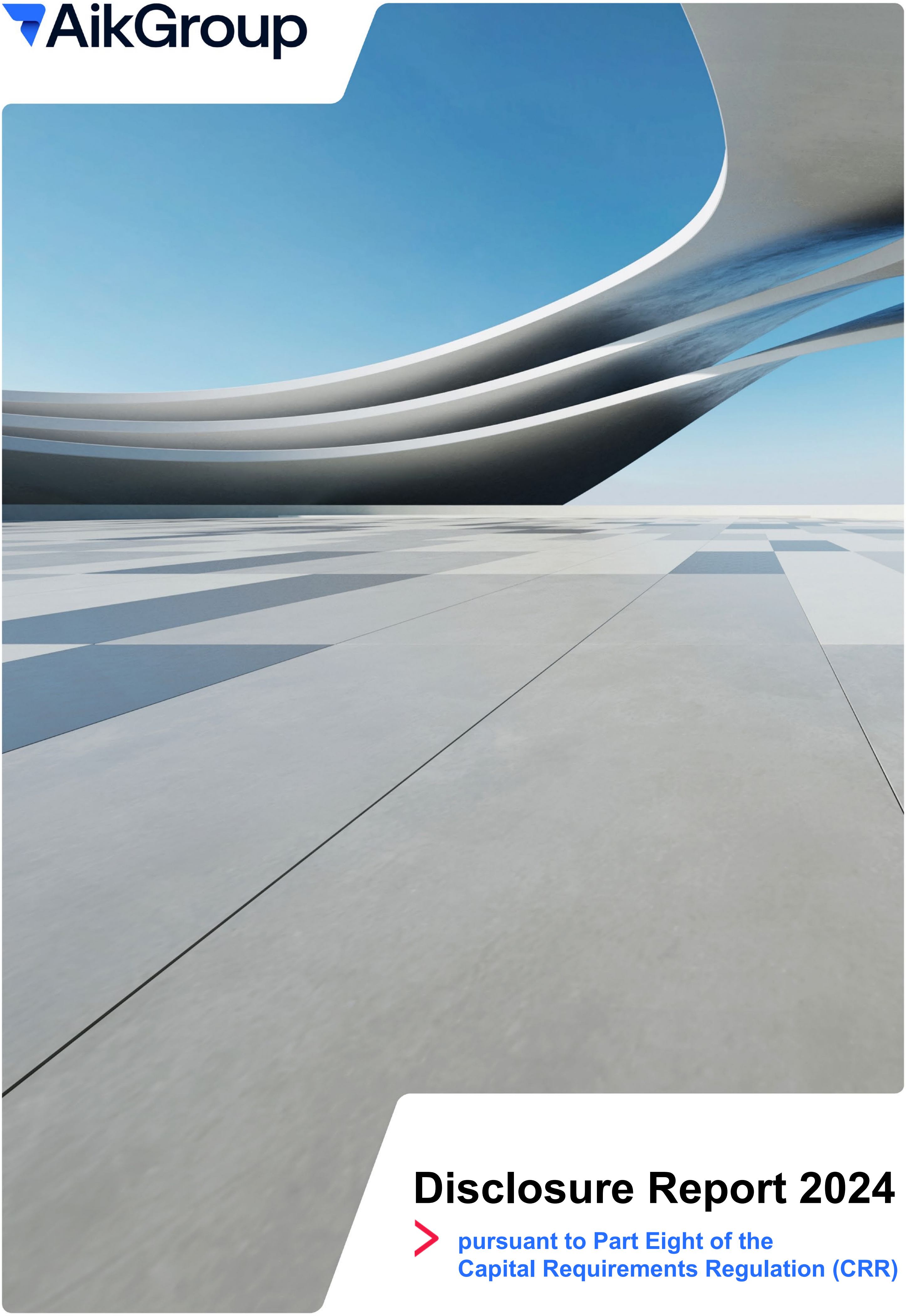
AikGroup



Disclosure Report 2024

pursuant to Part Eight of the
Capital Requirements Regulation (CRR)

Table of Contents

1 INTRODUCTION

Legal Disclaimer – Change of Entities Naming

Please note that, effective as of April 2, 2025, the legal name of the Holding Company has changed from Agri Europe Cyprus Limited to AikGroup (CY) Limited, and the group to which the Holding Company and its subsidiaries belong has also been renamed from AEC Group to AikGroup.

As of March 31, 2025, the legal name of AIK Banka a.d. Beograd is AikBank a.d. Beograd, and of AIK Leasing d.o.o. is AikLeasing d.o.o.

This disclosure report is prepared for the reference date of December 31, 2024, when all the above-mentioned operated under their former names. However, for the sake of clarity and consistency, this report refers throughout the document to the Holding Company as AikGroup (CY) Limited or Holding Company, to the group as the Group or AikGroup, and AikBank and AikLeasing under their new names.

This naming convention is for presentational clarity only and does not affect the accuracy or relevance of the information contained herein, nor does it imply any change to the legal identity, structure, operations, or obligations of the Holding Company or the group as of the reporting date.

The Group publishes Disclosure Report based on figures as of December 31, 2024, in accordance with Article 13 of the Regulation No.575/2013 of the European Parliament (Capital Requirements Regulation or CRR).

The Group consists of the following members:

- AikGroup (CY) Limited as a parent company, and
- NORD AGRI N.V., Netherland as subsidiary,
- M&V INVESTMENTS a.d. Beograd, Serbia as subsidiary,
- GORENJSKA BANKA d.d. Kranj, Slovenia as credit institution subsidiary,
- GB Leasing d.o.o. Ljubljana, Slovenia, as a subsidiary,
- AIK BANKA a.d. Beograd, Serbia as credit institution subsidiary,
- EUROBANK DIREKTNA a.d., Beograd as credit institution subsidiary,
- AIK Leasing d.o.o. Beograd, Serbia, as a subsidiary.

On March 2, 2023, AIK Banka signed a Share Purchase Agreement (SPA) with Eurobank S.A. Athens, Greece, acquiring 100% ownership of Eurobank Direktna a.d., Beograd. After obtaining the consent of National Bank of Serbia and other regulatory authorities, the AIK Banka has officially become the sole owner as of November 2, 2023. As of December 31, 2024, both banks were operating as two separate entities without any changes that would affect the clients and the services that these banks provide to them. On March 28, 2025, AIK Banka and Eurobank Direktna merged into one entity and after the integration of two banks, the new legal name of the bank is AikBank ad Beograd (henceforth: AikBank).

The Group Disclosure Report meets disclosure requirements of Part Eight of CRR and all following amendments (Regulation (EU) 2019/876 (CRR2) of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 and other relevant regulations). AikGroup Disclosure Report compiles with requirements set in the Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards (ITS) with regard to public disclosures by institutions of the information referred to in Part Eight of CRR and all relevant disclosure related guidelines issued by the regulator.

In accordance with the strategy of further growth and development as of February 29, 2024, Group became the sole owner of NDM Leasing d.o.o., Beograd, that changed name into AIK Leasing d.o.o., Beograd, at the time of the acquisition, and is now named AikLeasing d.o.o., Beograd. The Group's subsidiary AikBank owns 100% of AIK Leasing. In addition to that, there are no significant changes in place compared to previous disclosers. The Group has not identified any disclosure waivers (no omission of required disclosures takes place).

The Group includes in its disclosures all information deemed necessary to provide users with a clear, complete and accurate view of the Group's structure, capital management, risk management system and remuneration policy. Group also identifies information that is material, confidential and proprietary.

The Holding Company regularly updates the Group Policy on Disclosure for compliance with regulatory disclosure requirements.

All disclosures are prepared on a consolidated basis and are presented in thousand EUR unless otherwise mentioned.

Based on EU banking legislation and relevant EBA regulations, AikGroup is assessed as large, listed institution. In line with that, Disclosure Report as main document is published annually. In addition to the main annual report, the Group also, as a large, listed institution, discloses certain information more frequently, in accordance with EBA CRR Article 433a (1).

Pursuant to Article 434 (1) CRR, the Group publishes the Report annually on the website www.gbkr.si and on www.aik-group.com. Pursuant to Article 434 (2) of CRR, the Group makes available on its website an archive of Disclosure Reports for previous dates.

Senior management attests that disclosures required by regulator are in accordance with Group policies and internal processes, systems and controls. Written attestation is enclosed as Appendix 4 of this Disclosure Report.

1.1 Overview of Non-Applicable Disclosures

The Disclosure Report does not contain disclosures not relevant for AikGroup. AikGroup does not operate with credit derivatives, does not use on-balance-sheet netting, IRB approach for calculating the capital requirements for credit risk, internal models for calculating capital requirements for market risk, does not calculate capital requirements for operational risk according to advanced approach and does not perform securitization transactions.

AikGroup is not a global, systemically important institution, so the disclosures of the indicators of the general systemic importance are not relevant (Article 441 of the CRR regulation).

1.2 Disclosures in Other Published Reports

Some of the disclosure requirements are already contained in the AikGroup Notes to the Consolidated Report and Financial Statements for the year ended December 31, 2024. If that is the case, under respective points of this Disclosure, article of CRR and corresponding AikGroup Notes to the Consolidated Report and Financial Statements paragraph is clearly mentioned.

2 RISK MANAGEMENT OBJECTIVES AND POLICIES

(Article 435.1 a, b, c, d, e and f of the CRR Regulation)

Details regarding risk types and risk management within AikGroup are described in AikGroup Notes to the Consolidated Report and Financial Statements for the year ended December 31, 2024.

The Notes are available at the web site of AikGroup: www.aik-group.com, within section "Annual Reports".

2.1 General Information on Risk Management Strategies and Policies

The Group defines its risk strategy and risk appetite through the annual strategic planning process, encompassing business strategy and strategic guidelines, to ensure appropriate alignment of risk, capital, liquidity and performance targets.

The Group defines a risk management strategy which sets out the Group's objectives in managing risks on a long-term basis and determines the Group's relation to the risks it is exposed to or may be exposed, including the risks arising from the macroeconomic environment in which the Group and each group member is operating.

With Group Strategy on Risk Management, as part of a comprehensive risk management system, the Group:

- Defines all the risks the Group is exposed to or may be exposed to in its business.
- Defines long-term risk management objectives.
- Determines the Group-wide principles of risk management.
- Defines the Group risk management governance.

- Defines the main principles of the Group risk culture.
- Determines the obligation of regular reporting on risk management.

The basic principles of risk taking are:

- The Group accepts risks it can manage.
- Establishing clear rules for managing individual types of risk, with accompanying procedures for managing each individual type of risk with clearly defined objectives.
- Making business decisions based on qualitative and/or quantitative analysis of risk parameters, to timely detect changes in the risk profile.
- Collecting complete, timely and accurate data important for risk management and providing adequate technical infrastructure for data storage and processing.
- The principle of caution in assuming risk, with continuous monitoring and control of exposure to certain types of risks and respect for the established system of limits.
- Using a number of methods for identifying and measuring risk.
- Using past experiences and lessons learned to avoid future mistakes.

The basic principles of management of risks that the Group is or may be exposed to in its operations are set at the Group level. Group Policy on Risk Management provides guidelines for the risk management process that the subsidiaries apply in accordance with the nature, scope and complexity of their business activities.

Group members define in more detail the principles of risk management according to their specifics but following the Group Policy on Risk Management. Each Group member has locally defined risk management policies and procedures that prescribe the responsibilities, method of individual risk management process, the method and methodology for identifying, measuring, evaluating, mitigating and monitoring these risks and the principles of the internal control system.

To satisfy the principle of risk taking, the following principles of risk management are considered:

- Continuous work on identifying, measuring, assessing and controlling risks.
- Maintaining such an internal organization or organizational structure through which the front office functions are separated from the activities of the middle office, back office and risk control activities with a clearly defined division of jobs and duties employees preventing conflict of interest.
- Familiarizing employees with their jobs and tasks and continuously involving employees at all levels in the risk management process, which means that employees at all levels have basic knowledge and understand the risks from the domain of personal responsibility and act in accordance with internal regulations
- Adequate communication, information flow and cooperation at all organizational levels, as defined in the Group Strategy on Risk Management.
- The comprehensiveness of the risk management system; risk management should include all business activities and all the risks that each subsidiary is exposed to in its operations. Establishing a comprehensive framework for risk management as well as a comprehensive and effective internal control system requires a prerequisite for long-term success.
- Developing a risk management system as a strategic commitment - risk management will be continually improved and aligned with the Group's business activities, changes in external and internal regulations
- Active capital management with emphasis on the fulfillment of the obligation that capital must be sufficient to amortize all risks.
- Risk management is part of the business culture - awareness of the importance of risk management is present at all levels of the organizational structure of the Group.

The Group regularly, at least once a year, assesses the risks which it is exposed to. The risk is the possibility of adverse effects on the capital, liquidity and financial result of the Group as a result of transactions that the Group performs and the macroeconomic environment in which it operates.

The Group establishes a comprehensive and reliable risk management system that is fully integrated into the business activities of each Group member and ensures that the Group's risk profile is in line with the Group's risk appetite. The group maintains risk exposure within the prescribed limits, i.e. in accordance with the defined risk tolerance.

AikGroup conducts the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) on a continuous basis, in accordance with defined internal acts while respecting the regulatory framework. ICAAP and ILAAP are integrated into the business, strategic decision-making and risk management process of the Group. In the course of ICAAP and ILAAP processes, Group identifies all the risk it is or might be exposes to, defines their measurement i.e. risk assessment and monitoring, provides adequate internal capital in accordance with the risk profile of the Group. ICAAP and ILAAP are adequately involved in the Group's risk management process and decision-making process and are subject to regular analysis, monitoring and verification by the Group's governing bodies.

Key ICAAP and ILAAP inputs are the business strategy, risk identification, risk appetite, capital, liquidity and financial plans. Business strategy is formed through a formal and rational decision-making process. The key stage of the process is the identification of material risks, including selection of key risk drivers to create a limit system. Limits have been articulated through the establishment of the Risk Appetite, where it is clearly defined to what extent the Group is willing to take risks. Business strategy and risk appetite limits form basis for financial and capital plans which are prepared for the 3-year period. The key part of financial planning is to keep portfolio risks within limits.

ICAAP and ILAAP processes are integral parts of the risk management framework and are aligned with the Group's risk appetite which is consistent with the business model and approved by the Group BoD. The process covers not only current capital and liquidity situations, but it also applies a forward-looking approach.

Based on Risk Appetite, the Group prepares a business plan and financial forecasts which are crucial for defining internal capital needs (ICAAP process) on the risk-based capital assessment approach and internal liquidity assessment (ILAAP process). Both processes are conducted from normative and economic perspectives and supplemented by the stress testing program.

Stress testing is one of the most important tools in forward looking risk management. Stress testing is designed to support senior management to uncover possible vulnerabilities when taking a forward-looking view of the Group's risk profile as well as its strategic, business, capital and liquidity planning.

The Group recognizes the following types of stress tests:

- Macroeconomic stress test,
- Reverse stress test,
- Risk specific stress test (per risk type, individual stress tests), and
- Regulatory stress test (EU-wide).

Group performs various types of stress testing:

- Sensitivity analysis, measuring potential impact of a specific single risk factor affecting capital or liquidity on portfolio, subsidiary or Group-wide level; it is used under ICAAP and for ad-hoc stress testing.
- Scenario analysis, assessing the Group's resilience towards a specified macroeconomic scenario; it is used under ICAAP and Recovery Plan, also for capital planning.
- Reverse stress testing, as form of scenario analysis where the goal is to identify a scenario or a combination of scenarios that lead to an outcome in which the Group's business model might become unviable. It is used within the Recovery plan, the ICAAP and ILAAP at least annually, and
- liquidity stress testing.

Results of stress tests are presented in Risk Reports on both Group and local entity levels and discussed by the relevant management bodies. Mitigating management actions, if deemed necessary, place attention on effectiveness, timeline and feasibility of such actions. The planning process, limit steering process and stressed risk appetite metrics all use stress testing result as an input. Vulnerabilities identified are also considered in the context of business strategy and risk strategy. Capital planning performed within the ICAAP process includes adverse scenario.

List of all risks Group has identified and assessed as material, and their definitions, is presented in the table below.

Table 1: List of risk types assessed as material

Risk type	Risk subcategory	Risk definition
Credit risk	Credit default risk	Possibility of occurrence of adverse effects on the financial result and capital of the Group due to debtor's failure to fulfil its obligations towards the Group.
	Counterparty credit risk	Possibility of adverse effects on the financial result and the Group's capital due to default of the other party's obligation in the transaction before the final settlement of the cash flows of the transaction, i.e. the settlement of monetary liabilities under that transaction.
	FX lending risk	Risk arising from the impact of the change in the currency exchange rate on financial position and creditworthiness of the borrower due to the currency mismatch between the borrower`s receivables and their obligations towards a Group, and with no natural or contractual hedge to mitigate the risk.
	Credit risk induced by interest rate risk	Risk of loss due to changes in the reference interest rates to which the repayment of the loan is related, which may adversely affect the client's creditworthiness or client´s ability to settle liabilities in a timely manner.
	Dilution risk	Risk representing possibility of occurrence of adverse effect on the institution's financial result and capital due to reduced value of purchased receivables as a result of cash or non-cash liabilities of the former creditor to the borrower.
	Concentration risk	Risk that directly or indirectly arises from the Group's exposure to the same or similar source of risk.
Market risk	FX risk	Risk of adverse effects on the financial result and the capital due to the change in the foreign exchange rate. The Group is exposed to it in the banking book and the trading book.
	Position risk	Risk of adverse effects on the financial result and the Group's capital due to the change in the value of the portfolio of financial instruments. Position risk includes general and specific position risk.
	Credit Valuation Adjustment (CVA) risk	Risk of loss arising from a change in the amount of the CVA due to the change in the credit margin of the other counterpart, on account of a change in the counterparty's credit quality.
Interest rate risk	Interest Rate risk (Banking Book)	Risk of possible negative effects on the financial result and the capital based on positions in the banking book due to changes in interest rates.
	Credit spread risk (Banking Book)	Risk driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, changing spread while assuming the same level of creditworthiness, i.e. how the credit spread is moving within a certain rating/PD range.
Liquidity risk	Short Term Liquidity risk	Represents the risk that is unable to meet all its payment obligations in short term (up to 1 year).
	Liquidity market concentration risk	Risk that institution cannot sell, repo or borrow funds against its assets as planned or cannot do so without incurring significant haircuts. Usually caused by insufficient market depth after a market disruption. The Risk associated with additional losses while transacting on the market with limited number of traders (poor liquidity).
	FI Funding Concentration risk	Risk that arises from an insufficient level of diversification of liquidity sources in terms of term, product type or creditor, when it comes to financial institutions.
	Customer Funding Concentration risk	Funding concentration risk arises from an insufficient level of diversification of liquidity sources in terms of term, product type or creditor.

Risk type	Risk subcategory	Risk definition
Operational risks	Operational risk in general	Risk of possible negative effects on the financial result and capital of the Group due to omissions (inadvertent and intentional) in the work of employees, inadequate internal procedures and processes, inadequate management of information and other systems in the Group, and the occurrence of unpredictable external events. Includes also risk of adverse effects and losses arising from fraudulent activities performed by external parties, internal parties or combined.
	Legal Risk	Risk of adverse effects on the financial result and the Group's capital based on court or off-court procedures related to the Group's operations (obligatory relations, labor relations, etc.).
	Conduct risk	Risk of failing to act in accordance with customers' or investors' best interests, fair market practices, and codes of conduct (excluding internal fraud cases). Includes misselling risk, climate-related legal claims, and litigation (liability) risk arising from legal proceedings or other actions related to misconduct, other than fraud. Conduct risk is the risk of inappropriate, unethical or unlawful behavior on the part of an organization's management or employees.
	ICT and Security risk	Any reasonably identifiable circumstance which poses the risk for loss, damage, or disruption to an organization's day-to-day operations due to vulnerabilities, threats, or failures related to its information technology and communication (ICT) systems. This includes risks such as cyberattacks, data breaches, system failures, software vulnerabilities, and natural disasters that could affect the availability, integrity, or confidentiality of information and services.
	ICT Third-party risk	ICT third-party risk refers to the potential threats or vulnerabilities that arise when organization put its information and communications technology (ICT) assets to be managed by external vendors or service providers for. These risks can include data breaches, system failures, cyberattacks, or non-compliance issues that originate from the ICT third-party's systems, practices, or infrastructure.
	Model risk	Arises from flaws in financial models used for risk management, often due to errors in structure, assumptions, or data. It can be heightened by poor calibration, outdated inputs, or changes in market conditions. Inadequate governance and failure to update models can increase the risk, leading to unreliable results and potentially incorrect decisions.
	Outsourcing risk	Outsourcing risk is considered operational, reputational, compliance or financial loss arising from reliance on arrangement between a financial institution and a service provider by which that service provider performs a process, a service or an activity, including critical or important activities or functions, that would otherwise be undertaken by the financial institution.
	Sovereign risk	Risk of a country defaulting on its commercial debt obligations i.e. risk that a foreign central bank will alter its foreign exchange regulations; risk of a government becoming unwilling or unable to meet its loan obligations.

Risk type	Risk subcategory	Risk definition
Other risks	Reputational risk	Possibility of adverse effects on the financial result and the Group's capital due to the failure to harmonize the Group's operations with legal acts, bylaws, internal acts of the Group, as well as with the rules of profession, good business practices and business ethics of the Group and as a consequence possible loss of public confidence, that is, the unfavorable attitude of the public towards the Group's operations, regardless of whether there is a basis for it or not.
	Compliance risk	Possibility of adverse effects on the financial result and the Group's capital due to failure to align its operations with law and other regulations, operating standards, procedures for the prevention of money laundering and terrorist financing and other procedures, as well as other acts regulating the operations of Groups, in particular, includes the risk of sanctions of the regulatory body, the risk of financial losses and reputation risk.
	AML and/or terrorist financing	The Risk of money laundering and/or terrorist financing include the regulatory risks of failure to implement legislative requirements, the risks that individuals or criminal organizations abuse the financial system of the AikGroup for the purpose of money laundering and/or terrorist financing and the risk of loss of reputation of the subsidiary based on negative media coverage, publication of violators by supervisory institutions in the case major violations are established and the loss of trust of the subsidiary's stakeholders due to inappropriate AML/CFT system.
	Financial sanctions (FS)	Refers to the potential risks faced by individuals, organizations, or entities in relation to financial and trade sanctions. These sanctions, imposed by international bodies (e.g., the UN, EU) or national governments (e.g., the US, UK), can include restrictions, prohibitions, or the freezing of assets of specific individuals, entities, or countries. The risk arises from the possibility of non-compliance or involvement in prohibited activities, such as engaging in business with sanctioned countries, regimes, sectors, or individuals, or providing services related to restricted goods or activities.
	Strategic and Business risk	Possibility of adverse effects on the financial result and/or the Group's capital due to the lack of appropriate policies and strategies, their inadequate implementation, as well as due to changes in the environment in which the Group operates or lack of adequate Group reactions to these changes.
	ESG risk	Refers to potential financial, operational, and reputational risks arising from Environmental (E), Social (S), and Governance (G) factors that may impact a company's performance, stability, and long-term sustainability. These risks can affect investment decisions, regulatory compliance, and overall corporate resilience.
		· Environmental Risks: Risks related to climate change, resource depletion, pollution, biodiversity loss, and environmental regulations (e.g., carbon pricing, sustainability reporting).
		· Social Risks: Risks associated with labor practices, human rights, diversity and inclusion, consumer protection, community relations, and workplace safety.
		· Governance Risks: Risks arising from poor corporate governance, unethical business practices, executive compensation structures, board diversity, and shareholder rights.

Risk type	Risk subcategory	Risk definition
	Human resource risk	The risk associated with the recruitment and retention of skilled and qualified staff, due to market situation, turnover, sick leave or extreme situations such as epidemics or other natural disasters.

Details regarding the risk management process in the Group, including identification, measurement and assessment, mitigation, monitoring, control and reporting of risks the Group is or might be exposed to in its operations, are described in the Group Policy on Risk Management. In addition to the umbrella documents from the field risk management on Group level, each credit institution subsidiary also has policies and procedures for managing individual risks types which define in detail the procedures and methodology for assessing risks when approving placements, procedures for risk measurement, the system of limits, risk mitigation techniques determining the required internal capital, the procedures for internal reporting and mechanisms of internal controls for operations. At the third and lowest level, there are also instructions, methodologies for carrying out individual activities or procedures in the process of assuming and managing risks, prescribed forms, and records.

2.2 The Structure and Organization of the Relevant Risk Management Functions

For the purpose of adequate risk management, at the Group level as well as at each subsidiary an appropriate organizational structure has been established. The organizational structure on the subsidiary level corresponds to the scope, type and complexity of the tasks it performs and in order to prevent the conflict of interest, the separation of the functions of taking risks (front office) from the function of risk management (middle office) and activities of support (back office).

Organizational structure of the Group enables realization of established goals and principles of risk management. Overview of AikGroup risk management structure, valid as of January 1, 2025, is given in the figure below:

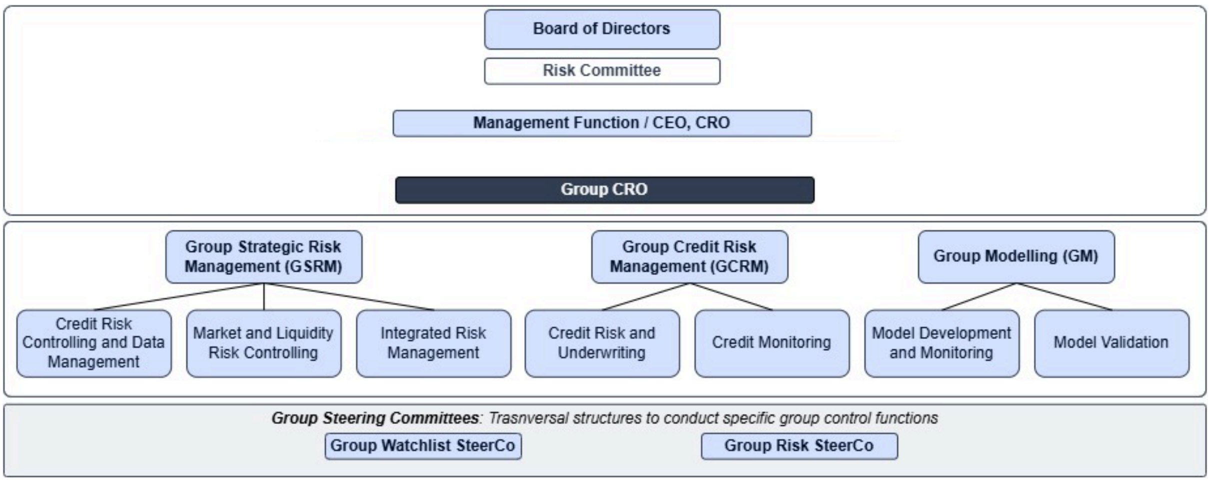


Figure 1: AikGroup risk management structure

Risk Committee advises and supports Supervisory function of the Board regarding overseeing, monitoring and implementation of the Group's overall Risk Strategy, corresponding Risk Appetite Statement and limits by taking into account all types of risks to ensure they are in line with the business strategy, objectives, corporate culture and values of the Group.

Management function is responsible for the implementation of the strategies and discusses regularly the implementation and appropriateness of those strategies. The operational implementation is performed by the institution's management. The management function comprehensively reports and informs regularly and where necessary without undue delay of the relevant elements for the assessment of a situation, the risks and developments affecting or that may affect the institution, e.g. material decisions on business activities and risks taken, the evaluation of the institution's economic and business environment, liquidity and sound capital base, and assessment of its material risk exposures. **CRO** is responsible for setting up a comprehensive risk management framework on the Group level, oversees and manages risk functions and coordinates the preparation of Group Risk Strategy and Group Risk appetite statement.

Group Risk function is an internal control function covering monitoring and controlling of all risk within the Group. The Group risk function, within the regular reporting line, reports directly to the executive directors. When reporting to the Board of Directors, the Group risk function reports through the Risk Committee. It has also, where necessary, direct access to the Board of Directors and its other Committees. The Group risk function has direct access to all business lines and other internal units that have potential to generate risk, as well as to Subsidiaries. The Group risk function is organized into three distinct functions: Group Strategic Risk Management Function (GSRMF), Group Credit Risk Management Function (GCRMF) and Group Modelling Function (GMF). The powers and responsibilities of the Group risk functions are further specified in, among others: Group Rulebook on Internal Organization and relevant risk related internal acts. The Group risk function provides an independent oversight of the management of risks inherent in the Group's activities.

The **Group Risk Steering Committee (GRISCO)** mission is to monitor the risk exposure of each Subsidiary and on the Group level and, if necessary, propose to the Group Management Function certain measures for the improvement of risk management. The Group Risk Steering Committee is chaired by Group CRO and co-chaired by Head of Group Strategic Risk Management Function. Group Risk Steering Committee is composed of the following members: Group CRO (Chair), Head of Group Strategic Risk Management Function (Deputy Chair), Integrated Risk Management Unit Manager, Credit Risk Controlling and Data Management Unit Manager, Market and Liquidity Risk Controlling Unit Manager, Head of Group Credit Risk Management Function, CRO on subsidiary level and Head of Risk Controlling/Strategic Risk Management on subsidiary level. In addition to the GRISCO members, a permanent invitation to attend the meeting is extended to Group CEO. Each meeting has a standardized agenda.

Group Watchlist Steering Committee monitors the risk exposure of clients on Watchlist (- non-credit decision), more specifically activities of approving the classification and re-classification of watch listed and other selected clients, approving mitigating action plans for watch listed and other selected clients, and reviewing the effectiveness of the implemented mitigating action plans. These activities are first decided upon on a subsidiary level and then submitted for approval to Group WLSC. The Group WLSC is chaired by Group CRO and co-chaired by Head of Group Credit Risk Management Function. Each meeting has a standardized agenda.

For the purpose of identifying and more specifically managing and mitigating risks to which the Group is exposed, each subsidiary has organized its functions following the “3 lines of defense” rules:

The first line of defense is on the level of Business units and Credit Risk Management Function as risk taking units. Their roles are compliance with risk appetite limits, implementation of risk governance principles and risk management procedures and considering risk mitigation vs profitability when decision making.

The second line of defense is on the level of Risk Strategic Management function, Modeling function and Compliance function. Their responsibilities are development of processes, risk models and tools, setting and allocation of limits, proposing strategies, providing internal policies, methodologies and procedures, setting internal validation framework, assessment of the use of the models and their correct application in practice, reliability of input data (risk strategic management function), reviewing and monitoring regulatory changes with which the Group is required to comply and offering support to follow regulatory requirements properly (compliance function).

The third line of defense is on the level of Internal audit function. It is responsible for monitoring the effectiveness of the Group's internal quality control and risk management systems, reliability of reporting process and general risk assessment of all aspects.

2.3 The Scope and Nature of Risk Reporting

Risk reporting process in AikGroup includes two segments:

- Internal reporting, and
- Regulatory reporting.

Internal reporting provides a comprehensive view of the Group risk position, compliance with Group risk appetite, warning signals in case of an increase in exposure to certain risks beyond the Group risk tolerance. Reports include forward-looking components and present development of risk exposure in order to ensure prompt reaction and setting up the mitigation measures to prevent potential breach. Internal risk reporting includes a set of reports to which the sectors in charge of risk management and control are submitted to the relevant bodies on the subsidiary level and to the Group Risk Committee and Group Management body in its Management function (monthly) and in its Supervisory function (quarterly) in accordance with the deadlines defined by the Group Policy on Risk Management. Reporting could be arranged more often if necessary and as defined by relevant policies and frameworks.

Regulatory reporting implies submission of regulatory prescribed reports to the regulator. The reports on risk management and control are submitted on a consolidated level in the forms and within the deadlines prescribed by the regulator. The Group functions are responsible for reviewing consolidated reports before submission to the regulator. In addition, each subsidiary member is responsible for regulatory reporting based on local regulation.

2.4 The Policies for Hedging and Mitigating Risk, and the Strategies and Processes for Monitoring the Continuing Effectiveness of Hedges and Mitigants

AikGroup uses various types of risk mitigation techniques. Details are described under subtitles for each specific risk type in this Disclosure Report. AikGroup does not apply any form of hedge accounting according to IFRS accounting standards.

2.5 A Declaration Approved by the Management Body on the Adequacy of Risk Management Arrangements of the Bank

Group BoD declares that the risk management process on the Group level is adequate, and that implemented risk management is adequate with regard to Group business strategy and model, complexity, and risk profile of the Group framework.

Group BoD for the purpose of Article 435 (e) CRR declares that Group risk management arrangements are adequate with regard to Group risk profile and strategy.

2.6 Risk Statement Approved by the Management Body Succinctly Describing the Relevant Group's Overall Risk Profile Associated with the Business Strategy

Group BoD approves, for the purpose of point 435.1 of CRR, the Statement succinctly describing Group's overall risk profile associated with the business strategy.

Risk appetite statement represents the articulation of the Group attitude towards risk taking in order to achieve strategic goals defined in Risk and Business Strategy. It is quantified through a set of indicators and limits based on risk types or subtypes. The values of key risk indicators that are used to monitor Group risk profile, are set as either hard limits or targets, and are produced from the current and expected risks of the Group as well as from best practices and the general known criteria of the business, taking into consideration the regulatory requirements.

An overview of the Group risk profile and key indicators i.e. indicators that have set limits as strict requirements for taking risks in a certain category or type of risk, as of December 31, 2024, is presented in the table below. Group Risk Appetite Statement is discussed and reported to Risk Committee and Group BoD.

Table 2: Risk Appetite Statements indicators as of December 31, 2024

Risk Area	Key Risk Indicator	31.12.2024
Capital metrics	Common Equity Tier 1 ratio (CET1)	17.39%
	Tier 1 ratio (T1)	17.39%
	Total Capital ratio (TCR)	18.33%
	Risk bearing capacity (RBC) utilization	74.29%
	Leverage ratio	11.25%
Credit risk	NPL ratio	2.52%
Concentration risk	Single Name Concentration ratio	18.83%
Market Risk	FX Risk indicator	2.22%
	Sum of all exposures in Trading book (mEUR)	13.59
Sovereign risk	Exposure towards Government bonds issued by RS/SI	60.44%
Liquidity Risk	Liquidity Coverage ratio (LCR)	358.60%

Risk Area	Key Risk Indicator	31.12.2024
	Loan-to-deposit ratio (LTD gross)	79.21%
	Survival Horizon (days)	139
	Net Stable Funding Ratio (NSFR)	153.9%
Interest Rate Risk	Sensitivity of EVE (6 scenarios)/Tier 1 in stress scenario	-3.61%
	ΔNII/Own Funds	0.32%
Credit spread risk	Credit spread risk in Banking book	2.76%
Operational risk	Operational risk losses ratio	6.26%
Compliance/AML	No. Of clients from the countries on Restricted list	0
	No. of anonymous accounts, anonymous passbooks or anonymous safe-deposit boxes	0

Additional risk indicators and figures are included in the template EU KM1 – Key metrics template presented in point 6.2 in this Group Disclosure Report, and also under the various risk type specific paragraph.

3 GOVERNANCE ARRANGEMENT

(Article 435.2 a, b, c, d and e of the CRR Regulation)

Governance arrangements are defined in the Group Policy on Internal Governance with the aim of ensuring effective and prudent governance of the Holding Company and the Group within applicable laws and regulations, bylaws, standards and corporate governance best practice recommendations.

Each subsidiary has adopted on the local level its own internal governance policy which is aligned to the maximum extent permitted under applicable local law, with the principles and rules set out in Group Policy on Internal Governance.

On December 31, 2024, the Holding Company's Board of Directors had 9 members, out of which 2 were executive Board members in the capacity of management function and 7 were non-executive Board members in the capacity of supervisory function. In November 2024, the new Group CEO (Mr. Razvan Munteanu) joined as an executive Board member approved by the ECB, replacing previous Group CEO and executive Board member Ms. Jelena Galić. At the same time, she became a non-executive member of the Board and replaced previous non-executive Board member, Mr. Richard Sharko, whose mandate came to an end.

In this manner, the Holding Company further ensures collective suitability of the Board and Board Committees.

Committees of the Board of Directors in its supervisory function

In accordance with Article 109(1) Directive 2013/36/EU and in conjunction with Articles 76(3), 88(2), and 95(1) of Directive 2013/36/EU, and the Group Policy on Internal Governance, a Risk Committee, an Audit Committee, a Nomination Committee and an Remuneration Committee are established in Holding Company to advise the Board of Directors in its supervisory function and prepare the decisions to be taken by that Board of Directors. All Committees of the Board of Directors in its supervisory function have adequate access to all relevant information from relevant corporate and control functions, in order to perform their role. Committees support the Board of Directors in its supervisory function (non-executive directors) in specific areas and facilitate the development and implementation of a sound internal governance framework. All committees are chaired by a non-executive member of the Board who is able to exercise objective judgement. Committees are composed of three members, while making sure that different committees are set up by different combinations of members. Independent members of the Board of Directors in its supervisory function are actively involved in the committees. Chairs and members of the committees occasionally rotate between the committees, taking into account the specific experience, knowledge and skills that are individually or collectively required for those committees.

The Risk Committee is composed of three non-executive members of the Board of Directors (Mr. George Syrichas as Chair, Mr. Lambros Papadopoulos as Vice-Chair and Mr. Aleksandar Kostić as a member). Members of the Risk Committee have, individually and collectively, appropriate knowledge, skills and expertise concerning risk management and control practices.

The Audit Committee is composed of three non-executive members of the Board of Directors (Mr. Lambros Papadopoulos as Chair, Mr. Nikolas Neophytou as Vice-Chair and Ms. Jelena Galić as a member). The Audit Committee members as a whole have competence relevant to the financial sector. The Chair of the Audit Committee is an independent member of the Board of Directors in its supervisory function (non-executive director).

The Remuneration Committee is composed of three non-executive members of the Board of Directors (Mr. Martin Elling as Chair, Mr. George Syrichas as Vice-Chair and Mr. Aleksandar Kostić as a member). Members of the Remuneration Committee have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to Group's risk and capital profiles.

The Nomination Committee is composed of three non-executive members of the Board of Directors (Mr. Romeo Collina as Chair, Mr. Martin Elling as Vice-Chair and Mr. Nikolas Neophytou as a member). Members of the Nomination Committee have, individually and collectively, appropriate knowledge, skills and expertise relating to the Group's business and concerning the selection process and suitability requirements as set out under Directive 2013/36/EU, to be able to assess the appropriate composition of the Board of Directors, including recommending candidates to fill Board of Directors vacancies.

3.1 Directorships Held by Members of the Management Body

Holding Company's Board of Directors in its management function comprises the following two (2) executive members as of December 31, 2024: Mr. Razvan Munteanu as Group CEO and Ms. Aleksandra Babić as Group CRO.

Table 3: Number of directorships of Holding Company's Board of Directors in its management function (executive directors)

	Directorships within the Group (all count as 1)		Other Directorships		Other functions
	Executive	Non-Executive	Executive	Non-Executive	Other functions
Mr. Razvan Munteanu	Member of Board of Directors – Group CEO (Holding Company)	/	/	1	/
Ms. Aleksandra Babić	Member of Board of Directors – Group CRO (Holding Company)	Member of the Supervisory Board (Gorenjska banka); Member of the Supervisory Board (Eurobank Direktna)	/	/	/

Holding Company's Board of Directors in its supervisory function comprises the following seven (7) non-executive members as of December 31, 2024: Mr. Romeo Collina, Chairman of the Board of Directors, Mr. Aleksandar Kostić, Vice-Chairman of the Board of Directors, Ms. Jelena Galić, Mr. Nikolas Neophytou, Mr. Martin Elling, Mr. Lambros Papadopoulos, Mr. George Syrichas.

