



ANNUAL

REPORT 2022



KEY FIGURES

OPERATIONAL STATISTICS	2022	2021	INDEX
Number of loan clients	75,841	66,106	115%
Number of deposit clients	34,956	34,352	102%
Number of staff	623	503	124%
Average loan size	2,083	1,943	107%
Share of rural clients	74%	75%	99%
Share of women clients	42%	41%	102%
Client retention rate	82%	83%	99%

KEY INDICATORS	2022	2021	INDEX
Return on Equity (ROE)*	12.95%	11.61%	112%
Return on Assets (ROA)*	2.38%	2.14%	112%
Cost to Income ratio	73.21%	77.95%	94%
PAR30	3.17%	2.70%	117%
CAR	22.91%	25.48%	90%

* ROA and ROE Before Tax

IN 000 EUR	2022	2021	INDEX
Total assets and liabilities	229,224	184,582	124%
Gross loan portfolio	173,912	142,554	122%
Customer deposits	128,300	108,285	118%
Equity	39,761	36,173	110%
Profit before tax	4,929	4,001	123%

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CEO OPENING STATEMENT

Vladimir Vukotić - Chief Executive Officer and Chairman of Executive Board

In times of economic growth, most of the companies grow and achieve their goals, but in times of uncertainty which unfortunately we are witnessing for the last three years, only those with the strongest culture and innovative business models strive and show their resilience and strength. Throughout challenging 2022, 3Bank continued its growth, balancing social and financial goals despite the challenges caused by the geopolitical and macroeconomic factors which were far beyond our control.

The loan portfolio grew by 22% or almost 4 times the pace of banking market and finished at RSD 20.4 billion. The number of loan clients increased by 15%, so Bank finished the year with more than 75,000 loan clients.

The Bank retained first place on the market of loans for registered agro households, with a market share of 50% in number of clients. At the same time, 3Bank recorded strong growth in the entrepreneurial segment, so we can proudly say that every third entrepreneur who uses a loan is our client.

Client deposits also recorded high growth and reached the level of RSD 15.1 billion at the end of the year, which is 18% YoY growth. We are extremely proud of this result because it is confirmation of our clients' trust, even in periods of uncertainty. As in previous years the social performance of the Bank was in line with business performance. As many as 73% of clients were from rural areas, while the share of the so-called underbanked, or clients who had no access to loans before was 41%. By supporting small businesses, 3Bank created over 6,100 of new jobs. Both results prove 3Bank's resolve to continuously financially include clients for whom this access is limited or non-existent. Business and social performance have been enhanced by 3Bank achieving its budgeted profits and RoE of over 13% which still

keeps the bank in the first place for the best average RoE in Serbian banking for the last 5 years.

We continued with the digitization of our clients' interface and first digital loan was introduced which enables clients with no access to receive financing without ever coming to the 3Bank's branch. At the same time this has laid foundation for the development of digital products for other underbanked client segments that we currently serve.

After the successful ownership and bank's name change, the rebranding process was completed in time with now all Bank's outlets bearing the name which symbolically defines three bank's main goals: positive impact on society, environment and economic prosperity of the Bank and its employees.

The new shareholder structure, consisting of 3 banks very well-known within sustainable banking universe enabled 3Bank to enrich its product range with green products which will have positive impact on environment and support "green transition" in Serbia.

This was all achieved thanks to the long-lasting partnership and trust with our clients, strong support from our shareholders, as well as the exceptional commitment of our employees. On this occasion, on behalf of the Executive Board, I wish to thank them for their hard work, and their willingness to further improve their bank for the best benefit of our clients and our society.





3BANK HEADOFFICE

Serbia, Novi Sad

SERBIA MACROECONOMIC ENVIRONMENT

COVID 19 and Ukraine conflict, according to available data, have a less severe impact on Serbia compared to most European countries, due to achieved macroeconomic and financial stability, growth momentum, fiscal space created in previous years, large and timely monetary and fiscal package, and structure of the economy.

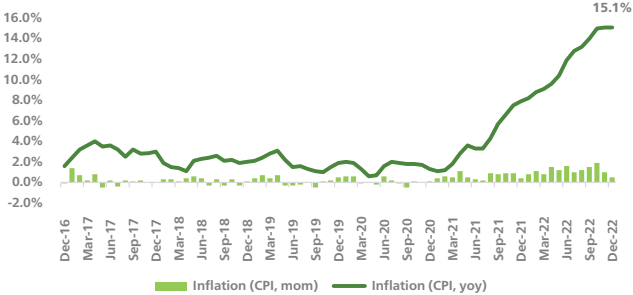
GDP recovery to pre-crisis level was accomplished already in Q 1 2021 while according to the SORS data real GDP growth in 2021 stood at 7.5%. Such developments are the result of growing activity in industry, construction and the service sectors. According to preliminary estimates of SORS, GDP growth in 2022 was 2.3%, which is in line with our projection (from 2.0% to 3.0%). Therefore, in a year in which it faced the negative effects of multidimensional shocks from the international environment, Serbia continued to record economic growth.

