following table provides breakdown of relevant maturity groups of the Group's financial assets and liabilities as of December 31, 2024:

	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
<b>Assets</b>						
Cash and balances held with the central bank	191,329,015	-	-	-	-	191,329,015
Receivables under derivative financial instruments	-	-	1,667,357	-	-	1,667,357
Securities	-	-	3,566,818	51,264,737	48,036,967	102,868,522
Loans and receivables due from banks and other financial institutions	69,784,148	29,669	713,432	1,480,663	-	72,007,912
Loans and receivables from clients	23,485,126	19,988,837	106,559,676	191,905,187	42,817,896	384,756,722
Receivables under derivatives designated as risk hedging instruments	-	-	427,229	-	-	427,229
Other assets	2,447,527	-	813,740	-	-	3,261,267
<b>Total assets</b>	<b>287,045,816</b>	<b>20,018,506</b>	<b>113,748,252</b>	<b>244,650,587</b>	<b>90,854,863</b>	<b>756,318,024</b>
<b>Liabilities</b>						
Liabilities under derivative financial instruments	-	-	1,706,884	-	-	1,706,884
Deposits and other liabilities due to banks, other financial institutions and the central bank	55,361,952	38,300,131	21,917,311	47,498,413	5,602,777	168,680,584
Deposits and other liabilities due to customers	369,140,777	38,867,092	43,601,663	11,331,495	841,768	463,782,795
Liabilities under derivatives designated as risk hedging instruments	-	-	687,148	-	-	687,148
Other liabilities	7,152,200	75,506	580,182	687,258	80,662	8,575,808
<b>Total liabilities</b>	<b>431,654,929</b>	<b>77,242,729</b>	<b>68,493,188</b>	<b>59,517,166</b>	<b>6,525,207</b>	<b>643,433,219</b>
Off-balance sheet items	2,811,484	401,641	2,312,916	-	-	5,526,041
<b>Net liquidity gap as at December 31, 2024</b>	<b>(147,420,597)</b>	<b>(57,625,864)</b>	<b>42,942,148</b>	<b>185,133,421</b>	<b>84,329,656</b>	<b>107,358,764</b>

\*The off-balance sheet items are changed in Liquidity Risk for 2024 to be aligned with presentation methodology for 2025.

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## 4. RISK MANAGEMENT (Continued)

## (e) Liquidity Risk (Continued)

The following table provides breakdown of relevant maturity groups of the derivative financial instruments for liquidity risk monitoring purposes:

	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
FX derivative financial instruments – receive side	33,252,213	-	1,687,000	-	-	34,939,213
FX derivative financial instruments – pay side	33,242,980	-	1,695,760	-	-	34,938,740
<b>Net maturity gap as at December 31, 2025</b>	<b>9,233</b>	<b>-</b>	<b>(8,760)</b>	<b>-</b>	<b>-</b>	<b>473</b>
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
FX derivative financial instruments – receive side	56,342,955	443,152	572,048	-	-	57,358,155
FX derivative financial instruments – pay side	56,342,575	441,598	564,994	-	-	57,349,167
<b>Net maturity gap as at December 31, 2024</b>	<b>380</b>	<b>1,554</b>	<b>7,054</b>	<b>-</b>	<b>-</b>	<b>8,988</b>

The maturity structure of FX derivative financial instruments which is relevant from the aspect of monitoring and managing liquidity risk does not indicate a significant existence of maturity mismatch of the remaining maturity period by time baskets. FX derivative financial instruments are included in all indicators used to monitor both short-term and structural liquidity, thus ensuring adequate management of potential liquidity risk that may arise from these positions.

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**4. RISK MANAGEMENT (Continued)****(e) Liquidity Risk (Continued)****Structural FX Gap**

Structural FX Gap is calculated as the difference between the liabilities over 1 year in a specific foreign currency and the assets over 1 year on the same currency, mapped according to the criteria for calculation of the Structural Liquidity Gap. Behavioral models on non-maturing deposits were also considered which led to revision of trigger due to change of the maturity profile on liability side.

	2025	2024
<b>EUR FX Gap &gt;1Y</b>		
Liabilities in time baskets >1Y	213,055	166,378,790
Receivables in time baskets >1Y	336,843	208,213,944
Trigger (max)	(117,282)	(51,486,556)
<b>FX Gap</b>	<b>(123,788)</b>	<b>(41,835,154)</b>
	2025	2024
<b>Other FX Gap &gt;1Y</b>		
Liabilities in time baskets >1Y	157,298,468	-
Receivables in time baskets >1Y	63,227,146	1,420,202
Trigger (max)	84,443,040	(2,340,298)
<b>FX Gap</b>	<b>94,071,322</b>	<b>(1,420,202)</b>

In December 2025, the presentation of indexed positions was changed to align with the presentation in the regulatory reports LCR and NSFR. This change affected approximately 2 billion euros in indexed positions (of which 1.2 billion with a maturity of over one year), which are now presented in RSD currency. In accordance with this change, the Alert Levels (trigger) determined by simulating the expected effects and adopted by ALCO were also adjusted. However, the official December reports showed an exceedance of the alert level in the structural gap in RSD, which was escalated in accordance with the prescribed internal procedures.

**(f) Compliance Risks**

Compliance risk is the risk of regulatory sanctions, financial losses, or damage to the Group's reputation resulting from conducting the Group's activities in a manner that is not in accordance with laws and other regulations, the Group's internal acts, business standards, procedures for preventing money laundering and terrorist financing, as well as other acts governing the Group's operations. The Group has organized a special organizational unit whose competence covers compliance review.

The primary task of the Compliance is to identify and assess the Group's compliance risk and report thereon to the Management Board and Audit Committee and, as appropriate, the Supervisory Board and to propose plans for management of the main compliance risks. Compliance assesses risks in accordance with the adopted Methodology and Annual Activity Plan.

Moreover, the Group's compliance function supports other organizational units of the Group in defining procedures, introducing new products or modifying the existing ones, in implementation of the laws and bylaws, rules, standards and the Group's internal bylaws and enactments specifically governing the following areas: prevention of money laundering and terrorist financing, financial sanctions, banking secrets, protection of personal data, insider information and market abuse, professional market conduct standards, conflict of interests, corruption, loansharking, professional conduct with clients and provision of adequate advice to clients in accordance with the Code of Conduct and Ethical Principles, application of standards on the protection of financial service users and transparency in behavior, protection of competition and other regulatory areas in accordance with the rules of UniCredit Group and the adopted program for the Group's compliance function.

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**4. RISK MANAGEMENT (Continued)**

**(g) The Risk of Money Laundering and Terrorist Financing**

The risk of money laundering and terrorist financing is the risk of potential negative effects on the Group's financial results, capital, or reputation due to the use of the Group for the purpose of money laundering and/or terrorist financing and/or financing the proliferation of weapons of mass destruction.

The risk of money laundering and terrorist financing is directly linked to regulatory sanctions in the event of violations of laws and other regulations, and it can cause serious reputational damage to the Group, thereby exposing the Group to financial risk as well as the risk of administrative penalties imposed by the regulator.

The Group has in place policies and procedures for identification, measurement, assessment and management of the risk of money laundering and terrorist financing. The Group protects itself from this risk by means of an internal control system in place in its organizational units, timely information and training and education as well as testing of its employees, which is a key factor in the management of the risk of money laundering and terrorist financing.

Within the Compliance a separate organizational unit has been formed – Anti Financial Crime Compliance – to take care of the improvement and continuous implementation of the policies and procedures for managing the risk of money laundering and terrorist financing. The Group has provided the staff of the Anti-Financial Crime Compliance with appropriate HR, material, technical, IT and other resources for work as well as with ongoing professional education and training.

**(h) Strategic Risks/Business Risk**

Strategic/Business risk is the risk of negative effects on financial result or Group's capital coming from lack of adequate policies and strategies or inadequate implementation of existing strategies and policies, as well as the risk coming from changes in the environment in which Group operate or lack of adequate reaction on these changes. It is defined as a measure of distance in the future earnings of the bank and the expected ones.

For calculating the internal capital for strategic/business risk, the Group uses Group tool called Pillar II system which, for calculating this internal capital, is based on simulations of ARIMA model for which it uses quarterly series of net interest income, net fees and commissions and operating expenses from P&L statement. Strategic/Business risk is further elaborated in business rule PP455 Methodology for Credit and other Pillar 2 risks Economic Capital models.

Strategic/Business risk management is the responsibility of every employee of the Group within the risk management system, along with the most important role of Supervisory Board of the Bank which is responsible for risk management system establishing, as well as the Management Board. The Group's corporate bodies carry out, among other things, the monitoring of strategic/business risk through establishing and monitoring of the annual budget, as well as the multi-year strategic plan, which is monitored at least quarterly. In that way corporate bodies are in a situation to respond to all changes in the environment in which the Group operates. The Group's management reporting system, established in all business segments, provides an adequate and timely set of information needed for the Group's decision-making process in order to respond to business changes.

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**4. RISK MANAGEMENT (Continued)**

**(h) Strategic Risks/Business Risk (Continued)**

Organizational structure of the Group, established by relevant governance bodies, is defined to ensure adequate resources involved in preparation and implementation of risk policies and strategies, as well as methodologies, guidelines, working instructions and other documents. The Group continually monitors, assesses and updates relevant internal regulations and improves processes in order to actively manage changes in the business environment and mitigate their influence on Group's financial result and capital. Besides quantification of this risk through Pillar 2 system and monitoring of evolution of economic capital, an important element in the management of strategic/business risk is the Group's internal control system which provides continuous monitoring of the risks to which the Group is exposed, or which may be exposed in its business. This system ensures implementation of appropriate policies and strategies in practice and elimination of possible shortcomings, by which strategic risk to which the Group is exposed is additionally monitored and managed.

**(i) Reputational Risk**

Reputational Risk is defined as the current or prospective risk to earnings and capital arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (including also debt-holders, market analysts, and other relevant parties), shareholders/investors, regulators or employees.

Reputational Risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks and all others risks types (e.g. business risk, strategy risk), but also as an effect of the client's business in one of the sensitive industries from aspect of ESG standards (coal, oil and gas, mining, defense and armaments, water infrastructure, nuclear industry).

Reputational risk evaluation of clients / initiatives / transactions / projects / and other topics for which there is an identification of potential high reputational risk is performed within the Committee on Non-Financial Risks (NFRC) - Reputation Risk Sub-committee.

**(j) Interest Rate Risk in the Banking Book**

Interest rate risk is defined as a possibility of adverse effects on the Group's financial performance and equity per item in the Group's banking book due to changes in interest rates.

The Group's exposure to the interest rate risk is considered from two perspectives:

- Impact on the economic value - when changes in interest rates affect the basic value of assets. liabilities and off-balance sheet instruments, because the economic value of future cash flows changes (and in some cases. The cash flows themselves); and
- Impact on the financial result - when changes in interest rates affect earnings by changing the net interest income.

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*All amounts expressed in thousands of RSD, unless otherwise stated.***4. RISK MANAGEMENT (Continued)****(j) Interest Rate Risk in the Banking Book (Continued)**

The system of limits for measuring exposure to the interest rate risk is used for monitoring potential changes in the economic value (EV) and changes in the expected net interest income (NII) or profit, addressing all the material sources of risk, in particular:

- Repricing risk - arises from the structure of the banking book and relates to timing mismatch in the maturity and repricing period of assets and liabilities;
- Yield curve risk - arising from changes in the yield curve shape and or slope;
- Basis risk to which the Group is exposed due to different reference interest rates applicable to the interest-sensitive items with similar characteristics in terms of maturity or repricing; and
- Optionality risk to which the Group is exposed due to embedded options in relation to interest rate-sensitive positions (loans with the option of early repayment, deposits with the option of early withdrawal).

The Group has implemented the framework of interest rate risk scenarios that address all the aforesaid sources of interest rate risk and, depending on the strength of the assumptions used, those can be divided into two basic groups:

- regular business scenarios, and
- stress test scenarios.

The scenarios vary depending on the specific risk generator, whose parameters are changed or stressed:

- assumptions of stress on interest rates (parallel, non-parallel changes in interest rates);
- assumptions of stress on the balance sheet (dynamic balance sheet, constant balance sheet);
- single-factor analysis; and
- multifactor analysis.

The effects of all scenarios are analyzed from the viewpoint of the change in the economic value and net interest income.

Interest rate risk scenarios included in RAF 2025:

- Economic value (EV) sensitivity; and
- Sensitivity of net interest income (NII).

One of the tasks of the Group's Balance sheet Management is to establish procedures for the Group to comply with the defined limits for the interest rate risk. This is accomplished through activities in the financial markets (through interbank transactions, securities transactions) conducted in cooperation with the Client Risk Management & Treasury as well as other Balance sheet Management activities used to manage interest gaps for protection against the interest rate risk, in line with the Group's preferred risk profile. At the same time, those organizational units are involved in the management of the Group's investment portfolio, which, together with the approved instruments, enables the achievement of a strategic position that ensures stability of interest income from the banking book. For protection against the interest rate risk, Group undertake hedging transactions to hedge certain portfolios or transactions.

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**4. RISK MANAGEMENT (Continued)**

**(j) Interest Rate Risk in the Banking Book (Continued)**

National Bank of Serbia (NBS) has adopted a decision on managing interest rate risk in the banking book, which specifies the conditions and methods for identifying, measuring, and managing IRRBB, including internal capital requirements to cover this risk, as well as for credit spread risk. The NBS, through the Banking Operations Control Sector, documents methods and templates for standardized approaches:

- IRRBB Form 1 – schedule of expected cash flows by defined periods.
- IRRBB 2 – schedule for calculating net income based on risk-free rate projections.
- IRRBB 3 – calculation of IRRBB risk measures.
- IRRBB 4 – results of the supervisory stress test for severe scenarios.

The obligation to apply these, including reports IRRBB 1–4, starts as of June 30, 2026. Until then Banks must establish the process for implementing IRRBB standardized and simplified approaches, along with the preparation and submission of the first reports.

An analysis of the Group's sensitivity (EV loss or gain) coming from parallel shifts of 200 bps on market interest rates in respect of the positions in the banking book (EV), assuming no asymmetric trends in yield curves, is presented as follows:

	Parallel increase of 200 bp	Parallel decrease of 200 bp
<b>2025</b>		
As at December 31	(3,722,526)	3,849,854
Average for the year	(3,815,853)	3,908,748
Maximum for the year	(3,093,820)	4,393,084
Minimum for the year	(4,281,756)	3,255,816
<b>2024</b>		
As at December 31	(3,269,395)	3,470,910
Average for the year	(2,672,839)	2,659,806
Maximum for the year	(2,186,923)	3,470,910
Minimum for the year	(3,269,395)	2,129,080

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December 31, 2025

All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)****(j) Interest Rate Risk in the Banking Book (Continued)**

The Group's exposure to interest rate changes as at December 31, 2025, is presented for the entire interest-bearing portion of the statement of the financial position:

	Carrying amount	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Non-interest bearing
Cash and balances held with the central bank	156,147,442	62,325,528	-	-	-	-	93,821,914
Receivables under derivative financial instruments	1,233,090	-	-	-	-	-	1,233,090
Securities	116,903,359	17,660,759	14,906	1,532,622	38,402,316	59,292,756	-
Loans and receivables due from banks and other financial institutions	57,034,098	55,307,401	277,147	326,292	917,599	-	205,659
Loans and receivables from clients	439,191,623	28,099,111	162,150,661	123,605,636	73,621,027	49,132,187	2,583,001
Receivables under derivatives designated as risk hedging instruments	269,117	-	-	-	-	-	269,117
Other assets	4,150,291	-	-	-	-	-	4,150,291
<b>Total assets</b>	<b>774,929,020</b>	<b>163,392,799</b>	<b>162,442,714</b>	<b>125,464,550</b>	<b>112,940,942</b>	<b>108,424,943</b>	<b>102,263,072</b>
Liabilities under derivative financial instruments	1,250,757	-	-	-	-	-	1,250,757
Deposits and other liabilities due to banks, other financial institutions and the central bank	158,521,090	13,712,896	75,400,628	46,316,443	17,111,093	-	5,980,030
Deposits and other liabilities due to customers	481,835,967	122,014,852	34,344,631	45,889,700	2,222,900	222,062	277,141,822
Liabilities under derivatives designated as risk hedging instruments	607,417	-	-	-	-	-	607,417
Liabilities under securities	6,012,951	-	5,990,684	-	-	-	22,267
Subordinated liabilities	3,556,844	-	3,518,460	-	-	-	38,384
Other liabilities	8,789,851	-	-	-	-	-	8,789,851
<b>Total liabilities</b>	<b>660,574,877</b>	<b>135,727,748</b>	<b>119,254,403</b>	<b>92,206,143</b>	<b>19,333,993</b>	<b>222,062</b>	<b>293,830,528</b>
<b>Net interest rate risk exposure at December 31, 2025</b>	<b>114,354,143</b>	<b>27,665,051</b>	<b>43,188,311</b>	<b>33,258,407</b>	<b>93,606,949</b>	<b>108,202,881</b>	<b>(191,567,456)</b>

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*All amounts expressed in thousands of RSD, unless otherwise stated.*
**4. RISK MANAGEMENT (Continued)**
**(j) Interest Rate Risk in the Banking Book (Continued)**

The Group's exposure to interest rate changes as at December 31, 2024, is presented for the entire interest-bearing portion of the statement of the financial position:

	Carrying amount	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Non-interest bearing
Cash and balances held with the central bank	191,329,015	93,839,825	-	-	-	-	97,489,190
Receivables under derivative financial instruments	1,667,357	-	-	-	-	-	1,667,357
Securities	102,868,522	4,851,441	14,574	3,566,093	54,375,285	40,061,129	-
Loans and receivables due from banks and other financial institutions	72,007,912	69,784,320	276,383	312,304	1,592,753	-	42,152
Loans and receivables from clients	384,756,722	33,410,849	155,974,242	99,730,512	60,821,197	32,206,199	2,613,723
Receivables under derivatives designated as risk hedging instruments	427,229	-	-	-	-	-	427,229
Other assets	3,261,267	-	-	-	-	-	3,261,267
<b>Total assets</b>	<b>756,318,024</b>	<b>201,886,435</b>	<b>156,265,199</b>	<b>103,608,909</b>	<b>116,789,235</b>	<b>72,267,328</b>	<b>105,500,918</b>
Liabilities under derivative financial instruments	1,706,884	-	-	-	-	-	1,706,884
Deposits and other liabilities due to banks, other financial institutions and the central bank	168,680,584	31,236,759	29,338,412	49,313,034	51,300,147	-	7,492,232
Deposits and other liabilities due to customers	463,782,795	89,460,248	52,504,392	38,397,272	7,475,761	1,051,519	274,893,603
Liabilities under derivatives designated as risk hedging instruments	687,148	-	-	-	-	-	687,148
Other liabilities	8,575,808	-	-	-	-	-	8,575,808
<b>Total liabilities</b>	<b>643,433,219</b>	<b>120,697,007</b>	<b>81,842,804</b>	<b>87,710,306</b>	<b>58,775,908</b>	<b>1,051,519</b>	<b>293,355,675</b>
<b>Net interest rate risk exposure at December 31, 2024</b>	<b>112,884,805</b>	<b>81,189,428</b>	<b>74,422,395</b>	<b>15,898,603</b>	<b>58,013,327</b>	<b>71,215,809</b>	<b>(187,854,757)</b>

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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)****(j) Interest Rate Risk in the Banking Book (Continued)**

An analysis of the interest rate gap sensitivity to an interest rate increase/decrease, assuming a parallel change in the yield curve and static banking book is shown in the table below:

	December 31, 2025	December 31, 2024
	The effect of a parallel change in the interest rate by 1 bp	The effect of a parallel change in the interest rate by 1 bp
RSD	(24,832)	(22,688)
EUR	6,177	6,615
USD	(31)	128
GBP	1	2
CHF	(7)	(4)
Other currencies	-	-
<b>Total effect*</b>	<b>31,048</b>	<b>29,437</b>

\* The total effect is equal to the sum of the absolute values by currencies.

Exposure based on the sensitivity analysis of the interest rate gap during 2025 was within the defined limits.

**(k) Model Risk**

The model risk pertains to potential errors in modeling for the main types of risks the Group is exposed to (credit risk, market risks, operational risk, strategic/business and reputational risk), such as inadequate modelling methodology, improper model application, lacking parameters and inputs.

Model risk analysis is based on the assessment of the risk model components arising from various types of risks. In order to ensure adequate model risk management and define and implement measures for risk mitigation in this area, the Group applies and regularly evaluates an appropriate set of internal bylaws.

**(l) Climate and environmental risk**

At the group level, UniCredit strategically manages climate change risks by integrating transition risk, physical risk, and reputational risk into the credit process, while simultaneously implementing Net Zero targets as part of its long-term strategies. The Group focuses on aligning its financial and operational activities with sustainability challenges, while also supporting clients in their transition processes. The Group's defined strategies are published within the publicly available document – the Integrated Sustainability Report Sustainability Reporting – UniCredit.

Transition risk has been incorporated into the credit process, requiring local credit procedures to be adjusted in alignment with the UniCredit Group's strategy. Consequently, an adapted evaluation and monitoring system for client financing was introduced, categorizing clients into two groups: Group A - key competence clients, with credit process changes launched in October 2024, and Group B - other corporate clients, with changes effective from January 2025. Depending on the client's group, transition risk can be assessed through the C&E Questionnaire (Palantir), a simplified version of the questionnaire (Excel file), or pre-existing external database information (CERVED). As part of the modified credit process, the transition risk will determine which products can be offered to the client.

To achieve alignment with Net Zero targets, primarily defined at the group level and subsequently cascaded to local levels, particular attention has been given to clients in Net Zero-relevant industries with significant greenhouse gas emissions (Oil & Gas, Power Generation, Automotive). Clients in these industries are classified based on their Net Zero score: Leaders, Aligning, or Laggards. This classification shapes the business strategy toward each client and determines the approach to financing their energy transition.

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*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. RISK MANAGEMENT (Continued)**

**(l) Climate and environmental risk (Continued)**

These changes in the local credit process have been enhanced by the implementation of Group IT tools, developed to enable detailed risk analysis, greenhouse gas emissions assessments, and robust support in decision-making related to financing energy transition and decarbonization projects. In addition to technical advancements, particular emphasis has been placed on employee training to ensure readiness for the application of new standards and procedures within the credit process.

**(m) Capital Management**

As the Group's regulator, the NBS defines the method of calculating capital and capital adequacy based on Basel III Regulatory Framework. The regulatory capital, capital adequacy ratios and calculation of risk-weighted assets are defined by the Decision on Capital Adequacy of Banks, including all amendments, effective as from June 30, 2017 (the "Decision"). The Group monitors its capital adequacy ratio on a quarterly basis using the standardized approach.

The Group is required to calculate the following capital adequacy ratios:

1. the Common Equity Tier 1 capital ratio (CET 1 ratio) represents the common equity tier 1 capital relative to the risk-weighted assets, expressed as percentage. The minimum CET 1 ratio defined by the Decision is 4.5%;
2. the Tier 1 capital ratio (T1 ratio) is the core capital adequacy ratio, representing the core capital relative to the risk-weighted assets, expressed as percentage. The minimum T1 ratio defined by the Decision is 6%;
3. the total capital adequacy ratio (CAR) represents the capital relative to the risk-weighted assets, expressed as percentage. The minimum CAR defined by the Decision is 8%.

The Group is required to maintain its core capital in RSD equivalent amount of EUR 10,000,000 at all times, using the official middle exchange rate of NBS effective as at the calculation date. In addition, the Group is required to maintain at all times its capital in the amount necessary for coverage of all risks the Group is or may be exposed to in its operations, yet no less than the amount required to maintain the minimum capital adequacy ratios or increased capital adequacy ratios – in case NBS orders the Group to achieve and maintain capital adequacy ratios higher than the prescribed ones.

In 2025, the NBS maintained capital adequacy ratios higher than prescribed.

The Group's capital is the sum of the core capital (Tier 1) and supplementary capital (Tier 2). The core capital is the sum of the common equity Tier 1 capital (CET1) and additional Tier 1 capital (AT1).

The common equity Tier 1 capital is the sum of the following items adjusted for the regulatory adjustments less deductible items:

- shares and other equity instruments;
- relevant share premium with the common equity Tier 1 instruments;
- the profit;
- revaluation reserves and other unrealized gains;
- reserves from profit and other reserves;
- reserve funds for general banking risks.

Regulatory adjustments – When calculating the value of its capital components, the Group is bound to exclude from any capital component any increase in equity determined under IFRS/IAS resulting from securitization of exposures. Since the Republic of Serbia has no regulations enacted to govern this area, the said regulatory adjustment is not applicable.

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All amounts expressed in thousands of RSD, unless otherwise stated.

**4. RISK MANAGEMENT (Continued)**

**(m) Capital Management (Continued)**

The Group does not include in its capital the following:

- fair value reserves relating to gains or losses in cash flow hedging instruments for financial instruments measured at other than fair value, including the projected cash flows;
- gains or losses on the liabilities measured at fair value, resulting from the changes in the Bank's credit quality;
- gains or losses arising from the credit risk for liabilities per derivatives measured at fair value, where the Bank may not offset such gains or losses against those arising from its counterparty credit risk.

Unrealized gains or losses on assets or liabilities measured at fair value, except for the above listed gains or losses, are included in the calculation of capital. In the calculation of capital, as a deductible item, additional value adjustments are included that are applied to all assets that are valued at fair value, which is calculated as 0.1% of the sum of the absolute value of assets and liabilities that are calculated at fair value in accordance with IFRS/IAS.

Deductible from the Common Equity Tier 1 capital are:

- current and prior year's losses and unrealized losses;
- intangible assets, including goodwill, decreased for the amount of deferred tax liabilities that would be derecognized in case of impairment or derecognition of intangible assets under IFRS/IAS;
- deferred tax assets dependable on the Group's future profitability in line with the effective regulations;
- defined benefit pension fund assets on the Group's balance sheet;
- the Group's direct, indirect and synthetic holdings of its own common equity Tier 1 instruments, including those that the Group is under an actual or contingent obligation to repurchase by virtue of a constructive obligation;
- the Group's direct, indirect and synthetic holdings of common equity Tier 1 instruments of FSI entities where those entities have reciprocal holdings in the Group, designed to artificially inflate the Group's capital;
- the Group's applicable direct, indirect and synthetic holdings of common equity Tier 1 instruments of FSI entities where the Group holds no significant investments in accordance with Articles 19 and 20 of the Decision;
- the Group's applicable direct, indirect and synthetic holdings of common equity Tier 1 instruments of FSI entities where the Group holds significant investments in accordance with Sections 19 and 20 of the Decision;
- the amount for which the Group's additional Tier 1 capital deductible items exceed the Group's additional Tier 1 capital;
- the amount of exposures qualifying for application of a risk weight of 1.25%, where the Group decides to deduct the exposure from the common equity Tier 1 rather than apply the said risk weight, such as:
  - holdings in non-FSI entities exceeding 10% of their capital and/or holdings enabling effective exertion of significant influence on the management of such entities or their business policies;
  - securitized items in accordance with Section 201, paragraph 1, item 2), Section 202, paragraph 1, item 2), and Section 234 of the Decision;
  - free deliveries, if the counterparty has failed to settle its liability within four working days from the agreed delivery/payment date, in accordance with Section 299 of the Decision;
- any tax charge relating to the common equity Tier 1 items foreseeable at the moment of its calculation, except where the Group has previously suitably adjusted the amount of common equity Tier 1 items insofar as such tax charges reduce the amount up to which those items may be used to absorb risks or losses;

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*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. RISK MANAGEMENT (Continued)**

**(m) Capital Management (Continued)**

- gross amount of receivables due from a private individual debtor (other than a farmer and sole trader/entrepreneur) for consumer loans, cash or other loans recorded on accounts 102, 107 and 108 in accordance with NBS decision prescribing the chart of accounts and contents of the accounts within the chart of accounts for banks, where the credit indebtedness of the debtor prior to the loan approval was higher than the percentage rate defined in line with NBS decision governing classification of the balance sheet assets and off-balance sheet items of banks, or the said percentage rate will be higher due to the loan approval, where this item will be deducted regardless of whether after the loan approval, the debtor's credit indebtedness decreased below the said percentage rate.
- gross amount of receivables due from a private individual debtor (other than a farmer and sole trader/entrepreneur) for consumer loans, cash or other loans approved, except for the loans specified under the bullet above, which are recorded on accounts 102, 107 and 108:
  - for which the contractually defined maturity is over 2,920 days, if such loans were approved from January 1, 2019 up to December 31, 2019;
  - for which the contractually defined maturity is over 2,555 days, if such loans were approved from January 1, 2021 up to December 31, 2021;
  - for which the contractually defined maturity is over 2,190 days, if such loans were approved from January 1, 2022;
- gross amount of receivables due from a private individual debtor (other than a farmer and sole trader/entrepreneur) for consumer loans approved for purchase of motor vehicles, which are recorded on account 102, for which the contractually defined maturity is over 2,920 days, if such loans have been approved as from January 1, 2019;
- the total amount of exposure under FX-indexed dinar exposure and FX exposure for which the percentage defined for 2025 of 71% has been exceeded; and
- amount of the required reserve for estimated losses in accordance with NBS regulations, if such regulations prescribe the Group's obligation to form such a reserve.

From the calculation of deductible items from indents 13 and 14 of the previous paragraph, the period in which the moratorium on the basis of approved loans defined by those indents lasted is not included in the number of days of agreed maturity for the purposes of application of these provisions. The moratorium means a delay in the repayment of obligations in accordance with the provisions of the decision which regulates the temporary measures for preserving the stability of the financial system in the Republic of Serbia in the conditions of the pandemic caused by COVID-19.

The deductibles refer to indents 13, 14 and 15 of previous paragraph shall does not apply to receivables restructured in accordance with the decision governing the classification of bank balance sheet assets and off-balance sheet items if following conditions are meet: the receivables have been incurred under loans refer to indents 13, 14 and 15 which deductibles from those provisions had not been applied, the restructuring is carried out based on the bank's offer, the restructuring does not increase the outstanding loan amount, the agreed maturity of the loan after the restructuring is no longer than 3,285 days for loans refer to indents 13 and 14, and no longer than 4,015 days for loans form intents 15 and receivables have not been restructured accordance with the provisions.

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*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. RISK MANAGEMENT (Continued)**

**(m) Capital Management (Continued)**

The calculation of the deductible item relating to the excess percentage defined for the business year shall apply if the sum of the bank's exposure under FX-indexed placements in dinars and FX placements - approved starting from July 1, 2023 to debtors from the non-financial government sector and the Bank's exposure under FX-indexed dinar debt securities and FX debt securities the defined percentage for the reporting year of the sum of the Bank's exposure based on placements in dinars (including placements indexed with a foreign exchange clause) and placements in foreign currency - approved starting from July 1, 2023 to those debtors and the Bank's exposure based on debt securities in dinars (including securities in dinars indexed with a foreign exchange clause) and in fixed currency.

Upon determining deductible deferred tax assets items and the Group's applicable direct, indirect and synthetic holdings of common equity Tier 1 instruments of FSI entities where the Group holds significant investments, the Group is not required to deduct from the common equity Tier 1 capital the amounts of items that in the aggregate are equal to or lower than the limit which is arrived at by multiplying the common equity Tier 1 items remaining after the regulatory adjustments and decrease for deductible items by 17.65%:

- deferred tax assets dependable on the Group's future profitability, arising from the temporary differences in the amount lower than or equal to 10% of the Group's common equity Tier 1 capital calculated in accordance with Section 21, paragraph 2 of the Decision;
- the Group's direct, indirect and synthetic holdings of common equity Tier 1 instruments of FSI entities where the Group holds significant investments in the amount lower than or equal to 10% of the Group's common equity Tier 1 capital calculated in accordance with Section 21, paragraph 2 of the Decision.