Table 4: Number of directorships of Holding Company's Board of Directors in its supervisory function (non-executive directors)

	Directorships within the Group (all count as 1)		Other Directorships		Other functions
	Executive	Non-Executive	Executive	Non-Executive	Other functions
Mr. Romeo Collina	/	Chairman of Board of Directors (Holding Company); President of the Supervisory Board (Eurobank Direktna)	/	/	/
Mr. Aleksandar Kostić	/	Vice-Chairman of Board of Directors (Holding Company); President of the Supervisory Board (AikBank)	/	/	/
Ms. Jelena Galić	/	Member of the Board of Directors (Holding Company); President of the Supervisory Board (Gorenjska banka);	/	/	/

	Directorships within the Group (all count as 1)		Other Directorships		Other functions
		Member of the Supervisory Board (AikBank)			
Mr. Nicos Neophytou	/	Member of Board of Directors (Holding Company)	/	2	/
Mr. Martin Elling	Director (NordAgri N.V.)	Member of Board of Directors (Holding Company)	/	1	/
Mr. Lambros Papadopoulos	/	Member of Board of Directors (Holding Company)	/	2	/
Mr. George Syrichas	/	Member of Board of Directors (Holding Company)	/	/	2

3.2 Recruitment Policy for the Selection of Members of the Management Body

This section presents information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.

On the Group level, the main principles on selection of members of the management body is defined in Group Policy on the assessment of the suitability of members of the management bodies and key function holders (hereafter: Group Suitability Policy). In accordance with the Group Suitability Policy members of the management body must have professional (theoretical) knowledge, skills and (practical) experience, including personal integrity, to independently exercise their judgement in taking decisions in the best interest of the AikGroup. Members must be competent to exercise a comprehensive and objective judgement on the relevant matters at all times.

The Suitability Policy is in line with the strategy, values and long-term vision of the Group. It sets out detailed selection strategy and procedures for the assessment of the suitability of members of the management body and Key Function Holders of the Group. It includes criteria for the assessment of collective and individual suitability, while respecting the principles of diversity, proportionality and equal opportunities. The Suitability Policy also outlines the documentation required for the assessment, procedures to ensure the suitability, and procedures for the reassessment of the suitability if required.

Members of the management body must hold at least a university degree and possess professional theoretical knowledge, skills and practical experience in banking and financial services or other relevant areas (e.g. economics, law, administration and financial regulations, mathematics, statistics) and at least 5 years of recent experience in the areas related to banking or financial services.

When selecting members of the management body, the Group considers the professional standards (knowledge, experience) and ethical standards (reputation, collective suitability, conflict of interests, sufficient time commitment), as well as other professional standards (the obligation of diligent, loyal and independent behavior) of the management body's members.

Members of the Group BoD have enough experience for the purpose of ensuring constructive and critical reviews of the Management function decisions and an efficient supervision over the Management function, of effectively exercising their role in accepting policies and decisions, the responsibility of which falls on Group BoD in its Supervisory function, especially regarding the supervision of implementing strategic goals of the Group, of determining, accepting and regularly inspecting the strategy of assuming and managing risks, as well as effectively participating in BoD's Committees.

In line with the above-mentioned Policy, as well as a Fit & Proper procedure imposed by the regulator, all candidates for the BoD membership are assessed in terms of their individual suitability, as well as collectively, in terms of collective suitability of the BoD as a whole.

All subsidiaries are required to follow the professional standards and ethical standards as defined by the Policy, as well as other professional standards (the obligation of diligent, loyal and independent behavior) of the management body's members.

Holding Company's Board of Directors in its management function (executive directors):

Mr. Razvan Munteanu

Group Chief Executive Officer

Mr. Munteanu is a skilled banker with over 30 years of experience. In recent years, he was a member of the management board transforming Hypo Alpe Adria into Addiko Bank. First, he served as a Retail Head and CEO. In this capacity Mr. Munteanu led the preparation and execution of the initial public offering (IPO), after leading the strategic shift to consumer lending and rebranding the group. Mr. Munteanu also served as a Chief Business Officer at Privatbank, the largest Ukrainian bank. Afterwards, he developed a portfolio of independent non-executive directorships, including First Bank Romania, Ukreximbank, Ukraine, Omnio (a Fintech in the UK), AxFina (a NPL servicing company in CEE) and Uniqa Ukraine. He has been serving initially as the advisor to the Board of Directors of AikGroup (CY) Limited since June 2024, and as the Group CEO, member of the Board of Directors since November 2024.

Ms. Aleksandra Babić

Group Chief Risk Officer

Ms. Babić graduated from Webster university, Vienna where she also received her master's degree. Ms. Babić has more than 15 years of experience in the financial sector. She started her career as an auditor of financial institutions in Ernst&Young. Later she joined Ernst&Young advisory team. She was engaged in projects in the risk management area including introduction and implementation of Basel standards. In 2014, she joined AikBank as Head of risk controlling. In 2021, she joined Holding Company as Head of Group Risk Management function, responsible for development of comprehensive risk management framework on the Group level and for monitoring of the implementation of the Group Risk Management and Group Risk Appetite on the subsidiary level. Both as Head of Risk controlling and Head of Group Risk Management function Ms. Babić was actively involved in numerous M&A processes. Since June 2023, she has been a Group Chief Risk Officer and member of the Board of Directors.

Holding Company's Board of Directors in its supervisory function (non-executive directors):

Mr. Romeo Collina

Chairman of the Board of Directors

Mr. Collina began his banking career in Italy in the 1980s before relocating to the U.S., where he spent 10 years in Chicago and New York as Deputy Chief Branch Manager, responsible for corporate clients in the U.S., Central, and South America. In 2000, he became Branch Manager in London, and in 2004, Head of Trade Financing, Correspondent Banking, and International Network across 20+ countries at Capitalia, Italy's third-largest banking group. Following the merger with UniCredit, he contributed to major turnaround projects. In 2010, he was appointed CEO of ATF Bank, the third-largest Kazak Group. In 2013, he led Restructuring and Workout in Italy, becoming Deputy Chief Risk Officer in 2014. In 2015, he was named Deputy Chairman of the Management Board and GM of Zagrebačka Banka, Croatia's leading bank. From March 2016 to end-2018, he served as Deputy Chairman and COO of Bank Austria. In 2019, he contributed to the development of UniCredit's 2020–2023 Business Plan. He returned as CEO of Zagrebačka Banka in January 2020, serving until his retirement in September 2021. In November 2022 Mr. Collina was nominated as a non-executive director and Chairman of Board of Directors of AikGroup (CY) Limited.

Mr. Aleksandar Kostić

Vice-Chairman of the Board of Directors

Mr. Kostić has broad background in financial management. In the past years he has been involved in the realization of the banking division strategy, with a special focus on new investments and M&A processes. Before joining the Group, he gained knowledge and experience in private equity, credit, and real assets through different assignments and investment projects within the region. Mr. Kostić graduated from the Royal Holloway, University of London (RHUL), where he studied at the Department of Economics.

Mr. Kostić is a non-executive director and Vice-Chairman of the Board of Directors of AikGroup (CY) Limited.

Ms. Jelena Galić

Member of the Board of Directors

Ms. Galić holds a Ph.D. in Economics from the University of Belgrade, where she also completed her undergraduate studies. In 2015, she became Chairperson of the Board of Directors at AikBank. Prior to this, she was Director of Business Advisory Services at Deloitte Belgrade and Practice Leader for the Financial Services Industry and Public Sector across Serbia, Republic of Srpska, Macedonia, and Montenegro, focusing on strategy, restructuring, and change management. She previously served as Executive Director of the Economics Institute in Belgrade. With 25 years of experience, Ms. Galić has led numerous strategy and business development projects for both public and private clients. During her engagement with the Economics Institute, she has also advised the government on economic policy and financial sector development through projects supported by international institutions such as EIB, WB, and IFC. She is one of the founding members and former Vice President of the Serbian Association of Managers (SAM). In January 2022 she has been appointed as Group Chief Executive Officer, member of the Board of Directors of AikGroup (CY) Limited. Since November 2024 she has been holding the position of non-executive director, member of the Board of Directors of AikGroup (CY) Limited.

Mr. George Syrichas

Member of the Board of Directors

Mr. Syrichas has more than 30 years of experience in the financial sector. He served as an Executive Director and Board member of the Central Bank of Cyprus and the Resolution Authority of Cyprus. He is currently on the Board of banking and financial institutions. He was a member or appointed person to numerous international committees and/or venues, such as the European Commission, the International Monetary Fund, the European Central Bank and the ECB Governing Council as the Governor's accompanying expert. He holds a PhD in Economics from the University of Essex and has taught economics and executive courses at various universities and institutions in Cyprus and abroad. He is an active commentator on economic affairs and has delivered numerous lectures on topics such as the Cypriot and European economies, banking, financial stability, monetary and exchange rate policy, and EU-related issues. In January 2022 he has been appointed as Group Chief Risk Officer, member of the Board of Directors of AikGroup (CY) Limited. Since June 2023 he has been holding position of Non-Executive Director, member of the Board of Directors of AikGroup (CY) Limited.

Mr. Lambros Papadopoulos

Member of the Board of Directors

Mr. Papadopoulos has 29 years of experience in senior roles across listed companies in the U.S., U.K., Greece, and Cyprus. He began his career in 1993 at Ernst & Young in London, qualifying as a Chartered Accountant (ICAEW) and working in Audit and Corporate Finance until 1998. From 1998 to 2012, he was with Citigroup London, where he served as Head of Equities Research for Greece and Head of Research for Small and Mid-Cap Companies in Continental Europe. He became Managing Director in 2006 and joined the Equity Research Operating Committee. In 2013, he founded Pentep Advisors Ltd, a financial and strategic advisory firm. He has held several non-executive roles, including Audit Committee Chair and Board member at Bank of Cyprus (2013) and Hellenic Bank (2015 - 2018). From 2018 to 2022, he was an independent Board member and part of the Audit and Strategy Committees at Global Ports Investments, listed on the London Stock Exchange. Since 2019, he has been Non-Executive Chairman of both the Cyprus Asset Management Company (KEDIPES) and Trastor Real Estate Investment Company, listed on the Athens Stock Exchange. He holds a First-Class B.A. (Hons) in Accounting with Computing from the University of Kent and has been an ICAEW member since 1996. Since January 2022 he has been a Non-Executive Director, member of the Board of Directors of AikGroup (CY) Limited.

Mr. Martin Elling

Member of the Board of Directors

Mr. Elling, a Dutch national, holds a degree in economics and began his career in 1979 at the United Nations, where he spent 11 years on sector policy lending initiatives across Asia, Eastern Europe, and Africa, primarily in collaboration with the World Bank. In 1992, he joined the European Bank for Reconstruction and Development (EBRD) in London as a Senior Banker, focusing on development financing in transitional economies. He remained with the EBRD until 1997. After leaving the EBRD, Mr. Elling founded and led several B2B service businesses in Ukraine and Russia, achieving three notable exits. He now serves as a Non-Executive Director, advising companies on strategic growth, corporate governance, and international development, drawing on his extensive experience in both public and private sectors. In November 2022 Mr. Elling was nominated as a non-executive director, member of Board of Directors of AikGroup (CY) Limited.

Mr. Nikolas Neophytou

Member of the Board of Directors

Mr. Neophytou was an ACCA and had been in the accounting profession for more than 40 years. He worked in London for 12 years, gaining experience in the fields of audit and corporate taxation. He joined PricewaterhouseCoopers (Cyprus) in 1989 and became a partner in 1994 specializing in International Tax in diverse industry sectors, with special focus in financial service industry. From 2005 to retirement in 2013, he was heading the Global Corporate Services Department in Limassol, being in charge of large and diverse portfolio of clients ranging from multinational and local companies to high-net-worth individuals.

Mr. Neophytou passed away in January 2025.

3.3 Policy on Diversity with Regard to the Selection of Members of the Management Body, the Objectives and Targets Set Out in That Policy, and the Extent to Which They Have Been Achieved

The Group is committed to fostering diversity and inclusion within its management bodies, with a particular focus on improving gender balance. While striving to enhance representation, the Group remains equally committed to ensuring that all members of the management body possess the necessary knowledge, skills and experience required for their roles. The fulfilment of the latter requirements remains the top priority during the selection of suitable individuals. All recruitment and appointment processes are primarily based on merit, considering skills, ethics, and experience, without regard to color, race, nationality/ethnicity, disability, age, gender, religion, sexual orientation, political opinion, or any other unfair criteria. Group members do not recruit members of the management body with the sole purpose of increasing diversity to the detriment of the functioning and suitability of the management body collectively, or at the expense of the suitability of individual members of the management body. The Group envisions a culture of equality, one in which individuals of all genders can pursue their chosen path free from stereotypes or barriers, and where leadership opportunities are shared fairly. The Group is committed to building a gender-equal economy that allows all individuals to thrive.

To this end, the Group is pursuing the principle of balanced gender representation in the sense that in the management bodies of the Group, underrepresented gender collectively represents at least 20% of the members of the management bodies within the Group by the end of 2026. As of December 31, 2024, the Holding Company management body was represented by both genders with 22.22% of underrepresented gender and across the Group with 26.09%.

Regarding the other aspects of diversity, the Group is well balanced in its main structures, meaning that there is diversity in formal education, skills, work experience, age, nationality, etc.

3.4 Information on Separate Risk Committee and the Frequency of the Meetings

AikGroup has established a governance structure with the separate Risk Committee, which is a consultative body of the Board of Directors in its supervisory function and whose mission consists of supervising the senior management with regard to the implementation of the risk management strategy at the Group level. It also provides advice with regard to the Group current and future risk appetite as presented in chapter 2.6 of this Report. In 2024, the Risk Committee met 8 times and had 2 correspondence meetings.

3.5 Information Flow on Risk to the Management Body

Effective steering requires involvement of different Group functions and Group bodies. Transparent communication of the current risk profile and exposure is provided through the regular risk reporting.

Internal reports provide a comprehensive view of the Group risk position, compliance with Group risk appetite, warning signals in case of an increase in exposure to certain risks beyond the Group risk tolerance. Reports include also forward-looking component and present development of the risk exposure in order to ensure prompt reaction and setting up mitigation measures to prevent potential breach.

Internal risk reporting includes a set of reports to which the sectors in charge of management and risk control are submitted to the relevant bodies on the subsidiary level and to the Group Risk Committee and Group management body in its management function and in its supervisory function in accordance with the deadlines defined by the Group Risk Management Policy.

As a general principle, reporting to the Holding Company's Board of Directors in its management function is done on a monthly basis and to the Holding Company's Board of Directors in its supervisory function on a quarterly basis or more often if necessary and as defined by relevant policies and frameworks.

4 SCOPE OF APPLICATION

(Article 436 a, b, c, d, f, g of the CRR Regulation)

AikGroup (CY) Limited is a legal entity incorporated and domiciled in Cyprus. At the beginning of 2025, there has been a change in the ownership structure of the Holding Company. According to the new registered structure Holding Company shareholders are - Agri Holding AG, Switzerland, with 50% of shares, Rysaffe Trustee Company (C.I.) Limited in its capacity as Trustee of Sloane Trust, and South Dakota Trust Company, L.L.C, as Trustees of the Circle Trust, with 25% of shares each.

Prudential consolidation is done on Holding Company level as the Holding Company is subject to the CRR. In accordance with Articles 11 and 18 CRR, a prudential consolidation includes Holding Company as the parent company, and all other institutions, financial institutions and ancillary services undertakings that are its subsidiaries within the meaning of Article 4 (1) (16) CRR or are jointly managed together with other parties within the meaning of Article 18 (4) CRR. Subsidiaries are fully consolidated.

The Group does not qualify as a financial conglomerate and is not subject to the respective supplementary supervisions.

The Group is obliged to publish disclosures on consolidated level, as required by the Regulation (EU) No 575/2013 of the European Parliament and of the Council. Group members are listed in the Introduction part of this Disclosure Report.

The Group's structure is shown in the figure below. Holding Company owns 91.7% of Gorenjska banka and 100% of NordAgri, and both have a 100% ownership of the subordinate entities.

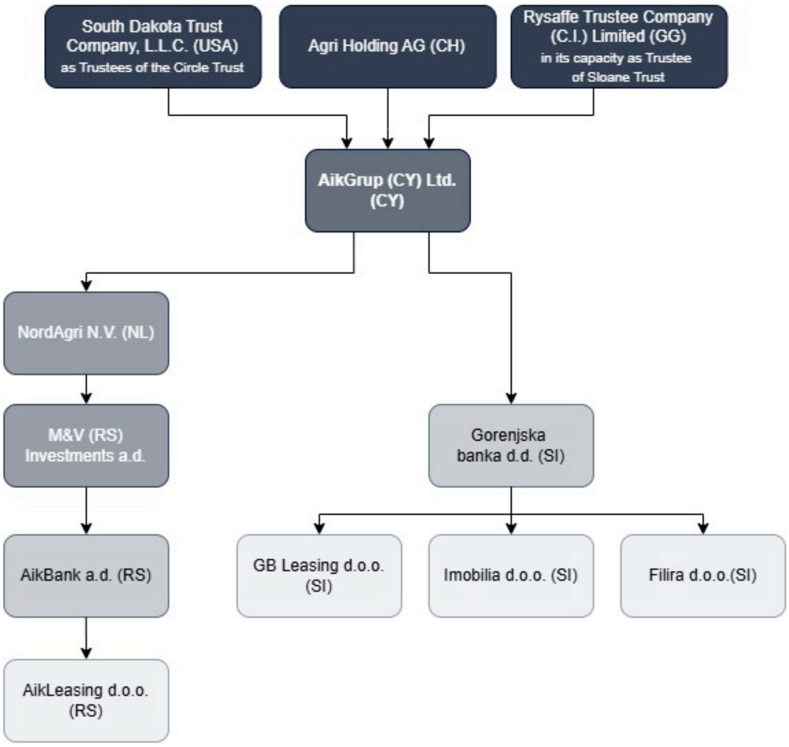


Figure 2: AikGroup ownership structure

4.1 Differences in the Scopes of Consolidation

The principles of prudential consolidation

are not identical to those applied for Group financial statements. Nonetheless, the majority of subsidiaries included in the prudential consolidation are also fully consolidated in accordance with IFRS in the Group's consolidated financial statements.

The main differences between prudential and accounting consolidation as of December 31, 2024, are:

- Subsidiary outside the banking and financial sector is not consolidated within the regulatory group of institutions but is included in the accounting scope of consolidation (subsidiary Imobilia - GBK, d.o.o., Kranj), and
- Subsidiaries which, according to CRR Article 19, can be excluded due to immateriality (Filira, poslovne storitve d.o.o., Ljubljana).

As of the end of the year 2024, the prudential consolidation encompasses seven entities, excluding the parent company, AikGroup (CY) Limited, with all entities being fully consolidated. The classification applied for these entities is in accordance with CRR. The regulatory group consists of three credit institutions, two holding companies, one brokerage company and two Leasing companies.

Table EU LI3 below illustrates the differences between the accounting and prudential scope of consolidation. It includes all entities for which the method of accounting consolidation differs from the method of prudential consolidation. At the entity level, the table presents the method of accounting consolidation, followed by columns detailing weather and how the entity is recognized under the prudential scope of consolidation.

Table 5: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Agri Europe Cyprus LTD, Cyprus	Full consolidation	X					Holding company
NordAgri NV, Netherlands	Full consolidation	X					Holding company
M&V Investmens a.d., Beograd	Full consolidation	X					Broker company
AIK Banka a.d., Beograd	Full consolidation	X					Credit institution
AIK Leasing d.o.o., Beograd	Full consolidation	X					Leasing company
Eurobank Direktna, a.d., Beograd	Full consolidation	X					Credit institution
Gorenjska banka d.d., Kranj	Full consolidation	X					Credit institution
GB Leasing d.o.o., Ljubljana	Full consolidation	X					Leasing company
Imobilia - GBK, d.o.o., Kranj	Full consolidation				X		Real estate activities
Filira, poslovne storitve d.o.o., Ljubljana	Full consolidation				X		Consulting company

4.2 Reconciliation of Regulatory Own Funds to the IFRS Balance Sheet

The table EU LI1 below provides a comparison between the accounting and prudential scope of consolidation as of December 31, 2024.

The regulatory balance sheet is split further into the parts subject to credit risk, counterparty credit risk, securitization positions in the regulatory banking book, market risk as well as the part which is not subject to capital requirements or relevant for deduction from capital. The market risk framework in column (f) includes our trading book exposure, our banking book exposure which is booked in a currency different from EUR as well as securitization positions in the regulatory trading book. Specific assets and liabilities may be subject to more than one regulatory risk framework. Therefore, the sum of values in column (c) to (g) may not equal to the amounts in column (b). Moreover, the allocation of positions to the regulatory trading or banking book, as well as the product definition, impacts the allocation to and treatment within a regulatory framework and might be different to the product definition or trading classification under IFRS.

Differences between carrying values on the regulatory balance sheet in column (b) and amounts deducted from CRR/CRD capital are explained further below within the table “EU CC1 Composition of regulatory own funds” as referenced in the last column of this table.

Table 6: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset clases according to the balance sheet in the published financial statements								
1	Cash and cash funds held with the central bank	1,447,880	1,448,261	1,357,576	-	-	670,606	
2	Receivables under derivatives	2,250	2,251	-	2,251	-	80	
3	Securities	900,414	900,645	457,131	443,514	-	459,895	
4	Loans and receivables due from banks and other financial institutions	1,066,122	1,066,501	1,010,148	-	-	604,479	
5	Loans and receivables due from customers	5,156,292	5,157,295	5,157,295	-	-	2,006,180	
6	Investments into subsidiaries	0	2,606	-	-	-		
7	Investments into associates	1	1	-	-	-		
8	Intangible assets	18,082	18,088	0	-	-		
9	Property, plant and equipment	146,370	146,125	146,125	-	-		
10	Investment property	37,019	33,263	33,263	-	-		
11	Current tax assets	28,804	28,818	28,818	-	-		
12	Deferred tax assets	6,401	5,601	3,809	-	-		
13	Non-current assets held for sale and assets from discontinued operations	3,226	3,227	3,227	-	-		
14	Other assets	80,671	80,549	80,549	-	-	22,413	
15	Total assets	8,893,532	8,893,231	8,277,940	445,765	0	3,763,653	0
Breakdown by liability and equity classes according to the balance sheet in the published financial statements								
1	Liabilities under derivatives	2542	2543					
2	Deposits and other liabilities due to banks, other financial institutions and the central bank	758,195	758,392				297,017	
3	Deposits and other liabilities due to customers	6,575,570	6,577,612				2,013,666	
4	Liabilities under securities	101,166	101,166				16,674	
5	Subordinated liabilities	66,505	66,536					
6	Provisions	22358	22,366					
7	Current tax liabilities	92	92					
8	Deferred tax liabilities	3838	3,038					
9	Other liabilities	105,793	105,688				52,580	
10	Total liabilities	7,636,059	7,637,433	0	0	0	2,379,937	0

**References provide the mapping of regulatory balance sheet items used to calculate regulatory capital as reflected in the column "References" in "EU CC1– Composition of regulatory own funds". Where applicable, more detailed information is provided.*

The main difference between data which are shown in columns (a) and (b) within Template EU LI1 is the scope of consolidation i.e. number of entities within scope. There are no other differences.

The total difference is 301 thousand EUR for assets and (1,374) thousand EUR for liabilities. The main differences are in the following categories:

- Loans and receivables due from customers,
- Investments into subsidiaries,
- Investment property,
- Deposits and other liabilities due to customers.

Detail breakdown and composition of each amount presented under separate line items reported in published financial statements, presented in the table above, is included in Notes to audited consolidated financial statements of Group (Note 20 to 36).

Table EU LI2 as of December 31, 2024, presents a description of the differences between the financial statements' carrying value amounts under the regulatory scope of consolidation and the exposure amounts used for regulatory purposes.

Table 7: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	8,893,231	8,277,940	-	445,765	3,763,653
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	-	-	-	-	2,379,937
3	**Total net amount under the scope of prudential consolidation**	8,893,231	8,277,940	-	445,765	1,383,716
4	**Off-balance-sheet amounts**	2,196,162	2,196,162	-	-	
5	*Differences in valuations*	(700)	(700)	-	-	
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	
7	*Differences due to consideration of provisions*	-	-	-	-	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	(207,520)	(207,520)	-	-	
9	*Differences due to credit conversion factors*	(2,195,241)	(2,195,241)	-	-	
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	
11	*Other differences*	-	-	-	-	
12	**Exposure amounts considered for regulatory purposes**	**8,685,932**	**8,070,641**	**-**	**445,765**	**1,383,716**

4.3 Impediments to Fund Transfers

The Group entities within the scope of prudential consolidation are subject to local regulatory and tax requirements as well as potentially exchange controls. Dividends in the amount of 67.3 million EUR were paid in June 2024.

There are no material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities among the Parent company and its subsidiaries. Also, in the foreseen future we do not see any material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the Parent and its subsidiaries.

4.4 Potential Capital Shortfalls in Unconsolidated Subsidiaries

Group subsidiaries which were not included in prudential consolidation due to their immateriality did not have to comply with own regulatory minimum capital standards in 2024.

There are no circumstances under which use is made of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR.

5 OWN FUNDS

(Article 437 a, b, c, d and e, 468 of the CRR Regulation)

5.1 Own Funds Composition, Prudential Filters and Deduction Items

The Group`s capital is composed of the elements of the total capital, further reduced by deductibles.

Among instruments of common equity capital, the Group includes common shares that meet the terms and conditions from Article 28 of the CRR regulation. Among the important terms and conditions of instruments of common equity capital are constancy, flexibility regarding payments and availability for covering loss.

The Group does not have capital instruments of additional Tier 1 capital.

In line with regulatory requirements, the Group must meet the Common Equity Tier 1 capital ratio of 4.5%, Tier 1 capital ratio of 6% and the total capital ratio of 8%. At the end of 2024, Common Equity Tier 1 capital exceeded the requirements for 787,391 thousand EUR, Tier 1 capital for 695,742 thousand EUR and total Own Funds for 631,145 thousand EUR.

The table below shows the composition of regulatory own funds with reference and additional explanations below the table regarding the source from balance sheet under regulatory scope of consolidation.

Table 8: EU CC1 – Composition of regulatory own funds

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	40,001	E
	of which: Instrument type 1	40,001	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	815,783	G, H
3	Accumulated other comprehensive income (and other reserves)	232,105	F
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,087,889**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(700)	A, B
8	Intangible assets (net of related tax liability) (negative amount)	(18,088)	C
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(1,792)	D
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitized assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitization positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(5,034)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(25,614)**	
29	**Common Equity Tier 1 (CET1) capital**	**1,062,275**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,062,275**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	57,554	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-	

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**57,554**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**57,554**	
59	**Total capital (TC = T1 + T2)**	**1,119,829**	
60	**Total risk exposure amount**	**6,108,542**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	17.39%	
62	Tier 1	17.39%	
63	Total capital	18.33%	
64	Institution CET1 overall capital requirements	8.87%	
65	of which: capital conservation buffer requirement	27.26%	
66	of which: countercyclical capital buffer requirement	1.96%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**7.33%**	
69	Not applicable	n/a	
70	Not applicable	n/a	
71	Not applicable	n/a	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	38,145.98	
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)	2,605.59	
74	Not applicable	n/a	
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) are met)	3,808.98	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
		-	
		-	
		-	

		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

From total retained earnings as per regulatory consolidation in the amount of 864,020 thousand EUR (table EU CC2) in the calculation of regulatory Own fuds in table EU CC1 is included 815,783 thousand EUR. The difference represents the rest of consolidated retained earnings for which the exact future usage is not still determined.

Additional value adjustments as of December 31, 2023, in the amount of 700 thousand EUR relate to 0.1% of:

- Receivables under derivatives net amounting to 5,177 thousand EUR, and
- Following types of Securities:
  - Equity instruments held for trading amounting to 8,882 thousand EUR,
  - Equity instruments non-trading mandatorily at FVtPL amounting to 36,792 thousand EUR,
  - Equity instruments FVtOCI amounting to 51,107 thousand EUR,
  - Debt instruments FVtOCI amounting to 592,879 thousand EUR,
- Other assets at Fair value amounting to 5,127 thousand EUR.

The difference to total amount presented under the table EU CC2 relates to debt instruments at amortized cost amounting to 251,774 EUR and for one part of equity instruments FVtOCI which are for FS consolidation presented under other assets.

Deferred tax assets that rely on future profitability excluding those arising from temporary differences in the amount of 1,792 thousand EUR fully relate to deferred tax assets on tax loss carryforwards, as presented in Note 29, of Audited consolidated financial statements.

"Other regulatory adjustments" amounts -5,034 thousand EUR as of December 31, 2024, according to Article 1 (1) second subparagraph of the Commission Delegated Regulation (EU) No 183/2014 represents a reduction of CET1 related to general and specific credit risk adjustments (impairments for assets and provisions for off-balance sheet items) included in year-end profits.

Based on (EU) No183/2014 which defines that the amounts required to be included in the calculation of general and specific credit risk adjustments by an institution shall be equal to all amounts by which an institution's Common Equity Tier 1 capital has been reduced in order to reflect losses exclusively related to credit risk according to the applicable accounting framework and recognized as such in the profit or loss account are included in the calculation of general and specific credit risk adjustments.

5.2 Reconciliation of Regulatory Own Funds to the Balance Sheet According to IFRS

The table below highlights the difference in the basis of consolidation for accounting and prudential purposes as it compares the carrying values as reported under IFRS with the carrying values under the scope of the prudential consolidation. References in the last column of the table provide the mapping of regulatory balance sheet items used to calculate regulatory capital. The reference-columns presented below reconcile to the references-columns as presented in the template "EU CC1– Composition of regulatory own funds".

Table 9: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*				
1	Cash and cash funds held with the central bank	1,447,880	1,448,261	
2	Receivables under derivatives	2,250	2,251	A
3	Securities	900,414	900,645	B
4	Loans and receivables due from banks and other financial institutions	1,066,122	1,066,501	
5	Loans and receivables due from customers	5,156,292	5,157,295	
6	Investments into subsidiaries	-	2,606	
7	Investments into associates	1	1	
8	Intangible assets	18,082	18,088	C
9	Property, plant and equipment	146,370	146,125	
10	Investment property	37,019	33,263	
11	Current tax assets	28,804	28,818	
12	Deferred tax assets	6,401	5,601	D
13	Non-current assets held for sale and assets from discontinued operations	3,226	3,227	
14	Other assets	80,671	80,549	
	Total assets	8,893,532	8,893,231	
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*				
1	Liabilities under derivatives	2,542	2,543	A
2	Deposits and other liabilities due to banks, other financial institutions and the central bank	758,195	758,392	
3	Deposits and other liabilities due to customers	6,575,570	6,577,612	
4	Liabilities under securities	101,166	101,166	
5	Subordinated liabilities	66,505	66,536	
6	Provisions	22,358	22,366	
7	Current tax liabilities	92	92	
8	Deferred tax liabilities	3,838	3,038	
9	Other liabilities	105,793	105,688	
	Total liabilities	7,636,059	7,637,433	
Shareholders' Equity				
1	Share capital	40,001	40,001	E
2	Retained earnings	868,875	864,020	G
3	Current year profit	117,198	116,775	H
4	Reserves	229,114	232,716	F
5	Non controlling interest	2,285	2,286	
	Total equity	1,257,473	1,255,798	

**References provide the mapping of regulatory balance sheet items used to calculate regulatory capital as reflected in the column "References" in "EU CC1– Composition of regulatory own funds". Where applicable, more detailed information is provided*

5.3 Description of the Main Features of the Instruments of Individual Categories of Capital Issued by the Bank

A description of the main features of the Common Equity Tier 1capital instruments issued by AikGroup is presented within following table.

*Table 10: EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments**

		a Qualitative or quantitative information - Free format
1	Issuer	Agri Europe Cyprus Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	N/A
3	Governing law(s) of the instrument	Cyprus
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	N/A
5	Post-transitional CRR rules	N/A
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital or eligible liabilities(Currency in million, as of most recent reporting date)	40.00 mEUR
9	Nominal amount of instrument	EUR 1.00
EU-9a	Issue price	Seen Note (1)
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	Seen Note (1)
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all liabilities of the Company
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

Issuer Agri Europe Cyprus Limited, starting from 1.1.2025 refer to the AikGroup (CY) Ltd.

6 OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

(Article 438 a, b, d of CRR regulation, Article 447 of CRR regulation)

6.1 Summary of the Approach to Assessing the Adequacy of Internal Capital to Support Current and Future Activities

The Group has established an internal capital adequacy assessment process (ICAAP) in accordance with its Strategy on Risk Management, i.e. in accordance with its risk profile. The Group conducts ICAAP on a continuous basis, while respecting the regulatory framework.

Within Pillar 1, the Group calculates its capital requirements for the credit (including counterparty credit risk), market risks, operational risk and credit valuation adjustment (CVA) risk. The Group uses the standardized approach for Credit and CVA risk and Basic indicator approach for calculation of capital requirements for operational risk, as defined within CRR. Within Pillar 1, the Group calculates minimum capital requirements for FX risk and position risk in trading book positions in equities.

Additional risk types are defined within Pillar 2. Under Pillar 2, the Group calculates internal capital requirements for risks assessed as material, using internal models to a great extent as well as forward looking risk parameters within models.

The list of all material risks is defined under point 2.1 of this Report.

Under ICAAP, Group also defines Internal capital by applying internal approach. Internal capital represents the amount of capital that is available for coverage of risks the Group is or might be exposed to. When defining it, the Group takes into consideration relevant regulatory regulations in this area, as well as standards on the Group level regarding ICAAP and capital.

The Group determines available internal capital and distributes it among identified risk types. Total internal capital requirements indicate the amount of capital needed to cover all risks the Group is or might be exposed to in its operations, while the internal capital requirement for an individual risk indicates the amount of capital required to cover the individual risk, to which the Group is or might be exposed to.

The Group implements internal capital adequacy assessment process in accordance with:

- Group Strategy on Risk Management and Group Policy on Risk Management,
- Group Framework on ICAAP and ILAAP,
- Group Policy on Stress test,
- Additionally, all Group members define in their internal acts the internal capital adequacy assessment process, all in accordance with the framework defined at the Group level.

By planning available internal capital, the Group also ensures the maintenance of the level of capital that can support further growth of placements, employ future sources of funds and ensure continuity in the implementation of business policy. Planning of regulatory and internal capital is carried out for a period of three years.

ICAAP is a formalized and documented process that meets the following criteria:

- is based on the process of identification and measurement i.e. risk assessment,
- provides a comprehensive risk assessment and measurement, as well as monitoring significant risks that the Group is exposed to or may be exposed to in its business,
- provides an adequate level of available internal capital in accordance with the risk profile of the Group,
- it is adequately involved in the Group's management system and decision-making in the Group, and
- is subject to regular analysis, monitoring and verification by the Group's governing bodies.

ICAAP process is performed at a consolidated level and includes the following stages:

- identification of risk types and their risk materiality assessment,
- quantification and aggregation of risks, and allocation of capital for each risk assessed as material,
- stress testing,
- risk bearing capacity utilization calculation,

- monitoring and reporting.

The Group defines in the Group Framework on ICAAP and ILAAP quantitative and qualitative criteria based on which material risks are determined, that are further included in the internal capital adequacy assessment process. This takes into account the type, scope and complexity of the Group`s operations, as well as the specificities of the markets in which the Group and its members operate.

The Group uses the following approaches and models for calculation of internal capital requirements for each of the materially significant risks identified:

- Credit default risk incl. Counterparty risk - approximation of IRB approach,
- FX lending risk - Internal model,
- Credit risk induced by interest rate risk – Internal model,
- Concentration risk - Internal model based on the Herfindahl-Hirschman Index (HHI),
- Market risks - Standardized approach,
- CVA risk – Standardized approach,
- Interest rate risks – Internal model,
- Liquidity risk – regulatory based approaches and internal models,
- Operational risk - Basic indicator approach and internal model,
- Other risks – internal approach.

Group tends to conduct stress testing for all material risks, and performs stress testing of Internal capital

Total internal capital requirements are calculated as a simple sum of internal capital requirements for each of the risk type for which capital requirements is calculated, plus the effects of stress tests performed for certain risks. This approach is considered conservative because it does not take into account the effects of diversification between different types of risks.

The AikGroup constantly monitors RBC utilization throughout the year and reports it to the Group BoD at least on quarterly level. Annually ICAAP Report is created and Capital Adequacy Statement with BOD approval is submitted to the Regulator.

Economic capital utilization by total internal capital requirements, including stress test effects, as of December 31, 2024, amounts to 74.29%, and excess capital is 263.29 million EUR.

On November 22, 2023, Gorenjska banka successfully concluded the issue of bonds in the total nominal amount of 72.6 million EUR, aimed at fulfilling the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirement. The bonds were offered to Slovenian and international investors (banks, insurance companies, fund managers and other financial institutions), Gorenjska banka thereby re-established itself on the capital markets. One of the buyers was M&V, a related party within the AikGroup, holding GB issued debt security in the amount of 1 million EUR. The bond will mature in 4 years, with an option for early redemption after three years. The principal interest rate is set at 9.25% per annum. On November 22, 2024, Gorenjska banka issued an additional 27.4 million EUR of MREL bonds under the code GB02. As of December 31, 2024, the bank has issued a total of 100 million EUR of MREL bonds. The bond matures on November 22, 2027, with an early call option after November 22, 2026.

In the template EU KM1 the Group shows the following items as of December 31, 2024, and as of previous disclosure periods, June 30, 2024, and December 31, 2023:

- own funds structure,
- risk exposure amounts,
- capital buffers,
- important ratios related to capital,
- leverage ratio,
- liquidity coverage ratio and
- net stable funding ratio.

Table 11: EU KM1 Key metrics template

		a	b	c	d
		31.12.2024	30.6.2024	31.3.2024	31.12.2023
	Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	1,062,275	1,053,719	1,106,219	1,027,314
2	Tier 1 capital	1,062,275	1,053,719	1,041,693	1,027,314
3	Total capital	1,119,829	1,117,928	1,041,693	1,092,055
	Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	6,108,542	5,924,352	5,804,016	5,916,120
	Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	17.39%	17.79%	17.95%	17.36%
6	Tier 1 ratio (%)	17.39%	17.79%	17.95%	17.36%
7	Total capital ratio (%)	18.33%	18.87%	19.06%	18.46%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.00%	3.00%	3.25%	3.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.69%	1.69%	1.83%	1.83%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%	2.25%	2.44%	2.44%
EU 7d	Total SREP own funds requirements (%)	11.00%	11.00%	11.25%	11.25%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	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 (%)	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.18%	0.17%	0.16%	0.16%
EU 9a	Systemic risk buffer (%)	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-	-
11	Combined buffer requirement (%)	2.68%	2.67%	2.66%	2.66%
EU 11a	Overall capital requirements (%)	13.68%	13.67%	13.91%	13.91%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.33%	7.87%	7.81%	6.16%
	Leverage ratio				
13	Total exposure measure	9,445,811	9,047,159	8,961,934	9,290,200
14	Leverage ratio (%)	11.25%	11.65%	11.62%	11.06%
	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	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	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 (%)		-	-	-
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,342,824	1,241,461	1,210,203	1,153,020
EU 16a	Cash outflows - Total weighted value	1,361,297	1,284,656	1,201,920	1,079,476
EU 16b	Cash inflows - Total weighted value	1,063,360	1,120,927	1,037,324	836,113
16	Total net cash outflows (adjusted value)	384,586	321,164	304,914	326,184
17	Liquidity coverage ratio (%)	356.6%	390.0%	400.2%	369.5%
	Net Stable Funding Ratio				
18	Total available stable funding	6,921,303	6,701,230	6,782,354	6,968,059
19	Total required stable funding	4,497,302	4,505,963	4,424,733	4,447,637
20	NSFR ratio (%)	153.9%	148.7%	153.3%	156.7%

6.2 Risk-Weighted Exposure Amounts and Minimum Capital Requirement

AikGroup calculates risk weighted exposure amount for Pillar 1 risks, i.e., credit risk (including counterparty credit risk), market risks (FX risk and position risk), operational risk and CVA risk in line with regulatory requirements (CRR).