According to Labour Force Survey, the unemployment rate in 2022 was 9.4% which is the lowest recorded level to date. Formal employment continued to grow at the beginning of 2023 (2.9% y/y in January).

Fitch and S&P confirmed Serbia rating at BB+, with a stable outlook (Fitch in August, S&P in December).



GDP GROWTH (Y-O-Y)



INFLATION (CPI)

The knowledge of the craft was passed down to him by an academic blacksmith from Belgrade, which enabled him to become a specialist in the production of metal roses. Everything he creates is a product of his imagination, i.e. well planned projects and is made by his own hands.



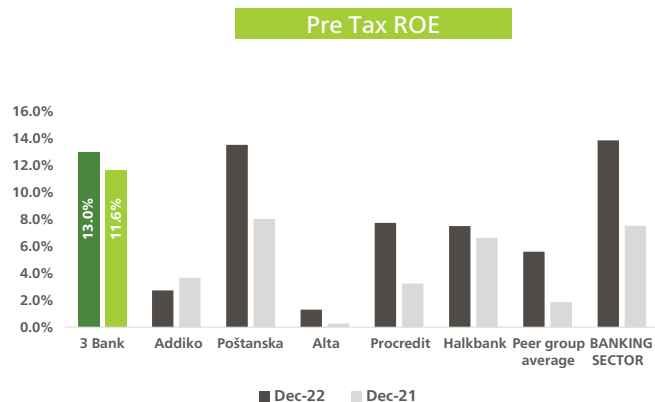
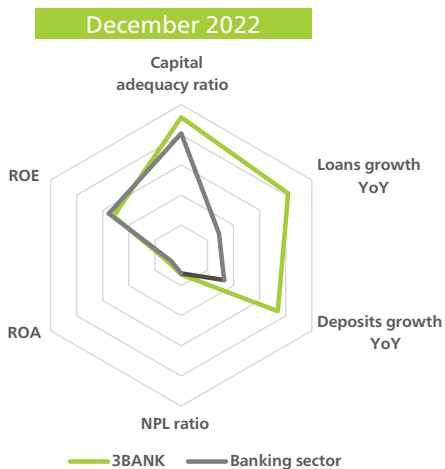
Photo Credit: Ringier

SERBIA BANKING SECTOR IN 2022

Total loans in the Serbian banking sector grew by 7.2% in 2022. Slowing of growth reflects the high base from the previous year, the maturing of guarantee scheme loans, as well as the tightening of the monetary policy of the NBS and the ECB.

Successful implementation of NPLs resolution activities, led to a record low level of NPL ratio in 2022. The share of NPLs decreased to the lowest level since the 2008 when the definition and reporting requirements were introduced. At end-December 2022, the NPL ratio was 3.0%.

Profitability indicators of the banking sector were higher than in the same period of previous year. ROA increased from 1.12% to 1.90% and ROE increased also from 7.50% to 13.8%. 3 Bank was in the 3rd place by ROA and is in the 9th place by ROE. In 2022, the performance of 3 Bank in terms of capital adequacy, ROA, Loan and Deposits growth exceeded the market average, while ROE and NPL ratio slightly below the banking sector average.



"Mimi produkt" is a family business located in Novi Pazar that packs nuts into jars filled with honey. In 2017, the owner brought the original recipe from Turkey, to respond to local markets demand.



Photo Credit: Ringier

ABOUT 3BANK SERBIA



People first



Sustainability



Transparency



Inclusiveness



Innovation

3 Bank is active in Serbia since 2002, when it was first established as Opportunity Savings Bank which was then successfully transformed into a bank in 2007 with the license issued by the National Bank of Serbia. In November 2021, Opportunity Bank changed its name to 3Bank.

The Mission of 3Bank is to provide financial services to all those who make a positive economic, social and environmental impact, with special focus on clients who have difficulty in accessing such services.

Wishing to contribute not only to the prosperity of the bank itself, but of society as a whole, 3Bank operates with an aim to provide a chance for everyone.

During two decades of its operations, the Bank has disbursed about 300,000 microloans and thus helped creating of 60,000 jobs. Over 300,000 jobs were sustained with the support of 3Bank.



