GRI REPORT 2023

3Bank JSC Novi Sad

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Introduction from the President of the Executive Board

In 2023, which was a year of uncertainty due to global geopolitical trends, once again we had the opportunity to confirm our business model and strategy aimed equally at business and financial goals. In addition to success in terms of business results, achieved in such a year of crisis, we are extremely proud because of trust of our clients. Despite the turbulences on the market, they continued to perceive us as a strategic partner, always willing to support their business needs and plans aimed at improving the quality of life of their families.

We are extremely satisfied with the achieved business results. The loan portfolio grew by 16% and at the end of the year amounted to RSD 23.7 billion. The number of credit clients increased by 9%, so we ended the year with more than 82,000 credit clients.

Although it was a difficult year for agriculture, we maintained a leading position on the market of the agricultural financing market, as many as 52% of agricultural loan users are clients of 3Banks, as well as 35% of entrepreneurs, which speaks in favor of active support for this segment. A slight increase in market share was also recorded in the retail lending segment, so at the end of 2023, the total market share of 3Banks in the number of credit clients was 4.8%.

Client deposits also achieved the targeted growth and reached the level of RSD 18.3 billion at the end of the year, which is a growth of 22% compared to 2022.

We are a bank striving not only to making profit, but also to contribute to qualitative changes in society and the well-being of the community as a whole, in accordance with our mission and values, as well as an ownership structure consisting of some of the most famous banks in the field of green lending in Europe. Therefore, in 2023, we remained faithful to the main goals of our activities: achieving a positive impact on the economy, society and the environment.

First of all, we maintained our focus on improving access to loans for categories of clients for whom this access is difficult, in other words - financial inclusion. As much as 72% of our clients in 2023 were from rural areas, while the share of so-called "underbanked" clients, i.e. clients who previously did not have access to credit, amounted to 41%. In addition to social performance, we have also made significant steps in one of the bank's most important strategic directions, within which we are improving the offer of products with a positive impact on the environment, in order to contribute to the "green transition" in the Republic of Serbia. In 2023, with that goal in mind, we created the first green loans, intended for improving the energy efficiency of residential buildings. It is of particular importance that we have made these products available to small farms and pensioners, i.e. client segments that had no access to this type of financing before.

The said results were achieved thanks to the unreserved support of our shareholders, as well as the exceptional commitment and professionalism of our employees. On this occasion, on behalf of the Executive Board, I wish to thank them for their efforts, their willingness to further improve themselves and their commitment to developing a relationship of partnership and trust with our clients.

Vladimir Vukotić, the President of the Executive Board of 3Bank

Corporate management

Until November 19, 2020, the sole shareholder of Opportunity Bank JSC Novi Sad was Opportunity Transformation Investments, Inc. (OTI) a holding company founded in June 2000 with the primary goal of holding ownership shares in Opportunity International partner banks. OTI founded Opportunity Štedionica in Novi Sad in 2002 in order to provide financial services to micro and small entrepreneurs and support employment in the Republic of Serbia, and in 2007 was successfully transformed into a bank in accordance with permission from the National Bank of Serbia. On November 19, 2020, a transaction was conducted in which OTI sold 77.99% of Opportunity Bank shares to a consortium of investors. All investors, and now new shareholders, same as 3Bank (the name of Bank was changed on 22 Nov 2021), are members of GABV - Global Alliance of Value Banks.

SHAREHOLDER STRUCTURE ON DECEMBER 31, 2023

Shareholders	No. of shares	Nominal value RSD per share	Total amount in RSD	%of ownership
Opportunity Transformation Investments INC.,	5,941	60,000	356,460,000	19.99%
Umweltbank Aktiengesellschaft,	8,915	60,000	534,900,000	30.00%
GLS Gemeinschaftsbank EG	5,940	60,000	356,400,000	19.99%
Triodos SICAV II	4,161	60,000	249,660,000	14.00%
Legal Owner Triodos Funds b.v. / Triodos Fair Share Fund Nieuweroordweg 1	4,161	60,000	249,660,000	14.00%
Vladimir Vukotić	315	60,000	18,900,000	1.06%
Novak Rakočević	165	60,000	9,900,000	0.56%
Zorica Sedlar	75	60,000	4,500,000	0.25%
Rajko Maljković	45	60,000	2,700,000	0.15%

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COMPOSITION OF THE BOARD OF DIRECTORS AS ON DECEMBER 31, 2022

First and last name	Represented by	Individual/Independent of bank	Finance experience
Andrew Pospielovsky	Independent	YES	More than 6 years
Frazer Hume	OTI	NO	More than 6 years
Zorica Stevanović	Independent	YES	More than 6 years
Jelena Bulatović	Independent	YES	More than 6 years
Georg Christoph von Carlowitz	GLS	NO	More than 6 years
Timotheus Gordinou de Gouberville Crijns	Triodos	NO	More than 6 years
Goran Bašić	Umwelbank	NO	More than 6 years

COMPOSITION OF THE EXECUTIVE BOARD AS ON DECEMBER 31, 2022

First and last name	Position	Finance experience
Vladimir Vukotić	President	More than 6 years
Novak Rakočević	Member	More than 6 years
Rajko Maljković	Member	More than 6 years
Slobodan Smiljković	Member	More than 6 years

Membership associations

1. GABV, International
2. MFC (The Microfinance Centre), International
3. Association of Serbian Banks, Serbia
4. Chamber of Commerce of Serbia, Serbia
5. Chamber of Commerce of Vojvodina, Serbia

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Description of business activities

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.

