ANNUAL REPORT 2024

Deželna Banka Slovenije

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DEŽELNA BANKA SLOVENIJE
always near you

ANNUAL REPORT
DEŽELNA BANKA SLOVENIJE GROUP
2024

BANK MANAGEMENT BOARD:

Member of the Management Board	Member of the Management Board	President of the Management Board
Andraž Grum, PhD	Barbara Cerovšek Zupančič, MSc	Jure Kvaternik

Ljubljana, 8 April 2025

CONTENTS

BUSINESS REPORT

I. FINANCIAL HIGHLIGHTS AND INDICATORS

I.1. KEY FINANCIAL DATA FOR THE DEŽELNA BANKA SLOVENIJE GROUP

	Deželna banka Slovenije Group	2024	2023	2022
1.	**Statement of financial position** (in EUR thousand)			
	Total assets	1,580,214	1,414,489	1,190,575
	Total deposits by non-banking sector measured at amortised cost	1,448,954	1,300,002	1,102,981
	- Corporates	473,188	364,858	186,130
	- Individuals	975,766	935,144	916,851
	Total loans to non-banking sector (not held for trading)	854,346	785,253	761,187
	- Corporates	592,799	537,699	527,090
	- Individuals	261,547	247,554	234,097
	Total equity	112,449	98,309	77,358
	Value adjustments and provisions for credit losses	(11,852)	(13,293)	(15,409)
	Off-balance sheet operations (B.1. to B.4.)	92,152	82,544	83,625
2.	**Income statement** (in EUR thousand)			
	Net interest income	53,408	48,172	18,797
	Net non-interest income	9,922	10,435	11,278
	Employee benefits cost, overhead and administrative expenses	(33,490)	(27,006)	(21,205)
	Depreciation and amortisation	(1,862)	(1,429)	(1,290)
	Impairments and provisions (credit losses)	1,133	(482)	1,762
	Profit/loss from continuous and discontinued operations before tax	28,981	27,997	8,354
	Corporate income tax from continuous and discontinued operations	(5,915)	(3,493)	(897)
3.	**Comprehensive income after tax** (in EUR thousand)			
	Comprehensive income for the year after tax	23,681	24,567	7,648
4.	**No. of branches** (at end of period)			
	No. of branches	76	76	76
5.	**No. of employees** (at end of period)			
	No. of employees	402	383	349
6.	**Shares**			
	No. of shareholders (at end of period)	201	204	206
	No. of shares (at end of period)*	4,231,682	4,231,682	4,231,682
	Par value (in EUR)	4.172926	4.172926	4.172926
	Book value (in EUR)	26.421846	23.136229	18.238097
7.	**Selected indicators**			
a)	**Capital adequacy** (in %)			
	Common equity tier I capital ratio	19.58	19.40	15.17
	Tier I capital ratio	19.58	19.40	15.17
	Total capital ratio	19.64	19.56	15.42
b)	**Quality of assets and commitments** (in %)			
	Non-performing (on- and off-balance sheet) exposures/Classified on- and off-balance sheet exposures	1.03	1.01	1.75
	Non-performing loans and other financial assets/Classified loans and other financial assets (excluding balances at central bank accounts and sight deposits at banks)	1.94	1.83	2.79
	Non-performing loans and other financial assets/Classified loans and other financial assets (including balances at central bank accounts and sight deposits at banks)	1.24	1.26	2.19
	Value adjustments for credit losses/Non-performing loans and other financial assets (excluding balances at central bank accounts and sight deposits at banks)	(43.78)	(46.32)	(49.01)
	Value adjustments for credit losses/Non-performing loans and other financial assets (including balances at central bank accounts and sight deposits at banks)	(43.78)	(46.32)	(49.01)
	Collaterals received/Non-performing loans and other financial assets (excluding balances at central bank accounts and sight deposits at banks)	54.18	52.83	50.57
c)	**Profitability** (in %)			
	Interest margin	3.56	3.73	1.61
	Financial intermediation margin	4.22	4.54	2.58
	Return on assets (ROA) after tax	1.54	1.90	0.64
	Return on equity (ROE) before tax	27.69	32.28	11.23
	Return on equity (ROE) after tax	22.04	28.25	10.02
d)	**Operating expenses** (in %)			
	Operating expenses/Average assets	2.35	2.20	1.93
e)	**Liquidity**			
	Liquidity coverage ratio (in %)			
	- January-March	438.32	396.26	456.94
	- April-June	434.40	394.01	442.21
	- July-September	426.24	400.65	426.46
	- October-December	411.16	419.56	410.82
f)	**Net stable funding ratio** (in %)	196.57	184.01	174.99
g)	**Leverage ratio** (in %)	5.96	5.82	5.64

Note: The indicators have been calculated in compliance with the Bank of Slovenia Regulation on the Books of Account and Annual Reports of Banks and Savings Banks.
* The number of shares is in accordance with the records of the Slovene Central Securities Clearing Corporation KDD, less treasury shares.

I.2. KEY FINANCIAL DATA FOR DEŽELNA BANKA SLOVENIJE d. d.

	Deželna banka Slovenije d. d.	2024	2023	2022
1.	**Statement of financial position** (in EUR thousand)			
	Total assets	1,579,390	1,414,502	1,190,013
	Total deposits by non-banking sector measured at amortised cost	1,449,298	1,300,785	1,103,042
	- Corporates	471,461	365,641	186,191
	- Individuals	977,837	935,144	916,851
	Total loans to non-banking sector (not held for trading)	850,863	782,066	757,563
	- Corporates	592,091	536,740	525,784
	- Individuals	258,772	245,326	231,779
	Total equity	111,809	97,905	77,178
	Value adjustments and provisions for credit losses	(11,073)	(13,183)	(15,400)
	Off-balance sheet operations (B.1. to B.4.)	93,152	83,544	84,174
2.	**Income statement** (in EUR thousand)			
	Net interest income	51,949	47,196	18,182
	Net non-interest income	9,837	10,480	11,072
	Employee benefits cost, overhead and administrative expenses	(32,920)	(26,540)	(20,839)
	Depreciation and amortisation	(1,836)	(1,409)	(1,257)
	Impairments and provisions (credit losses)	1,797	(380)	1,546
	Profit/loss from continuous and discontinued operations before tax	28,610	27,776	8,277
	Corporate income tax from continuous and discontinued operations	(5,786)	(3,466)	(895)
3.	**Comprehensive income after tax** (in EUR thousand)			
	Comprehensive income for the year after tax	23,442	24,376	7,568
4.	**No. of branches** (at end of perio**d)**			
	No. of branches	76	76	76
5.	**No. of employees** (at end of period)			
	No. of employees	395	376	343
6.	**Shares**			
	No. of shareholders (at end of period)	201	204	206
	No. of shares (at end of period)*	4,231,682	4,231,682	4,231,682
	Par value (in EUR)	4.172926	4.172926	4.172926
	Book value (in EUR)	26.421846	23.136229	18.238097
7.	**Selected indicators**			
a)	**Capital adequacy** (in %)			
	Common equity tier I capital ratio	19.48	19.30	15.11
	Tier I capital ratio	19.48	19.30	15.11
	Total capital ratio	19.54	19.46	15.35
b)	**Quality of assets and commitments** (in %)			
	Non-performing (on- and off-balance sheet) exposures/Classified on- and off-balance sheet exposures	0.89	0.95	1.70
	Non-performing loans and other financial assets/Classified loans and other financial assets (excluding balances at central bank accounts and sight deposits at banks)	1.68	1.74	2.72
	Non-performing loans and other financial assets/Classified loans and other financial assets (including balances at central bank accounts and sight deposits at banks)	1.08	1.20	2.14
	Value adjustments for credit losses/Non-performing loans and other financial assets (excluding balances at central bank accounts and sight deposits at banks)	(46.33)	(48.64)	(50.40)
	Value adjustments for credit losses/Non-performing loans and other financial assets (including balances at central bank accounts and sight deposits at banks)	(46.33)	(48.64)	(50.40)
	Collaterals received/Non-performing loans and other financial assets (excluding balances at central bank accounts and sight deposits at banks)	51.31	50.46	49.17
c)	**Profitability** (in %)			
	Interest margin	3.46	3.66	1.56
	Financial intermediation margin	4.11	4.47	2.51
	Return on assets (ROA) after tax	1.52	1.88	0.63
	Return on equity (ROE) before tax	27.45	32.16	11.19
	Return on equity (ROE) after tax	21.90	28.15	9.98
d)	**Operating expenses** (in %)			
	Operating expenses/Average assets	2.31	2.16	1.89
e)	**Liquidity**			
	Liquidity coverage ratio (in %)			
	- January-March	434.44	392.55	454.71
	- April-June	430.66	390.20	439.69
	- July-September	422.22	396.94	423.06
	- October-December	408.05	414.18	407.14
f)	**Net stable funding ratio** (in %)	196.16	183.52	175.53
g)	**Leverage ratio** (in %)	5.97	5.83	5.65

Note: The indicators have been calculated in compliance with the Bank of Slovenia Regulation on the Books of Account and Annual Reports of Banks and Savings Banks.
* The number of shares is in accordance with the records of the Slovene Central Securities Clearing Corporation KDD, less treasury shares.

II. THE MANAGEMENT

II.1. REPORT OF THE MANAGEMENT BOARD

The year 2024 was one of the most, if not the most, challenging for DBS Group in terms of its transformation. The Group embarked on a renovation of its information infrastructure and migrated to a new IT system in the new year. A project of this magnitude required a great deal of sacrifice from each and every employee, but most importantly, it required dedication, commitment and hard work on top of their regular daily work. At the time of reporting, the project is not yet fully completed, as there will be a period of stabilisation after the migration that will bring the project to its target state.

A project of this magnitude is an integral part of the IT Development Strategy, which was prepared in parallel with the DBS Group Strategy for the period 2024-27. The aim of this renewal was to provide an application process IT architecture that would support and automate all business processes and enable rapid development.

In spite of the focus and energy devoted to this transition, the Bank achieved a profit before tax of EUR 28.61 million at the end of the year and a return on equity of 27.45%. The balance sheet total is 12% higher than in 2023, reaching EUR 1,579 million at the end of 2024, which exceeds the growth of the banking market.

DBS Group's overall capital requirement (OCR) reached 19.64% at the end of 2024, an increase of 0.08 percentage points compared to the previous year. In doing so, DBS Group met the capital adequacy ratios prescribed by the Bank of Slovenia, including the capital guidance, systemic risk buffer and the countercyclical capital buffer. DBS Group has an adequate level of internal capital for all identified Pillar II material risks as well as for Pillar I capital requirements calculated in accordance with the CRR Regulation. It also maintains an adequate level of liquidity reserves and liquidity.

The balance of collected funds from households, including foreign entities and non-profit institutions serving households, amounted to EUR 1,069 million at the end of 2024. This was up 6% compared to the end of 2023. The Bank adapts to the needs of the market actively. In 2024, this was reflected in offering the services that the customers need the most. In the field of active banking operations, lending to households is a strategic orientation that the bank will continue to follow in the future. Compared to the end of 2023, loans to households increased by 5%, amounting to EUR 397.93 million at the end of 2024.

In addition to the Bank and project company DBS Nepremičnine, the DBS Group comprises the subsidiary DBS Leasing, whose balance sheet total grew by 21% in 2024 and thus significantly exceeded the average growth of balance sheet total of the Slovenian leasing market, which in 2024 grew by 2.9%.

Under the DBS Group Strategy, we fully implemented three strategic initiatives in 2024, sixteen are under implementation and two are scheduled to start implementation in 2025, as they depend on the new information system. In the year that we actually launched the initiatives, it has become clear that some of them need to be changed or transformed. These activities await us in the near future, all with the aim of increasing our competitiveness, pursuing a sustainable market, and becoming an even better financial group overall.

Effective risk management is one of the Group's most important objectives, ensuring a stable and secure operations while improving the Group's efficiency and competitiveness. Following the intensive modernisation of its risk management processes in 2023, the Bank aimed to achieve effective and appropriate risk management in all areas in 2024. To this end, the Group has developed and implemented the Risk-taking and Risk Management Strategy, which sets out the main principles of risk management and the general guidelines for taking on and managing the key risks the Group is exposed to in its operations.

In addition to all risks, the Bank is also aware of the importance of sustainable development. Sustainability is an integral part of our business strategy, which aims to integrate financial performance, social responsibility and environmental protection to create long-term value for our customers, employees, the community and the wider economy. In 2024, the Group focused its sustainable development activities on key strategic initiatives to strengthen the foundations for effective sustainability management at the Group level. It has established a sustainability management framework, drafted a sustainability strategy, developed a methodology for assessing double materiality and carried out the first comprehensive double materiality assessment, established a methodology for calculating the Bank's carbon footprint, assessed the materiality of climate and environmental risks, prepared a gap analysis in line with ESRS standards (the basic principles of Sustainability Reporting Standards), set up data collection procedures and trained staff and strengthened competences in sustainability.

We constantly practice social responsibility in the environment in which we operate. The Bank has always been the financial pillar supporting Slovenia's agriculture and rural areas. Its offer, tailored to the agricultural sector, is a telling indicator of this. The large number of farmers who have been our customers, together with their descendants, since the very beginning of the Bank's existence, requires us to be constantly adaptable, flexible and aware that it is our great task and responsibility to remain a trustworthy institution. In order to strengthen and broaden our relationship with agricultural cooperatives, last year we organised events for their members, with presentations on current public calls for obtaining grants and on succession issues in the agricultural economy. Given the response and interest, we believe that this is the right way to work with cooperatives.

Our slogan "Always near you" still applies, as we maintain a wide network of branches, especially in rural areas and smaller towns throughout Slovenia. We are also always near at all the major agricultural fairs, where we greet our customers and introduce ourselves to potential new customers, thus raising awareness of our bank. We were present at the St Gregory Fair, the spring and autumn fairs in Komenda and, of course, the largest fair of agriculture and food, AGRA, in Gornja Radgona.

From the very beginning, we have been a partner of the Agrobiznis project, which is run under the auspices of the Finance newspaper and addresses the entrepreneurial spirit, cooperation, technological progress and innovation of Slovenian farmers and the food processing industry. It highlights companies, individuals and organisations with new marketing approaches and food production technologies or business models that would lead to greater food self-sufficiency in Slovenia, as an example and an incentive to others. Through the Regional Forums, we have been present in all Slovenian regions throughout the year, looking for new business opportunities.

Our employees also show their courage again and again every year. Last year, we again collected over 200 kilograms of long shelf-life food and hygiene products. The collected products were donated through a humanitarian organisation to those who could not afford to buy them.

But courage is not the only virtue of our employees. During this very challenging year, they demonstrated their ability to pursue and achieve their goals despite the many obstacles and challenges they have faced with stoicism, professionalism and dedication. In addition to managing the Group's historic transformation, they also ensured compliance with applicable legislation, integrity and professionalism in their day-to-day operations. We have the utmost respect for their loyalty, professionalism and efficiency, for which we thank them sincerely.

We would also like to thank the owners and all our customers and business partners for their patience and trust, even when we were tested and in doubt. But ambition has seen us through 2024, and it will continue to guide us. We have shown that we can overcome many obstacles, even face high hurdles, but together we are moving forward towards our goals. With confidence and the belief that we can do it. And we want everyone else to believe in us too.

Ljubljana, 8 April 2025

BANK MANAGEMENT BOARD:

Member of the Management Board
Andraž Grum, PhD

Member of the Management Board
Barbara Cerovšek Zupančič, MSc

President of the Management Board
Jure Kvaternik

II.2. REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Deželna banka Slovenije d. d. monitors and oversees the Bank's management and its operations. The framework for its operation, as well as its powers and responsibilities, are based on the Banking Act, the Companies Act, Regulation on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks, other applicable regulations and the Bank's internal acts.

Until 30 June 2024, the Supervisory Board was composed of Ivan Lenart (President), Boštjan Škufca Zaveršek, MSc (Deputy President), Iris Dežman, Nikolaj Maver and Gregor Sluga, MSc. Between 1 July 2024 and 2 September 2024, the Supervisory Board was composed of Ivan Lenart (President), Gregor Rovanšek, MSc (Deputy President), Iris Dežman, Nikolaj Maver, Gregor Sluga, MSc, and Matija Gantar, MSc. Since 3 September 2024, the Supervisory Board has been composed of Ivan Lenart (President), Gregor Rovanšek, MSc (Deputy President), Iris Dežman, Nikolaj Maver, Gregor Sluga, MSc, Matija Gantar, MSc and Mladen Jovandić.

In 2024, the Supervisory Board met at eight regular meetings and one extraordinary meeting. Regular reports and other pressing matters as well as major issues related to the Bank's operations were discussed. Decisions were made regarding issues within the Board's competence. All meetings were quorate. In order to avoid conflicts of interest, some members of the Supervisory Board occasionally recused themselves from discussing certain items.

The following are the main topics that the Supervisory Board discussed in 2024:

The Bank's financial operations

The Supervisory Board regularly discussed the Bank's financial operations and the regular reports of the Bank and its subsidiaries on operations in 2024, monitored the implementation of the plan in doing business with households and corporate customers, and gave its consent to the plan for 2025.

Risk

The Supervisory Board reviewed and approved the Bank's risk profile. It took note of the risk analysis process, Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), and with the report on the management of non-performing claims.

Human Resources

The Supervisory Board appointed Ivan Lenart as President of the Supervisory Board and Gregor Rovanšek, MSc, as Deputy President, with effect from 26 July 2024. It appointed the members of the Nomination Committee, Risk Committee and Audit Committee.

Management of the Bank

The Supervisory Board reviewed and approved the Bank's 2023 annual report and offered a positive opinion with respect to the certified auditor's report. Together with the Management Board, the Supervisory Board convened for 27 June 2024 the Bank's 41st Annual General Meeting. It endorsed the Bank's Risk-taking and Risk Management Strategy and adopted the Bank's Trading Strategy.

Internal audit of the Bank

In 2024, the Supervisory Board reviewed the 2023 annual report on the Bank's Internal Audit Department, and half-year reports on its activities in the second half of 2023 and the first half of 2024. Furthermore, it regularly monitored quarterly reports of the Internal Audit Department on outstanding recommendations. It also approved its Annual Work Plan for 2025.

Operations of subsidiaries

The Supervisory Board regularly discussed the financial performance of the subsidiary DBS Leasing d. o. o.

The Bank's internal acts

The Supervisory Board updated the Rules of Procedure of the Nomination Committee, the Rules of Procedure of the Risk Committee and the Rules of Procedure of the Supervisory Board. It adopted amendments to the Securities Investment Policy and the DBS Dividend Policy. Where required by the applicable regulations, the Board reviewed and gave its consent to amendments to the Bank's internal acts. Also in 2024, a number of the Bank's acts were renewed, including the Specific Risk Management Policies.

Other relevant activities

The Supervisory Board reviewed the letters from the Bank of Slovenia. It examined reports on the state of information and general security. It discussed various materials on the Bank's operations compliance and the prevention of money laundering and terrorist financing. It was regularly acquainted with the important court proceedings in which the Bank is involved, and with the Bank's immovable property portfolio and the procedures for the disposal of more valuable property. The Supervisory Board was also briefed on the progress report on the migration of the core banking system and on the Bank's sustainability (ESG) activities. It decided on giving its consent to the decisions of the Management Board when so stipulated by the legislation and the Statutes and discharged other required tasks.

Internal organisation of the Supervisory Board

In 2024, the Board had expert support from the Audit Committee, Risk Committee and Nomination Committee. Members of committees are Supervisory Board members. The tasks and competences of each committee are laid down in the Bank's Statutes and in the terms of reference and rules of procedure of each committee. Internal organisation of the Supervisory Board is presented in detail in the Chapter VI.4. Composition and operations of management and supervisory bodies and their committees.

Based on adequate and timely reports and information as well as additional clarifications and explanations provided by the Management Board at the meetings themselves, the Supervisory Board was able to monitor and oversee the management responsibly, and to base own conduct on what is in the Bank's best interest. The Board feels to have collaborated well and constructively with the Management Board, the Bank's expert departments, and its regular auditor. All this has contributed to the Bank's stable operations and strong operating result.

As at 11 April 2025, the Management Board provided the Supervisory Board with the Deželna banka Slovenije Group Annual Report for 2024, which consists of the business report and financial report, the latter containing audited standalone financial statements of the Bank and consolidated statements of the Group, along with the auditor's report. The auditor believes the financial statements with notes give a true and fair view of the financial position of the Bank and the Group as at 31 December 2024, as well as profit or loss and cash flow for the financial year ended in accordance with the International Financial Reporting Standards.

At its meeting on 17 April 2025, the Supervisory Board confirmed the Deželna banka Slovenije Group 2024 Annual Report.

Ljubljana, 17 April 2025

President of the Supervisory Board
Ivan Lenart

The Supervisory Board's resolution on reviewing and confirming the Annual Report

Pursuant to the Deželna banka Slovenije d. d. Statutes, the Supervisory Board, at its regular meeting No 2025-04-NS-8 held on 17 April 2025, adopted the following

RESOLUTION

1. Based on its examination and consideration, the Deželna banka Slovenije d. d. Supervisory Board hereby confirms the revised Deželna banka Slovenije Group 2024 Annual Report, having no objection to it.

2. The Supervisory Board gives a favourable opinion on the report of the audit firm Forvis Mazars d. o. o. for the financial year 2024.

Ljubljana, 17 April 2025

President of the Supervisory Board
Ivan Lenart

III. GENERAL INFORMATION ON THE BANK

III.1. THE BANK'S ROOTS AND HISTORICAL DEVELOPMENT

The roots of Deželna banka Slovenije d. d. go back to the era of the early agricultural credit unions and savings and loan undertakings.

2023	• Sale of DBS Adria d. o. o.
2020	• Sale of Semenarna Ljubljana, d. o. o.
2014	• DBS Adria d. o. o. • Semenarna Ljubljana, d. o. o.
2013	• DBS Nepremičnine d. o. o.
2005	• DBS Leasing d. o. o.
2004	• Deželna banka Slovenije d. d.
1990	• *The agricultural cooperative bank* Slovenska zadružna kmetijska banka d. d.
1971	• *The association of savings and loan undertakings* Zveza hranilno-kreditnih služb Slovenije
1954	• Cooperative savings banks (the first new cooperative savings bank in Kranj)
1949	• Savings and credit sections of agricultural cooperatives
1920	• *Cooperative business bank* Zadružna gospodarska banka
1883	• The first Slovenian cooperative association (Celje Slovenian Credit Union Association)
1872	• The first credit union in Ljutomer

III.2. BANK'S SERVICES

Deželna banka Slovenije d. d. is licensed to provide banking services, which include accepting deposits and other repayable funds from the public and lending for the banks' own account, and it is also licensed to provide mutually recognised and ancillary financial services.

In 2024, the Bank was licensed to provide the following mutually recognised financial services under Article 5 of the Slovene Banking Act (ZBan-3):

Service

1. Accepting deposits and other repayable funds;
2. Lending, which includes:
   - Consumer credits,
   - Mortgage credits,
   - Factoring, with or without recourse,
   - Financing of commercial transactions, including forfeiting;
4. Payment transactions;
5. Issuing and managing other payment instruments (such as travellers cheques and bank bills) that do not fall under the services of the preceding item;
6. Issuing of guarantees and other commitments;
7. Trading for own account or for accounts of customers in:
   - Foreign exchange, including currency exchange transactions;

   Trading for own account:
   - Money market instruments,
   - Financial futures and options,
   - Foreign exchange and interest-rate instruments,
   - Transferable securities;
12. Safekeeping of securities and other services relating to safekeeping;
13. Credit rating services: collection, analysis and provision of information on creditworthiness.

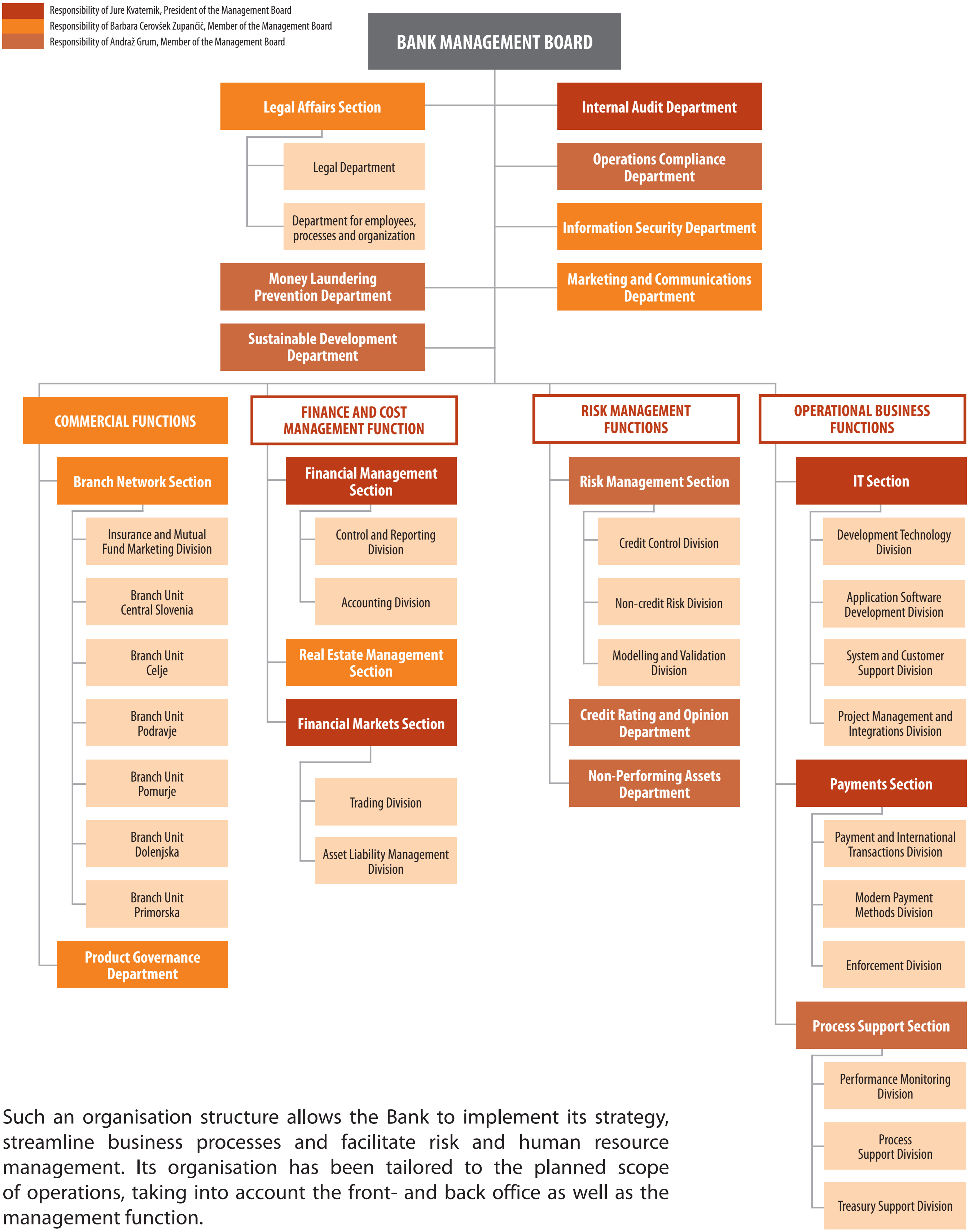
Pursuant to Article 6 of the Slovene Banking Act (ZBan-3), the bank may also provide additional financial services, such as:

Service

1. Insurance brokerage pursuant to the act governing the insurance business;
6. Other services or transactions:
   - brokering of financial leasing,
   - marketing of investment fund units.

III.3. ORGANISATION CHART

Organisation chart as at 31 December 2024



Such an organisation structure allows the Bank to implement its strategy, streamline business processes and facilitate risk and human resource management. Its organisation has been tailored to the planned scope of operations, taking into account the front- and back office as well as the management function.

IV. DEŽELNA BANKA SLOVENIJE BANKING GROUP

Deželna banka Slovenije d. d. is the controlling company in the Deželna banka Slovenije Group ("Group"). As at 31 December 2024, the Group included the following subsidiaries: the leasing company DBS Leasing d. o. o. ("DBS Leasing"), the real estate company DBS Nepremičnine d. o. o., which trades in the Group's property ("DBS Nepremičnine").

Deželna banka Slovenije d. d. draws up consolidated financial statements for the entire Group.

Group companies as at 31 December 2024

	Status	DBS's stake in %
DBS d. d.	Controlling company	-
DBS Leasing d. o. o.	Subsidiary	100
DBS Nepremičnine d. o. o.	Subsidiary	100

DBS Group organisation chart as at 31 December 2024

Performance indicators of the Group's subsidiaries for 2024

Company	DBS Leasing d. o. o.		DBS Nepremičnine d. o. o.	
	2024	2023	2024	2023
Total assets (in EUR thousand)	26,697	22,043	1,636	1,573
Equity (in EUR thousand)	4,061	3,817	1,618	1,556
Profit/loss before tax (in EUR thousand)	370	125	69	35
Income tax (in EUR thousand)	(124)	(24)	(6)	(3)
Profit/loss after tax (in EUR thousand)	246	101	63	32
Return on assets (ROA) before tax (in %)	1.50	0.60	4.29	2.25
Return on equity (ROE) before tax (in %)	9.48	3.25	4.33	2.26
No. of employees (at end of period)	7	7	0	0
Total assets/No. of employees (at end of period) (in EUR thousand)	3,814	3,149	-	-

DBS Leasing d. o. o.

Registered address: Kolodvorska ulica 9, 1000 Ljubljana, Slovenia
Registration number: 2160854
Business: 64.910 Financial leasing
Initial capital: EUR 3,484 thousand
CEO: Jan Juvan

DBS Leasing is a small leasing company that offers movable property leases exclusively, thus complementing banking services and products with leasing services.

DBS Leasing offers its services to farmers, individuals and companies through the extensive network of bank branches, and partly through a network of suppliers. The predominant part of business is the financing of farming and forest vehicles and machinery, followed by passenger cars, commercial vehicles and other movable property.

The company is included in prudential and accounting consolidation at the level of the DBS Group. Part of the support functions, such as risk management, IT and legal support, are performed for the company by its founder, and they also share some other functions. At the end of 2024, the company had 7 employees.

A profit of EUR 246 thousand was reported for financial year 2024. The company's total assets in 2024 were up 21.1% to EUR 26.7 million. The majority of investments are finance lease receivables. The main sources of assets are equity and the founding company's loans.

DBS Nepremičnine d. o. o.

Registered address: Kolodvorska ulica 9, 1000 Ljubljana, Slovenia
Registration number: 6290540
Business: 68.100 Buying and selling of own real estate
Initial capital: EUR 2,000 thousand
CEO: Tomo Sokolić

DBS Nepremičnine was founded in January 2013 and is wholly owned by DBS d. d. In the past, the company's core businesses included selling the Group's property, renting and developing real estate projects, whereas in 2024, the company's core businesses included other production of electricity.

A major part of balance sheet assets is a short-term loan to a subsidiary, and among sources of assets, it is equity.

In the financial year 2024, the company reported a net profit of EUR 63 thousand.

V. REPORT ON THE BANK'S PERFORMANCE IN 2024

V.1. GENERAL ECONOMIC ENVIRONMENT[1]

According to survey data, the global economy also achieved growth at the end of 2024. Developments in major economies remained mixed. Among the advanced economies, India recorded the strongest growth in economic activity, while the euro area was the only advanced economy in mild contraction. The outlook for economic activity remains weak. The main risks include geopolitical tensions in several areas, political uncertainty and adverse changes in trade policy. The World Bank forecasts global economic growth to reach 2.7% in 2025 and to remain at the same level in 2026.

