



Pillar III Disclosures for the Q1 2026

NLB

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1. Key highlights

(Article 447 of CRR)

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

		31.03.2026	31.12.2025	30.09.2025	30.06.2025	31.03.2025
		a	b	c	d	e
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,989,016	3,011,596	2,801,169	2,802,766	2,788,768
2	Tier 1 capital	3,374,327	3,396,703	2,885,704	2,887,038	2,874,602
3	Total capital	3,903,260	3,925,585	3,413,854	3,415,245	3,402,000
Risk-weighted exposure amounts						
4	Total risk exposure amount	20,163,888	19,509,811	19,116,570	18,608,244	18,124,929
4a	Total risk exposure pre-floor	20,163,888	19,509,811	19,116,570	18,608,244	18,124,929
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	14.82%	15.44%	14.65%	15.06%	15.39%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.82%	15.44%	14.65%	15.06%	15.39%
6	Tier 1 ratio (%)	16.73%	17.41%	15.10%	15.51%	15.86%
6b	Tier 1 ratio considering unfloored TREA (%)	16.73%	17.41%	15.10%	15.51%	15.86%
7	Total capital ratio (%)	19.36%	20.12%	17.86%	18.35%	18.77%
7b	Total capital ratio considering unfloored TREA (%)	19.36%	20.12%	17.86%	18.35%	18.77%
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%	2.12%	2.12%	2.12%	2.12%
EU 7e	of which: to be made up of CET1 capital (%)	1.18%	1.19%	1.19%	1.19%	1.19%
EU 7f	of which: to be made up of Tier 1 capital (%)	1.58%	1.59%	1.59%	1.59%	1.59%
EU 7g	Total SREP own funds requirements (%)	10.10%	10.12%	10.12%	10.12%	10.12%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.83%	0.80%	0.80%	0.78%	0.76%
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%	4.63%	4.63%	4.61%	4.59%
EU 11a	Overall capital requirements (%)	14.76%	14.75%	14.75%	14.73%	14.71%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.14%	9.75%	7.51%	7.92%	8.27%
Leverage ratio						
13	Total exposure measure	33,708,914	32,988,911	31,945,235	31,052,333	30,351,912
14	Leverage ratio (%)	10.01%	10.30%	9.03%	9.30%	9.47%
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%

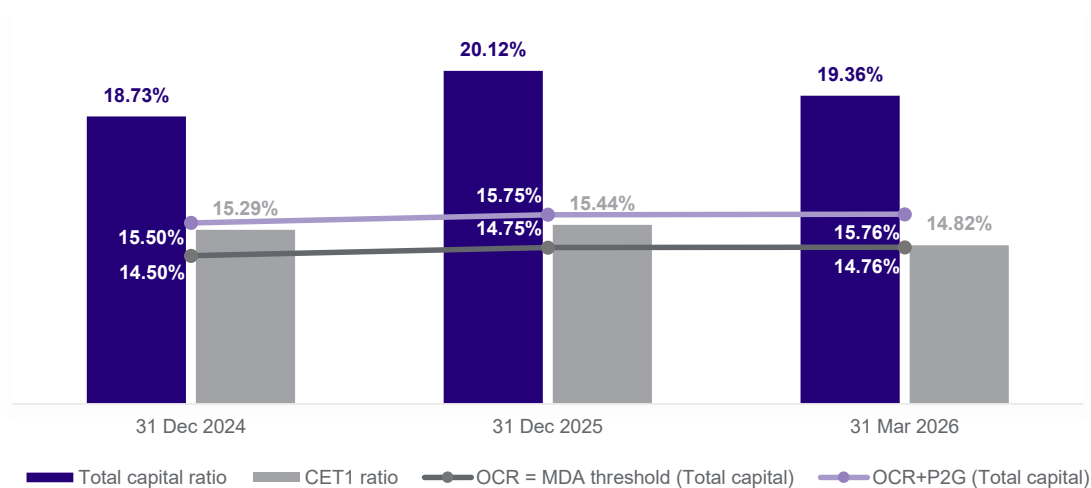
		31.03.2026	31.12.2025	30.09.2025	30.06.2025	31.03.2025
		a	b	c	d	e
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	6,353,009	6,310,337	6,173,362	6,334,011	6,584,777
EU 16a	Cash outflows - Total weighted value	3,800,772	3,703,232	3,599,041	3,493,814	3,414,235
EU 16b	Cash inflows - Total weighted value	561,520	533,085	519,638	499,589	480,040
16	Total net cash outflows (adjusted value)	3,239,252	3,170,147	3,079,403	2,994,225	2,934,196
17	Liquidity coverage ratio (%)	196.31%	199.40%	200.60%	211.95%	225.28%
Net Stable Funding Ratio						
18	Total available stable funding	26,453,722	26,204,406	25,058,468	24,478,892	23,884,082
19	Total required stable funding	13,940,492	16,008,558	15,595,502	15,135,418	14,461,039
20	NSFR ratio (%)	189.76%	163.69%	160.68%	161.73%	165.16%

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.