The Bank strives to aim every activity, service or product at some of the challenges of the community in which it operates. The Bank supports small entrepreneurs, small businesses and agricultural farms, to whom financial services are often unavailable, in order to enable clients to develop and often start their own businesses, provide a better life for themselves and their families, and create new jobs.

3Bank has positioned itself as a leader in providing financial services to small businesses, entrepreneurs and small farms in the Republic of Serbia, through the support of private entrepreneurship and opening new opportunities for the unemployed and economically vulnerable in Serbia. From its establishment until the end of 2023, 3Bank is in Serbia disbursed 406,247 loans in total amount of 1,119 million euros, enabling creating 67,955 new jobs and maintaining 391,513 existing jobs.

At the end of 2022, 3Bank had:

• A loan portfolio in the amount of 23,7 billion dinars and 18,3 billion dinars of savings

• 599 employees in 41 business units, including the Head Office

Income statement

in RSD 000

INCOME STATEMENT	31-Dec-23	31-Dec-22	% change
Interest income	4,446,095	3,545,275	25.4%
Interest expenses	-1,126,729	-627,890	79.4%
Net interest income	**3,319,366**	**2,917,385**	**13.8%**
Revenue from fees and commissions	67,923	70,659	-3.9%
Expenses from fees and commissions	-44,786	-36,836	21.6%
Net income from fees and commissions	**23,137**	**33,823**	**-31.6%**
Net income/expense from exchange differences	1,550	60	2483.3%
Net income/expense from impairment of financial assets not valued at fair value through profit and loss	-224,917	-217,795	3.3%
Other operating revenue	1,629	211	672.0%
Costs of salaries, fringe benefits and other personal expenses	-1,339,673	-1,176,625	13.9%
Depreciation costs	-135,141	-118,440	14.1%
Other income	13,041	19,888	-34.4%
Other expenses	-1,025,457	-880,234	16.5%
PRE-TAX PROFIT	**633,535**	**578,273**	**9.6%**
Income tax	-94,019	-89,864	4.6%
Deferred tax profit/loss	-23,720	6,629	-257.8%
AFTER-TAX PROFIT	**515,796**	**495,038**	**4.2%**

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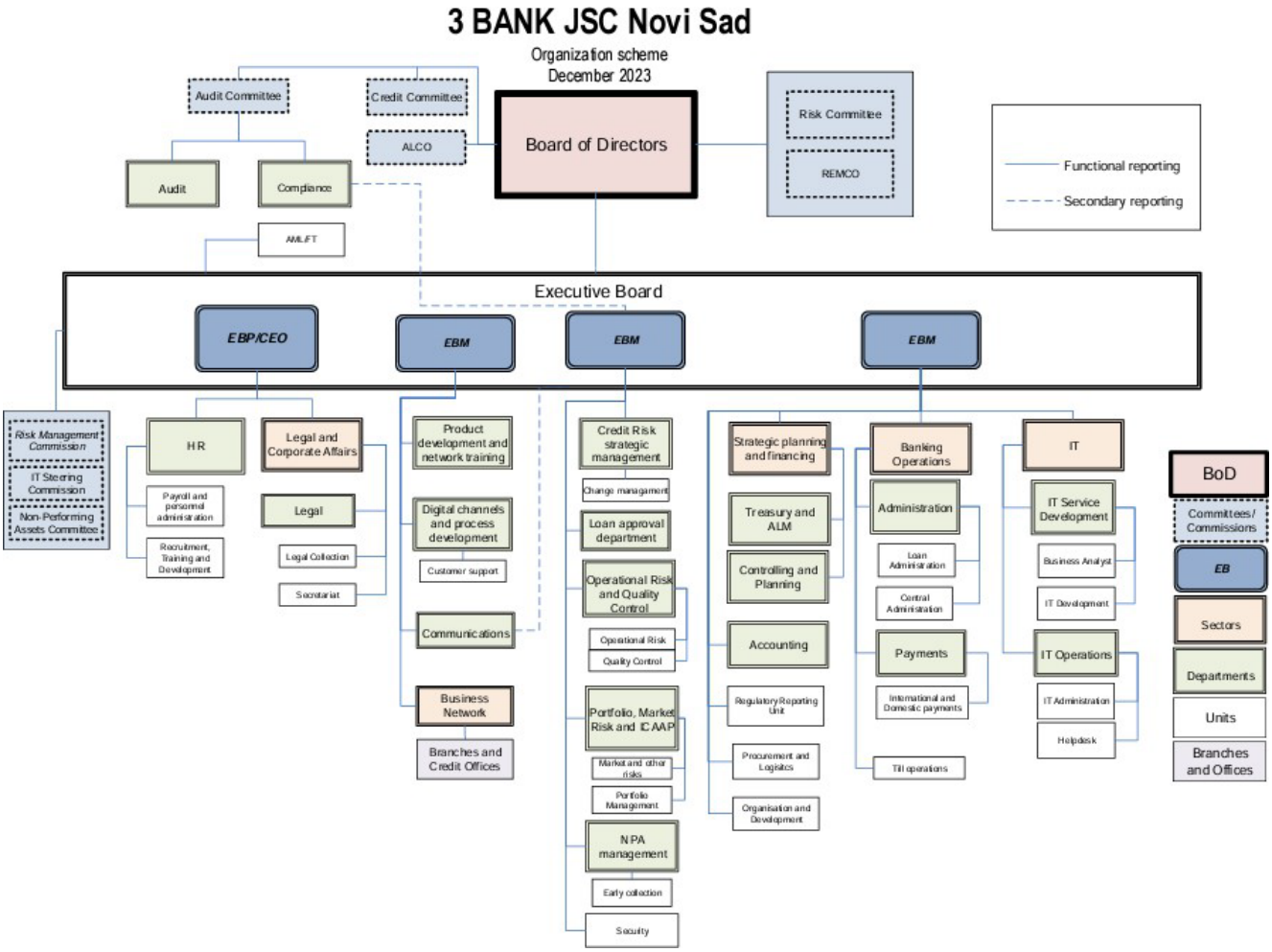
Organizational structure