For Credit risk, AikGroup uses standardized approach. Credit risk weighted assets are the sum of the exposure of balance sheet assets and off-balance sheet items multiplied by the appropriate credit risk weights, as defined in Article 113 of the CRR regulation. Credit risk weight for each individual position of the balance sheet assets and for each off-balance sheet item is determined on the basis of the class of exposure and the level of its credit quality. Additionally, credit risk for off-balance exposures is calculated by applying regulatory prescribed credit conversion factors (CCFs) to the different types of off-balance transaction. The capital requirement for credit risk is calculated by multiplying risk-weighted assets by 8%.

To calculate the capital requirement for market risks, Group uses methods prescribed by the regulation (more on that in point 12 of this Disclosure Report). Capital requirement for operational risks is calculated by applying basic indicator approach (more on that in point 13 of this Disclosure Report). Capital requirements for CVA risk are calculated using Standardized approach, as defined under CRR.

In the template EU OV1, AikGroup represents an overview of risk weighted assets and capital requirements calculated in accordance with Article 92 of the CRR. Capital requirements are broken down into different risk categories.

Table 12: EU OV1 Overview of total risk exposure amounts

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31.12.2024	31.12.2023	31.12.2024
1	Credit risk (excluding CCR)	5,292,596	5,151,107	423,408
2	Of which the standardised approach	5,292,596	5,151,107	423,408
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	27,055	30,531	2,164
7	Of which the standardised approach	-		-
8	Of which internal model method (IMM)	-		-
EU 8a	Of which exposures to a CCP	-		-
EU 8b	Of which credit valuation adjustment - CVA	7,348	7,803	588
9	Of which other CCR	19,707	22,728	1,577
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
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%	-		-
20	Position, foreign exchange and commodities risks (Market risk)	44,269	59,202	3,542
21	Of which the standardised approach	44,269	59,202	3,542
22	Of which IMA	-		-
EU 22a	Large exposures	-		-
23	Operational risk	744,622	675,280	59,570
EU 23a	Of which basic indicator approach	744,622	675,280	59,570
EU 23b	Of which standardised approach	-		-
EU 23c	Of which advanced measurement approach	-		-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	16,036	20,819	1,283
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	5,363,920	5,916,120	429,114

7 EXPOSURE TO COUNTERPARTY CREDIT RISK

(Article 439 of the CRR Regulation)

Counterparty credit risk within the Group is prescribed in Group Framework on Counterparty Credit Risk and Country Risk Limits. The purpose of this framework is to establish the basic principles, approaches, rules and procedures of the counterparty credit risk and country risk management on the Group level which include identification, measurement, management and reporting of counterparty risk. Additionally, this framework determines the process of approving, adopting and monitoring of AikGroup (CY) Limited limits to the counterparties. The primary objective is to ensure robust credit risk management practices and the implementation of adequate controls to mitigate both counterparty credit risk and country risk across the Group.

Counterparty credit risk is managed and mitigated to the extent feasible within the framework of the investment strategy, ensuring that lending activities are conducted prudently, securely, and consistently. Major lending-related risks are identified and assessed accordingly. To maintain proper internal controls, a clear segregation of duties is enforced; those requesting new counterparties or limits are distinct from those approving them.

A list of approved counterparties is maintained by market and instrument and is readily accessible to the subsidiary trading teams. Counterparties are selected with the goal of achieving cost-effective execution over time, while also maintaining a diversified structure to minimize concentration risk. An independent risk management function is responsible for identifying, measuring, monitoring, and reporting on counterparty risk, and for ensuring that appropriate restrictions and collateral are in place to mitigate this risk.

Methodology used for the purpose of assigning the limits are based on credit ratings, two approaches are used - the use of an external credit rating of Fitch, Moody's or S&P if available or – in the event that the external credit rating is not available, the country rating will be used as well as key financial and non-financial operating parameters. Credit rating codes and classes of the proved ECAIs are grouped into broader classes and transformed into determining the limit to financial institution. Furthermore, a limit for counterparty at individual customer level is requested and approved according to the Group Framework on Underwriting.

Individual agreement between the counterparty and AikGroup (CY) Limited is the basis for collateral management. Basis for the market valuation is close of business market data. All received or paid collaterals are documented in the respective systems. Contractual clauses concerning dependencies between collateral management and the credit rating of the Group are not applicable as the Group is yet to be rated.

Counterparty credit risk is control through limit monitoring and reporting framework. Limit monitoring is executed in accordance with the following principles:

- Monitoring shall include procedures ensuring that all policies and regulations related to counterparty risk management are being applied consistently and work as intended.
- Independent monitoring of counterparty and country risk exposures shall be implemented through establishment of comprehensive reporting.

Local Risk Controlling unit or other department/unit in charge of counterparty/country risk management monitors the counterparty limit's utilization at local subsidiary level on a daily basis. Also, those units are obliged to report on counterparty risk limits and exposures to the Group ALM Unit and GSRMF/MLRC Unit on a daily basis.

Limit utilization by counterparty as well as aggregated monitoring per credit quality step are regularly reported to Group Board Supervisory function by GSRMF/MLRC Unit, through the Quarterly Risk Report. Group Board Supervisory function receives information on limit utilization on a quarterly basis. Group Board Management function receives information on limit utilization on a monthly basis

The counterparty credit risk is assessed as part of the RWA calculation in Pillar 1. AikGroup applies the Original Exposure Method (OEM) calculated in accordance with Article 282 CRR (Chapter 6 of Title II Part Three, Section 5) as an alternative approach to the Standardized Approach for counterparty credit risk (SA CCR). Netting is not used for regulatory purposes in AikGroup. No further collateral is considered to mitigate counterparty credit risk for regulatory purposes under Pillar 1.

For derivative transactions, exposure values before and after the effect of credit risk mitigation and associated risk exposure amounts broken down by applicable method are presented in the table below:

Table 13: EU CCR1 – Analysis of CCR exposure by approach

		a	b	c	d	e	f	g	h
		Replacement 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
EU1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
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					-	-	-	-

7.1 Segregated and Unsegregated Collateral Received and Posted per Type of Collateral

The amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions is given in the table below.

Table 14: EU CCR5 – Composition of collateral for CCR exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	-	-	2,103	-	-	-	-
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	9,753	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	Total	-	-	-	2,103	-	9,753	-	-

7.2 Derivative and Securities Financing Transactions

AikGroup has no relevant values to show since CCP exposures are excluded from the template, so all values in template "EU CCR 1_Analysis of CCR exposure by approach" are equal to zero.

7.3 Transactions Subject to Own Funds Requirements for CVA Risk

Table EU CCR2 provides an overview of the exposures subject to CVA capital charges in accordance with Part three, Title VI, Article 382 of CRR. Capital requirements are calculated in accordance with the Standardized approach.

Table 15: EEU CCR2 – Transactions subject to own funds requirements for CVA risk

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	20,054	7,348
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	Total transactions subject to own funds requirements for CVA risk	20,054	7,348

7.4 Exposure Value to Central Counterparties and the Associated Risk Exposures

AikGroup has no exposure value to central counterparties and associated risk exposures.

7.5 Notional Amounts and Fair Value of Credit Derivative Transaction

AikGroup does not have any single name CDS in the portfolio as of December 31, 2024.

7.6 CCR Exposures by Regulatory Exposure Class and Risk Weights

Table 16: EU CCR3 – Standardized approach – CCR exposures by regulatory exposure class and risk weights

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	418,999	-	-	-	-	-	-	-	-	-	-	418,999
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	5,397	3,653	-	-	11,138	-	-	20,188
7	Corporates	-	-	-	-	-	-	-	-	6,579	-	-	6,579
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	418,999	-	-	-	5,397	3,653	-	-	17,716	-	-	445,765
11	Total exposure value	418,999	-	-	-	5,397	3,653	-	-	17,716	-	-	445,765

8 CAPITAL BUFFERS

(Article 440 of the CRR Regulation)

By introducing Basel III regulation, European legislation on capital introduced a system of capital buffers which are an additional requirement for determining the required amount of capital. Besides requirements that arise from the 1st and 2nd Basel pillar risks, the highest quality capital of banks (CET1) must also fulfil the capital buffer requirements. Failure to comply with the requirements regarding capital buffers results in restrictions in distributing the operating result with the purpose of strengthening the bank's capital base.

The table below contains the geographical distribution of the Group's credit exposure relevant for calculating the countercyclical capital buffer, as of December 31, 2024.

Table 17: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitization exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
		Exposure value under the standardised approach	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 non TB	Total			
010	Country:													
020	AE	597	-	-	-	-	597	17	-	-	17	213	0.00%	0.00%
030	AL	10	-	-	-	-	10	1	-	-	1	13	0.00%	0.00%
040	AT	42,266	-	226	-	-	42,492	3,140	36	-	3,176	39,700	0.84%	0.00%
050	AZ	1	-	-	-	-	1	-	-	-	-	-	0.00%	0.00%
060	BA	25,823	-	-	-	-	25,823	1,863	-	-	1,863	23,288	0.49%	0.00%
070	BE	7,945	-	-	-	-	7,945	578	-	-	578	7,225	0.15%	1.00%
080	BG	84	-	-	-	-	84	5	-	-	5	63	0.00%	2.00%
090	BR	2	-	-	-	-	2	-	-	-	-	-	0.00%	0.00%
100	BY	2	-	-	-	-	2	-	-	-	-	-	0.00%	0.00%
110	CA	98	-	-	-	-	98	6	-	-	6	75	0.00%	0.00%
120	CH	69,133	-	3	-	-	69,136	5,518	-	-	5,518	68,975	1.46%	0.00%
130	CN	106	-	-	-	-	106	7	-	-	7	88	0.00%	0.00%
140	CU	1	-	-	-	-	1	-	-	-	-	-	0.00%	0.00%
150	CY	5,646	-	-	-	-	5,646	451	-	-	451	5,638	0.12%	1.00%
160	CZ	10,814	-	-	-	-	10,814	863	-	-	863	10,788	0.23%	1.25%
170	DE	20,009	-	1,460	-	-	21,469	1,517	234	-	1,751	21,888	0.46%	0.75%
180	EG	127	-	-	-	-	127	8	-	-	8	100	0.00%	0.00%
190	ES	756	-	-	-	-	756	57	-	-	57	713	0.02%	0.00%
200	FI	69	-	-	-	-	69	3	-	-	3	38	0.00%	0.00%
210	FR	1,640	-	416	-	-	2,056	107	67	-	174	2,175	0.05%	1.00%
220	GB	15,216	-	148	-	-	15,364	1,170	24	-	1,194	14,925	0.32%	2.00%
230	GI	110	-	-	-	-	110	3	-	-	3	38	0.00%	0.00%
240	GR	4,410	-	-	-	-	4,410	295	-	-	295	3,688	0.08%	0.00%
250	HK	6	-	-	-	-	6	-	-	-	-	-	0.00%	0.50%
260	HR	66,465	-	-	-	-	66,465	5,095	-	-	5,095	63,688	1.35%	1.50%
270	HU	4,452	-	-	-	-	4,452	346	-	-	346	4,325	0.09%	0.50%
280	IE	233	-	-	-	-	233	15	-	-	15	188	0.00%	1.50%
290	IL	26	-	-	-	-	26	2	-	-	2	25	0.00%	0.00%
300	IN	1	-	-	-	-	1	-	-	-	-	-	0.00%	0.00%
310	IT	23,951	-	-	-	-	23,951	1,738	-	-	1,738	21,725	0.46%	0.00%
320	JE	14	-	-	-	-	14	1	-	-	1	13	0.00%	0.00%
330	KR	6	-	-	-	-	6	1	-	-	1	13	0.00%	1.00%
340	KW	135	-	-	-	-	135	8	-	-	8	100	0.00%	0.00%
350	KY	8	-	-	-	-	8	1	-	-	1	13	0.00%	0.00%
360	LT	65	-	-	-	-	65	4	-	-	4	50	0.00%	1.00%
370	LU	20,072	-	-	-	-	20,072	2,384	-	-	2,384	29,800	0.63%	0.50%
380	ME	30,220	-	68	-	-	30,288	2,416	11	-	2,427	30,338	0.64%	0.00%
390	MK	915	-	-	-	-	915	56	-	-	56	700	0.01%	1.25%
400	NL	6,357	-	73	-	-	6,430	357	12	-	369	4,613	0.10%	2.00%
410	NO	162	-	-	-	-	162	6	-	-	6	75	0.00%	2.50%
420	PL	3,969	-	-	-	-	3,969	275	-	-	275	3,438	0.07%	0.00%
430	RO	11,578	-	-	-	-	11,578	926	-	-	926	11,575	0.25%	1.00%
440	RS	4,309,483	-	6,273	-	-	4,315,756	246,067	1,003	-	247,070	3,088,375	65.58%	0.00%
450	RU	229	-	-	-	-	229	14	-	-	14	175	0.00%	0.00%
460	SE	894	-	-	-	-	894	63	-	-	63	788	0.02%	2.00%
470	SG	104	-	-	-	-	104	6	-	-	6	75	0.00%	0.00%
480	SI	2,027,640	-	-	-	-	2,027,640	99,383	-	-	99,383	1,242,288	26.38%	0.50%
490	SK	2,140	-	-	-	-	2,140	161	-	-	161	2,013	0.04%	1.50%
500	TH	10	-	-	-	-	10	1	-	-	1	13	0.00%	0.00%
510	TM	14	-	-	-	-	14	1	-	-	1	13	0.00%	0.00%
520	TN	7	-	-	-	-	7	-	-	-	-	-	0.00%	0.00%
530	TR	169	-	-	-	-	169	10	-	-	10	125	0.00%	0.00%
540	UA	137	-	-	-	-	137	7	-	-	7	88	0.00%	0.00%
550	US	7,162	-	215	-	-	7,377	357	34	-	391	4,888	0.10%	0.00%
560	VG	3	-	-	-	-	3	-	-	-	-	-	0.00%	0.00%
		6,721,492	-	8,882	-	-	6,730,374	375,310	1,421	-	376,731	4,709,138	100.00%	

The level of the Group's own countercyclical capital buffer is a weighted average of the applicable levels of countercyclical buffers for countries where the Group has relevant credit exposures. The level of the Group's own countercyclical buffer at the end of 2024 was 0.16%.

The table below presents the calculation of the amount of the Group's own countercyclical capital buffer, as of December 31, 2024.

Table 18: EU CCy–2 – Amount of institution-specific countercyclical capital buffer

		a
1	Total risk exposure amount	6,108,541.95
2	Institution specific countercyclical capital buffer rate	0.18%
3	Institution specific countercyclical capital buffer requirement	10,995.38

9 EXPOSURES TO CREDIT RISK

(Article 442 a, b, c, d, e, f and g of the CRR Regulation)

9.1 Qualitative Disclosure Requirements Related to Credit Risk

This section discloses information, as required in Article 442 of Regulation (EU) No. 575/2013.

The Group has established a comprehensive risk management system. The fundamental principles of risk management, to which the banking Group is exposed or may be exposed in its operations, are defined at the Group level. The risk management system includes the organization of the risk management process, including identification, measurement and assessment as well as mitigation, monitoring and risk control. Additionally, it includes internal and regulatory risk reporting, the framework for stress testing and the frequency of its implementation.

Credit risk management is an integral part of the overall risk management system. The objective of credit risk management is to minimize potential adverse effects on the financial result and the capital of the Group due to the debtor's failure to meet obligations. The credit risk management system covers the various risk categories, including credit default risk, residual risk, settlement/delivery risk, credit counterparty risk, FX lending risk, credit risk induced by interest rate risk, dilution risk as well as concentration risk related to credit risk.

The process of credit risk management is carried out through the following phases:

- Identification of credit risk involves determining the current level of exposure to credit risk based on historical data.
- Measurement and assessment of credit risk include applying quantitative and qualitative criteria to classify debtors and their claims into appropriate risk categories.
- Mitigation of credit risk involves establishing measures and defining rules for their application, including risk acquisition, reduction, diversification, transfer and avoidance.
- Monitoring and control of credit risk include defining rules, frequency and methods for monitoring credit risk to ensure timely identification of potential deterioration in the financial condition and creditworthiness of the debtors and credit providers, thereby minimizing or preventing losses. To facilitate monitoring, the Group prescribes limits at both the Group level and subsidiary level, taking into account industry sector, geographical structure, product types and other relevant portfolio characteristics.

9.2 Definitions for Accounting Purposes of "Past Due" and "Impaired" and "Past Due" and "Default"

Where any material amount of principal, interest or fee has not been paid at the date it was due, the Group recognizes this as the credit obligation past due. In cases where the schedule of credit obligations has been modified, the Group counting of days past due is based on the modified schedule of payments.

The Group defines default in accordance with Article 178 CRR regulation. Default is defined as a delay of at least 90 days, in a materially significant amount, at the level of exposure of the client.

The default status may be identified even before the 90-day delay if other quantitative or qualitative criteria indicate objective evidence of financial asset impairment:

- Non-accrued status,
- Specific credit risk adjustment (SCRA),
- Sale of credit obligations,
- Distressed restructuring,
- Bankruptcy proceedings,
- Additional indicators of unlikeliness to pay (UTP),
- Materially significant amount is defined in accordance with relevant ECB regulations for EU based credit institution subsidiaries.

For accounting purposes, impaired items include all items classified as Stage 3 under IFRS 9.

Furthermore, to manage non-performing exposure, the defines forbearance measures and forborne exposure in its internal acts. Forbearance measures represent concessions made to a borrower that is facing or could face situations of difficulties in meeting their original contractual commitments. Forborne exposure indicates contractual modifications granted to the borrower with financial difficulties. However, forborne exposure does not refer to renegotiations caused by any reasons other than financial difficulties.

Forborne exposure could be classified as either non-performing exposure (Stage 3) or performing exposure (Stage 2). Forborne exposure could be classified as performing exposure (Stage 2) in case, when a contractual change does not result in NPV loss for the Group or reclassified from non-performing exposure in case of conditions that are prescribed are met. Otherwise, forbearance exposure should be classified as non-performing exposure (Stage 3).

9.3 Description of the Approaches and Methods Adopted for Determining Credit Risk Adjustments

In accordance with IFRS 9, Group monthly:

- assesses the quality of receivables, determines whether there is objective evidence of impairment,
- assesses whether there has been a significant increase in credit risk in relation to the date of initial recognition and
- calculates the amount of impairment on the basis of expected losses.

Group Framework on Impairment Calculation is adopted by Group BoD and all credit institution subsidiaries align with this Framework as well as any regulatory requirements on local levels. Group recognizes impairment for all financial instruments that are measured at amortized cost.

Upon assessing the expected credit losses (impairment allowance calculation), Group assesses individual financial instruments (at the loan facility level) to determine whether there has been a significant increase in credit risk or default, and performs the following staging accordingly:

- Stage 1 includes all financial assets without a significant increase in credit risk since initial recognition at the reporting date.
- Stage 2 includes financial assets with a significant increase in credit risk since initial recognition, but without objective evidence of impairment.
- Stage 3 includes financial assets with objective evidence of impairment at the reporting date.

Calculation of Impairment – Stage 1

For the purpose of calculating the impairment in Stage 1, the expected twelve-month credit losses are part of the expected credit losses over the entire term of the financial asset and represent cash shortages over the term that will result if default occurs within 12 months after the reporting date, weighted by the likelihood of such non-execution.

Calculation of Impairment – Stage 2

The expected loss represents the probability of a weighted assessment of credit losses (i.e., the present value of all cash shortages) over the expected life of a financial instrument, while the cash shortage itself is the difference between cash flows that belong to the Group and under the contract and cash flows that the Group expects to receive. Expected Credit Loss here represents probability-weighted estimates of credit losses (i.e., the present value of all cash shortages) that will arise over the expected life of a financial instrument, while the cash shortage itself is the difference between cash flows that belong to the Group under the contract and cash flows that the Group expects to receive.

Calculation of Impairment – Stage 3

Criteria for assignment to Stage 3 is aligned with default status, which is defined in Group Policy on Default Detection. Reversal of Stage 3 is defined in Group Policy on Default Detection while reversal of Stage 3 of Forborne Non-Performing Exposure is defined in Group Policy on Forbearance, Restructuring and Workout Process. Reversal of Stage 3 is possible if the client is fully healed meaning no default triggers were present for at least three months. In case of forborne non-performing exposures, a cure period of 12 months should pass for the client to recover to Stage 2 and an additional 24 months to recover to Stage1 as defined in the Group Policy on Forbearance, Restructuring and Workout Process.

Stage 3 impairment calculation is performed following different approaches depending on the significance of the asset's exposure on the balance sheet. While for regular assets a portfolio view is taken and hence a general approach applied, for certain assets with significant exposures and individual analysis is carried out. Impairments calculation for exposures in stage 3 is done for all exposures with the identified default status. The expected credit losses represent the probability weighted assessment of expected credit loss.

The Group recognizes two main approaches – GOING or GONE CONCERN approach. Within the selected approach, the Group recognizes several possible collection strategies when assessing expected future cash flows. The mix of going and gone approach could be selected only in exceptional situations and must be properly explained and documented. The collection strategies that are considered are defined within the Group Policy on Forbearance, Restructuring and Workout Process. Impairment calculations for individually significant exposure in Stage 3, should consider at least 2 scenarios of estimated future cash flow, based collection strategy, defined by subsidiaries.

In Stage 3, assessment of impairment could be done on an individual and group basis i.e. individual and collective assessment depending on the individual significance of the exposure. Calculation of provisioning for individually significant exposures on Stage 3 is based on the discounted cash flow method (DCF). For all other exposures, impairment is calculated collectively, which implies the grouping of the remaining financial instruments in Stage 3 by the sub-segments depending on the portfolio structure. The impairment value is calculated by using the residual LGD (PD is 100%). Residual LGD is calculated based on the number of months in default and recovery that has been discounted with EIR. Residual LGD is applied to unsecured part of the exposure. When calculating the secured part of the exposure, only part of the exposure covered with hard collateral is considered.

In accordance with regulatory recommendations, the Group has defined POCI assets. At the time of initial recognition, POCI assets are exempt from the staging concept. Operationally, these exposures are treated as Stage 3 assets at initial recognition, and the same can be returned to a non-defaulted status based on principles defined in the Group Policy on Default Detection, while POCI flag remains, i.e., the assignment of the POCI status to an asset is irrevocable. POCI assets are recognized on transaction level. The approach for their treatment is governed by the updated Group Framework on Impairment Calculation.

Additionally, according to regulatory recommendation, Group updated the methodology for inclusion of novel risks in IFRS9 provisioning calculation. Novel risks taken into consideration are:

- Energy supply related risk,
- Supply chain constrains,
- Inflation,
- High level of interest rates,
- Geopolitical risk,
- Climate and Environmental risk.

Supply chain constrains risk was quantified through Global Supply Chian Pressure Index (GSCPI) provided by Federal Reserve Bank of New York; energy supply-related risk was quantified through Energy Price Index provided by Eurostat. Risks of inflation and high level of interest rates were determined based on the comparison between expected and historical levels of inflation and interest rates. Climate and Environmental risk were quantified through the results of performed climate risk stress test and Geopolitical risk was quantified based on the assessment of current geopolitical situation. Final PD overlay was assessed as sum of all novel risk specific overlays for each subsidiary and portfolio separately. More details on impaired exposures, risk adjustments as well as information on changes in value adjustment due to credit risk are disclosed in AikGroup Notes to the Consolidated Report and Financial Statements for the year ended December 31, 2024, 4.1 “Credit risk”.

9.4 Overview of Performing, Non-Performing and Forborne Exposures for Loans, Debt Securities and Off-Balance-Sheet Exposures

Information on the amount and the quality of the portfolio is shown in the following tables:

Table 19: EU CR1 – Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005	Cash balances at central banks and other demand deposits	1,356,022	1,356,022	-	1,554	-	1,554	(162)	(162)	-	(1,554)	-	(1,554)	-	60,222	-
010	Loans and advances	6,108,812	5,313,946	780,412	158,520	-	134,599	(77,507)	(36,077)	(40,843)	(71,320)	-	(59,706)	(642)	2,068,668	45,451
020	*Central banks*	419,043	419,043	-	-	-	-	(0)	(0)	-	-	-	-	-	-	-
030	*General governments*	69,817	68,639	1,178	465	-	465	(464)	(372)	(92)	(419)	-	(419)	-	3,334	-
040	*Credit institutions*	379,048	379,048	-	20	-	20	(79)	(79)	-	(20)	-	(20)	-	1,897	-
050	*Other financial corporations*	141,727	139,126	2,601	30	-	30	(1,320)	(1,063)	(257)	(14)	-	(14)	-	18,152	15
060	*Non-financial corporations*	3,237,001	2,715,804	520,805	89,601	-	83,785	(48,492)	(24,921)	(23,568)	(37,087)	-	(33,568)	(573)	1,291,814	30,491
070	*Of which: SMEs*	1,640,741	1,373,700	266,842	66,634	-	61,481	(23,109)	(13,236)	(9,873)	(29,948)	-	(26,628)	(572)	725,308	24,827
080	*Households*	1,862,177	1,592,286	255,829	68,405	-	50,300	(27,152)	(9,642)	(16,926)	(33,780)	-	(25,685)	(69)	753,470	14,945
090	Debt Securities	854,817	846,006	8,811	-	-	-	(1,505)	(1,028)	(477)	-	-	-	-	7,498	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	833,156	833,156	-	-	-	-	(1,026)	(1,026)	-	-	-	-	-	-	-
120	*Credit institutions*	9,791	9,791	-	-	-	-	(1)	(1)	-	-	-	-	-	7,498	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	11,870	3,059	8,811	-	-	-	(478)	(1)	(477)	-	-	-	-	-	-
150	Off-balance sheet exposures	2,190,911	2,060,909	129,981	5,251	-	5,241	4,122	3,225	896	1,827	-	1,826		404,993	339
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	16,486	16,465	21	-	-	-	12	12	0	-	-	-		-	-
180	*Credit institutions*	8,769	8,769	-	26	-	26	1	1	-	8	-	7.97		8,218	-
190	*Other financial corporations*	4,218	4,212	6	1	-	1	17	17	0	0	-	0		69	-
200	*Non-financial corporations*	1,985,328	1,878,207	107,121	4,876	-	4,876	3,958	3,112	846	1,786	-	1,786		389,653	322
210	*Households*	176,109	153,255	22,833	348	-	338	132	82	50	33	-	32		7,053	17
220	Total	10,510,562	9,576,883	919,204	165,325	-	141,394	(75,053)	(34,042)	(40,424)	(71,047)	-	(59,434)	(642)	2,541,381	45,790

Portfolio exposure has slightly increased, while a decrease has been observed in non-performing exposure.

Templates EU CR2: Changes in the stock of non-performing loans and advances and EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries are not disclosed, since Group non-performing exposure ratio is below 5%.

Table 20: EU CQ1 – Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on NPE with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at CBs and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	136,852	44,596	44,596	44,596	(7,015)	(20,869)	51,218	12,894
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	119,922	27,690	27,690	27,690	(5,774)	(12,777)	48,041	11,710
070	*Households*	16,929	16,907	16,907	16,907	(1,241)	(8,092)	3,177	1,183
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	211	124	0	0	7	0	-	-
100	Total	137,063	44,720	44,597	44,597	(7,008)	(20,869)	51,218	12,894

There have been no significant changes.

Template EU CQ2: Quality of forbearance is not disclosed, since Group non-performing exposure ratio is below 5%.

9.5 Overview of Collateral Obtained by Taking Possession and Execution Processes

Table 21: EU CQ7: Collateral obtained by taking possession and execution processes

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property Plant and Equipment (PP&E)	180	(113)
020	Other than PP&E	49,026	(12,196)
030	*Residential immovable property*	1,447	(95)
040	*Commercial Immovable property*	38,941	(8,554)
050	*Movable property (auto, shipping, etc.)*	1,349	(106)
060	*Equity and debt instruments*	19	-
070	*Other collateral*	7,270	(3,442)
080	Total	49,205	(12,309)

Compared to the previous year, collateral obtained by taking possession and execution processes has decreased, primarily relating to commercial immovable property.

Template EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown is not disclosed, since Group non-performing exposure ratio is below 5%.

9.6 Ageing Analysis of Accounting Past due Exposures

Table 22: EU CQ3 – Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or Past due < 30 days	Past due > 30 days < 90 days		Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	1,356,022	1,356,022	-	1,554	1,554	-	-	-	-	-	-	1,554
010	Loans and advances	6,108,812	6,055,706	53,106	158,520	75,521	17,683	38,903	15,996	7,055	787	2,575	158,520
020	*Central banks*	419,043	419,043	-	-	-	-	-	-	-	-	-	-
030	*General governments*	69,817	69,816	1	465	81	1	1	2	8	2	370	465
040	*Credit institutions*	379,048	379,046	2	20	2	-	18	-	-	1	-	20
050	*Other financial corporations*	141,727	141,702	25	30	27	0	2	1	0	-	0	30
060	*Non-financial corporations*	3,237,001	3,211,515	25,486	89,601	37,469	7,660	28,675	9,938	4,782	112	967	89,601
070	*Of which SMEs*	1,640,741	1,616,627	24,114	66,634	29,372	7,192	20,350	5,354	3,385	76	905	66,634
080	*Households*	1,862,177	1,834,585	27,592	68,405	37,942	10,023	10,209	6,056	2,265	673	1,237	68,405
090	Debt Securities	854,817	854,817	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	833,156	833,156	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	9,791	9,791	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	11,870	11,870		-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	2,190,911			5,251								5,251
160	*Central banks*	-			-								-
170	*General governments*	16,486			-								-
180	*Credit institutions*	8,769			26								26
190	*Other financial corporations*	4,218			1								1
200	*Non-financial corporations*	1,985,328			4,876								4,876
210	*Households*	176,109			348								348
220	Total	10,510,562	8,266,545	53,106	165,325	77,075	17,683	38,903	15,996	7,055	787	2,575	165,325

There have been no significant changes.

9.7 Gross Carrying Amounts Defaulted and Non-Defaulted Exposures, Accumulated Specific and General Credit Risk Adjustments, Accumulated Write-Offs Taken Against Those Exposures and Net Carrying Amounts and Their Distribution by Geographical Area and Industry Type and for Loans, Debt Securities and Off-Balance-Sheet Exposures

Table 23: EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
				of which: defaulted			
010	Agriculture, forestry and fishing	78,100	1,270	1,270	78,100	(2,025)	-
020	Mining and quarrying	123,029	3	3	123,029	(7,191)	-
030	Manufacturing	756,047	26,046	26,046	756,047	(24,592)	-
040	Electricity, gas, steam and air conditioning supply	229,517	2,963	2,963	229,517	(2,796)	-
050	Water supply	19,761	257	257	19,761	(270)	-
060	Construction	348,488	7,438	7,438	348,488	(8,321)	-
070	Wholesale and retail trade	655,259	20,677	20,677	655,259	(15,711)	-
080	Transport and storage	213,642	18,548	18,548	213,642	(7,618)	-
090	Accommodation and food service activities	139,929	5,294	5,294	139,929	(3,763)	-
100	Information and communication	147,480	110	110	147,480	(1,594)	-
110	Financial and insurance actvities	44,450	17	17	44,450	(406)	-
120	Real estate activities	333,903	269	269	333,903	(4,780)	-
130	Professional, scientific and technical activities	98,652	3,661	3,661	98,652	(2,621)	-
140	Administrative and support service activities	62,796	434	434	62,796	(1,268)	-
150	Public administration and defense, compulsory social security	111	-	-	111	(2)	-
160	Education	6,515	1,873	1,873	6,515	(749)	-
170	Human health services and social work activities	15,636	48	48	15,636	(84)	-
180	Arts, entertainment and recreation	29,374	6	6	29,374	(977)	-
190	Other services	23,914	688	688	23,914	(812)	-
200	Total	3,326,602	89,601	89,601	3,326,602	(85,579)	-

The largest share is attributed to Manufacturing, accounting for 23%.

Template EU CQ6: Collateral valuation - loans and advances is not disclosed, since Group non-performing exposure ratio is below 5%.

Table 24: EU CQ4 – Quality of non-performing exposures by geography

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: subject to impairment			
				of which: defaulted				
010	On balance	7,122,150	158,520	158,520	7,122,150	(150,331)	-	-
020	RS	4,599,806	111,882	111,882	4,599,806	(115,696)		-
030	SI	1,684,533	41,217	41,217	1,684,533	(29,646)		-
040	AT	167,345	17	17	167,345	(26)		-
050	GR	111,718	0	0	111,718	(5)		-
060	IT	76,393	3	3	76,393	(332)		-
070	CH	69,266	42	42	69,266	(327)		-
080	HR	63,487	980	980	63,487	(764)		-
090	DE	49,027	12	12	49,027	(169)		-
100	GG	35,080	-	-	35,080	-		-
110	ME	30,753	1,885	1,885	30,753	(1,479)		-
120	BA	23,862	2,359	2,359	23,862	(1,361)		-
130	LU	20,172	-	-	20,172	(307)		-
140	GB	19,926	-	-	19,926	(20)		-
150	FR	17,861	-	-	17,861	(6)		-
160	BE	17,357	0	0	17,357	(5)		-
170	RO	16,663	-	-	16,663	(49)		-
180	SK	14,727	-	-	14,727	(6)		-
190	IE	13,230	-	-	13,230	(3)		-
200	ES	12,961	-	-	12,961	(7)		-
210	PL	12,048	-	-	12,048	(4)		-
220	PT	10,297	-	-	10,297	(5)		-
230	CZ	9,381	-	-	9,381	(11)		-
240	LT	8,208	2	2	8,208	(4)		-
250	LV	8,018	-	-	8,018	(4)		-
260	US	6,195	-	-	6,195	(17)		-
270	FI	5,902	-	-	5,902	(1)		-
280	NL	4,939	-	-	4,939	(9)		-
290	MK	4,053	40	40	4,053	(25)		-
300	HU	3,128	6	6	3,128	(13)		-
310	EE	2,987	-	-	2,987	(1)		-
320	SE	696	-	-	696	(2)		-
330	AE	597	-	-	597	(0)		-
340	RU	241	15	15	241	(12)		-
350	TR	172	7	7	172	(3)		-
360	NO	163	-	-	163	(1)		
370	UA	139	49	49	139	(2)		
380	KW	136	-	-	136	(1)		
390	EG	127	-	-	127	(1)		
400	GI	110	-	-	110	-		
410	SG	105	-	-	105	(1)		
420	Other countries	343	2	2	343	(5)		
620	Off balance	2,196,162	5,251	5,251	-	-	5,948	-
630	RS	1,462,212	4,669	4,669			4,189	
640	SI	569,528	582	582			1,543	
650	CH	35,424	-	-			26	
660	IT	26,911	-	-			13	
670	DE	25,009	-	-			12	
680	BA	23,888	0	0			82	
690	HR	12,391	-	-			29	
700	PL	10,963	-	-			6	
710	CZ	7,220	-	-			7	
720	HU	6,687	-	-			5	
730	ME	2,986	0	0			12	
740	GB	2,520	-	-			3	
750	ES	2,357	-	-			3	
760	AT	1,771	-	-			3	
770	NL	1,755	-	-			9	
780	LU	1,109	-	-			3	
790	FR	1,003	-	-			1	
800	SE	1,003	-	-			1	
810	BE	505	-	-			0	
820	RO	385	-	-			0	
830	SK	287	-	-			1	
840	US	103	-	-			-	
850	Other countries	147	-	-			0	
860	Total	9,318,311	163,771	163,771	7,122,150	(150,331)	5,948	-

The largest participation is from domestic countries: Serbia and Slovenia.

9.8 Breakdown of Loans and Debt Securities by Residual Maturity

Table 25: EU CR1-A: Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	1,835,068	2,302,383	1,947,885	33,167	6,118,504
2	Debt securities	-	275,614	454,072	123,626	-	853,312
3	**Total**	**-**	**2,110,683**	**2,756,455**	**2,071,510**	**33,167**	**6,971,816**

The maturity of exposures to legal entities is up to five years, while the maturity of exposure to private individuals is typically over five years.

10 ENCUMBERED AND UNENCUMBERED ASSETS

(Article 443 of the CRR Regulation)

Asset encumbrance presents part of liquidity risk management. Group regularly monitors and reports on asset encumbrance. The increase in the volume of encumbered assets contributes to higher liquidity risk and the risk of financing, since an institution with encumbered assets has fewer available assets for pledging, used as liquidity reserve for unexpected liquidity needs. The Group must ensure that at every moment it has enough high-quality liquid assets, so it is able to meet all liquidity needs. According to the Group Framework on Liquidity Risk Management and Liquidity Stress Testing, the unencumbered assets represent a liquidity buffer, which includes cash, money market placements and high-quality ECB eligible debt securities. The Group holds a high amount of liquidity buffer which can be used for filling funding gaps between cash inflows and outflows at any time during the 30 days stress period.

The Group asset encumbrance is monitored and reported regularly on the Group and subsidiaries level, and quarterly reports are submitted to the regulator. All assets that are pledged are reported as encumbered assets. Regarding a transparent way of reporting, Group has no example of giving the pledge which then would not be included in reporting. There is also no difference between the regulatory consolidation scope and liquidity requirements on an IFRS consolidated basis. Liquidity remains sound with regulatory liquidity ratios materially above minimum requirements. According to Basel III, Group monthly assures that its LCR ratio is higher than 100% (358.6% at the end of December 2024) which indicates that the Group does not need any additional liquidity to withstand cash outflows during severe 30 days stress. Group has a strong liquidity position; all internal liquidity risk indicators are stable and within prescribed limits defined by the Group Framework on Liquidity Risk Management and Liquidity Stress Testing.

In 2024, the Group had its assets encumbered:

- due to secure received loan,
- due to placed deposits which represents obligatory reserves,
- due to ensuring liquid assets of the bank resolution fund,
- due to security with cash assets paid in clearing systems, central counterparties and other institutions for infrastructures as a prerequisite to access services (guarantee scheme SEPA) and
- due to security for claims of foreign commercial banks, based on the bank-provided counter guarantees and credits.

Assets encumbered consist of debt securities and placed deposits. The amount of encumbered assets is denominated in EUR currency. There are no other significant currencies of asset encumbrance to be reported.

The values in tables EU AE1, EU AE2 and EU AE3 represent the median values for 2024, in accordance with the Regulation AE, calculated using the median quarterly data reported over the last twelve months.

The Group does not have any encumbered collateral received or own debt securities issued.

Among the unencumbered assets from template EU AE1, 5.31% items are not available for encumbrance in regular operations. These are cash in the cash register, intangible assets, deferred assets, tangible fixed assets, investment property, equity investments in affiliated companies, non-current assets available for sale and other non-finance assets (such items are included among other assets in template EU AE1).

In case of secured receivables of foreign commercial banks on the basis of the counter-guarantees and letters of credit assured by the bank, the bank is ensuring insurance to foreign commercial banks in the value of at least 100% of the value of a receivable, provided the receivable is in domestic currency or, respectively, of at least 125% of the value of a receivable in case the receivable is in foreign currency. Maturity of insurance must be longer than maturity of receivables of foreign commercial banks.

Table 26: EU AE1 – Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	109,146	5,241			8,507,743	806,702		
030	Equity instruments	-	-	-	-	95,245	-	95,245	-
040	Debt securities	5,241	5,241	5,241	5,241	836,373	806,702	805,850	784,142
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	5,241	5,241	5,241	5,241	803,037	793,156	781,995	771,236
080	of which: issued by financial corporations	-	-	-	-	10,894	7,497	10,259	7,000
090	of which: issued by non-financial corporations	-	-	-	-	22,442	6,049	13,595	5,905
120	Other assets	103,905	-			7,576,125	-		

Table 27: EU AE2 – Collateral received, and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the disclosing institution			110,881	
140	Loans on demand				
150	Equity instruments			110,881	
160	Debt securities				
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	Own debt securities issued other than own covered bonds or securitizations				
241	Own covered bonds and securitisations issued and not yet pledged				
250	TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	109,146	5,241		

Table 28: EU AE3 – Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	83,009	91,677

11 USE OF STANDARDIZED APPROACH

(Article 444 a, b, c and e of the CRR Regulation)

11.1 Use of External Ratings

AikGroup applies Standardized approach for calculation of risk weighted exposure amount for credit risk pursuant to Basel 3 regulation, all in line with EBA CRR, Chapter 2, Title II, part Three. Exposures to a client, for which a credit assessment by a nominated ECAI is available, are assigned a risk weight that is prescribed by EBA CRR, which corresponds to the credit assessment of ECAI (External Credit Assessment Institution) in accordance with Article 136 of CRR.