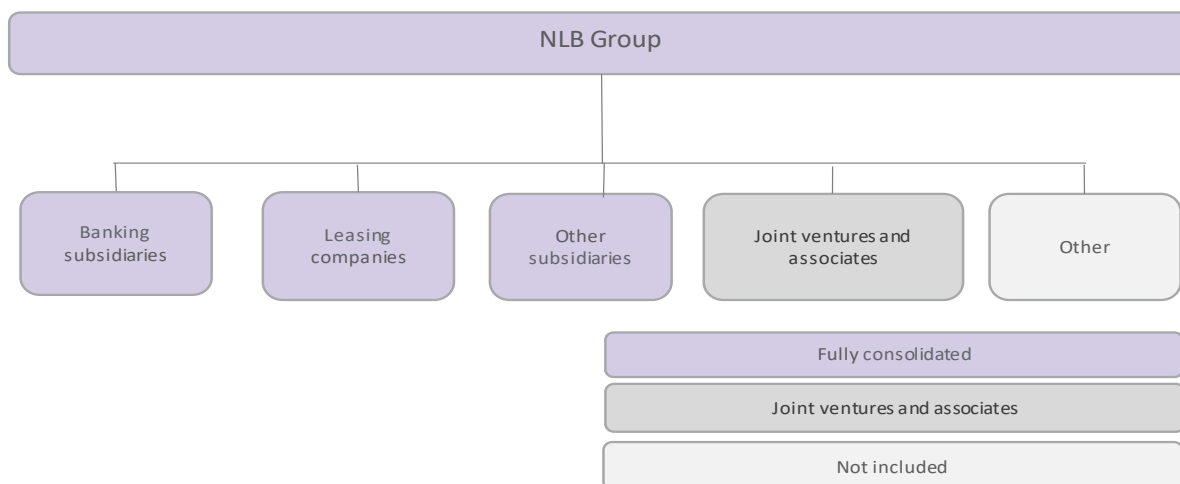
CRD6 requires the Group to disclose information quarterly (CRR Article 433a). To ensure effective communication of the Group's business and risk profile, the Group also pays particular attention to the possibility of providing information more frequently than annually. A separate Pillar 3 document is 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 Q1 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 Q1 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 31 March 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.

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 2 – Capital requirements and buffers of NLB Group

		03 2026	12 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 at 31 March 2026, the Group's Overall Capital Requirement (OCR) on a consolidated basis was 14.76%, which is slightly higher (by 0.01%) than at the end of 2025. The increase was primarily due to a rise in the institution-specific countercyclical capital buffer rate, which increased from 0.80% to 0.83%, reflecting the applicable buffer rates in the countries where the Group is exposed.

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 3: Buffers to maximum distributable amount (MDA)

31.03.2026		
CET1	Actual	14.82%
	Requirement	10.34%
	Buffer	4.48%
AT1	Actual	1.91%
	Requirement	1.90%
	Shortfall	0.00%
T2	Actual	2.63%
	Requirement	2.52%
	Shortfall	0.00%
MDA Buffer		4.48%

As at 31 March 2026, the Group's TCR stood at 19.4% (0.8 pp decrease YtD), while the CET1 ratio stood at 14.8% (0.6 pp decrease YtD). The lower total capital adequacy primarily derives from an increase in RWA of EUR 654.1 million, which was accompanied by a capital decrease of EUR 22.3 million compared to the end of 2025. Main reason for lower capital are revaluation adjustments through OCI.

The total capital does not include the envisaged amount to be paid out as a dividend in 2026. Therefore, there will be no effect on the capital if the dividends are paid.

The drivers behind the differences between the RWAs in 2026 are explained in Chapter 4.2. Risk-weighted exposure in Table 5 – EU OV1 – An Overview of Risk-weighted exposure amounts of NLB Group.