Human resources, social and personnel issues

At the end of 2023, 3Bank had 599 employees. An equal representation of men (238) and women (361), with an average age of employees being 34. The Bank's Human Resources Department organizes regular employee trainings, both internal and external. The strategic goal in the field of human resources for 2023 was to provide psychological security in the workplace.

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	Number		Number
Executive Board	5	Managers of mini regions	7
Higher management	5	Branches and credit offices managers	39
Middle management	46	Employees	482
Total			**599**

	Permanent employees		Temporary employees	
	Male	**Female**	**Male**	**Female**
Novi Sad region	71	104	12	45
Subotica region	8	10	7	8
Belgrade region	13	11	8	27
Nis region	15	18	6	20
Kragujevac region	11	18	7	11
Krusevac region	19	14	7	12
Valjevo region	24	16	7	17
Uzice region	11	5	4	14
Cacak region	5	4	0	1
Prijepolje region	3	3	0	3
Sum	180	203	58	158

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Management of human resources

The term human resources i.e. human potential refers to all employees of the Bank and implies their knowledge, skills, creative abilities, motivation and commitment that they invest in order to improve both business operations and personal competency, while adhering to the Mission and Values of the Bank.

A Shared Responsibility

Meaningful, professional, dignified and inspiring management of the Bank's employees is the task of managers at all levels, as well as the Human Resources Department.

Line managers have the primary responsibility to ensure psychologically safe work environment where employees will feel appreciated and where the support and setting will be provided for them to express their full potential and commitment to the success of the Bank.

The Mission of Human Resource Department is to provide partner support and development along with professional guidance to managers aiming to deliver business results by optimizing the performance of our people and ensuring good working conditions.

The Human Resource Department Vision is to for the Bank to differentiate itself with good HR practices as an employer of choice on the labor market.

Selection and Recruitment

Long term success of the Bank depends on its capacity to attract, retain and professionally develop employees and this is the primary responsibility of all managers.

The main criteria for hiring employees are their knowledge, skills, attitude and personal values, regardless of race, gender, nationality, social origin, birth, and religion, political or other beliefs, financial status, culture, language, age and mental or physical disability.

Learning and Development

Employees at all levels are encouraged to continuously upgrade their knowledge and skills. Commitment to employee development is one of the key traits of the Bank as an employer.

Company learning in the Bank implies a structured series of activities aimed at building the necessary and anticipated competencies of employees in accordance with the strategic needs of the Bank. In the field of employee development, the Bank promotes the so-called Blended learning approach, i.e. a combination of different learning modalities according to the following principle: approximately 70% of learning is realized through work, 20% through mentoring of colleagues and 10% through formal learning and training.

The role of managers is to define training needs in agreement with their employees, keeping in mind the objective needs of the job, and to provide them with support and favorable opportunities for continuous personal and professional growth.

In order to enable employees to acquire additional skills and broaden their accountability, the Bank also promotes work in cross functional teams, extension of responsibility and broadening the job scope through collaboration on various internal projects.

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Talent and performance management

The Bank promotes a workplace where everyone understands the importance of his/her work in achieving common goals.

The line manages are encouraged to maintain continuous performance dialogue throughout the year with their employees.

The Bank ensures that the formal review process is conducted. This enables managers to acknowledge high performance of the employees and to award them accordingly. On the other hand it also ensures that the low performance is managed timely and properly.

The promotion and succession planning is based on the sustained performance (WHAT/RESULT and HOW/BEHAVIOR) and assessed future potential of an employee.

Rewards System

Depending on the positions, the Bank's rewards system consists of competitive remuneration package, variable pay and benefits, in accordance with Labor Law, Human Resources Policy Manual and Labor Agreement.

Work Environment and Conditions

The Bank is committed to providing to its employees a good working conditions and safe and healthy work environment. The Bank ensures security and safety at work in accordance with relevant legal requirements and Bank Human Resource Policy Manual.

Employee Relations

The Bank has built a culture based on trust, mutual respect and dialog and does not tolerate any form of harassment and discrimination.

The Bank strongly promotes transparency in communication, so that employees are encouraged to point out the situation if they believe that any aspect of the employment relationship has been violated.

Continuous retention rate monitoring and conducting surveys on employee satisfaction with the work environment.

With the aim of tracking and timely response to possible problems from the perspective of employees, the Bank monitors the retention rate of employees and measures employee satisfaction with the work environment.

Respect for human rights

The Bank respects all human rights guaranteed by the Constitution of the Republic of Serbia.

