



Here We are a Part of Something Bigger

Pillar III Disclosures for the Q3 2025

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1. Key highlights

(Article 447 of CRR)

Table 1 – EU KM Key metrics template of NLB Group

		30.09.2025	30.06.2025	31.03.2025	31.12.2024	30.09.2024
		a	b	c	d	e
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,801,169	2,802,766	2,788,768	2,785,818	2,535,289
2	Tier 1 capital	2,885,704	2,887,038	2,874,602	2,872,352	2,621,311
3	Total capital	3,413,854	3,415,245	3,402,000	3,411,258	3,168,726
Risk-weighted exposure amounts						
4	Total risk exposure amount	19,116,570	18,608,244	18,124,929	18,216,105	17,064,027
4a	Total risk exposure pre-floor	19,116,570	18,608,244	18,124,929	-	-
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	14.65%	15.06%	15.39%	15.29%	14.86%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.65%	15.06%	15.39%	0.00%	0.00%
6	Tier 1 ratio (%)	15.10%	15.51%	15.86%	15.77%	15.36%
6b	Tier 1 ratio considering unfloored TREA (%)	15.10%	15.51%	15.86%	0.00%	0.00%
7	Total capital ratio (%)	17.86%	18.35%	18.77%	18.73%	18.57%
7b	Total capital ratio considering unfloored TREA (%)	17.86%	18.35%	18.77%	0.00%	0.00%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.12%	2.12%	2.12%	2.12%	2.12%
EU 7e	of which: to be made up of CET1 capital (%)	1.19%	1.19%	1.19%	1.19%	1.19%
EU 7f	of which: to be made up of Tier 1 capital (%)	1.59%	1.59%	1.59%	1.59%	1.59%
EU 7g	Total SREP own funds requirements (%)	10.12%	10.12%	10.12%	10.12%	10.12%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
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 (%)	0.80%	0.78%	0.76%	0.52%	0.36%
EU 9a	Systemic risk buffer (%)	0.08%	0.08%	0.08%	0.11%	0.11%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	1.25%	1.25%	1.25%	1.25%	1.25%
11	Combined buffer requirement (%)	4.63%	4.61%	4.59%	4.38%	4.22%
EU 11a	Overall capital requirements (%)	14.75%	14.73%	14.71%	14.50%	14.34%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.51%	7.92%	8.27%	8.18%	7.77%
Leverage ratio						
13	Total exposure measure	31,945,235	31,052,333	30,351,912	29,082,843	28,253,682
14	Leverage ratio (%)	9.03%	9.30%	9.47%	9.88%	9.28%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
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 (%)	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%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
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%

		30.09.2025	30.06.2025	31.03.2025	31.12.2024	30.09.2024
		a	b	c	d	e
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	6,173,362	6,334,011	6,584,777	6,792,546	6,997,399
EU 16a	Cash outflows - Total weighted value	3,599,041	3,493,814	3,414,235	3,376,826	3,334,902
EU 16b	Cash inflows - Total weighted value	519,638	499,589	480,040	492,233	511,010
16	Total net cash outflows (adjusted value)	3,079,403	2,994,225	2,934,196	2,884,593	2,823,892
17	Liquidity coverage ratio (%)	200.60%	211.95%	225.28%	236.32%	247.91%
Net Stable Funding Ratio						
18	Total available stable funding	25,058,468	24,478,892	23,884,082	23,461,035	22,604,140
19	Total required stable funding	15,595,502	15,135,418	14,461,039	14,001,121	13,473,477
20	NSFR ratio (%)	160.68%	161.73%	165.16%	167.57%	167.77%

Key ratios and figures are reflected throughout the Pillar 3 disclosures, while the summary is presented in Table 1.

Figure 1: Total capital (in EUR million) and capital ratio evolution (in %) YtD of NLB Group

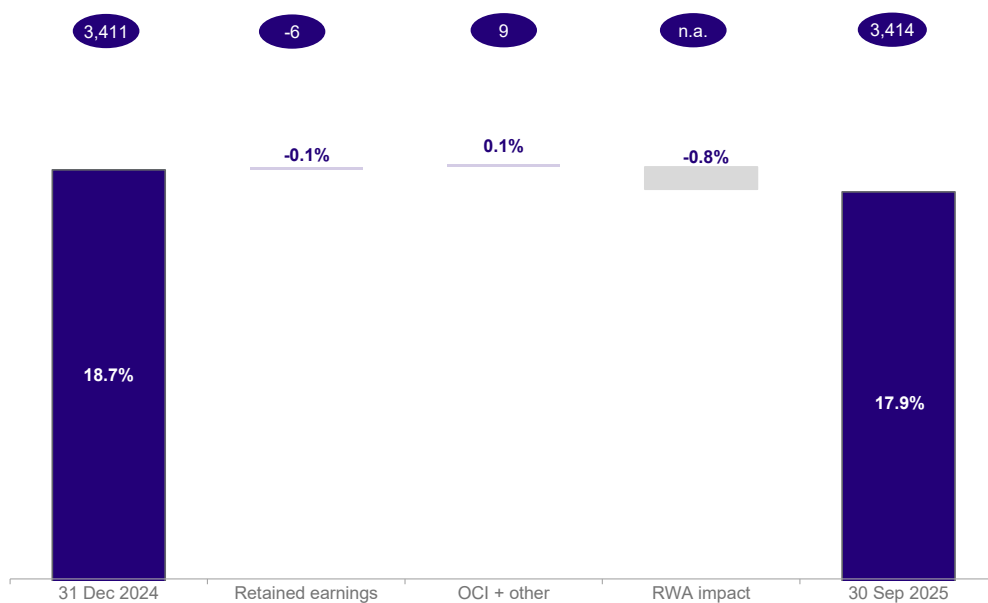
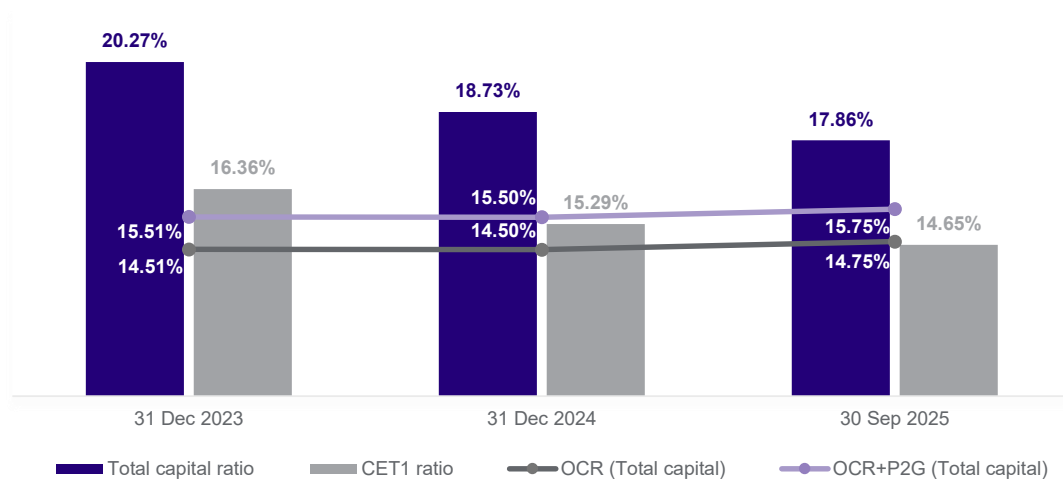