Table 4 – Capital adequacy of NLB Group

	31.03.2026	31.12.2025
Paid up capital instruments	200,000	200,000
Share premium	871,378	871,378
Retained earnings	1,850,493	1,630,578
Current result	-	226,573
Accumulated other comprehensive income	(17,135)	148
Other reserves	186,332	186,332
Minority interest	44,387	43,668
Prudential filters: Additional Valuation Adjustments (AVA)	(2,982)	(2,965)
(-) Goodwill	(8,069)	(8,069)
(-) Other intangible assets	(72,606)	(71,873)
(-) Deferred tax assets	(59,244)	(60,599)
(-) Insufficient coverage for non-performing exposures	(1,619)	(3,575)
(-) Deduction item related to credit impairments and provisions not included in capital	(1,919)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	2,989,016	3,011,596
Capital instruments eligible as AT1 Capital	382,000	382,000
Minority interest	3,311	3,107
Additional Tier 1 capital	385,311	385,107
TIER 1 CAPITAL	3,374,327	3,396,703
Capital instruments and subordinated loans eligible as T2 capital	522,921	522,921
Minority interest	6,012	5,961
Tier 2 capital	528,933	528,882
TOTAL CAPITAL	3,903,260	3,925,585
Risk exposure amount for credit risk	16,702,113	16,161,846
Risk exposure amount for market risks	1,679,343	1,564,295
Risk exposure amount for CVA	15,516	16,754
Risk exposure amount for operational risk	1,766,916	1,766,916
TOTAL RISK EXPOSURE AMOUNT (RWA)	20,163,888	19,509,811
Common Equity Tier 1 Ratio	14.82%	15.44%
Tier 1 Ratio	16.73%	17.41%
Total Capital Ratio	19.36%	20.12%

4.2. 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 Q1 2026, the Group's RWA for credit risk increased by EUR 540.3 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. RWAs further increased due to higher surplus liquidity assets, driven by increases in EUR-denominated balances held with central banks in the Group home markets, higher deposits with commercial banks, and purchases of sovereign debt securities. At the beginning of 2026, RWAs also rose due to legislative changes related to the transitional provision for exposures to EU/EEA central governments denominated and funded in the currency of another member state.

During Q1 2026, RWAs for market risks and Credit Value Adjustments (CVA) increased by EUR 113.8 million, mainly driven by higher RWA for FX risk, which rose by EUR 105.9 million (primarily due to increased open positions in domestic currencies held by non-euro subsidiary banks).

Table 5 shows the detailed composition of the Group's risk-weighted exposure amounts at the end of March 2026 and December 2025, as well as its own fund (capital) requirements at the end of March 2026.

Table 5 – EU OV1 – An Overview of Risk-weighted exposure amounts of NLB Group

		Total risk exposure amounts (TREA)		Total own funds requirement
		31.03.2026	31.12.2025	31.03.2026
		a	b	c
1	Credit risk (excluding CCR)	16,678,014	16,137,646	1,334,241
2	Of which the standardised approach	16,678,014	16,137,646	1,334,241
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	24,099	24,200	1,928
7	Of which the standardised approach	24,099	24,200	1,928
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	15,516	16,754	1,241
10a	Of which the standardised approach (SA)	-	-	-
10b	Of which the basic approach (F-BA and R-BA)	15,516	16,754	1,241
10c	Of which the simplified approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1,679,343	1,564,295	134,347
21	Of which the Alternative standardised approach (A-SA)	-	-	-
21a	Of which the Simplified standardised approach (S-SA)	1,679,343	1,564,295	134,347
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	141,353
24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	163,153	154,410	13,052
26	Output floor applied (%)	-	-	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	
29	Total	20,163,888	19,509,811	1,613,111

4.3. Risk factors

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

- the economy's sensitivity to a potential slowdown in the euro area or globally,
- potential liquidity outflows,
- widening credit spreads,
- 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 Q1 2026, economic growth in the euro area remained weak but positive, while economies in the Group's region demonstrated more robust growth. Domestic demand, supported by targeted investments, together with household and government consumption, represented the main driver of growth. Lending growth remained solid in Q1 2026. The impact of the US–Iran conflict is manifesting as a global energy and inflation shock. The macroeconomic damage from this geopolitical conflict is, at this stage, highly state-dependent, but with significant downside risk if energy disruptions were to prolong or a broader regional escalation were to occur. Stagflation, stagnation, inflationary pressures, rising unemployment, and other geopolitical and related uncertainties could lead to a sharp slowdown in private consumption and investment growth.

Credit risk typically increases during periods of economic slowdown. At the end of Q1 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. No additional negative effects were identified in Q1 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 Q1 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.

With regard to litigation risk, the Bank has observed a shift in case law in recent years, particularly in the more recent period, where outcomes are generally more favourable to consumers. This trend is evident in litigation concerning loan processing fees and loan insurance premiums in Serbia, as well as CHF litigation-related cases in Slovenia. In the latter, the number of proceedings initiated against the Bank has risen, as anticipated. As a consequence, the Bank continues to monitor all developments.

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 2025, 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 macroeconomic scenario predicts sub-trend growth for major economies, including the U.S., China, India, and the euro area, without a significant recession in the mid-term. In the euro area, consumer confidence and private consumption are expected to support growth, while government spending remains focused on recovery efforts and addressing structural challenges. The ECB is expected to maintain a gradual approach to interest rate cuts. Although trade tensions and US tariffs continue to pose risks, a recovery in risk sentiment is expected, and global trade developments are likely to benefit the euro area overall.

The alternative macroeconomic scenarios are based on plausible mid-term drivers of economic development. The optimistic alternative scenario reflects supply-driven positive developments: alleviated geopolitical tensions,

technological advancements, and stable energy prices, all of which strengthen supply conditions and support robust economic growth. The global economy benefits from the Ukraine-Russia ceasefire, while the euro area is supported by a well-functioning labour market, favourable global trade conditions, and coordinated monetary policies among major central banks, with only mild adverse effects from US tariffs. The ECB's expected easing cycle stabilises rates and lending conditions. Politics in Europe has reached a consensus, supported by a coordinated yet gradual green transition and further boosting production potential.

The severe alternative scenario demonstrates supply-driven bleak developments. It is characterised by the U.S. pressure campaign against Iran, which further complicates relations with China over the Taiwan question, posing a threat to the global economy and financial system, and leading to a breakdown in confidence. The war in Ukraine shows no signs of meaningful resolution. Persistent supply chain problems and rising energy prices pose challenges for the euro area, further hindering economic growth amid supply shortages. Labour shortages, trade barriers, and price competition induced by US tariff measures add to the pressure, prolonging economic insecurity. In this environment, the ECB faces difficulties managing high and persistent inflation and weak supply-demand dynamics, exacerbated by the US monetary policy's loss of credibility, increased financial market uncertainty, and a slowdown in trade channels due to heightened FX volatility.

The Group developed three plausible scenarios, each with an associated probability of occurrence, for forward-looking assessment of risk provisioning under IFRS 9. The IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features may change when material changes in future economic development are recognised and not embedded in previous forecasts.

On this basis, the Group assigned weights of 20%-60%-20% (with alternative scenarios receiving 20% each and the baseline scenario receiving 60%) as a starting point. Based on the economic situation, The Bank and NLB Banka, Banja Luka adjusted the weight for the severe scenario at 30% and reduced the optimistic scenario weight to 10%, while the baseline remained at the starting point. NLB Komercijalna Banka, Beograd adjusted the weight for the severe scenario at 40% and reduced the optimistic scenario weight to 0%. All other members have maintained assigned weights of 20%-60%-20%.

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

Risk Management actions available to the Group are determined by various internal policies and applied as needed. The selection and application of mitigation measures follow a structured three-layer approach, considering the feasibility analysis of the measure, its impact on the Group's business model, and the strength of the available measure.

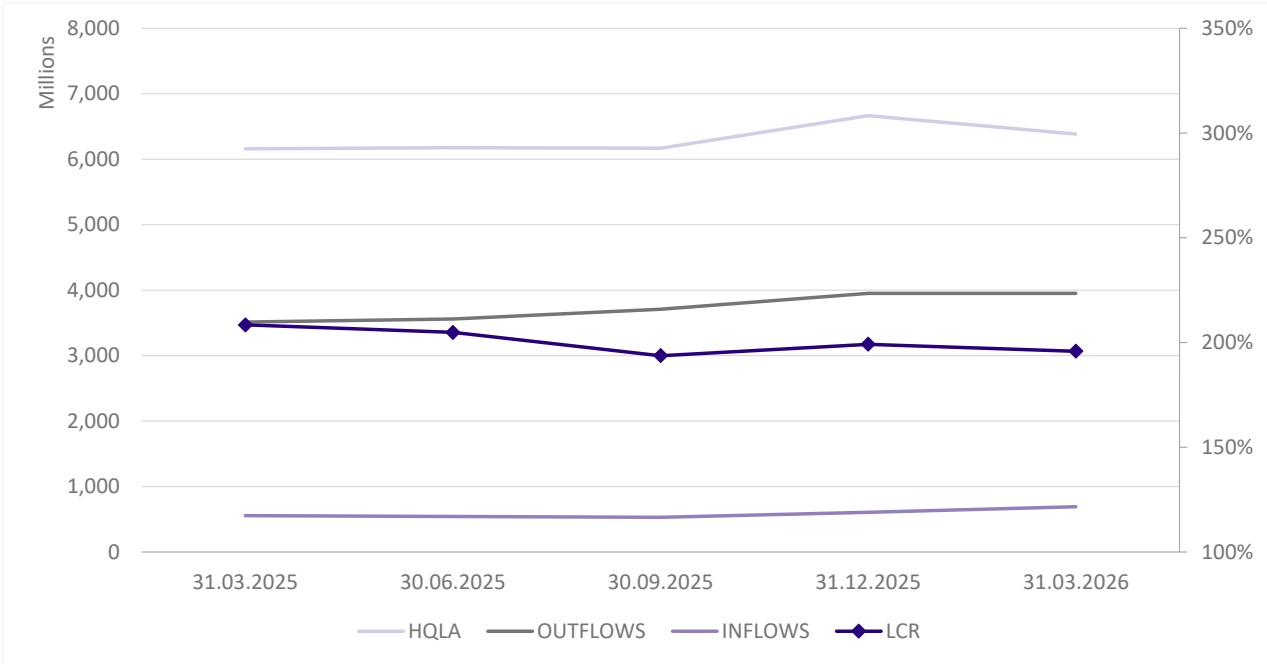
5. Liquidity

(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 31 March 2025, the Group's LCR ranged between 184% and 205% (196% as of 31 March 2026). The surplus of HQLA remained at a high level throughout the period, ranging between EUR 2.91 billion and EUR 3.35 billion (EUR 3.13 billion as at 31 March 2026).

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



From March 2025 to March 2026, the Group's LCR declined moderately in mid-2025, followed by a period of stabilisation with only minor fluctuations toward the end of the year. In early 2026, the LCR remained broadly stable, indicating a resilient and well-managed liquidity position at Group level. Throughout the entire period, the Group consistently maintained a substantial liquidity surplus, with the LCR remaining comfortably above both the regulatory minimum and the internal risk appetite threshold of 140%.

Moreover, when calculating consolidated LCR (on the level of the Group) specific rules need 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

