SID Banka

2024

DISCLOSURES

UNDER PILLAR 3 OF THE BASEL STANDARDS AS AT 31 DECEMBER 2024

Company name:	**SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana**
Abbreviated company name:	SID banka, d.d., Ljubljana
Registered office:	Ulica Josipine Turnograjske 6, 1000 Ljubljana
Registration number:	5665493
Tax number:	82155135
VAT ID number:	SI82155135
IBAN:	SI56 3800 0380 0000 039
SWIFT:	SIDRSI22
GIIN:	66SI1E.99999.SL.705
LEI:	549300BZ3GKOJ13V6F87
Website:	www.sid.si
E-mail:	info@sid.si
Secure electronic mailbox:	sid@vep.si
Telephone:	+386 (1) 200 75 00
Facebook:	www.facebook.com/sid.banka/
LinkedIn:	www.linkedin.com/company/sid---slovenska-izvozna-in-razvojna-banka-d.d.-ljubljana/
YouTube:	www.youtube.com/channel/UCK_2pY_T0EiC4PGF36sZJqA

Content

1 Introduction

SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana (hereinafter: SID Bank) has prepared its disclosures under Pillar 3 of the Basel standards in accordance with the provisions of Part Eight of 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, including all amendments (CRR), and Commission Implementing Regulation (EU) No 2021/637 laying down 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 (hereinafter: Commission Implementing Regulation 2021/637).

SID Bank has the status of other systemically important institution (O-SII), which means that it is treated as a large institution in accordance with Article 4(146)(b) of the CRR. SID Bank has issued bonds that have been admitted for trading on a regulated market. Accordingly, the Bank is bound to the frequency and scope of disclosures set out in Article 433(a) of the CRR.

The disclosures are drawn up for SID Bank on an individual basis, as the Bank is not required to meet its prudential requirements under the CRR on a consolidated basis.

The Disclosures under Part Eight of the CRR are presented below. A detailed overview of the scope of disclosures, as well as the importance of disclosures for SID Bank and the place of publication of a particular disclosure are presented in the list in Section 20.

The Bank discloses the required data and information in the templates prescribed by Commission Implementing Regulation 2021/637. In accordance with Article 432 of the CRR, the Bank does not disclose certain rows or columns in individual templates that are not relevant to SID Bank. The Bank did not omit any information regarded as proprietary or confidential. The quantitative disclosures in specific templates are in line with the information in the reports submitted to the supervisory authority.

The quantitative disclosures of remuneration (templates EU REM1, EU REM2, EU REM3, EU REM4 and EU REM5) will be published in a separate document after the completion of the process of allocating the variable remuneration for 2024.

All amounts in the disclosures are in EUR thousand.

Disclosures for previous periods are published on SID Bank's website (www.sid.si).

2 Statement on the appropriateness of internal procedures and controls

In accordance with Article 431(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the management board, represented by

Borut Jamnik, president of the management board, and Stanka Šarc Majdič, member of the management board,

by signing this statement confirms that SID Bank has put in place appropriate formal policies and internal procedures, systems and controls to ensure that the information in the disclosures is accurate.

Ljubljana, 26 March 2025

Management Board of SID Bank

Stanka Šarc Majdič
Member

Borut Jamnik
President

3 Disclosure of key metrics and overview of risk-weighted exposure

3.1 Template EU KM1 – Key metrics template

(Article 447(a) to (g) and Article 438(b) of the CRR)

		a	b	c	d	e
		31 Dec 2024	30 Sep 2024	30 June 2024	31 Mar 2024	31 Dec 2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	493,100	492,742	478,319	477,467	467,264
2	Tier 1 capital	493,100	492,742	478,319	477,467	467,264
3	Total capital	493,100	492,742	478,319	477,467	467,264
	Risk-weighted exposure amounts					
4	Total risk exposure amount	1,606,417	1,609,531	1,652,897	1,666,281	1,709,762
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	30.70%	30.61%	28.94%	28.65%	27.33%
6	Tier 1 ratio (%)	30.70%	30.61%	28.94%	28.65%	27.33%
7	Total capital ratio (%)	30.70%	30.61%	28.94%	28.65%	27.33%
	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 (%)	2.25%	2.25%	2.25%	2.25%	2.25%
EU-7b	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	1.27%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
EU-7d	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.25%	10.25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.50%	0.49%	0.50%	0.49%	0.48%
EU-9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-10a	Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	0.25%	0.25%
11	Combined buffer requirement (%)	3.25%	3.24%	3.25%	3.24%	3.23%
EU-11a	Overall capital requirements (%)	13.50%	13.49%	13.50%	13.49%	13.48%
12	CET1 available after meeting the total SREP own funds requirements (%)	20.45%	20.36%	18.69%	18.40%	17.08%

3 Disclosure of key metrics and overview of risk-weighted exposure

3.1 Template EU KM1 - Key metrics template

		a	b	c	d	e
		31 Dec 2024	30 Sep 2024	30 June 2024	31 Mar 2024	31 Dec 2023
	Leverage ratio					
13	Total exposure measure	2,920,373	2,993,470	2,950,710	2,847,156	2,869,378
14	Leverage ratio (%)	16.88%	16.46%	16.21%	16.77%	16.28%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU-14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity coverage ratio (LCR)					
15	Total high-quality liquid assets (HQLA) (weighted value-average)	546,966	600,669	511,180	408,467	402,334
EU-16a	Cash outflows – total weighted value	22,480	19,590	30,928	40,312	46,002
EU-16b	Cash inflows – total weighted value	9,398	10,851	35,562	11,866	8,361
16	Total net cash outflows (adjusted value)	13,083	8,739	7,732	28,446	37,641
17	LCR (%)	4,181%	6,874%	6,611%	1,436%	1,069%
	Net stable funding ratio (NSFR)					
18	Total available stable funding	2,434,732	2,485,872	2,636,340	2,535,430	2,508,578
19	Total required stable funding	1,513,969	1,527,448	1,595,166	1,613,771	1,652,443
20	NSFR (%)	160.82%	162.75%	165.27%	157.11%	151.81%

3 Disclosure of key metrics and overview of risk-weighted exposure

3.1 continuing

The Bank's total capital ratio stood at 30.70% as at 31 December 2024 (30 September 2024: 30.61%), having remained broadly unchanged since 30 September 2024. The year-on-year rise in the total capital ratio of 3.37 percentage points was primarily attributable to an increase in Common Equity Tier 1 capital (CET1), and a decline in the total risk-weighted exposure amount (REA). The increase in regulatory capital was largely attributable to an increase in accumulated other comprehensive income driven by positive changes in the fair value of debt securities measured at fair value through other comprehensive income and by the profit for 2023, which was allocated to other reserves after approval at the general meeting.

In addition to meeting the overall capital requirement (OCR), which stood at 13.50% as at 31 December 2024, the Bank must also meet the capital requirement under Pillar 2 guidance (P2G) in the amount of 1.75%. The aggregate capital requirement (OCR + P2G) thus amounted to 15.25% as at 31 December 2024, well below the Bank's total capital ratio.

The leverage ratio stood at 16.88% as at 31 December 2024 (30 September 2024: 16.46%), still well above the regulatory requirement of 3%.

The liquidity coverage ratio (LCR) stood at 4,181% as at 31 December 2024 (30 September 2024: 6,874%). This ratio is quite volatile over time due to the Bank's specific role as a development institution (see note in Section 9).

The net stable funding ratio (NSFR) stood at 160.82% as at 31 December 2024 (30 September 2024: 162.75%).

3 Disclosure of key metrics and overview of risk-weighted exposure

3.2 Template EU OV1 – Overview of total risk exposure amounts

(Article 438(d) of the CRR)

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2024	30 Sep 2024	31 Dec 2024
1	Credit risk (excluding CCR)	1,490,418	1,502,094	119,233
2	of which standardised approach	1,490,418	1,502,094	119,233
6	Counterparty credit risk – CCR	43,027	42,665	3,442
EU-8b	of which credit valuation adjustment – CVA	36,540	36,373	2,923
9	of which other CCR	6,488	6,292	519
23	Operational risk	72,972	64,771	5,838
EU-23a	of which basic indicator approach	72,972	64,771	5,838
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	18,377	18,653	1,470
29	**Total (1+6+23)**	**1,606,417**	**1,609,531**	**128,513**

3 Disclosure of key metrics and overview of risk-weighted exposure

3.3 ICAAP information (EU OVC)

(Article 438(a) of the CRR)

The risk profile, which is the result of the processes of identification, definition of materiality and measurement of risks, represents a collection of the risks that are material to SID Bank and that the Bank takes up or will take up in the framework of its operations, and is quantified by the capital requirement.

The risk profile serves as the basis for the comprehensive risk management process, the planning of internal audit procedures, compliance and direct supervision by the Bank of Slovenia.

The outcomes of the determination of the risk profile before the end of 2024 do not deviate materially from the profile in the previous year. Of the identified risks, the Bank treats credit risk as the most material risk that it faces.

In line with its business strategy SID Bank is or will be exposed to the following material risks:

- credit risk,
- market risks in the banking book (excluding IRRBB),
- interest rate risk in the banking book (IRRBB),
- liquidity risk,
- operational risk,
- business/strategic risk.

There were six sub-types of credit risk defined as material in 2024:

- default risk,
- concentration risk,
- country risk,
- downgrading risk,
- participation risk,
- residual credit risk.

Four sub-types will be defined as material in 2025:

- default risk,
- concentration risk,
- country risk,
- participation risk.

The metrics for measuring individual sub-categories of credit risk are:

- the internal ratings based (IRB) approach,
- the Herfindahl-Hirschman index as a measure of sectoral concentration,
- the Monte Carlo simulation of the IRB to measure individual concentration.

The following sub-types of market risk in the banking book were assessed as material by the Bank in 2024:

- interest rate risk in the banking book (IRRBB);
- interest rate risk and credit spread risk of debt securities measured at fair value through other comprehensive income.

The Bank measures interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB) in accordance with its adopted internal methodology, which is based on the EBA guidelines on the management of interest rate risk and credit spread risk arising from the banking book. In 2025 the Bank will separately monitor market risks in the banking book (excluding IRRBB), within which it will monitor, as material risk sub-types, CSRBB, the risk of de facto hidden losses in the portfolio of debt securities measured at amortised cost, and equity revaluation risk. It will separately monitor interest rate risk in the banking book (IRRBB), within which it will monitor, as material risk sub-types, alongside the metrics of EVE, NII and aggregate EVE and NII for the entire banking book, EVE for the portfolio of debt securities measured at fair value through other comprehensive income.

The following 12 sub-types of operational risk were treated as material in 2024:

- internal fraud risk,
- external fraud risk,
- information and communication technology risk,
- cyber risk,
- money laundering and terrorist financing risk,
- legal risk,
- model risk,
- compliance risk,
- outsourcing risk,
- HR management risk,
- residual operational risk,
- reputation risk.

The Bank will monitor seven risk sub-types as material in 2025:

- internal fraud,
- external fraud,
- employment practices and workplace safety,
- clients, products and business practices,

- damage to physical assets,
- business disruption and system failures,
- execution, delivery and process management.

The metric for measuring operational risk is the Pillar 1 capital requirement for operational risks.

Within business/strategic risk, the Bank treated two sub-types of risk as material in 2024:

- strategic risk, which is addressed through management-level process control,
- profitability risk.

The metric for profitability risk is the historical value-at-risk of interest and non-interest income and costs. In addition the Bank will also monitor the risk of an external factor (the regulatory environment) as a material sub-type in 2025. The Bank measures this risk as the effect of the new arrangements under capital regulations (CRR3), which envisages a gradual increase in certain capital requirements. The metric measures the difference between current estimates of capital requirements and the requirements under the full arrangements.

The overall assessment of internal capital requirements also includes an assessment from an integrated stress test if the assessment in question is higher than the capital requirement. The Bank also incorporated ESG risk factors into the integrated stress test. On a quarterly basis SID Bank calculates the internal capital requirements, and verifies whether the level of capital is adequate. The results are then discussed by the asset-liability and risk management committee, and by SID Bank's management body within the framework of the risk report. The management body approves the results of the Bank's risk profile and the internal capital adequacy assessment process at least once a year.

4 Risk management policies and objectives

4.1 Management body's concise statement on SID bank's approach to the realisation of risk appetite

(Article 435(1)(f) of the CRR)

In accordance with Article 435(1)(f) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (hereinafter: the CRR), the second paragraph of Article 17 of the Regulation on internal governance arrangements, the management body and the internal capital adequacy assessment process for banks and savings banks, and Article 2 of Commission Implementing Regulation 2021/637, the management body hereby issues the following concise statement on risk management: The concise statement represents the qualitative part of the willingness to take up risks, which is complemented by a quantitative part, and is drawn up by the Bank in the form of indicators. The indicators relate to the Bank's capital and liquidity. The willingness to take up risks reflects the existing culture, principles and strategy of SID Bank in connection with risk management.

SID Bank is a specialist promotional, export and development bank that is authorised to provide long-term financial services designed to complement financial markets in various areas defined by the Slovene Export and Development Bank Act (ZSIRB) as important for promoting the competitiveness of the Slovenian economy and for the country's sustainable development. SID Bank's essential activities involve complementing the range of products and services of commercial banks and the elimination of market gaps that arise when the range of financial and insurance services is insufficient to meet market demand, in particular with respect to SMEs, development, environmental protection, the circular economy, infrastructure and energy projects, and the promotion of the internationalisation of companies, as well as cyclical gaps following changes to the ZSIRB.

The overall risk level and the levels and types of individual material risks are subject to comprehensive identification at least once a year in the process of drawing up the Bank's risk profile, which is approved by its management body. At least once a year, during the internal capital adequacy assessment process (ICAAP), the management body approves the assessment of internal capital requirements and the capital available to cover losses in the event of the realisation of the risks taken up.

The Bank defines its risk-bearing capacity as the largest overall risk level that it is able to take up, taking into account its available capital, liquidity and other restrictions (risk management and control measures, stress test results, and other restrictions). The Bank defines risk-bearing capacity as the higher of the economic and normative perspectives, with the ICAAP representing the economic perspective and the SREP the normative perspective.

The assessed risk-bearing capacity is taken into account when the business strategy, business objectives and risk appetite are being defined. The management body also approves the internal liquidity adequacy assessment process (ILAAP) at least once a year, in which the Bank carries out a comprehensive assessment of the systems put in place for the management of liquidity risk, including an assessment of liquidity risk in connection with the Bank's risk profile and business strategy.

The management body defines the risk appetite taking into account its risk-bearing capacity at least once a year, within the framework of the process of adopting the annual operational plan, and thus ensures that the risk appetite has been aligned to any changes in the business model and in the current business strategy. The Bank defines the risk appetite as the sum of the ICAAP profile, the effect of the change in the business plan, and the buffers. The buffers generally represent the effects of stress testing.

Within its risk management the Bank has put in place a stress testing framework, which is part of its advanced determination of risks and vulnerabilities. The stress testing framework includes all material types of risk, and those in the area of ESG.

The risk appetite framework takes into account all material risks identified in the risk management process, and is reflected in the risk appetite thresholds approved by the management body, including threshold values set with regard to the Bank's planned activities, and also the limits set in the policies for the take-up and management of individual risks and other bylaws of SID Bank. For risk appetite thresholds that have regulatory values prescribed, SID Bank has set the same or stricter target values; taking into account the early warning thresholds, it always has stricter thresholds in place. In accordance with the disclosures under the CRR, the selected risk appetite thresholds for SID Bank are presented below. The following values were realised at the end of 2024 for the selected first-level risk appetite thresholds:

- total capital ratio (TCR): 30.70% (threshold: 16.56%);
- leverage ratio (LR): 16.88% (threshold: 13.3%);
- liquidity coverage ratio (LCR): 4,181% (threshold: 144%);
- net stable funding ratio (NSFR): 160.82% (threshold: 108%).

The scope of risk take-up is complemented by the set of internal policies for the management of individual types of risk, via which SID Bank transfers (escalates) limits regarding risk appetite into operational restrictions for the appropriate direction of the business.

Risk management policies and internal rulebooks set out the limits for the management of credit risk, market risk in the banking book and liquidity risk, including the procedures for dealing with limit breaches and notification of the management board.

The risk appetite framework is monitored and discussed by SID Bank's management body on a quarterly basis.

The Bank managed all the identified material risks within its adopted risk appetite framework in 2024.

In terms of limiting exposure to credit risk, in operations of all types account is first taken of the regulatory limits set out in the applicable banking legislation concerning exposure to individual customers and groups of connected clients. In addition the take-up of credit risk is limited by SID Bank's articles of association, the thresholds of the risk appetite at various levels of granularity in the credit portfolio, and the internal limits on exposure to credit risk. To manage the credit risk inherent in investments for managing the Bank's liquidity, bylaws set limits on exposures to individual persons, and in case the persons comprise a group of connected clients also a limit on the group and a limit on the individual persons. In managing these investments, SID Bank pursues a policy of investing its surplus liquidity in high-quality liquid financial instruments. Credit risk in investments for managing the Bank's liquidity is managed by limiting exposures with regard to credit rating, registered office, type of issuer and type of instrument, where in order to limit environmental risks, purchases of securities of issuers whose core business is in the fossil fuels sector are prohibited. The limits for credit operations are not predetermined or general; instead creditworthiness is defined during the handling of the individual operation with regard to a calculation of the customer's borrowing capacity. The powers to approve transactions are set out in the bylaws and the articles of association of SID Bank with regard to investment value and current exposure. Bylaws also set out the approach to identifying and measuring concentration risks for the total portfolio. In addition, internal loan approval procedures and the placement of a limit on total exposure ensure that all leveraged operations are adequately controlled, and comply with the Bank's risk appetite framework. Within the framework of its credit risk management SID Bank regularly monitors the financial position of debtors and reviews the accuracy of their assignment to ratings, creates allowances and provisions for credit losses, reviews the fulfilment of financial and other contractual commitments, and assesses the eligibility and level of collateral. The early warning system for increased credit risk (EWS), where debtors are classified into various credit risk levels on the basis of internally defined quantitative and qualitative indicators and trigger levels, gives the Bank early warning of increased credit risk and allows it to act promptly to reduce the risk of the debtor defaulting. The Bank is continually improving and upgrading the EWS. In 2024 it introduced additional quantitative and qualitative indicators for identifying debtors' potential difficulties in debt repayment, optimised the process for taking action after identifying increased credit risk, and improved the information support.

The quality of the credit portfolio improved in general in 2024, except in the segment where the Bank is exposed to the steel and automotive industries. Debtor upgrades and the new macroeconomic scenarios had a favourable impact on the level of expected credit losses. There was nevertheless an increase in aggregate allowances and provisions for credit losses relative to 2023 as a result of the deterioration in the economic situation in the steel and automotive industries and the resulting reclassification of exposures to Stage 2. The proportion of classified claims and other financial assets accounted for by non-performing loans and other non-performing financial assets was down and stood at 4.3% at the end of 2024 (end of 2023: 5%). Coverage of non-performing exposures stood at 49.6% at the end of 2024, up 7.1 percentage points on the end of 2023.

SID Bank will continue its high-quality credit risk management in 2025, and in accordance with best banking practice will upgrade its credit risk assessment tools and its early warning system for increased credit risk.

Quantitative limits are also set for the management of market risk in the banking book. Limits on the decline in net interest income and the loss in the economic value of equity are set for interest rate risk in the banking book. The limits are significantly more stringent than those prescribed by banking regulations. The Bank regularly measures and monitors interest rate risk and credit spread risk for debt securities in the banking book, where it has a separate risk appetite defined with regard to the aforementioned risks for the portfolio of debt securities measured at fair value through other comprehensive income. Indicators/limits for changes in market prices are set for the management of changes in the market value of the portfolio of debt securities in the banking book. A limit on net exposure in all foreign currencies relative to the Bank's capital is set for currency risk.

The liquidity risk management framework includes the regular implementation of the ILAAP, and the limit system put in place

4 Risk management policies and objectives

4.1 continuing

to manage liquidity risk, where the limits are more stringent than those prescribed by regulations. The management body annually reviews and approves the outcomes of the ILAAP, which cover an assessment of liquidity needs and an assessment of available liquidity within the framework of ordinary operations, and in adverse situations. The Bank's liquidity position is verified on a regular basis by decision-making bodies through the monitoring of various indicators, including in relation to the achievement of planned targets. The Bank regularly plans and monitors cash flows, reviews its liquidity position and adequacy, while also taking account of the internally defined liquidity stress test scenarios, which also incorporate ESG risk factors. The Bank has also drawn up a liquidity risk management plan for emergency liquidity situations, has put in place an early warning system for potential adverse developments on the financial markets, and has put in place regular implementation of liquidity simulations in connection with the financial plan for future periods under a baseline scenario and adverse scenario. The regular assessment of funding adequacy is also reviewed during the preparation of the financial plan, which is approved for the next three financial years by the management body each year. Debt securities account for a significant share of the liquidity buffer. When investing in them the Bank upholds the principles of security and prudence, while taking account of the market liquidity and credit quality of the selected instruments, which is reflected in the high share of liquid debt securities eligible as collateral at the central bank. Monitoring the portfolio of debt securities from the perspective of ESG risk factors ensures that the Bank complies with sustainability targets.

The Bank's liquidity position remained strong in 2024, which was reflected in the key liquidity indicators, which were well above their regulatory requirements and inside the range set out by the risk appetite. The ILAAP was assessed as adequate. The Bank maintained an adequate level, quality and structure of liquid assets in 2024 for covering its expected and unexpected liquidity outflows, and for ensuring business continuity and an adequate liquidity position under the baseline scenario and during a liquidity emergency. In the event of the realisation of the most severe adverse combined scenario, the Bank would survive for more than 12 months under these circumstances. In its management of liquid assets in 2025 the Bank will pursue a conservative and prudent investment strategy, and will manage funding risk through new long-term borrowing, which will provide adequate funding for the execution of its mandates.

Environmental, social and governance (ESG) risks are included in the comprehensive risk management framework, where they constitute one of the risk factors that are being integrated into existing types of risk. SID Bank also takes account of ESG risk factors within the credit risk appetite framework, where it has set flexible limits for total exposure to the highest-risk customers. Above a certain exposure amount, it also conducts its assessment of ESG risk factors at the borrower level. For its monitoring of environmental and climate-related performance indicators, SID Bank has also defined a strategic indicator that measures the average ESG score of new loans, which may not underperform the average ESG score on exposures from the previous year.

In 2024 the Bank continued its implementation and upgrade of risk management requirements in the area of ESG, and implemented the incorporation of internal ESG scores into its internal credit ratings. The Bank defined its functions in the area of sustainability and ESG (Catalogue of sustainability functions and process tasks), defined the custodians of these functions and processes, and amended its organisational rulebook while having regard for the proper allocation of roles between departments in their implementation. The organisational structure was thus adjusted to fit the management of ESG risk factors, while taking account of the risk profile and the concept of three lines of defence.

The Bank manages risks that are difficult to measure, such as certain subcategories of operational risk, i.e. compliance risk, cyber risk, business continuity risk, the risk of money laundering and terrorist financing and other unethical business practices, through qualitative risk management measures and internal control mechanisms. SID Bank's appetite to take up risks that are difficult to measure is low. In taking up such risks, the Bank focuses on minimising their impact on its performance. The management of these risks is primarily undertaken through set internal rules, ICT systems to prevent and identify cyber incidents, controls over the implementation of the Bank's organisational, operational and work procedures, and additional monitoring by independent functions and internal control departments. The Bank quantifies the risks that are difficult to measure when compiling its risk profile, with the exception of strategic risk.

As a development bank in accordance with the Slovene Export and Development Bank Act (ZSIRB), SID Bank is required to fully comply with the law governing banking, with the exception of parts that are explicitly excluded. This relates to specific features in the assessment of large exposures, capital requirements, the establishment of bank branches, with regard to the obligation to draw up a recovery plan and the application of provisions on covered deposits, as SID Bank is not allowed to accept deposits from the public, except through a public offering of debt securities where SID Bank is the issuer. Additional restrictions on operations are set out in the ZSIRB and the rules governing state aid that apply in the EU, which require SID Bank to provide financial services only in segments where market gaps appear or are identified, and prohibit it from competing with other commercial banks. Furthermore, the purpose of SID Bank's funding must comply with the purposes defined by the law. SID Bank is not allowed to finance firms that are classed as firms in difficulty. The Bank and its management body take into account these and other prescribed requirements in the adoption and implementation of its business objectives, strategies and policies.

Ljubljana, 26 March 2025

Management Board of SID Bank

Stanka Šarc Majdič
Member

Borut Jamnik
President

Supervisory Board

Janez Tomšič
Chair

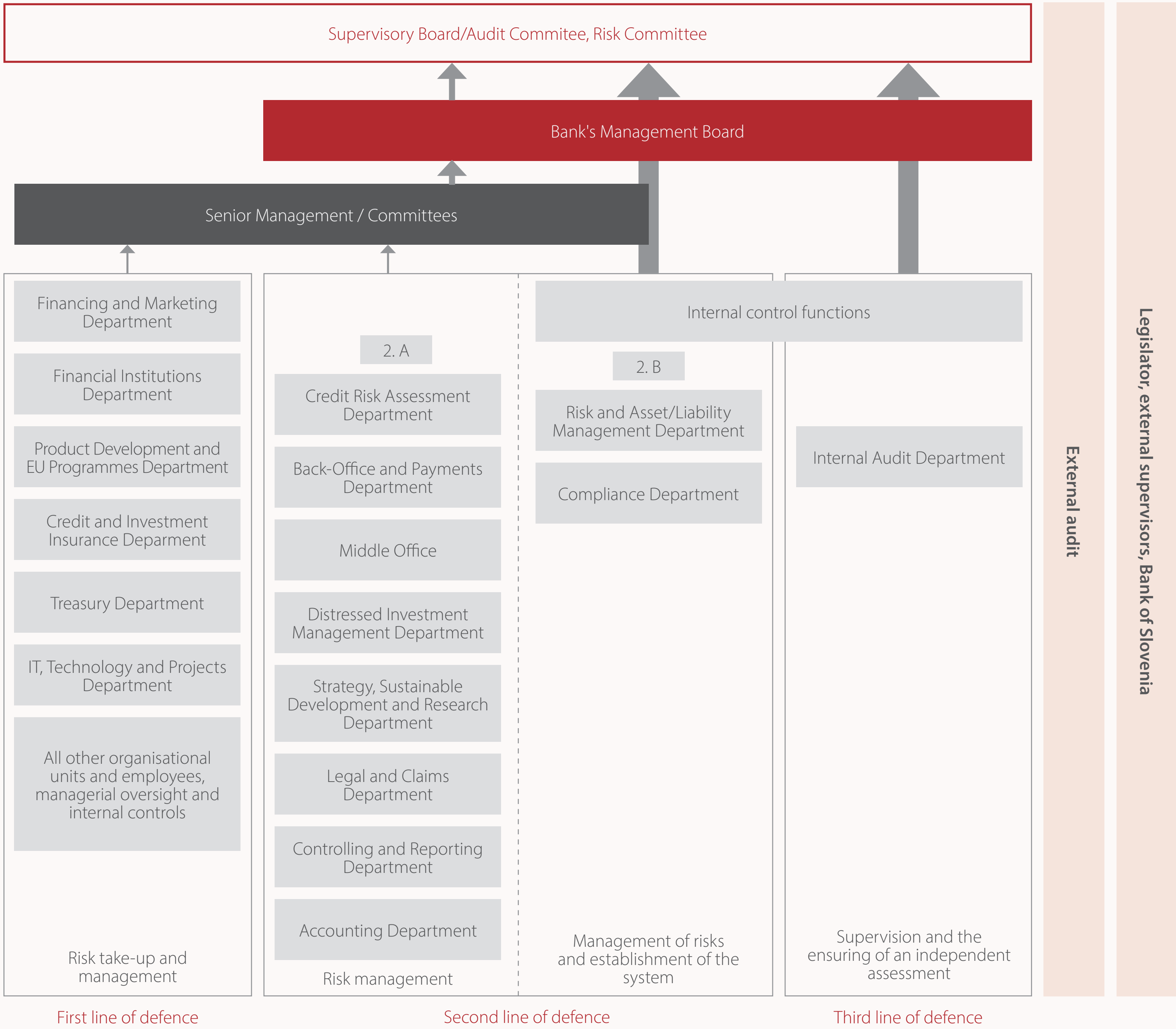
4 Risk management policies and objectives

4.2 The structure and organisation of the risk managament functions

(Article 435(1)(b) of the CRR)

The risk management process is put in place within the entire organisational structure and processes at SID Bank in a way that allows for business objectives to be met while operations remain secure and compliant with regulations. The key objective during the implementation of risk management measures is to achieve the proper risk awareness of employees at all levels of the Bank's operations which, through the actions of employees, their attitude to risks and their proposals for additional internal control functions, is reflected in decisions regarding the take-up and management of risks at the level of the Bank's daily activities. The Bank thus promotes and strengthens the risk management culture and the level of the Bank's standards and values relating to the awareness of its risks.

On 1 January 2024 SID Bank introduced a new organisational structure, thereby adjusting its internal risk management and reinforcing the three lines of defence system, which enables the Bank to identify all (material) risks to which it is exposed and to more easily obtain assurance that its risk exposure is in compliance with its adopted risk appetite and other restrictions. The three lines of defence system, which by accurately defining the internal relations regarding accountability provides an assurance that the information collected about all known and new risks, the amount of risk exposure and the control environment is relevant, and thus allows the management board, the supervisory board and the Bank's other decision-making bodies to make suitable decisions.


Supervisory Board/Audit Commitee, Risk Committee
Bank's Management Board
Senior Management / Committees
Financing and Marketing Department
Financial Institutions Department
Product Development and EU Programmes Department
Credit and Investment Insurance Deparment
Treasury Department
IT, Technology and Projects Department
All other organisational units and employees, managerial oversight and internal controls
Risk take-up and management
2. A
Credit Risk Assessment Department
Back-Office and Payments Department
Middle Office
Distressed Investment Management Department
Strategy, Sustainable Development and Research Department
Legal and Claims Department
Controlling and Reporting Department
Accounting Department
Risk management
Internal control functions
2. B
Risk and Asset/Liability Management Department
Compliance Department
Management of risks and establishment of the system
Internal Audit Department
Supervision and the ensuring of an independent assessment
External audit
Legislator, external supervisors, Bank of Slovenia
First line of defence
Second line of defence
Third line of defence

Delineation of roles and responsibilities in the risk management process

The **management body** (management board and supervisory board) is not a direct component of the lines of defence, but it plays a crucial role in the risk management system. The management body has the power and responsibility of aligning the Bank's business objectives and business strategy with the strategy and policies for taking up and managing risk, and of ensuring commensurately effective internal governance arrangements taking into account the nature, scale and complexity of the risks inherent in the Bank's business model. SID Bank's management body is regularly informed of and discusses all types of identified risk to which the Bank is exposed. At the same time it manages and supervises the introduction and implementation of comprehensive risk management systems in the Bank's operations, including the consideration of specific development risks, in accordance with the long-term governance objectives and the fundamental principles of SID Bank's activity.

The management body is responsible for assessing the Bank's risk profile, determining risk appetite, and regularly reviewing and approving the strategy and policy for taking up and managing the risks to which the Bank is or could be exposed in its operations, including risks from the macroeconomic environment in which the Bank operates, taking into account the current business cycle and stress testing. The risk management strategy and policies include guidelines on the take-up of risks, as well as procedures and tools for managing the risks. The risk management action plan is adopted by the Bank's management board with the consent of the supervisory board, following consultation with the supervisory board's risk committee.

The management body is briefed comprehensively on the area of risk management via quarterly reports on performance, and risk reports. Regular risk reports include monitoring of the risk appetite, a report on the internal capital adequacy assessment process (ICAAP), detailed information on SID Bank's exposure to credit risk at the level of the entire credit portfolio, a review of exposure to liquidity risk, interest rate risk, operational risk and other market risks in the banking book, and an assessment of future trends, with a view to informing the management body about the Bank's exposure to significant risks. Once a year the management body discusses and approves the results of the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP). The management body discusses individual exposures or proposals to increase exposure that require approvals from the management body, or whenever major changes in risks are identified in accordance with SID Bank's articles of association.

The supervisory board is assisted in performing its supervisory duties in the area of risk management by the **risk committee**, which provides advice regarding the Bank's general risk appetite and risk management strategy, supervises senior management regarding the risk management strategy, and the **audit committee**, which in the area of risks and internal controls monitors the effectiveness and appropriateness of internal quality control and risk management.

SID Bank's management board, comprising the president and the member of the management board responsible for risks (CRO), appropriately transfers certain risk management powers to the Bank's decision-making bodies, the risk management function, and other organisational units. Risks at SID Bank are discussed by five committees with key roles in risk management. These committees generally meet on a weekly basis, with the exception of the asset-liability and risk management committee and the monitoring committee, which hold monthly meetings.