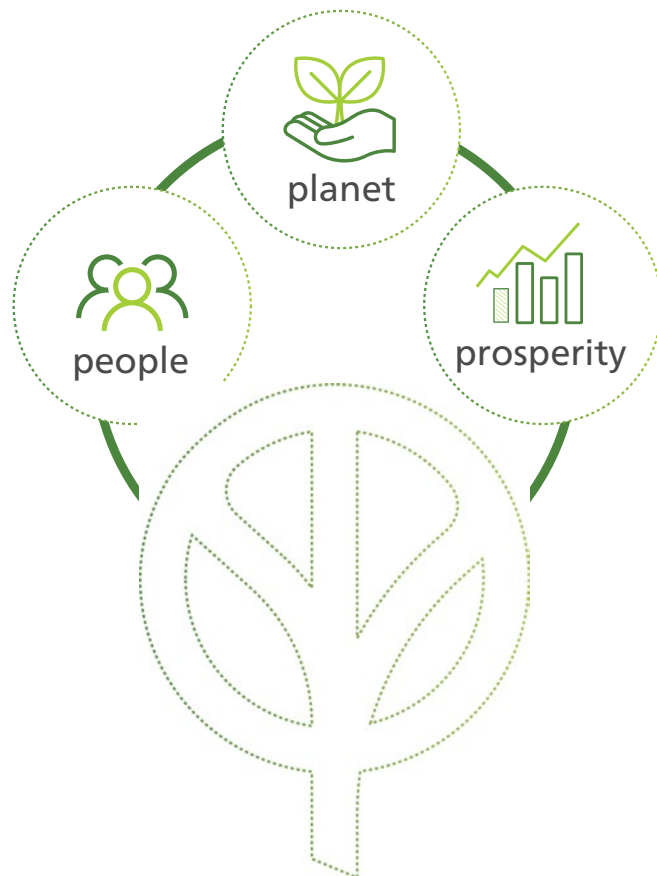
BOARD OF DIRECTORS AS OF DECEMBER 2022

Name	Function	Represents
Andrew Pospielovsky	Chairperson	Independent
Frazer Hume	Member	OTI Inc.
Timothy Crijns – Gordinou de Gouberville	Member	Triodos funds
Goran Bašić	Member	Umweltbank
Jelena Bulatović	Member	Independent
Zorica Stevanović	Member	Independent
Georg Christoph von Carlowitz	Member	GLS

EXECUTIVE BOARD AS OF DECEMBER 2022

Name	Title/Function
Vladimir Vukotić	CEO/Chairperson of the EB
Slobodan Smiljković	BD/Member of the EB
Rajko Maljković	COO/CFO/Member of the EB
Novak Rakočević	CRO/ Member of the EB

OUR VALUES



People first

We strive to encourage positive changes in the lives of our employees, clients and the community itself

Sustainability

We are focused on social and environmental impact, as well as our bank's sustainability which is reflected in everything we do

Transparency

Being direct and honest is an integral part of our culture. This is how we build trust.

Inclusiveness

Equal rights to financial services for all. We pay special attention to those who have difficulties in accessing banking services.

Innovation

We are constantly striving to improve ways in which we operate and service our clients.

**BALANCE SHEET
(IN 000 EUR)**

	2022	2021	INDEX
Assets:			
Cash and balances with central bank	29,370	19,179	153%
Loans and receivables to banks & F.I.	19,353	14,890	130%
Loans and receivables to clients	172,032	142,462	121%
Intangible assets	1,863	1,729	108%
Property, plant and equipment	5,717	4,618	124%
Other assets	889	1,704	52%

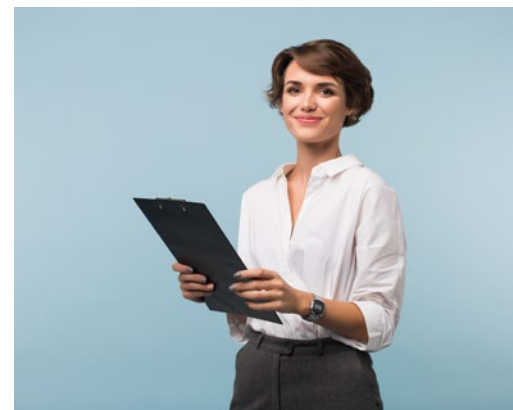
Assets	229,224	184,582	124%
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Liabilities:

Deposits and other liabilities to banks & F.I.	49,143	28,244	174%
Deposits and other liabilities to clients	125,132	105,356	119%
Subordinated liabilities	10,116	10,082	100%
Provisions	587	775	76%
Current tax liabilities	92	369	25%
Other liabilities	4,394	3,584	123%

Liabilities	189,463	148,409	128%
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IFRS: FINANCIAL STATEMENT FIGURES



Equity:	2022	2021	INDEX
Share capital and share premium	15,896	15,861	100%
Retained profit	4,219	3,713	114%
Reserves	19,646	16,599	118%
Total equity	39,761	36,173	110%
Total liabilities & equity	229,224	184,582	124%

INCOME STATEMENT (IN 000 EUR)	2022	2021	INDEX
Interest income	30,218	26,186	115%
Interest expense	-5,352	-5,181	103%
Net interest income	24,866	21,005	118%
Fee and commission income	602	425	142%
Fee and commission expense	-314	-386	81%
Net fee and commission income	288	40	
Net gain / loss on change in fair value	0	-1	
Net income from foreign exchange diff.	1	-15	
Other operating income	2	5	35%
Net impairment loss on financial assets and off-balance sheet credit risk items	-1,856	-657	282%
TOTAL NET OPERATING INCOME	23,301	20,378	114%
Personnel expenses	-10,029	-8,199	122%
Depreciation expenses	-1,010	-899	112%
Other expenses	-7,503	-7,371	102%
Other income	170	92	185%
PROFIT BEFORE TAX	4,929	4,001	123%
Profit(Loss) from deferred tax	57	105	
Income tax	-766	-701	109%
PROFIT AFTER TAX	4,219	3,405	24%



SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals, also known as global goals, are a universal call to action to eradicate poverty, protect the environment and ensure peace and prosperity for all as part of a new UN global plan for sustainable development.

To support the achievement of sustainable development goals, 3Bank focuses its activities and impact on the following five Sustainable Development Goals:

1 NO
POVERTY



2 ZERO
HUNGER



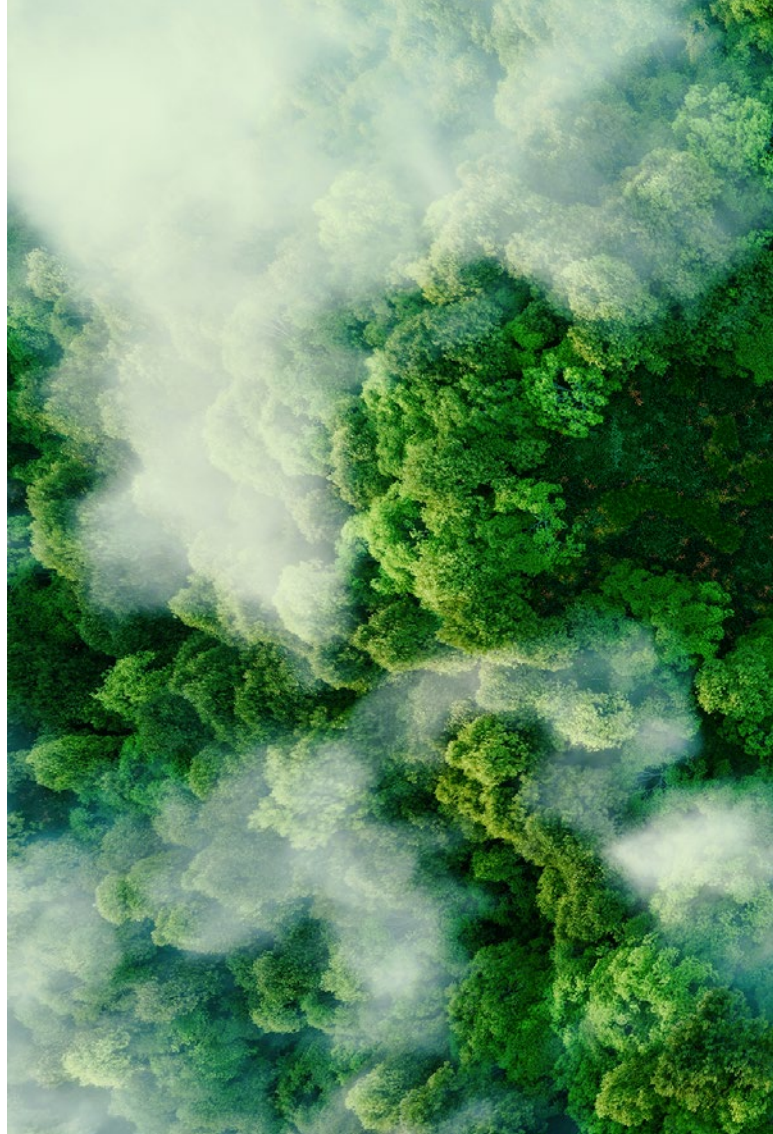
8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION





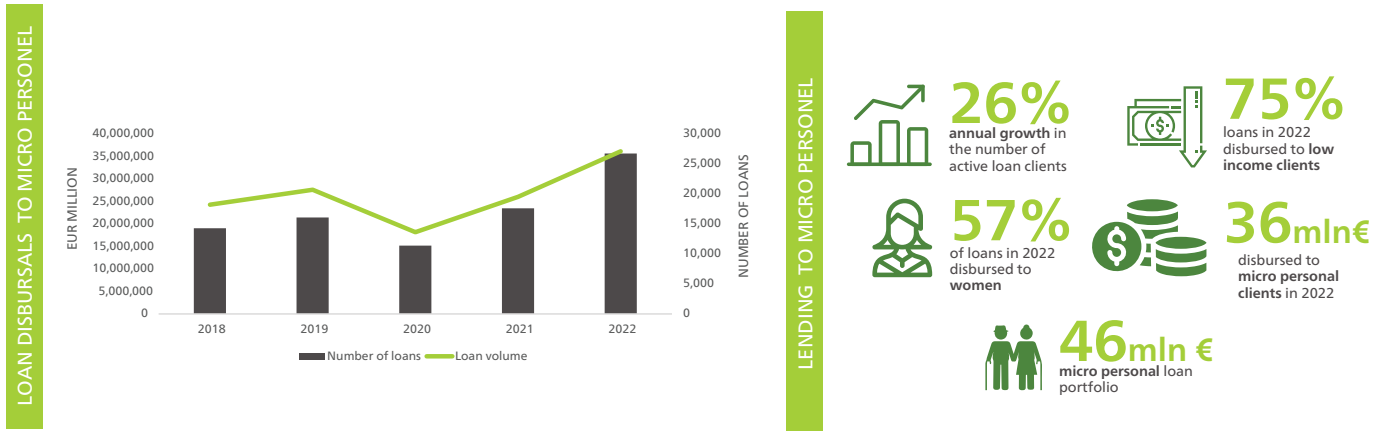
1.GOAL - NO POVERTY

First UN Sustainability goal is to end poverty in all its forms everywhere. In order to contribute to this goal, 3Bank supports clients from rural areas, clients with difficult access to banking services (underbanked clients) and low-income clients.

In 2022, the Bank's outreach recorded a significant growth in all three business lines, which includes growth in the number of loans in all the segments that the Bank measures in accordance with the SDG goals.

37676 loans were granted to rural clients (73% of portfolio), 8863 loans to underbanked clients (40,67% of portfolio) and 25,83% of loans was disbursed to low income clients.

With loan product ("My first loan") 3Bank continued to give support to a completely new financially excluded client group that had no access to financial services in traditional banking and includes 0.5 million workers under temporary employment contracts, as well as citizens with regular, official income on various bases. 49% of My first loan was disbursed to temporary workers.





She started the business by growing flowers without any experience in a greenhouse in the yard of the family house in Kac, a small place near Novi Sad. Now Dragana owns 3 greenhouses, and a loan from our bank helped her improve the production of flowers.

Photo Credit: 3Bank

2.GOAL - ZERO HUNGER

The zero hunger goal aims to end world hunger, achieve food security and improved nutrition and promote sustainable agriculture. In line with this goal, the Bank finances agricultural households and food production, thus helping to diversify the food market and food availability.

The goal of 3Bank is to support the development of rural areas and local communities, thereby implementing our mission. We make financial services available to clients from rural areas, at the same time supporting sustainable development.

In 2022, 25% more loans were disbursed in volume and 3% in number than in the previous year, while at the same time the loan portfolio increased by 17% compared to 2021. We are proud of the fact that every second farmer who uses loan is our client.





Grandma Rajna - a pensioner from Novi Sad, is a person who will instantly delight you with her cheerfulness and positivity. She uses her free time to crochet and decorate jars.

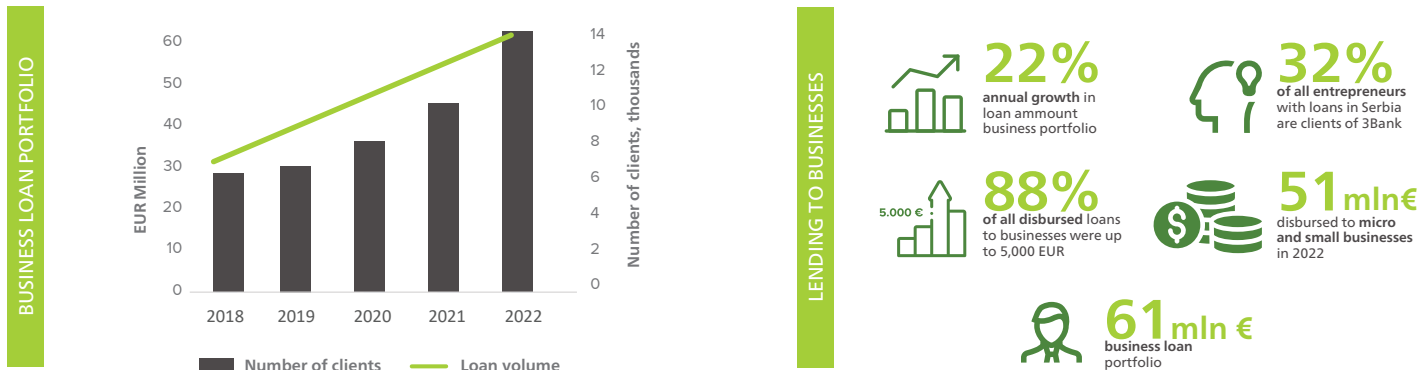
Photo Credit: 3Bank

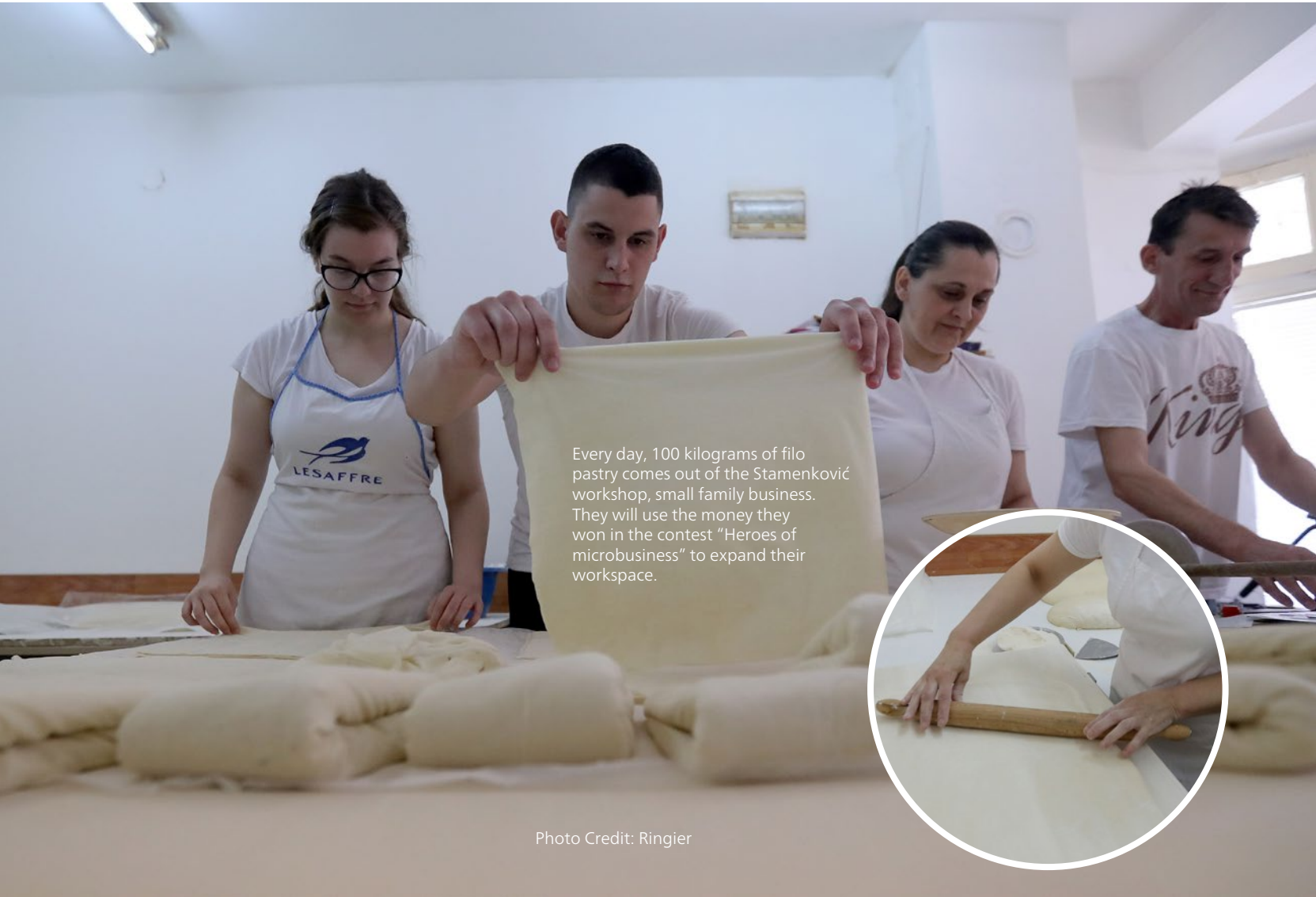
8.GOAL - DECENT WORK AND ECONOMIC GROWTH

This goal is to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. To contribute to this goal, 3Bank finances start-up entrepreneurs, micro SMEs, granting loans for different business activities in the production, services and trade sectors. The bank's goal is to stimulate the development of entrepreneurship and thus contribute to creating new jobs and reducing unemployment. By supporting its clients, 3Bank helps them create jobs for themselves and members of their families, creating a better life for them, 3Bank contributes to whole community and its development. Thanks to the bank's support, close to 70,000 jobs were created, of which 6161 in 2022.

In 2022, 29% more loans were realized than during the previous year, loan portfolio grew by 35% compared to 2021, while maintaining the high quality of the portfolio. 20% of clients in this segment are entrepreneurs and small businesses that have operated for less than 2 years and otherwise do not have access to financial services.

In order to additionally promote entrepreneurship, 3Bank launched "The heroes of micro business" in cooperation with Ringier company, a competition aimed at promoting entrepreneurship and motivating young people to engage in entrepreneurship. Small businesses with a maximum of 5 employees participated, entrepreneurs who really changed the lives of their families by starting their own business. The family company from Svrlijig "Kvalitet Stamenković", which is involved in the production of crusts and noodles, won the first prize. The second place was won by "Marko Stojanović, Guča", artistic blacksmith, and the third prize went to "Ravnogorac Meze Shop" from Mionica, which produces meat products. The award ceremony was attended by the Minister of Finance in the Government of the Republic of Serbia, Siniša Mali, and Branka Simanić from the Chamber of Commerce of Serbia.





Every day, 100 kilograms of fillo pastry comes out of the Stamenković workshop, small family business. They will use the money they won in the contest "Heroes of microbusiness" to expand their workspace.



Photo Credit: Ringier

12.GOAL - RESPONSIBLE CONSUMPTION AND PRODUCTION

The Responsible consumption and production goal aims to ensure sustainable consumption and production patterns. The Bank has adopted the principles of reducing overall internal environmental impact, reducing energy consumption (and the use of green electricity), reducing paper waste, and reducing the CO2 footprint.

In 2022, 3Bank launched a project aimed at optimizing the process in a way that contributed to reducing the volume of printing. In 2022, paper consumption per loan was 6% lower than in 2021. Along with the optimization of the process, the education of employees using internal communication tools was launched in order to improve their knowledge about document management without unnecessary printing.

When it comes to energy consumption, it was reduced by 5% per FTE in 2022 compared to 2021. The Bank uses 100% of the electricity produced from renewable energy sources. In addition, EB members use a 100% electric car.

ENERGY_per_FTE by DATE





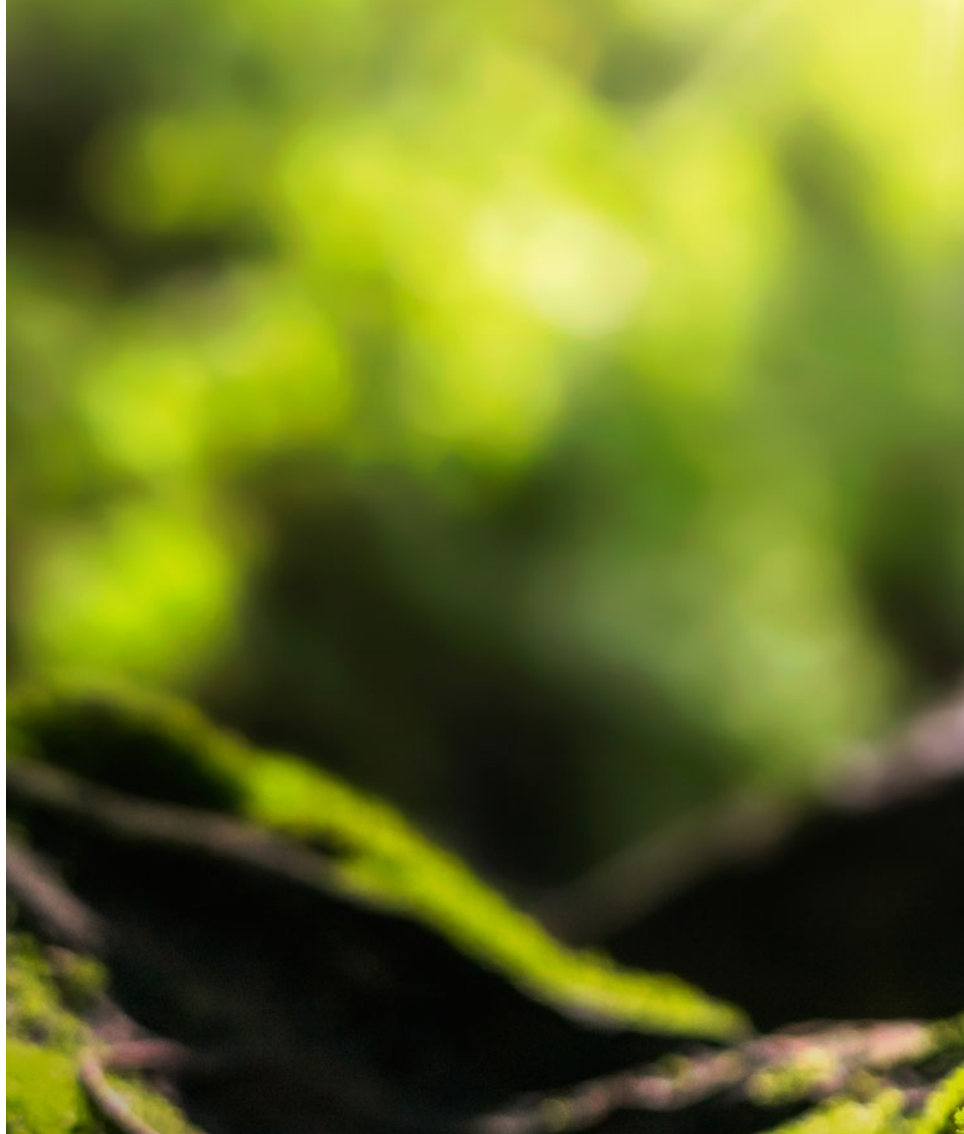
13.GOAL - CLIMATE ACTION

The climate action goal aims to take urgent action to combat climate change and its impacts. The Bank integrates environmental issues with social, cultural, and economic aspects. In the lending process, we take aspects of environmental protection into account.

The Bank uses a list of exclusions, measures the impact of the portfolio according to the PCAF standard as well as GABV scores, and reports in accordance with GRI principles. The bank is one of the signatories to the GABV 3C Carbon Initiative.

The Bank is constantly implementing measures aimed at environmental protection. The promotional material that the bank uses is made of recycled materials; LED boxes were placed on all branches, and through internal communication channels, the Bank constantly raises employees' awareness of pollution and proposes activities that contribute to environmental protection.

Thanks to all of these activities, the Bank contributed to the reduction of CO2 emissions by as much as 24,400 CO2 / kg in 2022.