Sentiment indicators for the euro area declined in the last quarter of 2024. The average value of the Purchasing Managers' Index (PMI) decreased in the last quarter, as both of its component indicators decreased. The indicator for services shows that growth in this segment is slowing down. The indicator for manufacturing activities indicates a continued contraction in the face of a steady decline in new orders.

According to the ECB's December forecast, the European economy grew by 0.7% in 2024, and growth is expected to be 1.1% and 1.4% in 2025 and 2026, respectively. Higher growth is expected to be supported mainly by private consumption, alongside an increase in real incomes, but the outlook is accompanied by high geopolitical and economic uncertainty.

The economic situation in Slovenia remained uncertain in the fourth quarter of last year, amid mixed developments across activities, but was better than a year earlier. Developments in services and trade continued to be solid, supported by domestic spending and tourism. Industrial developments were also relatively favourable, amid uncertainty in the international environment. Construction activity also picked up sharply in November, after several months of stagnation. By contrast, economic sentiment deteriorated slightly in the last quarter. This was mainly due to lower estimates of total orders in manufacturing and deteriorating consumer confidence.

Labour market developments were subdued in the final months of 2024. In December, the number of unemployed was 2.7% lower year-on-year. Many companies faced labour shortages, which were solved mainly by recruiting foreign nationals. Construction, transport and warehousing stood out in terms of the share of foreign nationals.

GDP growth in 2024 was 1.6%, which is much more modest than the 2.1% growth in 2023. Growth in government consumption was expectedly high, while export developments surprised positively. Private consumption was also higher than a year earlier, while fixed capital formation was lower. The volume of construction investment was lower. Construction activity picked up at the end of the year but was lower than in 2023. Manufacturing output and value added increased in the last quarter.

Inflation in 2024 was much lower than in the previous year, 2023, with annual price growth at 1.9% (2023: 4.2%). The average price growth was 2.0%. Prices of services rose by 2.7% on average over the year, while prices of goods rose by 1.4%. Price increases in food and non-alcoholic beverages pushed up inflation by 0.5 percentage points and in the restaurants and hotels group by 0.3 percentage points. Higher prices in the groups of alcoholic beverages and tobacco, clothing and footwear, miscellaneous goods and services, housing, water, electricity, gas and other fuels, and transport each added 0.2 percentage points. Inflation is expected to rise again in 2025 mainly due to the expiry of the measures, but also due to additional taxation. In 2026, inflation is expected to return to 2%.

Growth in the volume of loans to domestic non-banking sectors strengthened by 5.3% in November. The main contributor to growth was an increase of around 70% in lending to other financial institutions. The volume of loans

[1] Sources:
Institute of Macroeconomic Analysis and Development of the Republic of Slovenia (IMAD):Autumn forecast of economic trends 2024, Slovenian Economic Mirror 1/2025.
Bank of Slovenia: Review of macroeconomic developments, January 2025, Monthly report on bank performance with commentary up to October 2024, December 2024.
Websites.

to non-financial institutions, which had been declining on a monthly basis since May, rose by 0.4% in November, slowing down the year-on-year decline by more than one percentage point (to 3.2%). Loans to households were up 6.1% year-on-year. Their year-on-year growth remained around the levels reached throughout the second half of the year, with a moderation in the year-on-year growth of consumer loans (14.4%) and a gradual strengthening of housing loans (3.7%). Deposit growth in domestic non-banking sectors was the lowest since 2016 (1.5%). Overnight deposits, which account for around 80% of total deposits of the non-banking sector, have been growing since September. In November, however, short-term deposits were down 1% year-on-year for the first time since August 2022. Growth in long-term deposits also fell sharply during the year to 10%.

The quality of bank assets remains good, with the share of non-performing claims remaining at 1% for more than a year and a half.

The capital position of the Slovenian banking system remained solid. The banking system's capital ratios declined slightly in the third quarter of the year compared to the end of 2023, which was driven by an increase in risk-weighted assets. The liquidity of the banking system remained good.

Most of the world's major central banks are continuing to ease monetary policy restrictions. In December, the Eurosystem cut all three key euro interest rates for the fourth time in 2024, bringing the deposit rate to 3.00%, one percentage point lower than at the start of the year. Most measures of core inflation suggest that inflation will stabilise at a sustainable level around the ECB Governing Council's medium-term objective of 2%. In particular, geopolitical risks remain, such as the escalation in the Middle East and the war in Ukraine, which could negatively impact global trade and impair euro exports. The question arises as to where the ECB sees the neutral threshold, which marks the level of interest rates at which monetary policy neither stimulates nor hinders economic growth. It is likely to be higher than in the past, somewhere between 1.75% and 2.00%. The ECB will take further interest rate decisions on the basis of the data, on a meeting-by-meeting basis. This will take into account the inflation outlook, fresh economic and financial data and underlying inflation dynamics. At its first meeting in 2025, it cut all three key euro interest rates by 0.25 percentage points.

V.2. THE BANK’S BUSINESS OPERATING POLICY

In December 2023, the Bank's Management Board adopted a new business strategy for the Deželna banka Slovenije Group for the period 2024–2027, and the Bank's Supervisory Board gave its consent to it. The Strategy sets the guidelines for the operations of the Bank and of DBS Leasing and DBS Nepremičnine, and defines the vision, mission, values and key strategic directions.

The vision is the goal we want to achieve. We have set ourselves the vision to be the first choice for homebuyers, entrepreneurs and agriculture.

Retail banking is an important segment of our business, where we want to improve our market position with optimised digital banking services and new products (package banking offers and fast loans). We will also focus on our business with entrepreneurs, and agriculture is a segment to which we have traditionally been attached.

While the vision expresses the objective we want to achieve, the mission defines the company's raison d'être, its purpose and its core activity.

Our mission states that we are a Slovenian universal bank that is sustainable and builds on tradition and values. We are a reliable life partner who stands by our customers in all important life and business events. We offer a full range of banking and financial services and are the financial partner of choice for the agri-food sector, rural areas and cooperatives.

We have also defined the values that are the fundamental framework for our decisions and actions. Our values are: people at the centre, satisfaction and trust, responsibility, affiliation and sustainable development.

Based on an analysis of the economic environment, the banking market, technology trends and customer expectations, as well as a SWOT analysis, we have defined four key strategic priorities for our operations:
- Improving the Bank's efficiency,
- Growth,
- Sustainable operations,
- Technological transformation.

Growth is our key strategic priority, whereby we aim to grow our volume of business by focusing on three key pillars: SMEs, population and the agri-food sector.

In order to achieve the planned business growth, we need to first improve the Bank's efficiency and undertake a technological transformation. The Bank will be more efficient if we improve the way we organise our business, ensure staff excellence, and improve processes and the efficiency of our business network. A key part of the technological transformation is the transition to a new core banking system that will enable sales growth, cost and process optimisation, improved customer and employee experience, compliance with relevant legislation and support for sustainable development.

Understanding sustainability as one of the core priorities of our strategy is key to our long-term success. Our commitment to sustainable practices is not only a response to growing environmental challenges, but also an opportunity to create value for all our stakeholders.

To implement the strategy, we have identified 21 strategic initiatives, which involve several organisational units and are usually carried out over a period of more than one year. We implemented three initiatives in 2024, 16 are in progress, and we will begin implementing two in 2025.

In 2024, our priority was technological transformation. We realised an important part of the technological transformation in early 2025 with the successful transition to a new core banking system. The transition went smoothly, and our customers can use the new mobile and electronic bank from the beginning of 2025.

V.3. THE BANK’S PERFORMANCE

V.3.1. CORPORATE BANKING

Corporate lending

The main principles used in soliciting new customers are: knowing the company well, understanding its operations, understanding the risks the Bank is exposed to doing business with the company and identifying the company’s needs for financing and other banking products. Based on this, the Bank cross-markets all its services in the areas of corporate banking, treasury, payment transactions and modern payment solutions.

The Bank has pursued a conservative investment policy and dispersed its exposure among family-owned companies, SMEs and cooperatives operating in the manufacturing industry, high-tech industries, ecology-related industries, the energy sector, the tourism industry and the agri-food sector. Sales efforts were dispersed selectively, with the Bank allowing exposure to corporates and cooperatives with adequate credit ratings and operations that generate enough cash-flow to repay loans. Attention was devoted to acquiring adequate exposure collateral. In 2024, the banking market again showed an exceptional orientation of banks towards micro and medium-sized enterprises. In the area of corporate lending, the Bank was confronted with very low interest rates from competing banks, which were at the same time relaxing their requirements for adequate collateral for loans. The bank has not and will not pursue this.

With customers identified as posing increased risk, the Bank intensified action for recovery or demanded additional collateral, which is in accordance with the policy of collateralisation and protection of the Bank’s value.

The Bank's investments into loans to non-financial companies, the state and other financial companies totalled EUR 452,933 thousand at the end of 2024. This was an increase by EUR 51,205 thousand compared to the year-end of 2023. The increase was mainly due to the growing exposures to municipalities and, on the other hand, to the successful resolution of non-performing exposures.

The downward trend in the Bank's share of non-performing exposures continued in 2024. At the end of the year, non-performing exposures at solo level amounted to EUR 14,586 thousand, representing a 0.89% share, and at consolidated level amounted to EUR 16,906 thousand, representing a 1.03% share. The share of NPEs in the bank is comparable to the share of NPEs in the Slovenian banking system, which is maintained at 1%. The Bank maintains its current method of dealing with non-performing exposures, which involves an individual approach, analysis of the causes of the customer's problems, consideration of options and acting in accordance with the findings. Where restructuring is reasonable, the Bank follows the Slovenian restructuring principles adopted by the Bank Association of Slovenia and the recommendations of the Bank of Slovenia. However, if the analysis shows that restructuring is not reasonable, the Bank pursues intensive pre-trial and judicial recovery.

In 2024, the Bank had no significant direct investments with exposure to customers in the area of the Ukraine-Russia conflict or to customers whose business depended significantly on transactions with the mentioned areas.

Running accounts and DBS PRONET electronic banking for corporate customers

At the end of 2024, the number of active corporate transaction accounts was slightly higher than in the preceding year, with 96.57% of its corporate customers having an active transactional account with the Bank using DBS PRONET.

Payment transactions

In 2024 the Bank followed trends in state-of-the-art developments in payment transactions and complied with legal requirements. In addition to individual credit transfers and instant payments, it offers its customers SEPA mass payments, SEPA direct debit, payment cards, and the issuing and paying of e-invoices. By joining the TIPS payment system for instant payments between bank accounts in the EU and BIPS IP for instant payments, the Bank enables traders to receive instant payments at sale outlets.

In accordance with the Payment Services Directive (PSD2), the Bank offers a payment ordering service and an account information provisioning service within open banking and has security mechanisms in place for online payments, having introduced strong authentication to ensure the Bank's compliance with the before-mentioned directive.

The Bank integrates into modern payment systems by maintaining and upgrading sophisticated IT support, thereby ensuring itself access to central bank money and high-quality services for its customers. The majority of the Bank's corporate payment traffic was handled by the BIPS IKP and TARGET2 internal and domestic payment systems, as well as by the SEPA EKP international and cross-border payment system. In 2024, the volume of instant payment transactions on the inflow side increased slowly.

With respect to international operations, the Bank offers its customers guarantees, letters of credit, and collection, and maintains good business relations with other banks by adequately servicing its current account and correspondent banking network. It also offers international payment transaction services to savings banks in Slovenia.

Corporate deposits

Corporate deposits, including deposits by foreign entities, and deposits by the state, amounted to EUR 382,354 thousand as at 31 December 2024, an increase of EUR 86,877 thousand compared to the previous year. The Bank's activities in relation to collecting corporate deposits were adjusted to the liquidity situation and market demand. In doing so, it kept a close eye on market conditions and investment opportunities. Corporate demand deposits, including deposits by the state and deposits by foreign entities amounted to EUR 111,142 thousand at the end of 2024, up 0.2% compared to the previous year.

V.3.2. RETAIL BANKING AND BUSINESS NETWORK

The Bank's household operations in 2024 were influenced by the subdued economic growth in the country and the higher level of interest rates, which had a strong impact on the economic activity of households - the population, farmers and sole proprietors.

Collected funds

The balance of collected funds from households, including foreign entities and non-profit institutions serving households, amounted to EUR 1,069,064 thousand at the end of 2024. This was up EUR 61,636 thousand, or 6.1%, compared to the end of 2023. Of this, funds collected from households, mostly sight deposits, totalled EUR 977,837 thousand.

Lending

The balance of loans and advances to retail customers amounted to EUR 397,930 thousand at the end of 2024, an increase by EUR 17,592 thousand, or 4.6%, compared to the year-end of 2023.

Despite increased competition and restrictions introduced by the Bank of Slovenia, the Bank managed to achieve growth and preserve the quality of its credit portfolio in lending business for the segment of households. In the field of housing loans, extremely low interest rates were detected in the banking market in 2024, resulting in high repayments of past loans. Competing banks even offered fixed-rate loans with maturities of up to 30 years. This was not pursued by the bank because of the exposure to excessive interest rate risk that would arise from such investments.

In 2024, safety and limitation or risks were again at the forefront for the Bank. Expedient and intensified daily debtor treatment helped the Bank keep the volume of overdue defaulting receivables from its retail customers at a manageable level.

Transaction accounts

In 2024, the Bank kept opening transaction accounts actively. This is closely related to the cross-marketing of products, as the Bank offers its products in packages that enable customers to expand their cooperation with the Bank to several areas and banking services. In an effort to increase the number of transactional accounts, the Bank continued marketing special offers, which included Sowing Package, Harvest Package, Secondary On-farm Activity Package, Transferee of a Farm Package, and Package for private entrepreneurs, associations and other legal persons governed by private law. The Bank's primary focus is with customers that ask for full-functionality accounts. In 2024, the Bank was regularly closing inactive transaction accounts.

Numismatics

The Bank continues to sell numismatic – collector and commemorative – coins, as this is an important contribution to maintaining the Bank's visibility in its environment. In 2024, two issues of collector and commemorative coins were realised, i.e. commemorative coins marking the 250th anniversary of the National and University Library and collector coins marking the 150th anniversary of the birth of Rudolf Maister.

Electronic banking for individuals – DBS NET

In 2024, the Bank further increased both the number of transactional accounts with the E-banking functionality, and the number of E-bank users. This is the result of integrating new customers and redirecting existing customers actively to process payment transactions via the E-bank or mobile bank.

Despite the activities to develop new solutions for online and mobile banking, regular functional upgrades of the existing solutions were also carried to improve the customer user experience.

Insurance brokerage

In 2024, the Bank cooperated with Zavarovalnica Sava, d. d. and restarted cooperation with Prva osebna zavarovalnica, d. d. in the distribution of insurance products. It continued the optimisation of operations in this area and expanded its range of marketed insurance products.

Marketing mutual funds

In 2024, the Bank continued its cooperation with DZU Generali Investments in the area of mutual fund marketing.

The Bank's ATM network

At the end of 2024, the Bank's ATM network consisted of 23 machines.

Payment cards

The growth trend in the volume of card business continued in 2024. The number of Mastercard debit cards and Mastercard prepaid cards issued increased, as did the number of Mastercard deferred payment cards. Despite the fact that the Bank issues to its customers a Mastercard debit card that is widely accepted at online points of sale, which can also have an impact on the decline in interest in prepaid and deferred payment cards, we perceived an increase in interest in the latter products in 2024. Customers are still demanding all card products due to the characteristics and benefits of using each card, i.e., debit cards for everyday use at ATMs, physical points of sale and online purchases; prepaid cards for transactions with previously secured and limited funds (these are more commonly used for online and travel transactions); deferred payment cards primarily when customers make large purchases and settle liabilities to the bank in instalments, when travelling or booking accommodation where only deferred payment cards are accepted by points of sale, or when settlement of liabilities with deferred payment is more appropriate with regard to their payment habits.

Marketing UPN forms via outsourcers

In 2024, the Bank outsourced the marketing of standard payment order forms (so-called UPN forms) to five providers.

V.3.3. OPERATIONS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Operations with domestic and foreign banks in 2024 comprised conversions, with which the Bank provided liquidity and managed net open foreign exchange positions.

In 2024, the Bank did not borrow funds in the interbank market. As to investments, exposure to the banking sector was within the set limits.

V.3.4. SECURITIES TRANSACTIONS

Debt and equity securities

The Bank's portfolio of debt securities as at 31 December 2024 was worth EUR 194,470 thousand. In line with its adopted strategy, in 2024, the Bank replaced matured and sold debt securities with new ones, focusing mainly on top-rated securities that meet the criteria for eligible underlying assets of the Eurosystem.

In purchasing new debt securities, decisions were based on the Bank's needs, which depended on the maturity periods of its liabilities, the liquidity coverage ratio (LCR), the capital adequacy ratio, safety, and return on investment. The Bank's investment policy was highly conservative in general.

Equity investments

The total value of equity investments as at 31 December 2024 amounted to EUR 8,223 thousand, of which investments in subsidiaries represented a 64% share, investment in the Bank Resolution Fund a 34% share, and other investments a 2% share.

V.3.5. PROPERTY MANAGEMENT

The Bank manages its own property, which it needs to carry out its activities, and the property acquired in insolvency or recovery proceedings.

The bank actively monitors the property market and events in the local environment and searches for buyers or tenants to sell and lease property and investment property as efficiently as possible, all with the aim of achieving the highest possible prices and returns.

The size of the real estate portfolio decreased by a net EUR 1.06 million or 8.5% in 2024. The Bank acquired EUR 76 thousand of new property in foreclosure and bankruptcy proceedings during this period. Efficient sales contributed to the reduction of the total volume of the portfolio, as the Bank sold EUR 1.03 million of property in 2024, generating an overall positive result on sales.

In 2025, the Bank will continue intensive marketing activities to further reduce the volume of property.

V.4. FINANCIAL RESULTS AND FINANCIAL POSITION

V.4.1. FINANCIAL RESULTS

DEŽELNA BANKA SLOVENIJE GROUP

In 2024, the Group reported EUR 28,981 thousand of profit from ordinary operations before tax, which is a 4% or EUR 984 thousand increase year-on-year (2023: EUR 27,997 thousand). The net profit for the year amounted to EUR 23,066 thousand (2023: EUR 24,504 thousand). The Group's operations were improved by the two subsidiaries DBS Leasing and DBS Nepremičnine.

Group net interest income amounted to EUR 53,408 thousand, an increase by EUR 5,236 thousand year-on-year. The majority of interest income results from the Bank's operations, including loans, borrowings, and deposits. The consolidation of subsidiaries into Group statements has increased financing income and net interest income by EUR 1,459 thousand.

Net fee and commission income amounted to EUR 8,423 thousand, up EUR 96 thousand from a year earlier. The majority of net fees and commissions refer to the operations of the Bank and are attributable mainly to income from fees and commissions on payment transactions and the administrative services provided.

In 2024, net loss on the derecognition of financial assets and liabilities not measured at fair value through profit or loss totalled EUR 17 thousand (2023: EUR 240 thousand of realised gains).

Net gains on the derecognition of non-financial assets amounting to EUR 196 thousand (2023: EUR 300 thousand) mostly relate to gains on sales of the Bank’s property.

Net income from impairment of financial assets carried at amortised cost and of non-financial assets amounted to EUR 870 thousand. Impairment on loans and debt securities amounted to EUR 858 thousand net income, up EUR 943 thousand compared to the previous year. Impairments of investment property generated net income of

EUR 12 thousand. Net provision income totalled EUR 167 thousand, an increase by EUR 992 thousand compared to 2023.

DEŽELNA BANKA SLOVENIJE d. d.

The Bank recorded a positive result in 2024, achieving profit before tax of EUR 28,610 thousand (2023: EUR 27,776 thousand) and profit after tax of EUR 22,824 thousand (2023: EUR 24,310 thousand). The after-tax comprehensive income was EUR 23,442 thousand (2023: EUR 24,376 thousand). Operating profit before impairments and provisions, and before tax, was EUR 27,030 thousand (2023: EUR 29,727 thousand).

The result in 2024 was positively affected by a EUR 4,753 thousand increase in net interest income, a EUR 1,471 thousand increase in net income from impairment of loans and debt securities and a EUR 1,093 thousand decrease in net impairment charges on investment property. The negative impact was caused by lower net gains on derecognition of financial assets and liabilities not at fair value through profit or loss of EUR 257 thousand and lower net gains on derecognition of non-financial assets of EUR 104 thousand.

Net interest income in 2024 amounted to EUR 51,949 thousand, an increase by EUR 4,753 thousand year-on-year (2023: EUR 47,196 thousand). Interest income was higher by EUR 12,268 thousand due to higher interest received on loans to state, households, and legal entities, on debt securities and interest on sight deposits with the central bank. Interest expense was up EUR 7,515 thousand year-on-year, attributable to higher interest on corporate and household deposits.

Net fee and commission income totalled EUR 8,307 thousand, down EUR 64 thousand year-on-year (2023: EUR 8,371 thousand). Fee and commission income was up by EUR 263 thousand, with a decrease in income from credit transactions and an increase in fee and commission income from payment transactions and fees for administrative services rendered. Fee and commission paid was up EUR 327 thousand year-on-year.

Net income from impairments amounted to EUR 1,410 thousand, an increase of EUR 2,564 thousand compared to the previous year (2023: net expense of EUR 1,154 thousand). Compared to the previous year, in 2024, net income from loan impairments and debt securities increased by EUR 1,471 thousand and amounted to EUR 1,488 thousand (2023: EUR 17 thousand net revenue). There were no impairments on equity investments in subsidiaries (2023: no impairments). Impairment of investment property resulted in net expenses of EUR 78 thousand, which was EUR 1,093 thousand lower than in the previous year. In 2024, provisions contributed EUR 170 thousand of net income (2023: EUR 797 thousand of net expenses). Provisions for potential off-balance sheet liabilities totalled EUR 309 thousand of net income, and other provisions amounted to EUR 139 thousand of net expenses.

Other net operating gains totalled EUR 1,147 thousand (2023: EUR 1,415 thousand). Gains included EUR 722 thousand of lease income.

The Bank's operating expenses in 2024 amounted to EUR 34,756 thousand (2023: EUR 27,949 thousand). Employee benefits cost totalled EUR 20,645 thousand, up EUR 3,181 thousand from 2023. Overhead and administrative expenses amounted to EUR 10,674 thousand and were EUR 3,717 thousand higher than in 2023. Costs for payments into the bank liquidation fund and the deposit guarantee scheme amounted to EUR 1,601 thousand and were EUR 518 thousand lower than in 2023. Amortisation and depreciation expenses amounted to EUR 1,836 thousand, up EUR 427 thousand compared to 2023.

V.4.2. FINANCIAL POSITION

DEŽELNA BANKA SLOVENIJE GROUP

The Group's total assets amounted to EUR 1,580,214 thousand at the end of 2024, up EUR 165,725 thousand or 12% throughout 2024. The total assets of subsidiaries amounted to EUR 28,418 thousand, and represent 1.8% of the Group's total assets (31 Dec 2023: 1.7%). After the elimination of inter-company relationships, the Group's total assets exceeded the Bank's total assets by EUR 824 thousand.

Loans and other financial assets of the Group amounted to EUR 857,219 thousand at the end of December, up EUR 68,098 thousand. Loans and advances to banks decreased, while loans and advances to customers (including the state) were up EUR 69,093 thousand to EUR 854,346 thousand. Other financial assets amounted to EUR 2,873 thousand at the end of 2024, an increase of EUR 213 thousand.

The carrying amount of tangible assets totalled EUR 24,381 thousand as at 31 December 2024. Investments in the capital of two subsidiaries were deduced from equity investments in the consolidation process in the total amount of EUR 5,243 thousand.

Financial liabilities measured at amortised cost (including deposits, loans, subordinated liabilities and other financial liabilities) totalled EUR 1,457,035 thousand at the end of December. Deposits and borrowings from banks and the central bank were up EUR 1,054 thousand year-on-year, to EUR 1,312 thousand, and deposits by customers, including deposits from the state increased by EUR 148,952 thousand to EUR 1,451,074 thousand.

DEŽELNA BANKA SLOVENIJE d. d.

The Bank's total assets amounted to EUR 1,579,390 thousand at the end of 2024. This is an increase by EUR 164,888 thousand or 12% year-on-year, attributable mainly to higher corporate deposits.

Corporate deposits, including state deposits, were up by EUR 86,877 thousand by the end of 2024, which was due to an increase in corporate deposits by EUR 84,722 thousand. Under investments, loans and advances in this segment were up EUR 51,205 thousand.

Household deposits increased by EUR 61,636 thousand in 2024, with loans and advances to households up EUR 17,592 thousand.

Under borrowings from banks and the central bank, the balance increased by EUR 1,054 thousand by the end of 2024. As to investments, balances with the central bank increased, and together with the minimum reserve, totalled EUR 475,133 thousand at the end of December.

Equity investments in subsidiaries totalled EUR 5,243 thousand. Equity investments in DBS Leasing and DBS Nepremičnine totalled EUR 3,720 thousand and EUR 1,523 thousand, respectively, at the year-end of 2024.

In 2024, the Bank reduced the volume of investment property by a total of EUR 1,059 thousand or 8% and increased its inventory of properties by EUR 2 thousand. At the year-end of 2024, the total value of property amounted to EUR 12,538 thousand.

V.5. SHAREHOLDERS' EQUITY

The Group's equity as at 31 December 2024 amounted to EUR 112,449 thousand, up EUR 14,140 thousand year-on-year.

The Bank's equity as at 31 December 2024 amounted to EUR 111,809 thousand, up EUR 13,904 thousand year-on-year. It increased by EUR 22,824 thousand from the current operating result, of which EUR 11,412 thousand in other revenue reserves, and EUR 620 thousand in accumulated other comprehensive income, of which it increased by EUR 48 thousand due to a decrease in the loss from changes in the fair value of investments in equity instruments at fair value through other comprehensive income, and decreased by EUR 259 thousand due to an increase in the loss on actuarial losses for employees, and increased by EUR 830 thousand due to an increase in the gain on changes in the fair value of investments in debt financial instruments at fair value through other comprehensive income.

The share book value as at 31 December 2024 was EUR 26.421846. It is calculated as follows: share capital less treasury shares, divided by the number of shares recorded in the central securities register of the Slovene Central Securities Clearing Corporation (KDD) less treasury shares.

The Bank’s 10 largest shareholders as entered in the KDD central securities registry as at 31 December 2024:

Shareholder	Number of shares	Stake in %, considering all shares in KDD
KD Group d. d.	1,250,155	29.364
Kapitalska zadruga, z. b. o.	894,158	21.002
Kritni sklad PRVA+ ZAJAMČENI	422,557	9.925
Skupina Prva d. d.	422,557	9.925
ČZD Kmečki glas, d. o. o.	200,000	4.698
Zadružna zveza Slovenije, z. o. o.	171,848	4.036
Raiffeisen Bank International AG (RBI) - fiduciarni račun	106,118	2.493
Kritni sklad PRVA IN PRVA+ URAVNOTEŽENI	104,716	2.460
Kritni sklad PRVA IN PRVA+ DINAMIČNI	95,304	2.239
GENERALI zavarovalnica d. d., SKLAD NEŽIVLJENJSKIH ZAVAROVANJ	88,050	2.068
Total	**3,755,463**	**88.209**

The Bank's share capital amounts to EUR 17,811,083.54 and is divided into 4,268,248 ordinary no par value shares of the same class. The KDD central registry has on record 4,257,483 no par value shares. The difference of 10,765 shares is due to the fact that certain shareholders have not yet changed their paper stock into dematerialised securities. As at 31 December 2024, the Bank held 25,801 repurchased treasury shares, which is 0.606% of all issued shares.

VI. CORPORATE GOVERNANCE STATEMENT OF DEŽELNA BANKA SLOVENIJE d. d. FOR THE YEAR ENDED 31 DECEMBER 2024

Pursuing a high level of transparency in corporate governance, Deželna banka Slovenije d. d., (hereinafter also referred to as the Bank) as the controlling company in the Deželna banka Slovenije Group, is hereby making a corporate governance statement pursuant to the provision of Article 70 (6) of the Companies Act.

VI.1. STATEMENT OF INTERNAL GOVERNANCE ARRANGEMENTS

Based on Article 70 (6), item 2, of the Companies Act, the Bank is hereby, as part of the Business Report inside its Annual Report, making the following Statement of internal governance arrangements.

The Bank pursues an internal governance arrangement, including corporate governance, pursuant to the legislation valid in the Republic of Slovenia, while also abiding by its internal acts. The Bank thereby fully complies with the acts listed in Article 9 (2) of the Banking Act[2].

With a view to strengthening its internal governance arrangements, the Bank abides by the following, in particular, in conducting its operations:
1) The provisions of the valid Banking Act on internal governance arrangements, especially the provisions of Chapters 3.4 (Governance System of a Bank) and 6 (Internal Governance Arrangements and Internal Capital Adequacy) referring to banks and members of the management body,
2) Regulation on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks[3], and
3) Guidelines of the European Banking Authority (EBA) on internal governance, the assessment of the suitability of members of the management body and key function holders, and remuneration policies and practices.

The Bank has adopted a Management Policy, which defines the basic areas of corporate governance; a summary of the document is publicly disclosed and published on the company's website. The Bank has not committed to apply any of the public codes and has adopted a Code of Conduct, published on its website, the provisions of which it fully complies with in its work.

By signing this declaration we also undertake to continue acting pro-actively towards strengthening and promoting an adequate internal governance arrangement and corporate integrity in the professional public, financial and economic sector, and the general public.

VI.2. OUTLINE OF MAIN CHARACTERISTICS OF INTERNAL CONTROLS AND RISK MANAGEMENT RELATED TO FINANCIAL REPORTING

Deželna banka Slovenije d. d. has an efficient system of internal controls and risk management functioning at all levels of its organisation structure, including at the level of commercial, control and support functions and at the level of each financial service. To this end, the Bank strives to pursue a sturdy and reliable governance system which entails:

- a clear organisation structure with precisely defined transparent and consistent internal relationships as to responsibility;
- efficient processes for detecting, measuring and assessing, controlling and monitoring risk, including recovery plans and reporting on the risks that the Bank is or could be exposed to in its operations;
- adequate internal control system that includes suitable administrative and accounting procedures (work

[2] Banking Act (ZBan-3), Official Gazette RS 92/21, with amendments.
[3] Regulation on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks, Official Gazette RS No 115/21, with amendments.

procedures to ensure and preserve timely, comprehensive and reliable data, reporting, limits restricting exposure to risk, and physical and automatic controls);
- adequate remuneration policy and practice that is consistent with prudent and effective risk management as promoted by the Bank and also gender neutral.

The Bank's objective is to ensure that its business objectives, strategies and policies are adequately balanced with its Risk-taking and Risk Management Strategy and with its policies of risk-taking and risk management for different types of risks that the Bank is or could be exposed to in its operations.

To obtain an independent and objective assessment of the efficiency and compliance with internal controls, the Bank has set up internal control functions (risk management, operations compliance, money laundering prevention, information security management, and internal audit activity).

Risk management in relation to the financial reporting process includes processes for ensuring the authenticity, accuracy, integrity and completeness of accounting information, and processes for ensuring that financial disclosures are timely and fair in both internal and external reports. In accounting procedures, internal controls are based on an adequate delimitation of powers and responsibilities.

Books of account, business documentation and other administrative records are kept in a manner so as to reveal systematically and at any time whether the Bank's operations comply with risk management regulations.

Compliance of the internal control system and risk management with banking rules is inspected annually by external auditors that examine the Bank's annual report.