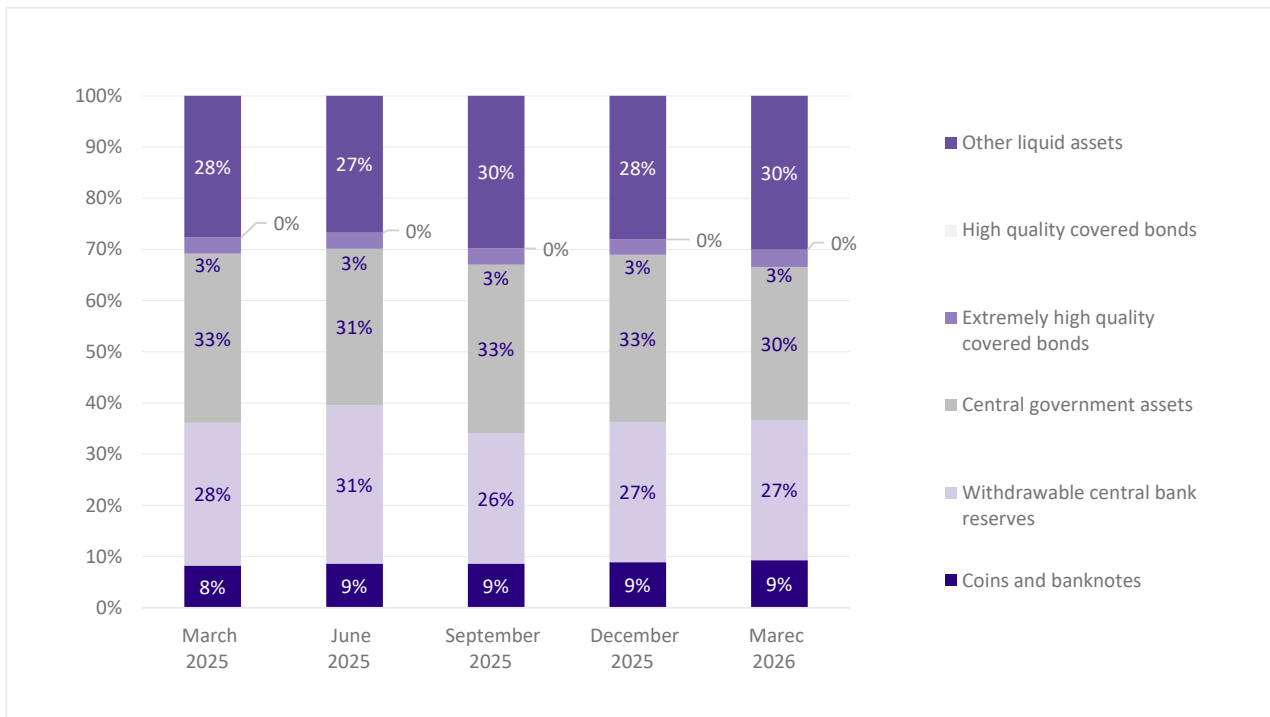


Figure 6: LCR: Structure of outflows (in %) of NLB Group