Figure 2: Capital ratios and regulatory thresholds (in %) of NLB Group



2. Introduction

In the context of this document, the 'EU banking legislation' describes the package of the *CRR*, *CRD*, and regulatory/implementing technical standards. It commonly refers to containing the following three Pillars:

- Pillar 1 contains mechanisms and requirements for the calculation by financial institutions of their minimum capital requirements for credit risk, market risk, and operational risk.
- Pillar 2 is intended to ensure that each financial institution has sound internal processes in place to assess the adequacy of its capital, based on a thorough evaluation of its risks. Supervisors are tasked with evaluating how well financial institutions assess their capital adequacy needs relative to their risks. Risks not considered under Pillar 1 are considered under this Pillar.
- Pillar 3 is intended to complement Pillar 1 and Pillar 2. It requires that financial institutions disclose information on the scope of the application of the EU banking legislation requirements, particularly covering own funds requirements/risk-weighted exposure amounts (RWEA) and resources, risk exposures, and risk assessment processes.

For ease of reference, the requirements described under the last indent above are referred to as 'Pillar 3' in this Report. Pillar 3 contains both qualitative and quantitative disclosure requirements.

All disclosures are prepared on a consolidated basis (Prudential consolidation) and in EUR thousands, unless otherwise stated. Any discrepancies between data disclosed in this document are due to the effect of rounding.

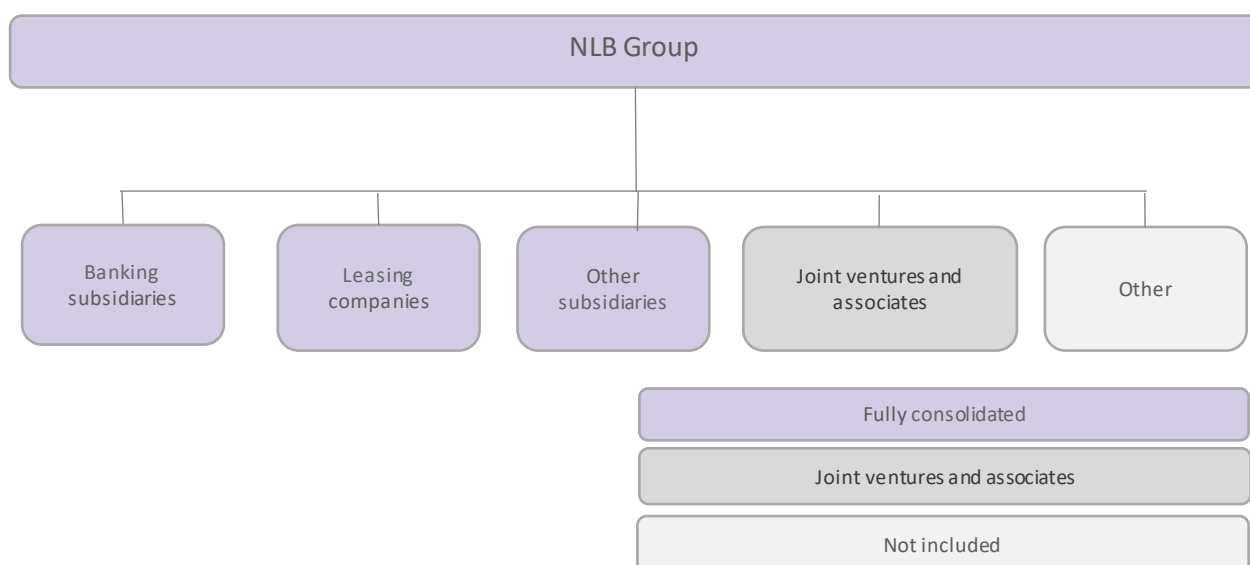
CRD VI and EBA guidelines require the Group to disclose whole information at least on an annual basis. The frequency and scope of disclosures for the Group as large institution are defined in *CRR* article 433a. To ensure the effective communication of the Group's business and risk profile, the Group also pays particular attention to the possible need to provide information more frequently than annually. A separate Pillar 3 document is also published quarterly on NLB's website [Financial Reports \(nlbgroup\)](#), following our Annual or Interim Reports for NLB Group disclosure.

It should be noted that while some quantitative information in this document is based on financial data contained in the Q3 2025 NLB Group Interim Report, other quantitative data is sourced from the regulatory reporting (Finrep and Corep) and is calculated according to regulatory requirements. Pillar 3 quantitative data is thus not always directly comparable with the quantitative data contained in the Q3 2025 NLB Group Interim Report.

3. Scope of application

Following the capital legislation, the Bank (LEI Code 5493001BABFV7P27OW30) has the position of an 'EU parent bank,' and so is a parent company of the Group. The Bank is therefore obliged to disclose information on a consolidated basis. Consolidated financial statements for the purpose of Pillar 3 disclosures are based on *CRR* requirements (regulatory scopes of consolidation). A summarised presentation of the Group in accordance with the regulatory scope of consolidation is presented below.

Figure 3: NLB Group scheme



The consolidation for *accounting purposes* comprises all:

- Subsidiaries (banking, leasing, and other subsidiaries) controlled by the Bank or the Group;
- Associated companies in which the Group directly or indirectly holds between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but does not have control; and
- Jointly controlled companies (i.e., jointly controlled by the Group based on a contractual agreement).

In contrast to the accounting consolidation, the *regulatory consolidation* includes only (in accordance with the definitions under Article 4 of *CRR*) credit institutions, financial institutions, ancillary service undertakings, and asset management companies.

The difference between accounting consolidation and regulatory consolidation as at 30 September 2025 represents:

- the company operating in the area of other activities *NLB MUZA Zavod za upravljanje kulturne dediščine* (the Cultural Heritage Management Institute),
- the IT services company *NLB DigIT, Beograd*, and
- the non-financial company for digital business *NLB Car&Go, Ljubljana*,

which are not included in regulatory consolidation, in accordance with Article 4 of *CRR*. Companies from the Prvi Faktor Group are excluded from the regulatory consolidation (that would otherwise require the proportional consolidation method in accordance with *CRD*) due to immateriality in accordance with *CRR*. In the accounting consolidation, the net assets of the Prvi Faktor Group using the equity method amount to zero.

4. Capital and capital requirements

4.1. Capital Adequacy

The European banking capital legislation – *CRD VI*, defines three capital ratios reflecting a different quality of capital:

- Common Equity Tier 1 ratio (ratio between common or CET1 capital and risk-weighted exposure amount or RWA), which must be at least 4.5%;
- Tier 1 capital ratio (Tier 1 capital to RWA), which must be at least 6%;
- Total capital ratio (Total capital to RWA), which must be at least 8%.

