



# SID BANK GROUP

**DISCLOSURES UNDER PILLAR 3  
OF THE BASEL STANDARDS  
AS AT 31 DECEMBER 2025**



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YouTube: [www.youtube.com/channel/UCK\\_2pY\\_T0EiC4PGF36sZJqA](http://www.youtube.com/channel/UCK_2pY_T0EiC4PGF36sZJqA)

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# 1 Introduction

The disclosures under Pillar 3 of the Basel standards of the SID Bank Group (hereinafter: the SID Group or the Group) have been prepared in accordance with the provisions of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, including all amendments (CRR), and Commission Implementing Regulation (EU) No 2024/3172 of 29 November 2024 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council (hereinafter: Commission Implementing Regulation 2024/3172).

As the Group's controlling undertaking, SID Bank holds other systemically important institution (O-SII) status. This means that it is treated as a large institution in accordance with Article 4(146)(b) of the CRR. SID Bank has issued bonds that have been admitted to trading on a regulated market, for which reason the SID Group is obliged to make disclosures in the extent and at the frequency set out by Article 433(a) of the CRR.

As of 30 September 2025 SID Bank has been obliged to meet the regulatory requirements on the basis of its consolidated position in accordance with the CRR. The comparative figures for periods before 30 September 2025 relate to disclosures on an individual basis, namely for SID Bank, as presented in past reporting.

Alongside SID Bank (SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana), the SID Group includes two subsidiaries that began trading at the end of September and in early October 2025 after obtaining all necessary authorisations:

- Business name: SID Kapital d.o.o.  
Registered office: Ulica Josipine Turnograjske 6, 1000 Ljubljana  
Registration number: 9812385000  
Nominal capital: EUR 70,000,000  
Activity: Activities of holding companies - 64.210

Established: 18 December 2024

SID Bank's equity holding: 100%

- Business name: SID Upravljanje premoženja d.o.o.

Registered office: Ulica Josipine Turnograjske 6, 1000 Ljubljana

Registration number: 9909869000

Nominal capital: EUR 1,000,000

Activity: Other activities auxiliary to financial intermediation, except insurance and pension funding - 66.190

Established: 23 April 2025

The company is under the 100% ownership of SID Kapital d.o.o.

The Disclosures under Part Eight of the CRR are presented below. A detailed overview of the scope of disclosures, as well as the importance of disclosures for the Group and the place of publication of a particular disclosure are presented in the list in Section 20.

The Group discloses the required data and information in the templates prescribed by Commission Implementing Regulation 2024/3172. In accordance with Article 432 of the CRR, certain rows or columns in individual templates that are not relevant to the Group are not disclosed. The Group did not omit any information regarded as proprietary or confidential. The quantitative disclosures in specific templates are in line with the information in the reports submitted to the supervisory authority.

The quantitative disclosures of remuneration (Templates EU REM1, EU REM2, EU REM3, EU REM4 and EU REM5) will be published in a separate document after the completion of the process of allocating the variable remuneration for 2025.

All amounts in the disclosures are in EUR thousand.

Disclosures for previous periods are published on SID Bank's website ([www.sid.si](http://www.sid.si)).

## 2 Statement on the appropriateness of internal procedures and controls

In accordance with Article 431(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the management body, represented by

Borut Jamnik, president of the management board, and Stanka Šarc Majdič, member of the management board,

by signing this statement confirms that the SID Bank Group has put in place appropriate formal policies and internal procedures, systems and controls to ensure that the information in the disclosures is accurate.

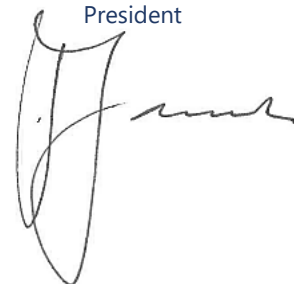
Ljubljana, 25 March 2026

Management Board of SID Bank

Stanka Šarc Majdič  
Member



Borut Jamnik  
President



### 3 Disclosure of key metrics and overview of risk-weighted exposure amounts

#### 3.1 Template EU KM1 – Key metrics template

(Article 447(a) to (g) and Article 438(b) of the CRR)

		a	b	c	d	e
		31 Dec 2025	30 Sep 2025	30 June 2025	31 Mar 2025	31 Dec 2024
	<b>Available own funds (amounts)</b>					
1	Common Equity Tier 1 (CET1) capital	497,203	507,797	503,883	499,600	493,100
2	Tier 1 capital	497,203	507,797	503,883	499,600	493,100
3	Total capital	497,203	507,797	503,883	499,600	493,100
	<b>Risk-weighted exposure amounts</b>					
4	Total risk exposure amount	1,522,390	1,534,160	1,554,334	1,497,967	1,606,417
4a	Total risk exposure pre-floor	1,522,390	1,534,160	1,554,334	1,497,967	
	<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5	Common Equity Tier 1 ratio (%)	32.66%	33.10%	32.42%	33.35%	30.70%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	32.66%	33.10%	32.42%	33.35%	
6	Tier 1 ratio (%)	32.66%	33.10%	32.42%	33.35%	30.70%
6b	Tier 1 ratio considering unfloored TREA (%)	32.66%	33.10%	32.42%	33.35%	
7	Total capital ratio (%)	32.66%	33.10%	32.42%	33.35%	30.70%
7b	Total capital ratio considering unfloored TREA (%)	32.66%	33.10%	32.42%	33.35%	
	<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU-7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.25%	2.25%
EU-7e	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	1.27%
EU-7f	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
EU-7g	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.25%	10.25%
	<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.92%	0.92%	0.92%	0.91%	0.50%
EU-9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.50%	0.25%
11	Combined buffer requirement (%)	3.92%	3.92%	3.92%	3.91%	3.25%

		a	b	c	d	e
		31 Dec 2025	30 Sep 2025	30 June 2025	31 Mar 2025	31 Dec 2024
EU-11a	Overall capital requirements (%)	14.17%	14.17%	14.17%	14.16%	13.50%
12	CET1 available after meeting the total SREP own funds requirements (%)	22.41%	22.85%	22.17%	23.10%	20.45%
<b>Leverage ratio</b>						
13	Total exposure measure	2,709,687	2,756,531	3,117,125	2,847,906	2,920,373
14	Leverage ratio (%)	18.35%	18.42%	16.16%	17.54%	16.88%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU-14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	542,769	462,633	780,257	534,045	546,966
EU-16a	Cash outflows - Total weighted value	29,412	32,803	380,415	24,923	22,480
EU-16b	Cash inflows - Total weighted value	56,803	34,404	11,522	36,066	9,398
16	Total net cash outflows (adjusted value)	7,353	8,201	368,893	6,231	13,083
17	Liquidity coverage ratio (%)	7,382%	5,641%	212%	8,571%	4,181%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	2,176,145	2,331,460	2,295,558	2,249,456	2,434,732
19	Total required stable funding	1,437,735	1,470,635	1,484,705	1,496,999	1,513,969
20	NSFR ratio (%)	151.36%	158.53%	154.61%	150.26%	160.82%

The total capital ratio stood at 32.66% as at 31 December 2025 (30 September 2025: 33.10%) down 0.44 percentage points, largely as a result of a decline in available capital. The key driver of the decline in regulatory capital was the increased creation of impairments and provisions in the income statement for 2025, which triggered an additional capital deduction for expenses for impairments and provisions in the amount of EUR 12,355 thousand.

The year-on-year rise in the total capital ratio of 1.96 percentage points was attributable to an increase in Common Equity Tier 1 capital (CET1), and a decline in the total risk exposure amount (REA). The increase in regulatory

capital was largely attributable to an increase in accumulated other comprehensive income driven by positive changes in the fair value of debt securities measured at fair value through other comprehensive income and by the profit for 2024, which was allocated to other reserves after approval at the general meeting.

In addition to meeting the overall capital requirement (OCR), which stood at 14.17% as at 31 December 2025, the Group must also meet the capital requirement under Pillar 2 guidance (P2G) in the amount of 1.75%. The

aggregate capital requirement (OCR + P2G) thus amounted to 15.92% as at 31 December 2025, well below the total capital ratio.

The leverage ratio stood at 18.35% as at 31 December 2025 (30 September 2025: 18.42%), still well above the regulatory requirement of 3%.

The liquidity coverage ratio (LCR) stood at 7,382% as at 31 December 2025 (30 September 2025: 5,641%). This ratio is quite volatile over time due to SID Bank's specific role as a development institution (see note in Section 9).

The net stable funding ratio (NSFR) stood at 151.36% as at 31 December 2025 (30 September 2025: 158.53%).



### 3.2 Template EU OV1 – Overview of total risk exposure amounts

*(Article 438(d) of the CRR)*

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2025	30 Sep 2025	31 Dec 2025
1	Credit risk (excluding CCR)	1,424,516	1,454,421	113,961
2	of which the standardised approach	1,424,516	1,454,421	113,961
6	Counterparty credit risk - CCR	7,954	8,334	636
9	of which other CCR	7,954	8,334	636
10	Credit valuation adjustments risk - CVA risk	7,954	8,334	636
EU 10c	of which the simplified approach	7,954	8,334	636
24	Operational risk	81,966	63,071	6,557
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	13,846	14,093	1,108
<b>29</b>	<b>Total (1+6+10+24)</b>	<b>1,522,390</b>	<b>1,534,160</b>	<b>121,791</b>

The Group calculates capital requirements for credit risk and counterparty credit risk using the standardised approach, in accordance with the provisions of Part Three, Title II, Chapter 2 of the CRR.

The capital requirements for operational risk are calculated in accordance with Articles 312 to 314 of the CRR.

The stock of on-balance-sheet and off-balance-sheet derivative business does not exceed 10% of the total assets or EUR 300 million, whereby the conditions under Article 273(a) of the CRR for using the simplified approach for calculating the capital requirement for credit valuation adjustment (CVA) risk as stated in Article 385 of the CRR are met.

### 3.3 ICAAP information (EU OVC)

*(Article 438(a) of the CRR)*

The risk profile, which is the result of the processes of identification, definition of materiality and measurement of risks, represents a collection of the risks that are material to SID Bank and that the Bank takes up or will take up in the framework of its operations, and is quantified by the capital requirement.

The risk profile serves as the basis for the comprehensive risk management process, the planning of internal audit procedures, compliance and direct supervision by the Bank of Slovenia.

The outcomes of the determination of the risk profile before the end of 2025 do not deviate

materially from the profile in the previous year. Of the identified risks, the Bank treats credit risk as the most material risk that it faces.

In line with its business strategy SID Bank is or will be exposed to the following material risks:

- credit risk;
- market risks in the banking book (excluding IRRBB);
- interest rate risk in the banking book (IRRBB);
- liquidity risk;
- operational risk;
- business/strategic risk.

Four sub-types of credit risk were defined as material in 2025, and remain so in 2026:

- default risk;
- concentration risk;
- country risk;
- participation risk.

The metrics for measuring individual sub-categories of credit risk are:

- the internal ratings based (IRB) approach;
- the Herfindahl-Hirschman index as a measure of sectoral concentration;
- the Monte Carlo simulation of the IRB to measure individual concentration.

Three sub-types of market risk in the banking book (excluding IRRBB) were defined as material in 2025:

- credit spread risk in the banking book (CSRBB);
- the risk of *de facto* hidden losses in the portfolio of debt securities measured at amortised cost;
- equity revaluation risk.

Within the framework of interest rate risk in the banking book (IRRBB) the Group defined all four sub-types as material in 2025:

- the IRRBB measurement of EVE;
- the IRRBB measurement of NII;
- the IRRBB total measurement of EVE and NII;
- the IRRBB measurement of EVE for the portfolio of debt securities measured at fair value through other comprehensive income.

Interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB) are measured in accordance with the adopted internal methodology, which is based on the EBA guidelines on the management of interest rate risk and credit spread risk arising

from the banking book. More detailed disclosures are given in section 4.4.3 Interest rate risk.

The Group monitored seven material sub-types of operational risk in 2025: internal fraud risk; external fraud risk; employment practices and workplace safety; clients, products and business practices; damage to physical assets; business disruption and system failures; and execution, delivery and process management. The metric for measuring operational risk is the Pillar 1 capital requirement for operational risks.

All three sub-types of business/strategic risk were defined as material by the Bank in 2025:

- risk of an external factor (regulatory environment);
- profitability risk;
- strategic risk, where the effects of strategic risk are disclosed via residual risk.

The metrics for business/strategic risk are in line with the adopted internal methodology.

The overall assessment of internal capital requirements also includes an assessment from an integrated stress test if the assessment in question is higher than the capital requirement. The Bank also incorporated ESG risk factors into the integrated stress test. On a quarterly basis SID Bank calculates the internal capital requirements, and verifies whether the level of capital is adequate. The results are then discussed by the asset-liability and risk management committee, and by SID Bank's management body within the framework of the risk report. The management body approves the results of the Bank's risk profile and the internal capital adequacy assessment process at least once a year.

## 4 Disclosure of risk management objectives and policies

### 4.1 Management body's concise statement on SID bank group approach to the realisation of risk appetite

*(Article 435(1)(f) of the CRR)*

In accordance with Article 435(1)(f) of Regulation (EU) No 575/2013 (the CRR), Article 17 of the Regulation on internal governance arrangements, the management body and the internal capital adequacy assessment process for banks and savings banks, and Article 2 of Commission Implementing Regulation (EU) 2024/3172, the management body issues a concise risk statement. The concise risk statement represents the qualitative part of the risk appetite framework (RAF), which is complemented by a quantitative part in the form of indicators. The indicators primarily relate to capital, liquidity and other key financial and non-financial constraints on the SID Bank Group. The risk appetite reflects the existing risk culture, the business principles and the strategic guidance of the Group in the area of risk management.

SID Bank is a specialist promotional, export and development bank that is authorised to provide long-term financial services designed to complement financial markets in various areas defined by the Slovene Export and Development Bank Act (ZSIRB) as important for promoting the competitiveness of the Slovenian economy and for the country's sustainable development. SID Bank's essential activities involve complementing the range of products and services of commercial banks and the elimination of market gaps that arise when the range of financial and insurance services is insufficient to meet market demand, in particular with respect to SMEs, development, environmental protection, the circular economy, infrastructure and energy projects, and the promotion of the internationalisation of firms, as well as cyclical gaps following amendments to the Slovene Export and Development Bank Act (ZSIRB).

As a development bank in accordance with the ZSIRB, SID Bank is required to fully comply with the act governing banking, with the exception of parts that are explicitly excluded. This relates to specific features in the assessment of large exposures and capital requirements, the establishment of bank branches, with regard to the obligation to draw up a recovery plan and the application of provisions on covered deposits, as SID Bank is not allowed to accept deposits from the public, except through a public offering of debt securities where SID Bank is the issuer. Additional restrictions on operations are set out in the ZSIRB and the rules governing state aid that apply in the EU, which require SID Bank to provide financial services only in segments where market gaps appear or are identified, and prohibit it from competing with other commercial banks. Furthermore, the purpose of SID Bank's funding must comply with the purposes defined by the law. SID Bank is not allowed to finance firms that are classed as firms in difficulty. The Bank and its management body take into account these and other prescribed requirements in the adoption and implementation of its business objectives, strategies and policies.

SID Bank completed the process of demerging its equity financing activities in 2025. The two new subsidiaries SID Kapital d.o.o. and SID Upravljanje premoženja d.o.o., to which the activities of executing and managing equity investments were transferred, began trading in the final quarter of the year. The demerger was executed within the framework of approvals and authorisations obtained in advance from supervisory institutions. The new structure allows for greater transparency, specialisation and increased efficiency in equity financing, and the strengthening of the SID Bank Group's investment activity.

The Bank was required to meet the capital requirements on the basis of its consolidated position as at 31 December 2025. The two subsidiaries SID Kapital and SID Upravljanje premoženja are included in prudential consolidation alongside SID Bank.

Risk management at the SID Bank Group is undertaken on an individual basis and on a consolidated basis. The subsidiaries largely follow SID Bank's procedures for identifying, measuring or assessing, controlling and monitoring risks. The assessment of the SID Bank Group's risk profile, including the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP), the determination of the risk appetite, and the approval of the risk management strategy and policies, is conducted at the level of the Group as a whole.

The overall risk level and the levels and types of individual material risks are subject to comprehensive identification at least once a year in the process of drawing up the Group's profile, which is approved by its management body. At least once a year, during the internal capital adequacy assessment process (ICAAP), the management body approves the assessment of internal capital requirements and the capital available to cover losses in the event of the realisation of the risks taken up.

The Bank defines the Group's risk-bearing capacity as the largest overall risk level that it is able to take up, taking into account its available capital, liquidity and other restrictions (risk management and control measures, stress test results, and other restrictions). The Bank defines the Group's risk-bearing capacity as the higher of the economic and normative perspectives, with the ICAAP representing the economic perspective and the SREP the normative perspective.

The assessed risk-bearing capacity is taken into account when the business strategy, business objectives and risk appetite are being defined. The SID Bank Group's risk profile is presented in the risk management chapter of the financial report, under the section on capital management. The management body also approves the internal liquidity adequacy assessment process (ILAAP) at least once a year, in which the Group carries out a comprehensive assessment of the systems put in place for the management of liquidity risk, including an assessment of liquidity risk in connection with the Bank's risk profile and business strategy.

The management body defines the risk appetite taking into account its risk-bearing capacity at least once a year, within the framework of the process of adopting the annual operational plan, and thus ensures that the risk appetite has been aligned to any changes in the business model and in the current business strategy. The Bank defines the Group's risk appetite as the sum of the ICAAP profile, the effect of the change in the business plan, and the buffers. The buffers generally represent the effects of stress testing.

Within its risk management the SID Bank Group has put in place a stress testing framework, which is part of its advanced determination of risks and vulnerabilities. The stress testing framework includes all material types of risk, including those in the area of ESG.

The risk appetite framework takes into account all material risks identified in the risk management process, and is reflected in the risk appetite thresholds approved by the management body, including threshold values set with regard to the Group's planned activities, and also the limits set in the policies for the take-up and management of individual risks and other bylaws of the Group.

For risk appetite indicators that have regulatory values and/or restrictions prescribed, the Group has set the same or stricter target values and/or restrictions. The early warning thresholds and the thresholds under the second level of risk categories have the nature of alerts, and allow the management body to promptly identify deviations and take appropriate remedial measures when indicators approach a defined threshold of the risk appetite. The Group has put in place an escalation mechanism for measures that includes quarterly reporting of indicator values to competent authorities, and has also set out a structured procedure for preparing and implementing measures in the event of the values of and/or restrictions on the indicators being transgressed. In accordance with the disclosures under the CRR, the values of the risk appetite indicators for the Group at the first level of the risk appetite framework and

the thresholds are presented below. The following values of these indicators were realised at the end of 2025:

- total capital ratio (TCR): 32.7% (threshold: 17.2%);
- leverage ratio (LR): 18.4% (threshold: 13.8%);
- liquidity coverage ratio (LCR): 7,382% (threshold: 112%);
- net stable funding ratio (NSFR): 151.4% (threshold: 118%).

The scope of risk take-up is complemented by the set of internal policies for the management of individual types of risk, via which the Bank transfers (escalates) limits regarding the Group's risk appetite into operational restrictions for the appropriate direction of the business. Risk management policies and internal rulebooks set out the limits for the management of credit risk, market risk in the banking book and liquidity risk, including the procedures for dealing with limit breaches and notification of the management board.

The risk appetite framework is monitored and discussed by SID Bank's management body on a quarterly basis.

The SID Bank Group managed all the identified material risks within its adopted risk appetite framework in 2025, except within the framework of the other warning indicators of the risk appetite, where the thresholds under credit risk were transgressed. The deviations were addressed in timely fashion, in accordance with the internal rules and procedures.

In terms of limiting exposure to credit risk, in operations of all types the SID Bank Group first takes account of the regulatory limits under the applicable banking legislation concerning exposure to individual customers and groups of connected clients. In addition the take-up of credit risk is limited by SID Bank's articles of association, the thresholds of the risk appetite at various levels of granularity in the credit portfolio, and the internal limits on exposure to credit risk. To manage the credit risk inherent in investments for managing the Bank's liquidity, bylaws set limits on exposures to individual persons, and in case the persons comprise a group of connected clients also a limit on the group and a limit on the individual persons. In managing these investments, the Group pursues a policy of investing its surplus liquidity in high-quality liquid financial instruments. Credit risk in investments for managing the Bank's liquidity is managed by limiting exposures with regard to credit rating, registered office, type of issuer and type of instrument, where in order to limit environmental risks, purchases of securities of issuers whose core business is in the fossil fuels sector are prohibited. The limits for credit operations are not predetermined or general; instead creditworthiness is defined during the handling of the individual operation with regard to a calculation of the customer's borrowing capacity. The powers to approve transactions are set out in the bylaws and the articles of association of SID Bank with regard to investment value and current exposure. Bylaws also set out the approach to identifying and measuring concentration risks for the total portfolio. In addition, internal loan approval procedures and the placement of a limit on total exposure ensure that all leveraged operations are adequately controlled, and comply with the Group's risk appetite framework. Within the framework of its credit risk management the Bank regularly monitors the financial position of debtors and reviews the accuracy of their assignment to ratings, creates allowances and provisions for credit losses, reviews the fulfilment of financial and other contractual commitments, and assesses the eligibility and level of collateral. The Bank has put in place an early warning system (EWS) for increased credit risk, which on the basis of internally determined quantitative and qualitative indicators and defined trigger levels classifies debtors into different credit risk stages. The system provides for early identification of a deterioration in credit quality, and timely action with the aim of reducing the probability of the debtor defaulting. The Bank is continually upgrading and improving the early warning system. In 2025 it introduced additional indicators for identifying potential difficulties on the part of debtors in repaying liabilities, optimised the

procedural steps, and further strengthened the information support, which is contributing to the increased effectiveness of credit risk management.

The largest factor acting to worsen the quality of the SID Bank Group's credit portfolio in 2025 was the increase in the stock of non-performing loans. Deterioration in the financial positions of certain major debtors in the manufacturing sector, particularly in the steel industry and the car industry, led to their reclassification as non-performing exposures. This drove a significant increase in allowances and provisions for credit losses. Reclassifications as non-performing exposures reduced the share of Stage 2 exposures. The share of classified claims and other financial assets accounted for by non-performing loans and other non-performing financial assets stood at 9.9% at the end of 2025 (up from 4.3% at the end of 2024), while the share of the Group's classified on-balance-sheet and off-balance-sheet exposures accounted for by non-performing exposures stood at 5.7% at the end of 2025 (up from 2.3% at the end of 2024). The Group's coverage of non-performing exposures stood at 52.8% at the end of 2025 (end of 2024: 49.6%).

The Group upgraded its methodology for calculating loss given default in 2025 in the part relating to the consideration of macroeconomic forecasts. The allowances and provisions for credit losses increased by EUR 1,254 thousand in consequence.

In the area of credit risk, the risk appetite thresholds relating to other credit risk indicators were transgressed in 2025. Two indicators in the form of the share of the Group's classified claims and other financial assets accounted for by non-performing loans and other non-performing financial assets and the share of classified on-balance-sheet and off-balance-sheet exposures accounted for by non-performing exposures were transgressed. The transgression was caused by the realisation of default in major exposures and their reclassification as non-performing exposures. A significant proportion of the exposures reclassified as non-performing came from loans approved within the framework of the loan funds established in conjunction with the METS and the MoI that are subject to a contractually agreed first loss clause. On this basis any loss on the part of the loan funds is first covered by the priority participation of the METS and the MoI, which means that an increase in allowances and provisions for credit losses has no impact on profit or loss up to the amount of the agreed first loss. The measures taken included the adoption of a plan for managing and reducing non-performing exposures, which was approved by the management body within the framework of the risk management strategy adopted for 2026. The Group is maintaining a stable capital position, and is continuing to ensure an adequate level of internal capital to cover credit risk losses.

SID Bank will continue its high-quality credit risk management in 2026, and in accordance with best banking practice will upgrade its credit risk assessment tools and its early warning system for increased credit risk.

A risk appetite framework is also set out for controlling interest rate risk and market risks in the banking book. The Bank took up interest rate risk and market risk in accordance with the Group's adopted risk appetite during its operations in 2025. Thresholds for the decline in net interest income and for the loss in the economic value of equity are set for interest rate risk in the banking book (IRRBB), and are more stringent than those set by banking regulations. The Bank regularly measures exposure to credit spread risk (CSRBB) for debt securities in the banking book, namely for the portfolio of debt securities measured at fair value through other comprehensive income and at amortised cost, and for issued debt securities. The Group's net exposure to currency risk is low, and within the internally set frameworks, and does not exceed the limits prescribed by regulations for the calculation of capital requirements for currency risk.

The liquidity risk management framework includes the regular implementation of the ILAAP, and the limit system put in place to manage liquidity risk, where the limits are more stringent than those

prescribed by regulations. The management body annually reviews and approves the outcomes of the ILAAP, which cover an assessment of liquidity needs and an assessment of available liquidity within the framework of ordinary operations, and in adverse situations. The Bank's liquidity position is verified on a regular basis by decision-making bodies through the monitoring of various indicators, including in relation to the achievement of planned targets. The Bank regularly plans and monitors cash flows, and reviews its liquidity position and adequacy, while also taking account of the internally defined liquidity stress test scenarios, which also incorporate ESG risk factors. The Bank has also drawn up a liquidity risk management plan for emergency liquidity situations, has put in place an early warning system for potential adverse developments on the financial markets, and has put in place regular implementation of liquidity simulations in connection with the financial plan for future periods under a baseline scenario and adverse scenario. The regular assessment of funding adequacy is also reviewed during the preparation of the financial plan, which is approved for the next three financial years by the management body each year. Debt securities account for a significant share of the liquidity buffer. When investing in them the Bank upholds the principles of security and prudence, while taking account of the market liquidity and credit quality of the selected instruments, which is reflected in the high share of liquid debt securities eligible as collateral at the central bank. Monitoring the portfolio of debt securities from the perspective of ESG risk factors ensures that the Bank complies with sustainability targets.

The SID Bank Group's liquidity position remained strong in 2025, which was reflected in the key liquidity indicators, which were well above their regulatory requirements and inside the range set out by the risk appetite. The Group maintains a large liquidity buffer, as proceeds from its developmental role and the need for constant readiness to act on an interventionist basis. The high level of the liquidity buffer in combination with low net outflows ensures that the liquidity coverage ratio remains at an appropriately high level, although it displays sharp dynamics, given the structural attributes of the business model. The net stable funding ratio is also being maintained at a high level, which confirms the stable structure of liquidity at the Group. A decisive factor here is the prevalence of long-term debt funding and a high level of equity, which together provide reliable support for the Bank's ongoing development activities.

In support of this liquidity position, the Group maintained an adequate level, quality and structure of liquid assets in 2025 for covering its expected and unexpected liquidity outflows, and for ensuring business continuity and an adequate liquidity position under the baseline scenario and during a liquidity emergency. In the event of the realisation of the most severe adverse combined scenario, the Bank would maintain liquidity viability for more than 12 months under these circumstances. In its management of liquid assets in 2026 it will pursue a conservative and prudent investment strategy, and will manage funding risk through new long-term borrowing, which will provide adequate funding for the execution of its mandates.

Environmental, social and governance (ESG) risks are included in the comprehensive risk management framework, where they constitute one of the risk factors that are being integrated into existing types of risk. The Bank also takes account of ESG risk factors within the credit risk appetite framework, where it has set flexible limits for total exposure to the highest-risk customers. Above a certain exposure amount, it also conducts its assessment of ESG risk factors at the borrower level. To monitor environmental and climate-related performance indicators, the Bank has also defined a strategic indicator that measures the average ESG score of new loans. This indicator may not be lower than the average ESG score of exposures from the previous year, which ensures that the Group makes progress in the area of sustainable lending.

The Bank has already incorporated internal ESG scores into its credit ratings, and has put in place a structured set of sustainability functions and procedural tasks. The custodians of these tasks have also been designated, with appropriate changes made to the Bank's organisational structure to reflect the proper distribution of roles between individual departments in the performance of the tasks. The

organisational structure has also been tailored to the effective management of ESG risk factors, where the Bank takes account of its risk profile and the principle of three lines of defence.

In 2026 the indicator of exposure to companies excluded from the EU Paris-aligned benchmarks will also be included in the risk appetite framework. This indicator measures the portfolio exposure to companies excluded from the EU Paris-aligned benchmarks for failing to meet the sustainability criteria (e.g. sectors not aligned with the objectives of the Paris Agreement). The purpose is to ensure oversight of the portfolio's compliance with the EU environmental objectives, and to mitigate the risks in connection with climate change and regulatory requirements. The Bank also ensures that the risk limits defined in the risk appetite statement and put in place in the risk management framework comply with the elements and objectives of the green transition plan.

The Bank manages risks that are difficult to measure, such as certain subcategories of operational risk, i.e. compliance risk, model risk, cyber risk, outsourcing risk, legal risk, HR risk, reputation risk, and the risk of money laundering and terrorist financing and other unethical business practices, through qualitative risk management measures and internal control mechanisms. The SID Bank Group's appetite to take up risks that are difficult to measure is low. In taking up such risks, the Bank focuses on minimising their impact on its performance. The management of these risks is primarily undertaken through set internal rules, ICT systems to prevent and identify cyber incidents, controls over the implementation of the Group's organisational, operational and work procedures, and additional monitoring by independent functions and internal control departments. The Bank quantifies the Group's risks that are difficult to measure when compiling its risk profile, with the exception of strategic risk.

Business/strategic risk at the SID Bank Group remained moderately elevated in 2025, largely on account of the uncertain macroeconomic situation, geopolitical tensions, and the slowdown in economic growth, which was reflected in sluggish and unpredictable demand for investment financing in particular, and elevated profitability risk. Pronounced countercyclical action was not required in 2025, and therefore the Group's activities primarily focused on development, with market gaps remaining in particular in the financing of SMEs, private-sector investment, research, development and innovation, and the green transition. The Bank manages the Group's strategic risk by systematically monitoring the implementation of the strategy, updating the risk management strategy, and tailoring its measures at the managerial level in timely fashion. SID Bank's development strategy for the 2026 to 2028 period adopted in December 2025 represents a response to the aforementioned risks, and envisages further adjustments to the business model in parallel with its developmental and countercyclical activity, the development of equity and indirect financing, the activation of new loan funds, inclusion in the ECP's new financial framework, the pursuit of the mandate objectives through treasury operations, upgrades to indirect financing, and a new form of financing for housing.

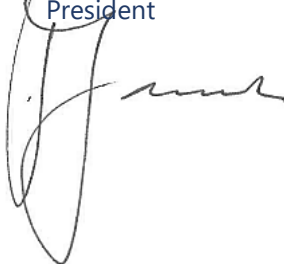
Ljubljana, 25 March 2026

Management Board of SID Bank

Stanka Šarc Majdič  
Member



Borut Jamnik  
President



Supervisory Board of SID Bank

Matija Šenk  
Chair

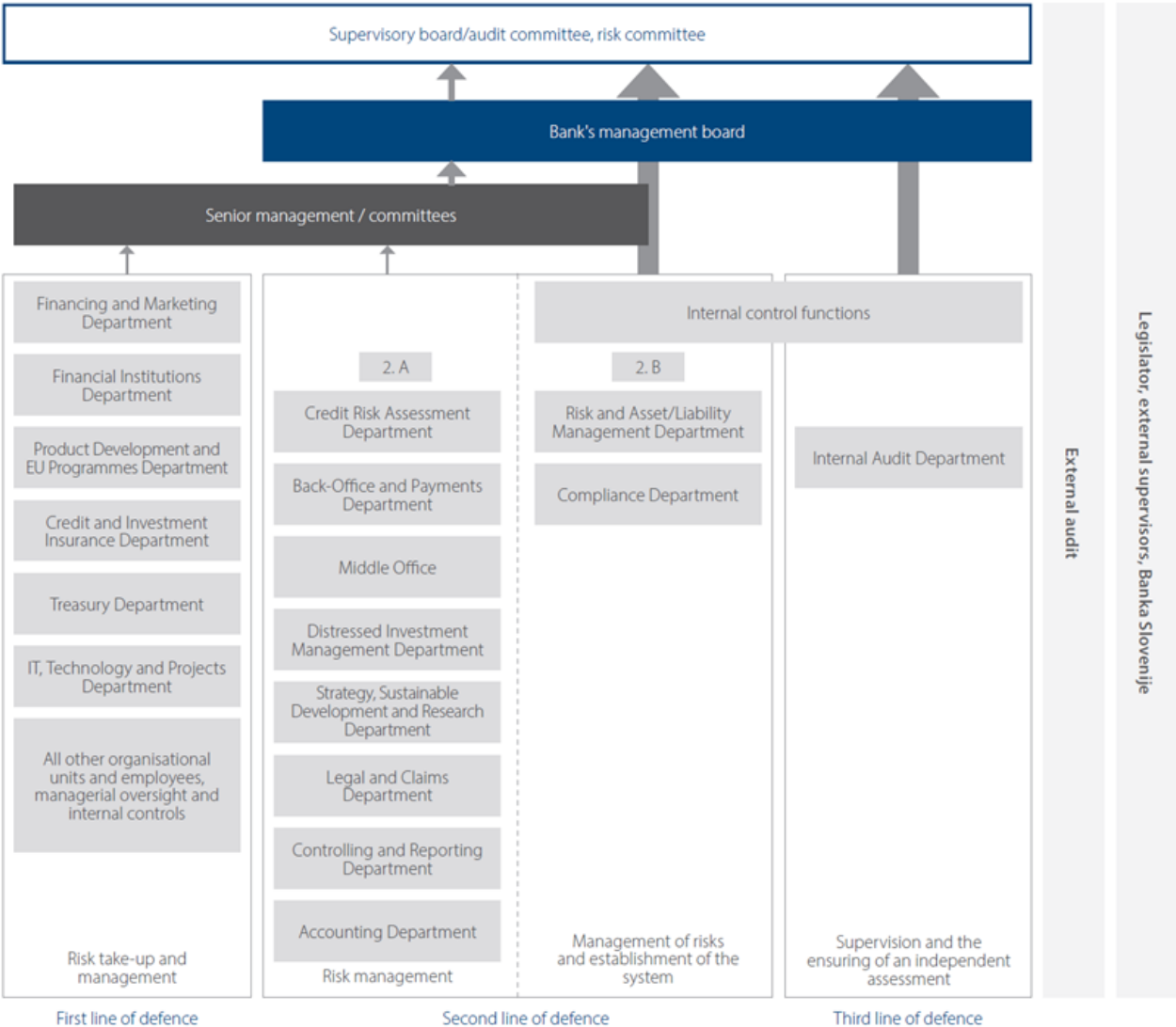


## 4.2 The structure and organisation of the risk management functions

(Article 435(1)(b) of the CRR)

The risk management process has been put in place throughout the organisational structure and processes of the SID Bank Group, and allows for the business objectives to be met while ensuring safety and compliance in operations. In the execution of measures for risk take-up and management, the key objective is strengthening awareness of risks at all levels of the Group's work, which is reflected in the everyday business decisions and actions of employees. This encourages and strengthens the culture of risk management, and the level of standards and values of the SID Bank Group. The organisational structure of risk management, namely the three lines of defence

system, allows the Group to identify all (material) risks to which it is exposed, and to more easily obtain assurance that its risk exposure is in compliance with its adopted risk appetite and other restrictions. By accurately defining the internal relations regarding accountability, the three lines of defence system provides an assurance that the information collected about all known and new risks, the amount of risk exposure and the control environment is relevant, and thus allows the management board, the supervisory board and the other decision-making bodies to make the right decisions.