As of December 31, 2025, the Group did not reduce its common equity Tier 1 capital for the amount of direct holdings of common equity Tier 1 instruments or for deferred tax assets dependable on the Group's future profitability, arising from the temporary differences since their aggregate amount was below the defined limit.

The Group's additional Tier 1 capital consists of the sum of the following items less respective deductibles:

- shares and other equity instruments that meet the requirements referred to in Section 23 of the Decision;
- relevant share premium.

As of December 31, 2025, the Group had no additional Tier 1 capital.

The Group's supplementary (Tier 2) capital consists of the sum of the following items less respective deductibles:

- shares and other Tier 2 instruments and liabilities under subordinated loans;
- the relevant share premium, i.e., amounts paid in above the par value of such instruments;
- general credit risk adjustments gross of tax effects, of up to 1.25% of the risk-weighted credit risk exposures for banks calculating the risk-weighted exposures amounts by applying the standardized approach.

The amount in which the supplementary Tier 2 capital instruments, i.e., subordinated liabilities, are included in the calculation of the supplementary Tier 2 capital during the final five years before they mature, is calculated as follows: the quotient their nominal value and/or the principal amount on the first day of the final five-year period before their mature and the number of calendar days in that period is multiplied by the number of the calendar days remaining to maturity of the instruments or subordinated liabilities at the calculation date.

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**4. RISK MANAGEMENT (Continued)**

**(m) Capital Management (Continued)**

The Group has received prior approval from the National Bank of Serbia to include a subordinated loan in the calculation of supplementary Tier 2 capital, starting from the third quarter of 2025.

As of December 31, 2025, the Group had supplementary Tier 2 capital in amount of 3,518,460 thousand dinars.

The following table presents the Group's balance of capital and total risk-weighted assets as of December 31, 2025 and 2024:

	2025	2024
<b>Common equity Tier 1 capital - CET1</b>		
Paid in common equity Tier 1 instruments	23,607,620	23,607,620
Relevant share premium with the common equity Tier 1 instruments	562,156	562,156
Current year's profit qualifying for inclusion into CET 1 capital	1,078,133	1,078,133
Revaluation reserves and other unrealized gains	736,160	562,814
(-) Unrealized losses	(378,724)	(357,085)
Other reserves	66,737,888	63,214,011
(+) Fair value of reserves related to gains (-) or losses (+) from cash flow hedging instruments not valued at fair value, including projected cash flows	378,724	357,085
(-) Additional value adjustments	(50,510)	(44,507)
(-) Intangible assets, including goodwill, decreased for the amount of deferred tax liabilities	(2,401,500)	(2,403,826)
(-) Gross amount of receivables due from a private individual debtor (other than a farmer and sole trader/entrepreneur) for consumer loans, cash or other loans recorded on accounts 102, 107 and 108 in accordance with NBS decision prescribing the chart of accounts and contents of the accounts within the chart of accounts for banks, where the credit indebtedness of the debtor prior to the loan approval was higher than the percentage rate defined in line with NBS decision governing classification of the balance sheet assets and off-balance sheet items of banks, or the said percentage rate will be higher due to the loan approval, where this item will be deducted regardless of whether after the loan approval, the debtor's credit indebtedness decreased below the said percentage rate	(36,910)	(78,005)
(-) Gross amount of receivables due from a private individual debtor (other than a farmer and sole trader/entrepreneur) for consumer loans, cash or other loans approved, except for the loans specified under the bullet above, which are recorded on accounts 102, 107 and 108 in accordance with NBS decision prescribing the chart of accounts and contents of the accounts within the chart of accounts for banks, which based on the maturity criterion meet condition for deduction from CET 1 capital:	(215,470)	(381,778)
<i>of which (-) whose contractual maturity is longer than 2920 days – if these loans are approved in period from January 1 to December 31 2019</i>	(7,954)	(15,316)
<i>of which (-) whose contractual maturity is longer than 2920 days – if these loans are approved in period from January 1 to December 31 2020</i>	(3,976)	(10,143)
<i>of which (-) whose contractual maturity is longer than 2190 days – if these loans are approved in period from January 1 to December 31 2021</i>	(203,540)	(356,319)
<b>Total common equity Tier 1 capital - CET1</b>	<b>90,017,567</b>	<b>86,116,618</b>
<b>Additional Tier 1 capital - AT1</b>	-	-
<b>Total core Tier 1 capital - T1 (CET1 + AT1)</b>	<b>90,017,567</b>	<b>86,116,618</b>
<b>Supplementary capital - T2</b>	3,518,460	-
<b>Total regulatory capital (T1 + T2)</b>	<b>93,536,027</b>	<b>86,116,618</b>

In both 2025 and 2024, the Group achieved business indicators within the limits defined by NBS Decision on Capital Adequacy and Decision on Risk Management: basic share capital adequacy indicator - CET1 and capital adequacy indicator - T1 of 19.27% (in 2024.: 20.63%) and capital adequacy indicator of 20.02% (in 2024.: 20.63%).

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**5. USE OF ESTIMATES AND JUDGMENTS**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

These disclosures supplement the comments on financial risk management (Note 4).

**Critical Accounting Estimates and Judgments in Applying the Group's Accounting Policies**

*(i) Provisions for Expected Credit Losses*

Impairment of financial assets is assessed in the manner described in note 3(k)(viii).

Under IFRS 9, measurement of ECL for all categories of financial assets requires estimates and judgements to be made, particularly those relating to determining the amount and expected timing of the future cash flows, both from operation and from collateral foreclosure upon determining the ECL and assessing whether there has been a significant credit risk increase. The said estimates are based on a number of factors, the combination and interaction of which may result in different amounts of expected credit loss provisions in different scenarios analyzed.

The Group's ECL calculations are a result of complex models involving a number of assumptions concerning a selection of input variables and their interdependence. Elements of ECL models that are included in the accounting judgments and estimates include the following:

- the internal model for assessing credit quality, which is used to assign PD values to individual credit rating categories;
- the Group's criteria for assessing whether there has been a significant credit risk increase, which consequently result in lifetime ECL calculation using the quantitative criteria (a change in PD compared to the initial recognition date of a financial asset) as well as qualitative assessments (forbearance or restructuring classification, 30 days past due or watch list 2 classification);
- segmentation of the financial assets when their ECL need to be assessed on a collective basis;
- development of ECL models, including various formulas and inputs to be selected;
- establishing relations between macroeconomic scenarios and economic inputs, such as GDP movements, movements in unemployment rates, salaries and interest rates and modelling of their relations and impacts on the used PD and LGD; and
- selection of macroeconomic forward-looking scenarios in collaboration with UniCredit Group and probability-weighting of those scenarios in order to arrive at the relation between the ECL models and possible economic trends.

In line with its internal policies, the Group regularly reviews, maintains and adjusts its models within the context of its actually experienced credit losses. The Group assess impairment of financial assets and probable losses per off-balance sheet items for individually significant receivables on an individual basis. The individual impairment assessment involves determining whether there is objective evidence of impairment, i.e., whether the default status exists. The amount of impairment of financial assets is determined as the difference between the carrying value of each receivable and the present value of the expected future cash flows from the receivable, while the assessment of ECL per off-balance sheet items entails assessing recoverability of the future cash flows for each off-balance sheet commitment.

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**5. USE OF ESTIMATES AND JUDGMENTS (Continued)**

**Critical Accounting Estimates and Judgments in Applying the Group's Accounting Policies (Continued)**

*(i) Provisions for Expected Credit Losses (Continued)*

The Group assess impairment of financial assets and ECL per off-balance sheet items on a collective basis for all receivables where the impairment losses cannot be directly linked to the receivables, but may be estimated to be present in the loan portfolio based on the experience. Upon performing the said assessment, the Group groups receivables according to their similar credit risk characteristics, which reflect the ability of the borrowers to settle their liabilities in accordance with contractual terms (portfolio segments, rating categories, etc.). Collective impairment assessment represents a joint estimate of the future cash flows for a group of receivables based on the historical information on the losses incurred in prior periods per receivables with credit risk characteristics similar to those in that group, in accordance with the Group's methodology.

*(ii) Measurement of Financial Instruments at Fair Value (Note 3 (k)(vii))*

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(k)(vii). For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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All amounts expressed in thousands of RSD, unless otherwise stated.

**5. USE OF ESTIMATES AND JUDGMENTS (Continued)**

**Critical Accounting Estimates and Judgments in Applying the Group's Accounting Policies (Continued)**

*(ii) Measurement of Financial Instruments at Fair Value (Note 3 (k)(vii) (Continued))*

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include the net present value and discounted cash flows, comparison to similar instruments for which observable market prices are available and other methods. Assumptions and inputs used in valuation techniques include risk-free and key policy interest rates, credit spreads and other factors used in estimating discount rates, prices of bonds or equity, foreign exchange rates, equity and equity price indexes and the expected instability of prices and correlations. The objective of the use of valuation techniques is to determine the fair value that reflects the price of a financial instrument at the reporting date, which would be determined by market participants in an arm's length transaction.

The Group uses generally accepted models for determining the fair values of regular and common financial instruments such as interest rate and currency swaps, for which exclusively observable inputs are used, requiring less estimates and assumptions to be made by the management. Observable model inputs are mostly available on the market of the quoted debt and equity instruments, trading derivatives and simple derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for estimates and assumptions made by management and reduces uncertainty associated with determining fair value. Availability of observable market prices and inputs varies depending on the products and market; it is prone to changes caused by various events and general conditions prevailing in the future markets.

Level 2 securities are measured based on internally developed valuation model which basically relies on quoted market prices in active markets for similar instruments. Portfolio consists of bonds issued Republic of Serbia and denominated in RSD and EUR currency. Output of the model is RSD and EUR valuation curve which is further used for calculation of Fair value of securities. Since secondary market for RSD denominated securities is relatively active, RSD valuation curve is constructed by using quoted yields on the secondary market for benchmark (the most liquid) securities with different maturities. On the other side, for EUR denominated securities curve is constructed based on EURIBOR money market curve with add-on spread realized on primary market auctions.

Both models for RSD and EUR curves are regularly back tested on yearly basis.

Level 3 securities are bonds which are not liquid or tradable on the market and it is valued by using discounted cash flow approach.

*(iii) Estimated Useful Lives of Intangible Assets, Property and Equipment and Amortization/Depreciation Rates Used (Note 3 (q), 3 (r), 26 i 27)*

The calculation of amortization/depreciation charge and amortization/depreciation rates applied are based on the estimated useful lives of intangible assets, property and equipment, which are subject to an ongoing review. The estimated useful lives are reviewed for adequacy at least annually, or more frequently if there is any indication that significant changes have occurred to the factors determining the previously defined estimated useful lives or other events affecting the estimated useful lives. Useful life estimates require the management to make significant estimates and judgments based on historical experience with similar assets, as well as anticipated technical advancement and changes in economic and industrial factors that may affect the useful lives of assets.

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**5. USE OF ESTIMATES AND JUDGMENTS (Continued)**

**Critical Accounting Estimates and Judgments in Applying the Group's Accounting Policies (Continued)**

*(iv) Impairment of Non-Financial Assets (Note 3 (u))*

At each reporting date, the Group's management reviews the carrying amounts of the its non-financial assets other than investment property and deferred tax assets in order to determine the indications of impairment losses. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. If the estimated recoverable amount of an asset is below its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognized as an expense of the current period. Assessment of indicators and objective evidence of impairment requires the management to make significant estimates regarding the expected cash flows, discount rates and usage capacity of the assets subject to review.

*(v) Fair value of property and investment property (Notes 3 (k)(vii), 3 (q), 3 (s), 27 and 28)*

The Group uses the fair value model for the valuation of investment property and the revaluation model for real estate that it uses for its own business purposes. Fair value measurement is performed regularly to reconcile the carrying amount at the end of the reporting period.

*(vi) Deferred Tax Assets (Notes 3 (j) and 37)*

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which such deferred tax assets may utilized. The Group's management needs to make prudent assessments of deferred tax assets which may be recognized, based on their period of inception and amounts, as well as on the amount of future taxable income and tax policy planning strategy.

*(vii) Provisions for Litigations (Notes 3 (w) and 36)*

The Group is involved in a number of lawsuits and labor disputes. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Estimating of the provisions for legal suits requires the Group's management and Legal Unit to make significant estimates and judgments, including the estimate of the probability of negative suit outcomes and probable and reasonable estimates of loss amounts. The required provision amounts represent the best estimates made by the management based on the information available as at the reporting date. However, they may be subject to future changes due to new events taking place or new information obtained.

*(viii) Provisions for Employee Benefits (Notes 3 (y) and 36)*

The costs of provisions for employee retirement benefits determined by actuarial calculation. The actuarial calculation includes an assessment of the discount rate, future salary growth rate, future employee turnover rate and mortality rates. Actual outcome may vary significantly from the said estimates, particularly given the long term they relate to.

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**6. FINANCIAL ASSETS AND LIABILITIES - ACCOUNTING CLASSIFICATION AND FAIR VALUES**

The following tables show the breakdown of financial instruments measured at fair value at the end of the reporting period, grouped in fair value hierarchy levels:

	Note	Level 1	Level 2	Level 3	Total
<b>2025</b>					
Receivables under derivatives	21	-	1,233,090	-	1,233,090
Receivables under derivatives designated as risk hedging instruments	25	-	269,117	-	269,117
Securities					
- at FVtPL	22	-	2,388,952	-	2,388,952
- at FVtOCI	22	18,986,573*	25,774,511	-	44,761,084
		<b>18,986,573</b>	<b>29,665,670</b>	<b>-</b>	<b>48,652,243</b>
Liabilities under derivatives	30	-	1,250,757	-	1,250,757
Liabilities per derivatives designated as risk hedging instruments	25	-	607,417	-	607,417
		<b>-</b>	<b>1,858,174</b>	<b>-</b>	<b>1,858,174</b>

\* Securities at FVtOCI – Level 1 include bonds issued by the Republic of Serbia, denominated in EUR (Eurobonds) and listed in EU Stock Exchanges

	Note	Level 1	Level 2	Level 3	Total
<b>2024</b>					
Receivables under derivatives	21	-	1,666,127	1,230	1,667,357
Receivables under derivatives designated as risk hedging instruments	25	-	427,229	-	427,229
Securities					
- at FVtPL	22	117,009*	1,254,720	-	1,371,729
- at FVtOCI	22	11,841,158*	26,805,346	-	38,646,504
		<b>11,958,167</b>	<b>30,153,422</b>	<b>1,230</b>	<b>42,112,819</b>
Liabilities under derivatives	30	-	1,706,884	-	1,706,884
Liabilities per derivatives designated as risk hedging instruments	25	-	687,148	-	687,148
		<b>-</b>	<b>2,394,032</b>	<b>-</b>	<b>2,394,032</b>

\* Securities at FVtPL and at FVtOCI – Level 1 include bonds issued by the Republic of Serbia, denominated in EUR and listed in EU Stock Exchanges.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 6. FINANCIAL ASSETS AND LIABILITIES - ACCOUNTING CLASSIFICATION AND FAIR VALUES (Continued)

## (i) Fair Value Hierarchy for Assets and Liabilities Other than Measured at Fair Value

Estimated fair values of financial assets and liabilities other than measured at fair value are provided in the table below, according to the fair value hierarchy levels under IFRS 13:

	Note	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
<b>2025</b>						
Cash and balances held with the central bank	20	-	156,145,766	-	156,145,766	156,147,442
Securities						
- securities measured at amortized cost (AC)	22	7,168,979	61,606,404	2,015,695	70,791,078	69,753,323
Loans and receivables due from banks and other financial institutions	23	-	-	57,040,118	57,040,118	57,034,098
Loans and receivables from clients	24	-	-	448,235,042	448,235,042	439,191,623
Other assets	29	-	-	4,150,291	4,150,291	4,150,291
		<b>7,168,979</b>	<b>217,752,170</b>	<b>511,441,146</b>	<b>736,362,295</b>	<b>726,276,777</b>
Deposits and other liabilities due to banks, other financial institutions and the central bank	31	-	-	158,982,604	158,982,604	158,521,090
Deposits and other liabilities due to customers	32	-	-	481,777,129	481,777,129	481,835,967
Liabilities under securities	34	-	-	6,012,951	6,012,951	6,012,951
Subordinated liabilities	35	-	-	3,556,844	3,556,844	3,556,844
Other liabilities	38	-	-	8,789,851	8,789,851	8,789,851
		-	-	<b>659,119,379</b>	<b>659,119,379</b>	<b>658,716,703</b>

\* Securities at amortized cost (AC) – Level 1 include bonds issued by the Republic of Serbia, denominated in EUR and listed in EU Stock Exchanges.

	Note	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
<b>2024</b>						
Cash and balances held with the central bank	20	-	191,323,140	-	191,323,140	191,329,015
Securities						
- securities measured at amortized cost (AC)	22	3,970,909*	60,194,440	-	64,165,349	62,850,289
Loans and receivables due from banks and other financial institutions	23	-	-	71,927,206	71,927,206	72,007,912
Loans and receivables from clients	24	-	-	384,052,938	384,052,938	384,756,722
Other assets	29	-	-	3,261,267	3,261,267	3,261,267
		<b>3,970,909</b>	<b>251,517,580</b>	<b>459,241,411</b>	<b>714,729,900</b>	<b>714,205,205</b>
Deposits and other liabilities due to banks, other financial institutions and the central bank	31	-	-	171,801,547	171,801,547	168,680,584
Deposits and other liabilities due to customers	32	-	-	465,469,969	465,469,969	463,782,795
Other liabilities	38	-	-	8,575,808	8,575,808	8,575,808
		-	-	<b>645,847,324</b>	<b>645,847,324</b>	<b>641,039,187</b>

\* Securities at amortized cost (AC) – Level 1 include bonds issued by the Republic of Serbia, denominated in EUR and listed in EU Stock Exchanges.

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**6. FINANCIAL ASSETS AND LIABILITIES - ACCOUNTING CLASSIFICATION AND FAIR VALUES (Continued)***(i) Fair Value Hierarchy for Assets and Liabilities Other than Measured at Fair Value (Continued)*

Valuation techniques and models the Group uses for fair value calculations are disclosed in Note 5(ii).

*(ii) Assets The Fair Values of which Approximate their Carrying Values*

For high liquid financial assets and financial liabilities that have a short-term original maturity (less than one year) it is assumed that the carrying amounts approximate their fair values. The basic assumption used here is that in the near term, for high liquid assets, no significant market changes will occur that can affect the fair value. This assumption is also applied to demand deposits and savings accounts without specified maturity.

*(iii) Financial Instruments with Fixed Interest Rates*

The fair values of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair values of fixed interest-bearing financial instruments are based on discounted cash flows using prevailing money-market interest rates for financial instruments with similar credit risk characteristics and maturities.

Financial assets held to maturity and loans and deposits include a portion of the loan portfolio at fixed interest rates, which causes differences between the carrying amounts and fair values of such instruments.

**7. NET INTEREST INCOME**

Net interest income includes:

	2025	2024
<b>Interest income from</b>		
Cash and balances held with the central bank	1,275,291	1,201,636
Securities at fair value through OCI	1,170,663	1,011,174
Securities at amortized cost	2,970,861	2,691,530
Loans and receivables due from banks and other financial institutions	4,645,883	5,178,896
Loans and receivables from clients	27,136,063	28,907,544
<b>Total interest income using effective interest rate</b>	<b>37,198,761</b>	<b>38,990,780</b>
Securities at fair value through profit or loss	128,644	128,933
Receivables under derivative financial instruments	512,198	1,022,044
Financial derivatives and assets held for risk hedging purposes	1,183,318	1,180,976
<b>Total interest income</b>	<b>39,022,921</b>	<b>41,322,733</b>
<b>Interest expenses from</b>		
Liabilities under derivative financial instruments	(521,456)	(1,042,233)
Liabilities per financial derivatives designated as risk hedging instruments	(313,002)	(291,065)
Deposits and other liabilities due to banks, other financial institutions and the central bank	(5,531,685)	(7,079,630)
Deposits and other liabilities due to customers	(4,585,017)	(5,117,012)
Liabilities under securities	(22,396)	-
Lease liabilities	(90,652)	(50,161)
<b>Total interest expenses</b>	<b>(11,064,208)</b>	<b>(13,580,101)</b>
<b>Net interest income</b>	<b>27,958,713</b>	<b>27,742,632</b>

In accordance with the Group's accounting policy 3 (d), interest income from non-performing impaired loans amounted to RSD 460,734 thousand in 2025 (2024: RSD 580,670 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**8. NET FEE AND COMMISSION INCOME**

Net fee and commission income includes:

	Private individuals		Corporate clients		Total	
	2025	2024	2025	2024	2025	2024
<b>Fee and commission income</b>						
Payment transfer activities	544,021	494,280	2,310,447	2,205,506	2,854,468	2,699,786
Fees related to loans	47,294	54,840	768,041	851,581	815,335	906,421
Fees arising from card operations	808,072	733,898	2,556,195	2,309,751	3,364,267	3,043,649
Maintaining of current accounts	884,974	798,496	195,509	202,434	1,080,483	1,000,930
Brokerage fees	1,781	1,031	4,289	14,918	6,070	15,949
Custody fees	1,446	225	400,936	382,938	402,382	383,163
Fee on foreign exchange purchases/sales and foreign cash transactions	568,260	460,272	3,923,637	3,244,088	4,491,897	3,704,360
Other fees and commissions	108,127	125,145	622,279	679,865	730,406	805,010
<b>Total fee and commission income from contracts with customers</b>	<b>2,963,975</b>	<b>2,668,187</b>	<b>10,781,333</b>	<b>9,891,081</b>	<b>13,745,308</b>	<b>12,559,268</b>
Fees on issued guarantees and other contingent liabilities	3,481	3,775	1,349,569	1,197,115	1,353,050	1,200,890
<b>Total fee and commission income</b>	<b>2,967,456</b>	<b>2,671,962</b>	<b>12,130,902</b>	<b>11,088,196</b>	<b>15,098,358</b>	<b>13,760,158</b>
<b>Fee and commission expenses</b>						
Payment transfer activities	-	-	(598,991)	(554,623)	(598,991)	(554,623)
Fees arising from card operations	-	-	(2,827,424)	(2,307,567)	(2,827,424)	(2,307,567)
Fees arising on guarantees, sureties and letters of credit	-	-	(7,894)	(10,367)	(7,894)	(10,367)
Fee arising on foreign exchange purchases/sales and foreign cash transactions	(50,131)	(47,644)	(1,475,306)	(1,031,917)	(1,525,437)	(1,079,561)
Other fees and commissions	-	-	(239,734)	(203,342)	(239,734)	(203,342)
<b>Total fee and commission expenses</b>	<b>(50,131)</b>	<b>(47,644)</b>	<b>(5,149,349)</b>	<b>(4,107,816)</b>	<b>(5,199,480)</b>	<b>(4,155,460)</b>
<b>Net fee and commission income</b>	<b>2,917,325</b>	<b>2,624,318</b>	<b>6,981,553</b>	<b>6,980,380</b>	<b>9,898,878</b>	<b>9,604,698</b>

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**9. NET GAINS ON THE CHANGES IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS**

Net gains on the changes in the fair value of financial instruments include:

	2025	2024
Net gains on the changes in the fair value of derivatives at FVtPL	345,552	237,823
Net losses on the changes in the fair value of securities at FVtPL	(3,354)	(23,168)
<b>Net gains on the changes in the fair value of financial instruments</b>	<b>342,198</b>	<b>214,655</b>

**10. NET GAINS/(LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FAIR VALUE**

Net gains/(losses) on derecognition of financial instruments measured at fair value include:

	2025	2024
Net gains/(losses) on derecognition of securities measured at FVtOCI	119,997	(382,221)
Net gains on derecognition of securities measured at FVtPL	181,007	328,246
<b>Net gains/(losses) on derecognition of financial assets measured at fair value</b>	<b>301,004</b>	<b>(53,975)</b>

**11. NET FOREIGN EXCHANGE (LOSSES)/GAINS AND CURRENCY CLAUSE EFFECTS**

Net foreign exchange (losses)/gains and currency clause effects include:

	2025	2024
Foreign exchange gains and currency clause effects	28,077,749	19,665,760
Foreign exchange losses and currency clause effects	(28,200,003)	(19,493,755)
<b>Net foreign exchange (losses)/gains</b>	<b>(122,254)</b>	<b>172,005</b>

**12. NET GAINS/(LOSSES) ON IMPAIRMENT OF FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**

Net gains on impairment of financial assets not measured at fair value through profit or loss include:

	2025	2024
Financial assets measured at amortized cost (AC)		
Net decrease/(increase) in individual impairment allowance	670,615	246,371
Net decrease/(increase) in collectively assessed impairment	(970,406)	173,720
	(299,791)	420,091
Net (increase) in impairment charge per securities measured at FVtOCI	49,211	(47,501)
Contingent liabilities		
Net decrease in individual impairment allowance (Note 36.2)	174,780	133,085
Net (increase)/decrease in collectively assessed impairment (Note 36.2)	(311,540)	165,883
	(136,760)	298,968
Net gains/(losses) on modification*	935	(509,089)
Write-offs	(6,755)	(8,985)
Recovery of the receivables previously written off	670,398	596,102
<b>Total gains/(losses)</b>	<b>277,238</b>	<b>749,586</b>

\* In 2024, the position "Net gains/(losses) on modification" includes the modification loss recognized by the Group based on the implementation of the Decision on the temporary limitation of interest rates for credit contracts concluded with private individuals adopted by the National Bank of Serbia ("Official Gazette" No. 102/2024) in the amount RSD 516,190 thousand which are fully amortized and recognized during 2025 in position "Interest income".

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**13. NET GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

Net gains on derecognition of financial assets measured at amortized cost include:

	<b>2025</b>	<b>2024</b>
Gains on the sales of placements measured at amortized cost	-	150,618
<b>Total net gains/(losses)</b>	<b>-</b>	<b>150,618</b>

**14. OTHER OPERATING INCOME**

Other operating income includes:

	<b>2025</b>	<b>2024</b>
Rental income, reimbursement and other operating income	289,968	158,323
<b>Total other operating income</b>	<b>289,968</b>	<b>158,323</b>

**15. SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES**

Salaries, salary compensations and other personal expenses include:

	<b>2025</b>	<b>2024</b>
Employee salaries, net	(2,943,113)	(2,702,576)
Payroll taxes and contributions	(1,166,649)	(1,067,671)
Net expenses per provisions for employee retirement benefits and unused annual leaves	(23,316)	(30,771)
Other personnel expenses	(736,447)	(542,670)
<b>Total personnel expenses</b>	<b>(4,869,525)</b>	<b>(4,343,688)</b>

**16. DEPRECIATION/AMORTIZATION CHARGE**

Depreciation/amortization charge includes:

	<b>2025</b>	<b>2024</b>
Amortization charge for intangible assets (Notes 26.2, 26.3)	(536,093)	(566,866)
Depreciation charge for property, plant and equipment (Notes 27.2, 27.3)	(276,584)	(259,607)
Depreciation charge for right-of-use assets (Note 27.5, 27.6)	(431,522)	(508,659)
<b>Total depreciation/amortization charge</b>	<b>(1,244,199)</b>	<b>(1,335,132)</b>

**17. OTHER INCOME**

Other income includes:

	<b>2025</b>	<b>2024</b>
Reversal of provisions for litigations (Note 36.2)	978,637	912,461
Gains on the valuation of investment property	26	3,983
Other income	203,919	363,351
<b>Total other income</b>	<b>1,182,582</b>	<b>1,279,795</b>

The item "Other income" includes income from compensation for damages from insurance companies and similar income.

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**18. OTHER EXPENSES**

18.1. Other expenses include:

	<b>2025</b>	<b>2024</b>
Business premises costs	(196,605)	(182,715)
Office and other supplies	(77,308)	(59,541)
Rental costs (Note 18.2)	(449,681)	(441,596)
Information system maintenance	(1,472,476)	(1,245,276)
Property and equipment maintenance	(107,413)	(89,710)
Marketing, advertising, entertainment, culture and donations	(365,270)	(315,045)
Lawyer fees, other consultant and research services and auditing fees	(323,942)	(281,494)
Telecommunications and postage services	(153,648)	(121,538)
Insurance premiums	(1,116,480)	(1,035,150)
Security services – for property and money transport and handling	(302,185)	(256,076)
Professional training costs	(26,275)	(35,449)
Servicing costs	(122,605)	(121,412)
Transportation services	(10,213)	(10,881)
Employee commuting allowances	(26,279)	(38,670)
Accommodation and meal allowances – business travel costs	(23,928)	(27,811)
Other taxes and contributions	(722,294)	(682,440)
Provisions for litigations (Note 36.2)	(651,398)	(937,661)
Losses on the valuation of investment property	(5,394)	(15)
Losses on disposal, retirement and impairment of property, equipment and intangible assets	(5,895)	(5,050)
Other costs	(1,176,713)	(1,026,903)
<b>Total other expenses</b>	<b>(7,336,002)</b>	<b>(6,914,433)</b>

The item "Other costs" refers to court and administrative fee expenses, costs for occupational safety and environmental protection, costs of participation in financing persons with disabilities, costs of personalization and distribution of payment cards, costs of printing and envelopes, costs of using licenses for up to one year, costs related to lost litigations, archiving and scanning costs, compensation costs from regular business and similar expenses.

18.2. Rental costs of RSD 449,681 thousand incurred in 2025 relate to the costs which, in line with IFRS 16 and the Group's accounting policy (Note 3.t) are not included in the measurement of the lease liability. The breakdown of the said rental costs is provided in the table below:

	<b>2025</b>	<b>2024</b>
Rental cost per leases with low-value underlying assets	(193,898)	(177,847)
Rental costs per short-term leases	(11,484)	(13,482)
VAT payable per leases recognized in accordance with IFRS 16	(78,655)	(90,039)
Assets not identifiable in accordance with IFRS 16	(163,050)	(159,104)
Variable lease payments	(1,455)	(849)
Other	(1,139)	(275)
<b>Total</b>	<b>(449,681)</b>	<b>(441,596)</b>

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**19. INCOME TAXES**

19.1. Basic components of income taxes as at December 31 were as follows:

	<b>2025</b>	<b>2024</b>
Current income tax expense	(3,147,042)	(3,332,221)
Decrease in deferred tax assets and increase in deferred tax liabilities	<u>(110,864)</u>	<u>(33,709)</u>
<b>Total</b>	<b><u>(3,257,906)</u></b>	<b><u>(3,365,930)</u></b>

19.2. Numerical reconciliation of the effective tax rate is provided below:

	<b>2025</b>	<b>2024</b>
Profit before taxes	<u>26,671,765</u>	<u>27,420,603</u>
Income tax at the legally prescribed tax rate of 15%	(4,000,765)	(4,113,090)
<i>Tax effects of permanent differences:</i>		
Tax effects of expenses not recognized for tax purposes	(23,124)	(11,778)
Tax effects of income adjustment relate to interest on debt securities issued by RS	758,810	677,961
Tax effects of income adjustment achieved from the cancellation of unused long-term provisions that were not recognized as an expense in the tax period in which they were incurred	146,796	139,926
Tax effects of income adjustment on the basis of written-off, adjusted and other receivables, which are not recognized as expenses, and which are subsequently charged	89,848	3,056
<i>Tax effects of temporary differences:</i>		
Differences in amortization for tax and accounting purposes	11,737	11,771
Tax effects of IAS 19	(1,456)	(1,379)
Tax effects of losses which will be recognized in future periods	(202,290)	(111,362)
Tax effects of reductions of current tax according to legal regulations and IFRS application	<u>73,402</u>	<u>72,674</u>
<b>Tax effects presented in the income statement</b>	<b><u>(3,147,042)</u></b>	<b><u>(3,332,221)</u></b>
<i>Effective tax rate</i>	<i>11.80%</i>	<i>12.15%</i>

19.3. Income taxes recognized within other comprehensive income are provided below:

	<b>2025</b>			<b>2024</b>		
	<b>Before taxes</b>	<b>Tax expense</b>	<b>After taxes</b>	<b>Before taxes</b>	<b>Tax expense</b>	<b>After taxes</b>
Gains on the change in the fair value of debt instruments at FVtOCI	31,629	(4,744)	26,885	1,730,072	(259,511)	1,470,561
Increase in revaluation reserves based on intangible assets and fixed assets (Notes 40.1)	4,080	(613)	3,467	109,025	(16,354)	92,671
Actuarial gains	33,158	(4,974)	28,184	35,615	(5,342)	30,273
Gains on cash flow hedging instruments	<u>(25,457)</u>	<u>3,819</u>	<u>(21,638)</u>	<u>115,488</u>	<u>(17,323)</u>	<u>98,165</u>
<b>Balance at December 31</b>	<b><u>43,410</u></b>	<b><u>(6,512)</u></b>	<b><u>36,898</u></b>	<b><u>1,990,200</u></b>	<b><u>(298,530)</u></b>	<b><u>1,691,670</u></b>

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**19. INCOME TAXES (Continued)**

19.4. The calculated current income tax payable for the year 2025 amounted to RSD 3,148,835 thousand (for 2024: RSD 3,332,221 thousand). Given that the calculated amount of the tax payable was above the sum of the monthly income tax advance payments the Group paid during the year, as of December 31, 2025, the Group reported current tax liabilities in the amount of RSD 92,506 thousand (for 2024: current tax liabilities of RSD 1,091,929 thousand).