The asset-liability and risk management committee guides, supervises and monitors risk management at the aggregate level of the Bank. The credit committee is responsible for the management of credit risk for operations on behalf of and for the account of SID Bank, primarily by making decisions on proposals regarding individual operations that affect exposure to credit risk. The distressed investment management committee is responsible for the management of non-performing exposures under the care of the distressed investment management department, measures for the forbearance of exposures, and the cancellation and termination of an investment operation due to financial difficulties or other breaches of contractual commitments by the debtor. The monitoring committee is responsible for examining specific customers within the early warning system (EWS) for increased credit risk. The liquidity management committee is responsible for monitoring and managing liquidity at the weekly level.

The concept of **three lines of defence** for the purpose of effective risk management was designed as follows at the end of 2024:

- The **first line of defence** comprises the organisational units that take up risks. They are responsible for the management and control of risks in practice, and for the implementation of business processes on a daily basis, having regard for supervisory measures and other imposed restrictions.
- The **second line of defence** is broken down into two parts: the first part comprises departments that are responsible for management, assessment, monitoring and reporting at the individual exposure level, while the second part comprises three mandatory internal control functions, which are primarily responsible for risk management at the aggregate level and for putting in place the risk management system, namely the risk management and asset-liability management department, a component of which is the independent information security function, and the compliance department.
- The **third line of defence** consists of the internal audit department, which independently supervises and assesses the risk management system and the functioning of internal controls.

Commercial departments operate within the framework of the first line of defence, and identify risks in their own business lines. These departments are responsible for the implementation of the risk management strategy and policies, and for risk management activities, as defined in the individual risk management policies. Key risk management tasks include:

- warning of potential increases in exposure;
- proposing risk mitigation measures;
- proposing measures to modify the business policy in accordance with competences.

The **credit risk assessment department** within the framework of the risk division helps to put in place the credit risk management system, and manages credit risk at the level of the individual exposure and/or groups of connected debtors. On the basis of credit proposals and the accompanying documentation it is responsible for assessing creditworthiness, assessing credit risk and defining the terms for financing new investment operations, determining the contractual financial commitments, and assessing the adequacy of the proposed collateral. On the basis of a review it draws up an opinion on the investment operation, and confirms the credit rating. Within the framework of the assigned powers of approval, it is responsible for approving investment operations. It is also responsible for managing the system of annual reviews, and for the annual updating of credit ratings within this framework. It is responsible for developing and administering the early warning system (EWS) and for participating in the implementation of the system.

The **distressed investment management department** within the framework of the risk division participates in credit risk management at the individual exposure level, and is responsible for distressed investments, including the assessment of credit risk, and the monitoring of the stock of these investments, and the customers that fail to regularly perform their contractual obligations.

The **middle office** participates in credit risk management at the individual exposure level. It is responsible for drawing up contracts, addenda and other contractual documentation of investment operations, for conducting activities in connection with AML/CFT, fraud risk and restrictive measures, for establishing, recording, booking and monitoring collateral, for monitoring the performance of financial and other contractual commitments, including the impact of physical ESG risks on collateral and ESG commitments, and for conducting supervision of the purpose-specific use of direct and indirect financing operations and financing operations using European cohesion policy funding.

The **back-office and payments department** carries out the daily monitoring of currency risk, liquidity risk and credit risk in treasury operations in accordance with internally set limits. It also makes payments for SID Bank's needs and operations under the authorisation of the Republic of Slovenia, keeps analytical records of financing, borrowing and treasury operations, and participates in the implementation of guarantee schemes.

Internal control mechanisms

Internal control mechanisms, whose functioning is in place for all of SID Bank's business processes in proportion to the materiality and risk of the particular business process, include:

- internal controls of the implementation of the Bank's organisational procedures, business procedures and work procedures; and
- internal control functions (risk management function, which includes the independent information security function, the compliance department, and the internal audit department), which are functionally and organisationally segregated from the Bank's other functions, and report directly to the management board.

The purpose of internal controls is to ensure systematic control over all of the Bank's material risks and to provide an independent and objective assessment of effectiveness and compliance with regard to the Bank's internal governance arrangements on the basis of a review and assessment of the adequacy of risk strategies and policies, the Bank's risk management processes, procedures and methodologies, and reporting on risks

The **risk management function** is organisationally positioned in the risk division, which consists of three departments: the risk management and asset-liability management department, the credit risk assessment department, and the distressed investment management department. It is organisationally segregated from the business units that take up risks, and plays a key role in drawing up the Bank's risk management strategy and in all important decisions with regard to risk management. The head of the risk division is simultaneously the head of the risk management function and reports directly to the management board, to whom they must report on all circumstances that affect or could affect the specific evolution of risks at the Bank. If the management board fails to take appropriate actions, the head of the risk management function briefs the chair of the supervisory board and the chair of the risk committee of the risks and the circumstances, and in this connection expresses any misgivings to them or warns them directly.

Within the framework of the risk management function the **risk management and asset-liability management department** is responsible for putting the risk management system in place and managing risks at the aggregate level at the Bank. It is responsible for drafting the strategy and policies for taking up and managing the risks to which the Bank is exposed in its operations. It is also responsible for drafting the risk appetite, conducting stress testing, identifying risks, calculating the internal capital requirement and the required internal capital adequacy, drafting the plan of activities for the management of individual risks, conducting analysis for drawing up proposals for the optimal structure of the Bank's funding, participating in the preparation of proposals for the needs of strategic asset-liability planning, assessing outsourcing risk, analysing the risks in the introduction of new products, and conducting the internal liquidity adequacy assessment process. It also plays an important role in drafting internal and external reports for the purposes of supervising, monitoring and providing information about all types of risks at the Bank's aggregate level, while not being directly involved in the credit process and in the assessment of individual loan operations.

The **information security function** is organisationally positioned within the risk management and asset-liability management department. This function is responsible for managing information and cyber security, including the technological dimensions of protecting personal data, which at SID Bank encompasses regularly analysing information risks, making risk assessments and providing an assessment of compliance with regulations and standards, managing security incidents or potential security incidents by working with other functions at the Bank, following up on measures to improve the state of information security, regularly reviewing and updating the information and cyber security policy, and ensuring compliance with this policy. It makes regular and ad hoc reports to the management body on non-compliance, security incidents, risks, new threats in connection with IT security, follow-up on measures to improve information security, and reviews of the risk management framework in the area of information and communication technology. It advises the management board and the senior management with regard to the management of information security, provides training and advice for employees, and draws up the relevant instructions and rulebooks in the area of information security.

The **compliance department** is organised as an independent unit that is functionally and organisationally separate from other units at the Bank, and is directly answerable to and subordinate to the management board. It is positioned within the second line of defence, and identifies compliance risk by conducting regular (and as necessary ad hoc) compliance audits and second-level controls, reporting regularly on its findings to the management body. It covers the areas of regulatory compliance, reputation risk (ethical and lawful conduct on the part the Bank and its employees, prevention of corruption and bribery, management of (apparent) conflicts of interest), and fraud risk (prevention and investigation of suspected fraud), performs the data protection officer function and the AML/CFT function including restrictive measures, conducts fit and proper assessments of key function holders and members of the management body, and handles suspected breaches, the protection of whistleblowers and complaints by the Bank's stakeholders. The Bank has zero tolerance for fraud, and pursues a policy of zero tolerance for suspected fraud. The Bank facilitates whistleblowing by employees and all stakeholders in connection with suspected breaches of regulations or suspected harmful conduct by employees or by third parties. In fraud investigation it has put in place procedures to protect the identity of whistleblowers if they wish to remain anonymous, and to deter any retaliatory measures against whistleblowers. The Bank handles complaints and whistleblowing reports in line with the rules of the profession, with a focus on the opportunity for improving relations with stakeholders on one hand, and the internal controls and procedures at the Bank on the other.

The department assesses and monitors the compliance risks to which SID Bank is or could be exposed to in its operations due to breaches of applicable regulations, Bank of Slovenia requirements, valid contracts, prescribed practices or ethical standards that could impact the Bank's capital or reputation, and also acts to strengthen the Bank's corporate ethics and integrity. The work of the compliance department proceeds according to an annual work programme that is adopted by the management board with the approval of the supervisory board, and includes regular compliance audits, internal controls, advice for the management board and the supervisory board, and training for employees and the supervisory board.

The director of the department can communicate directly with the supervisory board and the supervisory board's advisory bodies (the risk committee, the audit committee, and the nomination and remuneration committee), and also with the risk management and asset-liability management department when appropriate.

The **internal audit department** is an independent and impartial organisational unit that is separate from the Bank's other organisational units in terms of functioning and organisation. It answers directly to the management board. It operates in accordance with the ZBan-3, the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors, and the Code of Internal Auditing Principles. The work of the internal audit department and the procedures of internal auditing are set out in the rules of procedure of internal auditing and in the internal auditing manual. All employees in the department hold professional licences and titles for internal auditing.

The department is positioned within the third line of defence, and its work aims to provide independent and impartial assessments of the effectiveness and quality of risk management, internal controls and internal governance arrangements, and thereby to help improve the performance of the Bank and to achieve its objectives. The internal audit department pursues its mission by conducting internal audits and providing advice, and by focusing on those areas of highest risk that it identifies when planning its work. The annual and strategic plans are based on the Bank's risk profile, the internal methodology of audit planning, and the regulator's requirements for the mandatory auditing of individual areas of the Bank's operations, with the aim of auditing those areas that carry the highest risk, and periodically covering low-risk or as-yet-unaudited areas. The two plans are adopted by the management board, subject to the supervisory board's approval. The department also devotes much attention to following up on recommendations, and within this framework provides appropriate professional support where necessary to the owners of audit recommendations, having regard for its independent role.

The internal audit department reports on an annual and quarterly basis to the Bank's management board, audit committee and supervisory board regarding its work, its findings and the follow-up of recommendations. The Bank's management board also discusses all reports on individual internal audits that have been carried out.

Essential features of risk take-up and management

SID Bank takes up risk within the scope of the adopted overall risk appetite, which sets out the risks that it is still willing to take up in order to achieve its strategic business objectives, taking into account the Bank's risk-bearing capacity, and its strategies and policies for the take-up and management of risks.

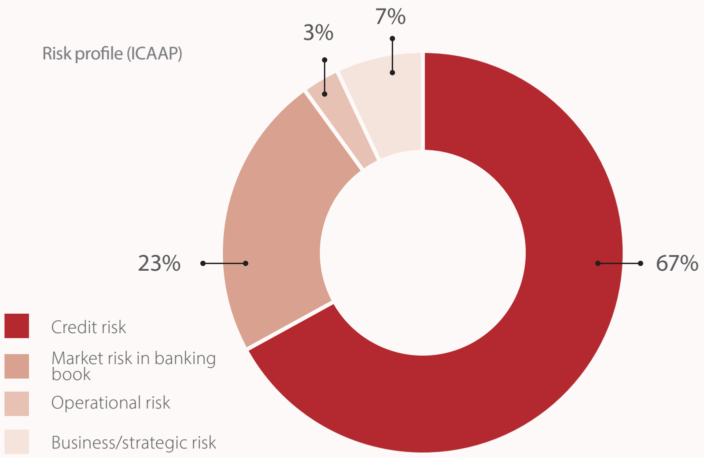
A comprehensive process of assessing the risk-bearing capacity and risk appetite, tailored to the risks taken up, is carried out at least once a year, and the results are reported to the management body. This ensures that the risks taken up remain within the limits of the Bank's risk-bearing capacity. The assessed risk-bearing capacity is taken into account in the drafting of the business strategy and business objectives, and in the determination of the risk appetite. The management body regularly monitors risk appetite indicators.

In the area of risk management, SID Bank has put in place a strategy and policies for the take-up and management of risks that define the procedures for identifying, measuring or assessing, managing and monitoring all types of risks to which the Bank is or could be exposed. These documents take account of the applicable legislation and regulations governing risk management, and the Bank's special features proceeding from its status as an authorised institution under the ZSIRB. The risk management strategy and risk take-up and management policies are updated at least once a year, taking into account the appropriate compliance of the Bank's business objectives and business strategy with the risk take-up and management strategy and policies.

The risk profile, which is the result of the processes of identification, definition of materiality and measurement of risks, represents a collection of the risks that are material to SID Bank and that it takes up or will take up in the framework of its operations, and is quantified by the capital requirement. The annual assessment of the risk profile is the basis for the comprehensive risk management process, the internal capital adequacy assessment process, the planning of internal audit and compliance procedures, and direct supervision by the Bank of Slovenia.

The most significant risks that SID Bank was exposed to at the end of 2024 were:

- credit risk,
- market risks in the banking book,
- business/strategic risk, and
- operational risk.



SID Bank conducts stress tests based on in-house scenarios and supervisory scenarios. Based on the results of these tests, it can define its future capital and liquidity position, and potential actions to ensure capital and liquidity adequacy. The Bank has put in place an integrated stress testing framework, which it upgrades regularly. It takes account of the stress tests, at a minimum, in the process of reviewing and planning its risk appetite and risk-bearing capacity, in setting risk limits, in planning its capital and liquidity, and within the framework of the ICAAP and ILAAP.

The remuneration of employees who in terms of their powers or work tasks and activities can have a material impact on the Bank's risk profile is designed in such a way that it does not encourage employees to irresponsibly take up disproportionately large risks or risks that exceed the Bank's risk-bearing capacity.

4 Risk management policies and objectives

4.3 Statement of the management body on the adequacy of the risk management framework

(Article 435(1)(e) of the CRR)

In accordance with Article 435(1)(e) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the management body, represented by:

on behalf of the management board: Borut Jamnik, president of the management board, and Stanka Šarc Majdič, member of the management board,

on behalf of the supervisory board: Janez Tomšič, chair of the supervisory board,

by signing this declaration, hereby confirms the adequacy of the risk management framework at SID Bank, which ensures that the established risk management systems comply with the Bank's risk profile and business strategy.

SID Bank has put in place a concept of three lines of defence for the purpose of effective risk management. The risk management function is built into the second line of defence and is part of the risk division. It is organisationally segregated from those business units that take up risks. The risk management function is involved in drafting the bank's risk management strategy and in all important decisions regarding risk management. The head of the risk management function reports directly to the management board member responsible for risk management. This ensures the appropriate implementation of the risk management framework at the level of the Bank's daily activities and the regular notification of the management board and the Bank's other decision-making bodies. The head of the risk management function is entitled to regularly attend those sections of the meetings of the supervisory board that deal with the issue of risk, and meetings of the risk committee. This ensures that the risk committee and the supervisory board are regularly and independently apprised of the risks to which the Bank is exposed.

The risk management function is provided with direct access to the chair of the supervisory board and the chair of the risk committee for notification in the event of the specific development of risks that affect or could affect the Bank's risk profile. The regulatory framework of the risk management process, including the internal capital and liquidity adequacy assessment processes, ensures that the systems put in place for the management of identified risks comply with the Bank's risk profile and business strategy.

Notwithstanding the above, the Bank's management body (the management board and the supervisory board) is fully authorised and responsible for defining and adopting the risk management framework and for regularly reviewing its adequacy, including the provision of updates, depending on the effects of the Bank's internal and external environmental factors, and for overseeing the implementation of the adopted risk management strategy and policies.

Ljubljana, 26 March 2025

Management Board of SID Bank

Stanka Šarc Majdič
Member

Borut Jamnik
President

Supervisory Board

Janez Tomšič
Chair

4 Risk management policies and objectives

4.4 Risk management

(Article 435(1)(c) of the CRR)

Risk management at SID Bank

SID Bank's risk management system is based on an effective comprehensive risk management process that includes identifying, measuring and assessing, managing and monitoring risks, as well as internal and external risk reporting.

To this end, SID Bank has put in place a risk management strategy that defines the basic principles applying to the take-up and management of risks at SID Bank, and establishes a framework and basis for the drafting of documents that define in detail the processes of taking up and managing specific types of risks, including the organisational rules that apply to risk management, internal control mechanisms, compliance, and the public disclosure of information relating to the Bank.

SID Bank's approach to risk management

On the basis of the risk management strategy, SID Bank has developed policies for managing specific types of risk, and other bylaws regulating the business processes in which the Bank takes up risks. The policies and other bylaws define the procedures, methods and methodologies used by the Bank in risk management for each type of risk.

The aim of the risk management strategy is to establish an effective risk management process for identifying, measuring and assessing, managing and monitoring risk, including reporting on the risks to which the Bank is or could be exposed in its operations, by defining:

- specific types of risk;
- risk-bearing capacity;
- risk appetite;
- a risk management action plan, i.e. risk identification, measurement and assessment, management and monitoring procedures;
- appropriate internal control mechanisms; and
- internal relations with regard to responsibilities.

The key strategic focuses in the area of risk management, which take into account the Bank's business model and business strategy, are defined in the risk management strategy, key components of which are the risk-bearing capacity and the risk appetite, as presented below as part of the management body's concise statement on SID Bank's approach to the realisation of risk appetite.

The scope of risk take-up complements the set of internal policies for the management of individual types of risk, via which SID Bank transfers risk appetite into operational restrictions for the appropriate direction of the business. The risk management policies and bylaws define the limits, including the procedures for addressing breaches and for informing the management board, and for managing credit risk, market risks in the banking book including currency risk, and liquidity risk.

SID Bank carries out a comprehensive process for the assessment of risk-bearing capacity and risk appetite tailored to the risks taken up, at least once a year, and reports to the management body, thereby ensuring that the risks taken up remain within the limits of SID Bank's risk-bearing capacity. The assessed risk-bearing capacity is taken into account in the drafting of the business strategy and business objectives, and in the determination of the risk appetite.

Regular monitoring of risk appetite indicators is provided for on SID Bank's management body. The Bank monitors risk appetite by determining it on multiple levels (step-like), where each superior level sets the upper threshold for the subordinate level of limits. The methodology for setting and monitoring risk appetite has a direct relationship with the ICAAP, the annual plan and stress testing.

In accordance with its business strategy, business objectives, risk-bearing capacity and risk management strategy, SID Bank takes up risks in its operations within a long-term sustainable target risk profile. It gives priority to the security and stability of its operations to maintain or increase the value of its equity in the long term, to maintain the Bank's reputation, and to maximise the benefits for users of SID Bank's services and other stakeholders.

SID Bank's risk appetite defines the material risks that the Bank is willing to take up in order to realise its business objectives, strategies, policies and plans. The materiality of a risk at SID Bank is defined in relation to regulatory capital. A particular risk is deemed material to the Bank if the corresponding capital requirement is more than 1% of regulatory capital. Risk appetite thresholds are expressed in the form of indicators, or by the definition of allocated capital. The risk appetite is defined in the applicable risk management strategy and through internally set limits. SID Bank assesses its risk appetite at least once a year against its risk-bearing capacity, and whenever the Bank hits internally set triggers for an assessment of capital reallocation.

The management body is briefed comprehensively on the area of risk management via quarterly reports on performance, and risk reports. The regular risk reports encompass the monitoring of risk appetite, a report on the ICAAP, detailed information on SID Bank's exposure to credit risk at the level of the entire credit portfolio, liquidity risk, interest rate risk, operational risk and market risks in the banking book, and an assessment of future trends, with a view to informing the management body about the Bank's exposure to significant risks.

In addition to its risk management, SID Bank also conducts regular stress tests. Stress tests are conducted on the basis of two bylaws (a rulebook, and the methodological notes to the rulebook). Together the two bylaws make up the stress-testing framework at SID Bank. The rulebook primarily covers general stress testing and sets out responsibilities. The methodological notes cover procedural aspects, where SID Bank defines data sources, the IT infrastructure, methodologies and scenarios. The stress tests also cover the burden on capital due to ESG risk factors. According to the two bylaws, stress testing is followed by the drafting of reports which, in addition to the above, also include key assumptions, the results of the stress testing, and planned measures.

SID Bank conducts the following types of stress tests:

- ICAAP stress tests (internal stress test);
- ILAAP stress tests (internal stress test);
- regulatory stress tests: conducted in accordance with the methodology and assumptions provided by the regulator; and
- other occasional stress tests.

4.4.1 Credit risk

SID Bank is most exposed in its operations to credit risk, i.e. the risk of losses arising from a counterparty's inability to settle contractual liabilities by the originally agreed deadline without the realisation of credit protection. SID Bank actively manages its credit risk, and is continually improving its risk management processes and approaches and upgrading its methodologies in the area of credit risk.

Within the framework of its bylaws governing credit risk management, SID Bank has put in place a credit risk management culture that represents the Bank's standards and values regarding awareness of credit risk. Via the work of the management body and employees involved in the take-up and management of credit risk and their attitude towards credit risk, and having regard for the recommendations of internal control functions, the credit risk management culture is reflected in those persons' decisions with regard to the take-up and management of credit risk. Through annual reviews of compliance with the credit risk management culture, SID Bank ensures that the culture is effectively implemented at all levels of the Bank, and that all employees involved in the take-up and management of credit risk are fully briefed on the culture and are answerable for their actions.

The umbrella document governing the management of credit risk in SID Bank's operations is the credit risk management policy. The policy defines the attitude towards the take-up of credit risk in relation to SID Bank's business objectives and business strategy within the framework of the risk appetite, the mechanisms and procedures for identifying, measuring and assessing, monitoring, managing and reporting on credit risks, and the powers and responsibilities of the management body, the relevant committees and individual organisational units in the management of credit risk. The credit risk management policy also incorporates the main substantive points of the applicable bylaws and regulations governing credit risk management.

Credit risk management covers all active investment operations that give rise to credit risk, i.e. loans, including commitments given, deposits placed, factoring, transactions involving investments in debt securities that SID Bank manages for the purpose of ensuring liquidity, stabilising net interest income, pursuing its asset-liability management, and implementing existing mandate frameworks to support domestic bank and corporate issuers, other financial assets, and transactions in derivatives that the Bank uses exclusively for the purpose of hedging open foreign-exchange and interest-rate positions.

The level to which credit risk is taken up is determined in accordance with the adopted risk appetite, which is reflected by limits placed on exposure to credit risk. The credit risk appetite is adopted by the management body within the framework of SID Bank's ICAAP, its annual operational plan process, and the risk management strategy, and where necessary in the event of major changes, in which the scope and focus of credit risk, the composition of the credit portfolio, including its concentration, and diversification targets in relation to business lines, geographical areas, economic sectors and products may be determined.

In terms of the identification and assessment or measurement of credit risk, credit risk management at SID Bank includes activities linked to the assessment of debtors' creditworthiness, the compilation of credit rating reports and the assignment of debtors to the appropriate rating grades. Exposure is approved by the authorised person, the credit committee or another competent body in accordance with the power to approve transactions as set out in SID Bank's bylaws and articles of association, and in accordance with the value of the investment and existing exposure.

In terms of limiting exposure to credit risk, account is first taken of the regulatory limits set out in the applicable banking legislation concerning exposure to individual customers, groups of connected clients or persons in a special relationship with SID Bank. The take-up of credit risk is also limited by SID Bank's articles of association and its internal limits on exposure to credit risk.

Classification of financial assets and commitments given into rating grades

SID Bank assesses customers' credit quality based on an assessment of quantitative and qualitative elements. It classifies customers into one of 21 internal rating grades, which are combined into five rating pools from A to E, in accordance with the Bank of Slovenia criteria. Debtors in default are classified into rating pools D and E.

The quantitative elements include an assessment of the customer's financial and asset positions, and all identified risk factors, such as delays by SID Bank and other reporting entities in the submission of reports to SISBIZ, blocked current accounts, arrears in the payment of taxes and liabilities to employees, and official entries. Soft factors are taken into account within the framework of the qualitative elements, and relate to non-financial information about the customer, and ESG factors, which take account of the environment, social and governance aspects of the customer's business.

Before an investment operation is approved, all customers are assigned to the appropriate rating grade. Their transactions are then monitored for the duration of the investment operation, and ongoing assessments are made to verify whether the rating grade is still appropriate.

The Bank has developed separate methodologies for classifying customers to rating grades and for assessing credit quality: a methodology for assessing corporations, sole traders and cooperatives, which includes a methodology for assessing investment projects and newly established corporates, and a methodology for assessing banks and savings banks. The credit ratings of domestic public-sector entities are derived from Slovenia's sovereign credit rating.

Management of credit protection

Before entering into a contractual relationship, SID Bank compiles an assessment of the customer's creditworthiness, which represents the primary source of repayment. Collateral is used as a secondary source of loan repayment and is not a replacement for the primary creditworthiness of the debtor. The internal rulebook on collateral for investment operations is a document under which credit protection is implemented in practice. It defines in detail:

- the types and conditions of acceptable collateral with regard to the type of debtor and the investment operation;
- the required ratio between the value of the collateral and the value of the investment operation for each type of collateral;
- the documentation required for each type of collateral that ensures the legal certainty and enforceability of collateral;
- the methodology for valuing each type of collateral, which sets out the method, monitoring and frequency of valuation;
- the types of collateral requiring a physical inspection of the assets pledged as collateral; and
- the liquidation and/or termination of collateral;
- the regular vetting of the independence and qualifications of appraisers and the quality of their valuations; and
- the competencies of specific organisational units in accordance with internal rules on organisation.

The rulebook takes account of the key regulatory requirements in the area of credit protection defined in the CRR, Bank of Slovenia regulations, and EBA guidelines.

SID Bank accepts various forms of funded and unfunded credit protection to secure its investment operations. It accepts commercial and residential real estate, securities, equity holdings, movable property, European Cohesion Policy funds for collateralising portfolio guarantees, patents, trademarks, and assigned receivables as funded credit protection. Legislation bars SID Bank from accepting deposits from the public, although it may accept deposits solely from informed persons. It therefore does not make use of this form of collateral. SID Bank accepts joint and several sureties from legal and natural persons, government guarantees, guarantees from the EGF and the EIF under InvestEU, bank guarantees, and SID Bank insurance policies issued for the account of the Republic of Slovenia as insurance against commercial and non-commercial risks as unfunded credit protection. Within the framework of individual financing programmes, having regard for the commitments proceeding from the attributes of the programme itself and the funding utilised, the Bank may set out the range of credit protection accepted.

The collateral that SID Bank values must meet the internal conditions of eligibility, which differ with regard to the type of collateral, and must be established in a manner that ensures its legal certainty and enforceability. For collateral in the form of securities, equity holdings, movable property, patents, trademarks, models and assigned receivables, SID Bank's lien must be registered as the most senior. Only collateral whose maturity is longer than the maturity of the investment operation is classed as eligible collateral. The currency of collateral should be identical to the currency of the investment operation as a rule. Collateral that fails to meet the requirements of the Regulation on credit risk management at banks and savings banks to be taken into account in the estimation of expected credit losses is valued at zero. When calculating expected credit losses and setting the interest rate of an investment operation, the Bank reduces the collateral value by a haircut (HC), which is internally set for each type of collateral.

When calculating capital requirements for credit risk using the standardised approach, the Bank does not take account of a reduction in risk-weighted assets, unless the exposure is secured by collateral from European funds, the EU budget, the European Investment Fund and the European Investment Bank. SID Bank does not enter into credit derivative transactions for the purpose of managing capital requirements for credit risk.

The valuation reports that SID Bank uses as a basis for the valuation of assets pledged as collateral comply with the applicable valuation standards (IVS, EVS, RICS), and are compiled by independent certified appraisers with the requisite qualifications, knowledge and experience. A review of the quality of valuation of real estate and movable property and of the independence and qualifications of appraisers is being conducted within the framework of the current review of valuation reports. Each valuation report received by the Bank is reviewed by a collateral management specialist who holds a current licence as a certified real estate appraiser from the Slovenian Institute of Auditors. During the review of the valuation report, checks are made of compliance with valuation standards, the adequacy of the selected valuation basis, the purpose of valuation, the approaches used with regard to the type of the subject of valuation, the valuation procedures, and the adequacy of declarations, attachments and other content. The specialist provides an opinion of the adequacy of the valuation report, and the adequacy of the estimated market value or liquidation value. If major irregularities are identified during the review of the valuation report, the Bank takes measures such as reducing the estimated market value or liquidation value, designating the valuation report as inadequate, obtaining a revised/new valuation report, and blacklisting the appraiser.

In real estate valuation the Bank takes account of the estimated market value of the real estate from a valuation report formulated on the basis of a comprehensive inspection of the real estate, and in forcible collateral liquidation it takes account of the estimated liquidation value if available. The Bank regularly monitors the value of real estate collateral over the term of the investment operation. Once a year it obtains real estate price indices for each type of real estate in each statistical region from an external provider, and uses them to monitor the value of real estate collateral. For real estate where there are signs of a major change in its value, and for real estate whose value has changed significantly within the framework of collateral value monitoring, the market value of the real estate is determined by a reassessment by the appraiser. For real estate used as collateral for an exposure in excess of EUR 3 million or 5% of the Bank's regulatory capital, the Bank obtains a valuation report at least every three years. For commercial and residential real estate used as collateral for non-performing exposures whose gross exposure exceeds EUR 300 thousand, the Bank obtains a reassessment from the appraiser once a year.

In the valuation of business equipment, and motor vehicles and trailers, the Bank has set thresholds for when the valuation may take account of the value based on a sale and purchase agreement or an invoice between unrelated parties that is no more than one year old, or the estimated market value from the valuation report. Subsequent valuation of business equipment and of motor vehicles and trailers is conducted once a year, or more frequently in the event of major changes in the market. When the initial valuation is based on a sale and purchase agreement or an invoice, subsequent valuations take account of a decline in value in the amount of the corresponding depreciation. When the initial valuation takes account of the estimated market value from the valuation report, a valuation report is obtained each year over the term of the investment operation. The Bank values inventories on the basis of a monthly transcript from the debtor's books of account.

The Bank values securities traded on a regulated securities market at the closing price, and non-marketable equities and equity holdings on the basis of the estimated market value from the valuation report. The valuation report is also the basis for the valuation of collateral in the form of patents, trademarks and models.

Collateral in the form of assigned receivables is valued on the basis of the monthly reports of debtors, without taking into account past-due claims and claims against legal or natural persons that constitute a group of connected clients with the debtor. Collateral in the form of the assignment of all current and future receivables is valued at zero by the Bank.

Credit protection in the form of sureties, debt assumption, guarantees, and SID Bank insurance policies issued for the account of the Republic of Slovenia to insure against commercial and non-commercial risks is valued at the lower of the exposure amount, or the contractual amount of the surety, debt assumption, guarantee, or Republic of Slovenia guarantee for commercial risk. SID Bank only assigns a non-zero value to the sureties of legal persons if the rating grade of the legal person giving the guarantee is higher than or equal to BBB-, based on the internal credit quality assessment methodology, and the surety demonstrates adequate creditworthiness. Sureties from natural persons are assigned a zero value.

Over the lifetime of the exposure, SID Bank monitors the coverage of the exposure by collateral. Should the value of the collateral fall, the Bank takes action to establish additional collateral as required. As part of its early warning indicators of increased credit risk, the Bank monitors the ratio of the total value of the collateral for a particular investment operation to the exposure. If the ratio deteriorates by more than 50% relative to the ratio at the time of the approval of the investment operation, the debtor is placed on the watch list.

Estimation of credit losses

For the estimation of expected credit losses, SID Bank has put in place its own methodology in accordance with IFRS 9, which is defined in an internal rulebook and includes:

- the classification of exposures into stages for the purpose of estimating expected credit losses, including the definition of a methodology for assessing a significant increase in credit risk;
- the segmentation of the portfolio for the calculation of expected credit losses (PD and LGD segments);
- the modelling of probability of default (PD) and loss given default (LGD); and
- the calculation of expected credit losses.

In the scope of managing model risk, SID Bank has put in place a methodology for validating estimates of the credit risk parameters that it takes into account in the calculation of expected credit losses.

Credit risk monitoring

SID Bank conducts regular monitoring of its investment operations. Regular monitoring of investment operations also includes the monitoring of the appropriateness of a debtor's credit rating, the monitoring of past-due liabilities, the monitoring of the fulfilment of financial and other contractual commitments, verification of the adequacy and amount of collateral, and the monitoring of groups of connected clients.

SID Bank carries out enhanced monitoring when it identifies a serious breach of contractual obligations, a deterioration in a debtor's financial and asset position, an increase in the risk derived from the purpose-specific use of a loan, or other circumstances that affect or may affect a debtor's performance and the successful conclusion of the investment operation.

SID Bank regularly conducts enhanced monitoring on the basis of a watch list approved by the monitoring committee, and briefs the credit committee accordingly. When creating a watch list, the amount and maturity of the investment operation, the debtor's rating grade and other criteria that result in the debtor being placed on a watch list and that affect the credit risk are taken into account.

Early warning system for detecting increased credit risk

SID Bank has put in place an early warning system (EWS) that facilitates the early detection of increased credit risk for any exposure and of potential defaulters.

Trigger levels are defined for individual early warning indicators, based on which the customer is placed on the watch list.

When one or more early warning indicators are triggered, customers are classified into various credit risk levels, which provides for a better overview of the portfolio of exposure with a significant increase in credit risk, faster treatment of customers on the watch list, and prompt action.

The EWS is based on internally defined criteria for inclusion on or removal from the list, and enables SID Bank to identify any potential difficulties in debt repayment at an early stage and to try to prevent any further deterioration in the credit quality of the exposure by taking timely corrective measures and following up the implementation of measures so that a debtor does not transition to a position of default. Certain indicators of potential customer difficulties are updated automatically every day from external data sources (e.g. blocked accounts or arrears at other banks, failure to pay tax liabilities), and the competent departments are informed accordingly. The adequacy of the early warning indicators is reviewed by the Bank at least once a year.