Principles of Human Resources

Human resources management represents a shared responsibility of the management and Human Resources Department, which is guided by the following principles in its daily work:

1. Employees are the Bank's most import resource i.e. potential
2. All employees shall follow to the Mission and Values of the Bank
3. The Bank ensures impartial employment process

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4. The Bank does not employ persons under 18 years of age, thus ensuring compliance with the Labor Law and Human Resources Policy Manual.
5. The Bank takes care of career development of its employees
6. The Bank provides adequate training to all employees
7. Employee performance is assessed by the annual appraisal form that measures work performance and employees' respect for the Mission and Core Values of the Bank
8. All employees are entitled to advancement in accordance with results achieved and their potential
9. The Bank targets the median salary level compared with banking peer group in Serbia.
10. The Bank provides adequate working conditions for employees in accordance with the Law and best practices
11. The Bank monitors, investigates and documents all injuries incurred in the course of regular business activities
12. Rights, duties and responsibilities of the employees and the Bank as an employer are more closely defined in the HR Policy Manual.

Principles of compensation system

There are 6 basic principles in Bank's Salaries structure:

Fairness - Principle that is fair to both the individual and the Bank.

Internal Justice - A fairness criterion that directs an employer to establish salary logic that correspond to each job's relative value to the organization.

Competitiveness - Specific to a particular job and the conditions at the banking labor market for the skills needed. Pay ranges that are comparable to those offered by local and regional employers for similar positions. Also, the principle takes into account the criticality as well as the deficit of a specific position in the labor market.

Performance based - Individual performance, organizational performance, and the needs of the Bank are considered when determining salary.

Transparency - A commitment by the Bank to be transparent and inform all employees about any changes in the compensation system.

Living wage concept – Bank aspires for the continues prosperity of its employees and aims to provide the living wage that will cover basic living needs by paying attention to living standards in cities and purchasing power index.

The Bank shows interest in a market compensation survey on an annual basis, which provides market data across a selected peer group within Serbia, covering cash compensation and non-cash compensation comparison.

Banking operations results

Lending to farmers

Since its establishment in Serbia in 2002, the Bank continuously provides support to the development and operation of registered agricultural farms, regardless of whether they are commercial or non-commercial.

From the very beginning of its operations in Serbia, a very important target group for 3Bank are clients who live and work in rural areas, are engaged in agricultural production, and this is their only or additional source of income.

In such manner, 3Bank strives to contribute to self-employment, giving farmers the opportunity to start their own micro and small production and supporting their efforts to increase and modernize intensive agricultural production. This way 3Bank, in accordance with its mission, supports the development of rural areas and local communities and, bearing in mind the importance of agricultural production, society as a whole. Bearing in mind the unfavorable demographic trend in rural areas, caused by the decades-long migration of young people to urban centers, the Bank will further intensify its support to young farmers in their business plans in the coming period, in order to contribute to solving the problem of aging and abandoning the villages.

Although farmers faced great challenges in 2023, the Bank achieved a slight increase in the amount of loans disbursed, while the loan portfolio increased by 11% compared to 2022.

Lending to entrepreneurs and small businesses

Business loans approved by 3Bank are intended for all registered entrepreneurs and private companies in Serbia.

Loans are granted for business activities from the production, services and trade sectors, and our goal is to stimulate the development of entrepreneurship and thus contribute to creating new jobs and reducing unemployment.

At 3Bank, loan support to the business sector is complete, from empowering small business ideas for beginners, through providing support and improvements to entrepreneurial ventures, regardless of the size of the project or the size of the company, to the care of the small and large needs of the business sector in order to enable them to adequately respond to current or challenges in the realization of investments. In 2023, the Bank, in cooperation with the Serbian Entrepreneurship Foundation, developed a special credit line intended for beginners in business, operating for less than 2 years. Through this program, small businesses have the opportunity to receive financial support at the beginning of their business, when they need it the most, and it is mostly unavailable because startup financing carries high risks for banks.

In 2023, 8% more loans were realized than during the previous year, while the loan portfolio grew by 19% compared to 2022.

Lending to pensioners and employees

As during previous years, the Bank has focused its attention on creating specific retail products and services in order to reach even more clients with difficulties accessing financial services, especially those in rural areas of Serbia and with low incomes as a target group of the 3Bank.

Loans for pensioners and employees allow a wide range of people with limited excess to financing to use our products and thus improve the standard of living of their households and family members.

In 2023, 53% more loans in number were disbursed than in the previous year, leading to the loan portfolio growth of 19% compared to 2022.

Green financing

In 2023, the Bank introduced the first "green" loan in cooperation with the European Bank for Reconstruction

and Development (EBRD), making the first steps in contribution to the green transition in the Republic of Serbia. Loans intended for the installation of energy-efficient doors and windows, insulation, heat pumps and solar panels enable clients, especially those in rural areas, to achieve savings in energy consumption, improve living conditions and reduce CO2 emissions at the same time. During the year, 641 loans were disbursed for these purposes, achieving the portfolio in amount of approximately EUR 2 million.

The business model

The Bank specializes in providing loans and other financial services to entrepreneurs, micro and small businesses, rural and agricultural households in the Republic of Serbia, as well as to other clients who has limited access to financial services. In addition, the Bank provides access to financing to employed persons, regardless of the type of employment contract, and has additionally enabled the realization of loans for those persons via digital platform.

The Bank's activities are aimed at increasing the number of clients through financial inclusion, improving the quality of products and services, as well as negotiating an innovative business model in order to ensure the Bank's successful results expressed in financial indicators and qualitative risk management.