AikGroup nominated Moody's Investor Service (Moody's) credit risk assessment institution to determine the risk weights for calculating the capital requirements for credit risk. No ECA (Export Credit Insurance Agency) has been nominated for external ratings determination by AikGroup.

The following Moody's Rating Scale has been used in determination of risk weights for calculating the capital requirements for credit risk:

Table 29: Moody's rating scale and mapping

Moody's Long-term	Rating description	Credit quality	
Aaa	Prime	Investment grade	1
Aa1	High grade		
Aa2			
Aa3			
A1	Upper medium grade		2
A2			
A3			
Baa1	Lower medium grade		3

Moody's Long-term	Rating description	Credit quality	
Baa2			
Baa3			
Ba1	Non-investment grade speculative	Non-investment grade AKA high-yield bonds AKA junk bonds	4
Ba2			
Ba3			
B1	Highly speculative		5
B2			
B3			
Caa1	Substantial risks		6
Caa2	Extremely speculative		
Caa3	Default imminent with little prospect for recovery		
Ca			
C	In default		
/			

ECAI risk assessment is used for all exposure classes, where available. Mainly, ECAI external ratings are used for determining the credit quality level for exposures to the sovereigns and central banks and for exposures to banks, since for these clients/exposures external ratings are available.

When determining risk weights, based on available credit assessments of the debtor and their financial instruments, the Group acts in accordance with the CRR regulation. AikGroup complies with the standard association of the external rating of Moody's with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three published by EBA. In order to map primary credit assessments with the levels of credit quality, the table of mapping in Annex III of the Commission Implementing Regulation (EU) 2016/1799 of 7 October 2016 laying down implementing technical standards with regard to the mapping of credit assessments of external credit assessment institutions for credit risk in accordance with Articles 136(1) and 136(3) of CRR is used.

11.2 The Exposure Values and the Exposure Values after Credit Risk Mitigation Associated with Each Credit Quality Step, as Well as those Deducted from Own Funds

The Group maps the ratings made by external credit assessment institutions to credit quality steps from 1 to 6. It only takes into account the credit assessments of nominated external credit assessment institutions for claims in certain exposure class.

The table EU CR4 presented below illustrates effects of credit risk mitigation techniques that AikGroup uses, as of December 31, 2024.

Table 30: EU CR4 – standardized approach – Credit risk exposure and CRM effects

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	1,542,856	4,290	1,646,241	37,908	459,768	27.30%
2	Regional government or local authorities	37,467	8,014	37,467	1,515	12,076	30.98%
3	Public sector entities	7,826	3,880	4,822	943	2,848	49.39%
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	551,736	8,577	546,361	62	133,787	24.48%
7	Corporates	2,312,402	1,635,309	2,236,533	295,195	2,327,914	91.95%
8	Retail	2,041,059	388,160	2,026,036	95,191	1,479,066	69.73%
9	Secured by mortgages on immovable property	684,236	39,589	684,236	17,976	280,747	39.98%
10	Exposures in default	84,357	3,418	82,159	2,220	96,417	114.27%
11	Exposures associated with particularly high risk	122,010	99,343	120,093	40,790	241,324	150.00%
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	39,412	-	39,412	-	10,679	27.10%
15	Equity	54,889	-	54,889	-	58,798	107.12%
16	Other items	956,477	4,661	956,477	2,226	189,172	19.73%
17	TOTAL	8,434,726	2,195,241	8,434,726	494,027	5,292,596	59.28%

RWEA density on the total portfolio level stands at 59.28% at the end of December 2024 which is slightly above the previous year density (60.01%).

The table below contains the exposure values (total amount of on-balance sheet and off-balance sheet exposures under the regulatory scope of consolidation; in accordance with Article 111 in the CRR) after (i) the application of conversion factors and (ii) the application of credit risk mitigation techniques associated with each credit quality step, broken down by exposure classes.

Breakdown of exposures by asset class and risk weight as of December 31, 2024, is presented in the table EU CR5.

Table 31: EU CR5 – Standardized approach

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	1,210,091	-	-	-	22,998	-	5,113	-	-	441,504	-	4,443	-	-	-	1,684,149	1,213,761
2	Regional government or local authorities	0	-	-	-	33,633	-	-	-	-	5,349	-	-	-	-	-	38,983	38,983
3	Public sector entities	70	-	-	-	-	-	5,696	-	-	-	-	-	-	-	-	5,765	5,195
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	50,023	-	-	-	449,137	-	6,437	-	-	40,739	87	-	-	-	-	546,423	415,469
7	Corporates	-	-	-	-	3,058	-	33	-	-	2,528,633	3	-	-	-	-	2,531,728	2,486,037
8	Retail	-	-	-	-	-	-	-	-	2,121,226	-	-	-	-	-	-	2,121,226	2,114,753
9	Secured by mortgages on immovable property	-	-	-	-	-	324,452	374,468	-	680	2,611	-	-	-	-	-	702,212	702,212
10	Exposures in default	-	-	-	-	-	-	-	-	-	60,303	24,076	-	-	-	-	84,379	81,233
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	160,883	-	-	-	-	160,883	158,677
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Unit or shares in collective investment undertakings	-	-	-	-	11,649	-	-	-	-	152	-	-	-	-	27,611	39,412	39,412
15	Equity	-	-	-	-	-	-	-	-	-	52,284	-	2,606	-	-	-	54,889	54,889
16	Other items	769,315	-	-	-	271	-	-	-	-	189,117	-	-	-	-	-	958,704	958,704
17	TOTAL	2,029,500	-	-	-	520,746	324,452	391,747	-	2,121,907	3,320,693	185,048	7,049	-	-	27,611	8,928,753	8,269,325

Major concentration in 100%, 0% and 75% risk weights.

12 MARKET RISK

(Article 445 of the CRR Regulation)

12.1 Qualitative Disclosure Requirements Related to Market Risk

The Group's operations are exposed to market risk, which refers to the potential for adverse effects on the bank's financial performance and capital resulting from changes in the value of balance sheet and off-balance sheet items due to market price fluctuations. The objective of market risk management is to maintain the level of exposure to market risk within acceptable frameworks, prescribed in risk appetite statement, with its defined strategy.

Market risk management within the Group is prescribed in the Group Policy on Market Risk Management. This document sets out the basic principles of market risk management on the Group level and defines the organization of the market risk management process among members of a banking group where AikGroup (CY) Limited is the parent company. In addition, this Policy defines the process of internal and regulatory risk reporting, as well as the framework and frequency of the implementation of stress tests.

Market risk is designed to ensure a clear division of responsibilities and roles across the relevant business and organizational units. Overall responsibility for market risk management lies with the Group BoD (Supervisory and Management Function), in charge of adopting decisions concerning market risk management and providing guidelines, setting up of RAS and other internal limits, approves and revises relevant documents from the market risk area on Group and solo level. In order to ensure an efficient and comprehensive market risk management process across an organization, the Group implemented three lines of defense principle in its market risk governance framework:

- The first line of defense: risk taking unit

The market risk taking unit is a business unit that is taking positions exposed to market risk. Group ALM and Local Treasury and ALM Unit are the principal market risk taking units. The particular risk-taking unit has primarily responsibility for day-to-day risk management within the agreed risk limits which includes decision making on particular transactions. This risk-taking unit is also responsible for the implementation of risk governance principles.

- The second line of defense: risk management unit and compliance

The Risk management unit is responsible for further identifying, measuring, monitoring and reporting risks independently from risk-taking unit. The Risk management unit shall not be involved into any operational activities of business units and should not be involved into revenue generation.

- The third line of defense: internal audit

Internal Audit should provide an independent assurance on the quality and effectiveness of a bank's internal control, risk management ang governance systems and processes. Internal Audit is also responsible for the independent overseeing of risk-taking and risk management units.

The market risk management process on a solo level (i.e. credit institution subsidiary) is an integral part of the Group risk management system and it is harmonized with the Group Strategy on Risk Management, regulatory requirements, international standards and best practices, while respecting the specifics of business activities and strategic goals. Subsidiaries are obliged to align with the Group process, but also with any regulatory requirements on local level, considering its size, nature, complexity and impact on risk exposure on the Group level.

Group Strategic Risk Management Function/Market and Liquidity Risk Controlling Unit is in charge for market risk management on Group level. In order to achieve the objective of market risk management, GSRMF/MLRC Unit closely cooperates with risk taking units and other support groups. On credit institution subsidiary level, risk taking unit and risk management units are allocated to separate departments and units, ensuring the adequate segregation of duties in accordance with regulatory requirements and best practices, and adequate market risk management. Each subsidiary monitors indicators and limits defined in the Group RAS and reports to the GSRMF/MLRC Unit on those indicators. GSRMF/MLRC Unit calculates market risk indicators on Group level. The governance of market risk management is established and carried out through a structured framework comprising the following phases: risk identification and materiality assessment, risk mitigation, monitoring, control, and reporting. Through the process of identifying market risks, subsidiaries are able to promptly recognize the factors contributing to market risk exposure, including the assessment of current levels of exposure.

In order to effectively control market risk, the organizational unit responsible for market risks management of subsidiaries monitors daily deviations from the defined internal and regulatory limits. The organizational unit responsible for managing the assets and balance of each subsidiary at daily level controls, monitors, manages and adjusts the foreign currency position by using available instruments, monitors the movement of foreign exchange rates and, in accordance with the same, keeps open or closed foreign currency position within the regulatory and internal limits. It also manages trading book positions in accordance with pre-defined limits, taking into account the fulfilment of the necessary conditions for taking positions from the trading book.

Market risk reporting includes a system of external and internal reporting on the management of market risks. External reporting is carried out in accordance with the requirements of the regulator. Market risk reporting also involves ad-hoc internal or external reports, based on the needs of internal and external stakeholders. Scope and nature of risk reporting is prescribed in the section "The Scope and Nature of Risk Reporting".

FX Risk - Subsidiaries carry out the identification of foreign exchange currency risk exposure using open positions in a single currency and total for all currencies in which they operate. Open foreign currency position in all currencies and in total is the basis of measurement and evaluation of foreign exchange currency risk exposure. In order to reduce foreign exchange currency risk, the basic measure to be taken is to close the foreign exchange position by identifying and applying adequate techniques involving the contracting of standard and derivative instruments, as well as measures in part of the funds and sources of funds - through the granting of loans / taking deposits with a foreign currency clause. Each subsidiary carries out continuous mitigation of foreign exchange risk by maintaining risk at an acceptable level in accordance with internal and regulatory limits. In order to reduce foreign exchange risk, the basic measure to be taken is to close the foreign exchange position by identifying and applying adequate techniques involving the contracting of standard and derivative instruments, as well as measures in part of the funds and sources of funds - through the granting of loans / taking deposits with a foreign currency clause. Monitoring foreign exchange risk mainly entails analyzing the current situation, identifying changes, and tracking trends related to foreign currency exposure. It also involves forecasting potential foreign exchange risks to help minimize exposure. By projecting foreign currency risk, organizations can implement preventive measures to reduce their vulnerability to exchange rate fluctuations. FX Risk stress test is conducted within the Group, according to the ESRB Macro-financial scenario EU-wide banking sector stress test and corresponding table "Shocks to foreign exchange rates".

Position risk - Each subsidiary, that has items allocated in trading book, performs the identification of the exposure to the position risk of debt and equity securities based on the value of positions in the **t**rading book that are monitored daily (the changes in their current market prices -mark-to-market or in accordance with the appropriate valuation models -mark-to-model). When determining if the financial instrument should be included in the trading book, subsidiaries take into consideration that at the moment of obtaining financial instruments, there is an intention to sell them in the short term after acquisition or to realize profit on the basis of the actual/expected difference between their purchase and sale price, or on the basis of other changes in prices or interest rates. Position risk mitigation is carried out continuously through risk management at an acceptable level, as well as by identifying and implementing adequate measures and techniques. Defining the limit in the trading book and defining and implementing measures to mitigate position risk is characterized by the phase of position risk mitigation. The basic principles of position risk management involve maintaining the level of risk in accordance with internally defined limits at the trading book level, daily monitoring of market changes that may affect the increase in exposure to risks Trading book and determining measures to reduce risk exposure trading book when changing the weight of the upper limit of accepted risk. The goal of active management is to reduce position risks to an acceptable level that can be controlled, and which ensures maximization of profit while minimizing risk. Stress test of position risk is done based on "ESRB EU-wide stress test - Market risk shocks" and corresponding table "Equity, Commodities and Funds - relative changes". This scenario is based on a shock to global equity prices within the financial markets.

Credit spread risk in banking book (CSRBB) is defined as a risk driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, changing spread while assuming the same level of creditworthiness, i.e. how the credit spread is moving within a certain rating/PD range which is not captured by another existing prudential framework such as IRRBB or by expected credit/(jump-to-) default risk.

The objective of credit spread risk management is to maintain the level of exposure to credit spread risks at an acceptable level while at the same time maximizing the financial result by taking positions in existing and new products on the market.

CSRBB is calculated via internal measurement model based on VaR approach, within the Group. VaR is estimated to use historical simulation method where empirical normal-to-anything copulas (NORTA) are used to drive the underlying simulation process. Generated yield movements are translated to VaR using linear duration-based basis-point-value estimates. Primary source of input market data is Bloomberg, complemented by Refinitiv in cases of data unavailability.

12.2 Market Risk Standardized Approach

Capital requirement for market risk under standardized approach is the sum of capital requirement for position risk in equities, capital requirement for position risk in traded debt instruments and capital requirement for fx risk.

Capital requirement for position risk in equities is the sum of general and specific risk, with risk weighted exposure of 17,765 thousand EUR as of December 31, 2024.

Capital requirement for position risk in traded debt instruments (interest rate swaps) is the sum of general and specific risk, with risk weighted exposure of 1,691 thousand EUR, as of December 31, 2024.

Risk weighted exposure amount for foreign currency exchange risk is calculated through calculating net open foreign currency position on Group level. An open foreign currency position is the difference between foreign currency receivables and liabilities, as well as receivables and liabilities in a local currency indexed by a currency clause (including the absolute value of a net open position in gold). Risk weighted exposure amounted to 24,813 thousand EUR as of December 31, 2024, for fx risk.

Group isn’t exposed to commodity risk and has no correlation trading portfolio, namely positions in securitization and credit derivatives based on the n-th default.

As of December 31, 2024, risk weighted exposure for market risk under standardized approach is 44,269 thousand EUR.

Table 32: EU MR1 - Market risk under the standardized approach

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	1,691
2	Equity risk (general and specific)	17,765
3	Foreign exchange risk	24,813
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	Total	44,269

13 OPERATIONAL RISK MANAGEMENT

(Article 446 of the CRR Regulation)

Operational risk is the risk of loss as a result of unsuitable or unsuccessful performance of internal processes, the conduct of people, the functioning of systems, or external factors, and include information risks, compliance risks, legal risk, outsourcing and model risk.

Legal risk is understood by the Bank as the risk of losses due to inappropriate or late detection and, consequently, consideration of changes in the legal and regulatory environment, as well as the risk of losses due to legal weaknesses or non-compliances in contract acts and other documents.

The objective of managing operational risk consists in the fact that each subsidiary: identifies events that represent operational risk sources, classifies identified events into predefined categories of losses events, monitors their frequency and importance by defined lines of business in accordance with their organization and activity, as well as to form a database on events arising from operational risk.

Identification of operational risks implies identifying events that represent sources of operational risk that each subsidiary may be exposed to. Operational risks are identified for all significant products, processes, systems, and external factors. Identification of operational risk takes place through a combination of preparing a map of operational risks, performing self-assessments and risk control, as well as by collecting data on events that are considered operational risk.

Each subsidiary measure, i.e. estimate exposure to operational risk, taking into account the possibility, that is, the frequency of that risk, as well as its potential impact on its outcome, with particular reference to events that are deemed unlikely to arise, but it is assumed or it is known that if they occur, they can cause major material losses.

In measuring or assessing operational risk, each subsidiary assesses in particular whether this risk is exposed or can be exposed on the basis of the introduction of new products, activities, processes and systems, and assesses whether and how the activities whose performance it intends to entrust to third parties influence the level of operational risks.

Each subsidiary measures exposure to operational risks in quantitative and qualitative terms. The quality and comprehensiveness of the measurement must be sufficient to ensure efficient decision-making. Measurement includes risk assessment, scenario analysis and data collection on operational risk events.

Based on the results of the activities of identification and assessment of operational risk, measures to mitigate this risk are defined.

Mitigation of operational risk involves the establishment of measures and rules for the application of these measures, relating to the taking, reduction, transfer and avoidance of risks identified, measured and estimated by each subsidiary.

Operational risk mitigation is achieved by:

- Consistent application of procedures for identification, measurement and risk assessment of each subsidiary.
- By proposing, by the competent organizational units of the credit institution subsidiary, measures to prevent or control, reduce and eliminate the causes of operational risk.

One of the segments of operational risk management includes the consideration of stress test results. The assumptions used for stress tests are defined at the subsidiary level based on the local specifics and must be properly documented.

The organizational unit responsible for controlling the operational risks at the level of subsidiaries follows the results of the scenario and informs the Group Integrated Risk Management Unit.

Operational risk reporting includes a system of external and internal reporting on operational risk management. External reporting is carried out in accordance with the requirements of the regulator.

The organizational unit of each subsidiary in charge of controlling operational risk is obliged to report in a timely and adequate manner to the Group Integrated Risk Management Unit, on information on the activities and risks arising from operational risk events.

Each subsidiary reports to the Group Strategic Risk Management Function:

- ad-hoc reports of high-loss events,
- quarter–y - includes the assessment and analysis of operational risk exposure (analysis of collected data on operational risk events, proposals and deadlines for mitigating the greatest operational risks, as well as responsible persons/organizational units in charge of taking proposed measures, self-assessment results, etc.).

At the request of the Group's bodies and committees, reports may include other information relevant for operational risk monitoring.

Considering its size, organization and scale of operations, the Group uses the basic indicator approach to calculate the capital requirement for operational risk.

Capital requirement calculated according to the basic indicator approach equals 15% of a three-year average of the sum of net interest and non-interest income. On December 31, 2024, it amounted to 59,570 thousand EUR.

Table 33: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	329,757	419,735	441,903	59,570	744,622
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	Subject to TSA:	-	-	-		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

14 EXPOSURE TO INTEREST RATE RISK ON POSITIONS NOT INCLUDED IN THE TRADING BOOK

(Article 448 of the CRR Regulation)

14.1 Qualitative Information on Interest Rate Risk in the Banking Book

Interest rate risk is the risk of occurrence of interest rate loss that affects changes in the value of interest rate sensitive assets and liabilities. The loss arises due to a maturity of the assets and liabilities or a mismatch in the type of interest rate or the period in which the interest rate is re-determined. Interest rate changes have a impact on net interest income (NII). Interest rate changes also affect the balance sheet value and, consequently, the economic value of equity (EVE), the accounting and regulatory capital of the Group and its members. The interest rate risk management process involves identifying and assessing the materiality of the risk, followed by its measurement, monitoring, management, and reporting.

IRRBB gap analysis methodology is used within the Group, to measure interest rate risk. It shows the difference between the cash flows of interest rate sensitive assets and interest rate sensitive liabilities by individual predefined time buckets. All interest-sensitive items are allocated in time buckets according to the interest rate change date. In the case of a fixed interest rate, the final maturity date is taken into account, and in the case of a variable interest rate, the interest rate repricing date is taken into account. A structured system for monitoring interest rate risk is in place to maintain adequate net interest income and capital levels amid changing interest rates. The Group's policy involves regularly tracking and managing interest rate exposure, developing interest rate scenarios, and preparing responsive measures to mitigate potential adverse impacts on net interest income and capital.

The system of interest rate risk limits, checked against net interest income, and economic value of equity are used to test an effect of interest rate shock scenarios. Concerning NII, impact of 100bp change in interest rates on net interest income over a one-year period curve. When assessing the impact on the Group's capital, under six different interest rate shock scenarios defined by the European Banking Authority (EBA), the result with the most adverse effect is used for measuring the economic value of equity. The management of interest rate risks is based on a limit system for exposure to interest rate risk.

In addition to regulatory-defined limits, the Risk Appetite Statement also sets internally established limits related to interest rate risk:

- Sensitivity of EVE (6 scenarios)/Tier 1 in stress scenario,
- ΔNII/Own Funds (under parallel shift 100bp).

GSRMF/MLRC Unit calculates interest rate gaps and impact of interest rate changes on NII and EVE at the consolidated level and reports to the Group Board on its Management Function and in its Supervisory function at least quarterly. IRRBB identification, measurement, monitoring and control processes are reviewed by Internal auditing function on a regular basis and reports are submitted to relevant competent authorities.

For certain interest rate sensitive items, the contractual maturity is not known, or they are less amenable to standardization unlike positions that are amenable to standardization (as fixed rate and floating rate positions). Therefore, the Group prescribes the process for positions that are less amenable to standardization and for which contractual maturity is not known. The Group assigns non-contractual positions and positions not amendable to standardization based on historical data and the characteristics of the markets in which they operate.

The following types of interest rate sensitive positions not amendable to standardization have been recognized:

Non-maturing deposits (NMDs) include balances on transaction accounts and savings deposits or savings accounts in the part that is insight. NMDs are classified in accordance with the time serious model of non-maturing deposits, which defines a methodology for assigning of non-maturity deposits into time buckets, distinguishing between stable and unstable deposits and between core and non-core deposits. Modelling of non-maturing deposits meets regulatory requirements and recommendations under the EBA IRRBB Guidelines (Article 7 of EBA/RTS/2022/09) and BIS IRRBB Standards.

In line with Article 7 of EBA/RTS/2022/09, non-maturity deposits are classified according to the counterparty as follows:

- Retail non-maturity deposits, further classified into:
    - Retail transactional deposits,
    - Retail non-transactional deposits.
- Wholesale non-maturity deposits, further classified into:
    - Wholesale deposits of financial customers,
    - Wholesale non-financial deposits.

The first step for each credit institution subsidiary is to distinguish the stable from the non-stable part referred using observed changes of the volume of the deposits due to upward and downward movements of the risk-free interest rate for a period of at least the preceding ten years, based on time series model. The Monte Carlo method was used to simulate time series of growth rates by randomly selecting them from historical growth rates set. The second step is to determine a core and a non-core component within the stable part of the non-maturity deposits. To determine the amount of the non-core component of the stable deposits, institutions shall multiply the amount of all stable deposits by the pass-through rate. Pass-through rate is calculated using Error Correction Model. This model belongs to a category of multiple time series models most used for data where the underlying variables have a long-run common stochastic trend. In the third step, the remaining part of sight deposits, which are classified as core deposits, further are distributed according to the assumptions determined by renewed NMDs model. This model is using Monte Carlo simulation, based on VaR, and it represents a powerful tool for modelling the uncertain behavior of NMDs. The result of each Monte Carlo calculation is a set of curves representing the remaining sight deposits across various percentiles of simulated outcomes, extending up to 5 years. These curves provide valuable insights into the potential future behavior of NMDs under different scenarios. However, for comprehensive NMD modelling, it is essential to project these curves beyond the initial 5-year period to understand the long-term decay patterns and risks associated with these deposits

Treatment of NMDs within stress test, in scenarios prescribing an increase of short-term interest rates, the core component shall be multiplied by 0.8 and the non-core component shall increase accordingly. In scenarios prescribing a downward movement of short-term interest rates, the core component shall be multiplied by 1.2 and the non-core component shall decrease accordingly. For the reporting period the average repricing maturity assigned to retail demand deposits is around 1.5 years in EUR currency and 1.7 years in RSD currency. Average repricing maturity assigned to corporate non-maturing deposits is below 1Y in EUR and RSD currency as well.

Overdraft - The limits on transaction accounts are treated as items with a maturity date and classified into the bucket of final maturity.

Revolving loans - are classified according to the type of interest rate. In the case of a fixed interest rate, interest rate sensitive items are allocated on the maturity date, and in the case of a variable interest rate, the interest rate repricing date is taken into account.

Products with behavioral modelling components include the following:

- Fixed rate loans, subject to prepayment risk,
- Term deposits, subject to early redemption risk.

The early repayment rates for loans with fixed interest rates and early withdrawal rates for deposits with fixed interest rates have been established based on historical redemption data over a 5-year observation period. These rates are determined separately for each corporate/retail segment and for each significant currency.

14.2 Changes in the Economic Value of Equity and Net Interest Income

Table 34: EU IRRBB1 – Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		31.12.2024	30.06.2024	31.12.2024	30.06.2024
1	Parallel up	-38,380	-59,468	3,989	35,683
2	Parallel down	-18,875	9,921	-8,003	-35,683
3	Steepener	-27,725	-48,407		
4	Flattener	27,036	30,018		
5	Short rates up	-28,165	-34,299		
6	Short rates down	16,114	-571		

The table shows an impact on net interest income in the non-trading book, but also the change of the economic value of equity in the banking book under six scenarios, after applied embedded options.

The maximum EVE impact was in Parallel up scenario in loss of 38,380 thousand EUR as of December 31, 2024. Net interest income loss as of December 31, 2024, was 8,003 thousand EUR in parallel down scenario (+200bp for EUR and +300bp for RSD). The main risk drivers include government bonds, held as a liquidity buffer, particularly in RSD currency, loans with fixed interest rates, fixed-rate deposits, and non-maturing deposits. The introduction of the revised NMDs model for core component allocation led to a reduction in IRRBB exposure by the end of 2024 compared to Q2 2024. The new NMDs model was implemented in Q3 2024 reporting for each credit institution subsidiary, currency, and segment.

15 ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK

(Article 449a of the CRR Regulation)

ESG disclosure is included in accordance with Article 449a CRR.

As the global financial landscape increasingly prioritizes sustainability, the integration of Environmental, Social, and Governance (ESG) factors has emerged as a critical component of responsible banking. Regulatory bodies worldwide are establishing frameworks that require financial institutions to disclose their ESG risk exposures and management strategies. In alignment with these evolving regulatory expectations, this report provides a detailed overview of our approach to identifying, assessing, and managing ESG risks within the framework of our Pillar III Disclosure.

15.1 Environmental Risk

(Table 1 - Qualitative information on Environmental risk)

15.1.1 Business Strategy and Processes

Business strategy and processes:
(a) 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.
(b) Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes.
(c) Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities.
(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 formulating and implementing its business strategy and overall objectives, the Group considers the climate and environmental (C&E) risks that influence its operating environment in the short, medium, and long term. The Group and its subsidiaries have enhanced awareness of climate change and environmental challenges, strengthened its management of these risks, and taken proactive measures to mitigate C&E, as well as overall ESG impact.

Recognizing that C&E risks pose significant financial threats, the Group is committed to making its operations as resilient as possible, recognizing a range of C&E risks, including physical and transition risks, which drive various existing risks — primarily credit, operational, market, and liquidity risks — along with other risk types recognized in risk inventory of the Group.

These C&E risks simultaneously affect multiple categories and sub-categories of existing risks. As a responsible banking group, the Group is dedicated to minimizing its negative environmental impact and contributing to the reduction of environmental degradation. In its capacity as a financial services provider to the public and the economy, the Group actively supports the transition to a sustainable economy and a low-carbon society by aligning financing needs with available funding sources.

The Group is aware of the short-, medium-, and long-term implications of climate and environmental risks on its business landscape. Accordingly, its activities are strategically designed to facilitate the transition toward a carbon-neutral economy.

To reinforce this commitment, the Group has integrated its ESG drivers and risks into its first ESG Strategy 2024-2026 which has been updated in April 2025 for the period 2025-2027, which outlines both overall and specific objectives, and which is being executed through action plans developed under the guidance of the Group's management body and supported by the local Sustainability Management Committees of the credit institution entities of the Group. Becoming aware of the Group’s role and impact on the further development of the ESG area, ESG goals are included in internal acts and processes, as well as in planned measures to adjust current investment and credit portfolio.

The Group’s activities are strategically designed to achieve the goal of a carbon-neutral economy.

To strengthen its risk management processes, the Group is developing new methodologies for assessing ESG risks within its operations. By increasing disclosures, it aims to achieve greater transparency in its business activities and overall operations.

Targets & KPIs

Environmental (E):

- 20% of corporate book as green investments in 2027
- 2027 15% of green mortgages in SI
- 2050 Net Zero Portfolio
- 2030 Net Zero Operations
- 2030 100% of electricity purchased from zero carbon energy sources
- 2027 Green financing above 6% of credit port
- 2027 <15% (SI) and 16% (RS) exposure towards sector with highest CO2 emissions
- 2027 <12% value of collaterals with high exposure to physical risk (RS, SI)
- 2027 <3% exposure to electricity, gas, steam and air conditioning supply from non-renewable sources

Social (S)

- Enlargement of regional program “Support of families”; >0.5 million EUR p.a.
- Equal working conditions in all diversity groups
- Commitment to support family and affordable housing

In its Group Risk Appetite Statement, the Group and its subsidiaries introduced short and medium-term risk indicators related to C&E risks.

Based on the identified physical risk drivers, the Group identified areas in Serbia and Slovenia in which C&E risks are higher and defined target for portion of collaterals in the regions with an indication of high physical risk by end of 2025 and interim target by end of 2027.

In order to address the transition risk, based on the relevant public data (government statistical institutions, European Commission statistical institutions), the Group identified industries with highest GHG emission for Serbia and Slovenia and set targeted exposure towards those industries adjusting the limit to country specifics, i.e. different for Serbia and Slovenia.

In addition to targets related to physical and transition risks, the Group also defined short-term target for the portion of green financing in total loans by the end of 2025, as well as mid-term for 2026 and

2027. The Group green loan definition is aligned with Grean Loan Principles (GLP) published by Loan Market Association (LMA).

After performed calculations of financed GHG emissions based on the standard of the Partnership for Carbon Accounting Financials (PCAF), Group introduced indicators (YoY change in total financed emission per NACE code and YoY change in total financed emission per asset class) in the scope of PCAF with the main goal to monitor the trend of change in total financed GHG emission and also defined targets have goal to set the direction of constant decrease of total financed GHG emission

Table 35: C&E risk key risk indicators set in Group Risk Appetite Statement

Risk Area	Key Risk Indicator	Description
Environmental and Climate related risk	Green financing	Total loans and advances exposure of all green loans issued in relation to Total loans and advances to customers
	Value of collaterals by regions, with an indication of highly exposed to physical risk	Value of collaterals by regions in relation to Loan Portfolio
	Exposures towards sectors with highest CO2 emission-Serbia	Exposure to NACE Letter C and D relation to Loans and Advances by end of 2025
	Exposures towards sectors with highest CO2 emission- Slovenia	Exposure to NACE Letter C, D and H relation to Loans and Advances by end of 2025
	Exposure to Electricity, gas, steam and air conditioning supply	Decrease the exposure to NACE code 35 in relation to Loan portfolio
	YoY change in total financed emission per D, B and C NACE code - Serbia	KRIs are based on the yearly comparison of financed GHG emission at the different levels of aggregation: NACE code or client level - Serbia
	YoY change in total financed emission per C, I and D NACE code - Slovenia	KRIs are based on the yearly comparison of financed GHG emission at the different levels of aggregation: NACE code or client level - Slovenia
	YoY change in total financed emission (per asset class in the scope of PCAF)	KRIs are based on the yearly comparison of financed GHG emission at different levels of aggregation: asset class (as per PCAF methodology)

Results of the materiality assessment are used to shape follow-up actions and future strategic responses to better manage and/or mitigate impact of C&E risks.

To further strengthen the process of inclusion of C&E risks, Group introduced new operational KPIs. While these indicators are not directly integrated into Group's existing Risk Appetite Statement (RAS), they have been identified as essential components of broader ESG strategy. By measuring and monitoring key metrics related to climate risks and environmental impacts, Group aims to gain deeper insights into the exposure of the business and stakeholders to these critical factors. These indicators will help identify emerging risks, capture new opportunities in the sustainable finance space, and ensure meaningful contribution to global efforts to combat climate change and support the transition to a low-carbon economy.

Ultimately, these new indicators are part of the Group's ongoing journey to ensure that business practices contribute positively to a sustainable, resilient, and low-carbon future, while continuing to deliver financial stability and value to all stakeholders. To maintain a proactive approach, the monitoring of these indicators will occur on a quarterly basis, ensuring timely insights and informed decision-making. Operational KPIs are divided in three categories:

- KPIs defined for Business and Risk underwriting,
- KPIs defined for the whole group - all employees,
- Other ESG Dashboard KPIs - team/individual goals.

The Group's long-term objectives are the following:

- Achieving carbon neutrality, which reflects the need for an ecological balance between activities that generate carbon emissions and processes that reduce these emissions to zero or close to zero.
- Transforming the Group's lending and investment portfolio towards a "green" portfolio with zero greenhouse gas emissions by 2050.

In mid-term, the Group is committed to developing a Decarbonization Strategy to align with the goal of achieving net-zero greenhouse gas emissions by 2050. Several steps have been already taken to analyze current investments to identify high-emission sectors.

The Group's strategic commitment is to balance sustainable financial outcomes with the consideration of ESG dimensions, recognizing that these aspects also present new opportunities for competitiveness, development, and growth.

Recognizing the importance of investing in the green transition, the Gorenjska banka within AikGroup made its first investment in a sustainability bond in 2018 and participated in the primary issuance of SID banka d.d.'s green bond SID23 in December 2018. The Group has been increasing its investment in securities with a sustainable component and currently has 20 million EUR of sustainable bonds in its portfolio, representing 5.3% of the Gorenjska banka's debt securities portfolio.

Considering the Group's sustainability goals set by ESG Strategy and long-term resilience, there is a strong intention on increasing green lending which could mitigate the risks associated with non-sustainable projects that might become stranded assets or face devaluation due to changing regulations or market conditions. Therefore, the Group developed an internal definition of sustainable investment, establishing criteria for transactions to qualify as sustainable. These criteria aim to label sustainable investments and are partially aligned with the EU taxonomy and refer to Loan Market Association (LMA) Principles. According to these principles, an investment is considered sustainable if it is dedicated to the intended purpose as interpreted by environmental objectives outlined in EU Regulation 2020/852—such as climate change mitigation and adaptation, sustainability and protection of water and marine resources, transitioning to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Additionally, the proportion of financing attributed to the sustainable portion of the loan at the time of the transaction is guaranteed. Based on this framework, the Group has established a register of sustainable investments in lease financing, corporate, and personal financing. Template 10 - Other climate change mitigating actions that are not covered by the EU Taxonomy presents an overview of loans and advances as of December 31, 2024, that support the transition toward sustainable growth and a low carbon economy but are not fully covered by or aligned with the EU Taxonomy and therefore are not included in the Green Asset Ratio calculation.

In the realm of individual financing, the Gorenjska banka currently offers an ECO housing loan with a variable interest rate and a repayment period of up to 30 years, reflecting its commitment to environmental objectives. The interest rate for eco-focused loans is set at a lower level than standard offerings. These loans are designated for the purchase or construction of low-energy or passive houses, the replacement of asbestos roofing, the purchase of heat pumps, connection to district heating, investment in wastewater drainage and treatment, and other ecological initiatives.

To successfully implement its sustainability strategy, the Group progressively integrates ESG factors into its business strategy, business model, policies, methodologies, processes and other internal acts, and considers them in the following:

- the risk management system,
- compliance with legislative and regulatory requirements,
- a code of business conduct and ethics and fraud prevention,
- the AML/CFT system,
- safety of people and property,
- ensuring business continuity of processes,
- privacy and data protection,
- procurement and supplier selection,
- transparent reporting etc.

The Group is actively engaged in collaborative initiatives with leading international financial institutions that offer investment, advisory, and asset-management services. In partnership with them, the Group is focusing on the further development of environmental and social management system procedures. This effort includes enhancing existing performance requirements, particularly in relation to climate change projects, such as solar energy and wind farm developments.

Simultaneously, collaboration is directed toward aligning our business processes with higher sustainability standards. The Group is undertaking significant steps to address business requirements and is making necessary adjustments to existing processes to promote greater sustainability across its operations.

15.1.2 Governance

Governance
(a) 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
(b) Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organizational structure both within business lines and internal control functions
(c) 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
(d) Lines of reporting and frequency of reporting relating to environmental risk
(e) Alignment of the remuneration policy with institution's environmental risk-related objectives

The Group has a comprehensive sustainability management structure in place that requires implementation on local subsidiaries' level to be in line with Group standards. In addition, subsidiaries have formed the Sustainability Committees at local levels.

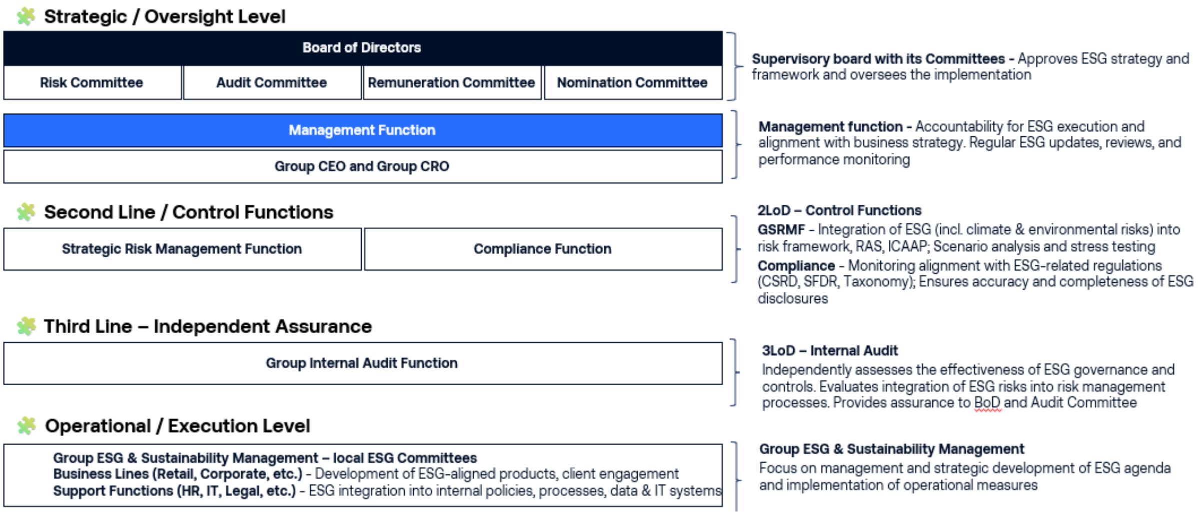


Figure 3: ESG Governance model

Roles and responsibilities of Board of Directors in its Supervisory and Management functions, as well as roles and responsibilities of Risk Committee are defined in Group Policy on Internal Governance.

The **Board of Directors in its Supervisory function** with the **Risk Committee** approves Group business strategy including ESG Strategy and ESG framework and oversees the implementation, decision-making and actions related to the ESG risk management and provides effective oversight of the management body in its management function with this respect. It ensures adequate and timely monitoring of ESG risks and challenges strategic approaches taken using all available information gathered via regular & ad-hoc reports including those provided during regular Risk Committee and BoD meetings. Regularly, relevant reports are prepared on at least quarterly basis and presented to the Holding company's BoD in its Management function, Group Risk Committee and the Holding Company's BoD in its Supervisory function.

The **Risk Committee** primarily oversees all identified risks to which the Group is exposed. The Risk Committee will pay special attention to the existence of **new types of risks** (especially emerging risks), that can have a material impact on traditional types of risks through various transmission channels. The **Risk committee** assists Board of Directors in its Supervisory function to oversee implementation of ESG related strategic choices. Risk committee also provides recommendations related to C&E risk management.