SID Bank monitors exposures with increased credit risk on a watch list, which is discussed by the monitoring committee, which in turn briefs the credit committee.

If, after successfully implementing measures, a debtor no longer meets any of the criteria for placement on the watch list, they are returned to ordinary treatment, or are reclassified as distressed investments if they meet the criteria for reclassification of the exposure as a distressed investment.

The EWS is continually being improved and upgraded by the Bank from the perspective of the inclusion of new quantitative and qualitative indicators for identifying debtors' potential difficulties in debt repayment, and the optimisation of the processes for taking action after a significant increase in credit risk has been identified, and information support.

Management of non-performing exposures

Non-performing exposures that have been classified as distressed investments by the Bank are assigned to a special organisational unit that manages distressed investments. That organisational unit performs a multi-phased segmentation with the aim of identifying debtors with the ability to generate cash flow from their core activity and to service their financial debt at the same time. The forbearance of the exposure or the recovery process is initiated based on the results of that segmentation.

SID Bank manages non-performing exposures in accordance with the adopted strategy for managing and reducing non-performing exposures, which includes time-based definitions of quantitative targets, supported by an appropriate comprehensive operational plan to meet these targets.

Forborne exposures are exposures to which forbearance measures were applied. Those measures comprise concessions (allowances) to a customer that is experiencing or will soon experience difficulties in meeting its financial commitments (financial difficulties).

In the forbearance of investment operations, SID Bank takes into account the EBA guidelines on the management of non-performing and forborne exposures (EBA/GL/2018/06) and the Slovenian corporate debt restructuring principles drafted by the Bank of Slovenia together with the Bank Association of Slovenia. It also takes into account the Restructuring guidelines for micro, small and medium-sized enterprises and the Bank of Slovenia Handbook for the effective management and workout of non-performing loans. SID Bank regularly monitors distressed investments on special warning lists, which are generally discussed on a weekly basis by the distressed investment management committee.

Recovery procedure

Recovery is carried out in accordance with predefined internal procedures, and is divided into extra-judicial and judicial recovery. The method of recovery depends primarily on the type of collateral, the duration of the arrears, the degree of cooperation displayed by the debtor, and the amount of any past-due and outstanding exposures of SID Bank to the debtor.

Recovery begins with a verbal and written reminder to a debtor. If the reminder process is unsuccessful or the exposure could not be forborne, procedures are usually initiated to liquidate collateral instruments.

If extra-judicial recovery is not successful, judicial recovery is initiated and managed by the distressed investment management department in accordance with the circumstances of the specific case.

Management and monitoring of credit risk

SID Bank manages credit risk in several ways:

- by defining the risk appetite and risk appetite indicators;
- by setting internal limits in order to limit the concentration of exposure across specific segments, economic sectors and geographical areas;
- by setting thresholds for the allocation of total exposure to credit risk (RWAs);
- by limiting leveraged transactions by placing a limit on the total exposure of all leveraged transactions;
- by taking into account the limits of exposure to individual debtors, groups of connected clients, and shadow banking entities;

- by setting project financing guidelines;
- by establishing collateral;
- by identifying the risk level of the individual debtor, and creating allowances and provisions for credit losses;
- by ensuring sufficient capital to cover unexpected credit losses.

SID Bank's risk appetite takes into account environmental, social and governance (ESG) risks, for which it has put in place a dynamic limit on total exposure to the highest-risk ESG customers. The Bank also takes account of ESG risk factors in its internal ratings.

The monitoring of credit risk begins upon the conclusion of a contractual relationship in the process of credit risk take-up, and ends on the day that all of the debtor's contractual and other obligations have been settled.

Credit risk on debt securities derives from the portfolio managed by SID Bank for the purpose of ensuring liquidity, stabilising net interest income, pursuing its asset-liability management, and exercising its existing mandate frameworks to support domestic bank and corporate issuers. SID Bank manages this credit risk primarily by means of limits on exposure with regard to the credit rating, registered office and type of the issuer, and the type of instrument. The system of limits in the area of debt securities is designed to ensure that investments are made primarily in debt securities of higher credit quality. In general it does not allow any investment in the financial instruments of foreign issuers without a credit rating from an international rating agency. Within the framework of its management of the risks inherent in debt securities the Bank regularly monitors the differences between the current market price and the amortised cost of each debt security in connection with the defined indicators of a change in market price. It also monitors and evaluates changes in the market value of debt securities caused by changes in credit spreads and market interest rates. It regularly monitors developments in financial markets, and actively manages the portfolio of debt securities held in the banking book.

The Bank also regularly monitors and evaluates the debt securities portfolio from the perspective of ESG risk factors. To reduce exposure to environmental risk, SID Bank limits the purchase of debt securities of issuers whose core activity is in the fossil fuels segment.

SID Bank has no financial instruments held for trading. Counterparty credit risk is taken into account for derivatives that the Bank enters into solely for the purpose of hedging open foreign-exchange and interest-rate positions. In the conclusion of derivative transactions, credit risk is managed in such a way that these transactions can only be entered into with counterparties with which the Bank has signed ISDA Agreements and Credit Support Annexes to the ISDA Agreements.

In accordance with the business model and business strategy adopted by SID Bank, increased concentration is consciously accepted for the following:

- groups of debtors and sectors that are involved in Slovenia's exports to an above-average degree;
- groups of debtors and sectors most affected by the adverse consequences of the war in Ukraine and the energy crisis, or other types of gaps, with a view to the Bank's intervention and countercyclical role;
- groups of debtors and sectors in the circular economy, with high development potential, an innovative component, or a focus on the green transition and digital transformation;
- groups of debtors who are financed within the framework of the Fund of Funds or InvestEU, or via equity financing under the SEGIP;
- certain countries that are major destinations for Slovenia's merchandise exports, services exports and outward FDI;
- municipalities via which the Bank finances infrastructure projects (particularly in the area of education);
- banks involved in export transactions and banks and other financial institutions established in Slovenia, if the banks transfer the obtained funding to final beneficiaries in accordance with the ZSIRB or another law.

Counterparty credit risk

Counterparty credit risk arises as a result of the conclusion of derivative transactions that SID Bank executes solely for the purpose of hedging open foreign-exchange and interest-rate positions. The Bank solely enters into derivatives transactions with financial counterparties, and does not offer derivatives transactions to its customers.

The Bank determines counterparty credit risk exposure from derivatives using the original exposure method in accordance with Article 282 of the CRR. Exposure is managed at transaction level within the framework of limits on exposure to credit risk, which are approved by the credit committee.

SID Bank only concludes transactions outside the regulated stock market (OTC transactions) with banks with whom it has concluded a framework agreement on transactions in derivatives (ISDA Master Agreement). For the purpose of mitigating counterparty credit risk in derivative transactions, the Bank has also signed a credit support annex (CSA) as a legal supplement to the master agreement, based on a system of providing cash margins through the exchange of collateral depending on the daily fair value of the derivative.

The Bank conducts daily monitoring of exposure to counterparty credit risk on the basis of the fair value of the derivative. If adverse changes in the fair value of a derivative result in insufficient coverage of exposure by collateral for a counterparty, the Bank calls on that counterparty to provide additional collateral.

A credit valuation adjustment (CVA) represents an adjustment to the value of the derivative for counterparty credit risk, and is defined as the difference between the value of the financial instrument without taking credit risk into account and the value after taking credit risk into account. The valuation adjustment needs to take account of counterparty credit risk (CVA), and also own credit risk. Given that the Republic of Slovenia bears irrevocable and unlimited liability for SID Bank's liabilities on the basis of the ZSIRB, the Bank does not calculate a DVA. The Bank used the standardised method in accordance with Article 384 of the CRR to calculate the capital requirements for CVA risk in 2024.

4.4.2 Liquidity risk

Liquidity risk is the risk of a loss occurring when the Bank is unable to settle all of its maturing liabilities, or when it is obliged to obtain sources of liquidity at costs significantly higher than average market costs due to its inability to provide sufficient funds to settle its liabilities at maturity. The greater the mismatch between flows of interest and principal on the asset side and the liability side, and in off-balance-sheet items, the higher is the risk of illiquidity.

Liquidity risk in the narrower sense arises when the Bank would be unable to repay its liabilities by means of investment operations. These liabilities are usually settled using cash inflows, readily convertible assets, and borrowed funding. Liquidity risk in the broader sense is the risk that the Bank will have to undertake additional borrowing at a higher interest rate, and the risk that the Bank will be compelled to sell financial assets at a discount as a result of the need for liquidity.

By managing liquidity risk, SID Bank ensures the regular settlement of all monetary liabilities, the maintenance of sufficient liquid assets, the high-quality management of operational and structural liquidity, and compliance with legal and regulatory requirements.

Take-up and management of liquidity risk

SID Bank takes up liquidity risk in accordance with the business strategy, its risk-bearing capacity, its risk appetite and the risk management strategy, with the primary objective of ensuring prudent and secure operations. Liquidity management includes the prudent management of assets and liabilities (on-balance-sheet and off-balance-sheet), and a balanced borrowing strategy so that the Bank is capable of meeting its due liabilities at any given moment and in due time (liquidity), and is capable of meeting all its liabilities on a sustained basis (solvency).

The process of taking up and managing liquidity risk is conducted in line with the liquidity risk management policy, which is discussed and adopted at least once a year by the Bank's management body. The policy sets out all steps in liquidity risk management, encompassing the procedures for identifying, measuring, monitoring and managing liquidity risk. It also includes the approach to the management of assets and funding, including the approaches to reporting the liquidity position, and measures to manage liquidity risk and the internal procedures to implement these measures.

The Bank determines an adequate liquidity position and liquidity buffer level, and a stable funding structure via its adopted liquidity risk appetite. This is reflected by setting minimum values for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). Each year the management body determines the scope of liquidity risk take-up in accordance with the business strategy, the estimated risk-bearing capacity, and the confirmed risk management strategy. In so doing the Bank takes account of the current liquidity position, the planned stock of asset and liability items aligned with the business plan, and the results of stress testing. The process of determining the liquidity risk appetite also includes reviewing whether the internal limits put in place are adequate.

The liquidity risk management policy and corresponding bylaws set additional quantitative limits and measures for controlling the take-up of liquidity risk at the Bank. These include procedures for when the limits are transgressed, the requisite measures in the event of a deterioration in operational or structural liquidity, and a definition of the responsibilities of the relevant committees and individual organisational units for liquidity risk management.

Exposure to liquidity risk is regularly discussed and monitored in the weekly meetings of the liquidity management committee, the monthly meetings of the asset-liability and risk management committee, and in meetings of the management body, which are held quarterly. The Bank presents the key responsibilities of the competent bodies in the area of risk management, risk management functions and individual organisational units in the business report in the section entitled Risk management.

Through the regular implementation of the internal liquidity adequacy assessment process (ILAAP), SID Bank ensures the effectiveness of liquidity risk management and the adequacy of the Bank's liquidity relative to its risk profile. The implementation of the ILAAP also includes an assessment of liquidity needs and an assessment of available liquidity within the framework of business as usual, and within the framework of the financial plan and the annual operating plan. The Bank draws up an ILAAP report once a year, which is discussed and approved by the management body. This report also serves as a basis for the supervisory review and evaluation of liquidity risk at the Bank.

SID Bank ensures liquidity risk management through its activities to secure funding of the appropriate maturities, by adjusting the maturities of asset and liability items, and maintaining a liquidity buffer of suitable stock and quality, with debt securities accounting for the majority of this buffer. The Bank has a sufficient stock of eligible securities at its continuous disposal to obtain additional secondary liquidity from the central bank.

The Bank systematically monitors its liquidity position by means of various indicators and by reviewing its attainment of the planned objectives. It manages structural liquidity through the assessment of the long-term liquidity position.

Liquidity risk management at SID Bank includes the following:

- the daily management of liquidity;
- the setting of a liquidity risk appetite framework and limits for liquidity risk management;
- the regular planning and monitoring of future liquidity flows;
- the regular verification of the liquidity position, the stock of liquidity reserves and the ratio of liquidity reserves to the balance sheet total, and simulations of LCR and NSFR, taking into account the annual financial plan and information from

the business units for future periods under the baseline scenario and in internally defined liquidity scenarios;
- monitoring of the appropriate structure of funding and financial assets;
- the management and monitoring of a sufficient pool of financial assets as collateral for the central bank's claims;
- the regular verification of the adequacy of the liquidity reserve and the survival period under internally defined stress scenarios under the assumption of a runoff balance sheet.

SID Bank is obliged to meet the reserve requirement at the central bank. The reserve requirement is 1% of the stock of deposits received from non-bank customers and issued debt securities with an agreed maturity of up to two years. At the end of 2024 the reserve requirement was zero.

SID Bank does not accept deposits from uninformed investors as a rule. It is therefore not exposed to the risk of potential outflows of retail and corporate demand deposits, and thus does not have an internal model for determining deposit stability. This fact and the specific role of the Bank also affect the structure of funding, and mean that there is higher concentration on the funding side compared with commercial banks.

SID Bank obtains funding on the domestic and international financial markets. The diversification of funding, particularly in terms of the type and geographical diversification of investors and the type of financial instrument, ensures that SID Bank has stable access to funding. The fact that SID Bank obtains long-term funding supported by Slovenian government guarantees in accordance with the ZSIRB, particularly on international financial markets and at similar financial institutions, increases the stability of its funding.

Assessment of the adequacy of funding and borrowing activities is based on SID Bank's business strategy and the annual financial borrowing plan, which is drawn up as part of the annual strategic planning process. The purpose of borrowing is to ensure adequate funding for the execution of the Bank's asset-side operations. Adequacy is assessed with regard to maturity, currency, interest-rate type, borrowing costs, and any other characteristics. SID Bank borrows for the purposes set out in the ZSIRB.

Contingent liquidity risk management framework

SID Bank uses an internal rulebook that provides a framework for contingent liquidity risk management. This framework includes:

- procedures for the early identification of possible liquidity shortfalls;
- the contingent liquidity risk management plan and the responsibilities for resolving liquidity crises;
- the criteria for activating the contingent liquidity risk management plan;
- the toolkit of possible measures for addressing a liquidity crisis;
- early warning indicators of adverse liquidity conditions;
- internal liquidity stress testing and reviews of the adequacy of the liquidity reserve under the assumption of a runoff balance sheet, having regard for various market scenarios, an institution-specific scenario, and a combined scenario, which represents a combination of the institution-specific scenario and the most severe market scenario;
- internal simulations of liquidity flows, liquidity reserves, and LCR and NSFR, having regard for market conditions (baseline and adverse market scenarios), and assumptions from the annual financial plan and information from the business units.

By regularly monitoring developments on the financial markets, its liquidity position, performance indicators and early warning indicators for potential liquidity difficulties, including macroeconomic indicators, and by reviewing liquidity risk management in internal scenarios, the Bank is able to promptly identify potential liquidity challenges and to take the necessary measures to manage them. ESG risk factors are also incorporated into the liquidity stress testing framework, which provides for even more precise and comprehensive management of the ILAAP.

Liquidity coverage ratio

The aim of the liquidity coverage ratio (LCR) requirements is to prevent liquidity risk by reducing credit institutions' dependence on short-term funding and liquidity provided by central banks, by requiring them to hold sufficient liquid assets to handle any surplus of liquid outflows over inflows that could be expected to occur over a 30-day stress period.

The Bank has put in place an internal limit for maintaining the LCR and liquidity buffer that is more stringent than the regulatory requirement (100%). The asset-liability and risk management committee regularly reviews the LCR and compliance with the approved internal limit.

The LCR amounted to 4,181% at the end of 2024 (end of 2023: 1,069%). The Bank maintains the LCR at high levels, but it is also volatile, primarily because the Bank usually does not usually have a high volume of maturities over a period of 30 days, except when long-term funding is maturing.

SID Bank monitors and maintains an adequate buffer of unencumbered, high-quality liquid assets to be held as a contingency against adverse liquidity conditions. The Bank maintained an adequate level, quality and structure of liquid assets in 2024 for covering its expected and unexpected liquidity outflows, and for business continuity purposes. The structure of the liquidity buffer at the end of 2024 compared with the end of 2023 shows that the Bank significantly increased its exposure to the central bank, and reduced its holding of debt securities eligible for the LCR. The share of Level 1 high-quality liquid assets (HQLA), which in addition to high-quality debt securities also includes balances at the central bank, amounted to 98.5% at the end of 2024 (31 December 2023: 95.7%).

In addition to the regular calculation of the LCR, the Bank regularly conducts and reviews simulations of the LCR that take account of the assumptions of the annual financial plan and information from business units over the next 12 months, with the calculation being carried out in the baseline and internally defined adverse liquidity scenarios.

Net stable funding ratio

In its provisions regarding the net stable funding ratio (NSFR), the CRR focuses on restricting banks in the transformation of the maturity structure. The NSFR is defined as the ratio of available stable funding to required stable funding. The Bank is required to maintain an NSFR of at least 100% under the CRR.

Its NSFR stood at 160.82% at the end of 2024 (end of 2023: 151.81%). The level of the ratio, its evolution over time, and compliance with the internal limits put in place are discussed on a regular basis by the asset-liability and risk management committee.

In addition to regular calculations of the NSFR, the Bank regularly conducts and reviews simulations of the NSFR for the period of the financial plan that take account of the assumptions of the financial plan and information from business units in the baseline and internally defined adverse liquidity scenarios.

4.4.3 Interest rate risk

Interest rate risk is the risk of loss in the event of sudden and unexpected changes in market interest rates, and is the result of maturity mismatches between interest-sensitive assets and liabilities, which can have an adverse impact on net interest income (NII) and the economic value of equity (EVE). Exposure to interest rate risk derives primarily from interest-sensitive assets with different maturities and a different repricing dynamic compared with interest-sensitive liabilities (income aspect). Another element of interest rate risk is the sensitivity of the fair value of assets, liabilities and off-balance-sheet items to changes in interest rates (economic aspect).

The Bank identifies, measures, manages, controls and monitors interest rate risk in accordance with its policy for the management of interest rate risk and credit spread risk. This policy defines the methods and assumptions for identifying, assessing and measuring interest rate risk, interest rate scenarios for assessing interest-rate sensitivity, and the limits within which the Bank manages interest rate risk in the banking book. The policy also defines the responsibilities of individual organisational units in the area of interest rate risk management, and procedures in the event that internally set limits are exceeded. The Bank's management body reviews and adopts the policy for the management of interest rate risk and credit spread risk at least once a year. The methodologies used, including the assumptions, are defined in detail in a bylaw in the form of the methodological notes to the policy for the management of interest rate risk and credit spread risk. The internal methodology for assessing interest rate risk in the banking book is approved by the asset-liability and risk management committee.

The level of interest rate risk is restricted by the determination of the interest rate risk appetite, the establishment of a limit system, and the determination of internal capital requirements.

The Bank has put in place an internal limit system for restricting interest rate risk. The limits set are more stringent than the legal and regulatory limits, with regard to the maximum allowed loss in EVE and the maximum allowed decline in NII. The regulatory limits stipulate that a potential loss in the economic value of equity in any of the six prescribed shifts in the curve of market interest rates (supervisory stress scenarios) may not exceed 15% of Common Equity Tier 1 capital, while the potential decline in NII under the scenario of a parallel shift in the curve of +/- 200 basis points may not exceed 5% of Common Equity Tier 1 capital.

Measurement of exposure to interest rate risk in the banking book

SID Bank takes into account interest-sensitive assets, liabilities and off-balance-sheet items when assessing exposure to interest rate risk. The assessment is based on interest rate gap analysis and analysis of the interest sensitivity of the economic value of equity (EVE measure) and net interest income (NII measure).

The interest rate gap analysis illustrates the difference between the cash flows of interest-sensitive assets, liabilities and off-balance-sheet items by time bucket, applying the principle of classifying interest-sensitive items with a fixed interest rate according to residual maturity, and items with a variable interest rate with regard to the first interest rate repricing or maturity date, whichever occurs first. When assessing exposure to interest rate risk, the Bank also takes into account off-balance-sheet items that it includes and classifies by time bucket in accordance with its internal methodology.

Due to its low exposure in foreign currencies, the Bank does not conduct sensitivity analysis for individual currencies; instead interest-sensitive items in foreign currencies are added to items in euros. The proportion of interest-sensitive assets accounted for by assets in foreign currencies was less than 1% as at 31 December 2024. The Bank does not have interest-sensitive liabilities in foreign currencies.

SID Bank has put in place an internal methodology based on the Basel standards, the EBA guidelines on the management of interest rate risk and credit spread risk arising from the banking book, and the regulatory technical standards in this area.

Interest rate risk in the banking book (IRRBB) is measured on the basis of the regular measurement of the impact of the changes in market interest rates under the prescribed scenarios on the economic value of equity (EVE) and net interest income (NII). SID Bank also takes account of the option risk that derives from contractually embedded automatic interest rate options in both measurements, and from the possibility of early redemption of MREL-eligible debt securities of domestic banks. The Bank conducts an annual inventory of instruments with embedded options, and annual analysis of early repayment of loans, but having identified immateriality it does not make adjustments to cash flows from loans and advances granted and received with the contractual option of early repayment. The Bank manages the risk of early repayments of loans by means of appropriate contractual provisions regarding the charging of fees in the event of early loan repayment.

The Bank also includes non-performing exposures in its interest rate risk management in accordance with expected value and the repayment of future cash flows, applying the methodology for the assessment of expected credit losses.

SID Bank does not accept demand deposits from customers; in accordance with its mandate, it does not provide certain services and products for customers (personal and savings accounts, credit cards, etc.), and as such does not use models to classify interest-sensitive items without a contractual maturity.

A monthly assessment of the interest sensitivity of NII is conducted for the period of one year under six prescribed interest rate scenarios on the basis of the maintenance of a constant balance sheet, where the size and composition are maintained by replacing maturing or revalued items with new items of comparable attributes. For the purposes of conducting internal stress testing, at least once a year the Bank calculates the sensitivity of net interest income for a period of three years, taking account of the assumptions of the financial plan and a chosen scenario of market interest rates. The choice of interest rate scenario for the purposes of internal stress testing is approved on each occasion by the asset-liability and risk management committee.

Management, supervision and monitoring

The asset-liability and risk management committee conducts regular supervision via the monthly discussion of reports on exposure to interest rate risk and at least half-yearly discussion of internal interest rate risk simulations, and takes measures to manage interest rate risk on the basis of analysis for achieving the optimal balance sheet structure from the perspective of interest rate risk. In the event of increased exposure to interest rate risk, the relevant department proposes measures to reduce interest rate risk to an acceptable level inside the interest rate risk appetite, which are discussed and approved by the asset-liability and risk management committee. The management body discusses exposure to interest rate risk quarterly within the framework of the risk report. SID Bank manages exposure to interest rate risk by matching the interest-sensitive assets and interest-sensitive liabilities with regard to their maturity and the level and method of setting interest rates, and through the use of derivatives to hedge against interest rate risk.

The Bank executes transactions in interest rate derivatives for the purpose of managing interest rate risk. If the derivatives meet the conditions, these are dealt with by applying hedge accounting with the aim of achieving lower volatility in profit or loss resulting from changes to the fair value of derivatives. The Bank has internal documents that describe the relationship between a hedged item and the hedging instrument, the purpose of risk management, the valuation method and the hedging strategy. The Bank conducts regular assessments of the effectiveness of hedging relationships.

As at 31 December 2024, SID Bank held four interest rate swaps as fair value hedges of issued bonds, with a total contractual value of EUR 440,000 thousand. All hedging relationships were effective according to hedge accounting rules at the end of 2024.

Sensitivity analysis

For the purposes of the regular management of interest rate risk and the calculation of internal capital requirements for interest rate risk in the banking book, SID Bank performs a monthly calculation of the impact on the economic value of equity and the impact on net interest income as a result of sudden changes in market interest rates under the prescribed interest rate scenarios. The Bank thus regularly determines and reviews whether the potential loss in EVE or decline in NII is within internally defined limits, and within the limits prescribed by regulations.

The Bank uses six supervisory interest rate scenarios (taking into account the prescribed interest rate floor, which depends on maturity). The calculation of EVE and NII is made on the basis of the individual position, having regard for the precise revaluation dates.

The Bank measures the sensitivity of EVE to sudden shifts in market interest rates as the change in the net present value of instruments sensitive to interest rate over their remaining lifetime. Measurement is made under the assumption of a runoff balance sheet, while shareholder equity and non-interest-sensitive items are not included in the calculation. The Bank also excludes commercial margins and other margin components (premium) from measurement. The change in EVE under a specific interest rate scenario is measured relative to the baseline interest rate scenario.

The Bank assesses the sensitivity of NII to sudden shifts in market interest rates for a period of one year under the assumption of a constant balance sheet, where the total size and composition of the balance sheet is maintained by replacing maturing items with new items that have comparable attributes with regard to amount, type of interest rate, repricing period and composition of margin/premium. The premiums on new or revolving operations are determined by taking account of the regulatory technical standards, which set out a standardised methodology and a simplified standardised methodology for the assessment of risks deriving from potential changes in interest rates that impact the economic value of equity and net interest income in activities in the banking book of institutions, and by taking account of the specifics of SID Bank's operations. The change in NII under a specific interest rate scenario is measured relative to the baseline interest rate scenario.

Credit spread risk

SID Bank identifies, assesses, manages and monitors credit spread risk in the banking book (CSRBB) in accordance with its policy for the management of interest rate risk and credit spread risk. Regular monitoring and supervision of the implementation of the policy are ensured on the asset-liability and risk management committee via the discussion of monthly reports. Exposure to credit spread risk is discussed by the management body on a quarterly basis within the framework of the risk report.

The methodology, including assumptions for the assessment of CSRBB, is defined in detail in a bylaw in the form of the methodological notes to the policy for the management of interest rate risk and credit spread risk. The internal assessment methodology is approved by the asset-liability and risk management committee.

The Bank regularly measures exposure to CSRBB for:

- the portfolio of debt securities measured at fair value through other comprehensive income,
- the portfolio of debt securities measured at amortised cost, by which the Bank assesses and monitors unrealised losses for the potential extreme case of sale before final maturity,
- issued debt securities.

The Bank has defined two internal CSRBB scenarios, one for an increase in the credit spread, and one for a decrease. The impact on the economic value of equity (EVE) and the impact on net interest income (NII) from the change in credit spreads relative to the baseline scenario are measured for each CSRBB scenario.

The level of credit spread risk for the portfolio of debt securities measured at fair value through other comprehensive income is limited by SID Bank through the definition of the CSRBB risk appetite and an internal capital requirement.

Exposure to credit spread risk from the debt securities portfolio is mainly managed by the Bank via its investment policy and a limit system, which ensures that the portfolio is of the requisite quality and properly diversified. The Bank mainly invests in debt securities of investment-grade issuers from the EU.

.

4.4.4 Currency risk

Currency risk is the risk of a loss arising from unfavourable changes in foreign exchange rates.

SID Bank identifies, measures, manages and monitors currency risk in accordance with its currency risk management policy. The management body discusses and adopts the currency risk management policy at least once a year. The implementation of the policy is monitored and supervised by the asset-liability and risk management committee. The management body discusses exposure to currency risk quarterly within the framework of the risk report.

When taking up and managing currency risk, SID Bank takes into account the adopted currency risk appetite. The currency risk management process includes the setting of internal limits to restrict the overall net open position in foreign currencies, and the regular measurement, monitoring and reporting of exposure to currency risk.

The Bank manages exposure to currency risk chiefly by matching asset and liability positions in foreign currencies, and as necessary by trading in derivatives in major foreign currencies.

In the management of currency risk, SID Bank determines the potential loss that would arise as a result of a change in exchange rates based on the net open foreign exchange position, which is the difference between the sums of all assets and liabilities in foreign currencies.

The transactions executed by the Bank in foreign currencies are not materially significant, and they do not entail material exposure to currency risk. The overall net open position in foreign currencies was low during and at the end of 2024 (less than 0.1% of regulatory capital).

4.4.5 Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people and systems, or from external factors that do not arise from credit risk, market risk or liquidity risk. Operational risk also includes IT risks, legal risks and risks associated with compliance and model risk. One element of legal risk is compliance risk, which is the risk of legal or regulatory sanctions, significant financial losses or a loss of reputation as a result of the Bank's operations failing to comply with the main regulations and standards of good practice.

Operational risk depends on internal organisation, control of business processes, and the approaches to and performance of internal controls, which are reviewed by the internal and external audit functions during their processes, etc. Operational risk factors include human resources, business processes, information technology and other infrastructure, organisational arrangements and external events.

The Bank takes up operational risk within its adopted risk appetite, and allocates internal capital for operational risk in accordance with the ICAAP. The management of operational risk is based on the system of internal controls put in place, the system of decision-making and powers, proper deputisation during absences, the right training for personnel carried out on a regular basis, and investment in information technology. The Bank continually endeavours to improve the culture of awareness on the part of senior management and other employees of the importance of effective operational risk management, which is present in all activities and operational processes. The Bank upgrades operational risk management on an annual basis, in particular from an internal point of view (internal procedures, processes, the provision of suitable information support, monitoring and other regulatory requirements).

The Bank manages model risk and has adopted a rulebook on model risk management. The framework is defined in a way that clearly identifies the essential features of model risk and its management through identification, measurement, monitoring/reporting and control. The model risk management framework has clearly defined components for managing this risk, and a catalogue of models created. As part of its model risk management, the Bank also upgraded the methodology for validating estimates of credit risk parameters, thereby strengthening the accuracy and robustness of the assessment of credit risk and reducing operational risk in connection with the use of models. Under the model risk management framework, the Bank has put in place a past and future plan of model evaluations within the catalogue of models.

The Bank is aware of the risk of fraud, money laundering/terrorist financing and cyber threats, and has thus also strengthened the management of these subcategories of operational risk.

Operational risk management includes the recording of identified loss events from all sub-types of operational risk in the software database, and the analysis and resolution thereof with the aim of effectively identifying, assessing and managing operational risks. Control of registered loss events is carried out by the risk management and asset-liability management department, which reports regularly to the management board and the supervisory board. The report on operational risk is an integral part of the risk report, which is also submitted to the Bank of Slovenia. If an event involving significant losses occurs, SID Bank is obliged to notify the supervisory board and Bank of Slovenia immediately, and to submit all relevant documentation.

In accordance with Article 324 of the CRR, SID Bank has defined the following categories of loss events:

- internal fraud;
- external fraud;
- employment practices and workplace safety;
- clients, products and business practices;
- damage to physical assets;
- business disruption and system failures; and
- execution, delivery and process management.

In terms of the category of loss events in accordance with the Basel standards, the most common loss events in 2024 were execution, delivery and process management (55% of all loss events), followed by business disruption and system failures (22%), damage to physical assets (13%), external fraud (8%), and clients, products and business practices (2%).

There were no significant loss events in 2024.

SID Bank assesses operational risk annually by developing a risk profile for the Bank and assessing the risk matrix based on the methodology for assessing exposure to operational risk. This governs the assessment of operational risk, the breakdown of operational risk into subcategories, the ownership of individual subcategories of operational risk, and the procedures and timing of the annual assessment of operational risks. SID Bank has put in place a catalogue of operational risks that includes risk scenarios broken down by individual operational risk subcategory, and a catalogue of internal controls that includes a list of the internal controls used to mitigate risk. The Bank upgraded the two catalogues in 2024.

By conducting internal audits, the internal audit department ensures the independent and impartial assessment of internal governance arrangements, including risk management systems and processes, and internal controls. In order to improve operations and add value, internal audits are carried out in all areas, business activities, processes and functions of SID Bank in line with the risk profile and the annual internal audit work plan.

Systemic risks associated with information technology, which are increasing as the level of computerisation increases, are managed through additional measures such as the business continuity plan, duplication of critical infrastructure and other measures to increase information security (advanced systems to prevent and detect hacking, proactive threat hunting, vulnerability scanning, security systems and incident-management operating processes, security checks, staff training, etc.). The Bank strengthened and upgraded these measures in 2024. Responsibility for implementing the business continuity plan is assigned to groups of employees formed in advance (emergencies group, operational security group, first aid and rescue group and asset remediation group). The members of these groups also participate in the processes of amending the business continuity plan. The Bank updated the business continuity plan in 2024, and also tested it in full.

Inside the risk and asset-liability management department, SID Bank has put in place an information security function in the area of operational risk and information security, which monitors and controls information security procedures to prevent unauthorised access to information in storage, being processed or being transferred, and to prevent changes to information. One of the duties of this function is to manage security incidents and potential security incidents. The information security function draws up quarterly reports for the management board on the state of information security at the Bank, and heads a security information team that handles specific security issues and policies.

In the event of a cyber incident that constitutes an unwanted or unexpected information security event or a series of such events that could harm operations and threaten information security, employees who detect or suspect that a cyber incident has occurred must immediately notify the information security function, which assumes responsibility for handling the incident and for any reporting to the Bank of Slovenia.