The Bank provides clients with financial products tailored to their specific needs with the best possible quality of services and continuous contribution to the development and economic prosperity of the community, and in proportionally to the results achieved, the living standards of our employees grow as well.

The bank collects funds through deposit products of an educational nature, fostering the principle of the importance of small depositors through a price policy.

An adequate relationship with investors enables the Bank to ensure further strengthening of capital in the medium term (through capitalization or taking subordinated loans) and other sources of financing, primarily from the Bank's shareholders and international financial institutions.

Sustainability approach

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.

The concept of sustainable banking is based on the principle of achieving growth and profit but in line with the achievement of social and environmental goals. We have included these principles in our strategic goals. Our goal is not just making profit, in addition to that we also want to make a positive impact on people, the community and the environment. 3Bank implements its activities in a way that keeps all three goals in balance and the achievement of one goal must not jeopardize the other two.

3Bank is a member of the Global Alliance for Banking on Values (GABV http://www.gabv.org/). Over sixty GABV members from around the world work with a common goal: achieving sustainable economic and social development, with special emphasis on preserving the environment and supporting individuals to realize their potential, thus strengthening the communities in which they live and work.

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Our core values are:

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.

Community impact

With all its activities, 3Bank strives to contribute to the community in which it operates.

Projects

In 2023, in the field of impact on the community, 3Bank implemented two very important projects.

In cooperation with the daily newspaper Blic, with the support of the Ministry of Finance and the Chamber of Commerce of Serbia, the Bank organized the competition "Heroes of microbusiness", with the aim of contributing to the development and promotion of entrepreneurship. The competition was open to the smallest businesses, with a maximum of 5 employees, which rarely get attention. They need support the most, and for them, it is almost unavailable. With significant media support, the project was successfully implemented, and the ceremony was attended by the Deputy Prime Minister and Minister of Finance, Siniša Mali, President of the Executive Board of 3Bank, Vladimir Vukotić and Branislava Simanić, Director of the Entrepreneurship Sector of the Serbian Chamber of Commerce.

In the second half of the year, the Bank also organized a competition for young farmers up to 35 years. The Bank actively supports small agricultural farms since 2008, witnessing the unfavorable trend of the abandonment and aging of villages, caused by the migration of young people from rural areas to large urban centers. During that period, the average age of farmers in the bank's portfolio increased by as much as 5 years. On the other hand, the bank's clients are some young farmers who, through their work in the fields, built the life they like. With this competition, the Bank wanted to use the successful stories of young farmers to motivate other young people to follow the same path, contributing not only to the quality of their lives, but also to the development of rural areas and villages and society as a whole.

During 2023, the bank continued to conduct online educational activities for its clients and all citizens of the Republic of Serbia.

Agro EaSI education - Blog for farmers

During 2021, 3Bank launched a blog that provides educational content for farmers. The content is completely free and introduces farmers to topics that contribute to the successful management of their households and the improvement of household related activities.

Education on sustainable development

3Bank, via its official accounts on social media and the bank's website, publishes educational content on the importance of preserving the environment and the ways in which we as individuals can contribute to it. With educational articles, photos, infographics, sharing news from this sphere, we try to make the topic of sustainable development as current as possible for every individual and contribute to strengthening awareness of the goals of sustainable development.

Sustainable Development Goals (SDG) Management

The Sustainable Development 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.

With the desire to strengthen the concept of sustainable development even more, 3Bank, in cooperation with external consultants, created a road map for incorporating the ESG concept into regular operations, the implementation will be in main focus in the strategic period.

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

1. **No poverty**

First UN Sustainability goal is to end poverty in all its forms everywhere. In line with this goal, the bank provides support to rural clients, clients with difficult access to banking services and low-income clients.

AIM	SDG - KPI`s	Unit	Jan-December 2023
	Loans to rural clients*	%	71,7
	Loans to underbanked clients**	%	40,4
	Loans to low income clients***	%	21

In accordance with the introduction of new products, intended for new segments of clients with limited access to financial services, 3Bank has defined new KPIs for 2023. The goal is that 65% of the portfolio consists of clients living in rural areas, and 35% clients with difficult access to financial resources.

*Credit clients of 3Bank are categorized as "rural" if they have an address outside the cities (the definition of the city is in line with the Law on Territorial Organization of the Republic of Serbia).

**The share of these so-called "Underbanked" clients in monthly loan payments are measured as the percentage of credit clients who do not have previous loans recorded in the Credit Bureau. This share is measured only for clients who take their first loan in 3Bank.

***The Bank applies an internal methodology for measuring the share of clients with lower than average incomes in the Republic of Serbia, which is in line with the Household Budget Survey conducted quarterly by the Statistical Office of the Republic of Serbia.

2. No poverty

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 agricultural production, thus helping to diversify the food market and food availability.

AIM	SDG - KPI`s	Unit	Jan-December 2023
	Loans to agro clients	%	36,4

3. Decent work and economic growth

This goal aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The Bank finances start-up entrepreneurs, micro SMEs and agricultural households, which together with regular loans also leads to the growth of clients.

AIM	SDG - KPI`s	Unit	Jan-December 2023
	Loans to business clients	%	37%
	New jobs created	Nr	3295

4. Responsible consumption and production

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

AIM	SDG - KPI`s	Unit	Jan-December 2023
	Climate impact intensity	tCO2/ FTE	1.46

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5. Climate action

The climate action goal aims on 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 into account aspects of environmental protection. 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 of the GABV 3C Carbon initiative.