In addition to the aforementioned ratios, which constitute the Pillar 1 Requirement, the Bank must meet other requirements and recommendations that are imposed by the supervisory institutions or by the legislation:

- The Pillar 2 Requirement (SREP requirement): a bank-specific, obligatory requirement set by the supervisory institution through the SREP process (together with the Pillar 1 Requirement it represents the minimum total SREP capital requirement – TSCR).
- The applicable combined buffer requirement (CBR): a system of capital buffers to be added on top of TSCR – breaching of the CBR is not a breach of the capital requirement but triggers limitations in payment of dividends and other distributions from the capital. Some of the buffers are prescribed by law for all banks and some of them are bank-specific, set by the supervisory institution (CBR and TSCR together form the overall capital requirement – OCR).
- Pillar 2 Capital Guidance: a capital recommendation set by the supervisory institution through the SREP process. It is bank-specific and as a recommendation not obligatory. Any non-compliance does not affect dividends or other distributions from capital; however, it might lead to intensified supervision and the imposition of measures to re-establish a prudent level of capital (including preparation of capital restoration plan).

Table 2 – Capital requirements and buffers of NLB Group

		2025 09	2024	2023
Pillar 1 (P1R)	CET1	4.50%	4.50%	4.50%
	AT1	1.50%	1.50%	1.50%
	T2	2.00%	2.00%	2.00%
Pillar 2 (SREP req. - P2R)	CET1	1.19%	1.19%	1.35%
	Tier 1	1.59%	1.59%	1.80%
	Total Capital	2.12%	2.12%	2.40%
Total SREP Capital requirement (TSCR)	CET1	5.69%	5.69%	5.85%
	Tier 1	7.59%	7.59%	7.80%
	Total Capital	10.12%	10.12%	10.40%
Capital conservation buffer	CET1	2.50%	2.50%	2.50%
O-SII buffer	CET1	1.25%	1.25%	1.25%
Systemic risk buffer	CET1	0.08%	0.11%	0.10%
Countercyclical buffer	CET1	0.80%	0.52%	0.26%
Combined buffer requirement (CBR)		4.63%	4.38%	4.11%
Overall capital requirement (OCR)	CET1	10.32%	10.07%	9.96%
	Tier 1	12.22%	11.97%	11.91%
	Total Capital	14.75%	14.50%	14.51%
Pillar 2 Guidance (P2G)	CET1	1.00%	1.00%	1.00%
OCR + P2G	CET1	11.32%	11.07%	10.96%
	Tier 1	13.22%	12.97%	12.91%
	Total Capital	15.75%	15.50%	15.51%

As at the end of September 2025, the Group's Overall Capital Requirement (OCR) on a consolidated basis was 14.75%, representing an increase of 0.25 p.p. compared to the end of 2024, mainly due to a higher Combined Buffer Requirement (CBR) due to the rise in the Countercyclical Buffer. The OCR comprises:

- The Total SREP Capital Requirement (TSCR) is 10.12%, which includes 8.00% Pillar 1 and 2.12% Pillar 2 Requirements.
- The second component is the Combined Buffer Requirement (CBR), which is 4.63%, and includes a 2.50% Capital Conservation Buffer, a 1.25% O-SII Buffer, a 0.80% Countercyclical Buffer, and a 0.08% Systemic Risk Buffer.

Additionally, the regulator recommends a Pillar 2 Guidance (P2G) at 1.0% of the Common Equity Tier 1 (CET1), which the Group maintains to ensure resilience under severe economic stress scenarios.

As of 1 January 2025, the capital buffer rates for Slovenia changed:

- The countercyclical capital buffer rate for exposures in Slovenia increased from 0.5% to 1.0%. In September 2025, the Group CCYB buffer was calculated at 0.80% (2 bps higher in Q3), further impacted by the CCYB rates of its subsidiary banks, namely NLB Banka Skopje, NLB Banka Prishtina, and NLB Banka Podgorica.
- In January 2025, the sectoral systemic risk buffer for retail exposures to private individuals secured by residential real estate decreased from 1.0% to 0.5%, which was reflected in a 0.08% Systemic Risk Buffer in September 2025 (no changes in Q3).

Table 3 – Capital adequacy of NLB Group

	30.09.2025	31.12.2024
Paid up capital instruments	200,000	200,000
Share premium	871,378	871,378
Retained earnings	1,636,372	1,385,040
Current result	-	256,973
Accumulated other comprehensive income	(2,480)	(19,197)
Other reserves	186,332	186,332
Minority interest	42,115	38,480
Prudential filters: Additional Valuation Adjustments (AVA)	(2,917)	(2,606)
(-) Goodwill	(8,069)	(8,069)
(-) Other intangible assets	(62,817)	(65,420)
(-) Deferred tax assets	(52,256)	(51,667)
(-) Insufficient coverage for non-performing exposures	(4,950)	(5,426)
(-) Deduction item related to credit impairments and provisions not included in capital	(1,539)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	2,801,169	2,785,818
Capital instruments eligible as AT1 Capital	82,000	82,000
Minority interest	2,535	4,534
Additional Tier 1 capital	84,535	86,534
TIER 1 CAPITAL	2,885,704	2,872,352
Capital instruments and subordinated loans eligible as T2 capital	522,921	533,421
Minority interest	5,229	5,485
Tier 2 capital	528,150	538,906
TOTAL CAPITAL	3,413,854	3,411,258
Risk exposure amount for credit risk	15,836,844	14,508,398
Risk exposure amount for market risks	1,631,058	1,505,108
Risk exposure amount for CVA	18,172	16,613
Risk exposure amount for operational risk	1,630,496	2,185,986
TOTAL RISK EXPOSURE AMOUNT (RWA)	19,116,570	18,216,105
Common Equity Tier 1 Ratio	14.65%	15.29%
Tier 1 Ratio	15.10%	15.77%
Total Capital Ratio	17.86%	18.73%

The Bank and the Group's capital covers all the current and announced regulatory capital requirements, including capital buffers and other currently known requirements, as well as the P2G.

As at 30 September 2025, the Group's TCR stood at 17.86% (a 0.87 p.p. decrease compared to the end of 2024), while the CET1 ratio stood at 14.65%, remaining well above regulatory requirements. The lower total capital adequacy resulted from a higher RWA of EUR 900.5 million compared to the end of 2024, although the capital increased by EUR 2.6 million compared to the end of 2024.

The total capital does not include the envisaged amount to be paid out as a second tranche of the dividend in 2025. Therefore, there will be no effect on the capital if the dividends are paid.

The drivers behind the differences between the RWAs in Q3 2025 are explained in Chapter 4.2. Risk-weighted exposure in the Table 4 – EU OV1 – An Overview of Risk-weighted exposure amounts of NLB Group.

4.2. Risk-weighted exposure

(Article 438 CRR)

The Group uses the following approaches to calculate Pillar 1 capital requirements on a consolidated basis:

- Credit risk – standardised approach,
- Market risk – simplified standardised approach,
- CVA risk – reduced basic approach (R-BA), and
- Operational risk – standardised approach.

In the calculation of capital ratios, risk is expressed as a risk exposure amount or a capital requirement. The capital requirement for an individual risk amounts to 8% of the total exposure to the individual risk.

In the first nine months of 2025, the Group's RWA for credit risk increased by EUR 1,328.4 million (lines 2 and 7 in Table 4) driven by changes in the EU regulatory rules effective from 1 January 2025 (approximately EUR 311.8 million) and portfolio development (approximately EUR 1,016.7 million).

Portfolio growth in 2025 resulted in an increase of RWA, mainly in corporates and retail, where a large part of the loans is at least partially secured by real estate. The RWA increase due to portfolio growth was partially offset by the capital optimisation when tying up liquid assets.

The most significant RWA increase due to legislative changes was seen in off-balance sheet exposures, namely for the undrawn part of overdrafts and loans, where the Credit Conversion Factor (CCF) was changed from 20% to 40%. In certain Group banks, the RWA increase is related to the introduction of a multiplier of 1.5 for FX transactions in retail. On the other hand, an RWA decrease for high-risk exposures under *CRR2* (150% weight) was recognised. Under *CRR3*, the latter were reclassified into other categories, namely ADC, IPRE, or the debtor category, where a more favourable risk weight can be applied. Lower risk weights for exposures secured by CRR-eligible residential real estate and using S&P corporate ratings also contributed to the lower RWA.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) by EUR 127.5 million (lines 10 and 20 in Table 4) during the first nine months of 2025 was mainly driven by a higher RWA for FX risk, which rose by EUR 126.0 million (mainly due to an increase in open positions in domestic currencies held by non-euro subsidiary banks). The RWA for CVA risk slightly increased mainly following the implementation of the new Reduced Basic (R-BA) CVA risk method for its calculation.

With the entry into force of *CRR3* on 1 January 2025, the Bank adopted the new standardised approach for calculating capital requirements for operational risk. This implementation resulted in a lower Business indicator and marginal coefficient, leading to a decrease of EUR 555.5 million in the Group risk exposure for operational risk. The reduction reflects the more risk-sensitive methodology under the revised regulatory framework. Due to a change in methodology (from Basic to Standardised), the marginal coefficient has decreased from 15% to 12% for the Business Indicator up to EUR 1 billion, reducing the capital requirement for operational risk. The asset component predominately influences the calculation at 55% and the Financial Component (Interest, Leases, and Dividend Component) at 42%. The calculation also takes in account data from M&A entities and their three-year average. Within the Group, the most significant

contribution to the capital requirements for operational risk comes from NLB d.d. (46%), NLB Komercijalna Banka Beograd (20%), and NLB Banka Skopje (8%).

Table 4 shows the detailed composition of the Group's risk-weighted exposure amounts at the end of September 2025, June 2025, and December 2024, as well as its own fund (capital) requirements at the end of September 2025.

Table 4 – EU OV1 – An Overview of Risk-weighted exposure amounts of NLB Group

		Total risk exposure amounts (TREA)			Total own funds requirement
		30.09.2025	30.06.2025	31.12.2024	30.09.2025
		a	b	b-2	c
1	Credit risk (excluding CCR)	15,811,615	15,333,256	14,472,920	1,264,929
2	Of which the standardised approach	15,811,615	15,333,256	14,472,920	1,264,929
3	Of which the Foundation IRB (F-IRB) approach	-	-	-	-
4	Of which slotting approach	-	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-	-
6	Counterparty credit risk - CCR	25,229	25,533	35,478	2,018
7	Of which the standardised approach	25,229	25,533	35,478	2,018
8	Of which internal model method (IMM)	-	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-	-
9	Of which other CCR	-	-	-	-
10	Credit valuation adjustments risk - CVA risk	18,172	20,248	16,613	1,454
10a	Of which the standardised approach (SA)	-	-	16,613	-
10b	Of which the basic approach (F-BA and R-BA)	18,172	20,248	-	1,454
10c	Of which the simplified approach	-	-	-	-
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-	-
17	Of which SEC-IRBA approach	-	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-	-
19	Of which SEC-SA approach	-	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1,631,058	1,598,711	1,505,108	130,485
21	Of which the Alternative standardised approach (A-SA)	-	-	-	-
21a	Of which the Simplified standardised approach (S-SA)	1,631,058	1,598,711	1,505,108	130,485
22	Of which Alternative Internal Model Approach (A-IMA)	-	-	-	-
EU 22a	Large exposures	-	-	-	-
23	Reclassifications between the trading and non-trading books	-	-	-	-
24	Operational risk	1,630,496	1,630,496	2,185,986	130,440
24a	Exposures to crypto-assets	-	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	160,713	165,190	171,060	12,857
26	Output floor applied (%)	-	-	-	
27	Floor adjustment (before application of transitional cap)	-	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	-	
29	Total	19,116,570	18,608,244	18,216,105	1,529,326

4.3. Risk factors

Risk factors affecting the business outlook are (among others):

- The economy's sensitivity to a potential slowdown in the Euro area or globally;
- Potential liquidity outflows;
- Widening credit spreads;
- Worsened interest rate outlook / persistence of high inflation;
- Energy and commodity price volatility;
- Increasing unemployment;
- Geopolitical uncertainties;
- Potential cyber-attacks;
- Litigation risks;
- Regulatory, other legislative, and tax measures impacting the banks.

After a year in which the euro area's economic growth stagnated (while countries in the NLB Group's region expanded more quickly on the back of household consumption), wage growth remained elevated, impacting the reacceleration of inflation. Lending growth peaked modestly the previous year due to rising interest rate trends. While the Group's regional growth is expected to improve in the current year, ongoing uncertainty keeps the growth subdued. Moreover, inflationary pressures, lower-than-expected GDP growth, geopolitical and other uncertainties could slow private consumption and investment growth.

Credit risk typically increases considerably in times of economic slowdowns. At the end of Q3 2025, the Group's credit portfolio remained high-quality, well-diversified and stable, with a relatively low level of NPLs. There was no significant concentration in any of the selected industry sectors. The latter is essential as geopolitical tensions, the green transition, and other macro developments could have a material impact on specific industry sectors. The Group closely monitors macroeconomic and geopolitical circumstances, remains prudent in identifying any increase in credit risk at an early stage, and is proactive in NPL management. In this respect, improved statistical models were implemented across the NLB Group's banking members.

During 2025 the Group identified increased credit risk with a small number of clients in automotive, steel, and other energy intensive industries, which has led to a moderate increase of the Group's Stage 2 and Stage 3 portfolio, and respective provisioning, a trend which may continue to a certain extent during the upcoming quarters.

Overall, the aforementioned adverse developments, including geopolitical and other uncertainties, could affect the cost of risk and NPLs. Notwithstanding the established procedures in the Group's credit risk management, there can be no certainty that they will be sufficient to ensure the Group's credit portfolio quality or that the corresponding impairments will remain adequate.

The investment strategy of the Group, referring to the Group's bond portfolio kept for liquidity purposes, adapts to the expected market trends following the set risk appetite. Investment activity continued with a balanced approach, pursuing attractive market opportunities while effectively managing credit spread, interest rate risk, and capital consumption. Geopolitical uncertainties impacted the volatility in financial markets, particularly shifts in credit spreads, interest rates and foreign exchange rate fluctuations. The Group closely monitors its prominent bond portfolio positions, mostly sovereigns, and carefully manages them by incorporating adequate early warning systems to mitigate the potential sensitivity of regulatory capital.

So far, no material movements regarding the Group's significant FX positions have been observed. Current developments, market observations, and potential mitigations are closely monitored and discussed. While the Group monitors its liquidity, interest rate, credit spread, FX position, and corresponding trends, their impacts on the Group positions, and any significant and unanticipated movements on the markets or a variety of factors, such as competitive pressures, consumer confidence, or other certain factors outside the Group's control, could adversely affect the Group's operations, capital, and financial condition.

Special attention is paid to the ongoing provision of client services and their monitoring, as well as the prevention of cyberattacks and potential fraud events. The Group has established internal controls and other measures to facilitate adequate management. However, these measures may only sometimes entirely prevent possible adverse effects.

Concerning litigation risk, in recent years, and even more so in recent periods, the Bank has seen a shift in case law that is generally more favourable to consumers, e.g. litigation cases related to loan processing fees and loan insurance premiums in Serbia and CHF litigations in Slovenia. For the latter, there has been an increase in the number of proceedings against the Bank, which was expected. The Bank is closely monitoring these developments.

The Group is subject to various regulations and laws relating to banking, insurance, and financial services. Consequently, it faces the risk of significant interventions by several regulatory and enforcement authorities in each jurisdiction in which it operates, including any changes in the tax treatment of the banking business and changes in the interpretation of legislation. A comparable level of materialisation of such risks may also be expected in future periods.

The SEE region is the Group's most significant geographic area of operations outside Slovenia, and the economic conditions in this region are, therefore, crucial to the Group's operations and financial condition results. The Group's financial condition could be adversely affected by any regional instability or economic deterioration.

In this regard, the Group closely follows the macroeconomic indicators relevant to its operations:

- GDP trends and forecasts,
- economic sentiment,
- unemployment rate,
- consumer confidence,
- construction sentiment,
- deposit stability and growth of loans in the banking sector,
- credit spreads and related future forecasts,
- interest rate development and related future forecasts,
- FX rates,
- energy and commodity prices,
- other relevant market indicators.

In H1 2025, the Group regularly reviewed the IFRS 9 provisioning by testing the relevant macroeconomic scenarios to reflect the current circumstances and their future impacts adequately. The Group established multiple scenarios (i.e., baseline, optimistic, and severe) for the Expected Credit Losses (ECL) calculation, aiming to create a unified projection of macroeconomic and financial variables for the Group, aligned with the Bank's consolidated view of the future of economic development in the SEE. The Group formed three possible scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of IFRS 9. These IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts.

The baseline macroeconomic scenario predicts sub-trend growth for major economies like the U.S., China, India, and the euro area, with no significant recession in the mid-term. The euro area consumer confidence and private consumption will drive the growth, while government spending focuses on recovery and structural challenges. The ECB is expected to maintain a gradual approach to interest rate cuts, achieving its 2% inflation target by late 2025. While trade tensions and U.S. tariffs continue to pose risks, a recovery in risk is expected, but global trade is expected to benefit the euro area in general. If the conflict in Ukraine ends, it could positively impact global GDP growth by late 2025. The euro yield curve will see notable bull steepening in 2025, followed by moderate bear steepening in 2026.

The alternative macroeconomic scenarios are based on plausible drivers of economic development in the mid-term. The optimistic alternative scenario demonstrates supply-driven positive developments; it alleviates geopolitical tensions, technological advancements, and stable energy prices, which improve supply and foster robust economic growth. The global economy benefits from the Ukraine-Russia ceasefire and the euro area from a well-functioning labour market, favourable global trade conditions with mild adverse effects from U.S. tariffs, and coordinated monetary policies of major central banks, leading to a sustainable, resilient, and confident economic environment. The ECB's expected easing cycle stabilises rates and lending conditions. Politics in Europe has come to a consensus, supporting a coordinated but gradual green transition and contributing further to production potential.

The severe alternative scenario demonstrates supply-driven bleak developments; it is characterised by the U.S. pressure escalation on Iran and further complicating relations with China related to the Taiwan question, posing a threat to the global economy and financial system, and leading to a breakdown of confidence. The war in Ukraine does not show signs of meaningful resolution. Persistent supply chain problems and rising energy prices create challenges for the euro area, further hindering economic growth due to supply shortages. Labour shortages, trade barriers, and price wars induced by the imposed U.S. tariffs add pressure, leading to prolonged economic insecurity. The ECB faces difficulties in managing high and persistent inflation and sluggish supply-demand, exacerbated by the U.S. monetary policy loss of credibility, increased financial markets uncertainty, and a slowdown of trading channels due to increased FX volatility.

The Bank considers these scenarios when calculating expected credit losses in the context of IFRS 9. On this basis, the Group revised scenario weights in H1 2025. The Group assigned weights of 20%-60%-20% (alternative scenarios receiving 20% each, and the baseline scenario 60%) as a starting point, with increased severe scenario weight in some entities to reflect the likelihood of relevant future economic conditions in their environment.

The Group established a comprehensive internal stress-testing framework and early warning systems in various risk areas with built-in risk factors relevant to the Group's business model. The stress-testing framework is integrated into the Risk Appetite, the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), and the Recovery Plan to determine how severe and unexpected changes in the business, geopolitical, and macro environments might affect the Group's capital adequacy or liquidity position. The stress-testing framework and recovery plan indicators support proactive management of the Group's overall risk profile in these circumstances, including capital and liquidity positions from a forward-looking perspective.

Risk Management actions that the Group might use are determined by various internal policies and applied when necessary. Moreover, the selection and application of mitigation measures follow a three-layer approach, considering the measure's feasibility analysis, its impact on the Group's business model, and the strength of the available measures.

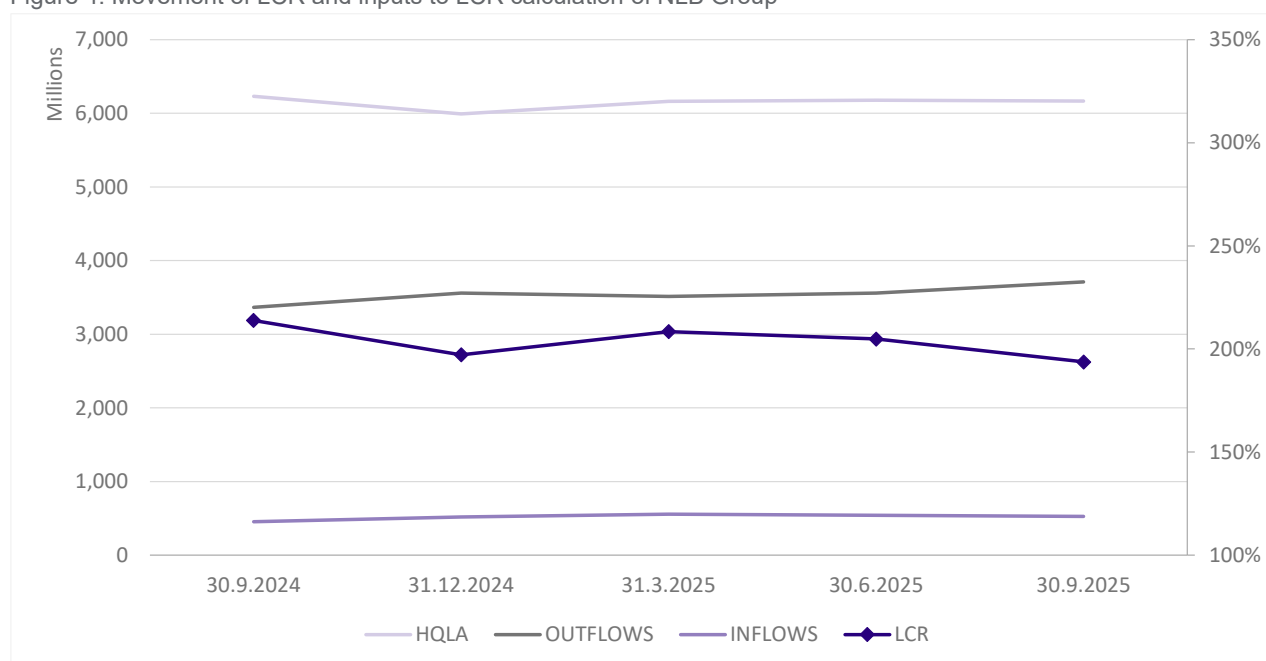
5. Liquidity

(Article 451a (2) of CRR)

Liquidity coverage ratio

The Group holds a very strong liquidity position at the Group (and individual subsidiary bank) level, which is well above the risk appetite. In 2025, the LCR of the Group ranged between 190% and 212% (194% as of 30 September 2025). The surplus of HQLA is at a very high level in the Group, ranging between EUR 2.95 billion and EUR 3.39 billion in the past year (EUR 2.98 billion as at 30 September 2025).

Figure 4: Movement of LCR and inputs to LCR calculation of NLB Group



The LCR shows a slightly declined trend towards the end of 2024, mostly attributed to the acquisition of Summit Leasing in September, which led to a temporary decline in the liquidity buffer. Additionally, in December 2024 the second tranche of a dividend payment were performed. However, in Q2 and Q3 2025, there's a steady downward trajectory. Despite this, the decrease is not considered alarming, as the Group continue to maintain a significant liquidity surplus. It is however noticeable that some subsidiaries which are experiencing a strong loan growth are starting to see higher LTD ratios, in one subsidiary bank currently exceeding 90%. These developments are closely monitored and are met with increased attention in keeping a balanced development between loan growth and deposit growth going forward.

Moreover, when calculating consolidated LCR (on the level of the Group) specific rules needs to be consider, whereby from each Group banking member only HQLA in the amount of its net liquidity outflows in the specific currency can be included in the calculation of consolidated LCR.

The structures of HQLA, outflows, and inflows over one-year period are shown in figures below.

Figure 5: LCR: Structure of HQLA (in %) of NLB Group

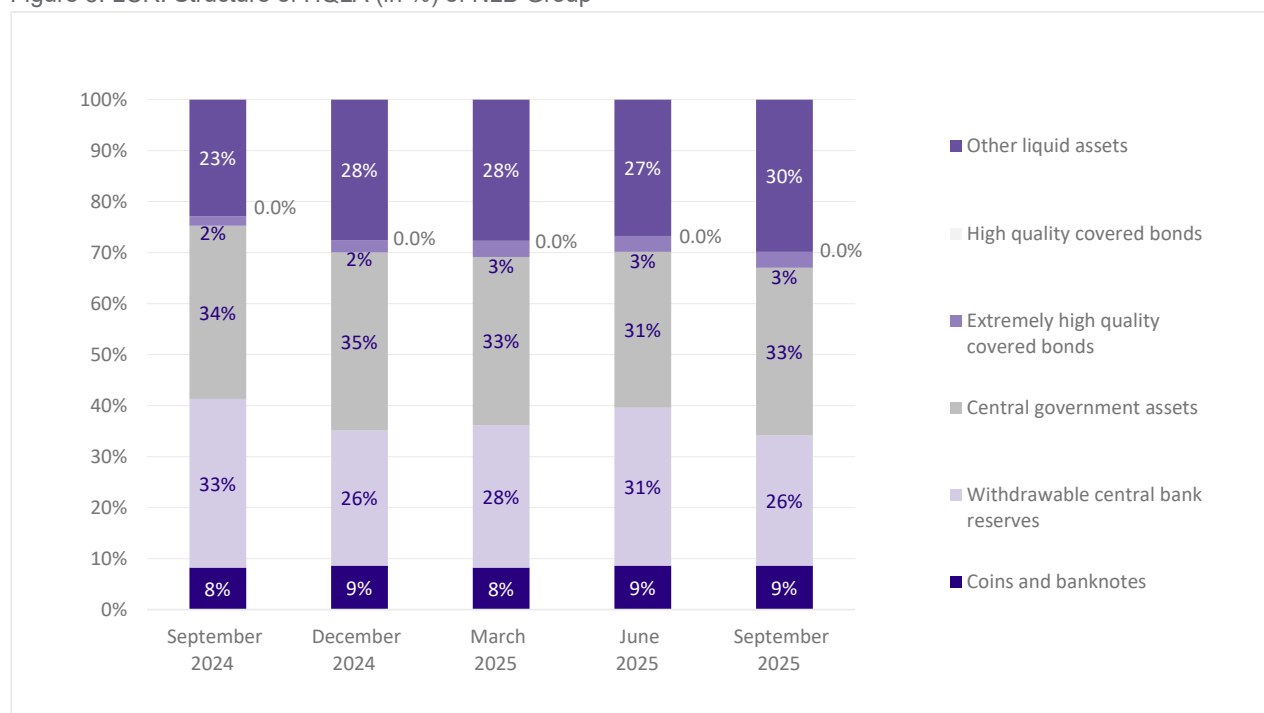


Figure 6: LCR: Structure of outflows (in %) of NLB Group

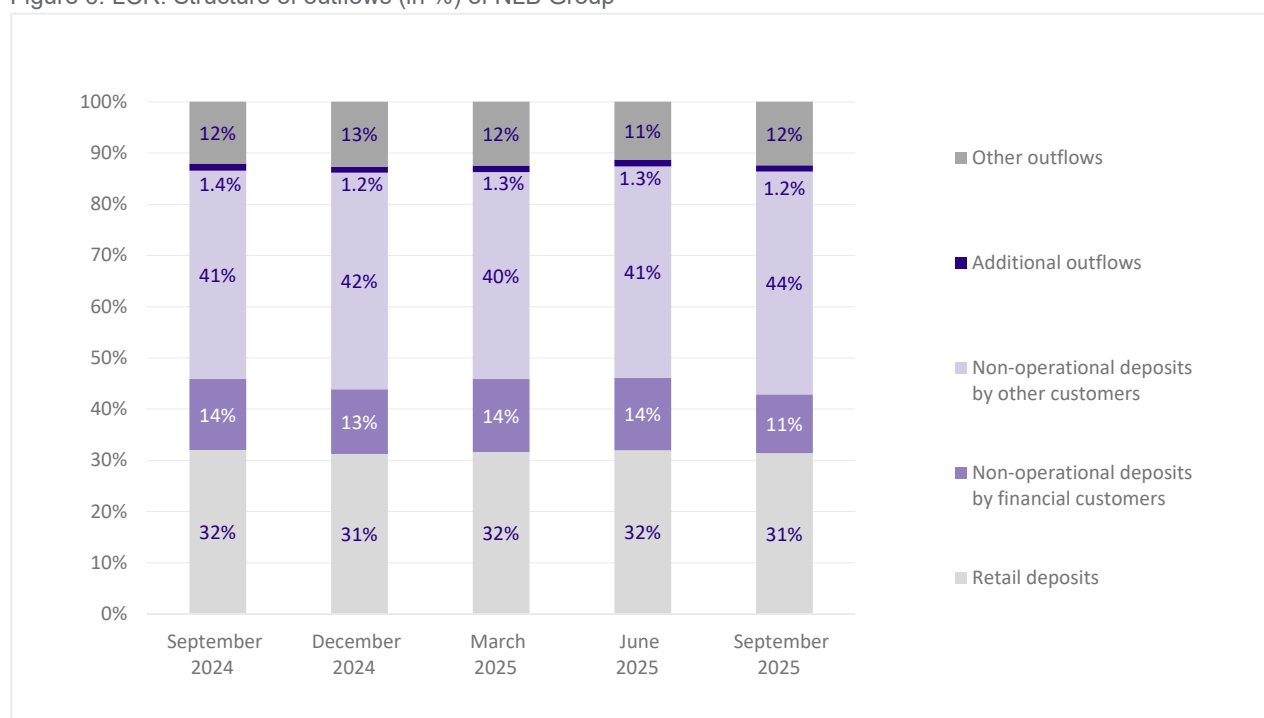
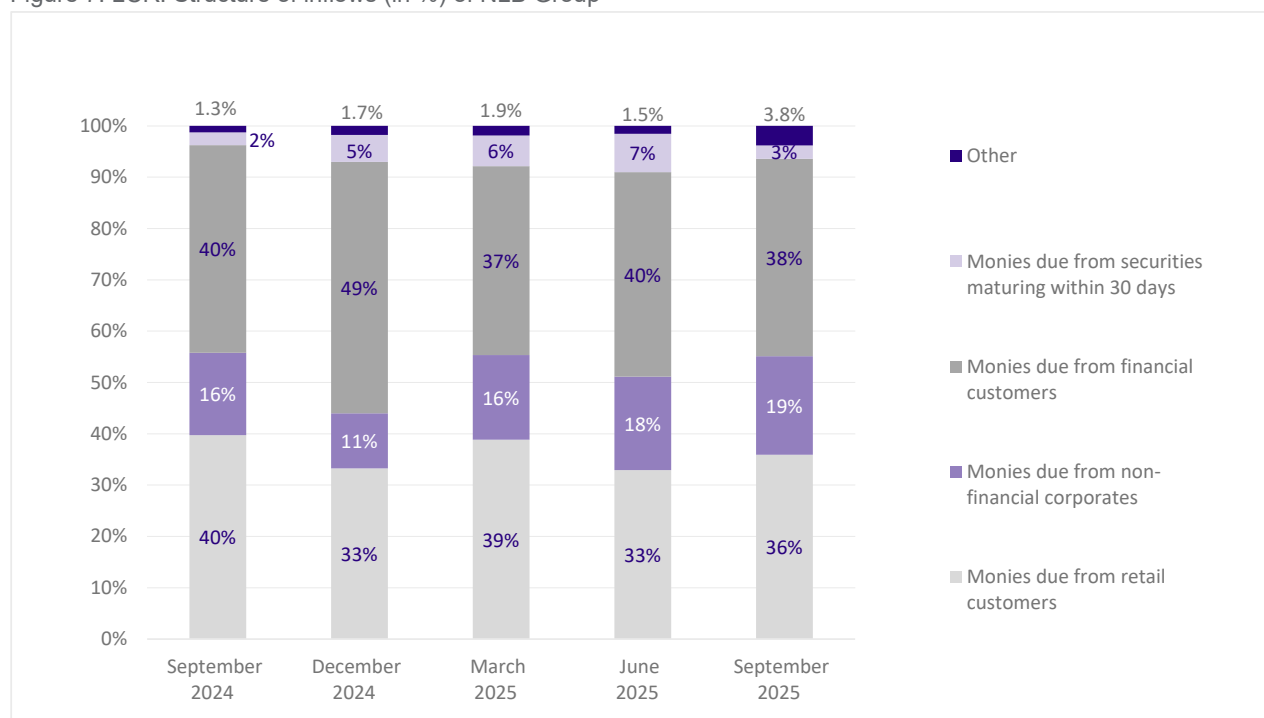


Figure 7: LCR: Structure of inflows (in %) of NLB Group



Concentration of funding and liquidity sources

In accordance with the Risk Appetite Statement of the NLB Group, the tolerance for liquidity risk is low. Therefore, the goal of the funding strategy is to ensure a sufficient, stable, and well-diversified funding base in the long term, as well as compliance with relevant regulatory frameworks.

The funding strategy in the Bank is established in a way that enables diversification, minimises concentration risk, and limits the reliance on a short-term wholesale funding or other unstable sources. With the objective to efficiently manage liquidity and funding risk, the Group regularly performs stress tests and makes liquidity projections under different scenarios. With this approach, the Group is able to detect any potential liquidity and funding needs early.

In accordance with the business model, the primary source of funding of the Group represents customer (non-banking sector) deposits. The Group's deposit base is highly stable and diversified. Due to the high importance of customer deposits in the Group's funding, it is very important to limit a high concentration. The desired diversification is achieved using different instruments, including the application of limits by type of counterparty. The dependence on wholesale funding is low, although IRRB stipulates the multiple entry point (MPE) resolution group at Slovene level (mostly the Slovene bank and the leasing operation) to be also funded by MREL liabilities. The prescribed levels of those ("MREL ratio") of 34.71% are far exceeded at 40.28% as of Q3 2025. These required capital market instruments can in the meantime be obtained without bigger hurdles as the Bank has established a recurring capital markets presence and a well-diversified international investor base. The Group takes into consideration concentration of funding to have well diversified sources of funding and to prevent unwanted effects of concentration. For customer deposits as main funding sources of the Group, a limit is set to prevent a too high concentration of depositors.

Limit values are set for the Group members and defined in the Group Risk Management Standards. All banking members of the Group must adopt limit values in their policies and comply with the limits. Any deviations from the limit values must be reported and justified to the parent bank. The funding structure is presented to ALCO on a monthly basis.

On the Group level, at the end of September 2025, the top 30 counterparties provided 3.3% of the total liabilities, mostly in retail, while the top 30 counterparties in the Bank provided 3.4% of the total liabilities.

High-level description of the composition of the institution's liquidity buffer

The liquidity buffer represents the most liquid assets that are available immediately and can be used in a stressed situation within a short-term survival period (within 1 month). It is composed of cash, a central bank balance (excluding obligatory reserve), and internally defined unencumbered high-quality liquid assets (debt securities) which can be

liquidated via repo or sale without significant value loss. There are no legal, regulatory, or operational impediments to using these assets to obtain funding.

Derivative exposures and potential collateral calls

The Group enters into the derivatives to support corporate customers and financial institutions in their management of financial exposures (sales business), and in order to manage the Group risks such as interest rate risk and FX risk.

To mitigate CCR risk arising from derivatives, the Group uses netting agreements such as the ISDA Master Agreement, the GMRA, and the Slovenian framework agreement. Furthermore, collateral agreements (e.g., ISDA Credit Support Annex) are in place to substantially reduce credit risk arising out of derivatives transactions. Additionally, clearing transactions via a clearing house is in place for relevant derivatives transactions. Daily margin call calculations are in place for each relevant counterparty. Portfolio reconciliation is agreed as per EMIR. The Bank calculates the net positive market value for individual counterparty exposure on a daily basis, and as a result collateral is adjusted accordingly. Regarding the LCR, the CCR exposure from the derivatives is low and there are no significant outflows to be recorded.

Currency mismatch in the LCR

The Bank actively manages liquidity risk exposures and funding needs within and across legal entities, business lines, and currencies, considering legal, regulatory, and operational limitation to the transferability of liquidity. Specific characteristics and liquidity risks of foreign exchange positions are considered, particularly when preparing the plan of cash flows by currency.

In the Group, there are no currency mismatches in the LCR. The LCR indicator is fulfilled in all currencies because the Group has sufficient liquidity reserves in all currencies where the potential outflows could happen. The most significant currency of the Group is euro currency. Additionally, the Group reports LCR in a second significant currency, which is in Serbian dinar (RSD). As at 30 September 2025, the aggregate liabilities in RSD represented 7.8% of total liabilities of the Group, therefore, RSD qualified as a significant currency.

Other items in the LCR calculation that are not captured in the LCR disclosure table

The Group is focused on its retail banking activities; therefore, the structure of the balance sheet does not include any complex products. There are no other items in the LCR calculation that are not captured in the LCR disclosure table.

The liquidity of the Bank and the Group is strong, and the volume of unencumbered liquidity reserves is at a high level. The Global Risk view is that liquidity position is strong, and it will continue to maintain at high levels, as is also reflected in liquidity planning and cash flow forecasting.

The table below illustrates the values and data for each of the four calendar quarters of the last year (October – December, January – March, April – June, and July – September). They are calculated as a simple average of observations on the last calendar day of each month for a period of 12 months before the end of each quarter.

Table 5 – EU LIQ1 – Quantitative information of LCR of NLB Group (in EUR millions)

EU 1a	Quarter ending on	Total unweighted value (average)				Total weighted value (average)			
		30.09.2025	30.06.2025	31.03.2025	31.12.2024	30.09.2025	30.06.2025	31.03.2025	31.12.2024
		a	b	c	d	e	f	g	h
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					6,173	6,334	6,793	6,793
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:	18,015	17,671	17,364	17,082	1,125	1,106	1,096	1,090
3	<i>Stable deposits</i>	13,016	12,765	12,524	12,330	651	638	626	617
4	<i>Less stable deposits</i>	4,013	3,942	3,934	3,946	474	468	470	474
5	Unsecured wholesale funding	4,202	4,035	3,891	3,807	1,968	1,904	1,837	1,801
7	<i>Non-operational deposits (all counterparties)</i>	4,193	4,027	3,884	3,801	1,959	1,895	1,830	1,795
8	<i>Unsecured debt</i>	9	9	7	7	9	9	7	7
10	Additional requirements	2,409	2,392	2,396	2,376	241	240	241	239
11	Outflows related to derivative exposures and other collateral requirements	45	46	47	48	45	46	47	48
13	<i>Credit and liquidity facilities</i>	2,364	2,346	2,349	2,328	196	194	194	192
14	Other contractual funding obligations	351	315	269	270	164	143	140	147
15	Other contingent funding obligations	1,852	1,827	1,784	1,749	102	101	100	99
16	TOTAL CASH OUTFLOWS					3,599	3,494	3,414	3,377
Cash-inflows									
18	Inflows from fully performing exposures	788	760	721	731	495	477	459	470
19	Other cash inflows	24	23	21	22	24	23	21	22
20	TOTAL CASH INFLOWS	813	782	742	753	520	500	480	492
EU-20c	<i>Inflows subject to 75% cap</i>	813	782	742	753	520	500	480	492
						TOTAL ADJUSTED VALUE			
21	LIQUIDITY BUFFER					6,173	6,334	6,585	6,793
22	TOTAL NET CASH OUTFLOWS					3,079	2,994	2,934	2,885
23	LIQUIDITY COVERAGE RATIO					200.60%	211.95%	225.28%	236.32%

6. Appendices

6.1. Appendix 1

List of all disclosures required under Part 8 of CRR

Article	Chapter	Page
438 d)	4.2	9
da)	/	/
h)	/	/
447	1	3
451a (2)	5	14

6.2. Appendix 2

Abbreviations

A-IMA	Alternative Internal model approach	ILAAP	Internal Liquidity Adequacy Assessment Process
A-IRB	Advanced Internal ratings-based approach	IMM	Internal model method
A-SA	Alternative standardised approach	IPRE	Income producing real estate
ADC	Land acquisition, Development, and Construction	ISDA	International Swaps and Derivatives Association
ALCO	Asset and Liability Committee	LCR	Liquidity coverage ratio
AT1	Additional Tier 1 capital	LEI	Legal Entity Identifier
AVA	Additional Valuation Adjustments	M&A	Mergers and acquisitions
CBR	Combined buffer requirement	MDA	Maximum Distributable Amount
CCF	Credit conversion factor	NPL	Non Performing Loans
CCP	Central Counterparty	NSFR	Net Stable Funding Ratio
CCR	Counterparty credit risk	O-SII	Other systemically important institutions
CCYB	Countercyclical capital buffer	OCI	Other comprehensive income
CET1	Common equity tier 1 capital	OCR	Overall capital requirement
CRD	Capital Requirements Directive	P1R	Pillar 1 Requirement
CRD VI	Capital Requirements Directive and Regulation	P2R	Pillar 2 Requirement
CRR	Capital Requirements Regulation	P2G	Pillar 2 Guidance
CVA	Credit valuation adjustment	R-BA	Reduced Basic Approach
ECB	European Central Bank	RWA	Risk-weighted assets
ECL	Expected Credit Losses	RWEA	Risk weighted exposure amount
EMIR	European Market Infrastructure Regulation	S-SA	Simplified standardised Approach
EU	European Union	SA	Standardised Approach
F-BA	Full basic approach	SEC-ERBA	Securitization External ratings-based approach
F-IRB	Foundation Internal ratings-based approach	SEC-IRBA	Securitization Internal ratings-based approach
FX	Foreign Exchange	SEE	Southeast Europe
GDP	Gross Domestic Product	SREP	Supervisory Review and Evaluation Process
GMRA	Global Master Repurchase Agreement	T2	Tier 2 (capital)
HQLA	High-quality liquid assets	TCR	Total Capital ratio
ICAAP	Internal Capital Adequacy Assessment Process	TREA	Total risk exposure amount
IFRS	International Financial Reporting Standards	TSCR	Total SREP capital requirement