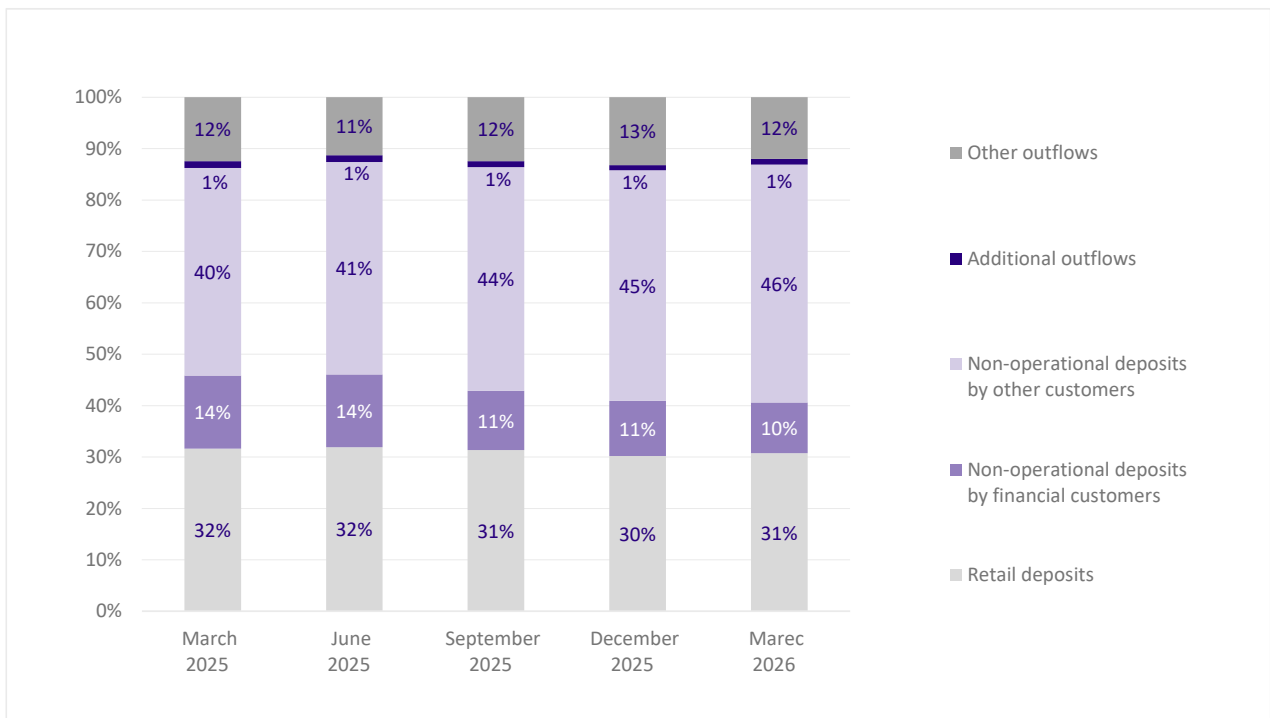
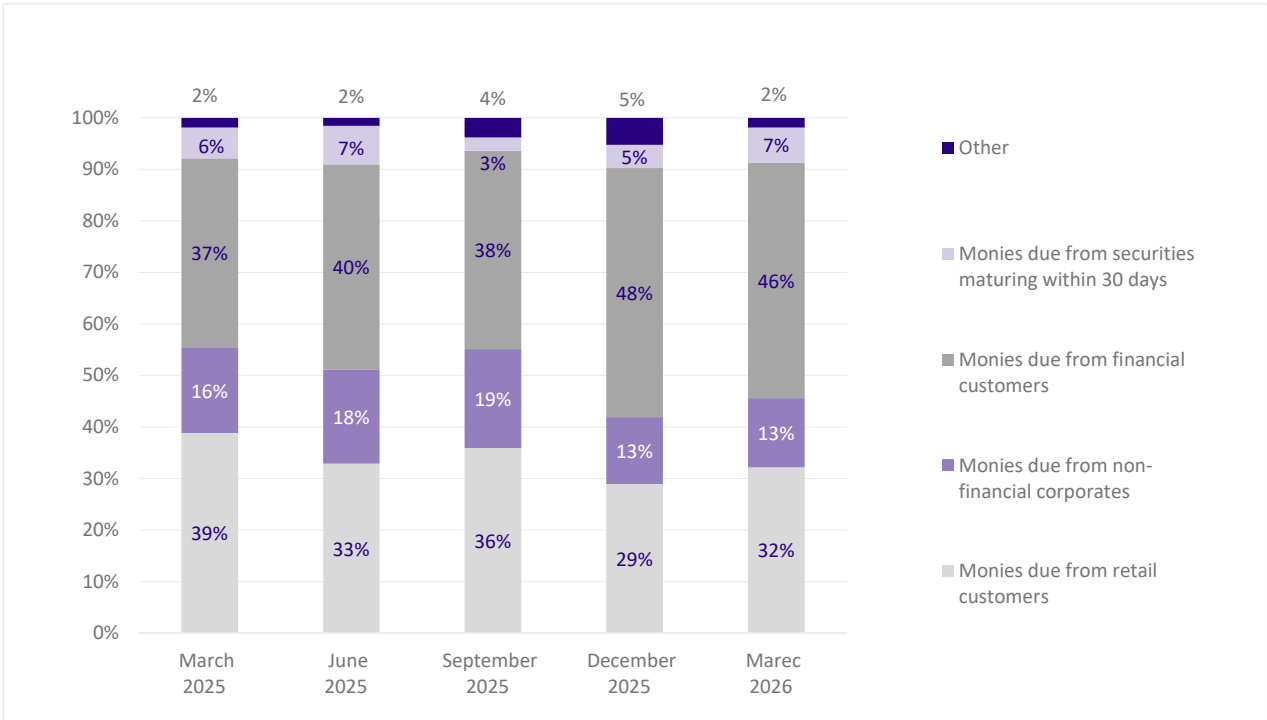


