Pillar III Disclosures January – June 2026

NLB

Contents

1. Key highlights

(Article 447 of CRR)

Table 1 – EU KM Key metrics template of NLB Group (hereafter 'the Group')

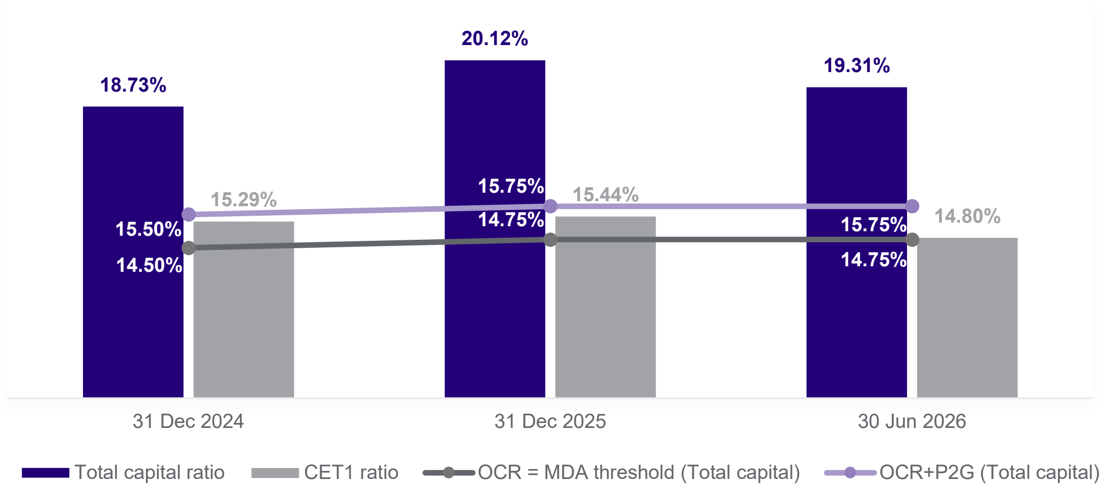
		30.06.2026	31.03.2026	31.12.2025	30.09.2025	30.06.2025
		a	b	c	d	e
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2,996,708	2,989,016	3,011,596	2,801,169	2,802,766
2	Tier 1 capital	3,381,751	3,374,327	3,396,703	2,885,704	2,887,038
3	Total capital	3,910,662	3,903,260	3,925,585	3,413,854	3,415,245
	Risk-weighted exposure amounts					
4	Total risk exposure amount	20,249,832	20,163,888	19,509,811	19,116,570	18,608,244
4a	Total risk exposure pre-floor	20,249,832	20,163,888	19,509,811	19,116,570	18,608,244
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.80%	14.82%	15.44%	14.65%	15.06%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.80%	14.82%	15.44%	14.65%	15.06%
6	Tier 1 ratio (%)	16.70%	16.73%	17.41%	15.10%	15.51%
6b	Tier 1 ratio considering unfloored TREA (%)	16.70%	16.73%	17.41%	15.10%	15.51%
7	Total capital ratio (%)	19.31%	19.36%	20.12%	17.86%	18.35%
7b	Total capital ratio considering unfloored TREA (%)	19.31%	19.36%	20.12%	17.86%	18.35%
	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 (%)	2.10%	2.10%	2.12%	2.12%	2.12%
EU 7e	of which: to be made up of CET1 capital (%)	1.18%	1.18%	1.19%	1.19%	1.19%
EU 7f	of which: to be made up of Tier 1 capital (%)	1.58%	1.58%	1.59%	1.59%	1.59%
EU 7g	Total SREP own funds requirements (%)	10.10%	10.10%	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 (%)	0.83%	0.83%	0.80%	0.80%	0.78%
EU 9a	Systemic risk buffer (%)	0.08%	0.08%	0.08%	0.08%	0.08%
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 (%)	4.66%	4.66%	4.63%	4.63%	4.61%
EU 11a	Overall capital requirements (%)	14.76%	14.76%	14.75%	14.75%	14.73%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.12%	9.14%	9.75%	7.51%	7.92%
	Leverage ratio					
13	Total exposure measure	33,356,676	33,708,914	32,988,911	31,945,235	31,052,333
14	Leverage ratio (%)	10.14%	10.01%	10.30%	9.03%	9.30%
	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%

		30.06.2026	31.03.2026	31.12.2025	30.09.2025	30.06.2025
		a	b	c	d	e
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	6,364,778	6,353,009	6,310,337	6,173,362	6,334,011
EU 16a	Cash outflows - Total weighted value	3,947,156	3,800,772	3,703,232	3,599,041	3,493,814
EU 16b	Cash inflows - Total weighted value	583,824	561,520	533,085	519,638	499,589
16	Total net cash outflows (adjusted value)	3,363,332	3,239,252	3,170,147	3,079,403	2,994,225
17	Liquidity coverage ratio (%)	189.70%	196.31%	199.40%	200.60%	211.95%
	Net Stable Funding Ratio					
18	Total available stable funding	26,328,526	26,453,722	26,204,406	25,058,468	24,478,892
19	Total required stable funding	16,955,533	13,940,492	16,008,558	15,595,502	15,135,418
20	NSFR ratio (%)	155.28%	189.76%	163.69%	160.68%	161.73%

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

Figure 1: Total capital and capital ratio evolution 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' refers to the CRR, CRD, and regulatory/implementing technical standards. It commonly refers to containing the following three Pillars:

- Pillar 1 contains mechanisms and requirements for financial institutions to calculate 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 in light of their risks. Risks not considered under Pillar 1 are considered under this Pillar.
- Pillar 3 intends 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 the data disclosed in this document are due to rounding.

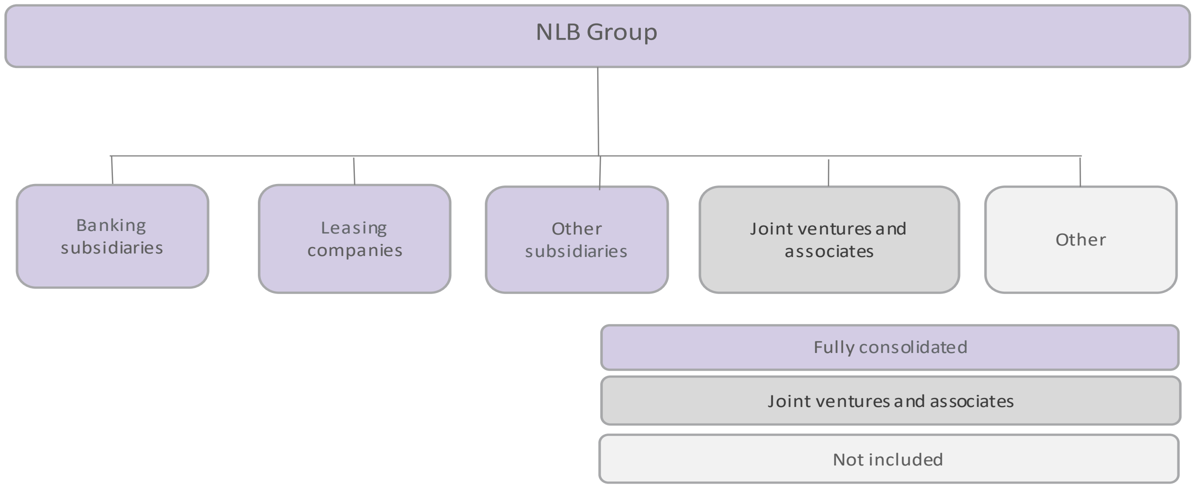
CRD6 requires the Group to disclose information quarterly (CRR Article 433a). To ensure effective communication of the Group's business and risk profile, the Group also pays particular attention to the possibility of providing information more frequently than annually. A separate Pillar 3 document is also published quarterly on NLB's website Financial Reports (nlbgroup), following the Bank's Annual or Interim Reports for the Group disclosure.

It should be noted that while some quantitative information in this document is based on financial data from the January - June 2026 NLB Group Interim Report, other quantitative data is sourced from regulatory reporting (Finrep and Corep) and calculated in accordance with regulatory requirements. Pillar 3 quantitative data is thus not always directly comparable with the quantitative data contained in the January - June 2026 NLB Group Interim Report.

3. Scope of application

Following the capital legislation, NLB d.d. (LEI Code 5493001BABFV7P27OW30, hereafter 'the Bank') is an 'EU parent bank' and therefore 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 June 2026 represents:

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

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

Table 2 – EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements of NLB Group

	30.06.2026	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to rows in CC1
		a	b	c
Assets - Breakdown by asset clases according to the balance sheet in the published financial statements				
1	Cash, cash balances at central banks and other demand deposits at banks	3,550,578	3,550,577	
2	Financial assets held for trading	6,860	6,860	
3	Non-trading financial assets mandatorily at fair value through profit or loss	25,205	25,205	
4	Financial assets measured at fair value through other comprehensive income	2,823,913	2,823,913	72
5	Financial assets measured at amortised cost	24,722,423	24,723,925	
6	- debt securities	4,416,892	4,416,892	72
7	- loans and advances to banks	447,076	447,076	
8	- loans and advances to customers	19,653,973	19,655,473	
9	- other financial assets	204,482	204,484	
10	Derivatives - hedge accounting	48,089	48,089	
11	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(13,785)	(13,785)	
12	Investments in subsidiaries	-	4,263	
13	Investments in associates and joint ventures	14,360	14,360	73
14	Tangible assets	360,219	356,870	
15	Property and equipment	336,014	332,665	
16	Investment property	24,205	24,205	
17	Intangible assets	119,266	117,828	
18	Goodwill	8,069	8,069	8
19	Other intangible assets	111,197	109,759	8
20	Current income tax assets	747	745	
21	Deferred income tax assets	115,083	115,058	75
22	that rely on future profitability and do not arise from temporary differences	-	-	10
23	that rely on future profitability and arise from temporary differences	115,083	115,058	part of 75
24	Other assets	75,786	75,571	
25	Non-current assets held for sale	3,773	3,773	
26	**Total assets**	**31,852,517**	**31,853,252**	
Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements				
27	Financial liabilities held for trading	3,198	3,198	
28	Financial liabilities measured at fair value through profit or loss	16,641	16,597	
29	Financial liabilities measured at amortised cost	27,611,024	27,615,332	
30	- deposits from banks and central banks	99,979	99,979	
31	- borrowings from banks and central banks	373,337	373,337	
32	- due to customers	25,075,872	25,079,747	
33	- borrowings from other customers	115,746	115,746	
34	- debt securities issued	1,548,807	1,548,807	46
35	- other financial liabilities	397,283	397,716	
36	Derivatives - hedge accounting	6,819	6,819	
37	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(8)	(8)	
38	Provisions	95,032	94,953	
39	Current income tax liabilities	23,500	23,500	
40	Deferred income tax liabilities	487	487	
41	Other liabilities	123,076	122,450	
42	**Total liabilities**	**27,879,769**	**27,883,328**	
Shareholders' Equity				
43	Share capital	200,000	200,000	1
44	Share premium	871,378	871,378	1
45	Other equity instruments	399,730	399,730	31
46	Accumulated other comprehensive income	(1,069)	(606)	3
47	Profit reserves	186,332	186,332	3
48	Retained earnings	2,238,717	2,235,430	2
		3,895,088	**3,892,264**	
49	Non-controlling interests	77,660	77,660	5; 34; 48
50	**Total shareholders' equity**	**3,972,748**	**3,969,924**	
51	**Total liabilities and shareholders' equity**	**31,852,517**	**31,853,252**	

4. Capital and capital requirements

4.1. Capital Adequacy

The European banking capital legislation – CRD6, 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 added on top of TSCR – breaching the CBR does not constitute a breach of the capital requirement. Still, it triggers limitations on the payment of dividends and other distributions from capital. Some buffers are prescribed by law for all banks, and others 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 a capital restoration plan).

Table 3 – Capital requirements and buffers of NLB Group

		Jun 2026	Dec 2025
Pillar 1 (P1R)	CET1	4.5%	4.5%
	AT1	1.5%	1.5%
	T2	2.0%	2.0%
Pillar 2 (SREP req. - P2R)	CET1	1.18%	1.19%
	Tier 1	1.58%	1.59%
	Total Capital	2.10%	2.12%
Total SREP Capital requirement (TSCR)	CET1	5.68%	5.69%
	Tier 1	7.58%	7.59%
	Total Capital	10.10%	10.12%
Capital conservation buffer	CET1	2.50%	2.50%
O-SII buffer	CET1	1.25%	1.25%
Systemic risk buffer	CET1	0.08%	0.08%
Countercyclical buffer	CET1	0.83%	0.80%
Combined buffer requirement (CBR)		4.66%	4.63%
Overall capital requirement (OCR) = MDA threshold	CET1	10.34%	10.32%
	Tier 1	12.24%	12.22%
	Total Capital	14.76%	14.75%
Pillar 2 Guidance (P2G)	CET1	0.75%	1.00%
OCR + P2G	CET1	11.09%	11.32%
	Tier 1	12.99%	13.22%
	Total Capital	15.51%	15.75%

As of 30 June 2026, the Bank's Overall Capital Requirement (OCR) on a consolidated basis remains unchanged compared to the first quarter of 2026 at 14.76%.

With the effect from 1 January 2026, the Bank's Pillar 2 Requirement (P2R) decreased from 2.12% to 2.10%, while Pillar 2 Guidance (P2G) was reduced from 1.00% to 0.75%, following improved SREP outcomes.

The OCR comprises the following components:

- Total SREP Capital Requirement (TSCR): 10.10%, including 8.00% Pillar 1 requirements and 2.10% Pillar 2 requirements (P2R).
- Combined Buffer Requirement (CBR): 4.66%, consisting of 2.50% Capital Conservation Buffer, 1.25% O-SII Buffer, 0.83% Countercyclical Buffer (CCyB) and 0.08% Systemic Risk Buffer.

Table 4: Buffers to maximum distributable amount (MDA)

		30.06.2026
CET1	Actual	14.80%
	Requirement	10.34%
	Buffer	4.46%
AT1	Actual	1.90%
	Requirement	1.90%
	Shortfall	0.00%
T2	Actual	2.61%
	Requirement	2.52%
	Shortfall	0.00%
MDA Buffer		4.46%

As of 30 June 2026, the Group Total Capital Ratio (TCR) stood at 19.3%, reflecting a 0.8 pp decrease compared with the end of 2025 (mainly due to an increase in RWA of EUR 740.0 million, which was accompanied by a capital decrease of EUR 14.9 million compared with the end of 2025), and a CET1 ratio of 14.8%, both well above regulatory requirements.

Total capital does not include the envisaged amount to be paid out as a second tranche of the 2026 dividend. Therefore, the payment of the dividend will have no effect on the capital position.

The drivers behind the differences between the RWAs in 2026 are explained in Chapter 4.2. Risk-weighted exposure in Table 7 – EU OV1 – An Overview of Risk-weighted exposure amounts of NLB Group.

Table 5 – Capital adequacy of NLB Group

	30.06.2026	31.12.2025
Paid up capital instruments	200,000	200,000
Share premium	871,378	871,378
Retained earnings	1,843,812	1,630,578
Current result	-	226,573
Accumulated other comprehensive income	(606)	148
Other reserves	186,332	186,332
Minority interest	44,568	43,668
Prudential filters: Additional Valuation Adjustments (AVA)	(3,061)	(2,965)
(-) Goodwill	(8,069)	(8,069)
(-) Other intangible assets	(67,470)	(71,873)
(-) Deferred tax assets	(64,263)	(60,599)
(-) Insufficient coverage for non-performing exposures	(1,183)	(3,575)
(-) Deduction item related to credit impairments and provisions not included in Capital	(4,730)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	**2,996,708**	**3,011,596**
Capital instruments eligible as AT1 Capital	382,000	382,000
Minority interest	3,043	3,107
Additional Tier 1 Capital	**385,043**	**385,107**
TIER 1 CAPITAL	**3,381,751**	**3,396,703**
Capital instruments and subordinated loans eligible as T2 Capital	522,921	522,921
Minority interest	5,990	5,961
Tier 2 Capital	**528,911**	**528,882**
TOTAL CAPITAL	**3,910,662**	**3,925,585**
Risk exposure amount for credit risk	16,769,681	16,161,846
Risk exposure amount for market risks	1,698,828	1,564,295
Risk exposure amount for CVA	14,407	16,754
Risk exposure amount for operational risk	1,766,916	1,766,916
TOTAL RISK EXPOSURE AMOUNT (RWA)	**20,249,832**	**19,509,811**
Common Equity Tier 1 Ratio	14.80%	15.44%
Tier 1 Ratio	16.70%	17.41%
Total Capital Ratio	**19.31%**	**20.12%**

4.2. Detailed presentation of capital elements

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

Table 6 provides a detailed breakdown of the calculation of the Group's capital at the end of June 2026. A summarised substantive presentation of the elements relevant for the Group is given in Chapter 4.1. Capital Adequacy.

Table 6 – EU CC1 – Composition of regulatory own funds of NLB Group

	30.06.2026	Amounts	Source based on reference numbers (CC2 column b)
		a	b
Common equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,071,378	43 + 44
	of which: ordinary shares	1,071,378	43 + 44
2	Retained earnings	1,843,812	part of 48
3	Accumulated other comprehensive income (and other reserves)	185,726	part of 46 + 47
5	Minority interest (amount allowed in consolidated CET1)	44,568	part of 49
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**3,145,484**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(3,061)	
8	Intangible assets (net of related tax liability) (negative amount)	(75,539)	18 + part of 19
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(64,263)	part of 23
27a	Other regulatory adjustments	(5,913)	
27a1	Deduction item related to insufficient coverage for non-performing exposures	(1,183)	
27a2	Deduction item related to credit imapirments and provisions not included in capital (as a part of the interim result), but are lowering the exposure in RWA calculation	(4,730)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(148,776)**	
29	**Common Equity Tier 1 (CET1) capital**	**2,996,708**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	382,000	part of 45
31	of which: classified as equity under applicable accounting standards	382,000	part of 45
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	3,043	part of 49
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**385,043**	
44	**Additional Tier 1 (AT1) capital**	**385,043**	
45	**Tier 1 capital (T1= CET1 + AT1)**	**3,381,751**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	522,921	part of 34
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	5,990	part of 49
51	**Tier 2 (T2) capital before regulatory adjustments**	**528,911**	
58	**Tier 2 (T2) capital**	**528,911**	
59	**Total capital (TC = T1 + T2)**	**3,910,662**	
60	**Total risk exposure amount**	**20,249,832**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital ratio	14.80%	
62	Tier 1 capital ratio	16.70%	
63	**Total capital ratio**	**19.31%**	

	30.06.2026	Amounts	Source based on reference numbers (CC2 column b)
		a	b
64	Institution CET1 overall capital requirements	10.34%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.93%	
67	of which: systemic risk buffer requirement	0.08%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.25%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	8.80%	
Amounts below the threshold for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital 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)	91,219	part of 4 and part of 6
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	14,360	13
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)	50,795	part of 21

4.3. Risk-weighted exposure

(Article 438 d of 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 is 8% of the individual risk's total exposure.

In H1 2026, the Group's RWA for credit risk increased by EUR 607.8 million, primarily due to portfolio growth in the corporate and retail segments, with a significant share of the loans being at least partially secured by real estate. RWA further increased due to higher surplus liquidity assets, driven by increases in EUR-denominated balances held with central banks in the Group's home markets, higher deposits with commercial banks, and additional purchases of sovereign debt securities. At the beginning of 2026, RWA also rose due to legislative changes related to the transitional provisions for exposures to EU/EEA central governments denominated and funded in the currency of another member state.

During H1 2026, RWA for market risk and Credit Value Adjustment (CVA) increased by EUR 134.5 million, mainly driven by higher RWA for FX risk, which rose by EUR 129.9 million (primarily due to increased open positions in domestic currencies held by non-euro subsidiary banks).

Table 7 shows the detailed composition of the Group's risk-weighted exposure amounts at the end of June 2026, March 2026, and December 2025, as well as its own fund (capital) requirements at the end of June 2026.

Table 7 – EU OV1 – An Overview of Risk-weighted exposure amounts of NLB Group

		Total risk exposure amounts (TREA)			Total own funds requirement
		30.06.2026	31.03.2026	31.12.2025	30.06.2026
		a	b	b-3	c
1	Credit risk (excluding CCR)	16,744,377	16,678,014	16,137,646	1,339,550
2	Of which the standardised approach	16,744,377	16,678,014	16,137,646	1,339,550
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	25,304	24,099	24,200	2,024
7	Of which the standardised approach	25,304	24,099	24,200	2,024
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	14,407	15,516	16,754	1,153
10a	Of which the standardised approach (SA)	-	-	-	-
10b	Of which the basic approach (F-BA and R-BA)	14,407	15,516	16,754	1,153
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 1,250% / deduction	-	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1,698,828	1,679,343	1,564,295	135,906
21	Of which the Alternative standardised approach (A-SA)	-	-	-	-
21a	Of which the Simplified standardised approach (S-SA)	1,698,828	1,679,343	1,564,295	135,906
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	1,766,916	1,766,916	1,766,916	141,353
24a	Exposures to crypto-assets	-	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	160,713	163,153	154,410	12,857
26	Output floor applied (%)	-	-	-	
27	Floor adjustment (before application of transitional cap)	-	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	-	
29	**Total**	**20,249,832**	**20,163,888**	**19,509,811**	**1,619,987**

4.4. 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,
- a worsened interest rate outlook/persistence of high inflation,
- energy and commodity price volatility,
- increasing unemployment,
- geopolitical uncertainties,
- potential cyber-attacks and other ICT risks,
- litigation risks,
- regulatory, other legislative, and tax measures impacting the banks.

In Q2 2026, economic growth in the euro area remained subdued, reflecting the adverse effects of heightened geopolitical tensions and persistently elevated energy prices. In contrast, the economies within the Group's region continued to demonstrate relatively stronger resilience, supported by solid domestic demand, investment activity, and household consumption. Credit growth remained robust across the Group's key markets. The ongoing conflict in the Middle East has increased inflationary pressures and weakened confidence, further deteriorating the euro area growth outlook. Although the direct economic impact on the Group has so far remained limited, significant downside risks persist, particularly in the event of prolonged disruptions in energy markets, sustained inflation, or further geopolitical escalation. Stagflation, stagnation, inflationary pressures, rising unemployment, and broader geopolitical uncertainties could result in a sharp slowdown in private consumption and investment growth.

Credit risk typically increases during periods of economic slowdown. At the end of Q2 2026, the Group's credit portfolio remained high-quality and well diversified despite ongoing geopolitical tensions and more challenging macroeconomic conditions. The resilience of the Group's region helped maintain non-performing ratios at a sustainable level, with the coverage ratio above the EU average. In Q4 2025, the Bank observed some deterioration in the creditworthiness of a few larger companies operating in the steel and automotive industries, resulting in the recognition of an "unlikely-to-pay" risk, while no material deterioration was recognised in H1 2026. The Group continues to closely monitor macroeconomic and geopolitical developments, applying a prudent approach to identifying increased credit risk at an early stage in accordance with the Early Warning System (EWS) and maintaining a proactive stance in NPL management.

In Q2 2026, the Group remained well capitalised and above the risk appetite at both the Group and banking member levels. Its liquidity position also remained solid, with liquidity indicators well above the regulatory requirements, indicating the Group's low tolerance towards this risk. The Group's investment strategy for its bond portfolio held for liquidity purposes adapts to expected market trends or asymmetric shocks in line with the set risk appetite. Investment activity continued with a balanced approach to identifying attractive market opportunities while prudently managing credit spreads, interest rate risk, and capital consumption. Geopolitical uncertainties contributed to heightened volatility in financial markets, particularly through shifts in credit spreads, interest rates, and foreign exchange rates. The Group closely monitors its prominent bond portfolio, mostly sovereigns, and carefully manages it by incorporating adequate early warning systems to limit potential regulatory capital sensitivity.

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 market 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 liquidity position, and financial condition.

Special attention is paid to the continuous provision of services to clients, their monitoring, simplification, and digitalisation, while maintaining prudent risk practices and corresponding prevention of cyberattacks, other ICT risks, and potential fraud events. The Group's risk appetite toward other related risks, such as model and AI risk, is low. Moreover, the Group established various internal controls and additional measures to facilitate adequate risk management. However, these measures may not always entirely prevent possible adverse effects.

Cyber risk represents an increasingly important operational risk for the Group, particularly in light of the continued digitalisation of banking services, the growing reliance on complex IT environments, and the use of external technology and service providers. Cyber threats may originate from both external actors and internal sources. They may include ransomware attacks, distributed denial-of-service (DDoS) attacks targeting digital banking services, business email compromise, data breaches involving customer information, payment fraud attempts, and potential vulnerabilities associated with legacy systems or digital channels. Such events could lead to disruptions in business operations, temporary unavailability of services to clients, loss or compromise of sensitive data, financial losses, legal claims, regulatory consequences, and reputational damage. The Group therefore continuously strengthens its cyber risk management framework and implements a range of preventive, detective, and response measures, including enhanced monitoring of IT systems and networks, regular vulnerability assessments and testing, effective incident response and recovery procedures, and employee awareness activities. These measures aim to protect critical systems and data, maintain the continuity of banking services, and support compliance with applicable regulatory and supervisory requirements.

In the observed period, developments in national and European case law have contributed to a shift in litigation trends, with courts in certain instances adopting interpretations more favourable to consumers. This has led to an inflow of new cases and increased legal uncertainty, particularly in litigation concerning loan processing fees and loan insurance premiums in Serbia, and especially in relation to loans denominated in Swiss Francs ("CHF"). The outcome of individual proceedings remains highly dependent on the specific factual circumstances of each case; the Bank nevertheless continues to actively monitor legal developments and consistently applies all available legal remedies to protect its position. The broader regulatory and judicial environment remains dynamic, and further evolution of case law, as well as potential legislative initiatives, including noticeable additional legal provisions, cannot be excluded.

The Group is subject to various regulations and laws relating to banking, insurance, and financial services. Respectively, it faces compliance risk and the corresponding risk of significant interventions by several regulatory and enforcement authorities in each jurisdiction in which it operates, including changes in the tax treatment of banking business and changes in the interpretation of legislation.

The SEE region represents the Group's most significant geographic area of operations outside Slovenia, and its economic conditions are therefore crucial to the Group's operational performance and financial results. Any regional instability or economic deterioration could adversely affect the Group's financial condition.

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 2026, the Group regularly reviewed IFRS 9 provisioning by testing relevant macroeconomic scenarios to reflect current circumstances and their future impacts. 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 aligned with the Bank's consolidated outlook for economic development in the SEE region. The Group identified three possible scenarios, with an associated probability of occurrence, for forward-looking risk provisioning under IFRS 9. These IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features are subject to change whenever material changes in the expected future economic environment are identified and were not embedded in previous forecasts.

The baseline scenario anticipates a firming of economic activity, supported by improving domestic demand and strategic investment, sufficient to avoid a downturn despite limited buffers. Inflation is expected to rise in the near term due to supply-side pressures from the U.S.–Iran conflict and persistent services inflation, before moderating as geopolitical tensions de-escalate. The ECB is expected to maintain a data-dependent approach, while fiscal policy shifts toward defence and strategic infrastructure. Although sovereign spreads remain contained, the environment remains sensitive to confidence shocks and potential volatility from U.S. labour market dynamics. While AI diffusion offers gradual productivity gains, the outlook assumes a peaceful resolution of the U.S.–Iran conflict in late 2026, though persistent regional instability remains a key risk factor for energy and trade.

The alternative macroeconomic scenarios are based on plausible mid-term drivers of economic development. The optimistic alternative scenario reflects supply-driven positive developments, projecting a transition to a firmer growth path driven by easing supply constraints, contained energy prices, and productivity gains from AI diffusion. Inflation is expected to stabilise near or slightly below target as wage growth cools and efficiency improves, allowing the ECB to maintain a supportive monetary policy. Increased investment in energy grids, logistics, and defence, coupled with de-escalating trade frictions, enhances the euro area's structural resilience and potential output. While financial markets may still experience episodic, narrative-driven volatility, the banking sector is expected to benefit from improved liquidity and solid credit quality. Overall, this environment supports steady profit growth and reduces the risk of financial stress, as the euro area leverages improved global stability and internal fiscal coordination to close the productivity gap.

