AikBank a.d. Beograd Rated 'BB+'; Outlook Stable

October 28, 2026

- AikBank a.d. Beograd (AikBank) is a domestic universal bank with a corporate focus and a 10% market share in Serbia, and is a core group member of AikGroup (CY) Ltd., which supports its credit profile.
- While we acknowledge sound growth, we think AikBank's customer franchise and earnings profile are weaker than those of leading domestic banks.
- We assigned our 'BB+/B' long-and short-term issuer credit ratings and our 'BBB/A-2' long-and short-term resolution counterparty ratings to AikBank.
- The stable outlook reflects our expectation that AikBank's earnings and asset quality profile will remain stable over the next 12 months and that it will remain a core subsidiary of AikGroup.

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FRANKFURT (S&P Global Ratings) Oct. 28, 2026--S&P Global Ratings today assigned its 'BB+/B' long- and short-term issuer credit ratings to AikBank a.d. Beograd (AikBank) The outlook is stable.

At the same time, we assigned our 'BBB/A-2' long-and short-term resolution counterparty ratings to AikBank.

AikBank's recent acquisitions have supported greater diversification of its customer base, but we think that its business position remains weaker than those of the leading domestic banks. AikBank is a midsize domestic bank in Serbia with total consolidated assets of Serbian dinar (RSD) 727 billion (€6.2 billion) as of June 2026 and a historical focus on corporate banking. Through a series of acquisitions since 2017, the bank has increased its market share to about 10% from 5%. That said, we still consider AikBank's customer franchise as weaker than those of leading domestic players. This is evident in the lower proportion of active customers and customers identifying AikBank as their primary bank compared with domestic market averages. As a result, the bank relies more heavily on higher-cost term deposits, which weighs on funding costs. We understand that AikBank is investing in enhancing the bank's digital capabilities and expanding its product offering, including the introduction of a buy-now-pay-later solution, to support customer acquisition.

AikBank maintains sound capitalization, although its earnings profile remains moderate. We expect our main capitalization metric, the risk-adjusted capital ratio, to decline to about 10.0% by year-end 2028 from 11.2% as of June 2026, reflecting our expectation of average annual loan growth of about 10% and a dividend payout ratio of approximately 60%. We do not expect the bank to pursue further domestic acquisitions in the near term. Our assessment of capital and earnings also reflects the below-peer-average profitability. AikBank's average return on equity over the past three years was 11%, significantly below the Serbian banking sector average of 19%-

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20% during the same period. While we forecast return on equity to improve to about 12%-13% in 2027-2028, we expect profitability to remain below that of peers in the medium term, partly due to the bank's relatively high funding costs as well as significant capital investment in its digital transformation.

AikBank's loan portfolio remains corporate-focused, although concentrations have moderated in recent years. Corporate lending accounted for about 65% of the loan portfolio as of June 2026. However, the integration of Eurobank Direktna in 2025 has increased the share of retail loans to 35% from 24% at year-end 2024. The nonperforming loan (NPL) ratio stood at 3.1% as of June 2026, broadly in line with peers, although above the Serbian banking sector average of about 2%. The NPL coverage ratio was 54%, reflecting the largely collateralized nature of the corporate loan portfolio. We view sector diversification as satisfactory, while single-name concentrations remain manageable. The 20 largest corporate exposures represented about 95% of total adjusted capital, which is significant but not exceptional compared with peers in developing markets. Foreign currency-denominated lending remains high at 50%-55% of total loans, which is in line with the systemwide average in Serbia, reflecting the country's high degree of euroization. That said, the bank maintains a well-matched currency profile between assets and liabilities, resulting in a net open foreign currency of 0.1% relative to regulatory capital. This indicates limited direct exposure to exchange-rate movements.

AikBank maintains an adequate funding and liquidity profile. Customer deposits remain the primary source of funding, accounting for 80%-85% of the funding base, broadly in line with the domestic banking sector. Retail deposits represent about 60% of total customer deposits. The proportion of term deposits, at 50%-55%, remains above the domestic average of roughly 30%, contributing to higher funding costs. At the same time, term deposits provide a degree of funding stability, with about 30% having remaining maturities of at least six months. The loan-to-deposit ratio was 86% at year-end 2025, which is higher than peers' but broadly in line with the Serbian banking sector average. In addition, the net stable funding ratio of 148% as of June 2026 supports our view of an adequate funding profile. Liquidity buffers are comfortable. Broad liquid assets account for about 30% of total assets, while the liquidity coverage ratio stood at 244% as of June 2026. Furthermore, asset encumbrance remains minimal at below 1%.

We regard AikBank as a core member of AikGroup, resulting in a one-notch uplift above the stand-alone credit profile (SACP). It is the largest and longest standing member of AikGroup, representing about 55%-60% of the group's total assets. It is also closely associated with the group's identity, brand, and reputation. We would therefore expect the group to provide extraordinary support under any foreseeable circumstances. Consequently, we equalize our issuer credit rating with the group credit profile of 'bb+'. In our view, AikBank would be also subject to effective resolution. We understand that the preferred resolution strategy is bail-in and that the bank already complies with the applicable minimum requirement for own funds and eligible liabilities, which is being gradually phased in until 2029. That said, AikBank has limited additional loss-absorbing capacity (ALAC) to support senior unsecured debt investors in case of resolution, as its buffer of subordinated debt is low. We forecast AikBank's ALAC ratio at 1.0%-1.5% by 2028, significantly below our relevant threshold of 3.5% for a one-notch uplift.

We assigned our 'BBB' RCR to the bank. An RCR is a forward-looking opinion of the relative default risk of certain liabilities, that are legally exempt from bail-in such as insured deposits, which may be better protected from default in an effective resolution scenario than other senior liabilities. We set the RCR on AikBank two notches above our long-term issuer credit rating on the bank, and thus one notch above the sovereign credit rating on Serbia. In a hypothetical sovereign default scenario, we believe AikBank would likely be resolved and the bail-in-able instruments

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(including senior unsecured obligations and bail-in-able uninsured deposits) would enable AikBank to absorb the impact without triggering a default of the bank's RCR liabilities.

The stable outlook reflects our expectation that AikBank's earnings and asset quality profile will remain stable over the next 12 months and that the bank will remain a core subsidiary of AikGroup.

We would lower our ratings over the next 12 months if asset quality deteriorates, for instance due to increased vulnerability in its corporate loan portfolio. A deterioration of AikBank's SACP could also reduce the group's capacity to support AikBank, given that AikBank accounts for over 50% of the group's consolidated assets. Any significant weakness in the subsidiary could simultaneously affect the credit profile of AikGroup.

We do not expect to raise the ratings within the next 12 months. In the medium term the ratings could increase if the group credit profile of AikGroup improves provided that AikBank remains a core group member. This can happen for instance if the group further diversifies its geographical footprint, strengthens its market position, and sustainably catches up with its peers in terms of risk-adjusted profitability and operating efficiency. An improvement of the bank's SACP alone will not trigger an upgrade, but it may positively contribute to our assessment of the group's credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, May 5, 2026
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Resolution Counterparty Ratings Jurisdiction Assessment For Serbia Completed, Oct. 23, 2026
- Serbia's Banking Industry Placed In Banking Industry Country Risk Assessment Group '6', Oct. 16, 2026

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