In the second half of 2024 SID Bank worked intensively to introduce Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (DORA), which begins to be applied on 17 January 2025.

In managing operational risk, SID Bank takes account of the outsourcing policy and the instructions for implementing that policy, the purpose of which is to create a framework for the selection, establishment, implementation and monitoring of contractual relationships with external contractors, to prevent inconsistencies, inequalities, ambiguities and imbalanced risk management when outsourcing, and thus potential negative consequences on the operations of SID Bank, and to ensure an adequate level of professionalism of outsourced services at SID Bank, to monitor the implementation of those services and to manage the risks arising from outsourcing. The risk management department conducts a half-yearly assessment of external contractors, drafts an annual review of the management of external contractors, compiles an annual report and proposes measures. After receiving the management board's approval, the supervisory board is briefed on the report, which is then forwarded to the Bank of Slovenia.

SID Bank manages outsourcing risks in accordance with the Guidelines on outsourcing arrangements (EBA/GL/2019/02), and has adopted bylaws and a standardised process for outsourcing and subsequent risk monitoring and assessment. The Bank also has a register of external contractors and standard questionnaires in place that assist employees in the analysis of outsourced functions and the assessment of risks of external contractors.

As Slovenia's central financial institution in the area of promotion and development, SID Bank is moving into new areas of operation in line with its mission. In line with the gradual introduction of new products, and the complexity of its products and processes, SID Bank dedicates the appropriate amount of attention to operational risk.

To manage risks arising from new product launches, the Bank has adopted an internal rulebook that sets out the rules for launching new products, and the powers and responsibilities of organisational units in the process of launching new products, including an emphasis on conducting a comprehensive and impartial risk assessment. All material risks identified during the development or implementation of a new product in connection with the planned launch of a new product must be processed in a timely and thorough manner in the risk management process in accordance with the bylaws governing the management of individual risks, which means, inter alia, that measures are adopted by the Bank's competent bodies to manage the identified risks.

SID Bank monitors the risk of identified external and internal fraud in the context of operational risk via a loss event database, while that risk is managed in detail by the compliance department. SID Bank has zero tolerance for suspected fraud. This does not mean that fraud cannot occur at SID Bank. SID Bank is committed to protecting its integrity and reputation in relation to fraud, including by minimising the risk of fraud and unethical behaviour. Furthermore, it does not tolerate any form of fraud, and has a zero tolerance policy in place for identified suspicions of fraud. This means that it responds to all identified suspicions of fraud, regardless of the identity of the whistleblower or of the alleged perpetrator. The Bank adheres in full to the relevant international standards and EU laws, and regularly follows the development of best practices relating to the prevention of money laundering, the combating of terrorism, tax fraud, tax evasion and tax arrangements aimed at avoiding tax payments. The management board and supervisory board of SID Bank have a zero-tolerance policy in place for all forms of fraud and for all identified suspicions of fraud, which they clearly communicate to SID Bank employees (i.e. the tone from the top).

When assessing its exposure to fraud risk, the Bank assumes that fraud is the intent to commit an act for the purpose of acquiring an unlawful benefit for oneself or a third party.

Measures to prevent fraud are divided into short-term measures, which primarily include internal controls/procedures, and long-term measures that the Bank achieves primarily by strengthening the organisational culture.

4.4.6 Capital management

SID Bank must have adequate capital at its disposal at all times as a reserve against the various risks to which it is exposed in its operations. This is the continuous process of determining and maintaining a sufficient amount of high-quality capital, taking into account the taken-up risks defined in the capital management policy. Fulfilment of the capital requirements and of the requirements relating to buffers and the leverage ratio is based on the CRR and the ZBan-3.

Capital risk relates to the inadequate composition of capital with regard to the scope and type of operations or to the difficulties that the Bank faces in obtaining fresh capital, particularly in the event of the need for a rapid increase or in the event of adverse conditions in the business environment.

The role and responsibilities of the supervisory board in the management of capital risk and capital are to assess the adequacy of the capital risk and capital management policy, and to assess the implementation of that policy. The management board is responsible for adopting an adequate capital management policy, ensuring an adequate amount and quality of capital, and meeting the capital requirements.

SID Bank meets capital requirements on an individual basis, as it has no need to meet prudential consolidation requirements.

Capital for capital adequacy purposes

Capital is divided into three categories with regard to its attributes and requirements: Common Equity Tier 1 (CET1), Additional Tier 1 (T1) and Tier 2 (T2). SID Bank's capital is comprised solely of the highest quality Common Equity Tier 1 capital. It does not hold any Additional Tier 1 capital or Tier 2 capital instruments.

The Bank calculates capital requirements for credit risk and counterparty credit risk using the standardised approach, in accordance with the provisions of Part Three, Title II, Chapter 2 of the CRR. The ratings for individual exposure classes are not used to calculate the risk-weighted exposures amounts for credit risk; instead the risk weights for individual exposure classes are assigned with respect to risk level of the customer's country. In order to determine the credit quality step of a central government (Article 114 of the CRR), the Bank uses its own rating as a nominated ECA, as set out in Article 137 of the CRR.

The Bank uses the basic indicator approach for calculating capital requirements for operational risk (Articles 315 and 316 of the CRR).

The capital requirement for credit valuation adjustment (CVA) risk is calculated using the standardised method, as set out in Article 384 of the CRR.

SID Bank does not hold any positions in the trading book, and therefore does not calculate capital requirements for market risk for that purpose. In the scope of market risk, the Bank only calculates capital requirements for currency risk in accordance with Articles 351 to 354 of the CRR. Those requirements are calculated when the sum of the overall net foreign exchange position exceeds 2% of the total capital for capital adequacy purposes. SID Bank's exposure to currency risk is low and does not exceed the prescribed regulatory limit for the calculation of the capital requirement for currency risk in accordance with Article 351 of the CRR. The Bank is thus not required to formulate capital requirements for that purpose.

Capital requirements

During its regular supervisory review and evaluation process (SREP), the Bank of Slovenia assessed the risks to which SID Bank is exposed, and found that the capital adequacy risk at the Bank was low. As at 31 December 2024, SID Bank exceeded the Bank of Slovenia requirements regarding the level of capital ratios, including the Pillar 2 Guidance (P2G), which derives from the findings of supervisory stress tests and must be comprised solely of Common Equity Tier 1 capital.

In accordance with the ZBan-3 and European banking legislation, the Bank of Slovenia has set requirements regarding the maintenance of capital buffers for the purpose of preventing or mitigating macroprudential and systemic risks. The capital buffers represent an additional requirement in determining the required level of capital, as banks must use their highest-quality capital (CET1) to meet not only the Pillar 1 and Pillar 2 requirements under the Basel Accord, but also the capital buffer requirements.

4 Risk management policies and objectives

4.5 Number of directorships held by members of the management body

(Article 435(2)(a) of the CRR)

Membership in bodies of other persons as at 31 December 2024

	Name of other person	Function
Management board		
Borut Jamnik	Three Seas Initiative investment fund	member of the supervisory board
	Bank Association of Slovenia	member of the supervisory board
	Bank Association of Slovenia - Strategic Issues Committee	committee member
	Bank Association of Slovenia - Ethical Issues Committee	committee member
Stanka Šarc Majdič	Bank Association of Slovenia	deputy member of supervisory board
Supervisory board		
Janez Tomšič	SDH, d.d.	member of the management board
	Kapitalska družba, d.d.	president of the supervisory board
Marko Tišma	MPI Vrelec, d.o.o.	executive director
Matija Šenk	Vzajemna d.v.z.	president of the management board
Katja Lautar	Loterija Slovenije, d.d.	member of the supervisory board

4 Risk management policies and objectives

4.6 Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise

(Article 435(2)(b) of the CRR)

The composition of SID Bank's management body is determined by the ZBan-3, which requires those bodies of the Bank responsible for selecting and appointing members of the management body to draw up and implement an appropriate policy on the selection of suitable candidates that ensures, inter alia, the appropriate representation of both genders on that body, including policies for the achievement of those objectives (Article 35 of the ZBan-3). SID Bank has included that legal obligation in its bylaws (policy on the selection of supervisory board members and policy on the selection of management board members). The Bank also supports the 40/33/2026 initiative of the Slovenian Directors' Association, and will strive to achieve the target gender balance ratios by 2026: 40% female representation on the supervisory board and 33% female representation on the supervisory board and management board collectively (the Bank has also written this into its bylaws), notwithstanding that the provisions of the ZGD-1 on gender representation do not apply to SID Bank at least in 2024.

SID Bank's business is directed by the management board, which represents it in public and legal matters. The management board is appointed by the supervisory board for a term of five years, and may be reappointed. In accordance with the articles of association, the management board has a maximum of three members, one of whom is appointed president, with the precise number of management board members being determined by the supervisory board. The Bank's management board comprised two members in 2024.

The management board directs the business independently and at its own liability. Its activity is governed by the rules of procedure of the management board. The management board generally meets on a weekly basis, when it discusses matters from all areas of SID Bank's operations. The management board regularly briefs the supervisory board on the most important issues in the Bank's operations, on its business policy, its financial position and other significant issues relating to its activity.

In accordance with the ZSIRB, the supervisory board comprises seven members who are appointed by the government. Members of the supervisory board are appointed for a term of five years. The procedure and conditions for the selection of suitable members are set out in the ZSIRB and the ZBan-3, and in the policy on the selection of supervisory board members. The policy sets out the method for the selection of candidates who possess the relevant knowledge, skills and experience to supervise and monitor the direction of the Bank's business, and the requisite reputation, and ensures that the supervisory board as a whole possesses the relevant knowledge, skills and experience required for the in-depth understanding of SID Bank's activities and the risks to which it is exposed. Diversity is encouraged as much as possible in terms of knowledge, skills and experience, and also with regard to other circumstances, in particular gender, age, qualifications, social status and the other characteristics of candidates.

Commission for the assessment of the suitability of members of the management body

The commission for the assessment of the suitability of members of the management body and the supervisory board's nomination and remuneration commission carry out the fit and proper assessment process for the members of the management body.

The commission for the assessment of the suitability of members of the management body has three members. They were appointed by the management board, subject to the prior approval of the supervisory board. There were no changes to the composition of the commission in 2024. The commission has three members, with two external members alongside the director of the compliance department. The two external members of the commission have knowledge and experience in the provision of banking and financial services, and in human resources, psychology and related fields.

The commission for the assessment of the suitability of members of the management body comprised the following members as at 31 December 2024:

Name	
Aljoša Uršič	external associate in banking and financial services
Katarina Babnik	external associate in HR, psychology and related areas
Barbara Bračko	director of the compliance department

The commission is autonomous in its work and independent of the management board and supervisory board. The commission's primary tasks are to conduct analysis of the abilities and fitness of candidates for the position of member of the Bank's management body, and to notify the supervisory board's nomination and remuneration commission of any risks that it detects. The commission has similar responsibilities in the process of reviewing the abilities and fitness of candidates for the position of member of the management body that the Bank is required to perform when the circumstances pertaining to a member of the management body change.

The fit and proper assessment process for the selection of members of SID Bank's management body complies with the applicable banking legislation.[1] In addition to the selection policy for members of SID Bank's management body, the procedure also takes into account specific elements deriving from the ZSIRB, the Slovenian Corporate Governance Code and the Corporate Governance Code for Companies with Capital Assets of the State, and the selection policy for members of the supervisory board or management board.

[1] The ZBan-3, the Regulation on internal governance arrangements, the management body and the internal capital adequacy assessment process for banks and savings banks, other Bank of Slovenia regulations, EBA and ESMA regulations, most notably the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) and the EBA Guidelines on internal governance (EBA/GL/2021/05) are taken into account.

4 Risk management policies and objectives

4.7 Diversity policy with regard of the members of the management body

(Article 435(2)(c) of the CRR)

In terms of its diversity policy, SID Bank primarily undertakes to follow and comply with the applicable banking legislation. To that end and because the persons nominating supervisory board members are ministers, the diversity policy is incorporated in a number of documents, also adding a special dedicated chapter in the published governance policy and also in policies governing the selection of management body members.

SID Bank has transposed requirements regarding the composition of the management body in terms of knowledge, skills, experience and gender balance into its bylaws, including the policy on the selection of supervisory board members and the policy on the selection of management board members. Both policies stipulate that in the event of the availability of several diverse candidates who meet the conditions of appointment, whose individual suitability assessments are equally good, and who would also ensure that the collective suitability of the management body is satisfied, precedence is given to the candidate who would bring greater diversity to the membership of the management body. The provisions on diversity are also part of the corporate governance policy. The Bank will strive to achieve the target gender balance ratios by 2026, with 40% representation of women on the supervisory board, and 33% representation of women on the supervisory board and the management board overall.

The diversity criterion in terms of gender was met in 2024 by the management board, but not by the supervisory board, which only had one female member. Other diversity criteria relating to professional experience, skills, competencies and age were satisfied.

4.8 Has the institution set up a separate risk committee and the frequency of the meetings?

(Article 435(2)(d) of the CRR)

Within the scope of its powers, the risk committee primarily provides advice regarding the Bank's general risk appetite and risk management strategy, controls the implementation of strategies, reviews stress and other scenarios and their impact on the risk profile, assists in the implementation of supervision of senior management with regard to the risk management strategy, and verifies whether risks are taken into account in incentives within the framework of the remuneration system and whether the prices of the Bank's products are compatible with its business model and risk management strategy. The risk committee met at nine sessions in 2024.

The risk committee comprised the following members as at 31 December 2024:

Name	Function
Marjan Divjak	chair
Matija Šenk	deputy-chair
Leo Knez	member

5 Scope of application

5.1 Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

(Article 436(c) of the CRR)

		a	c	d	g
		Carrying values as reported in published financial statements	Carrying values of items		
			Subject to the credit risk framework	Subject to the CCR framework	Not subject to capital requirements or subject to deduction from capital
	Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash, cash balances at central bank and demand deposits at banks	493,158	493,158	0	0
2	Non-trading financial assets mandatorily at fair value through profit or loss	48,689	48,689	0	0
3	Financial assets measured at fair value through other comprehensive income	409,292	409,292	0	0
4	Financial assets measured at amortised cost	1,744,445	1,744,445	0	0
5	Derivatives - Hedge accounting	15,033	0	15,033	0
6	Investments in subsidiaries, associates and joint ventures	50	50	0	0
7	Property, plant and equipment	4,509	4,509	0	0
8	Intangible assets	2,312	0	0	2,312
9	Other assets	9,254	9,254	0	0
10	**Total assets**	**2,726,743**	**2,709,398**	**15,033**	**2,312**
	Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Financial liabilities measured at amortised cost	2,206,920	0	0	2,206,920
2	Derivatives - Hedge accounting	6,069	0	6,069	0
3	Provisions	1,321	137	0	1,184
4	Other liabilities	6,182	0	0	6,182
5	**Total liabilities**	**2,220,492**	**137**	**6,069**	**2,214,286**

The Bank is obligated to meet its prudential requirements on an individual basis, resulting in the carrying values in terms of the scope of prudential consolidation matching the carrying values indicated in its published financial statements (column a).

5 Scope of application

5.2 Template EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(Article 436(d) of the CRR)

The template shows the difference between the carrying values of assets and off-balance-sheet liabilities in the financial statements and the adjusted exposure amounts that are used for regulatory purposes, and represent the basis for the calculation of risk-weighted exposure amounts. The difference between the carrying value of derivatives in the financial statements and the value of the exposure of derivatives for regulatory purposes is disclosed under other differences.

		a	b	d
		Total	Items subject to	
			Credit risk framework	CCR framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	**2,724,431**	**2,709,398**	**15,033**
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	**6,206**	**137**	**6,069**
3	**Total net amount under the scope of prudential consolidation**	**2,718,225**	**2,709,261**	**8,964**
4	**Off-balance sheet amounts**	**230,221**	**230,221**	**0**
7	Differences due to consideration of provisions	137	137	0
9	Differences due to credit conversion factors	(49,880)	(49,880)	0
11	Other differences	23,475	0	23,475
12	**Exposure amounts considered for regulatory purposes**	**2,922,177**	**2,889,738**	**32,439**

6 Own funds

6.1 Template EU CC1 – Composition of regulatory own funds

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

		(a)	(b)
		Balance as at 31 December 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	301,139	EU CC2: Shareholders' Equity, rows 1, 2
	of which: Instrument type 1	301,139	EU CC2: Shareholders' Equity, rows 1, 2
3	Accumulated other comprehensive income (and other reserves)	197,410	EU CC2: Shareholders' Equity, rows 3, 5
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**498,548**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(479)	
8	Intangible assets (net of related tax liability) (negative amount)	(2,312)	EU CC2: Assets, row 7
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(1,324)	EU CC2: Shareholders' Equity, row 6
27a	Other regulatory adjustments	(1,333)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(5,448)**	
29	**Common Equity Tier 1 (CET1) capital**	**493,100**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
45	**Tier 1 capital (T1 = CET1 + AT1)**	**493,100**	
Tier 2 (T2) capital: regulatory adjustments			
59	**Total capital (TC = T1 + T2)**	**493,100**	
60	**Total risk exposure amount**	**1,606,417**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 (CET1) capital	30.70%	
62	Tier 1 capital	30.70%	
63	Total capital	30.70%	
64	Institution CET1 overall capital requirements	9.01%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.50%	

6 Own funds

6.1 continuing

table continuing		(a) Balance as at 31 December 2024	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers			
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.25%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.27%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**20.45%**	
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)	15,978	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met)	7,351	

Regulatory adjustments to capital include a deduction for intangible assets in the amount of EUR 2,312 thousand, a deduction for impairment and provisioning expenses in the current year in the amount of EUR 1,299 thousand, a deduction for insufficient coverage of non-performing exposures in the amount of EUR 34 thousand, and a deduction in the amount of EUR 479 thousand as an additional adjustment to the value of assets and liabilities disclosed at fair value due to prudential valuation requirements.

The net profit for the 2024 financial year in the amount of EUR 9,027 thousand was not taken into account in the calculation of capital for capital adequacy purposes as at 31 December 2024.

6 Own funds

6.2 Template EU CC2 – Reconciliation of regulatory own funds to balance sheet in financial statements

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

		a	c
		Balance sheet as in published financial statements	Reference
		31 Dec 2024	
Assets – *Breakdown by asset classes according to the balance sheet in the published financial statements*			
1	Cash, cash balances at central banks and demand deposits at banks	493,158	
2	Non-trading financial assets mandatorily at fair value through profit or loss	48,689	
3	Financial assets measured at fair value through other comprehensive income	409,292	
4	Financial assets measured at amortised cost	1,744,445	
5	Derivatives - Hedge accounting	15,033	
6	Investments in subsidiaries, associates and joint ventures	50	
7	Property, plant and equipment	4,509	
8	Intangible assets	2,312	EU CC1: row 8
9	Other assets	9,254	
10	**Total assets**	**2,726,743**	
Liabilities – *Breakdown by liability classes according to the balance sheet in the published financial statements*			
1	Financial liabilities measured at amortised cost	2,206,920	
2	Derivatives - Hedge accounting	6,069	
3	Provisions	1,321	
4	Other liabilities	6,182	
5	**Total liabilities**	**2,220,492**	

6 Own funds

6.2 continuing

table continuing

		a	c
		Balance sheet as in published financial statements	Reference
		31 Dec 2024	
Shareholders' Equity			
1	Capital	300,000	EU CC1: row 1
2	Share premium	1,139	EU CC1: row 1
3	Accumulated other comprehensive income	(11,389)	EU CC1: row 3
4	Retained earnings	0	
5	Other reserves	213,538	EU CC1: row 3
6	(-) Treasury shares	(1,324)	EU CC1: row 16
7	Profit or loss attributable to owners of the bank	4,288	
8	**Total shareholders' equity**	**506,251**	

SID Bank is obligated to meet regulatory requirements on an individual basis. The data in the above template therefore relates to the individual statement of financial position of SID Bank as at 31 December 2024, which also represents a financial statement for regulatory purposes.

The net profit for 2024 amounted to EUR 9,027 thousand. In accordance with the ZGD-1, when compiling the annual report the Bank created regulatory reserves in the amount of 5% of the net profit for 2024 (EUR 451 thousand), and reserves under the articles of association in the amount of 50% of the net profit for the financial year less the amount of regulatory reserves created (EUR 4,288 thousand). The aforementioned reserves are disclosed under other reserves in the above template. The distributable profit in the amount of EUR 4,288 thousand is disclosed as profit or loss attributable to owners of the bank.

The net profit for the year was not taken into account in the calculation of own funds for the purposes of capital adequacy as at 31 December 2024.

6 Own funds

6.3 Template EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

(Article 437(b) and (c) of the CRR)

		a
1	Issuer	SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	SIDR, ISIN SI0021102932
2a	Public or private placement	Closed circle of investors
3	Governing law(s) of the instrument	Slovene
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1 (CET1) Capital
5	Post-transitional CRR rules	Common Equity Tier 1 (CET1) Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	On an individual basis
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (currency in million, as of most recent reporting date)	EUR 300 million
9	Nominal amount of instrument	No nominal amount - no-par value share
EU-9a	Issue price	No nominal issue amount - no-par value shares
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	20 June 1997
12	Perpetual or dated	No maturity
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No
16	Subsequent call dates, if applicable	N/A
	Coupons /dividends	N/A

N/A – not applicable

The Republic of Slovenia is the sole shareholder of SID Bank, and in accordance with the ZSIRB guarantees all the Bank's liabilities. In accordance with Article 4 of the ZSIRB, SID Bank's distributable profit may not be used for dividend payments to shareholders, but is instead allocated to other profit reserves.

7 Countercyclical capital buffers

7.1 Template EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(Article 440(a) of the CRR)

	a	f	g	j	k	l	m
	General credit exposures	Total exposure value	Own funds requirements		Risk-weighted exposure amounts	Own funds requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach		Relevant credit risk exposures - credit risk	Total			
Breakdown by country:							
Slovenia	1,209,242	1,209,242	97,947	97,947	1,224,334	89.96%	0.50%
Luxembourg	42,634	42,634	3,872	3,872	48,401	3.56%	0.50%
Other countries*	15,978	15,978	1,278	1,278	15,978	1.17%	0.00%
France	14,806	14,806	1,185	1,185	14,806	1.09%	1.00%
Netherlands	11,252	11,252	900	900	11,256	0.83%	2.00%
Ghana	9,518	9,518	1,142	1,142	14,277	1.05%	0.00%
Belarus	8,643	8,643	1,037	1,037	12,964	0.95%	0.00%
Ukraine	7,460	7,460	895	895	11,185	0.82%	0.00%
Belgium	3,079	3,079	246	246	3,079	0.23%	1.00%
Republic of Kosovo	1,818	1,818	145	145	1,818	0.13%	0.00%
Rwanda	1,419	1,419	170	170	2,128	0.16%	0.00%
Hungary	314	314	25	25	314	0.02%	0.50%
Serbia	302	302	24	24	302	0.02%	0.00%
United Kingdom	46	46	4	4	46	0.00%	2.00%
United States	25	25	2	2	25	0.00%	0.00%
Ireland	12	12	1	1	12	0.00%	1.50%
Germany	2	2	0	0	2	0.00%	0.75%
Austria	1	1	0	0	1	0.00%	0.00%
Total	**1,326,552**	**1,326,552**	**108,874**	**108,874**	**1,360,929**	**100.00%**	

*Exposure to supranational organizations

7 Countercyclical capital buffers

7.1 continuing

The template discloses the exposures to individual countries in which SID Bank holds credit exposures relevant to the calculation of the Bank's institution-specific countercyclical capital buffer. The relevant credit exposures include all exposure classes under Article 112 of the CRR with the exception of the exposure classes referred to in points (a) to (f) of the aforementioned article.

The Bank uses the standardised approach to calculate exposure values, and has no exposures included in the trading book or in securitisation positions.

7.2 Template EU CCyB2 – Amount of institution-specific countercyclical capital buffer

(Article 440(b) of the CRR)

		a
1	Total risk exposure amount	1,606,417
2	Institution specific countercyclical capital buffer rate	0.4975%
3	Institution specific countercyclical capital buffer requirement	7,992

The Bank's institution-specific countercyclical capital buffer rate stood at 0.4975% as at 31 December 2024, and is calculated as the weighted average of the applicable countercyclical capital buffer rates applied in the countries in which the relevant credit exposures are located.

8 Leverage ratio

8.1 Template EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

(Article 451(1)(b) of the CRR)

		a
		Applicable amount
1	Total assets as in financial statements	2,726,743
8	Adjustments for derivative financial instruments	17,406
10	Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures)	180,340
12	Other adjustments	(4,115)
13	**Total exposure measure**	**2,920,373**

8.2 Template EU LR2 - LRCom: Leverage ratio common disclosure

(Article 451(1)(a), (b) and (c) and Article 451(2) and (3) of the CRR)

		CRR leverage ratio exposure	
		a	**b**
		31 Dec 2024	**30 June 2024**
On-balance-sheet exposures (excluding derivatives and SFTs)			
1	On-balance-sheet items (excluding derivatives, SFTs, but including collateral)	2,711,710	2,760,838
6	(Asset amounts deducted in determining Tier 1 capital)	(4,115)	(3,233)
7	**Total on-balance-sheet exposures (excluding derivatives and SFTs)**	**2,707,594**	**2,757,605**
Derivative exposures			
EU-9b	Exposure determined under Original Exposure Method	32,439	17,328
13	**Total derivatives exposures**	**32,439**	**17,328**
Other off-balance-sheet exposures			
19	Off-balance-sheet exposures at gross notional amount	230,357	222,514
20	(Adjustments for conversion to credit equivalent amounts)	(50,017)	(46,737)
22	**Off-balance-sheet exposures**	**180,340**	**175,777**

8 Leverage ratio

8.2 continuing

table continuing

		CRR leverage ratio exposure	
		a	b
		31 Dec 2024	30 June 2024
Capital and total exposure measure			
23	**Tier 1 capital**	**493,100**	**478,319**
24	**Total exposure measure**	**2,920,373**	**2,950,710**
Leverage ratio			
25	Leverage ratio (%)	16.88%	16.21%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	16.88%	16.21%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	16.88%	16.21%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%

The leverage ratio stood at 16.88% as at 31 December 2024, up 0.67 percentage points on 30 June 2024. The increase in the leverage ratio was primarily attributable to an increase in the book value of regulatory capital.

When calculating the total exposure measure and the resulting leverage ratio, the Bank takes into account all exposures in accordance with the CRR.

SID Bank held no securities financing transactions (SFTs), so the template cites no rows relating to arithmetic means.

8 Leverage ratio

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

(Article 451(1)(b) of the CRR)

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**2,711,710**
EU-3	Banking book exposures, of which:	2,711,710
EU-5	Exposures treated as sovereigns	984,992
EU-6	Exposures to regional governments, MDBs, international organisations and PSE, not treated as sovereigns	150,833
EU-7	Institutions	364,854
EU-10	Corporates	1,099,690
EU-11	Exposures in default	33,547
EU-12	Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	77,795

8.4 Leverage ratio qualitative information

(Article 451(1)(d) and (e) of the CRR)

SID Bank regularly monitors developments in the leverage ratio on its asset-liability and risk management committee, and within the framework of the selected risk appetite indicators.

The leverage ratio stood at 16.88% as at 31 December 2024 (end of 2023: 16.28%), well above the regulatory requirement. In light of the structure of the statement of financial position and the level of the leverage ratio, the Bank's assessment is that the risk of excessive leverage is low.

9 Liquidity requirement

9.1 Liquidity risk management

Row number		Qualitative information - Free format
(a)	Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding.	The liquidity management strategy and processes are described in detail in section 4.4.2. SID Bank ensures liquidity risk management through its activities to secure funding of the appropriate maturities, by adjusting the maturities of asset and liability items, and maintaining a liquidity buffer of suitable size and quality. The Bank has a sufficient stock of eligible securities at its continuous disposal to obtain additional secondary liquidity from the central bank. The Bank systematically monitors its liquidity position by means of various indicators and by reviewing its attainment of the planned objectives. It manages structural liquidity through the assessment of the long-term liquidity position. SID Bank does not accept deposits from uninformed investors as a rule. SID Bank obtains funding on the domestic and international financial markets. The diversification of funding, particularly in terms of the type and geographical diversification of investors and the type of financial instrument, ensures that SID Bank has stable access to funding. The fact that SID Bank obtains long-term funding supported by Slovenian government guarantees in accordance with the ZSIRB, particularly on international financial markets and at similar financial institutions, increases the stability of its funding. Assessment of the adequacy of funding and borrowing activities is based on SID Bank's business strategy and the annual financial borrowing plan, which is drawn up as part of the annual strategic planning process.
(b)	Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).	The structure and organisation of the risk management function is described in section 4.4.2. SID Bank manages its liquidity risk in accordance with the liquidity risk management policy, which sets out the powers of individual bodies and organisational units at the Bank. The *asset-liability and risk management committee* is responsible for deciding on proposals regarding liquidity risk management, and the approval, guidance and supervision of the implementation of the liquidity policy and investment policy of the treasury department. The *risk management and asset-liability management department* drafts and, at least once a year, reviews and proposes any changes to the liquidity risk management policy with regard to the Bank's risk profile, the adopted business policy and the liquidity risk appetite, draws up analysis for achieving the optimal balance sheet structure in terms of liquidity risk, participates in the long-term (annual) planning of liquidity as part of the drafting of the business strategy and the financial plan, and is responsible for the preparation and management of liquidity simulations, and simulations of the liquidity coverage ratio and net stable funding ratio. It also ensures regular briefing of the management body on the Bank's exposure to liquidity risk. The *treasury department* is responsible for managing, achieving and maintaining daily liquidity, concluding transactions for the purpose of managing liquid assets and carrying out borrowing activities within the context of the adopted liquidity risk take-up and management policy, the established authorisations, and the decisions made by the competent bodies.

Row number		Qualitative information - Free format
(b)	Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).	The two aforementioned organisational units actively participate in the regular internal liquidity adequacy assessment process (ILAAP), and in the comprehensive annual review and assessment of the liquidity profile from the perspective of key elements of the ILAAP report. The ILAAP report also serves as a basis for supervisory reviews and the evaluation of the Bank's liquidity risk. The *controlling and reporting department* carries out regulatory reporting.
(c)	A description of the degree of centralisation of liquidity management and interaction between the group's units.	Liquidity management at SID Bank was conducted on a solo basis in 2024.
(d)	Scope and nature of liquidity risk reporting and measurement systems.	Liquidity risk management at SID Bank includes the following: • the daily management of liquidity; • the setting of a liquidity risk appetite framework and limits for liquidity risk management; • the regular planning and monitoring of future liquidity flows; • the regular verification of the liquidity position, the stock of liquidity reserves and the ratio of liquidity reserves to the balance sheet total, and simulations of LCR and NSFR, taking into account the annual financial plan and information from the business units for future periods under the baseline scenario and in internally defined liquidity scenarios; • monitoring of the appropriate structure of funding and financial assets; • the management and monitoring of a sufficient pool of financial assets as collateral for the central bank's claims; • the regular verification of the adequacy of the liquidity reserve and the survival period under internally defined stress scenarios under the assumption of a runoff balance sheet. Exposure to liquidity risk is regularly discussed and monitored in the weekly meetings of the liquidity management committee, the monthly meetings of the asset-liability and risk management committee, and in meetings of the management body, which are held quarterly. Based on the relevant reports, the asset-liability and risk management committee regularly discusses and monitors the following: • the trend in SID Bank's performance indicators; • the trend in macroeconomic indicators; • developments on the financial markets; • LCR and NSFR; • planned and realised liquidity flows; • early warning indicators for adverse liquidity conditions; • the outcomes of internal liquidity scenarios; • the results of simulations of liquidity flows, liquidity reserves and LCR and NSFR, having regard for the financial plan and information from the business plan for the upcoming period under the baseline scenario and under the internally defined liquidity scenarios.

Row number		Qualitative information - Free format
(e)	Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.	The policies and strategies for hedging against risk, including liquidity risk, are described in section 4.4.2. The key bylaws for liquidity risk management are: • the risk management strategy, which includes the risk appetite framework (setting minimum values for LCR and NSFR); • the liquidity risk management policy and the corresponding bylaws, which set out additional quantitative limits and liquidity risk management measures, including procedures for when the limits are transgressed, the requisite measures in the event of a deterioration in operational or structural liquidity, and a definition of the responsibilities of the relevant committees and individual organisational units for liquidity risk management; • the business strategy and the annual financial borrowing plan; • the rulebook on the implementation of the internal capital adequacy assessment process and the internal liquidity adequacy assessment process; • the rulebook on contingent liquidity risk management. The key factors for the effective hedging and mitigation of liquidity risk encompass the following in particular: • continual maintenance of a liquidity buffer of adequate size and composition for facing expected and unexpected outflows; • regular planning and monitoring of future liquidity flows; • regular implementation of internal stress scenarios, internal simulations of liquidity flows, and simulations of LCR and NSFR; • regular updates of the contingent liquidity risk management plan; • regular reviews of early warning indicators of adverse liquidity conditions, and monitoring of developments on the financial markets, the liquidity position, and performance indicators.
(f)	An outline of the bank`s contingency funding plans.	SID Bank has put in place an internal rulebook that provides a framework for contingent liquidity risk management, including: • procedures for the early identification of possible liquidity shortfalls; • the contingent liquidity risk management plan and the responsibilities for resolving liquidity crises; • the criteria for activating the contingent liquidity risk management plan; • the toolkit of possible measures for addressing a liquidity crisis; • early warning indicators of adverse liquidity conditions; • internal liquidity stress testing and reviews of the adequacy of the liquidity reserve under the assumption of a runoff balance sheet; • internal simulations of liquidity flows, liquidity reserves, and LCR and NSFR, having regard for market conditions (baseline and adverse market scenarios), and assumptions from the annual financial plan and information from the business units. By regularly monitoring developments on the financial markets, its liquidity position, performance indicators and early warning indicators for potential liquidity difficulties, including macroeconomic indicators, and by reviewing liquidity risk management in internal scenarios, the Bank is able to promptly identify potential liquidity challenges and to take the necessary measures to manage them.