The adverse alternative scenario reflects a supply-driven fragmentation shock that pushes the euro area into a stagflationary environment. An escalation of geopolitical conflicts – including a U.S.–Iran war and tensions in Ukraine, Venezuela, and Greenland – disrupts energy supplies and triggers a disintegration of the NATO alliance. These shocks, compounded by renewed trade frictions and climate-driven food inflation, lead to a resurgence in input costs and sticky services inflation. Forced to prioritise inflation risks, the ECB is expected to implement multiple rate hikes despite stalled economic activity. The combination of tighter global financial conditions, wider sovereign spreads, and heightened fiscal instability weighs heavily on public and private investment. Furthermore, increased bank liquidity stress and intensified competition from digital alternatives constrain credit growth, leading to a prolonged period of stagnant activity, elevated volatility, and diminished potential output.

The IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. The Group has established a three-step procedure for determining scenario weights, designed to anchor the probability-weighted scenario path to the current macroeconomic outlook while minimising discrepancies between the weighted path and forward-looking expectations. The resulting unbiased weights ensure that the probability-weighted outcome remains aligned with the recent Group's macroeconomic outlook. The scenario weights may change when material changes in macroeconomic outlook are recognised.

The Group has established a comprehensive internal stress-testing framework and early warning system across key risk areas, incorporating risk factors relevant to the Group's business model and risk profile. The stress-testing framework is fully embedded in core internal processes, including the Risk Appetite Framework, the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), and the Recovery Plan. It is used to assess the potential impact of severe and unexpected changes in the business, geopolitical, and macroeconomic environment on the Group's capital adequacy and liquidity position.

Together with recovery plan indicators, the stress-testing framework supports the proactive and forward-looking management of the Group's overall risk profile, including timely assessment of potential impacts on capital and liquidity. It therefore provides an important basis for management decision-making and action under adverse but plausible conditions.

The risk management measures available to the Group are defined in various internal policies and are applied where appropriate. The selection and implementation of mitigation measures follow a structured three-layer approach, taking into account the feasibility of each measure, its potential impact on the Group's business model, and the effectiveness of available mitigating actions.

4.5. Capital buffers – Countercyclical buffer

(Article 440 of CRR)

On 1 January 2016, the Bank of Slovenia introduced a macroprudential measure: a countercyclical capital buffer intended to protect the banking sector from losses potentially caused by cyclical economic risks. The purpose of the countercyclical capital buffer is to ensure that the Bank has a sufficient capital base in periods of credit growth, to be used in stress periods or when lending conditions are less favourable, i.e., to absorb losses. When the defined buffer rate is more than 0%, or when the already established rate is increased, the new buffer rate applies 12 months after publication (except for extraordinary cases). The buffer value may fluctuate between 0% and 2.5% of the total risk exposure (in exceptional cases, also more) and depends on the amount of risk in the system.

Table 8 – EU CCyB2 – Amount of bank-specific countercyclical capital buffer for NLB Group

30.06.2026	
Total risk exposure amount	20,249,832
Institution specific countercyclical buffer rate	0.83%
Institution specific countercyclical buffer requirement	168,201

For the last quarter of 2023, the Bank of Slovenia raised the countercyclical capital buffer for exposures to the Republic of Slovenia from 0% to the level of 0.5% of the total risk exposure and declared a new increase to 1.0% of the total risk exposure, where the requirement must be fulfilled from 1 January 2025 onwards. The required buffer for exposures in Slovenia as at 30 June 2026 was 1.0%. To define the buffer rate, the Bank of Slovenia followed the methodologies of the BCBS and the ESRB, as well as the credit cycle assessment for Slovenia. The buffer rates applicable to exposure in other countries of the European Economic Area are those defined on the ESRB and BIS websites, refreshed quarterly. In contrast, the buffer rate for credit exposures to countries not listed on that page or prescribed by the Bank of Slovenia or a competent authority of that country is 0%. Counter-cyclical capital rates have generally been set at 0%, except for Denmark, Iceland, and Norway which, as at 30 June 2026, had a countercyclical capital rate of 2.5%; Bulgaria, Kosovo, the Netherlands, Sweden, and the United Kingdom had 2.0%; Armenia and North Macedonia had 1.75%; Estonia, Croatia, Cyprus, Ireland, and Slovakia had 1.5%; the Czech Republic had 1.25%; Australia, Belgium, France, Korea, Montenegro, Lithuania, Latvia, Poland, Romania, Hungary, South Africa and Georgia had 1.0%; Germany and Portugal had 0.75%; and Hong Kong, Luxembourg, Chile, Spain, United Arab Emirates, Azerbaijan, Moldova, Russia, and Albania had 0.5%, and Greece had 0.25%.

A calculation of the bank-specific countercyclical capital buffer is made at both the individual and consolidated levels. The Bank defines the geographic distribution of exposures, which are subject to the calculation of the capital requirement for credit risk using the standardised approach and the special risk or risk of non-payment, and to migrations of exposures from the trading book. If the Bank’s exposures represent less than 2% of its total risk-weighted exposures, those exposures may be presented at the geographic location of the Bank and additionally explained.

The rate of the bank-specific countercyclical capital buffer is composed of the weighted average of countercyclical capital buffer rates used in those countries where the relevant credit exposures of this institution are located.

Table 9 – EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer of NLB Group

30.06.2026	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own funds requirement weights (%)	Counter-cyclical capital buffer rate (%)
	Exposure value under the SA	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Country	a	b	c	d	e	f	g	h	i	j	k	l	m
Slovenia	9,632,370	-	-	-	-	9,632,370	525,669	-	-	525,669	6,570,863	45.01%	1.00%
Serbia	4,178,854	-	-	-	-	4,178,854	253,580	-	-	253,580	3,169,750	21.71%	-
Rep. Of North Macedonia	1,852,549	-	-	-	-	1,852,549	102,011	-	-	102,011	1,275,138	8.74%	1.75%
Bosnia and Herzegovina	1,609,360	-	-	-	-	1,609,360	96,918	-	-	96,918	1,211,475	8.30%	-
Kosovo	1,267,550	-	-	-	-	1,267,550	82,863	-	-	82,863	1,035,788	7.10%	2.00%
Montenegro	915,554	-	-	-	-	915,554	50,240	-	-	50,240	628,000	4.30%	1.00%
Croatia	218,802	-	-	-	-	218,802	13,164	-	-	13,164	164,550	1.13%	1.50%
France	110,744	-	-	-	-	110,744	8,850	-	-	8,850	110,625	0.76%	1.00%
Germany	80,272	-	-	-	-	80,272	3,556	-	-	3,556	44,450	0.30%	0.75%
Luxembourg	72,039	-	-	-	-	72,039	5,423	-	-	5,423	67,788	0.46%	0.50%
United States	66,210	-	-	-	-	66,210	5,525	-	-	5,525	69,063	0.47%	-
Austria	52,728	-	-	-	-	52,728	4,575	-	-	4,575	57,188	0.39%	-
Netherlands	41,110	-	-	-	-	41,110	2,550	-	-	2,550	31,875	0.22%	2.00%
United Kingdom	34,175	-	-	-	-	34,175	2,484	-	-	2,484	31,050	0.21%	2.00%
Italy	30,888	-	-	-	-	30,888	2,448	-	-	2,448	30,600	0.21%	-
Belgium	29,888	-	-	-	-	29,888	2,084	-	-	2,084	26,050	0.18%	1.00%
Switzerland	22,112	-	-	-	-	22,112	1,456	-	-	1,456	18,200	0.12%	-
Spain	20,487	-	-	-	-	20,487	1,614	-	-	1,614	20,175	0.14%	0.50%
Poland	19,961	-	-	-	-	19,961	2,389	-	-	2,389	29,863	0.20%	1.00%
Ireland	1,850	-	-	-	-	1,850	148	-	-	148	1,850	0.01%	1.50%
Bulgaria	1,380	-	-	-	-	1,380	63	-	-	63	788	0.01%	2.00%
Sweden	613	-	-	-	-	613	40	-	-	40	500	0.00%	2.00%
Czech Republic	308	-	-	-	-	308	11	-	-	11	138	0.00%	1.25%
Slovakia	272	-	-	-	-	272	18	-	-	18	225	0.00%	1.50%
Malta	265	-	-	-	-	265	21	-	-	21	263	0.00%	-

30.06.2026	General credit exposures		Relevant credit exposures – Market risk		Securiti-sation exposures Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own funds requirement weights (%)	Counter-cyclical capital buffer rate (%)
	Exposure value under the SA	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Country	a	b	c	d	e	f	g	h	i	j	k	l	m
China	183	-	-	-	-	183	11	-	-	11	138	0.00%	-
United Arab Emirates	153	-	-	-	-	153	7	-	-	7	88	0.00%	0.50%
Australia	140	-	-	-	-	140	5	-	-	5	63	0.00%	1.00%
Russian Federation	133	-	-	-	-	133	7	-	-	7	88	0.00%	0.50%
Iceland	97	-	-	-	-	97	2	-	-	2	25	0.00%	2.50%
Latvia	86					86	5			5	63	0.00%	1.00%
Norway	80					80	2			2	25	0.00%	2.50%
Canada	57	-	-	-	-	57	4	-	-	4	50	0.00%	-
Israel	40	-	-	-	-	40	3	-	-	3	38	0.00%	-
Cameroon	39	-	-	-	-	39	4	-	-	4	50	0.00%	-
Mauritius	35					35	2			2	25	0.00%	-
Hungary	34	-	-	-	-	34	2	-	-	2	25	0.00%	1.00%
Turkey	31	-	-	-	-	31	2	-	-	2	25	0.00%	-
Philippines	28					28	3			3	-	0.00%	-
Brazil	26	-	-	-	-	26	2	-	-	2	25	0.00%	-
Romania	21					21	2			2	25	0.00%	1.00%
Albania	15	-	-	-	-	15	1	-	-	1	13	0.00%	0.50%
Monaco	13					13	1			1	13	0.00%	-
Denmark	11	-	-	-	-	11	1	-	-	1	13	0.00%	2.50%
Thailand	11	-	-	-	-	11	1	-	-	1	13	0.00%	-
Kenya	11	-	-	-	-	11	1	-	-	1	13	0.00%	-
Ukraine	8	-	-	-	-	8	1	-	-	1	13	0.00%	-
Other	60	-	-	-	-	60	-	-	-	-	-	0.00%	-
Total	**20,261,653**	**-**	**-**	**-**	**-**	**20,261,653**	**1,167,769**	**-**	**-**	**1,167,769**	**14,597,075**	**100%**	

5. Risk management, objectives, and policies

5.1. Credit risk quality

(Article 442 c and g of CRR)

Table 10 – EU CR1-A – Maturity of exposures of NLB Group

30.06.2026		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		a	b	c	d	e	f
1	Loans and advances	701	2,800,144	5,900,620	11,394,383	211,184	20,307,034
2	Debt securities	-	1,148,361	2,747,353	3,250,246	-	7,145,960
3	**Total**	**701**	**3,948,505**	**8,647,973**	**14,644,629**	**211,184**	**27,452,994**

31.12.2025		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		a	b	c	d	e	f
1	Loans and advances	14,273	2,654,057	5,607,330	10,793,310	212,308	19,281,278
2	Debt securities	-	1,360,683	2,802,986	2,803,738	-	6,967,407
3	**Total**	**14,273**	**4,014,740**	**8,410,316**	**13,597,048**	**212,308**	**26,248,685**

At the end of June 2026, 53.3% of net on-balance exposure had remaining maturity of "Over five years," followed by the "One year to five years" category with 31.5%, and the "Up to one year" category with 14.4%. In the last year, the highest increase was noticed in the "Over five years" category.

Table 11 – EU CQ7 – Collateral obtained by taking possession and execution processes of NLB Group

30.06.2026		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		a	b
1	Property, plant, and equipment (PP&E)	1,117	(118)
2	Other than PP&E	35,681	(4,771)
3	Residential immovable property	3,774	(982)
4	Commercial immovable property	27,466	(3,704)
5	Movable property (auto, shipping, etc.)	4,441	(85)
8	**Total**	**36,798**	**(4,889)**

5.2. Non-performing and forborne exposures
(Article 442 e, and f of CRR)

The Group uses a unified definition of past due and default exposures that is aligned with Article 178 of CRR. The defaulted clients are rated D, DF, or E based on the Bank's internal rating system, which includes clients with material delays over 90 days, as well as clients that were assessed as unlikely to pay. All facilities of the same private individual client obtain a common rating grade.

For all defaulted clients, an assessment of (individual or collective) impairments and provisions is performed. Individual impairments and provisions are prepared for all defaulted clients exceeding the materiality threshold, while clients with lower exposure obtain collective impairments and provisions. These are based on 100% PD and LGDs ratios applicable based on the available collateral, time in default, and expected repayments from other sources.

A forborne loan (or restructured financial asset) is a financial asset in relation to which forbearance has been introduced. The most frequent forbearance measures in the Group are, but not limited to:

- an extension or forbearance on asset repayment;
- reduction of interest rates;
- reduction of number of receivables resulting from a contractually agreed debt waiver and ownership restructuring;
- debt-to-equity swap;
- a takeover of other assets (including collateral liquidation) for a full or partial repayment.

Forbearance status is a trigger for transferring the receivable to Stage 2, for which lifetime impairments and provisions are applied.

Table 12 – EU CQ4 – Quality of non-performing exposures by geography of NLB Group

	30.06.2026	Gross carrying/nominal amount			Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given
			Of which non-performing			
	Exposures	Total	Total	Of which defaulted		
		a	b	c	e	f
1	**On-balance-sheet**	**27.877.946**	**469.922**	**469.922**	**(426.213)**	
2	Slovenia	10.171.574	314.257	314.257	(212.721)	
3	Serbia	5.266.952	52.354	52.354	(65.359)	
4	North Macedonia	2.132.559	20.596	20.596	(34.427)	
5	Bosnia and Herzegovina	1.860.515	19.920	19.920	(44.275)	
6	Kosovo	1.314.223	23.595	23.595	(33.425)	
7	Montenegro	966.864	21.778	21.778	(21.511)	
8	Other countries	6.165.259	17.422	17.422	(14.495)	
9	**Off-balance-sheet**	**6.207.066**	**19.852**	**19.852**		**(21.105)**
10	Slovenia	3.459.196	16.488	16.488		(13.912)
11	Serbia	1.588.959	2.286	2.286		(2.019)
12	North Macedonia	358.344	279	279		(1.520)
13	Bosnia and Herzegovina	353.093	78	78		(1.985)
14	Kosovo	112.879	249	249		(544)
15	Montenegro	214.425	472	472		(1.076)
16	Other countries	120.170	-	-		(49)
17	**Total**	**34.085.012**	**489.774**	**489.774**	**(426.213)**	**(21.105)**

Table 13 – EU CR2 – Changes in the stock of non-performing loans and advances of NLB Group

	2026	Gross carrying amount
1	**Initial stock of non-performing loans and advances**	**478,899**
2	Inflows to non-performing portfolios	223,456
3	Outflows from non-performing portfolios	(232,433)
4	Outflows due to write-offs	(18,045)
5	Outflow due to other situations	(214,388)
6	**Final stock of non-performing loans and advances**	**469,922**

Table 14 – EU CR1 – Performing and non-performing exposures and related provisions of NLB Group

	30.06.2026	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Accumulated partial write-off	Collateral 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
		Total	Of which Stage 1	Of which Stage 2	Total	Of which Stage 3	Total	Of which Stage 1	Of which Stage 2	Total	Of which Stage 3			
		a	b	c	d	f	g	h	i	j	l	m	n	o
005	Cash balances at central banks and other demand deposits	2,940,915	2,940,913	2	-	-	(894)	(894)	-	-	-	-	461,500	-
010	**Loans and advances**	**20,253,874**	**18,976,871**	**1,271,602**	**469,922**	**458,615**	**(163,023)**	**(71,029)**	**(93,395)**	**(253,740)**	**(248,647)**	**(7,329)**	**9,849,875**	**159,824**
020	Central banks	188,124	188,124	-	-	-	(4)	(4)	-	-	-	-	-	-
030	General governments	866,552	860,388	6,164	550	550	(3,157)	(2,774)	(383)	(504)	(504)	-	126,613	-
040	Credit institutions	301,662	297,741	3,921	44	44	(330)	(218)	(112)	(33)	(33)	-	103	-
050	Other financial corporations	207,829	207,367	462	176	176	(833)	(825)	(8)	(175)	(175)	(1,341)	30,519	1
060	Non-financial corporations	7,651,577	7,066,184	582,204	285,064	276,511	(65,014)	(28,107)	(37,519)	(132,373)	(128,583)	(5,988)	3,839,108	113,870
070	Of which SMEs	5,031,427	4,605,476	423,553	148,599	142,366	(48,647)	(24,727)	(24,532)	(89,194)	(85,889)	(5,744)	2,925,166	51,889
080	Households	11,038,130	10,357,067	678,851	184,088	181,334	(93,685)	(39,101)	(55,373)	(120,655)	(119,352)	-	5,853,532	45,953
090	**Debt securities**	**7,150,334**	**7,149,251**	**976**	**-**	**-**	**(9,450)**	**(9,421)**	**(29)**	**-**	**-**	**-**	**262,226**	**-**
100	Central banks	9,591	9,591	-	-	-	(4)	(4)	-	-	-	-	-	-
110	General governments	5,015,225	5,014,142	976	-	-	(8,240)	(8,211)	(29)	-	-	-	-	-
120	Credit institutions	1,909,160	1,909,160	-	-	-	(995)	(995)	-	-	-	-	179,858	-
130	Other financial corporations	199,534	199,534	-	-	-	(100)	(100)	-	-	-	-	82,368	-
140	Non-financial corporations	16,824	16,824	-	-	-	(111)	(111)	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**6,187,214**	**5,997,610**	**189,406**	**19,852**	**18,844**	**(13,438)**	**(10,142)**	**(3,296)**	**(7,667)**	**(7,657)**		**717,251**	**4,874**
160	Central banks	109	109	-	-	-	-	-	-	-	-		-	-
170	General governments	211,094	211,008	86	12	12	(480)	(477)	(3)	(4)	(4)		28	-
180	Credit institutions	86,898	86,775	122	-	-	(19)	(13)	(6)	-	-		308	-
190	Other financial corporations	53,974	53,458	517	23	23	(73)	(68)	(5)	(9)	(9)		340	-
200	Non-financial corporations	4,928,402	4,768,710	159,513	17,321	16,333	(9,919)	(7,677)	(2,242)	(7,029)	(7,029)		668,534	3,784
210	Households	906,737	877,550	29,168	2,496	2,476	(2,947)	(1,907)	(1,040)	(625)	(615)		48,041	1,090
220	**Total**	**36,532,337**	**35,064,645**	**1,461,986**	**489,774**	**477,459**	**(186,805)**	**(91,486)**	**(96,720)**	**(261,407)**	**(256,304)**	**(7,329)**	**11,290,852**	**164,698**

Table 15 –EU CQ1 – Credit quality of forborne exposures of NLB Group

	30.06.2026	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	
			Non-performing forborne						
		Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		a	b	c	d	e	f	g	h
1	**Loans and advances**	**118,975**	**246,364**	**246,364**	**246,364**	**(22,541)**	**(112,307)**	**154,987**	**96,986**
3	General governments	915	120	120	120	(60)	(120)	-	-
5	Other financial corporations	-	131	131	131	-	(131)	-	-
6	Non-financial corporations	57,294	204,392	204,392	204,392	(7,884)	(82,733)	126,257	88,207
7	Households	60,766	41,721	41,721	41,721	(14,597)	(29,323)	28,730	8,779
9	Loan commitments given	817	409	409	409	(9)	(81)	1,002	259
10	**Total**	**119,792**	**246,773**	**246,773**	**246,773**	**(22,550)**	**(112,388)**	**155,989**	**97,245**

Table 16 – EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry of NLB Group

	30.06.2026	Gross carrying amount / nominal amount		Accumulated impairment
		Total	Of which defaulted	
		a	c	e
1	Agriculture, forestry and fishing	160,310	3,184	(3,580)
2	Mining and quarrying	35,571	34	(330)
3	Manufacturing	1,999,094	177,597	(86,215)
4	Electricity, gas, steam and air conditioning supply	673,401	6	(4,354)
5	Water supply	72,907	9,634	(2,941)
6	Construction	775,056	11,237	(12,869)
7	Wholesale and retail trade	1,795,868	24,172	(29,078)
8	Transport and storage	558,414	23,157	(16,422)
9	Accommodation and food service activities	316,391	7,553	(8,115)
10	Information and communication	191,416	2,172	(8,229)
11	Financial and insurance actvities	104,945	14	(519)
12	Real estate activities	568,911	7,780	(9,307)
13	Professional, scientific and technical activities	321,278	11,130	(8,739)
14	Administrative and support service activities	196,171	4,740	(2,846)
15	Public administration and defense, compulsory social security	4,068	35	(197)
16	Education	15,707	133	(998)
17	Human health services and social work activities	73,716	155	(473)
18	Arts, entertainment and recreation	15,721	353	(287)
19	Other services	57,696	1,978	(1,888)
20	**Total**	**7,936,641**	**285,064**	**(197,387)**

5.3. Credit risk mitigation techniques

(Article 453 f of CRR)

Table 17 – EU CR3 – CRM techniques – Disclosure of the use of credit risk mitigation technique of NLB Group

	30.06.2026	Unsecured carrying amount	Secured carrying amount			
			Total	of which secured by collateral	of which secured by financial guarantees	
					Total	of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	13,655,012	10,009,699	9,674,078	335,621	-
2	Debt securities	6,888,108	262,226	-	262,226	
3	**Total**	**20,543,120**	**10,271,925**	**9,674,078**	**597,847**	**-**
4	of which non-performing exposures	310,098	159,824	149,715	10,109	-
5	of which defaulted	310,098	159,824			

At the end of June 2026, the secured part of the portfolio represented 33.3% of the total portfolio.

5.4. Credit risk – standardised approach

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

Table 18 – EU CR4 – standardised approach – Credit risk exposure and CRM effects of NLB Group

	30.06.2026	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
	Exposure classes	a	b	c	d	e	f
1	Central governments or central banks	7,599,953	182,415	7,523,048	84,304	906,485	11.92%
2	Non-central government public sector entities	897,451	78,780	888,665	25,453	142,368	15.57%
EU 2a	Regional governments or local authorities	704,757	50,531	704,757	16,712	106,695	14.79%
EU 2b	Public sector entities	192,694	28,249	183,908	8,741	35,673	18.52%
3	Multilateral development banks	246,632	-	708,133	-	-	-
EU 3a	International organisations	565,161	-	584,361	-	-	-
4	Institutions	1,659,853	109,604	1,610,283	42,963	517,520	31.30%
5	Covered bonds	269,561	-	269,561	-	29,135	10.81%
6	Corporates	3,633,387	2,759,406	3,349,569	581,981	3,591,127	91.34%
6.1	Of which: Specialised Lending	270,743	32,609	242,012	11,563	257,272	101.46%
7	Subordinated debt exposures and equity	110,712	-	110,712	-	171,139	154.58%
EU 7a	Subordinated debt exposures	49,906	-	49,906	-	74,858	150.00%
EU 7b	Equity	60,806	-	60,806	-	96,280	158.34%
8	Retail exposures	7,327,217	2,207,383	7,290,346	582,305	5,625,891	71.46%
9	Secured by mortgages on immovable property and ADC exposures	7,925,201	947,172	7,915,272	187,149	4,953,989	61.14%
9.1	Secured by mortgages on residential immovable property - non IPRE	4,758,324	28,980	4,757,162	5,421	2,094,978	43.99%
9.2	Secured by mortgages on residential immovable property - IPRE	49,558	241	49,556	96	51,243	103.20%
9.3	Secured by mortgages on commercial immovable property - non IPRE	2,238,753	610,225	2,229,988	92,665	1,662,332	71.57%
9.4	Secured by mortgages on commercial immovable property - IPRE	377,834	5,469	377,834	1,194	282,522	74.54%
9.5	Acquisition, Development and Construction (ADC)	500,733	302,257	500,733	87,773	862,914	146.63%
10	Exposures in default	216,229	12,184	201,408	2,538	246,551	120.89%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	79,185	23,071	79,185	23,071	58,208	56.92%
EU 10c	Other items	1,143,061	-	1,143,061	-	527,269	46.13%
12	**Total**	**31,673,605**	**6,320,016**	**31,673,605**	**1,529,766**	**16,769,681**	**50.51%**

The table presents credit exposures calculated under the Standardised Approach and the effects of credit risk mitigation (CRM) techniques. The disclosure includes gross exposures before the application of CRM, adjustments resulting from eligible collateral and guarantees, and the final exposures that form the basis for the calculation of RWA.

In the first half of 2026, the RWA for credit risk increased by EUR 607.8 million, primarily due to portfolio growth in the corporate and retail segments, where a significant share of exposures is secured, at least partially, by real estate collateral. The recognition of real estate collateral in Montenegro as CRR-eligible, had a favourable impact on RWA by enabling the application of lower risk weights. In addition, repayments of non-performing exposures contributed to the reduction in RWA. RWA also increased because of higher surplus liquidity assets, driven by growth in EUR-denominated assets held with the central bank of Serbia, increased deposits with commercial banks, and purchases of sovereign debt securities. This increase was partially offset by the maturity of EUR-denominated bonds issued by the Republic of Srpska and North Macedonia, as well as by lower deposits held with the central banks of Montenegro and Kosovo. At the beginning of 2026, RWA increased due to legislative changes affecting exposures to EU/EEA central governments in the currency of another Member State. The risk weight rose from 20% in 2025 to 50% in 2026. Risk weights for investment funds treated as equity exposures also increased from 100% to 130%. The transitional period continues until 2030, when a 250% risk weight will apply.

The last column shows the RWA density, i.e. the average risk weight for each customer segment. Due to the above-mentioned changes in the exposure structure, this indicator increased from 49.3% at the end of 2025 to 50.5% in the first half of 2026.