## Delineation of roles and responsibilities in the risk management process

The **management body (management board and supervisory board)** plays a key role in the risk management system, even though it is not part of any particular line of defence. It is responsible for ensuring alignment between the SID Bank Group's business objectives and strategy and the risk take-up and management strategy and policies, and for ensuring effective internal governance arrangements commensurate with the nature, scope and complexity of the risks. The management body regularly addresses all material types of risk, including the risks inherent in the macroeconomic environment and the SID Bank Group's development role.

The management body's powers and responsibilities include assessing the risk profile, setting the risk appetite, and approving the risk management strategy and policies. This guidance sets out the framework for taking up risks, and the procedures and tools for managing these risks. The management body is regularly and comprehensively briefed on risk reports, which include an overview of exposure to key risks and an assessment of future trends, and discusses the results of the internal capital adequacy and liquidity adequacy assessment processes.

The management board transfers certain risk management powers as appropriate to the decision-making bodies (committees), the risk management function, and other organisational units.

In performing its supervisory tasks, the supervisory board also acts via the risk committee and the audit committee, who monitor the adequacy of the risk management strategy, the effectiveness of internal controls, and the functioning of the internal governance system.

The concept of **three lines of defence** for the purpose of effective risk management is designed as follows:

- The **first line of defence** comprises business units and other organisational units that take up risks during the execution of business processes. These units are responsible for identifying, managing and controlling risks in their work, for conducting internal controls, and for implementing supervisory measures and restrictions set out by SID Bank Group policies.
- The **second line of defence** comprises the functions responsible for monitoring, assessing and reporting on risks. It includes departments that manage risks at the level of individual exposures, and mandatory internal control functions, in particular the risk management function (including the independent information security function) and the compliance function. These functions put a comprehensive risk management system in place, attend to its consistent implementation, and monitor compliance with regulations and bylaws.
- The **third line of defence** is the internal audit function, which as an independent and impartial function assesses the adequacy and effectiveness of the risk management system, internal controls and internal governance, and whose findings contribute to improvements in the performance of the SID Bank Group and the attainment of its objectives. In its work it employs a systematic, risk-based approach, and reports regularly to the management board, the audit committee and the supervisory board.

**Commercial departments** operate within the framework of the first line of defence, and identify risks in their own business lines. These departments are responsible for the implementation of the risk management strategy and policies, and for risk management activities, as defined in the individual risk management policies. Key risk management tasks include:

- warning of potential increases in exposure;
- proposing risk mitigation measures;
- proposing measures to modify the business policy in accordance with competences.

The **credit risk assessment department** within the framework of the risk division helps to put in place the credit risk management system, and manages credit risk at the level of the individual exposure and/or groups of connected debtors.

On the basis of credit proposals and the accompanying documentation it is responsible for making a critical assessment of future performance projections, creditworthiness, and debt servicing capacity, determining the contractual financial commitments, and assessing the adequacy of the proposed collateral. It is also responsible for confirming the credit rating during customer due diligence. It summarises its findings with regard to investment operations in an opinion, in which it highlights the credit risk, defines any additional terms and conditions, and provides its opinion on the investment (positive/negative).

The department is responsible for managing the system of annual reviews, and for the annual updating of credit ratings within this framework. It is also responsible for developing and administering the early warning system (EWS), for managing the system for monitoring contractual and financial commitments, and for participating in the implementation of the two systems.

The **distressed investment management department** within the framework of the risk division participates in credit risk management at the individual exposure level, and is responsible for distressed investments, including the assessment of credit risk, and the monitoring of the stock of these investments, and the customers that fail to regularly perform their contractual obligations.

The **middle office** participates in credit risk management at the individual exposure level. It is responsible for drawing up contracts, addenda and other contractual documentation of investment operations, for conducting activities in connection with AML/CFT, fraud risk and restrictive measures, for establishing, recording, booking and monitoring collateral, for monitoring the performance of financial and other contractual commitments, including the

impact of physical ESG risks on collateral and ESG commitments, and for conducting supervision of the purpose-specific use of direct and indirect financing operations and financing operations using European cohesion policy funding.

The **back-office and payments department** is involved in the daily monitoring of currency risk, liquidity risk and credit risk in treasury operations in accordance with internally set limits. It also makes payments for SID Bank's needs and operations under the authorisation of the Republic of Slovenia, keeps analytical records of financing, operations using European Cohesion policy funding, borrowing operations and treasury operations, and participates in the implementation of guarantee schemes.

#### Internal control mechanisms

Internal control mechanisms, whose functioning is in place for all business processes in proportion to the materiality and risk of the particular business process, include:##

- internal controls of the implementation of organisational procedures, business procedures and work procedures; and
- internal control functions (risk management function, which includes the independent information security function, the compliance department, and the internal audit department), which are functionally and organisationally segregated from the Bank's other functions, and report directly to the management board.

The purpose of internal controls is to ensure systematic control over all material risks and to provide an independent and objective assessment of effectiveness and compliance with regard to the internal governance arrangements on the basis of a review and assessment of the adequacy of risk strategies and policies, the Group's risk management processes, procedures and methodologies, and reporting on risks.

The **risk management function** is organisationally segregated from the business

units that take up risks, and plays a central role in formulating the risk management strategy and policies. Risk identification and measurement is carried out within the framework of this function, together with stress testing, the determination of internal capital requirements and liquidity needs, and the monitoring of risk exposure at aggregate level in the SID Bank Group. The risk management function reports regularly to the management board, and to the supervisory board and its committees.

An integral component of the function is the **information security function**, which manages information and cyber risks, ensures compliance with the relevant regulations and standards, and oversees the treatment of security incidents. It reports regularly to the management body on risks, non-compliances, and the evolution of new threats in this area.

The **compliance function** acts as an independent and impartial unit in the second line of defence. Its task is identifying and monitoring risks in the area of compliance, and reporting them to the management body. These risks include regulatory risk, the risk of unethical behaviour, corruption and conflicts of interest, fraud risk, the risk of breaches of data protection and privacy, reputation risk, and corporate compliance risk. It is involved in the fit and proper assessment procedures for key function holders, and in investigations of suspected breaches and the protection of whistleblowers. The AML/CFT officers, the restrictive measures compliance officer and the data protection officer all work as part of the compliance function.

Within the framework of the risk management function the **risk management and asset-liability management department** is responsible for putting the risk management system in place and managing risks at Group level. It is responsible for drafting the strategy and policies for taking up and managing the

risks to which the Group is exposed in its operations. It is also responsible for drafting the risk appetite, conducting stress testing, identifying risks, calculating the internal capital requirement and the required internal capital adequacy, drafting the plan of activities for the management of individual risks, conducting analysis for drawing up proposals for the optimal structure of funding, participating in the preparation of proposals for the needs of strategic asset-liability planning, assessing outsourcing risk, analysing the risks in the introduction of new products, and conducting the internal liquidity adequacy assessment process. It also plays an important role in drafting internal and external reports for the purposes of supervising, monitoring and providing information about all types of risks at Group level, while not being directly involved in the credit process and in the assessment of individual loan operations.

A reorganisation at the Bank saw the risk management and asset-liability management department split into two independent departments as of 1 January 2026, namely the credit risk management department and the non-credit risk management and information security department. Under the reorganisation the activities related to asset-liability management (ALM) were transferred from the risk management and asset-liability management department to the treasury department.

The **compliance department** monitors the following compliance risks: regulatory risk, the risk of unethical behaviour, corruption, conflicts of interest, fraud risk, the risk of breaches of data protection and privacy, reputation risk, and corporate compliance risk. The AML/CFT officer, the restrictive measures compliance officer, the data protection officer and the compliance officer all work inside the department, with a direct reporting line to the management body. The director of the department is a member of the commission for the assessment of the suitability of members of the management body. Employees at the department take part in

the fit and proper assessment process for key function holders, and in procedures for investigating suspected breaches. All employees at the department are authorised by the management board to act as a confidant in accordance with the Whistleblower Protection Act. The department is also responsible for handling complaints by the Bank's stakeholders. The Group has zero tolerance for fraud, and pursues a policy of zero tolerance for suspected fraud. The Group facilitates whistleblowing by employees and all stakeholders in connection with suspected breaches of regulations or suspected harmful conduct by employees or by third parties. In fraud investigation it has put in place procedures to protect the identity of whistleblowers if they wish to remain anonymous, and to deter any retaliatory measures against whistleblowers. Complaints and whistleblowing reports are handled in line with the rules of the profession, with a focus on the opportunity for improving relations with stakeholders on one hand, and the internal controls and procedures at the Bank on the other.

The work of the compliance department proceeds according to an annual work programme that is adopted by the management board with the approval of the supervisory board, and includes regular compliance audits, the implementation of second-level controls, advice for the management board and the supervisory board, and training for employees and the supervisory board.

The director of the department is able to communicate directly with the supervisory board and the supervisory board's advisory bodies (the risk committee, the audit committee, and the nomination and remuneration committee).

The department received three whistleblowing reports of suspected breaches in 2025. None of the suspected breaches reported was confirmed in the investigation procedure, but measures to improve internal actions were proposed. Over the course of the year the compliance department also discussed several instances of

suspected fraud reported against individual perpetrators by external stakeholders, and arranged for criminal charges to be filed when there were grounds for suspecting a criminal offence had been committed. Based on past experience, and with a view to its financing programmes, the Bank overhauled its fraud indicators in 2025. These indicators being flagged can be grounds for rejecting an operation or initiating a fraud investigation procedure. The Bank is thus upgrading the strong control environment already put in place, and is implementing mechanisms for the earliest possible flagging of fraud indicators and response, as it upholds zero tolerance of fraud and applies a policy of zero tolerance to identified cases of suspected fraud. Another major focus in 2025 was the drafting of new bylaws and procedures at the Bank, and the updating of existing ones. An updated code of ethics and professional standards was adopted, the bylaw addressing corruption was amended, and the bylaw for managing conflicts of interest was updated. The methodology for assessing compliance risk was also the subject of an overhaul. The compliance department strengthened its education role in 2025, particularly in the area of AML/CFT and restrictive measures, while as in 2024 the majority of its advice related to issues of reputation risk, the management of conflicts of interest and the introduction of new products.

The **internal audit department** is organised as an independent control function and stand-alone organisational unit that answers directly to the management board and that is functionally and organisationally separate from the Bank's other organisational units.

The department operates in accordance with the ZBan-3, the Global Internal Audit Standards, and the IIA Code of Ethics, code of professional conduct, and core principles. The work of the internal audit department and the procedures of internal auditing are set out in the internal audit department charter and in the internal auditing manual.

The internal audit department's purpose is to provide independent and impartial assessments of the effectiveness and quality of risk management, internal controls and internal governance arrangements, thereby adding value and helping to improve the work and meet the objectives of the Bank and the Group through a systematic and disciplined approach. The department pursues its mission by conducting scheduled and ad hoc audits, and quick operations to provide independent assessments and formal and informal advisory services, where the focus is on those areas of highest risk that it identifies when planning its work. The annual and strategic plans are based on the risk profile of the Bank and the Group, the internal methodology of audit planning, the work plan of the compliance function and the information security function, potential requirements/recommendations of other assurance providers, the strategic plan of the Bank and the Group, the annual operational plan of the Bank and the Group, expert judgment, and the regulator's requirements for the mandatory auditing of individual areas of the operations of the Bank and the Group, all with the aim of auditing those areas of the operations of the Bank and the Group that carry the highest risk, and periodically covering low-risk or as-yet-unaudited areas. The two plans are part of the same document, which is adopted by the management board with the approval of the supervisory board.

The internal audit department's annual plan of work for 2025 envisaged 11 extensive and complex audits, of which ten were completed successfully, while one is still in progress and will be completed in the current calendar year. The internal audit department thus met all the criteria for successful work in 2025.

It also provided formal and informal advisory services to a lesser extent in 2025, most notably in the area of corporate governance and organisation, compliance risk, management of the custody system, including aspects of public procurement, and preparation of the documents for founding SID Bank's subsidiaries,

while also coordinating two inspections conducted by the Bank of Slovenia.

The internal audit department also focused a good deal of attention on the realisation of recommendations, most notably the area of ICT, and also compliance in part, where it offered appropriate expert support to the custodians of the audit recommendations as necessary, while maintaining regard for its independent role.

The internal audit department reports on an annual and quarterly basis to the Bank's management board, audit committee and supervisory board regarding its work, its findings and the follow-up of recommendations. The management board also discussed all reports on the individual internal audits conducted, and on the formal audit engagements.

The internal audit department had four employees in 2025, one of whom was on half-time hours. In addition to the other licences, all employees hold the requisite professional licences and professional titles to perform internal auditing tasks, and have taken part in all the professional education and training to which they have been referred and which are set out in the department's financial plan as approved by the management board and supervisory board.

### Essential features of risk take-up and management

The SID Bank Group takes up risk within the scope of the overall risk appetite, which sets out the risks that it is still willing to take up in order to achieve its strategic business objectives, taking into account the Group's risk-bearing capacity, and its strategies and policies for the take-up and management of risks.

A comprehensive process of assessing the risk-bearing capacity and risk appetite, tailored to the risks taken up, is carried out at least once a year, and the results are reported to the management body. This ensures that the risks taken up remain within the limits of the risk-bearing capacity. The assessed risk-bearing

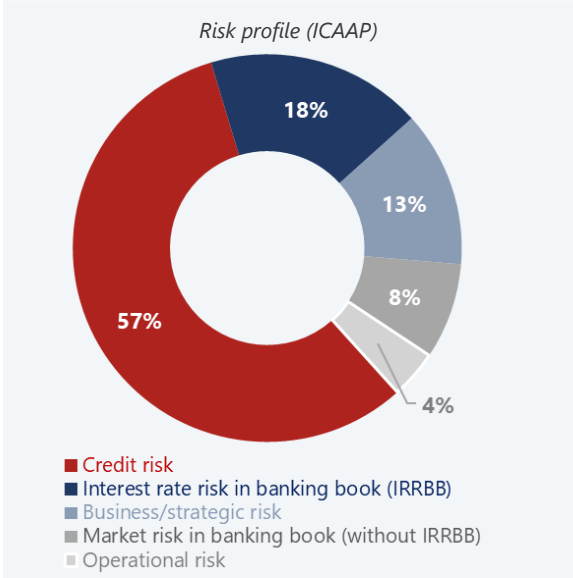
capacity is taken into account in the drafting of the business strategy and business objectives, and in the determination of the risk appetite. The management body regularly monitors risk appetite indicators.

In the area of risk management, the SID Bank Group has put in place a strategy and policies for the take-up and management of risks that define the procedures for identifying, measuring or assessing, managing and monitoring all types of risks to which the Group is or could be exposed in its operations. These documents take account of the applicable legislation and regulations governing risk management, and the Bank’s special features proceeding from its status as an authorised institution under the ZSIRB. The risk management strategy and risk take-up and management policies are updated at least once a year, taking into account the appropriate compliance of the business objectives and business strategy with the risk take-up and management strategy and policies.

The risk profile of the SID Bank Group, which is the result of the processes of identification, definition of materiality and measurement of risks, represents a collection of the material risks that it takes up or will take up within the framework of its operations, and is quantified by the capital requirement. The annual assessment of the risk profile is the basis for the comprehensive risk management process, the internal capital adequacy and liquidity adequacy assessment processes, the planning of internal audit and compliance procedures, and direct supervision by the Bank of Slovenia.

The most significant risks that the SID Bank Group was exposed to at the end of 2025 were:

- credit risk,
- operational risk,
- market risks in the banking book (excluding IRRBB),
- interest rate risk in the banking book (IRRBB), and
- business/strategic risk.



The Bank conducts stress tests at Group level based on in-house scenarios and supervisory scenarios. Based on the results of these tests, it can define the Group’s future capital and liquidity position, and potential actions to ensure capital and liquidity adequacy. The integral stress testing framework is put in place for the Group, and is regularly upgraded. The stress tests are taken into account, at a minimum, in the process of reviewing and planning the Group’s risk appetite and risk-bearing capacity, in setting risk limits, in planning capital and liquidity, and within the framework of the ICAAP and ILAAP.

The SID Bank Group uses a standardised approach for calculating the minimum capital requirements for credit risk. The capital requirements for operational risk are calculated in accordance with Articles 311a to 315 of the CRR. The Group has no trading book. The Group’s exposure to currency risk is low, and generally does not exceed the prescribed regulatory limit for the calculation of the capital requirement for currency risk.

The remuneration of employees who in terms of their powers or work tasks and activities can have a material impact on the risk profile is designed in such a way that it does not encourage employees to irresponsibly take up disproportionately large risks or risks that exceed the risk-bearing capacity.

### 4.3 Statement of the management body on the adequacy of the risk management framework

*(Article 435(1)(e) of the CRR)*

In accordance with Article 435(1)(e) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the management body, represented by:

on behalf of the management board: Borut Jamnik, president of the management board, and Stanka Šarc Majdič, member of the management board,

on behalf of the supervisory board: Matija Šenk, chair of the supervisory board,

by signing this declaration, hereby confirms the adequacy of the risk management framework at the SID Bank Group, which ensures that the established risk management systems comply with the Bank's risk profile and business strategy.

The SID Bank Group has put in place a concept of three lines of defence for the purpose of effective risk management. The risk management function is built into the second line of defence and is part of the risk division. It is organisationally segregated from those business units that take up risks. The risk management function is involved in drafting the risk management strategy and in all important decisions regarding risk management at the Group. The head of the risk management function reports directly to the management board member responsible for risk management. This ensures the appropriate implementation of the risk management framework at the level of the Bank's daily activities and the regular notification of the management board and the Bank's other decision-making bodies. The head of the risk management function is entitled to regularly attend those sections of the meetings of the supervisory board that deal with the issue of risk, and meetings of the risk committee. This ensures that the risk committee and the supervisory board are regularly and independently apprised of the risks to which the Bank is exposed.

The risk management function is provided with direct access to the chair of the supervisory board and the chair of the risk committee for notification in the event of the specific development of risks that affect or could affect the Bank's risk profile. The regulatory framework of the risk management process, including the internal capital and liquidity adequacy assessment processes, ensures that the systems put in place for the management of identified risks comply with the SID Bank Group's risk profile and business strategy.

Notwithstanding the above, the Bank's management body (the management board and the supervisory board) is fully authorised and responsible for defining and adopting the risk management framework and for regularly reviewing its adequacy, including the provision of updates, depending on the effects of the Bank's internal and external environmental factors, and for overseeing the implementation of the SID Bank Group's adopted risk management strategy and policies.

Ljubljana, 25 March 2026

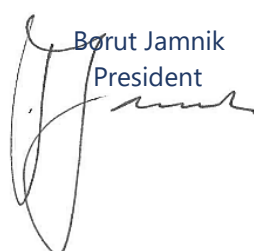
Management Board of SID Bank

Supervisory Board of SID Bank

Stanka Šarc Majdič  
Member



Borut Jamnik  
President



Matija Šenk  
Chair



## 4.4 Risk management

*(Article 435(1)(c) of the CRR)*

### Risk management in the SID Bank Group

The SID Bank Group's risk management system is based on an effective comprehensive risk management process that includes identifying, measuring and assessing, managing and monitoring risks, as well as internal and external risk reporting.

The risk management process additionally takes account of the specific attributes of the implementation of promotional and development tasks and services of importance to Slovenia's development, and the clear segregation of operations into those involving the Bank's own resources and those on behalf of and for the account of the Republic of Slovenia, including the management of the contingency reserves. The allocation of risks, responsibilities and decision-making between the two types of business is an integral part of the framework of risk management and internal controls.

Risk management is undertaken at the individual and consolidated levels, with the subsidiaries largely following the risk management procedures of SID Bank. The assessment of the risk profile, including the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP), the determination of the risk appetite, and the approval of the risk management strategy and policies, is conducted at the level of the SID Bank Group.

The Group has put in place a risk management strategy that defines the basic principles applying to the take-up and management of risks, and establishes a framework and basis for the drafting of documents that define in detail the processes of taking up and managing specific types of risks, including the organisational rules that apply to risk management, internal control mechanisms, compliance, and the public disclosure of information relating to the Bank.

### SID Bank Group's approach to risk management

On the basis of the risk management strategy, the Bank has developed policies for managing specific types of risk, and other bylaws regulating the business processes in which risks are taken up. The policies and other bylaws define the procedures, methods and methodologies used by the Group in risk management for each type of risk.

The aim of the risk management strategy is to maintain and continually upgrade an effective risk management process for identifying, measuring and assessing, managing and monitoring risk, including reporting on the risks to which the Group is or could be exposed in its operations, by defining:

- specific types of risk;
- risk-bearing capacity;
- risk appetite;
- a risk management action plan, i.e. risk identification, measurement and assessment, management and monitoring procedures;
- appropriate internal control mechanisms; and
- internal relations with regard to responsibilities.

The key strategic focuses in the area of risk management, which take into account the Group's business model and business strategy, are defined in the risk management strategy, key components of which are the risk-bearing capacity and the risk appetite framework (RAF), as presented as part of the concise statement on the Group's approach to the realisation of risk appetite.

The risk-bearing capacity means the largest overall risk level that can be taken up, taking into account the available capital, liquidity and other restrictions (risk management and control measures, stress test results, and other restrictions). The risk-bearing capacity is defined

as the higher of the economic and normative perspectives, with the ICAAP representing the economic perspective and the SREP the normative perspective. The scope of risk take-up complements the set of internal policies for the management of individual types of risk, via which the risk appetite is transformed into operational restrictions for the appropriate direction of the business. The risk management policies and bylaws define the limits, including the procedures for addressing breaches and for informing the management board, and for managing credit risk, market risks in the banking book including currency risk, and liquidity risk.

A comprehensive process of assessing the risk-bearing capacity and risk appetite, tailored to the risks taken up, is carried out at least once a year. This ensures that the risks taken up remain within the limits of the Group's risk-bearing capacity. The assessed risk-bearing capacity is taken into account in the drafting of the business strategy and business objectives, and in the determination of the risk appetite.

The risk appetite indicators are regularly monitored by SID Bank's management body. Risk appetite is monitored by determining it on multiple levels (step-like), where each superior level sets the upper threshold for the subordinate level of limits. The methodology for setting and monitoring risk appetite has a direct relationship with the ICAAP, the annual plan and stress testing.

In accordance with its business strategy, business objectives, risk-bearing capacity and risk management strategy, the Group takes up risks in its operations within a long-term sustainable target risk profile. It gives priority to the security and stability of its operations to maintain or increase the value of its equity in the long term, to maintain the Group's reputation, and to maximise the benefits for service users and other stakeholders.

The Group's risk appetite is set out by the Bank, and defines the material risks that the Group is willing to take up in order to realise its business objectives, strategies, policies and plans. The

materiality of a risk is defined in relation to regulatory capital. A particular risk is deemed material to the Group if the corresponding capital requirement is more than 1% of regulatory capital. Risk appetite thresholds are expressed in the form of indicators, or by the definition of allocated capital. The risk appetite is defined in the applicable risk management strategy and through internally set limits. The Bank assesses the Group's risk appetite at least once a year against its risk-bearing capacity, and whenever the Group hits internally set triggers for an assessment of capital reallocation.

The Bank's management body is comprehensively briefed on the area of risk management via quarterly reports on performance, and risk reports. The regular risk reports encompass the monitoring of risk appetite, a report on the ICAAP, detailed information on the Group's exposure to credit risk at the level of the entire credit portfolio, liquidity risk, interest rate risk, operational risk and market risks in the banking book, and an assessment of future trends, with a view to informing the Bank's management body about the Group's exposure to significant risks.

Regular stress tests are also conducted at Group level in parallel to risk management. Stress tests are conducted on the basis of two bylaws (a rulebook, and the methodological notes to the rulebook). Together the two bylaws make up the stress-testing framework. The rulebook primarily covers general stress testing and sets out responsibilities. The methodological notes cover procedural aspects, where the Bank defines data sources, the IT infrastructure, methodologies and scenarios. The stress tests also cover the burden on capital due to ESG risk factors. According to the two bylaws, stress testing is followed by the drafting of reports which, in addition to the above, also include key assumptions, the results of the stress testing, and planned measures.

The Bank conducts the following types of stress tests at Group level:

- ICAAP stress tests (internal stress test);

- ILAAP stress tests (internal stress test);
- regulatory stress tests: conducted in accordance with the methodology and assumptions provided by the regulator; and
- other occasional stress tests.

#### 4.4.1 Credit risk

The Group is most exposed in its operations to credit risk, i.e. the risk of losses arising from a counterparty's inability to settle contractual liabilities by the originally agreed deadline without the realisation of credit protection. The Group actively manages its credit risk, and is continually improving its risk management processes and approaches and upgrading its methodologies in the area of credit risk.

Within the framework of its bylaws governing credit risk management, the Group has put in place a credit risk management culture that represents the Group's standards and values regarding awareness of credit risk. Via the work of the management body and employees involved in the take-up and management of credit risk and their attitude towards credit risk, and having regard for the recommendations of internal control functions, the credit risk management culture is reflected in those persons' decisions with regard to the take-up and management of credit risk. Through annual reviews of compliance with the credit risk management culture, the Group ensures that the culture is effectively implemented at all levels of the Group, and that all employees involved in the take-up and management of credit risk are fully briefed on the culture and are answerable for their actions.

The umbrella document governing the management of credit risk in the Group's operations is the credit risk management policy. The policy defines the attitude towards the take-up of credit risk in relation to the business objectives and business strategy within the framework of the risk appetite, the mechanisms and procedures for identifying, measuring and assessing, monitoring, managing and reporting on credit risks, and the powers and responsibilities of the management body, the relevant committees and individual

organisational units in the management of credit risk. The credit risk management policy also incorporates the main substantive points of the applicable bylaws and regulations governing credit risk management.

Credit risk management covers all active investment operations that give rise to credit risk, i.e. loans, including commitments given, deposits placed, factoring, transactions involving investments in debt securities that the Bank manages for the purpose of ensuring liquidity, stabilising net interest income, pursuing its asset-liability management, and implementing existing mandate frameworks to support domestic bank and corporate issuers, other financial assets, and transactions in derivatives that the Group uses exclusively for the purpose of hedging open foreign-exchange and interest-rate positions.

The level to which credit risk is taken up is determined in accordance with the adopted risk appetite, which is reflected in limits placed on exposure to credit risk. The credit risk appetite is adopted by the management body within the framework of the ICAAP, the Group's annual operational plan process, and the risk management strategy, and where necessary in the event of major changes, in which the scope and focus of credit risk, the composition of the credit portfolio, including its concentration, and diversification targets in relation to business lines, geographical areas, economic sectors and products may be determined.

In terms of the identification and assessment or measurement of credit risk, credit risk management at the Group includes activities linked to the assessment of debtors' creditworthiness, the compilation of credit rating reports and the assignment of debtors to the appropriate rating grades. Exposure is

approved by the authorised person, the credit committee or another competent body in accordance with the power to approve transactions as set out in SID Bank's bylaws and articles of association, and in accordance with the value of the investment and existing exposure.

In terms of limiting exposure to credit risk, account is first taken of the regulatory limits set out in the applicable banking legislation concerning exposure to individual customers, groups of connected clients or persons in a special relationship with the Bank. The take-up of credit risk is also limited by SID Bank's articles of association and its internal limits on exposure to credit risk.

### Classification of financial assets and commitments given into rating grades

The Group assesses customers' credit quality based on an assessment of quantitative and qualitative elements. It classifies customers into one of 21 internal rating grades, which are combined into five rating pools from A to E, in accordance with the Bank of Slovenia criteria. Debtors in default are classified into rating pools D and E.

The quantitative elements include an assessment of the customer's financial and asset positions, and all identified risk factors, such as delays by SID Bank and other reporting entities in the submission of reports to SISBIZ, blocked current accounts, arrears in the payment of taxes and liabilities to employees, and official entries. Soft factors are taken into account within the framework of the qualitative elements, and relate to non-financial information about the customer, and ESG factors, which take account of the environment, social and governance aspects of the customer's business.

Before an investment operation is approved, all customers are assigned to the appropriate rating grade. Their transactions are then monitored for the duration of the investment operation, and ongoing assessments are made

to verify whether the rating grade is still appropriate.

The Group has developed separate methodologies for classifying customers to rating grades and for assessing credit quality: a methodology for assessing corporations, sole traders and cooperatives, which includes a methodology for assessing investment projects and newly established corporates, and a methodology for assessing banks and savings banks. The credit ratings of domestic public-sector entities are derived from Slovenia's sovereign credit rating.

### Management of credit protection

Before entering into a contractual relationship, the Group compiles an assessment of the customer's creditworthiness, which represents the primary source of repayment. Collateral is used as a secondary source of loan repayment and is not a replacement for the primary creditworthiness of the debtor. The internal rulebook on collateral for investment operations is a document under which credit protection is implemented in practice. It defines in detail:

- the types and conditions of acceptable collateral with regard to the type of debtor and the investment operation;
- the required ratio between the value of the collateral and the value of the investment operation for each type of collateral;
- the documentation required for each type of collateral that ensures the legal certainty and enforceability of collateral;
- the methodology for valuing each type of collateral, which sets out the method, monitoring and frequency of valuation;
- the types of collateral requiring a physical inspection of the assets pledged as collateral; and
- the liquidation and/or termination of collateral;
- the regular vetting of the independence and qualifications of appraisers and the quality of their valuations; and

- the powers of specific organisational units in accordance with internal rules on organisation.

The rulebook takes account of the key regulatory requirements in the area of credit protection defined in the CRR, Bank of Slovenia regulations, and EBA guidelines.

The Group accepts various forms of funded and unfunded credit protection to secure its investment operations. It accepts commercial and residential real estate, securities, equity holdings, movable property, European Cohesion Policy funds for collateralising portfolio guarantees, patents, trademarks, and assigned receivables as funded credit protection. Legislation bars SID Bank from accepting deposits from the public, although it may accept deposits solely from informed persons. It therefore does not make use of this form of collateral. The Group accepts joint and several sureties from legal and natural persons, government guarantees, guarantees from the EGF and the EIF under InvestEU, bank guarantees, and SID Bank insurance policies issued for the account of the Republic of Slovenia as insurance against commercial and non-commercial risks as unfunded credit protection. Within the framework of individual financing programmes, having regard for the commitments proceeding from the attributes of the programme itself and the funding utilised, the range of credit protection accepted may be set out.

The collateral that the Group values must meet the internal conditions of eligibility, which differ with regard to the type of collateral, and must be established in a manner that ensures its legal certainty and enforceability. For collateral in the form of securities, equity holdings, movable property, patents, trademarks, models and assigned receivables, the lien must be registered as the most senior. Only collateral whose maturity is longer than the maturity of the investment operation is classed as eligible collateral. The currency of collateral should be identical to the currency of the investment operation as a rule. Collateral that fails to meet

the requirements of the Regulation on credit risk management at banks and savings banks to be taken into account in the estimation of expected credit losses is valued at zero. When calculating expected credit losses and setting the interest rate of an investment operation, the collateral value is reduced by a haircut (HC), which is internally set for each type of collateral.

When calculating capital requirements for credit risk using the standardised approach, the Group does not take account of a reduction in risk-weighted assets, unless the exposure is secured by collateral from European funds, the EU budget, the European Investment Fund or the European Investment Bank. The Group does not enter into credit derivative transactions for the purpose of managing capital requirements for credit risk.

The valuation reports that the Group uses as a basis for the valuation of assets pledged as collateral comply with the applicable valuation standards (IVS, EVS, RICS), and are compiled by independent certified appraisers with the requisite qualifications, knowledge and experience. A review of the quality of valuation of real estate and movable property and of the independence and qualifications of appraisers is conducted within the framework of the current review of valuation reports. Each valuation report received is reviewed by a collateral management specialist who holds a current licence as a certified real estate appraiser from the Slovenian Institute of Auditors. During the review of the valuation report, checks are made of compliance with valuation standards, the adequacy of the selected valuation basis, the purpose of valuation, the approaches used with regard to the type of the subject of valuation, the valuation procedures, and the adequacy of declarations, attachments and other content. A collateral management expert provides an opinion of the adequacy of the valuation report, and the adequacy of the estimated market value or liquidation value. The adequacy of a valuation estimated on the basis of the prudently conservative valuation criteria set out in Article 229 of the CRR (prudent value) is also

reviewed for real estate collateral. If major irregularities are identified during the review of the valuation report, measures such as reducing the estimated market value or liquidation value, designating the valuation report as inadequate, obtaining a revised/new valuation report, and blacklisting the appraiser are taken.

In real estate valuation the Group takes account of the estimated market value of the real estate from a valuation report formulated on the basis of a comprehensive inspection of the real estate, and in forcible collateral liquidation it takes account of the estimated liquidation value if available. Within the framework of the valuation report there is also a requirement for the appraiser to estimate the prudent value of the real estate, which is recorded in the collateral monitoring application. The value of real estate collateral is regularly monitored over the term of the investment operation. Once a year real estate price indices for each type of real estate in each statistical region are obtained from an external provider, and are used to monitor the value of real estate collateral. For real estate where there are signs of a major change in its value, and for real estate whose value has changed significantly within the framework of collateral value monitoring, the market value of the real estate is determined by a reassessment by the appraiser. For real estate used as collateral for an exposure in excess of EUR 3 million or 5% of the Bank's regulatory capital, a valuation report is obtained at least every three years. For commercial and residential real estate used as collateral for non-performing exposures whose gross exposure exceeds EUR 300 thousand, a reassessment is obtained from the appraiser once a year.

In the valuation of business equipment, and motor vehicles and trailers, the Group has set thresholds for when the valuation may take account of the value based on a sale and purchase agreement or an invoice between unrelated parties that is no more than one year old, or the estimated market value from the valuation report. Subsequent valuation of business equipment and of motor vehicles and

trailers is conducted once a year, or more frequently in the event of major changes in the market. When the initial valuation is based on a sale and purchase agreement or an invoice, subsequent valuations take account of a decline in value in the amount of the corresponding depreciation. When the initial valuation takes account of the estimated market value from the valuation report, a valuation report is obtained each year over the term of the investment operation. The Group values inventories on the basis of a monthly transcript from the debtor's books of account.

The Group values securities traded on a regulated securities market at the closing price, and non-marketable equities and equity holdings on the basis of the estimated market value from the valuation report. The valuation report is also the basis for the valuation of collateral in the form of patents, trademarks and models.

Collateral in the form of assigned receivables is valued on the basis of the monthly reports of debtors, without taking into account past-due claims and claims against legal or natural persons that constitute a group of connected clients with the debtor. Collateral in the form of the assignment of all current and future receivables is valued at zero.

Credit protection in the form of sureties, debt assumption, guarantees, and SID Bank insurance policies issued for the account of the Republic of Slovenia to insure against commercial and non-commercial risks is valued at the lower of the exposure amount, or the contractual amount of the surety, debt assumption, guarantee, or Republic of Slovenia guarantee for commercial risk. The Group only assigns a non-zero value to the sureties of legal persons if the rating grade of the legal person giving the guarantee is higher than or equal to BBB-, based on the internal credit quality assessment methodology, and the surety demonstrates adequate creditworthiness. Guarantees from natural persons are valued at zero.

Over the lifetime of the exposure, the Group monitors the coverage of the exposure by collateral. Should the value of the collateral fall, the Group takes action to establish additional collateral as required. As part of the early warning indicators of increased credit risk, the ratio of the total value of the collateral for a particular investment operation to the exposure is monitored. If the ratio deteriorates by more than 50% relative to the ratio at the time of the approval of the investment operation, the debtor is placed on the watch list.

### Estimation of credit losses

For the estimation of expected credit losses, the Group has put in place its own methodology in accordance with IFRS 9, which is defined in an internal rulebook and includes:

- the classification of exposures into stages for the purpose of estimating expected credit losses, including the definition of a methodology for assessing a significant increase in credit risk;
- the segmentation of the portfolio for the calculation of expected credit losses (PD and LGD segments);
- the modelling of probability of default (PD) and loss given default (LGD);
- the calculation of expected credit losses.

In the scope of managing model risk, the Group has put in place a methodology for validating estimates of the credit risk parameters that it takes into account in the calculation of expected credit losses.

### Credit risk monitoring

The Group monitors credit risk comprehensively and continuously, at individual customer level and across the entire credit portfolio. Regular monitoring of investment operations is conducted, and includes the monitoring of the appropriateness of a debtor's credit rating, the monitoring of past-due liabilities, the monitoring of the fulfilment of financial and other contractual commitments, verification of the adequacy and amount of collateral, and the monitoring of groups of connected clients.

The credit rating is based on a combination of static and dynamic components. It is updated daily on the basis of available internal and external information, is comprehensively reviewed on an annual basis within the framework of the annual review, and is updated on an ad hoc basis in the event of significant changes in the customer's risk profile being identified. Credit ratings are confirmed by credit risk assessors, and provide a key basis for management of the credit portfolio.

In the event of the identification of a serious breach of contractual obligations, a deterioration in a debtor's financial and asset position, an increase in the risk derived from the purpose-specific use of a loan, or other circumstances that affect or may affect a debtor's performance and the successful conclusion of the investment operation, enhanced monitoring is conducted.

Enhanced monitoring is regularly conducted on the basis of a watch list approved by the monitoring committee, with the credit committee being briefed accordingly. When creating a watch list, the amount and maturity of the investment operation, the debtor's rating grade and other criteria that result in the debtor being placed on a watch list and that affect the credit risk are taken into account.

### Early warning system for detecting increased credit risk

SID Bank has put in place an early warning system (EWS) that facilitates the early detection of increased credit risk for any exposure and of potential defaulters.

The system is based on a combination of quantitative and qualitative indicators, and provides for an automatic and expert risk assessment at the level of customers and related parties. Trigger levels are defined for individual early warning indicators, based on which the customer is placed on the watch list.

When one or more early warning indicators are triggered, customers are classified into various credit risk levels, which provides for a better overview of the portfolio of exposures with a significant increase in credit risk, faster

treatment of customers on the watch list, and prompt action.

The EWS is based on internally defined criteria for inclusion on or removal from the list, and enables the identification of any potential difficulties in debt repayment at an early stage, with the aim of preventing any further deterioration in the credit quality of the exposure by taking timely corrective measures and following up the implementation of measures so that a debtor does not transition to a position of default. Certain indicators of potential customer difficulties are updated automatically every day from external data sources (e.g. blocked accounts or arrears at other banks, failure to pay tax liabilities), and the relevant departments are informed accordingly. The adequacy of the early warning indicators is reviewed by the Bank on an annual basis.

Exposures with increased credit risk are placed on the watch list, which is discussed on a monthly basis by the monitoring committee, which in turn briefs the credit committee.

If, after successfully implementing measures, a debtor no longer meets any of the criteria for placement on the watch list, they are returned to ordinary treatment, or are reclassified as distressed investments if they meet the criteria for reclassification of the exposure as a distressed investment.

The EWS is continually being improved and upgraded by the Bank from the perspective of the inclusion of new quantitative and qualitative indicators for identifying debtors' potential difficulties in debt repayment, and the optimisation of the processes for taking action after a significant increase in credit risk has been identified, and information support.

### Management of non-performing exposures

Non-performing exposures that have been classified as distressed investments by the Group are assigned to a special organisational unit responsible for managing assets of this kind. The unit performs a multi-phased segmentation with the aim of identifying

debtors with the ability to generate sufficient cash flow from their core business activity, and to regularly service their financial debt at the same time. The relevant process – whether forbearance or recovery – is initiated based on the results of that segmentation.

The Group manages non-performing exposures in accordance with the adopted management strategy, the reduction plan and key indicators, including time-based definitions of quantitative targets, supported by an appropriate comprehensive operational plan to meet these targets.

Forborne exposures are exposures to which forbearance measures were applied. Those measures comprise concessions (allowances) to a customer that is experiencing or will soon experience difficulties in meeting its financial commitments (financial difficulties).

The forbearance of investment operations takes account of the EBA guidelines on the management of non-performing and forborne exposures (EBA/GL/2018/06) and the Slovenian corporate debt restructuring principles drafted by the Bank of Slovenia together with the Bank Association of Slovenia. It also takes account of the Restructuring guidelines for micro, small and medium-sized enterprises and the Bank of Slovenia Handbook for the effective management and workout of non-performing loans. Distressed investments are regularly monitored on special warning lists, which are generally discussed on a weekly basis by the distressed investment management committee.

### Recovery procedure

Recovery is carried out in accordance with predefined internal procedures, and is generally divided into extra-judicial and judicial recovery. The method of recovery depends primarily on the type of collateral, the duration of the arrears, the degree of cooperation displayed by the debtor, and the amount of any past-due and outstanding exposures.

Recovery begins with a verbal and written reminder to a debtor. If the reminder process is

unsuccessful or the exposure could not be forborne, procedures are usually initiated to liquidate collateral instruments.

If extra-judicial recovery is not successful, judicial recovery is initiated and managed by the distressed investment management department in accordance with the circumstances of the specific case.

### Management and monitoring of credit risk

The Group manages credit risk in several ways:

- by defining the risk appetite and risk appetite indicators;
- by setting internal limits in order to limit the concentration of exposure across specific segments, economic sectors and geographical areas;
- by setting thresholds for the allocation of total exposure to credit risk;
- by limiting leveraged transactions by placing a limit on the total exposure of all leveraged transactions;
- by taking into account the limits of exposure to individual debtors, groups of connected clients, and shadow banking entities;
- by setting project financing guidelines;
- by establishing collateral;
- by identifying the risk level of the individual debtor, and creating allowances and provisions for credit losses; and
- by ensuring sufficient capital to cover unexpected credit losses.

The Group's risk appetite takes into account environmental, social and governance (ESG) risks, for which it has put in place a dynamic limit on total exposure to the highest-risk ESG customers. ESG risk factors are also taken into account in internal credit ratings.

The monitoring of credit risk begins upon the conclusion of a contractual relationship in the process of credit risk take-up, and ends on the day that all of the debtor's contractual and other obligations have been settled.

Credit risk on debt securities derives from the portfolio managed by the Group for the

purpose of ensuring liquidity, stabilising net interest income, pursuing its asset-liability management, and exercising its existing mandate frameworks to support domestic bank and corporate issuers. This credit risk is managed primarily by means of limits on exposure to a particular issuer, and at portfolio level with regard to the credit rating, registered office and type of the issuer, and the type of instrument.

The system of limits in the area of debt securities is designed to ensure that investments are made primarily in debt securities of higher credit quality. In general it does not allow any investment in the financial instruments of foreign issuers without a credit rating from an international rating agency. Within the framework of the management of the risks inherent in debt securities, the differences between the current market price and the amortised cost of each debt security are regularly monitored in connection with the defined indicators of a change in market price. Changes in the market value of debt securities caused by changes in credit spreads and market interest rates are also monitored and evaluated. Developments in the financial markets are also regularly monitored, and the portfolio of debt securities held in the banking book is actively managed. The Bank also regularly monitors and evaluates the debt securities portfolio from the perspective of ESG risk factors. To reduce exposure to environmental risk, there is a limit on the purchase of debt securities of issuers whose core activity is in the fossil fuels segment.

The Group does not have any financial instruments held for trading. Counterparty credit risk is taken into account for derivatives that the Bank enters into solely for the purpose of hedging open foreign-exchange and interest-rate positions. The Bank determines counterparty credit risk exposure from derivatives using the original exposure method in accordance with Article 282 of the CRR. In the conclusion of derivative transactions, credit risk is managed in such a way that these transactions can only be entered into with

counterparties with which the Bank has signed ISDA Agreements and Credit Support Annexes to the ISDA Agreements.

In accordance with its mission statement, and the business model and business strategy adopted by the Group, increased concentration is consciously accepted for the following:

- groups of debtors and sectors that are involved in Slovenia's exports to an above-average degree;
- groups of debtors and sectors where structural or cyclical gaps are appearing, with the aim of intervening and acting countercyclically;
- groups of debtors and sectors in the circular economy, with high development potential, an innovative component, or a focus on the green transition and digital transformation;
- groups of debtors who are financed within the framework of the Fund of Funds or InvestEU, or via equity financing;
- certain countries that are major destinations for Slovenia's merchandise exports, services exports and outward FDI;
- municipalities via which infrastructure projects are financed;
- banks involved in export transactions and banks and other financial institutions established in Slovenia, if the banks transfer funding obtained to final beneficiaries in accordance with the Slovene Export and Development Bank Act or another law.

### Counterparty credit risk

Counterparty credit risk arises as a result of the conclusion of derivative transactions that the Bank executes solely for the purpose of hedging open foreign-exchange and interest-rate positions.

The Group determines counterparty credit risk exposure from derivatives using the original exposure method in accordance with Article 282 of the CRR. Exposure is managed at transaction level within the framework of limits on exposure to credit risk, which are approved by the credit committee.

The Bank only concludes transactions outside the regulated stock market (OTC transactions) with banks with whom it has concluded a framework agreement on transactions in derivatives (ISDA Master Agreement). For the purpose of mitigating counterparty credit risk in derivative transactions, the Bank has also signed a credit support annex (CSA) as a legal supplement to the master agreement, based on a system of providing cash margins through the exchange of collateral depending on the daily fair value of the derivative.

The Bank conducts daily monitoring of exposure to counterparty credit risk on the basis of the fair value of the derivative. If adverse changes in the fair value of a derivative result in insufficient coverage of exposure by collateral for a counterparty, the Bank calls on that counterparty to provide additional collateral.

A credit valuation adjustment (CVA) represents an adjustment to the value of the derivative for counterparty credit risk, and is defined as the difference between the value of the financial instrument without taking credit risk into account and the value after taking credit risk into account. When calculating the CVA for the purpose of recognition in the income statement, the Bank also takes account of any collateral, and does not calculate a CVA if collateral has been established or clearing is being executed in accordance with the EMIR. The valuation adjustment needs to take account of counterparty credit risk (CVA), and also own credit risk (DVA). Given that the Republic of Slovenia bears irrevocable and unlimited liability for SID Bank's liabilities on the basis of the ZSIRB, the Bank does not calculate a DVA.

Counterparty credit risk in derivatives has an impact on the Bank's profit or loss via adjustments to the valuation of assets/liabilities. The Bank recognises the calculated CVA amount in profit or loss in months in which the total amount of the calculated CVA for all derivatives exceeds 10 basis points of the last total risk exposure amount, as set out in the third paragraph of Article 92 of the CRR.

The Bank agreed on cash deposits as collateral with counterparties with whom it concluded derivatives transactions in 2025, and therefore did not calculate a CVA for the purpose of recognition in the income statement as at 31 December 2025.

#### 4.4.2 Liquidity risk

Liquidity risk is the risk of a loss occurring when the Bank is unable to settle all of its maturing liabilities, or when it is obliged to obtain sources of liquidity at costs significantly higher than average market costs due to its inability to provide sufficient funds to settle its liabilities at maturity. The greater the mismatch between flows of interest and principal on the asset side and the liability side, and in off-balance-sheet items, the higher is the risk of illiquidity.

Liquidity risk in the narrower sense arises when the Bank would be unable to repay its liabilities by means of investment operations. These liabilities are usually settled using cash inflows, readily convertible assets, and borrowed funding. Liquidity risk in the broader sense is the risk that the Bank will have to undertake additional borrowing at a higher interest rate, and the risk that the Bank will be compelled to sell financial assets at a discount as a result of the need for liquidity.

By managing liquidity risk the Bank ensures the regular settlement of all monetary liabilities, the maintenance of sufficient liquid assets, the high-quality management of operational and structural liquidity, and compliance with legal and regulatory requirements.

##### Take-up and management of liquidity risk

The Bank takes up liquidity risk in accordance with the business strategy, its risk-bearing capacity, its risk appetite and the risk management strategy, with the primary objective of ensuring prudent and secure operations. Liquidity management includes the prudent management of assets and liabilities (on-balance-sheet and off-balance-sheet), and

The Group uses a simplified approach to calculation of the capital requirement for CVA risk in accordance with Article 385 of the CRR. The Bank does not use collateral to reduce the capital requirements for CVA risk.

a balanced borrowing strategy so that the Bank is capable of meeting its due liabilities at any given moment and in due time (liquidity), and is capable of meeting all its liabilities on a sustained basis (solvency).

The process of taking up and managing liquidity risk is conducted in line with the liquidity risk management policy, which is discussed and adopted at least once a year by the Bank's management body. The policy sets out all steps in liquidity risk management, encompassing the procedures for identifying, measuring, monitoring and managing liquidity risk. It also includes the approach to the management of assets and funding, including the approaches to reporting the liquidity position, and measures to manage liquidity risk and the internal procedures to implement these measures.

The Bank determines an adequate liquidity position and liquidity buffer level, and a stable funding structure via its adopted liquidity risk appetite. This is reflected by setting minimum values for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). Each year the management body determines the scope of liquidity risk take-up in accordance with the business strategy, the estimated risk-bearing capacity, and the confirmed risk management strategy. In so doing the Bank takes account of the current liquidity position, the planned stock of asset and liability items aligned with the business plan, and the results of stress testing. The process of determining the liquidity risk appetite also includes reviewing whether the internal limits put in place are adequate.

The liquidity risk management policy and corresponding bylaws set additional

quantitative limits and measures for controlling the take-up of liquidity risk at the Bank. These include procedures for when the limits are transgressed, the requisite measures in the event of a deterioration in operational or structural liquidity, and a definition of the responsibilities of the relevant committees and individual organisational units for liquidity risk management.

Exposure to liquidity risk is regularly discussed and monitored in the weekly meetings of the liquidity management committee, the monthly meetings of the asset-liability and risk management committee, and in meetings of the management body, which are held quarterly. The Bank presents the key responsibilities of the competent bodies in the area of risk management, risk management functions and individual organisational units in the business report in the section entitled *Risk management*.

Through the regular implementation of the internal liquidity adequacy assessment process (ILAAP), the Bank ensures the effectiveness of liquidity risk management and the adequacy of its liquidity relative to its risk profile. The implementation of the ILAAP also includes an assessment of liquidity needs and an assessment of available liquidity within the framework of business as usual, and within the framework of the financial plan and the annual operating plan. The Bank draws up an ILAAP report once a year, which is discussed and approved by the management body. This report also serves as a basis for the supervisory review and evaluation of liquidity risk at the Bank.

The Bank ensures liquidity risk management through its activities to secure funding of the appropriate maturities, by adjusting the maturities of asset and liability items, and maintaining a liquidity buffer of suitable stock and quality, with debt securities accounting for the majority of this buffer. The Bank has a sufficient stock of eligible securities at its continuous disposal to obtain additional secondary liquidity from the central bank.

The Bank systematically monitors its liquidity position by means of various indicators and by reviewing its attainment of the planned objectives. It manages structural liquidity through the assessment of the long-term liquidity position.

Liquidity risk management at the SID Bank Group includes the following:

- the daily management of liquidity;
- the setting of a liquidity risk appetite framework and limits for liquidity risk management;
- regular planning and monitoring of future liquidity flows;
- the regular verification of the liquidity position, the stock of liquidity reserves, the ratio of liquidity reserves to total assets, and simulations of LCR and NSFR, taking into account the annual financial plan and information from the business units for future periods under the baseline scenario and in internally defined liquidity scenarios;
- the monitoring of the appropriate structure of liabilities and financial assets;
- the management and monitoring of a sufficient pool of financial assets as collateral for the central bank's claims;
- the regular verification of the adequacy of the liquidity reserve and the survival period under internally defined stress scenarios under the assumption of a runoff balance sheet.

SID Bank is obliged to meet the reserve requirement at the central bank. The reserve requirement is 1% of the stock of deposits received from non-bank customers and issued debt securities with an agreed maturity of up to two years. The reserve requirement amounted to EUR 901,789 at the end of 2025.

SID Bank does not accept deposits from uninformed investors as a rule. It is therefore not exposed to the risk of potential outflows of retail and corporate demand deposits, and thus does not have an internal model for determining deposit stability. This fact and the specific role of the Bank also affect the structure of funding, and mean that there is higher

concentration on the funding side compared with commercial banks.

The Bank obtains funding on the domestic and international financial markets. The diversification of funding, particularly in terms of the type and geographical diversification of investors and the type of financial instrument, ensures that the Bank has stable access to funding. The fact that SID Bank obtains long-term funding supported by Slovenian government guarantees in accordance with the ZSIRB, particularly on international financial markets and at similar financial institutions, increases the stability of its funding.

Assessment of the adequacy of funding and borrowing activities is based on the Bank's business strategy and the annual financial borrowing plan, which is drawn up as part of the annual strategic planning process. The purpose of borrowing is to ensure adequate funding for the execution of the Bank's asset-side operations. Adequacy is assessed with regard to maturity, currency, interest-rate type, borrowing costs, and any other characteristics. SID Bank borrows for the purposes set out in the ZSIRB.

### Contingent liquidity risk management framework

The Bank uses an internal rulebook that provides a framework for contingent liquidity risk management. This framework includes:

- procedures for the early identification of possible liquidity shortfalls;
- the contingent liquidity risk management plan and the responsibilities for resolving liquidity crises;
- the criteria for activating the contingent liquidity risk management plan;
- the toolkit of possible measures for addressing a liquidity crisis;
- early warning indicators of adverse liquidity conditions;
- internal liquidity stress testing and reviews of the adequacy of the liquidity reserve under the assumption of a runoff balance sheet, having regard for various market scenarios, an institution-specific scenario,

and a combined scenario, which represents a combination of the institution-specific scenario and the most severe market scenario;

- internal simulations of liquidity flows, liquidity reserves, and LCR and NSFR, having regard for market conditions (baseline and adverse market scenarios), and assumptions from the annual financial plan and information from the business units.

By regularly monitoring developments on the financial markets, its liquidity position, performance indicators and early warning indicators for potential liquidity difficulties, including macroeconomic indicators, and by reviewing liquidity risk management in internal scenarios, the Bank is able to promptly identify potential liquidity challenges and to take the necessary measures to manage them. ESG risk factors are also incorporated into the liquidity stress testing framework, which provides for even more precise and comprehensive management of the ILAAP.

### Liquidity coverage ratio

The aim of the liquidity coverage ratio (LCR) requirements is to prevent liquidity risk by reducing credit institutions' dependence on short-term funding and liquidity provided by central banks, by requiring them to hold sufficient liquid assets to handle any surplus of liquid outflows over inflows that could be expected to occur over a 30-day stress period.

The Bank has put in place an internal limit for maintaining the LCR and liquidity buffer that is more stringent than the regulatory requirement (100%). The asset-liability and risk management committee regularly reviews the LCR and compliance with the approved internal limit.

The LCR for the SID Bank Group amounted to 7,382% at the end of 2025 (end of 2024: 4,197%). The Bank maintains the LCR at high levels, but it is also volatile, primarily because the Bank usually does not usually have a high volume of maturities over a period of 30 days, except when long-term funding is maturing.

The SID Bank Group monitors and maintains an adequate buffer of unencumbered, high-quality liquid assets to be held as a contingency against adverse liquidity conditions. The Bank maintained an adequate level, quality and structure of liquid assets in 2025 for covering its expected and unexpected liquidity outflows, and for business continuity purposes. The structure of the liquidity buffer at the end of 2025 compared with the end of the previous year shows that the Group slightly reduced its exposure to the central bank, and increased its holding of debt securities eligible for the LCR. The share of Level 1 high-quality liquid assets (HQLA), which in addition to high-quality debt securities also includes balances at the central bank, remains unchanged from the previous year at 98.5% at the end of 2025 (31 December 2024: 98.5%).

In addition to the regular calculation of the LCR, simulations of the LCR that take account of the assumptions of the annual financial plan and information from business units over the next 12 months are regularly conducted and reviewed, with the calculation being carried out in the baseline and internally defined adverse liquidity scenarios.

### Net stable funding ratio

In its provisions regarding the net stable funding ratio (NSFR), the CRR focuses on restricting banks in the transformation of the maturity structure. The NSFR is defined as the ratio of available stable funding to required stable funding. Banks are required to maintain an NSFR of at least 100% under the CRR.

The NSFR of the SID Bank Group stood at 151.4% at the end of 2025 (end of 2024: 160.8%). The level of the ratio, its evolution over time, and compliance with the internal limits put in place are discussed on a regular basis by the asset-liability and risk management committee.

In addition to regular calculations of the NSFR, simulations of the NSFR for the period of the financial plan that take account of the assumptions of the financial plan and information from business units in the baseline and internally defined adverse liquidity scenarios are regularly conducted and reviewed.



### 4.4.3 Interest rate risk

Interest rate risk is the risk of loss in the event of sudden and unexpected changes in market interest rates, and is the result of maturity mismatches between interest-sensitive assets and liabilities, which can have an adverse impact on net interest income (NII) and the economic value of equity (EVE). Exposure to interest rate risk derives primarily from interest-sensitive assets with different maturities and a different repricing dynamic compared with interest-sensitive liabilities (income aspect). Another element of interest rate risk is the sensitivity of the fair value of assets, liabilities and off-balance-sheet items to changes in interest rates (economic aspect).

Interest rate risk is identified, measured, managed, controlled and monitored in accordance with the policy for the management of interest rate risk and credit spread risk. This policy defines the methods and assumptions for identifying, assessing and measuring interest rate risk, interest rate scenarios for assessing interest-rate sensitivity, and the limits within which interest rate risk in the banking book is managed. The policy also defines the responsibilities of individual organisational units in the area of interest rate risk management, and procedures in the event that internally set limits are exceeded. The Bank's management body reviews and adopts the policy for the management of interest rate risk and credit spread risk at least once a year. The methodologies used, including the assumptions, are defined in detail in a bylaw in the form of the methodological notes to the policy for the management of interest rate risk and credit spread risk. The internal methodology for assessing interest rate risk in the banking book is approved by the asset-liability and risk management committee.

The level of interest rate risk is restricted by the determination of the interest rate risk appetite, the establishment of a limit system, and the determination of internal capital requirements.

The Group has put in place an internal limit system for restricting interest rate risk. The limits set are more stringent than the legal and regulatory limits, with regard to the maximum allowed loss in EVE and the maximum allowed decline in NII. The regulatory limits stipulate that the potential loss in EVE under any of the six prescribed shifts in the curve of market interest rates (supervisory stress scenarios) may not exceed 15% of Common Equity Tier 1 capital, while the potential decline in NII under the scenario of a parallel shift in the curve of +/- 200 basis points may not exceed 5% of Common Equity Tier 1 capital.

#### Measurement of exposure to interest rate risk in the banking book

The SID Bank Group takes account of interest-sensitive assets, liabilities and off-balance-sheet items when assessing exposure to interest rate risk. The assessment is based on interest rate gap analysis and analysis of the interest sensitivity of the economic value of equity (EVE measure) and net interest income (NII measure).

The interest rate gap analysis illustrates the difference between the cash flows of interest-sensitive assets, liabilities and off-balance-sheet items by time bucket, applying the principle of classifying interest-sensitive items with a fixed interest rate according to residual maturity, and items with a variable interest rate with regard to the first interest rate repricing or maturity date, whichever occurs first. When assessing exposure to interest rate risk, the Bank also takes into account off-balance-sheet items that it includes and classifies by time bucket in accordance with its internal methodology.

Due to its low exposure in foreign currencies, the Group does not conduct sensitivity analysis for individual currencies; instead interest-sensitive items in foreign currencies are added to items in euros. The proportion of interest-sensitive assets accounted for by assets in

foreign currencies was less than 1% as at 31 December 2025. The Bank does not hold interest-sensitive liabilities in foreign currencies.

The Bank has put in place an internal methodology based on the Basel standards, the EBA guidelines on the management of interest rate risk and credit spread risk arising from the banking book, and the regulatory technical standards in this area.

Interest rate risk in the banking book (IRRBB) is measured on the basis of the regular measurement of the impact of the changes in market interest rates under the prescribed scenarios on the economic value of equity (EVE) and net interest income (NII). The option risk that derives from contractually embedded automatic interest rate options and from the possibility of early redemption of MREL-eligible debt securities of domestic banks is also taken into account in both measurements. An annual inventory of instruments with embedded options and annual analysis of early repayments of loans are conducted. Immateriality having been identified, no adjustments to cash flows from loans and advances granted and received with the contractual option of early repayment were necessary. The risk of early repayments of loans is managed by means of appropriate contractual provisions regarding the charging of fees in the event of early loan repayment.

Non-performing exposures are included in interest rate risk measurement in accordance with expected value and the repayment of future cash flows, having regard for the methodology for the assessment of expected credit losses.

SID Bank does not accept demand deposits from customers; in accordance with its mandate, it does not provide certain services and products for customers (personal and savings accounts, credit cards, etc.), and as such does not use models to classify interest-sensitive items without a contractual maturity.

A monthly assessment of the interest sensitivity of NII is conducted for the period of one year under six prescribed interest rate scenarios on

the basis of the maintenance of a constant balance sheet, where the size and composition are maintained by replacing maturing or revalued items with new items of comparable attributes. For the purposes of conducting internal stress testing, at least once a year the Bank calculates the sensitivity of net interest income for a period of three years, taking account of the assumptions of the financial plan and a chosen scenario of market interest rates. The choice of interest rate scenario for the purposes of internal stress testing is approved on each occasion by the asset-liability and risk management committee.

### Management, supervision and monitoring

The asset-liability and risk management committee conducts regular supervision via the monthly discussion of reports on exposure to interest rate risk and at least half-yearly discussion of internal interest rate risk simulations, and takes measures to manage interest rate risk on the basis of analysis for achieving the optimal balance sheet structure from the perspective of interest rate risk. In the event of increased exposure to interest rate risk, the relevant department proposes measures to reduce interest rate risk to an acceptable level inside the interest rate risk appetite, which are discussed and approved by the asset-liability and risk management committee. The management body discusses exposure to interest rate risk quarterly within the framework of the risk report. Exposure to interest rate risk is managed by matching the interest-sensitive assets and interest-sensitive liabilities with regard to their maturity and the level and method of setting interest rates, and through the use of derivatives to hedge against interest rate risk.

The Bank executes transactions in interest rate derivatives for the purpose of managing interest rate risk. If the derivatives meet the conditions, these are dealt with by applying hedge accounting with the aim of achieving lower volatility in profit or loss resulting from changes to the fair value of derivatives. The Bank has

internal documents that describe the relationship between a hedged item and the hedging instrument, the purpose of risk management, the valuation method and the hedging strategy. Regular assessments of the effectiveness of hedging relationships are conducted.

As at 31 December 2025, the Bank held three interest rate swaps as fair value hedges of issued bonds, with a total contractual value of EUR 365,000 thousand. All hedging relationships were effective according to hedge accounting rules at the end of 2025.

### Sensitivity analysis

For the purposes of the regular management of interest rate risk and the calculation of internal capital requirements for interest rate risk in the banking book, SID Bank performs a monthly calculation of the impact on the economic value of equity and the impact on net interest income as a result of sudden changes in market interest rates under the prescribed interest rate scenarios. It is thus regularly determined and reviewed whether the potential loss in EVE or decline in NII is within internally defined limits, and within the limits prescribed by regulations.

The calculation of EVE and NII is made on the basis of the individual position, having regard for the precise revaluation dates.

The sensitivity of EVE to sudden shifts in market interest rates is measured as the change in the net present value of instruments sensitive to interest rate over their remaining lifetime. Measurement is made under the assumption of a runoff balance sheet, while shareholder equity and non-interest-sensitive items are not included in the calculation. Commercial margins and other margin components (premium) are also excluded from measurement. The change in EVE under a specific interest rate scenario is measured relative to the baseline interest rate scenario.

The Bank assesses the sensitivity of NII to sudden shifts in market interest rates for a period of one year under the assumption of a

constant balance sheet, where the total size and composition of the balance sheet are maintained by replacing maturing items with new items that have comparable attributes with regard to amount, type of interest rate, repricing period and composition of margin/premium. The premiums on new or revolving operations are determined by taking account of the regulatory technical standards, which set out a standardised methodology and a simplified standardised methodology for the assessment of risks deriving from potential changes in interest rates that impact the economic value of equity and net interest income in activities in the banking book of institutions, and by taking account of the specifics of the Group's operations. The change in NII under a specific interest rate scenario is measured relative to the baseline interest rate scenario.

### Credit spread risk

The Bank identifies, assesses, manages and monitors credit spread risk in the banking book (CSRBB) in accordance with its policy for the management of interest rate risk and credit spread risk. Regular monitoring and supervision of the implementation of the policy are ensured on the asset-liability and risk management committee via the discussion of monthly reports. Exposure to credit spread risk is discussed by the management body on a quarterly basis within the framework of the risk report.

The methodology, including assumptions for the assessment of CSRBB, is defined in detail in a bylaw in the form of the methodological notes to the policy for the management of interest rate risk and credit spread risk. The internal assessment methodology is approved by the asset-liability and risk management committee.

The Bank regularly measures exposure to CSRBB for:

- the portfolio of debt securities measured at fair value through other comprehensive income;
- the portfolio of debt securities measured at amortised cost, by which the Bank assesses

and monitors unrealised losses for the potential extreme case of sale before final maturity;

- issued debt securities.

The Bank has defined two internal CSRBB scenarios, one for an increase in the credit spread, and one for a decrease. The impact on the economic value of equity (EVE) and the impact on net interest income (NII) from the change in credit spreads relative to the baseline scenario are measured for each CSRBB scenario.

#### 4.4.4 Currency risk

Currency risk is the risk of a loss arising from unfavourable changes in foreign exchange rates.

The Bank identifies, measures, manages and monitors currency risk in accordance with its currency risk management policy. The management body discusses and adopts the currency risk management policy at least once a year. The implementation of the policy is monitored and supervised by the asset-liability and risk management committee. The management body discusses exposure to currency risk quarterly within the framework of the risk report.

The take-up and management of currency risk takes account of the adopted currency risk appetite. The currency risk management process includes the setting of internal limits to restrict the overall net open position in foreign currencies, and the regular measurement,

The level of credit spread risk for the portfolio of debt securities measured at fair value through other comprehensive income is limited by the definition of the CSRBB risk appetite and an internal capital requirement.

Exposure to credit spread risk from the debt securities portfolio is mainly managed via the investment policy and a limit system, which ensures that the portfolio is of the requisite quality and properly diversified. Assets are mainly held in debt securities of investment-grade issuers from the EU.

monitoring and reporting of exposure to currency risk. Exposure to currency risk is managed chiefly by matching asset and liability positions in foreign currencies, and as necessary by trading in derivatives in major foreign currencies.

In the management of currency risk, a determination is made of the potential loss that would arise as a result of a change in exchange rates based on the net open foreign exchange position, which is the difference between the sums of all assets and liabilities in foreign currencies.

The transactions executed by the Group in foreign currencies are not materially significant, and they do not entail material exposure to currency risk. The overall net open position in foreign currencies was low during and at the end of 2025 (less than 0.1% of regulatory capital).

#### 4.4.5 Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people and systems, or from external factors that do not arise from credit risk, market risk or liquidity risk. Operational risk also includes IT risks, legal risks and risks associated with compliance and model risk. One element of legal risk is compliance risk, which is the risk of legal or regulatory sanctions, significant financial losses or a loss of reputation as a result of the Group's operations failing to comply with the main regulations and standards of good practice.

Operational risk depends on internal organisation, control of business processes, and the approaches to and performance of internal controls, which are reviewed by the internal and external audit functions during their processes, etc. Operational risk factors include human resources, business processes, information technology and other infrastructure, organisational arrangements and external events.

The Group takes up operational risk within its adopted risk appetite, and allocates internal capital for operational risk in accordance with the ICAAP. The management of operational risk is based on the system of internal controls put in place, the system of decision-making and powers, proper deputisation during absences, the right training for personnel carried out on a regular basis, and investment in information technology. The Bank continually endeavours to improve the culture of awareness on the part of senior management and other employees of the importance of effective operational risk management, which is present in all activities and operational processes. Operational risk management is upgraded on an annual basis, in particular from an internal point of view (internal procedures, processes, the provision of proper information support, monitoring and other regulatory requirements).

The Bank manages model risk and has adopted a rulebook on model risk management. The

framework is defined in a way that clearly identifies the essential features of model risk and its management through identification, measurement, monitoring/reporting and control. The model risk management framework has clearly defined components for managing this risk, and a catalogue of models created. As part of its model risk management, the Group also upgraded the methodology for validating estimates of credit risk parameters, thereby strengthening the accuracy and robustness of the assessment of credit risk and reducing operational risk in connection with the use of models. Under the framework of the model risk management rulebook, the Bank has put in place a past and future plan of model evaluations within the catalogue of models.

The Group is aware of the risk of fraud, money laundering/terrorist financing and cyber threats, and has thus also strengthened the management of these subcategories of operational risk.

Operational risk management includes the recording of identified loss events from all subtypes of operational risk, and the analysis and resolution thereof with the aim of effectively identifying, assessing and managing operational risks. Control of registered loss events is carried out by the risk management and asset-liability management department, which reports regularly to the management board and the supervisory board. The report on operational risk is an integral part of the risk report, which is also submitted to the Bank of Slovenia. If an event involving significant losses occurs, the Bank is obliged to notify the supervisory board and the Bank of Slovenia immediately, and to submit all relevant documentation.

In accordance with Article 324 of the CRR the Bank has defined the following categories of loss events:

- internal fraud;
- external fraud;

- employment practices and workplace safety;
- clients, products and business practices;
- damage to physical assets;
- business disruption and system failures; and
- execution, delivery and process management.

In terms of the category of loss events in accordance with the Basel standards, the most common loss events in 2025 were execution, delivery and process management (43% of all loss events), followed by business disruption and system failures (26%), damage to physical assets (17%), external fraud (7%), and clients, products and business practices (7%).

There were no significant loss events in 2025. The cumulative loss from operational loss events in 2025 was less than EUR 12 thousand.

Operational risk is assessed annually within the framework of the development of the Bank's risk profile and the assessment of the risk matrix based on the methodology for assessing exposure to operational risk. This governs the assessment of operational risk, the breakdown of operational risk into subcategories, the ownership of individual subcategories of operational risk, and the procedures and timing of the annual assessment of operational risks. The Bank has put in place a catalogue of operational risks that includes risk scenarios broken down by individual operational risk subcategory, and a catalogue of internal controls that includes a list of the internal controls used to mitigate risk. The two catalogues were upgraded in 2025.

Systemic risks associated with information technology, which are increasing as the level of computerisation increases, are managed through additional measures such as the business continuity plan, duplication of critical infrastructure and other measures to increase information security (advanced systems to prevent and detect hacking, proactive threat hunting, vulnerability scanning, security systems and incident-management operating processes, security checks, staff training, etc.). The Bank strengthened and upgraded these measures in

2025. Responsibility for implementing the business continuity plan is assigned to groups of employees formed in advance (emergencies group, operational security group, first aid and rescue group, and asset remediation group). The members of these groups also participate in the processes of amending the business continuity plan. The Bank updated the business continuity plan in 2025, and tested it against the projected scenarios.

Inside the risk and asset-liability management department, an information security function has been put in place in the area of operational risk and information security to monitor and control information security procedures. One of the duties of this function is to manage security incidents and potential security incidents. The information security function draws up quarterly reports for the management board on the state of information security, and heads a security information team that handles specific security issues and policies.

In the event of a cyber incident that constitutes an unwanted or unexpected information security event or a series of such events that could harm operations and threaten information security, employees who detect or suspect that a cyber incident has occurred must immediately notify the information security function, which assumes responsibility for handling the incident and for any reporting to the Bank of Slovenia.

In 2025 intensive activities were carried out in line with Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (DORA), which began to be applied on 17 January 2025.

The Bank manages outsourcing risks in accordance with the Guidelines on outsourcing arrangements (EBA/GL/2019/02), and has adopted bylaws and a standardised process for outsourcing and subsequent risk monitoring and assessment. It has also put a register of external contractors and standard questionnaires in place that assist employees in

the analysis of outsourced functions and the assessment of risks of external contractors. The management of this operational risk takes account of the outsourcing policy and the handbooks for implementing that policy, the purpose of which is to create a framework for the selection, establishment, implementation and monitoring of contractual relationships with external contractors, to prevent inconsistencies, inequalities, ambiguities and imbalanced risk management when outsourcing, and thus potential negative consequences on the operations of the Group, and to ensure an adequate service quality level. The Bank monitors the implementation of these services, and the management of the risks inherent in outsourcing. The risk management and asset-liability management department conducts a semi-annual assessment of external contractors, drafts an annual review of the management of external contractors, compiles an annual report and proposes measures. After receiving the management board's approval, the supervisory board is briefed on the report, which is then forwarded to the Bank of Slovenia.

As Slovenia's central financial institution in the area of promotion and development, SID Bank is moving into new areas of operation in line with its mission. In line with the gradual introduction of new products, and the complexity of its products and processes, an appropriate amount of attention is dedicated to operational risk.

To manage risks arising from new product launches, a product management policy has been adopted to set out the rules for launching new products, and the powers and responsibilities of organisational units in the process of launching new products, including an emphasis on conducting a comprehensive and impartial risk assessment. All material risks identified during the development or implementation of a new product in connection with the planned launch of a new product must be processed in a timely and thorough manner in the risk management process in accordance

with the bylaws governing the management of individual risks, which means, *inter alia*, that measures are adopted by the Bank's competent bodies to manage the identified risks.

The risk of identified internal and external fraud is monitored in the context of operational risk via a loss event database, while that risk is managed in detail by the compliance department. The Bank has zero tolerance for suspected fraud. This does not mean that fraud cannot occur at the Group. The Group is committed to protecting its integrity and reputation in relation to fraud, including by minimising the risk of fraud and unethical behaviour. Furthermore, it does not tolerate any form of fraud, and has a zero tolerance policy in place for identified cases of suspected fraud. This means that the Bank responds to all identified suspicions of fraud, regardless of the identity of the whistleblower or of the alleged perpetrator. In so doing it adheres in full to the relevant international standards and EU laws, and regularly follows the development of best practices relating to the prevention of money laundering, the combating of terrorism, tax fraud, tax evasion and tax arrangements aimed at avoiding tax payments. The Bank's management board and supervisory board have a zero-tolerance policy in place for all forms of fraud and for all identified cases of suspected fraud, which they clearly communicate to employees (i.e. the tone from the top).

When assessing its exposure to fraud risk, the Bank assumes that fraud is the intent to commit an act for the purpose of acquiring an unlawful benefit for oneself or a third party.

Measures to prevent fraud are divided into short-term measures, which primarily include internal controls/procedures, and long-term measures that the Bank achieves primarily by strengthening the organisational culture.

## 4.4.6 Capital management

The Group must have adequate capital at its disposal at all times as a reserve against the various risks to which it is exposed in its operations. This is the continuous process of determining and maintaining a sufficient amount of high-quality capital, taking into account the taken-up risks defined in the capital management policy. Fulfilment of the capital requirements and of the requirements relating to buffers and the leverage ratio is based on the CRR, including the amendments introduced by the CRR3, and the ZBan-3.

Capital risk relates to the inadequate composition of capital with regard to the scope and type of operations or to the difficulties that the Bank faces in obtaining fresh capital, particularly in the event of the need for a rapid increase or in the event of adverse conditions in the business environment.

The role and responsibilities of the supervisory board in the management of capital risk and capital are to assess the adequacy of the capital risk and capital management policy, and to assess the implementation of that policy. The management board is responsible for adopting an adequate capital management policy, ensuring an adequate amount and quality of capital, and meeting the capital requirements.

The Bank met the conditions set out by Article 19 of the CRR for the obligation to meet capital requirements on the basis of its consolidated position as at 31 December 2025. The two subsidiaries SID Kapital and SID Upravljanje premoženja are included in the Group's prudential consolidation alongside SID Bank.

### Capital for capital adequacy purposes

Capital is divided into three categories with regard to its attributes and requirements: Common Equity Tier 1 (CET1), Additional Tier 1 (T1) and Tier 2 (T2). The SID Bank Group's capital is comprised solely of the highest quality Common Equity Tier 1 capital. It does not hold

any Additional Tier 1 capital or Tier 2 capital instruments.

The capital requirements for credit risk and counterparty credit risk are calculated using the standardised approach, in accordance with the provisions of Part Three, Title II, Chapter 2 of the CRR. In order to determine the credit quality step of a central government (Article 114 of the CRR), the Group uses the ratings of SID Bank as a nominated export credit agency, as set out in Article 137 of the CRR.

The Group calculates its capital requirements for operational risk in accordance with Articles 312 to 314 of the CRR.

A simplified approach as cited in Article 385 of the CRR is used to calculate the capital requirement for credit valuation adjustment (CVA) risk.

The SID Bank Group does not hold any positions in the trading book, and therefore does not calculate capital requirements for market risk for that purpose. Within the framework of market risk, only the capital requirements for currency risk are calculated, in accordance with Articles 351 to 354 of the CRR. Those requirements are calculated when the sum of the overall net foreign exchange position exceeds 2% of the total capital for capital adequacy purposes. As at the end of 2025, there was no need to formulate capital requirements for currency risk, as the limit was not exceeded.

### Capital requirements

During its regular supervisory review and evaluation process (SREP), the Bank of Slovenia assessed the risks to which SID Bank is exposed, and found that the capital adequacy risk at the Bank was medium-low. As at 31 December 2025, the Bank of Slovenia requirements regarding the level of capital ratios were being exceeded, including the Pillar 2 Guidance (P2G), which derives from the findings of supervisory

stress tests and must be comprised solely of Common Equity Tier 1 capital.

In accordance with the ZBan-3 and European banking legislation, the Bank of Slovenia has set requirements regarding the maintenance of capital buffers for the purpose of preventing or mitigating macroprudential and systemic risks. The capital buffers represent an additional

requirement in determining the required level of capital, as banks must use their highest-quality capital (CET1) to meet not only the Pillar 1 and Pillar 2 requirements under the Basel Accords, but also the capital buffer requirements.

#### 4.5 Number of directorships held by members of the management body

*(Article 435(2)(a) of the CRR)*

##### Membership in bodies of other persons as at 31 December 2025

Name of other person		Function
<b>Management board</b>		
Borut Jamnik	Three Seas Initiative investment fund	member of the supervisory board
	Bank Association of Slovenia	member of the supervisory board
Stanka Šarc Majdič	Bank Association of Slovenia	deputy member of supervisory board
<b>Supervisory board</b>		
Matija Šenk	Vzajemna d.v.z.	president of the management board
Marko Tišma	MPI Vrelec, d.o.o	executive director
Dr Katja Lautar	Loterija Slovenije, d.d.	member of the supervisory board
Nataša Damjanovič	Sava Re, d.d.	member of the supervisory board

#### 4.6 Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise

*(Article 435(2)(b) of the CRR)*

The composition of SID Bank’s management body is determined by the ZBan-3, which requires those bodies of the Bank responsible for selecting and appointing members of the management body to draw up and implement an appropriate policy on the selection of suitable candidates that ensures, *inter alia*, the appropriate representation of both genders on that body, including policies for the achievement of those objectives (Article 35 of the ZBan-3). SID Bank has included that legal

obligation in its bylaws (policy on the selection of supervisory board members and policy on the selection of management board members). SID Bank also supports the 40/33/2026 initiative of the Slovenian Directors’ Association, and will strive to achieve the target gender balance ratios by 2026: 40% female representation on the supervisory board or 33% female representation on the supervisory board and management board collectively (the Bank has also written this into its bylaws). The Bank

surpassed the target in 2025, with 37.5% female representation on the supervisory board and management board collectively.

SID Bank's business is directed by the management board, which represents it in public and legal matters. The management board is appointed by the supervisory board for a term of five years, and may be reappointed. In accordance with the articles of association, the management board has a maximum of three members, one of whom is appointed president, with the precise number of management board members being determined by the supervisory board. The Bank's management board comprised two members in 2025.

The management board directs the business independently and at its own liability. Its activity is governed by the rules of procedure of the management board. The management board generally meets on a weekly basis, when it discusses matters from all areas of SID Bank's operations. The management board regularly briefs the supervisory board on the most important issues in the Bank's operations, on its business policy, its financial position and other significant issues relating to its activity.

In accordance with the ZSIRB, the supervisory board comprises seven members who are appointed by the government. Members of the supervisory board are appointed for a term of five years. The procedure and conditions for the selection of fit and proper members are set out in the ZSIRB and the ZBan-3, and in the policy on the selection of supervisory board members. The policy sets out the method for the selection of candidates who possess the relevant

The commission for the assessment of the suitability of members of the management body comprised the following members as at 31 December 2025:

Name	
Aljoša Uršič	external associate in banking and financial services
Dr Katarina Babnik	external associate in HR, psychology and related areas
Barbara Bračko	director of compliance department

The commission is autonomous in its work and independent of the management board and

knowledge, skills and experience to supervise and monitor the direction of the Bank's business, and the requisite reputation, and ensures that the supervisory board as a whole possesses the relevant knowledge, skills and experience required for the in-depth understanding of SID Bank's activities and the risks to which it is exposed. Diversity is encouraged as much as possible in terms of knowledge, skills and experience, and also with regard to other circumstances, in particular gender, age, qualifications, social status and the other characteristics of candidates.

**Commission for the assessment of the suitability of members of the management body**

The commission for the assessment of the suitability of members of the management body and the supervisory board's nomination and remuneration commission carry out the fit and proper assessment process for the members of the management body.

The commission for the assessment of the suitability of members of the management body has three members. They were appointed by the management board, subject to the prior approval of the supervisory board. There were no changes to the composition of the commission in 2025. The commission has three members, with two external members alongside the director of the compliance department. The two external members of the commission have knowledge and experience in the provision of banking and financial services, and in human resources, psychology and related fields.

supervisory board. The commission's primary tasks are to conduct analysis of the fitness and

propriety of candidates for the position of member of the Bank's management body, and to notify the supervisory board's nomination and remuneration commission of any risks that it detects. The commission has similar responsibilities in the process of reviewing the fitness and propriety of candidates for the position of member of the management body that the Bank is required to perform when the circumstances pertaining to a member of the management body change.

The fit and proper assessment process for the selection of members of SID Bank's

management body complies with the applicable banking legislation.<sup>1</sup> In addition to the selection policy for members of SID Bank's management body, the procedure also takes into account specific elements deriving from the ZSIRB, the Slovenian Corporate Governance Code and the Corporate Governance Code for Companies with Capital Assets of the State, and the selection policy for members of the supervisory board or management board.

#### 4.7 Diversity policy with regard of the members of the management body

*(Article 435(2)(c) of the CRR)*

In terms of its diversity policy, SID Bank primarily undertakes to follow and comply with the applicable banking legislation. To that end and because the persons nominating supervisory board members are ministers, the diversity policy is incorporated in a number of documents, including an additional dedicated chapter in the published governance policy, and in policies governing the selection of management body members.

SID Bank has transposed requirements regarding the composition of the management body in terms of knowledge, skills, experience and gender balance into its bylaws, including the policy on the selection of supervisory board members and the policy on the selection of management board members. Both policies stipulate that in the event of the availability of several diverse candidates who meet the conditions of appointment, whose individual

suitability assessments are equally good, and who would also ensure that the collective suitability of the management body is satisfied, precedence is given to the candidate who would bring greater diversity to the membership of the management body. The provisions on diversity are also part of the corporate governance policy. The Bank will strive to achieve the target gender balance ratios by 2026, with 40% representation of women on the supervisory board, or 33% representation of women on the supervisory board and the management board overall. The Bank had already met the latter target by 2025.

The gender diversity criterion was met in 2025 in terms of representation on the management board and supervisory board overall. Other diversity criteria relating to professional experience, skills, competencies and age were also satisfied.

#### 4.8 Has the institution set up a separate risk committee and the frequency of the meetings?

*(Article 435(2)(d) of the CRR)*

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<sup>1</sup> The ZBan-3, the Regulation on internal governance arrangements, the management body and the internal capital adequacy assessment process for banks and savings banks, other Bank of Slovenia regulations, EBA and ESMA regulations, most notably the Joint ESMA and

EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06), and the EBA Guidelines on internal governance (EBA/GL/2021/05) are taken into account.

Within the scope of its powers, the risk committee primarily provides advice regarding the Bank's general risk appetite and risk management strategy, controls the implementation of strategies, reviews stress and other scenarios and their impact on the risk profile, assists in the implementation of supervision of senior management with regard

to the risk management strategy, and verifies whether risks are taken into account in incentives within the framework of the remuneration system and whether the prices of the Bank's products are compatible with its business model and risk management strategy. The risk committee met at six sessions in 2025.

The risk committee comprised the following members as at 31 December 2025:

Name	Function
Marjan Divjak	chair
Matija Šenk	deputy-chair
Leo Knez	Member



## 5 Disclosure of the scope of application

### 5.1 Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

(Article 436(c) of the CRR)

		a	c	d	g
		Carrying values as reported in published financial statements	Carrying values of items		
			Subject to the credit risk framework	Subject to the CCR framework	Not subject to capital requirements or subject to deduction from capital
Breakdown by asset classes according to the balance sheet in the published financial statements					
1	Cash, cash balances at central bank and demand deposits at banks	339,049	339,049	0	0
2	Non-trading financial assets mandatorily at fair value through profit or loss	54,670	54,670	0	0
3	Financial assets measured at fair value through other comprehensive income	417,525	417,525	0	0
4	Financial assets measured at amortised cost	1,661,781	1,661,781	0	0
5	Derivatives - Hedge accounting	10,355	0	10,355	0
6	Property, plant and equipment	4,682	4,682	0	0
7	Intangible assets	2,838	0	0	2,838
8	Other assets	8,586	8,586	0	0
<b>9</b>	<b>Total assets</b>	<b>2,499,485</b>	<b>2,486,293</b>	<b>10,355</b>	<b>2,838</b>
Breakdown by liability classes according to the balance sheet in the published financial statements					
1	Financial liabilities measured at amortised cost	1,975,946	0	0	1,975,946
2	Derivatives - Hedge accounting	413	0	413	0
3	Provisions	1,617	426	0	1,191
4	Other liabilities	4,689	0	0	4,689
<b>5</b>	<b>Total liabilities</b>	<b>1,982,666</b>	<b>426</b>	<b>413</b>	<b>1,981,826</b>

SID Bank is obliged to meet the prudential requirements on a consolidated basis for the SID Bank Group. Because the carrying amount of any asset that for accounting purposes is consolidated according to the equity method is

zero, the carrying values within the framework of prudential consolidation are the same as the carrying values cited in the published financial statements of the SID Bank Group (column a).

## 5.2 Template EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(Article 436(d) of the CRR)

		a	b	d
		Total	Items subject to	
			Credit risk framework	CCR framework
<b>1</b>	<b>Assets carrying value amount under the scope of prudential consolidation (as per template LI1)</b>	<b>2,496,647</b>	<b>2,486,293</b>	<b>10,355</b>
<b>2</b>	<b>Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)</b>	<b>839</b>	<b>426</b>	<b>413</b>
<b>3</b>	<b>Total net amount under the scope of prudential consolidation</b>	<b>2,495,808</b>	<b>2,485,867</b>	<b>9,941</b>
<b>4</b>	<b>Off-balance sheet amounts</b>	<b>221,513</b>	<b>221,513</b>	<b>0</b>
7	<i>Differences due to consideration of provisions</i>	426	426	0
9	<i>Differences due to credit conversion factors</i>	(39,626)	(39,626)	0
11	<i>Other differences</i>	33,373	16,800	16,573
<b>12</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>2,711,494</b>	<b>2,684,980</b>	<b>26,514</b>

The template shows the difference between the carrying values of assets and off-balance-sheet liabilities in the financial statements and the adjusted exposure amounts that are used for regulatory purposes, and represent the basis for the calculation of risk-weighted exposure amounts.

The difference between the carrying value of derivatives in the financial statements and the

value of the exposure of derivatives for regulatory purposes is disclosed under other differences within the framework of CCR.

Contractual arrangements are also taken into account for regulatory purposes in accordance with Article 111(4) of the CRR within the framework of credit risk.

## 5.3 Template EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

(Article 436(b) of the CRR)

a	b	c		f	h
		Method of prudential consolidation		Neither consolidated nor deducted	
Name of the entity	Method of accounting consolidation	Full consolidation			
SID Kapital d.o.o., Ljubljana	Full consolidation	X			Equity financing
SID Upravljanje premoženja d.o.o., Ljubljana	Full consolidation	X			Other activities auxiliary to financial intermediation
Prvi Faktor d.o.o., v likvidaciji, Ljubljana	Equity method			X	Finance
Prvi Faktor - faktoring doo - u likvidaciji, Beograd	Equity method			X	Finance
Prvi Faktor, faktoring društvo, d.o.o. u likvidaciji, Zagreb	Equity method			X	Finance

The carrying amount of any asset that for accounting purposes is consolidated according to the equity method is zero. In accordance with

Article 19 of the CRR, these assets are excluded from the scope of prudential consolidation, and are not subject to deduction from own funds.

## 6 Disclosure of own funds

### 6.1 Template EU CC1 – Composition of regulatory own funds

(Article 437(a), (d), (e) and (f) of the CRR)

		(a)	(b)
		Balance as at 31 December 2025	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	301,139	EU CC2: Shareholders' Equity, rows 1, 2
	of which: Instrument type 1	301,139	EU CC2: Shareholders' Equity, rows 1, 2
3	Accumulated other comprehensive income (and other reserves)	213,300	EU CC2: Shareholders' Equity, rows 3, 5
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>514,439</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	(483)	
8	Intangible assets (net of related tax liability) (negative amount)	(2,838)	EU CC2: Assets, row 7
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(1,324)	EU CC2: Shareholders' Equity, row 6
27a	Other regulatory adjustments	(12,591)	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(17,236)</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>497,203</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>497,203</b>	
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>497,203</b>	
<b>60</b>	<b>Total Risk exposure amount</b>	<b>1,522,390</b>	
<b>Capital ratios and requirements including buffers</b>			
61	Common Equity Tier 1 capital	32.66%	
62	Tier 1 capital	32.66%	
63	Total capital	32.66%	
64	Institution CET1 overall capital requirements	9.69%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.92%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.50%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.27%	
<b>68</b>	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>22.41%</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	24,842	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	5,539	

The SID Bank Group's capital is comprised solely of Common Equity Tier 1 capital items. It does not hold any Additional Tier 1 capital or Tier 2 capital instruments.

Regulatory adjustments to capital include a deduction for intangible assets in the amount of EUR 2,838 thousand, a deduction for impairment and provisioning expenses in the

current year in the amount of EUR 12,355 thousand, a deduction for insufficient coverage of non-performing exposures in the amount of EUR 236 thousand, and a deduction in the amount of EUR 483 thousand as an additional adjustment to the value of assets and liabilities disclosed at fair value due to prudential valuation requirements.



## 6.2 Template EU CC2 – Reconciliation of regulatory own funds to balance sheet in financial statements

(Article 437(a) of the CRR)

		a	c
		Balance sheet as in published financial statements	Reference
		31 Dec 2025	
<b>Assets – Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
1	Cash, cash balances at central banks and demand deposits at banks	339,049	
2	Non-trading financial assets mandatorily at fair value through profit or loss	54,670	
3	Financial assets measured at fair value through other comprehensive income	417,525	
4	Financial assets measured at amortised cost	1,661,781	
5	Derivatives - Hedge accounting	10,355	
6	Property, plant and equipment	4,682	
7	Intangible assets	2,838	EU CC1: row 8
8	Other assets	8,586	
<b>9</b>	<b>Total assets</b>	<b>2,499,485</b>	
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements</b>			
1	Financial liabilities measured at amortised cost	1,975,946	
2	Derivatives – Hedge accounting	413	
3	Provisions	1,617	
4	Other liabilities	4,689	
<b>5</b>	<b>Total liabilities</b>	<b>1,982,666</b>	
<b>Shareholders' Equity</b>			
1	Capital	300,000	EU CC1: row 1
2	Share premium	1,139	EU CC1: row 1
3	Accumulated other comprehensive income	(4,525)	EU CC1: row 3
4	Other reserves	220,591	EU CC1: row 3
5	(-) Treasury shares	(1,324)	EU CC1: row 16
6	Retained earnings (including net profit for the financial year)	939	
<b>7</b>	<b>Total shareholders' equity</b>	<b>516,820</b>	

SID Bank is obliged to meet regulatory requirements on a consolidated basis. The data in the above template therefore relates to the statement of financial position of the SID Bank Group as at 31 December 2025, which also constitutes a financial statement for regulatory purposes.

The SID Bank Group's net profit for 2025 amounted to EUR 3,705 thousand. In accordance with its articles of association, when compiling the annual financial statements SID Bank created regulatory reserves in the amount of 5% of the net profit for 2025 (EUR 263 thousand), and reserves under the articles of association in the amount of 50% of the net

profit for the financial year less the amount of regulatory reserves created (EUR 2,500 thousand). The aforementioned reserves are disclosed under other reserves in the template. SID Bank's distributable profit amounted to EUR 2,500 thousand, while that of the SID Bank Group amounted to EUR 939 thousand, where the lower figure was attributable to the losses of a subsidiary. It is disclosed under the item of retained earnings.

The net profit for the year, including the part already allocated to profit reserves, was not taken into account in the calculation of own funds for the purposes of capital adequacy as at 31 December 2025.

## 6.3 Template EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

(Article 437(b) and (c) of the CRR)

		a
1	Issuer	SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	SIDR, ISIN SI0021102932
2a	Public or private placement	Closed circle of investors
3	Governing law(s) of the instrument	Slovene
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
<b>Regulatory treatment</b>		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1 (CET1) Capital
5	Post-transitional CRR rules	Common Equity Tier 1 (CET1) Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	On an individual basis
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (currency in million, as of most recent reporting date)	EUR 300 million
9	Nominal amount of instrument	No nominal amount - no-par value share
EU-9a	Issue price	No nominal issue amount - no-par value shares
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	20 June 1997
12	Perpetual or dated	No maturity
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No
16	Subsequent call dates, if applicable	N/A
<b>Coupons /dividends</b>		N/A

N/A – not applicable

The Republic of Slovenia is the sole shareholder of SID Bank, and in accordance with the ZSIRB guarantees all the Bank's liabilities. In accordance with Article 4 of the ZSIRB, SID Bank's distributable profit may not be used

for dividend payments to shareholders, but is instead allocated to other profit reserves.

## 7 Disclosure of countercyclical capital buffers

### 7.1 Template EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(Article 440(a) of the CRR)

	a	f	g	j	k	l	m
	General credit exposures	Total exposure value	Own funds requirements		Risk-weighted exposure amounts	Own funds requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach		Relevant credit risk exposures - credit risk	Total			
<b>Breakdown by country:</b>							
Slovenia	1,233,066	1,233,066	89,590	89,590	1,119,873	90.15%	1.00%
Luxembourg	46,073	46,073	4,528	4,528	56,595	4.56%	0.50%
Other countries*	16,967	16,967	1,357	1,357	16,967	1.37%	0.00%
France	15,062	15,062	1,205	1,205	15,062	1.21%	1.00%
Ghana	8,686	8,686	1,042	1,042	13,029	1.05%	0.00%
Netherlands	8,463	8,463	677	677	8,463	0.68%	2.00%
Ukraine	5,568	5,568	668	668	8,353	0.67%	0.00%
Republic of Kosovo	1,482	1,482	119	119	1,482	0.12%	2.00%
Rwanda	1,029	1,029	124	124	1,544	0.12%	0.00%
Hungary	322	322	26	26	322	0.03%	1.00%
Serbia	201	201	16	16	201	0.02%	0.00%
Belarus	148	148	18	18	222	0.02%	0.00%
United States	36	36	3	3	36	0.00%	0.00%
United Kingdom	19	19	1	1	19	0.00%	2.00%
Ireland	10	10	1	1	10	0.00%	1.50%
Belgium	8	8	1	1	8	0.00%	1.00%
Germany	1	1	0	0	1	0.00%	0.75%
Austria	1	1	0	0	1	0.00%	0.00%
<b>Total</b>	<b>1,337,143</b>	<b>1,337,143</b>	<b>99,375</b>	<b>99,375</b>	<b>1,242,188</b>	<b>100.00%</b>	

\* Exposure to supranational organizations

The template discloses the exposures to individual countries in which the Group holds credit exposures relevant to the calculation of the institution-specific countercyclical capital buffer. The relevant credit exposures include all exposure classes under Article 112 of the CRR with the exception of the exposure classes

referred to in points (a) to (f) of the aforementioned article.

The Group uses the standardised approach to calculate exposure values, and has no exposures included in the trading book or in securitisation positions.

## 7.2 Template EU CCyB2 – Amount of institution-specific countercyclical capital buffer

(Article 440(b) of the CRR)

		a
1	Total risk exposure amount	1,522,390
2	Institution specific countercyclical capital buffer rate	0.9221%
3	Institution specific countercyclical capital buffer requirement	14,038

The Group’s institution-specific countercyclical capital buffer rate stood at 0.9221% as at 31 December 2025, and is calculated as the weighted average of the applicable

countercyclical capital buffer rates applied in the countries in which its relevant credit exposures are located.



## 8 Disclosure of the leverage ratio

### 8.1 Template EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

(Article 451(1)(b) of the CRR)

		a
		Applicable amount
1	Total assets as in financial statements	2,499,485
8	Adjustments for derivative financial instruments	16,160
10	Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures)	198,687
12	Other adjustments	(4,645)
<b>13</b>	<b>Total exposure measure</b>	<b>2,709,687</b>

### 8.2 Template EU LR2 – LRCom: Leverage ratio common disclosure

(Article 451(1)(a), (b) and (c) and Article 451(2) and (3) of the CRR)

		CRR leverage ratio exposures	
		a	b
		31 Dec 2025	30 June 2025
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2,489,131	2,897,676
6	(Asset amounts deducted in determining Tier 1 capital)	(4,645)	(4,053)
<b>7</b>	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>2,484,485</b>	<b>2,893,623</b>
<b>Derivative exposures</b>			
EU-9b	Exposure determined under Original Exposure Method	26,514	27,429
<b>13</b>	<b>Total derivatives exposures</b>	<b>26,514</b>	<b>27,429</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	263,939	258,499
20	(Adjustments for conversion to credit equivalent amounts)	(65,252)	(62,426)
<b>22</b>	<b>Off-balance sheet exposures</b>	<b>198,687</b>	<b>196,073</b>
<b>Capital and total exposure measure</b>			
<b>23</b>	<b>Tier 1 capital</b>	<b>497,203</b>	<b>503,883</b>
<b>24</b>	<b>Total exposure measure</b>	<b>2,709,687</b>	<b>3,117,125</b>
<b>Leverage ratio</b>			
25	Leverage ratio (%)	18.35%	16.16%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	18.35%	16.16%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	18.35%	16.16%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%

When calculating the total exposure measure and the resulting leverage ratio, the Group takes account of all exposures in accordance with the CRR.

The SID Bank Group held no securities financing transactions (SFTs), so the template cites no rows relating to arithmetic means.

### 8.3 Template EU LR3 – LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

*(Article 451(1)(b) of the CRR)*

		a
		<b>CRR leverage ratio exposures</b>
<b>EU-1</b>	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>2,489,131</b>
EU-3	Banking book exposures, of which:	2,489,131
EU-5	Exposures treated as sovereigns	837,431
EU-6	Exposures to regional governments, MDBs, international organisations and PSE, not treated as sovereigns	142,297
EU-7	Institutions	316,553
EU-8	Secured by mortgages of immovable properties	556,997
EU-10	Corporates	481,339
EU-11	Exposures in default	70,093
EU-12	Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	84,421

### 8.4 Leverage ratio qualitative information

*(Article 451(1)(d) and (e) of the CRR)*

Developments in the leverage ratio are regularly monitored on the asset-liability and risk management committee, and within the framework of the selected risk appetite indicators.

The leverage ratio of the SID Bank Group stood at 18.35% as at 31 December 2025 (end of 2024: 16.88%), well above the regulatory requirement. In light of the structure of the statement of financial position and the level of the leverage ratio, the risk of excessive leverage is low.

## 9 Disclosure of liquidity requirement

### 9.1 Liquidity risk management

*(Article 451(a)(4) of the CRR)*

Row number	Qualitative information – free format	
(a)	Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding.	<p>The liquidity management strategy and processes are described in detail in section 4.4.2.</p> <p>The Group manages liquidity risk in accordance with its business strategy, the annual operating plan, and the risk management strategy, where the primary objective is ensuring the prudent and secure operations of the Bank. It manages liquidity risk by securing funding that is diversified and stable over the long term, and by maintaining adequate liquidity reserves, which ensures reliable funding for the Bank's tasks under business as usual and under contingencies.</p> <p>Liquidity risk management is ensured through activities to secure funding of the appropriate maturities, by adjusting the maturities of asset and liability items, and maintaining a liquidity buffer of suitable size and quality. The Bank has a sufficient stock of eligible securities at its continuous disposal to obtain additional secondary liquidity from the central bank.</p> <p>The Bank systematically monitors its liquidity position by means of various indicators and by reviewing its attainment of the planned objectives. The Bank has also put in place a limit system for the management of liquidity risk, where the internal limits on liquidity indicators are more stringent than those prescribed in regulations.</p> <p>It manages structural liquidity through the assessment of the long-term liquidity position.</p> <p>SID Bank holds the status of a specialist development and promotional bank, which is reflected in its approach to liquidity risk management. The Bank does not accept deposits from uninformed investors as a rule, and is therefore not exposed to the risk of potential unexpected outflows of deposits, and consequently does not have an internal model for determining the stability of deposits.</p> <p>The Bank obtains funding on the domestic and international financial markets. The diversification of funding, particularly in terms of the type and geographical diversification of investors and the type of financial instrument, ensures that the Bank has stable access to funding. The fact that SID Bank obtains long-term funding supported by Slovenian government guarantees in accordance with the ZSIRB, particularly on international financial markets and at similar financial institutions, increases the stability of its funding. Assessment of the adequacy of funding and borrowing activities is based on the Bank's business strategy and the annual financial borrowing plan, which is drawn up as part of the annual strategic planning process.</p>

Row number	Qualitative information – free format	
		<p>The strategy for obtaining funding is based on the principles of sustainability and balance, and ensures the long-term stability and diversification of funding, and its alignment with the Bank's development objectives.</p> <p>The strategy includes the responsible management of risks and the liquidity reserves, via which the Bank ensures the capacity to reliably fund its tasks during business as usual and during adverse liquidity conditions.</p>
(b)	Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)	<p>The structure and organisation of the risk management function are described in section 4.4.2.</p> <p>SID Bank manages its liquidity risk in accordance with the liquidity risk management policy, which sets out the powers of individual bodies and organisational units at the Bank.</p> <p>In accordance with the risk management strategy, the supervisory board regularly monitors the Bank's liquidity position and its exposure to liquidity risk within the framework of its discussion of risk reports and performance reports. The supervisory board additionally discusses and approves the report on the internal liquidity adequacy assessment process (ILAAP) on an annual basis.</p> <p>The management board reviews and adopts the liquidity risk management policy at least once a year, and submits it to the supervisory board for discussion. It attends to the selection and appointment of qualified personnel for the implementation of the liquidity risk management function, and regularly addresses the Bank's liquidity position on the basis of reports by organisational units. The management board discusses and approves the ILAAP report on an annual basis, and reports regularly to the supervisory board on the Bank's liquidity position. It also sets out limits and authorisations for concluding operations on the money market and the capital market, takes measures to balance euro positions and positions in foreign currencies, and takes measures as necessary to prevent any deterioration in liquidity. The management board also appoints members of the liquidity management committee and the asset-liability and risk management committee, and performs other tasks defined in the risk management strategy.</p> <p>The asset-liability and risk management committee is responsible for liquidity management and asset-liability management, including liquidity risk management, and for deciding on proposals for managing the Bank's liquidity risk.</p> <p>The liquidity management committee is responsible for monitoring and managing liquidity at the weekly level.</p> <p>The risk management and asset-liability management department drafts and, at least once a year, reviews and proposes any changes to the liquidity risk management policy with regard to the Bank's risk profile, the adopted business policy and the liquidity risk appetite, draws up analysis for achieving the optimal balance sheet structure in terms of liquidity risk, participates in the long-term (annual) planning of liquidity as part of the drafting of the business strategy and the financial plan, and is responsible for the preparation and management of liquidity simulations, and simulations of the liquidity coverage ratio and net stable funding ratio. It also ensures regular briefing of the management body on the Bank's exposure to liquidity risk.</p>

Row number	Qualitative information – free format	
		<p>The treasury department is responsible for managing, achieving and maintaining daily liquidity, concluding transactions for the purpose of managing liquid assets and carrying out borrowing activities within the context of the adopted liquidity risk take-up and management policy, the established authorisations, and the decisions made by the competent bodies.</p> <p>The two aforementioned organisational units actively participate in the regular internal liquidity adequacy assessment process (ILAAP), and in the comprehensive annual review and assessment of the liquidity profile from the perspective of key elements of the ILAAP report. The ILAAP report also serves as a basis for supervisory reviews and the evaluation of the Bank's liquidity risk.</p> <p>The controlling and reporting department carries out regulatory reporting in the area of liquidity risk. Within the framework of ITS supervisory reporting, it draws up the calculations on the liquidity coverage ratio (LCR) and the additional liquidity monitoring metrics (ALMMs) each month and submits them to the Bank of Slovenia, and calculates the net stable funding ratio (NSFR) each quarter, all on an individual and a consolidated basis. It reports regularly to the asset-liability and risk management committee about the LCR and NSFR values achieved. The controlling and reporting department also draws up reports on additional liquidity outflows and financing plans on an annual basis in accordance with the applicable guidelines and supervisory expectations.</p>
(c)	A description of the degree of centralisation of liquidity management and interaction between the group's units	SID Bank undertakes liquidity management on an individual basis and on a consolidated basis.
(d)	Scope and nature of liquidity risk reporting and measurement systems	<p>Liquidity risk management at SID Bank includes the following:</p> <ul style="list-style-type: none"> <li>• the daily management of liquidity;</li> <li>• the setting of a liquidity risk appetite framework and limits for liquidity risk management;</li> <li>• regular planning and monitoring of future liquidity flows;</li> <li>• the regular verification of the liquidity position, the stock of liquidity reserves and the ratio of liquidity reserves to the balance sheet total, and simulations of LCR and NSFR, taking into account the annual financial plan and information from the business units for future periods under the baseline scenario and in internally defined liquidity scenarios;</li> <li>• the monitoring of the appropriate structure of liabilities and financial assets;</li> <li>• the management and monitoring of a sufficient pool of financial assets as collateral for the central bank's claims;</li> <li>• the regular verification of the adequacy of the liquidity reserve and the survival period under internally defined stress scenarios under the assumption of a runoff balance sheet.</li> </ul> <p>Exposure to liquidity risk is regularly discussed and monitored in the weekly meetings of the liquidity management committee, the monthly meetings of the asset-liability and risk management committee, and in meetings of the management body, which are held quarterly.</p>

Row number	Qualitative information – free format	
		<p>Based on the relevant reports, the asset-liability and risk management committee regularly discusses and monitors the following:</p> <ul style="list-style-type: none"> <li>• the trend in SID Bank's performance indicators;</li> <li>• the trend in macroeconomic indicators;</li> <li>• developments on the financial markets;</li> <li>• LCR and NSFR;</li> <li>• planned and realised liquidity flows;</li> <li>• early warning indicators of adverse liquidity conditions;</li> <li>• the outcomes of internal liquidity scenarios;</li> <li>• the results of simulations of liquidity flows, liquidity reserves and LCR and NSFR, having regard for the financial plan and information from the business plan for the upcoming period under the baseline scenario and under the internally defined liquidity scenarios.</li> </ul>
(e)	Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	<p>The policies and strategies for hedging against risk, including liquidity risk, are described in section 4.4.2.</p> <p>The key bylaws for liquidity risk management are:</p> <ul style="list-style-type: none"> <li>• the risk management strategy, which includes the risk appetite framework (setting minimum values for LCR and NSFR);</li> <li>• the liquidity risk management policy and the corresponding bylaws, which set out additional quantitative limits and liquidity risk management measures, including procedures for when the limits are transgressed, the requisite measures in the event of a deterioration in operational or structural liquidity, and a definition of the responsibilities of the relevant committees and individual organisational units for liquidity risk management;</li> <li>• the business strategy and the annual financial borrowing plan;</li> <li>• the rulebook on the implementation of the internal capital adequacy assessment process and the internal liquidity adequacy assessment process;</li> <li>• the rulebook on contingent liquidity risk management.</li> </ul> <p>The key factors for the effective hedging and mitigation of liquidity risk encompass the following in particular:</p> <ul style="list-style-type: none"> <li>• continual maintenance of a liquidity buffer of adequate size and composition for facing expected and unexpected outflows;</li> <li>• regular planning and monitoring of future liquidity flows;</li> <li>• regular implementation of internal stress scenarios, internal simulations of liquidity flows, and simulations of LCR and NSFR;</li> <li>• regular updates of the contingent liquidity risk management plan;</li> <li>• regular reviews of early warning indicators of adverse liquidity conditions, and monitoring of developments on the financial markets, the liquidity position, and performance indicators.</li> </ul>
(f)	An outline of the bank's contingency funding plans	SID Bank has put in place an internal rulebook that provides a framework for contingent liquidity risk management, including:

Row number	Qualitative information – free format	
		<ul style="list-style-type: none"> <li>• procedures for the early identification of possible liquidity shortfalls;</li> <li>• the contingent liquidity risk management plan and the responsibilities for resolving liquidity crises;</li> <li>• the criteria for activating the contingent liquidity risk management plan;</li> <li>• the toolkit of possible measures for addressing a liquidity crisis;</li> <li>• early warning indicators of adverse liquidity conditions;</li> <li>• internal liquidity stress testing and reviews of the adequacy of the liquidity reserve under the assumption of a runoff balance sheet;</li> <li>• internal simulations of liquidity flows, liquidity reserves, and LCR and NSFR, having regard for market conditions (baseline and adverse market scenarios), and assumptions from the annual financial plan and information from the business units.</li> </ul> <p>By regularly monitoring developments on the financial markets, its liquidity position, performance indicators and early warning indicators for potential liquidity difficulties, including macroeconomic indicators, and by reviewing liquidity risk management in internal scenarios, the Bank is able to promptly identify potential liquidity challenges and to take the necessary measures to manage them.</p>
(g)	An explanation of how stress testing is used	<p>Conducting liquidity stress tests is one of the key activities in the ILAAP, and an integral part of liquidity risk management and control. SID Bank has defined its methodology for implementing the internal stress scenarios in the rulebook on contingent liquidity risk management.</p> <p>The Bank regularly conducts testing of liquidity and the size of the liquidity reserve under the assumption of a runoff balance sheet, having regard for various market scenarios, an institution-specific scenario, and a combined scenario, which represents a combination of the institution-specific scenario and the most severe market scenario. The outcome of the liquidity stress tests, including the survival period, is one of the criteria for assessing the activation of the contingent liquidity risk management plan. The key purpose of the liquidity stress tests is to promptly identify any liquidity shortfalls, and to take timely action. The outcomes are discussed on a monthly basis by the asset-liability and risk management committee, and on a quarterly basis by the management body within the framework of the risk report.</p>
(h)	A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution’s profile and strategy	The management body’s declaration on the adequacy of risk management arrangements is given in section 4.3.
(i)	A concise liquidity risk statement approved by the management body succinctly describing the institution’s overall liquidity risk profile associated with the business strategy. This statement includes key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution’s management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.	<p>The management body’s concise statement on the Bank’s approach to the realisation of the risk appetite is given in section 4.1.</p> <p>The liquidity risk management framework includes the regular implementation of the ILAAP, and the limit system put in place to manage liquidity risk, where the limits are more stringent than those prescribed by regulations. The management body annually reviews and approves the outcomes of the ILAAP, which cover an assessment of liquidity needs and an assessment of available liquidity within the framework of ordinary operations, and in adverse situations. The Bank’s liquidity position is verified on a regular basis by decision-</p>

Row number	Qualitative information – free format	
	<p>These ratios may include:</p>	<p>making bodies through the monitoring of various indicators, including in relation to the achievement of planned targets. The Bank regularly plans and monitors cash flows, and reviews its liquidity position and adequacy, while also taking account of the internally defined liquidity stress test scenarios, which also incorporate ESG risk factors. The Bank has also drawn up a liquidity risk management plan for emergency liquidity situations, has put in place an early warning system for potential adverse developments on the financial markets, and has put in place regular implementation of liquidity simulations in connection with the financial plan for future periods under a baseline scenario and adverse scenario. The regular assessment of funding adequacy is also reviewed during the preparation of the financial plan, which is approved for the next three financial years by the management body each year. Debt securities account for a significant share of the liquidity buffer. When investing in them the Bank upholds the principles of security and prudence, while taking account of the market liquidity and credit quality of the selected instruments, which is reflected in the high share of liquid debt securities eligible as collateral at the central bank. Monitoring the portfolio of debt securities from the perspective of ESG risk factors ensures that the Bank complies with sustainability targets.</p> <p>The SID Bank Group's liquidity position remained strong in 2025, which was reflected in the key liquidity indicators, which were well above their regulatory requirements and inside the range set out by the risk appetite. The Group maintains a large liquidity buffer, as proceeds from its developmental role and the need for constant readiness to act on an interventionist basis. The high level of the liquidity buffer in combination with low net outflows ensures that the liquidity coverage ratio remains at an appropriately high level, although it displays sharp dynamics, given the structural attributes of the business model. The net stable funding ratio is also being maintained at a high level, which confirms the stable structure of liquidity at the SID Bank Group. A decisive factor here is the prevalence of long-term debt funding and a high level of equity, which together provide reliable support for the Bank's ongoing development activities.</p> <p>In support of this liquidity position, the SID Bank Group maintained an adequate level, quality and structure of liquid assets in 2025 for covering its expected and unexpected liquidity outflows, and for ensuring business continuity and an adequate liquidity position under the baseline scenario and during adverse liquidity conditions. In the event of the realisation of the most severe adverse combined scenario, the Bank would maintain liquidity viability for more than 12 months under these circumstances. In its management of liquid assets in 2026 it will pursue a conservative and prudent investment strategy, and will manage funding risk through new long-term borrowing, which will provide adequate funding for the execution of its mandates.</p>
	<ul style="list-style-type: none"> <li>concentration limits on collateral pools and sources of funding (both products and counterparties)</li> </ul>	
	<ul style="list-style-type: none"> <li>customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank</li> </ul>	
	<ul style="list-style-type: none"> <li>liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity</li> </ul>	
	<ul style="list-style-type: none"> <li>balance-sheet and off-balance-sheet items broken down into maturity buckets and the resultant liquidity gaps</li> </ul>	

## 9.2 Template EU LIQ1 – Quantitative information of LCR

(Article 451a(2) of the CRR)

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	31 Dec 2025	30 Sep 2025	30 June 2025	31 Mar 2025	31 Dec 2025	30 Sep 2025	30 June 2025	31 Mar 2025
EU-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					546,751	561,134	582,508	531,759
<b>CASH OUTFLOWS</b>									
5	Unsecured wholesale funding	41,065	42,947	40,845	17,501	38,370	41,841	40,845	17,501
7	Non-operational deposits (all counterparties)	11,014	8,696	6,595	12,774	8,320	7,591	6,595	12,774
8	Unsecured debt	30,051	34,251	34,251	4,727	30,051	34,251	34,251	4,727
10	Additional requirements	93,843	103,253	103,232	106,394	18,269	17,454	14,205	14,671
11	Outflows related to derivative exposures and other collateral requirements	2,798	852	940	1,036	2,798	852	940	1,036
13	Credit and liquidity facilities	91,045	102,401	102,292	105,358	15,471	16,602	13,265	13,635
14	Other contractual funding obligations	4,731	4,619	2,488	1,735	3,097	3,126	1,065	341
15	Other contingent funding obligations	75,172	73,650	72,668	82,355	5,980	5,091	4,384	4,601
16	<b>TOTAL CASH OUTFLOWS</b>					65,717	67,512	60,499	37,115
<b>CASH INFLOWS</b>									
18	Inflows from fully performing exposures	29,305	21,049	18,466	18,119	19,252	15,178	13,352	13,377
19	Other cash inflows	4,703	2,777	3,274	5,048	4,703	2,777	3,274	5,048
20	<b>TOTAL CASH INFLOWS</b>	34,008	23,826	21,740	23,168	23,956	17,955	16,625	18,425
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	34,008	23,826	21,740	23,168	23,956	17,955	16,625	18,425
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER					546,751	561,134	582,508	531,759
22	TOTAL NET CASH OUTFLOWS					48,781	51,821	45,599	21,291
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO</b>					<b>4,363%</b>	<b>3,941%</b>	<b>4,743%</b>	<b>4,615%</b>

### 9.3 Qualitative information on LCR

(Article 451a(2) of the CRR)

	Qualitative information	
(a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time	The SID Bank Group discloses a high LCR, with SID Bank as its core institution playing a key role in the formulation of this value. Given its specific role as a development institution, its readiness to act on an interventionist basis, and the fact that it does not take deposits from the public, but obtains long-term funding backed by government guarantee, the LCR can be highly volatile over time. SID Bank obtains funding primarily on international financial markets and at related financial institutions. Consequently the Group usually does not record large outflows over a 30-day period (as taken into account in the calculation of the indicator), except when long-term liabilities are falling due.
(b)	Explanations on the changes in the LCR over time	
(c)	Explanations on the actual concentration of funding sources	
(d)	High-level description of the composition of the institution's liquidity buffer	The liquidity buffer consists of extremely high-quality liquid assets (EHQLA) and high-quality liquid assets (HQLA).
(e)	Derivative exposures and potential collateral calls	The Group concludes swap transactions to hedge against interest rate risk. Exposure to counterparty credit risk (CCR) is calculated using the original exposure method in accordance with Article 282 of the CRR.  The Group holds collateral for its transactions in derivatives in the form of a cash deposit in domestic currency.
(f)	Currency mismatch in the LCR	The amount of assets that make up the liquidity buffer and the amount of liquidity outflows solely comprise items denominated in euros. The proportion of liquidity inflows accounted for by other currencies is negligible.
(g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	The Group does not include any items not included in the table of LCR disclosures in the calculation of LCR.

## 9.4 Template EU LIQ2 – Net Stable Funding Ratio

(Article 451a(3) of the CRR)

Template EU LIQ2 as at 31 December 2025:

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>Available stable funding (ASF) items</b>						
1	Capital items and instruments:	513,115	0	0	0	513,115
2	Own funds	513,115	0	0	0	513,115
7	Wholesale funding:		349,859	24,433	1,585,121	1,663,030
9	Other wholesale funding		349,859	24,433	1,585,121	1,663,030
11	Other liabilities:	0	12,063	0	0	0
13	All other liabilities and capital instruments not included in the above categories		12,063	0	0	0
<b>14</b>	<b>Total available stable funding (ASF)</b>					<b>2,176,145</b>
<b>Required stable funding (RSF) items</b>						
15	Total high-quality liquid assets (HQLA)					8,245
17	Performing loans and securities:		116,607	122,579	1,388,386	1,312,033
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		23,690	14,637	76,219	85,907
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		76,846	87,068	1,036,009	981,229
22	Performing loans, secured with residential mortgage		1,708	1,655	19,979	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		14,364	19,218	256,178	244,897
26	Other assets:	0	26,241	8,348	68,257	101,196
29	NSFR derivative assets		10,283			10,283
30	NSFR derivative liabilities before deduction of variation margin posted		413			21
31	All other assets not included in the above categories		15,545	8,348	68,257	90,892
32	Off-balance-sheet items		11,851	22,406	187,682	16,262
<b>33</b>	<b>Total required stable funding (RSF)</b>					<b>1,437,735</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>151.36%</b>

Template EU LIQ2 as at 30 September 2025:

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>Available stable funding (ASF) items</b>						
1	Capital items and instruments:	511,897	0	0	0	511,897
2	Own funds	511,897	0	0	0	511,897
7	Wholesale funding:		113,649	226,193	1,656,843	1,819,562
9	Other wholesale funding		113,649	226,193	1,656,843	1,819,562
11	Other liabilities:	0	11,342	0	0	0
13	All other liabilities and capital instruments not included in the above categories		11,342	0	0	0
<b>14</b>	<b>Total available stable funding (ASF)</b>					<b>2,331,460</b>
<b>Required stable funding (RSF) items</b>						
15	Total high-quality liquid assets (HQLA)					8,202
17	Performing loans and securities:		141,583	123,457	1,462,319	1,381,138
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		43,647	18,677	85,635	99,338
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		84,861	86,328	1,082,627	1,026,264
22	Performing loans, secured with residential mortgage		1,975	1,859	21,787	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		11,101	16,593	272,269	255,536
26	Other assets:	0	22,302	5,001	37,498	63,274
29	NSFR derivative assets		10,845			10,845
30	NSFR derivative liabilities before deduction of variation margin posted		825			41
31	All other assets not included in the above categories		10,632	5,001	37,498	52,388
32	Off-balance-sheet items		47,615	24,016	188,593	18,021
<b>33</b>	<b>Total required stable funding (RSF)</b>					<b>1,470,635</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>158.53%</b>

Template EU LIQ2 as at 30 June 2025:

		a	b	c	d	e Weighted value
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>Available stable funding (ASF) items</b>						
1	Capital items and instruments:	506,663	0	0	0	506,663
2	Own funds	506,663	0	0	0	506,663
7	Wholesale funding:		466,325	305,872	1,584,248	1,788,895
9	Other wholesale funding		466,325	305,872	1,584,248	1,788,895
11	Other liabilities:	0	18,758	0	0	0
13	All other liabilities and capital instruments not included in the above categories		18,758	0	0	0
<b>14</b>	<b>Total available stable funding (ASF)</b>					<b>2,295,558</b>
<b>Required stable funding (RSF) items</b>						
15	Total high-quality liquid assets (HQLA)					8,152
17	Performing loans and securities:		122,828	118,919	1,486,243	1,399,116
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		20,455	19,865	90,016	101,994
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		94,443	83,203	1,102,541	1,045,938
22	Performing loans, secured with residential mortgage		2,068	1,790	21,207	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		5,863	14,060	272,479	251,184
26	Other assets:	0	22,871	4,498	36,754	59,787
29	NSFR derivative assets		9,881			9,881
30	NSFR derivative liabilities before deduction of variation margin posted		3,292			165
31	All other assets not included in the above categories		9,697	4,498	36,754	49,741
32	Off-balance-sheet items		57,093	46,316	146,765	17,650
<b>33</b>	<b>Total required stable funding (RSF)</b>					<b>1,484,705</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>154.61%</b>

Template EU LIQ2 as at 31 March 2025:

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>Available stable funding (ASF) items</b>						
1	Capital items and instruments:	502,950	0	0	0	502,950
2	Own funds	502,950	0	0	0	502,950
7	Wholesale funding:		385,832	86,946	1,693,773	1,746,506
9	Other wholesale funding		385,832	86,946	1,693,773	1,746,506
11	Other liabilities:	0	13,471	0	0	0
13	All other liabilities and capital instruments not included in the above categories		13,471	0	0	0
<b>14</b>	<b>Total available stable funding (ASF)</b>					<b>2,249,456</b>
<b>Required stable funding (RSF) items</b>						
15	Total high-quality liquid assets (HQLA)					8,107
17	Performing loans and securities:		143,838	105,471	1,508,657	1,416,375
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		39,196	19,298	104,242	117,810
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		89,678	76,381	1,106,982	1,043,559
22	Performing loans, secured with residential mortgage		5,112	1,869	18,947	0
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		9,853	7,924	278,486	255,005
26	Other assets:	0	22,797	4,283	37,481	60,724
29	NSFR derivative assets		9,953			9,953
30	NSFR derivative liabilities before deduction of variation margin posted		2,834			142
31	All other assets not included in the above categories		10,010	4,283	37,481	50,629
32	Off-balance-sheet items		41,576	78,625	73,995	11,793
<b>33</b>	<b>Total required stable funding (RSF)</b>					<b>1,496,999</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>150.26%</b>

## 10 Disclosure of exposures to credit risk and dilution risk, and disclosure of credit quality

### 10.1 Description of methods used for determining specific and general credit risk adjustments

#### *(Article 442(b) of the CRR)*

IFRS 9 is based on the expected credit loss model where, in addition to historical data on recoverability, it is necessary to take account of forward-looking information and other internal and external factors that indicate the debtor's solvency in the future.

Expected credit losses need to be estimated for the following financial instruments:

- financial assets measured at amortised cost;
- debt securities classified as financial assets measured at fair value through other comprehensive income;
- lease receivables; and
- off-balance-sheet exposures from loan commitments given and financial guarantee contracts.

IFRS 9 distinguishes between the recognition of expected credit losses during a 12-month period, and lifetime expected credit losses. The SID Bank Group classifies financial assets for which expected credit losses must be estimated in accordance with IFRS 9 into the following stages:

- financial instruments where there has not yet been a significant increase in credit risk, and for which allowances and/or provisions for credit losses are measured on the basis of expected credit losses over a 12-month period are classified as Stage 1. Interest income from these financial instruments is calculated on the basis of the gross carrying amount;
- financial instruments where there has been a significant increase in credit risk in the period between initial recognition and the date for which expected credit losses are being estimated are classified as Stage 2. Allowances and provisions for credit losses are measured on the basis of expected credit

losses over the entire lifetime of the financial instrument. Interest income from these financial instruments is calculated on the basis of the gross carrying amount;

- financial instruments where there has been a default event on the part of the debtor are classified as Stage 3. Allowances and provisions for credit losses are measured on the basis of expected credit losses over the entire lifetime of the financial instrument. Interest income from these financial instruments is calculated on the basis of the net carrying amount.

The Group does not take account of credit protection when classifying exposures to the aforementioned stages.

Financial instruments are classified as Stage 1 upon initial recognition, with the exception of purchased or originated credit-impaired financial assets (POCI item). Upon subsequent measurement, it is assessed whether there has been a significant increase in the credit risk of the financial instrument in the period between initial recognition and the date for which expected credit losses are being estimated. If this is not the case, the financial instrument remains classified as Stage 1. If there has been a significant increase in credit risk but the financial instrument has not yet been defined as a non-performing exposure, it is classified as Stage 2.

In the case of a purchased or originated credit-impaired financial asset (POCI item), lifetime expected credit losses until derecognition are calculated. Under IFRS 9, for POCI items the amount of the change in the lifetime expected credit losses on a financial instrument is recognised in profit or loss as an impairment

gain or loss. Favourable changes to lifetime expected credit losses on a financial instrument are recognised as an impairment gain, even if the lifetime expected credit losses are lower than the amount of the expected losses included in the estimated cash flows at initial recognition. Under IFRS 9, POCI items are initially recognised at fair value in the statement of financial position. Upon subsequent measurement, this represents the basis for measurement at amortised cost.

The requirements of IFRS 9 with regard to the assessment of expected credit losses are complex and require critical assessments by the management, and estimates and assumptions in the following areas in particular, described in detail below:

- assessment of a significant increase in credit risk since initial recognition;
- inclusion of forward-looking information in the estimation of expected credit losses.

#### Measurement of expected credit losses

Under IFRS 9, expected credit losses of a financial instrument are measured in a manner that takes account of:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that is available on the reporting date without undue cost or effort.

#### Definition of default

In determining the default of a debtor, the SID Bank Group applies the definition of default set out in Article 178 of the CRR, namely:

- the debtor is more than 90 days past due on any material credit obligation to the SID Bank Group;
- it is unlikely that the debtor will settle their credit obligations to the SID Bank Group in

full, without recourse to actions such as liquidation of collateral or other procedures.

#### Significant increase in credit risk

The SID Bank Group assesses on each reporting date whether the credit risk inherent in a financial instrument has increased significantly since initial recognition. It assesses significant increases in credit risk using reasonable and supportable information at the level of the individual financial instrument, taking into account the following criteria:

- a change in credit rating with respect to the initial recognition;
- a change in weighted lifetime probability of default with respect to initial recognition;
- the number of days past due at the level of the financial instrument is more than 30;
- the financial instrument becomes a performing forbore exposure;
- the fair value is lower (by a specified percentage) than the amortised cost of a marketable debt security over an uninterrupted specified period.

The exemptions referred to in Article 5.5.10 of IFRS 9 with regard to the consideration of exposures with low credit risk are not applied.

#### Inputs used to calculate expected credit losses

The SID Bank Group calculates expected credit losses on the basis of the following methodologies:

- a methodology for Stages 1 and 2;
- a methodology for Stage 3.

The inputs used to calculate expected credit losses on the basis of the methodology for Stages 1 and 2 are as follows:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD); and
- discount factor.

The SID Bank Group defines the probability-of-default curve (PD curve) and loss-given-default curve (LGD curve) for individual homogeneous

groups defined internally on the basis of internally developed methodologies.

Probability of default for the main homogeneous PD group (exposures to undertakings in Slovenia) is determined on the basis of a regression method of transition between rating grades. For the purposes of determining the probability of default for other main homogeneous PD groups, the Group uses the data of the rating agency Fitch Ratings, which is microdata to which it applies regression methods in survival analysis for modelling.

When determining loss given default, the Group proceeds from the default rate as defined by the Bank of Slovenia's Guidelines for calculating default rate and loss rate, and based on the collection of data on repayments that are not made from collateral, which are reflected in the parameter of the recovery rate for unsecured exposure (Spnez), and on repayments made from collateral, which are reflected in the haircut parameter. The Group collects data on repayments for exposures that are (were) in default status. When estimating expected credit losses for exposures classified to Stages 1 and 2, the loss-given-default curves are calculated for each homogeneous LGD segment. The calculation of the loss-given-default curve takes account of exposure at default, the collateral value of the individual exposure, less the haircut (HC), the recovery rate for unsecured exposure (Spnez), and macroeconomic forecast factors for the Spnez and HC parameters.

Exposure at default is determined with regard to the exposure of a financial instrument on the date of calculation of expected credit losses and the future contractual cash flows from the financial instrument. The calculation of exposure at default for off-balance-sheet exposures takes account of the regulatory conversion factors set out in the CRR.

The effective interest rate determined at initial recognition or an approximation thereof is used as a discount factor. For a purchased or originated credit-impaired financial asset (POCI item), the credit-adjusted effective interest rate

determined at initial recognition is used for discounting. In connection with financial guarantee contracts and financial instruments for which the effective interest rate cannot be determined, the weighted interest rate of performing exposures in the credit portfolio is used.

The calculation of expected credit losses for financial instruments classified to Stage 3 takes account of estimated repayments at the level of the individual exposure, including forward-looking information in the form of macroeconomic forecast factors. The total estimated value of future cash flows is a weighted average of estimated repayments from the entity's cash flows and estimated repayments from collateral.

For a purchased or originated credit-impaired financial asset (POCI item) that is defined as a non-performing exposure, the Group calculates the expected credit losses on the basis of the Stage 3 methodologies. If a purchased or originated credit-impaired financial asset (POCI item) becomes a performing exposure, the expected credit losses are calculated on the basis of the Stage 2 methodology.

#### Forward-looking information

In the determination of probability of default, the SID Bank Group takes into account forward-looking information on the basis of the correlation between the default rate and a macroeconomic indicator derived from GDP growth and financing conditions (EURIBOR).

In the determination of loss given default, it takes into account forward-looking information concerning the parameter of recovery rate for unsecured exposure (Spnez) and the parameter of haircut (HC) in the form of factors of macroeconomic forecasts.

The parameter of recovery rate for unsecured exposure (Spnez) is modelled as a statistical model for forecasting the recovery rate for an unsecured exposure depending on the macroeconomic environment, where the independent variable is average GDP growth

over the four years after the occurrence of default. In order to calculate the factors of macroeconomic forecasts for the haircut (HC) parameter, collateral is divided into two groups:

- real estate collateral (commercial and residential real estate); and
- other types of collateral (securities, movable property and receivables).

Real estate collateral values are modelled as a statistical model for forecasting real estate collateral values depending on the macroeconomic environment, where the dependent variable is an annual index of commercial real estate prices, and the independent variables are average current GDP growth and the lag thereof.

Other collateral values are modelled as a statistical model for forecasting values of other types of collateral depending on the macroeconomic environment, where the dependent variable is the average quarterly

change in the value of other types of collateral, and the independent variables are two lags of GDP growth.

The Group takes into account standard factors of macroeconomic forecasts to calculate expected credit losses for the entire portfolio. The factors of macroeconomic forecasts are taken into account in the calculation of individual points on the LGD curve for financial instruments classified as Stages 1 and 2, and in the calculation of estimated repayments for financial instruments classified as Stage 3.

The calculation of expected credit losses takes account of three scenarios of macroeconomic forecasts, and may take into account more if major shocks are expected. The scenarios generally comprise baseline, favourable and adverse projections of major macroeconomic factors. The gap between the favourable and adverse scenarios reflects internally assessed risk in the domestic and foreign macrofinancial environments.

	Scenario probability weighting	Annual GDP growth (%)							
		Slovenia				Euro area			
		2025	2026	2027	2028	2025	2026	2027	2028
Baseline scenario	50%	0.8	2.1	2.2	2.0	1.2	1.0	1.3	1.1
Favourable scenario	25%	1.6	4.0	2.8	2.2	1.8	2.4	1.8	1.3
Adverse scenario	25%	-0.2	-0.5	-1.0	1.1	0.2	-1.2	1.3	0.5

The table indicates the annual GDP growth rates that the SID Bank Group took into account in the calculation of expected credit losses according to the situation as at 31 December 2025. In its baseline scenario the Group took account of the forecasts of the Institute of

### Sensitivity analysis of macroeconomic variables

The table below presents a sensitivity analysis of the effect of a change in GDP growth by +/- 300 basis points (+/- 100 basis points for each year of the 2026 to 2028 horizon) on the level

Macroeconomic Analysis and Development in its growth forecast for Slovenia's GDP, and the macroeconomic projections of the European Commission, the ECB and the IMF in its growth forecast for euro area GDP.

of probability of default (PD), loss given default (LGD) and expected credit losses (ECL) according to the situation as at 31 December 2025.

Change in GDP growth	Impact on PD (basis points)	Impact on LGD (basis points)	Impact on ECL (EUR thousand)
+300 basis points	-0.69	-145.71	-389
-300 basis points	7.81	319.37	2,000

## 10.2 Template EU CR1 – Performing and non-performing exposures and related provisions

(Article 442(c) and (f) of the CRR)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n		o
		Gross carrying amount / nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures				Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
<b>005</b>	<b>Cash balances at central banks and other demand deposits</b>	<b>339,049</b>	<b>339,049</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>010</b>	<b>Loans and advances</b>	<b>1,347,350</b>	<b>1,217,364</b>	<b>126,860</b>	<b>148,452</b>	<b>0</b>	<b>144,908</b>	<b>(7,661)</b>	<b>(2,363)</b>	<b>(5,359)</b>	<b>(78,383)</b>	<b>0</b>	<b>(78,518)</b>	<b>0</b>	<b>673,394</b>	<b>49,998</b>	
030	General governments	177,599	177,133	467	0	0	0	(49)	(1)	(48)	0	0	0	0	0	0	
040	Credit institutions	113,713	110,866	2,847	149	0	149	(140)	(133)	(7)	(2)	0	(2)	0	2,709	142	
050	Other financial corporations	418	19	399	0	0	0	(55)	0	(55)	0	0	0	0	344	0	
060	Non-financial corporations	1,050,343	924,821	122,396	147,747	0	144,204	(7,285)	(2,204)	(5,142)	(78,123)	0	(78,257)	0	666,359	49,560	
070	of which: SMEs	490,265	401,903	85,237	34,532	0	34,072	(5,554)	(1,351)	(4,264)	(16,025)	0	(15,921)	0	343,092	16,944	
080	Households	5,278	4,525	753	555	0	555	(133)	(25)	(108)	(259)	0	(259)	0	3,982	296	
<b>090</b>	<b>Debt securities</b>	<b>664,548</b>	<b>664,548</b>	<b>0</b>	<b>5,832</b>	<b>0</b>	<b>5,832</b>	<b>(337)</b>	<b>(337)</b>	<b>0</b>	<b>(2,364)</b>	<b>0</b>	<b>(2,364)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
110	General governments	414,950	414,950	0	0	0	0	(5)	(5)	0	0	0	0	0	0	0	
120	Credit institutions	211,141	211,141	0	0	0	0	(272)	(272)	0	0	0	0	0	0	0	
140	Non-financial corporations	38,456	38,456	0	5,832	0	5,832	(59)	(59)	0	(2,364)	0	(2,364)	0	0	0	

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					
<b>150</b>	<b>Off-balance-sheet exposures</b>	<b>221,506</b>	<b>221,506</b>	<b>0</b>	<b>433</b>	<b>0</b>	<b>433</b>	<b>(203)</b>	<b>(203)</b>	<b>0</b>	<b>(223)</b>	<b>0</b>	<b>(223)</b>		<b>37,071</b>	<b>0</b>
170	General governments	1,300	1,300	0	0	0	0	0	0	0	0	0	0		0	0
180	Credit institutions	51,078	51,078	0	0	0	0	(42)	(42)	0	0	0	0		31,036	0
190	Other financial corporations	40,431	40,431	0	0	0	0	0	0	0	0	0	0		0	0
200	Non-financial corporations	128,697	128,697	0	433	0	433	(161)	(161)	0	(223)	0	(223)		6,035	0
<b>220</b>	<b>Total</b>	<b>2,572,454</b>	<b>2,442,467</b>	<b>126,860</b>	<b>154,716</b>	<b>0</b>	<b>151,173</b>	<b>(8,200)</b>	<b>(2,902)</b>	<b>(5,359)</b>	<b>(80,971)</b>	<b>0</b>	<b>(81,105)</b>	<b>0</b>	<b>710,465</b>	<b>49,998</b>

The SID Bank Group disclosed non-performing exposures in the amount of EUR 154,716 thousand as at 31 December 2025, of which EUR 148,452 thousand was from loans and other financial assets measured at amortised cost (of which EUR 144,908 thousand was loans classified as Stage 3, while EUR 3,543 thousand was POCI loans), EUR 5,832 thousand was from debt instruments, and EUR 433 thousand was off-balance-sheet non-performing exposures.

The overall NPL ratio stood at 9.92% as at 31 December 2025 (30 June 2025: 3.84%). Accumulated impairments for NPLs amounted to EUR 78,383

thousand, which entailed 52.80% coverage of non-performing loans and other financial assets by impairments.

The NPE ratio stood at 5.70% as at 31 December 2025 (30 June 2025: 1.87%). Accumulated impairments and provisions for NPEs amounted to EUR 80,971 thousand, which entailed 52.33% coverage of non-performing exposures by impairments and provisions. The NPE ratio is calculated in accordance with the Regulation on the books of account and annual reports of banks and savings banks, and the Guidelines for calculating the performance indicators of banks and savings banks.

### 10.3 Template EU CR1-A – Maturity of exposures

(Article 442(g) of the CRR)

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	2,714	20,876	473,770	912,398	0	1,409,758
2	Debt securities	0	128,912	425,893	112,874	0	667,679
<b>3</b>	<b>Total</b>	<b>2,714</b>	<b>149,788</b>	<b>899,663</b>	<b>1,025,272</b>	<b>0</b>	<b>2,077,437</b>

### 10.4 Template EU CR2 – Changes in the stock of non-performing loans and advances

(Article 442(f) of the CRR)

		a
		Gross carrying amount
<b>010</b>	<b>Initial stock of non-performing loans and advances</b>	<b>68,266</b>
020	Inflows to non-performing portfolios	108,685
030	Outflows from non-performing portfolios	(28,499)
040	Outflows due to write-offs	(3,094)
050	Outflows due to other situations	(25,405)
<b>060</b>	<b>Final stock of non-performing loans and advances</b>	<b>148,452</b>

Changes in non-performing loans and other financial assets in 2025 are disclosed in the template. The stock of non-performing loans and other financial assets amounted to EUR 148,452 thousand as at 31 December 2025 (31 December 2024: EUR 68,266 thousand).

Outflows due to other situations refer to outflows to the performing portfolio (EUR 5,098 thousand), partial and complete repayments of non-performing loans (EUR 13,799 thousand), liquidation of collateral (2,088 thousand), sale of non-performing loans (EUR 2,750 thousand), and other outflows (EUR 1,670 thousand).

## 10.5 Template EU CQ1 – Credit quality of forborne exposures

(Article 442(c) of the CRR)

		a	b	c	d	e	f	g	h
		Gross carrying amount / nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired					
010	Loans and advances	14,051	124,059	124,059	124,059	(903)	(63,835)	46,729	40,559
030	General governments	467	0	0	0	(48)	0	0	0
060	Non-financial corporations	13,585	124,059	124,059	124,059	(855)	(63,835)	46,729	40,559
100	<b>Total</b>	<b>14,051</b>	<b>124,059</b>	<b>124,059</b>	<b>124,059</b>	<b>(903)</b>	<b>(63,835)</b>	<b>46,729</b>	<b>40,559</b>

## 10.6 Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days

(Article 442(d) of the CRR)

	a	b	c	d	e	f	g	h	i	j	k	l	
Gross carrying amount / nominal amount													
	Performing exposures			Non-performing exposures									
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted		
005	Cash balances at central banks and other demand deposits	339,049	339,049	0	0	0	0	0	0	0	0	0	
010	Loans and advances	1,347,350	1,346,653	698	148,452	111,988	3,006	10,013	7,448	12,195	1,250	2,552	148,452
030	General governments	177,599	177,599	0	0	0	0	0	0	0	0	0	0
040	Credit institutions	113,713	113,713	0	149	0	0	149	0	0	0	0	149
050	Other financial corporations	418	418	0	0	0	0	0	0	0	0	0	0
060	Non-financial corporations	1,050,343	1,049,645	698	147,747	111,433	3,006	9,864	7,448	12,195	1,250	2,552	147,747
070	of which SMEs	490,265	489,568	698	34,532	24,574	372	1,053	5,271	2,542	0	720	34,532
080	Households	5,278	5,278	0	555	555	0	0	0	0	0	0	555
090	Debt securities	664,548	664,548	0	5,832	5,832	0	0	0	0	0	0	5,832
110	General governments	414,950	414,950	0	0	0	0	0	0	0	0	0	0
120	Credit institutions	211,141	211,141	0	0	0	0	0	0	0	0	0	0
140	Non-financial corporations	38,456	38,456	0	5,832	5,832	0	0	0	0	0	0	5,832
150	Off-balance-sheet exposures	221,506			433								433
170	General governments	1,300			0								0
180	Credit institutions	51,078			0								0
190	Other financial corporations	40,431			0								0
200	Non-financial corporations	128,697			433								433
<b>220</b>	<b>Total</b>	<b>2,572,454</b>	<b>2,350,249</b>	<b>698</b>	<b>154,716</b>	<b>117,820</b>	<b>3,006</b>	<b>10,013</b>	<b>7,448</b>	<b>12,195</b>	<b>1,250</b>	<b>2,552</b>	<b>154,716</b>

## 10.7 Template EU CQ4 – Quality of non-performing exposures by geography

(Article 442(c) and (e) of the CRR)

		a	b	c	d	e	f	g
		Gross carrying amount / nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
<b>010</b>	<b>On-balance-sheet exposures</b>	<b>2,166,181</b>	<b>154,283</b>	<b>154,283</b>	<b>2,163,577</b>	<b>(88,745)</b>		<b>0</b>
020	Slovenia	1,844,659	138,414	138,414	1,842,055	(88,276)		0
030	France	64,614	0	0	64,614	(6)		0
040	Spain	50,031	0	0	50,031	(2)		0
050	Belgium	41,662	0	0	41,662	0		0
060	Hungary	29,859	0	0	29,859	(3)		0
070	Other countries	135,357	15,869	15,869	135,357	(458)		0
<b>080</b>	<b>Off-balance-sheet exposures</b>	<b>221,939</b>	<b>433</b>	<b>433</b>			<b>(426)</b>	
090	Slovenia	186,676	433	433			(426)	
100	Luxembourg	15,263	0	0			0	
110	Other countries	20,000	0	0			0	
<b>150</b>	<b>Total</b>	<b>2,388,121</b>	<b>154,716</b>	<b>154,716</b>	<b>2,163,577</b>	<b>(88,745)</b>	<b>(426)</b>	<b>0</b>

Exposures and impairments by individual country with respect to the counterparty's registered office are disclosed in the template. On-balance-sheet exposures in the template

include the stock of loans and other financial assets, and debt securities. Exposures to supranational organisations are disclosed under other countries.

## 10.8 Template EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

(Article 442(c) and (e) of the CRR)

		a	b	c	d	e	f
		Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing	Of which defaulted			
010	Agriculture, forestry and fishing		1,103	0	0	1,103	(7)
020	Mining and quarrying	3,642	1,145	1,145	3,642	(117)	0
030	Manufacturing	447,596	111,120	111,120	447,596	(65,852)	0
040	Electricity, gas, steam and air conditioning supply	75,601	0	0	75,601	(163)	0
050	Water supply	27,956	8,811	8,811	27,956	(945)	0
060	Construction	22,084	2,038	2,038	22,084	(1,027)	0
070	Wholesale and retail trade	132,950	5,257	5,257	132,950	(4,279)	0
080	Transport and storage	154,546	4,183	4,183	154,546	(4,512)	0
090	Accommodation and food service activities	161,644	320	320	159,040	(1,177)	0
100	Information and communication	86,490	6,667	6,667	86,490	(690)	0
120	Real estate activities	7,864	0	0	7,864	(203)	0
130	Professional, scientific and technical activities	42,562	6,549	6,549	42,562	(5,093)	0
140	Administrative and support service activities	15,681	1,659	1,659	15,681	(1,272)	0
170	Human health services and social work activities	15,311	0	0	15,311	(18)	0
180	Arts, entertainment and recreation	584	0	0	584	(36)	0
190	Other services	2,475	0	0	2,475	(16)	0
<b>200</b>	<b>Total</b>	<b>1,198,090</b>	<b>147,747</b>	<b>147,747</b>	<b>1,195,486</b>	<b>(85,408)</b>	<b>0</b>

## 11 Disclosure of the use of credit risk mitigation techniques

### 11.1 Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

(Article 453(f) of the CRR)

		Unsecured carrying amount	Secured carrying amount				
			a	b	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
					c	d	e
1	Loans and advances	686,366	723,392	597,824	125,569	0	
2	Debt securities	667,679	0	0	0		
3	Total	1,354,044	723,392	597,824	125,569	0	
4	of which non-performing exposures	104,285	49,998	31,598	18,400	0	
EU-5	of which defaulted	104,285	49,998				

The carrying amount of unsecured and secured loans and debt securities, taking into account all accepted collateral, is disclosed in the template.

The SID Bank Group reduces capital requirements for credit risk for exposures secured by European Cohesion Policy funds pledged at SID Bank (portfolio guarantees), and by guarantee from the Pan-European Guarantee Fund or the European Investment Fund, with support from the InvestEU fund for innovation and digitalisation, and for sustainable financing. The value of collateral that the Group used to reduce capital requirements for credit risk amounted to EUR 83,794 thousand as at 31 December 2025, of which EUR 31,036 thousand consisted of European Cohesion

Policy funds pledged as collateral for portfolio guarantees, and EUR 47,900 thousand consisted of guarantees from the Pan-European Guarantee Fund, while the remainder of EUR 4,858 thousand related to guarantees from the European Investment Fund with support from the InvestEU fund for innovation and digitalisation, and for sustainable financing.

The Group does not use derivatives for the purpose of managing capital requirements.

The low stock of collateral that the Group uses to reduce capital requirements for credit risk indicates a low level of concentration in terms of credit risk mitigation (CRM).

## 12 Disclosure of the use of the standardised approach

### 12.1 Template EU CR4 – Standardised approach – Credit risk exposure and CRM effects

(Article 453(g), (h) and (i), and Article 444(e) of the CRR)

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWEAs and RWEAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEAs	RWEAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	768,289	0	768,289	31,036	17,212	2.15%
2	Non-central government public sector entities	142,297	1,300	142,297	520	28,563	20.00%
EU 2a	Regional governments or local authorities	125,835	1,300	125,835	520	25,271	20.00%
EU 2b	Public sector entities	16,461	0	16,461	0	3,292	20.00%
3	Multilateral development banks	0	20,000	52,758	20,000	4,000	5.50%
EU 3a	International organisations	16,385	0	16,385	0	0	0.00%
4	Institutions	316,553	31,036	316,553	0	132,552	41.87%
5	Covered bonds	0	0	0	0	0	0.00%
6	Corporates	526,734	152,283	481,339	99,294	544,411	93.76%
6.1	Of which: Specialised Lending	0	0	0	0	0	0.00%
7	Subordinated debt exposures and equity	24,834	0	24,834	0	28,767	115.84%
EU 7a	Subordinated debt exposures	7,867	0	7,867	0	11,800	150.00%
EU 7b	Equity	16,967	0	16,967	0	16,967	100.00%
8	Retail	0	0	0	0	0	0.00%
9	Secured by mortgages on immovable property and ADC exposures	560,916	18,254	556,997	7,301	488,634	86.59%
9.1	Secured by mortgages on residential immovable property - non IPRE	16,175	0	16,175	0	12,514	77.37%
9.2	Secured by mortgages on residential immovable property - IPRE	0	0	0	0	0	0.00%
9.3	Secured by mortgages on commercial immovable property - non IPRE	541,731	18,254	537,811	7,301	472,494	86.68%
9.4	Secured by mortgages on commercial immovable property - IPRE	2,492	0	2,492	0	2,848	114.28%
9.5	Acquisition, Development and Construction (ADC)	519	0	519	0	779	150.00%
10	Exposures in default	73,536	210	70,093	105	83,202	118.53%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.00%
EU 10b	Collective investment undertakings (CIU)	52,066	40,431	52,066	40,431	92,491	99.99%
EU 10c	Other items	4,684	0	4,684	0	4,684	100.00%
<b>12</b>	<b>TOTAL</b>	<b>2,486,293</b>	<b>263,513</b>	<b>2,486,293</b>	<b>198,687</b>	<b>1,424,516</b>	<b>53.05%</b>

The template discloses exposures before CCF and before CRM, exposures post CCF and post CRM, RWEAs and the average risk weights for on-balance-sheet

and off-balance-sheet exposures, excluding exposures to derivatives for which counterparty credit risk is calculated.

## 12.2 Template EU CR5 – Standardised approach

(Article 444(e) of the CRR)

	Exposure classes	Risk weight									Total	Of which unrated
		0%	20%	30%	40%	75%	100%	150%	250%	Others		
		a	e	f	h	m	p	t	u	y		
1	Central governments or central banks	776,957	16,829	0	0	0	0	0	5,539	0	799,324	799,324
2	Non-central government public sector entities	0	142,817	0	0	0	0	0	0	0	142,817	142,817
EU 2a	Regional governments or local authorities	0	126,355	0	0	0	0	0	0	0	126,355	126,355
EU 2b	Public sector entities	0	16,461	0	0	0	0	0	0	0	16,461	16,461
3	Multilateral development banks	52,758	20,000	0	0	0	0	0	0	0	72,758	72,758
EU 3a	International organisations	16,385	0	0	0	0	0	0	0	0	16,385	16,385
4	Institutions	0	1,027	224,234	15,777	72,674	0	2,840	0	0	316,553	316,553
6	Corporates	0	0	0	0	0	580,633	0	0	0	580,633	580,633
6.1	Of which: Specialised Lending	0	0	0	0	0	0	0	0	0	0	0
7	Subordinated debt exposures and equity	0	0	0	0	0	16,967	7,867	0	0	24,834	24,834
EU 7a	Subordinated debt exposures	0	0	0	0	0	0	7,867	0	0	7,867	7,867
EU 7b	Equity	0	0	0	0	0	16,967	0	0	0	16,967	16,967
9	Secured by mortgages on immovable property and ADC exposures	0	0	0	0	0	561,287	3,011	0	0	564,298	564,298
9.1	Secured by mortgages on residential immovable property - non IPRE	0	0	0	0	0	16,175	0	0	0	16,175	16,175
9.1.1	no loan splitting applied	0	0	0	0	0	16,175	0	0	0	16,175	16,175
9.1.2	loan splitting applied (secured)	0	0	0	0	0	0	0	0	0	0	0
9.1.3	loan splitting applied (unsecured)	0	0	0	0	0	0	0	0	0	0	0
9.2	Secured by mortgages on residential immovable property - IPRE	0	0	0	0	0	0	0	0	0	0	0
9.3	Secured by mortgages on commercial immovable property - non IPRE	0	0	0	0	0	545,112	0	0	0	545,112	545,112
9.3.1	no loan splitting applied	0	0	0	0	0	545,112	0	0	0	545,112	545,112
9.3.2	loan splitting applied (secured)	0	0	0	0	0	0	0	0	0	0	0
9.3.3	loan splitting applied (unsecured)	0	0	0	0	0	0	0	0	0	0	0
9.4	Secured by mortgages on commercial immovable property - IPRE	0	0	0	0	0	0	2,492	0	0	2,492	2,492
9.5	Acquisition, Development and Construction (ADC)	0	0	0	0	0	0	519	0	0	519	519
10	Exposures in default	0	0	0	0	0	44,189	26,008	0	0	70,198	70,198
EU 10b	Collective investment undertakings (CIU)	0	0	0	0	0	1,709	52,522	0	38,266	92,497	92,497
EU 10c	Other items	0	0	0	0	0	4,684	0	0	0	4,684	4,684
<b>EU 11c</b>	<b>TOTAL</b>	<b>846,099</b>	<b>180,673</b>	<b>224,234</b>	<b>15,777</b>	<b>72,674</b>	<b>1,209,470</b>	<b>92,248</b>	<b>5,539</b>	<b>38,266</b>	<b>2,684,980</b>	<b>2,684,980</b>

The template discloses the value of on- and off-balance-sheet exposures after application of CCF and after consideration of CRM with regard to the assigned

risk weight. The template does not disclose exposure to derivatives for which counterparty credit risk is calculated.

## 13 Disclosure of exposure to counterparty credit risk

### 13.1 Template EU CCR1 – Analysis of CCR exposure by approach

(Article 439(f), (g), (k) and (m) of the CRR)

		a	b	c	d	e	f	g	h
		Replace- ment cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post- CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	10,355	8,584		1.4	26,514	26,514	26,514	7,954
<b>6</b>	<b>Total</b>					<b>26,514</b>	<b>26,514</b>	<b>26,514</b>	<b>7,954</b>

The SID Bank Group concludes swap transactions to manage interest rate risk. To calculate counterparty credit risk exposure from

these transactions the Bank uses the original exposure method in accordance with Article 282 of the CRR.

### 13.2 Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

(Article 439(l) referring to Article 444(e) of the CRR)

		Risk weight	
		k	l
		Others	Total exposure value
6	Institutions	26,514	26,514
<b>11</b>	<b>Total exposure value</b>	<b>26,514</b>	<b>26,514</b>

The SID Bank Group enters into transactions in derivatives solely with customers classed as exposures to institutions. These transactions

have a specific risk weight of 30%, which are classed as other risk weights in the prescribed template.

### 13.3 Template EU CCR5 – Composition of collateral for CCR exposures

(Article 439(e) of the CRR)

		a	b	c	d
		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	0	0	0	341
<b>9</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>341</b>

The SID Bank Group has not concluded securities financing transactions (SFTs). In derivative transactions collateral is solely held in

the form of cash in the domestic currency to provide initial coverage.

## 14 Disclosure of use of standardised approach and internal model for market risk

### *(Article 445 of the CRR)*

The SID Bank Group does not hold any positions in the trading book, and therefore does not calculate capital requirements for position risk in debt instruments or position risk in equities.

Within the framework of market risk, only the capital requirement for currency risk is calculated. The Group's exposure to currency risk is low and does not exceed the prescribed

regulatory limit for the calculation of the capital requirement for currency risk as set out by Article 351 of the CRR. There is thus no need to formulate capital requirements for currency risk.

The total risk exposure amount for market risk amounts to zero. The Group therefore does not disclose Template EU MR1 (Market risk under the standardised approach).



## 15 Disclosure of operational risk

### 15.1 Template EU OR2 - Business Indicator, components and subcomponents

(Article 446(1)(c) and (d) of the CRR)

		a	b	c	d
	BI and its subcomponents	2025	2024	2023	Average value
<b>1</b>	<b>Interest, lease and dividend component (ILDC)</b>				<b>31,700</b>
<b>EU 1</b>	<b>ILDC related to the individual institution/ consolidated Group (excluding entities considered by Article 314(3))</b>				<b>31,700</b>
1a	Interest and lease income	74,945	103,749	89,321	89,338
1b	Interest and lease expense	46,660	68,903	59,151	58,238
1c	Total assets/Asset component	2,515,585	2,719,844	2,686,201	2,640,543
1d	Dividend income/ dividend component	89	892	818	600
<b>2</b>	<b>Services component (SC)</b>				<b>6,999</b>
2a	Fee and commission income	691	1,198	1,193	1,027
2b	Fee and commission expense	1,404	1,670	828	1,301
2c	Other operating income	5,443	5,939	5,712	5,698
2d	Other operating expense	47	36	59	47
<b>3</b>	<b>Financial component (FC)</b>				<b>15,944</b>
3a	Net profit or loss applicable to trading book (TB)	0	(1)	0	0
3b	Net profit or loss applicable to banking book (BB)	39,113	3,571	5,148	15,944
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				Accounting approach
<b>4</b>	<b>Business Indicator (BI)</b>				<b>54,644</b>
<b>5</b>	<b>Business indicator component (BIC)</b>				<b>6,557</b>

#### Disclosure on the BI:

		a
6a	BI gross of excluded divested activities	54,644
6b	Reduction in BI due to excluded divested activities	0
EU 6c	Impact in BI of mergers/acquisitions	0

The template discloses the calculation of the business indicator and the values of each component of the business indicator and their subcomponents for each of the three years of

relevance to the calculation of the indicator. The SID Bank Group does not exclude any amounts from the calculation of the business indicator.

### 15.2 Template EU OR3 - Operational risk own funds requirements and risk exposure amounts

(Article 446(1)(b) of the CRR)

		a
1	Business Indicator Component (BIC)	6,557
EU 1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	0
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	6,557
4	Operational Risk Exposure Amounts (REA)	81,966

## 16 Disclosure of exposure to interest rate risk on positions not included in the trading book

### 16.1 Template EU IRRBB1 – Interest rate risks of non-trading book activities

*(Article 448(1)(a) and (b) of the CRR)*

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity (ΔEVE)		Changes of the net interest income (ΔNII)	
		31 Dec 2025	30 June 2025	31 Dec 2025	30 June 2025
1	Parallel up	(29,632)	(24,350)	142	1,969
2	Parallel down	15,932	13,058	(308)	(3,787)
3	Steeper	1,144	1,873		
4	Flatter	(7,464)	(7,846)		
5	Short rates up	(15,765)	(14,491)		
6	Short rates down	8,105	7,748		

Exposure to interest rate risk in the banking book derives primarily from the portfolio of long-term debt securities and loans granted with a fixed interest rate on the asset side, and issued securities and loans received with a fixed interest rate on the liability side. Three interest rate swaps held as fair value hedges of liability items with a total contractual value of EUR 365,000 thousand were disclosed as at 31 December 2025.

According to sensitivity analysis for the economic value of equity (EVE) based on data as at 31 December 2025, the Group would suffer the largest potential loss in EVE under the scenario of a parallel shift in interest rates by +200 basis points, in the amount of EUR 29,632 thousand, equivalent to 6.0% of Common

Equity Tier 1 capital. The increase in loss compared with 30 June 2025 is primarily attributable to the aging of fixed-rate loans received and purchases of fixed-rate debt securities.

According to sensitivity analysis for net interest income (NII) based on the data as at 31 December 2025, the Group would suffer the largest potential decline in NII under the scenario of a fall in short-term interest rates, in the amount of EUR 495 thousand, equivalent to 0.1% of Common Equity Tier 1 capital. Were market interest rates to rise by 200 basis points, NII would increase by EUR 142 thousand over one year, after taking account of a factor of 0.5 in accordance with the applicable EBA guidelines.

### 16.2 Description of how the institution defines IRRBB for purposes of risk control and measurement

*(Article 448(1)(e) of the CRR)*

The SID Bank Group's assessment of exposure to interest rate risk in the banking book (IRRBB) is based on the determination of interest spreads, and analysis of the interest sensitivity of the economic value of equity (EVE) and net interest income (NII), where it takes account of interest-sensitive assets, liabilities and off-balance-sheet items. The Group has put in place an internal methodology for the measurement

of IRRBB on the basis of the standardised methodology under the Basel standards, the EBA guidelines on the management of interest rate risk and credit spread risk arising from the banking book, and the regulatory technical standards in this area. Through regular measurement of the impact on EVE and NII from sudden changes in the yield curve of market interest rates under the prescribed scenarios, a

determination is regularly made of whether the potential loss in EVE or decline in NII under the supervisory stress test scenarios for interest

rates are within internally defined limits, and within the limits prescribed by regulations.

### 16.3 Description of the institution's overall IRRBB management and mitigation strategies

*(Article 448(1)(f) of the CRR)*

The SID Bank Group has adopted a risk management strategy, in which it sets out its risk appetite for individual types of material risks at least once a year, including the IRRBB appetite, within which it manages IRRBB. The management and monitoring of IRRBB are set out and augmented by its policy for the management of interest rate risk and credit spread risk. The risk management strategy and policy are discussed and approved by the management body.

The policy sets out the methods, the key assumptions for measuring IRRBB, the interest rate scenarios for assessing interest-sensitivity, and the limits related to the IRRBB appetite. The methodologies used, including the assumptions, are defined in detail in a bylaw in the form of the methodological notes to the policy for the management of interest rate risk and credit spread risk. The policy also defines the responsibilities of individual organisational units in the area of interest rate risk management, and procedures in the event that internally set limits are exceeded.

The level of interest rate risk is thus restricted by the determination of the IRRBB appetite and the establishment of a limit system. The asset-liability and risk management committee

conducts regular supervision via the monthly discussion of reports on exposure to IRRBB, which includes a review of the values achieved in individual IRRBB metrics in connection with the established limits and warning values derived from the adopted risk appetite framework. In addition, an internal interest rate risk simulation is conducted at least half-yearly, based on which potential sensitivity to IRRBB is determined and the management of IRRBB in future periods is steered. The asset-liability and risk management committee takes measures to manage interest rate risk on the basis of reports and analysis for achieving the optimal balance sheet structure from the perspective of interest rate risk. In the event of increased exposure to interest rate risk, the relevant department proposes measures to reduce interest rate risk to an acceptable level inside the IRRBB appetite, which are discussed and approved by the asset-liability and risk management committee.

The Group manages exposure to interest rate risk by matching the interest-sensitive assets and interest-sensitive liabilities with regard to their maturity and the level and method of setting interest rates, and through the use of derivatives to hedge against interest rate risk.

### 16.4 The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB

*(Article 448(1)(e) (i) and (v) of the CRR)*

Exposure to interest rate risk, including sensitivity analysis for EVE and NII, is measured and monitored on a monthly basis. The report on exposure to IRRBB is discussed on a monthly

basis by the asset-liability and risk management committee, and on a quarterly basis by the management body within the framework of the risk report.

## 16.5 Description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income

*(Article 448(1)(e)(iii) of the CRR)*

The evaluation of changes in EVE and NII uses the supervisory interest rate scenarios prescribed by the RTS setting out the

supervisory shock scenarios, the common modelling and parametric assumptions, and the meaning of a significant decline.

## 16.6 Description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1

*(Article 448(1)(e)(ii) of the CRR)*

The internal IRRBB measurement systems use the same modelling and parametric

assumptions as those used for IRRBB measures in the EU IRRBB1 template.

## 16.7 High-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment

*(Article 448(1)(e)(iv) of the CRR)*

The Group executes transactions in interest rate derivatives for the purpose of hedging against interest rate risk. If the derivatives meet the conditions, these are dealt with by applying hedge accounting with the aim of achieving lower volatility in profit or loss resulting from changes to the fair value of derivatives. Hedge accounting is implemented in accordance with IAS 39.

The Group has internal documents that describe the relationship between a hedged item and the

hedging instrument, the purpose of risk management, the valuation method and the hedging strategy. Regular assessments of the effectiveness of hedging relationships are conducted.

As at 31 December 2025, the Group held three interest rate swaps as fair value hedges of issued bonds, with a total contractual value of EUR 365,000 thousand. All hedging relationships were effective according to hedge accounting rules at the end of 2025.

## 16.8 Description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1

*(Article 448(1)(c) of the CRR)*

In the measurement of interest rate risk in the banking book, the Group takes account of its specifics, and highlights the following as key modelling and parametric assumptions:

- *Measurement of change in EVE:* made on the basis of the individual position, having regard for the precise revaluation dates. Commercial margins and other margin

components (premium) are excluded from measurement.

- *Measurement of change in NII:* made on the basis of the individual position. The premiums on new or revolving operations are determined by taking account of the regulatory technical standards, and by taking account of the specifics of the SID Bank Group's operations.

- *Classification of items by currency:* given the low exposure in foreign currencies, sensitivity analysis is not conducted for individual foreign currencies. Assets in foreign currencies accounted for less than 1% of all interest-sensitive assets as at 31 December 2025 (around 0.006%). The Group does not hold interest-sensitive liabilities in foreign currencies.
- *Classification of items without contractual maturity:* the Group does not use models to classify interest-sensitive items without a contractual maturity, as it does not accept demand deposits from customers, and under its mandate does not provide certain services and products for customers (personal and savings accounts, credit cards, etc.).
- *Off-balance-sheet items:* those from loans and advances granted and received are included in line with the internal methodology; the Bank applied a 100% conversion factor as at the end of 2025. Both legs of interest rate swaps are taken into account in their nominal amount.
- *Non-performing loans:* they are included in measurement in accordance with expected value and the repayment of future cash flows, applying the methodology for the assessment of expected credit losses.
- *Behavioural options:* the sensitivity analysis for EVE and NII takes account of the option risk that derives from the possibility of early redemption of MREL-eligible debt securities of domestic banks. An annual inventory of instruments with embedded options and annual analysis of early repayment of loans are also conducted, but immateriality having been identified, no adjustments are made to cash flows from loans and advances granted and received with the contractual option of early repayment.
- *Embedded options:* the sensitivity analysis for EVE and NII takes account of contractually embedded automatic options in individual credit agreements. Within the framework of the EVE measure, the change in the fair value of contractually embedded automatic interest rate options (interest rate floor) in individual granted and received loans is calculated on the basis of the internal model put in place.

## 16.9 Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures

### *(Article 448(1)(d) of the CRR)*

Explanations of the significance of the IRRBB measures and of their variations since the previous disclosures are given within the framework of the disclosures in the EU IRRBB1 template.

For debt securities with the possibility of early redemption that, at the time of purchase, are expected to be redeemed prior to the original maturity date, the measurement of IRRBB takes account of the expected date of redemption and not the original maturity date.

## 16.10 Disclosure of the average and longest repricing maturity assigned to non-maturity deposits

### *(Article 448(1)(g) of the CRR)*

SID Bank does not accept demand deposits from customers; in accordance with its mandate, it does not provide certain services and products for customers (personal and savings accounts, credit cards, etc.), and as such does

not use models to determine stable and unstable demand deposits or to classify interest-sensitive items without a contractual maturity.

## 17 Disclosure of remuneration policy

### 17.1 Qualitative information on remuneration policy

#### *(Article 450 of the CRR)*

The SID Bank Group systematically regulates and implements a system of remuneration that includes remuneration policies and practices that are compatible with the risk management system put in place at the Bank, and the requirements prescribed by the applicable regulations. The key internal bylaws in that respect are the remuneration policy of the members of the management body, which is adopted by the supervisory board and approved by the general meeting and is then published on the Bank's website in accordance with the ZGD-1, and the remuneration policy that applies to all other employees and the senior management of the subsidiaries.

The implementation of the two policies is managed and supervised within the framework of the management body by the management board, the nomination and remuneration committee, and the supervisory board of the Bank and the subsidiary. The composition of these bodies, their term of office, and the number of meetings are indicated in the business report section of the annual report. The Bank did not engage any external advisors in the area of implementing the remuneration policies in 2025.

The remuneration policy applies to SID Bank and the senior management of its subsidiaries included in prudential supervision.

In accordance with the second paragraph of Article 189 of the ZBan-3 and Commission Delegated Regulation 2021/923, the remuneration policy categorised the positions of employees whose powers or work tasks and activities could have a material impact on the risk profile of the Bank or the subsidiaries as follows:

- management board member: president of the management board and members of the management board;
- assistants to the management board;
- management of internal control functions and information security management function:
  - a) risk management: assistant to the management board (head of the risk division),
  - b) compliance: director of the compliance department,
  - c) internal audit: director of the internal audit department,
  - d) information security: head of operational risk and information security;
- employee who heads a significant business unit:
  - a) director of the treasury department,
  - b) director of the financing and marketing department,
  - c) director of the financial institutions department,
  - d) director of the product development and EU programmes department,
  - e) director of the credit and investment insurance department;
- employee who heads a subordinate control function: head of market risk management and asset-liability management;
- employee with managerial responsibility for:
  - a) legal affairs: director of the legal and claims department,
  - b) soundness/stability of accounting policies and procedures and finances, including taxation and preparation of the budget: director of the accounting department, director of the controlling and reporting department,

- c) economic analysis: director of the strategy, sustainable development and research department,
  - d) human resources, development and implementation of remuneration policy: general secretary,
  - e) information technology: director of the IT, technology and projects department,
  - f) AML/CFT: AML/CFT officer;
- employee who with regard to an exposure to credit risk in a nominal amount per transaction that is equivalent to 0.5% of the Common Equity Tier 1 capital of the institution and is at least EUR 5 million:
    - a) has authorisation to adopt or approve decisions on such exposures to credit risk or veto them; or
    - b) is a member of the committee responsible for taking decisions under point (a).

This category includes:

- director of the credit risk assessment department,
  - members of the credit committee,
  - members of the asset-liability and risk management committee,
  - members of the government operations committee,
  - members of the distressed investment management committee,
- senior management of the subsidiaries.

Given that the ZSIRB stipulates that the Bank may have only one shareholder and that the Republic of Slovenia guarantees the commitments of the Bank, the Bank is not allowed to pay the variable component of remuneration in the form of shares. This means that in cases when the total variable remuneration of an employee whose professional activities have a material impact on the Bank's risk profile exceeds EUR 50 thousand gross in an individual year, the principles of Article 190 of the ZBan-3 may be taken into account by the Bank to a limited extent only.

The role of relevant stakeholders and powers in the decision-making process regarding the

implementation of the remuneration policies in 2025 are described below.

The HR function (general secretariat) participates in the preparation and evaluation of the remuneration policy, including the remuneration structure, the remuneration level, and the incentives system, for the Bank and for the subsidiaries.

The accounting department ensures that variable remuneration at the Bank and at the subsidiaries does not exceed the level set out by the remuneration policy, and is not paid out in a manner or in the form of instruments that are not allowed. The accounting department documents the application of the lower threshold to define variable remuneration for the purposes of Article 190 of the ZBan-3 to each employee whose professional activities have a material impact on the Bank's risk profile, citing at least their first name and surname, the position or function, and the total amount of variable remuneration in the year when the lower threshold of variable remuneration was applied.

The risk management function (head of the risk management function) participates in the definition of appropriate criteria at the Bank and at the subsidiaries for job performance and commercial success that take risk take-up into account (including any subsequent adjustments), and assesses how the structure of the variable components of remuneration affects the risk profile and the risk take-up culture of the Bank and the subsidiaries. The head of the risk management function informs the management board of the appropriateness of the criteria and of the assessment of the impact of the structure of the variable components of remuneration on the Bank's risk profile and risk take-up culture. The head of the risk management function also includes the employee responsible for risk management tasks at the subsidiary in the performance of the aforementioned tasks.

The compliance function (compliance department) analyses how the remuneration policy affects the compliance of the Bank and

the subsidiaries with laws, regulations, internal policies and the risk take-up culture, and reports all identified compliance risks and issues of non-compliance to the management board and supervisory board. The compliance department also includes the employee responsible for performing the compliance function at the subsidiary in the performance of the aforementioned tasks.

The internal audit function (internal audit department) conducts an independent audit of the basis, implementation and effects of the remuneration policy on the risk profile of the Bank and the subsidiaries. The internal audit department conducts an annual assessment of the compliance of remuneration practices with the remuneration policy.

The variable component of remuneration, including its deferred part, is only paid if payment is justified given the financial position of the Bank or the subsidiary, and payment is based on the results of the Bank or the subsidiary, the individual business unit and the employee in question.

In the event of unsatisfactory performance or a negative operating result, the Bank or the subsidiary sharply reduces the variable remuneration (including the possibility of reducing such remuneration to zero or to the lower threshold set out in the collective agreement for the sector), whereby both current remuneration and reductions in payments of previously earned amounts are taken into account, including through malus or clawback arrangements in accordance with the law governing employment and the collective agreement for the sector.

Assessment and allocation of variable remuneration are carried out on the basis of models and methodologies put in place for the assessment of the job performance and commercial success of employees, organisational units and the Bank or the subsidiaries. The job performance and commercial success of all employees are assessed on the basis of qualitative and

quantitative targets that are agreed each year during annual development interviews. These targets correlate accordingly with the undertaken responsibilities and risks that employees take up and manage during their work.

Financial and non-financial criteria are taken into account when evaluating the performance of an organisational unit. A measurable contribution of each organisational unit to the business results of the Bank or the subsidiary (if this can be measured on the basis of reasonable efforts) is measured over a long-term period, taking into account the business cycle of the Bank or the subsidiary and the risks to which it is or could be exposed as a result of these transactions. The performance of an organisational unit is assessed according to its realisation of outlined objectives from the annual operational plan and strategy for a particular year, and on the basis of the objectives set by organisational unit directors. Non-financial criteria, in particular, take into account the satisfaction of customers and other organisational units, and the compliance of the organisational unit with internal policies and applicable regulations.

The variable component of the remuneration of the members of the management board depends on the fulfilment of the annual operational plan, and the criteria and conditions used to determine the amount of remuneration for the members of the management board depending on the achieved level of performance. The criteria and conditions are set out in an appendix to the remuneration policy for members of the management body, which is published on the Bank's website. Financial criteria make up 50% of the overall criteria, and non-financial criteria the other 50%, which are weighted such that long-term criteria account for at least 50% of the variable remuneration.

According to the ZPPOGD, the variable component of the remuneration of a member of the management board may not exceed 30% of the basic salary paid out to the member of the management board in a financial year. The

variable component of the salary is determined by the supervisory board, and is paid once a year for the preceding financial year, as a rule upon the adoption of the audited annual report. To make a preliminary risk adjustment prior to distribution, the supervisory board may reduce the amount of variable remuneration to an individual member of the management board, taking into account the circumstances as set out in the remuneration policy for members of the management body (e.g. proven negative business trends, identified negligence, conduct detrimental to the Bank's reputation).

The assessment of performance is carried out across employee categories depending on the relationship defined by the employment contract:

- categories of employees whose professional activities have a material impact on the Bank's risk profile and who hold an employment contract with the Bank whose provisions fall under the collective agreement: variable remuneration in the form of job performance and commercial success is carried out under the rules and in the manner prescribed by the company-level collective agreement or other Bank bylaw; and
- categories of employees whose professional activities have a material impact on the Bank's risk profile and/or who hold an individual employment contract with the Bank (except for the management board): variable remuneration in the form of payment for commercial success is carried out on an annual basis with the payment of a performance bonus in accordance with the rules and in the manner set out by the relevant bylaw of the Bank or the subsidiary, having regard for the criteria for successful performance by the Bank or the subsidiary, the successful performance of tasks and meeting of targets by the employee or their organisational unit, and cost effectiveness. This category of employees is not entitled to variable remuneration in the form of job performance;
- members of the management board: variable remuneration is implemented on an

annual basis with payment under the rules and in the manner set out by the individual employment contract and the remuneration policy for management body members.

The remuneration of employees in independent control functions is determined in such a way that their independence and objectivity in the performance of duties are not compromised. Employees who perform independent control functions are independent from the organisational units on which they conduct controls, and have the relevant powers and receive remuneration with regard to the achievement of objectives linked to their functions, regardless of the performance of the business lines on which they conduct controls.

The Bank does not implement guaranteed variable remuneration practices, and payments of termination benefits are made in accordance with the provisions of the applicable labour legislation, which is in line with the requirements of the ZBan-3 and the EBA guidelines.

To ensure that the Bank's remuneration policy is compatible with adequate and effective risk management, and to further encourage risk management of this kind, employee remuneration is formulated such that:

- the majority of an employee's total remuneration comprises the fixed component of remuneration, and the variable component of remuneration does not exceed 33.3% of the fixed component of remuneration;
- the variable component of remuneration in principle does not depend on business results, but relies on a combination of an assessment of the performance of the individual and their business/organisational unit, and the overall performance of the Bank or the subsidiary. It is ensured that the ratio between the fixed and variable components of the entire remuneration of different categories of employees is appropriately balanced, since the total amount of remuneration is not significantly dependent on the variable component of remuneration.

The Bank or the subsidiary does not compensate for the reduced amount of the variable component of remuneration for a specific year owing to the adjustment of remuneration to risks by increasing the variable component of remuneration in subsequent years.

Payment of variable remuneration is deferred in the following amount and by the following deadlines for employees whose professional activities have a material impact on the risk profile of the Bank or the subsidiary and whose total variable remuneration in a single year exceeds the gross amount of EUR 50 thousand:

Member of management body	Proportion of variable remuneration paid within five months of end of accounting period	Deferral period (years after end of accounting period)		Payment deadline after end of deferral period (months)
President of management board*	50%	3**	5***	3
Member of management board*	50%			3

Employees at the Bank or subsidiary according to position	Proportion of variable remuneration paid within five months of end of accounting period	Deferral period (years after end of accounting period)****		Payment deadline after end of deferral period (months)
Senior management (assistant to management board) and other employees on individual employment contracts	60%	5		3
Other identified staff	60%	4		3

- \* Notwithstanding the application of the proportionality principle and the lower threshold, the provisions of the ZBan-3 and ZPPOGD apply to the payment of variable remuneration to the management board.
- \*\* If the total variable remuneration does not exceed EUR 50 thousand gross over a single year, the provisions of the ZPPOGD and a three-year deferral period apply.
- \*\*\* If the total variable remuneration over a single year exceeds EUR 50 thousand gross, the five-year deferral period applies solely to the difference above EUR 50 thousand gross.
- \*\*\*\* If the total variable remuneration over a single year exceeds EUR 50 thousand gross, the deferral period applies solely to the difference above EUR 50 thousand gross.

If when verifying the fulfilment of the conditions for payment of the deferred variable component of remuneration the Bank or subsidiary determines that there are grounds for clawback as stipulated by the law governing companies, or that a particular employee fails to

fulfil other conditions for the payment in part or in full of the deferred variable component of remuneration for a particular year, the Bank or subsidiary may take a unilateral decision to claw back the previously paid variable component of remuneration for that year.

## 18 Disclosure of encumbered and unencumbered assets

### 18.1 Template EU AE1 – Encumbered and unencumbered assets

(Article 443 of the CRR)

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and HQLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
			030		050		080		100
<b>010</b>	<b>Assets of the disclosing institution</b>	<b>2,443</b>	<b>335</b>			<b>2,693,360</b>	<b>901,955</b>		
030	Equity instruments	0	0	0	0	65,249	0	65,249	0
040	Debt securities	0	0	0	0	647,471	417,236	657,074	416,137
070	of which: issued by general governments	0	0	0	0	388,303	388,303	387,203	387,203
080	of which: issued by financial corporations	0	0	0	0	216,317	12,611	224,686	12,611
090	of which: issued by non-financial corporations	0	0	0	0	42,852	16,322	45,185	16,322
120	Other assets	2,443	335			1,980,640	484,719		

The figures in the templates of the disclosures of encumbered and unencumbered assets are presented using average values (medians). The medians are calculated as consecutive quarterly mean values over a 12-month period (2025) and are determined by interpolation.

The encumbered assets relate to contracts for initial coverage in derivative transactions, and to the reserve requirement calculated by the Bank of Slovenia.

Assets and all encumbered transactions are concluded in euros.

## 18.2 Template EU AE2 – Collateral received and own debt securities issued

*(Article 443 of the CRR)*

None of the collateral that the Group has received for loans granted is encumbered, and

it therefore makes no disclosures under Template EU AE2.

## 18.3 Template EU AE3 – Sources of encumbrance

*(Article 443 of the CRR)*

Template EU AE3 discloses the book value of selected secured financial liabilities of the Group, if these liabilities include encumbered assets. The SID Bank Group's encumbered assets solely consist of contracts concluded for

initial coverage for derivative transactions and the reserve requirement, which are not related to any liabilities, and accordingly it does not disclose an EU AE3 template.



## 19 Disclosure of environmental, social and governance risks (ESG risks)

*(Article 449(a) of the CRR)*

### 19.1 Qualitative information on environmental risk

#### Business strategy and processes

SID Bank's development strategy for the period of 2026 to 2028 addresses environmental and climate risks via the impact of its financing on the sustainable development of the economy, and through the treatment and management of environmental and climate risks on its performance.

The environmental and climate aspects of its actions are also included in:

- risk management strategy and policy,
- information technology strategy, and
- HR strategy.

The business model is defined by the ZSIRB, which limits the operational framework to the segment of market gaps. The gap in financing the economy's transition to more sustainable forms of business models by focusing on carbon-neutral operations is particularly highlighted. The guiding principle in terms of implementing the mandate is to ensure that the developmental role is pursued in parallel with the countercyclical role. The strategy defines environmentally sustainable financing as one of the core elements of the developmental role.

The key guidelines of the business model in the area of sustainability are:

- supporting the sustainable transformation and decarbonisation of the economy, including financing for green technologies, innovation and moving firms in the direction of climate neutrality;
- strengthening the resilience of the economy to climate risks and other risks, including financing the economy's adaptation to climate change and responsiveness in the event of natural disasters;
- promoting the development of the capital markets as a source of long-term development financing;

- financing social and strategic infrastructure, most notably social housing;
- financing major infrastructure projects, particularly the construction of energy infrastructure.

The structure of the business model ensures long-term operational viability. As part of comprehensive risk management, the strategy provides for the further building of the system for assessing and managing climate and environmental risks (transition risks and physical risks alike). The strategy envisages building climate and environmental risks into the ICAAP, and establishing a link between key indicators of climate and environmental risks and risk appetite.

The development strategy for 2026 to 2028 sets out short-, medium- and long-term mandated objectives in the area of sustainability and environmentally sustainable financing.

The following are envisaged in the short term:

- upgrading the methodology and tools with the aim of speeding up action to support firms in reducing their exposure to transition risks;
- ensuring inclusion in the new financial framework of ECP;
- implementing and following up the implementation of the transition plan in accordance with the requirements of the EBA guidelines on the management of ESG risks and the ZGD-1;
- adapting the existing approach to collecting ESG data and changing over to a new framework for collecting ESG data via the ESG SISBIZ system;
- making further adjustments to software and data support for managing customers' physical climate risks.

The following are envisaged in the medium term:

- upgrading financing schemes with a green rules component and contractual

commitments to promote environmentally sustainable financing and environmentally sustainable investments (e.g. via an interest rate bonus);

- promoting the green transition of the Slovenian economy, by focusing not merely on financing green investments, but also on the systemic transformation of business models in the direction of sustainability; and
- identifying opportunities to obtain grants for combination with repayable funds for the purpose of promoting the sustainability transformation of the Slovenian economy.

The following are envisaged in the long term:

- incorporating a green component that speeds up the green transition in all products and programmes.

The business model provides for the identification and non-financing of excluded sectors;

- maintaining a range of specific green programmes with appropriate substantive conditioning and stimulus;
- investing in technology, data and human resources to increase knowledge capital in the area of sustainable financing;
- issuing green or sustainability bonds, where there are suitable opportunities on the market.

General climate risk objectives are set as part of the strategic and operational planning process, and are defined as performance indicators in the measurement of the implementation of the strategy. Three indicators have been put in place to monitor environmental and climate risks:

- ESG factor portfolio quality (mandated objective): customers are assessed against ESG factors, with the aim of maintaining the ESG quality of the credit portfolio;
- decarbonisation of the economy (mandated objective): the carbon footprint of the credit portfolio is measured per EUR million of exposure, with the aim of helping to decarbonise firms in the Bank's own portfolio via financing;
- carbon footprint (strategic objective): decarbonisation targets have been set through the gradual reduction of operational emissions.

An environmentally sustainable financing programme was implemented in 2025 by utilising the InvestEU guarantee via the EIF. The programme is named Financing of sustainability projects and companies (SID ZELEN), and is sized at EUR 44.3 million. A loan programme for financing projects for the comprehensive energy renovation of public buildings from the Fund of Funds was implemented in 2025 (using ECP funding).

The framework put in place for purchasing corporate bonds sets out the conditions for cooperating and purchasing green, social and sustainability bonds and sustainability-linked corporate bonds. The aim of putting the framework in place is to strengthen cooperation with Slovenian firms of all sizes (large enterprises and SMEs) in the area of market-based securities financing. The implementation of the framework is strengthening the Bank's role as an anchor investor in green, social and sustainability bonds and sustainability-linked bonds of Slovenian corporates, through which it can facilitate firms' access to the capital markets via its participation in primary issues. The framework will help to increase the supply of green bonds on the Slovenian capital market, and to improve the financial literacy of the economy, particularly in connection with capital market, the green transition and sustainable development.

A green bond was previously issued in the amount of EUR 75 million to provide funding for environmentally sustainable financial schemes, and this was also used to finance environmentally sustainable projects. The possibility of issuing a new green or sustainability bond or sustainability-linked bond is likely to be explored again in the future when borrowing is being undertaken.

A sustainable financing policy has been adopted that sets out the framework for a gradual transition to sustainable financing in accordance with the objectives of the Paris Agreement, and a framework for introducing other elements of ESG risk management at the transaction level. The policy also defines the excluded sectors that fail to comply with the

environmental and climate targets, and the sectors that are classed as environmentally sustainable.

The transition plan was drafted in 2025 in accordance with the requirements of the EBA guidelines on the management of ESG risks. It is an operational plan that describes how the decarbonisation of financing and the Bank's own operations will proceed, and upgrades the business model and development strategy for the transition to a sustainable economy, within the framework of the limits on global heating in accordance with the Paris Agreement and the target of achieving climate neutrality by 2050.

### Governance

Content relating to sustainability and to environmental and climate risks is integrated into decision-making at the level of the management board and at the level of other functions. The management board approves the development strategy, the strategic policies, the risk management strategy and the corresponding policies. The management board is briefed quarterly on the achievement of sustainability objectives and environmental and climate risk targets through the quarterly strategic objective reports and the quarterly risk report. The supervisory board is also briefed on these reports.

The internal governance arrangements and the inclusion of climate factors in business processes and the organisational structure all ensure the proper definition of process schemes and the roles and responsibilities for integrating climate and environmental risks. The organisational arrangements allow for the integral management and processing of data about sustainability and ESG risks. A catalogue of sustainability functions and process tasks has been formulated and adopted, and is being implemented in accordance with the strategic tasks and the tasks for the implementation of the recommendations under the ECB's Guide on climate-related and environmental risks.

The management body and the asset-liability and risk management committee are

responsible for managing and implementing the concept of sustainable development and ESG risks.

The briefing of the management board, the supervisory board and the asset-liability and risk management committee is undertaken:

- via quarterly risk reports; and
- quarterly with regard to fulfilment of the ESG strategic indicators (carbon footprint, portfolio carbon intensity indicator, ESG portfolio risk indicator).

Reporting on environmental and climate risks is undertaken within the framework of the risk report, which is submitted quarterly to the management board and the supervisory board for information purposes. The report also contains a section on ESG risks, with a focus on environmental risks.

For reporting on ESG transition risks, the Bank uses a methodology based on climate policy relevant sectors (CPRS), i.e. sectors that are exposed to higher transition risk in the context of environmental risks. Exposures to CPRS are compared in regular reports to exposures to non-financial corporations at the level of EU banks and at the level of Slovenian banks.

The internal reporting has put in place the integral management and processing of data in connection with environmental and climate risks. The credit committee is regularly briefed on ESG risks related to companies and new transactions entering the portfolio. When discussing a credit proposal, the credit committee receives a report with detailed analysis of the company's ESG risks. The ESG report includes analysis of the company's sector, an assessment of the exposure to climate risks (transition and physical), an assessment of the contribution of the ESG risk assessment to the strategic indicator of the target value of the ESG assessment at portfolio level, analysis of the structure of ESG risks, analysis of the circularity of the company's business model, and detailed risk analysis by a business analyst.

The implementation of the Bank's policy and practices for awarding variable remuneration is directly or indirectly linked to the achievement

of the set strategic indicators in the area of ESG and sustainability, for members of the management board (taking account of the remuneration policy for members of the management body and the methodology for determining their variable remuneration) and for all other employees (taking account of the remuneration policy, the company-level collective agreement, and the methodology for determining variable remuneration and the performance-based component of remuneration). Two environment-related strategic indicators are included in the remuneration policy for members of the management board: ESG factor portfolio quality and carbon footprint.

### Risk management

Activities to identify a broader set of ESG risk factors are being continued:

#### a) the risk appetite

The Bank has already introduced ESG risk factors into the risk management framework. An indicator for the control and restriction of ESG risk factors has been introduced at the level of the RAF, as a limit on exposure to the CPRS category of fossil fuel, which envisages a dynamic annual reduction in exposure to this sector (investments recognised as environmentally sustainable are excluded from the limit, even if classed under the CPRS category of fossil fuel).

#### b) the internal stress test and the ICAAP

Within the framework of the ICAAP, exposures to debtors that the Bank assesses as high-risk from the perspective of ESG factors are treated as high-risk exposures, with a risk weight of 150%.

#### c) the ILAAP

Within the framework of the management of the portfolio of debt securities and liquid assets, exposure to the debt securities of issuers whose principal business activity is in the fossil fuel sector is limited. The debt securities portfolio is monitored from the perspective of ESG risk factors for the

purpose of monitoring and determining the environmental risk of the countries to which the Bank is exposed in debt securities.

ESG factors are being included in the regular internal stress testing of liquidity risk via:

- a decline in inflows of new non-performing exposures (NPEs), given that they are excluded from future inflows, whereby the impact of physical risks and transition risks are taken into account;
- a decline in the banks' high-quality liquid assets, which is driving a decline in the liquidity reserves. For corporate bonds, the Bank applies a haircut on the market value of those that can be classed as climate-sensitive sectors under the standard classification of economic activities (SKD), where corporate bonds that were issued as green bonds are not the subject of encumbrance as a result of ESG factors.

The Bank has developed its own methodology for assessing ESG risk factors. Internal ESG risk scores are also included in the credit rating methodology.

An internal ESG questionnaire gathers information from companies on their carbon footprint, the cost of emission allowances, planned investments in energy efficiency improvements, exposure to physical climate risks and the likelihood of impact on operating revenues. For transactions secured by real estate collateral, information on the energy performance certificate of the building pledged as collateral or its energy class is obtained from the valuation report. When an investment operation is being evaluated for approval, an individual ESG risk assessment is also conducted for the operation.

The framework of the organisational structure and the positioning of ESG functions in the complete structure and organisation have been put in place, whereby the organisational structure has been tailored as appropriate to the management of ESG risk factors, having regard for the risk profile and the three lines of defence concept. Direct assessment of projects'

compliance with the criteria for environmentally sustainable financing according to the taxonomy or other environmental sustainability standards has been undertaken since 2024.

ESG risk factors are also taken into account in the management of operational risk, and in the management of sub-classes of operational risk on the basis of best practice from the past.

In 2026 the indicator of exposure to companies excluded from the EU Paris-aligned benchmarks

is also being included in the RAF. This indicator measures the portfolio exposure to companies excluded from the EU Paris-aligned benchmarks for failing to meet the sustainability criteria (e.g. sectors not aligned with the objectives of the Paris Agreement). The purpose is to ensure oversight of the portfolio's compliance with the EU environmental objectives, and to mitigate the risks in connection with climate change and regulatory requirements.

## 19.2 Qualitative information on social risk

### Business strategy and processes

The business model is defined by the ZSIRB, which limits the operational framework to the segment of market gaps. There is a particular focus on the gaps in the following areas of financing as being relevant to the social aspects of operation:

- the commercial sector, with a special emphasis on SMEs, entrepreneurship and venture capital, primarily with the aim of financing entrepreneurial projects in all stages of development, introducing new financial/insurance schemes, creating possibilities for start-ups, and inclusion in tasks and programmes organised by providers from the entrepreneurial, innovation and financial environments;
- research, development and innovation, primarily with the aim of promoting competition and development within the framework of national research and development programmes, promoting innovation and driving research and development activities and knowledge-sharing, and providing different types of support for the organisers of projects that involve product development, production processes and services;
- education, primarily with the aim of promoting and raising the level of education, knowledge and knowledge management, and encouraging the necessary retraining and acquisition of specific knowledge;

- employment, in part with the aim of providing incentives to firms for the employment of individuals with the specialist qualifications and skills required for growth or employee retraining;
- regional development, primarily with the aim of ensuring balanced development at the national, regional and local levels, reducing gaps in economic development and other activities, where SID Bank can liaise with other entities involved in and dedicated to the achievement of public objectives in the area of regional development and rural development, through the use of various combined financial engineering instruments;
- housebuilding, primarily with the aim of ensuring adequate housing capacity, and promoting the construction, renovation and maintenance of flats and houses for certain population groups, together with the provision of an environment and circumstances that make for decent living conditions;
- commercial and public infrastructure, and municipal and regional development, primarily with the aim of improving logistics, public utilities and other infrastructure, while SID Bank additionally provides guarantee, financial and public-private partnership schemes for the construction of this infrastructure, e.g. for the rebuilding, development and renovation of cities; and
- development projects in developing countries.

The guiding principle in terms of implementing the mandate is to ensure that the developmental role is pursued in parallel with the countercyclical role.

On the basis of the Act on the Financing and Promotion of the Construction of Public Rental Housing (ZFSGJNS), a start was made in 2025 on the development of a new product aimed at providing favourable financing conditions for the construction, purchase and renovation of public rental housing and sheltered public rental housing. The product targets the national public housing fund, the municipal and inter-municipal public housing funds, local government and non-profit housing associations in the form of 30-year loans with a fixed interest rate of 1%, for which EUR 25 million of public funding will be available each year to subsidise the interest rate. The product launch is scheduled for 2026.

In support of sustainability activities, short-term social risk objectives are set within the framework of the Bank's own operations, including:

- objectives related to employees involved in education and training;
- objectives related to expenditure for training and development of employees; and
- objectives related to gender diversity in management positions.

The identification of exposure to social risks at the financing level is undertaken as part of the investment approval process, and is based on an assessment of the customer in terms of ESG factors.

## Governance

Sustainability management, including social risks, is embedded at the level of the management board, and in the executive management pillar responsible for the area of sustainable development. The management board adopts general strategic guidelines and policies, monitors risks, and oversees the implementation of the strategy and policies. The management board is also responsible for

monitoring and implementing the strategy and policies in the area of social sustainability.

The management board discusses and adopts reports in the area of sustainable financing and insurance that are concerned with changing and new legislation, sustainable financing and performance.

Risk management is organised across functions with the responsibility to oversee risks, including social risks.

A report on the achievement of strategic objectives, which includes the achievement of social sustainability objectives, is submitted to the management body and supervisory board on a quarterly basis.

The implementation of the Bank's policy and practices for awarding variable remuneration is directly or indirectly linked to the achievement of the set strategic indicators in the area of ESG and social sustainability, for members of the management board (taking account of the remuneration policy for members of the management body and the methodology for determining their variable remuneration) and for all other employees (taking account of the remuneration policy, the company-level collective agreement, and the methodology for determining variable remuneration and the performance-based component of remuneration).

One social-related strategic indicator is included in the remuneration policy for members of the management body:

- a non-discriminatory gender ratio at senior management level.

## Risk management

The definition of ESG factors and their associated risks takes account of the strategy, mandate, sustainability commitments, and the relevance of the factor in terms of the materialisation of risks in the future. Social (S) factors within the scope of ESG factors are interpreted as community relationships and accessibility, employee relationships (internships, occupational health and safety,

engagement and performance of employees), customer relationships (client privacy, data protection, customer welfare), and product quality.

The formulation of the set of ESG risk factors follows the international standards and the EBA standards for the interpretation of ESG factors. In the definition of ESG risks at the level of the individual transaction, the Bank has developed its own methodology for formulating ESG risk scores.

Various activities are carried out to identify the broader set of ESG risks posed by lending, including social risks. The first steps to managing these risks have been taken, including determining exposure to social risks in financing investment operations and assessing customers with regard to ESG factors. The ESG questionnaire obtains data from firms in the

area of social factors about employee turnover, employee training, high-skilled workers, labour unrest, the minimum wage, lawsuits for violations of labour rights and discrimination, sick leave and the proportion of women in management positions.

SID Bank is a signatory to the commitment to uphold human rights in business. The commitment is based on generally accepted international human rights guidelines, which are regulated at the national level by the National Action Plan of the Republic of Slovenia on Business and Human Rights. Signing this instrument entails a commitment to complying with measures in connection with respect for human rights throughout the entire business process, and avoiding and preventing potential negative impacts.

### 19.3 Qualitative information on governance risk

#### Governance and risk management

The governance of counterparties is assessed as part of due diligence, part of the ESG risk assessment, and part of the preparation of ratings. The ESG risk assessment includes an assessment of the effectiveness of governance factors, including commitments to sustainability, circularity of business models, managerial staff expertise, and disclosures.

Several activities were carried out in 2025 to identify a broader range of ESG risks, including the governance aspects and the quality of counterparty information.

Determination of the role of the senior management of the counterparty is verified by assessing the experience and professional competence of the management structure, and the quality and transparency of the information provided by the counterparty (publication of a sustainability report). The verification is included

in the ESG questionnaire under the assessment of the company's environmental, social and governance factors.

The overall performance of counterparties is assessed as part of the requirements in connection with the ESG questionnaire and the preparation of ratings. The analysis of the ESG report is part of the credit proposal, which is also discussed by the credit committee, which is informed of the results of the governance assessment and the overall ESG risk assessment.

Governance factors (G) within the framework of ESG factors are interpreted as governance and management (business ethics, systemic risks, competitive behaviour, risk management, business model and innovation), adaptation of the business model to the circular economy, and supply chain management.