**20. CASH AND BALANCES HELD WITH THE CENTRAL BANK**

20.1. Cash and balances held with the central bank include:

	<b>2025</b>	<b>2024</b>
RSD cash on hand	9,141,439	6,501,775
Gyro account balance	91,799,989	97,673,774
Foreign currency cash on hand	1,989,510	1,824,488
Other foreign currency cash funds	35,262	35,205
Liquid surplus funds deposited with NBS	13,001,625	47,005,875
Obligatory foreign currency reserve held with NBS	<u>40,179,628</u>	<u>38,287,906</u>
	156,147,453	191,329,023
Impairment allowance	<u>(11)</u>	<u>(8)</u>
<b>Balance at December 31</b>	<b><u>156,147,442</u></b>	<b><u>191,329,015</u></b>

The gyro account balance includes the RSD required reserves, which represent the minimum amount of RSD reserves allocated in accordance with the Decision on Required Reserves Held with the NBS. In accordance with the said Decision, the required RSD reserves are calculated based on the average daily carrying amount of RSD deposits, loans, securities, and other RSD liabilities during a single calendar month, using rates 2% to 7% depending on the agreed maturity and source of financing, and then held in the bank's giro account. The bank is obliged to maintain the average daily balance of the calculated dinar required reserve. Group is obliged to keep the average daily balance of allocated dinar reserves at the level of the calculated dinar reserve requirements. During 2025 NBS paid interest on the required reserve at the rate of 0.75% per year.

NBS, in accordance with the Decision on Interest Rates Applied by the NBS in the Monetary Policy Implementation Procedure, in order to mitigate the economic consequences of the COVID-19 pandemic, calculated dinar required reserves, pays interest at an interest rate increased by 0.50% on an annual basis. The amount on which interest is calculated on that basis is determined in the amount of the average daily balance of dinar loans that meet the conditions prescribed by the Decree, or the Law establishing a guarantee scheme as a measure of economic support to mitigate the consequences of the COVID-19 SARS-CoV-2 if each individual loan included in that balance is approved at an interest rate that is at least 0.5% lower than the maximum interest rate prescribed by the Decree or the Law for loans approved in RSD. The last time interest was collected on this basis was with the calculation of the required reserve for June 2025.

The required foreign currency reserve with the NBS represents the minimum foreign currency reserve amount allocated in accordance with the Decision on Required Reserves Held with the NBS. In accordance with the said Decision, the required foreign currency reserves are calculated based on the average daily carrying amount of foreign currency deposits, loans and other foreign currency liabilities or those in RSD with a currency clause index (EUR to RSD) during a single calendar month. The required foreign currency reserve rate is 23% on foreign currency liabilities up to two years and 16% on foreign currency liabilities over two years. The rate applied to the portion of the foreign currency reserve comprised of RSD liabilities with a currency clause index was 100%.

The Group is obliged to keep the average daily balance of allocated foreign currency reserves at the level of the calculated foreign currency reserve requirements. Foreign currency obligatory reserve does not accrue interest.

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**20. CASH AND BALANCES HELD WITH THE CENTRAL BANK (Continued)**

20.2. Movements on the account of impairment allowance of cash and balances held with the central bank during the year are provided in the table below:

	Individual		Collective	
	2025	2024	2025	2024
Balance at January 1	-	-	(8)	(8)
Impairment losses:				
Change for the year	-	-	(3)	-
Total for the year	-	-	(3)	-
<b>Balance at December 31</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>(8)</b>

**21. RECEIVABLES UNDER DERIVATIVE FINANCIAL INSTRUMENTS**

Receivables under derivative financial instruments include:

	2025	2024
Receivables per forward revaluation and currency swaps	13,889	19,563
Receivables per interest rate swaps	1,219,201	1,647,794
<b>Balance at December 31</b>	<b>1,233,090</b>	<b>1,667,357</b>

**22. SECURITIES**

22.1. Securities include:

	2025	2024
Securities measured at amortized cost	69,834,148	63,032,961
Securities measured at fair value through OCI	44,803,691	38,748,762
Securities measured at fair value through profit or loss	2,388,952	1,371,729
Total	117,026,791	103,153,452
Impairment allowance	(123,432)	(284,930)
<b>Balance at December 31</b>	<b>116,903,359</b>	<b>102,868,522</b>

22.2. Movements on the account of impairment allowance of securities at AC and at FVtOCI during the year are provided in the table below:

	Individual		Collective	
	2025	2024	2025	2024
Balance at January 1	-	-	(284,930)	(271,187)
Impairment losses:				
Change for the year	-	-	151,105	(67,788)
Foreign exchange effects	-	-	(96)	102
Effects of the sales of securities	-	-	10,489	53,943
Total for the year	-	-	161,498	(13,743)
<b>Balance at December 31</b>	<b>-</b>	<b>-</b>	<b>(123,432)</b>	<b>(284,930)</b>

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**22. SECURITIES (Continued)**

22.3. Breakdown of securities per measurement and issuer is presented in the table below:

	Measurement	2025	2024
Receivables discounted bills of exchange	AC	22,770	21,523
Corporate bonds	AC	2,001,779	-
	AC	62,411,478	57,620,101
Bonds issued by the Republic of Serbia	FVtOCI	28,474,410	27,469,542
	FVtPL	2,388,952	1,371,729
	FVtOCI	16,286,674	11,176,962
Bonds of the Republic of Serbia hedged items	AC	5,317,296	5,208,665
<b>Balance at December 31</b>		<b>116,903,359</b>	<b>102,868,522</b>

As of December 31, 2025, the Group's receivables per discounted bills of exchange of RSD 22,770 thousand represent investments with maturities of up to a year and at a discount rate equal to 1-month BELIBOR plus 2.80% to 3% per annum.

As of December 31, 2025, the Bank's securities measured at amortized cost include investments in corporate bonds ("mini bonds") in the amount of 2,001,779 thousand dinars with a maturity date of 2032 year and investments of RSD 62,411,478 thousand refer to the investments in the bonds issued by the Republic of Serbia maturing up to 2035.

As of December 31, 2025, the Group's securities measured at fair value through other comprehensive income of RSD 28,474,410 thousand pertain to the investments in the bonds issued by the Republic of Serbia maturing up to 2033.

As of December 31, 2025, the Group's securities measured at fair value through profit or loss of RSD 2,388,952 thousand pertain to the investments in the bonds issued by the Republic of Serbia maturing up to 2037.

As of December 31, 2025, the Group's securities measured at fair value through other comprehensive income totaling RSD 16,286,674 thousand refer to the investments in the bonds issued by the Republic of Serbia as hedged items, with maturities up to 2033.

Investments in securities measured at amortized cost of RSD 5,317,296 refer to the investments in the bonds issued by the Republic of Serbia as hedged items, with maturities up to 2035.

For protection of the bonds of the Republic of Serbia against the interest rate risk, the Group implemented fair value micro hedging (note 25).

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**23. LOANS AND RECEIVABLES DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

23.1. Loans and receivables due from banks and other financial institutions include:

	2025	2024
Foreign currency accounts held with:		
- other banks within UniCredit Group	1,474,476	2,022,341
- other foreign banks	960,164	1,301,068
Total foreign currency accounts	2,434,640	3,323,409
Overnight deposits:		
- in foreign currency	14,816,894	29,653,983
Total overnight deposits	14,816,894	29,653,983
Guarantee foreign currency deposit placed for purchase and sale of securities	4,691	4,681
Short-term deposits in foreign currency	-	-
Foreign currency earmarked deposits	201,856	37,309
Short-term loans:		
- in RSD	1,177,781	7,317
Total short-term loans	1,177,781	7,317
Long-term loans:		
- in RSD	1,480,627	2,182,327
Total long-term loans	1,480,627	2,182,327
REPO with NBS in RSD	36,886,340	36,795,248
RSD finance lease receivables	16,729	18,485
Factoring in foreign currency	27,479	-
Total	57,047,037	72,022,759
Impairment allowance	(12,939)	(14,847)
<b>Balance at December 31</b>	<b>57,034,098</b>	<b>72,007,912</b>

23.2. Movements on the account of impairment allowance of loans and receivables due from banks during the year are provided in the table below:

	Individual		Collective	
	2025	2024	2025	2024
Balance at January 1	-	-	(14,847)	(2,430)
Impairment losses:				
Change for the year	-	-	698	(12,398)
Foreign exchange effects	-	-	1,210	(19)
Write-off without debt acquittal	-	-	-	-
Total for the year	-	-	1,908	(12,417)
<b>Balance at December 31</b>	<b>-</b>	<b>-</b>	<b>(12,939)</b>	<b>(14,847)</b>

23.3. The Group's balances/foreign currency accounts held with banks members of UniCredit Group are listed below:

	2025	2024
UniCredit Bank Austria AG, Vienna	687,919	1,104,716
UniCredit Bank AG, Munich	74,222	14,663
UniCredit Bank Hungary Z.r.t., Hungary	31,244	336,679
UniCredit Bank Czech Republic and Slovakia A.S.	145	115,970
UniCredit S.P.A. Milan	671,730	416,878
Zagrebačka banka d.d.	242	-
UniCredit Bank BIH	130	935
UniCredit Bank ZAO Moscow	8,844	32,500
<b>Balance at December 31</b>	<b>1,474,476</b>	<b>2,022,341</b>

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**24. LOANS AND RECEIVABLES DUE FROM CUSTOMERS**

## 24.1. Loans and receivables from clients include:

	2025	2024
Short-term loans:		
- in RSD	46,894,549	50,944,741
- in foreign currencies	151,123	148,025
Total short-term loans	47,045,672	51,092,766
Long-term loans:		
- in RSD	345,734,051	297,565,635
- in foreign currencies	22,048,162	20,455,139
Total long-term loans	367,782,213	318,020,774
Receivables in respect of acceptances, sureties and payments made per guarantees:		
-in RSD	121,817	27,906
Total	121,817	27,906
Factoring receivables		
-in RSD	12,512,704	5,128,255
-in foreign currencies	100,083	106,753
Total factoring receivables	12,612,787	5,235,008
RSD finance lease receivables	21,349,734	21,129,795
Total	448,912,223	395,506,249
Impairment allowance	(9,720,600)	(10,749,527)
<b>Balance at December 31</b>	<b>439,191,623</b>	<b>384,756,722</b>

Loans with a currency clause index (EUR, CHF, USD) are presented within RSD loans in the above table.

## 24.2. Movements on the account of impairment allowance of loans and receivables due from customers during the year are provided in the table below:

	Individual		Collective	
	2025	2024	2025	2024
Balance at January 1	(3,243,069)	(5,088,382)	(7,506,458)	(8,358,427)
Impairment losses:				
Change for the year	586,670	64,110	(1,058,298)	114,155
Foreign exchange effects	(5,810)	4,398	(7,441)	4,830
Unwinding (time value)	9,655	19,326	4,094	1,131
Effects of the portfolio sales	-	821,985	-	-
Write-off with debt acquittal	-	-	15	343
Write-off without debt acquittal*	316,079	935,494	1,183,963	731,510
Total for the year	906,594	1,845,313	122,333	851,969
<b>Balance at December 31</b>	<b>(2,336,475)</b>	<b>(3,243,069)</b>	<b>(7,384,125)</b>	<b>(7,506,458)</b>

\*Write-off without debt acquittal, i.e., accounting write-off, is a write-off of receivables made in accordance with the Decision on the Accounting Write-Off of Bank Balance Sheet Assets of the NBS (Official Gazette of RS no. 77/2017), effective as from September 30, 2017. In line with the said Decision, the Group writes off balance sheet assets with highly unlikely recoverability, i.e., makes a full accounting write-off of impaired receivables. Within the meaning of the aforesaid Decision, the accounting write-off entails transfer of the written-off receivables from the Group's balance sheet assets to its off-balance sheet items.

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**24. LOANS AND RECEIVABLES DUE FROM CUSTOMERS (Continued)**

24.3. Breakdown of loans and receivables due from customers is provided below:

	2025		
	Gross Amount	Impairment Allowance	Carrying Amount
Public sector	34,998,186	(67,063)	34,931,123
Corporate customers	278,288,751	(5,900,592)	272,388,159
Retail customers	135,625,286	(3,752,945)	131,872,341
<b>Balance at December 31</b>	<b>448,912,223</b>	<b>(9,720,600)</b>	<b>439,191,623</b>
	2024		
	Gross Amount	Impairment Allowance	Carrying Amount
Public sector	24,535,131	(98,448)	24,436,683
Corporate customers	252,908,018	(6,526,833)	246,381,185
Retail customers	118,063,100	(4,124,246)	113,938,854
<b>Balance at December 31</b>	<b>395,506,249</b>	<b>(10,749,527)</b>	<b>384,756,722</b>

Corporate loans were mostly approved for maintaining current liquidity (current account overdrafts), financing working capital and investments. They were used for funding business activities in trade and services, manufacturing industry, construction industry, agriculture and food industry and other purposes. Short-term loans were approved for periods ranging from 30 days to a year. Interest rates on short-term loans with a currency clause index ranged from 1-month, 3-month or 6-month EURIBOR increased by 2.84% on the average, while RSD short-term loans accrued interest at the rates between 1-month, 3-month or 6-month BELIBOR increased by 1.83% on the average.

Long-term corporate loans were approved for periods up to 10 years. Interest rate applied to long-term loans with a currency clause index ranged from 1-month, 3-month or 6-month EURIBOR increased by 2.72% annually on the average, while RSD long-term loans accrued interest at the rates between 1-month, 3-month or 6-month BELIBOR increased by 2.38% annually on the average, in line with the other costs and the Group's interest rate policy.

Finance lease loans were approved to enterprises for purchases of vehicles and equipment at average fixed interest rate of 4.99% and variable interest rate based on 3-month EURIBOR increased by 2.50% on the average. The average financing period of enterprises was up to 4 years. Finance lease loans were approved to individuals for purchases of vehicles and equipment at average fixed interest rate of 4.84% and variable interest rate based on 3-month EURIBOR increased by 3.21% on the average. The average financing period of individuals was about 4 years.

The Group offers housing loans with fixed, variable and combined interest rates. Housing loans indexed in EUR for households are approved with a repayment period of 60 to 360 months in the case of the variable and combined interest rate option, or up to 240 months in the case of fixed interest rate loans. In addition to the above-mentioned types of loans, in 2025 the Group joined the state loan program for young people, and in accordance with the Law on Establishing a Guarantee Scheme and Subsidizing Part of the Interest as a measure to support young people in purchasing their first residential property, within which loans are realized with a combined interest rate subsidized by the Republic of Serbia during the first six years, with a maximum amount of EUR 100,000 in dinar equivalent and a maximum term of 480 months. During 2025, based on the Decision of the National Bank of Serbia and the new Customer Protection Law, the Group applied a nominal interest rate limit of 5%.

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**24. LOANS AND RECEIVABLES DUE FROM CUSTOMERS (Continued)**

Loans with a fixed nominal interest rate, and for amounts over EUR 200,000, were realized at an interest rate ranging from 4.75% to 4.99%. Loans with a combined nominal interest rate, also for amounts over EUR 200,000, are realized at an interest rate that is fixed for the first 60 months, in the amount of 4.50%-4.99%, while after that period the interest rate is realized in the amount of 1.70%-2.30% increased by the six-month EURIBOR. Loans with a variable interest rate were realized at an interest rate of 1.60%-2.30% increased by the six-month EURIBOR.

The Group also offers housing loans for private individuals in dinars that are approved for a period of 240 months, with a variable interest rate of 5% increased by the six-month BELIBOR, with the application of a regulatory limit of 5% until the end of 2025.

Concluding with the end of 2024, the implementation of the Decision on temporary measures for banks related to housing loans to private individuals was completed, which prescribes temporary measures and activities aimed at preserving the stability of the financial system, which commercial banks are obliged to implement in order to protect borrowers - beneficiaries of housing loans and the stability of the financial system. From January 1, 2025, the new Decision of the National Bank of Serbia on the temporary limitation of interest rates for credit contracts concluded with the user – private individual, to which the limitation of the variable nominal interest rate of existing and new loans, housing loans with a fixed interest rate is applied, with the introduction of the maximum effective interest rate. In addition to the aforementioned restrictions on loans for private individuals, a limitation in the form of the maximum effective interest rate for permitted overdrafts and credit cards was also introduced.

The temporary restrictions on interest rates by the aforementioned Decision entered into force on January 1, 2025, and continued through the implementation of the new Law on the Protection of Users of Financial Services from March 2025. In addition to the already valid restrictions, as of January 1, 2026, the 5% limit on the nominal interest rate will cease to apply and the limit based on the average weighted interest rate published by the National Bank of Serbia, twice a year, on its website, will begin to apply.

During September 2025, based on the results of the analysis of active and passive interest rates, costs of funding costs as well as availability of credit products to certain categories of natural persons, the NBS recommended to banks the consideration of an additional reduction of interest rates for cash, consumer and housing loans. In accordance with the above, on September 15, 2025, UCB amended and adjusted the sales prices of cash and housing loans in accordance with the Supervisory expectations of the NBS, making the special offer even more attractive since the offer is not limited/linked to the amount of the loan or client's salary, so that it is available to a wider range of clients than the regulator had foreseen. The expected duration of the special offer is until September 15, 2026.

The Group has implemented cash flow hedging to hedge against exposure to changes in cash flows of loan interest which have variable interest rate by using interest rate swaps (note 25).

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**24. LOANS AND RECEIVABLES DUE FROM CUSTOMERS (Continued)**

24.4. The concentration of total loans and receivables due from customers per industry was as follows

	2025	2024
Corporate customers		
- Energy	28,398,303	20,822,101
- Agriculture	4,022,504	3,612,990
- Construction industry	29,633,297	24,517,027
- Mining and industry	63,552,587	71,664,164
- Trade	43,857,340	38,701,641
- Services	62,542,154	51,943,564
- Transportation and logistics	34,769,205	28,105,981
- Other	<u>11,513,361</u>	<u>13,540,550</u>
	278,288,751	252,908,018
Public sector	34,998,186	24,535,131
Retail customers		
- Private individuals	123,373,040	107,270,716
- Entrepreneurs	<u>12,252,246</u>	<u>10,792,384</u>
	135,625,286	118,063,100
<b>Total</b>	<b><u>448,912,223</u></b>	<b><u>395,506,249</u></b>
Impairment allowance	(9,720,600)	(10,749,527)
<b>Balance at December 31</b>	<b><u>439,191,623</u></b>	<b><u>384,756,722</u></b>

Structure of loans and receivables to private individuals per loan type is presented in table below:

	2025	2024
- Overdrafts	760,898	706,502
- Consumer loans	59,539	118,941
- Working capital loans	1,165,388	1,091,460
- Investment loans	3,498,638	3,261,602
- Mortgage loans	43,543,342	39,780,073
- Cash loans	71,923,533	60,062,121
- Credit cards	1,867,781	1,581,380
- Leasing contacts	<u>553,921</u>	<u>668,637</u>
<b>Total</b>	<b><u>123,373,040</u></b>	<b><u>107,270,716</u></b>

Loans to private individuals also include loans to registered agricultural producers. The Group manages credit risk concentration in portfolio by determining limits. Limits are determined by internal acts and/or NBS regulations, and they are regularly monitored and reported on. With defining industrial limits, geographical limits, limit of leverage transactions and through regular monitoring and reporting of portfolio exposure per segments, products, collateral types etc. the Bank controls credit risk at portfolio level.

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All amounts expressed in thousands of RSD, unless otherwise stated.

**25. HEDGE ACCOUNTING**

Net losses on risk hedging include:

	2025	2024
Net (losses)/gains on the change in the value of hedged loans, receivables and securities	(5,297)	243,531
Net losses on the change in the value of derivatives designated as risk hedging instruments	(1,539)	(248,012)
<b>Net losses on risk hedging</b>	<b>(6,836)</b>	<b>(4,481)</b>

## 25.1. Fair value hedge

The Bank applies accounting for the protection against the risk of bonds of the Republic of Serbia using interest rate swaps as a hedging instrument, while the hedged risk is interest rate risk.

Information about remaining maturity of interest rate swaps are presented in the following table:

	Maturity 2025			Maturity 2024		
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	More than 5 years
Nominal amount	-	16,561,391	5,864,100	-	16,581,011	-
Average fixed interest rate	-	1.62%	2.42%	-	1.62%	-

The amounts relating to hedging instrument are presented in the following table:

Instrument	Line item in the statement of financial position	Nominal amount	2025		Nominal amount	2024	
			Carrying amount			Carrying amount	
			Assets	Liabilities		Assets	Liabilities
Interest rate swap	Receivables under derivatives designated as risk hedging instruments	14,485,500	28,343	-	9,829,251	338,442	-
Interest rate swap	Liabilities under derivatives designated as risk hedging instruments	7,939,991	-	120,937	6,751,760	-	176,956

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**25. HEDGE ACCOUNTING (Continued)**

## 25.1. Fair value hedge (Continued)

The amounts relating to items designated as hedged items and hedge effectiveness at 31 December 2025 were as follows:

Hedged item	Line item in the statement of financial position	Carrying amount	Change in fair value of instrument used for calculating hedge ineffectiveness	Change in value of hedged item used for calculating hedge ineffectiveness	Line item in the income statement	Ineffectiveness recognised in profit or loss	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
							Assets	Liabilities	
Bonds issued by the Republic of Serbia carried at FVtOCI	Securities	16,286,674	189,437	(190,033)	Net loss from risk hedging	(2,466)	(190,033)	-	
Bonds issued by the Republic of Serbia carried at AC	Securities	5,317,296	38,479	(38,435)	Net loss from risk hedging	(795)	(38,435)	-	

The amounts relating to items designated as hedged items and hedge effectiveness at 31 December 2024 were as follows:

Hedged item	Line item in the statement of financial position	Carrying amount	Change in fair value of instrument used for calculating hedge ineffectiveness	Change in value of hedged item used for calculating hedge ineffectiveness	Line item in the income statement	Ineffectiveness recognised in profit or loss	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
							Assets	Liabilities	
Bonds issued by the Republic of Serbia carried at FVtOCI	Securities	11,176,962	206,627	(204,978)	Net loss from risk hedging	4,536	(204,978)	-	
Bonds issued by the Republic of Serbia carried at AC	Securities	5,208,665	70,615	(69,775)	Net loss from risk hedging	2,308	(69,775)	-	

In this hedging relationships, the main source of ineffectiveness is the effect of Credit/Debit Value and Funding Value adjustment impacting derivative transactions fair value.

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**25. HEDGE ACCOUNTING (Continued)**

25.2. Cash flow hedge

The Group has implemented cash flow hedging to hedge against variability of interest cash flows stemming from variable rate EUR denominated loans. Considering that part of loans with variable interest rate is financed from sight deposits with fixed or zero interest rate, the Bank has decided to apply cash flow hedge accounting converting highly probable future variable interest cash flows into fixed ones using interest rate swaps.

	Maturity 2025			Maturity 2024		
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	More than 5 years
Nominal amount of hedged item	716,723	750,605	5,058,764	-	1,495,190	6,030,168
Average fixed interest rate	3.28%	0.10%	1.09%	-	3.28%	1.04%

The amounts relating to hedging instrument are presented in the following table:

Instrument	Line item in the statement of financial position	2025			2024		
		Nominal amount	Carrying amount		Nominal amount	Carrying amount	
			Assets	Liabilities		Assets	Liabilities
Interest rate swap	Receivables under derivatives designated as risk hedging instruments	2,573,688	40,774	-	3,581,956	88,787	-
Interest rate swap	Liabilities under derivatives designated as risk hedging instruments	3,952,404	-	486,480	3,943,402	-	510,192

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## 25. HEDGE ACCOUNTING (Continued)

## 25.2. Cash flow hedge (Continued)

The amounts relating to items designated as hedged items and hedge effectiveness at 31 December 2025 were as follows:

Hedged item	Changes in the value of the hedging instrument recognised in OCI	Change in value of hedged item	Line item in the income statement	Ineffectiveness recognised in profit or loss	Cash flow hedge reserve	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Highly probable interest cash flows derived from variable rate loans	(445,558)	438,173	Net loss from risk hedging	(3,575)	(445,558)	-

The amounts relating to items designated as hedged items and hedge effectiveness at 31 December 2024 were as follows:

Hedged item	Changes in the value of the hedging instrument recognised in OCI	Change in value of hedged item used	Line item in the income statement	Ineffectiveness recognised in profit or loss	Cash flow hedge reserve	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Highly probable interest cash flows derived from variable rate loans	(420,100)	412,732	Net loss from risk hedging	(11,325)	(420,100)	-

Generally, the Group is always in under hedged position (not targeting full offset since hedge item will be lower than hedge eligible item). Ineffectiveness could appear when:

- The FV of the derivatives is higher than the FV of the hedged underlying with regard to the hedged interest rate risk. Hypothetical derivative change in Fair value might not reflect collateralized contract (usage of collateralized hedging derivatives is a source of ineffectiveness). Currently, there is no clear plan to switch to collateral module in Murex (module which supports credit support annex agreements (CSA)) for CEE countries, including Serbia. As the revaluation in Murex (and risk) systems will not consider collateralization to compute the FV (by adopting a specific discounting curve, eg ESTER), ineffectiveness situations are not expected.
- Deterioration in credit risk of the hedging instrument counterparty affects the cash flows and reduces the fair value of the derivative. However, if this is the case Group's strategy covers revoking the designation of such derivatives and replacing them with new ones from a counterparty with sound credit standing. In this hedging relationships, the only source of ineffectiveness is the effect of Credit/Debit Value and Funding Value adjustment impacting derivative transactions fair values.

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**26 INTANGIBLE ASSETS**

## 26.1. Intangible assets, net:

	2025	2024
Software and licenses	1,575,316	1,607,522
Investments in progress	831,474	796,304
<b>Balance at December 31</b>	<b>2,406,790</b>	<b>2,403,826</b>

## 26.2. Movements in intangible assets in 2025 are presented in the table below:

	Software and licences	Investment in Progress	Total
<b>Cost</b>			
Balance at January 1, 2025	7,372,437	796,304	8,168,741
Additions	-	549,213	549,213
Transfer from investment in progress	511,296	(511,296)	-
Impairment losses	-	-	-
Disposal and retirement	-	-	-
Other	(11,370)	(2,747)	(14,117)
Balance at December 31, 2025	7,872,363	831,474	8,703,837
<b>Accumulated amortization and impairment losses</b>			
Balance at January 1, 2025	5,764,915	-	5,764,915
Amortization charge for the year	536,093	-	536,093
Impairment losses	-	-	-
Disposal and retirement	-	-	-
Other	(3,961)	-	(3,961)
Balance at December 31, 2025	6,297,047	-	6,297,047
<b>Net book value at December 31, 2025</b>	<b>1,575,316</b>	<b>831,474</b>	<b>2,406,790</b>
<b>Net book value at January 1, 2025</b>	<b>1,607,522</b>	<b>796,304</b>	<b>2,403,826</b>

## 26.3. Movements in intangible assets in 2024 are presented in the table below:

	Software and licences	Investment in Progress	Total
<b>Cost</b>			
Balance at January 1, 2024	6,770,588	952,519	7,723,107
Additions	-	463,807	463,807
Transfer from investment in progress	612,187	(612,187)	-
Impairment losses	(2,547)	-	(2,547)
Other	(7,791)	(7,835)	(15,626)
Balance at December 31, 2024	7,372,437	796,304	8,168,741
<b>Accumulated amortization and impairment losses</b>			
Balance at January 1, 2024	5,200,652	-	5,200,652
Amortization charge for the year	566,866	-	566,866
Impairment losses	(2,207)	-	(2,207)
Other	(396)	-	(396)
Balance at December 31, 2024	5,764,915	-	5,764,915
<b>Net book value at December 31, 2024</b>	<b>1,607,522</b>	<b>796,304</b>	<b>2,403,826</b>
<b>Net book value at January 1, 2024</b>	<b>1,569,936</b>	<b>952,519</b>	<b>2,522,455</b>

**27. PROPERTY, PLANT AND EQUIPMENT**

## 27.1. Property, plant and equipment comprise:

	2025	2024
Buildings	734,420	740,704
Equipment and other assets	677,245	606,201
Leasehold improvements	133,576	167,112
Investments in progress	271,983	210,626
Right-of-use assets	1,776,947	1,231,642
<b>Balance at December 31</b>	<b>3,594,171</b>	<b>2,956,285</b>

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All amounts expressed in thousands of RSD, unless otherwise stated.

**27. PROPERTY, PLANT AND EQUIPMENT (Continued)**

27.2. Movements in property and equipment in 2025 are presented below:

	Buildings	Equipment and other assets	Leasehold improvements	Investments in progress	Right-of-use assets	Total
<b>Cost/Revalued value</b>						
Balance at January 1, 2025	1,052,224	2,621,777	705,096	210,626	3,869,501	8,459,224
Additions	-	-	-	370,128	212,366	582,494
Transfer from investments in progress	2,324	286,189	20,204	(308,717)	-	-
Disposal and retirement	-	(474,805)	(35,522)	-	(283,855)	(794,182)
Effect of the change in fair value	12,471	-	-	-	-	12,471
Other	-	-	-	(54)	-	(54)
Modifications	-	-	-	-	820,106	820,106
Balance at December 31, 2025	1,067,019	2,433,161	689,778	271,983	4,618,118	9,080,059
<b>Accumulated depreciation and impairment</b>						
<b>Losses</b>						
Balance at January 1, 2025	311,520	2,015,576	537,984	-	2,637,859	5,502,939
Depreciation charge for the year	18,256	208,317	50,011	-	431,522	708,106
Disposal and retirement	-	(467,977)	(31,793)	-	(228,210)	(727,980)
Effect of the change in fair value	2,823	-	-	-	-	2,823
Balance at December 31, 2025	332,599	1,755,916	556,202	-	2,841,171	5,485,888
<b>Net book value at December 31, 2025</b>	<b>734,420</b>	<b>677,245</b>	<b>133,576</b>	<b>271,983</b>	<b>1,776,947</b>	<b>3,594,171</b>
<b>Net book value at January 1, 2025</b>	<b>740,704</b>	<b>606,201</b>	<b>167,112</b>	<b>210,626</b>	<b>1,231,642</b>	<b>2,956,285</b>

As of December 31, 2025, Bank has hired a certified appraiser CBS International d.o.o. Belgrade to assess the fair value of the properties used for performance of Group's own business activity in accordance with IFRS 13. The appraisers determined the fair, liquidation and construction value of each individual property using the income approach for 12 properties and Market Transaction Comparison Method and the Yield Capitalization Method with 50% ponder for one real estate, as well as valuation techniques for which there were sufficient available data. Given that in the real estate market of the Republic of Serbia there are no quoted prices or prices achieved for properties identical to those owned by the Group, the appraiser used Level 2 and Level 3 inputs in the fair value assessment. Level 2 inputs are observable from the market data such as publicly available information on the transactions reflecting the assumptions that the other market participants would use. Level 3 inputs are assumed (unobserved) inputs developed by the appraiser using the best information available in the current circumstances. If the Group had continued to apply the cost model (from December 31, 2019 the Bank uses the revaluation method), the net present value as of December 31, 2025, would have been RSD 492,884 thousand for property used for performance of the Group's business activity. The Group does not have pledged property, plant and equipment.

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**27. PROPERTY, PLANT AND EQUIPMENT (Continued)**

27.3. Movements in property and equipment in 2024 are presented below:

	Buildings	Equipment and other assets	Leasehold improvements	Investments in progress	Right-of-use assets	Total
<b>Cost/Revalued value</b>						
Balance at January 1, 2024	857,277	2,495,677	642,161	238,259	3,676,371	7,909,745
Additions	-	-	-	324,534	42,461	366,995
Transfer from investments in progress	32,861	227,644	91,551	(352,056)	-	-
Disposal and retirement	-	(101,544)	(28,616)	(111)	(74,157)	(204,428)
Effect of the change in fair value	162,086	-	-	-	-	162,086
Other	-	-	-	-	-	-
Modifications	-	-	-	-	224,826	224,826
Balance at December 31, 2024	1,052,224	2,621,777	705,096	210,626	3,869,501	8,459,224
<b>Accumulated depreciation and impairment losses</b>						
Balance at January 1, 2024	246,672	1,925,242	507,799	-	2,193,516	4,873,229
Depreciation charge for the year	15,363	185,443	58,801	-	508,659	768,266
Disposal and retirement	-	(95,109)	(28,616)	-	(64,316)	(188,041)
Effect of the change in fair value	49,485	-	-	-	-	49,485
Balance at December 31, 2024	311,520	2,015,576	537,984	-	2,637,859	5,502,939
<b>Net book value at December 31, 2024</b>	<b>740,704</b>	<b>606,201</b>	<b>167,112</b>	<b>210,626</b>	<b>1,231,642</b>	<b>2,956,285</b>
<b>Net book value at January 1, 2024</b>	<b>610,605</b>	<b>570,435</b>	<b>134,362</b>	<b>238,259</b>	<b>1,482,855</b>	<b>3,036,516</b>

27.4. The right-of-use assets include:

	2025	2024
Business premises	1,709,240	1,198,731
Storage and warehouse area	3,330	1,081
Parking spots	61,370	23,803
Automobiles	2,517	6,558
Other equipment	490	1,469
<b>Balance at December 31</b>	<b>1,776,947</b>	<b>1,231,642</b>

TRANSLATION NOTE: This is a translation of the original document issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 27. PROPERTY, PLANT AND EQUIPMENT (Continued)

27.5. Movements in the right-of-use assets during 2025 are presented below:

	Business premises	Storage and warehouse	Parking spots	Automobiles	Other equipment	Total
<b>Gross carrying value</b>						
Balance at January 1, 2025	3,696,298	5,326	118,227	38,107	11,543	3,869,501
Additions	204,484	-	7,882	-	-	212,366
Disposal and retirement	(259,615)	-	(20,145)	(4,095)	-	(283,855)
Modifications						-
- positive effects	769,117	2,918	45,568	1,520	983	820,106
- negative effects	-	-	-	-	-	-
	769,117	2,918	45,568	1,520	983	820,106
Balance at December 31, 2025	4,410,284	8,244	151,532	35,532	12,526	4,618,118
<b>Accumulated depreciation</b>						
Balance at January 1, 2025	2,497,567	4,245	94,424	31,549	10,074	2,637,859
Depreciation charge	411,455	669	11,876	5,560	1,962	431,522
Disposal and retirement	(207,978)	-	(16,138)	(4,094)	-	(228,210)
Balance at December 31, 2025	2,701,044	4,914	90,162	33,015	12,036	2,841,171
<b>Net book value at December 31, 2025</b>	<b>1,709,240</b>	<b>3,330</b>	<b>61,370</b>	<b>2,517</b>	<b>490</b>	<b>1,776,947</b>

27.6. Movements in the right-of-use assets during 2024 are presented below:

	Business premises	Storage and warehouse	Parking spots	Automobiles	Other equipment	Total
<b>Gross carrying value</b>						
Balance at January 1, 2024	3,506,354	5,271	117,026	38,107	9,613	3,676,371
Additions	40,830	-	-	-	1,631	42,461
Disposal and retirement	(73,473)	-	-	-	(684)	(74,157)
Modifications						-
- positive effects	222,587	55	1,201	-	983	224,826
- negative effects	-	-	-	-	-	-
	222,587	55	1,201	-	983	224,826
Balance at December 31, 2024	3,696,298	5,326	118,227	38,107	11,543	3,869,501
<b>Accumulated depreciation</b>						
Balance at January 1, 2024	2,078,254	3,435	76,733	25,758	9,336	2,193,516
Depreciation charge	482,945	810	17,691	5,791	1,422	508,659
Disposal and retirement	(63,632)	-	-	-	(684)	(64,316)
Balance at December 31, 2024	2,497,567	4,245	94,424	31,549	10,074	2,637,859
<b>Net book value at December 31, 2024</b>	<b>1,198,731</b>	<b>1,081</b>	<b>23,803</b>	<b>6,558</b>	<b>1,469</b>	<b>1,231,642</b>

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**28. INVESTMENT PROPERTY**

Movements in investment property in 2025 are presented below:

	Investment property	Investments in progress	Total
<b>Fair value</b>			
Balance at January 1, 2025	11,701	-	11,701
Effect of the change in fair value	(5,368)	-	(5,368)
<b>Balance at December 31, 2025</b>	<b>6,333</b>	<b>-</b>	<b>6,333</b>

Certified Appraiser CBS International d.o.o. Belgrade performed assessment of the fair value of investment property for the purpose of financial reporting as of December 31, 2025, in accordance with IFRS 13. The appraiser determined the fair, liquidation and construction value of each individual property using the comparative approach as well as appraisal techniques for which sufficient data were available. If the Group had continued to apply the cost model (from 31.12.2019 the Group uses the fair value), the net present value as of December 31, 2025, would have been RSD 1.101 thousand for investment property.

**29. OTHER ASSETS**

29.1. Other assets relate to:

	2025	2024
<i>Other assets in RSD:</i>		
Fee and commission receivables calculated per other assets	176,650	155,708
Advances paid, deposits and retainers	79,551	68,456
Receivables per actual costs incurred	111,575	103,310
Receivables from the RS Health Insurance Fund	88,783	79,204
Other receivables from operations*	2,028,401	1,422,094
Assets acquired in lieu of debt collection	19,276	14,059
Receivables for prepaid taxes and contributions	-	-
Accrued other income receivables	37,008	53,139
Deferred other expenses	534,065	367,007
	3,075,309	2,262,977
<i>- from which: Other assets in RSD from related parties</i>	74.695	72.149
<i>Other assets in foreign currencies:</i>		
Fee and commission receivables calculated per other assets	5,301	-
Other receivables from operations	602,162	663,751
Accrued other income receivables	541,597	393,593
	1,149,060	1,057,344
<i>-from which: Other assets in foreign currencies from related parties</i>	10.586	704.219
Total	4,224,369	3,320,321
Impairment allowance	(74,078)	(59,054)
<b>Balance at December 31</b>	<b>4,150,291</b>	<b>3,261,267</b>

\* Other receivables from relationships primarily relate to transactions arising from card operations.

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**29. OTHER ASSETS (Continued)**

29.2. Movements on the impairment allowance accounts of other assets during the year are provided in the table below:

	Individual		Collective	
	2025	2024	2025	2024
Balance at January 1	(2,868)	(1,543)	(56,186)	(78,178)
Impairment losses:				
Change for the year	(4,414)	(9,169)	(186,088)	(138,915)
Foreign exchange effects	12	-	6	(49)
Write-off with debt acquittal	-	-	523	205
Write-off without debt acquittal	3,015	7,844	171,922	160,751
Total for the year	(1,387)	(1,325)	(13,637)	21,992
<b>Balance at December 31</b>	<b>(4,255)</b>	<b>(2,868)</b>	<b>(69,823)</b>	<b>(56,186)</b>

**30. LIABILITIES UNDER DERIVATIVE FINANCIAL INSTRUMENTS**

Liabilities under derivative financial instruments include:

	2025	2024
Types of instruments:		
- currency swaps and forwards	14,631	13,293
- interest rate swaps	1,236,126	1,693,591
<b>Balance at December 31</b>	<b>1,250,757</b>	<b>1,706,884</b>

**31. DEPOSITS AND OTHER LIABILITIES DUE TO BANKS, OTHER FINANCIAL INSTITUTIONS AND THE CENTRAL BANK**

31.1. Deposits and other liabilities due to banks, other financial institutions and the central bank include:

	2025	2024
Demand deposits:		
- in RSD	7,077,349	15,424,967
- in foreign currencies	1,377,935	1,995,169
Total demand deposits	8,455,284	17,420,136
Overnight deposits:		
- in RSD	4,473,919	4,396,456
- in foreign currencies	3,235,888	2,350,876
Total overnight deposits	7,709,807	6,747,332
Short-term deposits:		
- in RSD	8,409,761	9,613,079
- in foreign currencies	15,192,645	15,825,751
Total short-term deposits	23,602,406	25,438,830
Long-term deposits:		
- in RSD	778,209	573,393
- in foreign currencies	46,967,743	47,134,380
Total long-term deposits	47,745,952	47,707,773
Long-term borrowings:		
- in RSD	588,317	2,599,389
- in foreign currencies	70,385,411	67,374,544
Total long-term borrowings	70,973,728	69,973,933
Other financial liabilities:		
- in RSD	123	-
- in foreign currencies	33,790	1,392,580
Total other financial liabilities	33,913	1,392,580
<b>Balance at December 31</b>	<b>158,521,090</b>	<b>168,680,584</b>

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**31. DEPOSITS AND OTHER LIABILITIES DUE TO BANKS, OTHER FINANCIAL INSTITUTIONS AND THE CENTRAL BANK (Continued)**

Short-term RSD deposits were placed by other banks for periods of up to a year at annual interest rates up to 4.55%, while short-term foreign currency deposits of other banks maturing within a year accrued interest at the rate up to 6.13% annually, depending on the currency. The Group received long-term foreign currency deposits placed by banks for periods up to 15 years at interest rates ranging from 1.88% to 6.13% per annum.

31.2. Breakdown of long-term borrowings from banks is provided below:

	2025	2024
European Bank for Reconstruction and Development (EBRD)	22,332,524	21,751,395
Kreditanstalt für Wiederaufbau Frankfurt am Main (KfW)	3,762,571	5,495,454
European Investment Bank, Luxembourg	6,239,230	8,015,450
Casa depositi e prestiti Spa, Roma	4,692,936	4,696,208
European Fund for Southeast Europe SA, Luxembourg	3,426,259	5,051,175
Green for Growth Fund, Southeast Europe, Luxembourg	5,878,934	10,993,263
UniCredit S.P.A. Milano	24,641,274	13,970,988
<b>Balance at December 31</b>	<b>70,973,728</b>	<b>69,973,933</b>

The above-listed long-term borrowings were approved to the Group for periods from 3 to 10 years at nominal interest rates up to 6.04% per annum.

**32. DEPOSITS AND OTHER LIABILITIES DUE TO CUSTOMERS**

32.1. Deposits and other liabilities due to customers comprise:

	2025	2024
Demand deposits:		
- in RSD	202,090,736	180,818,104
- in foreign currencies	146,993,371	146,061,624
Total demand deposits	349,084,107	326,879,728
Overnight deposits:		
- in RSD	2,495,452	1,567,398
- in foreign currencies	4,844,890	4,271,197
Total overnight deposits	7,340,342	5,838,595
Short-term deposits:		
- in RSD	36,773,674	48,639,129
- in foreign currencies	72,328,924	51,400,948
Total short-term deposits	109,102,598	100,040,077
Long-term deposits:		
- in RSD	3,170,796	8,133,255
- in foreign currencies	12,825,655	20,792,370
Total long-term deposits	15,996,451	28,925,625
Long-term borrowings:		
- in foreign currencies	30,039	81,443
Total long-term borrowings	30,039	81,443
Other financial liabilities:		
- in RSD	6,377	1,465
- in foreign currencies	276,053	2,015,862
Total other financial liabilities	282,430	2,017,327
<b>Balance at December 31</b>	<b>481,835,967</b>	<b>463,782,795</b>

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**32. DEPOSITS AND OTHER LIABILITIES DUE TO CUSTOMERS (Continued)**

32.2. Breakdown of deposits and other liabilities due to customers:

	<b>2025</b>	<b>2024</b>
Public sector	3,323,917	397,839
Corporate customers	320,094,773	313,663,814
Retail customers	158,387,238	149,639,699
Long-term borrowings (Note 32.3)	30,039	81,443
<b>Balance at December 31</b>	<b>481,835,967</b>	<b>463,782,795</b>

The Group did not calculate interest rate for newly opened demand deposits in RSD and foreign currency, as well as for current accounts in foreign currency for retail customers during 2025. Short-term foreign currency deposits of retail customers were placed at interest rates ranging up to 4.10% annually, depending on the currency and maturity. Short-term dinar deposits on the other hand were placed at interest rates up to 5.00% annually, depending on the maturity.

RSD deposits placed by small business clients and entrepreneurs were deposited at annual interest rates up to 4.20% depending on the period of placement, while foreign currency deposits for these customers were placed at the rates up to 3.35% annually, depending on the period and currency.

RSD demand deposits of corporate customers accrued interest at the annual rate of 0.68% on the average, while EUR-denominated demand deposits accrued interest at the annual rate of 0.18%. Corporate RSD term deposits accrued interest at the rates up to 3.83% annually on the average, while EUR-denominated corporate deposits were placed at an interest rate of 2.21% per annum.

32.3. Breakdown of long-term foreign currency borrowings from customers is provided below:

	<b>2025</b>	<b>2024</b>
NBS - European Investment Bank, Luxembourg	30,039	81,443
<b>Balance at December 31</b>	<b>30,039</b>	<b>81,443</b>

Long-term borrowings obtained from customers were approved to the Group for periods from 8 to 11 years at nominal interest rates to 4.47% per annum.

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**33. FINANCIAL LIABILITIES MOVEMENT (FROM FINANCING ACTIVITIES)**

Table below presents changes in liabilities from financing activities, including cash based as well as not cash based changes. Liabilities from financing activities are those which cash flows are classified as cash flows from financing activities in cash flow statement.

	Long-term borrowings from banks		Long-term borrowing from customers	
	2025	2024	2025	2024
Balance at January 1	69,973,933	61,313,498	81,443	167,621
Cash inflow (new borrowing)	20,335,736	25,932,315	-	-
Cash outflow (repayment)	(19,421,682)	(17,180,088)	(51,542)	(85,563)
<b>Total change in cash flows from financing activities</b>	<b>914,054</b>	<b>8,752,227</b>	<b>(51,542)</b>	<b>(85,563)</b>
Foreign exchange effects	153,020	(61,023)	192	(213)
Accrued and deferred interest	(67,279)	(30,769)	(54)	(402)
<b>Balance at December 31</b>	<b>70,973,728</b>	<b>69,973,933</b>	<b>30,039</b>	<b>81,443</b>

**34. LIABILITIES UNDER SECURITIES**

In mid-December 2025, the Group issued long-term dinar-denominated bonds to diversify its sources of funding as well as to strengthen its minimum capital requirement and eligible liabilities (MREL ratio) indicators in accordance with the regulatory framework. The first issuance of long-term dinar-denominated bonds included 400 bonds with an individual nominal value of RSD 15,000 thousand. The total nominal value of the issuance is RSD 6,000,000 thousand, with a maturity date of December 12, 2029, and an annual interest rate of 3m Belibor + 2%, paid on a quarterly basis. The issuance was divided into two parts: one part for international financial organizations, where the number of bonds offered was fully subscribed and paid – 200 bonds, while in the part of the issuance intended for other professional investors, subscription and payment exceeded the offered and issued quantity by 2.4 times – 200 bonds. According to the Prospectus, the Group has the option of early redemption ("call option") of the bonds at nominal value after approval of NBS.

As of December 31, 2025, liabilities under securities amount to 6,012,951 thousand dinars.

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**35. SUBORDINATED LIABILITIES**

	<b>2025.</b>	<b>2024.</b>
Subordinated liabilities	3,556,844	-
<b>Balance at December 31</b>	<b>3,556,844</b>	<b>-</b>

For the diversification of funding sources, the Group in 2025 withdrew a subordinated loan from UniCredit Spa, which as of December 31, 2025, amounts to 3,556,844 thousand dinars with maturity in 2035 and nominal interest rate of 6.13%.

**36. PROVISIONS**

36.1. Provisions relate to:

	<b>2025</b>	<b>2024</b>
Individual provisions for off-balance sheet items	-	174,780
Collective provisions for off-balance sheet items	1,375,716	1,064,176
Provisions for other long-term employee benefits	83,351	114,442
Provisions for potential litigation losses	2,681,310	3,322,665
<b>Balance at December 31</b>	<b>4,140,377</b>	<b>4,676,063</b>

36.2. Movements on the accounts of provisions during the year are provided below:

	<b>Individual Provisions for Off - Balance Sheet Items (Notes 4(b) and 5(i))</b>	<b>Collective Provisions for Off - Balance Sheet Items (Notes 4(b) and 5(i))</b>	<b>Provisions for Long-Term Employee Benefits (Notes 3(y) and 5(viii))</b>	<b>Provisions for Potential Litigation Losses (Notes 3(w), 5(vii) and 42.1)</b>	<b>Total</b>
Balance at January 1	174,780	1,064,176	114,442	3,322,665	4,676,063
Charge for the year:					
- in the income statement	-	1,093,179	10,383	651,398	1,754,960
- in the statement of other comprehensive income	-	-	(33,158)	-	(33,158)
Release of provisions	-	1,093,179	(22,775)	651,398	1,721,802
Reversal of provisions (Notes 12 and 17)	(174,780)	(781,639)	(8,316)	(314,116)	(322,432)
	(174,780)	(781,639)	-	(978,637)	(1,935,056)
<b>Balance at December 31</b>	<b>-</b>	<b>1,375,716</b>	<b>83,351</b>	<b>2,681,310</b>	<b>4,140,377</b>

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**37. DEFERRED TAX ASSETS AND LIABILITIES**

37.1. Deferred tax assets and liabilities relate to:

	2025			2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Difference in net carrying amount of tangible assets for tax and financial reporting purposes	17,783	-	17,783	34,639	-	34,639
Deferred tax assets in respect of unrecognized current year expenses	499,935	-	499,935	593,943	-	593,943
Deferred tax assets on gains/losses in respect of cash flow hedging instruments	66,834	-	66,834	63,015	-	63,015
Deferred tax liabilities as per change in the value of fixed assets	-	(35,261)	(35,261)	-	(34,648)	(34,648)
Deferred tax liabilities arising from revaluation of securities	-	(85,786)	(85,786)	-	(81,042)	(81,042)
Deferred tax liabilities in respect of actuarial losses on defined benefit plans	-	(8,864)	(8,864)	-	(3,890)	(3,890)
<b>Total</b>	<b>584,552</b>	<b>(129,911)</b>	<b>454,641</b>	<b>691,597</b>	<b>(119,580)</b>	<b>572,017</b>

37.2. Movements on temporary differences during 2025 are presented as follows:

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Difference in net carrying amount of tangible assets for tax and financial reporting purposes	34,639	(16,856)	-	17,783
Deferred tax assets in respect of unrecognized current year expenses	593,943	(94,008)	-	499,935
Deferred tax assets on gains/losses in respect of cash flow hedging instruments	63,015	-	3,819	66,834
Deferred tax liabilities as per change in the value of fixed assets	(34,648)	-	(613)	(35,261)
Deferred tax liabilities arising from revaluation of securities	(81,042)	-	(4,744)	(85,786)
Deferred tax liabilities in respect of actuarial losses on defined benefit plans	(3,890)	-	(4,974)	(8,864)
<b>Total</b>	<b>572,017</b>	<b>(110,864)</b>	<b>(6,512)</b>	<b>454,641</b>

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**38. OTHER LIABILITIES**

38.1. Other liabilities include:

	2025	2024
Advances received, deposits and retainers:		
- in RSD	229,182	179,904
- in foreign currencies	1,251	1,345
Trade payables:		
- in RSD	380,957	370,791
- in foreign currencies	420,054	196,343
Lease liabilities (Note 38.2):		
- in RSD	640,509	472,181
- in foreign currencies	1,202,927	792,585
Other liabilities:		
- in RSD	1,687,558	1,757,338
- in foreign currencies	2,210,081	3,068,199
Fees and commissions payable per other liabilities:		
- in RSD	139	137
- in foreign currencies	549	204
Deferred other income:		
- in RSD	702,953	762,079
- in foreign currencies	135,371	141,684
Accrued other expenses:		
- in RSD	951,865	704,274
- in foreign currencies	73,711	55,887
Taxes and contributions payable	152,744	72,857
<b>Balance at December 31</b>	<b>8,789,851</b>	<b>8,575,808</b>

38.2. Breakdown of maturities of the lease liabilities is provided below:

	2025		2024	
	Present value	Undiscounted cash flows	Present value	Undiscounted cash flows
Maturity:				
- within a year	425,515	508,844	496,846	537,765
- within 2 years	388,441	450,716	303,953	330,702
- within 3 years	365,661	408,459	176,108	192,633
- within 4 years	299,301	325,013	134,658	143,617
- within 5 years	241,217	252,878	72,539	77,159
- after 5 years	123,301	137,886	80,662	89,232
<b>Balance at December 31</b>	<b>1,843,436</b>	<b>2,083,796</b>	<b>1,264,766</b>	<b>1,371,108</b>

38.3. Breakdown of the total payments, i.e., outflows per lease arrangements is provided below:

	2025	2024
Fixed payments	272,913	271,273
Variable payments	244,944	311,034
<b>Total outflows:</b>	<b>517,857</b>	<b>582,307</b>

Variable payments that are included in the measurement of the lease liabilities are payments dependent on an index. Out of the total outflows of RSD 517,857 thousand, RSD 427,205 thousand pertains to the repayment of principal, which is presented within cash flows from financing activities, while RSD 90,652 thousand refers to the payment of interest, which is presented within cash flows from operating activities in the Group's statement of cash flows.

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**38. OTHER LIABILITIES (Continued)**

38.4. Breakdown of income and expenses per lease arrangements is provided in the following table:

	<b>2025</b>	<b>2024</b>
Depreciation charge of the right-of-use assets (Note 27.5, 27.6)	(431,522)	(508,659)
Interest expenses per lease liabilities (Note 7)	(90,652)	(50,161)
Rental costs (Note 18.2)	(449,681)	(441,596)
Sublease income	422	423
<b>Balance at December 31</b>	<b>(971,433)</b>	<b>(999,993)</b>

**39. RECONCILIATION OF OUTSTANDING BALANCES OF RECEIVABLES AND LIABILITIES WITH CREDITORS AND DEBTORS**

In accordance with the Law on Accounting, the Group reconciled its balances of payables and receivables with its debtors and creditors.

Unreconciled receivables totaled to RSD 41,565 thousand (90 open items) which represents 0.01% of total amount of receivables for balance reconciliation (RSD 512,652,434 thousand), i.e. 0.27% of total number of receivable items (33,391 open items).

Unreconciled liabilities totaled to RSD 664,332 thousand (221 open items) which represents 0.14% of total amount of liabilities for balance reconciliation (RSD 471,850,984 thousand), i.e. 0.39% of total number of items of liabilities (56,448 open items).

**40. EQUITY**

40.1. Equity is comprised of:

	<b>2025</b>	<b>2024</b>
Issued capital – share capital	23,607,620	23,607,620
Share premium	562,156	562,156
Retained earnings	25,298,124	25,356,317
Reserves	67,095,324	63,534,549
Minority interest	19,971	-
<b>Balance at December 31</b>	<b>116,583,195</b>	<b>113,060,642</b>

As of December 31, 2025, the Group's share capital totaled RSD 23,607,620 thousand and comprised 2,360,762 common stock (ordinary) shares with the individual par value of RSD 10,000. All shares issued by the Group are ordinary shares. The number of shares as of December 31, 2025, is the same as on December 31, 2024.

Ordinary shareholders are entitled to dividend payment pursuant to the relevant decision on profit distribution enacted by the Bank's Shareholder General Meeting and to one vote per share in the Bank's Shareholder General Meeting.

Reserves from fair value adjustments relate to the net cumulative changes in the fair values of securities measured at fair value through other comprehensive income, changes in fair value of property, plant and equipment and changes in fair value of derivatives used as cash flow hedge instruments.

Minority interest in amount RSD 19,971 thousand refers to the portion of capital that belongs to the minority owner of the legal entity UCTIS Management Company UniCredit Invest a.d. Beograd.

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**40. EQUITY (Continued)**

40.2. Breakdown of other comprehensive income after taxes is provided in the table below:

	2025	2024
Actuarial gains per defined employee benefits	28,184	30,273
Net fair value adjustments of debt financial instruments measured at FVtOCI	77,588	1,476,079
Net fair value adjustments of debt financial instruments measured at FVtOCI due to impairment	(50,703)	(5,518)
Net fair value adjustments of fixed assets	3,467	92,671
Net change related to cash flow hedging instruments	(21,638)	98,165
<b>Other comprehensive income after taxes</b>	<b>36,898</b>	<b>1,691,670</b>

**41. CASH AND CASH EQUIVALENTS**

Breakdown of cash and cash equivalents as reported within the statement of cash flows and reconciliation with statement of financial position is provided below:

	2025	2024
<b>In RSD:</b>		
Gyro account (Note 20)	91,799,989	97,673,774
Cash on hand (Note 20)	9,141,439	6,501,775
	<u>100,941,428</u>	<u>104,175,549</u>
<b>In foreign currencies:</b>		
Foreign currency accounts (Note 23)	2,434,640	3,323,409
Cash on hand (Note 20)	1,989,510	1,824,488
Other cash funds (Note 20)	35,262	35,205
	<u>4,459,412</u>	<u>5,183,102</u>
<b>Cash and cash equivalents in Statement of Cash Flow</b>	<b><u>105,400,840</u></b>	<b><u>109,358,651</u></b>
Obligatory foreign currency reserve held with NBS (Note 20)	40,179,628	38,287,906
Liquid surplus funds deposited with NBS (Note 20)	13,001,625	47,005,875
Foreign currency accounts (Note 23)	(2,434,640)	(3,323,409)
Impairment allowance (Note 20)	(11)	(8)
<b>Cash and cash equivalents in Statement of Financial Position</b>	<b><u>156,147,442</u></b>	<b><u>191,329,015</u></b>

**42. CONTINGENT LIABILITIES AND COMMITMENTS**

## 42.1. Litigation

As of December 31, 2025, there were 12,891 legal suits filed against the Group (including 15 labor lawsuits) with claims totaling RSD 7,193,882 thousand. In 78 of these proceedings' plaintiffs are legal entities and in 12,813 proceedings private individuals appear as plaintiffs/claimants.

The Group made provisions of RSD 2,681,310 thousand in respect of the legal suits filed against it (Note 36). The aforesaid amount of provisions include those for the labor lawsuits filed, lawyers' fees and administrative taxes from appeals and revisions. In the majority of lawsuits filed against the Group, both individuals and legal entities in the capacity of plaintiffs, they mostly refer to lawsuits for loan processing fees (cash and housing), loan monitoring fees and fees to NKOSK, and to a lesser extent to lawsuits for exchange rate differences, interest rates, currency clauses and changed circumstances, as the basis of the dispute. The subject of the lawsuits is also the determination of the nullity of the mentioned provisions of the loan agreement and the acquisition without grounds.

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**42. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)**

42.1. Litigation (Continued)

The Group uses the following parameters for defining provisions: value of the case, evidence of the plaintiffs, the trend of lawsuits both in terms of the frequency of court proceedings, as well as in terms of the type and outcome of court proceedings, based on existing court practice, real the jurisdiction of the court conducting the proceedings, the status of the court case (court taxes and costs of attorneys of plaintiffs in first-instance, second-instance proceedings under extraordinary legal remedies) and all other relevant facts that they may have a direct or indirect influence on the outcome of the court case.

Based on defined parameters, the Group defines the level of risk for each court case:

- Group A: risk of outflow is less than 50%;
- Group B: risk of outflow is between 50% and 90%;
- Group C: risk of outflow is 90% and above.

Provisions are made for cases from group B and C in the amount of the lawsuit increased by the estimated amount of interest and costs of procedure. Provisions are made for cases group C in the amount of the lawsuit increased by the 100% of the amount of interest in mass disputes or the estimated amount of interest in certain disputes plus the assumed costs of the procedure, which are calculated in accordance with the Guidelines for provisioning, depending on which group it belongs to the amount of the claim, the status of the case and in accordance with the assessment of the certainty of the dispute, with the fact that there is a possibility to determine a different amount of the provision if it is assessed differently for a specific case.

For certain lawsuits, provisions were not made in the exact amount of the claim, primarily based on the estimate of the outcome of such suits as favorable for the Group, i.e., the estimate that the Group will incur no outflows in respect of those legal suits or that there are minor contingent liabilities at issue, which require no provisioning. The Group estimates adequacy of provisions every 6 months and more often if necessary.

42.2. Off-balance sheets exposed to credit risk are presented in table below:

	2025	
	Off-Balance Sheet Items exposed to credit risk	Provisions for Off - Balance Sheet Items
Guarantees and other irrevocable commitments	179,700,713	(766,232)
Other Off-Balance Sheet Items	144,718,931	(609,484)
<b>Balance at December 31</b>	<b>324,419,644</b>	<b>(1,375,716)</b>
	2024	
	Off-Balance Sheet Items exposed to credit risk	Provisions for Off - Balance Sheet Items
Guarantees and other irrevocable commitments	178,721,537	(923,326)
Other Off-Balance Sheet Items	140,307,099	(315,630)
<b>Balance at December 31</b>	<b>319,028,636</b>	<b>(1,238,956)</b>

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**42. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)**

42.3. The Group's contingent liabilities are provided in the table below:

	2025	2024
<b>Contingent liabilities</b>		
Payment guarantees		
- in RSD	17,046,406	15,595,996
- in foreign currencies	18,136,666	20,197,533
Performance guarantees		
- in RSD	109,636,158	101,690,977
- in foreign currencies	11,647,242	7,726,918
Letters of credit		
- in foreign currencies	1,350,906	3,070,175
Foreign currency sureties received	12,614,331	12,585,603
Irrevocable commitments for undrawn loans	23,234,493	40,164,115
Other irrevocable commitments	10,915,930	39,083,434
<b>Balance at December 31</b>	<b>204,582,132</b>	<b>240,114,751</b>

In the ordinary course of business, the Group enters into agreements for contingent liabilities held in off-balance sheet record, which include guarantees, letters of credit, unused credit lines and credit card limits. These financial liabilities are recognized in the balance sheet if and when they become payable.

42.4. Breakdown of the Group's irrevocable commitments is provided below:

	2025	2024
<b>Commitments</b>		
Current account overdrafts approved	3,272,286	3,319,721
Unused portion of approved credit card loan facilities	2,634,466	2,216,838
Unused framework loans	17,190,504	33,797,323
Letters of intent	137,237	830,233
Other irrevocable commitments	10,915,930	39,083,434
<b>Balance at December 31</b>	<b>34,150,423</b>	<b>79,247,549</b>

42.5. The Group's undrawn foreign line of credit funds amounted to RSD 5,278,394 thousand as of December 31, 2025 (2024: RSD 2,488,439 thousand).