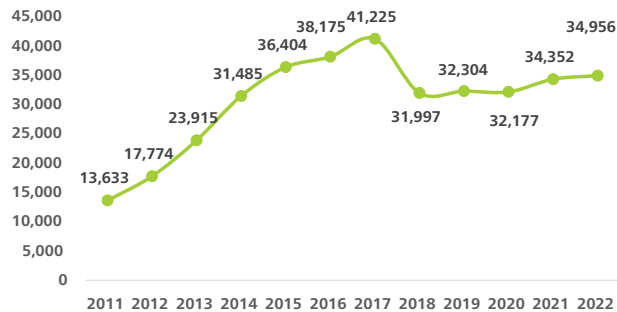


SAVINGS

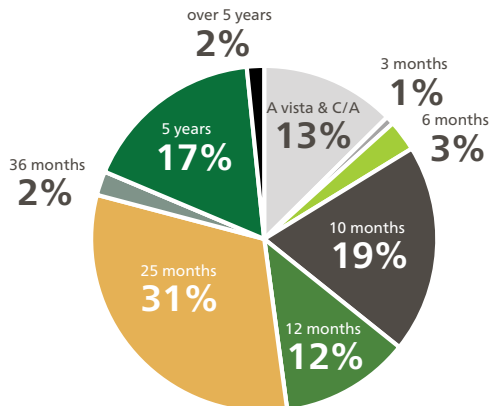
Savings products are designed to stimulate the savings habits of middle- and poor-class clients, regardless of the available amount for savings. The aim is to encourage regular savings in small amounts through more favorable interest rates on small deposits. 10 month term deposits with favorable interest rates have finished the year with a portfolio amounting to EUR 29.5 million, which is 23% of total deposits. A product called "STASH" - combination of loan and savings that helps low-income clients start their own small savings, reached 181 clients at the end of the year. A product called "LESS gives MORE", has reached 1.081 clients.



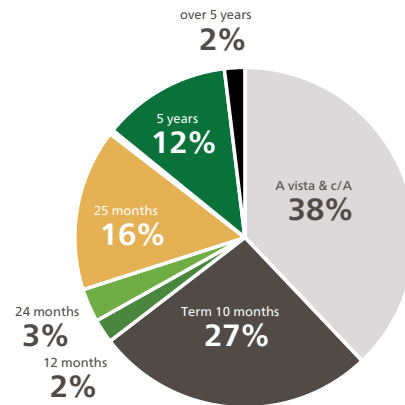
NUMBER OF ACTIVE DEPOSITORS



RSD SAVINGS IN 2022.



EUR SAVINGS IN 2022.



20 YEARS OF BUSINESS

In 2022, under a new name, 3Bank celebrated its jubilee—20 years of business. All throughout the year, in all campaigns, the slogan was 3Bank, a new name for 20 years of trust. On the occasion of its 20th birthday, the bank organized an event where it gathered representatives of all relevant institutions, associates, and partners. Among the guests were representatives of USAID, the Association of Banks, other financial institutions, audit firms, and many others who are important for our business.

In the official part of the event, 3Bank CEO Vladimir Vukotić, said: "In 20 years, we disbursed over 300,000 loans in a total amount of almost 900 M EUR, and according to our statistics, we supported the creation of over 60,000 new jobs. Today, we have a 50% share of the agricultural lending market by the number of loans, which makes us the absolute leader on the market. We also have over 30% of the market share when it comes to financing entrepreneurs, and we are growing strongly. We are unique

in having 75% of our clients from rural areas. We have changed the lives of our employees (today more than 500 and with associates over 600) giving them a chance to work with us without previous experience in the banking sector and to develop themselves at work, so I can point out with great pleasure that 95% of today's Bank management got the chance to become managers right here".

BANKING ON VALUES

3Bank is a member of the Global Alliance for Banking on Values (GABV <http://www.gabv.org/>), a network of banking leaders from around the world committed to changing the financial system so that it is more transparent, diverse, and supports economic as well as social and environmental sustainability. GABV is present in 40 countries, and the members collectively serve 60 million customers, hold up to USD 200 billion of combined assets under management, and are supported by 80,000 co-workers.

The members operate with the common goal of achieving sustainable economic and social development, with special emphasis on preserving the environment and supporting individuals to realize their potential and thus strengthen the communities in which they live and work. 3Bank is fully dedicated to contributing to the change of the financial system so that it is more transparent, diverse, and supports economic, social, and environmental sustainability.

Almost since its beginning, the Bank has been focused on financial inclusion, i.e., supporting clients with difficult or no access to loans. 45% of the bank's clients had never used loans prior to cooperation with 3Bank. 3Bank is also a bank that has a mission to educate customers to save, especially the population with lower incomes.

That is a reason that 3Bank is the only one in Serbia that pays higher interest on lower savings deposits than it does on higher ones. The Bank uses deposits to help individuals secure jobs, create an existence for their families, and thus contribute to the prosperity of the entire community. That is an added value for depositors—to be a part of creating a better world.

On Banking on Values Day 2022, GABV celebrated their members' remarkable work in revealing the real impact behind BIG words. Specifically, they were committed to 8 values that describe their movement: Intentional, Coherent, Contextual, Transparent, Systemic, Authentic, Inclusive, and Ambitious.



**Global Alliance for
Banking on Values**



PROUD MEMBER



3Bank