ADRIATIC BANK

Information booklet for Investment banking department clients

Adriatic Bank AD Podgorica

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Klasifikacija/Classification: **Javno/Public**

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1. Introduction

In accordance with the Law on Credit Institutions ("Official Gazette of Montenegro", No. 72/19, 82/20, 8/21 and 024/25), the Law on Capital Market ("Official Gazette of Montenegro", No. 001/18 and 069/25), Rules on Organizational requirements and rules of business conduct for the performance of investment services and activities ("Official Gazette of Montenegro", number 83/18, 23/19 and 76/21), Rules on Membership, Calculation and Payment of Contributions, Payment of Compensation Claims, and Supervision of Members of the Investor Protection Fund (Official Gazette of Montenegro, No. 131/25 of 11 November 2025, No. 146/25 of 12 December 2025, and No. 024/26 of 25 February 2026), as well as the Rules for providing investment services, Adriatic bank AD Podgorica (hereinafter: Bank), an authorized credit institution that has licences from the Securities Commission of Montenegro (hereinafter: Commission) for the performance of investment and auxiliary services, with this document establishes general information, which is intended for existing or potential clients of the Investment banking department, and is available before the conclusion of the Agreement on provision of investment services (hereinafter text: Agreement).

2. Bank details

Name and address:	Adriatic Bank AD Podgorica, Džordža Vašingtona 98, 10th floor, Podgorica, Crna Gora
Telephone:	+382 20 680 973
E-mail:	custody@adriaticbank.com investments@adriaticbank.com
Internet address:	www.adriaticbank.com
ID:	03087158
Tax identification number:	03087158
Registration number:	40009471
Transactional number at Central Bank:	907-58001-38

Communication between the Bank and clients is conducted in the Montenegrin language. In case the clients are foreigners, communication is done in English.

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Communication with clients is conducted directly, in the Bank's premises, by telephone, e-mail, as well as in other ways in accordance with the Agreement.

Adriatic Bank AD Podgorica, Džorža Washingtona 98, 10th floor, Podgorica, Montenegro, is an authorized credit institution and registered for the performance of investment services, as well as for the performance of auxiliary investment services, in accordance with the work permits issued by the Commission, based on the prior approval of the Central Bank of Montenegro.

Adriatic bank will inform the client about the investment and/or auxiliary services it has provided. In the case of execution of an order for the client's account, the bank will, without delay, and at the latest on the first working day after the execution of the order, send a notification to the client, containing information from Article 317 of the Law on Capital Market.

3. Investor Protection Fund

The Bank is a member of the Investor Protection Fund (hereinafter: the Fund) in Montenegro, based on a decision issued by the Commission, which also acts as the organizer of the Fund.

The purpose of the Fund is to protect the claims of clients of Fund members when a Fund member is unable to meet its due obligations towards a client, in particular:

- where bankruptcy proceedings have been initiated against the Fund member; or
- where the Commission determines that the Fund member is unable to meet its monetary obligations and/or return financial instruments held or managed on behalf of a client, and where it is reasonably expected that such circumstances will not change in the foreseeable future.

The Commission shall determine, by way of a decision, that an event has occurred in which a Fund member is unable to fulfill its obligations towards clients.

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Protected client claims include:

- cash funds owed to or belonging to a client that are held or received by a Fund member in connection with investment and/or ancillary services (including custody services and the management of cash and collateral);
- financial instruments belonging to a client that are held, administered, or managed by a Fund member on the client's behalf in connection with the aforementioned services.

Client claims are protected up to a maximum amount of EUR 20,000 per client per Fund member, calculated on an aggregate basis across all accounts maintained by the client with the same Fund member, regardless of the number or type of accounts. Where applicable, accrued interest up to the date of the commencement of bankruptcy proceedings or the date of publication of the Commission's decision shall be included in the protected amount.

Non-protected Claims

The following claims are not protected:

- claims protected under the deposit insurance scheme in accordance with the law governing deposit insurance;
- claims arising from transactions that have been established by a final court judgment to be connected with money laundering or terrorist financing.