The **Board of Directors in its Management function** defines sustainability strategy and is responsible for ESG framework, priorities and goals. It ensures implementation of sustainability strategy. The Board of Directors in its Management function ensures that the Group adequately embeds C&E risks in the risk management framework and that adequate changes in the Risk Appetite are made (e.g. inclusion of C&E risks, specific KPIs/KRIs, with clear definition of thresholds/limits that reflects the Group's risk bearing capacity and appetite). It also approves results of the materiality assessment of climate-related and environmental risks and implements strategic decisions approved by the Supervisory function, as a result of materiality assessment. The Board of Directors in its Management function facilitates daily business operations ensuring climate-related and environmental risks are adequately captured and managed when occurred. Related decisions should be based on a sound and well-informed basis i.e. relevant climate-related and environmental risk data provided by various business units in the Group.

In addition, Group Management function is obliged to comprehensively report, and inform regularly and where necessary without undue delay the Group Supervisory function on climate-related and environmental risks and related developments affecting or that may affect the Group e.g. identification of new risk drivers, changes in the materiality of climate-related and environmental risks the Group is exposed to and its impact on Group's business activities (primarily impact on net result, solvency measured through capital adequacy ratios and liquidity)

Risk management is primarily a task of **Group Chief Risk Officer (CRO)**. CRO is responsible for setting up comprehensive risk management framework on the Group level, overseas and manages Group Risk Management Function and coordinates the preparation of Group Strategy on Risk Management and Group Risk appetite statement. CRO plays a key role in further enhancements of risk awareness among its employees and strengthening the risk culture on the Group level. Incorporation of emerging risks that impact traditional types of risks via transmission channels and that are material to the Group (most significant emerging type of risks are ESG risks, more specifically climate & environmental risks) into risk management framework is the responsibility of GRMF that coordinates the whole process.

The first line of defense represents the **front office, business and underwriting units** with the main role of performing duties in accordance with C&E risk framework, procedure and defined RAS limits. It identifies, assesses and monitors any C&E risks relevant for the creditworthiness of a client. First line roles are directly aligned with the delivery of products to clients and include the roles of leading actions to achieve objectives defined in the Group Business and ESG Strategy.

The second line of defense is executed by risk management and compliance functions.

The main responsibility of the **risk management function** is to ensure that all risks are identified, assessed, measured, monitored, managed and properly reported by the relevant units on the Group and subsidiary level. The risk management function provides relevant information, analyses and expert judgement on ESG risk exposures. Since those risks materialize through existing financial risks, the tasks and responsibilities are embedded in the framework of the existing management system. Risk management function implements the strategic orientation of the Group and has the controlling function in respect of monitoring the implementation of the Group Strategy on Risk Management and Risk Appetite. Within the Risk function, there is a C&E risk controlling officer that monitors and implements activities related to C&E risks.

The **compliance function** is responsible for ensuring that compliance risks stemming from C&E risks are duly considered and effectively integrated in all relevant processes. The compliance function advises the management body (in its management and supervisory function) on measures to be taken to ensure compliance with applicable laws, regulations and standards, and assess the possible impact of any changes in the legal or regulatory environment on the institution's activities and compliance framework.

The **third line of defense** is executed by the **internal audit** which considers in its reviews the extent to which the Group is equipped to manage C&E-related risks. The internal audit function reviews the Group's internal control and risk management framework, by considering external developments, changes in the risk profile and in products and/or business lines, among other things. This is expected to include the appropriateness of the arrangements for managing C&E-related risks.

The **local sustainability officer** is responsible for the implementation of ESG governance model and measures on local level in line with Group standards. As defined in the ESG Strategy, there are designated employees, Sustainability officers as a horizontal point of contact to ensure that climate-related and environmental risks were appropriately integrated into Group risk management framework. Sustainability and ESG officers monitor and implement activities in specific business areas (risk management, financial management and reporting, corporate, retail, product and process development, marketing and public relations, human resources, legal, compliance, occupational health and safety, real estate, group subsidiaries).

Group Remuneration Policy has been in place for the purpose of implementing sound remuneration practices which promote both the achievement of the Group goals as well as a prudent approach to risk management. On a Group level, the Board of Directors, Remuneration and Risk Committee, works closely together to ensure that the remuneration policy is consistent with and promotes sound and effective risk management, which includes also management of ESG risks. In addition to the fixed component of the remuneration, employees may also be entitled to variable components of the remuneration, which is determined based on the performance assessment of achieving of the business performance of the respective organization, as well as of the organizational unit and individual goals. The performance criteria and targets that impact on the variable remuneration of executive directors are determined by the Board of Directors at the beginning of the financial year who also evaluate the performance of the executive directors after the end of the performance year. For 2024 performance criteria include ESG targets and are defined in detail in the scorecards of the organization and of the respective executive directors. Some examples of the ESG performance criteria for 2024 are: ensure implementation of Environmental and Climate risk management framework across entities, develop and implement action plan to boost ESG agenda across the Group, increase Green Financing (% of total loan portfolio), increase Employee Engagement & Enablement score, etc. ESG related targets are cascaded through the organization and are also defined in the performance criteria of members of the management body in its management function of Subsidiaries.

The Group is also developing application support to ensure the correct classification of sustainable investments in compliance with legal requirements. Loans meeting sustainability criteria will be labeled as "sustainable investments." To incentivize these investments, the Group plans to offer lower interest rates, including reductions on standard rates and bonuses. It aims to extend these benefits for both consumer and residential financing options.

15.1.3 Risk Management

Risk management
(a) Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework
(b) Definitions, methodologies and international standards on which the environmental risk management framework is based
(c) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels
(d) Activities, commitments and exposures contributing to mitigate environmental risks
(e) Implementation of tools for identification, measurement and management of environmental risks
(f) Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile
(g) Data availability, quality and accuracy, and efforts to improve these aspects
(h) 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
(i) 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 has integrated C&E risks into its risk management framework in several ways.

The Risk Inventory in the Group Risk Management Strategy includes climate and environmental risks, where two main risk factors have been identified:

- Physical risk, which refers to the financial impact of climate change, covering more frequent adverse weather events and gradual climate change and environmental degradation, such as air, water and soil pollution, water scarcity, floods, landslides, fires, biodiversity loss and deforestation, and
- Transition risk, which refers to the financial losses incurred by an institution as a direct and indirect consequence of adapting to a low-carbon and more sustainable economy and can

be triggered by factors such as the relatively sudden introduction of climate and environmental policies, technological advances, changes in market sentiment or changes in market preferences.

The Group Risk Appetite Statement has been complemented with metrics for measuring climate and environmental risks and their short and medium-term targets, as previously mentioned under the Business strategy and processes section.

The Group performed comprehensive materiality assessment considering the specificities of the respective business model, operating environment and risk profile of the Group, taking into account impact on Group's products and services, operations (including types of operations and location of facilities) for each subsidiary/market where the Group operates.

Group recognizes ESG risks as risk drivers that materialize in existing risk categories and distinguish between the various drivers of transition and physical risks, as well as S and G specific risk types. Materiality assessment for 2024 first time included S and G components, which were found immaterial. The impact of ESG risk drivers is carried out following standard steps that ensure transparency of the process:

- Identification of risk drivers and transmission channels;
- Gathering of the expert assessments;
- Preparation of the portfolio analysis;
- Implementation of the qualitative and quantitative methods of analysis;
- Interpretation of the results and conclusion on materiality assessment.

Identification of risk drivers and transmission channels

In the first step of materiality assessment the Group identifies risk drivers. Physical and transition risk drivers as Environmental risks and Social and Governance risks were considered in the materiality assessment.

Wide range of **physical risk drivers** were examined. The Group has used all available data sources to identify and examine relevant risk drivers. Physical risk drivers were separately examined considering geography where clients/collaterals are positioned. Mapping collaterals to high physical risk areas is performed following Thinkhazard maps. These maps are considered as the most conservative ones since they are provided at regional level, per country.

As mentioned above, S and G risks were found immaterial, therefore the C&E risks were described in more detail as they are material.

As per materiality assessment performed the following physical risk drivers were assessed as a higher potential hazard level for the Group and subsidiaries in the medium and long term:

- River flood (Serbia),
- Urban flood (Serbia),
- Wildfire (Serbia),
- River flood (Slovenia),
- Urban flood (Slovenia),
- Wildfire (Slovenia),
- Coastal flood (Slovenia),
- Landslide (Slovenia).

Main physical risk drivers are river flood, urban flood, landslide and wildfire.

Different modalities of **transition risk drivers**, caused by changes in climate and environmental policies, technological progress or changes in market sentiment and preferences, are considered. Based on the performed analysis, expected changes in regulation and policies are considered as the most prominent transition risk drivers. Exposures to different industries are considered as a good indicator of the exposure to transition risks. Industries, with the highest share of CO2 emissions in the country, are considered as those highly exposed to transition risk. The following industries are those responsible for the highest share of CO2 emissions in the countries where the Group operates:

- C – Manufacturing,
- H – Transportation and storage,
- D - Electricity, gas, steam and air conditioning supply

Identification of transmission channels

C&E risks could affect the prudential risks the Group is exposed to through different transmission channels. Transmission channels are examined and assessed for each type of risk, split by climate transition risk, climate physical risk and environmental risk. C&E risks (transition and physical) are affecting the Micro and Macro environment and further their impacts are reflected on the standard financial risks that the Group is exposed to.

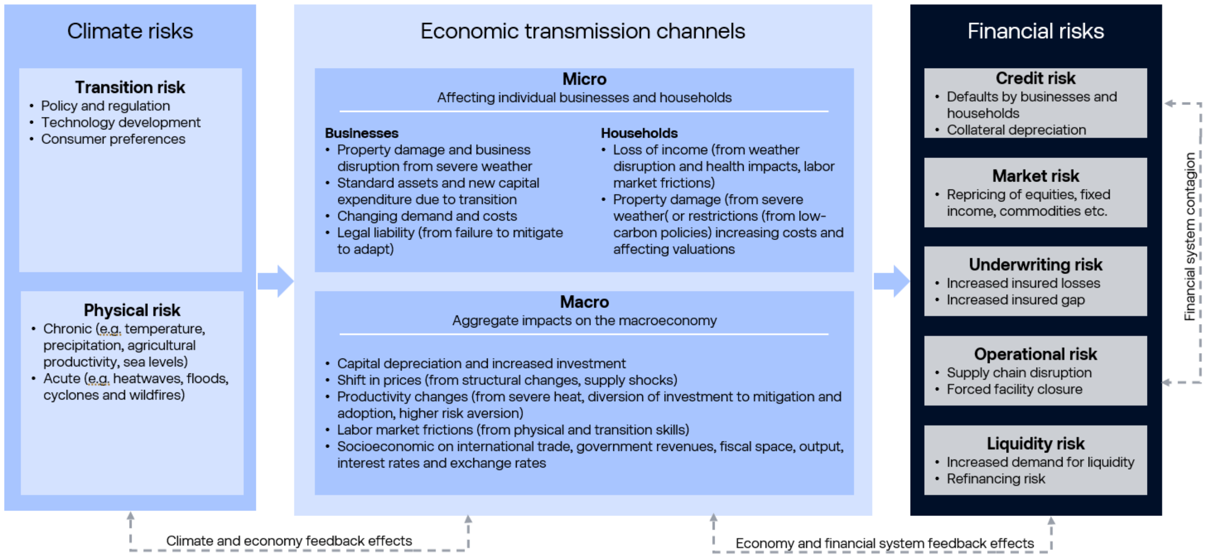


Figure 4: Schematic illustration of transmission from environmental to financial risks; Source: NGFS (2020b)

Gathering of the expert assessments

In order to obtain expert opinions on the impact of ESG risks on the Group's operations, specific ESG teams have been formed. Expert assessment is performed through a structured collaboration between the Group and banks, supported by their dedicated ESG teams and the committees established for this purpose. This partnership ensures a comprehensive and inclusive process for identifying and prioritizing key sustainability issues. By working together in this way, The Group and banks align their efforts, fostering a consistent and coordinated approach to ESG priorities.

During the first assessment, workshops were used to obtain input data for Materiality assessment update.

Preparation of the portfolio analysis

Separate analysis is performed for each portfolio segment and country (where risk differentiators are recorded), entity and geographical distribution of the collaterals.

Analysis of the impact of ESG risk drivers on Credit risk is performed at the level of client segments and product types (for Retail portfolio).

Implementation of the qualitative and quantitative methods of analysis

For quantification of the impact of ESG risks on the Group's business and risk management framework, a bottom-up stress test methodological set-up was used, applied to E and S component.

The number of different risk types are analyzed, grouped in aggregated risk categories (credit risk, market risk, interest rate risk, liquidity risk, operational risk, other stand-alone risks etc.). Analysis per risk type is considered as the main dimension of the analysis. Quantifications' results were incorporated in the process of calculations of KRIs/KPIs from RAS.

Scenarios used in the exercise cover different observation periods. Scenarios cover a full spectrum of observation periods, from short-term up to long-term.

Based on the available scenarios, the Group has selected the following scenarios for quantification of the impact:

Stress scenario mapping between sources	ECB Stress Testing	NGFS Phase IV
Scenario	Baseline	Baseline
	Hot house world	Current policies
	Orderly	Net Yero 2050
	Disorderly	Delayed transition

Flood risk was also incorporated, as it is a relevant scenario for estimation of the impact on REs.

Calculations of the outcomes for different scenarios (impact on selected KPIs/KRIs that are part of the Group Risk Appetite Statement) are performed.

Interpretation of the results and conclusion on materiality assessment

The impact of the ESG risks is analyzed from a forward-looking perspective. Observation window for the analysis is divided into several periods:

- Short-term period (period up to 1 year);
- Mid-term period (period from 1 to 5 years);
- Long-term period (period over 5 years.

Uniform score scale (for measuring the impact) is used in the process of materiality assessment. Materiality scoring calibration is presented in the figure below:

C&E materiality scoring calibration:

- **Low:** KRI is not expected to be impacted by C&E risks to a notable degree
- **Low-med:** KRI is expected to be impacted by C&E risks to a small degree, which, however, doesn't impact the KRI's level significantly
- **Medium:** KRI is expected to be impacted by C&E risks to a degree that its value exceeds **70% of the Limit** level, but stays within Limits
- **Med-High:** KRI is expected to be impacted by C&E risks, and the KRI risk profile level is expected to come close to the **Limit** level
- **High:** KRI is expected to be impacted by C&E risks, and the KRI risk profile level is expected to breach the **Limit** level

Figure 5: C&E materiality scoring calibration

If the final materiality score is marked as low or low-medium, regular monitoring activities are selected as follow up actions. For materiality scores marked as medium, close monitoring activities are initiated as follow up actions.

If final materiality score is marked as medium-high or high, impact of C&E risks on the Group operations and financial risks is considered to be material. For those areas where impact coming from C&E risks is assessed as material (regardless of the fact whether materiality is determined in short, mid or long-term observation period), follow-up actions are initiated.

Results and conclusion on materiality assessment

The table below shows the overview of the results per each risk type and KRIs.

Table 36: Materiality assessment of C&E risk results

RAS indicators						KRI materiality scoring						Impacted by		
Risk type & Key Risk Indicators	Realized value - 31.12.2024	Orderly scenario	Hot House	Disorderly	Limit	Score ST	Score MT	Score LT	Level ST	Level MT	Level LT	Climate physical	Climate transition	Environ-mental
Capital Risk						**4**	**2**	**2**	**med-high**	**low-med**	**low-med**	**Y**	**Y**	**Y**
Common Equity Tier 1 ratio (CET1)	17.39%	16.26%	16.61%	16.71%	>11.84%	4	2	2	med-high	low-med	low-med	Y	Y	Y
Tier 1 ratio (T1)	17.39%	16.26%	16.61%	16.71%	>13.91%	4	2	2	med-high	low-med	low-med	Y	Y	Y
Total Capital ratio (TCR)	18.33%	17.21%	17.56%	17.66%	>16.66%	4	2	2	med-high	low-med	low-med	Y	Y	Y
Leverage ratio	11.25%	10.45%	10.69%	10.75%	>4%	1	2	2	low	low-med	low-med	Y	Y	Y
Risk bearing capacity (RBC) utilization	74.29%	n/a	n/a	n/a	< 90%	3	2	2	med	low-med	low-med	Y	Y	Y
Liquidity Risk						**3**	**3**	**3**	**med**	**med**	**med**	**Y**	**Y**	**Y**
Liquidity Coverage ratio (LCR)	358.60%	207.94%	211.53%	213.81%	> 130%	1	2	2	low	low-med	low-med	Y	Y	Y
Net Stable Funding Ratio (NSFR)	153.90%	138.21%	138.21%	138.21%	> 115%	1	2	2	low	low-med	low-med	Y	Y	Y
Loan-to-deposit ratio (LTD gross)	79.21%	90.71%	90.71%	90.71%	< 100%	3	3	3	med	med	med	Y	Y	Y
Survival Horizon (days)	139	139	139	139	> 45 days	1	2	2	low	low-med	low-med	Y	Y	Y
Interest Rate Risk						**1**	**2**	**2**	**low**	**low-med**	**low-med**	**N**	**Y**	**Y**
Sensitivity of EVE (6 scenarios)/ Tier 1 in stress scenario	-3.51%	-3.14%	-3.22%	-3.36%	<14%	1	2	2	low	low-med	low-med	N	Y	Y
ΔNII/Own Funds	1.64%	1.64%	1.64%	1.64%	<5%	1	2	2	low	low-med	low-med	N	Y	Y
CSRBB						**1**	**2**	**2**	**low**	**low-med**	**low-med**	**N**	**Y**	**Y**
Credit spread risk in BB (Sensitivity of EVE/ Own funds)	2.76%	0.96%	1.51%	2.37%	<7%	1	2	2	low	low-med	low-med	N	Y	Y
Credit Risk						**4**	**3**	**3**	**med-high**	**med**	**med**	**Y**	**Y**	**Y**
NPL ratio	2.52%	2.52%	2.52%	2.52%	< 5%	1	3	3	low	med	med	Y	Y	Y
NPL coverage ratio	47.82%	47.82%	47.82%	47.82%	>35%	1	1	1	low	low	low	Y	Y	Y
Stage 2 share in Total gross exposure	10.93%	15.33%	15.27%	15.27%	<15%	4	2	2	med-high	low-med	low-med	Y	Y	Y
Cost of Risk ratio	0.80%	1.16%	0.93%	0.93%	< 1.5%	4	2	2	med-high	low-med	low-med	Y	Y	Y
Specialized Lending (IPRE & PF)	853.7	853.7	853.7	853.7	<920 mEUR	1	1	2	low	low	low-med	Y	Y	Y
Leveraged transactions	352.3	352.3	352.3	352.3	<525 mEUR	1	1	2	low	low	low-med	Y	Y	Y
Top 10 borrowers' concentrations (GCC)	13.55%	13.55%	13.55%	13.55%	< 30%	1	1	1	low	low	low	Y	Y	Y
Single Name Concentration ratio	18.83%	20.25%	19.79%	19.68%	< 24.5%	3	3	3	med	med	med	Y	Y	Y
Single Name Conc. ratio excluding Gov., FI and Public	9.95%	10.71%	10.46%	10.40%	< 15%	3	3	3	med	med	med	Y	Y	Y
Exposure to Group related parties	1.17%	1.25%	1.22%	1.22%	< 5%	1	2	2	low	low-med	low-med	Y	Y	Y
Industry concentration ratio	22.73%	22.73%	22.73%	22.73%	<25% (30%)	3	3	3	med	med	med	Y	Y	Y
Credit Risk - Legal entities						**4**	**3**	**3**	**med-high**	**med**	**med**	**Y**	**Y**	**Y**
NPL ratio	2.64%	2.64%	2.64%	2.64%	< 3.5%	1	3	3	low	med	med	Y	Y	Y
NPL coverage ratio	44.98%	44.98%	44.98%	44.98%	> 30%	1	1	1	low	low	low	Y	Y	Y
Stage 2 share	11.66%	12.06%	12.00%	12.00%	< 15%	4	2	2	med-high	low-med	low-med	Y	Y	Y
Credit Risk - Retail						**4**	**3**	**3**	**med-high**	**med**	**med**	**Y**	**Y**	**Y**
NPL ratio	3.48%	3.48%	3.48%	3.48%	< 7%	1	3	3	low	med	med	Y	Y	Y
NPL coverage ratio	52.03%	52.03%	52.03%	52.03%	> 35%	1	1	1	low	low	low	Y	Y	Y
Stage 2 share	13.33%	14.00%	13.98%	13.98%	< 15%	4	2	2	med-high	med	med	Y	Y	Y
Sovereign Risk						**1**	**2**	**2**	**low**	**low-med**	**low-med**	**Y**	**Y**	**Y**
Exposure towards Government bonds issued by RS/SI	60.44%	73.56%	71.88%	71.47%	< Tier1	1	2	2	low	low-med	low-med	Y	Y	Y
Market Risk						**1**	**1**	**1**	**low**	**low**	**low**	**Y**	**N**	**N**
FX Risk indicator	2.22%	2.27%	2.31%	2.31%	<15%	1	1	1	low	low	low	Y	N	N
Sum of all exposures in Trading book	13.59	7.68	7.43	7.30	< mEUR 50	1	1	1	low	low	low	Y	N	N
Operational Risk						**1**	**2**	**2**	**low**	**low-med**	**low-med**	**Y**	**Y**	**N**
Number of internal fraud cases	1	n/a	n/a	n/a	0	1	2	2	low	low-med	low-med	Y	Y	N
Operational risk losses ratio - net	6.26%	n/a	n/a	n/a	<15%	1	2	2	low	low-med	low-med	Y	Y	N
ICT Risk						**1**	**3**	**3**	**low**	**med**	**med**	**Y**	**Y**	**N**
ICT availability and continuity	99.95%	n/a	n/a	n/a	> 99.8%	1	3	3	low	med	med	Y	Y	N
ICT change-related incidents ratio	0.00%	n/a	n/a	n/a	< 90%	1	3	3	low	low-med	low-med	Y	Y	N
System back-up success	100%	n/a	n/a	n/a	> 99.9%	1	3	3	low	med	med	Y	Y	N
Compliance/AML						**1**	**2**	**2**	**low**	**low-med**	**low-med**	**N**	**Y**	**N**
No. of High risk clients	2.27%	n/a	n/a	n/a	< 5%	1	1	2	low	low	low-med	N	Y	N
No. of clients from the countries on Restricted list	0	n/a	n/a	n/a	0%	1	1	2	low	low	low-med	N	Y	N
No. of anon. accounts, passbooks or safe-deposit boxes	0	n/a	n/a	n/a	0%	1	1	2	low	low	low-med	N	Y	N
Overdue mitigation actions	1.52%	n/a	n/a	n/a	< 10%	1	2	2	low	low-med	low-med	N	Y	N
KYC backlog for High-risk clients	7.75%	n/a	n/a	n/a	0%	1	1	2	low	low	low-med	N	Y	N

Different risk types have been analyzed, grouped in aggregated risk categories (credit risk, market risk, interest rate risk, liquidity risk, operational risk, other stand-alone risks etc.). Analysis per risk type is considered as the main dimension of the analysis. Impact Is separately analyzed for each KPI/KRI of each risk type. Impact of C&E risks are considered as material in cases of Credit risk and Capital risk (for specific KRIs).

Considering that the Group is significantly involved in legal entities finance business (covering corporate portfolio, Public, Project finance, SME and Micro segment), the biggest contributors to negative effects on additional impairments that influence negatively on Cost of risk and Capital ratios are the following:

- Corporate and Public Clients,
- Coming from Serbia,
- Belonging to NACE codes: D - Electricity, gas, steam and air conditioning supply and B - Mining and quarrying.

Material impact is recorded due to the drop in capital ratios. The biggest drop in capital ratios is recorded in an orderly scenario.

Material impact on Credit risk is recorded due to changes in CoR (Cost of Risk) and Share of Stage 2 loans in total gross exposure. Cost of risk in orderly scenario recorded significant change.

There are no other material impacts of C&E risk that are discovered during the materiality assessment.

The results of the materiality assessment are being used by the Group to formulate further actions and future strategic challenges with the aim of better managing and mitigating the impact of climate and environmental risks.

The Group has taken necessary steps to incorporate **C&E dimension into the credit analysis, risk assessment and decision phases** by implementing several components into different phases of the credit lifecycle:

- The Group has introduced climate-related and environmental due diligence process of analysis for loans and borrowers associated with a higher C&E risk.
- Questionnaires are defined for Serian and Slovenian market that Group uses in the collection of ESG data.
- Sustainability flags to identify assets/investments that have been marketed as green, sustainable according to several criteria (EU Taxonomy flagging, green loans in line with LMA and ICMA, and in line with IFC) have been introduced.
- Identification of industries highly exposed to transition risks and non-compliance with minimum safeguards criteria became part of the exclusion list criteria.
- C&E risks are introduced in collateral evaluation process so that each subsidiary should consider all available ESG factors affecting the value of collateral.
- ESG score has been introduced through the establishment of the framework and its integration into credit risk assessments.

It is to be noted that subsidiaries constantly improve DD and ESG questionnaires process by broadening the scope, which results in the inclusion of a wider range of clients and therefore better coverage and management of ESG risks.

Incorporation of the C&E risks in the credit risk monitoring was done through defined C&E risk early warning signals (EWI) that are set at the level of portfolio and client level.

By the end of 2024, Environmental, Social, and Governance (ESG) factors were incorporated into the ratings of all Legal entities through an internally developed ESG score, based on the Group's criteria. The ESG score is based on two pillars: a sector-specific score, which assesses ESG risks and opportunities at the industry level, and a client-specific score, which evaluates the individual client's ESG practices. Together, these scores provide a comprehensive view of the client's ESG profile, supporting more informed and sustainable credit risk assessments, and serving as a foundation for developing new approaches in the Group's Credit Strategies.

C&E risks are identified as material risk, and risk quantification for ICAAP purposes was done based on the results of performed stress testing for materiality assessment purposes. For the first time, stress test for performed for liquidity risk and included in Group's ILAAP.

The regulatory framework requires banks to take ESG factors into account in their risk assessment, with due diligence required for larger transactions/clients with elevated ESG risk scores. The Group started **ESG due diligence** as part of the regular credit / investment approval process in 2024.

The due diligence process consists of the following steps:

- Credit process (new investment/annual review);
- Verification whether an annual review is necessary (taking into account the amount of the proposed investment and the activity of the client according to the NACE classification);
- ESG questionnaire for customers;
- Due diligence;
- ESG risk assessment.

The Group is in the process of developing own methodologies for stress testing ESG scenarios which is in line with scientific climate change pathways, such as Intergovernmental Panel on Climate Change (IPCC) scenarios like **Network for Greening the Financial System** (NGFS) scenario, which will be included in the ICAAP and ILAAP frameworks.

In 2024, the Group continued to build its ESG data model and digitize ESG data collection. In the area of ESG questionnaire, the Group's subsidiaries are actively involved in the establishment of a single/unified ESG questionnaire platform that would enable and ensure higher quality of data for all banks.

15.2 Social Risk

(Table 2 - Qualitative information on Social risk)

15.2.1 Business Strategy and Processes

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
(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
(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

Social risks as we consider them refer to various factors that can impact on the rights, well-being, and interests of individuals and communities. These risks encompass a broad range of issues, such as human resource management, where fair treatment, career development, and employee satisfaction are key considerations.

They also include equality and diversity, focusing on ensuring that people of all backgrounds have equal opportunities and representation. Inclusiveness is another critical aspect, highlighting the need for environments where everyone feels valued and respected. In addition, labor relations play an important role in social risk management, ensuring positive relationships between employers and employees to prevent disputes and promote fairness. Workplace health and safety are equally essential, as it involves protecting employees from harm and maintaining a safe and healthy work environment. Addressing these social risks is vital for fostering a positive, sustainable, and ethical environment for both people and communities.

The abovementioned topics are part of our **Group HR Strategy** and **Group Marketing, Communications and CSR Strategy**. They are also covered by specific Group policies (e.g. Diversity Policy, Group Non-Discrimination and Anti-Harassment Policy, etc.) Through its Group HR Strategy and various Group HR policies, the organization is committed to fostering a safe, positive, and inclusive work environment for all employees. These initiatives are designed to promote a culture where every individual feels valued and supported, ensuring their well-being and professional growth. The Group encourages continuous learning, helping employees enhance their skills and advance in their careers. Additionally, the Group places emphasis on promoting a work-life balance, recognizing that employee satisfaction is closely tied to the ability to maintain equilibrium between work commitments and personal life. Flexible working arrangements, organizing or sponsoring sporting events for employees are some of the measures taken to ensure employees can manage their professional and personal responsibilities effectively.

Furthermore, maintaining open and transparent communication is central to the Group's approach. By encouraging dialogue at all levels, the Group nurtures trust and collaboration, allowing employees to voice concerns and share ideas, which is ensured by an anonymous group wide annual **Employee Engagement & Enablement Survey**. This helps create sustainable and harmonious employee relations, reinforcing the Group's commitment to building a workplace that thrives on mutual respect, inclusiveness, and long-term commitment. With our CSR initiatives we generate meaningful value by addressing real societal challenges and proactively responding to these through well-structured initiatives within our Group (e.g. donations). These efforts encompass areas such as families, education, as well as support for youth, and various philanthropic endeavors.

Our commitment to social inclusion is supported by Group Marketing, Communications and CSR Strategy which creates a strong and reliable basis for a well-functioning socio-economic environment that will bring prosperity to many. The **three main pillars of our CSR are family, environment and community**. We are pursuing effective initiatives throughout the Group, specific to each local community, which are currently centered around children and families, environmental protection, health care, education, financial literacy and support for sports.

The Group and its members are deeply committed to the well-being of the communities in which they operate, consistently supporting a range of social responsibility initiatives that focus on education, youth, vulnerable groups, environmental sustainability, and community development. In 2024, the Group continued its longstanding tradition of supporting educational institutions by contributing to the renovation and improvement of student accommodation. Donations were directed toward enhancing living conditions in student dormitories, supporting a more dignified and comfortable environment for students pursuing higher education. Support for children without parental care and vulnerable families remain a priority. This included financial donations to strengthen social support systems within dedicated care institutions, helping improve both infrastructure and the services available to beneficiaries.

The Group also facilitated client participation through innovative donation mechanisms, such as enabling direct charitable contributions via ATMs, which raised awareness and made community involvement more accessible. In line with the goal to connect everyday banking with social good, the Group continued its affinity card program, designed to fund infrastructure improvements in secondary vocational schools. Proceeds collected through the use of this dedicated card were channeled directly into school facilities, creating long-term benefits for students and educational institutions alike.

Another ongoing initiative focused on supporting families through donations to the development of multi-purpose educational and community spaces, reinforcing the Group's dedication to improving the everyday lives of future generations. The Group also carried out humanitarian campaigns providing assistance to families and individuals facing hardship, as well as contributed to organizations offering shelter and care for those in vulnerable situations.

Sustainability and inclusion were further promoted through the Group’s grant programs, which supported dozens of organizations working in fields such as environmental protection, community engagement, and the empowerment of marginalized groups. These efforts are aimed at fostering a systemic, long-term impact by reinforcing community resilience and shared responsibility.

Additionally, the Group remained an active supporter of local sports, sponsoring clubs, events, and associations that promote physical activity, teamwork, and youth engagement. By backing both grassroots and broader sports initiatives, the Group continues to contribute to the development of healthy, active communities across the regions it serves.

Employees remain the foundation of the Group’s success, and their well-being is central to our strategic goals and corporate culture. Our HR Strategy emphasizes diversity, inclusion, and long-term engagement, with a strong focus on building a healthy, flexible, and inclusive working environment. We actively involve employees to contribute to workplace design through surveys, particularly on topics that directly affect their day-to-day experience. The Group also maintains a hybrid work model that supports work-life balance and flexibility, contributing to both productivity and employee satisfaction. In 2024, a wide array of initiatives and activities were implemented to support employee well-being, professional growth, and team cohesion. Different, local market specific initiatives were organized:

- Health and Wellness Initiatives: Annual medical check-ups, flu vaccination campaigns, blood donation drives, and first aid courses were provided. The Group promotes healthy hydration habits and one of the members of the Group holds a certificate encouraging the use of tap water.
- Physical Activity and Sports: A variety of recreational activities were organized, including football and basketball sessions, volleyball, yoga, cycling and others. Employees participated in organized sports events such as local marathons and intercompany sports competitions. Sports Days and team-building events involving physical activities were held to encourage teamwork and support a healthy lifestyle.
- Workplace Comfort and Ergonomics: Initiatives to improve comfort and ergonomics at work included the use of pilates balls, ergonomic mice and pads.
- Mental Health and Psychosocial Support: Training courses addressed topics such as stress management, psychosocial risks at work, and maintaining mental well-being. Workshops were held on body composition awareness and work-life balance, including a specialized session for employees returning from maternity leave.
- Employee Engagement and Inclusion: Events were held throughout the year to foster inclusion and team spirit, including International Women’s Day workshops, Kids Day at Work, and festive children’s programs around the holidays.

These efforts are part of an integrated and ongoing program dedicated to promoting a positive, healthy, and inclusive workplace, ensuring that employees feel supported not only professionally but also personally.

In addition to employees, the Group includes in its Lending policy information on activities related to the clients and other counterparties. For example, the Group does not finance activities related to Illegal activities, such as drug trafficking, terrorism, prostitution and other human exploitation, economic activities that promote or act in non-compliance with fundamental conventions identified in the International Labor Organization (ILO). Minimum social safeguards focus on human rights, labor rights, and combating bribery, bribery, solicitation and extortion.

As elaborated under Environmental risk part related to Risk Management, client's questionnaires are defined for Serian and Slovenian market that Group uses in the collection of ESG data, which includes both social and governance component.

15.2.2 Governance

Governance
(a) 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 covering counterparties' approaches to:
(b) Activities towards the community and society
(c) Employee relationships and labor standards
(d) Customer protection and product responsibility
(e) Human rights
(f) Integration of measures to manage social factors and risks in internal governance arrangements, includes the role of Executive board committees, better allocation of tasks and responsibilities, and the feedback loop from risk management to the management body and employees.
(g) Lines of reporting and frequency of reporting relating to social risk
(h) Alignment of the remuneration policy in line with institution's social risk-related objectives

As the highest governance body, the Board of Directors of the Holding Company plays a crucial role in overseeing and guiding the Group's approach to social factors and risks within its operational model. The Board of Directors is responsible for ensuring that the Group's values, policies, and strategies align with broader social expectations and that these elements are integrated into the Group's business model in a way that supports long-term sustainability and stakeholder interests.

One of the key areas under the Board of Directors' supervision is the **Group HR Strategy**. This strategy serves as a comprehensive framework that underpins and guides all other HR-related policies across the Group. It provides strategic direction in crucial areas such as employee remuneration, diversity, equality, inclusion, open communication with employees and others, setting clear expectations for how these matters should be managed within the Group. By addressing key issues, the Board of Directors ensures that social risks - such as those related to workplace inequality or employee well-being - are effectively managed.

In 2024, the Group reinforced its commitment to cultivating a high-performing and inclusive work environment by formally introducing Employee Engagement and Enablement as a performance criterion for members of the management body in its management function, as well as for other key managers across the Group. This strategic objective was embedded into annual performance assessments, reflecting the importance of leadership accountability in shaping a positive workplace culture. Throughout the year, multiple initiatives were implemented with the goal of increasing employee engagement and enablement. These efforts were guided by the belief that engaged and empowered employees are essential to the Group's sustainable growth and long-term success.

The results of the 2024 online, group-wide Employee Engagement and Enablement Survey indicate a positive overall trend. Compared to the previous year, both dimensions, engagement and enablement, achieved higher scores, signaling meaningful improvement across the Group. Notably, the 2024 survey revealed increases across almost all dimensions, with the highest-scoring areas being: psychological safety, clear and promising direction, and confidence in leaders. These results reflect the success of ongoing efforts to foster a transparent, respectful, and purpose-driven organizational culture.

Beyond compliance with labor-related regulations, the Group remains dedicated to investing in employee development, promoting diversity and inclusion, and continuously improving the overall employee experience. These principles are embedded in our culture and operational practices, forming a foundation for long-term resilience, innovation, and organizational health.

In order to promote its orientation towards customer protection, the **Group Code of Conduct** contains the main rules imposed to protect Group customers and their interests. All Group employees and third parties (when acting on behalf of the Group) must act with reasonable care and exercise prudent judgment towards Group customers. They must act for the benefit of customers and put their interests first, respecting the applicable law, regulations and internal rules. Marketing materials, sales information, and advisory activities to the customers should always be based on the principles of fairness, objectivity, transparency, and sound financial judgment. Employees must not perform deliberate or negligent sales of products or services in circumstances where the contract is either misrepresented, or the product or service is unsuitable for the customer's needs and risk inclination. In addition to this, special focus is put on the safeguard of consumer rights. Consumer rights are one of the legal concepts enshrined in one of the highest legal acts of the European Union – Treaty on Functioning of the European Union (TFEU). Article 169 of the TFEU seeks to promote consumers' health, safety and economic interests, as well as their right to information, to education and to organize themselves in order to protect their interests. To harmonize how consumers are treated, the Group has adopted the **Group Policy on Consumer Protection and Unfair Commercial Practices** in order to manage consumer protection matters and related risks. This policy is to be applied in every interaction with customers who are falling within the meaning of consumer. Thus, this policy established and defined Group standards regarding consumer protection and stressed unfair commercial practices that need to be avoided in the Group.

Regarding the remuneration policy and whether social risk is included, please refer to the Environmental risk chapter.

15.2.3 Risk Management

Risk management
(a) Definitions, methodologies and international standards on which the social risk management framework is based.
(b) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels.
(c) Activities, commitments and assets contributing to mitigating social risk.
(d) Implementation of tools for identification and management of social risk.
(e) Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits.
(f) 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.

As previously mentioned under Environmental risk part, the Group has adopted the **ESG Strategy 2024-2026** which is included in the overall **Group Banking Strategy 2024-2026** with main targets to be recognized as ESG banking group in Adriatic region, to create sustainable value for clients, communities & society and employees and clear ESG positioning towards the different internal and external stakeholders. Becoming aware of the Group's role and impact on the further development of the "S" area, social goals are included in internal acts and processes, as well as in planned measures to adjust current investment and credit portfolio.

The goals of the UN and the ESG approach offer a strategic framework that directs the AikGroup in the development and growth towards the sustainability of the organization, products and services. Selected Sustainable Development Goals (SDG) through the lens of "S" component of ESG are the following:

Figure 6: United Nation's SDGs - Sustainable Development Goals, found on https://sdgs.un.org/goals. Photo represents those referring to S component

During the last 2 years, the Group has significantly increased the awareness of its employees related to ESG by implementing ESG training according to the ESG Training agenda which presents the list of topics to be covered on dedicated training tailored to the business needs of different organizational units in the Group.

The Group recognizes that promoting financial literacy and ensuring access to banking services for financially underserved communities are powerful tools for creating positive societal impact and reducing social vulnerabilities. By empowering individuals and communities through knowledge and access, the Group contributes to building a more inclusive financial ecosystem while also helping to mitigate associated financial and social risks. Given the diverse local contexts across the Group's markets, these initiatives are designed and implemented at the local level to ensure they are relevant, effective, and tailored to community needs. Through these efforts, the Group supports fair access to financial products and services, while encouraging sustainable economic growth and long-term social empowerment. Individual Group members have launched various targeted initiatives:

- Gorenjska banka places a strong emphasis on cultivating responsible, long-term client relationships based on professionalism, trust, data protection, and transparent communication. In 2024, the bank organized Investment Days and Digital Banking Days, providing expert-led sessions to enhance clients' financial understanding and digital banking capabilities. The bank also participated in a nationwide educational campaign coordinated by the Bank Association of Slovenia, aiming to raise public awareness about the risks of online fraud in the banking industry.
- AikBank is committed to building lasting relationships with clients by understanding their financial needs and offering expert, timely support. In 2024, the bank began leveraging social media and its digital channels — including eBanking and mBanking platforms — to educate customers on topics such as safe usage of payment instruments, online data protection, and efficient digital payment solutions. Clients also received timely updates and alerts to help them respond effectively to emerging cyber threats.