**43. RELATED PARTY DISCLOSURES**

The Group is under control of UniCredit S.p.A., Milan, domiciled and registered in Italy, which is the sole owner of the Bank's common stock shares (100%). Related parties of the Group are: parent bank, subsidiaries of the Group, entities that are members of the same group or are under joint control, members of the Board of Directors and the Audit Committee, the Management Board and managers who as members of the Group's board (ALCO and credit committees) have the authority and responsibility to plan, direct and control the activities of the Group ("key management"), close family members of key management as well as legal entities that are under the control or influence of key management and close members of their families, in accordance with IAS 24.

In the normal course of business, a number of banking transactions are performed with related parties. These include loans, deposits, investments in equity securities, commitments and derivative instruments.

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**43. RELATED PARTY DISCLOSURES (Continued)**

43.1. Related party transactions

Exposures and liabilities as of December 31, 2025, arising from related party transactions are presented below:

	2025		
	Parent Bank	Key management	Other related parties*
<b>Financial assets</b>			
- Loans, receivables and other assets	15,697,981	163,320	3,393,932
<b>Financial liabilities</b>			
- Deposits, subordinated and other liabilities	64,982,933	189,287	872,816
<b>Off balance sheet items</b>			
- Contingent liabilities for given guarantees and sureties	3,514,076	-	6,051,071
- Commitments for undrawn loans	-	381	2,419,931
- Received guarantees and sureties	3,963,374	-	6,613,173
- Liabilities for guarantees issued in favor of creditors of the bank	12,614,331	-	-
- Nominal value of the derivatives	92,149,034	-	-

Exposures and liabilities as of December 31, 2024, arising from related party transactions are presented below:

	2024		
	Parent Bank	Key management	Other related parties*
<b>Financial assets</b>			
- Loans, receivables and other assets	30,115,994	118,171	4,348,948
<b>Financial liabilities</b>			
- Deposits and other liabilities	60,820,167	179,136	2,301,081
<b>Off balance sheet items</b>			
- Contingent liabilities for given guarantees and sureties	4,696,056	-	8,117,528
- Commitments for undrawn loans	-	411	1,489,009
- Received guarantees and sureties	5,358,829	-	7,231,182
- Liabilities for guarantees issued in favor of creditors of the bank	12,585,603	-	-
- Nominal value of the derivatives	74,593,227	-	-

	2025			2024		
	Parent Bank	Key management	Other related parties*	Parent Bank	Key management	Other related parties*
Impairment allowance for balance and off- balance exposures	509	58	13,244	2,387	42	30,475

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**43. RELATED PARTY DISCLOSURES (Continued)**

43.1. Related party transactions (Continued)

Revenues and expenses generated in 2025 arising from transactions with related parties are presented in the following table:

	2025		
	Parent Bank	Key management	Other related parties *
Interest incomes	1,727,002	8,173	164,225
Interest expenses	(3,097,290)	(3,441)	(8,773)
Fee and commission incomes	210,964	408	288,147
Fee and commission expenses	(22,223)	-	(583,358)
Other incomes	20,612	-	13,799
Other expenses	(1,356,673)	-	(39,877)
<b>Total</b>	<b>(2,517,608)</b>	<b>5,140</b>	<b>(165,837)</b>

Revenues and expenses generated in 2024 arising from transactions with related parties are presented in the following table:

	2024		
	Parent Bank	Key management	Other related parties *
Interest incomes	2,513,574	7,726	747,873
Interest expenses	(3,495,381)	(4,809)	(60,741)
Fee and commission incomes	197,528	368	332,056
Fee and commission expenses	(23,306)	-	(574,529)
Other incomes	10,449	-	57,568
Other expenses	(221,223)	-	(837,501)
<b>Total</b>	<b>(1,018,359)</b>	<b>3,285</b>	<b>(335,274)</b>

Loan loss provision (ECL) for balance and off-balance exposures of related parties recognized in income statement are presented below:

	2025			2024		
	Parent Bank	Key management	Other related parties*	Parent Bank	Key management	Other related parties*
Net (decrease)/increase in impairment allowance	(1,878)	16	(17,231)	725	(163)	6,547

\*Other related parties include entities that are member of the same UniCredit Group or under joint control, close family member of key management as well as legal entities that are under the control or influence of key management and close member of their families.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025**

All amounts expressed in thousands of RSD, unless otherwise stated.

**43. RELATED PARTY DISCLOSURES (Continued)**

43.2. Key management payments

Key management payments during 2025 and 2024 are presented below:

	2025	2024
Short-term employee benefits	275,013	254,058
Other long-term benefits	3,802	3,322
Share-based payments	18,491	43,883
<b>Balance at December 31</b>	<b>297,306</b>	<b>301,263</b>

Other long-term benefits include payments based on long-term reward schemes. Employees - members of key management involved in these remuneration schemes, were selected based on the criteria of contributing to the long-term and growing profitability of the Group.

Share-based payments include payments during the year based on shares granted under appropriate reward schemes.

Compensations for members of the Management Board and the Audit Committee paid in 2025 amounts to RSD 5,722 thousand (in 2024: RSD 5,850 thousand).

**44. EVENTS AFTER THE REPORTING PERIOD**

At the date of issue of these financial statements, there were no significant events that would require adjustments to or disclosures in the accompanying unconsolidated financial statements of the Group (adjusting events).

Belgrade, February 13, 2026

Signed on behalf of the management of UniCredit Bank Srbija A.D., Beograd by:

  
 \_\_\_\_\_  
 Nikola Vuletić  
 Management Board Chairperson



  
 \_\_\_\_\_  
 Miloš Belić  
 Member of the Management Board  
 Head of Finance

  
 \_\_\_\_\_  
 Mirjana Kovačević  
 Head of Financial and Regulatory Disclosure

**UNICREDIT BANK SERBIA**  
**2025 CONSOLIDATED ANNUAL REPORT**

**Belgrade, February 2026**

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## MESSAGE BY CEO

Respected,

The year 2025 unfolded in a complex and dynamic global environment, marked by geopolitical uncertainties, slowing economic growth, and the prolonged effects of restrictive monetary policies implemented by leading central banks. Although inflationary pressures continued to gradually ease throughout the year, elevated interest rate levels still shaped investment activity and consumer behavior, requiring a high degree of adaptability and responsible management within the financial sector.

In Serbia, 2025 was characterized by stable macroeconomic fundamentals. Economic growth was driven by investments, exports, and strong domestic demand, while inflation remained within the target range set by the National Bank of Serbia. Monetary and fiscal policies contributed to preserving financial stability, maintaining high liquidity in the banking system, and supporting sustainable credit growth. In such an environment, the financial sector played a key role in ensuring predictability and providing support to the real economy.

In 2025, UniCredit Bank Serbia delivered strong and sustainable results, confirming the resilience of its business model and the consistent implementation of UniCredit Group's strategy. Despite the negative effects of declining interest rates and the absence of one-off revenues recorded in the previous year, we achieved growth in total revenues, driven by volume expansion, disciplined pricing policy, and strict cost control. We are particularly encouraged by the fact that we delivered one of the highest returns on equity in the market, as well as the lowest cost-to-income ratio, once again confirming our high level of operational efficiency.

It is important to emphasize that these results were achieved organically, without reliance on mergers and acquisitions, but rather through the strength of our core business, portfolio quality, and the dedication of our people. Throughout the year, we further strengthened our market position through a series of strategic initiatives and complex transactions, including the establishment of UniCredit Invest, an investment fund management company, the issuance of the first mini bond in Serbia, the successful issuance of long-term dinar-denominated bonds on the domestic market, and participation in the largest and most significant transactions in Serbia.

In the Retail segment, we continued stable business growth with a focus on the quality of customer relationships, simple and transparent products, and a strong digital customer experience. Both lending activity and the deposit base recorded sustainable growth, while digital channels became the dominant mode of interaction with clients. Our goal remains to be a long-term financial partner to individuals, offering security, predictability, and advisory support in financial decision-making.

In the Corporate and SME segment, UniCredit Bank remained the bank of choice in 2025 for 80 out of the 100 largest domestic and international companies operating in Serbia. We supported investment projects, development initiatives, and regional expansion of domestic companies, with a particular focus on energy efficiency projects, renewable energy, and digitalization. Our approach is based on long-term partnerships, a high level of expertise, and rigorous risk management standards, which is especially important in periods of heightened uncertainty.

Thanks to our strong local presence and broad base of global investors, we positioned ourselves as a leader in both the primary and secondary bond markets. As the largest custodian bank in Serbia, we enable a large number of renowned global investors to access the Serbian capital market. We maintained our cost-to-income ratio at a very low level, once again demonstrating our efficiency as a bank and confirming that these indicators remain among the lowest in the Serbian banking sector.

Digital transformation remained one of the key pillars of our strategy. Throughout 2025, we continued significant investments in enhancing digital channels, process automation, and the modernization of IT infrastructure. In parallel with technological development, we invested in the knowledge and skills of our employees, with the aim of ensuring that digitalization delivers real value to clients—faster processes, greater service availability, and a higher level of security.

During 2025, digitalization within our bank was extended to the corporate segment through the launch of the Mastercard Smart Data platform—a revolutionary solution that enables companies to monitor and control expenses incurred through Mastercard business credit cards quickly and efficiently, in just a few steps. The platform allows detailed transaction and expense reports for Mastercard business credit cards to be automatically and directly delivered to companies' ERP systems.

Sustainability and ESG principles are deeply integrated into our business model. As part of the UniCredit Group, we actively contribute to the energy transition, the development of sustainable financial solutions, and responsible resource management. In 2025, we continued to support projects with a positive environmental and social impact, while consistently applying the highest standards of corporate governance.

Throughout 2025, UniCredit Bank remained strongly committed to socially responsible initiatives. Through projects focused on education, financial literacy, youth support, and the development of local communities, we strive to contribute to the long-term development of the society in which we operate. UniCredit Bank, together with the UniCredit Foundation, aims to further empower local communities, rethink education systems in underserved areas, and help build a more inclusive school environment that provides quality education for all children. The Bank is committed to significantly strengthening the impact and results of projects implemented in partnership with Junior Achievement Serbia, the Nordeus Foundation, Teach for All, and the Faculty of Philosophy of the University of Belgrade, in order to further empower local communities and help build a more inclusive educational environment offering high-quality education for all children.

As in previous years, our bank in Serbia was recognized with numerous awards. We began the year as a Top Employer 2025, marking the third consecutive year we have received this important certification. Euromoney named our Bank the market leader in its Trade Finance Survey for the eighth consecutive year, while Global Finance recognized us for the twelfth consecutive time as the Best Sub-Custodian Bank for 2025. In addition, UniCredit Bank received the prestigious “EMEA Finance – Project Finance Awards,” winning top awards for digitalization and renewable energy projects in Serbia. We also received two prestigious local awards: “Improvement of Business Conditions and the Business Environment for Small and Medium-Sized Enterprises” for the “UniCredit for Serbia” campaign, awarded by the regional magazine Diplomacy & Commerce, and the CSR & ESG Forum Awards 2025 in the category “Partnership and Community Empowerment,” awarded by the Forum for Responsible Business for the successful implementation of the “Empowering for the Future” project, carried out in partnership with the organization School for All, a member of the global Teach For All network.

Despite the complex and multi-layered challenges expected in 2026, the Serbian banking sector enters this period highly capitalized, liquid, and stable, under strong and consistent supervision by the National Bank of Serbia. In this environment, UniCredit Bank Serbia remains focused on prudent management of foreign exchange and credit risks, close and transparent communication with regulators and clients, and maintaining continuity in financing the real economy. The year ahead will be one of selective growth, resilience, and stability, with a clear focus on preserving trust in the financial system and creating long-term value for all our stakeholders.

***Nikola Vuletić, CEO of UniCredit Bank Serbia***

## ABOUT UNICREDIT GROUP

UniCredit is a pan-European Commercial Bank with a unique service offering in Italy, Germany, Central and Eastern Europe. Our purpose is to empower communities to progress, delivering the best-in-class for all stakeholders, unlocking the potential of our clients and our people across Europe.

We serve over 15 million customers worldwide. They are at the heart of what we do in all our markets. UniCredit is organized in four core regions and two product factories, Corporate and Individual Solutions. This allows us to be close to our clients and use the scale of the entire Group for developing and offering the best products across all our markets. Digitalisation and our commitment to ESG principles are key enablers for our service. They help us deliver excellence to our stakeholders and creating a sustainable future for our clients, our communities and our people.

## MACROECONOMIC OVERVIEW

The past year was characterized by a pause in the monetary easing cycle that began in 2024, with the NBS reference rate remaining unchanged since September 2024. The economy of the Republic of Serbia, measured by real gross domestic product (GDP) movements, is estimated at approximately RSD 9.95 trillion, representing total projected growth of around 2.0% compared to the previous year. Foreign trade in goods, measured in euros, recorded a year-on-year increase in exports of approximately 8.4% and an increase in imports of 6.5%. Export growth was primarily achieved in the manufacturing industry, which recorded an export increase of 8.3% (driven by the production of motor vehicles and trailers, rubber and plastic products, as well as the food industry), along with strong growth in ICT services (9.9% year-on-year). At the same time, goods imports increased mainly due to imports of intermediate goods and consumer goods, while imports of the manufacturing industry grew by 6.2%. In addition, the structure of goods trade shows that import dynamics were driven by increased imports of pharmaceutical products, basic metals, motor vehicles, as well as energy products (electricity, gas, and steam), along with increased expenditures on tourism services (22.9% year-on-year).

A change in the structure of trading partners was also recorded, with China becoming the largest single source of goods imports, surpassing Germany, while the European Union remains Serbia's most important export market, accounting for 62.7% of total exports.

During 2025, the unemployment rate recorded a slight decline and stood at 8.2% in the third quarter of 2025 according to the Labour Force Survey, which is 0.4 percentage points lower than at the end of 2024. The average monthly wage at the end of the third quarter amounted to EUR 944.3, representing nominal year-to-date growth of 12.6%, while real wages are estimated to increase by 7.1% in 2025.

According to data from the Statistical Office, the annual inflation rate in December stood at 2.7% (monthly +1%), while the average annual inflation for the entire year 2025 amounted to 3.8%. In the final months of the year, prices of food and non-alcoholic beverages recorded a slight decline or stagnation, while prices in categories such as alcoholic beverages, tobacco, restaurants, and hotels recorded positive movements in December. The National Bank of Serbia confirmed that inflation will remain within the target band of  $3\% \pm 1.5\%$  throughout the entire projection period, gradually converging toward the central target value. The value of the dinar remained relatively stable throughout 2025, while the NBS intervened in the market by continuing to buy/sell foreign exchange during periods of stronger appreciation/depreciation pressures. Over 2025, the NBS recorded a net sale of EUR 580 million. At the end of December, gross foreign exchange reserves amounted to approximately EUR 29.0 billion, covering 155% of M1 money supply and 6.8 months of imports of goods and services.

The National Bank of Serbia maintained the reference interest rate at 5.75% throughout 2025, following the monetary easing cycle initiated in 2024. In the period 2026–2028, a gradual easing of monetary conditions is expected, in line with inflation developments and the monetary policies of leading central banks. Following the resolution of uncertainties related to OFAC sanctions imposed on NIS, it is expected that the NBS will continue the monetary easing cycle, potentially reducing the reference rate by an additional 50–75 basis points in 2026. Excess liquidity in the banking sector remained at a high level of RSD 550 billion, which is approximately RSD 100 billion lower than the previous year. This decline was largely driven by the net sale of EUR 580 million by the NBS on the interbank market.

According to medium-term fiscal projections, the consolidated fiscal deficit of the general government sector is estimated at around 3.0% of GDP in 2026 and 2027, with a planned reduction to approximately 2.5% of GDP in 2028. The realized consolidated fiscal deficit of 3.0% of GDP in 2025 was largely the result of increased expenditures on subsidies, including support to agriculture, as well as higher capital expenditures for infrastructure projects. Looking at the January–November 2025 period, the republican budget recorded a deficit of RSD 79.6 billion, which is

significantly better than the planned deficit of RSD 194 billion. In this period, budget revenues amounted to RSD 2,056.7 billion, while expenditures were realized at RSD 2,136 billion. At the level of the general government sector, a fiscal deficit of RSD 72.8 billion was recorded in the same period, alongside a realized primary fiscal surplus of RSD 76.2 billion.

The current account deficit amounted to EUR 3.5 billion in the first eleven months, representing a year-on-year increase of 13.1%. The deterioration of the balance was primarily the result of a reduction in the surplus in trade in services (down 21% year-on-year), as well as a lower surplus in secondary income (down 3.2% year-on-year). The foreign trade deficit in goods and services at the end of November amounted to EUR 3.8 billion, which is 2.6% lower compared to the same period of the previous year, due to faster growth in exports relative to imports of goods. In the same period, the primary income deficit amounted to EUR 4.4 billion (a year-on-year decrease of 2.5%), while the secondary income surplus amounted to EUR 4.7 billion (a decrease of 3.2%). Net inflows of foreign direct investment (FDI) amounted to EUR 1.9 billion by the end of November, while gross FDI reached EUR 3.0 billion, with the largest share of investments realized in manufacturing, construction, and professional and technical activities.

Public debt at the end of November 2025 amounted to EUR 38.34 billion, or 43.4% of GDP. In 2025, the Republic of Serbia did not issue eurobonds, covering its financing needs through issuances on the domestic market as well as funds obtained from loans provided by international financial institutions and commercial banks.

In 2025, Standard & Poor's maintained the Republic of Serbia's credit rating at BBB- with stable outlook, highlighting fiscal policy stability, a credible macroeconomic framework, and the sustainability of public finances as key factors supporting the preservation of investment-grade status. Fitch Ratings confirmed Serbia's credit rating at BB+ with a positive outlook for further improvement, citing the successful conduct of economic policies, stable GDP growth, high levels of foreign exchange reserves, and favorable fiscal indicators, while noting that political uncertainty and fiscal risks have not yet allowed an upgrade to investment-grade status.

As given by the Ministry of Finance, the "refinancing wall" for 2026 is estimated 958.3 bn RSD which is nearly a 50% increase over 2025. The composition is 746.4 bn RSD of principal and 211.8 bn RSD with a total contributed towards 8.6% of GDP. Not only are the principal repayments in bonds, but also a bilateral loan is significant with Abu Dhabi (& Abu Dhabi fund) requiring a 1.9 bn EUR payback collectively in August and December. Other loans may spur from several infrastructure projects that gave Serbia a grace period towards the end of 2026, for instance, China Exim Bank.

## SERBIAN FINANCIAL SECTOR

### Banking sector

The banking sector ended Q3 2025 with RSD 6,854 billion in total net assets, posting a nominal growth rate of 8.7% y-o-y. There were no new bank acquisitions in 2025, and the merger of AIK Banka and Eurobank Direktna (the last outstanding) was completed at the end of March.

The preliminary aggregated profit before tax of all nineteen banks amounted to RSD 142.6 billion in Q3, representing an decrease of -0.3% year-on-year. Other income made the greatest contribution to profit growth in 2025 – coming for the most part as the effect of AIK and Eurobank Direktna merger – and it was 101.4% higher at the end of Q3 2025 (8.2 billion RSD in absolute terms). Net interest income was slightly lower y-o-y (-3.4% at the end of Q3 2025) while the net fees and commissions grew but at a much slower pace than last year (9.0% vs 14.7%). Absolute growth in net F&C was entirely offset by increases in operative expenses, which grew slower than in 2024, with an increase of 5.4% year-on-year (8.8% last year), but still at almost twice the yearly inflation level at the end of September 2025 (2.9%); as well as loan loss provisions. The banking sector return on assets (RoA) was 2.9% at the end of the third quarter of 2025 (3.1% in Q3 2024), while the return on equity (RoE) indicator was 21.0% (22.3% in Q3 2024).

Throughout 2025, NBS kept its policy rate at the December 2024 level (5.75%), mostly owing to inflation being slow to return within its target range, but also due to high levels of uncertainty in the world economy driven by growing protectionism and continuing geopolitical tensions. NBS has also continued mopping up liquidity from the banking sector through reverse repo auctions – the total amount of repo sold securities stood at RSD 21,410 billion at the end of December, while the average weighted interest rate for repo sold securities was 4.51%, same level as December 2024.

Caps on interest rates introduced by the new Law on protection of consumers of financial services, NBS temporary measures aimed at making loans available to lower-income citizens at more favourable conditions which were introduced in September 2025, as well as gradual loosening of ECB monetary policy in 2025 and the effects of NBS loosening in 2024 all pushed interest rates on new loans downwards. The interest rates on new dinar loans for businesses and citizens were at a lower level compared to the end of last year and at the

end of November reached 8.3% for households and 6.8% for businesses (compared to 9.9% and 6.9% at the end of 2024, respectively); interest rates for households declined continuously over the course of 2025 while rates for business showed fluctuation. The interest rates for new EUR loans also saw an increase in both segments – at the end of November they reached 4.7% for businesses and 4.6% for households (compared to 5.6% and 5.5% respectively for year-end 2024); in both sectors, EUR rates showed a clear downward trend throughout 2025.

The growth of total gross loans was significantly faster throughout 2025, still owing to softer credit standards and lower funding costs, and their total volume at the end of 3Q was 12.8% higher y-o-y. As of September, corporate loans were 9.0% higher year on year, while household loans were 16.1% higher. In the first nine months of 2025, the corporate loan growth was predominantly driven by demand for working capital loans, followed in second place by investment loans. Interest rates on new RSD corporate loans have fallen over the first nine months of 2025, resulting from the effects of previous monetary policy easing in 2024. Average weighted interest rate on new RSD corporate loans fell by 0.6 pp over the first nine months of 2025, with most of this decrease occurring in the first quarter (and a small rise in third quarter); the two types of loans that saw the greatest decrease have been other loans (0.8 pp) and working capital loans (0.7 pp) while investment loans saw a slight rate increase (0.1 pp). Interest rates on EUR loans have also decreased in 2025 – average rates on new EUR corporate loans also fell by 1.2 pp over the first nine months of 2025; half of this decrease took place in the first quarter and rates decreased for all types of loans. Share of liquidity and working capital loans in total corporate loans stood at 48.6% at the end of September (higher compared to same period last year), while the share of investment loans was 41.8% (also higher compared to last year).

Household demand for loans also accelerated in 2025, thanks to previous NBS monetary policy loosening in 2024 and softened credit standards, as well as measures aimed at making loans available to lower-income citizens and subsidized housing loans program for young people. The growth was driven predominantly by cash loans which saw new record volumes of new business in 2025, and their total volume at the end of September was 19.2% higher year-on-year; housing loans were 15.4% higher y-o-y at the end of September (the demand getting particularly strong starting from the second quarter when the subsidized loan program was launched). The share of cash loans in total housing loans stood at 47.2% at the end of September and it was higher than same period last year, unlike the share of housing loans (38.2%) which was slightly lower than last year.

The 'dinarization' of loans kept growing throughout 2025, so that the share of RSD loans in total loans stood at 38.6% at the end of September (1.2 pp up from YE 2024 level). The dinarization of household loans rose throughout 2025, reaching 56.0% at the end of September (up 0.6 pp from YE 2024 level). This change comes from growing cash loans (which are mostly RSD denominated). The share of RSD corporate loans stood at 21.7% at the end of September, also an increase of 0.8 pp from YE 2024 level. This increase in the share of corporate RSD has been affected by the provisions of Decision on bank capital adequacy which determine the banks' obligation to make deductions from their capital starting from 2025 if the share of FX and FX denominated loans in total loans disbursed after 1 July 2023 exceeds a prescribed threshold (which was 71% in 2025).

The share of RSD deposits of households and corporates in total deposits at the end of Q3 2025 reached 46.3%, which was 0.2 percentage points lower than the record level at the end of 2024. The share of RSD deposits compared to the end of 2024 rose slightly in both household and corporate segment over the first nine months of 2025. The degree of deposit dinarization of corporate sector reached 62.6% at the end of September and it is 0.1 pp higher compared to the end of last year. Corporate deposit dinarization fell in the first quarter owing to a considerable decrease in RSD deposits, only to return to its YE 2024 level over the next two quarters as RSD deposits recovered and FX deposits decreased. The share of RSD household deposits stood at record 35.6% at the end of September, which is 0.4 pp higher compared to the end of last year. RSD household savings continued to grow over the course of second half of 2024 and first nine months of 2025, reaching the level of RSD 205.1 billion at the end of September 2025, the highest so far. The share of RSD savings in total household savings also increased in 2025, reaching 9.9% at the end of September (0.3 pp up from YE 2024 level). Foreign currency deposits at the end of Q3 2025 totalled a record EUR 15.9 billion. Ratio of loans to deposits, which was 80.1% at the end of September 2025 speaks to the stable structure of banking sector funding.

At the end of the third quarter of 2025, the banking sector employed 21,181 people, which represents a decrease of 442 employees compared to the same period last year. The branch network consisted of 1,295 different organizational units, a reduction of 45 units in a period of twelve months.

At the end of the third quarter of 2025, the average capital adequacy ratio of the banking sector amounted to 21.0%, which is significantly higher than the required minimum of 8% and 0.3 percentage points lower than at the end of 2024.

The NPL ratio was on a declining trend throughout 2025 and stood at 2.21% at the end of third quarter of 2025, which represents the historical minimum. Banks continued to keep sufficient provisioning levels in order to provide protection against credit losses, covering the NPLs with 62.4% of IFRS provisions as of September 2025 (which is a bit higher than same time last year, when NPL coverage ratio stood at 61.8%).

## Leasing sector

At the end of third quarter 2025, according to the statistics of the National Bank of Serbia, 14 financial leasing companies were operating on the Serbian market with total assets reaching RSD 217,7billion. Total receivables, in absolute terms, amounted to RSD 198 billion and were 12% higher compared to the third quarter 2024 (RSD 194,1 billion).

The major part of receivables were receivables indexed in foreign currency (98%), the same as last year. Looking at economic sectors distribution, the biggest portion of financing was related to legal entities including privately owned companies, small businesses and entrepreneurs – 87.2% (or RSD 176,34 billion in total), public sector 0.11% (or RSD 206,7 million in total) and private individuals 11.2% (or RSD 20.3 billion in total).

According to Association of Leasing Companies data, financial leasing institutions in 2025 were still financing mainly vehicles out of which 52% were passenger vehicles and 27% were trucks, trailers and buses. In terms of business activity, 30.8% of leasing financing was in transport, storage and IT communication sector, 13.8% in trade and automotive repair, 10,6% in construction and real estate, 9.3% in processing industry, water supply and waste management, and 1.54% in agriculture, forestry and fisheries.

By the end of third quarter of 2025 in Serbia the number of new vehicles financed through leasing in Serbia was 9.573 (passenger cars and light commercial vehicles) which was 0,6% lower than in the same period previous year.

## CONSOLIDATED FINANCIAL PERFORMANCE OF UNICREDIT BANK SERBIA IN 2025

UniCredit Bank Serbia, consolidated financial statements (UniCredit Bank Serbia JSC Belgrade, UniCredit Leasing Serbia LLC Belgrade, UniCredit Invest JSC Belgrade)			
in thousands RSD	2025	2024	Change
<b>Income statement</b>			
Net interest income	27.958.713	27.742.632	0,8%
Net fee and commission income	9.898.878	9.604.698	3,1%
Other non-interest income	1.986.662	1.916.940	3,6%
Operating expenses	-13.449.726	-12.593.253	6,8%
Net impairment loss on financial assets	277.238	749.586	-63,0%
Profit after tax	23.413.859	24.054.673	-2,7%
<b>Balance sheet</b>			
Loans and receivables to banks	57.034.098	72.007.912	-20,8%
Loans and receivables to customers	439.191.623	384.756.722	14,1%
Deposits and other liabilities to banks	158.521.090	168.680.584	-6,0%
Deposits and other liabilities to customers	481.835.967	463.782.795	3,9%
Equity	116.583.195	113.060.642	3,1%
Total balance sheet assets	781.390.955	762.261.853	2,5%
<b>Capital adequacy</b>			
Total risk weighted assets	467.219.260	417.416.147	11,9%
Regulatory capital	93.536.027	86.116.618	8,6%
Capital adequacy ratio	20,02%	20,6%	-61, bp
<b>Key performance indicators</b>			
Cost/Income ratio	33,8%	32,1%	168 bp
ROA (Return on assets after tax)	3,0%	3,4%	-35 bp
ROE (Return on equity after tax)	20,4%	22,9%	-251 bp
Loans to Deposits ratio	91,1%	83,0%	819 bp
Asset(avg)/Number of employees(avg)	544.306	512.221	6,3%
Cost of risk	-0,1%	-0,2%	14 bp
<b>Resources</b>			

Number of employees	1446	1391	55
Number of branches	71	71	0

In 2025, the Bank reaffirmed its strong commitment to continuous growth and to maintaining high standards of profitability, productivity, and efficiency. Despite the intensive M&A activities in the past decade and the consolidation of the sector, the Bank — relying exclusively on organic growth — holds 4th place in the sector in terms of total assets, with a market share of 10.7%, according to data as of the end of the third quarter of 2025. With a cost-to-income ratio of 30.6%, the lowest in the sector at the end of September 2025, as well as the lowest ratio of total costs to average assets at 1.6%, the Bank has confirmed its position as the most efficient bank on the market. The achieved return on equity (ROE - before corporate income tax) of 26.0% places the Bank in second position across the entire sector for this indicator, while in terms of net profit it ranks third, with a market share of 14.4%, which significantly exceeds its share in the sector's total assets (10.7%).

Total assets at the end of December 2025 stood at RSD 759.9 billion and achieved a growth rate of 2.3% compared to year-end 2024. The Bank achieved annual growth of net loans of 14.9%, which is better result compared to previous year (2024: 11.3%). Growth was driven primarily by placements to the retail sector, whose gross loans increased by 15.0% at year-end, followed by an 11.4% increase in loans to the corporate sector.

Besides the expansion of the largest asset category – the customer loan portfolio, the bank continued to invest into debt instruments with high degree of security, mostly consist of sovereign bonds of the Republic of Serbia, with an increase in the size of the portfolio compared to the end of the previous year in the amount of 13.6%. Over 60% of the portfolio consists of instruments with longer maturities that the Bank intends to hold until maturity.

The aforementioned growth of assets was partially financed with a growth of customer deposits of 3.9% at the end of 2025. Growth in Retail sector of 5.7% was higher compared to Corporate sector 1.9%. Due to the relatively higher growth of the loan portfolio compared to the growth of customer deposits, the ratio of customer loans to deposits increased compared to the previous year and reached a level of 86.8%. A continuous improvement of the deposit base, on both Corporate and Retail side can be seen as a confirmation of UniCredit Bank's image as one of the most sound and reliable banks on the local market.

During 2025, the Bank achieved a slightly higher net interest income (growth of 0.8%) compared to the previous year, which is exceptional result in context of significantly lower market interest rates compared to previous year. Exceptional result of net interest income was achieved thanks to strong business growth, together with thoughtful pricing policy and increased sovereign limit, which more than neutralized negative effect of reference rates movement.

The growth of net fee and commission income in 2025 (3.2%) was achieved despite the absence of significant one-off income recorded in the previous year. An adequate business strategy and business growth enabled year-on-year income growth within fees and commissions to be achieved in almost all business lines.

The movement of loan loss provisions were largely driven by a net decrease in impairments within the portion of the portfolio relating to corporate clients, resulting from the collection of receivables from problematic clients, improvements in client ratings, as well as methodological changes.

The bank continued with the successful management of non-performing loans (NPL), which was confirmed by a significant reduction in the ratio of gross non-performing loans, which at the end of December 2025 was at a record low level of 1.8%.

At the end of 2025, the Bank achieved a net profit after taxes of RSD 23.2 billion, which represents a slightly decrease of -1.1% compared to result of previous year, mainly due to increase of operating expenses and higher net expenses for loan loss provisions. Consequently, the return on equity indicator (ROE) also fell at the end of 2025 on 20.6%, which is 207 basis points less compared to previous year. Nevertheless, the Bank confirmed its earning capability in conditions of economic uncertainty thanks to a stable and sustainable business practice focused on creating value for its clients.