Information provided by Fund members to their clients regarding the operation of the Fund, the conditions, scope and methods of protection of their assets, as well as other information concerning the Fund, must be accurate, unambiguous, objective, complete, clear and understandable, and must contain material facts and information about the Fund that can be objectively verified.

Membership in the Investor Protection Fund does not constitute a guarantee of the complete elimination of investment risk and must not be used for marketing purposes or in any manner that could create the impression of absolute investment security.

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The Fund provides protection solely within the limits and under the conditions prescribed by the applicable legal and regulatory framework.

Additional information about the Fund, the procedure for exercising rights, and the compensation process is available on the website of the Capital Market Commission of Montenegro: https://scmn.me.

4. Classification of clients

Before concluding the Agreement on the provision of investment services (hereinafter: the Agreement) and providing services to the client, the Bank is obliged to classify the client into the category of small investors, professional investors or qualified principals, all in accordance with the Client categorization Policy in the provision of services of the Investment Banking Sector of Adriatic Bank AD Podgorica, by-laws and legal rules that regulate this area.

The Bank classifies the client into the appropriate category, based on the information received from the client. The information obtained is related to:

- investment goals of the client;
- the knowledge and experience he possesses related to the field of investing in financial instruments;
- the client's financial position.

The aforementioned information is obtained from the client when filling out the questionnaire, which is an integral part of the Request for opening an investment account (Personal application for investment services/Application for opening/closing investment services account), as well as the KYC questionnaire.

In accordance with the above, the Bank classifies clients into one of 3 categories, namely:

- small investor;
- professional investor or
- qualified principal.

During the duration of the contract, the Bank can change the client's category, at its own initiative or at the client's initiative. After the initial categorization of the

client, the Bank undertakes appropriate measures to change the category of that client, if it is established that he no longer belongs to the category assigned to him before providing the service (initial categorization).

Professional investors are obliged to inform the Bank in a timely manner about changes in relevant information that have an impact on the current category of these clients.

5. General conditions for providing investment services

Before providing investment services, the Bank is obliged to familiarize clients with its Rules for providing investment services, as well as with its Policy of client orders execution within Investment Banking Sector. Investment services provided to clients, as well as ways of executing clients' orders, their obligations and rights, are presented within the acts.

By signing the Agreement on the provision of investment services, the client confirmed that he is familiar with the Rules for the provision of investment services, as well as with its Policy of client orders execution within Investment Banking Sector and that he agrees with them.

6. Order execution

With the Rules for providing investment services, as well as with its Policy of client orders execution within Investment Banking Sector, the Bank has defined the ways, measures and procedures based on which client orders are executed in the most efficient way.

When executing an order, all measures are taken to achieve the best possible result for the client in relation to price, costs, efficiency, possibility of execution and settlement, size, nature and other elements related to the execution of the order and acting in accordance with the client's instructions.

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7. Conflict of interest management

The bank has a defined Conflict of Interest Management Policy for the investment banking sector, which aims to protect the interests of its clients. In addition, this policy aims to identify potential and actual conflicts of interest, establish organizational procedures and measures for the purpose of managing such conflicts, considering the size and complexity of its activities and the activities of relevant persons.

The policy regulates measures and procedures for identifying, monitoring and preventing the negative impact of conflicts of interest that may arise when providing investment and auxiliary services, and performing investment activities between: the interests of the Bank, persons who manage the Bank's operations, employees and persons connected to them through control on the one hand and the interests of the Bank's Clients on the other hand or the interests of the Bank's Clients mutually.