Through these initiatives, the Group reaffirms its dedication to responsible banking, fostering financial literacy, client empowerment, and trust-based relationships—essential pillars for inclusive and sustainable financial development.

15.3 Governance Risk

(Table 3 - Qualitative information on Governance risk)

15.3.1 Governance

Governance
a) 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
b) Institution's accounting of the counterparty's highest governance body's role in non-financial reporting
c) Institution's integration in governance arrangements of the governance performance of their counterparties including:
d) Ethical considerations
e) Strategy and risk management
f) Inclusiveness
g) Transparency
h) Management of conflict of interest
i) Internal communication on critical concerns

As one of the highly prioritized matters, the **Group considers governance and risks deriving from non-adequate governance arrangements in terms of both its own governance and clients' practices**.

As elaborated under Environmental risk part related to Risk Management, client's questionnaires are defined for Serbian and Slovenian market that Group uses in the collection of ESG data, which includes environmental, social and governance component. The Governance segment for clients encompasses a comprehensive framework designed to ensure effective management and oversight of business operations. It includes the establishment of clear strategies aligned with organizational goals, as well as robust risk management practices that identify and mitigate potential threats to the business. Compliance with relevant laws and regulations is a cornerstone of this governance approach, minimizing legal risks while promoting ethical conduct across all levels. Additionally, the implementation of monitoring and reporting systems enables continuous evaluation of performance against key indicators. Training programs are also integral, empowering employees with the knowledge needed to uphold governance standards. Furthermore, fostering positive relationships with stakeholders is prioritized, ensuring transparent communication and engagement. Overall, the Group recognizes that Governance framework not only enhances organizational resilience but also builds trust and accountability, creating a solid foundation for sustainable growth.

Apart from other aspects of proper governance, the Group put special focus on several areas including, but not limited to management of conflict of interest, anti-bribery and anti-corruption, anti-fraud, whistleblowing, promotion of strong compliance culture and ethics in business. There is a robust Group framework composed of well-designed processes and procedures that ensure that behaviors not in line with the Group standards are detected, reported, managed and sanctioned in a proper and timely manner. These standards are implemented Group-wide with proper monitoring in place and an adequate level of automation in terms of reporting channels, case management and records keeping.

With an aim to ensure that compliance and ethical standards, as an integral part of Group's corporate culture, are implemented throughout the organization, the main values and desirable behaviors are incorporated into the **Group Code of Conduct**, including Group's environmental and social responsibility. Having these principles high on the agenda, within the document implemented in all Group subsidiaries, the Group ensures that the right way of doing business, as well as environmental and social responsibility, are of utmost importance to the top management in all legal entities and to all employees belonging to the Group.

In addition to this, Group defined key enablers for the compliance culture promotion and implementation across the Group as an integral part of the Group's corporate culture. In that regard, there is the Group Policy on Compliance Culture that is adopted and implemented throughout the Group with an aim to set up a unified framework for awareness raising and communication of both risks deriving from the compliance relevant areas and desired behaviors. The activities performed during the year based on this policy always include mandatory training, awareness raising campaigns and the Tone from the Top messages, all with the same goal to increase knowledge and awareness of the employees and to ensure that the right way of doing business is promoted and accepted across the organization.

As the highest management and governance bodies on a group level, the Board of Directors in its supervisory and its management function is responsible for supervising and managing the implementation of governance framework. The Board of Directors in its management function is responsible for managing the Group as required for the benefit of the company, considering our shareholders, employees, clients and stakeholders' interests. It specifies the company's values and goals in concrete terms and lays down the corporate strategy with due regard to sustainability aspects and the associated opportunities and risks in respect to the environment, social concerns and corporate governance. It defines the ESG strategy and is responsible for the ESG framework, goals and priorities.

In addition, the Board of Directors in its management function ensures implementation of the ESG strategy by allocating adequate resources and controls and is periodically informed on the status and milestones achieved. The Board of Directors in its management function and in its Supervisory function was presented with Report on Environmental and Climate related risks on quarterly level.

Gorenjska Bank's first CSRD-compliant Sustainability Statement has been prepared and published for the year 2024, in line with the European sustainability reporting standards (ESRS), whereby the full set of sustainability topics has been prudently evaluated based on the dual importance.

15.3.2 Risk Management

Risk management
(a) Institution's integration in risk management arrangements the governance performance of their counterparties considering:
(b) Ethical considerations
(c) Strategy and risk management
(d) Inclusiveness
(e) Transparency
(f) Management of conflict of interest
(g) Internal communication on critical concerns

As described above under Governance part.

Template 1 - Banking Book - Indicators of Potential Climate Change Transition Risk: Credit Quality of Exposures by Sector, Emissions and Residual Maturity

Financed emissions are defined as indirect emissions attributed to financing activities – such as lending and investments – of financial institutions. These activities all contribute to providing capital or financing to a company that emits GHG emissions.

Therefore, the Group calculates its **financed GHG emissions** based on the standard of the Partnership for Carbon Accounting Financials (PCAF) performing sector level analysis for Scope 1, 2 and 3 GHG emission intensities and client/company level for GHG financed emissions.

Estimation of CO2 financed emissions is performed on quarterly level, including implementing the process to collect emission data from counterparties, and attribution of the counterparty's GHG emissions in the proportion corresponding to the financing provided.

The largest contributors to financed CO2 emissions relates to the Asset class **Business loans and unlisted equities** where dominant segments are Corporate (incl. SME) and Public sector entities coming from Serbian market.

Table 37: Template 1 – Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	Sector/subsector		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change*	2,917,360	176,113	4,733	489,758	83,828	-78,259	-22,440	-35,305	4,182,853	3,240,089	12.3%	2,365,921	353,113	179,899	18,427	3
2	A - Agriculture, forestry and fishing	78,100	0	0	9,612	1,270	-2,025	-533	-423	154,712	141,774	0.0%	60,505	17,588	0	7	3
3	B - Mining and quarrying	127,735	118,112	0	122,744	3	-7,317	-7,285	-2	405,915	352,922	95.5%	125,483	67	0	2,185	2
4	B.05 - Mining of coal and lignite	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0
5	B.06 - Extraction of crude petroleum and natural gas	120,286	118,112	0	118,112	0	-7,101	-7,101	0	341,791	297,397	98.2%	118,112	0	0	2,174	2
6	B.07 - Mining of metal ores	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
7	B.08 - Other mining and quarrying	7,449	0	0	4,633	3	-216	-184	-2	64,124	55,524	52.6%	7,371	67	0	11	2
8	B.09 - Mining support service activities	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0
9	C - Manufacturing	757,230	2,562	2,370	141,181	26,046	-24,592	-7,691	-11,999	1,825,923	1,542,729		678,292	72,789	4,798	1,352	2
10	C.10 - Manufacture of food products	253,818	0	0	66,373	7,108	-8,817	-3,186	-3,183	751,852	640,762	0.8%	237,095	16,704	0	18	2
11	C.11 - Manufacture of beverages	26,714	0	0	9,717	17	-896	-762	-15	41,733	35,989	27.4%	25,297	1,350	0	67	3
12	C.12 - Manufacture of tobacco products	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0
13	C.13 - Manufacture of textiles	4,198	0	0	362	32	-52	-4	-16	13,817	11,731	0.0%	4,030	167	0	1	2
14	C.14 - Manufacture of wearing apparel	2,793	0	0	147	78	-94	-2	-45	8,683	7,367	0.0%	2,782	10	0	1	1
15	C.15 - Manufacture of leather and related products	1,454	0	0	29	17	-25	-1	-12	3,306	2,803	0.0%	1,204	249	0	1	3
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	16,619	0	0	4,837	1,681	-1,799	-909	-828	26,403	21,887	0.0%	9,262	6,393	960	4	4
17	C.17 - Manufacture of pulp, paper and paperboard	42,949	0	0	9,318	135	-431	-220	-109	107,966	91,423	0.0%	42,928	17	0	4	2
18	C.18 - Printing and service activities related to printing	20,337	0	0	736	430	-413	-12	-318	24,482	20,029	0.0%	16,802	3,530	0	5	3
19	C.19 - Manufacture of coke oven products	456	26	0	26	0	-7	0	0	1,681	1,427	0.0%	430	26	0	0	2
20	C.20 - Production of chemicals	35,588	2,536	0	237	353	-581	-8	-203	86,726	73,606	0.0%	30,357	5,207	0	23	2
21	C.21 - Manufacture of pharmaceutical preparations	8,939	0	0	1,161	5,286	-3,693	-64	-3,621	5,880	4,932	0.0%	8,251	688	0	0	4
22	C.22 - Manufacture of rubber products	32,712	0	0	3,196	283	-503	-105	-239	27,761	23,312	9.5%	24,844	7,844	0	24	3
23	C.23 - Manufacture of other non-metallic mineral products	11,852	0	0	619	288	-107	-24	-40	37,880	30,559	0.0%	6,631	5,221	0	1	3
24	C.24 - Manufacture of basic metals	63,333	0	2,134	18,815	201	-1,552	-1,417	-8	166,633	114,237	48.2%	63,329	0	0	4	1
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	65,481	0	237	5,935	1,860	-1,216	-390	-439	86,738	73,460	0.0%	52,135	12,276	0	1,070	2
26	C.26 - Manufacture of computer, electronic and optical products	36,898	0	0	7,027	191	-489	-158	-125	176,279	150,068	0.0%	33,215	3,635	0	48	1
27	C.27 - Manufacture of electrical equipment	44,953	0	0	654	7,122	-2,596	-12	-2,286	17,213	13,808	0.0%	44,908	35	0	9	3
28	C.28 - Manufacture of machinery and equipment n.e.c.	33,769	0	0	5,470	287	-450	-186	-147	98,904	93,069	0.0%	32,547	1,204	0	18	2
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	12,941	0	0	377	114	-209	-7	-97	12,835	11,810	15.1%	12,336	564	0	42	1
30	C.30 - Manufacture of other transport equipment	8,442	0	0	899	2	-83	-6	-1	13,835	12,618	0.0%	4,263	339	3,838	2	6
31	C.31 - Manufacture of furniture	8,525	0	0	2,610	128	-265	-126	-86	26,451	23,140	0.0%	8,332	191	0	2	1
32	C.32 - Other manufacturing	17,475	0	0	55	255	-125	-1	-104	64,813	62,940	0.0%	11,007	6,463	0	5	3
33	C.33 - Repair and installation of machinery and equipment	6,987	0	0	2,579	177	-189	-92	-75	24,051	21,753	0.0%	6,309	674	0	4	2
34	D - Electricity, gas, steam and air conditioning supply	230,852	55,174	2,269	5,359	2,963	-2,796	-524	-229	1,114,162	624,272	55.1%	213,424	5,396	4,407	7,624	2
35	D35.1 - Electric power generation, transmission and distribution	192,812	55,174	0	4,127	2,963	-2,559	-484	-229	744,325	438,455	63.4%	175,732	5,050	4,407	7,623	4
36	D35.11 - Production of electricity	122,560	55,174	0	4,127	2,963	-2,216	-484	-229	587,995	358,935	99.7%	105,692	5,050	4,407	7,411	2
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	27,697	0	0	0	0	-123	0	0	304,566	154,934	0.0%	27,697	0	0	0	1
38	D35.3 - Steam and air conditioning supply	10,343	0	2,269	1,232	0	-114	-40	0	65,272	30,884	48.4%	9,995	346	0	2	2
39	E - Water supply; sewerage, waste management and remediation activities	19,761	0	0	2,249	257	-270	-25	-184	3,972	2,801	0.0%	14,902	0	4,847	12	3
40	F - Construction	348,748	0	0	28,931	7,437	-8,321	-941	-3,469	56,148	47,870	0.0%	293,620	48,749	6,067	312	2
41	F.41 - Construction of buildings	241,835	0	0	15,815	2,606	-4,436	-632	-645	21,043	18,027	0.0%	207,060	29,642	5,107	26	2
42	F.42 - Civil engineering	52,729	0	0	1,778	1,769	-1,814	-34	-1,309	17,567	15,827	0.0%	42,208	10,414	0	107	2
43	F.43 - Specialised construction activities	54,185	0	0	11,338	3,062	-2,071	-275	-1,515	17,538	14,016	0.0%	44,352	8,694	960	179	3
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	655,348	265	93	59,325	20,677	-15,711	-1,422	-9,828	348,812	279,067	7.7%	614,557	37,191	3,295	305	2
45	H - Transportation and storage	216,702	0	0	20,717	18,548	-7,619	-392	-6,077	23,767	7,685	3.1%	194,349	21,484	842	27	2
46	H.49 - Land transport and transport via pipelines	140,314	0	0	10,831	2,868	-2,537	-275	-1,429	11,623	2,908	0.0%	128,290	11,164	842	19	2
47	H.50 - Water transport	2,244	0	0	476	1	-6	0	-1	478	140	0.0%	482	1,761	0	0	6
48	H.51 - Air transport	17,415	0	0	0	15,506	-4,557	0	-4,530	1,439	417	0.0%	17,402	13	0	0	3
49	H.52 - Warehousing and support activities for transportation	53,986	0	0	9,325	173	-504	-117	-117	9,851	4,143	12.6%	45,502	8,475	0	8	2
50	H.53 - Postal and courier activities	2,743	0	0	86	0	-15	-1	0	376	77	0.0%	2,673	70	0	0	2
51	I - Accommodation and food service activities	144,992	0	0	28,384	6,358	-4,828	-1,157	-2,977	229,391	223,505	5.6%	49,379	49,220	42,332	4,061	7
52	L - Real estate activities	337,893	0	0	71,256	269	-4,780	-2,470	-117	20,052	17,464	0.0%	121,411	100,629	113,311	2,541	7
53	Exposures towards sectors other than those that highly contribute to climate change*	610,876	0	0	42,851	6,901	-9,286	-954	-2,860				474,753	83,340	22,840	29,943	3
54	K - Financial and insurance activities	220,916	0	0	3,068	82	-1,740	-259	-27				178,748	5,800	7,338	29,031	2
55	Exposures to other sectors (NACE codes J, M - U)	389,960	0	0	39,782	6,819	-7,546	-695	-2,833				296,005	77,540	15,502	912	4
56	TOTAL	3,528,235	176,113	4,733	532,608	90,730	-87,545	-23,394	-38,165	4,182,853	3,240,089	10.2%	2,840,674	436,452	202,739	48,370	4

** 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 1893/2006*

Template 2 - Banking Book – Indicators of Potential Climate Change Transition Risk: Loans Collateralized by Immovable Property – Energy Efficiency of the Collateral

The table shows energy efficiency measured in terms of energy consumption (kWh/m²) and Energy Performance Certificate (EPC) labels.

Table 38: Template 2 – Banking book - Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount amount (in MEUR)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
	Counterparty sector		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated (%)
1	Total EU area	652,373	125,890	67,851	31,514	6,165	15,284	11,562	27,984	32,065	38,072	24,957	9,996	2,361	1,890	515,049	23.5%
2	Of which Loans collateralised by commercial immovable property	351,867	58,424	19,541	10,465	441	5,309	8,909	14,124	2,800	15,320	7,110	1,207	0	0	311,307	20.1%
3	Of which Loans collateralised by residential immovable property	276,262	67,466	36,875	21,050	3,108	1,150	1,286	13,860	29,265	22,752	17,846	8,789	2,361	1,890	179,499	19.0%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	24,243	0	11,434	0	2,617	8,825	1,368								24,243	100%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	96,541	53,143	26,449	14,514	933	0	1,500								96,541	100%
6	Total non-EU area	1,521,970	571,829	111,673	342,543	58,578	54,930	327,752								1,521,970	96.4%
7	Of which Loans collateralised by commercial immovable property	1,095,839	326,860	32,593	273,272	36,479	54,930	327,752								1,095,839	96.0%
8	Of which Loans collateralised by residential immovable property	415,473	244,968	79,080	69,271	22,099	0	0								415,473	100%
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	10,659	0	0	0	0	0	0								10,659	0%
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	1,467,462	571,987	111,673	342,543	58,578	54,930	327,752								1,467,462	100%

Currently data on EPCs (or Energy passports in Serbia) are very limited. In AikBank's portfolio no data on Energy passports is available.

The data in the table above are populated on the best effort basis, using mostly estimated EPCs based on collateral and external local data base.

Gorenjska banka made significant progress in terms of obtaining EPC data. Gorenjska banka also made an effort to develop internal model for estimation of the EPC grade/rating. Following the methodology for internal Arvio EE model, the proxy has been prepared by external provider with certification of model.

Template 3 - Banking Book – Indicators of Potential Climate Change Transition Risk: Alignment Metrics

Table 39: Template 3 – Banking book – Indicators of potential climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (000 EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	Please refer to the list below*	*257,168*	*kg CO2 / MWh*	*n/a*	*n/a*	*n/a*
2	Fossil fuel combustion		*168,821*	*kg CO2e/GJ*	*n/a*	*n/a*	*n/a*
3	Automotive		*21,596*	*g CO2/km*	*n/a*	*n/a*	*n/a*
4	Aviation		*17,787*	*g CO2/ km*	*n/a*	*n/a*	*n/a*
5	Maritime transport		*29,207*	*g CO2/tkm*	*n/a*	*n/a*	*n/a*
6	Cement, clinker and lime production		9,783	*t CO2/ t*	*n/a*	*n/a*	*n/a*
7	Iron and steel, coke, and metal ore production		*146,996*	*t CO2/ t*	*n/a*	*n/a*	*n/a*
8	Chemicals		*0*	*t CO2/ t*	*n/a*	*n/a*	*n/a*
9	… potential additions relavant to the business model of the institution		*0*		*n/a*	*n/a*	*n/a*

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

The table shows the total balance sheet gross exposure for each sector. The Group is on its way to setting up a decarbonization strategy, as explained in the Environmental Risk section. List of NACE sectors and alignment metrics are present in Pillar 3 accompanying documents providing guidance for compilation and not of relevance for disclosure, therefore not additionally inserted in this document. (points marked with * and **)

Template 4 - Banking Book – Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms

The Group used publicly available information in Carbon Majors Database Launch Report published in April 2024. Carbon Majors is a database of historic production data from 122 of the world's largest oil, gas, coal, and cement producers. The Group identified 1 client in the scope.

Table 40: Template 4 – Banking book – Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms

	a	b	c	d	e
	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
1	118,113	1.39%	0	3.9	1

** For counterparties among the top 20 carbon emitting companies in the world*

Template 5 - Banking Book – Indicators of Potential Climate Change Physical Risk: Exposures Subject to Physical Risk

The Group includes in this template information on exposures in the banking book, including loans and advances, debt securities and equity instruments not held-for-trading and not held-for-sale, towards non-financial corporates, on loans collateralized with immovable property and on repossessed real estate collaterals. The exposure towards chronic and acute climate-related hazards, with a breakdown by sector of economic activity (NACE classification) and by geography of location of the activity of the counterparty or of the collateral (mainly relate to Serbia and Slovenia), for those sectors and geographical areas subject to climate change acute and chronic events is presented as well.

For the identification of geographies prone to specific climate-related hazards, the Group used information gathered during the materiality assessment analysis of the estimated physical risk drivers. For that purpose, the Group consulted available physical risk databases that provide forward-looking view, per geographical region. The list of data sources consulted in the process of estimation of risk drivers consists of the following):

- **Thinkhazard** - Main source of estimations of physical risks, with forward looking perspective at the level of county in Serbia, region in Slovenia and county in Croatia (Thinkhazard.com).
- **Serbian Geodetic Institute** - It is a local disaster risk register managed by Serbian geodetic institute (supported by EU and UNDP). It does not provide forward-looking estimations, but only historical data (https://drr.geosrbija.rs/drr/home).
- **Ministry of defense** and **Ministry for environment, climate and energy of the Republic of Slovenia** - Apart form Thinkhazard projections, for Slovenia were consulted also data provided by Ministry of defense and Ministry of environment, climate and energy. A significant drawback of these data is the fact that maps are prepared back in 2015 and 2016. Data might be perceived as obsolete (https://www.gov.si/en/state-authorities/ministries/ministry-of-defence, https://www.gov.si/en/state-authorities/ministries/ministry-of-the-environment-climate-and-energy).
- **EU Copernicus Climate Change Service, Hrvatske šume and Hrvatske vode** - based on the existing satellite tracking methodology utilized in the EU Copernicus Climate Change program and existing maps provided by relevant government entities (https://climate.copernicus.eu, https://www.hrsume.hr, https://voda.hr/hr).
- **Direction of the Republic of Slovenia for Water** (Hydrological and hydraulic studies/models) - The hazard level of the risk area is shown by the map of flood and erosion hazard classes. These maps are prepared based on hydrological-hydraulic studies and carried out with accurate hydrological and hydraulic models. Also, they determine the conditions and limitations for the implementation of interventions in space and for the implementation of activities in areas at risk of floods and associated erosion.

  (https://geohub.gov.si/portal/home/item.html?id=e3d3aa753dc94dc98cbe4625bd2346e2)
- **Slovenian Institute for Forest** and **Geohazard** provide details about the exposure to the wild forest fires and landslides. (http://prostor.zgs.gov.si/pregledovalnik)

Eligibility criteria for exposures sensitive to chronic and acute climate change events, or both, are established through the combination of the aforementioned information. Based on the score for each geography and risk driver—where 1 represents very low risk, 2 low risk, 3 medium risk, and 4 high risks — the Group has mapped the sensitivities of its exposures to chronic, acute, or both types of climate change events.

Table 41: Template 5 – Banking Book – Indicators of Potential Climate Change Physical Risk: Exposures Subject to Physical Risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	SERBIA	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	76,306	19,225	3,141	0	0	2.6	0	0	22,366	5,403	452	-786	-462	-215
2	B - Mining and quarrying	123,280	626	67	0	0	3.5	0	0	693	256	0	-40	-37	0
3	C - Manufacturing	492,362	263,380	33,023	9,327	0	3.2	0	0	305,731	77,179	12,281	-12,735	-3,993	-6,048
4	D - Electricity, gas, steam and air conditioning supply	216,546	13,479	4,106	44,522	0	9.6	0	2,577	59,530	3,784	0	-1,659	-477	0
5	E - Water supply; sewerage, waste management and remediation activities	9,341	395	0	0	0	1.6	0	0	395	0	0	-1	0	0
6	F - Construction	225,334	70,992	27,418	5,789	0	3.2	0	0	104,199	4,898	1,973	-4,434	-504	-1,455
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	542,109	220,265	25,800	2,432	0	2.5	0	330	248,167	13,298	7,317	-3,995	-307	-2,239
8	H - Transportation and storage	169,511	8,029	22,627	0	0	6.1	0	0	30,655	3,456	57	-379	-117	-20
9	L - Real estate activities	251,372	35,590	68,814	131,426	0	9.4	0	0	235,829	53,188	114	-3,271	-2,205	-28
10	Loans collateralised by residential immovable property	412,181	68,338	65,148	156,844	121,850	15.0	0	1,726	410,455	22,198	12,812	-7,552	-833	-5,137
11	Loans collateralised by commercial immovable	1,067,549	663,310	188,714	213,781	1,744	5.1	0	3,065	1,064,484	163,907	25,527	-29,172	-7,976	-11,668
12	Repossessed colalterals	10,659	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	502,151	78,270	25,972	17,302	133	1.3	0	164	121,513	9,040	4,623	-9,422	-706	-6,799

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	SLOVENIA	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	1,794	268	64	0	0	4.1	0	332	0	16	0	0	0	0
2	B - Mining and quarrying	3,078	0	0	0	0	0.0	0	0	0	0	0	0	0	0
3	C - Manufacturing	260,467	52,625	43,077	109	0	4.1	0	53,146	42,664	7,994	8,516	-3,144	-131	-2,704
4	D - Electricity, gas, steam and air conditioning supply	14,306	2,715	1,318	0	0	3.3	0	1,746	2,287	680	1,943	-1	-1	0
5	E - Water supply; sewerage, waste management and remediation activities	10,420	275	3,465	0	0	7.4	0	0	3,741	0	0	-5	0	0
6	F - Construction	110,806	63,812	6,028	0	0	2.2	0	51,794	18,046	5,033	97	-448	-62	-40
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	109,467	20,993	12,043	0	0	4.3	0	12,585	20,150	12,210	400	-95	-35	-39
8	H - Transportation and storage	41,905	3,509	9,094	0	0	6.0	0	5,279	7,325	2,914	0	-100	-38	0
9	L - Real estate activities	53,890	19,488	23,093	6,199	0	6.2	0	31,669	17,111	12,671	0	-141	-41	0
10	Loans collateralised by residential immovable property	271,965	69,634	25,802	157,749	18,781	12.5	0	213,425	56,085	40,682	1,882	-1,802	-385	-931
11	Loans collateralised by commercial immovable	298,518	133,723	138,749	25,676	370	5.5	0	166,793	130,583	56,254	11,439	-4,075	-332	-2,878
12	Repossessed colalterals	24,243	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	226,690	35,989	49,322	22,287	0	2.4	0	72,141	35,458	34,680	1,323	-1,942	-410	-1,027

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	OTHER	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing							0	0	0	0	0	0	0	0
2	B - Mining and quarrying	1,376	1,376	0	0	0	3.7	0	0	1,376	1,376	0	-16	-16	0
3	C - Manufacturing	4,401	4,401	0	0	0	4.1	0	0	3,578	4,401	0	-39	-39	0
4	D - Electricity, gas, steam and air conditioning supply	0	0	0	0	0		0	0	0	0	0	0	0	0
5	E - Water supply; sewerage, waste management and remediation activities	0	0	0	0	0		0	0	0	0	0	0	0	0
6	F - Construction	12,607	5,734	6,564	310	0	3.4	0	0	4,962	6,564	0	-12	-2	0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,772	3,049	0	723	0	3.8	0	0	41	0	1,451	-73	0	0
8	H - Transportation and storage	5,286	3,518	925	842	0	5.7	0	0	4,303	4,303	941	-314	-7	-307
9	L - Real estate activities	32,631	29,147	3,484	0	0	2.8	0	0	29,959	1,364	0	-820	-2	0
10	Loans collateralised by residential immovable property	7,589	4,751	910	1,392	535	6.5	0	1,525	3,604	850	0	-26	-7	0
11	Loans collateralised by commercial immovable property	81,639	44,377	10,213	27,049	0	6.0	0	18	65,748	19,743	4,246	-2,307	-321	-956
12	Repossessed colalterals	0	0	0	0	0		0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	27,027	1,853	0	25,174	0	10.3	0	0	24,549	2,479	1,853	-1,060	-264	-649

Template 6 – Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures

The EU Taxonomy regulation which presents a classification system that defines criteria for economic activities that are aligned with the EU's environmental goals, requires credit institutions to report on their GAR as a key performance indicator (KPI). The GAR shows the proportion of the credit institution's assets that are financed and invested in taxonomy-aligned economic sectors in relation to total covered assets, excluding exposures to central governments, central banks and supranational issues. To fulfill the regulatory requirements relating to EBA Pillar III on ESG Risk and EU Taxonomy's Annex VI, the Group initiated data collection strategy with an overview of the necessary data perimeter for calculation of the GAR. The calculation of the portion of eligible / aligned exposures to Non-Financial Corporations subject to NFRD which constitute "general purpose" depends on the information about the % of eligibility and alignment of the Non-Financial counterparty to which the Group has the exposure. The calculation of the portion of eligible/aligned exposures to financial corporations is similar to the process described for Non-Financial Corporations, both for the general-purpose portion and for the specialized portion. The calculation of the portion of eligible/aligned exposures for loans on residential real estates or loans for the renovation of residential houses depends on the compliance of the immovable property with the technical screening criteria for buildings set out in Annex I, points 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7, of the Delegated Regulation (EU) 2021/2139. The calculation of the portion of eligible/aligned exposures associated with consumer credit for the purchase of motor vehicles depends on the vehicle's compliance with the technical screening criteria for "Transport by motorbikes, passenger cars and light commercial vehicles" set out in Annex I, point 6.5, of the Delegated Regulation (EU) 2021/2139.

There are several limiting factors related to GAR, and the most important relates to the fact that there is high non-EU share of business activities considering that largest part of the Group operates in Serbian market (64% of the Group's portfolio is coming from Serbia). This significantly restricts the Group of approaching companies that are subject to the NFRD.

The Group expects that data collection and analysis will continuously improve and will show results in the upcoming period. The Group will monitor all developments related to the EU Taxonomy Regulation and take them into account in its sustainability journey.

Template 6 provides a summary of the Green Asset Ratio (GAR) indicators presented in Templates 7 and 8, reflecting the alignment of the Group's assets with the climate change mitigation (CCM) and climate change adaptation (CCA) objectives, in line with the EU Taxonomy (Regulation EU 2020/852, Articles 10 and 11).

The indicators are presented at stock and flow level.

As at 31 December 2024, the Group's GAR is 0.07% of total assets (6.731 million EUR) and is mainly determined by exposures contributing to the climate change mitigation objective (whose GAR is 0.07%). Compared to 30 June 2024, where the Group's GAR was 0%, the improvement in the indicator is driven by the inclusion of collected data for Non-Financial Corporations subject to NFRD in Slovenia, with a total exposure of 48 million EUR of which CCM Taxonomy - aligned 4.7 million EUR.

Table 42: Template 6 – Summary of Key Performance Indicators (KPIs) on the Taxonomy-Aligned Exposures

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	0.07%	0.00%	0.07%	74.35%
GAR flow	0.07%	0.00%	0.07%	0.01%

Template 7 - Mitigating Actions: Assets for the Calculation of GAR

Total eligible assets are about 401 million EUR, with aligned assets totaling 4.7 million EUR. A more detailed breakdown is as follows:

- Non-Financial Corporations: Of the 47.9 million EUR in exposures within the GAR calculation scope, 6.1 million EUR are considered eligible, and 4.7 million EUR are aligned. The total Non-Financial Corporations portfolio amounts to 3,049 million EUR, of which 3,001 million EUR falls outside the GAR scope, as it relates to counterparties not subject to the NFRD.
- Households: The total portfolio within the GAR scope stands at 700 million EUR, with 395 million EUR considered eligible.
- The calculation excludes all exposures to financial and non-financial companies, as well as local government entities that are not subject to NFRD (which essentially means almost the entire exposure of the Group to legal entities), and a significant portion of the exposure to households.

Table 43: Template 7 – Mitigating Actions: Assets for the Calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
		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 specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional / adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	748,158	401,050	4,733	0	0	28	0	0	0	0	0	401,050	4,733	0	0	28
2	Financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Credit institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
12	of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
16	of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
20	Non-financial corporations (subject to NFRD disclosure obligations)	47,965	6,072	4,733	0	0	28	0	0	0	0	0	6,072	4,733	0	0	28
21	Loans and advances	43,146	6,072	4,733	0	0	28	0	0	0	0	0	6,072	4,733	0	0	28
22	Debt securities, including UoP	4,819	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Equity instruments	0	0	0		0	0	0	0		0	0	0	0		0	0
24	Households	700,192	394,978	0	0	0	0						394,978	0	0	0	0
25	of which loans collateralised by residential immovable property	394,978	394,978	0	0	0	0						394,978	0	0	0	0
26	of which building renovation loans	0	0	0	0	0	0						0	0	0	0	0
27	of which motor vehicle loans	305,214	0	0	0	0	0						0	0	0	0	0
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Collateral obtained by taking possession: residential and commercial immovable properties	40,342	40,342	0	0	0	0	0	0	0	0	0	40,342	0	0	0	0
32	TOTAL GAR ASSETS	788,500	441,392	4,733	0	0	28	0	0	0	0	0	441,392	4,733	0	0	28
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)	838,337															
34	Loans and advances	798,620															
35	Debt securities	7,051															
36	Equity instruments	32,666															
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	2,162,834															
38	Loans and advances	2,162,789															
39	Debt securities	0															
40	Equity instruments	45															
41	Derivatives	0															
42	On demand interbank loans	348,883															
43	Cash and cash-related assets	210,858															
44	Other assets (e.g. Goodwill, commodities etc.)	2,382,014															
45	TOTAL ASSETS IN THE DENOMINATOR (GAR)	6,731,426															
	Other assets excluded from both the numerator and denominator for GAR-calculation																
46	Sovereigns	880,621															
47	Central banks exposure	1,430,556															
48	Trading book	11,324															
49	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	2,322,502															
50	TOTAL ASSETS	9,053,927															

Template 8 - GAR (%)

Template 8 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 and flows in the second half 2024.

The table also shows the percentage of assets considered for the GAR calculation out of total assets.

The percentage of eligibility, on the stock, is 6.56%, the alignment 0.07%. Related to the specific portfolios:

- for Non-financial Corporations, at the stock level, the percentage of portfolio eligible for GAR calculation is 0.09%, with an alignment percentage of 0.07%;
- for Households, at the stock level, the percentage of the portfolio eligible for GAR calculation is 5.78%.

Table 44: Template 8 – GAR (%)

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		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					Of which environmentally					Of which environmentally				
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialized lending	Of which transitional/adaptation	Of which enabling	
1	GAR	6.56%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.56%	0.07%	0.00%	0.00%	0.00%	74.35%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.96%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.96%	0.07%	0.00%	0.00%	0.00%	8.26%
3	Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Non-financial corporations subject to NFRD disclosure obligations	0.09%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.07%	0.00%	0.00%	0.00%	0.53%
10	Households	5.87%	0.00%	0.00%	0.00%	0.00%						5.87%	0.00%	0.00%	0.00%	0.00%	7.73%
11	of which loans collateralised by residential immovable property	5.87%	0.00%	0.00%	0.00%	0.00%						5.87%	0.00%	0.00%	0.00%	0.00%	4.36%
12	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	3.37%
14	Local government financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Other local governments financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.60%	0.00%	0.00%	0.00%	0.00%						0.60%	0.00%	0.00%	0.00%	0.00%	0.45%

	% (compared to total covered assets in the denominator)	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		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					Of which environmentally					Of which environmentally				
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialized lending	Of which transitional/adaptation	Of which enabling	
1	GAR	0.04%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.07%	0.00%	0.00%	0.00%	0.01%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.33%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.33%	0.07%	0.00%	0.00%	0.00%	3.69%
3	Financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Non-financial corporations subject to NFRD disclosure obligations	0.09%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%	0.00%	0.00%	0.00%	0.21%
10	Households	0.24%	0.00%	0.00%	0.00%	0.00%						0.24%	0.00%	0.00%	0.00%	0.00%	3.55%
11	of which loans collateralised by residential immovable property	0.24%	0.00%	0.00%	0.00%	0.00%						0.24%	0.00%	0.00%	0.00%	0.00%	0.18%
12	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.07%	0.00%	0.00%	0.00%	0.00%
13	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	3.37%
14	Local government financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Other local governments financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Collateral obtained by taking possession: residential and commercial immovable properties	-0.29%	0.00%	0.00%	0.00%	0.00%						-0.29%	0.00%	0.00%	0.00%	0.00%	-0.22%

Template 9 - Banking Book Taxonomy Alignment Ratio (BTAR)

In line with the provisions of Regulation (EU) 2022/2453, the disclosure of the Banking Book Taxonomy Alignment Ratio (BTAR), as outlined in templates 9.1, 9.2, and 9.3, remains optional. Institutions are allowed to apply a best-effort approach based on available and reliable data. This flexibility acknowledges the significant challenges institutions may face in sourcing, verifying, and aligning data with the EU Taxonomy, especially in the initial implementation phase.

Given these considerations, AikGroup, operating in the limited markets of Serbia and Slovenia, has opted not to publish BTAR disclosures for the 2024 reporting period. This decision is based on:

- The voluntary nature of the BTAR disclosure under the current regulatory framework;
- The limited availability of Taxonomy-aligned data from counterparties within our regional markets, where reporting practices and infrastructure for ESG metrics are still developing;
- The risk that relying heavily on estimates could lead to incomplete or potentially misleading disclosures.

We emphasize that this decision does not reflect a lack of commitment to sustainable finance but rather a pragmatic and transparent approach to ESG reporting. AikGroup continues to strengthen internal capabilities and engage with counterparties to improve data quality and availability, with the goal of enhancing future alignment and disclosures in line with evolving regulatory expectations.

Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy

As described under Environmental risk part, there is internal green financing definition, which is aligned with Grean Loan Principles (GLP) published by Loan Market Association (LMA).

Table 45: Template 10 – Other climate change mitigating actions that are not covered in the EU Taxonomy – representation by entity

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (000 EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			Described under Environmental risk part
2		Non-financial corporations	0			
3		Of which Loans collateralised by commercial immovable property	0			
4		Households	0			
5		Of which Loans collateralised by residential immovable property	0			
6		Of which building renovation loans	0			
7		Other counterparties	20,941	Y	N	
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			
9		Non-financial corporations	0			
10		Of which Loans collateralised by commercial immovable property	177,556	Y	N	
11		Households	77,318	Y	N	
12		Of which Loans collateralised by residential immovable property	41,857	Y	N	
13		Of which building renovation loans	0			
14		Other counterparties	0			

Gorenjska banka

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (000 EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			Described under Environmental risk part
2		Non-financial corporations	0			
3		Of which Loans collateralised by commercial immovable property	0			
4		Households	0			
5		Of which Loans collateralised by residential immovable property	0			
6		Of which building renovation loans	0			
7		Other counterparties	20,941	Y	N	
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			
9		Non-financial corporations	87,166	Y	N	
10		Of which Loans collateralised by commercial immovable property	8,079	Y	N	
11		Households	41,857	Y	N	
12		Of which Loans collateralised by residential immovable property	0			
13		Of which building renovation loans	0			
14		Other counterparties	0			

AikBank

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (000 EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			Described under Environmental risk part
2		Non-financial corporations	0			
3		Of which Loans collateralised by commercial immovable property	0			
4		Households	0			
5		Of which Loans collateralised by residential immovable property	0			
6		Of which building renovation loans	0			
7		Other counterparties	0			
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			
9		Non-financial corporations	53,958	Y	N	
10		Of which Loans collateralised by commercial immovable property	35,252	Y	N	
11		Households	0			
12		Of which Loans collateralised by residential immovable property	0			
13		Of which building renovation loans	0			
14		Other counterparties	0			

Eurobank Direktna

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (000 EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			Described under Environmental risk part
2		Non-financial corporations	0			
3		Of which Loans collateralised by commercial immovable property	0			
4		Households	0			
5		Of which Loans collateralised by residential immovable property	0			
6		Of which building renovation loans	0			
7		Other counterparties	0			
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0			
9		Non-financial corporations	36,433	Y	N	
10		Of which Loans collateralised by commercial immovable property	33,987	Y	N	
11		Households	0			
12		Of which Loans collateralised by residential immovable property	0			
13		Of which building renovation loans	0			
14		Other counterparties	0			

16 REMUNERATION POLICY

(Article 450 a, b, c, d, e, f, g, l, i, j of the CRR Regulation)

This section discloses information, as required in Article 450 of Regulation (EU) No. 575/2013. The Remuneration Policy, including information regarding the criteria used for the measurement of performance and risk adjustment, is presented on a group level.

The Group has had a Group Remuneration Policy for the purpose of implementing sound remuneration practices which promote both achievement of the Group goals as well as prudent approach to risk management in place since 2018. Based on the amendments to Group Remuneration Policy at the end of 2023, the new incentive scheme for identified staff members was implemented with January 1, 2024. Additionally, during 2024 the Group Remuneration Policy was amended with Commercial Incentive Plan Framework and Guideline on non-monetary recognition program. The Group Remuneration Policy has been assessed according to the risk appetite of the Group and in compliance with the regulatory requirements by respective management bodies. The Board of Directors, Remuneration and other Committees (where applicable), work closely together and ensure that the Group Remuneration Policy is consistent with and promotes sound and effective risk management. Similar approvals take place on a local level by the relevant management bodies in subsidiaries. A central and independent review of the compliance with the regulation, other group policies, procedures and internal rules is performed by Group Internal Audit Function on a group level.