Row number		Qualitative information - Free format
(g)	An explanation of how stress testing is used.	Conducting liquidity stress tests is one of the key activities in the ILAAP, and an integral part of liquidity risk management and control. SID Bank has defined its methodology for implementing the internal stress scenarios in the rulebook on contingent liquidity risk management. The Bank regularly conducts testing of liquidity and the size of the liquidity reserve under the assumption of a runoff balance sheet, having regard for various market scenarios, an institution-specific scenario, and a combined scenario, which represents a combination of the institution-specific scenario and the most severe market scenario. The outcome of the liquidity stress tests, including the survival period, is one of the criteria for assessing the activation of the contingent liquidity risk management plan. The key purpose of the liquidity stress tests is to promptly identify any liquidity shortfalls, and to take timely action. The outcomes are discussed on a monthly basis by the asset-liability and risk management committee, and on a quarterly basis by the management body within the framework of the risk report.
(h)	A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.	The management body's statement regarding the adequacy of risk management arrangements is given in section 4.3.
(i)	A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.	The management body's concise statement on the Bank's approach to the realisation of the risk appetite is given in section 4.1. The Bank's liquidity position remained strong in 2024, which was reflected in the key liquidity indicators, which were well above their regulatory requirements and inside the range set out by the risk appetite. The ILAAP was assessed as adequate. The Bank maintained an adequate level, quality and structure of liquid assets in 2024 for covering its expected and unexpected liquidity outflows, and for ensuring business continuity and an adequate liquidity position under the baseline scenario and during a liquidity emergency. In the event of the realisation of the most severe adverse combined scenario, the Bank would survive for more than 12 months under these circumstances. Debt securities account for a significant share of the liquidity buffer. When investing in them the Bank upholds the principles of security and prudence, while taking account of the market liquidity and credit quality of the selected instruments, which is reflected in the high share of liquid debt securities eligible as collateral at the central bank. Monitoring the portfolio of debt securities from the perspective of ESG risk factors ensures that the Bank complies with sustainability targets. In its management of liquid assets in 2025 the Bank will pursue a conservative and prudent investment strategy, and will manage funding risk through new long-term borrowing, which will provide adequate funding for the execution of its mandates.

Row number		Qualitative information - Free format
(i)	These ratios may include: • Concentration limits on collateral pools and sources of funding (both products and counterparties); • Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank; • Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity; • Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.	The management body's concise statement on the Bank's approach to the realisation of the risk appetite is given in section 4.1. The Bank's liquidity position remained strong in 2024, which was reflected in the key liquidity indicators, which were well above their regulatory requirements and inside the range set out by the risk appetite. The ILAAP was assessed as adequate. The Bank maintained an adequate level, quality and structure of liquid assets in 2024 for covering its expected and unexpected liquidity outflows, and for ensuring business continuity and an adequate liquidity position under the baseline scenario and during a liquidity emergency. In the event of the realisation of the most severe adverse combined scenario, the Bank would survive for more than 12 months under these circumstances. Debt securities account for a significant share of the liquidity buffer. When investing in them the Bank upholds the principles of security and prudence, while taking account of the market liquidity and credit quality of the selected instruments, which is reflected in the high share of liquid debt securities eligible as collateral at the central bank. Monitoring the portfolio of debt securities from the perspective of ESG risk factors ensures that the Bank complies with sustainability targets. In its management of liquid assets in 2025 the Bank will pursue a conservative and prudent investment strategy, and will manage funding risk through new long-term borrowing, which will provide adequate funding for the execution of its mandates.

9 Liquidity requirements

9.2 Template EU LIQ1 – Quantitative information of LCR

(Article 451a(2) of the CRR)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	31 Dec 2024	30 Sep 2024	30 June 2024	31 Mar 2024	31 Dec 2024	30 Sep 2024	30 June 2024	31 Mar 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)					497,045	471,775	454,203	488,528
CASH OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	0	0	0	0	0	0	0	0
3	Stable deposits	0	0	0	0	0	0	0	0
4	Less stable deposits	0	0	0	0	0	0	0	0
5	Unsecured wholesale funding	17,214	25,907	25,579	19,334	17,214	25,907	25,579	19,334
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0	0	0	0	0
7	Non-operational deposits (all counterparties)	12,486	18,904	18,576	12,331	12,486	18,904	18,576	12,331
8	Unsecured debt	4,727	7,003	7,003	7,003	4,727	7,003	7,003	7,003
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	104,918	99,213	107,554	122,264	13,290	15,342	17,353	19,144
11	Outflows related to derivative exposures and other collateral requirements	1,036	854	828	747	1,036	854	828	747
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	103,882	98,360	106,726	121,517	12,254	14,489	16,525	18,397
14	Other contractual funding obligations	3,623	3,625	3,566	3,530	2,210	2,166	2,126	2,076
15	Other contingent funding obligations	97,509	99,424	98,412	96,734	5,201	5,672	5,466	5,461
16	TOTAL CASH OUTFLOWS					37,914	49,088	50,524	46,014

9 Liquidity requirements

9.2 continuing

		a	b	c	d	e	f	g	h
table continuing		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	31 Dec 2024	30 Sep 2024	30 June 2024	31 Mar 2024	31 Dec 2024	30 Sep 2024	30 June 2024	31 Mar 2024
CASH INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	17,188	18,284	19,893	20,340	12,379	13,157	14,668	15,342
19	Other cash inflows	4,948	3,847	3,675	1,887	4,948	3,847	3,675	1,887
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	22,136	22,132	23,567	22,227	17,327	17,004	18,343	17,229
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	22,136	22,132	23,567	22,227	17,327	17,004	18,343	17,229
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					497,045	471,775	454,203	488,528
22	TOTAL NET CASH OUTFLOWS					21,742	33,238	33,453	29,181
23	**LIQUIDITY COVERAGE RATIO**					**4,162%**	**3,546%**	**3,255%**	**3,444%**

9 Liquidity requirements

9.3 Qualitative information on LCR

(Article 451a(2) of the CRR)

<table>
<tr><th></th><th colspan="2">Qualitative information</th></tr>
<tr><td>(a)</td><td>Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time.</td><td rowspan="4">The Bank maintains a high liquidity coverage ratio (LCR), which is quite volatile over time due to the Bank's specific role as a development institution and its readiness to intervene as required, and the fact that SID Bank does not accept deposits from the public but rather acquires long-term funding in the main supported by a Slovenian government guarantee. The Bank obtains funding primarily on international financial markets and at related financial institutions. Consequently the Bank does not have major outflows over the period of 30 days taken into account in the calculation of the ratio, except for maturing long-term funding.
The liquidity buffer consists of extremely high-quality liquid assets and high-quality liquid assets.</td></tr>
<tr><td>(b)</td><td>Explanations on the changes in the LCR over time.</td></tr>
<tr><td>(c)</td><td>Explanations on the actual concentration of funding sources.</td></tr>
<tr><td>(d)</td><td>High-level description of the composition of the institution`s liquidity buffer.</td></tr>
<tr><td>(e)</td><td>Derivative exposures and potential collateral calls.</td><td>The Bank concludes swap transactions to manage interest rate risk. The Bank calculates exposure to counterparty credit risk in accordance with Article 282 of the CRR.
The Bank holds collateral for its transactions in derivatives in the form of a cash deposit in domestic currency.</td></tr>
<tr><td>(f)</td><td>Currency mismatch in the LCR.</td><td>The amount of assets that make up the liquidity buffer and the amount of liquidity outflows only comprise items denominated in euros. The proportion of liquidity inflows accounted for by other currencies is negligible.</td></tr>
<tr><td>(g)</td><td>Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile.</td><td>The Bank does not include any items not included in the table of LCR disclosures in the calculation of LCR.</td></tr>
</table>

9 Liquidity requirements

9.4 Template EU LIQ2 – Net Stable Funding Ratio

(Article 451a(3) of the CRR)

Template EU LIQ2 as at 31 December 2024:		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments:	497,224	0	0	0	497,224
2	Own funds	497,224	0	0	0	497,224
7	Wholesale funding:		39,993	436,108	1,710,117	1,937,508
9	Other wholesale funding		39,993	436,108	1,710,117	1,937,508
11	Other liabilities:	0	12,494	0	0	0
13	All other liabilities and capital instruments not included in the above categories		12,494	0	0	0
14	**Total available stable funding (ASF)**					**2,434,732**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)					8,062
17	Performing loans and securities:		113,766	111,588	1,518,203	1,421,110
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		26,034	22,559	127,058	140,941
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		76,982	83,632	1,117,628	1,049,459
22	Performing loans, secured with residential mortgage		1,864	1,906	20,332	0
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		8,885	3,491	253,184	230,711
26	Other assets:	0	32,271	4,470	40,103	69,996
29	NSFR derivative assets		15,019			15,019
30	NSFR derivative liabilities before deduction of variation margin posted		6,069			303
31	All other assets not included in the above categories		11,183	4,470	40,103	54,673

9 Liquidity requirements

9.4 continuing

table continuing

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Required stable funding (RSF) items						
32	Off-balance-sheet items		10,729	138,705	80,924	14,801
33	**Total required stable funding (RSF)**					**1,513,969**
34	**Net Stable Funding Ratio (%)**					**160.82%**

9 Liquidity requirements

9.4 continuing

Template EU LIQ2 as at 30 September 2024:		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments:	495,312	0	0	0	495,312
2	Own funds	495,312	0	0	0	495,312
7	Wholesale funding:		83,181	366,183	1,797,918	1,990,560
9	Other wholesale funding		83,181	366,183	1,797,918	1,990,560
11	Other liabilities:	0	10,624	0	0	0
13	All other liabilities and capital instruments not included in the above categories		10,624	0	0	0
14	**Total available stable funding (ASF)**					**2,485,872**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)					8,001
17	Performing loans and securities:		124,449	113,464	1,511,450	1,423,449
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		26,708	22,500	140,650	154,571
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		78,007	82,060	1,111,384	1,045,310
22	Performing loans, secured with residential mortgage		2,893	2,077	21,313	0
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		16,841	6,826	238,104	223,568
26	Other assets:	0	30,939	5,696	49,283	79,629
29	NSFR derivative assets		13,762			13,762
30	NSFR derivative liabilities before deduction of variation margin posted		6,077			304
31	All other assets not included in the above categories		11,100	5,696	49,283	65,564

9 Liquidity requirements

9.4 continuing

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
table continuing		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Required stable funding (RSF) items						
32	Off-balance-sheet items		26,330	56,480	172,997	16,368
33	**Total required stable funding (RSF)**					**1,527,448**
34	**Net Stable Funding Ratio (%)**					**162.75%**

9 Liquidity requirements

9.4 continuing

Template EU LIQ2 as at 30 June 2024:		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments:	480.228	0	0	0	480.228
2	Own funds	480.228	0	0	0	480.228
7	Wholesale funding:		88.441	27.332	2.132.947	2.156.112
9	Other wholesale funding		88.441	27.332	2.132.947	2.156.112
11	Other liabilities:	0	7.881	0	0	0
13	All other liabilities and capital instruments not included in the above categories		7.881	0	0	0
14	**Total available stable funding (ASF)**					**2.636.340**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)					10,334
17	Performing loans and securities:		151,921	104,766	1,584,165	1,497,178
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		26,994	24,079	149,427	164,166
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		83,210	73,169	1,167,652	1,090,533
22	Performing loans, secured with residential mortgage		2,067	1,988	20,955	0
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		39,650	5,531	246,131	242,479
26	Other assets:	0	23,902	7,488	52,904	71,582
29	NSFR derivative assets		2,690			2,690
30	NSFR derivative liabilities before deduction of variation margin posted		11,008			550
31	All other assets not included in the above categories		10,203	7,488	52,904	68,342

9 Liquidity requirements

9.4 continuing

table continuing

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Required stable funding (RSF) items						
32	Off-balance-sheet items		21,977	5,713	194,824	16,071
33	**Total required stable funding (RSF)**					**1,595,166**
34	**Net Stable Funding Ratio (%)**					**165.27%**

9 Liquidity requirements

9.4 continuing

Template EU LIQ2 as at 31 March 2024:		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments:	479,463	0	0	0	479,463
2	Own funds	479,463	0	0	0	479,463
7	Wholesale funding:		55,966	74,120	1,996,817	2,055,967
9	Other wholesale funding		55,966	74,120	1,996,817	2,055,967
11	Other liabilities:	0	30,775	0	0	0
13	All other liabilities and capital instruments not included in the above categories		30,775	0	0	0
14	**Total available stable funding (ASF)**					**2,535,430**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)					11,646
17	Performing loans and securities:		128,678	111,768	1,605,604	1,508,461
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		28,755	24,067	163,270	178,179
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		87,341	71,269	1,179,316	1,100,997
22	Performing loans, secured with residential mortgage		1,875	1,861	20,477	0
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		10,708	14,571	242,541	229,286
26	Other assets:	0	23,415	6,631	57,228	77,265
29	NSFR derivative assets		5,094			5,094
30	NSFR derivative liabilities before deduction of variation margin posted		10,141			507
31	All other assets not included in the above categories		8,180	6,631	57,228	71,664

9 Liquidity requirements

9.4 continuing

table continuing

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Required stable funding (RSF) items						
32	Off-balance-sheet items		6,398	20,322	198,769	16,398
33	**Total required stable funding (RSF)**					**1,613,771**
34	**Net Stable Funding Ratio (%)**					**157.11%**

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

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

(Article 442(b) of the CRR)

IFRS 9 is based on the expected credit loss model where, in addition to historical data on recoverability, it is necessary to take account of forward-looking information and other internal and external factors that indicate the debtor's solvency in the future.

Expected credit losses need to be estimated for the following financial instruments:

- financial assets measured at amortised cost;
- debt securities classified as financial assets measured at fair value through other comprehensive income;
- lease receivables; and
- off-balance-sheet exposures from loan commitments given and financial guarantee contracts.

IFRS 9 distinguishes between the recognition of expected credit losses during a 12-month period, and lifetime expected credit losses. SID Bank classifies financial assets for which expected credit losses must be estimated in accordance with IFRS 9 into the following stages:

- financial instruments where there has not yet been a significant increase in credit risk, and for which impairments and/or provisions for credit losses are measured on the basis of expected credit losses over a 12-month period are classified as Stage 1. Interest income from these financial instruments is calculated on the basis of the gross carrying amount;
- financial instruments where there has been a significant increase in credit risk in the period between initial recognition and the date for which the Bank estimates expected credit losses are classified as Stage 2. Allowances and provisions for credit losses are measured on the basis of expected credit losses over the entire lifetime of the financial instrument. Interest income from these financial instruments is calculated on the basis of the gross carrying amount;
- financial instruments where there has been a default event on the part of the debtor are classified as Stage 3. Allowances and provisions for credit losses are measured on the basis of expected credit losses over the entire lifetime of the financial instrument. SID Bank calculates interest income for these financial instruments on the basis of net carrying amount.

The Bank does not take account of credit protection when classifying exposures to Stages 1, 2 or 3.

The Bank classifies financial instruments as Stage 1 upon initial recognition, except purchased or originated credit-impaired financial assets (POCI item). Upon subsequent measurement, the Bank assesses whether there has been a significant increase in the credit risk of the financial instrument in the period between initial recognition and the date for which the Bank is estimating expected credit losses. If this is not the case, the financial instrument remains classified as Stage 1. If there has been a significant increase in credit risk but the financial instrument has not yet been defined as a non-performing exposure, the Bank classifies it as Stage 2.

In the case of a purchased or originated credit-impaired financial asset (POCI item), SID Bank calculates lifetime expected credit losses until derecognition. Under IFRS 9, for POCI items the Bank is required to recognise the amount of the change in the lifetime expected credit losses on a financial instrument in profit or loss as an impairment gain or loss. The Bank is required to recognise favourable changes to lifetime expected credit losses on a financial instrument as an impairment gain, even if the lifetime expected credit losses are lower than the amount of the expected losses included in the estimated cash flows at initial recognition. Under IFRS 9, POCI items are initially recognised at fair value in the statement of financial position. Upon subsequent measurement, this represents the basis for measurement at amortised cost.

The requirements of IFRS 9 with regard to the assessment of expected credit losses are complex and require critical assessments by the management, and estimates and assumptions in the following areas in particular, described in detail below:

- assessment of a significant increase in credit risk since initial recognition;
- inclusion of forward-looking information in the estimation of expected credit losses.

Measurement of expected credit losses

The Bank must measure expected credit losses of a financial instrument in a manner that takes into account:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that is available on the reporting date without undue cost or effort.

Definition of default

In determining the default of a debtor, SID Bank applies the definition of default set out in Article 178 of the CRR, namely:

- the debtor is more than 90 days past due on any material credit obligation to SID Bank; and
- it is unlikely that the debtor will settle its credit obligations to SID Bank in full, without recourse by the Bank to actions such as liquidation of collateral or other procedures.

Significant increase in credit risk

SID Bank assesses on each reporting date whether the credit risk inherent in a financial instrument has increased significantly since initial recognition. It assesses significant increases in credit risk using reasonable and supportable information at the level of the individual financial instrument, taking into account the following criteria:

- a change in credit rating with respect to the initial recognition;
- a change in weighted lifetime probability of default with respect to initial recognition;
- the number of days past due at the level of the financial instrument is more than 30;
- the financial instrument becomes a performing forborne exposure;
- the fair value is lower (by a specified percentage) than the amortised cost of a marketable debt security over an uninterrupted specified period.

SID Bank does not take into account the exemptions referred to in Article 5.5.10 of IFRS 9 with regard to the consideration of exposures with low credit risk.

Inputs used to calculate expected credit losses

SID Bank calculates expected credit losses on the basis of the following methodologies:

- a methodology for Stages 1 and 2;
- a methodology for Stage 3.

The inputs used to calculate expected credit losses on the basis of the methodology for Stages 1 and 2 are as follows:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD); and
- discount factor.

SID Bank defines the probability-of-default curve (PD curve) and loss-given-default curve (LGD curve) for individual homogeneous groups defined internally on the basis of internally developed methodologies.

Probability of default for the main homogeneous PD group: SID Bank determines exposures to undertakings in Slovenia based on the regression method of transition between rating grades. The input data in the model comprises microdata from the AJPES database for the period of 2006 to 2022. For the purposes of determining the probability of default for other main homogeneous PD groups, SID Bank uses the data of the rating agency Fitch Ratings, which is microdata to which SID Bank applies regression methods in survival analysis for modelling.

When determining loss given default, SID Bank proceeds from the default rate as defined by the Bank of Slovenia's Guidelines for calculating default rate and loss rate, and is based on the collection of data on repayments that are not made from collateral, which are reflected in the parameter of the recovery rate for unsecured exposure, and on repayments made from collateral, which are reflected in the parameter of haircut. The Bank collects data on repayments for exposures that are (were) in default status. When estimating expected credit losses for exposures classified to Stages 1 and 2, the Bank calculates the loss-given-default curves for each homogeneous LGD segment. In the calculation of the loss-given-default curve, the Bank takes account of exposure at default, the collateral value of the individual exposure, less the haircut (HC), the recovery rate for unsecured exposure (Spnez), and macroeconomic factors for the Spnez and HC parameters.

SID Bank determines exposure at default with regard to the exposure of a financial instrument on the date of calculation of expected credit losses and the future contractual cash flows from the financial instrument. When calculating exposure at default for off-balance-sheet exposures, SID Bank takes into account the regulatory conversion factors set out in the CRR.

The effective interest rate determined at initial recognition or an approximation thereof is used as a discount factor. For a purchased or originated credit-impaired financial asset (POCI item), the credit-adjusted effective interest rate determined at initial recognition is used for discounting. In connection with financial guarantee contracts and financial instruments for which the effective interest rate cannot be determined, SID Bank uses the weighted interest rate of performing exposures in its credit portfolio.

In calculating expected credit losses for financial instruments classified to Stage 3, SID Bank takes account of estimated repayments at the level of the individual exposure, including forward-looking information in the form of macroeconomic forecast factors. The total estimated value of future cash flows is a weighted average of estimated repayments from the entity's cash flows and estimated repayments from collateral.

For a purchased or originated credit-impaired financial asset (POCI item) that is defined as a non-performing exposure, SID Bank calculates the expected credit losses on the basis of the Stage 3 methodologies. If a purchased or originated credit-impaired financial asset (POCI item) becomes a performing exposure, SID Bank calculates the expected credit losses on the basis of the Stage 2 methodology.

Forward-looking information

In the determination of probability of default, SID Bank takes into account forward-looking information on the basis of the correlation between the default rate and a macroeconomic indicator derived from GDP growth and financing conditions (EURIBOR).

In the determination of loss given default, SID Bank takes into account forward-looking information concerning the parameter of recovery rate for unsecured exposure (Spnez) and the parameter of haircut (HC) in the form of factors of macroeconomic forecasts.

When determining the dependence of the parameter of recovery rate for unsecured exposure (Spnez) based on the state of the economy, SID Bank examines the recovery rates for unsecured exposures depending on the value of a macroeconomic indicator derived from GDP growth.

In order to calculate the factors of macroeconomic forecasts for the haircut (HC) parameter, SID Bank divides collateral into two groups:

- real estate collateral (commercial and residential real estate); and
- other types of collateral (securities, movable property and receivables).

To identify the dependence of real estate values on the state of the economy, SID Bank takes into account the correlation between the index of the Surveying and Mapping Authority of the Republic of Slovenia and a macroeconomic indicator derived from GDP growth, and the correlation between the collateral values from the Bank's portfolio and a macroeconomic indicator derived from GDP growth for other types of collateral.

SID Bank takes into account standard factors of macroeconomic forecasts to calculate expected credit losses for the entire portfolio. The factors of macroeconomic forecasts are taken into account in the calculation of individual points on the LGD curve for financial instruments classified as Stages 1 and 2, and in the calculation of estimated repayments for financial instruments classified as Stage 3.

In the calculation of expected credit losses, SID Bank takes into account three scenarios of macroeconomic forecasts, and may take into account more if major shocks are expected. The scenarios generally comprise baseline, favourable and adverse projections of major macroeconomic factors. The gap between the favourable and adverse scenarios reflects internally assessed risk in the domestic and foreign macrofinancial environments.

		Annual GDP growth, %							
		Slovenia				Euro area			
	Scenario probability weighting	2024	2025	2026	2027	2024	2025	2026	2027
Baseline scenario	50%	1.5	2.4	2.5	2.3	0.8	1.3	1.5	1.6
Favourable scenario	25%	2.3	4.3	3.1	2.5	1.4	2.7	2.0	1.8
Adverse scenario	25%	0.1	-0.8	1.1	1.9	-1.1	-2.0	1.1	1.5

The table indicates the annual GDP growth rates that SID Bank took into account in the calculation of expected credit losses according to the situation as at 31 December 2024. In its baseline scenario SID Bank took account of the forecasts of the Institute of Macroeconomic Analysis and Development in its growth forecast for Slovenia's GDP, and the macroeconomic forecasts of the European Commission, the ECB and the IMF in its growth forecast for euro area GDP.

Sensitivity analysis of macroeconomic variables

The table below presents a sensitivity analysis of the effect of a change in GDP growth by +/-300 basis points (+/- 100 basis points for each year of the 2025 to 2027 horizon) on the level of probability of default (PD), loss given default (LGD) and expected credit losses (ECL) according to the situation as at 31 December 2024.

The change in GDP growth under the baseline scenario over the horizon of 2025 to 2027 is taken into account.

Change in GDP growth	Impact on PD (basis points)	Impact on LGD (basis points)	Impact on ECL (EUR thousand)
+300 basis points	-4.74	-86.85	-977
-300 basis points	5.04	87.49	1,075

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.2 Template EU CR1 – Performing and non-performing exposures and related provisions

(Article 442(c) and (f) of the CRR)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			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		On performing exposures	On non-performing exposures
005	**Cash balances at central banks and other demand deposits**	**493,158**	**493,158**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
010	**Loans and advances**	**1,504,155**	**1,297,881**	**201,006**	**68,266**	**0**	**65,326**	**(14,963)**	**(2,298)**	**(13,795)**	**(33,882)**	**0**	**(34,228)**	**0**	**699,441**	**31,958**
030	General governments	191,611	191,041	570	0	0	0	(84)	(15)	(69)	0	0	0	0	0	0
040	Credit institutions	184,541	184,541	0	8,733	0	8,733	(202)	(202)	0	(90)	0	(90)	0	0	8,325
050	Other financial corporations	431	33	398	0	0	0	(58)	0	(58)	0	0	0	0	340	0
060	Non-financial corporations	1,123,527	919,757	198,502	59,533	0	56,593	(14,464)	(2,070)	(13,524)	(33,792)	0	(34,138)	0	696,314	23,633
070	of which: SMEs	417,475	319,152	97,792	36,195	0	36,195	(5,952)	(1,288)	(4,660)	(23,622)	0	(23,622)	0	304,233	11,569
080	Households	4,045	2,509	1,535	0	0	0	(155)	(11)	(144)	0	0	0	0	2,787	0
090	**Debt securities**	**619,077**	**613,390**	**5,687**	**0**	**0**	**0**	**(2,284)**	**(361)**	**(1,924)**	**0**	**0**	**0**	**0**	**0**	**0**
110	General governments	381,407	381,407	0	0	0	0	(14)	(14)	0	0	0	0	0	0	0
120	Credit institutions	191,622	191,622	0	0	0	0	(272)	(272)	0	0	0	0	0	0	0
130	Other financial corporations	2,974	2,974	5,687	0	0	0	(4)	(4)	0	0	0	0	0	0	0

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.2 continuing

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
table continuing			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		On performing exposures	On non-performing exposures
140	Non-financial corporations	43,074	37,388	5,687	0	0	0	(1,994)	(71)	(1,924)	0	0	0	0	0	0
150	**Off-balance-sheet exposures**	**230,357**	**230,357**	**0**	**0**	**0**	**0**	**(137)**	**(137)**	**0**	**0**	**0**	**0**		**92,886**	**0**
170	General governments	1,100	1,100	0	0	0	0	(0)	(0)	0	0	0	0		0	0
180	Credit institutions	61,992	61,992	0	0	0	0	(35)	(35)	0	0	0	0		41,957	0
190	Other financial corporations	21,162	21,162	0	0	0	0	0	0	0	0	0	0		0	0
200	Non-financial corporations	146,103	146,103	0	0	0	0	(101)	(101)	0	0	0	0		50,929	0
220	**Total**	**2,846,747**	**2,634,786**	**206,693**	**68,266**	**0**	**65,326**	**(17,384)**	**(2,796)**	**(15,719)**	**(33,882)**	**0**	**(34,228)**	**0**	**792,327**	**31,958**

SID Bank disclosed non-performing exposures from loans and other financial assets measured at amortised cost in the gross amount of EUR 68,266 thousand as at 31 December 2024 (of which EUR 65,323 thousand was loans classed as Stage 3, EUR 3 thousand was other financial assets, and EUR 2,940 thousand was POCI loans).

Accumulated impairments for non-performing exposures amounted to EUR 33,882 thousand, which entailed 49.63% coverage of non-performing loans and other financial assets by impairments.

The overall NPE ratio for loans and other financial assets stood at 4.34% as at 31 December 2024 (30 June 2024: 5.44%).

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.3 Template EU CR1-A – Maturity of exposures

(Article 442(g) of the CRR)

		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	2,009	14,347	456,930	1,050,291	0	1,523,576
2	Debt securities	0	45,840	485,051	85,901	0	616,792
3	**Total**	**2,009**	**60,187**	**941,981**	**1,136,192**	**0**	**2,140,369**

10.4 Template EU CR2 – Changes in the stock of non-performing loans and advances

(Article 442(f) of the CRR)

Changes in non-performing loans and other financial assets in 2024 are disclosed in the template. The stock of non-performing loans and other financial assets amounted to EUR 68,266 thousand as at 31 December 2024 (31 December 2023: EUR 86,325 thousand). Outflows due to other situations refer to outflows to the performing portfolio (EUR 14,885 thousand), partial and complete repayments of non-performing loans (EUR 20,393 thousand), liquidation of collateral (3,015 thousand) and other outflows (EUR 3,306 thousand).

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**86,325**
020	Inflows to non-performing portfolios	28,369
030	Outflows from non-performing portfolios	(46,428)
040	Outflows due to write-offs	(4,830)
050	Outflows due to other situations	(41,599)
060	**Final stock of non-performing loans and advances**	**68,266**

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.5 Template EU CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries

(Article 442(c) and (f) of the CRR)

The outflow due to collateral liquidation in the amount of EUR 4,508 thousand is disclosed in the amount of the gross carrying amount of the claims where the collateral has been liquidated, and also includes certain claims in the amount of EUR 1,494 thousand that were written off after liquidation of the collateral. In addition to the aforementioned amount, the Bank also wrote off claims in the amount of EUR 3,336 thousand. The total amount of claims written off in 2024 was thus EUR 4,830 thousand. The Bank received an inflow of EUR 3,015 thousand from the liquidation of collateral.

		a	b
		Gross carrying amount	Related net accumulated recoveries
010	**Initial stock of non-performing loans and advances**	**86,325**	
020	Inflows to non-performing portfolios	28,369	
030	Outflows from non-performing portfolios	(46,428)	
040	Outflow to performing portfolio	(14,885)	
050	Outflow due to loan repayment, partial or total	(20,393)	
060	Outflow due to collateral liquidations	(4,508)	(3,015)
070	Outflow due to taking possession of collateral	0	0
080	Outflow due to sale of instruments	0	0
090	Outflow due to risk transfers	0	0
100	Outflows due to write-offs	(3,336)	
110	Outflow due to other situations	(3,306)	
120	Outflow due to reclassification as held for sale	0	
130	**Final stock of non-performing loans and advances**	**68,266**	

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.6 Template EU CQ1 – Credit quality of forborne exposures

(Article 442(c) of the CRR)

		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	32.414	37,015	37,015	37,015	(1,643)	(17,793)	41,233	17,923
030	General governments	570	0	0	0	(69)	0	0	0
060	Non-financial corporations	31.257	37,015	37,015	37,015	(1,565)	(17,793)	40,655	17,923
070	Households	587	0	0	0	(9)	0	578	0
100	**Total**	**32.414**	**37,015**	**37,015**	**37,015**	**(1,643)**	**(17,793)**	**41,233**	**17,923**

10.7 Template EU CQ2 – Quality of forbearance

(Article 442(c) of the CRR)

		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	17,829
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	21,129

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.8 Template EU CQ3 - Credit quality of performing and non-performing exposures by past due days

(Article 442(c) and (d) of the CRR)		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	493,158	493,158	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	1,504,155	1,504,155	0	68,266	34,268	4,910	4,195	14,356	7,926	1,761	850	68,266
030	General governments	191,611	191,611	0	0	0	0	0	0	0	0	0	0
040	Credit institutions	184,541	184,541	0	8,733	8,733	0	0	0	0	0	0	8,733
050	Other financial corporations	431	431	0	0	0	0	0	0	0	0	0	0
060	Non-financial corporations	1,123,527	1,123,527	0	59,533	25,535	4,910	4,195	14,356	7,926	1,761	850	59,533
070	of which SMEs	417,475	417,475	0	36,195	12,994	4,705	4,156	12,578	1,091	0	671	36,195
080	Households	4,045	4,045	0	0	0	0	0	0	0	0	0	0
090	Debt securities	619,077	619,077	0	0	0	0	0	0	0	0	0	0
110	General governments	381,407	381,407	0	0	0	0	0	0	0	0	0	0
120	Credit institutions	191,622	191,622	0	0	0	0	0	0	0	0	0	0
130	Other financial corporations	2,974	2,974	0	0	0	0	0	0	0	0	0	0
140	Non-financial corporations	43,074	43,074	0	0	0	0	0	0	0	0	0	0
150	Off-balance-sheet exposures	230,357			0								0
170	General governments	1,100			0								0
180	Credit institutions	61,992			0								0
190	Other financial corporations	21,162			0								0
200	Non-financial corporations	146,103			0								0
220	**Total**	**2,846,747**	**2,616,389**	**0**	**68,266**	**34,268**	**4,910**	**4,195**	**14,356**	**7,926**	**1,761**	**850**	**68,266**

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.9 Template EU CQ4 – Quality of non-performing exposures by geography

(Article 442(c) and (e) of the CRR)		a	b	c	d	e	f	g
		Gross carrying amount / nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	**On-balance-sheet exposures**	**2,191,498**	**68,266**	**68,266**	**2,188,889**	**(51,129)**		**0**
020	Slovenia	1,828,115	50,425	50,425	1,825,506	(50,629)		0
030	France	62,713	0	0	62,713	(26)		0
040	Belgium	47,312	0	0	47,312	(6)		0
050	Spain	40,714	0	0	40,714	(5)		0
060	Hungary	27,889	0	0	27,889	(4)		0
070	Other countries	184,754	17,841	17,841	184,754	(459)		0
080	**Off-balance-sheet exposures**	**230,357**	**0**	**0**			**(137)**	
090	Slovenia	193,905	0	0			(137)	
100	Luxembourg	16,444	0	0			0	
110	Netherlands	8	0	0			0	
140	Other countries	20,000	0	0			0	
150	**Total**	**2,421,855**	**68,266**	**68,266**	**2,188,889**	**(51,129)**	**(137)**	**0**

Exposures and impairments by individual country with respect to the counterparty's registered office are disclosed in the template. On-balance-sheet exposures in the template include the stock of loans and other financial assets, and debt securities. Exposures to supranational organisations are disclosed under other countries.