Table 19 – EU CR5 – Standardised Approach of NLB Group

	30.06.2026	**Risk weight**								
		0%	**2%**	**4%**	**10%**	**20%**	**30%**	**35%**	**40%**	**45%**
	Exposure classes	a	b	c	d	e	f	g	h	i
1	Central governments or central banks	6,527,839	-	-	79,679	56,451	-	-	-	-
2	Non-central government public sector entities	560,682	-	-	-	236,922	-	-	-	-
EU 2a	Regional governments or local authorities	425,341	-	-	-	236,791	-	-	-	-
Eu 2b	Public sector entities	135,341	-	-	-	131	-	-	-	-
3	Multilateral development banks	708,133	-	-	-	-	-	-	-	-
EU 3a	International organisations	584,361	-	-	-	-	-	-	-	-
4	Institutions	-	-	-	-	554,649	711,269	-	73,832	-
5	Covered bonds	-	-	-	245,346	19,353	-	-	-	-
6	Corporates	-	28,883	-	-	-	-	-	-	-
6.1	Of which: Specialised Lending	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	-	3,191,668	3,965	742	-	1,102
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	-	-	3,190,006	-	-	-	-
9.1.1	no loan splitting applied	-	-	-	-	-	-	-	-	-
9.1.2	loan splitting applied (secured)	-	-	-	-	3,190,006	-	-	-	-
9.1.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-	-	1,662	3,965	742	-	1,102
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	-	-	-	-	-	-	-
9.3.1	no loan splitting applied	-	-	-	-	-	-	-	-	-
9.3.2	loan splitting applied (secured)	-	-	-	-	-	-	-	-	-
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-
9.4	Secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	-	-	-	-
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-
EU 10c	Other items	615,793	-	-	-	-	-	-	-	-
EU 11c	**Total**	**8,996,807**	**28,883**	**-**	**325,026**	**4,059,043**	**715,234**	**742**	**73,832**	**1,102**

	30.06.2026	Risk weight								
		50%	60%	70%	75%	80%	90%	100%	105%	110%
	Exposure classes	j	k	l	m	n	o	p	q	r
1	Central governments or central banks	72,118	-	-	-	-	-	690,662	-	-
2	Non-central government public sector entities	43,003	-	-	-	-	-	73,511	-	-
EU 2a	Regional governments or local authorities	-	-	-	-	-	-	59,337	-	-
Eu 2b	Public sector entities	43,003	-	-	-	-	-	14,174	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
EU 3a	International organisations	-	-	-	-	-	-	-	-	-
4	Institutions	294,602	-	-	11,989	-	-	5,920	-	-
5	Covered bonds	-	-	-	-	-	-	-	-	-
6	Corporates	41,865	-	-	276,312	-	-	3,401,420	-	-
6.1	Of which: Specialised Lending	-	-	-	-	-	-	70,505	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	7,862,000	-	-	10,651	-	-
9	Secured by mortgages on immovable property and ADC exposures	878	787,165	278,201	1,826,404	-	31,219	1,321,167	19,696	13,359
9.1	Secured by mortgages on residential immovable property - non IPRE	878	-	-	1,545,529	-	-	26,169	-	-
9.1.1	no loan splitting applied	-	-	-	891,293	-	-	22,511	-	-
9.1.2	loan splitting applied (secured)	-	-	-	-	-	-	-	-	-
9.1.3	loan splitting applied (unsecured)	878	-	-	654,236	-	-	3,658	-	-
9.2	Secured by mortgages on residential immovable property - IPRE	-	517	-	180	-	-	-	19,696	-
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	786,648	-	280,695	-	-	1,255,310	-	-
9.3.1	no loan splitting applied	-	-	-	190,586	-	-	777,748	-	-
9.3.2	loan splitting applied (secured)	-	786,648	-	-	-	-	-	-	-
9.3.3	loan splitting applied (unsecured)	-	-	-	90,110	-	-	477,562	-	-
9.4	Secured by mortgages on commercial immovable property - IPRE	-	-	278,201	-	-	31,219	-	-	13,359
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	39,688	-	-
10	Exposures in default	-	-	-	-	-	-	118,736	-	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-
EU 10c	Other items	-	-	-	-	-	-	527,269	-	-
EU 11c	**Total**	**452,466**	**787,165**	**278,201**	**9,976,705**	**-**	**31,219**	**6,149,337**	**19,696**	**13,359**

	30.06.2026	Risk weight							Total	of which unrated
		130%	150%	250%	370%	400%	1250%	Others		
	Exposure classes	s	t	u	v	w	x	y	z	aa
1	Central governments or central banks	-	878	50,795	-	-	-	128,929	7,607,352	7,607,352
2	Non-central government public sector entities	-	-	-	-	-	-	-	914,118	914,118
EU 2a	Regional governments or local authorities	-	-	-	-	-	-	-	721,469	721,469
Eu 2b	Public sector entities	-	-	-	-	-	-	-	192,649	192,649
3	Multilateral development banks	-	-	-	-	-	-	-	708,133	708,133
EU 3a	International organisations	-	-	-	-	-	-	-	584,361	584,361
4	Institutions	-	984	-	-	-	-	-	1,653,247	207,550
5	Covered bonds	-	-	-	-	-	-	4,863	269,561	19,353
6	Corporates	183,070	-	-	-	-	-	-	3,931,551	3,579,256
6.1	Of which: Specialised Lending	183,070	-	-	-	-	-	-	253,575	253,575
7	Subordinated debt exposures and equity	46,446	49,906	14,360	-	-	-	-	110,712	110,712
EU 7a	Subordinated debt exposures	-	49,906	-	-	-	-	-	49,906	-
EU 7b	Equity	46,446	-	14,360	-	-	-	-	60,806	60,806
8	Retail exposures	-	-	-	-	-	-	-	7,872,651	7,872,651
9	Secured by mortgages on immovable property and ADC exposures	-	626,853	-	-	-	-	-	8,102,421	8,102,421
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	-	-	-	-	-	4,762,583	4,762,583
9.1.1	no loan splitting applied	-	-	-	-	-	-	-	913,804	913,804
9.1.2	loan splitting applied (secured)	-	-	-	-	-	-	-	3,190,006	3,190,006
9.1.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	658,773	658,773
9.2	Secured by mortgages on residential immovable property - IPRE	-	21,788	-	-	-	-	-	49,652	49,652
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	-	-	-	-	-	2,322,653	2,322,653
9.3.1	no loan splitting applied	-	-	-	-	-	-	-	968,334	968,334
9.3.2	loan splitting applied (secured)	-	-	-	-	-	-	-	786,648	786,648
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	567,671	567,671
9.4	Secured by mortgages on commercial immovable property - IPRE	-	56,248	-	-	-	-	-	379,027	379,027
9.5	Acquisition, Development and Construction (ADC)	-	548,817	-	-	-	-	-	588,505	588,505
10	Exposures in default	-	85,210	-	-	-	-	-	203,946	203,946
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	37,278	-	-	-	-	-	64,979	102,257	102,257
EU 10c	Other items	-	-	-	-	-	-	-	1,143,061	1,128,665
EU 11c	**Total**	**266,794**	**763,831**	**65,155**	**-**	**-**	**-**	**198,771**	**33,203,370**	**31,090,868**

Allocation of exposures to risk-weight buckets under the Standardised Approach Exposures after CRM and CCF are allocated to individual risk-weight buckets in accordance with the rules of the Standardised Approach:

1. Buckets with lower risk weights:
    - 0% risk weight: predominantly applied to exposures to central governments and central banks.
    - 20% and 50% risk weights: applied to institutions, with the applicable bucket depending on:
        - the external credit rating, and
        - the original maturity of the exposure.
    - 20% risk weight: exposures secured by residential real estate.
    - 75% risk weight: exposures in the retail segment.
2. Standard risk weight - 100% risk weight: applied to all other exposures that do not meet the criteria for a lower risk weight.
3. Higher risk weights:
   A 150% risk weight is applied to: ADC CRE and ADC RRE not High-Quality exposures, IPRE exposures with insufficient real-estate collateral, subordinated instruments, non-performing exposures (NPE) where the coverage by provisions does not exceed 20%.

6. Exposure to counterparty credit risk

(Article 439 and 444 e of CRR)

Table 20 – EU CCR1 – Analysis of CCR exposure by approach for NLB Group

	30.06.2026	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
		a	b	c	d	e	f	g	h
EU-1	EU - Original Exposure Method (for derivatives)	-	-		-	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	3,771	46,305		1.4	70,106	70,106	70,106	25,304
1	SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**70,106**	**70,106**	**70,106**	**25,304**

Table 21 – EU CCR3 – Standardised Approach – CCR exposures by regulatory exposure class and risk weights of NLB Group

	30.06.2026	**Risk weight**											**Total exposure value**
		0%	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	
	Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l
1	Central governments or central banks	6,518,307	-	-	79,679	56,451	72,118	-	-	690,666	878	171,923	7,590,022
2	Regional government or local authorities	425,341	-	-	-	236,791	-	-	-	59,338	1,936	-	723,406
3	Public sector entities	135,341	-	-	-	464	43,881	-	-	18,224	1	-	197,911
4	Multilateral development banks	708,133	-	-	-	-	-	-	-	-	-	-	708,133
5	International organisations	584,361	-	-	-	-	-	-	-	-	-	-	584,361
6	Institutions	-	-	-	245,346	574,002	295,709	-	18,140	6,886	38,333	796,519	1,974,935
7	Corporates	-	28,883	-	-	1,971	40,758	6,017	251,662	2,690,130	116,386	258,664	3,394,470
8	Retail	9,532	-	-	-	3,189,364	-	272,184	9,706,904	2,156,825	606,298	945,964	16,887,071
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	615,793	-	-	-	-	-	-	-	527,269	-	1	1,143,062
11	**Total**	**8,996,807**	**28,883**	**-**	**325,026**	**4,059,043**	**452,466**	**278,201**	**9,976,705**	**6,149,337**	**763,831**	**2,173,071**	**33,203,370**

7. Exposure to market risk

(Article 445 of CRR)

Table 22 – EU MR1 – Market risk under the standardised approach of NLB Group

		30.06.2026
		RWEAs
		a
	Outright products	-
1	Interest rate risk (general and specific)	12,113
2	Equity risk (general and specific)	8,027
3	Foreign exchange risk	1,678,688
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**1,698,828**

8. Credit valuation adjustment risk

(Article 445a of CRR)

Table 23 – EU CVA 1 – Credit valuation adjustment risk under the Reduced Basic Approach (R-BA)

	30.06.2026	Components of Own Funds Requirements	Own funds requirements
		a	b
1	Aggregation of systematic components of CVA risk	2,828	
2	Aggregation of idiosyncratic components of CVA risk	1,236	
3	**Total**		**14,407**

Description of the Group's processes to manage credit valuation adjustment (CVA) risk
(Article 445a (1) (a) of CRR)

CVA risk is not material for the Group, so we do not actively hedge it. The Group manages credit valuation adjustment (CVA) risk in accordance with its overall risk management framework. CVA risk arises from the potential for changes in the credit spread of counterparties to impact the fair value of the derivative exposures. Given the nature and size of the Group's derivatives portfolio, which is limited and does not include credit derivatives or securities financing transactions, the CVA risk exposure is low and non-complex. The Group has implemented processes to identify, measure, monitor, and control CVA risk. These processes include:

- regular assessment of counterparty credit quality and exposures;
- application of conservative valuation adjustments based on observed market parameters;
- ongoing monitoring of counterparty exposures through risk reports that are reviewed by relevant risk control functions.

The Group does not engage in active hedging of CVA risk. Instead, it adopts a conservative approach by limiting exposure to counterparties with strong credit profiles and maintaining prudent internal limits. The more detailed description of managing counterparty risk in described in the chapter, Exposure to counterparty credit risk. Due to the absence of a CVA hedging strategy, there are no processes in place for monitoring hedge effectiveness.

Basic approach for CVA risk
(Article 445a (1) (b) of CRR)

Considering the limited scope of its derivatives activity (an absence of securities financing transactions or credit derivatives) and an absence of CVA hedging, the Group has opted not to use the standardised CVA risk approach. Instead, the Group calculates the own funds requirements for CVA risk using the Reduced Basic Approach (R-BA) as permitted under the CRR framework. The stress test results of CVA risk are included in the institution's Pillar 1 capital adequacy calculations.

9. Interest rate risk on positions not included in the trading book

(Article 448 of CRR)

Table 24 – EU IRRBB1 – Interest rate risks of non-trading book activities

Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
	30.06.2026	31.12.2025	30.06.2026	31.12.2025
	a	b	c	d
Parallel up	-4.59%	-6.98%	2.21%	2.97%
Parallel down	-1.11%	0.49%	-2.31%	-4.05%
Steepener	0.69%	0.85%		
Flattener	-2.39%	-2.18%		
Short rates up	-2.79%	-3.67%		
Short rates down	1.89%	1.99%		

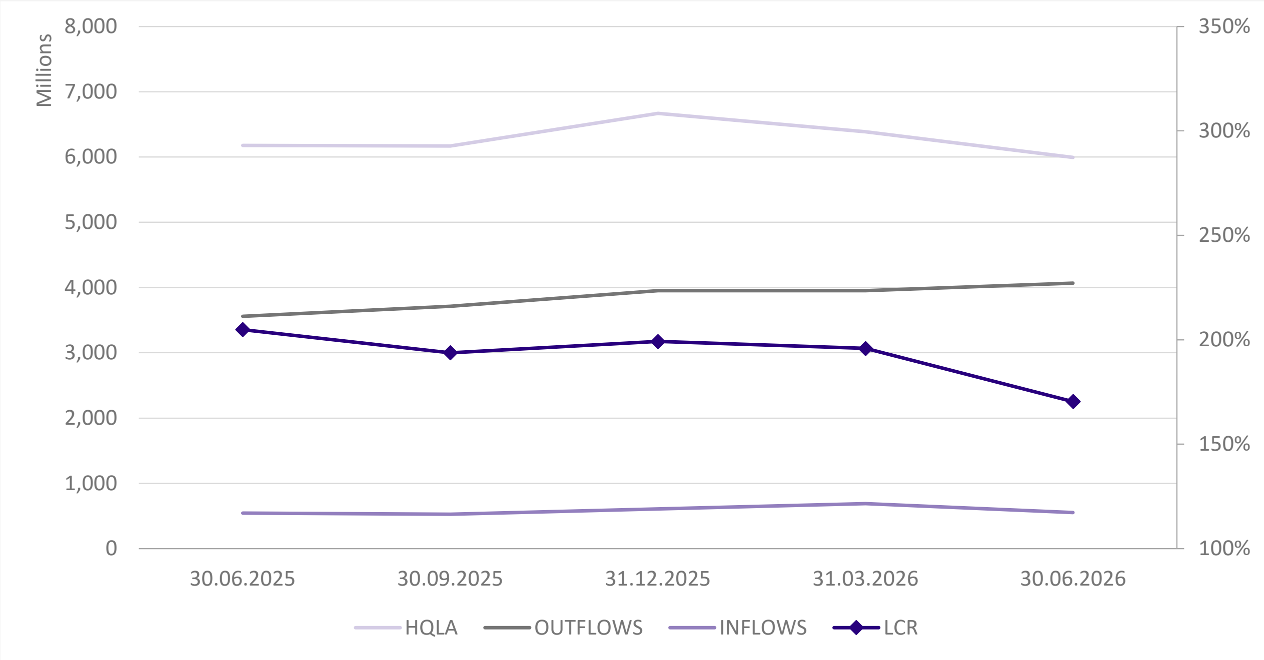
10. Liquidity

(Article 451a (2) of CRR)

Liquidity coverage ratio

The Group holds a very strong liquidity position, both at the Group level and at individual members, which remains well above the defined risk appetite. Over the past year, from 30 June 2025, the Group's LCR ranged between 167% and 203% (170% as of 30 June 2026). The surplus of HQLA remained at a high level throughout the period, ranging between EUR 2.48 billion and EUR 3.35 billion (EUR 2.48 billion as at 30 June 2026).

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



Between June 2025 and March 2026, the Group's LCR remained broadly stable at around 190%-200%, reflecting a resilient and well-managed liquidity position. As at 31 May 2026, the LCR decreased to 167%, primarily driven by higher net liquidity outflows associated with the planned early redemption of the EUR 500 million Green Bond in June 2026. The transaction increased projected cash outflows within the LCR horizon, resulting in a temporary deterioration of the ratio. Following the redemption, cash outflows normalised, supporting a partial recovery of the LCR to 170% as at 30 June 2026. Despite the decline, the Group maintained a substantial liquidity surplus throughout the period, with the LCR remaining comfortably above both the regulatory minimum requirement and the internal risk appetite threshold of 140%.

Moreover, when calculating consolidated LCR (on the level of the Group) specific rules needs to be considered, 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

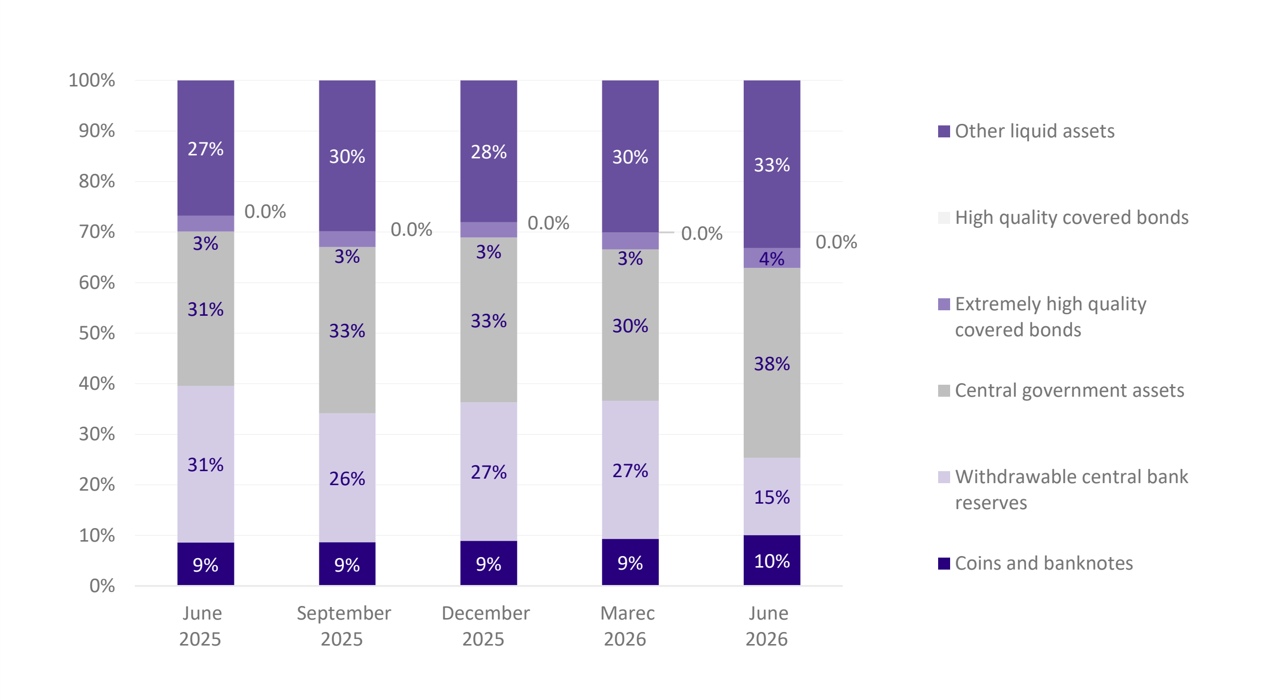


Figure 6: LCR: Structure of outflows (in %) of NLB Group

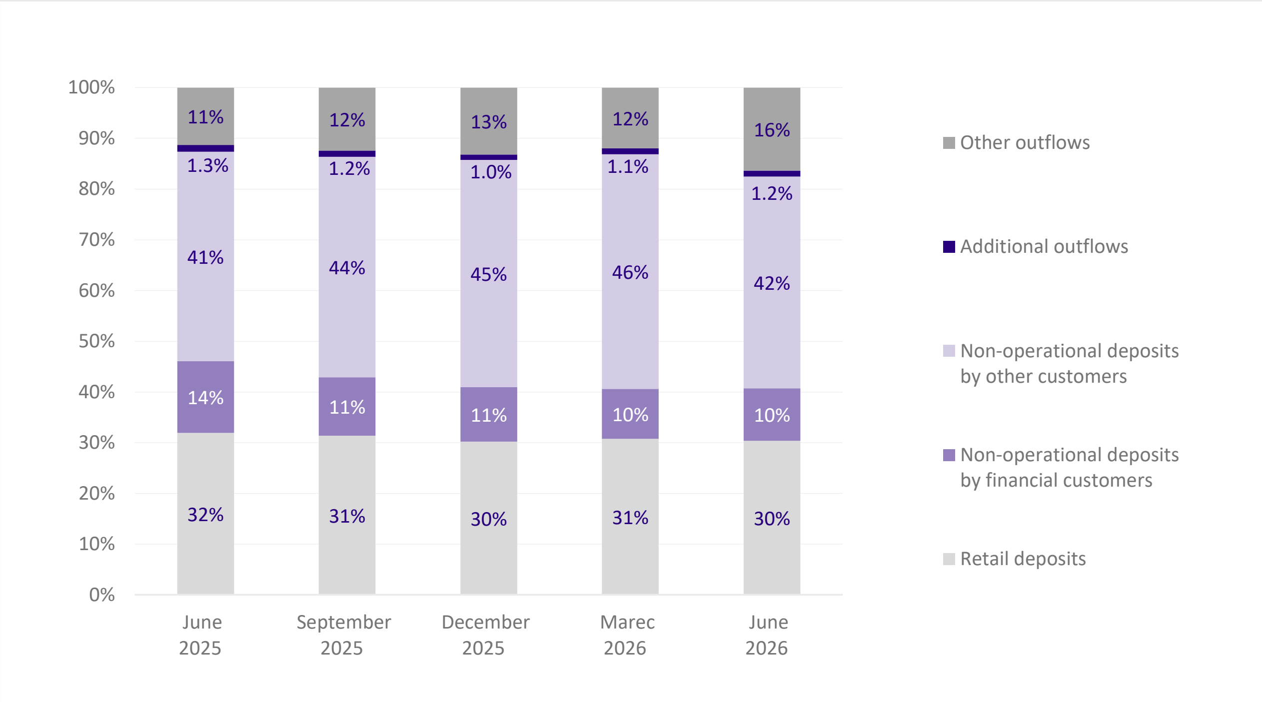
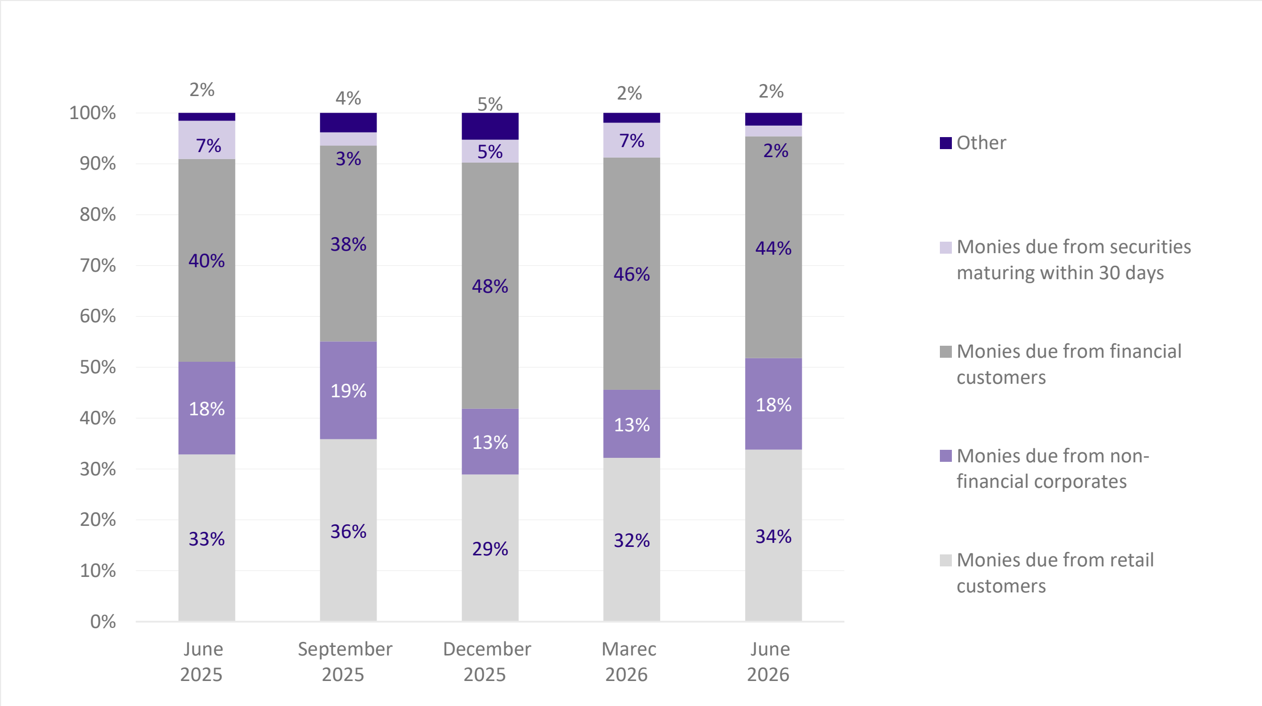


Figure 7: LCR: Structure of inflows (in %) of NLB Group



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. 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 Group members and defined in the Liquidity Risk Management Policy of NLB Group. 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 Q2 2026, the top 30 counterparties provided 3.3% of the total liabilities, mostly in retail, while the top 30 counterparties in the Bank provided 2.7% of the total liabilities.

Description of the composition of the Group`s HQLA

HQLA represents the most liquid assets that are available immediately and can be used in a stressed situation within a short-term survival period (within one 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 June 2026, the aggregate liabilities in RSD represented 8.3% 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 illustrate the values and data for each of the four calendar quarters of the years 2025 and 2026 (July – September, October – December, January – March, and April – June). 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 25 – EU LIQ1 – Quantitative information of LCR of NLB Group

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**30.06.2026**	**31.03.2026**	**31.12.2025**	**30.09.2025**	**30.06.2026**	**31.03.2026**	**31.12.2025**	**30.09.2025**
		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)					6,364,778	6,353,009	6,310,337	6,173,362
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:	19,087,083	18,724,918	18,364,247	18,014,956	1,194,269	1,169,415	1,145,764	1,124,992
3	Stable deposits	13,735,695	13,506,702	13,263,154	13,015,549	686,785	675,335	663,158	650,777
4	Less stable deposits	4,325,128	4,203,318	4,096,115	4,012,741	507,484	494,080	482,607	474,214
5	Unsecured wholesale funding	4,717,719	4,567,337	4,383,835	4,201,976	2,137,045	2,090,929	2,037,128	1,967,733
7	Non-operational deposits (all counterparties)	4,707,683	4,557,308	4,373,777	4,193,344	2,127,009	2,080,900	2,027,069	1,959,102
8	Unsecured debt	10,036	10,029	10,058	8,632	10,036	10,029	10,058	8,632
10	Additional requirements	2,576,816	2,402,702	2,397,124	2,408,583	251,985	236,585	238,045	240,583
11	Outflows related to derivative exposures and other collateral requirements	43,256	43,445	43,785	45,015	43,256	43,445	43,785	45,015
13	Credit and liquidity facilities	2,533,560	2,359,256	2,353,339	2,363,568	208,729	193,140	194,260	195,569
14	Other contractual funding obligations	503,436	427,492	378,326	351,410	257,956	199,232	179,478	163,665
15	Other contingent funding obligations	1,924,498	1,901,030	1,871,677	1,851,566	105,902	104,610	102,817	102,069
16	**TOTAL CASH OUTFLOWS**					**3,947,157**	**3,800,772**	**3,703,232**	**3,599,041**
Cash-inflows									
18	Inflows from fully performing exposures	870,741	850,895	809,285	788,488	555,283	533,045	508,422	495,239
19	Other cash inflows	28,541	28,474	24,662	24,399	28,541	28,474	24,662	24,399
20	**TOTAL CASH INFLOWS**	**899,282**	**879,369**	**833,947**	**812,887**	**583,824**	**561,520**	**533,085**	**519,638**
EU-20c	**Inflows subject to 75% cap**	**899,282**	**879,369**	**833,947**	**812,887**	**583,824**	**561,520**	**533,085**	**519,638**
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					**6,364,778**	**6,353,009**	**6,310,337**	**6,173,362**
22	**TOTAL NET CASH OUTFLOWS**					**3,363,332**	**3,239,252**	**3,170,147**	**3,079,403**
23	**LIQUIDITY COVERAGE RATIO**					**189.70%**	**196.31%**	**199.40%**	**200.60%**

Table 26 – EU LIQ2 – Net Stable Funding Ratio of NLB Group

	30.06.2026	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		a	b	c	d	e
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**-**	**-**	**-**	**3,910,796**	**3,910,796**
2	*Own funds*	-	-	-	3,910,796	3,910,796
4	**Retail deposits**		**19,138,659**	**419,971**	**277,856**	**18,618,088**
5	*Stable deposits*		14,468,629	280,647	137,771	14,149,584
6	*Less stable deposits*		4,670,030	139,324	140,085	4,468,504
7	**Wholesale funding:**		**5,121,204**	**180,235**	**1,537,440**	**3,798,742**
9	*Other wholesale funding*		5,121,204	180,235	1,537,440	3,798,742
11	**Other liabilities:**	**10,018**	**1,256,173**	**-**	**900**	**900**
12	*NSFR derivative liabilities*	10,018				
13	*All other liabilities and capital instruments not included in the above categories*		1,256,173	-	900	900
14	**Total available stable funding (ASF)**					**26,328,526**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**201,406**
17	**Performing loans and securities:**		**3,306,754**	**2,266,197**	**16,009,027**	**15,416,771**
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		2,211,038	1,647,704	8,637,414	13,795,236
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		74,730	31,087	1,438,672	2,876,080
22	*Performing residential mortgages, of which:*		544,818	491,950	5,694,437	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		104,501	116,991	2,734,290	-
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*		550,898	126,543	1,677,176	1,621,535
26	**Other assets:**		**490,069**	**39,225**	**663,461**	**1,017,474**
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		51,904	-	-	51,904
30	*NSFR derivative liabilities before deduction of variation margin posted*		701	-	-	35
31	*All other assets not included in the above categories*		437,464	39,225	663,461	965,535
32	**Off-balance sheet items**		**6,116,523**	**-**	**-**	**319,882**
33	**Total RSF**					**16,955,533**
34	**Net Stable Funding Ratio**					**155.28%**

11. ESG risks

(Article 449 (a) of CRR)

11.1. Introduction

The Group's medium-term strategy encompasses strategic ambitions related to sustainability, including environmental, social, and governance risks. The Group is committed to the implementation of ESG factors and risks in its business model in accordance with national and EU regulations, guidelines, contracts, as well as voluntary commitments and initiatives, the most relevant being:

- Regulations, guidelines, and recommendations of the regulator European Central Bank (ECB) and national supervisor Bank of Slovenia in regards to ESG risks, in particular the Guide on climate-related and environmental risks.
- Regulations, guidelines, and recommendations of the European Banking Authority (EBA), aimed at the financial sector to redirect financial flows towards green investments, consolidate the role of sustainable approaches in risk management, improve transparency, and strengthen long-term thinking in operations,
- Requirements and recommendations of the European Bank for Reconstruction and Development (EBRD), which impose on the Group contractual obligations related to the implementation of sustainability requirements in line with EBRD's Environmental and Social Policy. The policy promotes environmentally sound and sustainable development and sets out performance requirements to which joining banks should adhere. In this respect, the Group operates in accordance with performance requirements 2 (Labour and Working Conditions), 4 (Health, Safety, and Security), and 9 (Financial Intermediaries).
- Requirements and recommendations of the Multilateral Investment Guarantee Agency (MIGA), which impose on the Group contractual obligations related to the implementation of sustainability requirements.
- The Principles for Responsible Banking – United Nations Environment – Finance Initiative (UNEP FI), thus committing to the UN Sustainable Development Goals (United Nations Development Programme) and the Paris Climate Agreement. The Group integrates these commitments into its operations, financing, investments, and societal contributions across the region. The Group was also a member of the UNEP FI Net-Zero Banking Alliance (NZBA), which ceased operations and its commitments were transformed into a guidance framework in October 2025. However, the Group's climate strategy remains unchanged, along with its commitment to align the financing activities with decarbonisation and to achieve climate resilience.
- International frameworks in the area of respect for human rights, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, OECD Guidelines.

Sustainability reporting

The Group has a strong tradition of sustainability reporting, which has evolved significantly over the years. Until 2020, the Group published CSR or non-financial reports guided by the GRI framework. In subsequent years, additional frameworks like Pillar III, EU Taxonomy, the UNEP FI Principle for Responsible Banking, and Taskforce for Climate Related Financial Disclosures (TCFD), were included in reporting. In 2024, the Group published its inaugural Sustainability Statement which replaced previous reports, while still integrating various aforementioned frameworks. It was prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and ESRS as transposed to the Slovenian Companies Act (ZGD-1) in December 2024, and the disclosure requirements related to Article 8 of the EU Taxonomy and underlying delegated acts. Since 2024, the Group has annually published consolidated Sustainability Statement, compliant with CSRD and ESRS and integrated within the NLB Group Annual Report.

The Sustainability statement aims to provide stakeholders with information on the Group's material impacts on people and the environment, and the effect of sustainability matters on the Group's development, performance, and position. It includes material matters from the 2024 Double Materiality Assessment, its update conducted in 2025, and some additional to provide consistency with previous reports.

Policies

Based on the aforementioned frameworks, the Group has developed a comprehensive internal governance and documentary framework (policies) which encompasses internal policies, manuals, and other internal acts addressing sustainability-related impacts, risks, and opportunities. The sustainability governance is stipulated in the Sustainability Policy, and the Standard Rulebook on sustainability management, which are mandatory for every Group financial core members, and in the adjusted versions for all other members. Both documents demonstrate a clear top-down and bottom-up process for sustainability governance, including climate change aspects, that extends from individual business units and countries to the management bodies. The Bank also updated other sustainability-related internal documents in various business areas in line with regulatory and other developments, which were discussed and approved by the Management Body. These developments are monitored regularly by the Sustainability Unit, Compliance and Integrity, as well as within specific business areas, and are promptly implemented in the internal governance framework. Together with the rulebook, the sustainability policy also establishes overarching and forward-looking sustainability-related principles and objectives, as well as governance and management rules and procedures to integrate sustainability and ESG factors in the Group's business model and processes.

The policy explains in detail the three pillars of the Group sustainability:

- sustainable operations,
- sustainable finance, and
- contribution to society.

The general objectives that the Group pursues within all three pillars, are described in the following chapters. In addition to the presented general objectives, the Group is focused on raising awareness about ESG considerations addressed in all three sustainability pillars among employees, clients, suppliers, business partners, and other key stakeholders.

Moreover, the Group will further develop processes and policies in order to assess, address, and manage relevant ESG risks that emerge from both environmental and social changes, and will continue to embed them in the business model, strategy, governance, and financial planning.

ESG Risk Rating
The Group's efforts and progress on its sustainability journey have been recognised by Morningstar Sustainalytics, and S&P Global Ratings, two of the world's leading independent providers of ESG research, ratings and data.

Morningstar Sustainalytics	S&P Global Ratings
2025: 13.7 Low risk	2025: 59 points

Morningstar Sustainalytics provides an ESG Risk Rating that measures the degree of a company's unmanaged ESG risk. The rating focuses on how much ESG risk could still materially impact enterprise value after considering how effectively the company manages those risks. Sustainalytics uses a 0–50 ESG Risk Rating scale, where lower scores indicate less unmanaged ESG risk. Ratings are categorised as Negligible (0–9.99), Low (10–19.99), Medium (20–29.99), High (30–39.99), and Severe (40+).

S&P Global Ratings evaluates ESG risks and opportunities within its broader Corporate Sustainability Assessment (CSA) and uses the S&P Global ESG Score, which ranges from 0 to 100, where 100 represents the best possible performance. Overall, the 2022–2025 period shows a total improvement of 14 points (from 45 to 59), confirming the Group's accelerating progress and reinforcing its ambition to maintain strong ESG performance in the banking sector.

Further insights: For details on sustainability approach, progress, and the management of impacts, risks, and opportunities please refer to the 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report).

11.2. Environmental risk

11.2.1. Business strategy and processes

a. An institution’s business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution’s business environment, business model, strategy, and financial planning

The Group considers environmental factors and risks as those related to climate change and environmental degradation (such as waste disposal, air and water pollution, and nature conservation, including biodiversity loss). Environmental factors and risks are included in the Group’s business strategy New Horizon 2030 and implemented through the Group Sustainability Policy and its established sustainability pillars. The general objectives that the Group pursue withing each sustainability pillar are outlined in the remaining part of this chapter.

Sustainable operations:

- to decarbonize the Group’s own operations, by achieving net-zero operational emissions by 2050 or sooner;
- to ensure positive environmental impacts and to minimise the adverse impact of the Group’s own non-financial operations on key stakeholders;
- to identify and mitigate environmental risks, and to pursue environmentally-related opportunities stemming from business relations with key stakeholders that might affect financial operations of the Group or our stakeholders.

These goals and related activities apply for all the Group members in all countries of operations.

Sustainable finance:

- to integrate environmental factors in the Group’s business and investment decisions;
- to align the lending and investment portfolios with achieving net-zero emissions by 2050 or sooner;
- to ensure a positive impact by financing a green transition;
- to identify and mitigate climate-related and other ESG risks in relation to the Group’s lending or investments;
- to ensure responsible asset management by integrating environmental factors into the investment policy.

These goals and related activities apply for the Group banking members and leasing companies in all countries of operations, and are detailed in the chapter Sustainable finance.

Contribution to society:

- to ensure that some of CSR activities contributes to at least one environmentally-related UN Sustainable Development Goals;
- to create added value by focusing on genuine societal needs and actively responding to these societal needs with managing appropriate initiatives, sponsorships, donations, and other partnerships, including those related to responsibility to the environment.

Care for employees and environmental responsibility apply for all the Group banking members, while other areas are relevant in particular for the Group banking members.

b. Objectives, targets, and limits to assess and address environmental risk in the short, medium, and long terms, and performance assessment against these objectives, targets, and limits, including forward-looking information in the design of business strategy and processes

The Group has consistently taken proactive measures to address environmental risks and to minimise the environmental impact of its portfolio and operations. In 2021, the Group took an important step by implementing a coal exclusion policy, prohibiting the financing of new coal-fired power plants. In addition, the Group is active in the financing of renewable energy projects and promotes energy efficiency throughout its operations. In 2025, the Group continued with the development and integration of the comprehensive Net-Zero Climate Strategy, which focuses on two core levers:

- Net-Zero Portfolio Strategy – Aligning financing activities with Net-Zero objectives by setting science-based targets for priority sectors, steering capital towards sustainable activities, and engaging with clients on their transition pathways.
- Operational Emissions Net-Zero strategy – Reducing the Group's direct and indirect emissions caused by its operational activities.

In line with the Group's commitment to a climate-positive future (i.e. fostering a mindset of proactive positive impact, rather than merely reducing harm) and its Net-Zero ambition, the Group officially joined the UNEP FI Net-Zero Banking Alliance (NZBA) in May 2022. In 2023 the Group disclosed the first round of targets aligned with NZBA guidelines in the Our Net-Zero Commitment report, while in 2025 the targets were expanded and disclosed in the Advancing Our Net-Zero Commitment report. The mentioned targets and strategies are integral part of NLB Group Transition Plan prepared in line with EBA Guidelines on the management of environmental, social and governance (ESG) risks.

Financed emissions, falling under GHG Protocol Scope 3 Category 15, account for 99.9% of total emissions within the Group, making them the primary focus of our emissions reduction targets. This approach highlights the pivotal role of portfolio emissions in achieving the Group's long-term climate goals.

The Group uses science-based scenario pathways to limit global warming to 1.5°C, and does not rely on offsets when meeting its 2030 sector targets. Instead, the Group focuses on monitoring industry standards for offsets as they evolve. Targets, developed under internal risk supervision and executive approval, are aligned with NZBA guidance and will be reviewed every five years to remain consistent with international agreements and national goals.

The Group's Net-Zero Portfolio Strategy, which covers financed emissions (Scope 3, Category 15), addresses lending activities that include clients' Scope 1 and Scope 2 emissions. Initial emission reduction targets were set in 2023, focusing on the identified priority sectors under the established baseline, including high-emission industries and key areas of financial exposure, as detailed in chapter E1-3 Decarbonisation actions and levers, where prioritisation is explained.

With the second round of target-setting, the Group has applied a broader lens to target-setting metrics, exploring a range of target types beyond emission-based targets alone. For certain sectors, data limitations, heterogeneity of activities, or methodological inconsistencies make emissions metrics insufficient, and their non-use has been duly justified. Instead, a combination of target types tailored to each segment's maturity and exposure profile has been developed, in line with the NZBA guidance. The second-round targets include emission-based targets aligned with sectoral decarbonisation trajectories, quantitative financing targets to support credible transition plans and low-carbon activities, and client engagement targets supported by structured assessments and data collection.

For residential and commercial real estate, the Bank actively monitors portfolio performance in Slovenia instead of setting formal emission targets, due to dependence on regulatory, infrastructure, and stakeholder factors beyond Bank's control.

The effectiveness of the Transition Plan is regularly monitored and reported through the Group's governance bodies. The Group commits to reviewing its targets at least every five years, ensuring they align with significant changes in international agreements or national goals. The Group will also publish annual progress reports on these targets in its sustainability reports and continue to enhance its internal capabilities for target tracking and monitoring.

Operational emissions targets
The NLB Group Operational Emission Strategy trajectories are in line with Paris Agreement pathways and follow the EU target proposals to reduce emissions by 55% by 2030 in addition to becoming climate-neutral by 2050.

To support this ambition, in 2025 the Group set a target to achieve a 75% decrease in operational CO_2 emissions by 2030 compared to the baseline year 2021, and including all the Group members. This target 75% hence exceeds the EU's proposed 55% reduction pathway for the same period, whereas the highest emission reduction is to be achieved in electricity usage.

Building on its long-term commitment to reducing operational emissions, the Group is implementing and further enhancing a range of initiatives that directly support the achievement of its strategy and targets.

Further insights in NLB Group Net Zero Disclosure Report, available on the Bank's website or Sustainability Statement.

c. **Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities**

The Group journey to net-zero is supported by sound ESG risk management in lending and investing, as well as providing financial products for clients' transition to more environmentally sustainable operations.

Transition finance
The inaugural Net-Zero Disclosure Report, aligned with the Group's 2030 strategy, New Horizons, sets a clear path for the Group's ambition to become a leader in transition finance and a regional ESG front-runner.

The Group has established clear financial metrics and targets to support its broader strategic ambition of contributing to the real-economy transition, through both financing activities and its internal operational goals. These metrics are aligned with the Group's overarching sustainability objectives, including the reduction of emissions in its financing activities and the mobilisation of capital for sustainable finance. The financial targets set by the Group reflect its commitment to advance its transition plan's strategic ambition, with a focus on key sectors such as renewable energy, green buildings, energy efficiency, and sustainable transportation. The Group classifies activities as 'green' using the EU Taxonomy, NLB Green Bond Framework, and MIGA and EBRD standards, where a transaction is considered green if it meets at least one criterion under these frameworks. The mentioned targets are integral part of NLB Group Transition Plan prepared in line with EBA Guidelines on the management of ESG risks.

The Group has committed a total of EUR 1.9 billion in transition financing by 2030, with the pledge divided between Retail Banking and Corporate and Investment Banking Green Transition Financing, focusing on renewable energy, sustainable infrastructure, and energy efficiency projects. In addition, the Bank has committed to financing at least 30% of new production in the most energy-efficient commercial buildings (<50 kg CO_2/m^2), and at least 20% of new production in top-rated mortgages (EPC class A & B) in Slovenia by 2030. In 2025, an additional commitment of new production in top-rated mortgages (EPC class A & B) in Group was set (Table 27).

The Group monitors progress against financial targets quarterly, with planned annual public disclosures against set commitments, which is presented in the table below.

By the end of 2025, the Group achieved EUR 1,545 million, or 81%, of its total EUR 1.9 billion commitment in green financing by 2030. This includes EUR 954 million (70%) of the EUR 1.37 billion target for Corporate and Investment Banking. Retail Banking has achieved its target of EUR 528 million by reaching EUR 592 million (112%), which has exceeded expectations.

In 2025, the Group continued to promote energy-efficient buildings through its lending activities. In the commercial real estate segment, 24% of newly approved loans were allocated to the most energy-efficient commercial buildings (<50 kg CO_2/m^2), below the annual target. The result was largely impacted by a single higher-intensity transaction, which has a defined transition plan to reduce carbon intensity to the targeted level by 2030.

In the retail real estate (RRE) segment, 42% of new mortgage loans in Slovenia were classified in the highest energy performance classes (A and B energy performance certificates), exceeding the annual ambition of 20% reflecting strong momentum in energy-efficient lending.

Table 27: Green Financing Commitments and Progress (outstanding stock volume) at the end of 2025

Segment	Description		Target 2030	Target Coverage	2025	2025 Relative to Target
Corporate and Investment Banking Green Transition Financing	Renewable Energy Projects	Solar, wind, hydro, geothermal, bioenergy, and related infrastructure	1,370,000	Group	953,815	70%
	Green Building Financing	EPC A, NZEB, LEED Gold, BREEAM Excellent				
	Energy Efficiency Projects	Manufacturing of batteries, electric heat pumps, and other energy-efficient technologies				
	Clean Transportation Projects	Rail and low-carbon transport infrastructure				
	Pollution Prevention and Water Treatment	Pollution prevention and water treatment projects				
	Sustainable Water and Wastewater Management	Projects focused on sustainable water and wastewater management				
Retail Banking Green Transition Financing	Renewable Energy Financing	Solar power plants	528,000	Group	591,587	112%
	Green Building Financing	Financing of energy-efficient buildings (EPC A & B, where available). Target: 15% of new production in A & B EPC class by 2030				
	Energy Efficiency Financing	Energy renovations and installation of energy-efficient equipment (e.g., heat pumps, lights)				
	Clean Transportation Financing	Zero-emission vehicles powered by electricity (cars and light commercial vehicles)				
Total Green Transition Financing [1]			**1,900,000**	**Group**	**1,545,402**	**81%**
Commitment to Finance Energy-Efficient Commercial buildings	Share of financing of new production in most energy efficient commercial buildings (<50kg CO2/m²) by 2030		30%	NLB	24%	82%
Commitment to Finance Energy-Efficient Mortgages	Share of financing of new production in top-rated mortgages (A & B EPC class)		20%	NLB	42%	210%
			12%	NLB KB Beograd	Targets set in FY 2025, subject to future monitoring	
			10%	NLB Banka, Banja Luka		
			5%	NLB Banka, Sarajevo		
			6%	NLB Banka, Skopje		
Target Share of Low-Carbon Vehicles in Leasing Portfolio	Share of BEV/PHEV vehicles in Leasing passenger vehicle fleet by 2030		12%	NLB Lease&Go, Ljubljana		
Commitment to Finance Sustainable Agriculture	Financing for farmers and upstream agricultural corporates in Slovenia and Serbia, aligned with the NLB Sustainable Agriculture Framework.		75,000	Group		

EU Taxonomy aligned activities

The Group has developed a structured approach to monitor and progressively increase its share of taxonomy-aligned revenues in line with its sustainability commitments and regulatory expectations.

Asset management

NLB funds, asset management as a member of the Group, offers two sub-funds which promote environmental and social characteristics and adhere to Article 8 of Regulation SFDR ((EU) 2019/2088. In addition, NLB funds launched Alternative investment fund Green Transition I, Specialised investment fund (established in 2024, and became operational in 2025) promotes environmental characteristics by investing in projects that enhance energy efficiency and generate electricity from renewable energy sources and any other projects related to the energy transition, provided that good governance practices are observed

At the end of 2025, net asset value of Sub-fund NLB Funds – Equity Socially Responsible Global Advanced Markets and Sub-fund NLB Funds – Equity Environmental stood at EUR 127.2 million and EUR 22 million, respectively.

Leasing
The year 2025 marks an important milestone in the leasing segment as Summit Leasing Slovenija and NLB Lease&Go merged in July. The NLB Lease&Go group now consists of four leasing companies in the region (beside NLB Lease&Go Ljubljana also NLB Lease&Go Beograd, NLB Lease&Go Skopje and Mobil Leasing Zagreb) and a subsidiary NLB Car&Go, which operates the platform *doberavto.si* and enhance the Group's ability to support circular principles through the resale of pre-owned vehicles.

Sustainability remains a core priority for the leasing companies, with NLB Lease&Go Ljubljana acting as the central sustainability coordinator, green financing and compliance with regulatory requirements. NLB Lease&Go Ljubljana has introduced a comprehensive framework for monitoring green investments and aligning internal acts with NLB Group policies.

NLB Leasing Group finances sustainable vehicles in the region of the Group operation, smaller sustainable projects in the field of renewable energy production, in particular solar power plants. At the end of 2025, NLB Leasing Group green financing new production amounted to EUR 34.6 million.

Green bond
With the issuance of the green bond in June 2023 in line with the GBF, the Bank committed to strive to allocate the full amount of the green bond (EUR 500 million) within 36 months after bond issuance (target amount), i.e. by 27 June 2026. The proceeds are used in line with NLB Green Bond Framework which is aligned with ICMA principles. The Group finances or refinances existing or future projects in the fields of renewable energy, energy efficiency, green buildings, clean transport, the sustainable management of water and wastewater, and pollution prevention and control. The eligibility criteria – as outlined in the use of proceeds section of NLB Green Bond Framework – consider the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act with the intention to apply them on a best-efforts basis. The Green Bond was called in June 2026 after achieving full allocation of proceeds to an eligible portfolio of EUR 615 million (exceeding the target of EUR 500 million).

Further insights:
- NLB Green Bond Framework, available in the Bank's webpage. Read full document
- NLB Green Bond Impact and Allocation report, available in the Bank's webpage. nlb-allocation-and-impact-report-june2025.pdf
- Calculation of Green Asset Ratio in line with EU Taxonomy in the Chapter 11.10. in this report.

d. Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks

In accordance with NLB Group Risk Strategy and internal policies, the Group is willing to finance clients which adequately consider environmental responsibility in their business model and strategy. For certain clients above the defined threshold, additional ESG screening activities is being performed. To ensure that credit decisions of the Group banking members adhere to sustainable financing criteria, the Group established the Environmental and Social Credit Policy Framework, which is binding for front offices and employees in credit risk management defined in the Environmental and Social Credit Policy Framework.

The Group also established ESMS (Environmental and Social Management System), which is the mechanism for environmental and social screening of current or potential financing applications against the MIGA's and the EBRD Exclusion List, as well as applicable environmental and social laws. Through ESMS, environmental and social risks are integrated in NLB Group's Risk Appetite Statement, and the management of these risks addresses the Group's overall credit approval process and related credit portfolio management.

To contribute to a sustainable transition and to decarbonize the credit portfolio by 2050, the Group has committed to strict limitation of the new financing of certain activities. This commitment is included as a rule in the NLB Group Risk Appetite Statement, NLB Group Lending Policy, and other specific instructions that are binding for all Group members.

Further insights:
- This report: sections (l), (m), and (n) where ESMS and other processes, activities, and tools to mitigate and reduce environmental risks are presented.
- The 'Policies related to climate change mitigation and adaptation' sub-chapter of 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report).

11.2.2. Governance

e. Responsibilities of the Management Body for setting the risk framework, supervising and managing the implementation of the objectives, strategy, and policies in the context of environmental risk management covering relevant transmission channels

The governance of sustainability and ESG matters (including environmental risks) in the Group, representing an important element of the Group's overall corporate governance, is implemented in accordance with the set strategic guidelines, established internal policies, and procedures which consider the European banking regulations, the regulations adopted by the Bank of Slovenia, the current EBA guidelines, and the relevant good banking practices. EU regulations are followed by the Group, while the Group members operating outside Slovenia are also compliant with the rules set by their local regulators.

The Management and the Supervisory Boards of the Bank and the management bodies of other Group members are responsible for effective governance and strategic oversight of sustainability matters, ESG risks, and opportunities, including environmental and climate-related ones.

In H1 2026, management bodies addressed (discussed and/or made resolutions at their sessions) several ESG-related topics (including climate and other environmental), within their respective area of responsibility, whether stand-alone or in connection with broader strategic topics. Key topics included (but not limited to) the Group's net-zero disclosure report and business strategy, operational carbon footprint measurement and related measures to reduce environmental impact and further improve energy efficiency. In 2025 the Bank's Management Board also reviewed and approved the updated DMA, Sustainability Statement and report of internal audit on sustainability assessment.

f. The Management Body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions

Responsibility for ESG risk management, including climate-related and environmental risks, is assigned within the organisational structure of the Group member and is in accordance with the three lines of defence model.

The organisational structure related to management of environmental factors and risks is described in section (e). Apart from the Management and the Supervisory Boards and their bodies, competence lines in the Group (business lines, organisational units) tackle sustainability in their respective area of work and responsibilities, including climate-related, other environmental and social risks, and other ESG considerations.

Internal controls are established at all levels of the Bank's organisational structure, especially at the levels of commercial, control, and support functions, and all financial services of the Bank. In its daily business, the Bank uses the internal document Internal Control System in NLB, which lays down the internal control system and the responsibilities for its establishment, continuous operation, and improvement.

The internal control system in the Group is implemented on several levels, that are first, second, and third level controls, which are also utilised for climate-related topics and broader sustainability agenda. The internal control system is designed to ensure that a process or other measure is in place for each key risk to effectively reduce or manage that risk, and that the process or measure is effective for this purpose.

First line of defence
First-level controls are designed to ensure the proper implementation of ESG-related business activities in every organisational unit. All business and non-business units represent the first line of defence, having primary responsibility for day-to-day risk management in climate-related and other ESG matters. This applies especially to frontline employees in corporate, retail, and financial markets.

Second line of defence
Second-level controls are divided between two internal control functions: risk management and business compliance. The risk management function defines rules about the risk appetite, risk strategy, other risk policies and guidelines, risk monitoring, and management in the area of the ESG regulatory framework and climate-related risks. The compliance function sees to the supervision of the correct implementation and ensuring compliance (line controls) with the regulatory framework, its consistent interpretation at the Group level, as well as to identifying, assessing, preventing, and monitoring overall risks to compliance and integrity in the Bank.

Third line of defence
The third level of control is performed by the internal audit function, which assesses and regularly checks the completeness, functionality, and adequacy of the internal control system. Internal audit is completely independent of both the first- and second-level control functions. Sustainability and ESG matters are part of the Audit Universe, which is a comprehensive overview of all activities subject to internal audit. As such, it is integrated in the regular annual planning process of the Bank and other Group members.

g. Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the Management Body covering relevant transmission channels

To assist and advise in sustainability implementation process, as well as to execute individual tasks within powers of the Management Body, there are several bodies (committees) in place.

Committees support the Management Body in fulfilling the responsibilities of managing respective areas, including sustainability. Identifying impacts, risks, and opportunities that arise from environmental, social (including human rights), and governance issues. Supporting and accelerating integration of ESG factors in the Group are among the key responsibilities of each committee.

Committees of the Bank's Management Board:
- The Sustainability Committee is an advisory body to the Management Board, which tackles risks and opportunities, related to climate and other sustainability issues.
- The Climate Change Committee has full authority and responsibility over the development and implementation of NLB Group Net Zero Strategy to streamline decision-making and enhance accountability related to set decarbonization targets.
- Collective decision-making bodies that provide decision-making support to the whole Management Board: Corporate Credit Committee, Assets and Liabilities Management Committee of the NLB Group, NLB Operational Risk Committee, Change the Bank Committee, Risk Committee, Group Real Estate Management Committee, Sales Committee, Retail Credit Committee, etc.
- Decision-making three bodies that provide decision-making support to respective Management Board members: Committee for New and Existing Products, Committee for Business IT Architecture, and Data Management Committee.

Committees of the Bank's Supervisory Board:
- the Audit Committee, Risk Committee, Nomination Committee, Remuneration Committee, and the Operations and IT Committee.

If there is a case where environmental risks are identified that could affect the Groups business model, operations, or performance, that case is escalated according to internal rules and procedures.

h. Lines of reporting and frequency of reporting relating to environmental risk

Environmental risks are regularly discussed and reported at all sessions of management bodies, as well as through daily operations, in accordance with internal rules and procedures. Sessions of committees (listed in section (g) above) are convened according to the plan of meetings, regularly and frequently. The majority of them are held once a week, some of them monthly, or every two or three months. *Ad hoc* meetings are convened in case certain issues need to be addressed urgently. Internal control functions have access to the Supervisory Board in the manner stipulated by the banking regulations. They regularly (quarterly) report to the Supervisory Board about their work.

i. Alignment of the remuneration policy with the institution's environmental risk-related objectives

The target-setting, performance evaluation, and remuneration framework for the highest governance bodies, and other identified employees who can significantly impact the risk profile of the Bank and/or the Group in the scope of their tasks and activities, is set out in the Remuneration Policy for members of the Supervisory and Management Boards of the NLB and in the Remuneration Policy for Employees in the NLB and in the NLB Group (hereinafter: 'the remuneration policies'). Based on the Group guidelines the principles of the remuneration policy were also implemented in the Group members. Both remuneration policies provide clear guidelines for prudent remuneration to have responsible, fair, and transparent remuneration mechanisms, forming the basis for developing business with the objective of creating and protecting value for all stakeholders. The proposal for the remuneration policies is approved by the Management Board and the Remuneration Committee and adopted by the Supervisory Board.

As part of the performance evaluation process, the Group put special attention on the achievement of ESG goals. Given the sustainability roadmap of the Group, Management Board members and other identified employees (those who can significantly impact the risk profile of the Bank and/or the Group in the scope of their tasks and activities) are committed achieving the targets that are set out in their respective areas.

In 2025, concrete targets have been included in their performance plans, and were part of the Management Board members' individual assessments, as follows:

- CEO of the Bank: 30% weighting
- Other members of the Bank's Management Board: from 25–35% weighting

In addition, the Long-Term Incentive (LTI) plan for 2026 – 2028 for the Bank's Management Board was approved by the Supervisory Board in January 2025. The plan defines the following non-financial targets with 50% weighting in the overall LTI plan:

- linked to organisational culture, employee development: decrease in gender pay gap, decrease in actual and desired organisational culture,
- linked to customer relations: reaching the sustainable loan portfolio target by 2028.

11.2.3. Risk management

j. Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework

The Group conducts a materiality assessment as part of its overall risk identification process to determine the level of transition, physical, and other environmental risks to which the Group is exposed. In addition, the Group uses all disposable climate and environmental data and studies available for its region (namely provided by different relevant state institutions) to determine the level of environmental risk to which the Group is exposed. In this process identification of environmental risk factors, relevant transmission channels and their materiality and impact to the Group's financial performance in the short-, medium- and long-term period are assessed. Furthermore, the Bank also considers two different climate scenarios in the long-term period, namely, the pessimistic RCP 8.5 and optimistic RCP 2.6 scenarios.

Assessment was performed for short-term, medium-term and long-term periods. While studies and scenarios mainly project temperature and climate change until the year 2100, and that climate change is a slow and gradual process, the Group has defined the time horizons for assessment of climate risks as follows:

- Short term: until 2030;
- Mid-term: 2030–2050;
- Long-term: 2050–2100.

Such an assessment can then be used in the budget, forecast or stress test process based on the defined time perimeter and maturity of the exposure.

From the perspective of physical risk, the most relevant (material) risk drivers are drought and floods, while hail and windstorms are also frequent, but less material. We can expect that its impact will increase in the long run, especially if no adequate policy changes will be implemented in a timely manner. Chronic risk is not yet determined as a material risk driver. Transition risk arises already in the short-term period due to determination of EU (the Fit for 55 regulatory framework) to reduce the carbon emissions according to its ambitious net zero strategy by 2050. With implementation of the Net zero strategy of NLB Group, it is expected that its impacts will gradually diminish in the long run. Nevertheless, the Group assessed them as more material than physical risk. Short-term exposure to other environmental risk is not material, however, it is expected to gradually increase and will reach its peak in the mid-term horizon.

Further insight in the Sub-chapter Materiality Assessment, described in combined chapter below (l, m, and n) of this report (January - June 2026 Basel Pillar III Disclosures)

k. Definitions, methodologies, and international standards on which the environmental risk management framework is based

As presented in the Introduction section, the management of environmental and other ESG risks, the Group follows ECB and EBA guidelines, with the attempting to integrate comprehensively into all relevant processes. In addition, the Bank is a signatory of the Framework Agreements with the EBRD, the Contract of Guarantees with MIGA, the UN PRB, and follows the UN NZBA guidance.

l. Processes to identify, measure, and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels
m. Activities, commitments, and exposures contributing to mitigate environmental risks
n. Implementation of tools for identification, measurement, and management of environmental risks

The Group is engaged in contributing to sustainable finance by incorporating ESG risks into its business strategies, risk management framework, and internal governance arrangements. Thus, sustainable finance integrates ESG criteria into the Group's business and investment decisions. ESG risks do not represent a new risk category but rather one of the risk drivers of the existing type of risks, such as credit, liquidity, market, and operational risk. The Group integrates and manages them within the established risk management framework in the areas of credit, liquidity, market, and operational risk.

This combined chapter outlines processes, activities, and tools (materiality assessment, ESMS in the credit approval process, related credit portfolio management, collateral management) to mitigate environmental risks and to identify, measure, and monitor exposures.

1.Materiality assessment
The Group performs materiality assessment in the following steps:

- In the first step, the climate and other environmental risk drivers relevant to Slovenia and other countries where the Group is present are identified. Besides physical and transition risks, the Group also considers exposure to other environmental risks, such as biodiversity risk, waste disposal, and pollution.
- In the next step, the Group defines the transmission channels to better understand how the climate & environmental risk drivers translate into traditional financial risk categories.
- In the third step, the Group assesses the probability and impact of each identified risk driver using internal and external sources and methodologies. The assessment considers the geographic location and industry (segment) of the client.
- Furthermore, the Group assesses how other factors (sources of variability) which determine the probability or the size of the impact, so called amplifiers, mitigants, and geographical heterogeneity impact its operations.
- In the last step, the materiality of the impact is assessed. Considering probability and impact score, final vulnerability score is determined and assigned to each exposure. 'The Heatmap tool' is used for the representation of vulnerability to each climate and environmental risk driver.

The Group updated the materiality assessment of physical risk as of 31 December 2025. Key findings were as follows:

- Short-term exposure to physical risk is not material; however, however frequency and severity of events is expected to increase gradually due to climate change.
- Over the medium-term horizon, the level of physical risk is assessed as moderately low.
- Over the long-term horizon, considering the RCP 2.6 scenario, the level of physical risk is higher, although still at the moderately low level. Considering the RCP 8.5 scenario, the level of physical risk over the long-term is increased and assessed as moderate.
- From the materiality perspective, we can conclude that floods and drought are currently the only material risk driver in certain industries and regions. Other events are not material from financial perspective, though they cannot be completely neglected. Chronic risk is also not determined as a material risk in the short- and medium-term. From the perspective of direct corporate exposure, mostly the agriculture sector in some countries is materially exposed to physical risk (high and moderately high level of drought risk) in the mid-term horizon. Vulnerability to physical risk in other industries is less material. Within the short- and medium-term horizon, no exposure is allocated to the high-risk bucket. Considering the long-term horizon, 7% of the corporate portfolio is allocated to the high-risk bucket under the RCP 2.6 scenario and 18% under the RCP 8.5 scenario, which is slightly higher as in the year 2024.

The Group updated the materiality assessment of transition risk as of 31 December 2025. Key findings were as follows:

- Transition risk is already recognised as a material risk driver and is expected to reach its peak over the mid-term horizon.
- Over the short-term horizon, the level of transition risk is assessed as moderately low.
- Over the mid-term horizon, the level of transition risk will increase to moderate level.
- Over the long-term horizon, the level of transition risk is expected to start decreasing.
- As such, exposure to transition risk over the long-term horizon is less material therefore the focus of the materiality assessment is the mid-term horizon. Using UNEP-FI methodology for classification of transition risk, only 5% of the corporate portfolio is allocated to the high-risk bucket and 10% to the moderately high-risk bucket. 39% of the portfolio is allocated to the low or moderately low risk bucket and the remaining part is allocated to the moderate-risk bucket.
- From a sectoral perspective, exposures assessed as above-moderate are concentrated in the manufacturing sector, wholesale and retail trade, construction, and electricity generation activities in Slovenia and Serbia. In Kosovo and other jurisdictions of the Group, these exposures are assessed as less material. For the identified sectors, direct and indirect emission-related cost drivers significantly contribute to elevated transition-risk scores, while needed capital expenditure further increase the overall vulnerability to transition risk.
- At the country level, the lowest transition-risk exposure is observed in Slovenia, whereas the highest exposure is identified in Serbia, notwithstanding that the applied UNEP-FI methodology is not country-specific. In the other Group markets outside Slovenia, a delayed transition trajectory is anticipated, resulting in lower risk in the short term but a higher materiality of transition risk in the medium term due to accelerated alignment requirements.

The Group also updated the materiality assessment of other environmental risk as of 31 December 2025. Key findings were as follows:

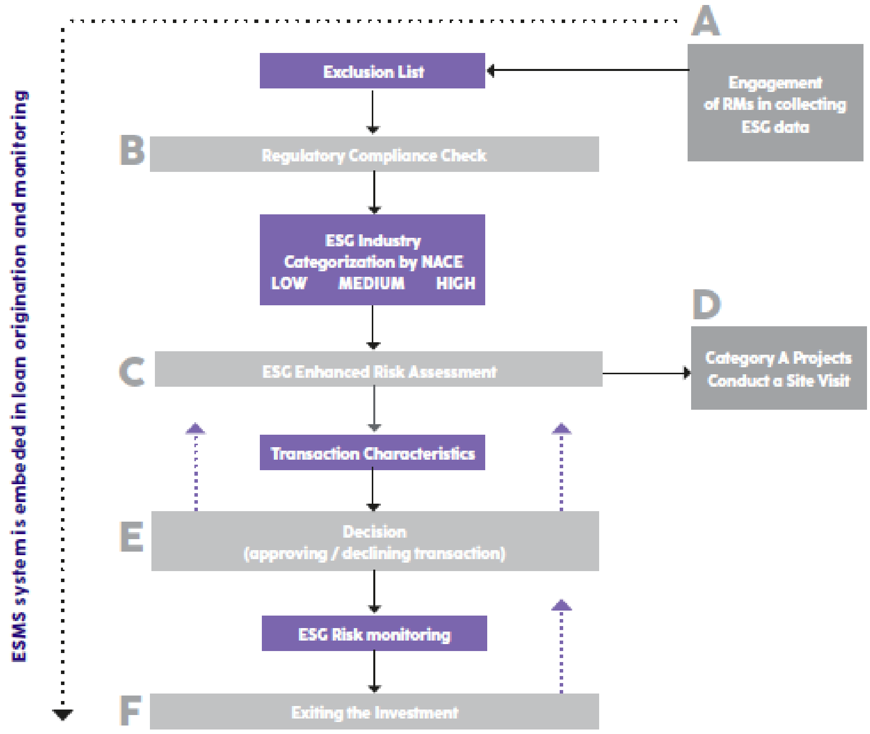
- Short-term exposure to other environmental risks is assessed as not material, although the level of risk is expected to gradually increase and reach its peak in the medium-term horizon.
- Over the medium-term horizon, other environmental risk is assessed as moderately low.
- In contrast to transition risk, other environmental risk is not expected to decline in the long-term horizon.
- 17% of the portfolio is classified within the high or moderately high environmental-risk categories, of which 8% is assigned to the high-risk category. A further 27% of the exposure is assessed as moderate risk, while the remaining 56% is allocated to the low or moderately low risk categories. The distribution of exposures across risk categories remains consistent with the previous assessment, indicating no material change in the Group’s other environmental risk profile.

2. ESMS – Environmental and Social Risk Management System

The Group has implemented tools for the identification, measurement, and management of ESG risks within its overall credit risk management framework. This framework encompasses the credit approval process, credit portfolio management, and collateral valuation.

A key component of the Group’s risk assessment and monitoring framework is the Environmental and Social Management System (ESMS), the primary objective of which is to identify and manage the Group’s exposure to ESG risks arising from its clients’ activities, while promoting responsible environmental and social business practices.
The ESMS is fully integrated into the Group’s loan origination and monitoring processes and is regularly updated to reflect material developments, regulatory requirements, and evolving ESG standards.

Figure 8: Key steps of the transaction approval process



Key steps of the transaction approval process:

- The process follows the co-decision principle, in which the credit committee of the respective group member first approves their decision, following which the Bank's Credit Committee gives their opinion.
- ESG data collection is integrated into our KYC procedures. We collect different ESG data through questionnaires and direct communication with clients based on ESG initial risk of transaction, type of transaction, and the value of the transaction. ESG data collection is also an integral part of monitoring procedures of transactions and clients and raises awareness about ESG risks among our clients.
- Once it is confirmed that the transaction is not on the exclusion list, a Regulatory Compliance Check is conducted. This check ensures that the client complies with relevant laws, regulations, and standards, including environmental and health and safety regulations, planning permissions, operating licenses, and permits.
- For transactions identified as having high environmental or social risk, an enhanced risk assessment is carried out:
  - during the annual review of the client, provided the exposure and ESG risk level thresholds are met, and
  - when a new transaction proposal is made, under the following conditions:
    - new loans are related to project finance with a total project value exceeding EUR 10 million,
    - financing applications pertain to secondary market transactions or syndicated loans where the Bank's participation is below 25% of the total loan value,
    - a new loan exceeds EUR 3 million, has a maturity of at least 36 months, and the client meets the ESG review threshold at the annual review.
- Throughout the project's duration, ESG risk monitoring is established to evaluate the impact of each risk and develop mitigation strategies. This ensures that risks are adequately managed and that any changes or new risks are promptly identified and addressed.
- If a client fails to comply with the ESG requirements of the investment, we assess the situation to determine the best course of action. This may involve exiting the investment or implementing measures to mitigate the risk of non-compliance. We consider potential financial losses, legal consequences, and reputational damage, as well as our overall ESG strategy and how exiting the investment might affect our ESG goals.

3. Collateral management

Real estate plays a pivotal role in discussions regarding the transition to a carbon-neutral economy. The integration of environmental and social factors into collateral management, particularly valuations, considers the asset's lifetime and are therefore relevant for medium- to long-term horizons. In internal valuations, the energy efficiency of buildings and physical risks are of significant importance.

The Group's ESG risk management within the collateral evaluation process focuses on real estate climate transition risk, physical risks, and also environmental aspects. The identification and materiality of specific ESG risks for real estate in collateral are assessed using the Methodology for assessment of Environmental Risks in NLB Group. In large commercial real estate transactions, environmental aspects are incorporated into the ESG Due diligence process (Part of the Bank's ESMS) covering environmental risks such as climate change, emissions, and waste. Going forward, we will continue to enhance our risk reporting and monitoring framework.

4. Operational and reputation risks
The Group carefully considers potential reputation and liability risks which could arise from sustainable financing of its clients. Special attention is given to the approval of new products and monitoring of fulfilment of relevant criteria by the clients. Additional key risk indicators have been addressed, serving as an early warning system in the area of ESG risks. Besides, physical risks, as part of ESG risks in the area of operational risk, are addressed in the Group's business continuity management. Business continuity plans include relevant ESG risks. They are prepared to be used in the event of natural disasters, IT disasters, and the undesired effects of the environment to mitigate their consequences. Additionally, ESG risk screening in the supply chain is part of the Group's supplier selection and regular assessment process.

Further insights in ESG Risks in credit risk management, sub-chapter 7.7. ESG risk management in the 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report).

5. Transition Plan
The Group acknowledges the pivotal role it plays in supporting the transition to a net-zero[1] emissions economy by 2050. NLB Group Transition Plan prepared in line with EBA Guidelines on the management of environmental, social and governance (ESG) risks integrating already set targets and metrics for climate risk adaptation and mitigation. The Transition Plan outlines how the Group integrates climate-related and broader sustainability considerations into its business model, risk management framework, governance structures, and strategic decision-making. It serves as a forward-looking roadmap that connects our long-term net-zero commitment with concrete near- and medium-term actions, aligned with evolving regulatory requirements and market expectations. It ensures the Bank's resilience to environmental, social, and governance ESG risks, particularly those associated with the shift toward a climate-neutral economy by 2050, in line with the EU objectives.

The Transition Plan provides a comprehensive strategic framework for managing ESG risks across the Group, serving both as an operational roadmap and as a core source document for regulatory disclosures. As part of this strategic ambition, the Group aims to allocate capital and expertise to sectors aligned with credible transition plans while decarbonizing both its operations and its financing activities.

The Group is committed to driving the transition to a Net-Zero economy by 2050, reducing emissions from its own operations and supporting clients in high-impact sectors through its Net-Zero portfolio strategy. Financed emissions (Scope 3, Category 15 under the GHG Protocol) make up the vast majority of the Group's carbon footprint, making them the core focus of its transition strategy. Reducing these emissions through targeted measures, client engagement, and climate-positive financing is essential to achieving net-zero commitments and management of the impact of transitioning to a low-carbon and climate-resilient economy.

Similar to Net-Zero portfolio strategy, Operational emissions Net-Zero strategy focuses on the Group's own emissions, which result from the operational activities of the Group. As part of its commitment to achieving net zero before 2050, the Group aligns its emission reduction plans and strategies with the principles of the Paris Agreement.

As the first and second part of its Net-Zero Portfolio Strategy, the Group has set emissions intensity targets for high-emitting sectors, specifically power generation, road freight transport and iron & steel, while focusing on financing commitments and tracking portfolio intensity progress for residential and commercial real estate, in line with NZBA guidance commitment to mitigate climate risks. These targets are benchmarked against science-based sectoral pathways to ensure alignment with a 1.5°C trajectory as per the NZBA target-setting guidelines. The Bank's approach is iterative, reflecting the dynamic nature of sectoral decarbonization, data availability, and market developments.

[1] GFANZ defines net zero as the state when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals. Organisations are considered to have reached a state of net zero when they reduce their GHG emissions following scienced-based pathways, with any remaining GHG emissions attributable to that organisation being fully neutralised, either within the value chain or through purchase of valid offset credits. (https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_ Recommendations-and-Guidance on-Net-zero-Transition-Plans-for the-Financial-Sector_June2022.pdf

These targets are integral part of NLB Group Transition Plan prepared in line with EBA Guidelines on the management of ESG risks.

To achieve its 2030 Net-Zero sector targets, the Bank does not rely on offsets, but instead focuses on sector-specific decarbonization levers, including client engagement, portfolio alignment with credible net-zero pathways, and financing solutions that drive low-carbon transitions.

Target development follows a structured governance framework with executive oversight and cross-functional collaboration. Targets are reviewed at least every five years to ensure ongoing alignment with evolving climate science, regulatory developments, and international commitments. Annual disclosures will track progress, while continuous enhancements in data quality, internal monitoring systems, and client engagement strategies will support the Group's climate transition efforts.

The NLB Group's Net-Zero Portfolio Strategy, which covers financed emissions (Scope 3, Category 15), addresses lending activities that include clients' Scope 1 and Scope 2 emissions. Initial emission reduction targets were set in 2023, focusing on the identified priority sectors under the established baseline, including high-emission industries and key areas of financial exposure.

Through a baselining exercise, the Bank has identified key decarbonization levers in carbon-intensive sectors central to its financed emissions baseline, with approximately 95% of emissions concentrated in six sectors. For the initial Net-Zero targets, the Group has set objectives for four priority sectors – Iron & Steel, Power Generation, Residential Real Estate, and Commercial Real Estate – which together contribute around 50% of financed emissions. In the second round of target setting, additional targets were established for other key sectors, namely Road Freight Transport, Passenger Car Leasing, and Agriculture. Addressing the identified sectors by steering financing activities through the set targets and origination guidelines represents the key lever to achieve emission reductions.

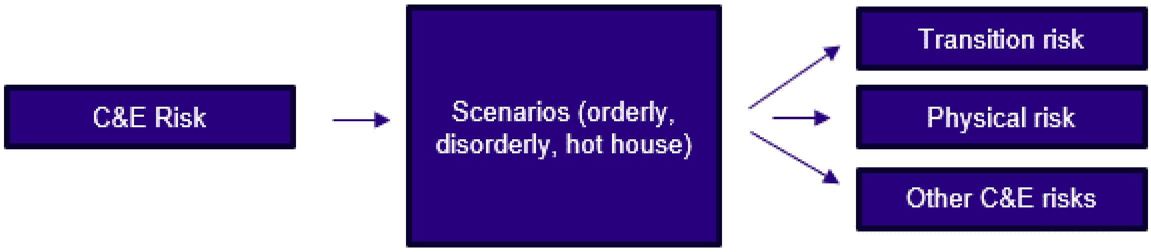
With the second round of target-setting, the Group has applied a broader lens to target-setting metrics, exploring a range of target types beyond emission-based targets alone. For certain sectors, data limitations, heterogeneity of activities, or methodological inconsistencies make emissions metrics insufficient, and their non-use has been duly justified. Instead, a combination of target types tailored to each segment's maturity and exposure profile has been developed, in line with the NZBA guidance. The second-round targets include emission-based targets aligned with sectoral decarbonisation trajectories, quantitative financing targets to support credible transition plans and low-carbon activities, and client engagement targets supported by structured assessments and data collection. For residential and commercial real estate the Bank actively monitors portfolio performance in Slovenia instead of setting formal emission targets, due to dependence on regulatory, infrastructure, and stakeholder factors beyond Bank's control.

The Bank is committed to engaging clients in these sectors to implement decarbonization plans, including expanding renewable energy capacity, adopting low-emission technologies, and financing energy-efficient real estate projects. The Group's capital allocation strategy supports sector-specific decarbonization objectives and integrates policies such as coal exclusions. However, the Bank's role is limited, as net-zero requires collective action. Clients must take steps towards decarbonization, and governments need to establish frameworks and policies to guide the transition. Decarbonizing the industrial energy mix is crucial, with carbon capture and storage infrastructure playing a key role in sectors like steel production. In residential and commercial real estate, national energy mixes influence efficiency milestones, especially in regions where fossil fuels still dominate electricity production. For instance, Slovenia's coal-fired TEŠ power plant is scheduled for decommissioning by 2033. Additionally, homeowner engagement in energy efficiency measures, such as retrofitting and energy-saving investments, is critical. This progress relies on consumer willingness and financial capacity, as well as external factors like energy price volatility, which can affect consumption patterns. Ultimately, joint efforts from all stakeholders are needed for meaningful progress.

Further insights: please refer to the Transition plan for climate change mitigation sub-chapter of 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report) and Sub-chapter Transition finance, described in chapter above (c) of this report (January - June 2026 Basel Pillar III Disclosures).

o. Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile

The Group established its own ESG stress-testing concept to identify the most relevant financial vulnerabilities stemming from climate risk, which is constantly further enhanced by considering available ESG-related data. The stress-testing considers three NGFS II long-term scenarios (orderly, disorderly, hot house world), encompassing transition, physical and other environmental risks associated with each scenario. The combined stress test incorporates all above mentioned risks until 2050. This entails a permanent impact from transition risk and projected one-time events of physical and other environmental risks. These scenarios have been used coherently within credit and liquidity risk.



Transition risk refers to an institution's financial loss that can result, directly or indirectly, from the adjustment process towards a lower-carbon and more environmentally sustainable economy. Physical risk encompasses financial impact of a changing climate, including more frequent extreme weather events, gradual climate changes, and environmental degradation. At this stage, impacts of drought and flood, representing most material risk drivers, were considered. In addition, factors such as water stress, biodiversity loss, habitat destruction, and resource scarcity refer to other environmental risks.

Such a stress-testing framework is the subject of a regular internal validation cycle and related procedures where the Group established comprehensive validation framework. Specifically, the Group supports a robust validation governance process and controls over applied selected risk approaches and internal models.

As a systemically important institution, the Group was included into 2022 ECB Climate Stress test exercise. By performing this exercise, ECB assessed how banks are prepared for dealing with financial and economic shocks stemming from climate risk. The aggregate results of the exercise were publicly disclosed, whereby the Group's overall results were within the range of average peer results.

Further insights in the chapter, General information on risk management, objectives, and policies, sub-chapter Stress-testing are in this report (January - June 2026 Pillar III Disclosures).

p. Data availability, quality, and accuracy, and efforts to improve these aspects

The availability of ESG data in the region where the Group operates is still lacking. Nevertheless, the Group made a significant progress in obtaining relevant ESG-related data from its clients, being a prerequisite for adequate decision-making and corresponding proactive management of ESG risks. For the purpose of calculating a credit portfolio, GHG emissions for larger corporate clients where the Group initiated direct Scope 1 & 2 & 3 data gathering processes, and whereas for SME and micro segments, the Group developed its own proxies in cooperation with an external expert. The Group puts great emphasis on further progress in the area of ESG data collection. In addition, the Group is engaged in collecting and analysing different transition and physical risk relevant data, and we are using publicly available climate change studies relevant for the region where the Group operates in our long-term projections.

The main tool used to collect ESG-relevant data from the clients is the ESG questionnaire (developed in cooperation with the Bank Association of Slovenia as market standard). For the time being, it is used for larger clients engaged in medium and high-risk activities according to internal ESG classification. Eventually, the scope will also be extended to other segments with sector specific questionnaires. In the questionnaire, the clients must provide ESG-relevant data and information (such as GHG emissions, water consumption, energy consumption, work-related accidents) how ESG factors and policies are integrated into their operations. In addition, clients' data are also collected through their financial and non-financial reports, media or other external resources. Furthermore, when needed, the Bank also performs more extensive ESG due diligence of the clients. Within the due diligence process, clients need to clarify whether the company implemented policies and mitigators relating to their operations' ESG risks.

Climate transition and physical risks of the collateral are evaluated through energy performance data of real estate and collateral location data. The energy efficiency assessment is based on EPCs, which are requested from clients or, if available, sourced from available public registers in Slovenia and the region. Additional actions and enhancements of established processes will continue to be implemented to further increase EPC data availability throughout the Group, including sharing best practices such as Optical Character Recognition solutions. However, improving EPC coverage within the Group, particularly for existing collateral stock, remains a challenge. This is due to the lack of access to a harmonised central database for EPCs in the region, limiting the entities' capabilities to reach the level of improvement achievable in countries with established central databases. Up-to-date information on physical risks is gathered and considered in the assessment of the evaluated asset.

Further insights in the chapter, Risk management and internal controls over sustainability reporting in 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report)

q. A description of limits to environmental risks (as drivers of prudential risks) that are set and triggering escalation and exclusion in the case of breaching these limits

To contribute to a sustainable transition and to decarbonize the credit portfolio by 2050, the Group has committed to limitations or even phase out of new financing of certain activities. This commitment is included as a rule in internal documents, such as the NLB Group Risk Appetite Statement, NLB Group Lending Policy, and other specific instructions binding for all Group members.

Our primary goal is to limit the global temperature rise to 1.5 ° Celsius. To achieve this, we firstly have established risk appetite limits for coal mining, which means no new financing will be provided for coal-related industries. With the aim of reaching zero exposure to coal by 2030, no new direct financing will be allocated to thermal coal mining or coal-fired electricity generation capacity, including any transitional enhancements.

The Group has set targets for Power generation; Iron & Steel, Commercial Real Estate, Residential Real Estate; Agriculture and Road Freight portfolio in alignment with the International Energy Agency (IEA) Net Zero Emissions (NZE) scenario outlined in the World Energy Outlook 2022 (WEO 22) pathway. These targets are science-based and set at the Group level.

A transaction is rejected in the case that client is involved in any activity on the exclusion list. Screening is performed at the time the financing application is received, at the time the financing is approved, and periodically (e.g., annually) until the maturity of the financing.

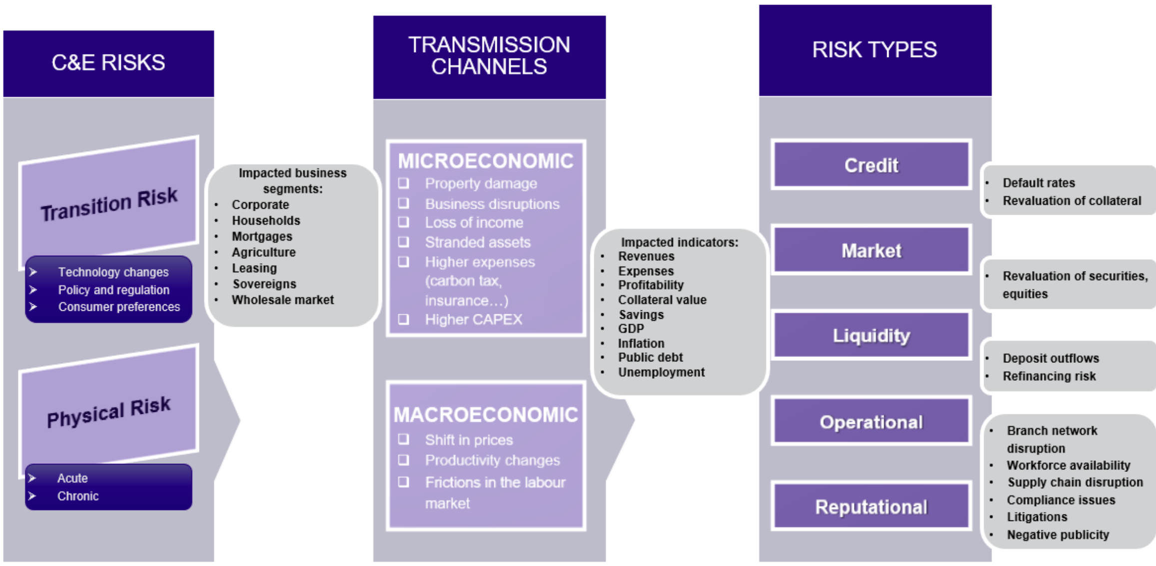
The full list of cross-sectoral and sector-specific prohibited (exclusion list), restricted, and normal activities from the ESG perspective, including MIGA and EBRD requirements, that the Group adheres to in the financing decisions and process is comprehensively defined in the NLB Group Lending Policy and published on the websites of the Bank and other Group members.

Further insights:
- Chapter Policies related to climate change mitigation and adaptation in 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report)
- the Exclusion list on the Bank's webpage: www.nlb.si/exclusion-list

r. Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk, and reputational risk in the risk management framework

The Group conducts materiality assessment as part of its overall risk identification process to determine the level of transition, physical and other environmental risk to which it is exposed. This process involves identifying environmental risk factors, relevant transmission channels, and assessing their materiality and impact on the Group's financial performance over the short, medium, and long term. The link between environmental risks and credit risk, liquidity and funding risk, market risk, operational risk, and reputational risk is analysed through the transmission channel framework.

LINK BETWEEN ENVIRONMENTAL RISKS AND FINANCIAL RISKS THROUGH TRANSMISSION CHANNELS



Transmission channels represent the casual pathways linking environmental risk drivers to the financial risks faced by banks and the banking sector. They can also be viewed as the mechanisms (e.g., counterparties and invested assets) through which climate change manifests as a source of financial risk. This analysis follows the study published by the Bank for International Settlements (BIS), Climate-related risk drivers and their transmission channels. The BIS paper suggests that environmental risk drivers translate into traditional financial risk categories rather than representing a new type of risk. The Group adopts this approach, mapping environmental risks to credit risk, market risk, liquidity risk, operational risk, and reputational risk.

Transmission channels are classified into microeconomic or macroeconomic categories. Microeconomic transmission channels allow environmental risk drivers to impact banks' financial risks either directly or indirectly – for example, through their counterparties or (financial) assets. The Bank has analysed various potential impacts of environmental risk drivers on its performance, including how these drivers affect clients, which segments are impacted, the effects at both micro and macro levels, key financial indicators for affected clients, and the financial risk categories where impacts are expected.

Regarding credit risk, physical, transition, and other environmental risks primarily affect credit portfolios, corporate bonds, and real estate collateral. Environmental risks can influence the revenues and expenses of clients and impact the market value of collateral and other client assets. This, in turn, can lead to a higher probability of default and an increased loss given default, affecting the Bank's financial performance. These potential impacts are addressed through materiality assessments and resilience analyses, including stress-testing.

For market and liquidity risks, physical, transition, and other environmental risks primarily affect liquidity reserves, wholesale funding, and the household and corporate deposit base. Physical risks may trigger deposit withdrawals, impacting the Bank's liquidity position (e.g., LCR, NSFR, and LTD ratios). Additionally, physical risks – such as shocks following natural disasters – can increase market volatility, affecting the market value of securities measured at fair value. Transition risks may also lead to deposit withdrawals, but these effects are typically gradual and less material. Both physical and transition risks can increase funding costs, thereby affecting profitability.

In terms of operational risk, physical risks can damage premises and equipment, directly affecting the Bank's profitability. Transition risks may lead to additional expenses from potential penalties or litigations due to non-compliance with regulatory requirements or contractual obligations. These risks can also impact reputational risk, which may further affect the Bank's performance.

Further insights:

- For further insights regarding materiality assessment process and outcomes, please refer to sections (n) and (j).
- For further insights regarding resilience analysis (stress test outcome and estimated impact of environmental risk on capital and liquidity risk profile), please refer to section (o).

11.3. Social risks

11.3.1. Business strategy and processes

a. Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy, and financial planning

The Group considers as social risks those related to the rights, well-being, and interests of people and communities. These include (but are not limited to) factors such as (in)equality, health, inclusiveness, labour relations, workplace health and safety, human capital, and communities.

Social factors and risks are included in the Group's business strategy and implemented through the NLB Group Sustainability Policy and its established sustainability pillars. The general objectives that the Group pursues within each sustainability pillar are outlined in the rest of this chapter.

Sustainable operations:

- to ensure positive social impacts and to minimise adverse impacts of the Group's own non-financial operations on key stakeholders, including:
  - to ensure sustainable employee relations, such as: capabilities development, talent retention, and development, DEI – diversity, equity, and inclusion, reducing gender pay gap, ensuring health and safety, work environment, and well-being and work-life balance;
  - to ensure sustainable client relations, including actively engaging with clients, promoting ensuring responsible product development, marketing and communication; accessibility, financial literacy, and inclusion;
  - to ensure sustainable procurement by including assessment of ESG risks at all stages of the procurement life cycle;
- to identify and mitigate social risks and to pursue opportunities stemming from business relations with key stakeholders that might affect the financial operations of the Group or our stakeholders.

Sustainable finance:

- to integrate social factors into the Group's business and investment decisions,
- to ensure a positive impact by developing and offering social financing,
- to identify and mitigate social risks in relation to the Group's lending or investments,
- to ensure responsible asset management by integrating social factors into the investment policy.

Contribution to society:

- to ensure that each CSR activity contributes to socially-related UN Sustainable Development Goals,
- to create added value by focusing on genuine societal needs and actively responding to these societal needs by managing appropriate initiatives, sponsorships, donations, and other partnerships, including those related to education, financial literacy and mentoring, sustainable and inclusive entrepreneurship, supporting youth, female and disabled sports, and philanthropy.

b. Objectives, targets, and limits to assess and address social risk in short-term, medium-term, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes

By the impact analysis that the Group executed within UN PRB framework, the third Impact area, i.e., *Inclusive and healthy economies* was defined. In 2024, the Group reviewed and upgraded related target to increase digital penetration within New Horizon 2030 business strategy (% of active digital users in total number of clients), which are as follows:

- to reach 55% digital penetration by 2025, and 80% by 2030.

At the end of 2025, the digital penetration in the Group stood at 61.6%. Digital penetration is growing in all banking members and is progressing towards the goal of 80% in 2030.

At the Group, we also recognise the challenges of social and financial inclusion of specific and vulnerable stakeholders (such as women, elderly citizens, youth, etc.) as well as a need to support clients, organisations, and projects which address important social challenges.

In 2024, the Group reaffirmed its commitment to financial literacy and inclusion by enhancing target setting and further developing relevant initiatives. In line with UNEP – FI methodology the Bank as the parent bank defined the baseline and set two concrete goals to be achieved by 2030 for the impact area Financial Health & Inclusion, which focuses on savings and investment plans as key priority area:

- By year 2030, the Bank will increase the percentage of young clients (18–27 years) with products related to long-term savings and/or investment plans by 15% compared to the 2024 baseline value 29%. At the end of 2025, the percentage was 28%.
- By year 2030, the Bank will increase the percentage of 27+ age up to retirement clients with products related to long-term savings and/or investment plans by 15% compared to the 2024 baseline value 39%. At the end of 2025, the percentage was 42%.

Targets for other banks in the region will be developed in the future. Also, the Group will gradually develop additional specific and meaningful targets for key financial health and inclusion initiatives. In addition, the Group aims to complement our green offer with social financing. Thus, the Group will additionally create a social impact and contribute to a more inclusive and just society in the region of its operation.

c. Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities

The Group's approach to managing its own social impacts, including human rights considerations (either as an employer or a business partner), as well as at the Group's clients, is stipulated in the overarching Sustainability Policy, and complemented with other domain-specific Group's internal acts.

The Environmental and Social Transaction Policy Framework represents the principal policy within the Bank and the Group for mitigating and reducing activities with adverse social impacts in client engagements. It defines the manner in which the Group assesses and manages ESG risks associated with transactions, while promoting responsible ESG management practices among its clients.

In alignment with this policy, clients' strategies for mitigating socially harmful activities and other social risks are incorporated into the screening (due diligence) process within the Group's ESMS.

Furthermore, the Group follows a strict exclusion policy, aligned with MIGA's thresholds, ensuring that the institution does not finance activities associated with controversial industries, including tobacco, gambling, unsustainable forestry, and hazardous waste. Additionally, the Group banking members do not approve transactions related to weapons production, forced evictions, harmful labour practices, and fossil fuel exploration.

Additional restrictions apply to industries posing high environmental and social risks, including thermal coal mining, large-scale fur production, and hazardous fishing practices. Through this framework, the Group strengthens its commitment to responsible banking by integrating environmental and social considerations into its decision-making processes.

The Group regularly monitors fulfilment of non-financing activities that are not supported by the Group (exclusion list) due to negative social impact. To mitigate social risk, ESMS system includes Regulatory Compliance Check, by which the client is checked for legal compliance and a contractual clause is included in the loan agreements that specify that the client operates and complies with all applicable Slovenian and EU regulations applicable to the client (borrower) and its business, including social regulations (in addition to environmental).

Data for assessing social risk management are collected via a ESG questionnaire (developed in cooperation with the Bank Association of Slovenia). The questionnaire is part of the ESMS due diligence process for clients with the exposure above EUR 5 million and E&S classification as high risk and clients with the exposure above EUR 10 million and E&S classification as medium or low risk. Within the process, clients have to clarify whether the company put in place policies relating to the social aspects of operations. Questions refer to (but are not limited to) following areas: impact on community/society, employee relationships, customer protection and product responsibility, human rights.

Clients are also obliged to report on social incidents, and the Bank manages incidents through an established ESMS system.

For detailed information on screening process, please refer to the chapter, Environmental Risk, section (d), as the described process with new or existing counterparties also applies to social risks.

11.3.2. Governance

d. Responsibilities of the Management Body for setting the risk framework, supervising, and managing the implementation of the objectives, strategy, and policies in the context of social risk management: (i) Activities towards the community and society, (ii) Employee relationships and labour standards, (iii) Customer protection and product responsibility, and (iv) Human rights

As the highest governance bodies, the Management and the Supervisory Boards are responsible for managing and supervising the implementation of social factors and risks in the Group model, respectively. To this end, the governance bodies discussed and adopted several policies which refer to different areas of social risk management, including activities towards the community and society, employee relationships and labour standards, customer protection and product responsibility, human rights, and the supply chain. Policies describe general goals, strategic directions, rules, and procedures in specific areas.

In 2025, both governance bodies addressed (discussed and/or made resolutions on) several ESG-related topics (including social), within their respective area of responsibility, whether stand-alone or in connection with broader strategic topics. Key topics included (but not limited to) social risk management (within risk management strategy), diversity, respecting human rights, and human resources considerations.

Responsibilities of the Management Body in the context of social risk management per specific areas:

- **Activities towards the community and society**
  At the Group, we actively contribute towards wider socio-economic development through our corporate social responsibility activities with an overarching focus on education in the communities where we operate. As a parent bank, the Bank has established an internal policy which defines key areas of social and environmental responsibility of the Bank and the Group's members in terms of their contribution to society. It defines rules and procedures for managing sponsorship, donations, and other partnerships with the Group's stakeholders. In addition to taking care of the Group's employees, the key pillars of the Group's socially responsible behaviour are promoting entrepreneurship, financial literacy, and mentoring, support for world-class and youth sports, humanitarianism, and the protection of cultural heritage.

- **Employee relations and labour standards**
  The Group continuously embeds sustainability matters and ESG factors into human resource management and organisation. We are not only adhering to labour-related regulations; we are committed to investing in employee development, building a diverse and inclusive workplace environment, and seeking to improve the employee experience constantly. In recent years, we have established respective internal HR documents, rules and procedures, initiatives, and practices to assess HR–related risks and opportunities, manage human resources, and ensure human capital development. The key internal document is the Human Resources Development and Organisation Strategy, which defines the basic areas and activities of activities within the Group, in the field of human resources, education, and organisation. The policy is complemented with the Standards for Human Resources Business Line in the Group, which is meant to set up the standards of operation and harmonisation of the operations in the Group members. In addition to this overarching policy, the Group has established several domain-specific policies which tackle key human resources risks and opportunities in specific domains, such as talent management and retention, training and development, prevention of mobbing and harassment, diversity, family-friendly measures, remuneration, and others.

- **Customer protection and product responsibility**
  The Group members review new products and marketing policies before offering them to ensure that clients can have full confidence in the Group's products and services. The review is done by specific committees, i.e. Committee for new and existing products in the Bank and equivalent committees in other Group members. The committee in the Bank oversees approving and monitoring products, while also focusing on risks related to the product and the method of managing those risks. The review process applies to all new and existing products and

services, and involves key control functions, including Compliance and Integrity, to ensure that the products and services are compliant with all applicable laws, regulations, as well as ethical standards. In the new revised version of the form, ESG risks are added as obligatory category to specify product features from an ESG perspective and appropriate management of possible ESG risks. The Group members provide information to clients in compliance with regulations, local legislation related to customer rights, guidelines, and codes of professional associations. Thus, the Group provides impartial, clear, and non-misleading information, by using the appropriate communication channels to clients. The Group is committed to responsible lending, by offering clients financial products in accordance with their needs and income profile, and to educate them about all aspects of a product, including potential negative consequences and risks.

- **Human rights**
  The Group has established the Policy for Respecting Human Rights. The policy describes the Group's commitment to respect human rights in line with the highest international standards. The policy aims to systematically monitor respect for human rights in all business areas, prevent human rights abuses in the context of banking business, and mitigate risks in this respect. The policy contributes to a common understanding among employees of respecting human rights in relations with all Group stakeholders internally (employees) and externally (customers, suppliers, and other stakeholders).

- **Supply chain**
  Additionally, social risk screening in the supply chain is part of the Group's supplier selection and regular assessment process as stipulated in the Standard Procurement in the members of the Group, the purpose of which is to ensure a uniform and transparent procurement procedure (including performing the business activities in line with standards of conduct required by the NLB Group Code of Conduct, and the minimum principles of ethical, social, and environmental conduct that the Group expects from all its suppliers). Among others, the supplier is required to disclose whether it respects/considers social factors such as respect of human rights, free choice of employment, prohibition of child labour, prohibition of undeclared work, prohibition of discrimination, right to adequate pay, right to adequate working time, right to trade unions, the right to human personality and dignity, the right to health and safety, and the right to diversity.

e. Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the Management Body

Respective organisations units, which are responsible for specific social area, are responsible for setting out a social risk framework, risk identification, measurement, and monitoring, organising trainings, and establishing a mechanism to address violations. They are also responsible for developing and updating the internal acts, as well as steering their implementation in the Group's operation.

As already described in chapter, Environmental Risk (sub-chapter Governance), there are several committees in place, who assist and advise in the social risk management process, as well as to execute individual tasks within powers of the Management Board. Identifying risks and opportunities that also arise from social issues (in addition to environmental and governance risks), supporting and accelerating integration of social factors in the Group are among the key responsibilities of each committee. When appropriate, according to internal rules and procedures, social risks are also considered at the respective Supervisory Board Committees.

Moreover, social risks are monitored through the Group's internal control system on three levels: the first level (all business units), second (risk management and compliance), and third level controls (internal audit). In the case that social risks are identified that could affect the Groups business model, operations or performance, such a case is escalated according to internal rules and procedures.

f. Lines of reporting and frequency of reporting relating to social risk

Social risks are regularly discussed and reported at all sessions of governance bodies, as well as through daily operations, in accordance with internal rules and procedures. Sessions of the Group's committees are convened according to the plan of meetings, regularly and frequently. The majority of them are held once a week, some of them monthly or every two or three months. *Ad hoc* meetings are convened in case certain issues need to be addressed urgently. Internal control functions have access to the Supervisory Board in the manner stipulated by the banking regulations. They regularly (quarterly) report to the Supervisory Board about their work.

The Group has also established Environmental & Social Incident Reporting, which sets out the procedure of environmental and social incidents reporting to EBRD and MIGA. As a rule, in addition to governance bodies of the Group member these financial Institutions must be promptly notified of any environmental incident or accident related to the client or the project, which has, or is likely to have, a significant adverse business effect.

g. Alignment of the remuneration policy in line with institution's social risk-related objectives

The Remuneration Policy for the Members of the Supervisory Board of the Bank and the Members of the Management Board of the Bank, addresses social risks within overarching ESG risks, as described in chapter (i) in qualitative disclosures on environmental risk. In this respect, social risks are a part of the performance evaluation process.

Further insights in chapter Integration of sustainability-related performance in incentive schemes in the 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report) and chapter Remuneration policy as separate part of 2025 Pillar III Disclosures.

11.3.3. Risk management

h. Definitions, methodologies, and international standards on which the social risk management framework is based

The Group's social risk management framework considers national and international regulations, methodologies, and standards in all of the aforementioned areas. Among these, the Group is focused and also follows ECB and EBA guidelines with the goal of seeing their comprehensive integration into all relevant processes. The cornerstone for addressing social factors and risks is the Policy on the Respect for Human Rights. The policy contains the commitment of the Bank and the Group to respect human rights in accordance with all the highest international standards, including but not limited to the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social, and Cultural Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guidelines, Performance Standards 2 (Labour and Working Conditions), 4 (Health, Safety and Security), and 9 (Financial Intermediaries) as per EBRD Environmental and Social Policy (https://www.ebrd.com/environmental-and-social-policy.pdf), and the OECD Guidelines. At the national level, expectations of economic operators are regulated by the National Action Plan of the Republic of Slovenia for the Respect for Human Rights in Business.

Further insight: Other relevant policies related to social risk management are described in previous chapters of social risk qualitative disclosures: Business strategy and processes (section c), and Governance (section d)

i. Processes to identify, measure, and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels
j. Activities, commitments, and assets contributing to mitigate social risk
k. Implementation of tools for identification and management of social risk

Processes and activities to identify, measure, and monitor social risk within credit process, as well as implementation tools for identifications and management of social risks are described in the Group's ESMS screening process, and in other internal policies, that govern specific social-related risks. For detailed information on ESMS, please refer to the chapter, Environmental risk (sections l, m, and n, sub-section 2: Environmental and Social Risk Management System), as the described process of tackling environmental risk related to new or existing counterparties also applies to social risks.

The Group regularly monitors fulfilment of non-financing activities that are not supported by the Group (exclusion list) due to negative social impact. To mitigate social risk, the ESMS system includes a Regulatory Compliance Check, by which the client is checked for legal compliance and a contractual clause is included in the loan agreements that specify that the client operates and complies with all applicable Slovenian and EU regulations applicable to the client (borrower) and its business, including social regulations (in addition to environmental).

Key topics that are subject to screening are:

- the equality of people,
- non-discriminatory regulation,
- the possibility of advancement of the individual and social groups,

- and cultural heritage.

In addition, the Group has also established implementation of tools for mitigation of social risks that are related to the Group's operations, as well as early warning systems and escalation process at different levels:

- monitoring the stakeholders' perceptions and opinions by surveys and other research tools;
- monitoring the public opinion, issues, and trends that might evolve in social risk;
- setting out the mechanisms that enable internal or external stakeholders to raise complaints and concerns (such as grievance, whistleblowing mechanisms, contact centres, publicly accessible e-mail addresses, internal process for communicating critical concerns, etc.);
- setting out efficient processes to manage social risks in all respective business areas;
- addressing social risks in business continuity plans (BCP).

l. Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits

Please refer to section (q) of environmental qualitative disclosures, as the described procedure also applies for social risks.

m. Description of the link (transmission channels) between social risks with credit risk, liquidity and funding risk, market risk, operational risk, and reputational risk in the risk management framework

As part of its risk management framework, the bank identifies and monitors social risks that may impact its financial and non-financial risk exposures. Social risks, which include issues such as labour rights, community relations, customer welfare, and societal expectations, can influence credit, market, liquidity, operational, and reputational risks. The following outlines the key transmission mechanisms and their impact on the Bank's risk profile:

Credit Risk
Social risks may affect the creditworthiness of borrowers and counterparties, increasing the likelihood of defaults or financial losses. Borrowers engaged in socially controversial practices or industries may face financial instability due to regulatory fines, litigation, or loss of public support. In addition, sectors such as fossil fuels, tobacco, or those with labour-intensive practices may experience reduced demand or stricter regulations, impacting their ability to meet financial obligations. For example, borrowers facing social unrest or negative public attention may encounter operational disruptions that impair their repayment capacity.

Market Risk
Social risk can drive market volatility and revaluation of assets, particularly in sectors sensitive to societal concerns. Securities or equities linked to socially controversial activities may experience significant market declines due to investor concerns or regulatory changes. The growing emphasis by investors on ESG criteria may also lead to divestment from sectors deemed socially harmful, resulting in shifts in asset valuations. A regulatory change imposing stricter labour laws, for instance, could negatively impact the market value of bonds in labour-intensive industries.

Liquidity Risk
Social risks can disrupt the Bank's ability to meet short-term obligations due to funding or cash flow challenges. Perceived involvement in socially harmful activities can lead to deposit outflows or reduced investor confidence, affecting liquidity positions. Borrowers facing social risks, such as labour disputes or community protests, may also experience cash flow constraints, delaying loan repayments. For example, social unrest in a region may disrupt banking operations, making liquidity management more challenging.

Operational Risk
Social risks can disrupt the Bank's internal operations, third-party relationships, or customer service. Issues such as labour disputes, a lack of diversity, or inadequate workplace policies can affect employee satisfaction, productivity, or retention, while unethical practices by vendors or partners can expose the bank to compliance risks or operational disruptions. Furthermore, failure to address customer grievances or claims of discriminatory practices may lead to legal challenges and operational inefficiencies. For instance, a lawsuit alleging discriminatory lending practices could require significant operational resources to resolve, potentially impacting service delivery.

Reputational Risk
Social risks are closely linked to reputational risk, which can influence customer trust, investor confidence, and market positioning. Association with socially harmful activities may lead to public criticism, reduced customer loyalty, or loss of market share. Negative media coverage of the Bank's role in financing or supporting socially controversial projects can attract regulatory attention and harm its brand. For example, public backlash against projects perceived to harm local communities may result in reputational damage and increased operational costs.

The management of social risks is incorporated into the Group's overall credit approval, procurement, and outsourcing processes. With respect to social risk, the Group, in collaboration with financial institutions (EBRD and MIGA), adheres to strict social policies and integrates the assessment of social risks into its risk management framework, ensuring the identification, evaluation, and mitigation of potential adverse impacts:

- Categorisation of Social Risks: To enhance the understanding and management of social risks, the Group classifies material risks into following key areas: Health & Safety, Labor and Community. Health & Safety risks include workplace accidents, exposure to hazardous substances and fire safety concerns. Labor-related risks cover child labour, working conditions, and issues related to migrant workers. Community risks encompass product safety, cultural heritage protection, and community displacement.
- Strict Exclusion Policy: In addition to environmental considerations, the Group does not finance activities related to forced evictions, exploitative or harmful child labour, or forced labour (defined among prohibited lending activities, including also other activities such as gambling, production of or trade in weapons, etc.). In the area of procurement and outsourcing activities, certain minimum standards referring to key social risk factors need to be fulfilled.

Companies the Group collaborates with, either as financiers or service providers, are thoroughly reviewed through due diligence process in accordance with the established ESMS which in specific cases includes onsite inspections. Part of the ESMS system are questions to collect information on various social aspects of the financed entity (human rights, local community relations, own workforce including labour rights and health and safety, and value chain) to understand social risks, The due diligence process assesses the acceptability of the financed entity's practices, and also takes place periodically throughout the collaboration period. Potential violations are also detected through the so-called early warning system, which identifies public information and client incident reporting as part of the mentioned ESMS.

Besides, the Group collects information regarding any incident or accident that could have a significant adverse business impact within the established incident reporting. This includes incidents such as significant social, labour, health and safety, workplace accidents, or violent labour disputes. The collected information is used to mitigate risks and improve the risk management framework. Such incidents are also reported to EBRD and MIGA. When violations of human rights are identified by official institutes, the Group performs a comprehensive revision of client's rating assessment. This process ensures that the Group's operations align with ethical standards and contribute to the protection of human rights.

Social risk, arising from the Group's sustainable finance activities and other operations, is important though not financially material. On the portfolio level, the Group's exposure towards clients from high-risk industrial sectors according to EBRD classification is low, as well there are no major reported incidents or other identified material social risk deficiencies. The Group assesses social risks arising from clients' operations and its corresponding impacts and promotes good social risk management practices in the client's operations.

Additionally, from the perspective of reputational and operational risk, the Group approached the issue of modern slavery comprehensively, from multiple perspectives. Our efforts are based on key policies such as the Policy on respect for Human Rights Policy, the NLB Group Code of Conduct, the Prevention of Harassment and Mobbing at Work policy, the Supplier Standard at NLB Group, and other relevant regulations. These documents also clearly define procedures for taking action when there are suspicions of potential violations within the entire Group value chain. The Group consistently advocates for zero tolerance toward all forms of human rights violations, especially torture and slavery, including modern slavery in all its forms. Among employees, various preventive mechanisms are in place to prevent workplace mobbing and harassment, and employees also have access to complaint mechanisms (workers' council, unions, anonymous or direct complaint possible, in-person or through digital channels), through which they can always report any potential violations or suspicions.

11.4. Governance risk

11.4.1. Business strategy and process

The Group considers governance risks as those related to its own governance and clients' practices. This may include, but is not limited to, the Management Body's remuneration, diversity and structure, shareholder rights, bribery and corruption, compliance, ethical standards, fair tax strategy, and the inclusion of ESG policies.

Governance factors and risks are included in the Group's business strategy and implemented through the NLB Group Sustainability Policy and its established sustainability pillars. The general objectives that the Group pursues withing each sustainability pillar are outlined in the rest of this chapter.
Sustainable operations:

- to manage the Group's direct environmental and social impacts while ensuring responsible business, conduct, compliance, and ethical and efficient operations,
- to mitigate governance risks in the Group's operations in relations with its stakeholders.

Sustainable finance:

- to integrate governance factors into the Group's business and investment decisions,
- to manage governance risks stemming from the sustainable (green and social) transition.

Contribution to society:

- to manage initiatives, sponsorships, donations and other partnerships in line with the highest governance standards.

11.4.2. Governance and Risk Management

a. The institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics

The Group has implemented a comprehensive sustainability governance framework (top-down and bottom-up). As the highest management and governance bodies, the Management and the Supervisory Boards are responsible for managing and supervising the implementation of governance considerations and the (factors and risk) management framework, respectively. In H1 2026 and 2025, both boards addressed (discussed and/or made resolutions) several ESG-related (including governance) considerations, within their respective area of responsibility, whether stand-alone or in connection with broader strategic topics. Key governance topics addressed were related to compliance, integrity, KPIs and plans, reporting, remuneration, and performance assessment, and DEI – diversity, equity, and inclusion, and the gender pay gap.

Respective organisational units, which are responsible for specific governance area, are responsible for setting out a governance risks framework, risks identification, measurement, and monitoring, organising trainings, and establishing a mechanism to address violations. They are also responsible for developing and updating the internal acts, as well as steering their implementation in the Group's operation.

As described in previous sections, there are several committees in place that assist and advise in the governance risk management process, as well as to execute individual tasks within powers of the Bank's Management Board. Identifying risks and opportunities that also arise from governance risks (in addition to environmental and social risks) and supporting and accelerating the integration of governance factors in the Group are among the key responsibilities of each committee. When appropriate, according to internal rules and procedures, governance risks are also considered by the respective Supervisory Board's Committees.

In addition, governance risks are monitored through the Group's internal control system on three levels: the first level (all business units), the second (risk management and compliance), and the third level controls (internal audit). If governance risks are identified that could affect the Group's business model, operations or performance, such a case is escalated according to internal rules and procedures.

Further insights please refer to the 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report) the chapter, Governance of sustainability-related impacts, risks, and opportunities.

b. The institution's accounting of the counterparty's highest governance body's role in non-financial reporting

Activities to engage and monitor client's management on governance risks (in addition to environmental and social risks) are set out in the Environmental and Social Transaction Policy Framework in NLB and NLB Group. The activities include the assessment of:

- whether the commitment to managing sustainability/ESG is relevant to the business,
- presence of effective systems to manage sustainability/ESG, including accountability,
- past record of regulatory breaches, fines, lawsuits, negative media, or stakeholder protests/complaints that demonstrate how well the client has been managing sustainability/ESG,
- past track record through an online search of publicly available information such as media reports, social media, and nongovernmental organisation websites.

In this respect, during environmental and social screening of a client, the role of its Management Board and/or Supervisory Board is assessed. This is done by reviewing their statement on non-financial reporting (if it is included in the client's annual report) and within a questionnaire during the extended overview, which includes a specific question on the commitment level of senior management to ESG matters.

c. Institution's integration in governance arrangements and the governance performance of their counterparties

d. Institution's integration in risk management arrangements and the governance performance of their counterparties

Integration of assessing and monitoring of clients' governance performance in the Group's governance arrangements is described in this chapter (section a). In terms of risk management, clients' strategies to mitigate governance risks and governance performance are included in the screening (due diligence) process within the Group's ESMS. For more information on the ESMS and screening process, please refer to the chapter, Environmental Risk, sections l, m, and n, sub-section 2: Environmental and Social Risk Management System, as the described process with new or existing counterparties also applies to governance risks. The Group is continuously upgrading activities to rectify managing counterparties' governance risks.

To monitor client's governance performance, the Bank uses a questionnaire (developed in cooperation with the Bank Association of Slovenia). The questionnaire is part of the ESMS due diligence process for clients with the exposure above EUR 5 million, and ESG classification as high risk, and clients with an exposure above EUR 10 million and ESG classification as medium risk, and which is used to assess the client's arrangements as follows: ethical aspects of governance (including anti-corruption and bribery considerations, related measures, trainings, and education, avoiding conflict of interest):

- strategy and risk management (including business continuity plan, protection of personal data),
- diversity of the Management and Supervisory Boards,
- transparency of the customer's reporting on past emissions performance across all relevant scopes.

Further insights: please refer to the 2025 NLB Group Sustainability Statement (as a part of integrated NLB Group Annual Report), in chapter Risk management and internal controls over sustainability reporting, and in chapter Governance of sustainability-related impacts, risks, and opportunities

11.5. Credit quality of exposures

This template provides information on exposures to non-financial companies operating in sectors that significantly contribute to climate change, including, among other things, information on the credit quality of the exposures and on financed emissions.

The perimeter Gross Carrying Amount includes exposures in the banking book, including loans and advances, debt securities, and equity instruments to non-financial corporations, other than those held for trading.

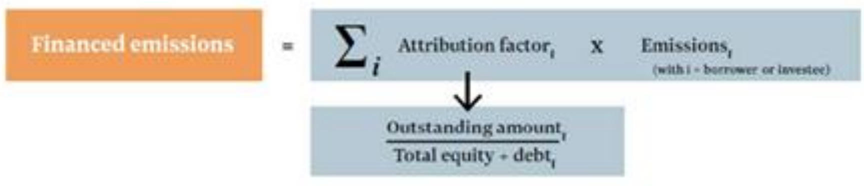
The availability of ESG data (GHG emission data among others) in the region where the Group operates is still lacking. Nevertheless, the Group made a large progress in the process of obtaining relevant ESG-related data from its clients in the region.

The Group uses the following data sources regarding GHG emission data:

- Data provided by the clients (use of questionaries);
- Published annual or sustainability reports;
- Use of proxies for Scope 1, 2, and 3 emissions for clients with no reported/published data.

Financed emissions are calculated according to the relevant Partnership for Carbon Accounting Financials (PCAF) Standard, using the formula below:

Figure 9: Calculation of financed emissions



The attribution factor is calculated as Gross carrying amount / (short term + long term financial debt + equity). Only on-balance sheet exposure is considered in the attribution formula, as defined in the PCAF standard.

Table 28 – Template 1: Banking book – Indicators of potential Climate change transition risk: Credit quality of exposures by sector, emissions, and residual maturity for NLB Group

		a	b	c	d	e
	Sector/subsector	**Gross carrying amount**				
	30.06.2026	**Total**	**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**
1	**Exposures towards sectors that highly contribute to climate change***	**6,186,048**	**114,097**	**99,281**	**409,460**	**249,037**
2	A - Agriculture, forestry and fishing	160,310	-	-	17,861	3,184
3	B - Mining and quarrying	35,572	2,222	-	3,293	34
4	*B.05 - Mining of coal and lignite*	968	968	-	968	-
5	*B.06 - Extraction of crude petroleum and natural gas*	1,254	1,254	-	1,254	-
6	*B.07 - Mining of metal ores*	301	-	-	-	-
7	*B.08 - Other mining and quarrying*	33,048	-	-	1,071	33
8	*B.09 - Mining support service activities*	1	-	-	-	1
9	C - Manufacturing	1,999,091	-	4,230	172,457	177,599
10	*C.10 - Manufacture of food products*	514,037	-	-	10,437	4,012
11	*C.11 - Manufacture of beverages*	37,289	-	-	945	613
12	*C.12 - Manufacture of tobacco products*	39,563	-	-	-	-
13	*C.13 - Manufacture of textiles*	10,816	-	-	874	425
14	*C.14 - Manufacture of wearing apparel*	54,808	-	-	602	319
15	*C.15 - Manufacture of leather and related products*	19,324	-	-	323	1,003
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	56,179	-	-	8,901	5,501
17	*C.17 - Manufacture of paper and paperboard*	33,483	-	-	1,105	3,762
18	*C.18 - Printing and reproduction of recorded media*	41,899	-	-	1,982	2,098
19	*C.19 - Manufacture of coke and refined petroleum products*	88	-	-	-	1
20	*C.20 - Production of chemicals and chemical products*	99,656	-	-	16,880	52
21	*C.21 - Manufacture of pharmaceutical products and pharmaceutical preparations*	79,836	-	-	29	-
22	*C.22 - Manufacture of rubber products*	73,406	-	-	3,857	752
23	*C.23 - Manufacture of other non-metallic mineral products*	111,829	-	-	53,881	6,646
24	*C.24 - Manufacture of basic metals*	253,114	-	3,319	12,539	85,355
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	183,706	-	911	16,680	32,466
26	*C.26 - Manufacture of computer, electronic and optical products*	31,968	-	-	1,121	246
27	*C.27 - Manufacture of electrical equipment*	102,391	-	-	2,142	23
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	85,202	-	-	12,798	3,914
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	87,171	-	-	10,974	26,062
30	*C.30 - Manufacture of other transport equipment*	5,827	-	-	83	9
31	*C.31 - Manufacture of furniture*	41,044	-	-	9,838	3,307
32	*C.32 - Other manufacturing*	19,010	-	-	4,849	35
33	*C.33 - Repair and installation of machinery and equipment*	17,445	-	-	1,617	998
34	D - Electricity, gas, steam and air conditioning supply	678,819	65,245	95,051	23,584	6
35	*D35.1 - Electric power generation, transmission and distribution*	597,879	31,871	95,051	23,484	3
36	*D35.11 - Production of electricity*	44,653	21,959	-	14,382	-
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	33,438	33,374	-	-	-
38	*D35.3 - Steam and air conditioning supply*	47,502	-	-	100	3
39	E - Water supply; sewerage, waste management and remediation activities	72,907	-	-	3,366	9,634
40	F - Construction	775,056	-	-	47,816	11,237
41	*F.41 - Construction of buildings*	413,799	-	-	24,765	4,991
42	*F.42 - Civil engineering*	146,687	-	-	4,612	1,109
43	*F.43 - Specialised construction activities*	214,570	-	-	18,439	5,137
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,800,933	28,556	-	115,353	24,172
45	H - Transportation and storage	558,415	18,074	-	25,596	23,157
46	*H.49 - Land transport and transport via pipelines*	329,712	18,074	-	20,058	20,940
47	*H.50 - Water transport*	2,183	-	-	537	2
48	*H.51 - Air transport*	2,614	-	-	-	-
49	*H.52 - Warehousing and support activities for transportation*	209,658	-	-	3,776	2,075
50	*H.53 - Postal and courier activities*	14,248	-	-	1,225	140
51	I - Accommodation and food service activities	316,391	-	-	27,027	7,553
52	L - Real estate activities	104,945	-	-	134	14
53	**Exposures towards sectors other than those that highly contribute to climate change***	**1,771,671**	**-**	**10**	**176,155**	**36,030**
54	K - Financial and insurance activities	176,017	-	-	56,707	871
55	Exposures to other sectors (NACE codes J, M - U)	1,279,263	-	10	92,421	27,606
56	TOTAL	7,957,719	114,097	99,291	585,615	285,067

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2005

** In accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1817

	Sector/subsector 30.06.2026	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		Total	Of which Stage 2 exposures	Of which non-performing exposures
1	**Exposures towards sectors that highly contribute to climate change***	**(156,321)**	**(23,358)**	**(111,263)**
2	A - Agriculture, forestry and fishing	(3,580)	(1,006)	(1,885)
3	B - Mining and quarrying	(330)	(203)	(10)
4	*B.05 - Mining of coal and lignite*	(73)	(73)	-
5	*B.06 - Extraction of crude petroleum and natural gas*	(85)	(85)	-
6	*B.07 - Mining of metal ores*	-	-	-
7	*B.08 - Other mining and quarrying*	(171)	(45)	(9)
8	*B.09 - Mining support service activities*	(1)	-	(1)
9	C - Manufacturing	(86,215)	(11,715)	(68,882)
10	*C.10 - Manufacture of food products*	(4,606)	(387)	(2,628)
11	*C.11 - Manufacture of beverages*	(455)	(37)	(226)
12	*C.12 - Manufacture of tobacco products*	(268)	-	-
13	*C.13 - Manufacture of textiles*	(300)	(59)	(206)
14	*C.14 - Manufacture of wearing apparel*	(385)	(55)	(276)
15	*C.15 - Manufacture of leather and related products*	(289)	(10)	(177)
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	(2,773)	(475)	(2,045)
17	*C.17 - Manufacture of paper and paperboard*	(2,208)	(81)	(1,962)
18	*C.18 - Printing and reproduction of recorded media*	(1,029)	(80)	(786)
19	*C.19 - Manufacture of coke and refined petroleum products*	(1)	-	(1)
20	*C.20 - Production of chemicals and chemical products*	(667)	(198)	(17)
21	*C.21 - Manufacture of pharmaceutical products and pharmaceutical preparations*	(101)	-	-
22	*C.22 - Manufacture of rubber products*	(1,184)	(229)	(706)
23	*C.23 - Manufacture of other non-metallic mineral products*	(9,862)	(4,362)	(5,180)
24	*C.24 - Manufacture of basic metals*	(24,021)	(1,481)	(22,284)
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	(11,359)	(1,102)	(9,747)
26	*C.26 - Manufacture of computer, electronic and optical products*	(249)	(67)	(99)
27	*C.27 - Manufacture of electrical equipment*	(214)	(49)	(2)
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	(3,359)	(1,470)	(1,703)
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	(18,672)	(1,186)	(17,358)
30	*C.30 - Manufacture of other transport equipment*	(45)	(1)	(9)
31	*C.31 - Manufacture of furniture*	(3,362)	(185)	(3,008)
32	*C.32 - Other manufacturing*	(246)	(138)	(16)
33	*C.33 - Repair and installation of machinery and equipment*	(560)	(63)	(446)
34	D - Electricity, gas, steam and air conditioning supply	(4,361)	(1,063)	(6)
35	*D35.1 - Electric power generation, transmission and distribution*	(3,912)	(1,058)	(3)
36	*D35.11 - Production of electricity*	(211)	(83)	-
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	(195)	-	-
38	*D35.3 - Steam and air conditioning supply*	(254)	(5)	(3)
39	E - Water supply; sewerage, waste management and remediation activities	(2,941)	(71)	(2,644)
40	F - Construction	(12,869)	(2,418)	(6,565)
41	*F.41 - Construction of buildings*	(6,414)	(1,077)	(2,919)
42	*F.42 - Civil engineering*	(1,342)	(332)	(504)
43	*F.43 - Specialised construction activities*	(5,113)	(1,009)	(3,142)
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	(29,083)	(6,138)	(16,874)
45	H - Transportation and storage	(16,423)	(738)	(14,387)
46	*H.49 - Land transport and transport via pipelines*	(13,903)	(534)	(12,542)
47	*H.50 - Water transport*	(27)	(23)	(1)
48	*H.51 - Air transport*	(15)	-	-
49	*H.52 - Warehousing and support activities for transportation*	(2,331)	(108)	(1,818)
50	*H.53 - Postal and courier activities*	(147)	(73)	(26)
51	I - Accommodation and food service activities	(8,115)	(2,470)	(4,444)
52	L - Real estate activities	(519)	(6)	(10)
53	**Exposures towards sectors other than those that highly contribute to climate change***	**(41,177)**	**(13,558)**	**(21,110)**
54	K - Financial and insurance activities	(6,871)	(6,037)	(604)
55	Exposures to other sectors (NACE codes J, M - U)	(26,191)	(5,051)	(16,062)
56	TOTAL	(197,498)	(36,916)	(132,373)

	Sector/subsector 30.06.2026	i GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent) Total	j Of which Scope 3 financed emissions	k GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
1	**Exposures towards sectors that highly contribute to climate change***	**9,134,527**	**7,959,190**	**30%**
2	A - Agriculture, forestry and fishing	139,573	83,718	16%
3	B - Mining and quarrying	68,456	60,391	28%
4	*B.05 - Mining of coal and lignite*	35,293	34,219	-
5	*B.06 - Extraction of crude petroleum and natural gas*	6,505	5,968	100%
6	*B.07 - Mining of metal ores*	-	-	-
7	*B.08 - Other mining and quarrying*	26,658	20,204	27%
8	*B.09 - Mining support service activities*	-	-	-
9	C - Manufacturing	3,103,104	2,687,136	41%
10	*C.10 - Manufacture of food products*	403,222	329,475	52%
11	*C.11 - Manufacture of beverages*	18,788	12,695	27%
12	*C.12 - Manufacture of tobacco products*	10,476	4,924	18%
13	*C.13 - Manufacture of textiles*	17,515	14,749	34%
14	*C.14 - Manufacture of wearing apparel*	14,727	13,612	89%
15	*C.15 - Manufacture of leather and related products*	9,456	6,011	50%
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	51,195	43,949	-
17	*C.17 - Manufacture of paper and paperboard*	27,345	17,539	11%
18	*C.18 - Printing and reproduction of recorded media*	15,553	12,873	18%
19	*C.19 - Manufacture of coke and refined petroleum products*	887	744	-
20	*C.20 - Production of chemicals and chemical products*	236,334	193,589	17%
21	*C.21 - Manufacture of pharmaceutical products and pharmaceutical preparations*	14,819	10,948	92%
22	*C.22 - Manufacture of rubber products*	122,969	105,731	11%
23	*C.23 - Manufacture of other non-metallic mineral products*	105,806	60,905	24%
24	*C.24 - Manufacture of basic metals*	528,056	381,519	80%
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	261,533	244,571	20%
26	*C.26 - Manufacture of computer, electronic and optical products*	18,938	17,432	13%
27	*C.27 - Manufacture of electrical equipment*	894,878	883,808	56%
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	125,516	118,604	7%
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	127,293	121,910	26%
30	*C.30 - Manufacture of other transport equipment*	17,271	16,869	33%
31	*C.31 - Manufacture of furniture*	17,082	12,205	14%
32	*C.32 - Other manufacturing*	7,101	6,592	-
33	*C.33 - Repair and installation of machinery and equipment*	56,344	55,882	5%
34	D - Electricity, gas, steam and air conditioning supply	368,450	145,483	66%
35	*D35.1 - Electric power generation, transmission and distribution*	241,158	65,883	62%
36	*D35.11 - Production of electricity*	85,287	7,294	49%
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	76,619	76,557	100%
38	*D35.3 - Steam and air conditioning supply*	50,673	3,043	99%
39	E - Water supply; sewerage, waste management and remediation activities	42,798	24,170	41%
40	F - Construction	752,851	724,906	8%
41	*F.41 - Construction of buildings*	121,167	110,848	13%
42	*F.42 - Civil engineering*	65,575	54,686	6%
43	*F.43 - Specialised construction activities*	566,109	559,372	0.1%
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	4,122,646	3,990,312	12%
45	H - Transportation and storage	387,591	94,090	33%
46	*H.49 - Land transport and transport via pipelines*	346,599	67,114	11%
47	*H.50 - Water transport*	6,170	4,441	-
48	*H.51 - Air transport*	6,196	6,192	-
49	*H.52 - Warehousing and support activities for transportation*	26,028	15,766	70%
50	*H.53 - Postal and courier activities*	2,598	577	29%
51	I - Accommodation and food service activities	117,228	53,862	3%
52	L - Real estate activities	149,058	148,984	29%
53	**Exposures towards sectors other than those that highly contribute to climate change***			
54	K - Financial and insurance activities			
55	Exposures to other sectors (NACE codes J, M - U)			
56	TOTAL	9,134,527	7,959,190	30%

	Sector/subsector 30.06.2026	l <= 5 years	m > 5 year <= 10 years	n > 10 year <= 20 years	o > 20 years	p Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	**4,208,452**	**1,543,575**	**411,166**	**22,855**	**4**
2	A - Agriculture, forestry and fishing	98,478	49,889	11,914	29	4
3	B - Mining and quarrying	19,922	4,212	11,283	155	5
4	*B.05 - Mining of coal and lignite*	968	-	-	-	3
5	*B.06 - Extraction of crude petroleum and natural gas*	1,254	-	-	-	1
6	*B.07 - Mining of metal ores*	301	-	-	-	4
7	*B.08 - Other mining and quarrying*	17,399	4,212	11,283	154	6
8	*B.09 - Mining support service activities*	-	-	-	1	11
9	C - Manufacturing	1,281,047	692,959	16,147	8,938	4
10	*C.10 - Manufacture of food products*	213,199	295,902	3,053	1,883	5
11	*C.11 - Manufacture of beverages*	29,956	6,334	996	3	3
12	*C.12 - Manufacture of tobacco products*	39,234	329	-	-	0
13	*C.13 - Manufacture of textiles*	9,989	802	-	25	2
14	*C.14 - Manufacture of wearing apparel*	53,704	633	415	56	2
15	*C.15 - Manufacture of leather and related products*	11,666	7,653	-	5	3
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	36,706	19,065	-	408	4
17	*C.17 - Manufacture of paper and paperboard*	26,533	6,945	-	5	3
18	*C.18 - Printing and reproduction of recorded media*	25,465	14,657	1,741	36	5
19	*C.19 - Manufacture of coke and refined petroleum products*	87	-	-	1	2
20	*C.20 - Production of chemicals and chemical products*	41,247	58,386	-	23	4
21	*C.21 - Manufacture of pharmaceutical products and pharmaceutical preparations*	28,547	51,287	-	2	5
22	*C.22 - Manufacture of rubber products*	47,550	21,729	3,007	1,120	4
23	*C.23 - Manufacture of other non-metallic mineral products*	76,851	34,973	-	5	3
24	*C.24 - Manufacture of basic metals*	213,067	39,884	-	163	3
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	140,027	36,750	6,077	852	4
26	*C.26 - Manufacture of computer, electronic and optical products*	27,940	3,721	-	307	2
27	*C.27 - Manufacture of electrical equipment*	94,810	5,634	501	1,446	2
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	54,777	28,846	-	1,579	3
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	56,089	30,905	-	177	3
30	*C.30 - Manufacture of other transport equipment*	4,078	1,748	-	1	3
31	*C.31 - Manufacture of furniture*	26,457	14,109	357	121	4
32	*C.32 - Other manufacturing*	8,631	10,273	-	106	5
33	*C.33 - Repair and installation of machinery and equipment*	14,437	2,394	-	614	3
34	D - Electricity, gas, steam and air conditioning supply	192,794	205,941	279,984	100	9
35	*D35.1 - Electric power generation, transmission and distribution*	111,857	205,941	279,984	97	10
36	*D35.11 - Production of electricity*	24,521	15,285	4,847	-	5
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	33,438	-	-	-	3
38	*D35.3 - Steam and air conditioning supply*	47,499	-	-	3	3
39	E - Water supply; sewerage, waste management and remediation activities	50,974	10,109	11,803	21	5
40	F - Construction	583,291	134,520	52,814	4,431	4
41	*F.41 - Construction of buildings*	318,324	51,671	42,559	1,245	4
42	*F.42 - Civil engineering*	120,937	18,927	6,736	87	3
43	*F.43 - Specialised construction activities*	144,030	63,922	3,519	3,099	3
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,470,955	297,454	25,965	6,559	3
45	H - Transportation and storage	455,435	99,122	1,256	2,602	3
46	*H.49 - Land transport and transport via pipelines*	276,528	50,886	-	2,298	3
47	*H.50 - Water transport*	2,150	32	-	1	2
48	*H.51 - Air transport*	2,557	57	-	-	1
49	*H.52 - Warehousing and support activities for transportation*	160,401	47,782	1,256	219	3
50	*H.53 - Postal and courier activities*	13,799	365	-	84	3
51	I - Accommodation and food service activities	105,910	163,410	46,018	1,053	7
52	L - Real estate activities	55,556	49,369	-	20	5
53	**Exposures towards sectors other than those that highly contribute to climate change***	**926,253**	**618,594**	**216,700**	**10,124**	**5**
54	K - Financial and insurance activities	144,999	24,690	2,170	4,158	4
55	Exposures to other sectors (NACE codes J, M - U)	675,344	430,494	168,512	4,913	5
56	TOTAL	5,134,705	2,162,169	627,866	32,979	4

11.6. Energy efficiency of the collateral

The purpose of this template is to measure the energy efficiency of the loans collateralised with commercial and residential immovable property, and of repossessed real estate collaterals, in terms of their consumption as expressed in kWh/m2 and/or their energy performance certificates (EPCs). With the aim of promoting the energy efficiency of buildings, the Energy Performance of Buildings Directive (2010/31/EU) and the Energy Efficiency Directive (2012/27/EU) introduced EPCs in Europe. Following their entry into force, these certificates are compulsory for the sale and rental of immovable property in the Eurozone. Energy performance certificates provide relevant information to banks on energy efficiency of buildings in collateral and exposure to climate transition risk, so EPC data collection initiative is in action. The Group used different sources and methods to obtain data on EPC of the real estate in collateral as the Group is present on EU and non-EU markets.

For new lending, the Bank gathers official energy performance certificates for real estate in collateral, collected from the borrower at loan origination and included in the Bank's database, and an official EPC has been mandatory for new residential mortgage loans for private individuals since the end of 2023 (before that, only in cases when EPC was mandatory according to Slovenian law) which will, in time, increase the share of official EPC data.

For back book, the Bank relies on actual data from the public EPC registry and modelled EPCs. For obtaining modelled EPCs, an external provider modelled missing EPCs based on public EPC registry data, information on characteristics of collateral, and information from the country specific databases. Activities for collecting additional official and more accurate modelled energy performance certificates in the whole Group are underway, for example, Optical Character Recognition solutions.

In other non-EU countries multiple difficulties were discovered during the EPC data collection initiative. Improving EPC coverage within the Group, particularly for existing collateral stock, remains a challenge. In some countries, EPCs are not established in the local legislation (e.g., Kosovo), while in others EPCs do exist but are not enforced by local law. The Bank proactively acts on those markets, and official and proxy calculations of EPC and other energy performance documents are obtained where possible. All missing EPCs in the Bank and the Group portfolio are periodically modelled based on available characteristics of real estate in collateral (specifically for each country). Additional actions and enhancements of established processes will continue to be implemented to further increase EPC data availability throughout the Group, including sharing best practices such as Optical Character Recognition solutions.

Table 29 – Template 2: Banking book – Indicators of potential Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral of NLB Group

	Counterparty sector 30.06.2026	Total	Total gross carrying amount amount						Total gross carrying amount amount								
			Level of energy efficiency (EP score in kWh/m² 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	Total	Of which level of energy efficiency estimated *
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**Total EU area**	**3,789,084**	**2,183,876**	**461,771**	**139,578**	**21,551**	**7,154**	**6,734**	**186,547**	**443,562**	**446,635**	**439,961**	**215,794**	**191,039**	**110,987**	**1,754,559**	**44.8%**
2	Of which Loans collateralised by commercial immovable property	1,148,078	622,660	66,000	12,746	1,203	717	500	39,595	42,778	90,915	61,328	45,473	79,507	19,445	769,037	42.2%
3	Of which Loans collateralised by residential immovable property	2,632,381	1,560,394	395,771	126,832	20,348	6,437	6,234	146,952	400,735	355,556	378,024	170,321	111,532	91,542	977,719	47.2%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	8,625	822	-	-	-	-	-	-	49	164	609	-	-	-	7,803	0.0%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	786,139	576,137	164,161	45,841	-	-	-								786,139	100.0%
6	**Total non-EU area**	**4,454,433**	**1,457**	**197**	**111**	**-**	**-**	**-**	**-**	**-**	**417**	**41**	**-**	**-**	**57**	**4,453,918**	**0.0%**
7	Of which Loans collateralised by commercial immovable property	2,110,420	-	-	-	-	-	-	-	-	-	-	-	-	-	2,110,420	0.0%
8	Of which Loans collateralised by residential immovable property	2,318,833	1,457	197	111	-	-	-	-	-	417	41	-	-	57	2,318,318	0.1%
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	25,180	-	-	-	-	-	-	-	-	-	-	-	-	-	25,180	0.0%
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	1,250	999	197	54	-	-	-								1,250	100.0%

* (EP score in kWh/m² of collateral)

11.7. Alignment metrics

Table 30 – Template 3: Banking book – Indicators of potential Climate change transition risk: Alignment metrics of NLB Group for 30 June 2026

	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount	Alignment metric	Year of reference	Distance to IEA NZE2050 in %***	Target (year of reference + 3 years)
	a	b	c	d	e	f	g
1	Power	D 35.11, D 35.12	229,451	0.156 tCO_2e/MWh	2024	(5)	Not available
2	Fossil fuel combustion	-	-	-	-	-	-
3	Automotive	-	-	-	-	-	-
4	Aviation	-	-	-	-	-	-
5	Maritime transport	-	-	-	-	-	-
6	Cement, clinker and lime production	-	-	-	-	-	-
7	Iron and steel, coke, and metal ore production	C 24.10	96,513	0.883 tCO_2e/tonne	2024	(17)	Not available
8	Chemicals	-	-	-	-	-	-

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

If 'Distance to IEA NZE2050 in %' is negative value, it means that the goals are exceeded.

11.8. Exposures to top 20 carbon-intensive firms

Table 31 – Template 4: Banking book – Indicators of potential Climate change transition risk: Exposures to top 20 carbon-intensive firms on 30 June 2026 of NLB Group

	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
	a	b	c	d	e
1	1,254	0.02%	N/A	1	1

*For counterparties among the top 20 carbon emitting companies in the w orld

The objective of this template is to show aggregate exposure to the 20 most carbon-intensive companies globally.

The perimeter includes loans and advances, debt securities, and equity instruments, classified under the accounting portfolios in the banking book, excluding financial assets held for trading and held for sale assets.

As the EBA instructions do not specify which list to use to cover this template, we have decided to use one of the two options mentioned as an example in the EBA's implementing technical standards on prudential disclosures on ESG risks, namely, the Carbon Majors Database.

Regarding environmentally sustainable (CCM) column (c), according to the Pillar 3 ESG implementing technical standards, we currently have no knowledge regarding reported company.

11.9. Exposures subject to physical risk

The purpose of this template is to identify exposures subject to acute and chronic physical risk, including exposures collateralised by immovable property, exposures by the business sector, and foreclosed assets. The perimeter Gross Carrying Amount includes exposures in the banking book, including loans and advances, debt securities, and equity instruments not held-for-trading and not held-for-sale.

The Bank uses an internal methodology for assessment of various physical risk events (hazards). Based on the location and industry of the client's vulnerability score is assigned to each exposure. A five-level risk scale is used (low, moderately low, moderate, moderately high, and high risk). The Group has no exposure assigned to the high-risk bucket. However, limited exposure arising from acute physical risk is assigned to moderately high-risk bucket which the Bank still considers as exposures sensitive to impact from acute climate change events. Moderately high-risk exposure mostly relates to exposures in agriculture, which is vulnerable to drought. Less material are energy production, water supply, sewage, and waste management industries which are sensitive either to drought or floods. Furthermore, there is very limited exposure collateralised by immovable property vulnerable to floods.

For loans collateralised by commercial or residential real estate (RE) a specific tool for assessing flood risk based on national (Slovenian) flood risk zones was developed – determining flood risk with matching the micro-location of real estate in collateral with official flood exposure zones. For all collaterals in our portfolio, flood risk (high, moderate high, moderate, moderate low, low) was determined, as exposures sensitive to impact from acute climate change events collateral in the High and Moderately high flood risk bucket was included. Other physical risks in Slovenia are assessed as not material to Bank's collateral exposure. Through a procedure of valuation of the collateral, an external appraiser is obliged to identify in which (in majority) flood risk the RE is located. The front office recognises the identification of the flood risk and takes measures if necessary, according to the business rule. For example, if a flood risk is identified as moderate, a certain insurance policy must be conditioned prior approving the loan. For the Group members, a similar exercise with the same IT tool is ongoing using EU flood exposure maps. For each collateral, coordinates will be determined and compared with a flood risk map.

The Group has not identified any exposure sensitive to impact of chronic climate change events.

Table 32 – Template 5: Banking book - Indicators of potential Climate change physical risk: Exposures subject to physical risk of NLB Group

	30.06.2026	Total	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 acute climate change events	Of which Stage 2 exposu-res	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				Total	of which Stage 2 exposu-res	Of which non-performing exposures
	a	b	c	d	e	f	g	i	k	l	m	n	o
1	A - Agriculture, forestry and fishing	160,310	82,193	46,180	11,769	20	5	140,163	16,384	3,009	(3,310)	(936)	(1,757)
2	B - Mining and quarrying	35,571	19,504	2,863	11,283	154	5	33,804	3,227	33	(308)	(202)	(10)
3	C - Manufacturing	1,999,094	72,970	20,093	3,745	21	3	96,829	1,843	1,282	(1,213)	(131)	(816)
4	D - Electricity, gas, steam and air conditioning supply	678,820	56,027	116,455	64,787	92	8	237,361	7,805	2	(2,355)	(889)	(2)
5	E - Water supply; sewerage, waste management and remediation activities	72,907	23,916	7,415	5,857	15	5	37,203	829	9,485	(2,769)	(28)	(2,585)
6	F - Construction	775,056	67,726	17,960	16,032	56	4	101,774	4,525	1,493	(1,237)	(39)	(785)
7	G - Wholesale and retail trade, repair of motor vehicles and motorcycles	1,800,933	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	558,414	13,640	6,611	-	-	3	20,251	1,678	18	(242)	(111)	(6)
9	L - Real estate activities	104,945	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	4,916,866	20,044	11,328	73,937	33,016	15	138,325	6,366	1,652	(1,028)	(138)	(760)
11	Loans collateralised by commercial immovable property	3,316,912	88,188	12,939	7,740	712	4	109,580	29,294	28,973	(11,610)	(3,657)	(7,835)
12	Repossessed colaterals	33,805	-	-	-	-	-	-	-	-	-	-	-

11.10. Green Asset Ratio (GAR)

In line with the requirements set out under the EU Taxonomy Regulation and the associated Pillar 3 disclosure framework, the Group reports its Green Asset Ratio ('GAR') as the primary indicator of the proportion of Taxonomy-aligned exposures within its banking book. The GAR reflects the share of assets financing economic activities that meet the EU Taxonomy's technical screening criteria for contributing to environmental objectives, as well as complying with Do-No-Significant-Harm and minimum safeguards provisions. This metric enhances transparency and enables market participants to assess the extent to which the Group's lending activities support the transition toward a more sustainable and climate-resilient economy.

While the GAR provides a harmonised, regulatory measure of Taxonomy alignment, it should not be interpreted as a comprehensive representation of the Group's overall transition-financing efforts. A significant part of the Group's portfolio – such as exposures to smaller enterprises and non-EU counterparties – remains outside the current scope of the Taxonomy and is therefore excluded from the GAR calculation. As a result, the GAR does not fully capture the actual volume of financing supporting environmentally sustainable or transitioning activities.

Furthermore, the accuracy and completeness of reported Taxonomy alignment rely on information disclosed by counterparties. Many clients are still at an early stage of their own sustainability journeys and may face challenges in assessing or reporting their Taxonomy-eligibility or alignment. This data dependency inherently influences the Group's reported metrics and may not fully reflect the long-term trajectory of the portfolio toward environmental sustainability. Accordingly, the GAR should be interpreted together with the complementary qualitative and quantitative indicators presented in the Pillar 3 report. These additional disclosures provide a more holistic view of the Group's strategy, governance framework, and ongoing efforts to support clients in their transition and to scale sustainable finance in line with regulatory expectations and market developments.

Our calculation approach:

- Green asset ratio, GAR, is calculated as identified Taxonomy-aligned assets (numerator), divided by total assets, eligible for EU Taxonomy, covered by the KPI (denominator). Exposures towards central banks, central governments, and the Bank's trading portfolio are excluded from both the numerator and denominator (not covered by the KPI). Exposures to regional and local public authorities and entities controlled by states, where the use of proceeds is unknown, are also excluded from the numerator and denominator of the KPI.
- Since some financial and non-financial undertakings will not publish their Taxonomy-aligned information for the 2025 financial year until late 2026, they cannot be incorporated into this year's disclosure (data available on 30 June 2026 is used).
- For the assessment of Taxonomy-related key performance indicators (KPIs) for non-financial undertakings, the Group relies on publicly available information disclosed by counterparties subject to the Corporate Sustainability Reporting Directive (CSRD). These entities are required to report on their EU Taxonomy eligibility and alignment. Accordingly, the Group uses the counterparties' reported percentages of Taxonomy-eligible and Taxonomy-aligned turnover as the primary basis for determining the Taxonomy status of exposures to such non-financial corporates.
- To determine households' eligibility for KPIs, we considered the entire portfolio of mortgage loans, with assets subject to energy efficiency rules and motor vehicle loans. For alignment KPIs on the households' portfolio, we focused on the "Acquisition and ownership of buildings" parameter and "Transport by motorbikes, passenger cars and light commercial vehicles" parameter under Delegated Regulation 2021/2139 (excluding the "Renovation of existing buildings" under Delegated Regulation 2021/2139) to assess a significant contribution to climate change mitigation:

    - For buildings built before 31 December 2020, the building shall be rated at least an energy performance class A. Alternatively, the building shall be placed in the upper 15% of the national or regional building stock, expressed as an operational primary energy demand and demonstrated by appropriate evidence that includes at least a comparison between the performance of the asset in question and that of the national or regional stock built before 31 December 2020, and differentiates at least between residential and non-residential buildings.
    - For buildings constructed after 31 December 2020, the building shall meet the criteria set out in Section 7.1 of the Annex to the Delegated Act (Construction of new buildings) that are relevant at the time of purchase.
    - For motor vehicles specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero (BEV).

Table 33 – Template 6: Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures on NLB Group

30.06.2026	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	1.62%	-	1.62%	72.80%
GAR flow	0.93%	-	0.93%	84.20%

* % of assets covered by the KPI over banks´ total assets

Table 33 provides summary information for the GAR indicators, shown in tables 34 and 35. GAR represents the level of alignment of the Group's assets for the climate change mitigation (CCM) and climate change adaptation (CCA) objective, according to the European taxonomy (Regulation 2020/852, in line with articles 10 and 11). So, in this report, we are disclosing the green assets ratio for two climate objectives (out of six). The indicators are represented at the stock level on balance sheet assets as at 30 June 2026.

On 30 June 2026, the Group's GAR was 1.62% of total covered assets, which is explained by exposures contributing to the climate change mitigation objective.

Table 34 provides the gross book value, in terms of eligibility and alignment with the European taxonomy, for loans and advances, debt securities, and equity instruments, with details by counterparty type (financial corporates, non-financial corporates, households, and local governments).

Total eligible assets for climate mitigation are about EUR 5,506 million, with an alignment level of about EUR 372 million. In detail:

- out of EUR 683 million exposures to non-financial corporates, which are within the GAR calculation scope, EUR 169 million are considered eligible (24.8% of exposure to non-financial corporates) and EUR 99 million aligned (14.5% of exposure to non-financial corporates);
- the financial corporates portfolio, which falls within the GAR calculation scope, is EUR 2,891 million; the eligible portfolio amounts to EUR 605 million (originating from debt securities), 20.9% of the financial corporates portfolio;
- the household portfolio, which falls within the GAR calculation scope, amounts to EUR 5,465 million, with an eligibility and alignment level of EUR 4,732 million and EUR 207 million, respectively. The eligibility level is 86.6% and the alignment is 3.8% (being the main limitation for inclusion the availability of timely EPC and flood risk data, as reported in template 2 – Table 29).

Table 34 – Template 7: Mitigating actions: Assets for the calculation of GAR

	Disclosure reference date 30.06.2026	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9,325,725	5,505,866	372,386	-	915	95,102	3	-	-	-	-	5,505,869	372,386	-	915	95,102
2	**Financial corporations**	**2,891,117**	**604,671**	**66,285**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**604,671**	**66,285**	**-**	**-**	**-**
3	Credit institutions	2,368,691	604,671	66,285	-	-	-	-	-	-	-	-	604,671	66,285	-	-	-
4	Loans and advances	459,531	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	1,909,160	604,671	66,285	-	-	-	-	-	-	-	-	604,671	66,285	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
7	Other financial corporations	522,426	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
12	of which management companies	16,410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	1,594	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	14,816	-	-		-	-	-	-		-	-	-	-		-	-
16	of which insurance undertakings	10,163	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	1,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	7,889	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	424	-	-		-	-	-	-		-	-	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**683,175**	**169,435**	**99,292**	**-**	**915**	**95,102**	**3**	**-**	**-**	**-**	**-**	**169,438**	**99,292**	**-**	**915**	**95,102**
21	Loans and advances	678,534	169,435	99,292	-	915	95,102	3	-	-	-	-	169,438	99,292	-	915	95,102
22	Debt securities, including UoP	4,641	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-

	Disclosure reference date 30.06.2026	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
24	**Households**	**5,465,391**	**4,731,760**	**206,809**	**-**	**-**	**-**						**4,731,760**	**206,809**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	4,671,545	4,671,545	146,594	-	-	-						4,671,545	146,594	-	-	-
26	of which building renovation loans	-	-	-	-	-	-						-	-	-	-	-
27	of which motor vehicle loans	793,846	60,215	60,215	-	-	-						60,215	60,215	-	-	-
28	**Local governments financing**	**286,042**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local governments financing	286,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	33,836	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**TOTAL GAR ASSETS**	**9,359,561**	**5,505,866**	**372,386**	**-**	**915**	**95,102**	**3**	**-**	**-**	**-**	**-**	**5,505,869**	**372,386**	**-**	**915**	**95,102**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**3,163,678**															
34	Loans and advances	3,155,471															
35	Debt securities	6,340															
36	Equity instruments	1,867															
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**4,110,888**															
38	Loans and advances	4,102,636															
39	Debt securities	5,843															
40	Equity instruments	2,409															
41	Derivatives	34,304															
42	On demand interbank loans	-															
43	Cash and cash-related assets	610,556															
44	Other assets (e.g. Goodwill, commodities etc.)	5,756,841															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**23,035,828**															
	Other assets excluded from both the numerator and denominator for GAR calculation																
46	Sovereigns	5,617,101															
47	Central banks exposure	2,980,804															
48	Trading book	8,867															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**8,606,772**															
50	**TOTAL ASSETS**	**31,642,600**															

Table 35 – Template 8: GAR (%)

		Disclosure reference date: KPIs on stock															
	30.06.2026	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	% (compared to total covered assets in the denominator)	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1	**GAR**	**23.90%**	**1.62%**	**-**	**0.004%**	**0.41%**	**-**	**-**	**-**	**-**	**-**	**23.90%**	**1.62%**	**-**	**-**	**0.41%**	**72.80%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23.90%	1.62%	-	0.004%	0.41%	-	-	-	-	-	23.90%	1.62%	-	-	0.41%	29.47%
3	Financial corporations	2.62%	0.29%	-	-	-	-	-	-	-	-	2.62%	0.29%	-	-	-	9.14%
4	Credit institutions	2.62%	0.29%	-	-	-	-	-	-	-	-	2.62%	0.29%	-	-	-	7.49%
5	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.65%
6	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
8	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%
9	Non-financial corporations subject to NFRD disclosure obligations	0.74%	0.43%	-	0.004%	0.41%	-	-	-	-	-	0.74%	0.43%	-	-	0.41%	2.16%
10	Households	20.54%	0.90%	-	-	-						20.54%	0.90%	-	-	-	17.27%
11	of which loans collateralised by residential immovable property	20.28%	0.64%	-	-	-						20.28%	0.64%	-	-	-	14.76%
12	of which building renovation loans	-	-	-	-	-						-	-	-	-	-	-
13	of which motor vehicle loans	0.26%	0.26%	-	-	-						0.26%	0.26%	-	-	-	2.51%
14	Local government financing	-	-	-	-	-						-	-	-	-	-	0.90%
15	Housing financing	-	-	-	-	-						-	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.90%
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-						-	-	-	-	-	0.11%

	30.06.2026	Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	
		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
1	**GAR**	**15.37%**	**0.93%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15.37%**	**0.93%**	**-**	**-**	**-**	**84.20%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15.37%	0.93%	-	-	-	-	-	-	-	-	15.37%	0.93%	-	-	-	28.81%
3	Financial corporations	2.79%	0.31%	-	-	-	-	-	-	-	-	2.79%	0.31%	-	-	-	13.68%
4	Credit institutions	2.79%	0.31%	-	-	-	-	-	-	-	-	2.79%	0.31%	-	-	-	12.42%
5	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.26%
6	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%
8	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
9	Non-financial corporations subject to NFRD disclosure obligations	0.35%	-	-	-	-	-	-	-	-	-	0.35%	-	-	-	-	0.42%
10	Households	12.23%	0.63%	-	-	-						12.23%	0.63%	-	-	-	13.24%
11	of which loans collateralised by residential immovable property	11.68%	0.08%	-	-	-						11.68%	0.08%	-	-	-	9.83%
12	of which building renovation loans	-	-	-	-	-						-	-	-	-	-	-
13	of which motor vehicle loans	0.55%	0.55%	-	-	-						0.55%	0.55%	-	-	-	3.41%
14	Local government financing	-	-	-	-	-						-	-	-	-	-	1.46%
15	Housing financing	-	-	-	-	-						-	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.46%
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-						-	-	-	-	-	0.001%

Table 35 provides the eligibility and alignment levels of: loans and advances, debt securities, and equity instruments, for the different portfolios, compared to total assets, with detailed information for the stock as at 30 June 2026. The covered total assets include exposures towards financial and non-financial corporations, households, local government financing and other exposures (e.g., derivatives, on-demand interbank loans, liquidity, goodwill). The difference from total banking assets is related to exposures towards states, central banks, trading book.

In light of the methodology described for template 7 (Table 34), the percentage of eligibility on the stock is 23.90%, and the alignment is 1.62%.

12. Leverage ratio

(Article 451 of CRR)

The leverage ratio is calculated in line with provisions from the CRR and CRD, including the amendments. The leverage ratio was introduced into the Basel III framework as a simple, transparent, non-risk-based supplementary measure to the risk-based capital requirements. The purpose of the leverage ratio is to limit the size of bank balance sheets, and with a special emphasis on exposures, which are not weighted within the framework of the existing capital requirement calculations. Therefore, the leverage calculation uses Tier 1 as the numerator, and the denominator is the total exposure of all active balance sheet and off-balance-sheet items after the adjustments are made, in the context of which the exposures from individual derivatives, exposures from transactions of security funding, and other off-balance sheet items are especially pointed out. The leverage ratio is calculated in accordance with the fully phased definition of the capital measure and has become one of the mandatory minimum capital requirements.

Table 36 – Leverage ratio of NLB Group

	30.06.2026	31.03.2026	31.12.2025
Tier 1 capital	3,381,751	3,374,327	3,396,703
Total leverage exposures	33,356,676	33,708,914	32,988,911
Leverage ratio	**10.14%**	**10.01%**	**10.30%**

The leverage ratio of the Group as at 30 June 2026 amounted to 10.14%, which is well above the 3% threshold defined by the BCBS. The ratio highly exceeds minimum requirement, consequently the risk of excessive leverage for the Group is not material. The Group's business model supports a low leverage risk appetite. In order to assure a limited risk appetite for leverage, the Group follows different indicators to identify reasons for past changes and potential future threats. The leverage ratio is also included in an early warning system, as a recovery plan indicator where certain limits for a case of any excess of defined triggers are set. The notification system is defined as well. The leverage ratio is regularly and quarterly monitored and reported to Capital Management Group, and the Management and Supervisory Board of the Bank. Moreover, the leverage ratio is also integrated in a stress tests framework with the aim of maintaining an adequate level of capital even if extraordinary circumstances would occur. If the leverage ratio remains stable under stressed conditions, the risk of a forced reduction of the Bank's assets can be assessed as low.

The leverage ratio as at 30 June 2026 decreased in comparison with the end of December 2025, by 0.2 p.p. as a result of higher value of the total leverage exposure in the amount of EUR 367.7 million and the decrease of the capital by EUR 14.9 million. The increase in the total leverage exposure was influenced by increase of on-balance exposures at the end of June 2026, which rose by EUR 413.9 million, especially to exposures treated as sovereigns, secured by mortgages, and retail while off-balance sheet exposures decreased by EUR 41.9 million. Compared to December 2025, derivative exposures decreased by EUR 4.3 million, their share in the total exposure measures remains very low.

As at 30 June 2026, the leverage exposure was mainly driven by on-balance sheet exposures (94.9%), and other off-balance sheet exposure (4.9%), the rest exposure arose from derivatives and was not significant. Among on-balance sheet exposures, the most significant were exposures treated as sovereigns (25.6%), exposures secured by mortgages of immovable properties (24.9%), retail exposures (23.0%), and exposures to corporates (11.4%).

Table 37 – EU LR2 – LRCom – Leverage ratio common disclosure for NLB Group

		CRR leverage ratio exposures		
		a	b	c
		30.06.2026	**31.03.2026**	**31.12.2025**
On-balance sheet exposures (excluding derivatives and SFTs)				
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	31,819,230	32,215,663	31,401,163
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(147,593)	(144,820)	(143,506)
7	**Total on-balance sheet exposures (excluding derivatives, SFTs)**	**31,671,637**	**32,070,843**	**31,257,657**
Derivative exposures				
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	-	-	-
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	-	-	-
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-	-
EU-9b	Exposure determined under Original Exposure Method	70,106	67,434	63,827
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	(28,883)	(25,055)	(18,310)
11	Adjusted effective notional amount of written credit derivatives	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-
13	**Total derivative exposures**	**41,223**	**42,379**	**45,517**
Securities financing transaction (SFT) exposures				
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-
16	Counterparty credit risk exposure for SFT assets	-	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-	-
17	Agent transaction exposures	-	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-	-
18	**Total securities financing transaction exposures**	**-**	**-**	**-**
Other off-balance sheet exposures				
19	Off-balance sheet exposures at gross notional amount	6,271,015	6,059,821	6,321,327
20	(Adjustments for conversion to credit equivalent amounts)	(4,627,199)	(4,464,129)	(4,635,590)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-	-
22	**Off-balance sheet exposures**	**1,643,816**	**1,595,692**	**1,685,737**
Excluded exposures				
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-	-

		CRR leverage ratio exposures		
		a	b	c
		30.06.2026	**31.03.2026**	**31.12.2025**
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-	-
EU-22k	(Excluded exposures to shareholders according with point (da) of Article 429a (1),CRR)	-	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-	-
EU-22m	**(Total exempted exposures)**	**-**	**-**	**-**
Capital and total exposure measure				
23	Tier 1 capital (T1)	3,381,751	3,374,327	3,396,703
24	**Total exposure measure**	**33,356,676**	**33,708,914**	**32,988,911**
Leverage ratio				
25	**Leverage ratio (%)**	**10.14%**	**10.01%**	**10.30%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	10.14%	10.01%	10.30%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	10.14%	10.01%	10.30%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU-26b	of which: to be made up of CET1 capital (%)	-	-	-
27	Leverage ratio buffer requirement (%)	3.00%	3.00%	3.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
Choice on transitional arrangements and relevant exposures				
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in	Fully phased in
Disclosure of mean values				
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	33,356,676	33,708,914	32,988,911
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	33,356,676	33,708,914	32,988,911
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	10.14%	10.01%	10.30%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	10.14%	10.01%	10.30%

Table 38 – EU LR1 – LRSum – Summary reconciliation of accounting assets and leverage ratio exposures for NLB Group

		30.06.2026
		a
1	**Total assets as per published financial statements**	**31,852,517**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	735
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	92,356
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1,643,816
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(232,748)
13	**Total exposure measure**	**33,356,676**

Table 39 – EU LR3 – LRSpl – Split-up of on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures) for NLB Group

		30.06.2026	31.12.2025
		a	b
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**31,819,230**	**31,401,163**
EU-2	Trading book exposures	5,824	1,974
EU-3	Banking book exposures, of which:	31,813,406	31,399,189
EU-4	Covered bonds	269,561	234,718
EU-5	Exposures treated as sovereigns	8,160,574	8,935,286
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	583,462	537,097
EU-7	Institutions	2,225,014	2,142,022
EU-8	Secured by mortgages of immovable properties	7,925,201	7,433,133
EU-9	Retail exposures	7,327,217	6,952,356
EU-10	Corporate	3,633,387	3,512,370
EU-11	Exposures in default	216,229	238,265
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	1,472,761	1,413,942

13. Appendices

13.1. Appendix 1

(Article 447 h of CRR and Article 45i (3) a and c of BRRD)

This template provides summary information about the Bank's Minimum Requirement for own funds and Eligible Liabilities (MREL). It covers the disclosures required by point (h) of Article 447 CRR and points (a) and (c) of Article 45i (3) BRRD. It has to be disclosed by the Bank as the resolution entity on the basis of its Resolution Group level (i.e., NLB Resolution Group, consisting of the Bank and other members of the Group excluding other banks).

As at 30 June 2026, the Bank must comply with MREL requirement on a consolidated basis at Resolution Group level of 30.15% of Total Risk Exposure Amount (TREA) increased by applicable Combined Buffer Requirement (CBR) and 11.71% of the Total Exposure Measure (TEM – leverage exposure).

As of 30 June 2026, the MREL ratio was 37.83% as percentage of TREA compared to the requirement of 34.95% of TREA (with CBR). This means the Bank has a MREL surplus of EUR 240 million above its MREL requirement. Expressed as percentage of the Leverage exposure, the Bank ratio was 20.92%, while the requirement is 11.71% of Leverage exposure.

Table 40 – EU KM2: Key metrics – MREL and, where applicable, the G-SII requirement for own funds and eligible liabilities for NLB Group

	30.06.2026	**Minimum requirement for own funds and eligible liabilities (MREL)**
		a
	Own funds and eligible liabilities, ratios, and components	
1	Own funds and eligible liabilities	4,219,879
EU-1a	Of which own funds and subordinated liabilities	3,172,740
2	Total risk exposure amount of the resolution group (TREA)	11,154,685
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	37.83%
EU-3a	Of which own funds and subordinated liabilities	28.44%
4	Total exposure measure (TEM) of the resolution group	20,167,562
5	Own funds and eligible liabilities as percentage of the total exposure measure (TEM)	20.92%
EU-5a	Of which own funds or subordinated liabilities	15.73%
	Minimum requirement for own funds and eligible liabilities (MREL)	
EU-7	MREL requirement expressed as percentage of the total risk exposure amount (TREA)	30.15%
EU-9	MREL requirement expressed as percentage of the total exposure measure (TEM)	11.71%

13.2. Appendix 2

List of all disclosures required under Part 8 of CRR

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455(2) a)	/	/
b)	/	/
c)	/	/

13.3. Appendix 2
Abbreviations

A-IMA	Alternative Internal model approach
A-IRB	Advanced Internal ratings-based approach
A-SA	Alternative standardised approach
ADC	Land acquisition, Development, and Construction
AI	Artificial intelligence
ALCO	Asset and Liability Committee
ASF	Available stable funding
AT1	Additional Tier 1 capital
AVA	Additional Valuation Adjustments
BCBS	Basel Committee on Banking Supervision
BCP	Business Continuity Plan
BIS	Bank for International Settlements
BEV	Battery Electric Vehicle
BREEAM	Building Research Establishment Environmental Assessment Methodology
BRRD	Bank Recovery and Resolution Directive
C&E	Climate and environmental
CBR	Combined buffer requirement
CCA	Climate change adaptation
CCF	Credit conversion factor
CCM	Climate change mitigation
CCP	Central Counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CEO	Chief Executive Officer
CET1	Common equity tier 1 capital
CIU	Collective investment undertakings
CO_2	Carbon dioxide
CRD	Capital Requirements Directive
CRD6	Capital Requirements Directive and Regulation
CRE	Commercial real estate
CRM	Credit Risk Mitigation
CRR	Capital Requirements Regulation
CSD	Central Securities Depositories
CSR	Corporate Sustainability Reporting
CSRD	Corporate Sustainability Reporting Directive
CVA	Credit valuation adjustment
DDoS	Distributed denial-of-service
DEI	Diversity, Equity and Inclusion
DMA	Double Materiality Assessment
E&S	Environmental and social
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECL	Expected Credit Losses
EEA	European Economic Area
EEPE	Effective Expected Positive Exposure
EMIR	European Market Infrastructure Regulation
EPC	Energy performance certificat
ESG	Environmental, social and governance
ESMS	Environmental and Social Management System
ESRB	European Systemic Risk Board
ESRS	European Sustainability Reporting Standards
EU	European Union
EWS	Early Warning System
F-BA	Full basic approach
F-IRB	Foundation Internal ratings-based approach
FX	Foreign Exchange
G-SII	Global systemically important institutions
GAR	Green Asset Ratio
GBF	Green Bond Framework
GDP	Gross Domestic Product
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse Gas
ILO	International Labour Organization
IMM	Internal model method
IPRE	Income producing real estate
IRB	Internal ratings-based approach
ISDA	International Swaps and Derivatives Association
IT	Information Technology
KPI	Key Performance Indicator
KYC	Know your customer
LCR	Liquidity coverage ratio
LEED	Leadership in Energy and Environmental Design
LEI	Legal Entity Identifier
LGD	Loss given default
LTD	Loan-to-deposit
LTI	Loan-to-income / Long term incentive
MDA	Maximum Distributable Amount
MDB	Multilateral development banks
MIGA	Multilateral Investment Guarantee Agency
MREL	Minimum Requirement for own funds and Eligible Liabilities
NACE	Nomenclature of Economic Activities
NATO	North Atlantic Treaty Organization
NFRD	Non-Financial Reporting Directive
NGFS	Network for Greening the Financial System
NPE	Non Performing Exposures
NPL	Non Performing Loans
NSFR	Net Stable Funding Ratio
NZBA	Net Zero Banking Alliance
NZE	Net Zero Emissions
NZEB	Nearly Zero-energy Buildings
O-SII	Other systemically important institutions
OCR	Overall capital requirement
OECD	Organisation for Economic Co-operation and Development
P1R	Pillar 1 Requirement
P2R	Pillar 2 Requirement
P2G	Pillar 2 Guidance
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PFE	Potential Future Exposure
PHEV	Plug-in Hybrid Electric Vehicle
PP&E	Property, plant and equipment
PSE	Public Sector Entity
R-BA	Reduced Basic Approach
RC	Replacement cost
RCP	Representative Concentration Pathways
RE	Real estate
RRE	Residential Real Estate
RSF	Required stable funding
RWA	Risk-weighted assets
RWEA	Risk weighted exposure amount
S-SA	Simplified standardised Approach
SA	Standardised Approach
SEC-ERBA	Securitization External ratings-based approach
SEC-IRBA	Securitization Internal ratings-based approach
SEC-SA	Securitization Standardised Approach
SEE	Southeast Europe
SFDR	Sustainable Finance Disclosure Regulation
SFT	Securities Financing Transactions
SME	Small Medium Enterprise
SREP	Supervisory Review and Evaluation Process
SSA	Simplified standardised approach
T1	Tier 1 (capital)
T2	Tier 2 (capital)
TC	Total Capital
TCFD	Taskforce for Climate Related Financial Disclosures

GMRA	Global Master Repurchase Agreement
GRI	Global Reporting Initiative
HQLA	High-quality liquid assets
HR	Human Resources
IIA	Internal Assessment Approach
ICAAP	Internal Capital Adequacy Assessment Process
ICMA	International Capital Market Association
ICT	Information and Communication Technology
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
TCR	Total Capital ratio
TEM	Total Exposure Measure
TREA	Total risk exposure amount
TSCR	Total SREP capital requirement
UoP	Use-of-proceeds
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
UN PRB	United Nations Principles of Responsible Banking
VaR	Value at risk
ZGD-1	Companies Act
WEO	World Energy Outlook