During 2023, 3Bank issued their new PCAF report.

Regular reporting of SDG goals is done on a monthly basis for the bank's management and on a quarterly basis for the bank's Board of Directors.

Investments in environmental protection

To support the achievement of sustainable development goals, 3Bank focuses its activities and impact on the following five Sustainable Development Goals: No poverty, Zero Hunger, Decent work and economic growth, Responsible consumption and production, Climate action.

In accordance with the principle of materiality, and taking into account business goals, broader economic and social context sustainability, as well as the results of conducted research on attitudes stakeholders, 3Bank has identified the following topics as material:

1. Economic Presence
2. Anti – corruption
3. Energy
4. Water
5. Emissions
6. Waste
7. Employment
8. Training and education
9. Non-discrimination

Through its Sustainable Development Goals Policy, the Bank seeks to ensure that its business activities encourage sustainable development, taking care of the environment. The Bank seeks to ensure that the business projects it finances do not have negative environmental impacts, *i.e.*, that they are designed to be conducted with the control of their environmental impact and in accordance with the applicable statutory framework of the Republic of Serbia. In addition, the term "environment" is used in the broadest sense which includes not only environmental aspects but also the protection of employees and issues related to local communities, *i.e.*, social issues.

The Bank is committed to monitoring impact of the Bank and the users of its loans on the environment, as well as facilitating dialogue with interested parties.

The most significant activity in the field of environmental protection is the launching of first green loans. The Bank, in cooperation with the GEFF program developed by the EBRD with the support of donors, began to grant loans to registered agricultural farms for the replacement of carpentry, the insulation and energy-efficient heating systems in houses, with a grant of 15 to 20 percent of the investment. In December, this type of loan was offered to another segment of clients who did not have access to this type of financing

before - pensioners. During the year, a total of 641 green loans were approved, and 238 loans were verified. The impact of verified credits contributed to avoid + i 169.7 tCo2 GHG emissions.

In order to protect the environment, the Bank is working on the development of products and services that will meet environmental goals, as well as those related to social impact and prosperity through:

- further increase of employee awareness about environmental risks in the lending process;
- improving reporting and measurements in relation to the Bank's impact on the environment;
- Implementing positive measures to reduce CO2 emissions, conserve energy, reduce material consumption such as paper and recycle waste.

The Bank launched a project aimed to optimize the process in a way that contributes to reducing the volume of printing. In 2023, the volume of printing per loan decreased by 10%. 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.

Hazardous and non-hazardous waste is submitted for recycling and destruction, with full implementation of the Law on Waste Management.

In 2023, the Bank procured promotional material used in client acquisition and promotion (pencils) from suppliers who could provide goods from recycled materials.

Within its own activities and business processes, the Bank constantly strives to reduce the negative environmental impacts of its activities, such as:

- care about the occupational health and safety of its employees,
- publication of information and data on environmental impact, on the Bank's website and internal magazine in order to increase employee awareness of the environmental impact,
- reporting on the environmental impact of the loan portfolio in accordance with PCAF standards,
- improving the Bank's energy efficiency class during the design and adaptation of business premises through the use of new materials and a movement towards the use of renewable energy sources,
- enabling the classification of waste within all business premises it uses.

The Bank is dedicated to monitoring the impact that Bank and loan users have on the environment, as well as facilitating dialog with stakeholders.

Energy consumption

Rational consumption of non-renewable energy sources is an integral part of the strategy of 3Bank.

1. During the Rebranding project, illuminated advertising boxes in all 3Bank branches were replaced with new, LED boxes, significantly reducing electricity consumption.

2. The Bank has procured the energy from the Renewable sources from the power supply provider. The green energy provided from EPS is entirely originating from hydro electric power (solar and wind part is insignificant). We have a contract with Elektroprivreda Srbije for using 100% renewable energy in all our branches.

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	2023.
Heat	1151.8 GJ[1]
Electricity	4447.2 GJ

Transport

Considering that one of the strategic goals of the bank is operating in rural areas, direct access to clients has great importance to us. Emissions that occur as a result of transport represent a material aspect, so this topic is among the bank's priorities. Fuel consumption is monitored, including business trips, as well as employee transportation during the acquisition of clients. Our employees that operate with client acquisition uses their own cars, and all of the expenses are covered in accordance with HR policy. The significance of the impact is determined on the basis of CO2e emissions from annual mileage in relation to FTE.

	2023.
tCO2e fuel (Diesel and Petrol)	114

Paper consuption

The Bank launched a project aimed to optimize the process in a way that contributes to reducing the volume of printing. In 2023, the volume of printing in 3Bank decreased by 7%. 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.

	2023.
Paper consuption (t/Co2)	3.57

Bank has adopted principles of reduction of internal impact on the environment, reduction of energy consumption (and using green electric energy), paper, waste and reduction of CO2 footprint. Bank will make a meaningful difference through reduction of the climate impact of our operations intensity measured in tCO2e per year/FTE.

[1] https://www.inchcalculator.com/convert/kilowatt-hour-to-gigajoule/

	2023.
Scope 1 emissions (tCO2e)	742
Scope 2 emissions (tCO2e)	121
GHG emissions intensity per FTE (tCO2e per FTE)	1,46

Waste

Disposal methods are determined in accordance with the Law on Waste Management and bylaws in this area (Regulations, regulations), the 3Bank's Waste Management Plan, which accompanies the document on the movement of waste depending on its category (hazardous / non-hazardous). At the beginning of each year, and no later than March 31, the annual report on the waste of the waste producer for the previous calendar year is submitted on the GIO1 form. Form GIO 1 is filled in through the information system - NRIZ and additionally submitted to the Agency on the forms that are printed from the information system NRIZ.