The achieved cost-to-income ratio of 33.4% at the end of 2025. is higher compared to the year before (31.8% at the end of 2024) due to relatively faster growth of expenses compared to revenues. On the expense side, the Bank continued to invest more extensively in its employees and IT infrastructure. Alongside the growth in salaries and salary-related benefits, the increase in operating expenses was largely driven by higher costs and investments in information technology and marketing, as the Bank continued to invest in the digital transformation of its business model and in promoting its operations. Significant savings were achieved within depreciation costs due to a reduction in the rental price of headquarter.

In addition to traditional banking, the Bank continues to perform successfully in the area of financial instruments, where it is one of the leaders in both the local and international markets. It reaffirmed its leading position in 2025 with the issuance of long-term dinar bonds in the total amount of RSD 6 billion, marking the first issuance of

instruments in Serbia intended to strengthen capital and eligible liabilities in accordance with the regulatory framework. Furthermore, in 2025, the Bank acted as Agent and Sponsor for several issuances of mini-bonds by corporate clients, thereby further reinforcing its role as a leader in providing innovative financial solutions in the domestic market.

In accordance with its strategic commitment to the digital transformation of its business model, the bank continued to increase the participation of clients using the Bank's digital business channels in 2025. In 2025, the development of digital banking in the retail segment continued. The number of active mBanking users increased by 6.7% compared to the end of 2024, with more than 70% of the total base of primary retail clients being active on mBanking within a 30-day period.

UniCredit Leasing d.o.o. achieved stable growth of its credit portfolio in 2025, amounting to 1%, reaching a market share of 9% in the financing of new business as of the end of the third quarter of 2025. Throughout 2025, UniCredit Leasing remained focused on strengthening cooperation with suppliers, supporting the SME segment, construction, agriculture, and the IT industry, as well as on innovation and the development of tools for faster and easier processing of client requests.

In 2025, UniCredit Invest a.d. was established as a UCITS fund management company, founded as a joint venture between the Bank and its affiliated company Structured Invest S.A. from Luxembourg, in which the Bank acts as the majority shareholder with a 51% equity stake. In this way, the Bank offered its clients an additional option for investing their funds in various professionally managed financial instruments. The Company's strategy is to ensure an attractive range of investment funds with appropriate returns that can meet all investor needs, primarily depending on their investment objectives, investment horizon, and risk appetite. Thanks to the expertise and long-standing experience of the UniCredit Group, one of the leading banking groups in Europe, UniCredit Invest will apply the best international investment management practices while relying on a strong local presence and an in-depth understanding of the domestic market.

Overall, on a consolidated basis, UniCredit Bank Serbia in 2025 almost reached the result achieved in 2024, which was the best result in the Bank's history. This year's performance is significant considering that it was achieved in substantially different macroeconomic conditions compared to the previous year, primarily in an environment of lower interest rates. In doing so, the Bank continued to build long-term partnerships with its clients and to fully support the local economy

With a total consolidated capital adequacy ratio of 20,02% at the end of 2025, UniCredit Bank Serbia maintains a solid capital base, comprised of high-quality common equity tier one instruments and instruments of additional capital, significantly exceeding the regulatory requirements for total combined capital buffers. In line with the Funding Plan and the Capital Plan for 2025, Bank concluded an agreement with UniCredit SpA for a subordinated long-term loan in the amount of EUR 30 million. In accordance with applicable regulations, and following approval from the National Bank of Serbia, the aforementioned subordinated loan has been included in the Bank's additional capital.

The Bank is under the control of UniCredit S.p.A. Milan, domiciled and registered in Italy, which is the sole owner of the Banks's common stock shares (100%). Related parties of the Group are: parent bank, entities that are members of the same group or are under joint control, members of the Board of Directors and the Audit Committee, the Management Board and managers who as members of the Group's board (ALCO and credit committees) have the authority and responsibility to plan, direct and control the activities of the Group ("key executives"), close family members of key executives, as well as legal entities that are under the control or influence of key executives and close members of their families, in accordance with IAS 24. In the normal course of business, a number of banking transactions are performed with related parties. These include loans, deposits, investments in equity securities and derivative instruments. Related party transactions are performed at arm's length principle.

## STRATEGY FOR THE UPCOMING PERIOD

Three-year plan 2026-2028 of UniCredit Bank Serbia is a part of Group Strategic plan **UniCredit Unlimited**, which optimizes the Group's operations and builds a clear long-term program for tomorrow, while moving into an era of purpose, growth and value creation for all our stakeholders. UniCredit Unlimited delivers the following strategic imperatives and financial ambitions:



Grow in our **regions** and develop our **client** base: sustainable growth both from our existing and new clients, together with developing best-in-class product and services, either in house or with external partners; as well as developing sales network and opening new branches;



Change our **business model** and how our **people** operate: grow capital-light business, focusing on value-added products and services for clients, together with targeted cost efficiency to fund investment and deliver operating leverage;



Deliver **economies of scale** from our footprint of banks that provides us with diversification, client access, multicultural mindset and cross-border operations;

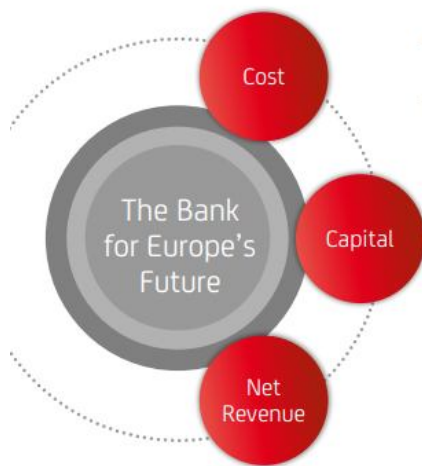


Transform our **technology** leveraging **Digital and Data** to create more personalized service and a more efficient bank for all of our clients;



Embed **sustainability** in all what we do – strong internal ESG ambitions while supporting clients in their green and social transition.

UniCredit Unlocked will deliver sustainable performance and profitable growth over in the next three years, via a combination of three interacting levers, optimally balancing growth, strength and profitability:



**Cost efficiency**, deliver a lower absolute cost base while funding Digital & Data transformation and investing in the Business;

**Optimal capital allocation**, generating organic capital from increased profitability and capital-light model, optimal capital allocation and active portfolio management;

**Net revenue growth** that delivers profitability above the cost of equity and recovery of market share.

The Bank's Multi-Year plan assumes full enforcement and alignment with all regulatory requests and set limits while achieving balanced growth. The plan also assumes keeping a strong track record of out-performing the market in terms of business growth, operating profitability and efficiency, with a focus on further process and system improvements, along with the aim to improve the portfolio quality and enlarge the active client base, in order to enable sustainable growth.

## ORGANIZATIONAL STRUCTURE OF UNICREDIT BANK SERBIA

### UniCredit Bank Serbia JSC BELGRADE

#### SUPERVISORY BOARD

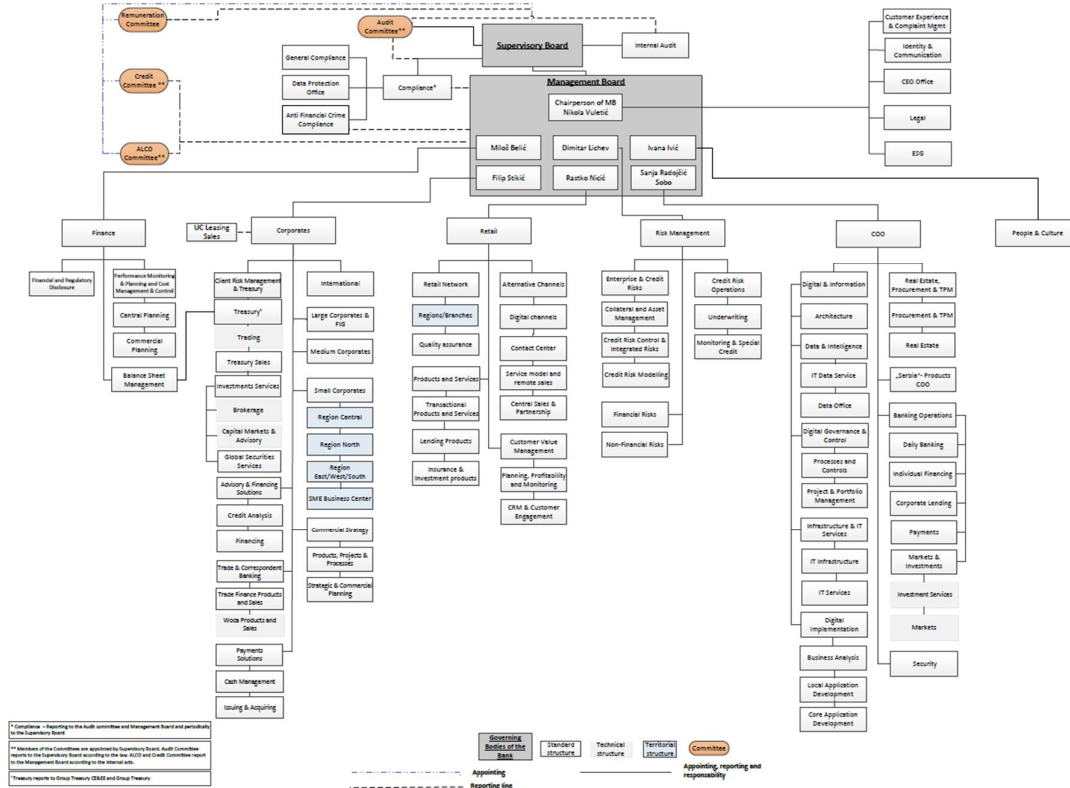
Martin Klauzer, Chairman  
 Nevena Nikše, Member  
 Alessandra Protopapa, Member  
 Lidija Barjaktarović, Member  
 Jelena Mihić Munjić, Member

#### MANAGEMENT BOARD

Nikola Vuletić, Chairman  
 Ivana Ivić, Member  
 Rastko Nicić, Member  
 Sanja Radojčić Sobo, Member  
 Dimitar Lichev, Member

Filip Stikić, Member  
Miloš Belić, Member

**ORGANIZATIONAL STRUCTURE OF THE BANK**



Within the UniCredit Serbia Group, members besides UniCredit Bank Serbia JSC Belgrade, are UniCredit Leasing Serbia LLC Belgrade and UCITS Fund Management Company UniCredit Invest JSC Belgrade (as newly established Bank's subsidiary, founded in 2025).

The following Unicredit Group entities were also operating in Serbia in 2025: ALPHA RENT LLC BELGRADE (formerly UniCredit Rent) and UCTAM LLC Belgrade - bankrupt, which are representing parties related to the Bank.

**UniCredit Leasing LLC Belgrade**

**SUPERVISORY BOARD**

Dimitar Lichev, Chairman  
Filip Stikić, Member  
Gligorije Brajković, Member

**EXECUTIVE BOARD**

Ivan Jauković, Chairman  
Veličko Marsenić, Member

## UCITS Fund Management Company UniCredit Invest JSC Belgrade

### SUPERVISORY BOARD

Rastko Nicić, Chairman  
Dimitar Lichev, Member  
Christian Voit, Member

### MANAGEMENT BOARD

Miloš Dašić, Chairman  
Sava Jović, Member  
Milica Karunc, Member

## CORPORATES

In 2025, Corporates was oriented towards additional strengthening of its position on the market through growth across all business segments while supporting both the public and the private sector and providing the best service for all clients, deploying innovative solutions to improve its business, processes and products.. The Division continuously brings the Group's worldwide expertise to support local innovation, product development and economic growth.

The loan portfolio of Corporates amounted to RSD 274.8 billion at the end of 2025 with an annual growth rate of 15%, whilst deposits amounted to RSD 326.4 billion, a 0.4% decrease. The total number of clients at the end of 2025 was 6587.

Client risk management and Treasury maintained the Bank's leading position on the domestic market. According to NBS data for the year 2025, UniCredit Bank was ranked second in foreign exchange transactions with residents, with a market share above 17%, as well as in foreign exchange trade with non-residents, with a market share above 20%. UniCredit Bank maintained the first position in the interbank market in euros with a market share of above 20%. During 2025, the Bank continued to promote hedging products, emphasizing protection against fluctuations in interest rates, exchange rates and price variations in the commodity market. The bank strove to be competitive with its innovative approach and thus confirmed its leadership position in designing and marketing these products. The bank maintained its leading position in the trading of financial instruments on the secondary market, with a share above 30%, as well as a significant presence on the primary market with a share above 20%. According to the NBS report on the interbank REPO market, UniCredit Bank participated in more than 90% of client transactions announced by the NBS for 2025.

In 2025 focus was on Capital markets and introduction of Corporate Mini bonds and issuing first Bank own MREL bond.

The Bank continued to support enterprises with long-term investment plans and ventures, as well as those that require working capital financing. With the aim to strengthen competitiveness and entrepreneurship, UniCredit secured an easier access to financing through the guaranteed scheme program that enable relaxed collateral requirements, longer maturity for Working capital loans and favourable interest rates compared to standard rates through the WB EDIF Guarantee 4SME Resilience guarantee program. The WB EDIF Guarantee 4SME Resilience guarantee program covers loans of up to EUR 500,000. Under the Social Impact Banking and Impact Financing programs, the Bank aims to support projects that generate a clear and measurable positive impact on the social community, with a particular focus on hiring of endangered categories and social inclusion, as well as providing support for projects in devastated and underdeveloped regions in Serbia. Bank, under the Loan Agreement with Cassa Depositi e Prestiti S.P.A. (CDP), in line with the objectives of the WBIF, the European Union, which represents the European Commission with the Green Finance for Inclusion (GF4I) program, which aims to support the green transition of local micro, small and medium-sized enterprises towards sustainable, low-carbon efficient areas. Western Balkans and with the Instrument for Pre-Accession Assistance III ("IPA III") under the EU budget, provides financing opportunities to Serbian companies that are committed to improving gender equality, operating in less developed areas, in the health and education sectors, promoting sustainable agriculture and processing, as well as climate change adaptation and adaptation.

Corporates continued to focus on providing support for export-oriented industries, with a strong belief in their importance for Serbia's economic growth and the implementation of the economic and industry strategy of the Republic of Serbia. The Division focused on expanding the cooperation with the existing clients and the acquisition of new clients in a range of industries that have been recording positive growth rates or possess a significant recovery potential, as well as on the expansion of the SME client base. It also continued financing the public sector (central

and local self-governments), while it continued working on improving public services for citizens. In addition to the above, the division strived to deepen and further increase long-term partnerships with new and existing customers based on reciprocity and trust. Related improvement and optimization of risk-adjusted pricing policy was a part of the year-round agenda in order to better capture the risk profile of a client and provide an adequate reward for the risk assumed. Corporates customer satisfaction represents a crucial indicator of a successful partnership with all our customers.

In 2026, Corporates will aim to maintain its leading position on the local FX, money and capital markets. Business processes efficiency and effectiveness represent a key factor for achieving business goals and the entire Division structure will be proactively involved in the improvement, digitalization and automation of processes in 2026. In pursuit of this vision, the focus will be on: the reduction of concentration along business segments and increasing the share in the clients' portfolio by strengthening relationships, further innovation of the product portfolio by implementing new products, increasing the penetration in the segment of small and medium-sized enterprises, providing support for public projects, diversification of the customer portfolio and revenue base as well as increasing the loan portfolio balance in terms of the currency structure.

UniCredit Leasing (UCL) recorded an annual growth rate of 1% with a portfolio totalling RSD 21.3 billion at the end of 2025.

In 2025, UCL posted new financing in the amount of EUR 89,6 million, which was 19% lower than last year. According to Association of Leasing Companies data, at the end of the third quarter, UCL market share in new business financing amounted to 9%.

At the end of Q3 2025, UCL was 4th on the market in the segment of Equipment financing, with EUR 13,2 million of new financing and a market share of 1.3%, while in the segment of Vehicles, UCL was 7th on the market with EUR 37.4 million of new financing and a market share of 9%.

During 2025, UniCredit Leasing focused on strengthening its cooperation with vendors, supporting the SME segment, construction, agriculture and the IT industry sectors as well as on innovation and developing tools for faster and easier processing of client requests. UniCredit Leasing successfully continued to provide subsidy programs and easier financing access through EBRD funds and state-supported programs. Special attention was dedicated to green economy and sustainable energy programs, where UCL will continue to contribute in coming years.

## RETAIL BANKING

Despite the complex business environment, during 2025, there was downturn movement in inflation and stabilisation of referent and FX rates' trends, which had positive impact on Retail Banking growth during 2025. Total Retail loan portfolio increased by 13.3% y-o-y, while deposits volume achieved annual growth of 6.6%.

Clients continued to show the trust in the Bank's products, as well as the quality and reliability of services. In the segment of Private Individuals (PI), key credit products in 2025 were cash loans with the insurance coverage in case of unemployment. Despite very competitive banking industry and its strong consolidation, strong growth of PI lending portfolio by 15.3% was achieved, of which major contribution came from cash loans which volume increased for 20.0% compared to 2024. Despite challenging macroeconomic environment Bank managed to significantly increase loan portfolio level in Micro segment by 7.2% yoy.

UniCredit is recognized as one of the most reliable banks on the local market even during a crisis, considering that PI deposits volume achieved growth of 6.0% compared to 2024.

UniCredit bank is recognized as long-term partner, recording increase in the number of clients who transfer their salaries and have different transactions with UniCredit bank by 2.3% compared to 2024.

Significant improvement of digital business and customer satisfaction was achieved during 2025. More than 80% of clients actively used mBanking application, which confirms our strategic orientation to digital channels. Digital sales were doubled vs previous year, with special focus on remote sales and initiating sales of other products through mBanking application. New functionalities, impacting improvement of customer experience, were implemented in 2025, with accent on development of mBanking and web site in order to fit needs of persons with disabilities, which confirms our commitment to inclusivity. There is also improved service model in our branches with aim of offering more efficient support to our clients. ATM network was upgraded, as we replaced cca, 100 ATMs with new ones and we implemented new functionalities in order to enable faster and simpler operations to our clients.

Special focus we put on development of partnerships with reputable companies, which enables better offer and additional value to our clients.

During 2025, we strived to keep the offer of our products and services attractive for all segments of clients, individuals and legal entities. When it comes to private individuals, special accent was on the affluent segment, high-value clients who expect quality and timely service, not neglecting the mass segment, employees of our partnership companies, the public sector and budgetary institutions. Regarding clients from the segment of legal entities, in addition to small businesses and entrepreneurs with business income of up to 1 million euros, we continued to foster cooperation with clients from the segment of agriculture.

When it comes to legal entities, UniCredit Bank strived to make the loan approval process even faster and more accessible, actively working on the development of tools that should contribute to increasing the efficiency and effectiveness of the entire process. For the agro segment, we plan to position ourselves as one of the main banks of choice also during 2026, appearing at relevant fairs, seminars, and primarily participating in subsidized and support programs of the Ministry of Agriculture and other relevant institutions. In addition to standard credit products and savings options, we offered to these categories of clients relevant service improvements in the area of account packages, as well focusing on newly founded companies. As far as the existing portfolio of legal entities in Retail is concerned, we were guided by group clustering of these clients, with an equally important focus on credit clients, transactors, depositors.

For private individuals, during 2025 we continued to work on improving services that affect their satisfaction with daily activities in Branch network, all with the aim of further improving our basic performances -work at the cash desk, ATMs, etc. It is precisely for this reason that we will work on the further improvement of our new service model during 2026. When it comes to products and services, the focus was on regulatory compliance, timely responses to client requests and always attractive price options that should make us position among top peer banks and ensure sustainable growth of market share. For our savings customers, it is important to point out that throughout the year the bank provided stimulative offers for long term deposits so that we can continue to be the bank of choice for savings.

The recognition as a socially responsible institution is of great importance for the Bank, considering its commitment to environmental financing in order to protect the environment and raise awareness of all market participants.

## RISK MANAGEMENT

Risk Management is organized in order to cover risk management, through the work of the following structures:

- Enterprise&Credit Risks (within which there are structures: Collateral and Asset management, Credit risk control & Integrated risks and Credit risk modelling);
- Credit Risk Operations (within which there are structures: Underwriting, and Monitoring & Special Credit);
- Financial risks;
- Non-Financial Risks.

They all report to the Management Board Member in charge of Risk Management, which ensures there is no conflict of interest and separation of risk management activities from other regular business activities.

In order to define a consistent policy for the lending activity and a general framework for risk management, each year, the Bank defines a Credit Risk Management Strategies. The Strategy includes general guidelines for the basic parameters of risk management for retail and corporate segment, principles of analysis of the creditworthiness of each customer segment, and the determination of the direction of development of individual products, as well as a detailed review of portfolio development strategies by individual industries. In this way, the Bank provides that adopted business policies are carried out within the framework that will result in an acceptable level of credit risk at the level of individual sales and adequate diversification and general quality of the loan portfolio. The Bank also takes into account the analysis of money laundering and terrorist financing risk when deciding on the assumption of credit risk.

The focus in 2025 was on assessing and controlling the potential negative effects induced by overall geopolitical situation but also negative market trends in several industries, and its impact on portfolio.

Identification, measurement, control and management of credit risk on the portfolio level is based on the reporting system, which provides information about the condition, quality and evolution of the loan portfolio. During 2025, there was a continuity of credit risk measurement process improvement through implementation of methodological changes relating to IFRS 9 and optimization of CRWA<sup>1</sup>, as well as the calculation of economic capital for certain risks

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<sup>1</sup> Credit Risk Weighted Assets

within Pillar 2. The main focus was placed on the implementation of the changes to transfer logic model to identify significant increase in credit risk (stage 2), inclusion ESG components (transitional and physical risk) in expected credit loss calculation, as well as the adjustment of previously quantified negative effects resulting from geo-political situation (GPOL overlay), and the implementation of Basel 4 regulations in the calculation of risk-weighted assets for credit risk (credit RWA).

When it comes to Basel Standard implementation, the focus of activities was on completion of the development of new loss given default model, recalibration of probability of default model for agro clients as well as recalibration of probability of default model for exposures in leasing. In the field of IFRS 9 standards, new transfer logic model was implemented which is used for quantifying significant increase in credit risk, redevelopment of IFRS 9 probability of default model was started and alignment with updated methodological standards was performed in multi scenario model. In addition in IFRS 9, ESG risks (physical and transition risks) were included in probability of default.

During 2025, several projects/initiatives were implemented and launched that provided continuous monitoring of key risk indicators from various fields:

- The first reporting of RWA was implemented in accordance with Basel 4 regulation (CRR III Regulation)
- Implementation has started regarding framework for second level credit risk control (2LC);
- Activities on implementation of comprehensive loan data template according to the ECB requirement (CRLDT) as well as activities at the local level related to the AnaCredit project were continued;
- Activities on implementation of the new NBS regulation related to Bank restructuring have been started;
- Activities on adjustment of the credit process for the corporate clients are continued in terms of the impact of the climate risks (transition and physical risk) and Net zero strategy;
- In third quarter of 2025, project RWO tool was completely finished, where great benefits are expected in Retail Workout, and therefore in Monitoring and Special Credit.

Regarding Corporate monitoring, bearing in mind current geopolitical situation the increased monitoring of warning signals, clients and portfolios, and the implementation of various measures aimed at reducing risks in cooperation with clients who are on high-risk client watch lists, is continued. Beside this, additional measures in further automation and optimization of warning signals, in line with overall worsening of liquidity and decreased transparency of client's financials, as well as with optimizing process for SME segment were taken.

The bank continued with the comprehensive analysis of the existing monitoring process, both on its own initiative and in accordance with audit measures and process changes dictated by the Group, all with the aim of improving its efficiency and effectiveness, in order to recognize risks earlier and to ensure a timely reaction of the Bank. During 2025, number of clients on watch lists remained stable.

Regarding the Corporate Special Credit, in September 2025, organizational structures Corporate Restructuring and Corporate Workout were cancelled, while FTEs from the stated structures were joined with the Monitoring and Special Credit structure, due to process simplification and unification of similar jobs. Activities of stated former organization structures are performed in the scope of unique structure Monitoring and Special Credit. Besides regular activities, focus is on timely recognition of problematic exposures (NPE) also by utilization of more intensive communication and coordination with Corporate Underwriting structures and Corporate Monitoring. General business environment and possibilities of clients' recovery are regularly monitored. Just like in previous year, during 2025 significant reduction in problematic loans in restructuring was recorded (for 19%), through regular collection, collection from collateral and non-core assets (voluntary sale), refinancing, as well as the return of a number of clients to performing status. The fluctuation of clients in restructuring portfolio resulted in net outflow of the clients from corporate restructuring portfolio. At the end of 2025, the number of restructuring clients decreased for 26% compared to the end of the previous year, which is the result of inflow of new clients and the return of existing clients to the standard portfolio, full repayment of the overall exposure or referral to Corporate Workout. Some restructurings included larger number of banks and were based on INSOL principles for managing problematic exposures and clients.

Corporate Workout (CWO) continued with collection for client from CWO portfolio, through court processes. In 2025 in several occasions selling of receivables were realized, for clients on off balance and balance accounts, which had positive results on NPL reduction on Bank level.

Regarding to the prevention of fraudulent actions in credit operations (anti fraud), automatic controls have been established in all segments. The credit portfolio is monitored regularly, the standards and strategies of the anti-fraud policy as well as the golden rules of the Group are followed in order to minimize the credit risk.

In the Retail segment, for private individuals, small businesses, entrepreneurs, registered agricultural holdings, as well as companies, the focus in 2025 was on increasing the efficiency of all processes, through the audit of the process steps and activities on the development of new automated technical tools for loan approval, as well as the improvement of existing ones, then on the improvement of the process of loans monitoring and collection, as well NPL reduction.

During 2025, Collateral Statistical Monitoring was completed as well as further improvement of cooperation with external associates: valuation companies, licensed appraisers, insurance companies and lender supervisors. Aside from that, general improvements of collateral management process and practice were also implemented through more agile acquisition of valuations, insurance policies, more detailed tracking of mortgage inscriptions, increased involvement of lawyers in the registration of mortgages etc. The Bank was adequately delivering regular monthly reports regarding real estate valuations to NBS, which are used for loan processing purposes.

In the area of financial risks management, the focus of activity was on the improvement of standards in the control and management of market, counterparty, interest rate and liquidity risk. Improvements were related to both improvement of data quality controls and on methodological frameworks.

In the area of market and counterparty risk management, a significant part of the activities was dedicated to monitoring volatility and developments in local and global markets, as well as the development of the main macroeconomic indicators to maximally protect the Bank's capital and profit

In the area of interest rate risk management, the scenarios used in monitoring interest rate risk exposures in the banking book have been updated in accordance with the latest EBA standards. Additionally, special focus was on the implementation of National Bank of Serbia Decision on the Management of Interest Rate Risk in The Non-Trading Book.

In the area of liquidity risk, the Bank's strong liquidity position was maintained, structural liquidity reports were improved, activities were carried out to update the scenarios and assumptions used in stress tests, the processes for identifying risks that may lead to increased exposure to liquidity risk were improved, as well as the processes of independent assessment of the adequacy of the bank's financing plan in regular and unforeseen events were improved.

One of the very important goals of the Bank in the field of risk management is to fulfil and maintain all the standards in non-financial risks, in line with established systems for identification, assessment and control of those risks. The Bank manages operational risk through: collection and validation of data on internal losses, analysis of scenarios to assess maximum losses, monitoring of key risk indicators (KRI), self-assessment of operational risks in the processes (RCSA), analysis of key risks for the Bank, analysis of operational and reputational the risk of entrusting the relevant activities of the Bank to a third party, analysis of operational and reputational risk when introducing a new product or significant product changes. Evaluation of the reputational risks includes analysis of general reputational risks, sensitive industries and reputational risks as a secondary risk. Third part of the nonfinancial risks management (due to transformation, emerging technologies and risks) represents 2nd LCs of ICT&ICT Cyber risks. Bank will continue to maintain standards in operational risk management that are necessary for the standardized risk approach (STA) for calculating capital requirements, work on further improvement of reputational risk management in accordance with the recommendations of the Group function, actively work on improving of the second level controls in all areas of non-financial risks, as well as strengthening second level controls in the area of digital risks in accordance with current trends and recommendations of the Group function.

Internal validation of the performance of implemented models is an integral part of the risk management framework. A particular emphasis was placed on validating the new local rating model for the corporate segment. Within the framework for managing interest rate and liquidity risk, initial validation activities were launched for the new version of the non-maturing deposits model. In addition, internal validation efforts focused on a detailed assessment of the adequacy of IFRS 9 impairment model components, aimed at further enhancing the implemented Expected Credit Loss (ECL) framework.

Based on the foregoing, it can be concluded that during 2025 the Bank enhanced risk management system, which, along with its capital adequacy and profitability levels, guarantying an adequate management and coverage of the risks to which the Bank is exposed.

Integrated risk management function within which, in accordance with the Law on financial leasing, UniCredit Leasing entrusted the tasks of identifying, measuring, assessing and managing risks to the risk management function of the Bank, was dedicated to improvement of economies of scale in credit business, support in commercial actions and credit process optimization.

Risk Management will continue with the efforts and actions aimed at improving the system of management of all risks to which the Bank is exposed in its operations. Special focus is planned towards further enhancement of the credit process in order to improve efficiency, as well as on creating a comparative advantage in the market through process optimization, and through improvement of the tools for identifying and mitigation of credit risk. In that way, adequate support to all organizational structures will be secured. In 2026 one of the main goals is to maintain and improve portfolio quality and enable base for sustainable growth with focus on further portfolio diversification, but always using proactive approach toward risk management enabling new client acquisition.

## BANKING SUPPORT

During 2025, additional focus of employees was placed on process optimization and digitization, modernization and energy efficiency, all with the aim of improved client experience, more efficient work of employees, and the adoption of the principle of reasonable energy use.

In 2025 one of the main focuses of Digital & Information was implementation of Federative Data Architecture which enables decentralized and structured data management based on data products and data ownership. Data products developed in this year are designed to support and enhance reporting mainly in the regulatory and risk management domain. In 2025 Digital & Information introduced first AI based solutions: AI Machine learning as well as AI Churn and downgrade modelling with aim to improve client satisfaction. Additionally, Digital & Information established an AI Hub to further accelerate AI initiatives across the organization.

During 2025, Digital & Information continued to enhance credit process applications for Retail and Corporate segment, including Leasing lending, all in line with modern industrial standards. This year was also marked by achievements in digital product development, including introduction of online approval process for overdraft and credit card in PI segment and launching unique digital product to the market – virtual credit card. Alongside the digital transformation in Retail and Corporate segment, Digital & Information supported business in executing their strategy by delivering solution for newly formed Unicredit Invest and enhancing other bank processes particularly highlighting introduction of new application in retail workout process.

Additionally, Digital & Information continued with further industrialization and standardization of application ecosystem as well as internal processes: standardization and consolidation of APIs through introduction of new system for API management based on API products, migration of services and applications from Kubernetes to Red Hat OpenShift, introduction of identity servers related to unique authentication to business applications (Red Hat SSO) and standardization of development processes through coding standards, static code scanning, unitary testing & SBOM. This year new ITSM ticketing system was introduced which enables greater standardization of main ITIL processes in Digital & Information.

Security structure adopted new Strategy for upcoming period, in accordance with the local and Group strategies, considering recent changes in internal/external drivers with the aim to identify, remediate and manage risks while staying secure. Security and Digital & Information structures have implemented a series of improvements in Cyber domain, focusing on processes improvements and upgrades of existing tools and systems. Physical security of Head Office and branches has been enhanced through the implementation of technical and organizational measures, further increasing the level of protection for employees, clients, and the Bank's assets. At the same time, the operational center is being modernized, to ensure more efficient monitoring and faster response.

To meet the demands and growing needs of clients, in parallel with the development of digital channels, during 2025, five (5) branches were completely renovated or moved to new locations. Additional premises used by legal department and Corporations in Nis were reconstructed. Light adaptation of the premises used as head office in BBC Belgrade was carried out during 2025.