At the Group level, the management body in its management function is responsible for ensuring that the variable remuneration framework adheres to principles of prudent and effective risk management. Specifically, it ensures that the variable remuneration is (i) compatible with effective and wise risk management and does not encourage risk taking that surpasses the level that is acceptable for the Group, (ii) properly takes into account all types of risks, liquidity and capital levels, (iii) is consistent with and promotes sound and effective risk management, (iv) is in line with the business strategy, objectives, corporate culture and values and the long-term interest of the Group. It also performs annual performance assessment for the direct subordinates within the area of responsibilities. In addition, the management body ensures that all variable remuneration awards are aligned with the overall performance outcomes for the relevant period and are adjusted as necessary to reflect actual results. This includes the application of malus and clawback arrangements where appropriate, thereby reinforcing accountability and alignment with sustainable performance.

At the Group level, the management body in its supervisory function holds overall responsibility for the governance and oversight of remuneration. This includes: (i) adopting and maintaining the Group Remuneration Policy, (ii) overseeing its consistent implementation across the Group, (iii) ensuring that the remuneration policies and practices are properly applied and fully aligned with the overall corporate governance framework, corporate and risk culture, risk appetite and related governance processes (iv) ensuring the adequacy of the information provided to shareholders on remuneration policies and practices in particular on a higher maximum level of the ratio between fixed and variable remuneration. Furthermore, it determines and oversees the remuneration of the members of the management body in its management function.

The Remuneration Committee, acting under the management body in its supervisory function, has full access to all relevant data and information related to the decision-making process of the management body in its supervisory function on the remuneration policies and practices, design and implementation, oversight, and review. This includes also all information and data from independent control functions, including risk management. The Remuneration Committee works closely together with the Risk Committee to ensure that the Remuneration Policy is consistent with and promotes sound and effective risk management and does not incentivize excessive or inappropriate risk-taking.

Group HR & Organization function holds primary responsibility for the development and the evaluation of the Group Remuneration Policy. This includes defining the overall remuneration structure, ensuring gender neutrality, setting appropriate remuneration levels and designing incentive schemes. The Group Remuneration Policy is designed not only to attract and retain the talent required by the Group, but also to ensure that the remuneration practices are aligned with the institution's risk profile.

Group Risk and Group Compliance functions work closely together with Group HR & Organization function to ensure appropriate implementation and alignment of Group Remuneration Policy. Their role includes verifying that the policy is aligned with the Group's risk profile and culture, and that it incorporates risk-adjusted performance measures, including ex-ante and ex-post adjustments. These functions are also responsible for validating and assessing risk adjustment data and ensuring full compliance with applicable regulatory requirements.

Throughout the Group, relevant functions across the Group maintain structured interaction and exchange information as appropriate, to ensure consistency and effective coordination in the implementation and oversight of remuneration practices.

The Group complies with the Group Remuneration Policy on an individual, sub-consolidated and consolidated basis, including its subsidiaries not subject to Directive 2013/36/EU. Local policies follow to the maximum extent permitted under applicable local law the principles and rules set out in Group Remuneration Policy. Where relevant, local entities may apply the principle of proportionality in accordance with their specific regulatory and operational context. Group Remuneration Policy establishes a uniform remuneration framework in order to achieve group wide consistency of the remuneration systems with the business and risk strategy of the Group. As an integral component of the Group governance framework, the policy is developed in accordance with the Group's operational model, business strategy, objectives, long-term interests and incorporates measures to avoid conflict of interest.

Group Remuneration Policy specifies all components of remuneration. It ensures that the payments made do not provide any incentive for excessive risk taking. It promotes sound and effective risk management and is consistent with the objectives of the Group business and risk strategy, corporate culture and values, risk culture, including environmental, social and governance risk factors, long-term interests of the Group and the measures used to avoid conflict of interest and should not encourage excessive risk-taking on behalf of the Group or any of its members.

Group Remuneration Policy is a central element for the implementation of the remuneration systems within the Group. The objectives of the Policy are, among others, (i) to ensure that the remuneration across the Group is in line with the applicable regulations on remuneration; (ii) to set out the principles governing the Group remuneration systems and to build an overall framework on remuneration; (iii) to align the remuneration systems within the Group with the objectives set out in the business and risk strategy of the Group; (iv) to bring consistency, transparency, and equity to pay principles that will increase trust and staff's engagement; (v) to set out remuneration system that promotes motivation and achieving the best possible business results with appropriate risk management; (vi) to provide an environment that encourage innovation and extraordinary performance; (vii) to attract, retain, and motivate highly skilled individuals in a competitive international market; (viii) to provide an effective framework for performance measurement, risk adjustment and the linkages of performance to reward and (ix) to align the financial wellbeing of staff members with the economic interest of shareholder. The Group Remuneration Policy is transparent, known in advance, appropriately documented and internally published.

Group Remuneration Policy is gender neutral for all staff and consistent with the principle of equal pay for male and female workers for equal work or work of equal value independent of their gender. The principle of gender equality of remuneration policies relates to all terms of employment and considers the underrepresented gender as well. The principle ensures equal opportunities and equal treatment of different genders with regard to the performance of professional activities in matters of employment and occupation. A gender-neutral remuneration policy is not limited to equal pay for equal work or work of equal value, as the principle is also considered in the development and implementation of staffing policies (recruitment, development and legacy, key staff, remuneration, promotion, training etc.), as this ensures gender neutral pay in the longer run.

Group Remuneration Policy in line with EBA Guidelines on sound remuneration distinguishes between the fixed and variable remuneration components. The fixed remuneration reflects the staff's professional experience and organizational responsibility taking into account the level of education required to fulfill the position, the degree of seniority, the level of expertise and skills, the constraints (e.g., social, economic, cultural or other relevant factors) and job experience, the relevant business activity and remuneration level of the geographical location. The amount of fixed remuneration is sufficiently high in order to ensure that the reduction of the variable remuneration down to zero is possible. The Group conforms to the general principle that staff must not be dependent on the award of variable remuneration as this might otherwise create incentives for short-term-oriented excessive risk taking, including the mis-selling of products, where without such a short-term risk taking the performance of the entity or staff would not allow for the award of variable remuneration. Yet the ratios between fixed and variable components of remuneration are balanced so that it still effectively encourages staff members to achieve or exceed planned results. The members of the management body in its supervisory function only receive fixed remuneration.

In addition to the fixed remuneration, the staff may also be entitled to variable remuneration in accordance with the provisions in their individual employment contracts, incentive schemes as defined by the Group Remuneration Policy, remuneration policy of the respective subsidiary and in line with local legislation. In principle, variable remuneration is determined on the basis of the performance assessment of achieving the business performance of the respective Group member, as well as of the organizational unit and individual goals measured and assessed in accordance with internal acts of the respective Group member. In general, the variable part of the remuneration has to reflect the sustainable and risk-based success that is higher than the average expected success, reflected in the fixed part of the remuneration. Generally, performance assessment is carried out once a year, or in different period of time if thus determined by respective Group member. Group Remuneration Policy supports the Group in achieving and maintaining a target capital base. Variable remunerations are only paid or become payable if they are sustainable in terms of each Group member's financial state and if they are justified by the success of the respective Group member, the organizational unit, and the individual staff member.

Additional rules which regulate the remuneration of identified staff members are set by the Group Remuneration Policy for identified staff members. In general, maximum ratio 1 (fixed remuneration) : 1 (variable remuneration) is set for identified staff members. Specific ratios between the fixed and variable remuneration components for identified staff in the specific functions (especially for control functions) can be significantly lower, based on the incentive scheme for a specific role. Identified staff members are segmented based on two factors, job value and job role. Job value is determined using the globally accepted Korn Ferry Hay Group Guide Chart-Profile Method of Job Evaluation℠. Each identified staff member is allocated to the correspondent reference level. All identified staff members are segmented, in three types of job roles, aligned with the nature and scope of their work, and organizational strategy: (i) CEO, Commercial, and IT & Digitalization roles; (ii) Control roles; and (iii) Support roles.

Performance-based annual incentive scheme for identified staff members is structured around target incentive level as defined for each job role of an identified staff member and five components which affect it in a multiplicative manner: (i) Trigger; (ii) Core metric (multiplier 1); (iii); Institution (entity) performance (multiplier 2), (iv) Functional performance (multiplier 3), and (v) Individual hurdle/kicker.

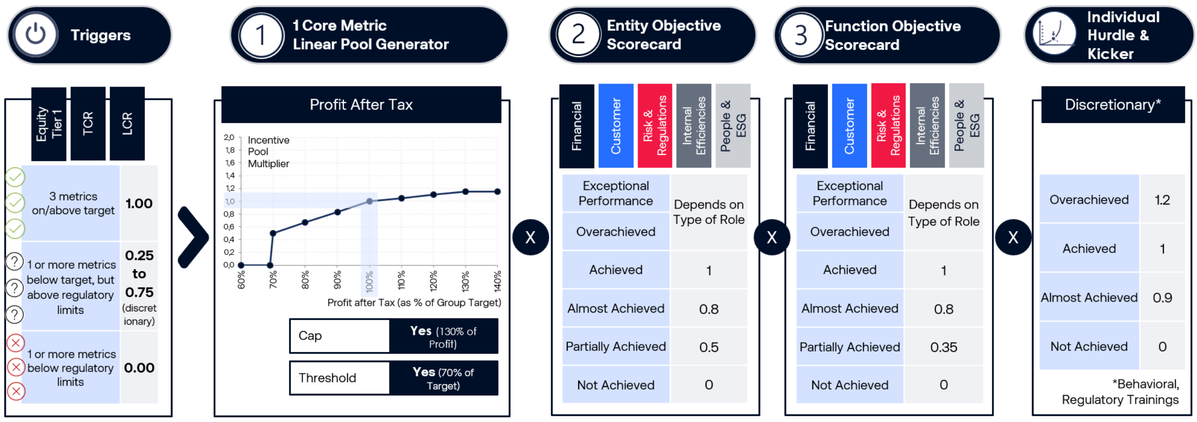


Figure 7: Performance-based annual incentive scheme for identified staff

The performance-based annual incentive scheme for identified staff members is unlocked based on the performance of three risk-related triggers, upon meeting predefined and specific levels.

Core metric, as pool generator, depends on the target profitability achievement. More specifically, deviations on achievement of targeted Profit After Tax affect the final outcome of the total available bonus pool, which is subject to any necessary risk adjustments as defined in Group Remuneration Policy. Entity Performance represents overall achievement of objectives set in Group member's (entity) scorecard and affects the final outcome of the multiplier. Functional Performance represents overall achievement of team and individual objectives set in functional scorecard and affects the final outcome of the multiplier. The final component is considered partially discretionary and is evaluated based on behavioral indicators, such as: general and leadership competencies, mandatory trainings completion, existence of disciplinary procedures, etc.

The target incentive level for each job role of identified staff is defined by job nature and job value, which is evaluated through job evaluation methodology. The target incentive level is expressed as a percentage of the annual basic fixed salary of each individual identified staff member. The target incentive level increases with job value and job nature.

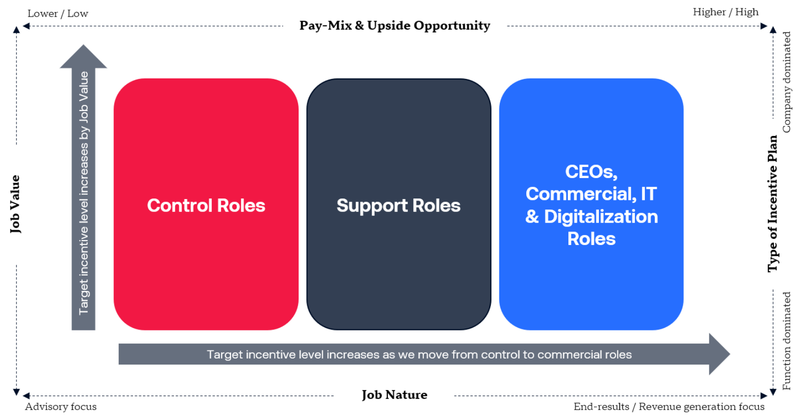


Figure 8: Target incentive level

The risk adjustment and malus/clawback can affect the final payout amount. Maximum ratio between the fixed and variable remuneration components, which is set at 1 : 1 is always respected.

The objective scorecards are updated annually, both for institutions and identified staff members. The majority of objectives for the identified staff are directly or indirectly linked to the Group member's objectives in order to align with the overall strategy. The scorecards include both quantitative and qualitative objectives as well as team (shared) and individual objectives. Each objective's performance is measured on a 4 or 6 scale with a point score i.e., not achieved (0) / partially achieved (1) / almost achieved (2) / achieved (3) / overachieved (4) / and exceptional performance (5). Performance objectives are clustered into five types (i) Financial; (ii) Customer; (iii) Risk & Regulations; (iv) Internal Efficiencies; and (v) People & ESG. Financial and Customer related aspects/perspectives are not applicable for control roles.

The award process and payout process are governed by the Group Remuneration Policy. Group members include the impact of variable remuneration (both upfront and deferred amounts) in their capital and liquidity planning and in their overall internal capital and liquidity adequacy assessment process. They ensure that the award, pay out and vesting of variable remuneration, including the application of malus and clawback arrangements, under their local remuneration policy is not detrimental to maintaining a sound capital and liquidity base in line with the risk appetite framework. The total variable remuneration awarded also considers the interests of shareholders and other stakeholders.

In accordance with the Group Remuneration Policy, the management body and the Remuneration Committee (in cooperation with other relevant committees where applicable) assess performance outcomes and the need for ex post risk adjustments, including malus and clawback measures. They are authorized to consider any relevant factors when assessing the need for variable remuneration adjustments, including breaches of laws or internal rules, failure to meet suitability standards, or actions leading to significant losses for the Group or its members.

When awarded total variable remuneration components exceed 50,000 EUR gross or represent more than one third of the respective identified staff's total annual remuneration, according to the Group Remuneration Policy, the total variable remuneration determined is paid in the following way:

- Of the first 60% of the amount, half is paid in cash after the Annual Report has been approved, whereas the second half is paid in instruments.
- The remaining 40% of the amount is deferred and paid on a "pro rata" basis, which means that of the remaining 40% of the amount, 20% of said amount is paid annually in the next 5 years (with half of that amount paid in cash and half in instruments). The last 20% of the amount is paid after 5 years.

Severance payment is generally prescribed by the local legislation or defined in the national industry specific collective agreement or subsidiary's collective agreement. Severance payment according to the Group Remuneration Policy cannot provide a disproportionate reward but provides appropriate compensation to the staff member in case of early termination of the contract. Severance payment does not reward failure or misconduct. In general, the amount that can be awarded as severance pay and agreed upfront in the employment contract of identified staff members may equal up to 12 salaries, unless it is otherwise stipulated in the local legislation, national industry specific collective agreement, or Group member's collective agreement and except in cases stipulated in paragraph 167 of EBA/GL/2021/04.

Guaranteed variable remuneration is exceptional and can only be guaranteed if the Group member has a sound and strong capital base. Single identified staff member can be awarded with guaranteed variable remuneration only once and this applies at a consolidated and sub-consolidated level and includes situations where identified staff member receives a new contract from the same Group member or another Group member within the scope of prudential consolidation. The awarded amount of guaranteed variable remuneration is not included in the calculation of the ratio between the fixed and variable components of the total remuneration for the first performance period, where the guaranteed variable remuneration is awarded when hiring new identified staff member before the first performance period starts.

The Group effectively manages conflicts of interest by established system for the identification of conflicts of interest, which covers the criteria for identifying the circumstances that lead to or may lead to conflicts of interest as well as identification of conflicts of interests, and a system for the prevention of the occurrence of conflicts of interest including the determination of procedures and measures to manage the conflicts of interest. The Group takes organizational and other measures contained in its internal documents or implements guidelines to prevent or avoid conflicts of interest.

Remuneration Committee

The Remuneration Committee on a group level is set up on a solo entity base. It is a committee of the management body in its supervisory function. The Remuneration Committee:

- Is responsible for the preparation of decisions on remuneration to be taken by the management body in its supervisory function, in particular regarding the remuneration of the members of the management body in its management function.
- Provides its support and advice to the management body in its supervisory function on the design of the remuneration policy, including that such remuneration policy is gender neutral and supports the equal treatment of staff of different genders.
- Supports the management body in its supervisory function in overseeing the remuneration policies, practices and processes and compliance with the remuneration policy.
- Checks whether the existing remuneration policy is still up to date and, if necessary, makes proposals for changes.
- Reviews the appointment of external remuneration consultants that the management body in its supervisory function may decide to engage for advice or support.
- Ensures the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration.
- Assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values, risk culture and long-term interest of the Group.
- Assess the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements.
- Reviews possible scenarios to test how the remuneration policies and practices react to external and internal events, and back-tests the criteria used for determining the award and the ex-ante risk adjustment based on the actual risk outcomes.
- Directly oversees the remuneration of the senior managers in the independent control functions.

- Ensures the proper involvement of the independent control function and other relevant functions (e.g., human resources) within the respective areas of expertise and, where necessary, seeks external advice.
- Collaborates with other Committees of the management body in its supervisory function whose activities may have an impact on the design and proper functioning of remuneration practices.

During 2024, the Remuneration Committee held three meetings, during which it exercised its oversight responsibilities. The Remuneration Committee focused on several key areas related to the design, implementation, and review of the Group's remuneration framework. Key topics discussed during the year included: (i) Scorecards for performance year 2024: The Committee reviewed scorecards for Group members, including those on entity level and their management bodies in its management function; (ii) Identification of material risk takers (identified staff): The Committee evaluated the results of the identification process for staff members whose professional activities have a material impact on the Group's risk profile for both 2023 and 2024; (iii) Performance Bonuses for the performance year 2023: The Committee reviewed and assessed performance outcomes and considered the application of risk adjustments to variable remuneration, where appropriate; (iv) Group Remuneration Policy amendments: Updates to the policy were discussed, including the introduction and further development of a non-monetary recognition program, and a group-wide commercial incentive plan; (v) Results of gender pay gap analysis.

The Remuneration Committee is composed of three members: the Chairman, Vice-Chairman, and one Committee member. Throughout 2024, neither the Committee nor the management body in its supervisory function engaged any external consultants in the course of their work.

Annual self-assessment (description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile)

Annual self-assessment is conducted on an individual, sub-consolidated and consolidated basis in order to identify all staff whose professional activities have or may have a material impact on the institution's risk profile on individual, sub-consolidated and consolidated level. The identification process is part of the overall remuneration policy. The annual self-assessment is based on the qualitative and quantitative criteria set out in Article 92(3) of Directive 2013/36/EU and Regulation (EU) 2021/923. The staff members that fall or are likely to fall under the Regulation (EU) 2021/923 are treated as staff whose professional activities have a material impact on the institution's risk profile for a period of at least three months in a financial year.

The annual self-assessment showed that, by considering criteria under the Directive 2013/36/EU and the Regulation (EU) 2021/923, the Group has identified all staff members whose professional activities have a material impact on the risk profile on individual and consolidated basis for year 2024. The self-assessment also shows that for year 2024 there was no exclusion of staff members in accordance with the regulation where the institution would deem that the quantitative criteria are not met by the staff member, as they in fact do not have a material impact on the institution's risk profile on an individual or consolidated basis.

The self-assessment for 2024 shows that on a consolidated basis there were 144 persons identified as staff members whose professional activities have a material impact on the institution's risk profile, out of these 12 staff members have been identified for the first time and 15 staff members have been identified as staff members whose professional activities have had a material impact on the institution's risk profile by more than one, or more than two Group members. To ensure full transparency, they are reported in REM tables according to their position where they carried out the predominant part of their business activities. Each subsidiary may disclose the payments to individual members of the management body in their Annual Report on a solo level in accordance with the local regulation.

Table 46: EU REM1 – Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	7	2	97	28
2		Total fixed remuneration	839.9	299.5	10,687.0	1,383.6
3		Of which: cash-based	826.5	290.4	10,231.7	1,367.4
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	13.4	9.2	455.3	16.2
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	-	1	96	20
10		Total variable remuneration	-	111.1	3,492.8	125.0
11		Of which: cash-based	-	55.6	3,021.3	125.0
12		Of which: deferred	-	22.2	211.3	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	353.9	-
EU-14b		Of which: deferred	-	-	154.1	-
EU-14x		Of which: other instruments	-	55.6	117.6	-
EU-14y		Of which: deferred	-	22.2	57.2	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	Total remuneration (2 + 10)		839.9	410.6	14,179.7	1,508.6

Table 47: EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	2	-
2	Guaranteed variable remuneration awards -Total amount	-	-	253.7	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	253.7	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	1	-
7	Severance payments awarded during the financial year - Total amount	-	-	18.9	-
8	Of which paid during the financial year	-	-	18.9	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	18.9	-

Table 48: EU REM3 – Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	-	-	-	-	-	-	-	-
8	Cash-based	-	-	-	-	-	-	-	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	84.8	-	84.8	-	-	-	-	-
14	Cash-based	42.4	-	42.4	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	42.4	-	42.4	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	-	-	-	-	-	-	-	-
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	84.8	-	84.8	-	-	-	-	-

Table 49: EU REM4 – Remuneration of 1 million EUR or more per year

		a
		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	0
3	2 000 000 to below 2 500 000	0
4	2 500 000 to below 3 000 000	0
5	3 000 000 to below 3 500 000	0
6	3 500 000 to below 4 000 000	0
7	4 000 000 to below 4 500 000	0
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	0
x	To be extended as appropriate, if further payment bands are needed.	0

Table 50: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										134
2	Of which: members of the MB	7	2	9							
3	Of which: other senior management				1	28	6	35	27	-	
4	Of which: other identified staff				-	1	-	1	14	12	
5	Total remuneration of identified staff	839.9	410.6	1,250.6	37.1	4,369.0	704.0	6,376.1	3,577.0	625.1	
6	Of which: variable remuneration	-	111.1	111.1	-	962.2	131.9	1,827.9	695.8	-	
7	Of which: fixed remuneration	839.9	299.5	1,139.5	37.1	3,406.9	572.1	4,548.2	2,881.2	625.1	

17 LEVERAGE

(Article 451 of the CRR Regulation)

The purpose of the leverage ratio is to limit the size of the Group balance sheet with a special emphasis on exposures not weighted as part of the existing calculations of capital requirements. The calculation of the leverage thus uses Tier 1 capital in the numerator, while in the denominator it uses the leverage exposure, including balance and off-balance-sheet items after performed adjustments, as part of which exposures from derivatives, exposures from securities financing transactions and other off-balance-sheet items are especially emphasized.

In accordance with Article 499(2) of the CRR, the Group decided to disclose the leverage ratio where the capital measure is Tier 1 capital.

As of December 31, 2024, the Group's leverage ratio is calculated according to guidelines of the Commission Delegated Regulation (EU) 2015/62 and is well above regulatory prescribed minimum of 3%.

To fulfil the obligations regarding the disclosure of information about the leverage, the Group used templates from the implementing regulation for the disclosure of the leverage ratio.

The Group regularly assesses the adequacy of the level of the leverage ratio indicator, simultaneously with the assessment of the level of the capital adequacy indicator and other indicators of adequate level of capital, at least on quarterly level. Besides the regulatory required calculation and reporting, leverage ratio is regularly monitored in Group Risk Report by management and supervisory BOD and Risk Committee, at least on quarterly level. The Group uses the leverage indicator in a set of indicators for systemic warnings as part of the Group's recovery plan made according to the provisions of Directive 2014/59/EU of the European Parliament, which also defines limit values of the level for activating mechanisms.

Table EU_LR1 provides reconciliation of AEC Group financial statements to the leverage ratio exposure as of December 31, 2023:

Table 51: EU-LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a
		Applicable amount
1	Total assets as per published financial statements	8,894,808
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(1,577)
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	(7,759)
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)	568,827
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) 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	(21,119)
13	Total exposure measure	9,433,182

Leverage Ratio amounts 11.25% well above regulatory minimum of 3%. Table EU LR2 shows breakdown of total leverage exposure measure into its main parts, as of December 31, 2024, and December 31, 2023:

Table 52: EU-LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		31.12.2024	31.12.2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	8,456,832	8,154,977
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 recognized as an asset		-
5	(General credit risk adjustments to on-balance sheet items)		-
6	(Asset amounts deducted in determining Tier 1 capital)	(25,614)	(39,146)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**8,431,218**	**8,115,831**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	-	-
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized 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 standardized approach	-	-
EU-9b	Exposure determined under Original Exposure Method	15,629	17,298
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**15,629**	**17,298**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	430,137	615,224
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**	**430,137**	**615,224**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	2,200,596	2,020,013
20	(Adjustments for conversion to credit equivalent amounts)	(1,644,399)	(1,478,166)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**556,198**	**541,847**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) 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): • Promotional loans granted by a public development credit institution • Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State • Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): • Promotional loans granted by a public development credit institution • Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State • Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-

		CRR leverage ratio exposures	
		31.12.2024	31.12.2023
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	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital**	1,062,275	1,027,314
24	**Total exposure measure**	**9,433,182**	**9,290,200**
Leverage ratio			
25	Leverage ratio	11.25%	11.06%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	11.25%	11.06%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.25%	11.06%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	-	-
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	N/A	N/A
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	267,658	784,136
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	430,137	615,224
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)	9,270,703	9,459,113
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)	9,270,703	9,459,113
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)	11.46%	10.86%
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)	11.46%	10.86%

Table EU LR 3 provides breakdown of on-balance sheet exposures, excluding derivatives, SFTs and exempted exposures, by exposure class as of December 31, 2024:

Table 53: EU-LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	8,456,833
EU-2	Trading book exposures	0.386
EU-3	Banking book exposures, of which:	8,456,832
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	1,621,775
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	5,350
EU-7	Institutions	546,378
EU-8	Secured by mortgages of immovable properties	684,236
EU-9	Retail exposures	2,036,609
EU-10	Corporates	2,285,224
EU-11	Exposures in default	82,686
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,194,576

Factors influencing the development of leverage

Leverage ratio reaches constantly high levels in 2023 and in 2024, well above regulatory (3%) and internally defined thresholds.

Impacts on change of leverage ratio on December 31, 2024, compared to December 31, 2023, are as follows:

- Own funds increased by 28 million EUR, and the main drivers are:
  - Increase of Accumulated other comprehensive income by 28 million EUR,
  - Increase of intangible assets by 13 million EUR,
  - Decrease of retained earnings by 6 million EUR,
  - Decrease of other elements by 7 million EUR.
- Risk position value increases by 143 million EUR, as a result of portfolio increase.

18 LIQUIDITY REQUIREMENTS

(Article 451a g, Article 435.1 of the CRR Regulation)

18.1 Liquidity Risk Management

Liquidity risk management within the Group is prescribed in the Group Framework on Liquidity Risk Management and Liquidity Stress Testing. This document sets out the basic principles and rules regarding liquidity risk management and liquidity stress testing process among members of a banking group where AikGroup (CY) Limited is a parent company.

Liquidity risk is organized in a way that responsibilities and roles are divided among different business and organizational units. The Group Board of Directors, encompassing both Supervisory and Management functions, is ultimately responsible for overseeing liquidity risk management. This includes making critical decisions on liquidity risk, setting guidelines, and defining criteria related to structure and income to ensure an adequate level of liquid assets. The Board also establishes key principles for the composition of liquidity and funding sources, approves and updates liquidity risk documents for both the Group and individual entities, and endorses the Liquidity Contingency Plan. Liquidity management activities are organized in line with the three lines of defense model. The first line of defense are business units, ALM and Treasury, responsible for compliance with risk appetite limits, monitoring market developments, counterbalancing capacity management, future cash flow projections and liquidity contingency plan. The second line of defense is Risk management and Compliance Unit. The risk management unit is in charge of the development of risk management framework, setting limits and strategies, and validation of activities conducted by business units. Compliance is in charge for reviewing and monitoring regulatory changes with which the Group is required to comply and checking the compliance with the regulatory expectations. Internal Audit presents third line of defense in liquidity risk management process. The responsibilities of Internal Audit are to monitor effectiveness of the Group's internal quality control and risk management system, general risk assessment of all aspects and creating of internal audit work plan, including open issues and areas with high risk identified in previous risk assessments/addressing shortcomings.

The liquidity risk management process on a solo level (i.e. credit institution subsidiary) is an integral part of the Group risk management system. It is aligned with the Group Strategy on Risk Management, regulatory requirements, international standards and best practices, while respecting the specifics of business activities and strategic goals. Subsidiaries are obliged to align with the Group process, but also with any regulatory requirements on local level, considering its size, nature, complexity and impact on risk exposure on the Group level. Group is conducting the Internal Liquidity Adequacy process, since it is key input to strategy and overall balance sheet management. ILAAP is an integral part of the bank's management process and decision-making culture which is achieved by capturing output from ILAAP process in the setting of risk limits, counterbalancing capacity and recovery options. Key ILAAP inputs are business strategy, risk identification, risk appetite, capital and financial plans. Business strategy is formed through a formal and rational decision-making process. The key stage of the process is an identification of material risks, including selection of key risk drivers in order to create a limit system. Limits have been articulated through the establishment of the Risk Appetite, where it is clearly defined to what extent the Group is willing to take risks (with regards to size, form and content of the balance sheet) and be able to continue operating by maintaining adequate counterbalancing capacity and stable funding by managing its risks effectively. Business strategy and risk appetite limits form basis for financial and capital plans which are prepared for the 3-year period. The key part of financial planning is to keep portfolio risks within limits.

The basic method of liquidity measurement involves estimating and comparing future cash inflows and outflows based on balance sheet and off-balance sheet items at different time intervals, with the aim of identifying potential shortfalls of liquid assets, both in the conditions of regular operations and in the conditions of stress events or liquidity crisis. The first stage for risk identification is the recognition of all the material current risks the Group is exposed to, and the future risks the Group could be exposed to.

Each credit institution subsidiary monitors indicators and limits defined in the Group RAS and reports to the GSRMF/MLRC Unit on those indicators. GSRMF/MLRC Unit calculates all liquidity risk indicators on Group level.

Policies for mitigating the liquidity risk is prescribed in Group Framework on Liquidity Risk Management and Liquidity Stress Testing and in line with Group Policy on Risk Management. Group Framework on Liquidity Contingency Plan prescribes obligation of each credit institution subsidiary to adopt LCP (liquidity contingency plan) on a solo level which sets out the measures for addressing liquidity difficulties under stressed circumstances. The LCP is expected to address the risks identified in the Group's ILAAP and to set out the relationship with Group Recovery plan through stress testing, liquidity risk indicators and recovery options. The LCP is triggered in the event of stress and measures are taken to improve the liquidity situation in accordance with the appropriate level of shock, while the Recovery Plan is triggered only in extreme situations where the Group's business is significantly threatened. The Critical Liquidity Situation defined by the LCP framework is differentiated in two levels - Liquidity Warning Situation (LWS) and Liquidity Emergency Situation (LES). LCP is activated when an indicator reaches an amber warning level (corresponds to LES) - whereas Recovery Plan is activated when an indicator reaches red warning level. LWS requires steps to be taken according to the LCP action plan. Warning levels can be set more conservative on subsidiary level if the analysis shows that more conservative limits would be appropriate. The LCPs on a solo level of each credit institution subsidiary are necessary tool for Group liquidity risk management and therefore they should reflect individual organizational structures and cross-border activities of each entity taking into consideration possible limitations and barriers on assistance provided by the other entities, members of the Group, in times of crisis.

Group liquidity stress testing is used for identification of liquidity risk, measuring and evaluating of liquidity position. It is not only a regulatory compliance exercise, a standalone process, but liquidity stress testing is integrated into the whole business activities, including strategic planning. Liquidity stress testing is actionable, with the results from stress testing analyses impacting decision making at the appropriate management level, including strategic business decisions of the board and senior management. Stress testing provides information about how the business model performs under the stressed conditions. In case of pure performance under stress, a rework of the business model and related strategic plan and budget may be required. Importantly, stress tests should feed into the liquidity planning process.

On solo entity level, subsidiaries conduct stress tests on a monthly basis in order to identify and measure exposure to liquidity risk in extraordinary circumstances, analyzing possible effects on cash flows and liquidity. GSRMF/MLRC Unit has the responsibility and authority for the designing, planning and implementation of liquidity stress tests.

The Bank's resilience to a liquidity shock is measured using the maturity ladder metric (EBA ITS COREP C66 template) that supports calculation of net liquidity position for every daily bucket. The focus is on banks' ability to handle hypothetical idiosyncratic liquidity shocks (adverse, extreme) in which bank face increasing liquidity outflows. Half-life stress functions were applied in distributing deposits, assuming that more deposits will be withdrawn in short term buckets and outflow curves will be sharper than in linear or compounding stress functions. The methodology of liquidity stress test model is assuming different days of deposit outflows per each different scenario and per different customer segment. Liquidity stress test is done in Total (for all currencies), and separately for each significant single currency on credit institution subsidiary and Group level.

Liquidity stress test consists of three forward-looking adverse scenarios (idiosyncratic, market-wide and combined), which consider the bank's material vulnerabilities, the business model and risk profile, as well as the external conditions. All scenarios have different intensity of stress effects. In particular, the scenarios assume negative deviations from the business plan in terms of higher outflows and lower inflows: withdrawal or no longer prolongation of big deposits, reduced inflow from big tickets due to prolongation or default of the loan because of reduced performance, reputational issues in subsidiaries resulting in an unexpected outflow of retail savings accounts, negative deviation from planned increase in deposits from legal entities due to either reputational issues or consequently a further deterioration in the geopolitical situation.

Survival horizon is liquidity risk indicator, resulting from liquidity stress test, under combined-adverse scenario. It is defined as a period during which the bank will be able to meet its obligations without necessity to generate additional funds in a stress scenario, taking into account the counterbalancing available at the moment of calculation. Survival horizon serves as a limit over stress scenario and is one of the indicators of economic perspective and included in RAS with the buffers above specified regulatory requirement, i.e. 45 days for threshold on the Group level.

One more perspective of monitoring liquidity risk is intraday. In intraday liquidity management the liquidity risk-bearing capacity is operationalized based on minimum level of available intraday liquidity at the beginning of each working day per each credit institution subsidiary. Methodology of estimating the minimum balance for Intraday liquidity management is prescribed in detailed in Group Procedure on Intraday Liquidity Management, according to the BCBS Monitoring tools for intraday liquidity management. Daily monitoring of the intraday liquidity position is performed on a continuous basis and reported about on the beginning of each working day. In case of uncertain circumstances monitoring is performed more frequently.

18.2 Qualitative information on LCR

Liquidity coverage ratio (LCR) was introduced by Basel Committee on Banking Supervision set standards. It entered into force with the Directive CRD IV and the CRR Regulation, in 2015. LCR is designed to ensure that banks have an adequate level of freely available high-quality liquid assets, which can be converted into cash very quickly and without significant costs, to fulfil its liabilities for the following 30-day period under a stringent, stressed situation on financial markets.

LCR as of December 31, 2024, calculated according to Article 451a(2) CRR, was 356.6%, significantly higher than regulatory prescribed minimum of 100%. Movements in LCR during 2024 were primarily driven by changes in the level of HQLA and the volume of reverse repo transactions conducted with the central bank at the subsidiaries operating in the Serbian market. These factors significantly influenced the overall LCR fluctuations.

Since tolerance for liquidity risk is low, this results in the long-term goal of providing a sufficient, stable and diverse funding base and compliance with relevant regulatory frameworks. According to the business model, most of the funds are in the form of non-banking sector deposits. Non-banking sector deposits provide a stable source of funding and limit reliance on the wholesale funding markets. The majority of those deposits are in the form of sight deposits that have no remaining maturity. Funding is monitored on a monthly basis through the “Concentration of funding by counterparty” indicator. It allows the identification of those sources of wholesale and retail funding of such significance that their withdrawal could trigger liquidity problems (share of top 10 largest deponents in total NBS deposits). Concentration of funding by counterparty is part of additional liquidity monitoring metrics under the CRR EBA. This way regulator can obtain a comprehensive view of bank’s liquidity risk profile, proportionate to the nature, scale and complexity of its activities.

Liquidity buffer is composed of cash, central bank balance (excluding obligatory reserve) and internally defined unencumbered high quality liquid assets which can be liquidated via repo or sale without significant value loss. Other unencumbered high liquid assets are other unencumbered securities and unencumbered ECB eligible credit claims maturing beyond 1 month. There must be no legal, regulatory or operational impediments to using these assets. On Group level, high quality liquid assets (HQLA) as of December 2024, in amount of 1,342.824 thousand EUR was held in Level 1 cash and central bank reserves and level 1 high quality securities.

There were no such exposures towards derivatives transactions with significant impact on LCR and there weren’t any collateral calls on this matter.

On Group level, LCR is calculated for EUR and RSD, recognized as significant currencies, 5% of total group liabilities excluding regulatory capital and off-balance sheet liabilities. According to the risk appetite statement there is a prescribed limit for LCR for all currencies (sum of all currencies). Table presented below presents the values and figures for each of the four calendar quarters (January-March, April-June, July-September, October-December) of 2024. Those values and figures as the simple averages of month-end observations over the twelve months preceding the end of each quarter.

18.3 Quantitative Information on LCR

Table 54: EU LIQ1 – Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	31.12. 2024	30.09. 2024	30.06. 2024	31.03. 2024	31.12. 2024	30.09. 2024	30.06. 2024	31.03. 2024
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)					1,342,824	1,309,550	1,241,461	1,210,203
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	4,387,734	4,230,724	3,882,522	3,543,269	340,565	327,282	298,558	274,422
3	*Stable deposits*	2,975,662	2,875,497	2,653,738	2,398,848	148,783	143,775	132,687	119,942
4	*Less stable deposits*	1,388,735	1,332,194	1,207,521	1,124,677	191,781	183,507	165,871	154,480
5	Unsecured wholesale funding	1,779,568	1,808,289	1,760,413	1,691,801	741,717	759,861	740,357	713,221
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	1,776,818	1,808,289	1,760,413	1,691,801	738,967	759,861	740,357	713,221
8	*Unsecured debt*	2,750	-	-	-	2,750	-	-	-
9	*Secured wholesale funding*					-	-	-	-
10	Additional requirements	1,103,711	968,318	863,428	763,632	106,623	93,290	84,583	76,000
11	*Outflows related to derivative exposures and other collateral requirements*	4,944	4,320	4,533	4,644	4,944	4,320	4,533	4,644
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	1,098,768	963,998	858,895	758,988	101,679	88,970	80,050	71,357
14	Other contractual funding obligations	115,752	118,028	111,659	94,774	104,904	107,286	101,236	84,898
15	Other contingent funding obligations	855,331	815,544	745,603	675,967	70,068	66,550	59,962	53,449
16	TOTAL CASH OUTFLOWS					1,361,297	1,354,212	1,284,656	1,201,920
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	435,533	520,545	587,048	591,636	435,533	520,545	587,048	591,636
18	Inflows from fully performing exposures	710,840	678,102	597,461	503,795	592,614	564,164	495,694	413,620
19	Other cash inflows	35,346	37,746	38,326	54,699	35,346	37,746	38,326	36,302
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialized credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	1,181,719	1,236,393	1,222,834	1,150,130	1,063,360	1,122,297	1,120,927	1,037,324
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	1,181,585	1,236,236	1,222,693	1,129,032	1,063,360	1,122,297	1,120,927	1,037,324
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					1,342,824	1,309,550	1,241,461	1,210,203
22	TOTAL NET CASH OUTFLOWS					384,586	365,382	321,164	304,914
23	LIQUIDITY COVERAGE RATIO					356.6%	365.1%	390.0%	400.2%

18.4 Quantitative Information on NSFR

Net stable funding ratio (NSFR) calculated in accordance with the CRR2 was 153.90% as of December 31, 2024, within regulatory and internally prescribed limits. Overview of NSFR for the last three quarters is given in the tables below.