Figure 7: LCR: Structure of inflows (in %) of NLB Group



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

On the Group level, at the end of Q1 2026, the top 30 counterparties provided 3.8% of the total liabilities, mostly in retail, while the top 30 counterparties in the Bank provided also 3.6% of the total liabilities.

High-level description of the composition of the institution’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.

The tables below illustrate the values and data for each of the four calendar quarters of the year 2025 and 2026 (April – June, July – September, October – December, and January – March). 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 6 – EU LIQ1 – Quantitative information of LCR of NLB Group

EU 1a	Quarter ending on	Total unweighted value (average)				Total weighted value (average)			
		31.03.2026	31.12.2025	30.09.2025	30.06.2025	31.03.2026	31.12.2025	30.09.2025	30.06.2025
		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)					6,353,009	6,310,337	6,173,362	6,334,011
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:	18,724,918	18,364,247	18,014,956	17,670,528	1,169,415	1,145,764	1,124,992	1,106,225
3	Stable deposits	13,506,702	13,263,154	13,015,549	12,765,497	675,335	663,158	650,777	638,275
4	Less stable deposits	4,203,318	4,096,115	4,012,741	3,942,433	494,080	482,607	474,214	467,950
5	Unsecured wholesale funding	4,567,337	4,383,835	4,201,976	4,035,379	2,090,929	2,037,128	1,967,733	1,903,619
7	Non-operational deposits (all counterparties)	4,557,308	4,373,777	4,193,344	4,026,747	2,080,900	2,027,069	1,959,102	1,894,987
8	Unsecured debt	10,029	10,058	8,632	8,632	10,029	10,058	8,632	8,632
10	Additional requirements	2,402,702	2,397,124	2,408,583	2,392,039	236,585	238,045	240,583	239,901
11	Outflows related to derivative exposures and other collateral requirements	43,445	43,785	45,015	45,975	43,445	43,785	45,015	45,975
13	Credit and liquidity facilities	2,359,256	2,353,339	2,363,568	2,346,064	193,140	194,260	195,569	193,927
14	Other contractual funding obligations	427,492	378,326	351,410	314,683	199,232	179,478	163,665	142,987
15	Other contingent funding obligations	1,901,030	1,871,677	1,851,566	1,826,935	104,610	102,817	102,069	101,082
16	TOTAL CASH OUTFLOWS					3,800,772	3,703,232	3,599,041	3,493,814
Cash-inflows									
18	Inflows from fully performing exposures	850,895	809,285	788,488	759,592	533,045	508,422	495,239	476,793
19	Other cash inflows	28,474	24,662	24,399	22,796	28,474	24,662	24,399	22,796
20	TOTAL CASH INFLOWS	879,369	833,947	812,887	782,389	561,520	533,085	519,638	499,589
EU-20c	Inflows subject to 75% cap	879,369	833,947	812,887	782,389	561,520	533,085	519,638	499,589
						TOTAL ADJUSTED VALUE			
21	LIQUIDITY BUFFER					6,353,009	6,310,337	6,173,362	6,334,011
22	TOTAL NET CASH OUTFLOWS					3,239,252	3,170,147	3,079,403	2,994,225
23	LIQUIDITY COVERAGE RATIO					196.31%	199.40%	200.60%	211.95%

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 31 March 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.

6. Appendices

6.1. Appendix 1

List of all disclosures required under Part 8 of CRR

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

6.2. Appendix 2

Abbreviations

A-IMA	Alternative Internal model approach	IFRS	International Financial Reporting Standards
A-IRB	Advanced Internal ratings-based approach	ILAAP	Internal Liquidity Adequacy Assessment Process
A-SA	Alternative standardised approach	IMM	Internal model method
AI	Artificial intelligence	IRB	Internal ratings-based approach
ALCO	Asset and Liability Committee	ISDA	International Swaps and Derivatives Association
AT1	Additional Tier 1 capital	IT	Information Technology
AVA	Additional Valuation Adjustments	LCR	Liquidity coverage ratio
CBR	Combined buffer requirement	LEI	Legal Entity Identifier
CCP	Central Counterparty	MDA	Maximum Distributable Amount
CCR	Counterparty credit risk	NSFR	Net Stable Funding Ratio
CCyB	Countercyclical capital buffer	O-SII	Other systemically important institutions
CET1	Common equity tier 1 capital	OCI	Other comprehensive income
CRD	Capital Requirements Directive	OCR	Overall capital requirement
CRD6	Capital Requirements Directive and Regulation	P1R	Pillar 1 Requirement
CRR	Capital Requirements Regulation	P2R	Pillar 2 Requirement
CVA	Credit valuation adjustment	P2G	Pillar 2 Guidance
DDoS	Distributed denial-of-service	R-BA	Reduced Basic Approach
ECB	European Central Bank	RWA	Risk-weighted assets
ECL	Expected Credit Losses	RWEA	Risk weighted exposure amount
EEA	European Economic Area	S-SA	Simplified standardised Approach
EMIR	European Market Infrastructure Regulation	SA	Standardised Approach
EU	European Union	SEC-ERBA	Securitization External ratings-based approach
EWS	Early Warning System	SEC-IRBA	Securitization Internal ratings-based approach
F-BA	Full basic approach	SEC-SA	Securitization Standardised Approach
F-IRB	Foundation Internal ratings-based approach	SEE	Southeast Europe
FX	Foreign Exchange	SREP	Supervisory Review and Evaluation Process
GDP	Gross Domestic Product	T2	Tier 2 (capital)
GMRA	Global Master Repurchase Agreement	TCR	Total Capital ratio
HQLA	High-quality liquid assets	TREA	Total risk exposure amount
ICAAP	Internal Capital Adequacy Assessment Process	TSCR	Total SREP capital requirement
ICT	Information and Communication Technology		