In cooperation with colleagues from the organizational units responsible for retail and small business operations, the process of qualitative and quantitative control of archived active client documentation is continuously improved. Control measurement of the completeness of documentation as well as qualitative verification of documentation is monitored monthly and adequate actions are taken to correct any errors observed.

New digital system for reporting and status tracking of mall functioning equipment and other damages on company Real Estate was initiated during 2025 yielding a faster response time of the Facility management department.

In 2025, it was ensured that 100% of the electricity that is directly invoiced and that the Bank uses for regular operations is from renewable sources. Additional energy saving initiatives were implemented – the latest generation of cooling and ventilation equipment was purchased with features that contribute to reducing electricity consumption.

During 2025, 15 new economical vehicles that meet EURO6 standards in terms of environmental protection were purchased, replacing the oldest cars in the bank's fleet. Regular monitoring of the occupancy of vehicles in the fleet was introduced with the aim of more optimal management.

Procurement supplemented and defined roles and responsibilities in procurement processes, for both centralized and decentralized processes. New tool for processing of requests was introduced during 2025. Manual quality control of data entered procurement processing tools has been established, namely by linking due invoices with procurement numbers, ensuring risk reduction during procurement implementation. Third party management dully completed the risk evaluations for regulatory and group relevant contracts during 2025.

In 2025, Banking Operations placed a strong strategic focus on delivery of regulatory initiatives and adherence to demanding timelines, while simultaneously driving efficiency and operational excellence across the organization.

One of the key regulatory milestones successfully delivered was the implementation of e-bills of exchange within Payments, ensuring full compliance and modernization of payments instruments. In parallel, the new Law on Payment Services was successfully implemented, further strengthening the regulatory robustness of our operations. Additionally, we have successfully launched web service for real time data exchange with the State-owned registry of Central evidence of UBOs.

One of major transformation drivers in 2025 was the project on COO level (Opera) launched with an aim to enable switch from labour intensive manual processes into automated STP processes, supported by high-skilled staff facilitating business growth. The scope included in-depth analysis of 172 end-to-end processes. A notable example is a disruptive cash-handling solution, delivering a target operating model where simultaneously freeing up sales capacities and enhancing client-facing productivity are achieved.

Significant productivity gains were also achieved through implementation of template builder for creating standard contractual documentation for corporate clients, resulting in a material acceleration of contract preparation and turnaround times for corporate clients.

Within Foreign Payments, Group-level tools for reconciliation and investigation have been successfully deployed, substantially improving control, transparency and processing efficiency whilst at the same time the process of intercompany loan registration was enhanced, improving both speed and accuracy.

In addition, Banking Operations successfully implemented a new organizational structure fully aligned with Group methodology, further strengthening governance, role clarity and scalability.

Optimization and transformation within Banking Operations in 2025. had overall aim to reduce operational risks, increase customer satisfaction and productivity. Due to efficiency, flexibility and expertise, the structure has significantly contributed to positive business results of the Bank.

The focus of COO (Chief Operations Office) in 2026 will be on continuous digitization, process optimization, constant improvements and further raising of employees' awareness of the "green way of thinking" with the aim of preserving the environment, increasing client and employee satisfaction.

## PEOPLE & CULTURE- P&C

The operations of the People & Culture in 2025 were focused on providing strategic support to the realization of the Bank's planned business activities through:

- Strengthening the organization in the direction of better understanding of corporate culture
- Empowering leaders through leadership development programs
- Further strengthening of sales skills in corporate banking and in retail and small business operations
- A development program focused on ensuring business continuity through the systematic creation and development of a talent pipeline across various key positions
- Data academy
- ESG trainings
- Empowering women leaders in the organization
- Wellbeing internal trainings
- Strong focus on promoting organizational values

Having in mind the strategic development plans of the bank, in 2025, P&C strived to support operations in the most adequate way, primarily with overcoming challenges, achieving goals, which was carried out via the improvement of organizational culture and competencies in the field of sales skills and expertise, a culture of teamwork, communication and presentation skills, digital transformation and innovation.

This year, as well, the Bank also paid special attention to the development of leadership skills on all managerial level and talents of the Bank and motivating and retaining employees who achieve high achievements and have potential for further development. Leveraging on internal capacities and in cooperation with external consulting companies' numerous workshops and trainings were organized during 2025 with having more than 38.724 hours of learning. For the Bank's Management, the development programs were focused continuously on leadership skills improvement

with main focus on ESG topics, development of agile competencies aimed at enhancing the bank's efficiency and adaptability to market change. For the organizational parts of the Bank which cooperate with clients the focus was on improvement of presentation and sales skills.

This year, training/courses were organized as a continuation of the workshops started within the Data Academy program. The program focuses on training and development in the areas of data management and analysis, as well as federal data architecture. Individual courses for employees that were conducted include: Advanced Excel, SQL, Power BI, and Python.

This year, workshops were organized as part of the Data Academy program, which focuses on training and improvement in the areas of data management, data analysis and federal data architecture. In parallel, in order to strengthen the leadership skills and provide adequate support to UniCredit leaders, the P&C in cooperation with a global provider, focused on a 3<sup>rd</sup> cycle young talents of the Bank program, selecting the new generation of future leaders, aiming to strengthen and increase their digital and leadership skills as future leaders in an era of constant market change.

We also finalized 2<sup>nd</sup> cycle of program: 'Wisdom' for reskilling and upskilling of our most senior employees.

During previous years P&C developed Retail Management Academy "Effective Management Practices" – development program for Branch Manager, that we continued to implement during 2024 extending the scope also to Retail head office management. During 2025, project managers participated in this Program. The program has been customized to address our organization's particular needs, topics such as: giving feedback, delegating, leading teams, personal organization, motivating teams.

P&C supported employees through a changed communicational approach constantly informing them about new career opportunities and promotions, as well as in enabling them to change positions within various organizational parts of the Bank.

Striving to adequately empower and support employees in achieving their business goals and improve their performance, the P&C has supported employees in improving their expert and social skills by organizing and providing budget for various trainings, domestic and foreign certificates, and international seminars and conferences that employees attended online during 2025.

In 2025 strong focus was also on promoting organizational values, recognition of the ones that are true value promoters, and of course promotion of Diversity, Equity and Inclusion as our core value.

In 2025, we strengthened and enabled even more open communication, continuous listening to employees, and the strengthening of organizational culture through timely feedback by introducing the new HeartCount tool.

As in previous years, in 2025 UniCredit Bank provided private health insurance for all employees. In 2025 the Bank continued to provide free online psychological counselling for its employees.

Moreover, UniCredit Bank has continued to implement previously adopted benefits and initiatives such as Birthday Holiday, Free Day for employees whose children are in the first grade of primary school, and Parental Support, for the father of a new born child to providing 20 days of paid leave

Also, we continued to support all our employees who are facing the challenges on their path to parenthood (covering the cost of one IVF procedure).

Bank continued providing benefit that was introduced in 2023, after long term leave moms can work one month part-time, with a full salary. In addition Bank introduced new benefit to all employees – Day for the loved ones, one day of paid leave employees can use any day during the calendar year.

In order to encourage employees to take more care of their well-being, health and good life habits, People and Culture has enabled employees to access the Rezilient platform in 2024 and still using , through which employees are encouraged to take more care of their mental health through the psychological support program. In addition, employees can access numerous content and seminars on various topics related to health, parenting and good lifestyle habits.

Cooperation with universities has continued through internship programs, study visits and scholarships for the best students.

In 2025, the Bank also earned two very important certificates. First one is the Top Employer certificate for the best employer, a recognition awarded to organizations providing exceptional working conditions, developing talent and implementing best practices in human resource management. UniCredit Bank is one of the few financial institutions in the country that holds this certificate. Second one is EDGE certificate, recognizing our company as gender equality company. UniCredit Bank is only financial institution with such certificate in Serbia.

In 2025, the P&C will continue to work on strengthening the organization and strengthening the organizational culture and employees of the Bank in the field of transformation towards digital business, development of talents

and aiming to build a stable network of successors for leadership positions. It will also continue to promote a flexible working culture, create a balance between business and private life, support in the form of more comprehensive medical services and the promotion of healthy life habits.

## IDENTITY AND COMMUNICATION

As in previous years, throughout 2025 UniCredit Bank remained committed to continuous and proactive communication and support for its employees, clients, the community, and regulatory authorities. Through all available communication channels, the Bank ensured timely and transparent information on all relevant topics, including new products and services, business results, ongoing campaigns, as well as operational changes both locally and across the Group. Continuous efforts were made to promote all products and services with the aim of increasing the number of users, while existing clients were regularly informed and guided regarding all the benefits offered by our products and services. A special focus was placed on service digitalization, promoting mBanking, eBanking, and multifunctional ATM services.

Clients and Bank employees were informed throughout the year about all decisions and objectives of the Bank in a clear and transparent manner. Additionally, the results of the Group and the local Bank were communicated on a quarterly basis.

Throughout 2025, in cooperation with colleagues from the Retail Banking Sector as well as the Bank's partners, we worked on promoting cash loans, credit cards, student packages, and digital channels through direct and paid communication channels.

In March, we launched the cash loan promotion campaign under the slogan "Your dreams within reach," which focused on a special offer for all clients who transfer their salary to our Bank. The campaign was particularly noticeable on the Maxi application, where it was promoted several times during 2025.

Throughout the year, branding was carried out for relocated and newly opened branches, accompanied by specialized local campaigns with special offers for new Bank clients. In addition, deposit campaigns for RSD and EUR term savings were conducted on two occasions.

At the beginning of June, we launched the "Music Moves" platform, aimed at supporting various cultural events through special offers and a unique experience for both existing and new Bank clients. We supported several major festivals with strong acquisition potential, increasing brand awareness and the visibility of the Bank.

In order to ensure that the UniCredit campaign concept for Serbia was also felt within local communities, we supported a number of local cultural events and launched a series of special offers tailored exclusively to specific cities and their residents.

Through the UEFA campaign, we encouraged clients to open accounts in order to receive tickets and attend matches. Match tickets were also provided to children from Zvečanska, enabling them to participate as mascots and escorts for players during a Champions League match.

With the goal of strengthening loyalty among small business and entrepreneur clients, we once again organized the loyalty campaign "We Reward Successful Cooperation," which was active from September. As part of the campaign, a prize competition was organized in which clients had the opportunity to compete by meeting defined criteria. After the campaign concluded, three clients were awarded prizes for first, second, and third place.

Throughout the year, the Flexia credit card was continuously promoted, with intensified activity toward the end of the year in the spirit of the New Year holidays. The promotion primarily focused on direct communication with clients, as well as acquisition through various partnerships.

A strong focus was placed on direct communication with the student segment, through various campaigns and special offers that enabled our users to gain additional benefits as Bank clients.

In 2025, UniCredit Bank strengthened cooperation with the media and enhanced its presence across various media channels and genres in order to maintain a strong reputational position and to further position the Bank as an expert in banking, economics, finance, and ESG topics. Media communication focused on promoting products and services, while also continuing to highlight socially responsible projects, responsible and sustainable green business practices, both within the Bank and among clients, to whom advisory support was also provided.

Through various media formats, participation in conferences, panels, lectures, and workshops across the country, relevant representatives and spokespersons of the Bank shared their knowledge, experience, and expertise in all business areas. They emphasized the importance of digital services and the Bank's contribution to investing in the

communities in which it operates. Communication objectives were successfully achieved through nurturing strong media relations based on mutual respect, trust, and support.

In line with the goal of empowering communities—particularly female entrepreneurship—the celebration of International Women’s Day at UniCredit Bank was extended throughout the entire month of March. Female employees received gifts with motivational messages. The initiative to empower women continued in cooperation with the Youth with Disabilities Forum through participation in a project supporting women entrepreneurs with disabilities. Within this project, our colleagues held lectures in various fields for numerous entrepreneurs.

During the year, the comprehensive “UniCredit for CEE” initiative was promoted, including “UniCredit for Serbia,” which focuses on supporting small and medium-sized enterprises to help them successfully face market challenges and improve their competitiveness.

In the last quarter, a campaign was launched to promote investment in education, highlighting projects through which the Bank has supported and will continue to support educational institutions and educators.

Among employees, Internal Communication maintained an important and recognized role in 2025. In order to ensure transparency and business continuity, communication with employees was regular and timely. In addition to existing channels—emails and the internal portal of the Bank and UniCredit Group—the internal magazine “Uni Momento” served as the main communication channel, delivering a biweekly overview of events and announcements. Regular desktop notifications also continued. To keep employees informed about current achievements and objectives, management meetings were regularly organized. Additionally, toward the end of the year, the CEO Agenda was reintroduced—a strategic email sent by the Bank’s CEO outlining key directions important for future development and business results.

Numerous internal campaigns promoted the Bank’s values of Integrity, Responsibility, and Care, as well as collegiality, teamwork, education, and personal development. Throughout 2025, individual employee stories and achievements continued to be communicated. We organized a Culture Roadshow that hosted the Group’s Top Management, led by Andrea Orceľ. At the event, attended live by more than 250 employees, the achievements of UniCredit Bank Serbia and future goals were presented, along with the top five innovative ideas for further business improvement.

Instead of a centralized volunteer action, members of the Volunteer Club, together with their families, organized individual and team-based initiatives. The initiative titled “Volympiad” had a very positive impact on employees, who actively contributed to the local community in various ways.

As part of the UniCredit Group initiative “Kids4Kids & Donation Day,” ahead of the holidays, a workshop for making New Year decorations and a photo session with Santa Claus were organized for employees’ children. Together with their families, the children prepared gifts for children who, unfortunately, spend their days in safe houses with their mothers.

Through all internal communication channels, employees were regularly informed about all strategic goals and decisions of the local Bank and the UniCredit Group.

In 2026, Identity and Communication will remain focused on supporting the Bank’s business through client communication across all available channels. Additionally, maintaining and enhancing the Bank’s reputation will remain a priority through the continued implementation of initiatives aimed at strengthening local communities. Internal communication will continue to serve both as a channel for interdepartmental communication and as support for employees to reach their full potential and feel fully integrated into the Bank’s activities and projects.

## CORPORATE GOVERNANCE REPORT

### UniCredit Bank Serbia JSC Belgrade

UniCredit Bank Serbia JSC Belgrade (hereinafter: the Bank) is a joint-stock company established and registered in accordance with the applicable regulations of the Republic of Serbia. The Bank conducts banking and other financial activities in compliance with the Law on Banks and other relevant regulations.

The Bank gives special importance to the application of the principles of good corporate governance as a key element of stable, transparent and responsible operations, with the aim of protecting the interests of shareholders, clients, employees and other stakeholders.

The Bank’s corporate governance system is based on the applicable legal and regulatory framework, relevant recommendations and guidelines of competent regulatory authorities, as well as the Bank’s Articles of Association and internal regulations, including: the Law on Banks (“Official Gazette of the RS” No. 107/2005, 91/2010, 14/2015 and 19/2025), the Decision of the National Bank of Serbia on the implementation of the provisions of the Law on

Banks relating to the granting of preliminary approval, banking license and certain consents and approvals of the National Bank of Serbia (“Official Gazette of the RS” No. 82/2015, 29/2018 and 51/2025), the Decision of the National Bank of Serbia on detailed conditions and procedure for the appointment of holders of key functions in a bank (“Official Gazette of the RS” No. 51/2025), and the Bank’s Articles of Association (available on the website of the Serbian Business Registers Agency).

## Management Structure and Governing Bodies of the Bank

### General Meeting

The General Meeting is the highest governing body of the Bank and decides on matters stipulated by law and the Bank’s Articles of Association, in particular on the adoption and amendments of the Articles of Association and the Founding Act, appointment and dismissal of members of the Supervisory Board, adoption of financial statements, adoption of the Bank’s business policy and strategy, decisions on profit distribution, acquisition and disposal of high-value assets, and other matters within its competence.

The sole shareholder of the Bank, UniCredit S.p.A., with its registered office at Piazza Gae Aulenti 3 – Tower A, Milan, Italy, exercises its rights in the General Meeting through its authorized representatives, who must hold a duly issued special power of attorney, in accordance with applicable regulations.

Meetings of the General Meeting may be regular or extraordinary. The regular annual meeting of the General Meeting is held at least once a year, no later than 4 (four) months following the end of each business year.

Materials for the General Meeting sessions are provided to the shareholder within clearly defined deadlines, in order to ensure timely and comprehensive familiarization with their content, enable adequate preparation, and facilitate lawful, efficient and high-quality decision-making.

In 2025, a total of 11 (eleven) General Meeting sessions were held, comprising 1 (one) regular meeting on 25th March 2025 and 10 (ten) extraordinary meetings.

### Supervisory Board

The Supervisory Board is the Bank’s governing body responsible for overseeing the Bank’s operations, defining the business strategy and monitoring its implementation, establishing an adequate risk management and internal control system, and deciding on other matters within its competence.

The scope of responsibilities and the manner of operation of the Supervisory Board are governed by the Law on Banks, the Bank’s Articles of Association and the Rules of Procedure of the Supervisory Board.

The Supervisory Board consists of a minimum of 5 (five) and a maximum of 9 (nine) members, including the Chairperson. At least three members must have appropriate experience in the field of finance, and at least one-third of the members must be independent of the Bank. Members of the Supervisory Board are appointed and dismissed by the General Meeting, while the Bank submits a request to the National Bank of Serbia for prior consent to the appointment of each Board member. The term of office of Board members is three (3) years, with the possibility of reappointment.

As of 31st December 2025, the Supervisory Board of the Bank consists of 5 (five) members:

- Martin Klauzer, Chairperson of the Supervisory Board
- Nevena Nikše, Member of the Supervisory Board
- Alessandra Protopapa, Member of the Supervisory Board
- Lidija Barjaktarović, Independent Member of the Supervisory Board
- Jelena Mihić Munjić, Independent Member of the Supervisory Board

Meetings of the Supervisory Board may be regular or extraordinary. Regular meetings are held as required, but at least once every three months, at the Bank’s head office or other organizational units within the territory of the Republic of Serbia. The Supervisory Board may validly adopt resolutions if a majority of the total number of members is present at the meeting, and resolutions are adopted by a majority of the total number of members.

Meeting materials are distributed to members in accordance with clearly defined deadlines, ensuring timely and comprehensive familiarization with the content, adequate preparation, and lawful, efficient and high-quality decision-making.

In 2025, the Supervisory Board held 18 (eighteen) meetings, including 5 (five) regular and 13 (thirteen) extraordinary meetings.

## Management Board

The Management Board, alongside the Supervisory Board, is a governing body of the Bank responsible for the day-to-day management of the Bank's operations, the implementation and effective functioning of the internal control system, and the execution of decisions adopted by the General Meeting and the Supervisory Board.

The scope of responsibilities and the manner of operation of the Management Board are governed by the Law on Banks, the Bank's Articles of Association and the Rules of Procedure of the Management Board.

The Chairperson of the Management Board represents and acts on behalf of the Bank. The authority of the Chairperson of the Management Board is limited by the requirement of an additional signature of one Management Board member when entering into legal transactions and undertaking legal actions within the competence of the Management Board.

The Management Board consists of at least 3 (three) members, including the Chairperson, all of whom must be employed by the Bank on a full-time basis for an indefinite period. Members of the Management Board are appointed and dismissed by the Supervisory Board, while the Bank submits a request to the National Bank of Serbia for prior consent to the appointment of each Board member. The term of office of Management Board members is 3 (three) years, with the possibility of reappointment. A member of the Supervisory Board may not be a member of the Management Board.

As of 31st December 2025, the Management Board of the Bank consists of 7 (seven) members:

- Nikola Vuletić, Chairperson of the Management Board
- Ivana Ivić, Member of the Management Board
- Rastko Nicić, Member of the Management Board
- Sanja Radojčić Sobo, Member of the Management Board
- Dimitar Lichev, Member of the Management Board
- Filip Stikić, Member of the Management Board
- Miloš Belić, Member of the Management Board

Meetings of the Management Board may be regular or extraordinary and are held at least once a month. The Management Board may validly adopt decisions if a majority of the total number of members is present at the meeting, and decisions are adopted by a majority of the total number of members.

Meeting materials are distributed to members in accordance with clearly defined deadlines, ensuring timely and comprehensive familiarization with the content, adequate preparation, and lawful, efficient and high-quality decision-making.

## Committees of the Bank

In accordance with the Law on Banks and for the purpose of more efficient performance of its activities, the Bank has established, in addition to its governing bodies, the following committees:

- Audit Committee – an auxiliary body of the Supervisory Board which, through information exchange, consultations, proposals and preparatory activities, participates in the formulation of principles and orientations governing the entire internal control system of the Bank. The Committee contributes to the assessment of the effectiveness and adequacy of the system, ensuring proper identification, measurement, management and monitoring of risks based on a risk-oriented approach.
- Credit Committee – adopts decisions on credit requests within the authorities prescribed by the Bank's regulations and performs other tasks stipulated by law, by-laws and internal acts of the Bank.
- Asset and Liability Management Committee (ALCO) – monitors the Bank's exposure to risks arising from the structure of its balance sheet assets and liabilities and off-balance-sheet items, proposes measures for managing interest rate risk in the banking book, liquidity risk, foreign exchange risk and other market risks, and performs other tasks defined by the Bank's regulations.
- Remuneration and Compensation Committee – supports the Supervisory Board in defining and overseeing the implementation of remuneration, compensation and other benefit policies in the Bank and performs other tasks in accordance with its Rules of Procedure.

## Diversity Policy

In order to ensure that the composition of the Supervisory Board and the Management Board complies with regulatory requirements and good principles corporate governance, and reflects diversity and inclusiveness, the Bank takes into account various aspects when appointing and selecting members, including good business reputation, appropriate

qualifications and experience, independence and integrity of board members, active knowledge of the Serbian language, and residence within the territory of the Republic of Serbia.

This approach ensures a governance structure that contributes to efficient, transparent and responsible operations, with consistent adherence to the UniCredit Group's established framework for respecting diversity, equality and inclusion.

Members of the Supervisory Board and the Management Board are required to contribute to the Bank's long-term positive performance and to perform their duties with due professional care. Members of the governing bodies are particularly expected to act within the scope of their entrusted authorities, with diligence and accountability, while respecting the prohibition of conflicts of interest and the obligation to maintain business confidentiality.

## Internal Control System

The Bank has established a comprehensive internal control system designed to ensure continuous monitoring of risks to which it is exposed or may be exposed in its operations, which in particular consists of:

- the risk management function;
- the compliance function; and
- the internal audit function.

The internal control system represents a set of processes and procedures established to ensure adequate risk control and monitoring of the effectiveness and efficiency of operations, the reliability of financial and other data and information of the Bank, as well as compliance with regulations, internal acts and business standards, with the aim of ensuring the safety and stability of the Bank's operations.

The Compliance function is primarily responsible for identifying, monitoring and managing compliance risk, preparing the annual compliance risk management plan and the compliance monitoring program. Reports on its activities and the annual report on compliance risks are submitted by the organizational unit responsible for compliance to the Management Board, the Audit Committee and the Supervisory Board for review. The head of the function, who acts independently and has the right to directly address the Supervisory Board whenever necessary, is appointed and dismissed by the Supervisory Board. The Bank has established a special organizational unit within the Compliance called the Anti Financial Crime, with the aim of creating an effective and efficient system for preventing money laundering and terrorist financing. The Bank's Management Board is obliged to propose appointment of an Authorized Person and their deputy to carry out activities and measures aimed at preventing and detecting money laundering and terrorist financing, and to submit these proposals to the Bank's Supervisory Board for final approval.

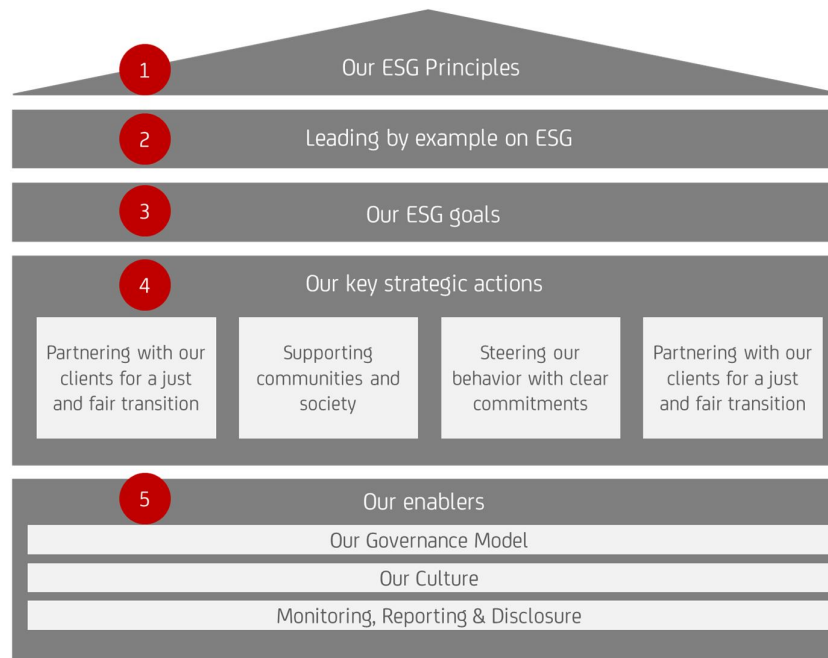
The Internal audit function is primarily responsible for providing independent and objective assurance on matters subject to audit, performing advisory activities aimed at improving the existing internal control system and the Bank's operations, and supporting the achievement of its objectives. Reports on its activities are submitted by the organizational unit responsible for internal audit to the Audit Committee and the Supervisory Board. The head of the function, who acts independently and has the right to directly address the Supervisory Board whenever necessary, is appointed and dismissed by the Supervisory Board.

These functions operate independently and have clearly defined responsibilities, accountabilities and reporting lines, in accordance with regulatory requirements and the Bank's internal regulations.

## CONSOLIDATED NON-FINANCIAL REPORT FOR 2025

### Foreword

In a dynamic and unpredictable business environment, UniCredit continuously enhances its ESG strategy to address contemporary challenges and market demands. Sustainability represents a core value embedded across all aspects of operations, aiming to generate long-term value for clients, employees, and society as a whole. UniCredit Bank's ESG strategy is founded on clear principles that emphasize integrity, accountability, and transparency, establishing a solid foundation for sustainable growth and business resilience in the future. These principles are not merely a commitment but also a strategic framework that shapes the bank's operations, decision-making processes, and communication with all stakeholders.



Our ESG strategy encompasses clearly defined objectives focused on the economic, environmental, and social dimensions of business operations, with particular emphasis on reducing greenhouse gas emissions, achieving climate neutrality, and supporting clients in their transition to sustainable business models. Through these objectives, UniCredit actively contributes to shaping a greener and more equitable future. At the same time, the bank fosters partnerships with clients to support a fair and just transition, provides strong support to communities and society at large, and aligns its operations with clearly defined commitments. All these activities are built on a sustainable approach to risk management and responsible lending practices, ensuring long-term business stability and resilience.

A key component of the ESG strategy is the focus on assessing climate risks, ensuring better alignment with market needs and client expectations. Through a proactive approach to identifying and mitigating these risks, UniCredit ensures enhanced transparency, financial stability, and trust among all stakeholders. Simultaneously, the bank continuously invests in developing internal capacities, tools, and employee skills to ensure the effective implementation of ESG standards across day-to-day operations. Improving monitoring and reporting systems on ESG objectives allows for better strategic decision-making and continuous performance improvement in this field.

UniCredit firmly believes that economic growth, environmental protection, and social responsibility must not be viewed as separate objectives but as interconnected pillars of sustainable business practices. Our vision for the future is built on a harmonious synergy between business success and societal well-being, where sustainability is not merely a goal but a way of conducting business, and a fundamental value reflected in every activity of the bank. By integrating sustainability principles into every segment of its operations, UniCredit remains steadfast in its mission to be a key driver of positive change and long-term development.

In doing so, UniCredit not only contributes to reducing adverse environmental impacts but also actively builds the foundations for a stable, inclusive, and resilient society where business and communities thrive together. This commitment is not merely a strategic objective but a long-term responsibility toward future generations, with a clear vision of creating a world where sustainability, transparency, and accountability shape every decision and every step toward a better future.

## Environmental protection

### Climate risk and portfolio steering

At the group level, UniCredit strategically manages climate change risks by integrating transition risk, physical risk, and reputational risk into credit processes while simultaneously implementing long-term strategies aligned with Net Zero goals. The Group's focus is on adapting financial and operational activities to sustainability challenges and

supporting clients in their transition processes. These strategies are detailed in the publicly available document—the Integrated Sustainability Report.<sup>2</sup>

Transition risk has become an integral part of the local credit process, which has been enhanced in line with the group strategy to enable more precise evaluation and monitoring of financing. Clients are classified into different groups based on specific criteria, and their transition risk assessment forms the basis for offering appropriate products and services. The assessment process includes questionnaires and analyses based on internally derived evaluations as well as external databases, providing insights into clients' risks, vulnerabilities, exposures, and potential financial impacts.

Special attention is given to clients from Net Zero relevant sectors with significant greenhouse gas (GHG) emissions—Oil & Gas, Power Generation, and Automotive. In line with Net Zero objectives, clients are assessed and classified according to their alignment with transition requirements. Based on this classification, financing strategies are developed to support their energy transition, emission reduction targets, and decarbonization projects.

Enhancements to the local credit process have been strengthened through the implementation of new IT tools that enable a more detailed analysis of climate risks, GHG emissions assessment, and support in financing decisions. At the same time, special attention is paid to employee training to ensure their readiness to apply new standards and procedures in line with ESG strategies and objectives.

### Key policies related to climate risk

UniCredit Bank Serbia deals with environmental protection matter indirectly, as well as other ESG principles, in relation to clients and third parties, through defining policies in field of climate, reputational and credit risk. Key policies regulating Bank's behaviour in this subject are as follows:

1. Reputational risk management policy in UniCredit Bank Serbia
2. Policy on Management of Sensitive Industries in UniCredit Bank Serbia
3. ESG Product guidelines
4. ESG Working instruction
5. Working instruction for Climate and Environmental questionnaire
6. Defence/Weapons Industry Reputational Risk working instruction
7. Nuclear energy Environmental, Social and Reputational Risk working instruction
8. Water infrastructure (Dam) Environmental, Social and Reputational Risk working instruction
9. Mining industry Environmental, Social and Reputational Risk working instruction
10. Coal sector Environmental, Social and Reputational Risk working instruction
11. Oil & gas industry Sector Reputational Risk working instruction
12. General Principles for Credit Activity
13. Corporate credit process procedure
14. Instruction on integration of climate risk factors into corporate underwriting process

### Sustainability as a part of banking product offer

The green economy has long been an integral part of UniCredit Bank's operations, making it a market leader in financing wind energy projects, while competition in solar energy financing continues to grow.

In line with this, during 2025, in partnership with the Green for Growth Fund, a credit line of up to EUR 50 million was made available to the domestic economy to support green projects in Serbia, along with EUR 10 million from EBRD under the Go Green project, where clients receive a grant of up to 15% of the financing amount for investments in renewable energy sources.

The Bank is also a beneficiary of funds from the German development bank KfW, and in 2025 the focus was on credit lines aimed at reducing carbon dioxide emissions, financing energy efficiency and renewable energy sources. This credit line offers the possibility of receiving a grant amounting to 7.142% of the total loan amount.

The transition impact is achieved through credit lines and guarantee instruments linked to EU funds, EU member state governments, the Government of Serbia, and various donor resources striving toward social and environmental goals, as well as overall economic progress.

These environmental goals support the path toward green transition. Thanks to the support of the EU, the German Government, and other donors, impact is achieved through dedicated credit lines from EBRD, KfW, and GGF. The purpose is to finance projects that reduce energy consumption and carbon dioxide emissions by promoting energy

<sup>2</sup> <https://www.unicreditgroup.eu/en/esg-and-sustainability/sustainability-reporting.html>

efficiency. Clients eligible for financing range from individuals to large renewable energy projects. Furthermore, by adopting EU standards, companies will become more competitive in the EU market, leading to increased potential for exporting final products to demanding markets in terms of product quality.

In 2025, UniCredit Bank also offered a credit line of up to EUR 40 million in partnership with Cassa Depositi e Prestiti (CDP). This program enabled financing at favorable interest rates for local companies operating in sectors with significant ESG impact, meaning they have a positive effect on the broader environment, society, and business. Through this credit line, UniCredit Bank will provide additional support to companies committed to improving gender equality, operating in less developed areas, working in healthcare and education sectors, advancing sustainable agriculture and processing, as well as adopting and adapting to climate change.

UniCredit Leasing also participated in the EBRD program for financing investments aligned with EU standards in ecology, energy efficiency, public health, and safety, contributing to better product quality essential for community preservation.

In 2025, UniCredit Leasing joined the EBRD GOLD program with an amount of up to EUR 40 million. The purpose of the project is to support the competitiveness of small and medium-sized enterprises to help their business expansion and investments qualifying as projects for transition to a green economy. In addition to the GOLG program, Leasing has utilized EBRD funds under the SME Reboot program, which involves financing projects aimed at improving companies' technological equipment as well as supporting the green transition. The SME Reboot credit line includes a 15% grant.

### Sustainability of Banking Operations

Optimization of daily operations and efficient use of energy is a prerequisite for achieving goals in the field of environmental protection. In this regard, decisions made regarding business trips, heating and cooling of business premises, use of official vehicles, as well as paper consumption should contribute to achieving a positive impact in terms of environmental protection and reduced use of non-renewable energy sources.

During 2025 following initiatives with the subsequent results were realized:

- The bank gives priority to the procurement of devices used for ventilation, cooling and heating that do not harm ozone whenever feasible, and of a high level of energy efficiency.
- In numerous cases, during the renovation of branches, heat pumps with high energy efficiency were installed, in order to contribute to the saving of electricity
- Initiatives were implemented to save energy in order to reduce energy consumption in the coming years (replacement of old equipment with new, more energy efficient equipment, reduction of the working time of illuminated advertisements, implementation of motion sensors in order to increase the control of light operation);
- Electricity consumption which was directly billed to the bank was reduced in 2025 by 3.5% compared to 2024.
- When purchasing products, care is taken to choose those that have ecological certificates such as: FSC, PEFC, Green Range, Eco Label.
- Companies for professional rehabilitation and employment of persons with special needs are included in the procurement of paper, office supplies and toilet packaging

### Consumption of water and energy, paper saving and waste management

#### Electricity Consumption

Description	Unit	Quantity
<b>Direct energy consumption (for premises) by primary energy source</b>		
<b>Total direct energy consumption</b>	kWh	76.883
<b>01 - Natural gas</b>	kWh (Natural Gas)	72.151
<b>02 - Diesel</b>	kWh (Diesel)	4.732
<b>03 - Other crude oil and petroleum products (e.g. Fuel Oil, Gasoline, etc). Please exclude all fuels used for travel transportation</b>	kWh (Crude oil and petroleum products)	0.00
<b>Total indirect energy consumption</b>		
<b>01 - Electricity energy consumed from purchased sources</b>	kWh	3.974.562

02 - District heating, and if applicable cooling, consumed from purchased sources	kWh	701.200
<b>Percentage of indirect renewable electricity from special agreements</b>		
01 - Total amount of renewable electricity purchased from special agreements	kWh	2.074.211
02 - Total amount of indirect electricity consumption	kWh	1.007.000
03 - Percentage of indirect renewable electricity from special agreements on total indirect electricity consumption	%	49%
<b>Percentage of indirect renewable heating from special agreement</b>		
01 - Total amount of renewable heating purchased from special agreements	kWh	N/A
02 - Total amount of indirect heating consumption (INCLUDING DATA PROCESSING CENTERS)	kWh	0
03 - Percentage of indirect heating from special agreements on total indirect heating consumption	%	N/A
<b>Total energy consumption from all sources (consumed purchased energy sources and self-generated self-consumed electricity from renewable sources)</b>	kWh	<b>4.675.762</b>

### Waste Management

Total weight of waste creation by type	Unit	Quantity
Paper and cardboard - EWC codes: 200101, 150101	Kg	667
Other waste (steel)	Kg	1.940
<b>Total waste</b>	<b>Kg</b>	<b>2.607</b>

### Water Consumption

Description	Unit	Quantity
<b>Total water withdrawal</b>		
<b>01 – Total water consumption</b>	m3	12.315

Total water consumption including tap water and water from water gallons.

### Copy Paper Consumption

Type of paper used	Unit	Quantity
Total amount of paper used	Kg	90.090
Quantity of used paper that is labelled as FSC or PEFC (out of total amount of paper used)	Kg	90.090
Quantity of the remaining total paper consumption, that is labelled with other environmental certifications/labels.	Kg	0
Details of these other environmental certifications/labels..		ISO 9706, ISO 9001,

		ISO 14001, OHSAS 18001
How much of the total paper is not included in any of the above categories	Kg	0

### Responsibility in registration and qualification of suppliers

The sustainability segment is also integrated into the selection of suppliers with which the Bank cooperates. A qualification questionnaire is used for this purpose, and each supplier is obliged to fill in the mentioned document in order to qualify to become a supplier of UniCredit Bank. One part of this questionnaire is the section "Sustainability Requirements", which consists of the minimum requirements in the field of sustainability that a potential supplier must meet. The questionnaire requires the submission of the following information: the existence of an environmental policy; compliance with the basic principles of the United Nations Global Compact; compliance with ILO requirements; compliance with local regulations in the field of environmental protection; disclosure of aspects relevant to the environmental protection of products and services sold or offered by the supplier; whether the company is subject to audit in accordance with ISO 19011; confirmation that no proceedings have been instituted against the company in connection with the violation of labour rights and environmental laws. **During 2025, a total of 296 suppliers successfully met the criteria from the questionnaire.**

## Social responsibility

### KEY SOCIAL PROJECTS, INITIATIVES AND RESULTS IN 2025

#### Women Empowerment

This year, the celebration of International Women's Day at UniCredit Bank was extended throughout the entire month of March. Female employees of the Bank traditionally received gifts, this time accompanied by motivational messages.

The women empowerment initiative continued in cooperation with the Youth with Disabilities Forum through participation in a project aimed at empowering women entrepreneurs with disabilities. Within this project, our colleagues delivered lectures in various fields to numerous women entrepreneurs.

#### Volunteer Club

Volunteer engagement of employees at UniCredit Bank Serbia is recognized and made visible in a systematic and organized way through the operation of the Volunteer Club. Through the Club, employees can choose the area of their contribution according to their interests and affinities: education, environmental protection, or humanitarian activities. Of course, all three areas are available to those who wish to engage more broadly. Over the course of the year, new members joined the Club, which now counts more than 250 members.

Instead of a single organized volunteering action, members of the Volunteer Club, together with their family members, had the opportunity to organize individual and team activities. The initiative titled "Volympics" had an exceptionally positive impact on employees, who became actively involved and contributed to the local community in various ways.

Volunteer activities were carried out continuously throughout the year, including numerous workshops and lectures for high school students and university students. Employees also readily responded to invitations to participate in many projects organized by the "Junior Achievement" organization, supported by the Bank and the UniCredit Foundation. In addition, employees were involved in delivering gifts and spending time with children with disabilities and developmental difficulties.

Ahead of the holidays, Bank employees, together with their families, prepared and packed gifts for children who unfortunately spend their days in Safe Houses with their mothers. Employees also collected funds to purchase a New Year's tree and decorations for the Orthopedics Department of the Tiršova Children's Hospital.

By creating greeting cards and preparing gifts, the Group initiative "Kids4Kids & Donation Day," which we were pleased to support, fulfilled its primary goal — enabling employees to spend quality time with their loved ones in a meaningful way while encouraging their children to think of others. Afterward, Bank employees and Volunteer Club members personally distributed numerous gifts and greeting cards to children and enjoyed spending time with them.

### **UniCredit Bank Employees as Mentors, Jury Members, and Lecturers for High School Students**

Through the “Empower Yourself for the Future” program of the UniCredit Foundation and the Junior Achievement organization at the European level, our Bank participated in all projects of this organization in Serbia. UniCredit Bank employees supported high school students through mentoring and volunteer activities, helping them better understand the world of business and finance. As a result, our employees served as jury members and mentors in programs such as Business Challenge, Student Company Program, Special Challenge Competition, and the Business Ethics Program.

Through a partnership with the “Education Group,” consisting of the Nordeus Foundation, the Center for the Promotion of Science, the Digital Serbia Initiative, and Junior Achievement Serbia, UniCredit employees were engaged as mentors in the Financial Literacy program, which includes a large number of secondary schools across Serbia.

### **Cooperation with the UniCredit Foundation**

Cooperation and implementation of UniCredit Foundation projects continued this year as well. First, through the internal Gift Matching project, within which our employees donate funds to selected organizations, and the Foundation doubles those donations. Additionally, through the EDU Fund call, implemented across all UniCredit Group countries, with a total fund of up to EUR 14 million to support projects aimed at combating educational poverty. These programs focus on supporting initiatives that address educational challenges in all countries where the Group operates. This program continues into the following year, and the winners will be announced in the upcoming period.

### **Galaksija Cup**

Empowering community progress is deeply embedded across all areas of our business. It is our responsibility to give back a portion of what we create to the communities in which we operate. Accordingly, our corporate social responsibility rests on three main pillars: education, environmental protection, and inclusion. Our Group and the Bank locally provide continuous support to education as the foundation of our future. By strengthening cooperation between the business sector and schools, we empower young people and work to ensure that education is equally accessible to all. One of the pillars of education is also financial literacy for children and youth, which we successfully implement in cooperation with Nordeus.

With the aim of expanding cooperation, we joined the Galaksija Cup project, implemented by Nordeus together with the Community of Electrical Engineering Schools of Serbia and secondary schools across the country. The role of our Bank and volunteers throughout the project is to share our knowledge and expertise and to support and help improve every stage of work, culminating in the final event. The goal is to involve an increasing number of schools and teams from across the country each year, with ever higher-quality projects. Electrical and technical schools are epicenters of education for young people — future leaders of an economy based on technological innovation. This initiative has the potential to become a network of young innovators and creators in the fields of electronics and electrical engineering, as well as to expand into various areas of education and everyday life with its solutions.

The project related to electrical energy achieves its impact and sustainability on multiple levels. It builds upon the already well-developed awareness and desire of young people to behave more responsibly toward natural resources and environmental protection, providing them with education as well as the opportunity to directly identify and implement solutions for their schools and communities. These solutions can later be upgraded not only by the same students but also by peers in other schools and future generations. Through educational materials that we will develop and continuously enhance, we ensure that this knowledge and experience remain within the system, among teachers and students. To date, a total of eight Galaksija Cups have been organized.

### **Belgrade Marathon with BELhospice**

This year as well, UCB employees ran the Belgrade Marathon as part of the BELhospice association team. By participating in the 38th Belgrade Marathon within the BELhospice team, our employees traditionally supported and additionally sponsored the association, which provides assistance to oncology patients in advanced stages of illness and their families.

### **Inclusion Is Not an Illusion**

The beginning of the new football season was marked by a non-monetary donation from our Bank to the Mungosi Futsal Club (KMF Mungosi), intended for members of the section focused on sports activities for children and youth with disabilities and developmental difficulties.

In the presence of club members and players, the donation in the form of sports footwear was presented by Jovana Zeljić, our DEI Manager.

### **Key policies in the field of social issues**

"Group principles and guidelines for managing sponsorships and donations" and the Business Rule "Sponsorship and Donation Policy"

### Social responsibility as a part of banking product offer

UniCredit Bank, under the Loan Agreement with Cassa Depositi e Prestiti S.P.A. (CDP), in line with the objectives of the WBIF, the European Union, which represents the European Commission with the Green Finance for Inclusion (GF4I) program, which aims to support the green transition of local micro, small and medium-sized enterprises towards sustainable, low-carbon efficient areas. Western Balkans and with the Instrument for Pre-Accession Assistance III ("IPA III") under the EU budget, provides financing opportunities to Serbian companies that are committed to improving gender equality, operating in less developed areas, in the health and education sectors, promoting sustainable agriculture and processing, as well as climate change adaptation and adaptation.

This programme finance SME through following sectors: Gender Equality, Disadvantaged Areas, Education & Health, Sustainable agriculture and Agro-processing, Climate mitigation and adaptation. Thanks to the funds of CDP line, UniCredit Bank will be able to offer more favorable financing conditions of investment and working capital loans to its clients. Each loan is financed with 50% from CDP funds and 50% from funds provided by the Bank.

In order to achieve the goals of the green transition, the support of the EU, the German government and other donors is used through the dedicated facilities of the EBRD, KfW and GGF. The function of the facilities is to finance projects which reduce the energy usage and the emission of CO<sub>2</sub>, by stimulating green energy sources. Client range stretches from private individuals to large scale renewable energy project financing. Also, by adopting EU standards the companies will be more competitive on the EU market which will lead to more export of the final products on the high-quality demand markets.

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Through micro crediting, the Bank aims to support development of small businesses not only through offering its financial services, but as well through consulting and nurturing good client relationship, that is believed to be in the core of further business development. By doing this, the company wants to be involved in making positive surroundings for creating positive impact and supporting its clients through special products tailor made to their needs and opportunities.

## Labour Matters

The four important directions of people management, through the implementation of our strategy, essentially target the four key domains of human resources and are structured as follows:

- A. Managing and planning of workforce, support the basic principles of mutual respect and fair dealing, transparent working methods and open communication; determining compensation in accordance with the criteria of the labour market, all in terms of new environmental requirements, digitalization and especially by changing the approach and understanding the way of doing business.
- B. Improving labour skills, by encouraging the requirements for personal development of employees, both through training, qualification and training, as well as the implementation of retaining and the acquisition of new skills. Also, refreshing youth teams, by joining the youth programs, approved by Government of Republic of Serbia in cooperation with relevant Ministry of Labour, Employment, Veterans and Social Affairs and National Employment Agency, by implementing multi-annual employment planning strategies;
- C. Better functioning of the operational model, with a special focus on reducing staff turnover and better organization of the work model and the organization as a whole, and further improving mobility within the Group and
- D. Fairness, gender equality and promotion of internally equal opportunities for all employees.

### Key projects, initiatives and results in 2025

Behaviour based on UniCredit values and personal responsibility of management and employees are among our core principles and are embedded deep in the values of our company. By promoting the basic postulates of our company: cooperation and energy, focus on what is important, discipline and focus on achieving results, builds a fair and functional relationship of employees with each other and towards work.

The success of UniCredit is mainly due to the highly qualified and motivated employees of the company, because the innovation comes from the employees themselves who are dedicated to work and the company. This is the reason why training and professional development, as well as the promotion and development of talents, managers and experts, are carried out continuously.

Encouraging the young generation by promoting talent, advancement, training and working in the UniCredit Group, in other member countries, gives employees great opportunities for their professional advancement and career, as well as personal achievement.

Employee development is implemented, except through opportunities for advancement and career development, through the provision of personal development plans, giving benefits, and training, rewarding in accordance with the work and cultivating a culture of equality and respect for others as well.

### **Flexible working environment**

Following trends, the Bank has organized its work as remote working model respecting all proposed safety in regards to all jobs and positions that are applicable for that model without negative impact on productivity and having in mind nature and features of work activity itself. This working model requires two days working from home per week and three days of working from employee premises with previously assuring that all suggested measures for healthy and safety work are met.

### **Regular review and assessment**

At UCB, all employees have the opportunity to participate in the creation of personal development plans, while the formal evaluation of work performance and individual development is conducted, also for all employees, once a year. At the end of each year, goals for the next year are defined for each employee. The final assessment of the realization of goals, successes and challenges achieved in the previous year is assessed at the meeting of the employee and the superior in the first quarter of the next year. Performance assessment also includes assessment of values, and from the overall performance assessment, opportunities for career development and total contracted earnings are assessed.

Salaries of employees in the Bank are calculated in accordance with the Labour Law and the Labour Rulebook. Net salary is the same for full-time employees that performed same tasks and job description regardless of the gender structure of employees. The level of earnings in accordance with market conditions and the employee's contribution to the company's results is an imperative for UniCredit in managing compensations and rewarding in accordance to performance.

### **Health and safety**

People & Culture and FM Department are in charge for occupational health and safety of Employees in UniCredit.

The bank has hired an external company that is specialized in occupational health and safety and from which the Person for health and safety at work has been appointed in compliance with the law.

In accordance with the law and according to the necessary dynamics, the organization of training on safe and healthy at work, basic training of employees in the field of fire protection, training for first aid (for which all managers and a certain number of other employees are trained), measurement of microclimate, testing of electrical installations, simulation of fire protection procedure, are conducted.

Safety and health at work is carried out in accordance with the Rulebook on safety and health at work, adopted by the Employee.

### **Health protection**

In accordance with the needs imposed by the environment, employees are provided with a package of health services that includes physical exams and selection of other expert examinations by doctor's specialist, according to the needs of employees, at the expense of the Bank. Investing in safety and health and disease prevention leads to employee satisfaction, greater commitment to work and overall well-being of employees. Health care does not include only one physical exam per year, as is usually the case on the market, but also includes the possibility for employees to use the specialist services of various doctors throughout the year. Ophthalmologist examination are included in the package. In addition, the Bank has enabled the family members of the employee to acquire the same types of medical services in a certain medical institution under more favourable conditions. In 2024, the bank continued to provide free online psychological counselling for its employees.

Regarding occupational diseases that employees could be exposed to due to prolonged sitting and working in front of a computer, as well as due to the most common diseases of modern society, online lectures were organized by advisory experts in the field of medicine referring various topics (cancer prevention, workplace ergonomics, challenges in parenting, etc.). Topics like above mentioned are also available on Rezilient platform, platform that provides employees tom access different type of topics and webinars related to wellbeing, healthy life, parenthood etc.

## Other benefits

Also, the bank continued to implement previously adopted benefits and initiatives such as paid day off for birthday, days off for employees whose children are enrolling the first grade of elementary school, and parental support, such as the possibility for father of new-borne child to use up to 20 days of paid leave right after child birth. In 2022 the bank launched whole new way of parental support for employees by allowing refinancing costs for the first attempt of in-vitro fertilization up to EUR 5.000 net, that continued in 2024. Additionally Bank provides its employees additional day of paid leave "Day for the loved ones, that they can use any time throughout the year.

## Employee training and education

At UniCredit Bank, we believe that knowledge is a rare thing that is multiplied by sharing. We nurture a culture of learning and development and we are committed to the implementation of trainings that are in the development plans of all employees, we further nurture talents through specially created programs and try to always keep up with trends through our optional initiatives.

In 2025, the Bank paid special attention to the development of leadership skills and talents of the bank and motivation and retention of employees who perform high achievements and have the potential for further development.

Numerous workshops and trainings were organized in 2025 in cooperation with external consulting companies. When it comes to the Bank's Management Team, the development programs were focused on improving leadership skills and change management, while for the organizational parts of the bank which cooperate with clients the focus was on improving presentation and sales skills. In this year workshops were organized for all organizational levels of on the topic of effectiveness and meetings with the aim to improve mutual communication, overcome challenges and better understand the needs of team members when working remotely. At the same time, in order to strengthen leadership skills and provide adequate support to UniCredit leaders, P&C in cooperation with a global provider, focused on the bank's young talent program, future leaders, striving to strengthen and increase their digital and leadership skills as future leaders.

In 2025, the P&C has continued the initiative started in the previous year and finished the program which aim is to support and empower women leaders in our organization by providing support on the path of personal growth and further career progress. This pragmatic program supports building women's leadership in our organization.

Striving to adequately empower and support employees in achieving their business goals and improve their work performance, P&C has supported employees in improving their expert and social skills by organizing and providing budget for various trainings, domestic and foreign certificates and international seminars and conferences that employees attended online during 2025.

The topics we dealt with were, among other things:

- Effectively management practise (feedback, delegation, personal organization and prioritization, motivation and development of employees)
- External training for the population of employees within CIB Division (focusing on Social Impact Banking...)
- External sales and presentational skills trainings for colleagues working with Corporate and Retail customers
- Data Academy: trainings and improvements in the areas of data management, data analysis and federal data architecture
- Onboarding for new employees,
- Training dedicated to new employees,
- Regulatory required trainings such as: Mandatory training for cash management (recognizing false money in RSD and EUR currency), continuous trainings for insurance representatives in branches, for license maintaining, as well as education of employees who obtain insurance licence; sales of saving insurance for employees in all the Branches, as well as trainings related to Payment service law & Law on Protection of Users of Financial Services that were provided to the employees working directly with the clients
- Local talent program
- Wisdom, program for strengthening and development of leadership and digital skills for senior employees
- Mentoring – cross country mentoring
- Group trainings on various topics actual in Banking industry
- ESG trainings

**This resulted in 38.724 employee training hours in 2025.**

## Supporting youth

Starting a professional career by gaining the first practical knowledge and experience in professional internships is extremely important for young people, primarily because it helps them to better position themselves in the competitive labour market.

UniCredit Bank strives to help young people to take their first professional steps and to get used to working in a business environment by cooperating with educational institutions.

In 2025, UniCredit Bank continued cooperation with the Faculty of Computer Science, University of Belgrade, for the second year in a row, aiming to provide scholarships to the best students, where, after completing the scholarship study program, the selected student will be offered a job in the Bank on the basis of this scholarship.

## Global mobility

At UniCredit, we believe that every voice, culture and experience enriches the diversity of our ideas that inspire us to grow and change.

Our international presence enables us global cooperation and teamwork both through different sectors and between different countries.

What makes our Group unique is that we are united in diversity.

Our differences encourage us to be more opened, flexible and tolerant, for new knowledge, new perspectives and new tastes. How successful the team of different profiles is best confirmed by our successful results and satisfied clients, and so on from year to year.

## Increasing the functionality of the operating model and lowering fluctuations

The fact is that we are transforming as a Bank, but also as a Group, and our business models and patterns are changing as well. In order to make this really happen, UniCredit is following these transformations in the organizational terms as well.

The goal of the changes we are implementing, which include simplification of the structure, is to strengthen our Bank, achieve greater flexibility, build a culture of personal responsibility of each employee individually, simplify processes and provide greater connectivity and interaction between colleagues, so that we get speed, quality, and thus the satisfaction of our clients and employees.

UCB's business is structured and dynamically managed, capable of quick reaction and faster response to opportunities and challenges.

To achieve this, the Bank seeks to establish fewer hierarchies in relationships and responsibilities, and more concrete and effective communication, engagement and visibility of everyone's work, less bureaucracy and unnecessary work procedures, and more space for a qualitative approach that gives real value, faster decision making, and less workload and greater job satisfaction, and a shift towards a culture of work based on the qualifications of our staff, strengthening of their expertise and space for further professional development.

## Fairness, gender equality and promotion of internally equal opportunities for all employees

Taking into account legal norms, expertise and qualifications in employment, the Bank actively worked on preserving and improving the established gender equality and balance in 2025. The Bank has paid special attention to equality in the workplace and provides equal opportunities for women and men in terms of career and personal development, as evidenced by the fact that **women occupy 2 out of 6 positions in the Management Board of the Bank** at the end of 2025.

The awareness of the need for gender equality of employees is at a satisfactory level and numerous activities are dedicated to this topic.

There is no need to make gender differences for the purpose of employment in the Bank, as well as in terms of promotion or changing job position. All employees have the right to maternity leave, and we especially support the return of the colleagues to work after the end of maternity leave. The Bank appointed local Diversity Manager for the purpose of implementing all of the above. This policy is a way to continue to have a fair approach and to ensure a fair and respectful work environment, in which women and men have equal opportunities and rights, and whose work is valued on the basis of personal merit and potential, regardless of gender and other personal characteristics. Respect of diversity is an important part of our Strategic Plan to foster growth, a sense of belonging to the UniCredit Group and create a competitive advantage.

Our personal commitment and strong responsibility are extremely important for creating a positive work environment and for changing the way of thinking to real cultural change.

Accordingly, we have created a special training for all employees called "Diversity, Equity and Inclusion". Greater awareness and understanding of this phenomenon makes our work environment more inclusive, because during this training we learn how not to succumb our own and others' prejudices. When we are aware that we may be unconsciously biased, it can actually become our strength.

Thanks to our strategic approach, in our bank **women make up almost 69% of the total number of employees, and more importantly, the percentage of women in management positions is around 53%**. We strive to become one of the best employers in Serbia, and in order to achieve that goal, it is clear to us that it is necessary to constantly invest in diversity and gender equality through numerous initiatives.

The full gender structure of employees in UniCredit Bank on 31st December 2025 is as follows

Description	Total number	Woman	Man
Number of employees	1405	967	438
Managerial positions	222	118	104
Officer positions	1183	849	334
Women on maternity leave	50	50	0
Women returning from maternity leave	28	28	0

During 2025, a total of 50 colleagues used the right to go on a maternity leave. In the same year, 28 colleagues returned to their jobs after the end of maternity leave, which began in 2024.

We are proud that one month after maternity leave, mothers can work 4 hours a day to make the period of separation from the child as painless as possible, and this benefit, with a similar goal of supporting the private and family lives of employees was also made available to fathers in 2022, who can use up to 20 working days of paid leave after child birth, which also continued in 2025. Work-life balance is important, so for that reason, parents will get a day off for the day their children start school, as well as work from home and flexible hours.

## Key labor policies

Compliance with regulatory requirements is an important aspect of our corporate philosophy, and management is directly responsible for this aspect.

In order to implement the strategy described above, the People & Culture has carried out appropriate activities in accordance with the Bank's strategic documents relating to various areas of responsibility towards employees:

1. Framework for P&C policies
2. UCB Employment Rulebook
3. Compensation policy
4. Global mobility
5. Employee training
6. Law on Safety and Health at Work and Occupational Health and Safety Rulebook adopted by Employee.

## Human Rights Protection

### Integrity, Ownership, Caring

These values unite and define the culture of UniCredit Group: the way in which decisions are made and how those decisions are implemented. Together, they represented an evolution of the Integrity Charter. One simple guiding principle is to live in accordance with these values every day, in all parts of our operations: Win. The right way. Together. Basic principles and values become Integrity, accountability, caring.

Applying these values and guiding principles in everything the company is doing, at every moment, supports our path to becoming the Bank we have always wanted to be:

- guide the interactions of all colleagues across the Group
- highlight the promotion of diversity and a work-life balance as crucial for our Group

- strengthen our culture of free expression (speak up culture) and protect against reprisal
- are applied to all business policies of the Group about sustainability and client interactions
- represent fairness to all stakeholders, at any moment, in order to achieve sustainable results.

UniCredit Bank's P&C policy framework is a fundamental document, which principles, implemented through procedures, are strictly adhered to in our day-to-day business. The mentioned document is based on the international principles of human rights, which are included in the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization.

UniCredit Bank provides a work environment free of discrimination, harassment and sexual harassment, which protects the dignity of employees and promotes a safe and professional working environment that develops teamwork, diversity and trust.

Prohibition of discrimination refers to direct and indirect discrimination based on sex, birth, language, race, colour, age, pregnancy, health, disability, nationality, religion, marital status, family obligations, sexual orientation, political or other beliefs, social origin, property status, membership in political or trade union organizations or some other personal characteristics.

In that sense, already on the induction day, during the onboarding of new employees, we dedicate some time to acquainting colleagues with the basic postulates on which our company operates and the principles of respect of human rights that all employees are obliged to adhere to.

#### Key human right protection policies

- Prohibition of abuse of sexual harassment and abuse
- Anti-retaliation Policy

## Anti-corruption and Anti-bribery

UniCredit Bank Serbia and its subsidiaries UniCredit Leasing and UniCredit Invest as members of UniCredit Group have declared zero tolerance for acts of bribery and corruption.

The approach to anti-corruption and anti-bribery is set out in the Business Rule on Anti-Corruption and associated working instruction. The Business Rule sets out the minimum anti-corruption standards throughout the local group, by implementation of UniCredit Group wide standards and local regulation. Based on these rules, the entities have implemented an effective Anti-Corruption Programme.

In line with internal rules, an act of corruption is defined as the giving, offering, promising, receiving, accepting, demanding or soliciting directly or indirectly of monetary or non-monetary and tangible or intangible benefits in order to obtain or retain an undue advantage in the course of business activities, irrespective of:

- whether the recipient of the act of corruption is a domestic or a foreign individual, a public official or a private individual;
- where the act is committed;
- whether the result of such an act entails an actual undue advantage or the improper performance of a function or activity.

All employees are responsible for complying with the internal rules and all applicable anti-corruption laws in the performance of their duties. There are also in place mechanisms to assess bribery and corruption risk deriving from cooperation with various third parties. All contracts with third parties have in place adequate clauses to ensure adherence to zero tolerance standards for acts of corruption.

All employees shall report to the Anti-Corruption Officer or the Head of Compliance any instances of actual or attempted acts of bribery or corruption they become aware of, whether they be offered, given or received. Although any reports must be made according to the established internal procedure, they must first be made to the Anti-Corruption Officer and, where actual or suspected money laundering is involved, also to the local AML Officer. Failure to make such a report may give rise, in certain jurisdictions, to individual criminal liability of the employee concerned, as well as exposing the bank or the Group to potential legal or regulatory action. Potential acts of bribery and corruption may be reported also under the Business Rule on Whistleblowing. Whistleblowing process allows the submission of reports through multiple channels, including anonymously, and ensures the highest principles of whistleblower protection.

The following mechanisms have been put in place to monitor the effectiveness of methods to preventing corruption and bribery:

- escalation procedures for significant and strategic issues;
- regular training cascaded to all employees;
- quarterly report to the management on risk level and results of second level controls;
- compliance risk assessment performed;
- internal audit reviews.

The last two mechanisms result in risk mitigation actions that must be completed on time to ensure the management of identified risks.

As of end of 2025, the areas of anti-bribery and anti-corruption area in the bank showed medium-low level of risk as a result of the risk assessment and second level controls.

### **Key projects, initiatives and results in 2025**

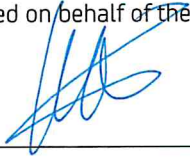
For the reporting period, the Bank and its subsidiaries carried out regular activities such as risk assessments, controls, monitoring of mandatory trainings, and awareness-raising campaigns on the importance of compliance with rules on this topic. In 2024, the process related to recording of cooperation with third parties and recording gifts and business entertainment was enhanced, which included: (1) implementation of the DET tool used for registering gifts and business entertainment exceeding certain thresholds, providing a consolidated record with all necessary information, and (2) implementation of the GVR tool, a global third-party register used for prior checks related to anti-corruption and as a third-party registry. In 2025, the Compliance monitored adherence to the rules for using the new tools and provided support to colleagues within its scope of responsibilities. As a regular activity, mandatory online trainings were assigned for all new employees. Additionally, during control activities in 2025, certain deficiencies were identified regarding the completeness of recording of reimbursed business entertainment and documentation of required checks for low-value sponsorships by Marketing colleagues. Appropriate corrective measures have been prescribed for these deficiencies and will be implemented at the beginning of 2026. Furthermore, deficiencies were noted regarding required prior ABC checks of suppliers; however, corrective measures were not prescribed as an audit finding on a similar topic already existed. These deficiencies, along with changes in the risk assessment methodology (applicable to all areas), resulted in an increase in the final risk level for this area to a medium-low risk level.

### **Key Anti-Corruption and Anti-bribery policies**

1. Anti-Corruption business rule
2. Business rule on whistleblowing
3. Rulebook on internal whistleblowing
4. Anti-Corruption working instructions
5. Working instruction on whistleblowing

Belgrade, February 13<sup>th</sup>, 2026

Signed on behalf of the management of UniCredit Bank Serbia JSC Belgrade by:



Nikola Vuletić  
*Management Board Chairperson*



Miloš Belić  
*Member of the Management Board  
Head of Finance*



Bojan Dačić  
*Head of Performance Monitoring & Planning and Cost  
Management & Control*