In 2023 year 3Bank had 1065 kg of hazardous waste which was submitted for recycling and destruction, with full implementation of the Law on Waste Management.

There was 1.65 t of discarded electrical and electronic equipment that was submitted for recycling.

Also 3Bank supports civic initiative CAP FOR HANDICAP, which promotes better and improved quality of life for people with disabilities. This action, well-known throughout Serbia, implies collection of plastic caps and lids which are later recycled in order to provide the necessary equipment and orthopedic aids for people with disabilities, thus preserving the environment at the same time.

Water

Bank has no specific standards set for the quality of effluent discharge. Bank uses local municipality effulent receiving network. Organization produces common water discharge from water sinks, kitchens and toilets.

Total fresh water withdrawal from all areas is 3560,2 megaliters per year 100% from third-party water. The data have been compiled based on the municipal utility service invoices for 2023.

City	Average consumption per month in m3	Total m3	City	Average consumption per month in m3	Total m3
Novi Sad	35	420	**Topola**	2.3	28
Novi Beograd	5	60	**Obrenovac**	5	60

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Subotica	2	24	**Bačka Palanka**	4.4	52.2
Kragujevac	6.3	76	**Aleksinac**	3	36
Šabac	3	36	**Velika Plana**	4	48
Stara Pazova	4	48	**Novi Pazar**	10.7	128
Kruševac	5.3	64	**Prokuplje**	5	60
Valjevo	4.7	56	**Smederevo**	3.3	40
Užice	10	120	**Mladenovac**	1.3	16
Jagodina	3.3	40	**Bajina Bašta**	3	36
Zaječar	9	108	**Žabalj**	3	36
Kraljevo	7.3	88	**Vršac**	3	36
Pirot	12.7	152	**Loznica**	15.3	184
Leskovac	5	60	**Niš**	15.7	188
Požarevac	5	60	**Vranje**	9	108
Sremska Mitrovica	78.3	940	**Prijepolje**	4.3	52
Pančevo	5	60	**Ivanjica**	3.3	40

Anti-corruption and bribery

By the Compliance Policy adopted by the Board of Directors the Bank has determined compliance standards which contains ethical principles of the Bank, principles of professional banking practice, compliance with the code of ethics and professional banking practice, principles of client protection as well as compliance with laws and other regulations.

By the aforementioned policy, the Bank has particularly determined rules according to which every form of direct and indirect bribery and corruption is prohibited. The Bank does not tolerate any type of bribery and corruption, including activities related to bribery and corruption.

Corruption is defined by the Compliance Policy as abuse of authority given to a person, with aim is achieving personal benefit.

Bribery is defined by the Compliance Policy as a direct or indirect promise or giving someone a certain

advantage, with aim is performing or not performing tasks or jobs that are part of regular duties.

In order to oppose bribery and corruption, the Bank has defined in Compliance Policy special rules for editing giving and accepting gifts and invitations, dealing with persons acting on behalf of the Bank (third persons), making facilitation payments, sponsorships and donations, conflict of interests etc.

Gifts represent a type of benefit, whatever the monetary value, given to a person or legal entity that are grated mostly for reasons of gratitude or for enhancing one's image, without expecting any specific return service. Employees of the Bank may give or receive gifts and invitations from clients or third persons only if the gift meets the conditions which are strictly prescribed by the Compliance Policy.

Dealings with third persons refers to dealing with all persons who directly or indirectly perform specific services in the name or on behalf of the Bank, as is the case with advisors, intermediaries, consultants, service providers, etc. For the purposes of effectively preventing corruption and possible financial damage and damage to Bank reputation, special precautions must be taken when commissioning such third persons as they can be made use of – with or without the knowledge of the Bank's management -for indirectly paying bribes. The Compliance policy prescribes in detail special measures that must be applied in business with third parties.

Sponsorship means supporting a person, group or organization by financial means, contributions or services. In return, the public through the activities of the recipient of the sponsorship, increase the recognition of the sponsor in the public's awareness of the sponsor is increased through the activity or sponsored party and the brand or the name of the sponsor is given a positive connotation. In contrast to donations, sponsorship has a commercial orientation and provides a business advantage to both parties.

Donations are given for the good of the community, often within the scope of a company's corporate social responsibility activities and without the expectation of any specific service in return. The Compliance policy prescribes special conditions that must be met in order for the Bank to be a sponsor, or to donate.

A conflict of interest arises when individuals have personal interest that may interfere with, or appear to interfere with, the independent exercises of judgment in business dealings. Employees must avoid situations in which decisions made on behalf of the Bank would be influenced by personal interests, which is why existing, potential and perceived conflicts of interest require careful management. The Compliance policy distinguishes between two types of conflicts of interest that may indicate potential corruption: internal that relate to employees and external that relate to clients and third persons.

With a purpose of raise employee's awareness that corruption and bribery are strictly prohibited, the Compliance Department at least once a year conduct Compliance training for all Bank's employees. The integral parts of Compliance training are a topics in which employees are taught about zero tolerance, potential risks, ways of recognition, ways of reporting cases related to corruption or bribery, relevant internal acts with which employees are in obligations to meet and contact persons regarding any issue related to corruption and bribery. In addition to the above, all employees have access to the Compliance Policy.