Table 55: EU LIQ2 – Net Stable Funding Ratio as of December 31, 2024

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**1,087,889**	**-**	**-**	**57,554**	**1,145,443**
2	*Own funds*	1,087,889	-	-	57,554	1,145,443
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**3,399,641**	**919,230**	**165,317**	**4,201,261**
5	*Stable deposits*		2,451,548	527,649	104,091	2,934,328
6	*Less stable deposits*		948,093	391,581	61,226	1,266,933
7	Wholesale funding:		**2,248,047**	**206,311**	**343,639**	**1,433,433**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		2,248,047	206,311	343,639	1,433,433
10	Interdependent liabilities		**-**	**-**	**-**	**-**
11	Other liabilities:	**391**	**196,453**	**15,291**	**133,521**	**141,167**
12	*NSFR derivative liabilities*	391				
13	*All other liabilities and capital instruments not included in the above categories*		196,453	15,291	133,521	141,167
14	**Total available stable funding (ASF)**					**6,921,303**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**12,230**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**-**	**-**	**-**	**-**
16	Deposits held at other financial institutions for operational purposes		**19,818**	**-**	**-**	**9,909**
17	Performing loans and securities:		**1,507,258**	**668,360**	**3,666,291**	**4,065,725**
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		577,957	29,461	46,655	118,627
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		881,526	599,380	3,151,994	3,425,718
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		23,201	21,582	63,624	108,407
22	*Performing residential mortgages, of which:*		14,276	20,244	409,860	444,380
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		4,535	4,738	321,586	330,859
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*		33,499	19,275	57,782	77,000
25	Interdependent assets		**-**	**-**	**-**	**-**
26	Other assets:		**1,390,417**	**18,503**	**180,629**	**306,003**

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		2,229			2,229
30	*NSFR derivative liabilities before deduction of variation margin posted*		2,151			108
31	*All other assets not included in the above categories*		1,386,036	18,503	180,629	303,666
32	Off-balance sheet items		**809,323**	**522,619**	**484,462**	**103,435**
33	**Total RSF**					**4,497,302**
34	Net Stable Funding Ratio (%)					153.90%

Table 56: EU LIQ2: Net Stable Funding Ratio as of September 30, 2024

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**1,082,616**	**-**	**-**	**60,962**	**1,143,578**
2	*Own funds*	1,082,616	-	-	60,962	1,143,578
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**3,665,300**	**544,641**	**214,972**	**4,147,056**
5	*Stable deposits*		2,546,470	316,282	137,354	2,856,969
6	*Less stable deposits*		1,118,830	228,359	77,617	1,290,087
7	Wholesale funding:		**2,028,383**	**176,461**	**375,835**	**1,381,408**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		2,028,383	176,461	375,835	1,381,408
10	Interdependent liabilities		**-**	**-**	**-**	**-**
11	Other liabilities:	**34**	**143,684**	**10,023**	**68,929**	**73,941**
12	*NSFR derivative liabilities*	34				
13	*All other liabilities and capital instruments not included in the above categories*		143,684	10,023	68,929	73,941
14	**Total available stable funding (ASF)**					**6,745,984**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**12,177**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**-**	**-**	**-**	**-**
16	Deposits held at other financial institutions for operational purposes		**20,179**	**-**	**-**	**10,090**
17	Performing loans and securities:		**1,336,591**	**687,363**	**3,593,878**	**3,988,253**
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralized by other assets and*		382,445	8,960	244	42,403

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	loans and advances to financial institutions					
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		897,251	656,617	3,112,550	3,417,990
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		20,425	18,643	55,381	94,450
22	*Performing residential mortgages, of which:*		11,098	21,786	411,540	444,424
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		3,046	3,656	282,460	289,162
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*		45,798	-	69,545	83,437
25	Interdependent assets		-	-	-	-
26	Other assets:		**1,372,678**	**15,131**	**193,440**	**314,113**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		2,578			2,578
30	*NSFR derivative liabilities before deduction of variation margin posted*		2,123			106
31	*All other assets not included in the above categories*		1,367,977	15,131	193,440	311,429
32	Off-balance sheet items		**833,486**	**505,280**	**502,889**	**105,570**
33	**Total RSF**					**4,430,203**
34	Net Stable Funding Ratio (%)					152.27%

Table 57: EU LIQ2: Net Stable Funding Ratio as of June 30, 2024

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**1,080,084**			**64,196**	**1,144,280**
2	*Own funds*	1,080,084			64,196	1,144,280
3	*Other capital instruments*					
4	Retail deposits		**3,527,405**	**605,814**	**239,479**	**4,100,562**
5	*Stable deposits*		2,462,721	361,004	153,772	2,836,310
6	*Less stable deposits*		1,064,684	244,810	85,707	1,264,252
7	Wholesale funding:		**2,011,836**	**162,176**	**383,392**	**1,375,652**
8	*Operational deposits*					
9	*Other wholesale funding*		2,011,836	162,176	383,392	1,375,652

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
10	Interdependent liabilities					
11	Other liabilities:	**116**	**228,061**	**20,194**	**70,639**	**80,736**
12	*NSFR derivative liabilities*	116				
13	*All other liabilities and capital instruments not included in the above categories*		228,061	20,194	70,639	80,736
14	**Total available stable funding (ASF)**					**6,701,230**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**6,786**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes		**20,447**			**10,224**
17	Performing loans and securities:		**1,582,789**	**609,582**	**3,436,609**	**3,904,956**
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		475,027	7,327	8,627	59,082
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1,049,785	584,379	2,947,972	3,322,176
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		27,727	12,183	48,114	88,024
22	*Performing residential mortgages, of which:*		13,091	17,876	406,147	437,115
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		9,380	5,819	273,018	288,216
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*		44,886		73,863	86,583
25	Interdependent assets					
26	Other assets:		**1,567,927**	**17,586**	**262,979**	**476,095**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		1,193			1,193
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,066			53
31	*All other assets not included in the above categories*		1,565,668	17,586	262,979	474,849
32	Off-balance sheet items		**763,243**	**535,115**	**511,094**	**107,902**
33	**Total RSF**					**4,505,963**
34	Net Stable Funding Ratio (%)					148.72%

Table 58: EU LIQ2: Net Stable Funding Ratio as of March 31, 2024

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**1,073,806**			**64,526**	**1,138,332**
2	*Own funds*	1,073,806			64,526	1,138,332
3	*Other capital instruments*					
4	Retail deposits		**3,214,813**	**889,003**	**243,376**	**4,075,310**
5	*Stable deposits*		2,267,845	502,139	155,194	2,786,679
6	*Less stable deposits*		946,969	386,865	88,182	1,288,632
7	Wholesale funding:		**2,163,493**	**156,910**	**428,230**	**1,506,318**
8	*Operational deposits*					
9	*Other wholesale funding*		2,163,493	156,910	428,230	1,506,318
10	Interdependent liabilities					
11	Other liabilities:	**811**	**230,045**	**17,416**	**53,685**	**62,393**
12	*NSFR derivative liabilities*	811				
13	*All other liabilities and capital instruments not included in the above categories*		230,045	17,416	53,685	62,393
14	**Total available stable funding (ASF)**					**6,782,354**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**6,748**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes		**21,941**			**10,970**
17	Performing loans and securities:		**1,447,664**	**627,968**	**3,411,925**	**3,796,591**
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		577,999	8,791	7,582	68,937
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		834,696	593,804	2,923,621	3,215,049
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		23,332	11,302	166,536	201,170
22	*Performing residential mortgages, of which:*		13,117	11,415	401,279	425,812
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		6,411	5,585	265,895	277,891
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*		21,851	13,957	79,443	86,793
25	Interdependent assets					
26	Other assets:		**1,651,412**	**18,664**	**320,323**	**507,017**

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		1,675			1,675
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,480			74
31	*All other assets not included in the above categories*		1,648,258	18,664	320,323	505,269
32	Off-balance sheet items		**744,435**	**533,773**	**492,424**	**103,406**
33	**Total RSF**					**4,424,733**
34	Net Stable Funding Ratio (%)					153.28%

Net stable funding ratio (NSFR) shall be equal to the ratio of the institution's available stable funding to the required stable funding according to CRR2. The objective of this ratio is to provide greater control over (mis)matched maturities, covering on and off-balance sheet items over a medium and long-term period.

19 USE OF CREDIT RISK MITIGATION TECHNIQUES

(Article 453 b, c, d, e, f, g, h and i of the CRR Regulation)

19.1 Policies and Processes for Collateral Valuation and Management

Credit risk mitigation involves the establishment of measures and rules for the application of these measures, relating to the acquisition, reduction, diversification, transfer and avoidance of risks. Collateral management is covered by internal act Group Policy on Collateral Management which sets out the overall principles of collateral management for the credit institution subsidiaries, defines the credit risk mitigation instruments acceptable on the Group level, as well as the process of valuation, monitoring and reporting. The collateral management process at the level of each subsidiary is an integral part of the Group Collateral Management System and it is harmonized with the Group's Policy on Collateral Management, regulatory requirements, international standards and best practices, while respecting the specifics of business activities and strategic goals. In order to maintain risk at an acceptable level, each subsidiary applies credit risk mitigation techniques at the level of individual placements by respecting internally set limits, diversifying placements / investments and acquiring acceptable security instruments (collaterals).

Mitigation of concentration risk is carried out by active management of the Loan portfolio, as well as by adjusting the level of exposure with the defined internal limits.

For every collateral valuation criteria are defined for determination of internal value of collateral. Internal collateral value is calculated in such a way that a haircut is applied on the market value, whereby the amount of the haircut depends on the type of collateral. Considering that subsidiaries operate in different markets, each subsidiary defines haircuts per type of the collateral. In case of immovable properties, those haircuts should take into account location of the collateral if possible depending on available data. Applied haircuts are reviewed annually or more often in case of significant changes in the market.

Subsidiaries analytically monitor collateral held - in accordance with the statutory requirements monitors and reports on collateral according to market value. For managing, monitoring and appraising of real estate collateral, each bank subsidiary has implemented an application of the collateral module, developed by an external institution. Each subsidiary has adopted a list of official appraisals and appraisal companies.

The real estate valuation must be carried out in accordance with applicable international, European and national (of each subsidiary) standards, such as the International Valuation Standards Council

(IVSC), the European Group of Valuers' Associations (TEGoVA), European Valuation Standards (EVS) and the Royal Institution of Chartered Surveyors standards (RICS). Exceptions are made in case of valuations for NPE in bankruptcy proceeding, in the execution process of collateral and in case of collaterals that are subject of financing in leasing products.

The valuation should be based on the Market value method and appraisers should apply this method wherever possible or acceptable, as it provides the most direct link to actual market transactions analyzed to obtain real estate values. In the case of estimating the value of real estate that generates income, the Income approach can be used. Cost Method should be used only in the case of rarely valued real estate valuation, and lack of activity in that part of the market prevents the use of the Market Method. Group accepts real estate valuations based on the Residual method, but it is important that the valuation itself in these cases contains a satisfactory level of information and documentation on the basis of which the real estate value is calculated.

Subsidiaries ensure regular monitoring of the value and collateral legal certainty at appropriate intervals, depending on the type of collateral.

Regular monitoring of real estate value means checking that the value is based on available data and information, including the use of statistical models. Subsidiary must perform this check at least once a year for commercial real estate, or at least once every three years for residential and other real estate.

The value of collateral is monitored more frequently in the event of significant changes in market conditions relevant to collateral and reviewed whenever there is available information indicating significant decline in the value of collateral.

19.2 Main Types of Collateral Taken by the Group

In accordance with the Capital Regulatory Requirements (CRR), the following types of collaterals are recognized as credit risk mitigation instruments:

- Instruments of Funded Credit Protection,
- Instruments of Unfunded Credit Protection.

For each collateral type it is defined whether it is eligible to be treated as a mitigation factor or not. Collaterals must fulfill legal and regulatory requirements in order to be accepted as a mitigant factor.

On and off-balance sheet netting is not in use in AikGroup.

Instruments of the Funded Credit Protection

Funded credit protection means a technique of credit risk mitigation where the reduction of credit risk on the exposure of the subsidiary derives from the right of that subsidiary, in the event of the default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to perform one of the following:

- to liquidate,
- to obtain transfer or appropriation of,
- to retain certain assets or amounts,
- to reduce the amount of the exposure or to replace it with the amount of the difference between the amount of the exposure and the amount of a claim on the subsidiary.

Instruments of the Unfunded Credit Protection

Unfunded credit protection means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of the subsidiary derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events.

Below are presented, in general, Instruments of Funded and Unfunded Credit Protection:

Funded Credit Protection	Unfunded Credit Protection
Immovable properties Movables Cash Assets Rights and Receivables	Guarantees Securities Insurance

In the process of establishing the offered collateral, regardless of the type of collateral, subsidiary, client or third party related to the collateral is obliged to comply with all local legal regulations that define the management, disposal and contracting of collateral.

Collateral may be eligible for evaluation in the credit decision-making process if all necessary legal conditions for establishing collateral are met and if the collateral has legal effect and is enforceable under applicable state regulations in the event of bankruptcy of the borrower or collateral owner.

19.3 Main Types of Guarantor and Credit Derivative Counterparty and Their Creditworthiness

Guarantees or unfunded credit protection is a type of credit risk mitigation where a third person undertakes to pay the owed amount in the event of a default by primary obligor (borrower).

The most important types of suitable guarantors:

- guarantees by the central government,
- guarantees by institutions.

The central government units that the Group considers as guarantors when recognizing unfunded credit protections to calculate the capital requirement for credit risk are EU Member State units (and non-EU countries which regulations are aligned with EU regulations) denominated and financed in their domestic currencies, so exposures are assigned a 0% risk weight (in accordance with the CRR regulation).

Institutions that the Group takes into account as guarantors when recognizing unfunded credit protections to calculate the capital requirement for credit risk have no credit assessment of a suitable ECAI, but exposures are assigned a weight of 20% due to the country where the institutions are located (in accordance with the CRR regulation). Distribution of type of guarantors are given in the table below.

Table 59: Distribution of type of guarantors

Type of guarantors	Performing exposure	Non-performing exposure
Governments	34,233	1,472
Banks	19,356	0
Other	21,707	23,662
Total	**75,296**	**25,134**

The Group has no transactions with credit derivatives.

19.4 Information about Market or Credit Risk Concentrations within the Credit Mitigation Taken

The Group avoids concentration risk related to collaterals by diversifying its portfolio per volume, client's segment, geographic region, etc.

In the event of collateral in the form of securities, Group is faced with market risk, or more accurately, the risk of the security prices changing on the capital market. In the event of collateral in the form of guarantees, there is a credit risk of the collateral provider, therefore Group includes the amount of the surety received in the guarantor's upper limit of borrowing.

When approving placement, the counterparty risk in transaction and the assessment of the client's free financial flow are of primary importance, collateral is only a secondary source for paying the obligations. To avoid the effect of risks that are the result of individual forms of collateral, subsidiaries define minimum ratios between the value of collateral and the loan (LTV).

As part of the Group lending operation, each subsidiary assesses the repayment potential of placements from the borrower's sustainable cash flow and the primary source of repayment is expected to be future cash flow. The collateral is exclusively a mechanism of credit protection established in order to protect the Group from irregular payments from borrowers and reduce losses in the event of material deterioration of the risk profile or default of the borrower. In the event that the collection of receivables from pledged collateral is necessary, the subsidiary should choose the most effective collection method, based on analysis of the specific case.

Special attention must be given to collateralization of existing loans during a period of borrower's financial crisis. Collaterals established during such a period must be defensible and enforceable according to the respective local legal provisions in the event of subsequent insolvency.

In order to form individual impairments, Group considers the liquidation values of real estate collaterals, which include both the assessed sale timeline as well as additional discounts for the process of a forced sale and incurred costs. Because the assessed liquidation values stem from market values, a significant reduction in the market value would see the Group form additional impairments.

As an eligible collateral for calculating the capital requirement for credit risk, Group uses the following financial collaterals:

- Bank deposits at a member bank or cash-like instruments the member bank holds (it takes into account deposits maturity of which equals or exceeds the maturity of the credit exposure).
- Debt securities issued by central government or central banks (that have a credit assessment from a suitable ECAI with a credit quality step of at least 4).
- Debt securities issued by institutions (that have a credit assessment from a suitable ECAI with a credit quality step of at least 3).
- Debt securities issued by other entities (that have a credit assessment from a suitable ECAI with a credit quality step of at least 3).
- Debt securities issued with a short-term credit assessment from a suitable ECAI (with a credit quality step of at least 3).
- Equities or main index convertible bonds
- Gold.

Overview of usage of credit risk mitigation techniques is given in the table EU_CR3, presented below.

Table 60: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	5,360,245	2,114,121	1,877,292	236,829	38,723
2	Debt securities	845,814	7,498	-	7,498	-
3	**Total**	**6,206,059**	**2,121,619**	**1,877,292**	**244,327**	**38,723**
4	*Of which non-performing exposures*	41,750	45,451	43,436	2,015	74
EU-5	*Of which defaulted*	41,750	45,451	43,436	2,015	74

There are no significant changes.

The table EU CR4 which shows effects of credit risk mitigation techniques that AikGroup uses (overview of credit risk exposure and CRM effects: EU CR4 – standardized approach – Credit risk exposure and CRM effects) is given in the point 10.2 of this Disclosure Report.

APPENDIX 1 – DISCLOSURE OF NON-PERFORMING AND FORBORNE EXPOSURES

In line with EBA Guideline on disclosure on non-performing and forborne exposures (EBA/GL/2018/10), AikGroup disclosure tables showing volumes and levels of NPEs, FBEs and foreclosed assets in its balance sheet, with the aim of fostering transparency, providing meaningful information to market participants on the quality of assets. Templates applicable to AikGroup are Templates 1, 3, 4 and 9, since its NPL ratio is below 5%, and no additional information is required.

Table 61: Template 1 – Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**136,852**	**44,596**	**44,596**	**44,596**	**(7,015)**	**(20,869)**	**51,218**	**12,894**
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	119,922	27,690	27,690	27,690	5,774	(12,777)	48,041	11,710
070	*Households*	16,929	16,907	16,907	16,907	1,241	(8,092)	3,177	1,183
080	**Debt Securities**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
090	**Loan commitments given**	**211**	**124**	**-**	**-**	**7**	**-**	**-**	**-**
100	Total	137,063	44,720	44,596	44,596	(7,008)	(20,869)	51,218	12,894

Table 62: Template 3 – Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**1,356,022**	**1,356,022**	**-**	**1,554**	**1,554**	**-**	**-**	**-**	**-**	**-**	**-**	**1,554**
010	**Loans and advances**	**6,108,812**	**6,055,706**	**53,106**	**158,520**	**75,521**	**17,683**	**38,903**	**15,996**	**7,055**	**787**	**2,575**	**158,520**
020	*Central banks*	419,043	419,043	-	-	-	-	-	-	-	-	-	-
030	*General governments*	69,817	69,816	1	465	81	1	1	2	8	2	370	465
040	*Credit institutions*	379,048	379,046	2	20	2	-	18	-	-	1	-	20
050	*Other financial corporations*	141,727	141,702	25	30	27	-	2	1	-	-	-	30
060	*Non-financial corporations*	3,237,001	3,211,515	25,486	89,601	37,469	7,660	28,675	9,938	4,782	122	967	89,601
070	*Of which SMEs*	1,640,741	*1,616,627*	*24,114*	66,634	29,372	7,192	20,350	5,354	3,385	76	905	66,634
080	*Households*	1,862,177	1,834,585	27,592	68,405	37,942	10,023	10,209	6,056	2,265	673	1,237	68,405
090	**Debt securities**	**854,817**	**854,817**	**-**	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	833,156	833,156	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	9,791	9,791	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	11,870	11,870	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**2,190,911**			**5,251**								5,251
160	*Central banks*	0			-								-
170	*General governments*	16,486			-								-
180	*Credit institutions*	8,769			26								26
190	*Other financial corporations*	4,218			1								1
200	*Non-financial corporations*	1,985,328			4,876								4,876
210	*Households*	176,109			348								348
220	Total	10,510,562	8,266,545	53,106	165,325	77,075	17,683	38,903	15,996	7,055	787	2,575	165,325

Table 63: Template 4 – Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	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
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	**Cash balances at central banks and other demand deposits**	**1,356,022**	**1,356,022**	**-**	**1,554**	**-**	**1,554**	**(162)**	**(162)**	**-**	**(1,554)**	**-**	**(1,554)**	**-**	**60,222**	**-**
010	**Loans and advances**	**6,108,812**	**5,313,946**	**780,412**	**158,520**	**-**	**134,599**	**(77,507)**	**(36,077)**	**(40,843)**	**(71,320)**	**-**	**(59,706)**	**(642)**	**2,068,668**	**45,451**
020	*Central banks*	419,043	419,043	-	-	-	-	(0)	(0)	-	-	-	-	-	-	-
030	*General governments*	69,817	68,639	1,178	465	-	465	(464)	(372)	(92)	(419)	-	(419)	-	3,334	-
040	*Credit institutions*	379,048	379,048	-	20	-	20	(79)	(79)	-	(20)	-	(20)	-	1,897	-
050	*Other financial corporations*	141,727	139,126	2,601	30	-	30	(1,320)	(1,063)	(257)	(14)	-	(14)	-	18,152	15
060	*Non-financial corporations*	3,237,001	2,715,804	520,805	89,601	-	83,785	(48,492)	(24,921)	(23,568)	(37,087)	-	(33,568)	(573)	1,291,814	30,491
070	*Of which SMEs*	1,640,741	1,373,700	266,842	66,634	-	61,481	(23,109)	(13,236)	(9,873)	(29,948)	-	(26,628)	(572)	725,308	24,827
080	*Households*	1,862,177	1,592,286	255,829	68,405	-	50,300	(27,152)	(9,642)	(16,926)	(33,780)	-	(25,685)	(69)	753,470	14,945
090	**Debt securities**	854,817	846,006	**8,811**	**-**	**-**	**-**	**(1,505)**	**(1,028)**	**(477)**	**-**	**-**	**-**	**-**	**7,498**	**-**
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	833,156	833,156	-	-	-	-	(1,026)	(1,026)	-	-	-	-	-	-	-
120	*Credit institutions*	9,791	9,791	-	-	-	-	(1)	(1)	-	-	-	-	-	7,498	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	11,870	3,059	8,811	-	-	-	(478)	(1)	(477)	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**2,190,911**	**2,060,909**	**129,981**	**5,251**	**-**	**5,241**	**4,122**	**3,225**	**896**	**1,827**	**-**	**1,826**		**404,993**	**339**
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	16,486	16,465	21	-	-	-	12	12	-	-	-	-		-	-
180	*Credit institutions*	8,769	8,769	-	26	-	26	1	1	-	8	-	8		8,218	-
190	*Other financial corporations*	4,218	4,212	6	1	-	1	17	17	-	-	-	-		69	-
200	*Non-financial corporations*	1,985,328	1,878,207	107,121	4,876	-	4,876	3,958	3,112	846	1,786	-	1,786		389,653	322
210	*Households*	176,109	153,255	22,833	348	-	338	132	82	50	33	-	32		7,053	17
220	Total	10,510,562	9,576,883	919,204	165,325	0	141,394	(75,053)	(34,042)	(40,424)	(71,047)	0	(59,434)	(642)	2,541,381	45,790

Table 64: Template 9 – Collateral obtained by taking possession and execution processes

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
001	Property, plant and equipment (PP&E)	180	(113)
002	Other than PP&E	49,026	(12,196)
003	*Residential immovable property*	1,447	(95)
004	*Commercial Immovable property*	38,941	(8,554)
005	*Movable property (auto, shipping, etc.)*	1,349	(106)
006	*Equity and debt instruments*	19	-
007	*Other*	7,270	(3,442)
008	Total	49,206	(12,309)

APPENDIX 2 – OVERVIEW OF REGULATORY REQUIRED INFORMATION

AikGroup in this Appendix specifies regulatory required information in line with EBA CRR and following amendments, accompanied with name of uniform tables that have to be used for disclosure of quantitative and qualitative data for certain parts of Disclosure Report.

In the Appendix AikGroup also specifies disclosures that are not applicable for the Group, with reasoning.

Table 65: Regulatory required information in line with EBA CRR

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
431-434	1	Introduction: Regulations regarding Pillar 3, obligation of the Group to disclose information, general info
435.1	2	Risk Management Objectives and Policies:
EU_OVA EU_CRA EU_MRA EU_LIQA EU_ORA		For each separate category of risk:
		a) strategies and processes to manage those risks EU_OVA, EU_LIQA, EU_CRA, EU_MRA, EU_ORA
		b) structure and organization of the suitable risk management function, including information on its hierarchy and status, or other suitable arrangements EU_OVA, EU_LIQA, EU_CRA, EU_MRA, EU_ORA
		c) the scope and nature of risk reporting and measurement systems EU_OVA, EU_LIQA, EU_MRA
		d) the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants EU_LIQA, EU_CRA, EU_MRA, EU_ORA
		e) a declaration approved by the management body on the adequacy of risk management arrangements EU_OVA, EU_LIQA, EU_ORA
		f) a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile: (i) key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk (ii) information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group EU_OVA, EU_LIQA EU_CRA, EU_ORA
435.2	3	Governance Arrangement:
EU_OVB		a) the number of directorships held by members of the management body EU_OVB
		b) the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise EU_OVB
		c) the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved EU_OVB
		d) setting up a separate risk committee and the number of times the risk committee has met EU_OVB
		e) the description of the information flow on risk to the management body EU_OVB
436	4	Scope of Application:
EU_LI1 EU_LI2 EU_LI3 EU_LIA EU_LIB EU_PV1		a) the name of the bank to which the requirements of the regulation apply
		b) a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One of CRR EU_LI3, EU_LIA
		c) breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks EU_LI1

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		d) reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes EU_LI2, EU_LIA
		e) or exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions EU_PV1 Not applicable, AikGroup does not apply core approach for determination of additional valuation adjustment.
		f) any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries EU_LIB
		g) the aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation, and the name or names of such subsidiaries EU_LIB
		h) the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9, where applicable EU_LIB
437	5	Own Funds:
EU_CC1 EU_CC2 EU_CCA		a) a full reconciliation of own funds items and filters and deductions applied to own funds and the balance sheet EU_CC1, EU_CC2
		b) a description of the main features of the instruments of individual categories of own funds issued by the bank EU_CCA
		c) the full terms and conditions of all instruments of individual categories of own funds EU_CCA
		d) separate disclosure of the nature and amounts of prudential filters and deductions from own funds EU_CC1
		e) a description of all restrictions applied to the calculation of own funds in accordance with the regulation and the instruments, prudential filters, and deductions to which those restrictions apply EU_CC1
		f) basis on which capital ratios are calculated (if made on a basis other than that laid down in the CRR) EU_CC1 Not applicable, AikGroup calculates capital ratios based on CRR
437a	-	Own funds and eligible liabilities
		1.Subject to Articles 93 and 94 and to the exceptions set out in paragraph 2 of this Article, institutions identified as resolution entities and that are a G-SII or part of a G-SII shall at all times satisfy requirements for own funds and eligible liabilities set in this point Not applicable, AikGroup is not G-SII or part of G-SII
438	6	Own funds requirements and risk-weighted exposure amounts:
EU_OV1 EU_KM1 EU_INS1 EU_INS2 EU_OVC EU_CR8 EU_CR10 EU_CCR7 EU_MR2-B		a) a summary of the approach to assessing the adequacy of its internal capital to support current and future activities EU OVC
		b) amount of the additional Own Funds requirements based on the supervisory review process EU_KM1
		c) upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process EU OVC Not included, there is no demand from competent authority
		d) total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three EU OV1
		e) on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialized lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2) EU_CR10 Not applicable, AikGroup does not use simple risk weighted approach

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		f) exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 EU_CR8, EU INS1 Not applicable, AikGroup does not hold insurance or re-insurance undertakings or insurance holding company.
		g) supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied EU INS 2 Not applicable, AikGroup is not part of financial conglomerate
		h) variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variation EU_CCR7, EU_MR2-B Not applicable, AikGroup does not apply IRB approach, IMM or IMA
439	7	Exposure to Counterparty Credit Risk (CCR)
EU_CCRA EU_CCR1 EU_CCR2 EU_CCR3 EU_CCR4 EU_CCR5 EU_CCR6 EU_CCR8		a) description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties EU_CCRA
		b) description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves EU_CCRA
		c) description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291 EU_CCRA Not applicable, AikGroup does not define/use General Wrong-Way risk and Specific Wrong-Way risk
		d) amount of collateral the institution would have to provide if its credit rating was downgraded EU_CCRA
		e) amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions EU_CCR5
		f) for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method EU_CCR1
		g) for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method EU_CCR1
		h) exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three EU_CCR2
		i) exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures EU_CCR8 Not applicable, AikGroup does not have any exposure value to central counterparties at reference date
		j) notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold EU_CCR6 Not applicable, AikGroup does not have any CDS in its portfolio at reference date
		k) estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9) EU_CCR1 Not applicable, AikGroup does not apply own estimates of scaling factor
		l) the disclosures included in point (e) of Article 444 and point (g) of Article 452 EU CCR3, EU_CCR4 (n/a) - template not applicable, AikGroup does not apply IRB approach

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		m) for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable
440	8	Countercyclical Capital Buffers
EU_CCyB1 EU_CCyB2		a) geographical distribution of the exposure amounts, and risk-weighted exposure amounts of bank's credit exposures used as a basis for the calculation of its countercyclical capital buffer EU CCyB1
		b) amount of bank-specific countercyclical capital buffer EU CCyB2
441	-	Indicators of Global Systemic Importance
		Institutions identified as G-SIIs in accordance with Article 131 of Directive 2013/36/EU shall disclose, on an annual basis, the values of the indicators used for determining the score of the institutions in accordance with the identification methodology referred to in that Article. Not applicable, AikGroup is not G-SII
442	9	Exposures to credit risk and dilution risk:
EU_CRB EU_CQ1 EU_CQ2 EU_CQ3 EU_CQ4 EU_CQ5 EU_CQ6 EU_CQ7 EU_CQ8 EU_CR1 EU_CR1-A EU_CR2 EU_CR2a		a) scope and definitions used for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes EU_CRB
		b) a description of the approaches and methods adopted for determining specific and general credit risk adjustments EU_CRB
		c) information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions, and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received EU_CR1, EU_CR1-A, EU_CQ1, EU_CQ3, EU_CQ4, EU_CQ5, EU_CQ7 EU_CR2, EU_CR2a, EU_CQ2, EU_CQ6, EU_CQ8 – data in these templates is not disclosed since they reference to FINREP report that the Group is not obliged to fill, since the non-performing exposure ratio is below 5%
		d) ageing analysis of accounting past due exposures EU_CQ3
		e) gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance sheet EU_CQ4, EU_CQ5
		f) any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off EU_CR1, EU_CR2, EU_CR2a
		g) breakdown of loans and debt securities by residual maturity EU_CR1-A
443	10	Encumbered and Unencumbered Assets
EU_AE1 EU_AE2 EU_AE3 EU_AE4		- disclose information concerning their encumbered and unencumbered assets
		- use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered (shall not reveal emergency liquidity assistance provided by central banks)
		- related liabilities, conditional liabilities or lent securities and assets, collateral held and issued own debt securities, except for covered bonds and collateralized securities that are encumbered
		- information on the meaning of encumbrance:
444	11	The Use of the Standardized Approach:
EU_CRD EU_CR4 EU_CR5 EU_CCR3		a) the names of the nominated external credit assessment institution (ECAIS) or Export Credit Agencies (ECAs) and the reasons for any changes EU_CRD
		b) the exposure classes for which each ECAI or ECA is used EU_CRD
		c) a description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book EU_CRD
		d) the association of the external rating of each nominated ECAI or ECA with the credit quality steps prescribed in the CRR regulation (Part Three, Title II, Chapter 2), if the association does not comply with the standard association scheme published by EBA (also the Bank of Slovenia)

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		EU_CRD
		e) the exposure values and the exposure values after credit risk mitigation (credit protection) associated with each credit quality step prescribed in Part Three, Title II, Chapter 2 of the CRR regulation as well as those deducted from own funds EU_CR4, EU_CR5, EU_CCR3
445	12	Market Risk Exposure
EU_MR1		a) disclose requirements separately for each risk referred to in points b) and c) of CRR Article 92(3) EU_MR1
		b) own funds requirements for the specific interest rate risk of securitisation positions to disclose separately EU_MR1
446	13	Operational Risk Management
EU_ORA EU_OR1		a) approaches for the assessment of own funds requirements for operation risk that the institution qualifies for EU_ORA, EU_OR1
		b) where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach EU_ORA, EU_OR1
		c) in the case of partial use, the scope and coverage of the different methodologies used EU_ORA, EU_OR1
447	6.2	Disclosure of key metrics
EU_KM1		a) composition of own funds and own funds requirements as calculated in accordance with Article 92 EU_KM1
		b) total risk exposure amount as calculated in accordance with Article 92(3) EU_KM1
		c) the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU, if applicable EU_KM1
		d) combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU EU_KM1
		e) leverage ratio and the total exposure measure as calculated in accordance with Article 429 EU_KM1
		f) information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1): i)the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, (ii)the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, (iii)the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period EU_KM1
		g) the following information in relation to net stable funding requirement as calculated in accordance with Title IV of Part Six: (i)the net stable funding ratio at the end of each quarter of the relevant disclosure period, (ii)the available stable funding at the end of each quarter of the relevant disclosure period, (iii)the required stable funding at the end of each quarter of the relevant disclosure period EU_KM1
		h) own funds and eligible liabilities ratios and their components, numerator, and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable Not applicable, AikGroup is not G-SII
448	14	Exposure to Interest Rate Risk on Positions Not held in the Trading Book
EU_IRRBBA EU_IRRBB1		a) changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods
		b) changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		c) description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph
		d) explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date
		e) description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including: (i)a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income, (ii)a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences, (iii)a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk, (iv)the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3), (v)an outline of how often the evaluation of the interest rate risk occurs
		f) description of the overall risk management and mitigation strategies for those risks
		g) average and longest repricing maturity assigned to non-maturity deposits
449	-	Exposure to Securitization Positions
EU-SEC1 EU-SEC2 EU-SEC3 EU-SEC4 EU-SEC5		Institutions calculating risk-weighted exposure amounts in accordance with Chapter 5 of Title II of Part Three or own funds requirements in accordance with Articles 337 or 338 shall disclose the information separately for their trading book and non-trading book activities where relevant Not applicable, securitization transactions are not in place in AikGroup
449a	15	Environmental, social and governance risks (ESG risks)
Annex 39: Template 1-3: qualitative data on ESG Template 1-10: quantitative data		From 28 June 2022, large institutions which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU, shall disclose information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU. The information referred to in the first paragraph shall be disclosed on an annual basis for the first year and biannually thereafter.
450	16	Remuneration Policy:
EU_REMA EU_REM1 EU_REM2 EU_REM3 EU_REM4 EU_REM5		a) information concerning the decision-making process used for determining the remuneration policy as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders EU_REMA
		b) information on link between pay and performance EU_REMA
		c) the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria EU_REMA
		d) the ratios between fixed and variable remuneration EU_REMA
		e) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based EU_REMA
		f) main parameters and rationale for any variable component scheme and any other non-cash benefits EU_REMA
		g) aggregate quantitative information on remuneration, broken down by business area EU_REM5
		h) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		(i)the amounts of remuneration awarded for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; EU_REM1 (ii)the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; EU_REM1 (iii)the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; EU_REM3 (iv)the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments; EU_REM3 (v)the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; EU_REM2 (vi)the severance payments awarded in previous periods, that have been paid out during the financial year; EU_REM2 (vii)the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the bank EU_REM2
		i) the number of individuals being remunerated 1 million Euros or more per financial year, with remuneration between 1 million and 5 million Euros broken down into pay bands of 500,000 Euros and with remuneration of 5 million Euros and above broken down into pay bands of 1 million Euros EU_REM4
		j) upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management EU_REMA
		k) information on whether the bank benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU EU_REMA
		2. For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members EU_REMA
451	17	Leverage ratio
EU_LR1 EU_LR2 EU_LR3 EU_LRA		a) leverage ratio and how the institutions apply Article 499(2) EU_LR2
		b) breakdown of the total exposure measure referred to in Article 429(4), as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements EU_LR1, EU_LR2, EU_LR3
		c) where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7) EU_LR2
		d) description of the processes used to manage the risk of excessive leverage EU_LRA
		e) description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers EU_LRA
		2. large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7) EU_LR2
		3. In addition to points (a) and (b) of paragraph 1 of this Article, large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7) EU_LR2
451a	18	Liquidity Requirements
EU_LIQA EU_LIQ1 EU_LIQB EU_LIQ2		Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article
		1.Information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1)
		a) average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;
		b) average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;
		c) averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition
		2. Information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six EU_LIQ1, EU_LIQB
		a) quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period;
		b) an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six;
		c)an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six
		3. Disclosure of arrangements, systems, processes, and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU EU_LIQ2
		4. Disclose the arrangements, systems, processes, and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU EU_LIQA
452	-	Use of the IRB Approach to Credit Risk
EU_CR6 EU_CR6-A EU_CR9 EU_CR9.1		Institutions calculating the risk-weighted exposure amounts under the IRB Approach shall disclose selected information. Not applicable, AikGroup does not apply IRB approach
453	19	Use of Credit Risk Mitigation Techniques
EU_CRC EU_CR3 EU_CR4 EU_CR7 EU_CR7-A		a) core features of policies and processes for on- and off-balance-sheet netting and an indication of the extent to which institutions make use of balance sheet netting EU_CRC
		b) core features of policies and processes for collateral evaluation and management EU_CRC
		c) a description of the main types of collateral taken by the bank EU_CRC
		d) for guarantees and credit derivatives used as credit protection, the main types of guarantors and credit derivative counterparty and their creditworthiness (credit quality) EU_CRC
		e) information about market or credit risk concentrations within the credit mitigation taken EU_CRC
		f) total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; separately for loans and debt securities and including a breakdown of defaulted exposures EU_CR3
		g) corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect. EU_CR4 EU_CR7-A (n/a) – template not applicable, AikGroup does not apply IRB approach
		h) on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation EU_CR4
		i) risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class EU_CR4
		j) the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission EU_CR7 Not applicable, AikGroup does not apply IRB approach
454	-	Use of the Advanced Measurement Approaches to Operational Risk

Point in CRR 575/2013 / Name of the table	Point in Disclosure	Required information
		The institutions using the Advanced Measurement Approaches set out in Articles 321 to 324 for the calculation of their own funds requirements for operational risk shall disclose a description of their use of insurance and other risk-transfer mechanisms for the purpose of mitigating that risk. Not applicable, AikGroup does not apply advanced measurement approach to operational risk.
455	-	Use of Internal Market Risk Models
EU_MRB EU_MR2-A EU_MR3 EU_MR4		Institutions calculating their capital requirements in accordance with Article 363 shall disclose selected information related to model used. Not applicable, AikGroup does not use internal models for capital requirements calculation
473a/ 468-FL	5.1.1	IFRS 9 transitional arrangements
IFRS 9/ Article 468-FL		Data related to transitional capital rules applied by an institution for introduction of new accounting standard for financial instrument measurement and classification (IFRS 9). Rule is published by EBA as of December 2017 and amended in June 2020: Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income (CRR, Article 468). Template: IFRS 9/Article 468-FL

Appendices

EBA/GL/2018/10	Appendix 1	Disclosure of non-performing and forborne exposures	• Group Finance

APPENDIX 3 – ATTEST OF COMPLIANCE OF THE DISCLOSURE REPORT WITH GROUP POLICIES AND SYSTEMS AND CONTROLS

Senior management, i.e. heads of Group functions involved in Disclosure Report 2024 preparation, hereby attest that disclosures required by EBA CRR are made in accordance with the Group policies and internal processes, systems and controls.

Head of Strategic Risk Management:

Head of Finance:

Head of HR & Organization:

Head of Compliance: