

GORENJSKA BANKA GROUP

DISCLOSURE OF ADDITIONAL INFORMATION FOR 2024

27. October 2025

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Introduction

In line with Article 13(1) of CRR Regulation (*Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012*), we are hereby publishing the disclosures of additional information (hereinafter: Disclosures) of the Gorenjska banka Group (hereinafter: Group).

Legal bases for mandatory disclosures:

- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012,
- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 regarding the leverage ratio, the net stable funding ratio, the requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No. 648/2012,
- Commission Implementing Regulation (EU) No. 2021/637 of 15 March 2021 laying down the implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

Gorenjska banka d.d., Kranj (LEI code 5493000UPYR7EEHN2R94) is a major EU subsidiary of the parent institution, Agri Europe Cyprus Limited, Cyprus. As a major subsidiary, it is also obligated to disclose information from Articles 437, 438, 440, 442, 450, 449a, 451, 451a and 453 of the CRR Regulation on a sub-consolidated basis. The Bank prepared disclosures on a sub-consolidated basis for the first time for 2021, as it has been defined as a systemically important bank since 30 September 2021 in accordance with the decision of the Bank of Slovenia.

As of April 2, 2025, the name of the parent institution Agri Europe Cyprus Limited changed to AIKGROUP (CY) Limited.

The following companies are included in the consolidation for regulatory purposes (prudential consolidation on a sub-consolidated basis):

- Gorenjska banka d.d., Kranj, as the parent company,
- GB Leasing d.o.o., Ljubljana, Slovenia, as a subsidiary, 100% owned by Gorenjska banka d.d. Kranj

The following companies are included in the consolidation for financial purposes:

- Gorenjska banka d.d., Kranj, as the parent company,
- GB Leasing d.o.o., Ljubljana, Slovenia, as a subsidiary,
- Imobilia – GBK d.o.o., Kranj,
- Filira, poslovne storitve, d.o.o., Ljubljana.

The disclosures of the Group, which include Gorenjska banka d.d., Kranj and GB Leasing d.o.o., Ljubljana, are compliant with the requirements of part VIII of the CRR and the requirements of the appropriate technical standards and guidelines regarding the disclosures in part VIII of the CRR Regulation. To ensure compliance with the requirements of part VIII of the CRR Regulation, the disclosures policy has been adopted on 22. November 2022, and is applied for disclosures on a sub-consolidated basis.

The Group assessed the need to disclose information more than once a year and found that annual disclosure is suitable. Disclosures for the years 2024, 2023, 2022 and 2021 are published on the website <https://www.gbkr.si/>.

Disclosures that are an integral part of the revised Annual Report and required by the CRR Regulation are not included again.

The Group has no collateral obtained from taking possession and from recovery processes, therefore it does not disclose information as defined on the EU CQ7 template. The Group is not a financial conglomerate and therefore it does not disclose information defined in the EU INS template. There were no paid special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) and no remunerations of EUR 1 million or more in the Group, which is why it does not disclose information defined in the EU REM4 template.

The ratio between the gross book value of loans and other financial assets that fall under Article 47a(3) of the CRR Regulation, and the total gross book value of loans and other financial assets that fall under Article 47a(1) of the CRR Regulation, is less than 5% (share of nonperforming exposures), which is why the Group does not disclose information defined in templates EU CR2a, EU CQ2, EU CQ6, and EU CQ8.

Disclosures were reviewed by the Internal Audit Division and approved by the management board of Gorenjska banka d.d., Kranj. Following the confirmation by the Management Board, the Bank's Supervisory Board and Risk Committee get familiarised with and confirmed the disclosures.

All these amounts are in thousand EUR, unless stated otherwise. A zero value means that the amount is more than EUR 0 and less than EUR 500. Any data discrepancies are due to the rounding off of values.

Rows and columns with non-relevant zeroes are not shown. The numbering of rows or columns does therefore not change and it is harmonised with the templates from the CRR Regulation. Any other waivers of disclosures are listed under each template.

1. Own Funds

(Article 437 of the CRR Regulation)

1.1. Composition of Regulatory Own Funds

The basis for the calculation of the capital on a sub-consolidated basis is the statements of the Group (Gorenjska banka d.d., Kranj and GB leasing d.o.o., Ljubljana), which were made by considering the consolidation for regulatory purposes. The capital of the Group is comprised of elements of the total capital, additionally reduced by deductibles and credit rating filters. In accordance with the regulatory requirements, the Group and the Bank must maintain the common equity tier 1 capital ratio of 4.5%, the tier 1 capital ratio of 6% and the total capital ratio of 8%.

On the basis of resolution adopted by the general meeting of Gorenjska banka d.d., Kranj, in March 2025, the Group's regulatory capital has increased by EUR 18,002 thousand as at 31 December 2024. The increase refers to the redistribution of the retained earnings into retained earnings from previous years, available for unlimited and immediate use to cover risks and losses, as soon as they occur. With this resolution, the payment of dividends in the amount of EUR 28,280 thousand was accepted to the owner from profits that are not available for unlimited and immediate use to cover risks. Information in this document is disclosed on the basis of the Group's capital in the amount of EUR 312,604 thousand, while in the Annual Report of Gorenjska banka d.d., Kranj, and the Gorenjska banka Kranj Group, information is disclosed on the basis of the Group's capital in the amount of EUR 294,602 thousand.

The **EU CC1** template below shows the structure of the regulatory capital as at 31 December 2024. Column (b) shows the source of amounts related to the EU CC2 template, column (c).

		(a)	(b)
		Amounts	Source based on reference numbers 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	36,211	21 + 22
	of which: ordinary shares	16,188	21
2	Retained earnings	62,137	29
3	Accumulated other comprehensive income (and other reserves)	177,254	25 + 26
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	18,002	31
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	293,604	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(125)	0.1% od 2 + 3
8	Intangible assets (net of related tax liability) (negative amount)	(2,346)	7
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) CRR are met) (negative amount)	(1,792)	9
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(26,007)	27
27a	Other regulatory adjustments	(730)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(31,000)	
29	Common Equity Tier 1 (CET1) capital	262,604	
Additional Tier 1 (AT1) capital: instruments			
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	
Additional Tier 1 (AT1) capital: regulatory adjustments			
45	Tier 1 capital (T1 = CET1 + AT1)	262,604	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	50,000	15
51	Tier 2 (T2) capital before regulatory adjustments	50,000	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier 2 (T2) capital	50,000	
59	Total capital (TC = T1 + T2)	312,604	
60	Total Risk exposure amount	1,689,703	
Capital ratios and requirements including buffers (%)			
61	Common Equity Tier 1 capital	15.54	
62	Tier 1 capital	15.54	
63	Total capital	18.50	
64	Institution CET1 overall capital requirements	9.08	
65	of which: capital conservation buffer requirement	2.50	
66	of which: countercyclical capital buffer requirement	0.52	
67	of which: systemic risk buffer requirement	0.15	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	5.91	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.67	
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)	19,310	
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)	2,606	5

The applicable upper limits regarding the inclusion of provisions in the additional capital and capital instruments for which gradual eliminations are used are irrelevant for the Group, thereby rows 76-85 are not displayed.

1.2. Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The **EU CC2** template below shows the harmonisation of the regulatory capital with the statement of financial position in the audited financial statements. Column (a) shows the audited Group statement of financial position as at 31 December 2024, and column (b) shows the statement of financial position for regulatory purposes. The elements of the statement of financial position are expanded to the level of fragmentation required due to the reference to the EU CC1 template, column (b).

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		31 December 2024	31 December 2024	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash, cash balances at central banks and other demand deposits at banks	386,281	386,281	
2	Non-trading financial assets mandatorily at fair value through profit or loss	7,358	7,358	part 7
3	Financial assets measured at fair value through other comprehensive income	115,815	115,815	part 7
4	Financial assets measured at amortised cost	1,951,709	1,951,603	
5	Investments in subsidiaries		2,606	73
6	Tangible assets	61,468	57,423	
7	Intangible assets	2,346	2,346	8
8	Tax assets	2,430	2,430	
9	- Deferred tax assets that rely on future profitability	1,792	1,792	10
10	- Other tax assets	637	637	
11	Other assets	6,718	6,687	
12	Non-current assets classified as held for sale	794	794	
13	Total assets	2,534,920	2,533,343	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
14	Financial liabilities measured at amortised cost	2,218,829	2,219,495	
15	- Subordinated loans	50,000	50,000	46
16	- Other financial liabilities measured at amortised cost	2,168,829	2,169,495	
17	Provisions	4,694	4,694	
18	Tax liabilities	5	5	
19	Other liabilities	13,280	13,195	
20	Total liabilities	2,236,809	2,237,389	
Shareholders' Equity				
21	Paid-up capital	16,188	16,188	1
22	Share premium	20,023	20,023	1
23	Accumulated other comprehensive income	68	68	
24	- Actuarial gains on defined benefit pension plans	251	251	
25	- Other accumulated other comprehensive income	(182)	(182)	3
26	Reserves from profit	177,440	177,436	3
27	Treasury shares	(26,007)	(26,007)	16
28	Retained earnings (including income from the current year)	110,398	108,246	
29	- Retained earnings from previous years, available for unlimited and immediate use to cover risks	62,137	62,137	2
30	- Retained earnings from previous years, not available for unlimited and immediate use to cover risks	30,260	28,107	
31	- Net profit for the financial year, available for unlimited and immediate use to cover risks	18,002	18,002	EU-5a
32	Total shareholders' equity	298,111	295,954	

1.3. Main Features of Regulatory Own Funds Instruments and Eligible Liabilities Instruments

Among the instruments of common equity capital, the Group includes common shares that meet the terms and conditions from Article 28 of the CRR Regulation. The **EU CCA** template below shows the main characteristics of the common equity tier 1 capital instruments.

		a
1	Issuer	Gorenjska banka d. d., Kranj
2	Unique identifier (ISIN Code)	SI0021109630
2a	Public or private placement	Public placement
3	Governing law(s) of the instrument	Slovenian legislation
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	N/A
5	Post-transitional CRR rules	Common Equity Tier 1 Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Subconsolidated
7	Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1 Capital; article 26(3) CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 16 million
9	Nominal amount of instrument	41.73 EUR
EU-9a	Issue price	41.73 EUR
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	23 May 2000
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		N/A
17	Fixed or floating dividend/coupon	Floating dividend
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	Yes
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)	N/A
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

N/A – not applicable

The instruments of added capital refer to subordinate liabilities from the two loans taken at AIK banka a.d. Beograd, and have the characteristic of an additional capital from Article 62, paragraph one, item (a) of the CRR Regulation. In case of insolvency of the borrower, the facility ranks below any claim from eligible liabilities instruments. The table below shows the amounts of subordinated debt as of 31 December 2024:

Issuer	Date of conclusion	Due date	Principal amount	Interest rate	Interest rate type
AIK BANKA AD	12.02.2020	28.02.2030	20,000	5.00%	fixed
AIK BANKA AD	5.12.2022	14.12.2032	30,000	9.00%	fixed

1.4. Main characteristics of regulatory capital and MREL of eligible liabilities

The Bank Recovery and Resolution Directive (BRRD) requires banks in EU Member States to maintain minimum requirements for capital and eligible liabilities (MREL).

Based on the provisions of Commission Implementing Regulation (EU) 2021/763, the Bank discloses information on regulatory capital and MREL of eligible liabilities based on the EU TLAC1, EU KM2 and EU TLAC3b templates.

The MREL requirement, which must be met by a bank in resolution proceedings on a consolidated basis at the level of the group from 1 January 2024 (the group consolidation includes the companies Gorenjska banka d. d., Kranj and GB Leasing d. o. o., Ljubljana), amounts to 19.99% of the total risk exposure amount (TREA) + the combined buffer requirement (CBR), which at the end of 2024 amounted to 3.17% of TREA, and 5.22% of the total exposure amount (LRE). The MREL requirement must be met at all times.

EU TLAC1 template – MREL composition

		Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 capital (CET1)	262,604
6	Tier 2 capital (T2)	50,000
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	312,604
Own funds and eligible liabilities: Non-regulatory capital elements		
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	121,203
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount (TREA)	1,689,703
24	Total exposure measure (TEM)	2,683,858
Ratio of own funds and eligible liabilities		
25	Own funds and eligible liabilities as a percentage of TREA	25.67%
EU-25a	Of which own funds and subordinated liabilities	18.50%
26	Own funds and eligible liabilities as a percentage of TEM	16.16%
EU-26a	Of which own funds and subordinated liabilities	11.65%

The EU KM2 template shows the Group's information on key MREL metrics as of 31.12.2024, required under Article 447(h) of the CRR Regulation and Article 45i(3)(a) and (c) of the BRRD Directive.

		Minimum requirement for own funds and eligible liabilities (MREL)
		31.12.2024
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	433,806
EU-1a	Of which own funds and subordinated liabilities	312,604
2	Total risk exposure amount of the resolution group (TREA)	1,689,703
3	Own funds and eligible liabilities as a percentage of the TREA	25.67%
EU-3a	Of which own funds and subordinated liabilities	18.50%
4	Total exposure measure (TEM) of the resolution group	2,683,858
5	Own funds and eligible liabilities as percentage of the TEM	16.16%
EU-5a	Of which own funds or subordinated liabilities	11.65%
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	23.16%
EU-9	MREL expressed as a percentage of the TEM	5.22%

The EU TLAC3b template shows the ranking of regulatory capital and MREL eligible liabilities according to the order of repayment in the hierarchy of creditors of the entity under resolution.

		Insolvency ranking										Sum 1 to 11
		1 (most junior)	2	4	5	6	7	8	9	10	11 (most senior)	
1	Description of insolvency rank	Claims arising from equity instruments, including claims arising from instruments issued by the bank and qualifying as Common Equity Tier 1 instruments of the bank	Subordinated claims that, based on a contractual arrangement between the parties, are repaid after full repayment of claims that rank lower in the event of a bank's forced winding-up proceedings	Unsecured receivables from debt instruments and other similar financial instruments issued by the bank	Unsecured claims, except claims arising from debt securities and similar instruments issued by the bank	Deposits with the bank that are not considered eligible deposits (non-eligible deposits), including*:	Other eligible applications not covered by the above or below points (large companies):	Eligible deposits of investors who are natural persons or legal entities that meet the criteria for micro, small and medium-sized enterprises as defined in the law governing companies, in amounts exceeding guaranteed deposits	Claims whose original maturity is less than seven days and whose holder is**:	Guaranteed deposits	Priority claims	
5	Own funds and liabilities potentially eligible for meeting MREL	262,318	50,000	102,176	15,860	145,406	104,728	400,533	2,305	1,402,820	9,134	2,495,280
6	of which residual maturity ≥ 1 year < 2 years	0	0	102,176	0	8,711	0	0	0	0	0	110,888
7	of which residual maturity ≥ 2 year < 5 years	0	0	0	0	10,315	0	0	0	0	0	10,315
8	of which residual maturity ≥ 5 years < 10 years	0	50,000	0	0	0	0	0	0	0	0	50,000
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	262,318	0	0	0	0	0	0	0	0	0	262,318

*deposits of banks and investment companies and other financial institutions that they have invested in their own name and for their own account; deposits of insurance companies, reinsurance companies and insurance holding companies; deposits of collective investment undertakings for investment in transferable securities, including closed-end investment undertakings; deposits of pension funds and pension companies; deposits of states and central banks and deposits of entities that are direct or indirect users of the state budget; deposits of local communities and deposits of direct and indirect users of the budget of local communities

**an institution that is not part of a group or; a payment or settlement system or an operator or participant of such a system, if the claims are the result of the participation of the resolution entity in a payment or settlement system and the rules on the finality of settlement of orders in the event of insolvency or other winding-up proceedings of a member apply to settlement in the system in accordance with the law governing payment systems and services or the law governing the market in financial instruments

2. Capital requirements and risk-weighted exposure amounts

(Article 438 of the CRR Regulation)

2.1. Overview of Total Risk Exposure Amounts

The Group uses the standardised approach to calculate tier 1 capital requirements for credit and market risks, and the simple approach to calculate the tier 1 capital requirement for operational risks.

The capital requirement for each risk is 8% of the total exposure to each risk.

The **EU OV1** template below shows the amounts of the total exposure to risk and the total capital requirements under various risk categories. Columns (a) and (b) show the total exposures to risks as at 31 December 2024 and 31 December 2023, and column (c) shows the total capital requirements under individual risk types as at 31 December 2024, calculated in line with Article 92 of the CRR Regulation.

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 December 2024	31 December 2023	31 December 2024
1	Credit risk (excluding CCR)	1,498,686	1,427,157	119,895
2	Of which the standardised approach	1,498,686	1,427,157	119,895
6	Counterparty credit risk - CCR	-	-	-
15	Settlement risk	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
23	Operational risk	191,017	163,502	15,281
EU 23a	Of which basic indicator approach	191,017	163,502	15,281
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	7,226	7,483	578
29	Total	1,689,703	1,590,659	135,176

2.2. Key metrics

The **EU KM1** template below shows the key matrixes relating to the disclosures of capital requirements.

		a	e
		31 December 2024	31 December 2023
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	262,604	243,228
2	Tier 1 capital	262,604	243,228
3	Total capital	312,604	293,228
	Risk-weighted exposure amounts		
4	Total risk exposure amount	1,689,703	1,590,659
	Capital ratios (as a percentage of risk-weighted exposure amount) (%)		
5	Common Equity Tier 1 ratio (%)	15.54	15.29
6	Tier 1 ratio (%)	15.54	15.29
7	Total capital ratio (%)	18.50	18.43
	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 (%)	2.50	2.75
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.41	1.55
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.88	2.06
EU 7d	Total SREP own funds requirements (%)	10.50	10.75

2.3. Insurance Participations

The Group has a capital investment at an insurance company. The capital instrument is not deducted from the capital in line with Article 49 of the CRR Regulation. The risk weight is 100%. The **EU INS1** template below discloses the value of exposures from participation in insurance companies as at 31 December 2024.

		a	b
		Exposure value	Risk exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	-	-

2.4. Internal Capital Adequacy Assessment Process Information (EU OVC)

2.4.1 Approach to Assessing the Adequacy of the Internal Capital of the Group

The Internal Capital Adequacy Assessment Process for the Group is thus far prepared only for the Bank, which represents the predominant part of the Group's risks.

The Bank carries out the process of evaluating the internal capital adequacy in line with the ICAAP and ILAAP policy and the Capital Management Policy, which is based on the Business Strategy of the Bank and the Risk Management Strategy and Policy.

Within the calculation of the first pillar capital requirements, the Bank calculates its capital requirements for the credit, market and operational risks. The Bank has established the internal capital adequacy assessment process (ICAAP), in the framework of which it pursues the recommendations of the regulator and good banking practices in this area.

The Bank assesses the significance of each risk type by using quantitative and qualitative criteria for determining materially significant risks. The Group only defines stress tests for risks that are identified as significant and material for the Group.

In its calculation of the internal capital, the Group separately discusses the following risk types:

- credit risk,
- interest rate risk,
- liquidity risk,
- market risks,
- operational risk,
- other risks.

Within individual risks, the bank also considers subcategories of these risks.

As part of the ICAAP, the bank assesses internal capital requirements for credit risk using an internal model based on an approximation of the IRB approach for RWA calculation. Capital requirements for operational risk are determined in accordance with the regulatory BIA approach and the internal model. For all other risks, the bank primarily relies on internal models developed at the AEC Group level.

When defining risk types for which the Group, within the second pillar, calculates the capital demands, the Bank takes as its basis the above-mentioned ICAAP cornerstones - the strategies, the risk appetite and the risk profile.

2.4.2 The Result of the Institution's Internal Capital Adequacy Assessment Process of the Group (Upon Demand from the Relevant Competent Authority)

The Group is not bound to disclose the results of the internal capital adequacy assessment process.

3. Countercyclical Capital Buffer

(Article 440 of the CRR Regulation)

European legislation establishes a system for the use of capital buffers, which represent an additional requirement for determining the required amount of capital. In addition to the requirements from the first and second Basel pillars, the Group must also meet the capital buffer requirements with its common equity tier capital. Failure to comply with the requirements regarding capital buffers results in restrictions in distributing the operating result, with the purpose of strengthening the Group's capital base.

3.1. Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer

The EU CCyB1 template below shows the geographical spread of the general credit exposure of the Group for calculating the countercyclical capital buffer as at 31 December 2024. The countercyclical buffer rate of 0% (column (m)) is also considered for countries in which the competent authority failed to determine its rate.

		a	g	k	l	m
		General credit exposures Exposure value under the SA approach	Own fund requirements Relevant credit risk exposures - Credit risk	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	Breakdown by country:					
010.1	Slovenia	2,026,417	99,285	1,241,065	84.46	0.50
010.2	Croatia	66,462	5,095	63,687	4.33	1.50
010.3	Serbia	47,803	2,640	32,994	0.00	2.50
010.4	Austria	24,561	1,728	21,596	0.25	2.00
010.5	Italy	23,930	1,736	21,702	0.17	2.00
010.6	Luxembourg	19,906	2,374	29,673	0.04	2.00
010.7	Bosnia and Herzegovina	16,227	1,095	13,689	0.00	2.00
010.8	Czech Republic	10,784	861	10,761	0.73	1.25
010.9	Germany	9,768	706	8,830	0.14	1.50
010.10	Netherlands	5,465	290	3,619	2.02	0.50
010.11	Hungary	4,426	344	4,303	0.01	1.50
010.12	Poland	3,952	273	3,418	0.05	1.25
010.13	United States	3,660	120	1,505	2.25	0.00
010.14	United Kingdom	2,881	200	2,506	0.11	1.00
010.15	Slovakia	2,139	161	2,014	0.60	0.75
010.16	Switzerland	1,688	135	1,683	0.05	1.00
010.17	Romania	1,599	128	1,596	0.02	1.00
010.46	Other countries	5,655	380	4,756		
020	Total	2,277,323	117,552	1,469,397		

Row 46 includes 28 countries with exposure below EUR 1 million. The Group has no credit exposure for market risks and exposures in securitisation, therefore columns b, c, d, e, f, h, i, and j are irrelevant.

3.2. Amount of Institution-specific Countercyclical Capital buffer

The level of each institution's own countercyclical capital buffer is calculated as a weighted average of the countercyclical buffer rates which are used in countries in which appropriate credit exposures of institutions are present, from rows 010.1 to 010.46 of the (m) column of the **EU CCyB1** template. The weight used for the countercyclical buffer rate in each country is the share of capital requirements in the common capital requirements, and is reported in column (l) of the **EU CCyB1** template.

The EU CCyB2 template below shows the requirement calculation for each institution's own countercyclical capital buffer of the Group as at 31 December 2024.

	a
1 Total risk exposure amount	1,689,703
2 Institution specific countercyclical capital buffer rate (%)	0.52
3 Institution specific countercyclical capital buffer requirement (1*2)	8,786

4. Exposure to Credit Risk and Impairment risk

(Article 442 of the CRR Regulation)

4.1. Additional Disclosure Related to the Credit Quality of Assets (EU CRB)

4.1.1. The Definition of 'Past-due' and 'Impaired' Exposures used for Accounting Purposes

The Group uses the same definitions when determining default status for regulatory purposes, as well as for the accounting recognition of credit impaired assets, which are included in Stage 3.

All past-due exposures are defined as non-performing exposures and are accounted for in Stage 3. Unpaid exposures are classified as all exposures where:

- a. the debtor is more than 90 days past due with the payment of any significant credit obligation,
- b. there is a low probability that the debtor will settle his credit obligations in full, without the Group using measures such as collateral encashment for repayment.

The Group considers all active balance sheet and off-balance sheet items in which the counterparty has not settled its contractual obligations on time and within the contractually agreed scope as significant credit obligations in arrears, and amount to at least 100 euros and at least 1% of the total exposure of the transaction.

In the case of exposure to natural persons, the Group applies the definition of non-payment from the above two points at the level of individual credit obligations (transaction level), and in the case of exposure to a legal entity, the overall exposure to the debtor.

4.1.2. The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this

The Group had a total of EUR 3,678 thousand in exposures that were matured for over 90 days as at 31 December 2024, which were considered as stage 3, but since they were over insured, no impairments had been allocated.

4.1.3. Description of methods used for determining general and specific credit risk adjustments

Pursuant to the IFRS 9, the Bank had the concept of expected credit losses, which provides impartial and weighted credit risk loss assessments by taking into account various macroeconomic scenarios. That way, the Bank also recognises losses that are expected to be incurred in the future from its portfolio of financial instruments at the balance sheet date. Allowance for expected credit losses is recognised by the Bank for all loans and other debt financial instruments that are not measured at fair value through the income statement, which includes provisions made for contingent liabilities arising from undisbursed loans and financial guarantee contracts.

The allowance is based on expected credit losses arising from the classification of assets into a specific group, the estimated probability of default (PD) in the following 12 months and throughout the term of the instrument for those where credit risk has increased significantly since initial recognition. The Bank has criteria for a significant increase in the lifelong probability of default, defined by segment on the basis of qualitative and quantitative information and analyses made on the basis of past information, experiences and expert credit assessments and forward-looking information.

The process and rules of classification are regularly monitored. The key criteria for classification derive from the applicable regulatory requirements and the IFRS 9. Receivables are classified into individual stages; i.e. stages 1 and 2 for performing receivables and stage 3 for non-performing receivables. The classification criteria are defined in the Bank's internal acts. The same criteria are applied to the classification of all financial assets into stages. The classification takes place in several steps, whereby individual criteria are checked at every step. In step 1, it is checked whether a financial asset was bought or originally impaired. In step 2, the Bank checks whether a default has occurred in a financial asset (due to 90 days past due on client level for legal entities and loan level for private individuals or the client/loan meet the unlikely to pay - UTP criteria) in which case the asset is allocated to stage 3. In step 3, three criteria for increased credit risk are checked (30 days past due, restructuring, watchlist inclusion), whereby the fulfilment of any of them implies the classification of the asset in stage 2. In step 4, it is checked whether an asset belongs to a low credit risk category and meets the conditions for classification in stage 1. In step 5, the Bank also checks the increase in the lifelong probability of default from the point of asset recognition to the reporting date, whereby an increase above the defined limit requires the classification of the asset in stage

2. The criteria of a significant increase in the lifelong probability of default from asset recognition to the reporting date have been laid down by the Bank based on available statistical analyses and differ with respect to the segment of clients.

The Bank classifies all exposures at the client level that exceed EUR 200,000 and that are defined as unlikely to pay as individually impaired. It also classifies the following as individually impaired:

- POCI exposures,
- modified exposures, when the UTP criteria is met,
- leasing exposures after the withdrawal of the subject of the lease, and
- partly written-off exposures.

For all exposures classified as individually impaired, the required impairments or provisions are assessed individually in accordance with the definitions listed in the Methodology for the formation of individual impairments.

When assessing expected credit losses, the Bank is required to take into account the longest contractual period in which it is exposed to credit risk. For transactions with specific features and without maturity, the Bank has defined principles for taking into account their maturity by observing the nature of the transaction and available information about them.

When calculating the values of credit risk parameters, the Bank includes information that derives from previous credit risk matrices in the past 8 years and forward-looking expectations and available information, such as macroeconomic scenarios involving major credit risk factors.

By applying the Z-shift method, the Bank includes the relationship between macroeconomic conditions in the country and the shares of default in the Bank's credit portfolio in calculations of credit risk parameters. For the purposes of calculating impairments as per the IFRS 9, the Bank has defined various macroeconomic scenarios from same GDP projection by applying the error distribution method. However, this year the Bank has used in-model adjustments and defined various macroeconomic scenarios where each scenario uses different GDP to better reflect current and future macroeconomic outlook.

The Bank applies the following probabilities of individual scenarios:

- realistic scenario: 60%,
- optimistic scenario: 10%,
- pessimistic scenario: 30%.

For the purpose of calculating risk provisions according to MSRP 9, the bank has defined various macroeconomic scenarios, each with its own GDP/inflation forecast. Aiming to exercise caution in forming risk provisions due to unpredictable future macroeconomic conditions and potential consequences that could affect the bank's portfolio, default probabilities for the entire portfolio were increased by 9% this year. This resulted in additional risk provisions amounting to EUR 1,233.12 thousand.

Scenarios for future values of real GDP growth in Slovenia are used for the portfolio of companies, sole proprietors, private individuals, banks, countries and government institutions. The Bank also assesses the probability of default for entities that fall within the low default share portfolio (banks, countries, government institutions).

When calculating loss, the Bank derives from the data on the share of losses from individual cases weighted by the exposure of an individual debtor during the transition to defaulters. Furthermore, the recommended LGD may be used in other segments when the Bank is unable to calculate the level of loss due to various substantiated reasons. For the following reason, the Bank applies the regulatory LGD in segments of the Central State level and Central Bank and Institutions.

Exposure at default (EAD) is modelled at the Bank to adjust the existing exposure to contractual future cash flows, where future contractual cash flows are not taken into account in the period of three months before default. In exposures with no contractual future cash flows, the cash flow is deemed to be total repayment upon maturity. If an exposure has no due date, the due date is considered to be the period of one year, where the cash flow is deemed to be total repayment upon such a new due date. EAD takes into account off-balance-sheet exposure multiplied by CCF values, determined based on the internal methodology. When calculating the level of loss, the Bank is also considering the weighted values of appropriate collaterals, which it discounts and adequately allocates to individual transactions, and the discount factor is determined on the basis of the annual average interest rate of non-performing exposures weighted with the EAD share. The algorithm for classifying collaterals is described in the Methodology on the collateral types and valuations at GB d.d. To determine the value of the collaterals used in the leasing portfolio, the Bank uses the value drop curve.

All risk parameters are calculated once a year, or more frequently if the economic forecasts change substantially compared to the previous forecasts; in such a case, the parameters are recalculated with respect to new forecasts.

The validation of all risk parameters is conducted once a year.

4.1.4. Risk weighted assets (RWA)

The Group uses a standardized approach when calculating capital requirements on credit risks. Credit risk mitigation techniques considers insurance, namely personal guarantees and property insurance. As of 31 December 2024, the bank considered government guarantees amounting to EUR 27,430 thousand and collateral with cash at the bank amounting to EUR 7,367 thousand. The Group does not use balance reconciliation. Exposures secured by cash treats as exposures secured by assets.

For the purpose of calculation of RWA, the Group assigns exposures secured by CRR eligible immovable property to category exposures secured by mortgages on immovable property. In the case of exposures that are fully and completely secured by mortgages on residential real estate located in the territory of the Republic of Slovenia, a risk weight of 35% is used for the part of the credit that does not exceed 60% of the market value of the relevant real estate. In the case of exposure fully and completely secured by mortgages on suitable commercial real estate, a risk weight of 50% is considered when calculating the RWA for the part of the credit that does not exceed 50% of the market value of the real estate. The eligibility of residential and commercial immovable property for inclusion in the RWA calculation (assignment of a risk weight of 35% or 50%) is defined by the definitions of each property type in internal documents. Fulfilment of the conditions for inclusion among suitable real estate is carried out when the real estate is accepted for insurance, and monitoring is carried out throughout the duration of the insurance. To real estate property that is part of project financing and is intended for sale on the market, a weight of 150% is assigned when calculating RWA. The valuation of all properties is in line with international standards. the valuations for the properties are carried out by qualified and experienced external valuers, the internal valuers also issue an opinion on the adequacy of the report when reviewing the external valuations. The immovable properties that the bank received as collateral are located in the territory of the Republic of Slovenia (97%), as well as abroad (3%, of which the majority is located in Croatia). On January 1, 2025, new rules for calculating credit risk will come into force in accordance with the CRR3 regulation, which brings changes to the methodology for calculating capital requirements.

More information about the credit risk management system is described in the Annual Report.

4.1.5. The Definition of a Restructured Exposure

The definition of the restructured exposure which the Group uses for implementing Article 178(3)(d) of CRR, as defined in the EBA guidelines on default, in line with Article 178 of CRR, is the same as the definition of the restructured exposure defined as such in Article 47b(1) and (2) of CRR.

Thus, the following two conditions need to be met for the restructured financial asset:

- the debtor is in financial difficulties,
- the debtor was given a “waiver” to the initially agreed investment conditions.

The financial difficulties or the ability to pay debt must be assessed by the Bank on the level of the debtor and in the event of identified financial difficulties, the change of conditions of each investment means a restructured financial asset. Here, all interrelated companies in the group that is subject to the accounting consolidation are considered as debtors.

4.2. Performing and Non-performing Exposures and Related Provisions

The **EU CR1** template below shows performing and non-performing exposures, accumulated impairments and provisions, accumulated negative fair value changes due to credit risk, accumulated partial write-offs, received collateralisations and financial guarantees as at 31 December 2024.

		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	
															On performing exposures	
		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					
			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	358,448	358,448	-	-	-	-	(18)	(18)	-	-	-	-	-	-	-
010	Loans and advances	1,686,352	1,370,424	315,927	45,008	-	45,008	(14,733)	(5,909)	(8,824)	(16,512)	-	(16,512)	(619)	1,154,507	26,788
020	Central banks	34	34	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	48,013	46,835	1,178	-	-	-	(385)	(293)	(92)	-	-	-	-	3,283	-
040	Credit institutions	18,726	18,726	-	-	-	-	(2)	(2)	-	-	-	-	-	-	-
050	Other financial corporations	36,991	34,392	2,599	27	-	27	(696)	(438)	(257)	(11)	-	(11)	-	9,738	15
060	Non-financial corporations	847,009	702,802	144,208	26,897	-	26,897	(6,723)	(3,370)	(3,353)	(9,710)	-	(9,710)	(572)	584,396	16,518
070	Of which SMEs	612,611	498,888	113,723	19,812	-	19,812	(5,503)	(2,648)	(2,856)	(7,448)	-	(7,448)	(572)	469,526	11,698
080	Households	735,579	567,637	167,943	18,084	-	18,084	(6,928)	(1,806)	(5,122)	(6,790)	-	(6,790)	(48)	557,090	10,255
090	Debt securities	341,127	332,316	8,811	-	-	-	(576)	(99)	(477)	-	-	-	-	7,498	-
110	General governments	319,739	319,739	-	-	-	-	(97)	(97)	-	-	-	-	-	-	-
120	Credit institutions	9,518	9,518	-	-	-	-	(1)	(1)	-	-	-	-	-	7,498	-
140	Non-financial corporations	11,870	3,059	8,811	-	-	-	(478)	(1)	(477)	-	-	-	-	-	-
150	Off-balance-sheet exposures	684,186	638,157	46,030	582	-	582	(1,342)	(1,191)	(150)	(381)	-	(381)		112,067	20
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		388	-
170	General governments	15,760	15,739	21	-	-	-	(12)	(12)	(0)	-	-	-		-	-
180	Credit institutions	50	50	-	-	-	-	(0)	(0)	-	-	-	-		-	-
190	Other financial corporations	2,246	2,239	6	1	-	1	(16)	(16)	(0)	(0)	-	(0)		35	-
200	Non-financial corporations	592,566	567,238	25,328	556	-	556	(1,287)	(1,146)	(141)	(378)	-	(378)		106,685	20
210	Households	73,566	52,891	20,675	25	-	25	(26)	(17)	(9)	(3)	-	(3)		5,347	-
220	Total	3,070,114	2,699,345	370,768	45,591	-	45,591	(13,968)	(4,817)	(9,151)	(16,130)	-	(16,130)	(619)	1,274,072	26,808

4.3. Maturity of Exposures

The **EU CR1-A** template below shows the value of balance and off-balance exposures as at 31 December 2024, reduced for impairments or provisions and without considering impacts from credit insurances after the remaining maturity. Exposures that are being paid in instalments are classified into the maturity bucket which corresponds to the last instalment.

		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	159,461	711,179	697,897	814,620	-	2,383,157
2	Debt securities	-	61,540	181,422	98,080	-	341,043
3	Total	159,461	772,718	879,319	912,701	-	2,724,199

4.4. Credit Quality of Forborne Exposures

The **EU CQ1** template below shows performing and non-performing restructured exposures, accumulated impairments and provisions, accumulated negative fair value changes due to credit risk, received collateralisations and financial guarantees for restructured exposures as at 31 December 2024.

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired					
010	Loans and advances	24,516	12,941	12,941	12,941	(171)	(4,911)	29,761	7,877
060	Non-financial corporations	24,385	12,611	12,611	12,611	(162)	(4,836)	29,423	7,642
070	Households	131	330	330	330	(9)	(75)	338	235
090	Loan commitments given	-	124	-	-	-	-	-	-
100	Total	24,516	13,065	12,941	12,941	(171)	(4,911)	29,761	7,877

4.5. Credit Quality of Performing and Non-performing Exposures by Past Due Days

The **EU CQ3** template below shows performing and non-performing exposures by individual maturity bucket as at 31 December 2024. For the maturity allocation in the table below, maturity of each contract is taken into account.

		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	358,448	358,448	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	1,686,352	1,660,740	25,611	45,008	31,695	5,227	4,288	2,753	934	8	104	45,008
020	Central banks	34	34	-	-	-	-	-	-	-	-	-	-
030	General governments	48,013	48,012	0	-	-	-	-	-	-	-	-	-
040	Credit institutions	18,726	18,726	0	-	-	-	-	-	-	-	-	-
050	Other financial corporations	36,991	36,991	0	27	27	-	-	-	-	-	-	27
060	Non-financial corporations	847,009	836,380	10,629	26,897	18,947	3,497	2,658	1,359	432	2	-	26,897
070	Of which SMEs	612,611	602,027	10,585	19,812	11,862	3,497	2,658	1,359	432	2	-	19,812
080	Households	735,579	720,597	14,982	18,084	12,721	1,730	1,630	1,393	501	6	104	18,084
090	Debt securities	341,127	341,127	-	-	-	-	-	-	-	-	-	-
110	General governments	319,739	319,739	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	9,518	9,518	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	11,870	11,870	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	684,186			582								582
170	General governments	15,760			-								-
180	Credit institutions	50			-								-
190	Other financial corporations	2,246			1								1
200	Non-financial corporations	592,566			556								556
210	Households	73,566			25								25
220	Total	3,070,114	2,360,316	25,611	45,591	31,695	5,227	4,288	2,753	934	8	104	45,591

4.6. Quality of Non-performing Exposures by Geography

The EU CQ4 template below shows non-performing balance and off-balance exposures by country on the basis of the head office of the direct counterparty as at 31 December 2024.

		a	b	c	d	e	f
		Gross carrying/nominal amount			Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given
			Of which non-performing	Of which defaulted			
010	On-balance-sheet exposures	2,072,487	45,008	45,008	2,072,487	(31,821)	
020	<i>Slovenia</i>	1,684,102	41,217	41,217	1,684,102	(29,646)	
030	<i>Croatia</i>	63,486	980	980	63,486	(764)	
040	<i>Serbia</i>	47,960	316	316	47,960	(245)	
050	<i>Italy</i>	36,389	3	3	36,389	(312)	
060	<i>Austria</i>	30,314	17	17	30,314	(12)	
070	<i>Luxembourg</i>	20,005	0	0	20,005	(306)	
080	<i>Germany</i>	19,585	12	12	19,585	(19)	
090	<i>France</i>	17,587	0	0	17,587	(5)	
100	<i>Slovakia</i>	14,727	0	0	14,727	(6)	
110	<i>Bosnia and Herzegovina</i>	13,235	2,359	2,359	13,235	(346)	
120	<i>Ireland</i>	13,230	0	0	13,230	(3)	
130	<i>Spain</i>	12,961	0	0	12,961	(7)	
140	<i>Poland</i>	12,047	0	0	12,047	(4)	
150	<i>Portugal</i>	10,297	0	0	10,297	(5)	
160	<i>Belgium</i>	10,058	0	0	10,058	(1)	
170	<i>Czech Republic</i>	9,353	0	0	9,353	(11)	
180	<i>Lithuania</i>	8,157	0	0	8,157	(2)	
190	<i>Latvia</i>	8,018	0	0	8,018	(4)	
200	<i>Romania</i>	6,639	0	0	6,639	(5)	
210	<i>United Kingdom</i>	6,376	0	0	6,376	(15)	
220	<i>Finland</i>	5,902	0	0	5,902	(1)	
230	<i>Netherlands</i>	4,755	0	0	4,755	(8)	
240	<i>Macedonia</i>	4,052	40	40	4,052	(25)	
250	<i>United States</i>	3,630	0	0	3,630	(12)	
260	<i>Hungary</i>	3,101	6	6	3,101	(13)	
270	<i>Estonia</i>	2,986	0	0	2,986	(1)	
280	<i>Switzerland</i>	1,325	4	4	1,325	(11)	
620	<i>Druge države</i>	2,209	53	53	2,209	(32)	
630	Off-balance-sheet exposures	684,769	582	582			1,723
640	<i>Slovenia</i>	569,527	582	582			1,543
650	<i>Italy</i>	26,891	0	0			13
660	<i>Germany</i>	20,491	0	0			12
670	<i>Bosnia and Herzegovina</i>	15,360	0	0			80
680	<i>Croatia</i>	12,391	0	0			29
690	<i>Poland</i>	10,963	0	0			6
700	<i>Czech Republic</i>	7,220	0	0			7
710	<i>Hungary</i>	6,687	0	0			5
720	<i>United Kingdom</i>	2,520	0	0			3
730	<i>Spain</i>	2,357	0	0			3
740	<i>Switzerland</i>	1,884	0	0			3
750	<i>Austria</i>	1,771	0	0			3
760	<i>Netherlands</i>	1,753	0	0			9
770	<i>Luxembourg</i>	1,109	0	0			3
780	<i>France</i>	1,003	0	0			1
790	<i>Sweden</i>	1,003	0	0			1
1010	<i>Other countries</i>	1,837	0	0			1
1020	Total	2,757,256	45,591	45,591	2,072,487	(31,821)	1,723

Row 620 includes 33 countries with exposure below EUR 1 million. Row 1010 includes 21 countries with exposure below EUR 1 million.

The Group's non-performing exposures do not include exposures measured at fair value, which is why the template above does not disclose column (g) with accumulated negative changes of fair value due to credit risk in non-performing exposures.

4.7. Credit Quality of Loans and Advances to Non-financial Corporations by Industry

The **EU CQ5** template below shows loans and other financial assets for non-financial companies by industry as at 31 December 2024.

	a	b	c	d	e
		Gross carrying amount			Accumulated impairment
		Of which non-performing	Of which defaulted	Of which subject to impairment	
010 Agriculture, forestry and fishing	1,794	26	26	1,794	(24)
020 Mining and quarrying	1,923	2	2	1,923	(21)
030 Manufacturing	274,821	9,180	9,180	274,821	(5,189)
040 Electricity, gas, steam and air conditioning supply	14,306	2,963	2,963	14,306	(337)
050 Water supply	10,420	7	7	10,420	(37)
060 Construction	123,414	1,907	1,907	123,414	(1,487)
070 Wholesale and retail trade	113,197	6,721	6,721	113,197	(4,657)
080 Transport and storage	44,132	1,671	1,671	44,132	(951)
090 Accommodation and food service activities	73,275	793	793	73,275	(687)
100 Information and communication	11,221	81	81	11,221	(115)
110 Financial and insurance activities	3,849	-	-	3,849	(68)
120 Real estate activities	87,142	128	128	87,142	(367)
130 Professional, scientific and technical activities	64,674	3,131	3,131	64,674	(1,860)
140 Administrative and support service activities	22,129	232	232	22,129	(319)
150 Public administration and defence, compulsory social security	111	-	-	111	(2)
160 Education	3,035	13	13	3,035	(81)
170 Human health services and social work activities	8,297	21	21	8,297	(23)
180 Arts, entertainment and recreation	12,112	5	5	12,112	(150)
190 Other services	4,055	18	18	4,055	(59)
200 Total	873,907	26,897	26,897	873,907	(16,433)

The Group's non-performing exposures do not include exposures measured at fair value, which is why the template above does not disclose column (f) with accumulated negative changes of fair value due to credit risk in non-performing exposures.

5. Remuneration policy

(Article 450 of the CRR Regulation)

Detailed disclosures in relation to the Remuneration Policy will be disclosed in the additional document, which will be published on the Bank's website.

5.1. Main elements and implementation of the remuneration policy

5.1.1. Information relating to the bodies that oversee remuneration

Remuneration management is based on adopted Remuneration Policy, which applies to the entire Gorenjska banka Group. The professional departments of the bank, the Management Board, the Remuneration Committee of the Supervisory Board and the Supervisory Board itself are involved in the management and oversight of the implementation of the Remuneration Policy.

In 2024, the Remuneration Committee of the Bank held 3 sessions. The members of the Remuneration Committee on 31.12.2024:

- Jurij Bajec, president,
- Aleksandra Babić, member
- Ana Živanović, member.

The Bank employed external advisors Korn Ferry in the development of short term incentive plan for identified staff.

The remuneration Policy applies to all employees in the Gorenjska banka group including subsidiaries. It defines the framework of all the remunerations, also for identified staff - employees who may, in the scope of their powers or work tasks and activities, have a significant impact on the risk profile of the Bank, or whose professional activity has a significant influence on the profile of the Bank. The policy also determines this category in accordance with the qualitative and quantitative measures.

In accordance with the criteria, the banking group classifies the bank's management body, senior management of the bank, management of internal control system functions, directors of subsidiary companies and individual professional positions as employees performing work of a special nature.

5.1.2. Information relating to the design and structure of the remuneration system for identified staff

The variable remuneration policy is determined in such a way that it is compatible with effective and wise risk management, and does not encourage risk-taking that surpasses the level that is acceptable for the bank, that it is in accordance with the business strategy, long-term goals and interests of the bank, and that it predicts the measures to prevent conflicts of interest. The Remuneration Policy is transparent, known in advance and appropriately documented. The purpose of this Policy is to outline the remuneration principles, to ensure that remuneration practices for the Bank and its subsidiaries, its staff members and other stakeholders. This Policy is a central element for the implementation of the remuneration systems within the Bank.

In 2024, the performance assessment processes were further enhanced in terms of transparency and risk management. For identified staff short-term incentive plan and a framework for setting performance objectives on which the remuneration is based have been established.

The annual incentive plan is based on the performance evaluation of:

- the institution,
- the function or area for which the individual is responsible, and
- individual performance.

The evaluation takes into account both quantitative and qualitative criteria, along with weightings that emphasize the importance of specific objectives. At the same time, the job evaluation system was updated, which also has an impact on the new remuneration schemes.

The objectives of this Policy are, among others, to:

- Ensure that the remuneration across the GB Group is in line with the applicable regulations on remuneration.
- Set out the principles governing the Bank remuneration system and to build an overall framework on remuneration.
- Align the remuneration systems within the Bank with the objectives set out in the business and risk strategy of the Bank.
- Bring consistency, transparency, and equity to pay principles that will increase trust and staff's engagement.
- Set out remuneration system that promote motivation and achieving the best possible business results with appropriate risk management.
- Provide an environment that encourage innovation and extraordinary performance.
- Attract, retain, and motivate highly skilled individuals in a competitive international market.
- Provide an effective framework for performance measurement, risk adjustment and the linkages of performance to reward.
- Align the financial wellbeing of staff members with the economic interest of shareholder.
- Ensures that the levels of remuneration are directly linked to results and desired behaviours.

In line with EBA/GL/2021/05, the management body (on a group and on a local level) is responsible for setting, approving, and overseeing the implementation of a sound remuneration policies that are in line with the remuneration principles set out in Articles 92 to 95 of Directive 2013/36/EU and in the EBA/GL/2021/04.

Key properties:

- The remuneration policy clearly distinguishes between the criteria for determining fixed remuneration and variable remuneration;
- Variable remunerations are only paid or become payable if they are sustainable in terms of the Bank's financial state, and if they are justified by the success of the bank, the organisational unit and the individual;
- With this policy, the bank has established internal rules on the system of reducing the variable remuneration or clawback;
- Any payment to an individual connected to the early termination of their employment contract reflects the performance of that individual in a certain period, and cannot reward them for poor performance or any violations within the bank.

- The amount of fixed remuneration must be sufficiently high in order to ensure that the reduction of the variable remuneration down to zero would be possible.
- The staff who are performing control functions are independent from the organisational units they are monitoring and have appropriate authorisations and receive remunerations based on achieving objectives related to their functions, independently of the success of the business areas they are monitoring.
- maximum ratio of 1 (fixed remuneration) to 1 (variable remuneration),
- If awarded variable remuneration component exceeds EUR 50.000 gross or represents more than one third of the respective identified staff's total annual remuneration, the part of total variable remuneration determined is paid by deferral.
- In awarding variable remuneration to identified staff, the need to preserve or rebuild a strong capital base, any impact of external or internal stakeholders, and recommendations and guidance from the regulator are duly considered. In line with the foregoing, appropriate prudence to adopt sound decisions on the award and pay-out of variable remuneration to identified staff is applied.
- Variable remunerations, including the deferred part, are only paid or are payable when the financial situation of each subsidiary and their exposure to risk is on an acceptable and sustainable level, and when such a pay-out is justified based on the operating results of each subsidiary, organisational unit and individual in each time period (which is used as the criterion for the performance evaluation, e.g. calendar year, etc.).
- To ensure long-term success, the Bank may defer payment of a certain part of the variable remunerations. The deferred part of the variable remuneration does not bear interest during the deferral period.
- The Bank may cancel a part of or the entire deferred variable remuneration, or demand the return of already paid variable remuneration if, on the basis of circumstances, it finds out that the actions, waivers thereof or decisions of an employee have led to significant losses in the Bank.

Stakeholders:

The Management Board assesses and approves this Policy. In addition, this Policy is part of the audit plan for regular review of the compliance with the regulation, other group policies, procedures, and internal rules and for examination and evaluation of the adequacy and effectiveness of the Policy.

The BoD, the Remuneration and the Risk Committees work closely together and ensure that the remuneration policy is consistent with and promotes sound and effective risk management.

The Supervisory Board is responsible for:

- Adopting and maintaining the remuneration policy of the Bank.
- Overseeing its implementation to ensure it is fully operational as intended.
- Approving any subsequent material exemptions made for individual identified staff members and changes to the remuneration policy and carefully considering and monitoring their effects.
- Ensuring that the Bank's remuneration policies and practices are appropriately implemented and aligned with the Bank's overall corporate governance framework, corporate and risk culture, risk appetite and related governance processes.
- Determining and overseeing the remuneration of the members of MB.
- Considering the findings of the compliance function during the approval, review, procedures, and oversight of the remuneration policy.

The Human Resource's function is responsible for:

- Participating in and informing on the drawing up and the evaluation of the remuneration policy for the Bank, including the remuneration structure, the aspect of gender neutrality, remuneration levels and incentive schemes, in a way that would not only attract and retain the staff the Bank needs but also ensure that the remuneration policy is aligned with the Bank's risk profile.

The risk management function is responsible for:

- Assisting with and informing on the definition of suitable risk-adjusted performance measures (including ex ante and ex post adjustments).
- Assessing how the variable remuneration structure affects the risk profile and culture of the Bank,
- Validating and assessing risk adjustment data.

Risk management function is to be invited to attend the meetings of the Remuneration Committee on this matter.

The compliance function is responsible for:

- Analysing the remuneration policy from the Compliance perspective.

- Reporting on all identified compliance risks and issues of non-compliance to the Management Board and Supervisory Board.

The internal audit function is responsible for:

- Carrying out an independent review of the design, implementation, and effects of the Bank's remuneration policies on its risk profile and the way these effects are managed in line with the guidelines provided in the regulation.

5.1.3. Description of the ways in which current and future risks are taken into account in the remuneration processes

In cases when the Bank or its subsidiary does not achieve the determined level of capital or capital adequacy in accordance with the law that governs the business of banks and the implementing regulations, or if the risks that the Bank or its subsidiary is exposed to have been raised in opposition to the risk appetite, the variable remuneration is not determined and is not paid out. The Bank establishes the compliance of risk-taking with the expressed risk appetite by achieving the indicators defined in the Risk Appetite Statement, which is monitored and presented in the Risk Management Report and is dealt with quarterly by the Supervisory Board.

The Supervisory Board may decide not to determine and pay out the variable remuneration should the Bank suffer losses in its current business due to the determination and payment of the variable remuneration, or it may define a proportionally smaller amount of variable remunerations in line with the commercial and financial plan of the Bank, or the planned items for the variable part of the remunerations.

5.1.4. The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD

The variable remuneration does not exceed 100 percent of the fixed remuneration.

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.

5.1.5. Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration

The variable remuneration is determined on the basis of the performance assessment on three segments, namely:

- the performance assessment of achieving the business results of the Bank or its subsidiary as a whole,
- the performance assessment of an individual,
- the performance assessment of their organisational unit or area for which they are responsible.

Criteria for the determination and payment of variable remuneration on Bank's, organizational unit, and individual staff member's level, are related to the level of accomplishment of pre-set goals within the performance period. Variable remuneration component is performance based, but can be awarded on different basis, e.g., monthly performance-based pay, project bonuses, and similar.

Regardless of the basis for awarding variable remuneration component, the criteria for awarding (i.e., key performance indicators) shall be pre-defined and duly documented for each type of the variable remuneration component. Key performance indicators shall be set as measurable objectives, to ensure objectivity of evaluation of staff's performance.

5.1.6. Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance

If awarded variable remuneration component exceeds EUR 50.000 gross or represents more than one third of the respective identified staff's total annual remuneration, the part of total variable remuneration determined is paid by deferral of which half of the amount is paid in cash and other half in financial instrument. The terms and conditions of the financial instrument for the payment of the variable remuneration are an integral part of this Policy. Even former employees are entitled to the payment of the deferred variable remuneration.

The bank may defer the payment of the deferred variable remuneration from the previous paragraph if it does not achieve the business performance criteria as a whole, which is decided by the Supervisory Board.

The bank must defer the payment of the deferred variable remuneration component if it fails to achieve the required level of capital (i.e. ensure capital adequacy) in accordance with the law governing banking and its implementing regulations. In that case, payments are deferred until all the legal requirements are met.

There are no differences between employees or employee categories.

The bank may cancel a part of or the entire deferred variable remuneration, or demand the return of the variable remuneration if, on the basis of circumstances, it finds out:

- that the individual's actions or decisions have led to important losses for the bank, or
- that the individual does not meet the suitability standards when working in the Bank.
- based on reverse testing, once a year is determined, whether the criteria for the payment of the variable component of remuneration are met.

In the case of the following circumstances:

- signs of severe careless treatment and mistakes due to violations of external and internal regulations that led to significant losses for the institution,
- considerable decline in the business of an organisational unit or the Bank as a whole, reflected in the performance indicators,
- improper risk management in a specific area or individual organisational unit, and non-compliance with the adopted values and rules, reflected in the decline of the risk profile of the Bank and not just in the excess of the reference values of the risk appetite indicators,
- request to increase the capital demands due to an increased risk in association with a specific activity or organisational unit,
- regulatory sanctions as a consequence of the improper treatment of employees.

The Supervisory Board needs to decide on the reduction, cancellation or return of the variable component of remuneration. The decision-making bases are prepared by the organisational units which are responsible for the personnel area, financial controlling, risk management, and compliance of operations. The Risk Management function assesses how the structure of the variable remunerations affects the risk profile and risk assuming culture of the institution, and at the same time assesses and confirms the data on adjustment due to risks. The Compliance function analyses how the remuneration policy affects compliance with legislation, regulation, as well as internal policies and rules, and must report any compliance risks found from previous paragraphs of this section. Findings are disclosed in the material which is submitted to the Committee and the Supervisory Board.

5.1.7. The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit, as referred to in point (f) of Article 450(1) CRR

The variable part of remunerations refers to the payment which depends on the achieved results directly related to the achievement of the goals in Gorenjska banka as a whole, the goals of the individual organisational unit, and the goals of the individual, and are given and paid in the form of cash and/or instruments. These goals are meant to ensure sustainable development of the Bank.

The criteria and performance assessment defined in this document are used to determine the variable remunerations at Gorenjska banka d.d., Kranj, as well as in all of its dependent companies.

The quantitative performance criteria that contribute to the total success of the Bank are as follows:

- return on capital,
- profit before tax,
- operating costs based on revenue,
- interest margin,
- risk cost,
- non-performing exposures based on the classified exposures.

The qualitative criteria are as follows:

- ensuring the development of human resources,
- timely implementation of recommendations of the Internal Audit,
- compliance with legislation and internal rules,
- strategic projects,
- initiatives for improving processes,
- performing in line with company values,
- operating in the framework of a socially responsible employer.

5.1.8. Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management

The total remunerations of the management body's members are disclosed by name and type of remuneration in the Annual Report of Gorenjska banka d.d., Kranj and the Gorenjska banka Kranj Group, chapter 6.4.

5.1.9. Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD, as referred to in point (k) of Article 450(1) CRR

The Bank does not use deviations as per Article 94(3) (b) of CRD.

5.1.10. The quantitative information on the remuneration of collective management body of institution, differentiating between executive and non-executive members, as referred to in Article 450(2) CRR

For 2024, the total remunerations of the management body's members are already disclosed by name and type of remuneration in the Annual Report of Gorenjska banka d.d., Kranj and the Gorenjska banka Kranj Group, chapter 6.4.

5.2. Remuneration Awarded for the Financial Year

The **EU REM1** template below shows the remunerations of the Group allocated for the 2024 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	3	30	3
2		Total fixed remuneration	128	822	3,202	190
3		Of which: cash-based	126	734	2,991	184
7		Of which: other forms	1	88	212	6
9	Variable remuneration	Number of identified staff	7	3	30	3
10		Total variable remuneration	-	150	682	34
11		Of which: cash-based	-	150	682	34
12		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
17	Total remuneration (2 + 10)		128	972	3,885	224

Variable remuneration includes the amounts of the actual allocation for 2024, which was carried out in the first quarter of 2025.

5.3. Special payments to staff of the Group whose professional activities have a material impact on institutions' risk profile (identified staff)

The **EU REM2** template below shows payments made to employees whose professional activities have a significant influence on the risk profile of the Group, for the 2024 financial year.

		c
		Other senior management
	Severance payments awarded during the financial year	
6	Severance payments awarded during the financial year - Number of identified staffs	1
7	Severance payments awarded during the financial year - Total amount	19
8	Of which paid during the financial year	19
11	Of which highest payment that has been awarded to a single person	19

The templates above do not show columns (a) and (b) because employees in the management body and the supervisory function and management function did not receive any special payments in 2024. The same applies to column (d) because no other employees whose professional activities have a significant influence on the risk profile of the Group did not receive any special payments.

5.4. Deferred Remuneration

The **EU REM3** template below shows deferred remunerations of employees whose professional activities have a significant influence on the risk profile of the Group, for the 2024 financial year.

		a	c
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which vesting in subsequent financial years
7	MB Management function	85	85
8	Cash-based	42	42
11	Other instruments	42	42
25	Total amount	85	85

The template above does not show columns (b) because deferred remunerations did not become due in current financial year and columns (d), (e) and (f) because deferred remunerations were not adjusted to the performance and subsequent implicit adjustments. The same applies for columns EU-g and EU-h because deferred remunerations allocated prior to the financial year which would have been paid in the financial year, and deferred remunerations allocated for previous performance assessment periods which would mature but would enter into the retention period, are irrelevant for the Group.

5.5. Information on Remuneration of Staff whose Professional Activities have a Material Impact on Institutions' risk profile (identified staff)

The **EU REM5** template below shows remunerations of employees whose professional activities have a significant influence on the risk profile of the Group, for the 2024 financial year.

		a	b	c	e	f	g	h	j
		Management body remuneration			Business areas				Total
		MB Supervisory function	MB Management function	Total MB	Retail banking	Asset management	Corporate functions	Independent internal control functions	
1	Total number of identified staff								43
2	Of which: members of the MB	7	3	10					
3	Of which: other senior management				13	2	10	5	
4	Of which: other identified staff				-	-	-	3	
5	Total remuneration of identified staff	128	972	1,100	1,929	288	1.193	699	
6	Of which: variable remuneration	0	150	150	374	52	182	109	
7	Of which: fixed remuneration	128	822	950	1,555	236	1,012	590	

The template above does not show column (d) because the Group is not active in investment banking. The same applies for column (i) because the Group has no other areas of operations.

6. Leverage

(Article 451 of the CRR Regulation)

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

6.1. Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

The **EU LR1-LRSum** template below shows a summary of the harmonisation of accounting assets and the leverage ratio as at 31 December 2024.

		a
		Applicable amount
1	Total assets as per published financial statements	2,534,920
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(1,577)
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	181,516
12	Other adjustments	(31,000)
13	Total exposure measure	2,683,858

6.2. Leverage Ratio Common Disclosure

Rows from 1 to EU27a in the **EU LR2-LRCom** template below show the disclosure for the financial leverage ratio as at 31 December 2024 and 31 December 2023.

		CRR leverage ratio exposures	
		a	b
		31 December 2024	31 December 2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2,533,343	2,440,399
6	(Asset amounts deducted in determining Tier 1 capital)	(31,000)	(31,333)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	2,502,343	2,409,066
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	684,769	542,191
20	(Adjustments for conversion to credit equivalent amounts)	(503,253)	(392,764)
22	Off-balance sheet exposures	181,516	149,427
Capital and total exposure measure			
23	Tier 1 capital	262,604	243,228
24	Total exposure measure	2,683,858	2,558,493
Leverage ratio			
25	Leverage ratio (%)	9.78	9.51
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.78	9.51
	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.78	9.51
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
27	Leverage ratio buffer requirement (%)	0.00	0.00
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00

Rows 30 to 31a of the **EU LR2-LRCom** template below show the arithmetic mean value of the total exposure and leverage ratio for 2024 and 2023.

		CRR leverage ratio exposures	
		a	b
		2024	2023
Disclosure of mean values			
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)	2,603,909	2,449,250
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)	2,603,909	2,449,250
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) (%)	9.59	9.46
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) (%)	9.59	9.46

6.3. Split-up of on balance Sheet Exposures

The **EU LR3-LRSpl** template below shows the exposure of the leverage ratio as at 31 December 2024.

		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,533,343
EU-3	Banking book exposures, of which:	2,533,343
EU-5	Exposures treated as sovereigns	407,282
EU-7	Institutions	49,099
EU-8	Secured by mortgages of immovable properties	294,546
EU-9	Retail exposures	763,911
EU-10	Corporates	421,779
EU-11	Exposures in default	26,857
EU-12	Other exposures (e.g. equity and other non-credit obligation assets)	569,870

6.4. Leverage Ratio Qualitative Information (EU LRA)

6.4.1. Description of the Processes used to manage the Risk of Excessive Leverage

The Group regularly monitors the leverage ratio value. Its monitoring has been defined in the Recovery Plan of Agri Europe Cyprus Limited. The ratio's value is reported to the Supervisory Board, the Management Board, and the Assets and Liabilities Management Committee.

The Group defined the green, amber and red leverage ratio threshold values in the Recovery Plan, and the notifications system in the event that these values are exceeded.

6.4.2. Description of the Factors that had an Impact on the Leverage Ratio during the Period to which the Disclosed Leverage Ratio Refers

The Group's calculation of the leverage ratio considered the appropriate measure of exposure and the tier 1 capital amount. The ratio has increased by 0.28 percentage points in 2024, which was mostly due to increased mean value of tier 1 capital (7.97%) especially due to the deferred profits from previous years and due to higher exposure measure (4.9%).

7. Liquidity Requirements

(Article 451a of the CRR regulation)

7.1. Qualitative Information on Liquidity Risk Management (EU LIQA)

7.1.1. Strategies and Processes in the Management of the Liquidity Risk, Including Policies on Diversification in the Sources and Tenor of Planned Funding

Liquidity risk is considered as one of the most important risks that needs to be managed carefully. The liquidity risk management of the Group is defined as the ability to achieve cash flows and meeting obligations without suffering any losses in the Group which are not in line with its risk appetite. Sufficient liquidity depends on the ability of the Group to efficiently generate the expected and unexpected cash flows, and to meet the collateral needs without a negative impact on the current operations and financial position of the Group.

Liquidity risk is linked to the risk of financing liquidity (in terms of liabilities) and market liquidity risk (liquidity reserves in terms of assets). On the liabilities side, liquidity risk may lead to losses if the Group is unable to settle all of its obligations or if it cannot secure sufficient assets for the settlement of its obligations, and is therefore forced to obtain the required assets for a price which is significantly higher than the regular price. On the assets side, liquidity risk is linked to the market value of liquidity reserves, and occurs in the event of a significant reduction of the market value of each financial instrument, and may lead to insufficient liquidity reserves to cover the liquidity needs of the Bank.

The Group has defined key risk factors and certain limit system frameworks. It has established the model for calculating liquidity risk, stress scenarios for resilience tests, as well as the financing plan to be used in extraordinary circumstances, and a sufficient liquidity buffer level. The Group has a clearly defined and measurable tolerance for managing liquidity risk and financing risk, which was formed on the basis of the Group Framework on Liquidity Risk Management and Liquidity Stress Testing and Liquidity Risk Management Policy. The Group defines tolerance to liquidity risk with the following key indicators: LCR and NSFR and with supporting matrices LTD (gross) and survival horizon and the following additional structural liquidity indicators: concentrations by depositors (top1, top10 and top 30), the ratio of encumbered assets in all assets, the share of deposits non-banking sector in all liabilities and the share of sight deposits in all sources of financing. In addition to monitoring and fulfilling key indicators, the Group daily monitors and measures daily LCR, NSFR, and also monitors daily liquidity or secondary liquidity. The Group's goal is to meet regulatory liquidity requirements as well as internally determined limits at all times, which has prescribed in the Risk Appetite Statement (RAS). Tolerance to liquidity risk is low and stable.

LCR has been defined in order to ensure that the Group has the available assets to bridge its short-term liquidity fluctuations. The Group must have a certain amount of highly liquid assets (cash or appropriate securities), which must be equal to or higher than the potential net cash outflow in the period of 30 days. In line with the regulations, amount of more than 100% is prescribed.

NSFR has been defined in order for the Banks to maintain a stable financing profile regarding the structure of assets and off-balance activities. An appropriate financing structure reduces the likelihood that fluctuations in regular financing sources would endanger the liquidity position of the Group, in the sense of increasing the risk for its ruin, and which would potentially lead to more widespread systemic stress.

Detailed rules, limits, guidelines, and powers regarding risk management are defined in internal acts and policies, Strategy and in Risk Appetite Statement (RAS). Regardless of the local directions, the Group must abide by the uniform key directions regarding risks on the level of the AEC Group.

In terms of assuming and managing liquidity risk, the Group has established rules and a certain system of responsibilities in the following documents:

- Framework on Risk Appetite,
- Risk Management Strategy,
- Risk Appetite Statement (RAS),
- Liquidity Risk Management Policy,
- Module on regulatory liquidity ratios,
- Module on liquidity buffer and stress scenarios,

- Liquidity gap generation module,
- Group Liquidity Contingency Plan Framework,
- Capital Management Policy,
- Group Framework on ICAAP and ILAAP,
- Group Policy on Stress Test,
- Rules of procedure of the Balance Management Committee,
- Rules of procedure of the Risk Committee,
- Rules of Procedure of the Liquidity Committee.

The main aims concerning risk appetite are disclosed in the Risk Appetite Statement (RAS), which is integral part of the annual report of GBKR.

7.1.2. Structure and Organisation of the Liquidity Risk Management Function (Authority, Statute, Other Arrangements)

The aim of the Group is to establish balance in managing the relationship between risk and profitability, in order to ensure long-term and sustainable growth and an adequate return on capital. The Group achieves this goal by comprehensively including the risk management function in its everyday business activities and strategic planning, and by consistently realising its business strategy within the defined risk appetite.

The provision of the appropriate scope of liquidity and managing liquidity reserves is performed in a decentralised manner, in line with the requirements of the local regulations and the applicable internal guidelines and policies within the Group, as well as on the level of the entire AEC Group.

The Management Board defines the Group's risk appetite (Risk Management Strategy and Risk Appetite Statement (RAS)), and approves Group Framework on Liquidity Risk Management and Liquidity Stress Testing and the Liquidity Risk Management Policy which define the key principles of managing liquidity risk in the Group. It is also responsible for adopting decisions on liquidity management, usually through their membership in the Assets and Liabilities Committee and participation in their work. The Assets and Liabilities Committee regularly examines reports on the liquidity position based on the approved limits and goals. It controls financing and the liquidity position of the Group, and decides on the liquidity position and management on the level of the. Two committees are responsible for managing liquidity risk: The Assets and Liabilities Committee and the Risk Management Committee of the Group and also on the entire AEC Group. The Assets and Liabilities Committee adopts decisions on managing liquidity risk and provides directions, defines the criteria regarding the structure and revenue for ensuring the appropriate scope of liquid investments, establishes the internal control mechanisms in the area of managing liquidity risk, and analyses the findings of the audit in this area. The Risk Management Committee is authorised to discuss materials and adopt decisions regarding the proposed resolutions relating to the risk profile management, monitoring of the regulatory frameworks, monitoring the internal acts and frameworks in managing risks, and the key strategic documents.

7.1.3. A Description of the Degree of Centralisation of Liquidity Management and Interaction Between the Group's Units

The Group's risk measurement and reporting is systematically relevant, and as such is included in the single supervisory mechanism (SSM), the control of which falls on the "Joint Supervisory Team" in the framework of the European Central Bank and the Bank of Slovenia. The Group operates in line with the provisions of the ECB, EBA and Basel regulations, and the best practices in banking methodologies.

In order to ensure a timely settlement of outstanding liabilities, under the conditions of normal operation as well as under an extreme liquidity situation, the Group actively monitors the daily liquidity position. The day-to-day management of liquidity risk includes the continuous intraday monitoring and supervision of liquidity, ensuring liquidity sources for meeting the intraday liquidity demands. Foreign exchange liquidity is also monitored daily, which is also planned on the basis of the annual or monthly liquidity plan. Consequently, all liquidity risk management processes are monitored at the Liquidity Committee's sessions. Daily and monthly reports and monitoring are discussed on a monthly basis by the Assets and Liabilities Committee, on a quarterly basis by the Risk Committee, and a monthly and daily reports are also sent to the AEC Group. Daily, AEC Group also receives LCR, NSFR, Interbank and currency exposure reports. Since September 2023, weekly liquidity monitoring has been implemented (monitoring of deposit and loan concentration by days, survival period, liquidity matrix across time buckets for inflows and outflows, secondary liquidity, measurement of funding spread for corporate deposits, and the Group's securities portfolio, which is reported weekly to the AEC Group). Liquidity risk in the Group is

monitored in the Division for Strategic Risk Management - non-credit risk controlling department, management is carried out in the Treasury Division.

7.1.4. Scope and Nature of Liquidity Risk Reporting and Measurement Systems

Risk reporting in the Group is performed in line with the directions on the level of the AEC Group which, based on the content and frequency of reporting, considers the internal needs and the demands of the European Central Bank and the Bank of Slovenia. Risk reporting is performed in the form of standardised reports that allow for a reasonable unification of the risk management policy with the methodologies for assessing and balancing exposures to risks, the established standardised structures of databases within a data warehouse, the comprehensive provision of the quality of data through established controls, and automated report drafts on the Group level, which also ensures their quality and reduces the possibility of error.

In addition to reporting and managing key LCR and NSFR matrices for liquidity risk, the Group also monitors the following indicators: LTD, survival horizon, deposit concentration by depositors, the share of encumbered assets, the share of sight deposits and the share of the non-banking sector in all sources of financing. The group also measures and monitors the indicators of the recovery plan on a monthly basis, in addition to the key indicators of LCR, NSFR and LTD, it also monitors unencumbered eligible assets for the ECB (HQLA), liquidity position (Counterbalancing capacity - CBC) and LCR forecast. In 2024, the liquidity indicators LCR and NSFR were above the defined RAS limit and also additional matrices and structural indicators. All indicators are regularly reported to the Assets and Liabilities Committee on a monthly basis, also in Committee on Group level for assets and liabilities (GALSCO).

For the purposes of monitoring and managing structural liquidity, the Group prepares a report on liquidity risk management, in which it shows the regulatory as well as the structural liquidity ratios, indicators of recovery plan, the liquidity gap and the scenario results of extraordinary liquidity conditions which consider a specific crisis of the Group, or a systemic crisis in the broader economic environment.

Cash flows for sight deposits are considered in liquidity gaps by individual time pockets according to using the Value at Risk (VaR) method based on the Monte Carlo model. The basis for calculating the stability of sight deposits using the value-at-risk (VaR) method is a 10-year time series of daily data on the state of sight deposits of retail and wholesale in domestic currency and separately also in foreign currency. Further, on a monthly basis, a daily growth rate calculation is prepared, which is calculated as a quotient between the daily increase and the balance from the previous day. The input data are the daily balances of sight deposits. The VaR value is calculated at level of confidence, namely at 99 and for 30 days. Calculations are performed on a quarterly basis. The unstable part of sight deposits determines the 30-day VaR at a 99% confidence level, the remaining part represents the stable part of sight deposits. Group then further divides the stable part of sight deposits into core and non-core. Group treats all unstable deposits as overnight deposits and consequently classifies them in the time bucket of the shortest maturity (O/N). Group also include all sight deposits of wholesale financial customers as an unstable part (in the bucket overnight). The remaining sight deposits, which are recognized as core deposits, are classified linearly up to five years.

In 2024, when monitoring the balance sheet net cash flows, Group took into account off-balance sheet flows, as their exposure and the volatility of the share of utilization are quite high, which the Group verifies on a monthly basis by analysing credit utilization. Group prepares monthly data for the 2-year average utilization/unutilization of loans. It uses the following methodology to account for the undrawn part of the liquidity gap:

- If at reporting date the average utilization is <(below) 2-year average, then the additional share up to this average is proportionally distributed over time buckets of up to 1 year in the liquidity gap;
- If on the reporting date the utilization average is $\geq$ (greater than or equal to) 2-year average, then the additional share of undrawn loans is not added in the liquidity gap.

In addition to taking into account the additional part of undrawn loans in the liquidity gap balance sheet items, the Group also takes into account other contingent liabilities based on the 1-year analysis of guarantees, which is already carried out in the LCR reporting framework. In the liquidity gap Group takes into account the 10% share of the off-balance sheet part and include it proportionally over time buckets of up to 1 year, also depending on the client type. After each annual analysis for payments and trade financing for LCR reporting, group applies to the liquidity gap the same percentage as for LCR reporting.

The Strategic Risk Management Division reports on liquidity risk in the following forms:

- daily reports LCR and NSFR to the AEC group,
- daily reports on Interbank and currency exposure (FX) to the AEC group,
- weekly reports on the liquidity evolution and the maturity ladder to the AEC Group,

- monthly reports to the Assets and Liabilities Committee (calculations and monitoring of liquidity indicators, results of liquidity reserves, liquidity gaps, stability of sight deposits, concentration of deposits by depositors, results of regular liquidity stress tests, results of the securities portfolio by type, by credit rating, green bonds, etc.),
- monthly reports to the central bank (LCR indicator, ALM matrices),
- quarterly reports to the central bank (NSFR indicator, SREP reporting),
- quarterly reports to the Risk Management Committee and the Supervisory Board,
- annual reports to the central bank (SREP reporting, ILAAP).

7.1.5. Policies for Hedging and Mitigating the Liquidity Risk and Strategies and Processes for Monitoring the Continuing Effectiveness of Hedges and Mitigants

The Group uses various techniques to reduce risks, or where possible, to avoid them completely. These include the system of limits, the process of internal controls, and the establishment of restrictions for assuming risks, all in accordance with the defined risk appetite.

The Strategic Risk Management Division performs monthly liquidity stress tests in line with the three scenario types (market, idiosyncratic and combined). The group pays special attention to the combination of idiosyncratic and market scenarios, which includes two levels of aggravation (seriously harmful stress scenarios - adverse and extreme stress scenarios – extreme). On the basis of the stress tests, the minimum scope of unburdened liquidity reserves, which the Group must have to cover any unexpected expenditures, is determined. The Group maintains an appropriate level of liquidity reserves in cash, and other highly liquid and unburdened assets which are available in a relatively short time. Liquidity reserves can settle matured liabilities in a previously defined short period of stress liquidity conditions. The minimum scope is the amount of liquidity reserves which would allow survival in the event of strong stress in the period of 45 days (minimum) or three months (goal), and by considering the combined scenario. The Group disposed of an adequate volume and structure of liquidity reserves throughout 2024. After performing the stress tests, Group also performs a reverse test of indicators LCR, NSFR and LTD, which shows how long it takes for the indicators to fall below the regulatory limit.

7.1.6. An Outline of the Group's Contingency Funding Plans and Stress Testing

To manage liquidity, the Group, in addition to the daily and monthly monitoring processes, also prepares an annual Liquidity Contingency Plan (LCP), in case of any deficiencies, which focuses on the definition of possible measures for bridging any temporary and/or long-term liquidity disturbances. Early detection of a crisis situation is ensured by regular daily monitoring of the liquidity position and forecasting of the liquidity ratios. The annual review is performed by the Assets and Liabilities Committee and AEC Group, and is also included as an attachment in the annual Internal liquidity adequate assessment (ILAAP). Once a year, a dry run for the potential activation of the LCP is also conducted, which was last carried out in February 2025.

In addition to the annual review, the Group also prepares the Recovery Plan every year, which is prepared jointly on the level of the AEC Group. The Recovery Plan of the AEC Group contains all the possible measures, extraordinary circumstances, stress tests, required measures for the establishment of an appropriate position, and the required time schedule for establishing regular operations. In 2024 bank activated 2 dry runs for possible activation of recovery plan (Borrowing from the ECB in October 2024 and Sale of non-eligible ECB securities in November 2024).

Stress testing of extraordinary situations represents an important part of risk management in the Group, because it draws attention to unexpected negative results. The aim of these tests is to detect the decline of the Bank's liquidity position in a timely manner, and to recognise the impact of negative potential extreme events on the liquidity ability of the Group.

The purpose of the liquidity buffer and the survival horizon is to provide Group with excess liquidity available in stressful situations so that it can operate without additional resources and meet its obligations on time. When determining the scope and composition of the liquidity buffer, the bank takes into account the degree of difficulty and characteristics of stress scenarios, the defined time period of extraordinary liquidity conditions (survival period), and the quality and characteristics of the liquid assets that make up the liquidity buffer.

The Group has a defined liquidity buffer scope and structure on the basis of stress scenarios which are based at least on a monthly time period of extraordinary liquidity conditions. Within this period, the Group provides a liquidity buffer in the form of cash, balance amount with central bank (without mandatory reserves) and highly unencumbered liquid assets, which are immediately available to cover outflows in stressful conditions during the 1-month survival period. The liquidity buffer for the remaining time period of less problematic liquidity conditions may include a broader set of liquidity assets, on the basis of which the Group is able to obtain liquidity in a short time span. The Group makes sure that the assets which make up the liquidity buffer are unburdened and available at any given moment, including in extraordinary liquidity conditions, without legal or other legally binding or operating restrictions.

The Group has established scenarios which are based on different types of difficulties and different periods of emergency liquidity situation, and are divided into three categories:

- a) Scenario tailored to the own liquidity position (idiosyncratic scenario): which assumes a stress scenario stemming from internal situation resulting in (in particular) no rollover of unsecured wholesale funding and outflows of retail deposits due to the deterioration of Group's reputation.
- b) Scenario tailored to the market situation (market-wide scenario): which assumes a stress scenario stemming from external situation resulting in a decline in the liquidity value of liquid assets and deterioration in funding market conditions due to deteriorating liquidity conditions in the market.
- c) Scenario based on the combination of the idiosyncratic and the market scenario (combined): it covers both macroeconomic impacts and the deterioration of Group's reputation.

Below are emergency liquidity stress scenarios and their main assumptions:

- **For the idiosyncratic scenario** (adverse), there is no assumption of deposit extensions for credit institutions and other financial entities, and a 100% outflow is assumed. In the same scenario, the outflow percentages for non-operational deposits of non-financial companies and other entities double in the idiosyncratic case compared to the baseline scenario. For stable retail deposits, a 10 p.p. higher outflow is anticipated compared to the baseline scenario, while for other retail deposits, a 5 p.p. higher outflow is expected, and for operational deposits, a 20 p.p. higher outflow is projected. For sight deposits a 4 p.p. increase of outflows for retail customers is projected and for operational sight deposits a 14 p.p. increase of outflows is projected.
- **In the combined scenario** (adverse), assumptions from a more stressful scenario are used between the idiosyncratic and the overall market, indicating idiosyncratic stresses in these positions. For currency swaps (FX swaps), no new transactions are anticipated, resulting in a 100% outflow.

Cash flows – contractual maturities – (cash inflows) in the baseline and idiosyncratic (adverse) scenarios assume 100% inflows for all positions, given that idiosyncratic crises typically do not have a negative impact on the bank's clients. However, in the overall market (market-wide adverse) scenario, it assumes only 50% inflows. In the combined scenario, the worst inflow rate assumptions were used, meaning assumptions from the (adverse) overall market scenario were applied. For currency swaps and derivative financial instruments (cash inflows – contractual maturities), 100% inflow is assumed.

For counterbalancing capacity in idiosyncratic scenario (adverse) there is assumption of decrease only for level 3 assets, while in combined scenario (adverse) there is assumption of additional decrease of value for level 1 assets for 10 p.p.

In stress scenarios, the Group employs the half-life stress function for deposits, as internal validation has indicated that this is a more stringent approach than linear and composite functions. The half-life stress function assumes that more deposits will be withdrawn in the short-term time buckets and that the outflow curve will be sharper compared to linear or composite stress functions.

A Group's resilience to a liquidity shock is measured by the maturity scale metric (C66), which supports the calculation of the net liquidity position on a daily basis, in overnight time buckets up to 12 months. The focus is on Group's ability to handle hypothetical idiosyncratic liquidity shocks (adverse, extreme) in which Bank faces increasing liquidity outflows. The methodology of the liquidity stress test model assumes different days of deposit outflows and across various customer segments.

When measuring the liquidity position in stressful situations and for the survival period, the Group pays attention to monitoring and measuring a combination of idiosyncratic and market-wide scenarios according to the degree of unfavorable deterioration (seriously unfavorable stress scenario).

At the end of 2024 amounted to a survival period of 192 days, which represented the fulfilment of the minimum and optimal range of survival.

The competent bodies, the Management Board, the Supervisory Board and Committees of the Group AEC, discuss the results of testing situations. It should be pointed out that testing exceptional situations is not a tool for forecasting, but rather a tool for managing operations, which helps the Group manage the relationship between risk and profitability, and offers a future-oriented view of the risk management profile in accordance with the risk appetite and risk management strategy.

Stress testing is also included in the ICAAP, ILAAP process, the resolution plan and the planning process, in order to assess the impact of unexpected stricter conditions in the macroeconomic environment on the capital adequacy or liquidity position of the Group. In addition, the stress test results are an important element in determining the risk appetite and other risk-related limits.

7.1.7. A Declaration on the Adequacy of Liquidity Risk Management Arrangements of the Group and a Concise Liquidity Risk Statement of the Group

GB Leasing, d.o.o., Ljubljana is a subsidiary which is 100% owned by Gorenjska banka, d.d., Kranj. It carries out non-financial maintenance services for Gorenjska banka d.d., Kranj in the area of the financial leasing of movables. It provides services of leasing vehicles and equipment as a secondary activity. Financial leasing that the leasing company provides for Gorenjska banka d.d., Kranj is wholly a part of Gorenjska banka d.d., Kranj's portfolio as an additional financial product. It is therefore unreasonable to define the declaration on the adequacy of risk management arrangements on the level of the Group, because their part is included in the very portfolio of Gorenjska banka d.d., Kranj. The content is already defined in the framework of the concise risk statement of the management body, disclosed in the Annual Report of Gorenjska banka d.d., Kranj for 2024. Due to the same reason as the predicted cash flows, the future liquidity position by considering the off-balance-sheet items, liquidity exposure and financing needs on the level of each legal entity, foreign subsidiary and subsidiary, with consideration given to the legal, regulatory and commercial restrictions in transferring liquidity, the balance and off-balance items are broken down into maturity buckets, and the consequent liquidity gaps are included in the Annual Report of Gorenjska banka d.d., Kranj for 2024, item 7.3. Liquidity risk.

7.2. Quantitative information of LCR (EU LIQB)

7.2.1. Explanations on the Main Drivers of LCR Results and the Evolution of the Contribution of Inputs to the LCR's Calculation over Time

The liquidity coverage ratio (LCR) relates to highly liquid assets (HQLA), comprised of cash or assets that may be converted to cash without the loss of value due to the fulfilment of liquidity needs under the liquidity stress scenario for 30 calendar days. LCR is meant to protect the Group from expenditures with the increased trust of borrowers, in order for it to rely more on capital than on debt. LCR also helps reduce mismatches of maturities by extending the maturity of liabilities and reducing the maturity of assets. The minimum regulatory liquidity coverage ratio is 100%, and the limit in the Risk Appetite Statement is defined at over 130%.

The Group preserves a highly liquid position, high above the defined limits for assuming risks. In the previous year (from 31 January 2024 to 31 December 2024), the LCR of the Group was between 241% and 312% (31 December 2024: 251,2%).

7.2.2. Explanations on the Changes in the LCR over Time

Throughout 2024, the LCR of the Group was above the regulatory and also above the internally defined LCR limit value. In the first half of 2024, it was between 241% and 298%, while in the second half of 2024 it was between 247% and 312%. The lowest was in April 2024 and the highest was in August 2024. The average ratio of liquidity coverage throughout the year 2024 was 267%. The most frequent impacts for the indicator's fluctuations in the period of 2024 included: fluctuations of sight deposits from financial and non-financial clients, undrawn loans of Legal entities, changes in borrowed funds from other banks over a 30-day period, and in November 2024 new issue own bond by EUR 27.4 million.

The liquidity buffer remains on a high level in the Group, and was between EUR 561 million and EUR 648 million last year (EUR 628 million as at 31 December 2024) and the average liquidity buffer in 2024 was EUR 603 million.

Net liquidity outflows were the highest in the amount of EUR 250 million and the lowest in the amount of EUR 192 million, and the average was EUR 227 million. In the first year of 2024, the Group had relatively lower receivables from financial and non-financial customers, liabilities increased monthly until end of 2024, and the lower liquidity buffer did not change drastically throughout the year, which consequently resulted in a lower liquidity coverage ratio at the Group level at the end of 2024 compared to the end of 2023.

7.2.3. Explanations on the Actual Concentration of Funding Sources

In line with the Risk Appetite Statement, the liquidity risk tolerance is low and stable, therefore the aim of the financing strategy is to ensure sufficient, stable and diverse financing sources for a longer term, and compliance with the respective regulatory frameworks. In line with the business model, the main source of financing of the Group are deposits from the non-banking sector, from which the highest share stems from retail and commercial. The Group considers the concentration of financing sources in the business strategy, and thus takes care of the diversification of financing sources and prevents negative concentration impacts. The Group considers the concentration of financing sources, and thus takes care of the good diversification of financing sources and prevents negative concentration impacts. A limit is defined for deposits from the non-banking sector as the main financing source, which prevents an excessive concentration of each client, Top10 or Top30 clients. Concentration of financing sources is discussed by the Assets and Liabilities Committee on a monthly basis. The Group-level concentration of the 30 largest deposit clients of the non-banking sector amounted to 9.8% of the total financing sources in 2024; 10 of the largest ones made 6.0% and the largest client had a 1.1% share compared to all the financing sources. Thus, these shares were below the set limits throughout the year.

7.2.4. High-level Description of the Composition of the Institution's Liquidity Buffer

The liquidity buffer represents the most liquid assets available immediately and which may be used in the event of stress conditions within a short time span (within 1 month). It is comprised of cash, balance account at the central bank (without obligations of the mandatory reserve), and internally defined unburdened high-quality liquid assets (debt securities), which can be called on the basis of a repo process or by selling them without major losses in value. There are no legal, regulatory or operating restrictions in using these assets.

7.2.5. Derivative Exposures and Potential Collateral Calls

In 2024, the Group did not conclude any transactions with derivatives to support legal entities and financial institutions in managing financial exposures (operations) and to manage risks, e.g. interest rate risk and foreign exchange risk.

7.2.6. Currency Mismatch in the LCR

The Group is actively managing exposures from liquidity risk and the needs for international currencies in line with the Regulation of the European Central Bank. Because the main currency of the Group is the euro, the Group reports on the LCR in euros for all the currencies. In addition to reporting in all currencies, the Group also reports in the individual main currency, the euro. In other foreign currencies, the Group does not report on a sub-consolidated basis because the denomination of this currency does not exceed 5% of the total balance liabilities in this currency.

7.2.7. Other Items in the LCR Calculation that are not Captured in the LCR Disclosure Template but that the Group Considers Relevant for its Liquidity Profile

Group operations are mostly focused on retail and commercial operations. The balance of the Group does not include any complex products. The liquidity of the Group is stable, and the scope of unburdened liquidity reserves is sufficient or high. The liquidity position is solid and will remain at a high level, which is also reflected in liquidity planning and cash flow forecasts.

The Group does not consider debt securities of 2A and 2B asset levels in its liquidity buffer. Following the annual analysis and approval by the Assets and Liabilities Committee of the Bank, the Group decides on the inclusion of these assets in the liquidity buffer. Consequently, the Group assumes the conservative approach and in 2024 did not actually hold this type of securities in entire securities portfolio of the Group. The conservative approach is also considered in reporting about the obligations of payment guarantees, namely the 10% weighted value is considered in the final calculation of the LCR, even though it could have considered the 5% weighted value following the confirmation by the regulatory body.

7.3. Quantitative Information of LCR

The **EU LIQ1** template below shows the average of data at the end of the month in the period of 12 months prior to the end of every quarter in 2024.

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2024	30 September 2024	30 June 2024	31 March 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)					603,248	591,248	570,164	545,502
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:								
3	<i>Stable deposits</i>	1,488,939	1,472,059	1,456,483	1,446,082	94,440	93,037	91,825	95,012
4	<i>Less stable deposits</i>	1,243,260	1,232,374	1,220,560	1,172,050	62,163	61,619	61,028	58,603
5	Unsecured wholesale funding	245,679	239,685	235,923	274,032	32,277	31,418	30,797	36,410
7	<i>Non-operational deposits (all counterparties)</i>	373,189	369,836	368,376	368,749	156,483	153,715	154,969	156,793
10	Additional requirements	370,411	369,836	368,376	368,749	153,706	153,715	154,969	156,793
13	<i>Credit and liquidity facilities</i>	2,778	-	-	-	2,778	-	-	-
14	Other contractual funding obligations	235,988	151,049	121,862	118,578	22,428	14,228	11,430	10,969
15	Other contingent funding obligations	235,988	151,049	121,862	118,578	22,428	14,228	11,430	10,969
16	TOTAL CASH OUTFLOWS	33,567	37,248	38,627	36,984	25,645	29,299	30,563	28,931
CASH - INFLOWS									
18	Inflows from fully performing exposures								
19	Other cash inflows	110,267	106,924	103,709	102,702	75,752	73,884	72,371	72,551
20	TOTAL CASH INFLOWS	5,079	5,658	4,975	4,294	5,079	5,658	4,975	4,294
EU-20c	<i>Inflows subject to 75% cap</i>	115,346	112,582	108,684	106,996	80,832	79,542	77,347	76,844
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					603,248	591,248	570,164	545,502
22	TOTAL NET CASH OUTFLOWS					226,877	219,731	219,634	222,889
23	LIQUIDITY COVERAGE RATIO					267.26%	270.20%	260.10%	245.96%

7.4. Net Stable Funding Ratio

The **EU LIQ2** templates below show unweighted and weighted values by items of the available and required stable financing. Unweighted values are disclosed by the remaining maturities.