## 19.4 Template 1 – Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Sector/subsector	a	b	c	d	e	f	g	h	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures					
<b>1 Exposures towards sectors that highly contribute to climate change</b>	<b>1,071,049</b>	<b>34,190</b>	<b>13,116</b>	<b>118,559</b>	<b>132,873</b>	<b>(78,293)</b>	<b>(4,912)</b>	<b>(71,339)</b>	<b>348,335</b>	<b>469,320</b>	<b>183,630</b>	<b>69,765</b>	<b>8.03</b>
2 A - Agriculture, forestry and fishing	1,103	0	0	0	0	(7)	0	0	0	1,103	0	0	9.60
3 B - Mining and quarrying	4,653	2,497	0	0	1,145	(119)	0	(116)	2,538	2,115	0	0	3.82
6 B.07 - Mining of metal ores	1,145	0	0	0	1,145	(116)	0	(116)	1,145	0	0	0	0.00
7 B.08 - Other mining and quarrying	3,508	2,497	0	0	0	(3)	0	0	1,393	2,115	0	0	3.82
9 C - Manufacturing	468,271	0	4,846	50,168	111,120	(65,875)	(2,410)	(62,535)	159,451	281,645	27,175	0	6.11
10 C.10 - Manufacture of food products	23,403	0	0	1,566	2,274	(1,377)	(80)	(1,236)	12,005	9,969	1,429	0	5.60
11 C.11 - Manufacture of beverages	1,003	0	0	1,003	0	(59)	(59)	0	0	1,003	0	0	6.96
13 C.13 - Manufacture of textiles	2,477	0	0	0	0	(5)	0	0	951	1,526	0	0	6.00
14 C.14 - Manufacture of wearing apparel	109	0	0	51	0	0	0	0	109	0	0	0	1.30
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	28,473	0	0	4,368	2,011	(2,145)	(304)	(1,778)	5,813	17,143	5,517	0	7.63
17 C.17 - Manufacture of pulp, paper and paperboard	20,110	0	0	328	5,680	(5,795)	(6)	(5,679)	10,550	7,314	2,246	0	6.22

Sector/subsector	a	b				c				d	e		f	g		h	i	j	k	l	m	n	o	p
		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions																		
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which stage 2 exposures	Of which non-performing exposures	<= 5 years	> 5 year <= 10 years		> 10 year <= 20 years	> 20 years		Average weighted maturity										
18	C.18 - Printing and service activities related to printing	24,582	0	0	1,063	0	(63)	(41)	0	6,735	7,249	10,598	0	7.86										
20	C.20 - Production of chemicals	13,603	0	0	0	438	(230)	0	(198)	2,088	7,889	3,625	0	8.59										
22	C.22 - Manufacture of rubber products	45,536	0	0	9,074	3,953	(1,228)	(434)	(677)	12,977	32,559	0	0	6.03										
24	C.24 - Manufacture of basic metals	59,727	0	4,498	10,194	27,004	(11,216)	(436)	(10,719)	29,152	30,576	0	0	5.45										
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	75,445	0	348	5,672	15,968	(11,059)	(191)	(10,676)	15,053	57,007	3,384	0	6.84										
26	C.26 - Manufacture of computer, electronic and optical products	5,953	0	0	1,923	1,590	(1,632)	(45)	(1,581)	4,937	1,015	0	0	4.24										
27	C.27 - Manufacture of electrical equipment	28,943	0	0	160	8,559	(847)	(18)	(811)	23,582	5,361	0	0	1.84										
28	C.28 - Manufacture of machinery and equipment	49,831	0	0	2,403	1,796	(986)	(63)	(780)	9,688	40,143	0	0	6.27										
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	54,526	0	0	10,836	39,941	(27,955)	(660)	(27,275)	7,429	47,097	0	0	7.78										
30	C.30 - Manufacture of other transport equipment	7,624	0	0	0	720	(239)	0	(234)	1,896	5,728	0	0	6.45										
31	C.31 - Manufacture of furniture	7,633	0	0	374	1,136	(902)	(20)	(841)	2,008	5,625	0	0	7.77										
32	C.32 - Other manufacturing	15,203	0	0	0	0	(28)	0	0	12,035	2,793	375	0	2.93										
33	C.33 - Repair and installation of machinery and equipment	4,090	0	0	1,153	51	(112)	(52)	(51)	2,442	1,649	0	0	5.25										

Sector/subsector	a	b				c				d	e		f	g		h	i	m	n	o	p
		Gross carrying amount									Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions										
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which stage 2 exposures	Of which non-performing exposures	<= 5 years	> 5 year <= 10 years		> 10 year <= 20 years	> 20 years		Average weighted maturity							
34	D - Electricity, gas, steam and air conditioning supply	87,815	0	4,767	561	0	(168)	(77)	0	26,425	18,772	24,424	18,195	10.61							
35	D35.1 - Electric power generation, transmission and distribution	68,577	0	4,767	0	0	(16)	0	0	25,958	0	24,424	18,195	12.10							
36	D35.11 - Production of electricity	6,120	0	0	0	0	(1)	0	0	6,120	0	0	0	0.00							
38	D35.3 - Steam and air conditioning supply	19,238	0	0	561	0	(152)	(77)	0	467	18,772	0	0	5.31							
39	E - Water supply; sewerage, waste management and remediation activities	28,789	0	0	6,041	8,811	(949)	(776)	(125)	13,196	2,022	13,572	0	10.01							
40	F - Construction	22,084	0	0	2,874	2,038	(1,027)	(80)	(868)	12,315	9,418	351	0	5.94							
41	F.41 - Construction of buildings	7,368	0	0	352	409	(170)	(11)	(128)	5,545	1,471	351	0	5.43							
42	F.42 - Civil engineering	6,014	0	0	1,043	0	(47)	(20)	0	978	5,037	0	0	6.46							
43	F.43 - Specialised construction activities	8,702	0	0	1,479	1,629	(811)	(49)	(740)	5,792	2,909	0	0	5.15							
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	135,009	24,298	0	6,130	5,257	(4,293)	(130)	(3,800)	65,223	52,730	17,055	0	8.35							
45	H - Transportation and storage	154,546	7,394	3,503	13,521	4,183	(4,512)	(477)	(3,765)	56,160	41,801	56,586	0	7.91							
46	H.49 - Land transport and transport via pipelines	81,159	301	0	9,465	1,337	(1,868)	(348)	(1,316)	46,267	28,494	6,397	0	6.44							
48	H.51 - Air transport	7,253	0	3,482	0	0	(7)	0	0	0	0	7,253	0	13.27							
49	H.52 - Warehousing and support activities for transportation	66,134	7,094	21	4,056	2,846	(2,638)	(129)	(2,449)	9,892	13,306	42,936	0	9.09							

Sector/subsector	a	b	c	d	e	f	g	h	i	m	n	o	p	
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures						
51	I - Accommodation and food service activities	161,644	0	0	36,984	320	(1,177)	(809)	(129)	11,312	59,224	39,544	51,563	13.26
52	L - Real estate activities	7,134	0	0	2,279	0	(164)	(154)	0	1,715	490	4,923	6	11.37
<b>53</b>	<b>Exposures towards sectors other than those that highly contribute to climate change</b>	<b>171,170</b>	<b>0</b>	<b>0</b>	<b>4,359</b>	<b>20,706</b>	<b>(9,538)</b>	<b>(169)</b>	<b>(9,148)</b>	<b>105,771</b>	<b>35,255</b>	<b>18,837</b>	<b>11,307</b>	<b>7.12</b>
55	Exposures to other sectors (NACE codes J, M - U)	171,170	0	0	4,359	20,706	(9,538)	(169)	(9,148)	105,771	35,255	18,837	11,307	7.12
<b>56</b>	<b>TOTAL</b>	<b>1,242,219</b>	<b>34,190</b>	<b>13,116</b>	<b>122,918</b>	<b>153,579</b>	<b>(87,831)</b>	<b>(5,081)</b>	<b>(80,487)</b>	<b>454,106</b>	<b>504,574</b>	<b>202,467</b>	<b>81,071</b>	<b>7.91</b>

\* In accordance with points (d) to (g) of Article 12(1) and in accordance with Article 12(2) of Commission Delegated Regulation 2020/1818.

Sector/subsector	i	j	k
	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
		of which Scope 3 financed emissions	
<b>1 Exposures towards sectors that highly contribute to climate change</b>	<b>335,414</b>	<b>176,814</b>	<b>38.29</b>
2 A - Agriculture, forestry and fishing	97	0	0.00
3 B - Mining and quarrying	3,430	1,731	28.83
6 B.07 - Mining of metal ores	0	0	0.00
7 B.08 - Other mining and quarrying	3,430	1,731	28.83
9 C - Manufacturing	128,771	15,996	32.94
10 C.10 - Manufacture of food products	4,884	0	40.88
11 C.11 - Manufacture of beverages	23	0	0.00
13 C.13 - Manufacture of textiles	115	0	0.00
14 C.14 - Manufacture of wearing apparel	5	0	0.00
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	759	0	1.67
17 C.17 - Manufacture of pulp, paper and paperboard	6,044	0	39.19
18 C.18 - Printing and service activities related to printing	565	0	0.00
20 C.20 - Production of chemicals	1,234	0	38.76
22 C.22 - Manufacture of rubber products	1,120	51	5.33
24 C.24 - Manufacture of basic metals	100,663	9,633	75.56
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	7,528	4,815	21.74
26 C.26 - Manufacture of computer, electronic and optical products	28	0	0.00
27 C.27 - Manufacture of electrical equipment	166	0	0.00
28 C.28 - Manufacture of machinery and equipment	3,014	1,027	50.01
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	2,173	470	66.05
30 C.30 - Manufacture of other transport equipment	43	0	0.00
31 C.31 - Manufacture of furniture	147	0	0.00
32 C.32 - Other manufacturing	107	0	0.00
33 C.33 - Repair and installation of machinery and equipment	154	0	0.00
34 D - Electricity, gas, steam and air conditioning supply	30,554	8,151	87.79
35 D35.1 - Electric power generation, transmission and distribution	6,865	145	84.88
36 D35.11 - Production of electricity	3	1	84.88
38 D35.3 - Steam and air conditioning supply	23,689	8,006	97.08
39 E - Water supply; sewerage, waste management and remediation activities	1,536	0	29.93
40 F - Construction	1,890	0	9.08
41 F.41 - Construction of buildings	873	0	0.00
42 F.42 - Civil engineering	629	0	33.04
43 F.43 - Specialised construction activities	387	0	0.00

Sector/subsector	i	j	k
	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
		of which Scope 3 financed emissions	
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	132,515	127,398	22.79
45 H - Transportation and storage	31,119	22,329	49.57
46 H.49 - Land transport and transport via pipelines	11,465	3,827	23.52
48 H.51 - Air transport	452	0	100.00
49 H.52 - Warehousing and support activities for transportation	19,202	18,502	75.65
51 I - Accommodation and food service activities	5,439	1,210	37.53
52 L - Real estate activities	62	0	0.00
<b>53 Exposures towards sectors other than those that highly contribute to climate change</b>			
55 Exposures to other sectors (NACE codes J, M - U)			
<b>56 TOTAL</b>	<b>341,973</b>	<b>178,390</b>	<b>35.90</b>

Information obtained from ESG questionnaires has been used to identify counterparties that have been excluded from the EU benchmarks. The ESG questionnaire included questions addressing the counterparty's revenues from the discovery, mining, extraction and distribution of coal, petroleum fuels and gaseous fuels, and the counterparty's revenues from the production of electricity with a greenhouse gas intensity above 100 g CO<sub>2</sub> e/kWh. All companies with exposure of more than EUR 300 thousand at the time of loan approval are included in the questionnaire. For companies in the portfolio that have not yet taken the ESG questionnaire, an assessment of the exposure's non-compliance with the targets of the Paris Agreement is not yet being conducted.

Information on companies' Scope 1, Scope 2 and Scope 3 emissions for the three previous years is also obtained from the ESG questionnaire.

Financed emissions for the loan portfolio are calculated by applying the standards set out by the Partnership for Carbon Accounting Financials

(PCAF) and the additional guidelines under the GHG protocol. Two GHG emissions data sources are used to calculate financed GHG emissions. The first source is actual data for reported GHG emissions by companies and data obtained through the ESG questionnaire, while the second data source is statistics on GHG emissions, and is used to estimate GHG emissions by companies who do not report data on GHG emissions. The estimates of financed emissions derived from the statistics are made using data on GHG emissions for 2023, or for 2024 for companies who report data on GHG emissions. The financed emissions calculated in this template merely represent the financed emissions for non-financial corporations. Data on financed emissions in the SID Bank Group's other reports (e.g. carbon footprint) can therefore differ from this published data. Scope 3 financed emissions (column (j)) are drawn up solely for companies that report Scope 3 GHG emissions, or are submitted directly by the companies via the GHG questionnaire.

## 19.5 Template 2 – Banking book – Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Total gross carrying amount															
	Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral)						Level of energy efficiency (EPC label of collateral)						Without EPC label of collateral			
	0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G	Of which level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated		
<b>1 Total EU area</b>	<b>619,191</b>	<b>10,546</b>	<b>20,357</b>	<b>5,869</b>	<b>7,211</b>	<b>1,000</b>	<b>7,204</b>	<b>3,360</b>	<b>3,963</b>	<b>4,695</b>	<b>9,463</b>	<b>1,882</b>	<b>538</b>	<b>491</b>	<b>594,799</b>	<b>0</b>
2 of which Loans collateralised by commercial immovable property	599,642	8,912	19,130	5,869	7,033	953	7,104	3,360	3,197	4,324	7,739	1,836	360	390	578,438	0
3 of which Loans collateralised by residential immovable property	19,549	1,634	1,227	0	179	46	101	0	766	371	1,724	46	179	101	16,362	0
4 of which Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	0	0	0	0	0	0	0								0	0

The SID Bank Group has no loans collateralised by mortgages on real estate outside the EU.

Data on the level of energy efficiency of buildings pledged as collateral is assessed on the basis of information in issued energy performance certificates held in the energy certificates register. For real estate pledged as collateral that has no energy performance certificate, no assessment is made of the collateral in terms of energy efficiency.

The energy performance assessment is an integral part of the valuation report. Real estate appraisers can assess the energy performance of a building in the valuation report based on a standardised methodology (by entering the year of construction, information on previous renovations and energy use).

## 19.6 Template 3 – Banking book – Climate change transition risk: Alignment metric

	a	b	c	d	e	f	g
	Sector	NACE Sectors (min.)	Portfolio gross carrying amount	Alignment metric	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power		70,451				
2	Fossil fuel combustion		0				
3	Automotive		50,597				
4	Aviation		7,465				
5	Maritime transport		12,308				
6	Cement, clinker and lime production		3,508				
7	Iron and steel, coke, and metal ore production		101,089				
8	Chemicals		0				

\*\*\* PiT distance to 2030 NZE2050 scenario in % (for each metric)

The SID Bank Group currently does not have information at its disposal about the carbon intensity of companies engaged in climate-critical activities. It has tried to obtain information from companies committed to sustainability reporting about the carbon intensity of their activities. Given the shortage of

information about companies' carbon intensity compliance for 2025, it has not yet been possible to calculate a financing compliance metric. The situation and information at companies with regard to establishing measurement of compliance metrics are regularly monitored.

## 19.7 Template 4 – Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms

The identification of the top 20 global carbon-intensive companies used a list that is published on the website <https://climateaccountability.org/carbon-majors-dataset-2020/>.

The Group has no exposure to any company included on this list, and thus is not required to disclose Template 4.

## 19.8 Template 5 – Banking book – Climate change physical risk: Exposures subject to physical risk

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
Gross carrying amount															
of which exposures sensitive to impact from climate change physical events															
Breakdown by maturity bucket															
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
													of which Stage 2 exposures	of which non-performing exposures	
1	A - Agriculture, forestry and fishing	1,103	0	1,103	0	0	0.00	0	0	1,103	0	0	(7)	0	0
2	B - Mining and quarrying	4,653	382	2,115	0	0	4.75	0	2,497	0	0	0	(1)	0	0
3	C - Manufacturing	468,271	17,138	45,041	10,073	0	7.38	0	65,729	6,523	8,322	13,129	(9,227)	(269)	(8,820)
4	D - Electricity, gas, steam and air conditioning supply	87,815	12,846	18,210	0	0	4.64	0	31,056	0	0	0	(81)	0	0
5	E - Water supply; sewerage, waste management and remediation activities	28,789	0	803	0	0	8.03	0	803	0	0	0	(1)	0	0
6	F - Construction	22,084	8,766	8,790	0	0	5.59	13,766	1,476	2,315	2,246	1,650	(902)	(61)	(770)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	135,009	5,106	1,237	6,015	0	8.07	0	1,919	10,438	0	0	(30)	0	0
8	H - Transportation and storage	154,546	18,010	0	4,392	0	6.29	4,392	18,010	0	4,392	0	(116)	(94)	0
9	L - Real estate activities	7,134	1,661	490	3,362	6	13.54	5,519	0	0	1,661	0	(80)	(70)	0
10	Loans collateralised by residential immovable property	30,566	4,296	5,169	357	0	5.73	6,310	3,156	357	2,825	1,577	(779)	(126)	(621)
11	Loans collateralised by commercial immovable property	598,046	24,354	87,788	41,097	27,499	10.33	58,274	67,248	55,216	47,106	13,129	(10,237)	(1,087)	(8,820)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
		of which exposures sensitive to impact from climate change physical events													
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity								of which Stage 2 exposures	of which non-performing exposures
12	Reposessed collaterals	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	314,444	8,292	39,538	22,576	27,493	12.52	49,673	8,044	40,182	34,129	320	(1,003)	(741)	(129)
14	I - Accommodation and food service activities	161,644	6,556	35,874	22,576	27,493	12.91	49,673	2,802	40,023	34,129	320	(987)	(741)	(129)
15	J - Information and communication	86,490	0	159	0	0	6.31	0	0	159	0	0	0	0	0
16	M - Professional, scientific and technical activities	50,629	1,736	0	0	0	3.90	0	1,736	0	0	0	(6)	0	0
17	N - Administrative and support service activities	15,681	0	3,505	0	0	6.80	0	3,505	0	0	0	(10)	0	0

The Group uses two exposure assessment approaches to identify exposures to physical climate risks. Information on counterparties' exposure to physical events that might have a material impact on their revenues is used to assess exposure to acute and chronic risks. Information on exposure to the acute impact of natural events on companies' performance is obtained from the ESG questionnaire. All companies whose loan exposure is more than EUR 300 thousand at the time of loan approval are included in gathering of data on acute climate risks. Data on exposure to physical climate events is also obtained from the ESG questionnaire. For the uncovered part of the portfolio, given the lack of data, the Group has formulated a model for assessing exposure to chronic physical climate risks. The model is based on

the probability of occurrence of a major natural event by NUTS 2 region for Slovenia, and on the materiality of each event for each reporting sector from Template 5. The source of data on the probability of a particular climate event is the Global Facility for Disaster Reduction and Recovery (GFDRR), the Thinkhazard climate database for Slovenia.

The plan is to audit and verify the model for assessing exposure to chronic physical climate risks, and to adjust the input data on the probability of the occurrence of each climate-related natural event to the data sources of the Slovenian Environment Agency's climate projections and maps.

## 20 Scope of disclosures according to CRR

Article	Name of article	Chapter	Page
<b>435</b>	<b>Disclosure of risk management objectives and policies</b>		
	1(a) the strategies and processes to manage those categories of risks	4.2	14–20
		4.4	22–24
	1(b) the structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents	4.2	14–20
		4.4.1	24–32
		4.4.2	32–35
		4.4.3	36–39
	1(c) the scope and nature of risk reporting and measurement systems	4.4.4	39
		4.4.5	40–42
		4.4.6	43–44
	1(d) the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	4.4	22–24
		4.4.1	24–32
	1(e) a declaration approved by the management body on the adequacy of the risk management arrangements of the relevant institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy	4.3	21
	1(f) a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy	4.1	8–13
	2(a) the number of directorships held by members of the management body	4.5	44
	2(b) the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise	4.6	44–46
	2(c) the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved	4.7	46
	2(d) whether or not the institution has set up a separate risk committee and the number of times the risk committee has met	4.8	48
	2(e) the description of the information flow on risk to the management body	4.2	14–19
<b>436</b>	<b>Disclosure of the scope of application</b>		
	(a) the name of the institution to which this Regulation applies	1	1
	(b) a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportionally consolidated and whether the holdings in those legal entities are deducted from own funds	5.1 5.3	48 49
	(c) a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part	5.1	48
	(d) a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences	5.2	49

Article	Name of article	Chapter	Page
	(e) for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions	NR	
	(f) any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries	NR	
	(g) the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries	NR	
	(h) where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9 CRR	NR	
<b>437</b>	<b>Disclosure of own funds</b>		
	(a) a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution	6.1 6.2	50–51 52
	(b) a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution	6.3	53
	(c) the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments	6.3	53
	(d) a separate disclosure of the nature and amounts of the following:	6.1	50–51
	(i) each prudential filter applied pursuant to Articles 32 to 35		
	(ii) items deducted pursuant to Articles 36, 56 and 66		
	(iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79		
	(e) a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply	6.3	53
	(f) a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation	NR	
<b>437a</b>	<b>Disclosure of own funds and eligible liabilities</b>	NR	
<b>438</b>	<b>Disclosure of own funds requirements and risk-weighted exposure amounts</b>		
	(a) a summary of their approach to assessing the adequacy of their internal capital to support current and future activities	3.3	6–7
	(b) the amount of the additional own funds requirements based on the supervisory review process as referred to in Article 104(1), point (a), of Directive 2013/36/EU to address risks other than the risk of excessive leverage and its composition	3.1	3–5
	(c) upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process	NR	
	(d) the total risk exposure amount as calculated in accordance with Article 92(3) and the corresponding own funds requirements as determined in accordance with Article 92(2), to be broken down by the different risk categories or risk exposure classes, as applicable, set out in Part Three and, where applicable, an explanation of the effect on the calculation of the own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	3.2	6

Article	Name of article	Chapter	Page
	(da) where required to calculate the un-floored total risk exposure amount as calculated in accordance with Article 92(4), and the standardised total risk exposure amount as calculated in accordance with Article 92(5), to be broken down by the different risk categories or risk exposure classes, as applicable, set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	NR	
	(e) the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Article 153(5), Table 1, and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 133(3) to (6), and Article 495a(3)	NR	
	(f) the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis	NR	
	(g) the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied	NR	
	(h) the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations	NR	
<b>439</b>	<b>Disclosure of exposures to counterparty credit risk</b>		
	(a) a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties	4.4.1 3.3	31–32 6–7
	(b) a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves	4.4.1	25–28
	(c) a description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291	NR	
	(d) the amount of collateral the institution would have to provide if its credit rating was downgraded	4.4.1	31
	(e) the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions	13.3	84
	(f) for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method	13.1	84
	(g) for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method	13.1	84
	(h) the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three	NR	
	(i) the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures	NR	
	(j) the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold	NR	
	(k) the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9)	NR	

Article	Name of article	Chapter	Page
	(l) separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452	13.2	84
	(m) for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable	NR	
<b>440</b>	<b>Disclosure of countercyclical capital buffers</b>		
	(a) the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer	7.1	54
	(b) the amount of their institution-specific countercyclical capital buffer	7.2	55
<b>441</b>	<b>Disclosure of indicators of global systemic importance</b>	NR	
<b>442</b>	<b>Disclosure of exposures to credit risk and dilution risk</b>		
	(a) the scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes	10.1	71
	(b) a description of the approaches and methods adopted for determining specific and general credit risk adjustments	10.1	70–73
	(c) information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received	10.2 10.5 10.7 10.8	74–75 77 79 80
	(d) an ageing analysis of accounting past due exposures	10.6	78
	(e) the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures	10.7 10.8	79 80
	(f) any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off	10.2 10.4	74–75 76
	(g) the breakdown of loans and debt securities by residual maturity	10.3	76
		18.1	96
<b>443</b>	<b>Disclosure of encumbered and unencumbered assets</b>	18.2 18.3	97 97
<b>444</b>	<b>Disclosure of the use of the Standardised Approach</b>		
	(a) the names of the nominated ECAIs and ECAs and the reasons for any changes in those nominations over the disclosure period	4.4.6	43
	(b) the exposure classes for which each ECAI or ECA is used	4.4.6	43
	(c) a description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book	NR	
	(d) the association of the external rating of each nominated ECAI or ECA with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three, taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by EBA	NR	
	(e) the exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as the exposure values deducted from own funds	12.1 12.2	82 83

Article	Name of article	Chapter	Page			
445	<b>Disclosure of exposure to market risk</b>	4.4.4	39			
		14	85			
445a	<b>Disclosure of CVA risk</b>	1(a) an overview of their processes to identify, measure, hedge and monitor their CVA risk	4.4.1	31-32		
		1(b) whether institutions meet all of the conditions set out in Article 273a(2); where those conditions are met, whether institutions have chosen to calculate the own funds requirements for CVA risk using the simplified approach set out in Article 385; where institutions have chosen to calculate the own funds requirements for CVA risk using the simplified approach, the own funds requirements for CVA risk in accordance with that approach	3.2	6		
		1(c) the total number of counterparties for which the standardised approach is used, with a breakdown by counterparty types	NR			
		2(a) the structure and the organisation of their internal CVA risk management function and governance	4.4.1	31-32		
		2(b) their total own funds requirements for CVA risk under the standardised approach with a breakdown by risk class	NR			
		2(c) an overview of the eligible hedges used in that calculation, with a breakdown by type of instruments set out in Article 386(2)	NR			
		3(a) their total own funds requirements for CVA risk under the basic approach, and the components $BACVA^{total}$ and $BACVA^{CSR-hedged}$	NR			
		3(b) an overview of the eligible hedges used in that calculation, with a breakdown by type of instruments set out in Article 386(3)	NR			
		446	<b>Disclosure of operational risk management</b>	1(a) the main characteristics and elements of their operational risk management framework	4.4.5	40-42
1(b) their own funds requirement for operational risk equal to the business indicator component calculated in accordance with Article 313	15.2			86		
1(c) the business indicator, calculated in accordance with Article 314(1), and the amounts of each of the business indicator components and their sub-components for each of the three years relevant for the calculation of the business indicator	15.1			86		
1(d) the amount of the reduction of the business indicator for each exclusion from the business indicator in accordance with Article 315(2), as well as the corresponding justifications for such exclusions	15.1			86		
2(a) their annual operational risk losses for each of the last 10 financial years, calculated in accordance with Article 316(1)	NR					
2(b) the number of exceptional operational risk events and the amounts of the corresponding aggregated net operational risk losses that were excluded from the calculation of the annual operational risk loss in accordance with Article 320(1), for each of the last 10 financial years, and the corresponding justifications for those exclusions	NR					
447	<b>Disclosure of key metrics</b>			(a) the composition of their own funds and their risk-based capital ratios as calculated in accordance with Article 92(2)	3.1	3-5
				(aa) where applicable, the risk-based capital ratios as calculated in accordance with Article 92(2), by using the un-floored total risk exposure amount instead of the total risk exposure amount	NR	
		(b) the total risk exposure amount as calculated in accordance with Article 92(3) and, where applicable, the un-floored total risk exposure amount as calculated in accordance with Article 92(4)	3.1	3-5		
		(c) where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU	3.1	3-5		
		(d) the combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU	3.1	3-5		
		(e) their leverage ratio and the total exposure measure as calculated in accordance with Article 429	3.1	3-5		

Article	Name of article	Chapter	Page
	(f) the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):	3.1	3–5
	(i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	3.1	3–5
	(ii) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	3.1	3–5
	(iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	3.1	3–5
	(g) the following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six:	3.1	3–5
	(i) the net stable funding ratio at the end of each quarter of the relevant disclosure period	3.1	3–5
	(ii) the available stable funding at the end of each quarter of the relevant disclosure period	3.1	3–5
	(iii) the required stable funding at the end of each quarter of the relevant disclosure period	3.1	3–5
	(h) their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable	NR	
<b>448</b>	<b>Disclosure of exposures to interest rate risk on positions not held in the trading book</b>		
	(a) the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods	16.1	87
	(b) the changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods	16.1	87
	(c) a description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph	16.8	89-90
	(d) an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date	16.9	90
	(e) the description of how institutions define, measure, mitigate and control the interest rate risk of their non- trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including:	4.4.3 16.2 16.4	36–39 87-88 88
	(i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income	16.4	88
	(ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences	16.6	89
	(iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk	16.5	89
	(iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3)	16.7	89
	(v) an outline of how often the evaluation of the interest rate risk occurs	16.4	88
	(f) the description of the overall risk management and mitigation strategies for those risks	16.3	88
	(g) average and longest repricing maturity assigned to non-maturity deposits	16.10	90

Article	Name of article	Chapter	Page
449	<b>Disclosure of exposures to securitisation positions</b>	NR	
449a	<b>Disclosure of environmental, social and governance risks (ESG risks)</b>	19	98–114
449b	<b>Disclosure of aggregate exposure to shadow banking entities</b>	NR	
450	<b>Disclosure of remuneration policy</b>		
	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institutions:		
	(a) information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders	17.1	91–95
	(b) information about the link between pay of the staff and their performance	17.1	91–95
	(c) the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria	17.1	91–95
	(d) the ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU	17.1	91–95
	(e) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based	17.1	91–95
	(f) the main parameters and rationale for any variable component scheme and any other non-cash benefits	17.1	91–95
	(g) aggregate quantitative information on remuneration, broken down by business area <sup>2</sup>		
	(h) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:		
	(i) the amounts of remuneration awarded for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries		
	(ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part		
	(iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years		
	(iv) the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments		
	(v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards		
	(vi) the severance payments awarded in previous periods, that have been paid out during the financial year		
	(vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person		
	(i) the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million		
	(j) upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management	NR	

<sup>2</sup> The disclosures will be published subsequently in a separate document; an explanation is given in the introduction..

Article	Name of article	Chapter	Page
	(k) information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU	NR	
<b>451</b>	<b>Disclosure of the leverage ratio</b>		
	(a) the leverage ratio and how the institutions apply Article 499(2)	8.2	56
	(b) a breakdown of the total exposure measure referred to in Article 429(4), as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements	8.1 8.2 8.3	56 56 57
	(c) where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7)	8.2	56
	(d) a description of the processes used to manage the risk of excessive leverage	8.4	57
	(e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	8.2	56
	(f) the amount of the additional own funds requirements based on the supervisory review process as referred to in Article 104(1), point (a), of Directive 2013/36/EU to address the risk of excessive leverage and its composition	NR	
<b>451a</b>	<b>Disclosure of liquidity requirements</b>		
	2(a) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	9.2 9.3	64 65
	2(b) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer	9.2 9.3	64 65
	2(c) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition	9.2 9.3	64 65
	3(a) quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period	9.4	66–69
	3(b) an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six	9.4	66–69
	3(c) an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six	9.4	66–69
	4 Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU	4.4.2 9.1	32-35 58–63
<b>451b</b>	<b>Disclosure of crypto-asset exposures and related activities</b>	NR	
<b>452</b>	<b>Disclosure of the use of the IRB Approach to credit risk</b>	NR	
<b>453</b>	<b>Disclosure of the use of credit risk mitigation techniques</b>		
	(a) the core features of the policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting	NR	
	(b) the core features of the policies and processes for eligible collateral evaluation and management	4.4.1	25–28
	(c) a description of the main types of collateral taken by the institution to mitigate credit risk	4.4.1 11.1	25–28 81

Article	Name of article	Chapter	Page
	(d) for guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures	NR	
	(e) information about market or credit risk concentrations within the credit risk mitigation taken	11.1	81
	(f) for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures	11.1	81
	(g) the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	12.1	82
	(h) for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation	12.1	82
	(i) for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class	12.1	82
	(j) for institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission	NR	
<b>454</b>	<b>Disclosure of the use of the Advanced Measurement Approaches to operational risk</b>	NR	
<b>455</b>	<b>Use of internal market risk models</b>	NR	

## List of abbreviations and terms

ADC	Land Acquisition, Development and Construction
AML/CFT	Anti-money laundering and countering the financing of terrorism
ASF	Available Stable Funding
BB	Banking Book
BI	Business Indicator
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1 Capital
CPRS	Climate policy relevant sectors
CRM	Credit Risk Mitigation
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (with amendments)
CSRBB	Credit Spread Risk in the Banking Book
CVA	Credit Valuation Adjustment
CSA	Credit Support Annex
DVA	Debt Valuation Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECA	Export Credit Agency
ECB	European Central Bank
ECL	Expected credit losses
ECP	EU Cohesion Policy
EEPE	Effective Expected Positive Exposure
EGF	European Guarantee Fund
EHQLA	Extremely High-quality Liquid Assets
EIF	European Investment Fund
EMIR	European Market Infrastructure Regulation
EPC	Energy Performance Certificate
ESG	Environmental, Social and Governance Factors
ESMA	European Securities and Markets Authority
EU	European Union
EVE	Economic Value of Equity
EVS	European Valuation Standards
EWS	Early Warning System
GDP	Gross Domestic Product
GHG	Greenhouse gases
HC	Haircut
HR	Human Resources
HQLA	High-quality Liquid Assets
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information and Communication Technologies
IEA	International Energy Agency
IFRS	International Financial Reporting Standards as adopted by the EU
ILDC	Interest, lease and dividend component
IMF	International Monetary Fund
ILAAP	Internal Liquidity Adequacy Assessment Process
InvestEU	EU investment programme to promote growth of Europe's economy. Combines a number of EU financial instrument that are currently available to support investments, innovations and job creation in Europe.
IPRE	Income Producing Real Estate
IRB	Internal Ratings Based Approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
IT	Information technology
IVS	International Valuation Standard
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default

MDB	Multilateral Development Bank
METS	The Ministry of the Economy, Tourism and Sports
Mol	Ministry of Infrastructure
MREL	Minimum Requirement for own funds and eligible liabilities
NACE	Nomenclature des Activités Économiques dans la Communauté Européenne
NII	Net Interest Income
NPE	Non-performing Exposures
NPL	Non-performing Loans
NR	Not relevant
NSFR	Net Stable Funding Ratio
NUTS	Nomenclature of Territorial Units for Statistics
NZE	Net Zero Emissions
OCR	Overall Capital Requirement
O-SII	Other Systemically Important institution
OTC	Over-the-Counter
P2G	Pillar 2 Guidance
PBA	Prudential Boundary Approach
PD	Probability of Default
POCI	Purchased or Originated Credit-Impaired Assets
PSE	Public Sector Entity
RAF	Risk Appetite Framework
RICS	Royal Institution of Chartered Surveyors
RSF	Required Stable Funding
RTS	Regulatory Technical Standard
RWA	Risk-Weighted Assets
RWEA	Risk-Weighted Exposure Amount
SFT	Securities Financing Transactions
SID ZELEN	Financing of sustainable projects and enterprises
SMEs	Small and Medium sized Enterprises
Spnez	Recovery rater for unsecured exposure
SREP	Supervisory Review and Evaluation Process
ZBan-3	Banking Act
ZGD-1	Companies Act
ZPPOGD	Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities
ZSIRB	Slovene Export and Development Bank Act
TB	Trading Took
TREA	Total Risk Exposure Amount