Research and development activities

In 2023, the Bank conducted digital literacy survey of clients in agro, business and retail line. Surveys have shown that between 93 and 98% of clients have access to the Internet, except when it comes to pensioners, where 52% of surveyed clients have access to the Internet. Smartphones are used by 90% of agricultural clients, 94% of business clients, 98% of clients who use loans for temporary employees and 45% of pensioners. The greatest per cent of mobile banking users is among temporary employees (90%) and entrepreneurs (70%), 26% clients from agricultural sector and only 8% of pensioners. 63% of entrepreneurs,

48% of temporary employed, 47% of farmers and 16% of pensioners would use loans online.

In addition to surveys, the Bank organized focus groups with farmers and entrepreneurs, and the most important conclusion was that clients would like a digital process, but with maintaining a personal relationship with their advisor.

The Bank continued to develop products and services based on customer needs, as well as on realization of social, ecological and development goals. Most of the activities during the previous year were focused on:

Development of products and services tailored to customer needs

During 2023, the Bank worked on developing credit products aimed at small entrepreneurs to provide access to financial services in the initial stages of their business development (start-up). In addition, research has shown that one of the key obstacles in the further development of this segment is the absence of long-term financing. Therefore, the Bank adjusted its products and facilitated access to long-term investment loans for agricultural farms, entrepreneurs, and legal entities. For these target groups the Bank also provided loans with a guarantee scheme supporting their further growth and development.
A significant part of the activities in 2023. was focused on the research and development of loan products from the "green agenda", which should support the Bank's efforts to, with the strong support of shareholders, actively contribute to the environment protection and to become one of the leaders in lending in this segment in the future. In 2023. Bank introduced a product to enhance energy efficiency through investments in residential properties aimed at reducing energy consumption or producing energy from renewable sources.

Expanding the business network

In 2023, the trend of expanding the business network continued with the opening of three new branches, primarily in rural areas, in order to make products and services available to as many customers as possible.

Development of digital channels and processes

In 2023, the Bank continued with investments in digitization of business processes aimed to clients in order to increase efficiency and improving user experience. Through actual digital initiatives, the Bank strives to enable product contracting remotely while maintaining personal touch with clients as business model key value, relying on digital solutions of the Government of the Republic of Serbia (eID, eAgrar etc.). Applying the digital solutions the Bank intends to improve digital skills and digital literacy among rural and low-income groups, increasing their life quality and enable them to solve life needs more simply.

Future development of the Bank

An accent in the coming years will be placed on:

- Continuation of sustainable growth in business, agriculture and population with increased market share in clearly defined segments;
- Further development and growth the share of green portfolio in 3Bank

- Continuation of digitalization of business activities with a focus on digital products and services aimed at customers;
- Increasing operational efficiency, improving the process and speed of service, in order to efficiently manage a large number of clients who do not have easy access to financial services;
- Increased activities to diversify sources of funding as a prerequisite for ensuring long-term stable growth;
- The development of innovative savings products that will enable savings to client, with smaller cash amounts, both in the RSD and the EUR.

Statement of use	**3Bank JSC Novi Sad has reported the information cited in this GRI content index for the period from 01.01.2023 – 31.12.2023 with reference to the GRI Standard** **Annual reporting cycle**
GRI 1 used	**GRI 1: Foundation 2021**
Contact person	**Tatjana Laketa, Communication department director, tlaketa@3bank.rs**

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	3,4,5,6
GRI 2: General Disclosures 2021	2-2 Entities included in the organization's sustainability reporting	23
GRI 2: General Disclosures 2021	2-3 Reporting period, frequency and contact point	23
GRI 2: General Disclosures 2021	2-4 Restatements of information	-
GRI 2: General Disclosures 2021	2-5 External assurance	-
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	2,3,5
GRI 2: General Disclosures 2021	2-7 Employees	6,7
GRI 2: General Disclosures 2021	2-8 Workers who are not employees	-
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	3,4
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	-

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GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	4
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	20,21
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	2
GRI 2: General Disclosures 2021	2-23 Policy commitments	20,21
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	20,21
GRI 2: General Disclosures 2021	2-28 Membership associations	5
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	3,4,12
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements	10
GRI 3: Material Topics 2021	3-1 Process to determine material topics	16
	3-2 List of material topics	16
	3-3 Management of material topics	16
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	5
	201-2 Financial implications and other risks and opportunities due to climate change	16,17
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	20,21
	205-2 Communication and training about anti-corruption policies and procedures	20,21
GRI 302: Energy 2016	302-1 Energy consumption within the organization	15,17,18
	302-2 Energy consumption outside of the organization	-
	302-3 Energy intensity	17
	302-4 Reduction of energy consumption	17,18
	302-5 Reductions in energy requirements of products and services	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	-
	303-2 Management of water discharge-related impacts	-
	303-3 Water withdrawal	-
	303-4 Water discharge	-
	303-5 Water consumption	19,20

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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	19
	305-2 Energy indirect (Scope 2) GHG emissions	19
	305-3 Other indirect (Scope 3) GHG emissions	-
	305-4 GHG emissions intensity	15,16,17,18,19
	305-5 Reduction of GHG emissions	15,16,17,18,19
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	19
	306-2 Management of significant waste-related impacts	19
	306-3 Waste generated	19
	306-4 Waste diverted from disposal	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	9,20,21

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