8. Customer complaints

The bank has established effective and transparent procedures for the efficient resolution of customer complaints. Also, the Bank keeps a record of complaints received and measures taken to resolve them. The mentioned procedures are defined within the Procedure for the centralized management of complaints. In accordance with the given Procedure, the client can submit a complaint to the Bank in writing, in one of the following ways:

1. By submitting a complaint at any of the Bank's premises using the Complaint/Commendation Form;
2. By sending a complaint via e-mail to kvalitet@adriaticbank.com, which is monitored by the employees responsible within the Customer Support, Customer Experience and Complaints Department. If a complaint is received at any other Bank e-mail address, it must be forwarded to kvalitet@adriaticbank.com;

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3. By submitting a complaint through the complaint submission form available on the Bank's website;

4. The Bank may also receive a complaint through various institutions to which the client has addressed a concern regarding the Bank, such as a consumer protection organization. Such institutions most commonly forward the client's complaint to the Bank's Board of Directors.

The Bank shall provide the complainant with a written response without undue delay and, in more complex cases, no later than eight (8) business days from the date of receipt of the complaint.

9. Information on financial instruments

The bank provides its clients with investment services with the following financial instruments:

- transferable securities;
- money market instruments;
- investment units, in terms of the law governing the establishment and operation of investment funds and investment fund management companies.

Transferable securities are types of securities that are transferable on the capital market (except for payment instruments), such as:

- shares of a joint stock company and other securities representing a share in the capital or membership rights in companies or other entities, as well as certificates of deposited shares,
- bonds and other forms of securitized debt, including certificates of those deposited securities and
- other securities that give the right to acquire or sell transferable securities that enable the purchase or sale or payment in cash, the amount of which is determined by reference to transferable securities, currencies, interest rates, yields, commodities, or other indices or units.

Money market instruments are financial instruments that are commonly traded on the money market such as: short-term government bonds, certificates of deposit

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and commercial papers, treasury bills, bills of exchange and certificates of deposit, except payment instruments.

Units in joint investment entities are securities issued by joint investment entities based on which the owner of the unit acquires the right to the assets of the company.

5. Risks of investing in financial instruments

Businesses with financial instruments carry certain risks that may result in unsatisfactory or negative returns.

The risk of trading financial instruments on the OTC (over-the-counter) market with financial instruments not traded on regulated markets and/or MTP is significantly higher than the risk of trading financial instruments traded on regulated markets and/or MTP.

For the OTC market of financial instruments that are not traded on the regulated market and/or MTP, there is no publicly available information about the issuer and the price of financial instruments that enable trading under equal conditions for all investors.

a. General risks related to operating with financial instruments

General risks related to operating with financial instruments are:
- economic risk - risk of loss of value due to global and/or regional recessions;
- currency risk - the risk of exchange rate changes;
- country risk - risk conditioned by the rating of the national economy in the global environment (country risk also includes sovereignty risk - risk of non-payment of the country's due debt, political risk - risk of unexpected regulatory changes that affect the capital market and the position of investors, as well as risk changes in the country's credit rating due to the possible absence of proper servicing of the country's external debts;
- economic risk - the risk of changing seasonal trends in the economy or in another sector with an impact on the profitability of investments in certain branches of activity;

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- inflation risk - the risk of a fall in the value of financial instruments due to a general rise in prices;
- liquidity risk - risk of inability to sell financial instruments on the secondary capital market due to reduced attractiveness of the same or inefficiency of the market;
- bankruptcy risk - the risk of a fall in the value of the financial instrument on the secondary capital market because of the bankruptcy of the issuer;
- issuer risk - the risk of a decrease in the value of financial instruments due to a drop in the issuer's credit rating;
- the risk of the activities of large investors, the risk of market psychology - the risk of a change in the value of a financial instrument due to the speculative activities of large investors, that is, large corporate actions on the stock market;
- the risk due to failure of information systems and/or the risk of interruption of communication links between the Bank and Central Securities Depository and Clearing Company of Montenegro and/or the regulated market and/or MTP and/or the custodian, as well as the risk of extraordinary events (natural disasters, large-scale epidemics, disruptions in energy supply, etc.);
- business risk arising from the uncertainty of whether the issuer of the financial instrument will maintain its competitive position on the market in the future, as well as business stability and continuity of growth;
- financial risk because of the structure of financial resources of the issuer of the financial instrument;
- the risk of changing tax regulations with the possibility of a negative impact on investor returns.

b. Risks related to operating with shares

Shares are equity securities, with which buyers gain ownership of a part of the company. The most important rights that shares bring to their owners are the right to participate in earnings of the company, as well as the right to vote at the shareholders' meeting.

In addition to general risks, the following are considered special risks for dealing with shares:
- volatility risk - the risk of the share's value falling due to the usual periodic price movements on the market;

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- the risk of non-payment of dividends - the risk of yield, i.e. the risk of the ratio between the market price and dividend payment.

c. Risks related to operating with bonds

Bonds are a type of debt securities that oblige the issuer to return the borrowed funds within a certain period, as well as to pay a certain interest on the principal amount, in accordance with the characteristics of the bond. Bonds are traded on an organized market or directly between authorized participants.

The following are considered special risks for dealing with bonds:
- creditworthiness risk - the risk of changing the credibility of the issuer as a creditor;
- interest rate risk - the risk of uncertainty of the future price of money (future interest rates), which affects the price of the bond (the price of the bond moves against the movement of the interest rate and vice versa);
- risk of cancellation of payment - cancellation of payment of debts by the issuer;
- liquidity risk;
- risk of exchange rate change;
- reinvestment risk and
- the risk of yield movements.

6. Protection of financial instruments and clients' funds

Client funds paid for the purpose of purchasing financial instruments or as payment during the sale of financial instruments are kept in the client's account with the Bank, which is opened and is kept as a special purpose account in accordance with the regulations on payment transactions. Funds in the account do not become part of the Bank's assets. No interest is calculated or paid on funds paid into the special purpose account.

The Bank performs investment services of receiving and transferring orders, i.e. executing orders, without holding the financial instruments that are the subject of the order. Financial instruments purchased on the Montenegro Stock Exchange are deposited with the Central Securities Depository and Clearing Company of Montenegro, which, in accordance with the provisions of the Law on Capital Market,

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executes clearing and settlement of transactions executed on the Montenegro Stock Exchange.

The client's property is kept within the custody, where, along with client's orders, other services are performed in accordance with the client's orders and inquiries. The Bank manages the financial instruments and funds of clients in a way that enables the client's assets to be separated from the assets of other clients and from the Bank's assets at any time. In the Bank's books, financial instruments owned by clients as well as clients' funds intended for transactions with financial instruments and payment transactions and inflows of funds on that basis are recorded through an account that does not belong to the Bank's assets.

When depositing assets with a foreign custodian bank, the Bank takes care that financial instruments and funds are kept in a way that separates them from being part of the assets of the foreign custodian bank or the Bank itself.

In the case of investments in foreign financial instruments, which are traded and whose settlement is performed on foreign markets, the Bank uses the services of renowned foreign custodian banks for the safekeeping and settlement of its clients' investments.

The Bank will keep the Client's financial instruments in a mutual (omnibus) custody account with Central Securities Depository and Clearing Company of Montenegro or a Third Party, unless the Client requests otherwise.

7. Information on costs and related expenses

The investment banking tariffs rulebook (hereinafter: the Tariffs) is available to the client upon his request, and always before concluding an agreement with the Bank on the provision of investment services.

The Bank makes it possible to view the latest version of the Tariffs in the Bank's business premises where business with financial instruments is carried out, by highlighting them in a visible and accessible place as well as on the Bank's website (www.adriaticbank.com).

The bank provides information on costs to existing and potential clients. The above information contains: the total price paid by the client in relation with the financial instrument or investment or auxiliary service, including fees, commissions, costs and other expenses, i.e., the basis for calculating the total price, in a way that the client can verify.

8. Final remarks

The Client Information Guide of the Investment Banking Department of Adriatic Bank AD Podgorica shall enter into force on the date of its adoption by the Bank's Board of Directors, upon which it shall also be published on the Bank's website (www.adriaticbank.com).

Upon the entry into force of this Client Information Guide, the Client Information Guide of the Investment Banking Sector of Adriatic Bank AD Podgorica, adopted on 30 September 2025, shall cease to be valid.

MANAGEMENT BOARD

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