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.10 Template EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

(Article 442(c) and (e) of the CRR)		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
020	Mining and quarrying	4,533	1,525	1,525	4,533	(107)	0
030	Manufacturing	456,728	24,148	24,148	456,728	(24,188)	0
040	Electricity, gas, steam and air conditioning supply	129,933	0	0	129,933	(160)	0
050	Water supply	28,729	0	0	28,729	(818)	0
060	Construction	20,014	1,549	1,549	20,014	(1,088)	0
070	Wholesale and retail trade	131,096	8,252	8,252	131,096	(7,319)	0
080	Transportation and storage	160,450	5,715	5,715	160,450	(4,846)	0
090	Accommodation and food service activities	115,178	676	676	112,569	(1,130)	0
100	Information and communication	75,233	8,892	8,892	75,233	(643)	0
120	Real estate activities	7,658	0	0	7,658	(97)	0
130	Professional, scientific and technical activities	26,801	6,060	6,060	26,801	(5,888)	0
140	Administrative and support service activities	12,955	2,601	2,601	12,955	(1,810)	0
170	Human health services and social work activities	12,627	0	0	12,627	(31)	0
180	Arts, entertainment and recreation	630	0	0	630	(19)	0
190	Other services	494	115	115	494	(111)	0
200	**Total**	**1,183,060**	**59,533**	**59,533**	**1,180,451**	**(48,256)**	**0**

10 Exposures to credit risk and dilution risk, and disclosure of credit quality

10.11 Template EU CQ6 – Collateral valuation - loans and advances

(Article 442(c) of the CRR)		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
								Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	1,572,421	1,504,155	0	68,266	34,268	33,998	4,910	4,195	14,356	7,926	1,761	850
020	of which secured	846,322	799,389	0	46,933	31,271	15,662	4,196	3,500	7,295	0	0	671
030	of which secured with immovable property	583,119	558,196	0	24,923	13,419	11,503	1,655	3,500	5,676	0	0	671
040	of which instruments with LTV higher than 60% and lower or equal to 80%	86,759	82,800		3,960	3,094	866						
050	of which instruments with LTV higher than 80% and lower or equal to 100%	38,229	35,603		2,626	338	2,288						
060	of which instruments with LTV higher than 100%	254,610	242,312		12,298	4,452	7,846						
070	Accumulated impairment for secured assets	(48,845)	(14,963)	0	(33,882)	(6,271)	(27,611)	(3,406)	(3,104)	(11,004)	(7,926)	(1,761)	(409)
080	Collateral												
090	of which value capped at the value of exposure	593,279	579,165	0	14,115	9,944	4,171	1,260	1,079	1,391	0	0	441
100	of which immovable property	445,564	432,195	0	13,368	9,500	3,869	958	1,079	1,391	0	0	441
110	of which value above the cap	983,744	962,582	0	21,162	12,831	8,331	4,225	1,628	1,839	0	0	639
120	of which immovable property	569,263	556,258	0	13,005	8,078	4,926	820	1,628	1,839	0	0	639
130	Financial guarantees received	178,827	160,886	0	17,941	16,122	1,820	129	0	1,691	0	0	0
140	Accumulated partial write-off	0	0	0	0	0	0	0	0	0	0	0	0

11 Use of credit risk mitigation techniques

11.1 Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

(Article 453(f) of the CRR)

The carrying amount of unsecured and secured loans and debt securities, taking into account all accepted collateral, is disclosed in the template.

SID Bank uses collateral to reduce capital requirements for credit risk for exposures secured by financial assets or guarantees received from EU funds and institutions. The value of collateral that SID Bank used to reduce capital requirements for credit risk amounted to EUR 100,481 thousand as at 31 December 2024, of which EUR 41,957 thousand consisted of European Cohesion Policy funds pledged as collateral for portfolio guarantees, while the remainder of EUR 58,524 thousand consisted of guarantees from the Pan-European Guarantee Fund.

SID Bank does not use derivatives for managing capital requirements.

The low stock of collateral that SID Bank uses to reduce capital requirements for credit risk indicates a low level of concentration in terms of credit risk mitigation (CRM).

		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	841,022	731,399	589,444	141,955	0
2	Debt securities	619,077	0	0	0	
3	Total	1,460,099	731,399	589,444	141,955	0
4	of which non-performing exposures	36,308	31,958	14,115	17,843	0
EU-5	of which defaulted	36,308	31,958			

12 Use of the standardised approach

12.1 Template EU CR4 – Standardised approach – Credit risk exposure and CRM effects

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

	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	907,365	0	907,365	41,957	22,242	2.34%
2	Regional government or local authorities	133,067	1,100	133,067	550	26,723	20.00%
3	Public sector entities	17,766	0	17,766	0	3,553	20.00%
4	Multilateral development banks	3,130	20,000	61,654	20,000	4,000	4.90%
5	International organisations	15,973	0	15,973	0	0	0.00%
6	Institutions	364,854	41,957	364,854	0	72,971	20.00%
7	Corporates	1,157,376	146,002	1,099,690	96,671	1,201,120	100.40%
10	Exposures in default	34,384	0	33,547	0	45,358	135.21%
11	Exposures associated with particularly high risk	50	0	50	0	75	150.00%
14	Collective investment undertakings	46,080	21,162	46,080	21,162	85,022	126.44%
15	Equity	23,840	0	23,840	0	23,840	100.00%
16	Other items	5,513	0	5,513	0	5,513	100.00%
17	**TOTAL**	**2,709,398**	**230,221**	**2,709,398**	**180,340**	**1,490,418**	**51.58%**

The template discloses exposures before CCF and CRM, exposures after CCF and CRM, RWAs and the average risk weight solely for the exposure classes in which SID Bank holds classified exposures and for which it calculates RWAs for credit risk. It discloses the value of RWAs for on- and off-balance-sheet exposures, without taking account of exposure to derivatives for which counterparty credit risk is calculated.

12 Use of the standardised approach

12.2 Template EU CR5 – Standardised approach

(Article 444(e) of the CRR)

	Exposure classes	Risk weight						**Total**	Of which unrated
		0 %	20 %	100 %	150 %	250 %	Others		
		a	e	j	k	l	o	**p**	q
1	Central governments or central banks	922,650	19,321	0	0	7,351	0	**949,322**	949,322
2	Regional governments or local authorities	0	133,617	0	0	0	0	**133,617**	133,617
3	Public sector entities	0	17,766	0	0	0	0	**17,766**	17,766
4	Multilateral development banks	61,654	20,000	0	0	0	0	**81,654**	81,654
5	International organisations	15,973	0	0	0	0	0	**15,973**	15,973
6	Institutions	0	364,854	0	0	0	0	**364,854**	364,854
7	Corporates	0	0	1,186,843	9,518	0	0	**1,196,361**	1,196,361
10	Exposures in default	0	0	9,923	23,624	0	0	**33,547**	33,547
11	Exposures associated with particularly high risk	0	0	0	50	0	0	**50**	50
14	Collective investment undertakings	0	0	0	47,338	0	19,904	**67,242**	67,242
15	Equity	0	0	23,840	0	0	0	**23,840**	23,840
16	Other items	0	0	5,513	0	0	0	**5,513**	5,513
17	**TOTAL**	**1,000,277**	**555,557**	**1,226,119**	**80,529**	**7,351**	**19,904**	**2,889,738**	2,889,738

The template discloses the value of on- and off-balance-sheet exposures after application of CCF and after consideration of CRM with regard to the assigned risk weight. Only exposure classes in which SID Bank holds classified exposures are disclosed. The template does not disclose exposure to derivatives for which counterparty credit risk is calculated.

13 Exposure to counterparty credit risk

13.1 Template EU CCR1 – Analysis of CCR exposure by approach

(Article 439(f), (g) and (k) of the CRR)

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	15,033	8,138		1.4	32,439	32,439	32,439	6,488
6	**Total**					**32,439**	**32,439**	**32,439**	**6,488**

SID Bank concludes swap transactions to manage interest rate risk. To calculate counterparty credit risk exposure from these transactions the Bank uses the original exposure method in accordance with Article 282 of the CRR.

13.2 Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

(Article 439(h) of the CRR)

The Bank calculates the capital requirement for credit valuation adjustment (CVA) according to a standardised method in accordance with Article 384 of the CRR.

		a	b
		Exposure value	RWEA
4	Transactions subject to the standardised method	32,439	36,540
5	**Total transactions subject to own funds requirements for CVA risk**	**32,439**	**36,540**

13 Exposure to counterparty credit risk

13.3 Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

(Article 439(l) referring to Article 444(e) of the CRR)

	Exposure classes	Risk weight	
		e	l
		20%	Total exposure value
6	Institutions	32,439	32,439
11	**Total exposure value**	**32,439**	**32,439**

SID Bank concludes transactions in derivatives solely with other institutions, for which reason only those exposure classes where counterparty credit risk is calculated are disclosed in the template. The risk weight at which the RWAs for counterparty credit risk (CCR) are calculated is disclosed.

13.4 Template EU CCR5 – Composition of collateral for CCR exposures

(Article 439(e) of the CRR)

	Collateral type	a	b	c	d
		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	0	0	0	6,055
9	**Total**	**0**	**0**	**0**	**6,055**

SID Bank has not concluded securities financing transactions (SFTs). In its derivative transactions the Bank solely holds collateral in the form of cash in the domestic currency to provide initial coverage, and in so doing exchanges collateral in accordance with the CSAs.

14 Use of standardised approach and internal model for market risk

(Article 445 of the CRR)

SID Bank does not hold any positions in the trading book, and therefore does not calculate capital requirements for position risk in debt instruments or position risk in equities.

In the scope of market risk, SID Bank only calculates capital requirements for currency risk. The Bank's exposure to currency risk is low and does not exceed the prescribed regulatory limit for the calculation of the capital requirement for currency risk as set out by Article 351 of the CRR. It is thus not required to formulate capital requirements for currency risk.

The total risk exposure amount for market risk amounts to zero. The bank therefore does not disclose Template EU MR1 (Market risk under the standardised approach).

15 Operational risk

15.1 Template EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

(Article 446 and Article 454 of the CRR)

		a	b	c	d	e
	Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
		2022	2023	2024		
1	Banking activities subject to the basic indicator approach (BIA)	26,498	42,874	47,384	5,838	72,972

The Bank uses the basic indicator approach (Article 315 of the CRR) to calculate the risk-weighted exposure amounts and the own funds requirement for operational risk in accordance with which the own funds requirement is equal to 15% of the average over three years of the relevant indicator. The relevant indicator is calculated in accordance with Article 316 of the CRR, and is based on the accounting categories in the Bank's income statement.

16 Exposure to interest rate risk on positions not included in the trading book

16.1 Template EU IRRBB1 – Interest rate risks of non-trading book activities

(Article 448(a) and (b) of the CRR)

	Supervisory shock scenarios	a	b	c	d
		Changes of the economic value of equity (ΔEVE)		Changes of the net interest income (ΔNII)	
		31 Dec 2024	30 June 2024	31 Dec 2024	30 June 2024
1	Parallel up	(26,715)	(23,141)	1,704	2,151
2	Parallel down	12,420	10,277	(3,400)	(4,323)
3	Steepener	1,352	542		
4	Flattener	(8,070)	(6,022)		
5	Short rates up	(15,009)	(11,966)		
6	Short rates down	7,506	5,757		

Exposure to interest rate risk in the banking book derives primarily from the portfolio of long-term debt securities and loans granted with a fixed interest rate on the asset side, and issued securities and loans received with a fixed interest rate on the liability side. As at 31 December 2024, the Bank held four interest rate swaps as fair value hedges of liability items, with a total contractual value of EUR 440,000 thousand.

According to sensitivity analysis for the economic value of equity based on data as at 31 December 2024, the Bank would suffer the largest potential loss in the economic value of equity under the scenario of a parallel shift in interest rates by +200 basis points, in the amount of EUR 26,715 thousand, equivalent to 5.4% of Common Equity Tier 1 capital. The increase in loss compared with 30 June 2024 is primarily attributable to new purchases of fixed-rate debt securities.

According to sensitivity analysis for net interest income based on the data as at 31 December 2024, the Bank would suffer the largest potential decline in NII under the scenario of a parallel shift in the interest rate curve of -200 basis points, in the amount of EUR 3,400 thousand, equivalent to 0.7% of Common Equity Tier 1 capital. Were market interest rates to rise by 200 basis points, SID Bank's NII would increase by EUR 1,704 thousand over one year, after taking account of a factor of 0.5 in accordance with the applicable EBA guidelines.

16 Exposure to interest rate risk on positions not included in the trading book

16.2 Description of how the institution defines IRRBB for purposes of risk control and measurement

(Article 448(1)(e) of the CRR)

SID Bank's assessment of exposure to interest rate risk in the banking book (IRRBB) is based on the determination of interest spreads, and analysis of the interest sensitivity of the economic value of equity (EVE) and net interest income (NII), where it takes account of interest-sensitive assets, liabilities and off-balance-sheet items. The Bank has put in place an internal methodology for the measurement of IRRBB on the basis of the standardised methodology under the Basel standards, the EBA guidelines on the management of interest rate risk and credit spread risk arising from the banking book, and the regulatory technical standards in this area. By regularly measuring the impact on EVE and NII from sudden changes in the yield curve of market interest rates under the prescribed scenarios, the Bank regularly determines whether the potential loss in EVE or decline in NII under the supervisory stress test scenarios for interest rates are within internally defined limits, and within the limits prescribed by regulations.

16.3 Description of the institution's overall IRRBB management and mitigation strategies

(Article 448(1)(f) of the CRR)

SID Bank has adopted a risk management strategy, in which it sets out its risk appetite for individual types of material risks at least once a year, including the IRRBB appetite, within which it manages IRRBB. The management and monitoring of IRRBB are set out and augmented by its policy for the management of interest rate risk and credit spread risk. The risk management strategy and policy are discussed and approved by the management body.

The policy sets out the methods, the key assumptions for measuring IRRBB, the interest rate scenarios for assessing interest-sensitivity, and the limits related to the IRRBB appetite. The methodologies used, including the assumptions, are defined in detail in a bylaw in the form of the methodological notes to the policy for the management of interest rate risk and credit spread risk. The policy also defines the responsibilities of individual organisational units in the area of interest rate risk management, and procedures in the event that internally set limits are exceeded.

The level of interest rate risk is thus restricted by the determination of the IRRBB appetite and the establishment of a limit system. The asset-liability and risk management committee conducts regular supervision via the monthly discussion of reports on exposure to IRRBB, which includes a review of the values achieved in individual IRRBB metrics in connection with the established limits and warning values derived from the adopted risk appetite framework. In addition the Bank conducts an internal interest rate risk simulation at least half-yearly, based on which it determines potential sensitivity to IRRBB and steers the management of IRRBB in future periods. The asset-liability and risk management committee takes measures to manage interest rate risk on the basis of reports and analysis for achieving the optimal balance sheet structure from the perspective of interest rate risk. In the event of increased exposure to interest rate risk, the relevant department proposes measures to reduce interest rate risk to an acceptable level inside the IRRBB appetite, which are discussed and approved by the asset-liability and risk management committee.

SID Bank manages exposure to interest rate risk by matching the interest-sensitive assets and interest-sensitive liabilities with regard to their maturity and the level and method of setting interest rates, and through the use of derivatives to hedge against interest rate risk.

16 Exposure to interest rate risk on positions not included in the trading book

16.4 The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB

(Article 448(1)(e) (i) and (v) of the CRR)

SID Bank measures and monitors its exposure to interest rate risk on a monthly basis, including sensitivity analysis for EVE and NII. The report on exposure to IRRBB is discussed on a monthly basis by the asset-liability and risk management committee, and on a quarterly basis by the management body within the framework of the risk report.

The Bank reports quarterly to the Bank of Slovenia regarding exposure to interest rate risk within the framework of its ITS reporting.

16.5 Description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income

(Article 448(1)(e)(iii) of the CRR)

To evaluate changes in EVE and NII, SID Bank uses the supervisory interest rate scenarios prescribed by the RTS setting out the supervisory shock scenarios, the general assumptions with regard to modelling and parameters, and the meaning of a significant decline.

16.6 Description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1

(Article 448(1)(e)(ii) of the CRR)

In its internal IRRBB measurement systems SID Bank uses standard assumptions with regard to modelling and parameters as used for IRRBB metrics in the EU IRRBB1 template.

16.7 High-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment

(Article 448(1)(e)(iv) of the CRR)

The Bank executes transactions in interest rate derivatives for the purpose of hedging against interest rate risk. If the derivatives meet the conditions, these are dealt with by applying hedge accounting with the aim of achieving lower volatility in profit or loss resulting from changes to the fair value of derivatives. SID Bank applies IAS 39 for hedge accounting purposes.

The Bank has internal documents that describe the relationship between a hedged item and the hedging instrument, the purpose of risk management, the valuation method and the hedging strategy. The Bank conducts regular assessments of the effectiveness of hedging relationships.

As at 31 December 2024, SID Bank held four interest rate swaps as fair value hedges of issued bonds, with a total contractual value of EUR 440,000 thousand. All hedging relationships were effective according to hedge accounting rules at the end of 2024.

16.8 Description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1

(Article 448(1)(c) of the CRR)

In the measurement of interest rate risk in the banking book, the Bank takes account of its specifics, and highlights the following as key assumptions for modelling and parameters:

- *Measurement of change in EVE:* made at the level of the individual position, taking into account precise revaluation dates. The Bank excludes commercial margins and other margin components (premium) from measurement.
- *Measurement of change in NII:* made at the level of the individual position. The premiums on new or revolving operations are determined by taking account of the regulatory technical standards, and by taking account of the specifics of SID Bank's operations.
- *Classification of items by currency:* due to its low exposure in foreign currencies, the Bank does not conduct sensitivity analysis for individual currencies. Assets in foreign currencies accounted for less than 1% of all interest-sensitive assets as at 31 December 2024 (around 0.003%); the Bank does not have interest-sensitive liabilities in foreign currencies.
- *Classification of items without contractual maturity:* SID Bank does not use models to classify interest-sensitive items without a contractual maturity, as it does not accept demand deposits from customers, and under its mandate does not provide certain services and products for customers (personal and savings accounts, credit cards, etc.).
- *Off-balance-sheet items:* those from loans and advances granted and received are included in line with the internal methodology; the Bank applied a 100% conversion factor as at the end of 2024. The Bank takes account of both legs of interest rate swaps in their nominal amount.
- *Non-performing loans:* they are included in measurement in accordance with expected value and the repayment of future cash flows, applying the methodology for the assessment of expected credit losses.
- *Behavioural options:* In its sensitivity analysis for EVE and NII the Bank takes account of the option risk that derives from the possibility of early redemption of MREL-eligible debt securities of domestic banks. The Bank also conducts an annual inventory of instruments with embedded options, and annual analysis of early repayment of loans, but having identified immateriality it does not make adjustments to cash flows from loans and advances granted and received with the contractual option of early repayment.
- *Embedded options:* In its sensitivity analysis for EVE and NII the Bank takes account of contractually embedded options in individual credit agreements. Within the framework of the EVE measure it calculates the change in the fair value of contractually embedded automatic interest rate options (interest rate floor) in individual granted and received loans on the basis of the internal model put in place.

16 Exposure to interest rate risk on positions not included in the trading book

16.9 Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures

(Article 448(1)(d) of the CRR)

Notes with regard to the meaning of the IRRBB metrics and their changes since the previous disclosures are given within the framework of the disclosures in the EU IRRBB1 template.

For debt securities with the possibility of early redemption that, at the time of purchase, are expected to be redeemed prior to the original maturity date, in its measurement of IRRBB the Bank takes account of the expected date of redemption and not the original maturity date.

In the inclusion of non-performing exposures, at the end of December 2024 the Bank took account of an updated methodology for estimating expected credit losses as of the end of 2024.

16.10 Disclosure of the average and longest repricing maturity assigned to non-maturity deposits

(Article 448(1)(g) of the CRR)

SID Bank does not accept demand deposits from customers; in accordance with its mandate, it does not provide certain services and products for customers (personal and savings accounts, credit cards, etc.), and as such does not use models to determine stable and unstable demand deposits or to classify interest-sensitive items without a contractual maturity.

17 Disclosure of remuneration policy

17.1 Qualitative information on remuneration policy

(Article 450 of the CRR)

SID Bank systematically regulates and implements a system of remuneration that includes remuneration policies and practices that are compatible with the risk management system put in place at the Bank, and the requirements prescribed by the applicable regulations. The key internal bylaws in that respect are the remuneration policy of the members of the management body, which is adopted by the supervisory board and approved by the general meeting and is then published on the Bank's website in accordance with the ZGD-1, and the remuneration policy that applies to all other employees.

The implementation of the two policies is managed and supervised within the framework of the management body by the management board, the nomination and remuneration committee, and the supervisory board. The composition of these bodies, their term of office, and the number of meetings are indicated in the business report section of the annual report.

The Bank did not engage any external advisors in the area of implementing the remuneration policies in 2024.

SID Bank's remuneration policy applies to the Bank alone and exclusively in Slovenia, and is not implemented at subsidiaries.

In accordance with the second paragraph of Article 189 of the ZBan-3 and Commission Delegated Regulation 2021/923, the remuneration policy categorised the positions of employees whose powers or work tasks and activities could have a material impact on the Bank's risk profile as follows:

- member of the management body: president of the management board and member of the management board;
- member of the senior management: assistants to the management board;
- management of independent control functions:
  a) risk management: director of the risk management and asset-liability management department,
  b) compliance: director of the compliance department,
  c) internal audit: director of the internal audit department,
  d) information security: head of operational risk and information security;
- employee who heads a significant business unit:
  a) director of the treasury department,
  b) director of the financing and marketing department,
  c) director of the financial institutions department,
  d) director of the product development and EU programmes department,
  e) director of the credit and investment insurance department;
- employee who heads a subordinate control function: head of market risk management and asset-liability management;
- employee who heads the function responsible for:
  a) legal affairs: director of the legal and claims department,
  b) soundness/stability of accounting policies and procedures and finances, including taxation and preparation of the budget: director of the accounting department, director of the controlling and reporting department;
  c) economic analysis: director of the strategy, sustainable development and research department,
  d) human resources, development and implementation of remuneration policy: general secretary,
  e) information technology: director of the IT, technology and projects department,
  f) AML/CFT: AML/CFT officer;
- employee who with regard to an exposure to credit risk in a nominal amount per transaction that accounts for 0.5% of the Common Equity Tier 1 capital of the institution and is at least EUR 5 million:
  a) has the power to adopt or approve decisions on such exposures to credit risk or veto them, or
  b) is a member of the committee responsible for taking decisions under point (a).

This category includes:

- the following employees of the treasury department: specialist, senior associate and associate,
- the director of the credit risk assessment department,
- members of the credit committee,
- members of the asset-liability and risk management committee,
- members of the government operations committee,
- members of the distressed investment management committee.

Given that the ZSIRB stipulates that the Bank may have only one shareholder and that the Republic of Slovenia guarantees the commitments of the Bank, the Bank cannot pay the variable component of remuneration in the form of shares. This means that in cases when the total variable remuneration of an employee whose professional activities have a material impact on the Bank's risk profile exceeds EUR 50 thousand gross in an individual year, the principles of Article 190 of the ZBan-3 may be taken into account by the Bank to a limited extent only.

The role of relevant stakeholders and powers in the decision-making process regarding the implementation of the remuneration policies in 2024 are described below.

The HR function (general secretariat) participates in the preparation and evaluation of the Bank's remuneration policy, including the remuneration structure, the remuneration level, and the incentives system.

The accounting department ensures that variable remuneration does not exceed the level set out by the remuneration policy, and is not paid out in a manner or in the form of instruments that are not allowed. The accounting department documents the application of the lower threshold to define variable remuneration for the purposes of Article 190 of the ZBan-3 to each employee whose professional activities have a material impact on the Bank's risk profile, citing at least their first name and surname, the position or function, and the total amount of variable remuneration in the year when the lower threshold of variable remuneration was applied.

The risk management function (risk management and asset-liability management department) participates in the definition of appropriate criteria for job performance and commercial success that take risk take-up into account (including any subsequent adjustments), and assesses how the structure of the variable components of remuneration affects the Bank's risk profile and the risk take-up culture. The risk management and asset-liability management department informs the management board of the appropriateness of the criteria and of the assessment of the impact of the structure of the variable components of remuneration on the Bank's risk profile and risk take-up culture.

The compliance function (compliance department) analyses how the remuneration policy affects the Bank's compliance with laws, regulations, internal policies and the risk take-up culture, and reports all identified compliance risks and issues of non-compliance to the management board and supervisory board.

The internal audit function (internal audit department) conducts an independent audit of the design and implementation of the remuneration policy and its impact on the Bank's risk profile, including on the basis of audit procedures conducted beforehand. The internal audit department conducts an annual assessment of the compliance of remuneration practices with the remuneration policy.

The Bank ensures that the variable component of remuneration, including its deferred part, is only paid if payment is justified given the Bank's financial position, and payment is based on the results of the Bank, the individual business unit and the employee in question.

In the event of unsatisfactory performance or a negative operating result, the Bank sharply reduces the variable remuneration (including the possibility of reducing such remuneration to zero or to the lower threshold set out in the collective agreement for the sector), whereby both current remuneration and reductions in payments of previously earned amounts are taken into account, including through malus or clawback arrangements in accordance with the law governing employment and the collective agreement for the sector.

Assessment and allocation of variable remuneration are carried out on the basis of models and methodologies put in place at the Bank for the assessment of the job performance and commercial success of employees, organisational units and the Bank. The job performance and commercial success of all employees are assessed on the basis of qualitative and quantitative targets that are agreed each year during annual development interviews. These targets correlate accordingly with the undertaken responsibilities and risks that employees take up and manage during their work.

Financial and non-financial criteria are taken into account when evaluating the performance of an organisational unit. A measurable contribution of each organisational unit to the Bank's business results (if this can be measured on the basis of reasonable efforts) is measured over a long-term period, taking into account the business cycle of the Bank and the risks to which it is or could be exposed as a result of these transactions. The performance of an organisational unit is assessed according to its realisation of outlined objectives from the annual operational plan and strategy for a particular year, and on the basis of the objectives set by organisational unit directors. Non-financial criteria, in particular, take into account the satisfaction of customers and other organisational units, and the compliance of the organisational unit with the Bank's internal policies and applicable regulations.

The variable component of the remuneration of the members of the management board depends on the fulfilment of the annual operational plan (AOP), and the criteria and conditions used to determine the amount of remuneration for the members of the management board depending on the achieved level of performance. The criteria and conditions are set out in an appendix to the remuneration policy for members of the management body, which is published on the Bank's website. Financial criteria make up 50% of the overall criteria, and non-financial criteria for the other 50%, which are weighted such that long-term criteria account for at least 50% of the variable remuneration.

According to the ZPPOGD, the variable component of the remuneration of a member of the management board may not exceed 30% of the basic salary paid out to the member of the management board in a financial year. The variable component of the salary is determined by the supervisory board, and is paid once a year for the preceding financial year, as a rule upon the adoption of the audited annual report. To make a preliminary risk adjustment prior to distribution, the supervisory board may reduce the amount of variable remuneration to an individual member, taking into account the circumstances as set out in the remuneration policy for members of the management body (e.g. proven negative business trends, identified negligence, conduct detrimental to the Bank's reputation).

The assessment of performance is carried out across employee categories depending on the relationship defined by the employment contract:

- categories of employees whose professional activities have a material impact on the Bank's risk profile and who hold an employment contract with the Bank whose provisions fall under the collective agreement: variable remuneration in the form of job performance and commercial success is carried out under the rules and in the manner prescribed by the company-level collective agreement or other Bank bylaw; and
- categories of employees whose professional activities have a material impact on the Bank's risk profile and who hold

an individual employment contract with the Bank (except for the management board): variable remuneration in the form of payment for commercial success is carried out on an annual basis with the payment of a performance bonus in accordance with the rules and in the manner set out by the criteria for concluding managerial employment contracts. This category of employees is not entitled to variable remuneration in the form of job performance;

- members of the management board: variable remuneration is implemented on an annual basis with payment under the rules and in the manner set out by the individual employment contract and the remuneration policy for management body members.

The remuneration of employees in independent control functions is determined in such a way that their independence and objectivity in the performance of duties are not compromised. Employees who perform independent control functions are independent from the organisational units on which they conduct controls, and have the relevant powers and receive remuneration with regard to the achievement of objectives linked to their functions, regardless of the performance of the business lines on which they conduct controls.

The Bank does not implement guaranteed variable remuneration practices, and payments of termination benefits are made in accordance with the provisions of the applicable labour legislation, which is in line with the requirements of the ZBan-3 and the EBA guidelines.

To ensure that the Bank's remuneration policy is compatible with adequate and effective risk management, and to further encourage risk management of this kind, employee remuneration is formulated such that:

- the majority of an employee's total remuneration comprises the fixed component of remuneration, and the variable component of remuneration does not exceed 33.3% of the fixed component of remuneration;
- the variable component of remuneration in principle does not depend on business results, but relies on a combination of an assessment of the performance of the individual and their business/organisational unit, and the overall performance of the Bank. The Bank ensures that the ratio between the fixed and variable components of the entire remuneration of different categories of employees is appropriately balanced, since the total amount of remuneration is not significantly dependent on the variable component of remuneration.

The Bank does not compensate for the reduced amount of the variable component of remuneration for a specific year owing to the adjustment of remuneration to risks by increasing the variable component of remuneration in subsequent years.

Payment of variable remuneration is deferred in the following amount and by the following deadlines for employees whose professional activities have a material impact on the Bank's risk profile and whose total variable remuneration in a single year exceeds the gross amount of EUR 50 thousand:

<table>
<tr><th>Member of management body</th><th>Proportion of variable remuneration paid within five months of end of accounting period</th><th colspan="2">Deferral period (years after end of accounting period)</th><th>Payment deadline after end of deferral period (months)</th></tr>
<tr><td>President of management board*</td><td>50%</td><td rowspan="2">3**</td><td rowspan="2">5***</td><td>3</td></tr>
<tr><td>Member of management board*</td><td>50%</td><td>3</td></tr>
</table>

Bank employees according to position	Proportion of variable remuneration paid within five months of end of accounting period	Deferral period (years after end of accounting period)****	Payment deadline after end of deferral period (months)
Senior management (assistants to management board) and other employees on individual employment contracts	60%	5	3
Other identified staff	60%	4	3

* Notwithstanding the application of the proportionality principle and the lower threshold, the provisions of the ZBan-3 and ZPPOGD apply to the payment of variable remuneration to the management board.
** If the total variable remuneration does not exceed EUR 50 thousand gross over a single year, the provisions of the ZPPOGD and a three-year deferral period apply.
*** If the total variable remuneration over a single year exceeds EUR 50 thousand gross, the five-year deferral period applies solely to the difference above EUR 50 thousand gross.
**** If the total variable remuneration over a single year exceeds EUR 50 thousand gross, the deferral period applies solely to the difference above EUR 50 thousand gross.

If when verifying the fulfilment of the conditions for payment of the deferred variable component of remuneration the Bank determines that there are grounds for clawback as stipulated by the law governing companies, or that a particular employee fails to fulfil other conditions for the payment in part or in full of the deferred variable component of remuneration for a particular year, the Bank may take a unilateral decision to claw back the previously paid variable component of remuneration for that year.

18 Disclosure of encumbered and unencumbered assets

18.1 Template EU AE1 – Encumbered and unencumbered assets

(Article 443 of the CRR)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**8,714**	**0**			**2,717,891**	**833,780**		
030	Equity instruments	0	0	0	0	67,446	0	67,446	0
040	Debt securities	0	0	0	0	597,984	392,611	603,742	390,197
070	of which: issued by general governments	0	0	0	0	357,047	357,047	354,633	354,633
080	of which: issued by financial corporations	0	0	0	0	198,748	15,532	206,319	15,532
090	of which: issued by non-financial corporations	0	0	0	0	42,190	20,032	42,790	20,032
120	Other assets	8,714	0			2,052,461	441,169		

The figures in the templates of the disclosures of encumbered and unencumbered assets are presented using average values (medians). The medians are calculated as consecutive quarterly mean values over a 12-month period (2024) and are determined by interpolation.

The encumbered assets relate entirely to contracts for initial coverage in derivative transactions.

Assets and all encumbered transactions are concluded in euros.

18.2 Template EU AE2 – Collateral received and own debt securities issued

(Article 443 of the CRR)

None of the collateral that SID Bank has received for loans granted is encumbered, and it therefore makes no disclosures under template EU AE2.

18.3 Template EU AE3 – Sources of encumbrance

(Article 443 of the CRR)

The EU AE3 template discloses the book value of selected secured financial liabilities of the Bank, if these liabilities include encumbered assets. SID Bank's encumbered assets solely consist of contracts concluded for the provision of initial coverage for derivative transactions not related to any liabilities, and accordingly it does not disclose an EU AE3 template.

19 Disclosure of environmental, social and governance risks (ESG risks)

19.1 Qualitative information on environmental risk

(Article 449(a) of the CRR)

Business strategy and processes

SID Bank's development strategy for 2025 to 2027 addresses environmental and climate risks in two ways:

- via the effects of its financing on the sustainable development of the economy;
- via the impact of the treatment and management of environmental and climate risks on its performance.

The environmental and climate aspects of SID Bank's operations are also integrated into all its sub-strategies:

- risk management strategy and policy,
- information technology strategy, and
- HR strategy.

The business model is defined by the ZSIRB, which limits SID Bank's operational framework to the segment of market gaps. The gap in financing the economy's transition to more sustainable forms of business models by focusing on carbon-neutral operations is particularly highlighted. The guiding principle in terms of implementing SID Bank's mandate is to ensure that its developmental role is pursued in parallel with its countercyclical role. The strategy defines environmentally sustainable financing as one of the core elements of the Bank's development role.

The key guidelines of the business model in the area of sustainability are:

- pursuing the green transition / decarbonisation of the economy;
- adapting activities and financing in the direction of the green transition of the economy;
- contributing to the development of the capital markets;
- responding in the event of natural disasters;
- financing the construction of social housing;
- financing major infrastructure projects, particularly in the construction of the energy network.

The structure of SID Bank's business model ensures long-term operational viability. As part of comprehensive risk management, the strategy provides for the further building of the system for assessing and managing climate and environmental risks (transition risks and physical risks alike). The strategy envisages building climate and environmental risks into the ICAAP, and establishing a link between key indicators of climate and environmental risks and risk appetite.

Within the framework of the development strategy for 2025 to 2027 SID Bank sets short-, medium- and long-term mandated objectives in the area of sustainable business and environmentally sustainable financing.

The following are envisaged in the short term:

- an upgrade to the methodology and tools for speeding up action to assist firms in reducing their exposure to transition risks;
- inclusion in the new financial framework of ECP;
- establishment of a framework for the actions of SID Bank in purchasing bonds of Slovenian corporates to meet its mandate objectives of sustainable development and financing of housing.

The following are envisaged in the medium term:

- upgrades to financing schemes with a green rules component that promotes environmentally sustainable financing and environmentally sustainable investments (e.g. via an interest rate bonus);
- co-facilitation of the green transition of the Slovenian economy, with targeting not only of green investments, but above all the vital transformation of business models in the direction of sustainability; and
- identification of opportunities to obtain grants for combination with repayable funds for the purpose of promoting the sustainability transformation of the Slovenian economy.

The following are envisaged in the long term:

- the incorporation of a green component that speeds up the green transition in all products and programmes. The business model provides for the identification and non-financing of excluded sectors;
- the maintenance of a range of specific green programmes with appropriate substantive conditioning and stimulus;
- investment in technology, data and human resources to increase knowledge capital in the area of sustainable financing;
- issuance of green or sustainability bonds, where there are suitable opportunities on the market.

General climate risk objectives are set as part of the strategic and operational planning process, and are defined as performance indicators. Two indicators have been put in place to monitor environmental and climate risks:

- as a strategic target: average ESG risk assessment of new loans;
- as a sustainability target: reduction in SID Bank's carbon footprint by 2030.

Annual upgrades and an expansion of the selection of strategic and sustainable objectives relating to environmental and climate risks have been envisaged for the upcoming strategic operational planning cycles.

SID Bank carried out an environmentally sustainable financing programme in 2024 by utilising the InvestEU guarantee via the EIF. The programme is named Financing of sustainability projects and companies (SID ZELEN), and is sized at EUR 44.3 million. SID Bank also implemented a loan programme for financing projects for comprehensive energy renovation of public buildings from the Fund of Funds in 2024 (using ECP funding).

In 2024 SID Bank put in place a framework for purchasing green, social and sustainability bonds and sustainability-linked bonds of Slovenian corporates. The framework lays down the conditions under which SID Bank may participate in an investment operation for the purchase of green bonds of Slovenian corporates. By putting the framework in place, SID Bank is striving to strengthen cooperation with Slovenian firms of all sizes (large enterprises and SMEs) in the area of market-based securities financing. In implementing its framework SID Bank is assuming the role of an anchor investor in green, social and sustainability bonds and sustainability-linked bonds of Slovenian corporates, through which it can facilitate firms' access to the capital markets via its participation in primary issues within the framework of its mandate. The framework will help to increase the supply of green bonds on the Slovenian capital market, and to improve the financial literacy of the economy, particularly in connection with capital market, the green transition and sustainable development.

A green bond was previously issued in the amount of EUR 75 million to provide funding for environmentally sustainable financial schemes, and this was also used to finance environmentally sustainable projects. The possibility of issuing a new green or sustainability bond or sustainability-linked bond is likely to be explored again in the future when borrowing is being undertaken.

SID Bank has adopted a sustainable financing policy that sets out the framework for a gradual transition to sustainable financing in accordance with the objectives of the Paris Agreement, and has put in place a framework for introducing other elements of ESG risk management at the transaction level. The policy also defines the excluded sectors that fail to comply with the environmental and climate targets, and the sectors that are classed as environmentally sustainable.

Governance

At SID Bank content relating to sustainability and to environmental and climate risks is integrated into decision-making at the level of the management board and at the level of other functions. The management board approves the development strategy, the strategic policies, and the risk management strategy and policy. The management board is briefed quarterly on the achievement of sustainability objectives and environmental and climate risk targets through the quarterly strategic objective reports and the quarterly risk report. The supervisory board is also briefed on these reports.

Within the framework of its internal governance and the inclusion of climate factors in business processes and the organisational structure, SID Bank has adequately defined process schemes and the roles and responsibilities for integrating climate and environmental risks. It carried out a reorganisation in 2024 that with regard to the integral management and processing of data about sustainability and ESG risks yields sound organisational arrangements in the area of identification of sustainable financing. A catalogue of sustainability functions and process tasks has been formulated and adopted, and will be implemented in accordance with the strategic tasks and the tasks for the implementation of the recommendations under the ECB's Guide on climate-related and environmental risks.

The management body and the asset-liability and risk management committee are responsible for managing and implementing the concept of sustainable development and ESG risks.

The briefing of the management board, the supervisory board and the asset-liability and risk management committee is undertaken:

- via quarterly risk reports; and
- quarterly with regard to fulfilment of the ESG strategic indicators (e.g. the Bank's carbon footprint, ESG portfolio risk indicators).

Reporting on environmental and climate risks is undertaken within the framework of the risk report, which is submitted quarterly to the management board and the supervisory board for information purposes. The report also contains a section on ESG risks, with a focus on environmental risks.

For reporting on ESG transition risks, the Bank uses a methodology based on climate policy relevant sectors (CPRS), i.e. sectors that are exposed to higher transition risk in the context of environmental risks. Exposures to CPRS at SID Bank are compared in regular reports to exposures to non-financial corporations at the level of EU banks and at the level of Slovenian banks.

In its internal reporting SID Bank has put in place the integral management and processing of data in connection with environmental and climate risks. The credit committee is regularly briefed on ESG risks related to companies and new transactions entering SID Bank's portfolio. When discussing a credit proposal, the credit committee receives a report with detailed analysis of the company's ESG risks. The ESG report includes detailed analysis of the company's sector, an assessment of the exposure to climate risks (transition and physical), an assessment of the contribution of the ESG risk assessment to the strategic indicator of the target value of the ESG assessment at portfolio level, analysis of the structure of ESG risks, analysis of the circularity of the company's business model, and detailed risk analysis by a business analyst.

The implementation of the Bank's policy and practices for awarding variable remuneration is directly or indirectly linked to the achievement of the set strategic indicators in the area of ESG and sustainability, for members of the management board (taking account of the remuneration policy for members of the management body and the methodology for determining their variable remuneration) and for all other employees (taking account of the remuneration policy, the company-level collective agreement, and the methodology for determining variable remuneration and the performance-based component of remuneration).

Risk management

SID Bank is continuing multiple activities to identify a broader set of ESG risk factors, and has already included them in:

a) the risk appetite

The Bank has already introduced ESG risk factors into the risk management framework. An indicator for the control and restriction of ESG risk factors has been introduced at the level of the RAF, as a limit on exposure to the CPRS category of fossil fuel, which envisages a dynamic annual reduction in exposure to this sector (investments recognised as environmentally sustainable are excluded from the limit, even if classed under the CPRS category of fossil fuel).

b) the internal stress test and the ICAAP

Within the framework of the ICAAP, exposures to debtors that the Bank assesses as high-risk from the perspective of ESG factors are treated as high-risk exposures. These exposures are therefore treated the same as exposures associated with particularly high risk within the framework of the standardised approach (with a risk weight of 150%).

c) the ILAAP

Within the framework of the management of the portfolio of debt securities and liquid assets, SID Bank limits exposure to the debt securities of issuers whose principal business activity is in the fossil fuel sector. The Bank drew up analysis of the debt securities portfolio from the perspective of ESG risk factors for the purpose of monitoring and determining the environmental risk of the countries to which it is exposed in debt securities.

The Bank has comprehensively upgraded the regular internal stress testing of liquidity risk. The inclusion of ESG factors is seen via:

- a decline in inflows of new non-performing exposures (NPEs), given that they are excluded from future inflows, whereby the impact of physical risks and transition risks are taken into account;
- a decline in the banks' high-quality liquid assets, which is driving a decline in the liquidity reserves (CBC). For corporate bonds, the Bank applies a haircut on the market value of those that can be classed as CPRS under the standard classification of economic activities (SKD), where corporate bonds classed as CPRS that were issued as green bonds are not the subject of encumbrance as a result of ESG factors.

SID Bank has also developed its own methodology for assessing ESG risk factors. Internal ESG scores were also incorporated into the internal ratings methodology in 2024.

The ESG questionnaire gathers information from companies on their carbon footprint, emission allowance costs, planned investments in energy efficiency improvements, exposure to physical climate risks and the likelihood of impact on operating revenues. For transactions secured by real estate collateral, information on the energy performance certificate of the building pledged as collateral or its energy class is obtained from the valuation report. When approving an investment operation, SID Bank also conducts an individual ESG risk assessment for the operation.

The framework of the organisational structure and the positioning of ESG functions in the Bank's complete structure and organisation have been put in place. In 2024 SID Bank began conducting direct assessments of projects' compliance with the criteria for environmentally sustainable financing according to the taxonomy or other environmental sustainability standards.

In 2024 SID Bank put in place a framework for purchasing green, social and sustainability bonds and sustainability-linked bonds of Slovenian corporates.

The Bank also takes account of ESG risk factors in the management of operational risk, and manages sub-classes of operational risk on the basis of best practice from the past.

The Bank has already adopted a decarbonisation plan that sets decarbonisation targets and measures at the level of Scope 1 and Scope 2 emissions by 2030.

A further expansion of the strategy in connection with adaptation and impact monitoring in the area of sustainability and financing of the transition to decarbonisation is envisaged in 2025. The introduction of indicators and monitoring of the compliance of the Bank's operations with the targets of the Paris Agreement is also envisaged.

19 Disclosure of environmental, social and governance risks (ESG risks)

19.2 Qualitative information on social risk

Business strategy and processes

SID Bank's business model is generally defined by the ZSIRB, which steers SID Bank's operational framework to the segment of market gaps. There is a particular focus on the gaps in the following areas of financing as being relevant to the social aspects of operation:

- the commercial sector, with a special emphasis on SMEs, entrepreneurship and venture capital, primarily with the aim of financing entrepreneurial projects in all stages of development, introducing new financial/insurance schemes, creating possibilities for start-ups, and inclusion in tasks and programmes organised by providers from the entrepreneurial, innovation and financial environments;
- research, development and innovation, primarily with the aim of promoting competition and development within the framework of national research and development programmes, promoting innovation and driving research and development activities and knowledge-sharing, and providing different types of support for the organisers of projects that involve product development, production processes and services;
- education, primarily with the aim of promoting and raising the level of education, knowledge and knowledge management, and encouraging the necessary retraining and acquisition of specific knowledge;
- employment, in part with the aim of providing incentives to firms for the employment of individuals with the specialist qualifications and skills required for growth or employee retraining;
- regional development, primarily with the aim of ensuring balanced development at the national, regional and local levels, reducing gaps in economic development and other activities, where SID Bank can liaise with other entities involved in and dedicated to the achievement of public objectives in the area of regional development and rural development, through the use of various combined financial engineering instruments;
- housebuilding, primarily with the aim of ensuring adequate housing capacity, and promoting the construction, renovation and maintenance of flats and houses for certain population groups, together with the provision of an environment and circumstances that make for decent living conditions;
- commercial and public infrastructure, and municipal and regional development, primarily with the aim of improving logistics, public utilities and other infrastructure, while SID Bank additionally provides guarantee, financial and public-private partnership schemes for the construction of this infrastructure, e.g. for the rebuilding, development and renovation of cities; and
- development projects in developing countries.

The guiding principle in terms of implementing SID Bank's mandate is to ensure that its developmental role runs parallel to its countercyclical role.

In support of its sustainability activities, SID Bank sets short-term social risk objectives in the context of its own operations, including objectives related to employees involved in education and training (including mandatory training), objectives related to expenditure for training and development of employees, and objectives related to gender diversity in management positions. Identifying exposure to social risks at the financing level is put in place as part of the investment approval process, with an assessment of the customer in terms of ESG factors.

Governance

At SID Bank sustainability management, including social risks, is embedded at the level of the management board, and in the executive management pillar, which is responsible for the area of sustainable development. The management board adopts general strategic guidelines and policies, monitors risks, and oversees the implementation of the strategy and policies. The management board is responsible for monitoring and implementing the strategy and policies in the area of social sustainability.

The management board discusses and adopts reports in the area of sustainable financing and insurance that are concerned with changing and new legislation, sustainable financing and performance.

Risk management is organised by function, with the responsibility to oversee risks, including social risks.

A report on the achievement of strategic objectives, which includes the achievement of social sustainability objectives, is submitted to the management body and supervisory board on a quarterly basis.

The implementation of the Bank's policy and practices for awarding variable remuneration is directly or indirectly linked to the achievement of the set strategic indicators in the area of ESG and social sustainability, for members of the management board (taking account of the remuneration policy for members of the management body and the methodology for determining their variable remuneration) and for all other employees (taking account of the remuneration policy, the company-level collective agreement,

19 Disclosure of environmental, social and governance risks

19.2 continuing

and the methodology for determining variable remuneration and the performance-based component of remuneration).

Risk management

When identifying ESG factors and their associated risks, SID Bank takes account of its strategy, mandate, sustainability commitments, and the relevance of the factor in terms of the materialisation of risks in the future. The Bank interprets social (S) factors within the scope of ESG factors as community relationships and accessibility, employee relationships (internships, occupational health and safety, engagement and performance of employees), customer relationships (client privacy, data protection, customer welfare), and product quality and safety.

In drawing up the set of ESG risk factors, the Bank followed the SASB and EBA standards for the interpretation of ESG factors. In the definition of ESG risks at the level of the individual transaction, the Bank has developed its own methodology for formulating an ESG risk assessment.

SID Bank carries out various activities to identify the broader set of ESG risks posed by lending, including social risks. It took the first steps to managing these risks, including determining exposure to social risks in financing investment operations and assessing customers with regard to ESG factors. The ESG questionnaire obtains data from firms in the area of social factors about employee turnover, employee training, high-skilled workers, labour unrest, the minimum wage, lawsuits for violations of labour rights and discrimination, sick leave and the proportion of women in management positions.

SID Bank is a signatory to the commitment to uphold human rights in business. The commitment is based on generally accepted international human rights guidelines, which are regulated at the national level by the National Action Plan of the Republic of Slovenia on Business and Human Rights. By signing this instrument SID Bank has committed itself as an institution to complying with measures in connection with respect for human rights throughout the entire business process, and avoiding and preventing potential negative impacts.

19.3 Qualitative information on governance risk

Governance and risk management

SID Bank assesses the governance of counterparties as part of its due diligence, part of its ESG risk assessment, and part of its preparation of ratings. The ESG risk assessment includes an assessment of the effectiveness of governance factors, including commitments to sustainability, circularity of business models, managerial staff expertise, and disclosures.

SID Bank initiated several activities in 2024 to identify a broader range of ESG risks that it faces, including the governance aspects and the quality of counterparty information.

Determination of the role of the senior management of the counterparty is verified by assessing the experience and professional competence of the management structure, and the quality and transparency of the information provided by the counterparty (publication of a sustainability report). The verification is included in the ESG questionnaire under the assessment of the company's environmental, social and governance factors.

The Bank assesses the overall performance of counterparties as part of the requirements in connection with the ESG questionnaire and the preparation of ratings. The analysis of the ESG report is part of the credit proposal, which is also discussed by the credit committee, which is informed of the results of the governance assessment and the overall ESG risk assessment.

The Bank interprets governance factors (G) within the framework of ESG factors as governance and management (business ethics, systemic risks, competitive behaviour, risk management, business model and innovation), adaptation of the business model to the circular economy, and supply chain management.

19 Disclosure of environmental, social and governance risks

19.4 Template 1 - Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity

	Sector/subsector	a	b	c	d	e	f	g	h	l	m	n	o	p
		Gross carrying amount					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures					
1	**Exposures towards sectors that highly contribute to climate change**	**1,091,707**	**94,790**	**33,926**	**196,807**	**41,864**	**(39,824)**	**(12,245)**	**(25,591)**	**369,627**	**501,535**	**181,308**	**39,237**	**7.56**
3	B - Mining and quarrying	5,537	3,008	0	0	1,525	(110)	0	(107)	3,039	2,498	0	0	3.75
6	B.07 - Mining of metal ores	1,525	0	0	0	1,525	(107)	0	(107)	1,525	0	0	0	0.66
7	B.08 - Other mining and quarrying	4,012	3,008	0	0	0	(3)	0	0	1,513	2,498	0	0	4.92
9	C - Manufacturing	480,969	351	5,190	136,325	24,148	(24,245)	(10,485)	(12,887)	161,517	274,294	45,158	0	6.73
10	C.10 - Manufacture of food products	20,017	0	0	1,506	221	(310)	(27)	(221)	12,805	7,211	0	0	5.23
11	C.11 - Manufacture of beverages	4,078	0	0	0	0	(12)	0	0	3,077	1,001	0	0	2.90
13	C.13 - Manufacture of textiles	2,829	0	0	0	0	(7)	0	0	1,098	1,732	0	0	5.97
14	C.14 - Manufacture of wearing apparel	198	0	0	80	0	(1)	(1)	0	198	0	0	0	2.25
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	29,919	0	0	10,457	1,882	(1,931)	(376)	(1,479)	5,857	19,330	4,732	0	7.72
17	C.17 - Manufacture of pulp, paper and paperboard	14,541	0	0	1,024	5,287	(5,353)	(36)	(5,287)	7,418	4,709	2,415	0	5.92
18	C.18 - Printing and service activities related to printing	21,748	0	0	2,068	0	(44)	(31)	0	6,357	8,222	7,169	0	7.53
20	C.20 - Production of chemicals	12,107	0	0	0	631	(185)	0	(164)	3,127	7,985	995	0	6.62
22	C.22 - Manufacture of rubber products	52,763	0	0	15,718	0	(887)	(760)	0	13,081	39,682	0	0	6.56
24	C.24 - Manufacture of basic metals	58,268	0	4,531	33,436	0	(5,828)	(5,778)	0	28,522	14,699	15,047	0	6.61

* in accordance with points (d) to (g) of Article 12(1) and in accordance with Article 12(2) of Commission Delegated Regulation 2020/1818.

19 Disclosure of environmental, social and governance risks

19.4 continuing

	Sector/subsector	a	b	c	d	e	f	g	h	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures					
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	84,718	351	658	29,248	2,071	(3,205)	(1,377)	(1,675)	18,173	52,140	14,404	0	7.60
26	C.26 - Manufacture of computer, electronic and optical products	6,673	0	0	2,205	1,592	(1,289)	(42)	(1,242)	3,734	2,940	0	0	4.94
27	C.27 - Manufacture of electrical equipment	35,032	0	0	0	8,850	(1,139)	0	(1,096)	28,395	6,637	0	0	3.53
28	C.28 - Manufacture of machinery and equipment	37,039	0	0	1,601	1,780	(825)	(79)	(665)	9,617	27,422	0	0	6.58
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	53,379	0	0	35,699	0	(1,800)	(1,719)	0	4,166	49,213	0	0	8.94
30	C.30 - Manufacture of other transport equipment	8,714	0	0	0	671	(238)	0	(231)	2,177	6,536	0	0	7.39
31	C.31 - Manufacture of furniture	7,271	0	0	459	1,113	(846)	(25)	(786)	1,666	5,606	0	0	8.04
32	C.32 - Other manufacturing	27,641	0	0	1,825	0	(272)	(210)	0	11,734	15,512	395	0	5.13
33	C.33 - Repair and installation of machinery and equipment	4,033	0	0	998	50	(72)	(24)	(40)	314	3,719	0	0	6.30
34	D - Electricity, gas, steam and air conditioning supply	142,076	43,785	17,377	637	0	(170)	(58)	0	69,939	26,347	13,051	32,738	9.06
35	D35.1 - Electric power generation, transmission and distribution	119,096	43,785	7,253	0	0	(75)	0	0	69,939	3,367	13,051	32,738	9.59
36	D35.11 - Production of electricity	7,879	0	0	0	0	(1)	0	0	7,879	0	0	0	4.33
38	D35.3 - Steam and air conditioning supply	22,981	0	10,124	637	0	(96)	(58)	0	0	22,981	0	0	6.30

* in accordance with points (d) to (g) of Article 12(1) and in accordance with Article 12(2) of Commission Delegated Regulation 2020/1818.

19 Disclosure of environmental, social and governance risks

19.4 continuing

	Sector/subsector	a	b	c	d	e	f	g	h	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks*	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures					
39	E - Water supply; sewerage, waste management and remediation activities	28,729	0	0	15,599	0	(818)	(780)	0	10,982	5,157	12,590	0	9.76
40	F - Construction	20,014	0	0	2,677	1,549	(1,088)	(307)	(722)	4,080	13,078	2,856	0	6.39
41	F.41 - Construction of buildings	4,987	0	0	308	373	(151)	(12)	(125)	1,710	2,925	352	0	5.68
42	F.42 - Civil engineering	2,624	0	0	1,246	0	(237)	(234)	0	466	2,159	0	0	5.30
43	F.43 - Specialised construction activities	12,403	0	0	1,123	1,175	(700)	(62)	(597)	1,904	7,994	2,504	0	6.91
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	131,096	27,260	524	6,257	8,252	(7,319)	(232)	(6,724)	64,822	54,166	12,108	0	6.07
45	H - Transportation and storage	160,450	20,387	10,836	18,607	5,715	(4,846)	391	(4,967)	42,565	60,028	57,857	0	8.32
46	H.49 - Land transport and transport via pipelines	86,150	20,387	10,836	8,956	1,554	(2,007)	(396)	(1,364)	28,601	50,438	7,111	0	7.03
49	H.52 - Warehousing and support activities for transportation	74,300	0	0	9,651	4,160	(2,840)	788	(3,602)	13,963	9,590	50,746	0	9.81
51	I - Accommodation and food service activities	115,178	0	0	15,673	676	(1,130)	(713)	(185)	12,600	63,604	35,465	3,510	9.12
52	L - Real estate activities	7,658	0	0	1,032	0	(97)	(62)	0	84	2,362	2,223	2,989	14.49
53	**Exposures towards sectors other than those that highly contribute to climate change**	**134,477**	**0**	**3,872**	**10,040**	**17,669**	**(10,426)**	**(2,072)**	**(8,200)**	**39,587**	**80,264**	**6,420**	**8,207**	**6.81**
55	Exposures to other sectors (NACE codes J, M - U)	134,477	0	3,872	10,040	17,669	(10,426)	(2,072)	(8,200)	39,587	80,264	6,420	8,207	6.81
56	**TOTAL**	**1,226,184**	**94,790**	**37,798**	**206,847**	**59,533**	**(50,250)**	**(14,317)**	**(33,792)**	**409,214**	**581,799**	**187,728**	**47,443**	**7.48**

* in accordance with points (d) to (g) of Article 12(1) and in accordance with Article 12(2) of Commission Delegated Regulation 2020/1818.

19 Disclosure of environmental, social and governance risks

19.4 continuing

	Sector/subsector	i	j	k
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
			of which Scope 3 financed emissions	
1	**Exposures towards sectors that highly contribute to climate change**	**268,749**	**18,504**	**43.87**
3	B - Mining and quarrying	2,408	0	0.00
6	B.07 - Mining of metal ores	0	0	0.00
7	B.08 - Other mining and quarrying	2,408	0	0.00
9	C - Manufacturing	157,150	14,800	43.77
10	C.10 - Manufacture of food products	1,682	232	32.75
11	C.11 - Manufacture of beverages	26	0	0.00
13	C.13 - Manufacture of textiles	186	0	0.00
14	C.14 - Manufacture of wearing apparel	12	0	0.00
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1,772	0	37.63
17	C.17 - Manufacture of pulp, paper and paperboard	3,271	0	16.63
18	C.18 - Printing and service activities related to printing	1,165	0	85.33
20	C.20 - Production of chemicals	1,185	0	47.84
22	C.22 - Manufacture of rubber products	1,891	2	29.16
24	C.24 - Manufacture of basic metals	133,895	10,763	97.42
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	5,283	2,267	23.64
26	C.26 - Manufacture of computer, electronic and optical products	35	0	0.00
27	C.27 - Manufacture of electrical equipment	1,001	0	40.37
28	C.28 - Manufacture of machinery and equipment	2,777	1,134	54.46
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	1,909	400	60.36
30	C.30 - Manufacture of other transport equipment	207	0	0.00

19 Disclosure of environmental, social and governance risks

19.4 continuing

	Sector/subsector	i	j	k
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
			of which Scope 3 financed emissions	
31	C.31 - Manufacture of furniture	144	0	0.00
32	C.32 - Other manufacturing	490	0	5.23
33	C.33 - Repair and installation of machinery and equipment	219	0	0.00
34	D - Electricity, gas, steam and air conditioning supply	87,880	1,751	97.04
35	D35.1 - Electric power generation, transmission and distribution	60,722	945	0.00
36	D35.11 - Production of electricity	2	0	97.00
38	D35.3 - Steam and air conditioning supply	27,159	806	0.00
39	E - Water supply; sewerage, waste management and remediation activities	1,084	0	34.56
40	F - Construction	1,693	0	0.00
41	F.41 - Construction of buildings	535	0	0.00
42	F.42 - Civil engineering	207	0	0.00
43	F.43 - Specialised construction activities	952	0	0.00
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,903	0	0.00
45	H - Transportation and storage	14,063	1,856	63.66
46	H.49 - Land transport and transport via pipelines	12,853	1,636	51.00
49	H.52 - Warehousing and support activities for transportation	1,210	219	78.32
51	I - Accommodation and food service activities	2,496	98	16.51
52	L - Real estate activities	70	0	0.00
53	**Exposures towards sectors other than those that highly contribute to climate change**			
55	Exposures to other sectors (NACE codes J, M - U)			
56	**TOTAL**	**275,190**	**20,726**	**45.38**

19 Disclosure of environmental, social and governance risks

19.4 continuing

SID Bank used the information obtained from ESG questionnaires to identify counterparties that have been excluded from the EU benchmarks. The ESG questionnaire included questions addressing the counterparty's revenues from the discovery, mining, extraction and distribution of coal, petroleum fuels and gaseous fuels, and the counterparty's revenues from the production of electricity with a greenhouse gas intensity above 100 g CO_2 e/kWh. All companies with exposure of more than EUR 300 thousand at the time of loan approval are included in the questionnaire. For companies in the portfolio that have not yet taken the ESG questionnaire, an assessment of the exposure's non-compliance with the targets of the Paris Agreement is not yet being conducted.

SID Bank also obtains information from the ESG questionnaire on companies' Scope 1, Scope 2 and Scope 3 emissions for the three previous years.

Financed emissions for the group loan portfolio are calculated using the standards laid down by the Partnership for Carbon Accounting Financials (PCAF) and additional guidelines from the GHG Protocol. Two GHG emission data sources are used to calculate financed GHG emissions. The first source comprises actual data regarding GHG emissions reported by companies, while the second source comprises generated GHG emissions calculated by companies that do not otherwise report on GHG emissions. Estimates of financed emissions are made on the basis of data for 2022. In this template financed emissions are mapped to the portfolio at the end of 2024, and solely reflect financed emissions for non-financial corporations. Data on financed emissions in SID Bank's other reports can therefore differ from this published data. Scope 3 financed emissions are only calculated for companies that report Scope 3 GHG emissions.

19 Disclosure of environmental, social and governance risks

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Counterparty sector	Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**583,119**	**23,953**	**8,624**	**14,337**	**10,025**	**1,278**	**3,187**	**23,546**	**6,635**	**6,714**	**12,397**	**9,745**	**1,977**	**390**	**521,715**	**0**
2	of which Loans collateralised by commercial immovable property	562,927	22,021	8,223	12,379	9,637	1,220	3,182	22,926	5,806	6,168	11,396	8,355	1,620	390	506,265	0
3	of which Loans collateralised by residential immovable property	20,192	1,932	401	1,957	388	58	5	620	829	546	1,001	1,390	356	0	15,450	0
4	of which Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	0	0	0	0	0	0	0								0	0

SID Bank has no loans collateralised by mortgages on real estate outside the EU.

SID Bank assesses the level of energy efficiency of buildings pledged as collateral on the basis of information in issued energy performance certificates held in the energy certificates register. For real estate pledged as collateral that has no energy performance certificate, SID Bank does not carry out assessments of the collateral in terms of energy efficiency.

The energy performance assessment is an integral part of the valuation report. Real estate appraisers can assess the energy performance of a building in the valuation report based on a standardised methodology (by entering the year of construction, information on previous renovations and energy use).

19 Disclosure of environmental, social and governance risks

19.6 Template 3: Banking book - Climate change transition risk: Alignment metric

	a	b	c	d	e	f	g
	Sector	NACE Sectors (min.)	Portfolio gross carrying amount	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power		121,468				
2	Fossil fuel combustion		0				
3	Automotive		48,623				
4	Aviation		979				
5	Maritime transport		17,616				
6	Cement, clinker and lime production		4,012				
7	Iron and steel, coke, and metal ore production		97,036				
8	Chemicals		0				

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

* List of NACE sectors to be considered

IEA sector	Column b - NACE Sectors (min.) - Sectors required		** Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario
Sector in the template	***Sector***	***Code***	
Maritime transport	*shipping*	*301*	Average tonnes of CO_2 per passenger-km Average gCO_2/MJ and Average share of high carbon technologies (ICE).
Maritime transport	*shipping*	*3011*	
Maritime transport	*shipping*	*3012*	
Maritime transport	*shipping*	*3315*	
Maritime transport	*shipping*	*50*	
Maritime transport	*shipping*	*501*	
Maritime transport	*shipping*	*5010*	
Maritime transport	*shipping*	*502*	
Maritime transport	*shipping*	*5020*	

IEA sector	**Column b - NACE Sectors (min.) - Sectors required**		**** Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario**
Sector in the template	*Sector*	*Code*	
Maritime transport	*shipping*	*5222*	Average tonnes of CO_2 per passenger-km Average gCO_2/MJ and Average share of high carbon technologies (ICE).
Maritime transport	*shipping*	*5224*	
Maritime transport	*shipping*	*5229*	
Power	*power*	*27*	Average tonnes of CO_2 per MWh and Average share of high carbon technologies (oil, gas, coal).
Power	*power*	*2712*	
Power	*power*	*3314*	
Power	*power*	*35*	
Power	*power*	*351*	
Power	*power*	*3511*	
Power	*power*	*3512*	
Power	*power*	*3513*	
Power	*power*	*3514*	
Power	*power*	*4321*	
Fossil fuel combustion	*oil and gas*	*91*	Average tons pf CO_2 per GJ. and Average share of high carbon technologies (ICE).
Fossil fuel combustion	*oil and gas*	*910*	
Fossil fuel combustion	*oil and gas*	*192*	
Fossil fuel combustion	*oil and gas*	*1920*	
Fossil fuel combustion	*oil and gas*	*2014*	
Fossil fuel combustion	*oil and gas*	*352*	
Fossil fuel combustion	*oil and gas*	*3521*	
Fossil fuel combustion	*oil and gas*	*3522*	
Fossil fuel combustion	*oil and gas*	*3523*	
Fossil fuel combustion	*oil and gas*	*4612*	
Fossil fuel combustion	*oil and gas*	*4671*	
Fossil fuel combustion	*oil and gas*	*6*	
Fossil fuel combustion	*oil and gas*	*61*	
Fossil fuel combustion	*oil and gas*	*610*	
Fossil fuel combustion	*oil and gas*	*62*	
Fossil fuel combustion	*oil and gas*	*620*	

IEA sector	**Column b - NACE Sectors (min.) - Sectors required**		**** Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario**
Sector in the template	*Sector*	*Code*	
Iron and steel, coke, and metal ore production	*steel*	*24*	Average tonnes of CO_2 per tonne of output and Average share of high carbon technologies (ICE).
Iron and steel, coke, and metal ore production	*steel*	*241*	
Iron and steel, coke, and metal ore production	*steel*	*2410*	
Iron and steel, coke, and metal ore production	*steel*	*242*	
Iron and steel, coke, and metal ore production	*steel*	*2420*	
Iron and steel, coke, and metal ore production	*steel*	*2434*	
Iron and steel, coke, and metal ore production	*steel*	*244*	
Iron and steel, coke, and metal ore production	*steel*	*2442*	
Iron and steel, coke, and metal ore production	*steel*	*2444*	
Iron and steel, coke, and metal ore production	*steel*	*2445*	
Iron and steel, coke, and metal ore production	*steel*	*245*	
Iron and steel, coke, and metal ore production	*steel*	*2451*	
Iron and steel, coke, and metal ore production	*steel*	*2452*	
Iron and steel, coke, and metal ore production	*steel*	*25*	
Iron and steel, coke, and metal ore production	*steel*	*251*	
Iron and steel, coke, and metal ore production	*steel*	*2511*	
Iron and steel, coke, and metal ore production	*steel*	*4672*	
Iron and steel, coke, and metal ore production	*coal*	*5*	
Iron and steel, coke, and metal ore production	*coal*	*51*	
Iron and steel, coke, and metal ore production	*coal*	*510*	
Iron and steel, coke, and metal ore production	*coal*	*52*	
Iron and steel, coke, and metal ore production	*coal*	*520*	
Iron and steel, coke, and metal ore production	*steel*	*7*	
Iron and steel, coke, and metal ore production	*steel*	*72*	
Iron and steel, coke, and metal ore production	*steel*	*729*	
Fossil fuel combustion	*coal*	*8*	Average tons pf CO_2 per GJ. and Average share of high carbon technologies (ICE).
Fossil fuel combustion	*coal*	*9*	
Cement, clinker and lime production	*cement*	*235*	

IEA sector	Column b - NACE Sectors (min.) - Sectors required		** Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario
Sector in the template	*Sector*	*Code*	
Cement, clinker and lime production	*cement*	*2351*	Average tonnes of CO_2 per tonne of output and Average share of high carbon technologies (ICE).
Cement, clinker and lime production	*cement*	*2352*	
Cement, clinker and lime production	*cement*	*236*	
Cement, clinker and lime production	*cement*	*2361*	
Cement, clinker and lime production	*cement*	*2363*	
Cement, clinker and lime production	*cement*	*2364*	
Cement, clinker and lime production	*cement*	*811*	
Cement, clinker and lime production	*cement*	*89*	
Aviation	aviation	3030	Average share of sustainable aviation fuels and Average tonnes of CO_2 per passenger-km
Aviation	aviation	3316	
Aviation	aviation	511	
Aviation	*aviation*	*5110*	
Aviation	*aviation*	*512*	
Aviation	*aviation*	*5121*	
Aviation	*aviation*	*5223*	
Automotive	*automotive*	*2815*	Average tonnes of CO_2 per passenger-km and Average share of high carbon technologies (ICE).
Automotive	*automotive*	*29*	
Automotive	*automotive*	*291*	
Automotive	*automotive*	*2910*	
Automotive	*automotive*	*292*	
Automotive	*automotive*	*2920*	
Automotive	*automotive*	*293*	
Automotive	*automotive*	*2932*	

SID Bank currently does not have information at its disposal about the carbon intensity of companies engaged in climate-critical activities. The Bank has tried to obtain information from companies committed to sustainability reporting about the carbon intensity of their activities. Given the shortage of information about companies' carbon intensity compliance for 2024, it has not yet been possible to calculate a financing compliance metric. The establishment of compliance metrics has been postponed to 2025.

19 Disclosure of environmental, social and governance risks

19.7 Template 4 - Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

In order to identify the top 20 global carbon intensive companies, SID Bank used a list that is published on the website https://climateaccountability.org/carbon-majors-dataset-2020/.

SID Bank has no exposure to any company included on this list, and therefore not disclosing Template 4.

19 Disclosure of environmental, social and governance risks

19.8 Template 5 - Banking book - Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0
2	B - Mining and quarrying	5,537	510	2,498	0	0	0.00	0	3,008	0	0	0	0	0	0
3	C - Manufacturing	480,969	27,175	61,743	24,526	0	7.58	0	94,215	19,229	32,426	1,683	(2,956)	(1,409)	(1,330)
4	D - Electricity, gas, steam and air conditioning supply	142,076	62,972	26,104	0	0	4.67	0	89,077	0	394	0	(132)	(33)	0
5	E - Water supply; sewerage, waste management and remediation activities	28,729	0	902	6,605	0	13.68	0	7,507	0	0	0	(20)	0	0
6	F - Construction	20,014	2,986	9,398	2,504	0	6.65	6,722	4,951	3,216	1,882	1,534	(1,011)	(252)	(707)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	131,096	5,756	7,722	2,125	0	6.54	0	5,476	10,126	817	0	(84)	(34)	0
8	H - Transportation and storage	160,450	23,734	12,574	11,189	0	6.60	0	30,929	16,568	11,105	0	649	699	0
9	L - Real estate activities	7,658	0	2,362	551	2,989	14.31	5,902	0	0	335	0	(46)	(13)	0
10	Loans collateralised by residential immovable property	32,336	4,644	4,860	782	0	5.89	3,784	5,527	975	147	1,830	(701)	16	(653)
11	Loans collateralised by commercial immovable property	564,213	33,639	143,624	75,683	3,510	7.11	33,808	146,296	76,351	53,043	342	(1,940)	(1,355)	(105)
12	Repossessed collaterals	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0

19 Disclosure of environmental, social and governance risks

19.8 continuing

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	table continuing		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
13	Other relevant sectors (breakdown below where relevant)	235,904	13,754	112,233	33,344	3,510	8.03	30,164	89,814	42,861	9,602	676	(865)	(436)	(185)
14	I - Accommodation and food service activities	115,178	9,466	55,270	29,667	3,510	9.17	30,164	28,806	38,943	9,602	676	(815)	(436)	(185)
15	J - Information and communication	75,233	1,203	49,984	0	0	5.97	0	51,187	0	0	0	(18)	0	0
16	M - Professional, scientific and technical activities	32,537	3,085	3,471	668	0	6.42	0	6,314	910	0	0	(17)	0	0
17	N - Administrative and support service activities	12,955	0	3,508	3,009	0	8.84	0	3,508	3,009	0	0	(16)	0	0

SID Bank uses two exposure assessment approaches to identify exposures to physical climate risks.

The information obtained on counterparties' exposure to physical events that might have a material impact on their revenues is used to assess exposure to acute and chronic risks. SID Bank obtains data on its exposure to the acute impact of natural events on companies' performance from the ESG questionnaire. All companies whose loan exposure is more than EUR 300 thousand are included in gathering of data on acute climate risks. Data on exposure to physical climate events is obtained with the ESG questionnaire.

For the uncovered part of the portfolio, given the lack of data (particularly for companies where the ESG questionnaire has not yet been conducted), SID Bank has formulated a model for assessing exposure to chronic physical climate risks. The model is based on the probability of occurrence of a major natural event by NUTS 2 region for Slovenia, and on the materiality of each event for each reporting sector from Template 5. The source of data on the probability of a particular climate event is the Global Facility for Disaster Reduction and Recovery (GFDRR), the Thinkhazard climate database for Slovenia.

The plan is to audit and verify the model for assessing exposure to chronic physical climate risks, and to adjust the input data on the probability of the occurrence of each climate-related natural event to the data sources of the Slovenian Environment Agency's climate projections and maps.

19 Disclosure of environmental, social and governance risks

19.9 Template 6 – Summary of GAR KPIs

In Templates 7 and 8 SID Bank discloses information on exposure, the stock of assets, the acceptability of exposure for the taxonomy, and the alignment of exposure with the taxonomy with regard to the environmental objectives of climate change mitigation and climate change adaptation. The information obtained forms the basis for calculating and disclosing GAR in Template 6. SID Bank estimates and discloses GAR by testing the alignment of the revenue of counterparties (customers and non-financial corporations) with the taxonomy for exposures whose purpose is not financing specific environmental activities (loans for general purposes). SID Bank determines the alignment of revenues with the taxonomy for customers with the status of a public sector entity with more than 500 employees who under Article 70c of the ZGD-1M are required to include a sustainability report in their annual report, within the framework of which they are required to report the proportion of their revenues that are acceptable and aligned with the EU taxonomy under Article 8 of Regulation (EU) 2020/852. On the disclosure date SID Bank had 18 companies in its portfolio whose status required them to draw up a sustainability report. It is evident from annual reports for 2023 that all companies committed to sustainability reporting are already reporting data regarding sustainable revenue in line with the EU taxonomy.

SID Bank's GAR stood at 2.19% as at the reference date of 31 December 2024. The increase in the GAR is the result of the establishment of comprehensive reporting on sustainable revenue by sustainability reporting entities.

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets) (*)
GAR stock	2.19%	0.00%	2.19%	43.23%
GAR flow	5.97%	0.00%	5.97%	54.68%

(*) percentage of assets covered by the KPI over banks´ total assets

19 Disclosure of environmental, social and governance risks

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

		a	b	c	e	f	g	h	j	k	l	m	o	p
		31 Dec 2024												
		Total gross carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	1,207,623	569,438	37,798	8,637	7,558	396,943	0	0	0	569,438	37,798	8,637	7,558
2	**Financial corporations**	465,975	0	0	0	0	0	0	0	0	0	0	0	0
3	Credit institutions	400,874	0	0	0	0	0	0	0	0	0	0	0	0
4	Loans and advances	193,274	0	0	0	0	0	0	0	0	0	0	0	0
5	Debt securities, including UoP	191,622	0	0	0	0	0	0	0	0	0	0	0	0
6	Equity instruments	15,978	0	0	0	0	0	0	0	0	0	0	0	0
7	Other financial corporations	65,101	0	0	0	0	0	0	0	0	0	0	0	0
8	of which investment firms	46,080	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	45,012	0	0	0	0	0	0	0	0	0	0	0	0
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	736,883	567,136	37,798	8,637	7,558	396,943	0	0	0	567,136	37,798	8,637	7,558
21	Loans and advances	693,809	546,196	33,931	4,770	7,558	381,690	0	0	0	546,196	33,931	4,770	7,558
22	Debt securities, including UoP	43,074	20,940	3,867	3,867	0	15,253	0	0	0	20,940	3,867	3,867	0
24	**Households**	**4,045**	**2,303**	**0**	**0**	**0**					**2,303**	**0**	**0**	**0**

19 Disclosure of environmental, social and governance risks

19.10 continuing

		a	b	c	e	f	g	h	j	k	l	m	o	p
		31 Dec 2024												
		Total gross carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
table continuing					Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling
25	of which loans collateralised by residential immovable property	380	278	0	0	0					278	0	0	0
28	**Local governments financing**	721	0	0	0	0	0	0	0	0	0	0	0	0
29	Housing financing	721	0	0	0	0	0	0	0	0	0	0	0	0
32	**TOTAL GAR ASSETS**	1,207,623	569,438	37,798	8,637	7,558	396,943	0	0	0	569,438	37,798	8,637	7,558
	Assets excluded from the numerator for GAR calculation (covered in the denominator)													
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	468,453												
34	Loans and advances	468,403												
36	Equity instruments	50												
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	20,848												
38	Loans and advances	20,848												
41	Derivatives	15,033												
42	On demand interbank loans	157												
44	Other assets (e.g. Goodwill, commodities etc.)	16,076												
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	1,728,190												

19 Disclosure of environmental, social and governance risks

19.10 continuing

table continuing

		a	b	c	e	f	g	h	j	k	l	m	o	p
		31 Dec 2024												
		Total gross carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling
	Other assets excluded from both the numerator and denominator for GAR calculation													
46	Sovereigns	572,298												
47	Central banks exposure	493,001												
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	1,065,299												
50	**TOTAL ASSETS**	2,793,488												

19 Disclosure of environmental, social and governance risks

19.11 Template 8 – GAR (%)

		a	b	d	e	f	g	i	j	k	l	n	o	p
		31 Dec 2024: KPIs on stock												
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	% (compared to total covered assets in the denominator)	Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered
			Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable			
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling	
1	**GAR**	47.15%	2.19%	0.50%	0.44%	32.87%	0.00%	0.00%	0.00%	47.15%	2.19%	0.50%	0.44%	43.23%
2	Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	47.15%	3.13%	0.72%	0.63%	32.87%	0.00%	0.00%	0.00%	47.15%	3.13%	0.72%	0.63%	43.23%
3	**Financial corporations**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.68%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	14.35%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.33%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.65%
9	**Non-financial corporations subject to NFRD disclosure obligations**	76.96%	5.13%	1.17%	1.03%	53.87%	0.00%	0.00%	0.00%	76.96%	5.13%	1.17%	1.03%	26.38%
10	**Households**	56.93%	0.00%	0.00%	0.00%					56.93%	0.00%	0.00%	0.00%	0.14%
11	of which loans collateralised by residential immovable property	73.20%	0.00%	0.00%	0.00%					73.20%	0.00%	0.00%	0.00%	0.01%
14	**Local government financing**	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.03%
15	Housing financing	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.03%

19 Disclosure of environmental, social and governance risks

19.11 continuing

	% (compared to total covered assets in the denominator)	a	b	d	e	f	g	i	j	k	l	n	o	p
		31 Dec 2024: KPIs on flows												
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered
			Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable			
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling	
1	**GAR**	61.36%	5.97%	5.97%	0.00%	52.59%	0.00%	0.00%	0.00%	61.36%	5.97%	5.97%	0.00%	54.68%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	61.36%	5.97%	5.97%	0.00%	52.59%	0.00%	0.00%	0.00%	61.36%	5.97%	5.97%	0.00%	54.68%
3	**Financial corporations**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.69%
4	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.00%
5	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.69%
6	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.67%
9	**Non-financial corporations subject to NFRD disclosure obligations**	78.05%	7.59%	7.59%	0.00%	66.89%	0.00%	0.00%	0.00%	78.05%	7.59%	7.59%	0.00%	42.99%
10	**Households**	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%
11	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%
14	**Local government financing**	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%
15	Housing financing	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%

19 Disclosure of environmental, social and governance risks

19.12 Template 9 - Mitigating actions: BTAR

Mitigating actions: Assets for the calculation of BTAR

		a	b	c	e	f	g	h	j	k	l	m	o	p
		31 Dec 2024												
		Total gross carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling
1	**Total GAR Assets**	1,207,623	569,438	37,798	8,637	7,558	396,943	0	0	0	569,438	37,798	8,637	7,558
	Assets excluded from the numerator for GAR calculation (covered in the denominator) but included in the numerator and denominator of the BTAR													
2	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	468,453	281,544	0	0	0	256,806	0	0	0	285,565	0	0	0
3	Loans and advances	468,403	281,544	0	0	0	256,806	0	0	0	285,565	0	0	0
4	of which loans collateralised by commercial immovable property	272,091	156,261	0	0	0					157,444	0	0	0
7	Equity instruments	50	0	0	0	0	0	0	0	0	0	0	0	0
8	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	20,848	19,020	0	0	0	9,614	0	0	0	19,020	0	0	0
9	Loans and advances	20,848	19,020	0	0	0	9,614	0	0	0	19,020	0	0	0
12	**TOTAL BTAR ASSETS**	1,696,925	870,002	37,798	8,637	7,558	663,363	0	0	0	874,023	37,798	8,637	7,558
	Assets excluded from the numerator of BTAR (covered in the denominator)													
13	Derivatives	15,033												

19 Disclosure of environmental, social and governance risks

19.12 continuing

		a	b	c	e	f	g	h	j	k	l	m	o	p
		31 Dec 2024												
		Total gross carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling
14	On demand interbank loans	157												
16	Other assets (e.g. Goodwill, commodities etc.)	16,076												
17	**TOTAL ASSETS IN THE DENOMINATOR**	1,728,190												
	Other assets excluded from both the numerator and denominator for BTAR calculation													
18	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	1,065,299												
19	**TOTAL ASSETS**	2,793,488												

19 Disclosure of environmental, social and governance risks

BTAR %

	% (compared to total covered assets in the denominator)	a	b	d	e	f	g	i	j	k	l	n	o	p
		31 Dec 2024: KPIs on stock												
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered
			Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable			
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling	
1	**BTAR**	51.27%	2.19%	0.50%	0.44%	38.38%	0.00%	0.00%	0.00%	50.57%	2.19%	0.50%	0.44%	60.75%
2	**GAR**	47.15%	2.19%	0.50%	0.44%	22.97%	0.00%	0.00%	0.00%	32.95%	2.19%	0.50%	0.44%	43.23%
3	EU Non-financial corporations not subject to NFRD disclosure obligations	60.10%	0.00%	0.00%	0.00%	54.82%	0.00%	0.00%	0.00%	60.96%	0.00%	0.00%	0.00%	16.77%
4	of which loans collateralised by commercial immovable property	57.43%	0.00%	0.00%	0.00%					57.86%	0.00%	0.00%	0.00%	9.74%
6	Non-EU country counterparties not subject to NFRD disclosure obligations	91.23%	0.00%	0.00%	0.00%	46.12%	0.00%	0.00%	0.00%	91.23%	0.00%	0.00%	0.00%	0.75%

19 Disclosure of environmental, social and governance risks

BTAR % - continuing

	% (compared to total covered assets in the denominator)	a	b	d	e	f	g	i	j	k	l	n	o	p
		31 Dec 2024: KPIs on flow												
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered
			Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable			
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional / adaptation	Of which enabling	
1	**BTAR**	66.23%	4.46%	4.46%	0.00%	59.68%	0.00%	0.00%	0.00%	66.23%	4.46%	4.46%	0.00%	73.24%
2	**GAR**	61.36%	4.46%	4.46%	0.00%	39.26%	0.00%	0.00%	0.00%	45.81%	4.46%	4.46%	0.00%	54.68%
3	EU Non-financial corporations not subject to NFRD disclosure obligations	80.58%	0.00%	0.00%	0.00%	80.58%	0.00%	0.00%	0.00%	80.58%	0.00%	0.00%	0.00%	18.56%
4	of which loans collateralised by commercial immovable property	85.04%	0.00%	0.00%	0.00%					85.04%	0.00%	0.00%	0.00%	6.58%
6	Non-EU country counterparties not subject to NFRD disclosure obligations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Summary table - BTAR %

	KPI			
	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Total (CCM + CCA)	% coverage (over total assets)*
BTAR stock	2.19%	0.00%	2.19%	60.75%
BTAR flow	4.46%	0.00%	4.46%	73.24%

(*) percentage of assets covered by the KPI over banks´ total assets

19 Disclosure of environmental, social and governance risks

19.13 Template 10 - Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852

Qualitative information on the nature of mitigating actions

SID Bank used funding from the green bond to finance the following actions: renewable sources of energy, energy efficiency, prevention of pollution, sustainable management of living and natural resources, aquatic and terrestrial biodiversity, clean transport, sustainable management of water resources, adaptation to climate change, and environmentally efficient products, technologies and processes. All the financed actions and investments contribute to the objective of climate change mitigation. However, the implemented actions and investments that were funded from the green bond and other green loans fail to comply with the requirements under Article 11 of Regulation (EU) 2020/852, as SID Bank's green bond was issued under the requirements for compliance with the "Green Bond Principle", i.e. at a time when Regulation (EU) 2020/852 and the EU taxonomy for determining environmentally sustainable financing of activities under pre-defined assessment criteria had yet to take effect.

Sustainability-related loans also include environmentally sustainable financing approved within the framework of the SID ZELEN programme. The programme is designed on the basis of utilising EIF funding backed by the InvestEU sustainability guarantee. The standards for assessing the environmental sustainability of projects and companies eligible for environmentally sustainable financing under this programme are based on the EIF's environmental sustainability standards, and are not covered by Regulation (EU) 2020/852.

	a	b	c	d	e
	Type of financial instrument	Type of counterparty	Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)
2	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Non-financial corporations	26,116	YES	NO
4		Other counterparties	53,211	YES	NO
6	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Non-financial corporations	24,012	YES	NO
7		of which Loans collateralised by commercial immovable property	17,722	YES	NO
11		Other counterparties	32,255	YES	NO

The bonds of non-financial corporations include purchases of green, social and sustainability bonds and sustainability-linked bonds within SID Bank's operational framework for purchasing green, social and sustainability bonds and sustainability-linked bonds of Slovenian corporates.

20 Scope of disclosures according to CRR

Article	Name of article	Chapter	Page
435	**Disclosure of risk management objectives and policies**		
	1(a) the strategies and processes to manage those categories of risks	4.2 4.4	16–21 23–24
	1(b) the structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents	4.2	16–19
	1(c) the scope and nature of risk reporting and measurement systems	4.4.1 4.4.2 4.4.3 4.4.4 4.4.5 4.4.6	24-29 29-31 31-33 33 33-35 35-36
	1(d) the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	4.4 4.4.1	23-24 24-29
	1(e) a declaration approved by the management body on the adequacy of the risk management arrangements of the relevant institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy	4.3	22
	1(f) a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy	4.1	12–15
	2(a) the number of directorships held by members of the management body	4.5	37
	2(b) the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise	4.6	38
	2(c) the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved	4.7	39
	2(d) whether or not the institution has set up a separate risk committee and the number of times the risk committee has met	4.8	39
	2(e) the description of the information flow on risk to the management body	4.2	16–19
436	**Disclosure of the scope of application**		
	(a) the name of the institution to which this Regulation applies	1	4

	(b) a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportionally consolidated and whether the holdings in those legal entities are deducted from own funds	5.1	40
	(c) a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part	5.1	40
	(d) a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences	5.2	40
	(e) for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions	NR	
	(f) any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries	NR	
	(g) the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries	NR	
	(h) where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9 CRR	NR	
437	**Disclosure of own funds**		
	(a) a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution	6.1 6.2	42–43 44–45
	(b) a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution	6.3	46
	(c) the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments	6.3	46
	(d) a separate disclosure of the nature and amounts of the following:	6.1	42–43
	(i) each prudential filter applied pursuant to Articles 32 to 35		
	(ii) items deducted pursuant to Articles 36, 56 and 66		
	(iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79		
	(e) a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply	6.3	46

	(f) a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation	NR	
437(a)	**Disclosure of own funds and eligible liabilities**	NR	
438	**Disclosure of own funds requirements and risk-weighted exposure amounts**		
	(a) a summary of their approach to assessing the adequacy of their internal capital to support current and future activities	3.3 4.2	10–11 20–21
	(b) the amount of the additional own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments	3.1	6–8
	(c) upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process	NR	
	(d) the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	3.2	9
	(e) the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance- sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2)	NR	
	(f) the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis	NR	
	(g) the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied	NR	
	(h) the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations	NR	
439	**Disclosure of exposures to counterparty credit risk**		
	(a) a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties	4.4.1 3.3	28–29 10–11
	(b) a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves	4.4.1	25–26
	(c) a description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291	NR	
	(d) the amount of collateral the institution would have to provide if its credit rating was downgraded	4.4.1	25

	(e) the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions	13.4	84
	(f) for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method	13.1	83
	(g) for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method	13.1	83
	(h) the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three	13.2	83
	(i) the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures	NR	
	(j) the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold	NR	
	(k) the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9)	NR	
	(l) separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452	13.3	84
	(m) for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable	NR	
440	**Disclosure of countercyclical capital buffers**		
	(a) the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer	7.1	47–48
	(b) the amount of their institution-specific countercyclical capital buffer	7.2	48
441	**Disclosure of indicators of global systemic importance**	NR	
442	**Disclosure of exposures to credit risk and dilution risk**		
	(a) the scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes	4.4.1 10.1	24-25 69
	(b) a description of the approaches and methods adopted for determining specific and general credit risk adjustments	10.1	68–70

	(c) information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received	10.2 10.5 10.6 10.7 10.8 10.9 10.10 10.11	71–72 74 75 75 76 77 78 79
	(d) an ageing analysis of accounting past due exposures	10.8	76
	(e) the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off- balance-sheet exposures	10.9 10.10	77 78
	(f) any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off	10.2 10.4 10.5	71–72 73 74
	(g) the breakdown of loans and debt securities by residual maturity	10.3	73
443	**Disclosure of encumbered and unencumbered assets**	18.1 18.2 18.3	94 95 95
444	**Disclosure of the use of the Standardised Approach**		
	(a) the names of the nominated ECAIs and ECAs and the reasons for any changes in those nominations over the disclosure period	4.4.6	35-36
	(b) the exposure classes for which each ECAI or ECA is used	4.4.6	35-36
	(c) a description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book	4.4.6	35-36
	(d) the association of the external rating of each nominated ECAI or ECA with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three, taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by EBA	NR	
	(e) the exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as the exposure values deducted from own funds	12.1 12.2	81 82
445	**Disclosure of exposure to market risk**	4.4.4 14	33 85

446	**Disclosure of operational risk management**		
	(a) the approaches for the assessment of own funds requirements for operation risk that the institution qualifies for	4.4.5 15.1	33-35 85
	(b) where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach	NR	
	(c) in the case of partial use, the scope and coverage of the different methodologies used	NR	
447	**Disclosure of key metrics**		
	(a) the composition of their own funds and their own funds requirements as calculated in accordance with Article 92	3.1	6–8
	(b) the total risk exposure amount as calculated in accordance with Article 92(3)	3.1	6–8
	(c) where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU	3.1	6–8
	(d) their combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU	3.1	6–8
	(e) their leverage ratio and the total exposure measure as calculated in accordance with Article 429	3.1	6–8
	(f) the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):		
	(i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	3.1	6–8
	(ii) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the- month observations over the preceding 12 months for each quarter of the relevant disclosure period	3.1	6–8
	(iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	3.1	6–8
	(g) the following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six:		
	(i) the net stable funding ratio at the end of each quarter of the relevant disclosure period	3.1	6–8
	(ii) the available stable funding at the end of each quarter of the relevant disclosure period	3.1	6–8
	(iii) the required stable funding at the end of each quarter of the relevant disclosure period	3.1	6–8
	(h) their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable	NR	
448	**Disclosure of exposures to interest rate risk on positions not held in the trading book**		
	(a) the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods	16.1	86

	(b) the changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods	16.1	86
	(c) a description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph	16.8	89
	(d) an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date	16.9	90
	(e) the description of how institutions define, measure, mitigate and control the interest rate risk of their non- trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including:	4.4.3 16.2 16.4	31–33 87 88
	(i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income	16.4	88
	(ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences	16.6	88
	(iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk	16.5	88
	(iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3)	16.7	89
	(v) an outline of how often the evaluation of the interest rate risk occurs	16.4	88
	(f) the description of the overall risk management and mitigation strategies for those risks	16.3	87
	(g) average and longest repricing maturity assigned to non-maturity deposits	16.10	90
449	**Disclosure of exposures to securitisation positions**	NR	
449(a)	**Disclosure of environmental, social and governance risks (ESG risks)**	19	96–125
450	**Disclosure of remuneration policy**		
	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institutions:		
	(a) information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders	17.1	91–93

	(b) information about the link between pay of the staff and their performance	17.1	91–93
	(c) the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria	17.1	91–93
	(d) the ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU	17.1	91–93
	(e) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based	17.1	91–93
	(f) the main parameters and rationale for any variable component scheme and any other non-cash benefits	17.1	91–93
	(g) aggregate quantitative information on remuneration, broken down by business area[2]		
	(h) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:		
	(i) the amounts of remuneration awarded for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries[2]		
	(ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part[2]		
	(iii)) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years[2]		
	(iv) the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments[2]		
	(v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards[2]		
	(vi) the severance payments awarded in previous periods, that have been paid out during the financial year[2]		
	(vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person[2]		
	(i) the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million[2]		
	(j) upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management	NR	
	(k) information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU	NR	
451	**Disclosure of the leverage ratio**		
	(a) the leverage ratio and how the institutions apply Article 499(2)	8.2	49–50
	(b) a breakdown of the total exposure measure referred to in Article 429(4), as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements	8.1 8.2 8.3	49 49–50 51

[2] The disclosures will be published subsequently in a separate document; an explanation is given in the introduction.

	(c) where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7)	8.2	49–50
	(d) a description of the processes used to manage the risk of excessive leverage	8.4	51
	(e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	8.2	49–50
451(a)	**Disclosure of liquidity requirements**		
	2(a) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	9.2	57–58
	2(b) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer	9.2	57–58
	2(c) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition	9.2	57–58
	3(a) quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period	9.4	60–67
	3(b) an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six	9.4	60–67
	3(c) an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six	9.4	60–67
	4 Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU	9.1	52–56
452	**Disclosure of the use of the IRB Approach to credit risk**	NR	
453	**Disclosure of the use of credit risk mitigation techniques**	NR	
	(a) 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	NR	
	(b) the core features of the policies and processes for eligible collateral evaluation and management	4.4.1	25–26
	(c) a description of the main types of collateral taken by the institution to mitigate credit risk	4.4.1 11.1	25–26 80
	(d) for guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements, excluding those used as part of synthetic securitisation structures	NR	
	(e) information about market or credit risk concentrations within the credit risk mitigation taken	11.1	80

	(f) for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures	11.1	80
	(g) the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	12.1	81
	(h) for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation	12.1	81
	(i) for institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk- weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class	12.1	81
	(j) for institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk- weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission	NR	
454	**Disclosure of the use of the Advanced Measurement Approaches to operational risk**	NR	
455	**Use of internal market risk models**	NR	

List of abbreviations and terms

AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
ASF	Available Stable Funding
BTAR	Banking Book Taxonomy Alignment Ratio
CC	Central counterparty
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1 Capital
CPRS	Climate policy relevant sectors
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	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 (with amendments)
CSA	Credit Support Annex
CSRBB	Credit Spread Risk in the Banking Book
CVA	Credit Valuation Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECA	Export Credit Agency
ECB	European Central Bank
ECL	Expected Credit Loss
ECP	EU Cohesion Policy
EGF	European Guarantee Fund
EHQLA	Extremely High-quality Liquid Assets
EIF	European Investment Fund
EPC	Energy Performance Certificate
ESG	Environmental, Social and Governance Factors
ESMA	European Securities and Markets Authority
EU	European Union
EVE	Economic Value of Equity
EWS	Early Warning System
GAR	Green Asset Ratio
GDP	Gross Domestic Product
GHG	Greenhouse gases

HQLA	High-quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IEA	International Energy Agency
ILAAP	Internal Liquidity Adequacy Assessment Process
InvestEU	EU investment programme to promote growth of Europe's economy. Combines a number of EU financial instrument that are currently available to support investments, innovations and job creation in Europe.
IRB	Internal Ratings Based Approach
IT	Information technology
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MDB	Multilateral Development Bank
MREL	Minimum Requirement for own funds and eligible liabilities
NACE	Nomenclature des Activités Économiques dans la Communauté Européenne
NFRD	Non-financial Reporting Directive
NII	Net Interest Income
NPE	Non-performing Exposures
NR	Not relevant
NSFR	Net Stable Funding Ratio
NUTS	Nomenclature of Territorial Units for Statistics
NZE	Net Zero Emissions
OCR	Overall Capital Requirement
P2G	Pillar 2 Guidance
PD	Probability of Default
POCI	Purchased or Originated Credit-Impaired Assets
PSE	Public Sector Entity
RAF	Risk Appetite Framework
RSF	Required Stable Funding
RWA	Risk-Weighted Assets
RWEA	Risk-Weighted Exposure Amount
SASB	Sustainability Accounting Standards Board
SEGIP	Slovenian Equity Growth Investment Programme
SFT	Securities Financing Transactions

SID ZELEN	Financing of sustainable projects and enterprises
SMEs	Small and Medium Sized Enterprises
Spnez	Recovery rater for unsecured exposure
SREP	Supervisory Review and Evaluation Process
ZBan-3	Banking Act
ZGD-1	Companies Act
ZPPOGD	Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities
ZSIRB	Slovene Export and Development Bank Act

SID Banka