Values at the end of every quarter of 2024 are disclosed.

EU LIQ2 on 31 December 2024:

31.12.2024		a	b	c	d	e
(in currency amount)		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	267,597	-	-	50,000	317,597
2	Own funds	267,597	-	-	50,000	317,597
4	Retail deposits		1,326,655	124,082	67,422	1,433,897
5	Stable deposits		1,134,391	81,863	48,061	1,203,502
6	Less stable deposits		192,264	42,219	19,361	230,395
7	Wholesale funding:		431,865	45,937	209,534	423,078
9	Other wholesale funding		431,865	45,937	209,534	423,078
11	Other liabilities:	-	29,994	671	1,229	1,565
12	NSFR derivative liabilities	-				
	All other liabilities and capital instruments not included in the above categories		29,994	671	1,229	1,565
14	Total available stable funding (ASF)					2,176,137
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					12,230
17	Performing loans and securities:		250,946	119,274	1,376,488	1,378,412
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		45,132	19,973	13,100	27,599
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		194,795	64,571	1,067,885	1,022,325
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		11,520	625	28,402	40,547
22	Performing residential mortgages, of which:		9,558	15,455	269,532	294,546
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		137	95	182,850	183,083
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		1,460	19,275	25,972	33,942
26	Other assets:		80,106	789	45,963	72,371
32	Off-balance sheet items		244,167	161,954	162,536	32,744
33	Total required stable funding (RSF)					1,495,757
34	Net Stable Funding Ratio (%)					145.49

EU LIQ2 on 30 September 2024:

30.9.2024		a	b	c	d	e
(in currency amount)		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	249,157	-	-	50,000	299,157
2	Own funds	249,157	-	-	50,000	299,157
4	Retail deposits		1,340,558	118,255	55,182	1,428,910
5	Stable deposits		1,139,002	76,937	35,214	1,190,356
6	Less stable deposits		201,556	41,317	19,968	238,554
7	Wholesale funding:		423,994	42,981	179,507	401,078
9	Other wholesale funding		423,994	42,981	179,507	401,078
11	Other liabilities:	-	26,647	639	1,333	1,653
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		26,647	639	1,333	1,653
14	Total available stable funding (ASF)					2,130,799
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					12,177
17	Performing loans and securities:		246,100	97,229	1,365,873	1,351,496
19	Performing securities financing Transactions with financial customer collateralised by other assets and loans and advances to financial institutions		43,921	132	-	4,458
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		180,247	79,067	1,038,918	988,897
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		8,715	623	21,443	30,781
22	Performing residential mortgages, of which:		7,852	18,030	305,881	331,764
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		64	237	179,643	179,944
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		14,079	-	21,074	26,377
26	Other assets:		84,554	2,652	90,411	119,853
32	Off-balance sheet items		268,267	209,402	154,767	38,223
33	Total required stable funding (RSF)					1,521,749
34	Net Stable Funding Ratio (%)					140.02

EU LIQ2 on 30 June 2024:

30.6.2024		a	b	c	d	e
(in currency amount)		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	248,354	-	-	50,000	298,354
2	Own funds	248,354	-	-	50,000	298,354
4	Retail deposits		1,317,168	122,226	62,614	1,418,935
5	Stable deposits		1,129,794	87,527	39,981	1,196,436
6	Less stable deposits		187,374	34,699	22,633	222,499
7	Wholesale funding:		408,513	36,268	185,232	393,491
9	Other wholesale funding		408,513	36,268	185,232	393,491
11	Other liabilities:	-	40,226	836	1,532	1,950
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		40,226	836	1,532	1,950
14	Total available stable funding (ASF)					2,112,729
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					6,786
17	Performing loans and securities:		248,100	92,774	1,339,380	1,328,491
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		39,011	4,396	-	6,099
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		193,401	76,255	1,009,900	973,841
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		9,944	53	14,561	24,559
22	Performing residential mortgages, of which:		1,671	12,122	308,891	322,684
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		5	113	177,247	177,365
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		14,018	-	20,589	25,866
26	Other assets:		98,329	2,359	84,512	121,760
32	Off-balance sheet items		202,651	240,436	156,937	39,690
33	Total required stable funding (RSF)					1,496,727
34	Net Stable Funding Ratio (%)					141.16

EU LIQ2 on 31 March 2024:

31.3.2024		a	b	c	d	e
(in currency amount)		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	248,613	-	-	50,000	298,613
2	Own funds	248,613	-	-	50,000	298,613
4	Retail deposits		1,272,924	132,546	57,895	1,382,325
5	Stable deposits		1,077,285	112,877	39,619	1,170,273
6	Less stable deposits		195,639	19,668	18,276	212,052
7	Wholesale funding:		421,940	55,041	182,212	401,155
9	Other wholesale funding		421,940	55,041	182,212	401,155
11	Other liabilities:	-	44,596	956	1,168	1,646
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		44,596	956	1,168	1,646
14	Total available stable funding (ASF)					2,083,741
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					6,748
17	Performing loans and securities:		229,224	91,016	1,316,607	1,300,459
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		31,976	6,629	-	6,512
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		192,480	64,449	986,218	949,087
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		9,661	77	15,075	24,812
22	Performing residential mortgages, of which:		4,616	5,980	300,109	310,705
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		158	150	169,117	169,425
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		152	13,957	30,280	34,155
26	Other assets:		95,365	3,444	89,400	127,557
32	Off-balance sheet items		216,978	210,370	136,673	37,853
33	Total required stable funding (RSF)					1,472,618
34	Net Stable Funding Ratio (%)					141.50

8. The Use of Credit Risk Mitigation Techniques

(Article 453 of the CRR Regulation)

8.1. A Description of the Core Features of the Policies and Processes for On- and Off-balance Sheet Netting and an Indication of the Extent to which Institutions Make Use of Balance Sheet Netting

Disclosure not relevant. The Group does not use balance reconciliation as a form of credit collateral.

8.2. The Core Features of Policies and Processes for Eligible Collateral Evaluation and Management

The umbrella document that regulates collateral in the Group is the Methodology on the Types and Valuation of Collateral at Gorenjska banka d.d., Kranj, which presents all the appropriate forms of securing loans and basic policies that have to be taken into account when concluding and monitoring collateral.

The reduction of the credit risk includes the establishment of measures, rules and processes which relate to the adoption, reduction, dispersion, transfer, and avoidance of risk.

The Group adopts various types of collateral for securing exposures as the secondary source of repayment in the event of a default. A definition is given to every type of collateral whether they can be seen as a factor to reduce risks. Collateral must meet the legal and regulatory demands in order to be accepted as a risk-reducing factor.

The value of collateral should be monitored more frequently in the event of significant changes on the market, and whenever there is available information indicating a significant decline in the value of the collateral.

8.3. A Description of the Main Types of Collateral Taken by the Group to Mitigate Credit Risk

The Group pursues the goal in which investments are insured with appropriate insurance. Pledge on immovable property is the most common form of collateral for investments of legal entities and natural persons with a long-term exposure to the Group.

The main types of collateral taken by the Group are:

- residential and commercial real estates,
- movables,
- assignment of receivables,
- bank deposits,
- securities and business shares,
- bank or other guarantees,
- insurance at an insurance company,
- guarantees and approaches to debt,
- bills of exchange,
- pledged business interests.

Funded credit protection is a technique for reducing credit risk, whereby the Group may call in on the pledged property in the event of a default.

Unfunded credit protection is a technique of credit risk mitigation for when liabilities are not paid, and the Group calls on the third party in the process to make the payment.

Collateral is usually assessed in the investment approval process. Special attention is given to check whether all the necessary conditions for the establishment of the collateral and their enforceability are met, should a default occur on the side of the borrower.

8.4. The Main Types of Guarantor used for the Purposes of Reducing Capital Requirements

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 the primary obligor (borrower).

The most important types of suitable guarantors:

- central level units of the state and central bank,
- institutions.

Institutions that the Group takes into account as guarantors when recognising unfunded credit protections to calculate the capital requirement for credit risk have no credit assessment comparable to ECAI (and non-EU

countries whose regulations are in line with the EU regulations), but exposures are assigned a weight of 0% due to the country where the institutions are located.

For institutions that the Group takes into account as guarantors when recognising unfunded credit protections to calculate the capital requirement for credit risk, the weight of the country in which these institutions are located is used.

The Group has no transactions with credit derivatives.

8.5. Information about Market or Credit Risk Concentrations within the Credit Mitigation Taken

The Group avoids the concentration risk regarding collateral by diversifying its portfolio in terms of the volume, segment of clients, geographical region, etc.

In the event of insurance with securities, the Group is subject to market risk, or more accurately, to the risk of price changes of securities on the capital markets. In the event of collateral in the form of surety and guarantees, there is a credit risk of the collateral provider, therefore the Group includes the amount of the surety received in the guarantor's upper limit of borrowing. Due to the high real estate prices, the risk arising from the real estate market is also increasing.

When approving investments, the counterparty risk in the transaction and the assessment of the client's free cash flow are of primary importance, and collateral is only a secondary source for paying the obligations. Collateral has an important role in the event of impairment of the client's creditworthiness. To avoid the effect of risks that are the result of individual forms of collateral, the Group has prescribed minimum ratios between the value of the collateral and the investment.

The collateral is exclusively a mechanism of credit protection, established in order to protect the Group from irregular payments from the borrower, and reduce losses in the event of material deterioration of the risk profile or default of the borrower.

Special attention must be given to collateralisation of existing loans during a period of the borrower's financial crisis. Collateral 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, the Bank considers the liquidation values of real estate collateral, which includes both the assessed sale timeline, as well as additional discounts for the process of calling on collateral and incurred costs. Because the assessed liquidation values stem from market values, a significant reduction of the market value would see the Bank form additional impairments.

The table below shows the fair value of received collateral. It takes into account appropriate forms of collateral that the Group uses to manage credit risks and are taken into account as appropriate also in the calculation of impairments. It includes the collateral received for balance sheet receivables and assumed liabilities. Inadequate collateral and securities investment collateral are not included.

	31 December 2024
Immovable property	1,302,205
Movable property	521,376
Deposits	22,204
Securities and business shares	-
Insurance companies	181,231
Assigned claims	46,048
Government/state guarantees	31,895
Other insurances	15,586
Total	2,120,544

8.6. The Use of Credit Risk Mitigation Techniques

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

- bank deposits at the bank, or cash-like instruments the bank holds (it takes into account deposits maturity 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;

8.7. Credit Risk Exposure and Credit Risk Mitigation Effects

The **EU CR4** template below shows the coverage of exposure before and after using the credit conversion factors (CCF) and techniques for reducing credit risk (CRM) and the amount and frequency of risk-weighted assets (RWA).

	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	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	328,363	4,290	370,342	4,442	8,445	2.25
2	Regional government or local authorities	32,118	7,588	32,118	1,515	6,727	20.00
3	Public sector entities	7,826	3,880	4,822	943	2,848	49.39
6	Institutions	54,457	50	49,099	0	11,568	23.56
7	Corporates	448,957	434,832	421,779	103,573	468,498	89.18
8	Retail	768,360	129,672	763,911	15,633	535,720	68.72
9	Secured by mortgages on immovable property	294,546	21,080	294,546	7,423	116,668	38.64
10	Exposures in default	28,528	201	26,857	23	31,171	115.96
11	Exposures associated with particularly high risk	110,368	81,454	110,050	40,646	226,044	150.00
14	Collective investment undertakings	10,517	0	10,517	0	4,990	47.45
15	Equity	21,881	0	21,881	0	25,789	117.86
16	Other items	423,284	0	423,284	0	60,219	14.23
17	Total	2,529,205	683,046	2,529,205	174,200	1,498,686	55.44

8.8. Exposure Value Covered by Eligible Financial Collateral

The **EU CR3** template below shows the coverage of loans, other financial assets and debt securities with an appropriate credit insurance.

		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	877,247	1,181,298	1,117,759	63,539	38,723
2	Debt securities	333,630	7,498	0	7,498	
3	Total	1,210,877	1,188,796	1,117,759	71,036	38,723
4	Of which non-performing exposures	18,220	26,788	25,052	1,736	74
EU-5	Of which defaulted	18,220	26,788			