VI.3. OPERATIONS AND KEY COMPETENCES OF THE GENERAL MEETING, AND A DESCRIPTION OF SHAREHOLDERS' RIGHTS AND HOW THEY CAN BE EXERCISED

The General Meeting (GM) is composed of the Bank's shareholders. It is convened by the Management Board at least once a year and additionally when this is urgent for the Bank's best interest. It may also be convened by the Supervisory Board, especially when the Management Board had not done so in due time or when this is necessary to ensure the Bank's smooth operations. It may also be convened upon demand of the shareholders whose aggregated shares amount to one twentieth of equity.

Pursuant to the Deželna banka Slovenije d. d. Statutes, the General Meeting decides on the appropriation of distributable profit as proposed by the Management Board and Supervisory Board; endorsement of the annual report in case it was not approved by the Supervisory Board or if the Management Board and Supervisory Board leave this decision to the GM; the Internal Audit Department annual report and the related Supervisory Board opinion; discharging the Management Board and Supervisory Board from liability; nominating and recalling Supervisory Board members; capital increases and decreases, except in cases when the Statutes stipulate the decision to be in the competence of the Management Board; adopting amendments and supplements to the Statutes (the GM adopts amendments and supplements to the Statutes by a three-quarters majority of the votes cast); the dissolution of the Bank and changes of its status; appointing auditors; the General Meeting Rules of Procedure, and other matters as provided for by the Statutes and the law. The GM adopts decisions on issues related to managing the Bank's business if so requested by the Management Board after the Supervisory Board had refused its consent. The GM adopts decisions with a majority of the votes cast, except in cases where the law or the Statutes stipulate a three-quarters majority of the votes cast.

Those shareholders may attend the General Meeting and cast their votes who hold ordinary shares and are recorded in the central registry of dematerialised securities at the end of the seventh day prior to the General Meeting and who have confirmed their attendance in writing not later than at the end of the fourth day prior to the General Meeting. They may exercise their rights at the General Meeting in person or through their agent or authorised representative.

Pursuant to the Statues and the law, shareholders may propose that additional items be added to the GM agenda or file counterproposals to individual items of the agenda.

The Deželna banka Slovenije d. d. dividend policy is based on the main objectives defined in strategic plans, statutory provisions and recommendations of the Bank of Slovenia and European Central Bank. The recommendations stipulate that the Bank form a conservative dividend policy based on which to be able to comply with minimum capital requirements. The Bank's management and owners are aware at all times that capital adequacy, the related statutory provisions and growth of the volume of business are crucial for the Bank's long-term viability and continual increase of the value of assets invested in its operations.

Deželna banka Slovenije d. d. has a dividend payment policy in place, which states that it will strive for the following:

- regular payment of the dividend if:
  - the bank's capital adequacy is not jeopardized,
  - the payment does not violate the regulator's recommendations or requirements;
- subject to the conditions set out in the preceding indent, after each audited annual report and following a decision of the General Meeting, the Bank will pay as a dividend, as a general rule, an amount representing not more than 40% of the net profits of the previous year.

VI.4. COMPOSITION AND OPERATIONS OF MANAGEMENT AND SUPERVISORY BODIES AND THEIR COMMITTEES

Deželna banka Slovenije d. d. operates under a two-tier system of governance. The Bank is run by the Management Board, and their work is overseen by the Supervisory Board. The Bank's internal governance and organisational structure are implemented pursuant to the Slovenian and European legislation in force, internal acts, and best practice standards in corporate governance.

Management Board

Until 12 February 2024, the Management Board was composed of:

- Jure Kvaternik, President,
- Barbara Cerovšek Zupančič MSc, Member.

Since 13 February 2024, the Management Board has been composed of:

- Jure Kvaternik, President,
- Barbara Cerovšek Zupančič MSc, Member,
- Andraž Grum PhD, member.

The Management Board runs and manages the Bank autonomously and at its own responsibility, which they have to perform with due professional care and thus ensure for the Bank to operate in compliance with the requirements of the Banking Act as well as with highest ethical and professional standards of governance, while also being attentive to prevent potential conflicts of interest. In accordance with the provisions of the Banking Act, the members of the Management Board represent the Bank jointly.

The members and president of the Management Board are appointed and discharged by the Supervisory Board. They are appointed for a maximum five-year renewable term. The Management Board has three members, who hold meetings once a week. The function of member of the Bank's Management Board may only be performed by a person who has obtained the requisite licence. The Supervisory Board must make a decision regarding the appointment of an individual as member of the Bank's Management Board – and obtain, to that end, the Nomination Committee's estimate on the suitability of this person to act as member of the Management Board – prior to this person filing for the licence for acting as member of the board.

The Management Board is fully responsible for the Bank's operations and its risk management, including for approving the Bank's strategic goals and overseeing their implementation, for defining, adopting and regularly revising the strategy of risk-taking and risk management, for internal governance arrangements, for ensuring the integrity of accounting and financial reporting systems, which include financial and operational control and ensuring the compliance of the Bank's operations with applicable norms and standards, and for overseeing information disclosure procedures and reporting to the competent authorities and other interested parties. The Management Board is also responsible for providing efficient supervision of senior management.

Activity of the Management Board is governed by the Management Board Rules of Procedure. The Management Board may appoint collective bodies to which it transfers certain decision-making rights, as well as working and advisory bodies from the ranks of bank employees. Important roles are also assigned to different boards and committees which make decisions in line with their respective powers and competences: Credit Board, Asset-Liability Committee, Non-performing Loans Committee, Risk Management Committee, Liquidity Committee, Property Management Committee, Sustainable Development Committee, Security Committee and Crisis Team.

Supervisory Board

Members of the Supervisory Board are elected by the Bank's General Meeting at the recommendation of the Supervisory Board, with a simple majority of the votes cast, for a four-year re-electable term. The function of member of the Bank's Supervisory Board may only be performed by a person who has obtained the requisite licence. The GM recalls members of the Supervisory Board with a three-quarter majority of the votes cast.

Until 30 June 2024, the Supervisory Board was composed of:
- Ivan Lenart, President,
- Boštjan Škufca Zaveršek, MSc, Deputy President,
- Nikolaj Maver, member,
- Gregor Sluga, MSc, member,
- Iris Dežman, member.

From 1 July 2024 to 2 September 2024, the Supervisory Board was composed of:
- Ivan Lenart, President,
- Gregor Rovanšek, MSc, Deputy President,
- Iris Dežman, member,
- Matija Gantar, MSc, member,
- Nikolaj Maver, member,
- Gregor Sluga, MSc, member.

From 3 September 2024, the Supervisory Board was composed of:
- Ivan Lenart, President,
- Gregor Rovanšek, MSc, Deputy President,
- Iris Dežman, member,
- Matija Gantar, MSc, member,
- Nikolaj Maver, member,
- Gregor Sluga, MSc, member.
- Mladen Jovandić, member.

The Supervisory Board supervises how the Bank's business is being run, in particular how its strategic goals are implemented. It designs, adopts and regularly revises the Risk-taking and Risk Management Strategy and contributes to setting up and coming to life of a stable internal governance arrangement in the Bank, thereby taking into account the policies and measures aimed at preventing the occurrence of conflicts of interest.

The Supervisory Board makes decisions on nominating and recalling members of the Management Board, and approval of contracts between members of the Management Board and the Bank, adopts the Remuneration Policy and oversees its implementation, proposes to the General Meeting members of the Supervisory Board for election and auditors for appointment, verifies the annual report and submits to the General Meeting a written report on the annual report and the proposal for the distribution of the distributable profit, confirms the annual report and verifies financial and other reports composed by the Management Board and gives opinion on any such report. The Supervisory Board gives its consent to the Bank regarding the matters laid down in law or statutes.

Supervisory Board committees

The Supervisory Board appoints committees acting as its advisory bodies. Each committee consists of its president and at least two members, who are also members of the bank's Supervisory Board. The committees act in accordance with their rules of procedure.

The Audit Committee provides the Supervisory Board with expertise related to internal audit and the system of internal controls and assesses the composition of annual reports. It monitors the financial reporting process, oversees the integrity of financial information, helps determine important areas of internal audit, and undertakes other related tasks. In 2024, the Committee met at five regular meetings and one meeting by correspondence.

Its composition in 2024 was as follows:
- Iris Dežman, President,
- Nikolaj Maver, member,
- Gregor Sluga, MSc, member.

The Risk Committee attends to efficient and prudent risk management at all levels of the Bank's operations, monitors the efficiency of risk management systems, and advises the Supervisory Board regarding the Bank’s current and future risk appetite. In 2024, the Committee met at five regular and two extraordinary meetings.

Until 30 June 2024, the Committee was composed of:
- Boštjan Škufca Zaveršek, President,
- Ivan Lenart, member,
- Gregor Sluga, MSc, member.

Between 1 July and 26 September 2024 the composition of the Committee was as follows:
- Matija Gantar, MSc, President,
- Ivan Lenart, member,
- Gregor Rovanšek, MSc, member.

Since 27 September 2024, the Committee has been composed of:
- Matija Gantar, MSc, President,
- Ivan Lenart, member,
- Mladen Jovandić, member.

The Nomination Committee is the Supervisory Board’s expert working body charged with appointing members of the management body, determining the tasks and conditions to be met in order to win an appointment, assessing the suitability of individual members and the management body as a whole, and with different advisory HR tasks and other related assignments. In 2024, the Committee met at four regular meetings.

Until 30 June 2024, the Committee was composed of:
- Gregor Sluga, MSc, President,
- Boštjan Škufca Zaveršek, MSc, member,
- Nikolaj Maver, member.

Since 1 July 2024, the Committee has been composed of:
- Gregor Sluga, MSc, President,
- Gregor Rovanšek, MSc, member,
- Nikolaj Maver, member.

Number of directorships held by members of the Management Board and Supervisory Board in other companies and organisations as at 31 December 2024

	Number of directorships in other companies and organisations pursuant to Article 435 (2) (a) of the CRR Regulation	Number of directorships in other companies and organisations pursuant to Article 38 of the ZBan-3
Management Board		
Jure Kvaternik	0	0
Barbara Cerovšek Zupančič	1	1
Andraž Grum	0	0
Supervisory Board		
Ivan Lenart	1	1
Nikolaj Maver	1	1
Iris Dežman	0	0
Boštjan Škufca Zaveršek*	2	2
Mladen Jovandić**	0	0
Matija Gantar**	3	2
Gregor Rovanšek**	2	1
Gregor Sluga	1	1

* Member of DBS d. d. Supervisory Board until 30 Jun 2024.
** Member of DBS d. d. Supervisory Board since 1 Jul 2024.

VI.5. DESCRIPTION OF THE DIVERSITY POLICY

In accordance with the Policy for the Selection of Members of the Management Body, the complementarity and diversity of competencies of individual members of the management body should be achieved. Diversity in the body's composition is reflected in its members' diverse professional experience and know-how, age, education, expertise and personal characteristics. The later includes gender balance in the management body, which is achieved by increasing the number of members of under-represented gender. Once a year, the Nomination Committee assesses the structure, size, composition and performance of the Management Board and the Supervisory Board and makes recommendations on possible changes in this regard, thus ensuring the diversity of representation in management and supervisory bodies.

VI.6. INFORMATION UNDER ARTICLE 70 (6) OF THE COMPANIES ACT

Major direct and indirect shareholdings

As at 31 December 2024, the Bank had five shareholders with direct qualified holding (of over 5%) as outlined in the Takeovers Act, namely:

1. KD Group d. d.	1,250,155 shares (29.364%)
2. Kapitalska zadruga, z. b. o., Ljubljana	894,158 shares (21.002%)
3. Prva Pokojninska družba, d. d.*	668,338 shares (15.698%)
4. Skupina Prva d. d.	422,557 shares (9.925%)

* The insurer Prva Pokojninska družba, d. d., holds shares in its own name and for the account of pension guarantee funds it manages, as follows:

• KRITNI SKLAD PRVA+ ZAJAMČENI	422,557 shares (9.925%)
• KRITNI SKLAD PRVA IN PRVA+ URAVNOTEŽENI	104,716 shares (2.460%)
• KRITNI SKLAD PRVA IN PRVA+ DINAMIČNI	95,304 shares (2.239%)
• KRITNI SKLAD PRVA ZAJAMČENI	45,761 shares (1.074%)

As at 31 December 2024, the Bank had three shareholders with an indirect qualified holding of more than 5%, namely:

1. KD d. d.	1,250,155 shares (29.364%)
2. Alenka Žnidaršič Kranjc	1,092,492 shares (25.661%)
3. Zadružna zveza Slovenije, z. o. o.	371,848 shares (8.734%)

Special control rights

All Bank's issued shares are of the same class and carry the same rights. None of the shareholders have special control rights.

Restrictions Related to the Transfer of Shares

There are currently no share transfer restrictions.

Employee Share Scheme

The Bank has no employee share scheme.

Restrictions related to voting rights

Any shares of the Bank owned by Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d., acquired by the company on the basis of Article 48 (a) of the Book-Entry Securities Act, do not give this holder voting rights.

Agreements among shareholders known to the Company that may result in limitation of share transfer or voting rights

The company has not been informed of any such agreements.

The rules on appointments and replacements of members of management or supervisory bodies, and on amendments of the Statutes

The President of the Management Board is appointed by the Supervisory Board, for a renewable term of up to five years. Members of the Management Board are appointed by the Supervisory Board following a prior proposal by the President of the Management Board, for a renewable term of up to five years. The Supervisory Board may recall a Member of the Management Board or cancel the appointment of the President of the Management Board in case the relevant person has seriously breeched their obligations or are unable to manage the Bank, as well as for statutory reasons. Members of the Supervisory Board are elected by the Bank's General Meeting at the recommendation of the Supervisory Board, for a four-year renewable term. A simple majority of votes is sufficient for election. The General Meeting may recall any member of the Supervisory Board by a three-quarters majority of the votes cast if the relevant person has lost the trust of shareholders, if they no longer meet the legal requirements or have disclosed a trade secret.

Amendments to the Company's Articles of Association

Amendments to the Articles of Association are adopted by the General Meeting by a three-quarters majority of votes.

Authorisation of members of the management regarding issue or purchase of treasury shares

Members of the management are not authorised to issue or purchase the company's treasury shares.

Agreements under item 10 of Article 70 (6) of the Companies Act (ZGD-1)

In rare cases, the counterparty has the right to withdraw from the contract concluded with the Bank under certain conditions in the event of a qualified change of ownership in the Bank.

Agreements under item 11 of Article 70 (6) of the Companies Act (ZGD-1)

Members of the Management Board are entitled to severance pay in the event of termination of the employment contract due to dismissal for business and economic reasons. Members of the Bank's senior management are entitled to severance pay under individual employment contracts in the event that they are dismissed due to status changes.

Ljubljana, 17 April 2025

Management Board of the Bank:

Jure Kvaternik
President of the Management Board

Barbara Cerovšek Zupančič, MSc
Member of the Management Board

Andraž Grum, PhD
Member of the Management Board

DEŽELNA BANKA SLOVENIJE d.d.
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Supervisory Board:

Ivan Lenart
President of the Supervisory Board

VII. NON-FINANCIAL STATEMENT OF THE DEŽELNA BANKA SLOVENIJE GROUP FOR THE YEAR ENDED 31 DECEMBER 2024

The Deželna banka Slovenije Group has prepared the non-financial statement on a voluntary basis, in accordance with the requirements of the Companies Act (ZGD-1).

VII.1. GENERAL INFORMATION

Sustainability is one of the key strategic areas for our Bank, permeating all aspects of our business. As a Slovenian universal bank with a rich tradition and strong values, we are a reliable business partner that stands by our customers in all important business decisions and offers them a wide range of banking and financial services.

The Bank is not yet required to report on sustainability in accordance with the European Sustainability Reporting Standards (ESRS) for 2024. In accordance with the legislation, it will be obliged to report on sustainability for the first time for the 2026 financial year, although it has already opted for voluntary reporting, which is not yet in line with the ESRS requirements. The Bank is preparing for this reporting and has already identified certain elements addressed by the ESRS standards within the framework of voluntary reporting.

Business Strategy

The Deželna banka Slovenije Group (Group) consists of the Bank and its subsidiaries DBS Leasing d. o. o. and DBS Nepremičnine d. o. o. In the implementation of strategic orientation and sustainable development targets, the Group acts as one.

Deželna banka Slovenije d. d. has always been the financial pillar supporting the Slovene agriculture sector and rural areas. Its operations and development have primarily been directed to supporting farmers, the agricultural activity, cooperatives, SMEs, associations, cooperative members and agri-food enterprises. Through the Bank's diverse ownership structure, we combine the strengths of different stakeholders and strive for sustainable economic, social and cultural development of local communities. We also make an important contribution to the preservation of natural and cultural heritage. The success of our Group is driven primarily by our customers, employees and other stakeholders.

The following values of the DBS Group are the fundamental framework for our decisions and actions:
- At the heart of it is a fair relationship with the customer, transparency and professionalism.
- The emphasis is on building customer satisfaction and trust, with attention to fairness, protection of rights and mutual respect.
- Compliance with applicable business regulations, professional standards and ethical values, providing comprehensive information on customer services, including risks.
- Emphasis on open communication and cooperation.
- Pursuing the values of sustainable development and commitment to the economic, social and cultural development of local communities.

The basic principles and values are defined in more detail in the Code of Conduct, which is publicly available on the Bank's website.

The Bank is a universal all-Slovenian bank. With its widespread network of branches in the country it operates throughout Slovenia, providing a wide range of banking and financial services. DBS is the bank with the most widespread banking network in Slovenia, maintaining 76 branches and, in line with the bank's slogan "Always near you", still present in smaller towns, thus remaining accessible to the agri-food segment and different generations of customers. Its subsidiaries are active in leasing moveable property (including farming machines and equipment), trading and managing immovable properties.

The existing business model is successful as we create synergies and provide integrated solutions to our customers through coordinated activities, especially in support of the rural environment. In doing so, we exploit mutual benefits and contribute to the economic, social and cultural development of local communities, while at the same time playing an important role in preserving our natural and cultural heritage. To ensure profitability and long-term stability of operations, we are constantly upgrading our business model and adapting it to the challenges of the external environment and stakeholder expectations.

Rapid technological advances, changing user needs and competitive conditions in the financial market require constant adaptation. At the bank, we actively monitor trends in banking and introduce innovations that improve the user experience, optimise business processes and enable the development of new products and services. In doing so, we take advantage of modern information technologies while ensuring safe and secure banking operations.

Sustainability is an integral part of our business strategy, which aims to integrate financial performance, social responsibility and environmental protection to create long-term value for our customers, employees, the community and the wider economy. By integrating sustainability principles into our processes, products and services, we will strengthen the Bank's resilience and support the transition to a sustainable economy. In 2024, the Bank focused its sustainable development activities on key strategic initiatives to strengthen the foundations for effective sustainability management at the Group level. Key achievements include:

- **Establishing a framework for sustainable management**, which includes the creation of an appropriate organisational structure and a clear definition of powers and responsibilities at different levels. The Bank has thus ensured a comprehensive and systematic approach to sustainability management**.**

- **Drafting a sustainable development strategy**, which sets out the key orientations and objectives for the long-term integration of ESG factors into business processes.

- **Developing a double materiality assessment methodology for impacts, risks and opportunities and conducting the first comprehensive double materiality assessment** in line with regulatory requirements.

- **Establishing a methodology to calculate the Bank's carbon footprint** (Scope 1, 2 and 3, excluding the investment portfolio) and collecting GHG emissions data to better monitor and reduce the environmental footprint.

- **Assessing the materiality of climate and environmental risks** and the integration of ESG risks into traditional risk management policies, allowing for better management of environmental and social risks within the Bank's overall risk profile.

- **Preparing a gap analysis in accordance with ESRS standards**, with which the Bank assessed the compliance of existing processes and data with the expectations of the European Sustainability Reporting Standards.

- **Establishing data collection procedures** to provide relevant quantitative and qualitative information on ESG factors. Based on this data, the Bank develops further measures to report and manage the sustainability aspects of its business.

- **Employee training and strengthening ESG competences**, whereby the Bank organised internal and external training for different levels of employees. The aim of these programmes is to improve understanding of sustainability aspects, regulatory requirements and ESG risks, and to encourage active integration of sustainability principles into daily work.

With these activities, the Bank has laid a solid foundation for the further development of sustainable business and reinforced its commitment to responsible and long-term value creation.

Organisational structure

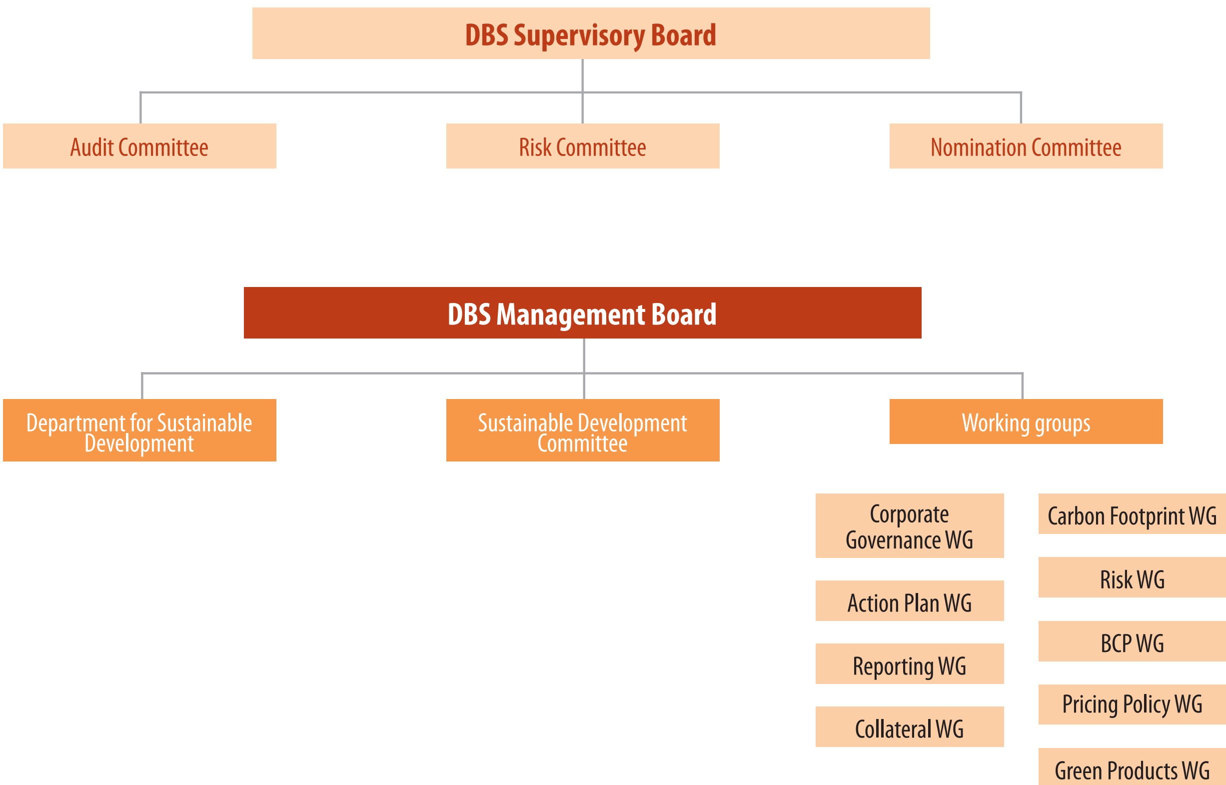
Recognising the key role of integrated management of environmental, social and governance (ESG) considerations, the Bank has put in place a clear and effective organisational structure to ensure consistent implementation of its sustainability strategy. Sustainability is embedded in all levels of management, from the Supervisory Board and the Management Board to the organisational units, ensuring a systematic and coherent approach to sustainable business and long-term value creation for all stakeholders.

At the highest level, sustainable development is the responsibility of the Supervisory Board, which sets strategic direction and monitors the achievement of business and sustainability objectives. As the highest governance body, the Bank's Management Board is responsible for the formulation and implementation of the sustainability strategy, the management of ESG risks and sustainability policies. The Bank's management also raises awareness of the importance of sustainable development among its employees. By integrating ESG considerations into key risk management and decision-making processes, the Bank ensures compliance with regulatory requirements and contributes to a sustainable future.

The Sustainable Development Committee, chaired by the President of the Management Board, plays an important role in the area of sustainability. The Committee monitors, advises and oversees key activities in the development and implementation of the sustainable development strategy and sustainable business. The Bank's Management Board is aware of the importance of sustainable development, which is also reflected in the inclusion of two Management Board members in the Committee and their active participation in this area.

In 2023, the Department for Sustainable Development was created to coordinate activities related to the establishment and implementation of the sustainable development strategy and other activities related to sustainable development. In addition, project working groups were set up, specialising in specific areas of sustainable development. These ad hoc groups are convened as needed and allow for targeted attention to specific sustainability challenges and the development of solutions.

Through this organisational structure, the Bank ensures effective management of ESG factors, strengthens business resilience and contributes to positive social and environmental change.



Our stakeholders

As a responsible financial institution, employer and trusted partner, the Bank strives to work openly and constructively with internal and external stakeholders. By establishing dialogue, exchanging views and finding common solutions, the Bank builds trust and ensures sustainable growth and development.

Systematic stakeholder engagement enables a better understanding of their expectations, which contributes to responsible business decisions and sustainable solutions. The Bank works directly and indirectly with various stakeholders, including customers, employees, owners, regulators and local communities, adapting to their needs and fostering long-term partnerships. The table below shows the Bank's key stakeholders, their roles and the forms of cooperation that enable effective information exchange, building trust and achieving common goals.

STAKEHOLDERS

Employees	Customers	Business partners	Regulatory bodies	Investors, owners	Silent stakeholder - nature
DBS Group employees	Borrowers, depositors, payment system customers	Largest suppliers, external contractors, contractual partners for whom the Bank provides services	Bank of Slovenia and other regulatory bodies	Largest owners of DBS	
Why we cooperate: Employees are an important part of our business success. Their understanding, experience and perspectives contribute to a comprehensive identification of material impacts, risks and opportunities that are key to sustainable business.	**Why we cooperate:** Customers are the central factor in our business. Their trust is key to achieving long-term goals. Their operations also indirectly affect our operations (loans) based on their financial solvency.	**Why we cooperate:** Our business success depends on a high-quality, reliable and transparent value chain. Business partners have a significant impact on the achievement of our goals and the satisfaction of our customers.	**Why we cooperate:** Legislation and regulations form the framework within which the Bank operates. Ensuring regulatory compliance, security and reliability of operations is important for maintaining the trust of customers and regulators.	**Why we cooperate:** Investors' expectations and decisions influence the direction of sustainable strategies and the long-term performance of the bank.	**Why we cooperate:** Nature is an essential part of the sustainability concept and the value chain.
How we cooperate: • regular communication, meetings, gatherings • satisfaction survey, annual interviews • communication with the employee representative • presence of the employee representative at certain workshops	**How we cooperate:** • regular communication • building trust through quality services and adapting services to customer needs • appropriate risk management • a broad business network for maintaining personal contacts and improving the consumer experience	**How we cooperate:** • established supplier and external contractor selection process • appropriate contracts, regular reviews and transparent communication	**How we cooperate:** • cooperation in compliance with legislative requirements, in consultations, through the Bank Association of Slovenia • regular communication with the Bank of Slovenia, cooperation in regulatory inspections	**How we cooperate:** • annual reports • regular meetings of the Supervisory Board, General Meetings • transparent communication of operating results	**How we cooperate:** • research, analyses, studies, reports

Double materiality assessment

In 2024, the Bank carried out its first double materiality assessment, taking into account the principles and requirements arising from the ESRS standards. The assessment identified topics through which the Bank is linked to material impacts on people or the environment (impact materiality) and topics that currently have or could have in the future a material financial impact on the Bank.

The Bank undertook a double materiality assessment to identify, evaluate and prioritise material sustainability issues. The assessment was carried out in accordance with the Double Materiality Assessment Methodology following the EFRAG[4] guidelines. The key steps of the assessment process are:

- Understanding the context: analysis of sustainability matters/topics defined by the ESRS standard, analysis of the Bank's business model and strategy, products and services, understanding of stakeholders, analysis of legislation and the external environment, value chain and own activities;
- Identification of actual and potential impacts, risks, opportunities (IROs) related to sustainability issues;
- Assessment of identified impacts, risks, opportunities (IROs);
- Report: Workshop minutes and preparation of final report.

The result of the double materiality assessment is a double materiality matrix representing the topics that the Bank has assessed as material in terms of impact materiality, financial materiality or both. As can be seen from the matrix below, the following ESRS standards have been identified as material:

- **ESRS E1 – Climate change**
- **ESRS S1 – Own workforce**
- **ESRS S4 – Consumers and end-users**
- **ESRS G1 – Business Conduct**.

ESRS E1 Climate change is material for the Bank as climate risks and opportunities are directly reflected in its operations and portfolios. The Bank also finances economic activities that may contribute to greenhouse gas emissions or are subject to physical risks from climate change, such as floods, droughts and extreme weather events. In addition, legislation and regulation related to the transition to a low-carbon economy may affect the value of assets and the creditworthiness of its customers. Proper management of these risks and opportunities contributes to the long-term resilience and performance of the Bank.

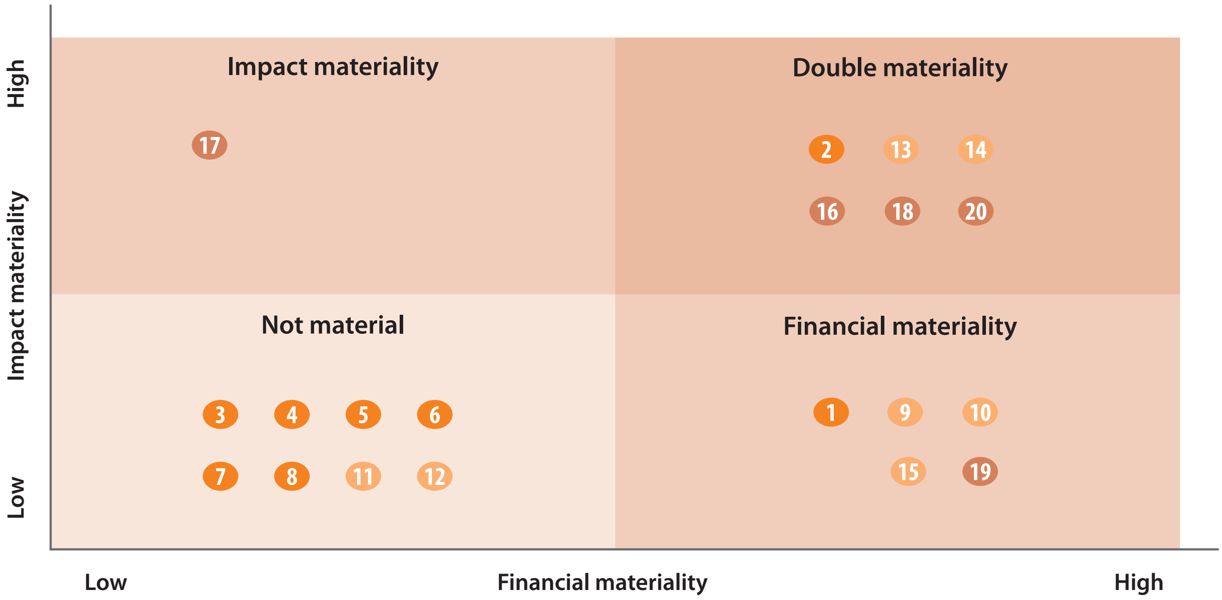
ESRS S1 Own workforce is material for the Bank as its employees are the key driver of its success. Banks face challenges such as attracting and retaining talent, ensuring diversity and inclusion, and promoting employee well-being. Proper management of its own workforce contributes to increased productivity, innovation and strengthening the Bank's reputation as a responsible employer. In addition, in the financial sector, employee care is key to maintaining long-term customer trust and compliance with legal requirements.

ESRS S4 Consumers and end-users is crucial for banks in terms of establishing and maintaining trust, protecting customers' rights and ensuring data security, which has a direct impact on the Bank's reputation, compliance and long-term performance.

The Bank recognises its role in the banking system and that its activities make an important contribution to ensuring the integrity and safety of the financial system. Ensuring transparency about business practices, such as preventing corruption, money laundering and lobbying activities, builds trust with customers, regulators and investors. Banks are exposed to risks such as money laundering, corruption and unethical practices, therefore, effective management of these risks is key to their functioning and compliance with legislation. For these reasons, the standard **EESRS G1 Business Conduct** is assessed as material.

[4] Implementation guidance, EFRAG IG 1: Materiality Assessment

Double materiality assessment matrix[5]



Environment

E1 Climate change

1 Climate Change Adaptation
2 Climate Change Mitigation
Energy

E2 Pollution

3 Pollution of air
4 Pollution of water
5 Pollution of soil
Pollution of living organisms and food resources
Substances of concern
Substances of very high concern
Microplastics

E3 Water and marine resources

6 Water
Marine resources

E4 Biodiversity and ecosystems

7 Direct impact drivers of biodiversity loss
Impacts on the state of species
Impacts on the extent and condition of ecosystems
Impacts and dependencies on ecosystem services

E5 Resource use and circular economy

Resources inflows, including resource use
8 Resource outflows related to products and services
Waste

Society

S1 Own workforce

9 Working conditions
10 Equal treatment and opportunities for all
Other work-related rights

S2 Workers in the value chain

11 Working conditions
Equal treatment and opportunities for all
Other work-related rights

S3 Affected communities

12 Communities' economic, social and cultural rights
Communities' civil and political rights
Rights of indigenous peoples

S4 Consumers and end-users

13 Information-related impacts for consumers and/or end-users
14 Personal safety of consumers and/or end-users
15 Social inclusion of consumers and/or end-users

Governance

G1 Business Conduct

16 Corporate culture
17 Protection of whistle-blowers
18 Animal welfare
Political engagement
19 Management of relationships with suppliers including payment practices
20 Corruption and bribery

[5] The matrix presents the topics of each ESRS standard for which impacts, risks and opportunities have been identified. The allocation to the appropriate quadrant is based on the assessment of impacts (for impact materiality) and risks and opportunities (for financial materiality).

Management of climate and other environmental risks

The Bank's non-financial reporting includes voluntary reporting on climate and environmental risk management based on four pillars: governance, strategy, risk management, and metrics and targets. This section reveals our current approach to climate and environmental risk management, and in particular our future activities in this area.

a) Governance

BThe Bank is aware that environmental risks are increasingly affecting the business environment and, consequently, its business model. For this reason, it aims to manage these risks comprehensively and systematically, thereby strengthening the resilience of its operations and contributing to the transition towards a low-carbon and sustainable economy.

The Management Board and the Supervisory Board have the ultimate responsibility for the proper management and control of climate and environmental risks. The management of these risks is embedded in the Bank's broader risk management and sustainability framework.

In 2023, the Bank's Management Board established a Sustainable Development Committee. The Committee is composed of two members of the Management Board and directors of sections who play a key role in managing the sustainability aspects of the business. The adopted Rules of Procedure of the Sustainable Development Committee defined its composition, its modus operandi, its powers and decision-making. The Committee monitors and directs sustainable development activities, discusses initiatives for improving sustainability performance, and ensures full monitoring of the management of ESG factors and risks at the Bank level.

The Risk Management Committee also plays an important role in environmental risk management, acting as the highest authority for overseeing and guiding the risk management strategy. The Committee monitors the Bank's current and future exposure to various risks, advises management on strategies to manage them and determines risk appetite.

The Bank has clearly defined its responsibilities and powers in the area of sustainable development according to the Three Lines of Defence model, which ensures a structured and efficient system of managing ESG risks. This model clearly defines responsibilities at different levels of the organisation and allows for comprehensive oversight of the implementation of sustainability activities and actions.

Recognising the growing challenges posed by climate change, the Bank pays particular attention to implementing strategies and achieving targets related to environmental risks and broader ESG considerations. To further encourage sustainability decisions, in 2024 the Bank included sustainability objectives in the performance evaluation process of certain members of senior management. This ensures that sustainability considerations are firmly embedded in management structures and in the decisions that shape the Bank's future development.

b) Strategy

At DBS Group, we are aware of the changing environment in which we operate, which requires us to be responsive and diligent. Understanding sustainability as one of the core strengths of our strategy is key to our long-term success. Our commitment to sustainable practices is not only a response to growing environmental challenges, but also an opportunity to create value for all our stakeholders. Although being a financial institution, we recognise that our responsibility is also social and environmental. Through sustainable business practices, we aim not only to meet the expectations and requirements of regulators, but also to contribute to the long-term stability and prosperity of society. As a bank, we are firmly committed to sustainable transformation as we believe it is key to building a responsible and prosperous financial future. We operate with the values of sustainable development in mind and are committed to the economic, social and cultural development of local communities.

c) Risk management

The Group is committed to effective risk management, wishing to protect its customers, shareholders and employees and to ensure business and reputational stability. It will continue to maintain an appropriate level of risk aligned with its business objectives, capital and liquidity requirements and regulatory requirements. It will place particular emphasis on ensuring financial stability, business integrity and sustainability of its business model.

Risk management is a dynamic and continuous process that requires constant upgrading and adaptation. DBS Group has identified environmental risks as material factors in the Internal Capital Adequacy Assessment Process (ICAAP) and has included them in calculations of capital requirements. This further strengthened its commitment to managing ESG risks at a strategic level.

As environmental risks are constantly evolving, the Group will consistently integrate them into existing risk management frameworks and link them sensibly with other financial and non-financial risks. These factors act as drivers of pre-existing risks and are therefore not considered as a separate ESG risk category, but as an integral part of an overall risk management framework.

The Group will continue to strengthen the integration of sustainability aspects into its internal processes, improve the availability of data for accurate ESG risk assessment and ensure compliance with all relevant regulatory requirements. The key objective remains to integrate these risks fully into the risk management strategy and framework, which will enable timely identification, measurement and management of potential negative impacts on the business, while supporting the Group's sustainable growth and resilience.

d) Metrics and targets

Compliance with sustainable legislation and identification of business opportunities are key strategic objectives of the Group. In the coming period, the Bank will pay particular attention to preparations for compliance with sustainability regulatory requirements and to developing and implementing a comprehensive sustainability strategy. This strategy will clearly define the principles and objectives in the area of environmental, social and governance (ESG) factors that will contribute to the Group's sustainable operations and long-term resilience.

As part of the strategy, the Bank will set environmental targets, aiming to reduce its own greenhouse gas emissions and portfolio emissions. A key focus will also be on promoting sustainable financing to support customers' transition towards greener and more socially responsible business practices. In addition to environmental targets, the strategy will also include social and governance targets to strengthen the Group's responsible business practices, social inclusion and ethical management standards.

With a clear vision of sustainable development and alignment with legislative requirements, the Group will continue to consolidate its role as a responsible financial institution supporting the transition to a low-carbon and sustainable economy.

VII.2. ENVIRONMENTAL INFORMATION

Climate change – E1

Recognising the importance of sustainable development and responsible business conduct, the Bank is committed to reducing its negative environmental impacts and promoting sustainable growth and responsible business conduct.

a) Paper consumption and paperless operations

All Group employees ensure compliance with environmental regulations. To reduce the environmental burden, we have already centralised printing devices to common points in the past, replacing individual devices in individual offices.

In addition, the Bank will introduce further measures to reduce paper consumption in our processes and services. We will focus on digitalisation, automation and optimisation of processes and actively encourage customers to use e-banking. This approach not only reduces our environmental footprint and contributes to sustainable use of resources, but also improves service efficiency, reduces administrative burdens and provides a faster and simpler banking experience for our customers.

b) Energy efficiency

The Bank is working to improve the energy efficiency of its business premises and processes. By optimising energy consumption, using energy-saving appliances and introducing modern building management systems, we are reducing our environmental footprint. By upgrading server equipment, disk arrays and communication systems, we contribute to reducing the electricity consumption in the data centre, while at the same time reducing the need for energy to cool system rooms. We also encourage sustainable practices such as switching to LED lighting and upgrading system and computer equipment.

c) Sustainable mobility

We encourage our employees to have a responsible and sustainable attitude towards the environment. Among other things, we recommend using public transport to commute and cover the cost of such transport.

We also encourage digital communication and the use of electronic channels in everyday work. In 2024, many of the meetings that were previously held in person were held via videoconferencing tools such as Teams. This has reduced the need for business travel and the use of vehicles, especially when working with employees in remote units. Furthermore, in 2024, a certain proportion of employees worked from home with a remote access to the Bank's information system. We use a modern e-learning platform to train our employees, which further contributes to reducing transport and our environmental footprint.

d) Waste management

For many years now, the Group has consistently separated waste on specially arranged ecopoints, thus promoting environmentally responsible behaviour and raising employee awareness of the importance of preventing pollution. Waste that poses ecological concern is submitted to a relevant authorised organisation for recycling or safe disposal.

For ceremonial events, we use glass and ceramic tableware such as mugs, water bottles and ceramic cups for coffee and tea. This reduces the amount of waste and contributes to the sustainable use of resources. We use around 2,000 items of different-sized glass drinkware a year, which we return for recycling after use.

Waste management costs in the DBS Group

Waste management costs	2024	2023
Waste management costs (in EUR)	22,123	43,113
Waste management costs/employee (in EUR)	55	113

VII.3. SOCIAL INFORMATION

The Bank is aware of its responsibility towards its employees, customers and society at large, which is why we strive for sustainable and ethical business practices. We provide a safe, enabling and inclusive working environment for our employees, supporting their professional development and well-being. In our relationship with customers, we focus on transparency, fairness, and accessibility of financial services, as we want to build long-term trust. At the same time, we fulfil our social responsibility by supporting local communities, thus contributing to a more inclusive and sustainable society.

Own workforce – S1

The Group's employees spend most of their time at the workplace, and the Group is committed to providing a healthy and safe working environment. The companies in the Group have adopted various programmes for the protection and maintenance of health at the workplace.

The following measures were introduced in the working process: flexible working hours and working from home at workplaces that allow such measures, in particular, for employees belonging to the vulnerable group, encouraging employees to take active breaks at workplaces, the option of working part-time, encouraging employees to drink a sufficient volume of soft drinks, participation at sports events, participation at winter and summer banking games. As part of health promotion at work, the Bank also offers seasonal fruits of local production to employees, enables them to take cholesterol tests and have their blood pressure measured, posts videos of fitness and stretching exercises for office jobs on its intranet page, and regularly includes healthy living articles in the Bank's internal newsletter.

In 2024, the Bank continued to take measures to facilitate work-life balance. For this reason, it has also adjusted the working hours of employees in the branch network. It also allows employees whose nature of work allows it to work from home or remotely.

The Bank considers human resource risk to be a material risk and has therefore set up procedures to monitor and manage it in compliance with the adopted HR Risk-taking and Risk Management Policy. The HR Risk Policy is reviewed, renewed, and updated on an annual basis. Given the available resources, the Bank has filled vacant posts by redeploying internal staff, trying to motivate employees by promoting them within the Bank and thus having them work their best as well as build their loyalty to the Bank and its values. When it was not possible or relevant to redeploy existing employees, the Bank recruited off the market.

The vast majority of the Bank's employees have permanent employment contracts, which gives them a stable job, contributing to the reliability and motivation of the workforce. The Bank regularly monitors labour market wage developments in comparable jobs and adjusts its remuneration policy accordingly.

Employees within the Bank organise and participate in the Bank's decisions through trade union representatives. In addition, the Bank pays great attention to informing employees about important events.

The turnover rate in the Bank is manageable and at an acceptable level of 9.8%. The largest share of turnover is accounted for by staff departures due to retirement or termination of employment by mutual agreement. Satisfied employees being keepers ensures that intellectual capital remains in the Bank; their departure would be a great loss for the Bank.

At the end of 2024, the Bank had 395 employees, 19 more than in 2023. As to gender, 75% were women and 25% were men. The average age of employees is 45.9. The Bank has 2.78% of employees with limited capability for work and makes workplace adjustments where necessary to enable people with disabilities to participate equally in the workplace.

48.6% of all employees, i. e. 192 people, work at the Bank's headquarters, while the business network employs a further 51.4% i.e. 203 employees. In 2024, the Bank recruited 63 new employees, 24 at the headquarters and 39 across the business network. 23 employees left the Bank in 2024.

When hiring and treating employees, the Bank ensures equal treatment of all employees, regardless of gender or other personal circumstances. The Bank ensures compliance with Slovenian and European legislation on child labour and forced labour and does not use such labour. The Bank occasionally provides work opportunities for secondary and higher education students through student work or professional practice

The subsidiary DBS Leasing d. o. o. had 7 employees at the end of 2024.

In the Bank and the Group:

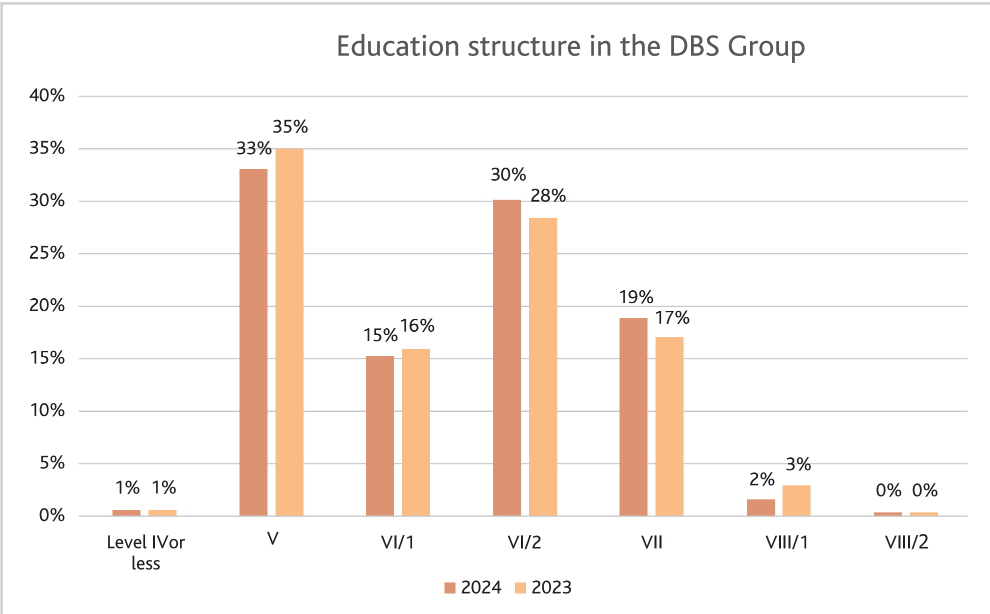
- all employees are responsible for working professionally and with due care, respecting the rules, internal acts and standards of operation in force; compliance with professional standards and ethical values strengthens relationships between employees and other stakeholders; based on open communication and collaboration, we ensure commitment to common goals; employees put the Bank's interests before their own;
- there is zero tolerance for unlawful and unethical conduct and disrespect for the Bank's values that might damage its reputation;
- we avoid any circumstances the related financial interests and benefits of which could be contrary to the interests and benefits of the Bank, and which could compromise the impartial and objective performance of tasks; the Bank is strictly committed to protecting confidential information and banking secrecy, and we are consistent in implementing measures to prevent their abuse and safeguard them permanently;
- we perform our duties fairly, prudently, and diligently – according to the principles of due commercial care and in accordance with banking regulations.

Number of Group employees as at 31 December 2024

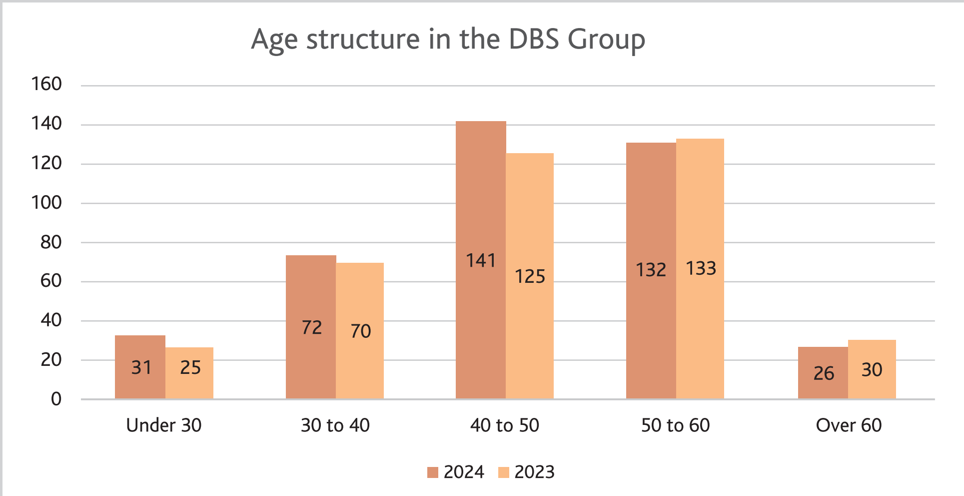
Year	2024	2023	2022
Number of employees*	402	383	349

* DBS Nepremičnine d. o. o. has no employees

Number of employees by educational structure in DBS Group as at 31 December 2024 and 31 December 2023



Age structure of employees in DBS Group as at 31 December 2024 and 31 December 2023



Concern for the learning, growth and satisfaction of employees

The Bank recognises that employee development and satisfaction are paramount to the success of the business, the achievement of key strategic objectives and customer satisfaction. The Bank therefore pays special attention to additional training for its employees and invests in improving information technology and optimising processes.

Employees continually build on their skills via internal and external training courses, thus maintaining and increasing the quality of their work. Employee performance is monitored as part of their productivity and satisfaction assessment, supported by periodic annual development interviews.

Throughout the year, employees in the Group actively participate in various training courses. Internal training courses that we provide are run by experts assisted by external advisers or contractors who, under normal circumstances, are invited to individual companies as required.

Most training was conducted for the purpose of further training and development according to the needs of various work processes. In terms of staff training, the largest share by category was allocated to IT, which is related to the implementation of the new Hibis central IT system. This is followed by the general and management skills category, where the highest number of implementations was in the areas of social and environmental responsibility, audit, AML/CFT and compliance.

In terms of the format of the training, most training was in the form of workshops (52%), followed by e-learning and participation in conferences. Other forms account for a smaller share of training delivery (10% in total).

Information regarding human resource management is given in Chapter IX.5. Human resource management.

Diversity Policy

The Bank aims at equal and balanced representation of men and women at all levels of the organisation. At the end of 2024, 75% of the Group's employees were women, with 60% at B-1 level, 33% in the Management Board and 14% in the Supervisory Board.

Our management structure has a broad range of skills and experience that are key to effective business performance and long-term risk management. At the end of 2024, the Bank's governing body is composed of eight men and two women, whereby the selection of candidates is based on the principles of diversity, covering a range of professional backgrounds, age groups, educational levels and professional skills. These criteria are set out in more detail in our Policy for the Selection of Suitable Candidates.

With the average age of the Group's employees exceeding 45 years, we plan to recruit younger professionals, especially in the field of new technologies and specialist skills. The key objective of our HR policy remains to select talent with diverse competences, appropriate qualifications and relevant experience to contribute to the successful development of the Bank.

Educational diversity in the DBS Group

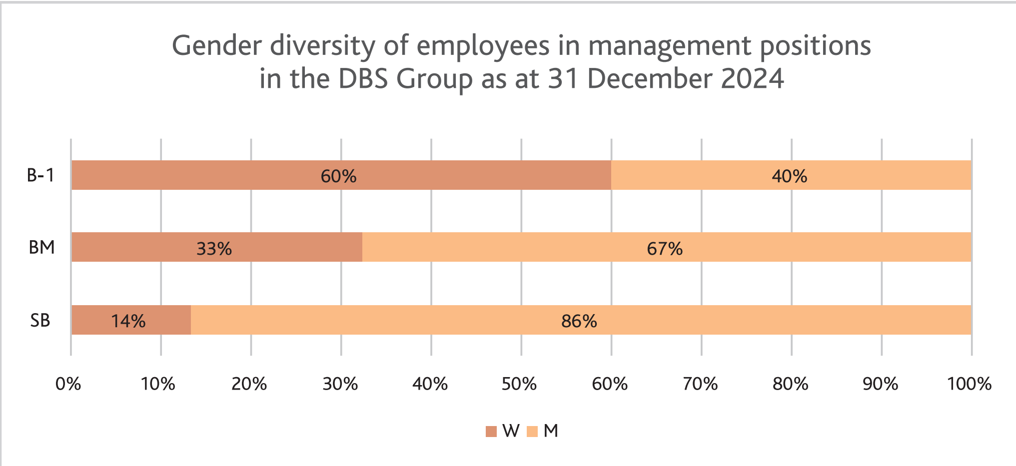
Education diversity	2024	2023
Less than secondary education (%)	1	1
Secondary education (%)	33	35
Higher vocational education or above (%)	66	64

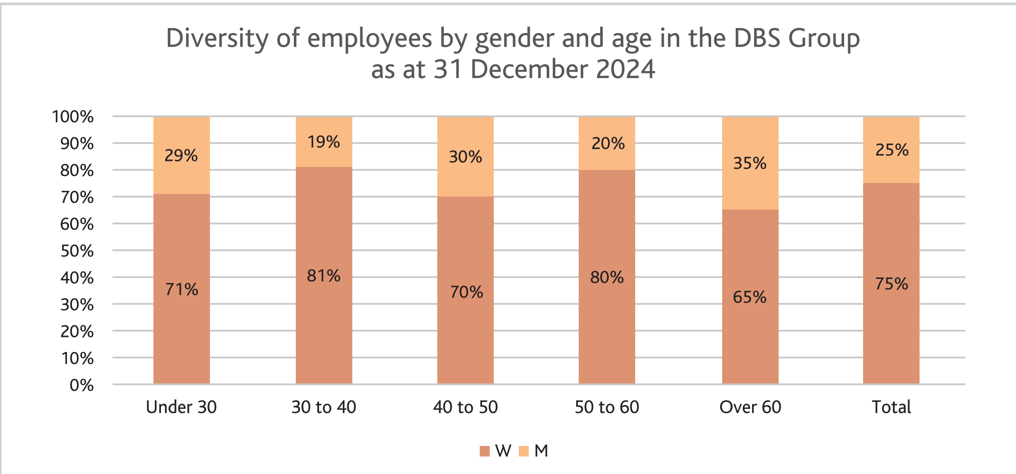
Age diversity in the DBS Group

Age diversity	2024	2023
Employees under 30 years of age (%)	8	7
Employees aged 30 to 50 (%)	53	51
Employees over 50 years of age (%)	39	43

Diversity of employees by gender in the DBS Group

Diversity of employees by gender in the DBS Group	2024	2023
Proportion of women in the Bank's Management and Supervisory Board (%)	20	29
Proportion of women in management positions (%)	47	47
Proportion of women in the total number of employees (%)	75	75





Consumers and end-users – S4

a) Customer management

In dealing with customers, we monitor the levels of their satisfaction, loyalty, customer acquisition and retention, and profitability. The Bank's market share is stable, meaning that we retain most of our existing customers while also acquiring new ones.

With digitisation, the Bank is introducing various innovations in the use of modern marketing channels to make our services available anywhere and anytime, in real time. Electronic document signing is being introduced in our branches, thereby reducing paper consumption.

We recognise the importance of banking in person and the fact that we are also dealing with generations who are reluctant to fully embrace more modern ways of doing business. For those who use e-banking, banking services are available at all times, 365 days a year, at lower prices. Safety is a key concern for us when designing and rolling out new services. Changes also result in increased risks, which the Bank manages and controls effectively.

Bank employees strive to fulfil the wishes and meet the needs of customers by working professionally and transparently and responding quickly in communication with customers. We also abide by the operating rules, policies and strategic objectives of the Bank. We build trust by delivering on given promises, being honest, protecting the rights and benefits of our customers, mutual respect and accessibility, and ensuring the protection of personal and confidential information. Our customers are briefed comprehensively, including on risks related to a service or product. We accept responsibility for our actions and are always looking for common solutions that lead to long-term cooperation.

Being aware that knowing your customer is essential for the successful operation of the Bank, we ensure it by having a customer relationship management (CRM) system[6]. We keep up-to-date, regular and active track of each customer's business, their needs, wishes, compliments and complaints. We do not enter into business relationships with customers who conduct business unlawfully and unethically. Any identification of such a customer is evaluated on the basis of a risk assessment, whereupon we act in accordance with the procedures envisaged for these cases. We are constantly striving to maintain and strengthen the trust of our customers.

The Bank has set up a system for monitoring customer proposals, complaints and comments based on the Rules on the Complains Procedure and Out-of-Court Dispute Resolution. Customer complaints are attended to with special attention and resolved quickly, while protecting both the interests of the customer and the Bank's reputation. Written replies are always sent within a reasonable time. After resolving the complaint, customers are sent a short process satisfaction survey, allowing us to further improve our work and increase the satisfaction of our customers.

Customers are informed regularly and in a timely manner of all changes in the terms and conditions of the Bank's operations. They are familiarised in a transparent and comprehensible way with the types of our services, pricing and other conditions, in accordance with the fair rules of marketing communication and establishing connections with customers. We do this using channels such as the Bank's website, regular monthly statements, and similar.

We also communicate with existing and potential customers via e-channels, thus saving paper. When potential customers ask for information by e-mail, they receive our first response through the same channel, or we call them by phone.

One of the most important indicators of successful customer service is offering solutions for our target customer segments. To this end, the Bank has prepared tailor-made products and services. As already mentioned, the Bank's primary focus is the agri-food sector, so, despite our universal orientation, we place special emphasis on servicing farmers, cooperatives, agri-food companies, SMEs, sole traders and young people. These are the segments that we adjust marketing processes and product and service development to, to the greatest extent possible. We also

[6] CRM – customer relationship management.

have custom-made solutions for young farm transferees and a banking package for secondary activities on farms. Customers can choose between short-term and long-term loans of different maturities tailored to agricultural activity. We provide cash and special purpose loans, seasonal loans, and livestock loans.

In line with its strategic objectives, the Bank has decided to support projects from areas designated as having priority in the future longer term: establishing links with local cooperatives; increasing the productivity and self-sufficiency in Slovenian agriculture; market organisation of agriculture; strengthening the food and agri-food chains; increased visibility and quality of organic and locally produced products; promoting agricultural practices that have a positive impact on the conservation of natural and renewable energy sources; adaptation to climate change; green jobs; coherent and sustainable rural development; organic farming; green tourism; and social entrepreneurship.

The Bank has also created a special offer on housing loans for the purchase or renovation of a home. A loan can also be taken out for other purposes, such as inheritance buyout, land development and obtaining consents, obtaining documentation for the construction or renovation of the property and other purposes that increase the value of the property.

With its extensive network of branches (76), the Bank materialises its slogan "Always near you," providing people outside urban areas with access to financial services. It maintains personal contact and an individual approach, which are crucial for some customers, especially those who find modern technology alien.

For several years, the Bank has been constantly improving the customer relationship management (CRM) to unify work processes across the business network in processing different types of customers and automating the processing of applications and requests by the users of our services. The transition to the new IT system, which the Bank launched at the end of 2024, is the first step towards a broader optimisation of activities in this area.

Ensuring data protection

As a bank that processes personal data of individuals and other confidential data as defined by law in order to carry out its core business, we place great emphasis on ensuring data protection, which is why we are constantly adapting our working procedures and introducing organisational and technical measures. The Bank complies with European and national regulations in the protection of data and defines controls in accordance with these regulations in its internal acts.

The Bank's employees and external contractors who, in the performance of their contractual obligations, are confronted with data of a confidential nature are obliged to protect the confidentiality of the data throughout the duration of their employment or business relationship with the Bank and even after its termination. Employees are informed of the manner and importance of protecting data confidentiality during regular training sessions.

In addition to the typical information security safeguards designed to prevent unauthorised access to data, the Bank has technical controls in place to detect and prevent data leakage. Compliance with and implementation of data protection controls is regularly monitored by the Bank's internal control functions.

In the area of personal data protection, we comply with the requirements set out in the General Data Protection Regulation (GDPR) and the Personal Data Protection Act (PDPA-2)- The Bank has also appointed a Data Protection Officer to manage the area of personal data protection.

Online security

In 2024, the Bank continued its activities aimed at strengthening the cyber resilience of its IT system and the availability and accessibility of its online services. It introduced various protection mechanisms, including an internal firewall to manage the security segments of the internal network and a centralised remote management system to manage the security configuration and integrity of portable devices and workstations. This is in line with the Bank's objective to continuously improve and develop its information and cyber security. The Bank also works proactively to prevent external, internal, deliberate and accidental security threats that could pose a risk to its information system, services and the data they manage, by conducting regular security reviews and penetration tests, which were also carried out in 2024.

The introduction of new protection mechanisms, including continuous improvement of internal processes aimed at strengthening information security, is based on new insights, cyber-security trends, newly identified security threats and the results of risk assessments of the exposure of the Bank's systems. For more information, see Chapter IX.3 Information and cybersecurity.

b) Social corporate responsibility

As a socially responsible Group, we place great emphasis on links with the environment, coordinating the activities of local communities and the economy, thus giving back to society what we get from it.

As a Group, we are a link in the chain ensuring the sustainable development of Slovenian rural areas, participating with our services and products in numerous projects that are of vital importance for ensuring a better quality of life, new jobs, use of renewable resources, green tourism, high quality ecologically produced food, a range of indigenous Slovene varieties and orderliness of the living environment and landscape. Approximately half of all agricultural subsidies being directed through our Bank, we are an important distributor of aid for rural development from European and national funds.

The Group is a recognisable donor and sponsor of various agricultural, charitable, cultural, educational and sports events across Slovenia. Our support goes to societies, non-profit making organisations, projects, clubs, individuals and institutes. When selecting recipients of sponsor or donor funds, we take into account the partnership with the recipient, their alignment with the values and objectives of the Group, enhancement of visibility and reputation, and social responsibility. We support projects that emphasise positive values and tradition and contribute to a better quality of life.

We support and encourage young farming transferees to remain in the countryside, create added value and ensure healthy and home-made supply in the food chain for the whole society. Therefore, we offer a range of benefits for young farming transferees to make their first steps as simple and financially acceptable as possible.

The Bank has regularly cooperated with the Finance newspaper on the Agrobiznis project for several years, It is a media-business project for creating business excellence and success in the agriculture and food processing industry. The project addresses the entrepreneurial spirit, cooperation, technological progress and innovation of Slovenian farmers and the food processing industry. It highlights companies, individuals and organisations with new marketing approaches and food production technologies or business models that would lead to greater food self-sufficiency in Slovenia, as an example and an incentive to others. The subject areas covered are new technologies in agriculture, agricultural entrepreneurship, the food industry, the Agrobiznis Challenge, advice and up-to-date information.

Agrobiznis is also a unique project in terms of the broader integration of all stakeholders in the agriculture and food industry. Their readers and participants are professionals (farmers, agricultural and other advisers, representatives of cooperatives, students and professors of technical faculties, representatives of food companies) and other entities of the business community who are involved in agriculture and the food industry in the broadest sense, and as individuals, these are the best consumers with greater purchasing power.

VII.4. GOVERNANCE INFORMATION

Business Conduct – G1

The Bank recognises that responsible governance is key to long-term performance and sustainable development. Our commitment to high standards of business conduct is based on transparency, ethics and regulatory compliance, which allows us to create value for all our stakeholders.

The Bank pays particular attention to ensuring compliance with all relevant regulations and is committed to ethical and responsible business conduct. Respect for human rights is the cornerstone of our actions, both in relation to our employees and throughout the entire value chain. We actively prevent corruption and fraud with clearly defined policies. As part of ensuring financial integrity, we take strict measures to prevent money laundering and terrorist financing. At the same time, we encourage diversity and inclusion, believing that diverse teams contribute to innovation and better decisions. Our risk management is based on a comprehensive approach to identifying and managing risks. We pay special attention to the protection of personal and business data and ensure high standards of online security to protect customer data and strengthen trust in our services.

a) Operations Compliance

The Group's corporate compliance function is managed by the Operations Compliance Department, which is functionally and organisationally separate from other departments where conflicts of interest may arise. It represents the second line of defence within the Bank and is located directly under the Bank's Management Board. It has unrestricted access to all the information it needs to carry out its duties within the scope of its responsibilities and direct access to the Supervisory Board.

The Operations Compliance Department shall, at least once a year, produce a Compliance Risk Analysis and Assessment to inform the Management Board and the Supervisory Board of the main compliance risks to which the Bank is exposed and to assess the effectiveness of compliance risk management.

The Bank's approach to compliance risk management is set out in the Compliance Risk-taking and Risk Management Policy, which also defines general compliance standards for all employees and more detailed operations compliance rules for specific groups of employees.

Each year, the Operations Compliance Department prepares the Work Programme of the Operations Compliance Department work programme for the year, and semi-annual and annual reports on its work, which are submitted to the management body.

b) Respect for human rights

Employee relations in the Group are based on collegiality, mutual respect and help.

The Bank's employees strictly comply with the provisions of the Code of Conduct, Rules on Prevention of Harassment in the Workplace, and the Employment Relationship Act, which, among other things, stipulate respectful treatment of employees and protection of human rights. In this context, the Bank has established a method of identifying, preventing and dealing with the consequences of sexual and other harassment and maltreatment at the workplace.

The fundamental values and principles of corporate integrity are enshrined in the Deželna banka Slovenije d. d. Code of Conduct and are complied with by the members of the management and supervisory bodies and other Bank employees. The Bank has adopted the Policy of Safeguarding Integrity, which aims to protect the integrity, core values and reputation of the Bank, to which all Bank employees are committed. The Policy of Safeguarding Integrity defines all types of unlawful conduct and the procedure or way to report suspected unlawful conduct by any Bank employee in order to ensure compliance with fundamental professional, ethical and integrity standards. There is zero tolerance in the Bank for unlawful and unethical conduct and disrespect of the Bank's values. The Bank has set up a system of mitigating and managing risks under this Policy to prevent any form of unlawful conduct constituting a violation of the rules in terms of operations compliance. The system enables employees to report suspected violations of regulations and wrongdoing, assuring them the report does not have negative effects. The report can be anonymous. A link to the rapid and anonymous reporting of violations is established on the Bank's intranet, both within the Bank and directly to the Bank of Slovenia through a "whistleblowing" link. Employees are acquainted with the possibility of anonymous reports of all forms of violations with a special circular and as part of internal training.

c) Prevention of corrupt acts and fraud

Special attention is devoted to the following types of wrongdoing: deception, fraud and business fraud, corruption and unauthorised receipt and giving of gifts, misuse of inside information and abuse of the market in financial instruments, money laundering and terrorist financing, conflict of interests, misuse of personal data, disclosure or unjustified acquisition of business secrets, hacking into business information systems, falsifying or destroying business documents, secret agreements and abuse of position or trust, embezzlement and unjustified use of foreign assets, and all types of extortion and harassment at the workplace.

These wrongdoings can adversely affect the Bank's reputation, cause financial loss, and regulatory sanctions can affect employees, customers, suppliers, shareholders and other stakeholders.

Employees of each company in the Group are committed to protecting the integrity, fundamental values and reputation of the Group. It is the task and responsibility of all employees in the Group to ensure zero tolerance of unlawful conduct, which also includes fraud and corrupt acts.

The prevention of corrupt acts is regulated in the Corrupt Acts Prevention Policy, a summary of which is publicly available on the Bank's website.

The Bank has established appropriate procedures and mechanisms for dealing with suspected unlawful practice and measures to protect the applicant. It also has various channels in place to report any suspected unlawful practice. The Bank provides training for all employees with regard to unlawful practice, available channels for reporting suspicions of unlawful practice and violations of the Code of Conduct and other internal acts of the Bank.

Unlawful practice, the mode of reporting and the investigation procedure are also detailed in the Bank’s internal acts.

The Bank is a party to the Declaration of Fair Business, which was devised by the United Nations Global Compact Slovenia and has thus committed to transparent and fair business, and to rejection of any corrupt activity. We have also undertaken to include the anti-corruption clause in our legal transactions and to take account of anti-bribery principles in our business.

Examples of fraud and abuse identified in the Bank in 2024, were of external origin. In all cases, the Bank immediately took appropriate measures to prevent any further negative consequences.

As one of a few companies in Slovenia, Deželna banka Slovenije d. d. signed an agreement with the Financial Administration of the Republic of Slovenia to be part of a programme promoting voluntary compliance with tax liabilities as it pursues a tax payment optimisation policy and prevention of propensity for aggressive tax planning or deliberate increase of tax risk.

d) Prevention of money laundering and terrorist financing

Deželna banka Slovenije consistently implements measures to prevent money laundering and terrorist financing (hereinafter: AML/CFT), taking into account applicable legislation, regulatory requirements, internal acts, domestic and international standards and best practices in the area of AML/CFT. The Bank's operations are based on the principles of compliance, integrity and responsible risk management, and it has a zero-tolerance approach to unlawful conduct.

With the Money Laundering and Terrorist Financing Risk Management Policy of the DBS Group, Customer Acceptance Policy, Restrictive Measures Policy and other Bank's internal acts in the AML/CFT area, the Bank has established a robust system for the implementation of measures to prevent and detect money laundering and terrorist financing (hereinafter: ML/TF). They enable the Bank to effectively manage operational and legal risks and the risk of loss of reputation potentially caused by crime related to ML/TF. The Bank has implemented procedures that are based on its internal acts and provide appropriate measures for due diligence or customer knowledge, for the detection of unusual and suspicious transactions, and for control under international sanctions lists. The Bank verifies its customers through procedures in accordance with the applicable legislation and follows the principle of implementing quality Know Your Customer (KYC).

The Bank's internal rules also clearly delineate the responsibilities of staff in implementing AML/CFT measures and put in place appropriate internal controls to ensure that these measures are monitored. In accordance with the annual plan, the Internal Audit Department reviews the applicable system in order to identify potential weaknesses and strengthen the relevant internal controls in AML/CFT.

The Bank's employees are regularly trained in this respect, this being one of the key elements for the effective implementation of the established AML/CFT system and ML/TF risk management.

Protection against the negative effects that might ensue from the Bank's involvement in ML/TF is a strategic orientation that is also defined as one of the basic principles of the Bank's Code of Conduct. Any misuse of the Bank in this respect would not only compromise its reputation but the reputation of the country's entire financial system.

The Bank carefully carries out AML/CFT measures with in-house software that is constantly being updated with the latest findings on the techniques and forms of ML/TF, thus successfully managing risk. Starting in 2025, a transition to software from an external provider, HRC, is planned, and efforts to continuously upgrade AML/CFT systems will continue.

e) Risk management

Risk management is crucial for the Bank as it helps to reduce potential threats, maintain financial stability and ensure long-term viability. In addition to maintaining an adequate capital and liquidity position, the most important objectives of risk management are to ensure compliance with risk management standards, to achieve an adequate quality of investments and to prevent and limit the occurrence of losses from individual risks.

The DBS Group thus systematically monitors and assesses the risks to which it is exposed in order to manage them effectively in accordance with the relevant regulatory requirements. Risk management involves identifying and measuring risks and taking timely action to manage them. Another important element of risk management is the establishment of an appropriate risk appetite framework, which is the basis for a stable and secure business.

The DBS Group has risk management processes in place for all material risks. Important elements of risk management include regular upgrading and implementation of ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process), stress testing, setting up a limit system and internal controls, and establishing timely and adequate reporting.

In order to adequately manage risks, the DBS Group has a clear organisational structure with defined roles and responsibilities. Responsibilities are designed to avoid conflicts of interest and to ensure a transparent and documented business decision-making process.

Risk management is further elaborated in Chapter VIII. Risk Management.

Ljubljana, 17 April 2025

Management Board of the Bank:

Jure Kvaternik
President of the Management Board

Barbara Cerovšek Zupančič, MSc
Member of the Management Board

Andraž Grum, PhD
Member of the Management Board

Supervisory Board:

Ivan Lenart
President of the Supervisory Board

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1

VIII. RISK MANAGEMENT

VIII.1. RISK MANAGEMENT STRATEGY AND PROCESSES (Article 435 of the CRR, item 1a)

Effective risk management is one of the Group's most important objectives, ensuring a stable and secure operations while improving the Group's efficiency and competitiveness. In addition to maintaining an adequate capital and liquidity position, the key objectives of risk management are to ensure compliance with risk management standards, to achieve an adequate quality of investments and to prevent and limit the occurrence of losses from individual risks. The Group pursues these objectives by setting up and implementing the Risk-taking and Risk Management Strategy, which sets out the main starting points for risk management and the general guidelines for taking on and managing the key risks the Group is exposed to in its operations.

Pursuant to provisions of the regulatory framework, the Group considers the following risks as significant banking risks: credit, market, operational, interest rate and credit spread risk arising from non-trading book activities (CSRBB), liquidity, capital, strategic, profitability, reputation, governance, CRE investment risk and excessive leverage risks. ESG risks are also increasingly important. However, they are not considered in isolation but in the context of other material risks (e. g. credit, operational, liquidity risk, etc.).

In order to manage risks appropriately, the Group has a clear organisational structure with defined roles and responsibilities. Responsibilities are designed to avoid conflicts of interest and to ensure a transparent and documented business decision-making process.

The cornerstone of the risk management framework is the Risk-taking and Risk Management Strategy, which defines the risk appetite (RAF) by setting warning and operational limits for key risk indicators. The Group pursues a conservative approach to its operations and its risk appetite is defined as moderate (i.e. low to medium). Accordingly, limits are also set for key risk indicators, which are monitored regularly and also reported to the management bodies.

To measure exposure to different types of risk, the Group uses internal methodologies and approaches in addition to regulatory ones, which facilitates a close monitoring of risks and their management. The most important are the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Internal Capital Adequacy Assessment Process (ICAAP). Their objective is to contribute to the Group's continuity by ensuring sufficient liquidity and capital levels that are aligned with the Group's strategy, its business model and its Risk-taking and Risk Management Strategy. A sufficient level of capital enables the Group to bear its risks, absorb losses and sustainably pursue its development strategy, even in prolonged periods of adverse developments. As part of the ICAAP/ILAAP process, the Group determines how much internal capital or internal liquidity it needs to be able to sustainably implement its strategy.

The following key steps are included in the comprehensive risk management framework:
- identifying and prioritising the materiality of risks to which the Group is exposed;
- assessing and measuring material risks;
- conducting stress tests and reverse stress tests;
- allocation of internal capital and monitoring of spending;
- assessing the risk profile;
- identifying the risk appetite and updating the limit system with an early warning system;
- setting up capital and liquidity adequacy management measures;
- reporting to the management bodies.

The Group estimates that **credit risk** is the most important risk it is exposed to, and, therefore, devotes special attention to it. Credit risk is the risk that a borrower will cause a financial loss to the Group by failing to fully discharge an obligation when due without calling on collateral, for whatever reason, whether this obligation be of a financial nature or another contractual obligation.

In order to adequately manage credit risk, the Group performs the following activities:

- has a defined Risk-taking and Risk Management Policy for Credit Risk, which determines the manner of implementing credit risk management;
- regularly monitors its customers (e.g. financial statements);
- has an early warning system for increased credit risk (EWS);
- has a limit system in place that is in line with the risk strategy and risk appetite;
- regularly monitors blacklists;
- regularly prepares reports on credit risk monitoring;
- prepares regular reports on the management of non-performing exposures of debtors, on the restructuring of receivables from debtors and on the fulfilment of commitments from financial restructuring plans of legal entities;
- regularly reports to the relevant decision-making and management bodies.

The Group also classifies liquidity risk among significant risks. **Liquidity risk** is the risk that the Bank is unable to discharge all its matured liabilities or that, due to its inability to provide sufficient funds to settle its matured liabilities, the Bank is forced to obtain liquidity at costs significantly higher than average market costs.

In order to adequately manage liquidity risk, the Group performs the following activities:

- has a defined Risk-taking and Risk Management Policy for Liquidity Risk, which determines the manner of implementing liquidity risk management;
- applies rules and measures to implement the procedures for mitigation and diversification of liquidity risk;
- identifies and measures liquidity risk using the system of internal limits and quantitative indicators from the recovery plan, establishing the liquidity position on a daily basis, making cash flow projections and calculating the liquidity ratio (LCR) and the net stable funding ratio (NSFR);
- has liquidity buffers that strengthen the Bank's resistance to liquidity risks in crisis situations;
- maintains at all times an adequate amount of unencumbered assets that can be used as a secondary liquidity reserve;
- prepares daily or monthly reports[7], which are the basis for making management decisions that involve liquidity risk, with important reports being made available to the management body and the Asset and Liability Committee.

The Group pays special attention to operational risk management. **Operational risk** is the risk of loss due to an inappropriate or unsuccessful implementation of internal processes, the human factor, system operations or external factors. Other risks under operational risk include legal and model risk, ICT risk, external contractors risk, conduct risk, ESG factors, compliance risk and tax risks. Operational risks also include operational and security risks related to the provision of payment and electronic money services and payment systems.

In order to adequately manage operational risk, the Group performs the following activities:

- has a defined Risk-taking and Risk Management Policy for Operational Risk, which determines the manner of implementing operational risk management;
- has RAF limits in place;
- has a system in place for reporting on loss events and operational risk events without financial effects;
- prepares regular operational risk reports for managing bodies.

Other material risks are monitored on a monthly basis through regular reports discussed at the Asset-Liability Committee or the Risk Management Committee, of which the Management Board is a member. The Group also incorporates these risks into the internal capital adequacy assessment process (ICAAP) as appropriate.

In addition to the above-mentioned reports, the Group prepares a number of other reports designed to inform the management body of the specific types of risks. The Risk Management Section thus prepares, inter alia, a risk

[7] Daily liquidity reports, monthly liquidity plan, liquidity ratio movement simulation, calculations of the ratio of highly liquid assets and liabilities, calculations of growth levels of retail deposits, liquidity coverage ratio (LCR), net stable funding ratio (NSFR), liquidity ratio (LR), stress tests for exceptional scenarios, the minimum level of unencumbered liquid assets, reports on structural liquidity risk ratios and other reports.

report containing an overview of the RAS indicators, the limits defined in the Limit System, an analysis of the credit portfolio and the associated credit risk, an analysis of market, liquidity, interest rate and operational risk, and capital adequacy. This report is prepared monthly and discussed by the Risk Management Committee and quarterly by the Management Board, the Risk Committee and the Supervisory Board. Proposals for limits on large exposures and related parties of the Group (or groups thereof) are considered at least annually by the Management Board, the Risk Committee and the Supervisory Board. The capital adequacy report (ICAAP) used to estimate the capital needed to cover all major risks, the liquidity adequacy report (ILAAP) used to estimate liquidity and liquidity risk management, and the risk profile report are also reviewed by the Management Board, the Supervisory Board Risk Committee, and the Supervisory Board at least once a year or as required. As part of the ICAAP and ILAAP processes, the management body also issues an annual statement of capital and liquidity adequacy.

Regarding risk management, control environment and capital adequacy, the Group has adopted the following framework documents (that were confirmed by the Bank's Supervisory Board) to establish risk management guidelines:

- The Risk-taking and Risk Management Strategy and Concise Risk Statement Approved by the Management Body
- Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS),
- Risk-taking and Risk Management Policy for Credit Risk,
- Risk-taking and Risk Management Policy for Market Risk,
- Risk-taking and Risk Management Policy for Operational Risk,
- Risk-taking and Risk Management Policy for Interest Rate Risk in the banking book and the Credit Spread Risk arising from non-trading book activities,
- Risk-taking and Risk Management Policy for Liquidity Risk,
- Risk-taking and Risk Management Policy for Compliance Risk,
- Risk-taking and Risk Management Policy for Profitability Risk,
- Disclosure Policy,
- Risk-taking and Risk Management Policy for Strategic Risk,
- Risk-taking and Risk Management Policy for Reputation Risk,
- Risk-taking and Risk Management Policy for the Risk of Capital Inadequacy,
- Policy on Using External Service Providers,
- Risk-taking and Risk Management Policy for Excessive Leverage Risk,
- Policy on Related Party Transactions,
- Policies for approving new services, products or significant changes,
- Model and Model Risk Management Policy,
- Policy of Safeguarding Integrity.

The Risk-taking and Risk Management Strategy, together with a Concise Risk Statement Approved by the Management Body, sets out the main starting points for risk management and the general guidelines for taking and managing key risks that the Group is exposed to in its operations. The aim of risk management is to ensure the Group's stable and safe operations and compliance with risk management standards, to achieve appropriate investment quality, and to prevent and limit losses resulting from individual risks.

Associated with individual types of risk, policies operationalise the starting points of the risk-management strategy, detailing organisational rules, procedures for establishing, measuring, assessing and monitoring risks, and internal risk reporting, determining the rules for the internal controls system and the activities related to the calculation of the internal capital adequacy assessment.

To monitor its operations and the major related risks that could affect its existence, the Group has laid down an array of quantitative indicators in the Group Recovery Plan, which are capital and capital adequacy, liquidity, profitability, asset quality and macroeconomic indicators. Limit values have been set for each indicator, marking the point of commencement for internal processes based on the recovery plan. Recovery measures are stipulated to be intensified depending on achieving yellow or red limit values, enabling the Group to react in a timely manner to the emergence of factors that could jeopardise its business. Based on its adopted risk-management strategy and ICAAP or ILAAP process, the Group has also set RAS limits for individual indicators to define its risk appetite. The purpose of these headline indicators is to manage risks in a comprehensive and prudent manner. By setting warning values and limits, the Group defines its risk appetite (RAF) and thereby limits its exposure to certain risks. The recovery plan indicators included in the RAS are subject to the rule that the level of the red RAS value must be equal to the yellow value in the recovery plan, thus meaningfully building on the Group's risk management and risk-taking framework, the fundamental objective of which is to ensure stable and safe operations of the Bank.

VIII.2. DECLARATION APPROVED BY THE MANAGEMENT BODY ON THE ADEQUACY OF RISK MANAGEMENT ARRANGEMENTS (Article 435 of the CRR, item 1e)

Declaration approved by the management body on the adequacy of risk management arrangements

Pursuant to Article 435 (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 – which consists of the Management Board:

Jure Kvaternik, President of the Management Board, Barbara Cerovšek Zupančič MSc, Member of the Management Board, and Andraž Grum, PhD, Member of the Management Board,

and the Supervisory Board:

Ivan Lenart, President of the Supervisory Board,

confirms, by signing this declaration, that the Bank's risk management arrangements are adequate. The Bank has set up a risk management function as independent in terms of organisation and functionality from the Bank's other functions, ensuring that risk management arrangements reflect the Bank's risk profile and its risk-taking and risk management strategy.

Ljubljana, 17 April 2025

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President of the Management Board

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Member of the Management Board

Andraž Grum, PhD
Member of the Management Board

DEŽELNA BANKA SLOVENIJE d.d.
LJUBLJANA
1

Supervisory Board:

Ivan Lenart
President of the Supervisory Board

VIII.3. CONCISE RISK STATEMENT APPROVED BY THE MANAGEMENT BODY (Article 435 of the CRR, item 1f)

Risk management

The DBS d. d. Management Board and Supervisory Board approved the Concise Risk Statement Approved by the Management Body, which stipulates the aggregate level of risk, including the levels of individuals risks, that Deželna banka Slovenije d. d. (hereinafter: the Bank) and the Deželna Banka Slovenije Group (hereinafter: the Group) are exposed to or are still willing to assume in order to meet their strategic goals while minding their risk tolerance.

The Group seeks to meet its strategic objectives within the framework of predefined levels of acceptable risk. The acceptable risk level is defined as moderate (i.e. low to medium), meaning that the Group pursues a conservative approach in its operations. The predefined common level of acceptable risk represents an important element of the decision-making process and is intended to ensure that the Group performs with sufficient profitability even in exceptional situations.

In addition to the Bank, the Group's prudential consolidation also includes the Bank's wholly owned subsidiaries DBS Leasing and DBS Nepremičnine. Risk management is performed at the Group level and the impact of these companies on the risk profile in 2024 was moderate or without significant effects. There were no intra-Group or related party transactions in 2024 that had a material impact on the Group's risk profile or risk distribution at Group level.

Risk management framework

The purpose of risk management is to ensure that the Group's operations are stable and safe, that the standards for risk management are met, and that the quality of investments is suitable. The Group has in place an integrated risk management framework which sets out the Group's integrated risk management processes and includes the following key steps:

- identifying and prioritising the materiality of risks to which the Group is exposed;
- assessing and measuring material risks;
- conducting stress tests and reverse stress tests;
- allocation of internal capital and monitoring of spending;
- assessing the risk profile;
- identifying the risk appetite and updating the limit system with an early warning system;
- setting up capital and liquidity adequacy management measures;
- reporting to the management bodies.

The Group considers as significant banking risks those risks that are assessed as material in the risk identification process and are included in the risk register. The Group has identified the following risks as significant risks: credit, market, operational, interest rate and credit spread risk arising from non-trading book activities (CSRBB), liquidity and strategic risk, ESG risks, and macroeconomic risk. Under operational risk, material sub-categories include compliance, ICT and business continuity risks, and external contractors risks.

The Group has appropriate methodologies in place for assessing and measuring material risks and conducts stress tests and reverse stress tests. The objective of regular stress testing is to verify that the Group maintains an adequate level of internal capital and liquidity even in adverse conditions. The Group therefore carries out, at least once a year, an in-depth vulnerability review tailored to its circumstances, which captures all material risks at the Group-wide level arising from its business model and from the operating environment in a period of tight macroeconomic conditions. It regularly monitors the conditions and changes in the environment that may have a material impact on capital adequacy ratios and performance and develops appropriate stress scenarios on this basis. Stress testing as an important element of risk management is integrated into the Group's risk management system through the ICAAP and ILAAP processes and the Restoration Plan. In addition to internal stress testing, the Group also participates in regulatory defined stress testing.

To ensure an adequate level of internal capital, the Group allocates available capital across risks and business sectors as part of the ICAAP process. The capital allocation process is carried out at least once a year and capital utilisation is monitored monthly.

The risk profile is an assessment of how much and to which risks the Group is exposed in its business and is the result of the risk management process. As part of the ICAAP process, the Group identifies significant risks and assesses the exposure to those risks at least once a year, which forms the basis for the risk profile.

For the purpose of comprehensive risk management, the Group has defined key risk indicators and their limits in the Risk Appetite Framework (RAF) and the Risk Appetite Statement (RAS), which represent the exposure to specific risks that the Group manages and assumes in the framework of its operations. In addition, the Group has in place a Limit System document that defines limits at the level of individual risks, portfolios or business lines, taking into account the business strategy, risk profile, risk appetite and RAS limits, as well as the available internal capital. These limits are subordinate to the RAS limits, i.e. are used by the Group to provide early warning of an undesirable level of a particular exposure, thereby enabling timely action to prevent a breach of the RAS limits. The limit system aims to be preventive, as it is designed to enable prudent decision-making and to limit the assumption of unacceptably large risks.

As part of its risk management, the Group has also defined appropriate risk management or risk mitigation measures to ensure capital and liquidity adequacy. The measures adopted are aligned with the Group's Risk-taking and Risk Management Strategy and the Group's risk-taking capacity.

Comprehensive and timely reporting is important for making appropriate business decisions. The Group has in place regular reporting to decision-making bodies on exposure to each significant risk, the risk profile and the utilisation of limits.

Risk appetite

Risk appetite defines the amount and type of risk that the Group is willing to accept to achieve its business objectives. Through the Risk-taking and Risk Management Strategy, the Risk Appetite Framework and the Limit System, the Group has clear limits for risk-taking that are aligned with its business strategy.

The Risk Appetite Framework (RAF), together with the Risk Appetite Statement (RAS), defines the set of material risks, the appetite for each risk and the key risk indicators related to capital and liquidity adequacy and all material risks to which the Group is or may be exposed. For these indicators, an operational value, a warning value and a limit or target value are defined. The established risk appetite is integrated into the limit system together with a system of regular monitoring and early warning. Efficient risk management that includes regular risk monitoring and reporting, enables timely action to be taken upon predetermined levels of risk acceptability, even before the upper limit value is reached. Risks are promptly presented to the management body, the Bank's senior management, the Internal Audit Department and the Operations Compliance Department in the context of regular reports.

Values of key risk indicators reflecting the correlation between strategic business orientations, risk appetite and target risk profile as at 31 December 2024:

1. Overall Capital Ratio (OCR): 19.64%,
2. Common Equity Tier 1 ratio (CET1): 19.58%,
3. Leverage Ratio: 5.96%,
4. Non-Performing Exposure (NPE) ratio: 1.03%,
5. Coverage rate (CR): 45.5%,
6. Economic Value of Equity (EVE) ratio: 5.4%,
7. Net interest income (NII) change ratio: 0.4%,
8. Credit Spread Risk in the Banking Book (CSRBB) ratio: 1.3%,
9. Liquidity Coverage Ratio (LCR): 331.1%,

10. Net Stable Funding Ratio (NSFR): 196.6%,
11. Return on Equity (ROE in basis points): 27.9%,
12. Net loss on claims: EUR 10,700.

The Group will maintain an appropriate level of credit risk in the field of **credit risk**. It will make investment decisions in line with its financial capacity, with an emphasis on ensuring that it has an adequate level of capital to cover any unexpected losses.

In order to manage credit risk effectively, the Group will follow the following guidance:
- setting out clear credit standards and procedures for assessing the credit ratings and the creditworthiness of customers for the investment in question, including the envisaged collateral and contractual covenants;
- regular assessment of the credit portfolio and monitoring of the quality of investments, as well as timely identification of troubled obligors;
- pursuing effective collection of past-due outstanding receivables and/or restructuring of troubled exposures, to the extent that this will lead to a higher expected repayment to the bank;
- disclosing appropriate impairment of investments in accordance with IFRS, taking into account customer credit ratings, forward-looking information, collateral and other factors;
- developing a diversified customer portfolio to reduce risk concentration in specific sectors or customers;
- setting appropriate limits for specific sectors, types of transactions and customers;
- using appropriate collateral to mitigate credit risk exposure.

Except in exceptional circumstances and where there are compelling arguments to do so, the Group will not:
- finance acquisitions and new purchases of securities, business stakes and mutual fund shares when assessing increased risk;
- enter into new financing of heavily indebted customers, customers with bad credit ratings and customers that do not display adequate creditworthiness;
- grant loans when the only or predominant collateral is such with a strong correlation between the customer's creditworthiness and the value of collateral;
- finance legal entities engaged in shadow banking;
- finance projects associated with the speculative financing of property;
- finance projects that are controversial under the ESG factors.

In taking and managing **market risks**, the Group will:
- ensure diversification of investment portfolios to reduce sensitivity to market changes;
- regularly assess market conditions and their impact on investment decisions;
- ensure staff with relevant competences;
- maintain appropriate limits and hedges against market risks;
- maintain adequate internal controls.

In taking and managing **operational risks**, the Group will:
- regularly monitor and report on loss events and take additional measures to prevent similar events in the future;
- ensure staff with relevant competences;
- maintain effective internal controls and procedures;
- regularly improve security measures and technologies to protect customers' sensitive financial and personal data;
- strengthen security measures for protection against cybercrime threats, including by raising awareness of the importance of security among employees and customers;
- maintain high standards of ethical business conduct and zero tolerance of unauthorised actions.

In taking and managing **interest rate risk and credit spread risk arising from non-trading book activities (CSRBB)**, the Group will:
- properly manage the Bank's balance sheet;

- prepare opinions on interest rate risk exposures before making significant decisions on investments into securities;
- regularly monitor and report on interest rate risk exposure;
- ensure adequate limits to hedge the Economic Value of Equity (EVE) and Net Interest Income (NII);
- address any overexposure to risk and take appropriate action where necessary.

In taking and managing **liquidity risk**, the Group will:
- adapt its liquidity risk-taking and management strategy to its size;
- implement and build on an adequate liquidity management framework through the Internal Liquidity Adequacy Assessment Process (ILAAP);
- maintain sufficient liquidity reserves;
- regularly conduct stress tests and update the contingency plan to ensure adequate liquidity;
- maintain an adequate level of securities eligible for pledging with the ECB;
- monitor the daily and structural liquidity position;
- meet regulatory liquidity ratios.

In taking and managing **strategic risk**, the Group will:
- implement a conservative business strategy, thereby limiting exposure to strategic risk;
- intensely monitor its business environment and promptly respond to changes in it in order to decrease the Group's exposure to strategic risk.

The Group will pay particular attention to the **capital risk** by implementing the following:
- ensure an adequate level of capital to cover potential losses from unexpected risk events and to ensure business continuity even in adverse economic conditions;
- regularly monitor and review its capital position and respond to any changes in the environment;
- implement and build on an appropriate capital management framework through the Internal Capital Adequacy Assessment Process (ICAAP), including the implementation of stress tests;
- maintain an adequate capital position in relation to its total risk exposure;
- meet regulatory capital ratios.

In the coming years, DBS Group will also pay particular attention to **ESG risks**, in particular climate and environmental risks. In doing so, it will focus on:
- establishing an ESG risk management framework and setting out procedures to manage any negative impacts;
- establishing adequate reporting to monitor ESG risks;
- taking sustainability into account as an important principle when making business decisions;
- establishing, regularly reviewing and upgrading a sustainable ESG strategy and adapting it to changes in the environment, legislation and new developments in sustainable business.

Internal controls

The Group has put in place a system of internal controls to control and limit the mentioned risks, which includes:
- internal controls: for this purpose it has adopted rules and procedures defined by the relevant instructions, rulebooks and other internal acts, and internal controls over the implementation of organisational, business procedures and work procedures; it has also set up a system of reporting with internal controls in the area of reporting, and a limit system including measures in case of breaches;
- internal control functions, which include the Risk Management Section, the Internal Audit Department, and the Operations Compliance Department.

The following is also of key importance to ensure long-term performance of the Group: distribution of competence and responsibility among management and supervisory bodies and other stakeholders; relations between them, and other factors, such as the Group's responsibility to environmental and societal interests of the community in which it operates, based on which the Group operates pursuant to applicable regulations, best practice standards in corporate governance and highest standards of professional ethics.

Recovery Plan

To monitor its operations and the major related risks that could affect its existence, the Group has laid down an array of quantitative indicators in the Group Recovery Plan, which are capital and capital adequacy, liquidity, profitability, asset quality and macroeconomic indicators. Limit values have been set for each indicator, marking the point of commencement for internal processes based on the recovery plan. Recovery measures are stipulated to be intensified depending on achieving yellow or red limit values, enabling the Bank to react in a timely manner to the emergence of factors that could jeopardise its business.

Based on its adopted risk strategy and ICAAP process, the Group has set action values and limits, i.e. target values for individual indicators to define its risk appetite. The purpose of these indicators is to manage risks in a comprehensive and prudent manner. By setting action values and limits, the Group defines its risk appetite and thereby limits its exposure to certain risks. For the Recovery Plan indicators included in the RAF/RAS, the rule is that the level of the red RAS value must be equal to the yellow value in the Recovery Plan. The action values of RAF/RAS indicators are set above the yellow line of the Recovery Plan and thus build on the risk management and risk-taking framework, the fundamental objective of which is to ensure stable and safe operations of the Group.

Ljubljana, 17 April 2025

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DEŽELNA BANKA SLOVENIJE d.d.
LJUBLJANA
1

Supervisory Board:

Ivan Lenart
President of the Supervisory Board

IX. DEVELOPMENT OF THE BANK

IX.1. INVESTMENTS

For several years now, the Bank has devoted a lot of attention to refurbishing its branches or moving them to technically and spatially more appropriate locations, and to ensuring compliance with security and other banking standards. The security level is maintained in accordance with the security standards of the Bank Association of Slovenia, whereby the Bank takes care of the security of customers, employees and property. An appropriate level of safety is achieved through technical, mechanical and organisational measures. Thus, in 2024, the Bank continued to renovate and relocate its branches and plans to continue these activities in the future.

In 2024, the Bank continued to invest in upgrading the Bank's ICT infrastructure in line with its IT development strategy. The bulk of the investment was intended for the implementation of the core banking system migration project. The Bank also invested in the migration to a new eDMS system, a certified document management solution - Mikrocop.

In the area of introducing technical measures to improve cyber resilience and posture, as well as proactive action to prevent and identify security events, we have also invested in the introduction of an internal firewall to manage the security segments of the internal network, and we have entered the initial phase of upgrading the security analytics system for monitoring, recording and correlating events in the Bank's information system and alerting in the event of security anomalies that meet the conditions of a security event.

IX.2. INFORMATION TECHNOLOGY

The Bank's focus in 2024 was on the core banking system migration project, including a new mobile and online bank, and a cloud-based document system. The migration of the core banking system has been successfully completed, within all set milestones.

We have built a new data warehouse internally, which will be the primary source of data for the Bank's planned data-driven management and data analytics. In addition, we have developed internally a set of applications that are not part of the core banking system: tracking sales plans and realisations, a legal opinion management process, an operational risk management application, user rights management and others.

In 2024, we implemented a major part of the action plan set out in the Bank's IT Development Strategy 2023-2027, which is based on the Bank's business objectives and business strategy:

- we set up new hardware and software infrastructure to enable the implementation of new IT application-process architecture, which enabled support and automation, and rapid development of business processes that arise from the requirements of the new business strategy;
- a new organisational structure is put in place for IT;
- we introduced data management frameworks;
- we worked on strengthening the digital skills and competences of our employees and involved them in business information projects;
- we strengthened our customers' digital skills, mainly in the field of cybersecurity;
- we prepared the information basis for future requirements and projects related to sustainable business (ESG);
- we digitised a substantial part of our business processes, and provided a paperless option;
- we reduced the risks from manual intervention in data and
- we mitigated all operational risks from internal IT staff.

IX.3. INFORMATION AND CYBERSECURITY

With the development and digitisation of operations, information technology and data in digital form are assuming a key role in supporting new banking services. This also poses new security threats related to the operation of the information system and the confidentiality, availability, integrity and authenticity of data. The Bank is aware of the presence of security threats and their continuous adaptation; therefore, it pays special attention to the management of security risks in the field of information technology. Information technology risk management is a process of continuous evaluation and improvement of security controls, as this is the only way for the Bank to follow the development of technology and global trends, which are increasingly targeting interconnection and online presence.

As the Bank's objectives are high availability, resilience to cyber threats and absence of security incidents, in 2024, the Bank again carried out an information system risk assessment and a self-assessment of the ICT sophistication in the area of information and cyber security, and based on this, it formulated new and improved corrective measures. In order to improve its cyber threat preparedness and understanding of the importance of cyber resilience, it has carried out several independent security tests and evaluations of its cyber protection and the robustness of its online services to prevent cyber-attacks. It also carried out a large-scale simulation of the response to an adverse event with a cyber incident scenario in 2024. The Bank has implemented the findings sensibly by upgrading technical protection, including the introduction of an internal firewall to manage the security segments of the internal network and a centralised remote management system to manage the security configuration and integrity of portable devices and workstations. Also, in order to be proactive, the Bank has embarked on a project to upgrade its security analytics system to monitor, record and correlate events in its IT system and to alert in the event of security anomalies that qualify as security events.

Furthermore, in line with its strategy to ensure that its employees are highly informed in the area of information and cyber security, the Bank has continued to improve its training programme for employees and to test their knowledge of protective behaviours to identify cyber threats in 2024. In addition to employee training, it carried out several customer awareness activities, which were sensibly adapted to current threats and online scams. A key customer awareness activity in which the Bank is actively involved in an interbank campaign led by the Bank Association of Slovenia to raise awareness of the dangers of online fraud. This has further improved the security of digital banking, to which the Bank has always paid ample attention. The Bank also extended its cyber insurance policy in 2024. In addition, in 2024, the Bank carried out a gap assessment with the new regulation in the area of information security and IT risk management, followed by adjustments to procedures, processes and measures.

Monitoring of execution of security activities, reporting on implemented measures, monitoring of security events and incidents, and new proposals for improving security are discussed by the Security Committee, which is the highest security body of the Bank.

With its activities in 2024, which included both organisational and technical measures based on a firmly established management framework, the Bank still endeavours to meet the regulatory requirements, the expectations and guidelines of supervisory authorities, and follows good practice in information security and technology. It continues to ensure that cybersecurity is not adversely affected by business processes and the organisation of work, and that cybersecurity is always considered an important aspect in implementing a particular business process.

IX.4. MARKETING AND COMMUNICATION

The Marketing and Communications Department focused on attracting new customers and informing its existing customers of the current offers, novelties and changes in the Bank’s operations. In cooperation with an external agency, the Bank carried out two major advertising campaigns, both for housing loans. We have further optimised our advertising to reach even more of our target audience. Thus, we "got rid" of advertising in timeslots that the media offer practically for free, but without any viewership or listenership. The bank constantly advertises keywords in the most popular web browser.

As part of the DBS Group Strategy 2024-2027, we conducted a market research on brand awareness at the beginning of the year, which showed us the real situation of where our Bank is positioned on the Slovenian market, both in Slovenia and in the region. The survey showed that our Bank has an 8% overall potential of acquiring new customers, with a target group of individuals who live in a large family (3 or 4 members), in a rural area (settlements with fewer than 500 inhabitants), within the Branch Unit Central Slovenia or Branch Unit Primorska, have completed four years of secondary school and are members of Generation X (born between 1965 and 1980). In relation to the results, advertising activities were directed towards our target population.

We enhanced our visibility as a universal bank with local marketing campaigns, which redirected the general public to our business network of 76 branches throughout Slovenia. We provided marketing support for the complete renovation of the Kočevje branch and the move of the Šentjernej branch to a new location. There, we organised open door days, inviting existing and potential customers and providing catering and an attractive decoration of the premises during these days.

Our traditional commitment to the agri-food market is reinforced by year-round advertising in the agricultural TV programme *Ljudje in zemlja* and in the newspaper *Kmečki glas*. The target audience of both media is the agri-food segment, and through regular advertising, we make it clear that we are available to them, and we support them with our financial services.

The Agrobusiness project, which the Bank has supported for several years in a row, is being developed under the auspices of the Finance newspaper. The Bank thus gets year-round visibility on its web portal and also takes an active part in the project's main event, a conference held in March. It is a media-business project for creating business excellence and success in the agriculture and food processing industry. The project addresses the entrepreneurial spirit, cooperation, technological progress and innovation of Slovenian farmers and the food processing industry. It highlights companies, individuals and organisations with new marketing approaches and food production technologies or business models that would lead to greater food self-sufficiency in Slovenia, as an example and an incentive to others. The subject areas covered are new technologies in agriculture, agricultural entrepreneurship, the food industry, the Agrobiznis Challenge, advice and up-to-date information.

We have been strengthening our relationship with the agri-food sector through our active presence at trade fairs intended for them. For example, we had a stand at the St Gregory Fair in Novo Mesto and at two (spring and autumn editions) of the agricultural/craft fair in Komenda. The key trade fair event for the Bank is the Agra International Agricultural and Food Fair in Gornja Radgona at the end of August. There, the DBS Group presents its offer at its stand, while also strengthening relations with its customers through banquets and informal socialising. Banking and leasing advisors are also available to answer any questions visitors and potential customers may have.

The Bank uses its regularly updated website as one of its outreach channels, and is also present on the social networks Facebook, Instagram and LinkedIn, as well as the YouTube channel. All these channels and the e-bank enable two-way communication with customers, who have the opportunity to submit questions, suggestions, compliments and complaints online, and the Bank tries to answer them promptly and professionally. At the end of 2024, we professionalised our social media management, adding more content that is coordinated and visually consistent.

The Bank's internal communication is carried out on the intranet portal and by e-mail. Employees are informed regularly, on a monthly basis, in the DBS News e-newsletter about new developments in the Bank, open projects and their progress, as well as events in which the Bank's representatives participate, while a part of the newsletter is devoted to topics related to health care, etiquette, education and other social issues.

The Bank also communicated with existing and potential customers at the local community level at a number of targeted events, either through its own presentations or through discussions with the CEO or his participation in various round tables. We organised events with professional training for members of local agricultural cooperatives on financing when obtaining grants from the State and on legal issues in succession in the agricultural economy.

The Bank is fulfilling its socially responsible role through sponsorship or donation activities, which was also the case in 2024. The already mentioned Agribusiness project is a logical decision for the bank; by participating in it, we address our target agri-food sector, both existing and potential new customers. We also work locally by supporting local associations and institutions that strive to create added value in their environment. This helps us maintain the link with agriculture and the countryside, as well as support other local events and activities, thus addressing the general public and raising awareness in local communities about our presence in their environment.

We have also supported a number of Regional Forums organised by Finance newspaper, thus actively participating in events and strengthening existing relationships or establishing new ones with potential new customers.

The Bank actively participated in the interbank advertising of Flik Pay, for which a two-part nationwide advertising campaign was carried out. Under the auspices of the Bank Association of Slovenia, of which our Bank is a member, we have regularly participated in a public awareness campaign on the risks of online payment fraud, which is now almost common practice of online hackers. The aim of the campaign was to raise people's awareness and educate them about the ways in which so-called attackers carry out their misuse and how to protect themselves against them.

Coverage in various Slovenian media is monitored daily. Based on media coverage, an analysis of the Bank's media appearances is made annually to assess the reputation indicators and plan our corporate communication. We recorded 435 posts about our bank, which is a decrease from 545 in 2023. The decline is also due to the fact that the Finance newspaper ceased to be published in print on 1 January 2024. The greatest number of articles reported on the Bank's operations, on price comparison of services, and on the Bank as being authorised to sell numismatic products. Relations with the media were fair and communication with journalists was based on openness and transparency.

IX.5. HUMAN RESOURCE MANAGEMENT

IX.5.1. HUMAN RESOURCE POLICY

Due to rapid changes in the business environment, the Bank's needs for capabilities and knowledge are changing rapidly as well, which requires constant adaptations. HR management activities are in line with the Bank's development strategy and tailored to the daily needs of the extensive branch network and changing legislation.

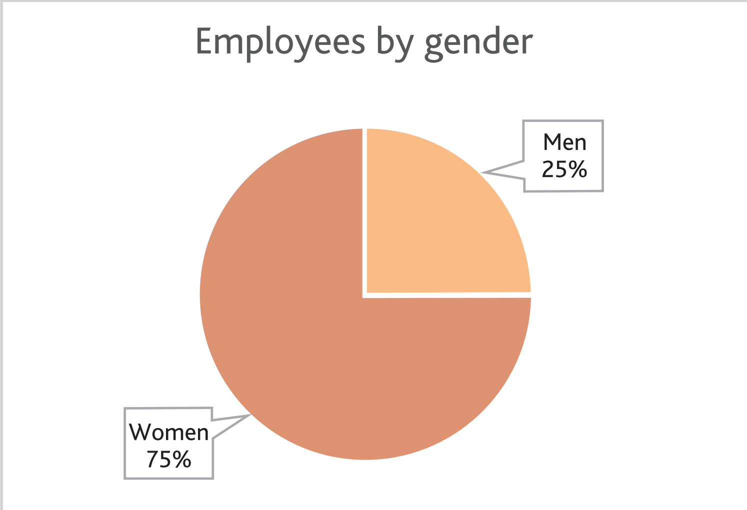
The Bank has adopted the HR risk-taking and risk management policy, which is adapted to the size of the Bank, taking into consideration the nature and complexity of our activities. Within this process, the Human Resources, Process and Organisation Department assesses continually the competence, education and experience of staff with regard to the task they perform, defines key members of staff, proposes changes to the Remuneration Policy, records potential breaches of labour legislation and other acts, and proposes the adoption of measures to prevent repeat violations. Together with the Management Board and members of senior management, the Department assesses the HR risk level by holding regular interviews with the employees.

As at 31 December 2024, the Bank had 395 employees, 19 more than the previous year-end. The Bank replaced absent staff selectively: new recruitment from the market was only executed when the Bank had no suitable existing employees. The Bank's HR policy will continue to rest on top quality professionals, the promotion of loyalty to the Bank and its values, and the gradual increase in the proportion of younger staff.

Employees by education profile are presented in Chapter VII.3. Social Information.

The majority of the Bank's employees are still women, of whom there were 297, and 98 men as at 31 December 2024. The trend of increasing the share of men in the workforce has increased for the second year in a row, reaching 25% in 2024.

Employees by gender, for the Bank



The Bank is successfully managing its age structure. In 2024, the average age of the employees has decreased again to 45.9 years (46.5 years in 2023). The Bank has 2.78% of employees with limited work ability.

As assessed by the Bank, the education profile of all employees in the Bank is adequate with regard to the needs of the business process; 66% of the Bank's employees having at least higher education, and 34% having intermediate or lower education.

The Bank's turnover rate is virtually unchanged in 2024 compared to 2023, remaining more or less at the same level (9.8% in 2024, 9.73% in 2023). For the first time in 2024, retirements account for the largest share of turnover (4.64% turnover), followed by resignations and the resulting termination agreements (4.39% turnover). Other items account for a practically negligible share, totalling less than 1% of turnover.

IX.5.2. RECRUITMENT POLICY

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

The selection and appointment of members of the Bank's management body are regulated pursuant to the Slovenian legislation in force, recommendations of the Bank of Slovenia, the European Banking Authority (EBA) regulation, the ECB Guide to fit and proper assessments, and Bank's internal acts.

The Recruitment Policy for the Selection of Members of the Management Body lays down the criteria for the selection and appointment of members of the management body, a body which consists of the Bank's Management Board and Supervisory Board. The overall composition must ensure that members of the management body have the requisite expertise, skills and experience needed for an in-depth understanding of the Bank's operations and the risks it is exposed to, and that members are able to commit sufficient time to working in the Bank. Composition of the management body has to be ensured to comprise complementary and diverse competences of its individual members. Diversity in the body's composition is reflected in its members' diverse professional experience and know-how, age, education, expertise and personal characteristics.

Adequate knowledge, skills and experience are considered to comprise theoretical experience gained through education and training, practical experience gained at previous positions, and knowledge and skills gained and proven by the member through their business conduct. The conditions for membership in the Management Board and the Supervisory Board differ slightly, especially with regard to the practical experience of candidates for members of the Management Board.

Based on a previous proposal by the President of the Management Board, the Supervisory Board Nomination Committee identifies and recommends to the Supervisory Board candidates for members of the Management Board and autonomously identifies and recommends to the Bank's General Meeting candidates for members of the Supervisory Board. It assesses whether the Management Board or the Supervisory Board has the full range of competences necessary to manage or supervise the work of the Management Board, determines the tasks and the conditions required for each appointment, and assess the time expected to be required to perform the functions of a member of the management body. The Bank informs the member of the management body of the estimated time they should dedicate to their duties and may require confirmation from the member that they can in fact allocate sufficient time to working in the Bank.

At least once a year, the Nomination Committee of the Supervisory Board evaluates the structure, size, composition and performance of the Management Board and the Supervisory Board and makes recommendations on possible changes, and at least once a year evaluates the knowledge, skills and experience of individual members of the Management Board and the Supervisory Board and the body as a whole.

IX.5.3. EMPLOYEE TRAINING

The Bank's employees attend various training and education courses to gain adequate expert competence. Most training was conducted for the purpose of further training and development according to the needs of various work processes. In terms of staff training, the largest share by category was allocated to IT, which is related to the implementation of the new Hibis central IT system. This is followed by the general and management skills category, where the highest number of implementations was in the areas of social and environmental responsibility, audit, AML/CFT and compliance.

In terms of the format of the training, most training was in the form of workshops (52%), followed by e-learning and participation in conferences. Other forms account for a smaller share of training delivery (10% in total).

Staff development is also ensured based on annual development interviews that are used to assess the performance of tasks in the past period and employee competences and to devise goals for the upcoming financial period.

In the recruitment procedure for vacant posts, the Bank prioritises existing employees, thus giving them the opportunity to acquire new knowledge and be promoted, while restructuring internally the staff structure of each organisational unit.

Employees who achieve above-average results at work are rewarded monthly in accordance with the Rules on Monitoring, Evaluation and Remuneration of Employee Performance under the Collective Agreement. Each year, employees are rewarded for having worked in the Bank continuously for a period of time by receiving performance bonuses. There is also a scholarship system for children of deceased employees and a solidarity aid system for employees that might need it.

IX.5.4. REMUNERATION POLICY

Information concerning the decision-making process used for determining the remuneration policy (Article 450 (a) of Regulation (EU) No 575/2013)

The Policy, which is applied at Group level, was designed on the basis of the Banking Act (ZBan-3), the Bank of Slovenia Resolution on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks, Commission Delegated Regulation (EU) No 604/2014 and Delegated Regulation (EU) No 527/2014, as well as Guidelines on Sound Remuneration Policies in accordance with articles 74(3) and 75(2) of the Directive 2013/36/EU, and disclosures in accordance with Article 450 of the Regulation (EU) No 575/2013.

The Bank's remuneration policy reflects the Bank's position inside the Slovene banking sector, its internal organisation, the nature, volume and complexity of the Bank's business and the Bank's financial standing, and is based on the results of the Bank, an individual organisational unit and individual employees.

Its objective is to set up a remuneration framework defining remuneration types and the criteria and rules on the basis of which employees receive payment.

The Supervisory Board has the authority to approve the Remuneration Policy once it is adopted by the Management Board, In the bank, the competences that the Banking Act (ZBan-3) provides for a remuneration committee are assumed by the Supervisory Board, and partly the Nomination Committee. The Supervisory Board makes independent professional assessments of remuneration policies and practices. These assessments constitute a basis for its forming and adopting proposals for the management body to make decisions regarding the remuneration that impacts risk, the Bank's risk management, capital and liquidity. The Supervisory Board also oversees the remuneration of senior management and employees with control functions.

Information on the link between pay and performance (Article 450 (b) of Regulation (EU) No 575/2013)

Remuneration of employees performing special work is defined in their contract of employment and consists of a fixed and variable component. The variable component is not a major factor in the overall remuneration amount, but it represents an efficient motivation pushing employees to reach or even exceed targets. Fixed remuneration is a high enough share of total employees' earnings for the Bank to be able to pursue an entirely flexible variable pay policy.

The total variable remuneration depends on the achievement of the projected results of the Bank.

The most important design characteristics of the remuneration system (Article 450 (c) of Regulation (EU) No 575/2013)

Having been devised pursuant to national and European legislation and taking into account the principle of proportionality, the Remuneration Policy reflects the size, internal organisation, nature, scope and complexity of transactions, i.e. the Bank's activity.

These are the fundamental principles of the Remuneration Policy:
- the remuneration policy is compatible with and encourages wise and efficient risk management; exposure to risks above the risk levels acceptable for the Bank is not stimulated;
- the remuneration policy is gender neutral;
- the remuneration policy is aligned with the objectives of the business strategy, the risk management strategy and the institution's sustainable development objectives. These objectives also include targets related to the management of risks arising from environmental, social and governance factors, and targets related to the management of other relevant risks. The policy is aligned with the Bank's corporate culture and values, risk management culture, long-term interests and measures taken to prevent conflicts of interest. The remuneration policy is defined in a way that does not encourage excessive risk-taking;
- employees with control functions are independent of the organisational units they oversee; they have the required competences and receive adequate remuneration proportionate to meeting targets associated with their functions, independent of the performance of the business units they oversee;
- the remuneration policy clearly differentiates between the criteria for determining:
  - fixed remuneration, which particularly reflects professional experience and level of the person's responsibility in the Bank,
  - variable remuneration, which reflects sustainable and risk-weighted performance;
- the bank has a certain rule on the possibility of not paying variable remuneration to employees performing special work and also the possibility of reimbursement.

In accordance with the provisions of Article 190 (8) of the Banking Act, the provisions in points 3 and 4 and part 9 of Article 190 (2) of the Banking Act, which refer to withheld payments in case of termination of employment or retirement, do not apply for a bank that is not considered a large institution.

Variable remuneration is paid and becomes payable only if this is financially sound considering the financial standing of the Bank as a whole, and if it is justified with the Bank's and each individual's performance.

The ratio between fixed and variable remuneration (Article 450 (d) of Regulation (EU) No 575/2013)

The Remuneration Policy clearly differentiates between the criteria for determining:

- fixed remuneration, which should particularly reflect professional experience and level of the person's responsibility in the Bank, as laid down in the description of a person's duties, which constitute conditions of employment, and
- variable remuneration, which must reflect sustainable and risk-weighted performance above the expected performance level, as laid down in the description of a person's duties, which constitute conditions of employment. The variable component is based on a combination of the performance review of an individual and their business and organisational unit, and the Bank's overall financial result.

The necessary preconditions for variable remuneration are the Bank's reporting a profit and its reaching all fundamental targets.

The variable remuneration of individuals performing special work may not exceed 5 times their gross salary, but this limit does not apply to severance payments set out in individual contracts and to the Bank's special performance bonus (Christmas bonus).

Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based (Article 450 (e) of Regulation (EU) No 575/2013)

Performance criteria are laid down at the beginning of a financial year for the ongoing financial year. They are tailored to an individual's level of responsibility and the Bank's risks and capital requirements. The criteria and their weight depend on whether employees performing special work have a commercial or control function.

Criteria to evaluate each individual's performance level

In addition to financial performance, other, non-financial criteria are also relevant to the Bank's generation of long-term value and are therefore taken into account; they include compliance with the valid rules and ethical standards, acquired knowledge, personal development, respect of internal controls, devotion to the Bank's strategy and policies, successful risk management and internal controls, cooperation with other organisational units, particularly with internal control functions, contribution to teamwork, contribution to the development of junior staff, staff and customer satisfaction, concern for the Bank's reputation, attainment of own objectives, results-oriented approach, proper, diligent, professional and timely performance of work tasks, quality of written materials, concern for transfer of knowledge, and education.

Employees with control functions are independent of the organisational units they oversee; they have the required competences and receive adequate remuneration proportionate to meeting targets associated with their functions, independent of the performance of the business units they oversee.

Criteria at the level of an organisational unit

Commercial functions

a) Quantitative criteria: whether the commercial plan and recovery plan have been fulfilled or exceeded, whether rationalisation of operations costs of the organisational unit has been effective, whether operations have been profitable.
b) Qualitative criteria: the criteria that are relevant to the Bank’s generation of long-term value, including compliance with the valid rules and ethical standards, proposed innovations or their number, respect of internal controls, devotion to the Bank's strategy and policies, successful risk management and internal controls, quality of cooperation, particularly with internal control functions, teamwork and motivation, concern for the transmission of knowledge, quality of written materials, respect for time limits, staff and customer satisfaction, concern for the Bank’s reputation.

Control or oversight functions

a) Qualitative criteria: non-financial criteria, including compliance with the valid rules and ethical standards, proposed innovations or their number, respect of internal controls, devotion to the Bank's strategy and risk policies, successful risk management and internal controls, quality of cooperation, teamwork and motivation, concern for the transmission of knowledge, quality of written materials, respect for time limits, staff and customer satisfaction, concern for the Bank’s reputation.

Unethical behaviour and behaviour incompatible with regulations and internal acts cannot be replaced by financial success.

The main parameters and rationale for any variable component scheme and any other non-cash benefits (Article 450 (f) of Regulation (EU) No 575/2013)

The methodology for calculating pay under the collective labour agreement, the method of forming and distributing the aggregate volume of variable pay, and the system of promotions and remuneration for employees are governed by the Rules on Monitoring, Evaluation and Remuneration of Employee Performance under the Collective Agreement.

Eligibility criteria for variable remuneration of employees performing special work are stipulated in the Remuneration Policy. They are based on a combination of collective and individual performance criteria, taking into account the Bank’s performance, the performance of an individual’s organisational unit and the individual employee’s performance. The criteria and their weight depend on whether employees performing special work have a commercial or control function.

The methodology for the assessment of employees performing special work is detailed in the internal Rules on the Remuneration of employees performing special work, and for the remuneration of the Management Board, in the Criteria for concluding individual employment contracts for members of the Management Board.

Business success of the bank is a prerequisite for variable remuneration.

Aggregate quantitative information on remuneration, broken down by business area
Article 450 (g) of Regulation (EU) No 575/2013

	Supervisory Board	Management Board	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	Other
Members (number of employees)	7	3						
Number of identified staff in senior management positions				8		5	6	9
Total fixed remuneration (in EUR)	112,402.36	712,326.99		650,145.72		377,231.41	462,008.47	701,918.05
Total fixed in cash	112,402.36	712,326.99		650,145.72		377,231.41	462,008.47	701,918.05
Total fixed in equity								
Total fixed in other instruments								
Total variable remuneration (in EUR)		136,578.59		113,035.02		53,376.49	69,633.41	98,075.64
Total variable in cash		136,578.59		113,035.02		53,376.49	69,633.41	98,075.64
Total variable in equity								
Total variable in other instruments								
Total amount of variable remuneration deferred in year N (in EUR)								
Additional information on amount of total variable remuneration								
No. of employees eligible to severance pay						1.00		
Total severance paid in year N (in EUR)						23,980.00		
Maximum severance paid to individual (in EUR)						23,980.00		

The table shows remuneration amounts for 2024, aggregated according to business segments.

Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the Bank's risk profile, and total remuneration for each member of the management body or senior management
(Article 450 (h) of Regulation (EU) No 575/2013)

The required information is disclosed in the Financial Report (Chapter 4.30. Related party transactions).

X. INTERNAL AUDIT DEPARTMENT

The Internal Audit Department operates in accordance with the legislation and rules governing internal audit. In 2024, the new Global Internal Audit Standards were adopted and the Department implemented them in its processes and internal acts during the year. An Internal Audit Strategy has been developed, and the Rules of Procedure of the Internal Audit Department have been updated, defining the powers, responsibilities and competences of the Service. At the end of 2024, the Internal Audit Department was staffed for the most part by four female internal auditors. They all have a deep insight into banking processes, key risks and the auditing profession, and regularly attend trainings.

The mission of the Internal Audit Department at DBS is to create, protect and preserve value for the Bank, and to this end the Department will provide independent and objective internal audit services that add value to the Bank, improve its performance and/or mitigate operational risks.

The Internal Audit Department is a standalone independent organisational unit, organisationally separate from other units and directly subordinated to the Management Board, which ensures it can act independently. It regularly reports its findings and on its operations to the Management Board, Audit Committee and Supervisory Board.

The Internal Audit Department makes independent and impartial assurances with regard to the quality and effectiveness internal governance arrangement, risk management, and the functioning of internal controls, thus contributing to improved functioning of the Bank and achieving its objectives. The companies in the DBS Group are also subject to internal audit. The Internal Audit Department carries out its duties and responsibilities in accordance with the annual and long-term work plan approved by the Bank's Management Board and confirmed by the Supervisory Board. At the request of the Bank's Management Board, the Supervisory Board or at its own discretion, the Internal Audit Department also performs extraordinary audits.

In 2024, the Internal Audit Department operated in accordance with the approved annual work plan and performed 20 audits (of which 18 regular and 2 extraordinary audits). All internal audit reports were discussed by the Bank's Management Board, with the annual report and half-yearly reports also reviewed by the Audit Committee and Supervisory Board. The planned audits were based on comprehensive risk analysis and regulatory requirements.

In addition to the regulatory required audits, the Internal Audit Department's work plan for 2024 focused on credit risk examinations, mainly those related to the areas of corporate and retail lending and other areas related to loan operations. It also audited internal governance risks, model risk, project management risk, ESG risk, IT and information security risks and risks related to the management of external contractors. The audits were carried out from the perspective of compliance and efficiency. The Department monitored compliance with the recommendations made on a monthly basis. The Internal Audit Department submitted related quarterly reports to the Management Board, the Audit Committee and the Supervisory Board.

The Department also engaged in advisory activities in 2024, and coordinated the audits carried out by external supervisory institutions. Activities to implement the new standards were also carried out throughout the year.

In 2024, external quality assurance of operation of the Internal Audit Department was also carried out, which confirmed the compliance of the Department's work with the International Standards for the Professional Practice of Internal Auditing, its independence and impartiality.

XI. EVENTS AFTER THE 2024 FINANCIAL YEAR

As at 1 January 2025, the Bank launched a new CORE system, HIBIS. Subsequent to the reporting date, there have been no events that have an impact on the financial statements for the year ended 31 December 2024.

FINANCIAL STATEMENTS

CONTENTS

DISCLOSURE REQUIREMENTS AS PROVIDED BY SECTION 8 OF REGULATION (EU) NO 575/2013

Article	Requirement	Published in AR section	Chapter
435	**Risk management policy and objectives**		
1	**Risk management policies and objectives**		
	a. strategies and processes to manage risks	BR	VIII.1.
	e. declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy	BR	VIII.2.
	f. concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business strategy; this statement includes: - key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body - information on intra-group transactions and transactions with related parties that could have a significant impact on the risk profile of the consolidated group	BR	VIII.3.
2	**Information regarding governance arrangements**		
	a. number of directorships held by members of the management body	BR	VI.4.
	b. recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise	BR	IX.5.2.
	c. policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved	BR	IX.5.2.
3	**Non-financial statement**	BR	VII.
436	**Scope of application**		
	a. name of the institution to which the requirements of the Regulation apply	RCM	2.
	b. outline of the differences in the basis of consolidation for accounting and prudential purposes, with a brief description of the entities therein, explaining whether they are fully consolidated; proportionally consolidated; deducted from own funds; neither consolidated nor deducted	FS RCM	5. 2.
437	**Capital**		
	a. full reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items and filters and deductions applied pursuant to Articles 32 to 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution	FS	5.7.
	b. separate disclosure of the nature and amounts of the following: 1. each prudential filter applied pursuant to Articles 32 to 35; 2. each deduction made pursuant to Articles 36, 56 and 66; 3. items not deducted in accordance with Articles 47, 48, 56, 66 and 79	FS	5.7.
	c. description of all restrictions applied to the calculation of own funds in accordance with the Regulation and the instruments, prudential filters and deductions to which those restrictions apply	FS	5.7.
438	**Capital requirements and risk-weighted exposure amounts**		
	d. the total amount of risk-weighted exposures and the corresponding total capital requirements determined in accordance with Article 92, broken down by the different risk categories referred to in Part 3 and, where applicable, an explanation of the effects on the calculation of capital and risk-weighted exposure amounts of non-deductible items from capital due to the application of capital thresholds	FS RCM	5.6. 3.
442	**Credit risk adjustments**		
	a. definitions for accounting purposes of 'past due' and 'impaired'	FS	5.1.3.
	b. description of the approaches and methods adopted for determining specific and general credit risk adjustments	FS	5.1.3.
	c. residual maturity breakdown of all the exposures, broken down by exposure classes, and further detailed if appropriate	FS	5.1.4.
445	**Exposure to market risk**		
	separately for each risk; in addition, the own funds requirement for specific interest rate risk of securitisation positions is disclosed separately	FS	5.2.
446	**Operational risk**		
	institutions disclose the approaches for the assessment of own funds requirements for operational risk that the institution qualifies for; a description of the methodology set out in Article 312(2), if used by the institution, including a discussion of relevant internal and external factors considered in the institution's measurement approach, and in the case of partial use, the scope and coverage of the different methodologies used	FS	5.6.

447	**Key metrics**	RCM	3.
448	**Exposure to interest rate risk on positions not included in the trading book**		
	a. nature of the interest rate risk and the key assumptions (including assumptions regarding loan prepayments and behaviour of non-maturity deposits), and frequency of measurement of the interest rate risk	FS	5.3.
	b. variation in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks according to management's method for measuring the interest rate risk, broken down by currency	FS	5.3.
450(1)	**Remuneration policy**		
	for the categories of staff whose professional activities have a material impact on its risk profile: 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	BR	IX.5.4.
	b. information on the link between pay and performance	BR	IX.5.4.
	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	BR	IX.5.4.
	d. ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU	BR	IX.5.4.
	h. aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following: (i) the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types; (v) new sign-on variable remuneration and severance payments made during the financial year, and the number of beneficiaries of such payments; (vi) the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person	BR FS	IX.5.4. 4.32.
	j. upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior management	FS	4.32. d, e
453	**Use of credit risk mitigation techniques**		
	a. policies and processes for collateral valuation and management	FS	5.1.2.
	b. description of the main types of collateral taken by the institution	FS	5.1.2.
	c. information about market or credit risk concentrations within the credit mitigation taken	FS	5.1.2., 5.2.

Sections of the annual report (AR)
BR = Business Report
FS = Financial Statements of the Deželna banka Slovenije Group
RCM = Risk and Capital Management

Deželna banka Slovenije Group
and
Deželna banka Slovenije d. d.

Financial Statements under International Financial Reporting Standards for the year ended 31 December 2024

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management Board hereby approves the financial statements of the Deželna banka Slovenije Group and Deželna banka Slovenije d. d. for the year ended 31 December 2024, along with the accounting policies used and notes to the financial statements.

We hereby reaffirm our responsibility for the Annual Report, which is a true and fair presentation of financial standing of the Group and the Bank as at 31 December 2024, and for the results of their operations for the year ended on the same day.

The Management Board confirms that suitable accounting policies were consistently adhered to, and that accounting estimates were conducted in accordance with fair value. The financial statements were drawn up on the assumption of going concern and pursuant to the legislation and stipulations of International Financial Reporting Standards as adopted by the European Union.

The Management Board is responsible for the appropriate management of accounts, for the adoption of the measures required to safeguard company assets, and for the detection and prevention of fraud and other irregularities and illegal activities.

The Tax Authority may conduct a tax inspection of the current reporting period any time within the following five years, and in this connection impose additional tax assessments and penalties. The Management Board knows of no circumstances that could give rise to a potential material liability in this regard.

BANK MANAGEMENT BOARD:

Member of the Management Board Andraž Grum, PhD	Member of the Management Board Barbara Cerovšek Zupančič, MSc	President of the Management Board Jure Kvaternik

DEŽELNA BANKA SLOVENIJE d.d. LJUBLJANA 1

Ljubljana, 8 April 2025

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DEŽELNA BANKA SLOVENIJE d.d.

Independent Auditor's Report on individual and consolidated Financial Statements

Opinion

We have audited the separate financial statements of DEŽELNA BANKA SLOVENIJE d.d. (the Company) and the consolidated financial statements of DBS Group and their subsidiaries (the Group), which comprise the statement of financial position and the consolidated statement of financial position as at 31 December 2024, the income statement and the consolidated income statement, the statement of other comprehensive income and the consolidated statement of other comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements and the consolidated financial statements present fairly, in all material respects, the financial position of the company DEŽELNA BANKA SLOVENIJE d.d. and DBS Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No 537/2014 of the European Parliament and of the Council"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter and our description of how our audit addressed the matter are described below.

We considered the following matter to be a key audit matter:

Impairment of loans to non- bank customers

As at 31 December 2024, loans to non-bank customers measured at amortised cost, before allowances amounted to €861 million for the Bank and €866 million for the Group. As at 31 December 2024, allowances for loans totalled €10.55 million for the Bank and €11.16 million for the Group. Loans to non-bank customers made up 54% of the total assets of the Bank and the Group. Management has presented additional information on loan impairments in the accounting part of the Annual Report in paragraphs 4.6 Loans to non-bank customers measured at amortised cost, 3.13 Impairments and 5.1 Credit risk.

The recognition of adequate impairment allowances for loans to customers constitutes the best possible estimate of expected credit losses. Due to the materiality of the amount and the use of significant judgements and estimates by	Our audit procedures in respect of the adequacy of the impairments of loans to customers identified as a key audit matter included, among others: • reviewing the methodology for estimating expected credit losses at the level of the Bank or the Group, assessing its compliance with the requirements of IFRS 9 and enquiring about any changes to the methodology compared to the previous year;

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management based on the application of complex methods, we considered the impairments for loans to customers to be a key audit matter. The Bank and the Group calculate expected credit losses using the expected credit loss model in accordance with IFRS 9.

The expected credit loss model includes the measurement of expected credit losses for a period of up to one year or the entire lifetime, depending on whether circumstances have arisen since the approval of the loan that has the effect of increasing credit risk.

Impairments on performing loans to customers (Stage 1 and Stage 2 in the IFRS 9 hierarchy) and non-performing loans to customers (Stage 3 in the IFRS 9 classification hierarchy) are calculated by the Bank using the credit loss model.

The model's assumptions are based on historical information, the identification of loans to customers with a significant increase in credit risk and forward-looking information. The inputs for the credit loss model are subject to change and reflect management's subjective judgments.

In Stage 1 and 2, impairments on loans to non-bank customers are recognised using complex models and parameters that incorporate significant assumptions and estimates made by management about the probability of default over the life of the loan (PD), the amount of loss given default (LGD) and the identification of significant changes in credit risk, taking into account forward-looking information. As at 31. December 2024, the Bank has recognised gross loans to non-bank customers in Groups 1 and 2 of EUR 848 million (Group EUR 851 million) and impairments totalling EUR 4,16 million (Group EUR 4,29 million).

For non-performing exposures, the individual assessment of the necessary impairments is based on an analysis of each individual borrower as well as an estimate of the fair value of the collateral. The amount of necessary impairment allowances is based on estimates of future cash flows, which involve significant subjective estimates.

In Stage 3, as at 31. 12. 2024, the amount of loans to non-bank customers is EUR 13 million (Group EUR 15 million). As at the reporting date, the Bank has recognised impairments totalling EUR 6.39 million and the Group impairments totalling EUR 6.87 million, representing 61% of the total

- verifying the adequacy of the IT system and the general IT controls in place in the areas of the control environment, data security and access authorisation;
- obtaining an understanding of the control environment and the established internal controls applied by management in the measurement of impairment losses, and testing the operating effectiveness of selected key internal controls over the approval, recording and monitoring of loans to customers, the identification of deterioration in the creditworthiness of customers, the classification of loans to customers as performing or non-performing, the calculation of days past due, collateral valuation and the calculation of the adequacy of recognised impairment allowances;
- assessing the appropriateness of the assumptions used to identify defaults and their classification in accordance with the requirements of IFRS 9;
- assessing the appropriateness of the approach for calculating expected credit losses, including the calculation of risk parameters and macroeconomic factors (probability of default, loss given default and exposure at default);

In testing the Group's estimation of expected credit losses, our audit procedures included, among others:

- testing the credit loss estimation model, including model approval and validation processes;
- obtaining an understanding of the key internal rating system for the hierarchical staging of loans to customers, together with determining the materiality threshold for credit obligations past due and assessing the underlying assumptions and the sufficiency of the data used by management;
- assessing the appropriateness of the forward-looking information used in the estimation of expected credit losses;
- challenging the applied loss given default and probability of default parameters by back-testing;
- assessing the appropriateness of the staging of credit exposures to customers based on a selected sample;
- verifying the compliance of the recognised impairments with the model used to determine expected credit losses based on a selected sample;
- assessing subsequent changes in credit risk to determine whether there has been a significant increase in credit risk resulting in changes in staging and consequently in a requirement to measure lifetime expected credit losses;
- verifying the rationale for the changes made to the model parameters in 2024, by reference to our understanding of the Bank's and the Group's business and current economic trends.

In testing the individual estimation of expected credit losses, our audit procedures included, among others:

- selecting a sample of non-performing exposures, with a focus on those having the greatest potential impact on the Bank's and the Group's financial statements due to their magnitude and risk exposure. The sample included loans to customers with low provision coverage;
- assessing the factors on the basis of which loans have been classified as non-performing loans to customers, including reviewing loan files and making enquiries with the competent authorities to identify factors that would indicate a need to reclassify those loans as performing loans;

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amount of impairments on loans to non-bank customers at the Bank and 62% of the total amount of impairments impairments on loans to non-bank customers at the Group. Allowances for loans to non-bank customers are essential to understanding the financial statements as a whole and involve significant judgments by management. In view of these facts, we have identified this area as a significant item and a key audit matter.	• obtaining an understanding of the current situation for selected borrowers and the basis for measuring impairment losses, for which we also performed a review of the inputs to verify the accuracy of the calculation; • assessing the adequacy of the impairment allowances recognised on non-performing loans, which we tested by critically assessing the appropriateness of the assumptions used in the estimates of future cash flows based on the types of scenarios applied by the Bank to calculate the necessary impairment allowances. We focused in particular on reviewing the estimated discount rates applied in the estimation of future cash flows and the estimated value of the collateral together with the estimated liquidation period. Where necessary, we verified the appropriateness of the valuations made by the Bank with the help of the auditor's specialist (an independent real estate valuation expert). We assessed the adequacy of the disclosures to the financial statements in accordance with the requirements of the standards regarding supplementary information on financial assets measured at amortised cost (loans to non-bank customers), the impairment of financial assets and credit risk as presented in the annual report.

Other information

Management is responsible for the other information. Other information comprise the information included in the Annual Report other than the separate and the consolidated financial statements and auditor`s report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements, legal requirements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing the facts that are also presented in the separate and consolidated financial statements is, in all materials respects, consistent with the separate and consolidated financial statements; and
- the other information is prepared in compliance with applicable law or regulation;
- based on the knowledge and understanding of the Company and Group obtained in the audit, on the other information obtained, we have not identified any material misstatement.

Responsibilities of management and those charged with governance for the separate and the consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the separate and the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISA we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as going concern;
- evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Group. We have sole responsibility for the audit opinion expressed.

We communicate with the audit committee and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters, that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Other requirements on content of auditor's report in compliance with regulation (EU) no. 537/2014 of the European parliament and of the council

Consistence with the Additional Report to the Audit Committee

We confirm that the auditor's opinion included in this auditor's report is consistent with the Additional report to the Audit Committee.

Prohibited services

We confirm that we have not performed any of the services referred to in Article 5(1)(5) of Regulation 537/2014 on behalf of the Bank and the Group and that the audit firm has complied with the independence requirements for the audit.

Other services provided by the audit firm

The audit firm did not provide any services to the Bank and its subsidiaries other than the audit of the financial statements, other than those disclosed in the annual report.

Appointment of the audit firm and the responsible Certified Auditor

The audit firm FORVIS MAZARS d.o.o. was appointed by the General Meeting of the Bank on 31 May 2023 and the audit contract was signed by the Chairman of the Supervisory Board on 1 August 2023. The contract was concluded for a period of 3 years. The statutory audits of the Company's financial statements have been carried out on a continuous basis since 1 August 2019.

On behalf of FORVIS MAZARS d.o.o., the key audit partner is M. Sc. Teja Burja.

Ljubljana, April 11, 2025

FORVIS MAZARS, audit company, d.o.o.

M. Sc. Teja Burja
Certified Auditor

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I. Financial statements as at 31 December 2024

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

in EUR thousand

Code	Items	Note	Group DBS 1-12 2024	Group DBS 1-12 2023	DBS d. d. 1-12 2024	DBS d. d. 1-12 2023
1	Interest income		63,972	51,221	62,513	50,245
2	Interest expense		(10,564)	(3,049)	(10,564)	(3,049)
3	**Net interest income** (1 + 2)	3.1.	**53,408**	**48,172**	**51,949**	**47,196**
4	Dividends	3.2.	35	12	35	12
5	Fee (commission) income		10,846	10,422	10,723	10,460
6	Fee (commission) expense		(2,423)	(2,095)	(2,416)	(2,089)
7	**Net fee (commission) income** (5 + 6)	3.3.	**8,423**	**8,327**	**8,307**	**8,371**
8	Realised gains/losses from financial assets and liabilities not measured at fair value through profit or loss	3.4.	(17)	240	(17)	240
9	Net gains/losses on financial assets and liabilities held for trading	3.5.	171	141	171	141
10	Foreign exchange translation	3.6.	(1)	(1)	(2)	1
11	Net gains/losses on derecognition of assets	3.7.	196	300	196	300
12	Other net operating gains/losses	3.8.	1,115	1,407	1,147	1,415
13	Administrative expenses	3.9.	(31,889)	(24,887)	(31,319)	(24,421)
14	Cash contributions to resolution funds and deposit guarantee schemes	3.10.	(1,601)	(2,119)	(1,601)	(2,119)
15	Depreciation and amortisation	3.11.	(1,862)	(1,429)	(1,836)	(1,409)
16	Provisions	3.12.	167	(825)	170	(797)
17	Impairment charge	3.13.	836	(1,350)	1,410	(1,154)
18	Net gains/losses from non-current assets held for sale and related liabilities	3.14.	0	9	0	0
19	**PROFIT/LOSS FROM CONTINUOUS OPERATIONS BEFORE TAX** (3 + 4 + sum (7 to 18))		**28,981**	**27,997**	**28,610**	**27,776**
20	Income tax	3.15.	(5,915)	(3.493)	(5.786)	(3.466)
21	**PROFIT/LOSS FROM CONTINUOUS OPERATIONS AFTER TAX** (19 + 20)		**23,066**	**24,504**	**22,824**	**24,310**
22	**PROFIT/LOSS FOR THE YEAR** (21)		**23,066**	**24,504**	**22,824**	**24,310**
	a) Attributable to owners of the parent		23,066	24,504	22,824	24,310

The accompanying notes form an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

in EUR thousand

Code	Items	Note	Group DBS 1-12 2024	Group DBS 1-12 2023	DBS d. d. 1-12 2024	DBS d. d. 1-12 2023
1	**PROFIT/LOSS FOR THE YEAR AFTER TAX**		**23,066**	**24,504**	**22,824**	**24,310**
2	**OTHER COMPREHENSIVE INCOME AFTER TAX** (3 + 4)		**615**	**63**	**618**	**66**
3	**ITEMS NOT TO BE RECLASSIFIED TO PROFIT/LOSS** (3.1. + 3.2 + 3.3)		**(215)**	**63**	**(212)**	**66**
3.1	Actuarial gains/losses on defined benefit pension plans	4.24.	(260)	(39)	(257)	(36)
3.2	Gains/losses associated with changes in the fair value of investments into equity instruments mesaured at fair value through other comprehensive income	4.2.b	61	119	61	119
3.3	Income tax relating to components of items not be reclassified to profit or loss		(16)	(17)	(16)	(17)
4	**ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS** (4.1 + 4.2)		**830**	**0**	**830**	**0**
4.1	Debt instruments at fair value through other comprehensive income (4.1.1 + 4.1.2)		1,064	0	1,064	0
4.1.1	Valuation gains/(losses) taken to equity		1,078	0	1,078	0
4.1.2	Transfer of (gains)/losses to income statement		(14)	0	(14)	0
4.2	Income tax relating to items that may be reclassified to profit or loss		(234)	0	(234)	0
5	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX** (1 + 2)		**23,681**	**24,567**	**23,442**	**24,376**
	a) Attributable to owners of the parent		23,681	24,567	23,442	24,376

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

in EUR thousand

Code	Items	Note	Group DBS		DBS d. d.	
			2024	2023	2024	2023
1	Cash, balances at central banks, and sight deposits at banks	4.1.	491,822	369,419	491,821	369,419
2	Financial assets held for trading	4.2.	0	122	0	122
3	Financial assets measured at fair value through other comprehensive income	4.3.	58,716	2,822	58,716	2,822
4	Financial assets measured at amortised cost		995,953	1,010,728	991,303	1,007,437
	- Debt securities	4.4.	138,734	221,607	138,734	221,607
	- Loans and advances to banks	4.5.	0	1,208	0	1,208
	- Loans and advances to customers	4.6.	854,346	785,253	850,863	782,066
	- Other financial assets	4.7.	2,873	2,660	1,706	2,556
5	Long-term equity participation in subsidiaries, associates and joint ventures	4.8.	0	0	5,243	5,243
6	Tangible assets		24,381	26,113	24,270	24,881
	- Property, plant and equipment	4.9.	11,949	11,512	11,838	11,390
	- Investment property	4.10.	12,432	14,601	12,432	13,491
7	Intangible assets	4.11.	4,417	1,049	4,328	976
8	Income tax assets	4.12.	3,067	3,082	3,039	3,081
	- Current tax assets		28	1	0	0
	- Deferred tax assets		3,039	3,081	3,039	3,081
9	Other assets	4.13.	1,858	1,154	670	521
10	**TOTAL ASSETS** (from 1 to 9)		**1,580,214**	**1,414,489**	**1,579,390**	**1,414,502**
11	Financial liabilities held for trading	4.14.	0	31	0	31
12	Financial liabilities measured at amortised cost		1,457,035	1,307,855	1,457,312	1,308,619
	- Deposits by banks and central banks	4.15.	1,312	258	1,312	258
	- Deposits by customers	4.16.	1,451,074	1,302,122	1,451,418	1,302,905
	- Other financial liabilities	4.17.	4,649	5,475	4,582	5,456
13	Provisions	4.19.	2,305	2,449	2,235	2.385
14	Income tax liabilities	4.20.	2,003	3,381	1,873	3,354
	- Current tax liabilities		1,749	3,380	1,619	3,353
	- Deferred tax liabilities		254	1	254	1
15	Other liabilities	4.21.	6,422	2,464	6,161	2,208
16	**TOTAL LIABILITIES** (from 11 to 15)		**1,467,765**	**1,316,180**	**1,467,581**	**1,316,597**
17	Share capital	4.22.	17,811	17,811	17,811	17,811
18	Share premium	4.23.	31,257	31,257	31,257	31,257
19	Accumulated other comprehensive income	4.24.	360	(256)	359	(261)
20	Revenue reserves	4.25.	48,966	37,554	48,966	37,554
21	Treasury shares	4.26.	(601)	(601)	(601)	(601)
22	Retained earnings (including profit/loss for the year)	4.27.	14,656	12,544	14,017	12,145
23	**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** (from 17 to 22)		**112,449**	**98,309**	**111,809**	**97,905**
24	TOTAL EQUITY (23)		112,449	98,309	111,809	97,905
25	**TOTAL EQUITY AND LIABILITIES** (16 + 24)		**1,580,214**	**1,414,489**	**1,579,390**	**1,414,502**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

Group DBS in EUR thousand

Code	Items	Share capital	Share premium	Accumulated other comprehensive income	Revenue reserves	Retained earnings (including profit/loss for the year)	Treasury shares (deduction)	Equity attributable to owners of the parent (from 3 to 8)	Total equity (9)
1	2	3	4	5	6	7	8	9	10
1	**OPENING BALANCE FOR THE PERIOD (before adjustment)**	**17,811**	**31,257**	**(256)**	**37,554**	**12,544**	**(601)**	**98,309**	**98,309**
2	**OPENING BALANCE FOR THE PERIOD** (1)	**17,811**	**31,257**	**(256)**	**37,554**	**12,544**	**(601)**	**98,309**	**98,309**
3	**Comprehensive income for the year (net of tax)**	**0**	**0**	**615**	**0**	**23,066**	**0**	**23,681**	**23,681**
4	Dividends paid (accounted)	0	0	0	0	(9,500)	0	**(9,500)**	**(9,500)**
5	Allocation of net profit to revenue reserves	0	0	0	11,412	(11,412)	0	**0**	**0**
6	Other transfers among components of equity*	0	0	1	0	(1)	0	**0**	**0**
7	Other	0	0	0	0	(41)	0	**(41)**	**(41)**
8	**CLOSING BALANCE FOR THE PERIOD** (2 + 3 + 4 + 5 + 6 + 7)	**17,811**	**31,257**	**360**	**48,966**	**14,656**	**(601)**	**112,449**	**112,449**

* Losses through other comprehensive income.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Group DBS in EUR thousand

Code	Items	Share capital	Share premium	Accumulated other comprehensive income	Revenue reserves	Retained earnings (including profit/loss for the year)	Treasury shares (deduction)	Equity attributable to owners of the parent (from 3 to 8)	Total equity (9)
1	2	3	4	5	6	7	8	9	10
1	**OPENING BALANCE FOR THE PERIOD (before adjustment)**	**17,811**	**31,257**	**(316)**	**21,763**	**7,444**	**(601)**	**77,358**	**77,358**
2	**OPENING BALANCE FOR THE PERIOD** (1)	**17,811**	**31,257**	**(316)**	**21,763**	**7,444**	**(601)**	**77,358**	**77,358**
3	**Comprehensive income for the year (net of tax)**	**0**	**0**	**63**	**0**	**24,504**	**0**	**24,567**	**24,567**
4	Dividends paid (accounted)	0	0	0	0	(3,636)	0	**(3,636)**	**(3,636)**
5	Allocation of net profit to revenue reserves	0	0	0	15,791	(15,791)	0	**0**	**0**
6	Other transfers among components of equity*	0	0	(3)	0	3	0	**0**	**0**
7	Other*	0	0	0	0	20	0	**20**	**20**
8	**CLOSING BALANCE FOR THE PERIOD** (2 + 3 + 4 + 5 + 6 + 7)	**17,811**	**31,257**	**(256)**	**37,554**	**12,544**	**(601)**	**98,309**	**98,309**

* Losses through other comprehensive income.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

DBS d. d. in EUR thousand

Code	Items	Share capital	Share premium	Accumulated other comprehensive income	Revenue reserves	Retained earnings (including profit/loss for the year)	Treasury shares (deduction)	Total equity (from 3 to 8)
1	2	3	4	5	6	7	8	9
1	**OPENING BALANCE FOR THE PERIOD (before adjustment)**	**17,811**	**31,257**	**(261)**	**37,554**	**12,145**	**(601)**	**97,905**
2	**OPENING BALANCE FOR THE PERIOD** (1)	**17,811**	**31,257**	**(261)**	**37,554**	**12,145**	**(601)**	**97,905**
3	**Comprehensive income for the year (net of tax)**	**0**	**0**	**619**	**0**	**22,824**	**0**	**23,443**
4	Dividends paid (accounted)	0	0	0	0	(9,500)	0	**(9,500)**
5	Allocation of net profit to revenue reserves	0	0	0	11,412	(11,412)	0	**0**
6	Other transfers among components of equity*	0	0	1	0	(1)	0	**0**
7	Other	0	0	0	0	(39)	0	**(39)**
8	**CLOSING BALANCE FOR THE PERIOD** (2 + 3 + 4 + 5 + 6 + 7)	**17,811**	**31,257**	**359**	**48,966**	**14,017**	**(601)**	**111,809**
9	**ACCUMULATED PROFIT FOR THE YEAR**	**0**	**0**	**0**	**0**	**14,017**	**0**	**14,017**

* Losses through other comprehensive income.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

DBS d. d. in EUR thousand

Code	Items	Share capital	Share premium	Accumulated other comprehensive income	Revenue reserves	Retained earnings (including profit/loss for the year)	Treasury shares (deduction)	Total equity (from 3 to 8)
1	2	3	4	5	6	7	8	9
1	**OPENING BALANCE FOR THE PERIOD (before adjustment)**	**17,811**	**31,257**	**(323)**	**21,763**	**7,271**	**(601)**	**77,178**
2	**OPENING BALANCE FOR THE PERIOD** (1)	**17,811**	**31,257**	**(323)**	**21,763**	**7,271**	**(601)**	**77,178**
3	**Comprehensive income for the year (net of tax)**	**0**	**0**	**66**	**0**	**24,310**	**0**	**24,376**
4	Dividends paid (accounted)	0	0	0	0	(3,636)	0	**(3,636)**
5	Allocation of net profit to revenue reserves	0	0	0	15,791	(15,791)	0	**0**
6	Other transfers among components of equity*	0	0	(4)	0	4	0	**0**
7	Other*	0	0	0	0	(13)	0	**(13)**
8	**CLOSING BALANCE FOR THE PERIOD** (2 + 3 + 4 + 5 + 6 + 7)	**17,811**	**31,257**	**(261)**	**37,554**	**12,145**	**(601)**	**97,905**
9	**ACCUMULATED PROFIT FOR THE YEAR**	**0**	**0**	**0**	**0**	**12,145**	**0**	**12,145**

* Losses through other comprehensive income.

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

in EUR thousand

Code	Items	Group DBS		DBS d. d.	
		2024	2023	2024	2023
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Interest received	**61,600**	**42,903**	**60,816**	**41,975**
	Interest paid	(8,664)	(1,449)	(8,664)	(1,449)
	Dividends received	35	12	35	12
	Fee and commission received	12,554	10,324	12,554	10,363
	Fee and commission paid	(3,121)	(2,095)	(3,121)	(2,090)
	Realised gains on financial assets and liabilities not measured at fair value through profit or loss	11	336	11	336
	Realised losses on financial assets and liabilities not measured at fair value through profit or loss	(28)	(25)	(28)	(25)
	Net trading income	153	120	153	120
	Cash payments to employees and suppliers	(28,448)	(24,593)	(27,887)	(24,143)
	Other income	1,144	1,396	1,175	1,403
	Other expenses	(1,826)	(2,301)	(1,816)	(2,295)
a)	**Cash flows from operating activities before changes in operating assets and liabilities**	**33,410**	**24,628**	**33,228**	**24,207**
b)	**(Increases)/decreases in operating assets (no cash equivalents)**	**(118,363)**	**(19,243)**	**(117,238)**	**(19,503)**
	Net (increase)/decrease in financial assets held for trading	151	(7)	151	(7)
	Net (increase)/decrease in financial assets designated at fair value through profit or loss	0	3	0	3
	Net (increase)/decrease in financial assets measured at fair value through other comprehensive income	(53,888)	0	(53,888)	0
	Net (increase)/decrease in loans and other financial assets measured at amortised cost	(65,534)	(18,599)	(64,492)	(18,972)
	Net (increase)/decrease in non-current assets held for sale	0	37	0	0
	Net (increase)/decrease in other assets	908	(677)	991	(527)
c)	**Increases/(decreases) in operating liabilities**	**147,998**	**196,635**	**146,996**	**197,290**
	Net increase/(decrease) in trading liabilities	(28)	3	(28)	3
	Net increase/(decrease) in deposits and borrowings measured at amortised cost	148,016	195,007	147,615	195,923
	Net (increase)/decrease in other liabilities	10	1,625	(591)	1,364
d)	**Cash flows from operating activities** (a + b + c)	**63,045**	**202,020**	**62,986**	**201,994**
e)	**Income taxes (paid)/received**	**(7,505)**	**(717)**	**(7,475)**	**(716)**
f)	**Net cash from operating activities** (d + e)	**55,540**	**201,303**	**55,511**	**201,278**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**				
a)	**Investing inflows**	**88,159**	**44,378**	**88,158**	**44,378**
	Proceeds from disposal of property, plant and equipment, and investment property	782	1,274	781	1,274
	Proceeds from disposal of associates, joint ventures and subsidiaries	0	130	0	130
	Proceeds from disposal of investments in debt securities measured at amortised cost	87,377	42,974	87,377	42,974
b)	**Investing outflows**	**(11,812)**	**(92,193)**	**(11,781)**	**(92,169)**
	(Purchase of property, plant and equipment, and investment property)	(1,394)	(1,647)	(1,393)	(1,625)
	(Purchase of intangible long-term assets)	(3,710)	(339)	(3,680)	(337)
	(Purchase of debt securities measured at amortised cost)	(6,708)	(90,207)	(6,708)	(90,207)
c)	**Net cash from investing activities** (a + b)	**76,347**	**(47,815)**	**76,377**	**(47,791)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**				
a)	**Outflows from financing activities**	**(9,500)**	**(3,636)**	**(9,500)**	**(3,636)**
	(Dividends paid)	(9,500)	(3,636)	(9,500)	(3,636)
b)	**Net cash from financing activities** (a)	**(9,500)**	**(3,636)**	**(9,500)**	**(3,636)**
D.	**Effects of exchange rates on cash and cash equivalents**	**54**	**69**	**54**	**69**
E.	**Net increase in cash and cash equivalents** (Af + Bc + Cb)	**122,387**	**149,852**	**122,388**	**149,851**
F.	**Opening balance of cash and cash equivalents** (Note 4.1. b)	**369,343**	**219,422**	**369,342**	**219,422**
G.	**Closing balance of cash and cash equivalents** (D + E + F) (Note 4.1. b)	**491,784**	**369,343**	**491,784**	**369,342**

The accompanying notes form an integral part of these financial statements.

The Management Board of Deželna banka Slovenije d. d. hereby approves the financial statements and the notes to the statements.

BANK MANAGEMENT BOARD:

Member of the Management Board	Member of the Management Board	President of the Management Board
Andraž Grum, PhD	Barbara Cerovšek Zupančič, MSc	Jure Kvaternik

Ljubljana, 8 April 2025

II. Notes to financial statements for 2024

1. GENERAL INFORMATION

The Deželna banka Slovenije Group (Group) consists of Deželna banka Slovenije d. d. (the Bank) and its subsidiaries DBS Leasing d. o. o. (hereinafter: DBS Leasing) and DBS Nepremičnine d. o. o. (hereinafter: DBS Nepremičnine).

Deželna banka Slovenije d. d. is a Slovenian private company limited by shares, with its business address Deželna banka Slovenije d. d., Kolodvorska 9, Ljubljana, Slovenia.

Deželna banka Slovenije d. d. is not a public company under Article 99 of the Markets in Financial Instruments Act, because it does not meet the conditions under the provisions of the Act. Its shares are not traded in any regulated market.

DBS Leasing is a universal leasing company engaged in financial leases of vehicles, equipment and property. DBS Nepremičnine is a property development and power generation company.

The Group prepares disclosures subject to prudential consolidation (Chapter 5 and Section on Risk and Capital Management in this Annual Report). In addition to the controlling company DBS d. d., subsidiaries DBS Leasing and DBS Nepremičnine have been included in prudential consolidation under Directive 2013/36/EU (CRD IV) and Regulation EU No 575/2013 (CRR).

In 2024, the consumer price index was up 1.9% (2023: 4.2%). From 1 January 2007, Slovenia's national currency has been the euro, which has thus also become the functional and presentation currency of the Bank's financial statements. All amounts in the financial statements and related notes are given in EUR thousand, unless specified otherwise.

2. CRITICAL ACCOUNTING POLICIES

2.1. Basis for presentation of financial statements

Financial statements have been prepared under International Financial Reporting Standards (IFRS) as adopted by the EU. Consolidated financial statements record the subsidiaries as fully consolidated.

The Group also prepared consolidated financial statements pursuant to the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), for the parent company and subsidiaries (Group).

In order to obtain a comprehensive view of the financial position of the Group as a whole, users of these financial statements should read individual statements together with consolidated financial statements.

The policies set out below have been consistently applied in the financial statements for all the years presented.

The preparation of financial statements under IFRS as adopted by the EU requires the use of certain critical accounting estimates, which influence the value of reported assets and liabilities, the disclosure of potential assets and liabilities on the reporting date, and the amount of income and expenditure in the reported period. It also requires the management to select accounting policies of the Group according to its own judgement.

Changes in accounting policies

In financial year 2024, the Group did not adopt or apply any new accounting policies different from those applied in previous periods, such as would have a material effect on the financial statements of the current year, except for accounting standards and other amendments that entered into force as at 1 January 2021 and have been adopted by the EU.

Application of new and revised IFRSs and IFRIC interpretations

New standards, amendments to existing standards, and new interpretations, as issued by the International Accounting Standards Board (IASB) and adopted by the EU, effective as at 1 January 2024

The following new standards, amendments to existing standards, and new interpretations, as issued by the IASB and adopted by the EU, entered into force as at 1 January 2024:

- **Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)**:

Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1 Presentation of Financial Statements), issued in 2020 and 2022, respectively, clarify that the classification of liabilities as current or non-current is based solely on an entity's right to defer settlement for at least 12 months after the reporting date. The right must exist at the reporting date and must have substance.

This right is affected only by covenants with which the entity is required to comply on or before the reporting date. Covenants that have to be complied with after the reporting date do not affect the classification of liabilities as current or non-current at the reporting date. However, disclosure of the covenants is now required to help users understand the risk that these covenants may become repayable within 12 months of the reporting date.

The amendments also clarify that the transfer of an entity's own equity instruments is considered to be settlement of a liability in certain circumstances. If a liability has any conversion options to equity, these generally affect its classification as current or non-current (e.g. if the conversion option is bifurcated as an embedded derivative from the host debt), unless those conversion options are recognised as equity under IAS 32 Financial Instruments: Presentation

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16):**

The amendment requires a seller-lessee to account for variable lease payments arising in a sale and leaseback transaction as follows:

- Upon initial recognition, variable lease payments are included in the measurement of the lease liability arising from a sale and leaseback transaction.
- After initial recognition, the general requirements for subsequent accounting for lease liabilities shall be applied so that no gain or loss is recognised in respect of the retained right-of-use.

Seller-lessees shall reassess and potentially restate sale and leaseback transactions entered into since the introduction of IFRS 16 in 2019.

- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7):**

The amendment requires an entity (the buyer) to disclose qualitative and quantitative data about its supplier financial arrangements, such as terms and conditions - including, for example, extended payment terms and security or guarantees provided.

Among other features, IAS 7 clarifies that a supplier financing arrangement provides the entity with extended payment terms or the entity's suppliers with early payment terms compared to the related invoice payment due date.

New standards and amendments to existing standards issued by the IASB and adopted by the EU; not yet effective

As at the day of these financial statements being approved, the following amendments to existing standards had been issued by the IASB and adopted by the EU, but were not yet effective and are valid for annual periods beginning on or after 1 January 2025:

- **Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates):**

The amendment applies when one currency is not exchangeable into another. This might arise, for example, when a government imposes controls on capital imports and exports, or due to restrictions on the volume of foreign currency transactions that can be carried out at the official exchange rate. The amendments clarify when a currency is considered exchangeable into another currency and how an entity should determine a spot exchange rate when exchangeability is lacking. The amendments introduce new disclosures that enable users of financial statements to assess the impact of using an observable exchange rate.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

International Financial Reporting Standards as adopted by the EU do currently not differ in any major respect from the regulations adopted by the International Accounting Standards Board (IASB), apart from the following new standards and amendments to existing standards.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU, effective for annual periods beginning on or after 1 January 2026

- **Annual Improvements, Volume 11 (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7):**

Annual improvements provide a mechanism for the IASB to efficiently issue a collection of minor amendments to the Accounting Standards. In accordance with the IASB's due process as described in the IFRS Foundation Due Process Handbook, annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements of the IFRS Accounting Standards.

The proposed improvements are packaged together in one document. This annual improvement cycle addresses the following:

Accounting standard	Subject of amendment
IFRS 1 First-time adoption of International Financial Reporting Standards	Hedge accounting by a first-time adopter
IFRS 7 Financial Instruments: Disclosures	Gain or loss on derecognition
Implementation guidance for IFRS 7 Financial Instruments: Disclosures	Introduction
	Disclosure of deferred difference between fair value and transaction price
	Credit risk disclosures
IFRS 9 Financial Instruments	Lessee derecognition of lease liabilities
	Transaction price
IFRS 10 Consolidated Financial Statements	Determination of a 'de facto agent'
IAS 7 Statement of Cash Flows	Cost method

- **Contracts Referencing Nature-dependent Electricity (formerly power purchase agreements) (Amendments to IFRS 9 and IFRS 7):**

The amendments were made to improve entities' reporting on the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs).

Contracts for nature-dependent electricity help entities secure electricity supplies from wind sources such as sun and wind. As the amount of electricity generated under these contracts may vary depending on uncontrollable factors related to weather conditions, the current accounting requirements may not adequately capture how these contracts affect the performance of the entity. In response, the IASB adopted targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to improve the disclosure of these contracts in the financial statements.

Amendments include:

- Clarification on the application of the 'own use' requirements;
- Allowing hedge accounting if these contracts are used as hedging instruments;
- Adding new disclosure requirements to enable investors to understand the impact of these contracts on the entity's financial performance and cash flows.

Early application of amendments is permitted. However, in some jurisdictions, amendments must be approved before use.

- **Amendments to classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7):**

The amendments clarify that financial assets and financial liabilities are recognised and derecognised on the 'settlement date', except for ordinary purchases or sales of financial assets and financial liabilities that qualify for the new exemption. The new exemption allows entities to elect to derecognise certain financial liabilities that are settled through an electronic payment system before settlement date.

They also provide guidance for assessing the contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those with environmental, social and governance (ESG)-linked features.

In addition, these amendments introduce new disclosure requirements and update others.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU, effective for annual periods beginning on or after 1 January 2027

- **Subsidiaries without Public Accountability: Disclosures (Amendments to IFRS 19) effective for annual periods beginning on or after 1 January 2027:**

IFRS 19 is a voluntary accounting standard for eligible subsidiaries that do not have public accountability, and their parent company applies IFRS Accounting Standards in their consolidated financial statements.

For entities in scope, IFRS 19 simplifies disclosures on a variety of topics including leases, exchange rates, income taxes, cash flow statements, etc.

If adopted, IFRS 19 is expected to reduce the costs of preparing financial statements covered while maintaining the usefulness of the information for stakeholders.

- **Presentation and Disclosure in Financial Statements (Amendments to IFRS 18) effective for annual periods beginning on or after 1 January 2027:**

IFRS 18 replaces IAS 1, which sets out the presentation and basic disclosure requirements in financial statements. The changes most relevant to the income statement include the requirement to classify items of income and expense into three new categories - operating, investing and financing - and the presentation of subtotals of operating profit or loss and profit or loss before financing and income tax.

In addition, operating expenses are presented directly in the income statement - classified by nature (e.g. employee benefits), by function (e.g. cost of sales) or on a mixed basis. Expenses shown by function require more detailed disclosures about its nature.

IFRS 18 also provides improved guidance on aggregating and disaggregating information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs) and removes the presentation alternatives for interest and dividends in the cash flow statement.

* Measures that do not comply with generally accepted standards and meet the definition of MPM will be subject to disclosure requirements.

The Company/Group assumes that the adoption of the new standards and amendments to existing ones will not have a major effect on the Company/Group's financial statements over the initial period of use.

2.2. Consolidation

Subsidiaries have been fully consolidated from the day the Bank gained control over them. The Groups' consolidated statements do not include the intra-group transactions, unrealised gains and losses and intra-group balances at the reporting date 31 December 2024. In order to ensure compliance with the Bank's guidelines, the accounting policies of subsidiaries have been adjusted as appropriate.

2.3. Critical accounting estimates

Certain assumptions and estimates are needed in preparing financial statements, which affect the amounts of assets and liabilities reported for the financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and receivables and potential off-balance sheet liabilities

The Group's credit risk management includes monthly assessments of whether there is any objective evidence of impairment for each individually significant loan. If so, a detailed impairment is calculated to determine whether an impairment loss should be recognised in the income statement.

The Group assesses expected credit losses based on the impairment model in accordance with IFRS 9. For the purpose of assessing credit losses, financial assets measured at amortised cost – loans, debt securities, other receivables, debt instruments measured at fair value through other comprehensive income, and off-balance sheet exposures from credit commitments and financial guarantee contracts to which impairment requirements apply – are classified as at each reporting date into one of the three stages. The methodology and assumptions are reviewed regularly, in order to reduce any differences between loss estimates and actual loss experience.

For purposes of assessing credit losses, off-balance sheet exposures from assumed liabilities under financial guarantee contracts, regarding which the impairment requirements are to be used, are classified at each reporting day into one of the three transaction phases for purposes of calculating the expected credit losses for the period of validity of the financial guarantee.

(b) Fair value of investment property

The fair value of investment property reflects market conditions as at the date of the statement of financial position. The estimated value of investment property is based on mean value calculated using the comparable sales method, and on the income valuation approach.

(c) Impairment charge on investments in subsidiaries

In assessing impairments against its investments, the Group considers objective evidence of impairment and indications that an investment may be impaired. If any such indication exists, the Bank determines the impairment charge as the difference between the investments' carrying value and its recoverable amount. The recoverable amount is fair value less the cost of disposal, or value in use, whichever is higher, whereby value in use is the present value of the future cash flows expected to be derived from the respective investment, discounted at current market returns for similar financial assets. If future cash flows cannot be estimated, the impairment charge is calculated using the subsidiary net asset value method (asset accumulation method) or as the difference between the asset's carrying amount and the carrying amount of the subsidiary's equity, proportionate to participation in equity.

(d) Taxes

The Group is subject to income taxes only in Slovenia. To assess the amount of income tax payable, some estimates are required. The Group recognises income tax and deferred tax liabilities based on estimates of whether it will have to settle them. Should the final tax outcome be different from the amounts recognised by the Group, such differences will impact the income tax and deferred tax provisions in the respective period.

2.4. Segment reporting

As at 31 December 2024, the Group operates as a single entity, and therefore it does not report by segment.

2.5. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank and its subsidiaries operate. The financial statements are presented in euros, which is the functional and presentation currency of the Bank and its subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using exchange rates effective at the date of the transaction. Foreign exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange differences in equities measured through other comprehensive income are recognised with valuation gains/losses as other comprehensive income or as fair value reserves.

Income and expenses in foreign currency are translated into euro-equivalent applying the exchange rates effective at the date of the transaction.

Gains and losses resulting from purchases and sales of foreign exchange are recognised in the income statement under Foreign exchange translation.

2.6. Interest income and expense

Interest income and expense is recognised in the income statement for all instruments measured at amortised cost, using the effective rate method.

The effective rate method is a method of calculating financial assets' or liabilities' amortised cost and a method of allocating interest income and expense over a requisite period.

The effective interest rate is the interest rate used to precisely discount the estimated future cash flows for the entire period of the expected useful life of a financial instrument or for a shorter period when needed, up to the net current value of a financial asset or liability.

In calculating the effective interest rate, the Group must estimate cash flows taking into account all contractual conditions of the transaction in the relevant financial instrument but cannot consider future credit losses. The calculation of the effective interest rate includes all paid amounts: instalments, fee and commission, costs.

Once a financial asset or a group of similar financial assets has decreased as a result of impairment loss, interest income is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss and eliminated from interest income referring to the impaired financial asset. The Bank will halt the accrual of contractual interest and interest on arrears as well as costs of running non-performing loans and guarantees for non-performing assets if given the expected cash flow it no longer expects payment.

2.7. Fee and commission income and expense

Fee and commission is generally recognised when the service has been provided. Fee and commission for agency services in a transaction or for participation in the agency of a transaction for a third person is recognised when the transaction has been concluded. Fee and commission for portfolio management and other consultancy services is recognised on the basis of requisite service agreements when the services have been provided. Fee and commission for international and domestic payment transactions is recognised when the respective service has been provided.

Fee and commission included into the calculation of the effective interest rate is recognised under interest income or expense.

2.8. Financial assets

2.8.1. Accounting policies under IFRS 9

The Group classifies its financial assets into the following groups: financial instruments at fair value through profit or loss, financial instruments at amortised cost, and financial instruments at fair value through other comprehensive income. The management determines the classification of investments upon initial recognition.

(a) Financial assets measured at fair value through profit or loss
This category has two sub-categories: financial instruments held for trading and financial instruments mandatorily measured at fair value through profit or loss.

The Group has a small amount of financial assets held for trading.

(b) Financial assets measured at amortised cost
A financial asset has to be measured at amortised cost if the following two conditions are met:
(a) a financial asset is held within a business model the aim of which is to hold financial instruments with the purpose of receiving contractual cash flows, and
(b) in compliance with contractual terms of the financial instrument, cash flows occur on certain dates that comprise repayments of principal and interest on the outstanding principal exclusively.

As well as loans fulfilling the conditions of the cash flow test, the Group classifies into this category all debt securities intended for the collection of contractual cash flows.

(c) Financial assets measured at fair value through other comprehensive income
Financial asset measured at fair value through other comprehensive income are those the Group intends to hold for an indefinite period of time, and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or prices of financial instruments.

(d) Measurement and recognition

Purchases and sales of financial instruments at fair value through profit or loss, financial instruments at amortised cost, and financial instruments at fair value through other comprehensive income are recognised as at the date the transaction was concluded – the date on which the Group commits to carry out the purchase or sale of the respective instrument. Derivatives are recognised on the trade date.

Financial assets, apart from financial instruments at fair value through profit or loss, are initially measured at fair value plus transaction costs. Financial assets at fair value through profit and loss are initially recognised at fair value, while the transaction costs are expensed in the income statement. A financial asset is derecognised when the contractual rights to cash flows have expired, or if all risks and benefits of the ownership of a financial asset are transferred. A financial liability is derecognised solely when the contractual obligation has been met, revoked or has lapsed.

Financial assets measured at fair value through other comprehensive income and financial assets at fair value trough profit or loss are measured at fair value. Loans and receivables are measured at amortised cost applying the effective interest rate. Gains and losses from changes in the fair value of the financial instruments at fair value through profit or loss are included in the income statement in the period in which they arise. Gains and losses from changes in the fair value of the financial instruments at fair value through other comprehensive income are recognised directly in equity until the financial asset is sold or impaired, at which time they are recognised in the income statement. With debt securities classified into this category, expected credit losses and differences resulting from foreign currency translation are recognised in the income statement, and the difference to fair value is recognised in other comprehensive income until derecognition. Upon derecognition of a debt financial instrument, the cumulative profit or loss recognised in other comprehensive income is reclassified into the income statement.

Upon derecognition of an equity instrument for which upon initial recognition the option for measured at fair value through other comprehensive income was chosen irrevocably, cumulative gains or losses are never recognised in the income statement.

Interest from the effective interest rate and exchange differences for financial instruments measured through other comprehensive income are recognised in the income statement. Dividends from financial instruments are recognised in the income statement, upon the establishment of the holder's right to payment.

Fair values of financial instruments traded in an active market are based on market prices.

If a financial instrument is not traded in an active market, the Group determines its fair value by using valuation models.

2.9. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there exists a legal right to offset the amounts and the intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10. Impairment of financial assets

2.10.1. Impairment of financial assets under IFRS 9

(a) Financial assets measured at amortised cost

Measurement of impairment loss under IFRS 9 is based on the expected credit losses concept. Financial instruments measured at amortised cost in accordance with the SPPI test are impaired either on a collective basis (financial instruments in groups 1 and 2, and some exceptions in group 3) or on an individual basis (financial instruments in group 3).

Collective assessment of credit losses

Collective impairment is calculated as the sum of discounted monthly weighted expected credit losses, and an individual (monthly) unit is calculated as the product of probability of default (PD), loss given default (LGD), exposure at default (EAD) and, in the case of off-balance-sheet receivables, also conversion factor (CCF). In collective assessment of losses, the Group also considers forward-looking information, which is included in the calculation through forward-looking PD.

Individual assessment of credit losses

Financial assets in Group 3 are impaired by the Group individually for exposures above EUR 150 thousand, otherwise collectively, following the definition of default in Article 178 of the CRR.

The expected exposure loss is calculated as the difference between the asset's carrying amount and estimated future cash flows that are discounted at the original effective interest rate of the financial asset. Expected cash flows are evaluated against the type of scenario, i.e. according to whether the approach used is that of business as a going concern or a not going concern.

Calculation of credit losses under IFRS 9 is presented in more detail in section 5.1.3.

(b) Financial assets measured at fair value through other comprehensive income

As financial instruments at fair value through other comprehensive income are measured at fair value, gains and losses resulting from valuation are recognised directly in equity, and when a debt security is sold or impaired, they are recognised in the income statement.

2.11. Property, plant and equipment, and intangible assets

All property, plant and equipment as well as intangible assets are initially stated at cost. In accordance with IFRS 16, long-term lease assets are recognized under operating fixed assets as right-of-use assets. The cost of property, plant and equipment is composed of its purchasing price and all the costs that can be directly attributed to the asset.

Assessments are made each year whether there are indications that property, plant and equipment may be impaired. If any such indication exists, the Group estimates the recoverable amount. If value in use exceeds the carrying value, assets are not impaired. If the asset's carrying amount is higher than its estimated recoverable amount, the carrying amount is decreased to its recoverable amount. The recoverable amount is fair value less the cost of selling, or value in use, whichever is higher. After initial recognition, property, plant and equipment is measured at the cost model less depreciation. The right-of-use asset is recorded as a fixed operating asset and is amortized on a monthly basis using the straight-line method of depreciation over the remaining term of the lease. The Group defines the lease term as the non-cancellable period of the lease together with the periods allowing the option of extending the lease, if there is high certainty that the lessor will exercise this option, or the periods allowing the option of terminating the lease, if there is high certainty that the lessor will not exercise this option. For leases concluded for an indefinite period, the lease term is established as 5 years. Upon recognition, a lease liability is initially measured at the current value of the lease that will be paid during the lease period, discounted at the implicit interest rate if it can be determined immediately. If the interest rate cannot be determined clearly, the assumed lease interest rate shall be used.

The following are the annual depreciation and amortization rates used:

	Group DBS		DBS d. d.	
	2024 %	2023 %	2024 %	2023 %
Buildings	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0
Computer equipment	12.5-50.00	12.5-50	12.5-30	12.5-30.0
Software	10.0-100.0	10.0-100.0	10.0-100.0	10.0-100.0
Motor vehicles	10.0-100.0	20.0	10.0-100.0	20.0
Other equipment	6.00-50.00	10.0-50.0	10.0-50.0	10.0-50.0
Property lease right	10.0-100.0	0.83-100.0	10.0-100.0	0.83-100.0

Intangible assets, which mainly include software, are stated in the statement of financial position at cost less depreciation and accumulated impairment losses.

Depreciation of intangible assets is provided on a straight-line basis. General software is amortised over five years, with dedicated software being amortised over ten.

Assets in the course of transfer or manufacture/implementation are not depreciated until they are available for use.

The Group assesses the remaining value of assets upon each reporting period as well as their useful lives and adjusts their values as appropriate.

Gains and losses incurred upon disposal of property, plant and equipment are determined by reference to the difference between their carrying amount and net profit upon disposal and are taken into account in determining operating profit. Maintenance and repairs are charged to the income statement during the financial period in which they are incurred. Should these assets increase the Group's future economic benefits, their carrying amount shall also recognise subsequent costs.

2.12. Investment property

Upon acquisition, the Group recognised investment property at cost, which includes the purchase price and all related costs.

After initial recognition, investment property is restated at fair value.

In determining the fair value of investment property, the income approach (capitalised cash flow method, discounted future gains method) or sales comparison approach was used.

Fair value is based on market prices as at the date of the statement of financial position.

Investment property is assets not used directly by the Group for its operations but held with the purpose of giving it into operating lease or selling at a later date. Any gain or loss arising from a change in fair value is recognised in the income statement. If there is a change in use due to the commencement of owner occupation, investment property is transferred to owner occupied property.

Assets received for repayment of claims are initially measured at fair value. After initial recognition the Group measures assets received for repayment of claims at fair value, using the fair value method.

2.13. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is deemed to be met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale if the owner is committed to the sale and this commitment is stated in writing, whereupon the sale must be completed within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

2.14. Inventories

Inventories are classified under Other assets and consist of moveable and immovable property held for sale in the near term. They are recognised either at cost amounts or net realisable value, whichever is lower. An inventory unit is measured at cost, which comprises the purchase price, import duties and direct costs of purchase. The purchase price is reduced by trade discounts. The first-in, first-out method is used for inventories.

2.15. Leases

The accounting treatment of leases is determined by the new standard IFRS 16 Leases, effective from 1 January 2019. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Where the Group is the lessee

In the Group, the application of IFRS 16 is designated for operating leases of business premises and cars.

Subject to exemptions permitted under IFRS 16, the Group will not apply IFRS 16 for short-term leases and leases where the leased asset is of low value (such as tablets and PCs, small office furniture, telephones, and ATM locations). Lease payments associated with these leases are recognized as expenses on a straight-line basis over the lease term.

The standard will not be used for software licenses and intangible assets – copyright (IAS 38). It will not apply to the leased printers that are replaced over the lease period, therefore, there is no identifiable asset.

The Group defines the lease term as the non-cancellable period of the lease together with the periods allowing the option of extending the lease, if there is high certainty that the lessor will exercise this option, or the periods allowing the option of terminating the lease, if there is high certainty that the lessor will not exercise this option. For leases concluded for an indefinite period, the lease term is established as five years.

In accordance with IFRS 16, long-term lease assets are recognized under operating fixed assets as right-of-use assets, and under equity and liabilities as a lease liability under the lease contract. The right-of-use asset is recorded as a fixed operating asset and is amortized on a monthly basis using the straight-line method of depreciation over the remaining term of the lease. Upon recognition, a lease liability is initially measured at the current value of the lease that will be paid during the lease period, discounted at the implicit interest rate if it can be determined immediately. If the interest rate cannot be determined clearly, the assumed lease interest rate shall be used. The lease liability is reduced during the lease term by lease payments and transferring interest into costs. Depreciation of lease rights and interest from lease liabilities are recorded in the income statement. In the long run, until the individual lease contract expires, cumulative depreciation and interest costs will be equal to the sum of all rents paid.

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
(a) Depreciation costs for right-of-use assets:	475	444	475	444
Business premises	475	444	475	444
(b) Interest expense on lease liability	40	28	40	28
(c) Expense relating to short-term leases accounted for under IFRS 16:6 (excluding the expense relating to leases with a lease term of one month or less)	5	14	5	14
(d) Expense relating to leases of low-value assets accounted for applying IFRS 16:6 (excluding the expense relating to short-term leases of low-value assets under Article 53(c))	16	18	16	18
(e) Income from subleasing right-of-use assets	2	2	2	2
(f) Total cash outflow for leases	484	443	484	443
(g) Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset:	2,106	2,012	2,106	2,012
Business premises	2,106	2,012	2,106	2,012

(b) The Group is the lessor

The Group gives business premises and motor vehicles into operating lease. In case of assets given into operating lease, all payments made under operating leases constitute income generated from investment property and shall be included into the income statement proportionate to the period of the lease agreement. The costs incurred in obtaining lease payments are recognised as costs. Initial direct costs incurred by the lessor in negotiating and agreeing an operating lease are added to the leased asset's book value and recognised as costs in the period of the lease on the same basis as lease income.

When assets are leased out under a finance lease, the present value of lease payments is recognised as a receivable from a finance lease. The difference between the gross receivable and the present value of the receivable is recognised as long-term deferred costs. Finance lease income is recognised systematically over the entire term of the lease and reflects a constant periodic rate of return. It is only the subsidiary DBS Leasing d. o. o. that gives assets into finance lease in the Group.

2.16. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise: cash and balances at central bank, loans to banks with less than 90 days maturity from the date of acquisition, treasury bills and debt securities with less than 90 days maturity from the date of acquisition.

2.17. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow will be required to settle it, and a reliable estimate of the amount of the obligation can be made. Risks arising out of contingent liabilities and commitments are assessed similarly to risks arising out of loans. All increases in liabilities arising out of estimated expenses required to settle the liabilities under contractual terms, are included into provisions.

2.18. Provisions for severance pays and long-service awards

Pursuant to the Slovenian legislation, employees retire upon meeting certain predetermined criteria, whereupon they are entitled to severance pay, which is paid out in a single amount. Employees are likewise entitled to long-service awards upon every ten years of employment.

Provisions have been made for long-service awards, severance pays upon retirement and other long-term benefits.

Provisions are measured as the current value of future cash flows. Gains and losses are recognised in the income statement, apart from actuarial gains and losses, which are included in the accumulated other comprehensive income.

2.19. Income tax

Taxation has been provided for in the income statement pursuant to the Slovenian legislation in force. The tax item in the income statement comprises current tax and deferred tax. Current tax is calculated on the basis of taxable profit for the year, applying the tax rates enacted at the date of the statement of financial position.

Corporate income tax is levied on taxable profits at the rate of 22%.

Pursuant to the Slovenian Corporate Income Tax Act, current corporate income tax is charged at the rate of 22% of the established tax base (2023: 19%).

Deferred tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are reliably expected to be effective in the financial year in which deferred tax assets will be received and deferred tax liabilities settled and are based on tax rates (and tax regulations) enacted at the date of the statement of financial position.

The most important temporary differences arise from tax loss, impairment of investments in subsidiaries, valuation of financial assets at fair value through other comprehensive income, and provisions. An estimation of the amount of taxable profit for the future period is made at least once a year.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary deductible differences can be utilised. An estimation of the amount of taxable profit for the future period is made at least once a year.

Deferred tax related to the revaluation of financial assets measured at fair value through other comprehensive income to fair value is recognised directly in equity and subsequently transferred to the income statement together with the deferred revaluation profit or loss, except for equity investments that upon initial recognition were determined irrevocably as measured through other comprehensive income.

Deferred tax liabilities are recognised under revaluation of financial assets measured at fair value through other comprehensive income.

The competent Tax Office may conduct a tax inspection of the current accounting period any time within the following five years after the reported tax year, and in this connection impose additional taxation and penalties. The Bank management knows of no circumstances that could give rise to additional liabilities in this regard.

2.20. Borrowings

Borrowings are initially recognised in the statement of financial position at the value of their issue proceeds net of transaction cost incurred. Borrowings are subsequently stated at amortised cost.

2.21. Equity

(a) Share issue costs

Additional costs that the Group can directly attribute to the issue of new shares or options or a concluded transaction are shown in equity in their net amount as a direct deduction from equity (without the related amount of income tax).

(b) Dividends on ordinary shares

Dividends on ordinary shares are charged to equity in the period in which the Bank's owners approved them.

Dividends for the year past are declared at the AGM after the date of the statement of financial position.

(c) Treasury shares

If the Group purchases treasury shares, the consideration paid is deducted from total shareholders' equity. When such shares are subsequently sold, any consideration received is included in shareholders' equity.

2.22. Financial guarantee contracts

Financial guarantee contracts are contracts that require the contract issuer to make agreed payments to reimburse the contract holder for a loss it incurs in the event of a borrower's defaulting. The Group issues such financial guarantees to other banks, financial institutions and other customers to secure loans, limits and other banking facilities.

Financial guarantee contracts are initially recognised at fair value plus the fee received. Fee income is recognised in the income statement on a straight-line basis, over the entire term of the financial guarantee contract. The Group subsequently recognises financial guarantees at the higher of the initial measurements less fee income received, on a straight-line basis over the entire term of the financial guarantee contract, and less the best estimate of the expenditure required to settle the obligation under the financial guarantee as at the reporting date. For purposes of assessing credit losses, off-balance sheet exposures from assumed liabilities under financial guarantee contracts, regarding which the impairment requirements are to be used, are classified at each reporting day into one of the three transaction phases for purposes of calculating the expected credit losses for the period of validity of the financial guarantee.

2.23. Fiduciary activities

The Bank does not provide investment services and transactions for customers, while still providing lending under authorisation. Details are explained in Note 4.29. These assets are not included into the statement of financial position of the Bank and the Group.

3. NOTES TO THE INCOME STATEMENT

3.1. Interest income and expense

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Interest income				
Financial assets held for trading	1	0	1	0
Financial assets at fair value through other comprehensive income	805	0	805	0
Debt securities measured at amortised cost	2,900	2,747	2,900	2,747
Loans to banks	0	18	0	18
Loans to customers	42,834	38,073	42,793	38,431
Financial leasing	1,418	1,334	0	0
Other financial assets	16,014	9,049	16,014	9,049
TOTAL	**63,972**	**51,221**	**62,513**	**50,245**
Interest expense				
Deposits by customers	10,402	2,886	10,402	2,886
Subordinated deposits and loans	120	120	120	120
Other financial liabilities	40	28	40	28
Interest in relation to financial assets with a negative interest rate	2	15	2	15
TOTAL	**10,564**	**3,049**	**10,564**	**3,049**
NET INTEREST INCOME	**53,408**	**48,172**	**51,949**	**47,196**

In 2024, the Group realised higher net interest by EUR 5,236 thousand and the Bank by EUR 4,753 thousand. The Group recognised EUR 40 thousand of interest expenses from the right of use (2023: EUR 28 thousand) and the Bank EUR 40 thousand (2023: EUR 28 thousand).

3.2. Dividends

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Dividends on financial assets held for trading (Note 4.2. a)	8	3	8	3
Dividends on financial assets measured at fair value through other comprehensive income (Note 4.3. b)	27	9	27	9
TOTAL	**35**	**12**	**35**	**12**

3.3. Fee and commission income and expense

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Fee and commission income				
Payment transactions	5,603	5,429	5,603	5,429
Agency services	185	133	175	126
Administrative services	4,513	4,289	4,303	4,221
Guarantees issued	247	243	247	243
Credit operations	292	320	301	329
Services to subsidiaries	0	0	88	104
Foreign exchange transactions	6	8	6	8
TOTAL	**10,846**	**10,422**	**10,723**	**10,460**
Fee and commission expense				
Banking services	792	673	792	673
Securities trading	102	103	102	103
Payment transactions	1,503	1,294	1,503	1,294
Other services	26	25	19	19
TOTAL	**2,423**	**2,095**	**2,416**	**2,089**
NET FEE AND COMMISSION INCOME	**8,423**	**8,327**	**8,307**	**8,371**

3.4. Net gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Realised gains/losses from financial assets measured at amortised cost	**6**	**260**	**6**	**260**
Gains from financial assets measured at amortised cost	7	264	7	264
Losses from financial assets measured at amortised cost	1	4	1	4
Realised net gains/losses from financial liabilities measured at amortised cost	**(23)**	**(20)**	**(23)**	**(20)**
Gains from financial liabilities measured at amortised cost	4	5	4	5
Losses from financial liabilities measured at amortised cost	27	25	27	25
REALISED GAINS/LOSSES	**(17)**	**240**	**(17)**	**240**

In 2024, the Group realised net loss in the amount of EUR 17 thousand (2023: net profit of EUR 240 thousand), and the Bank EUR 17 thousand (2023: net profit of EUR 240 thousand).

3.5. Net gains/losses from financial assets and liabilities held for trading

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Net gains/losses from trading in equity instruments	15	21	15	21
Net gains/losses from trading in debt securities	36	0	36	0
Net gains/losses from foreign exchange trading	120	120	120	120
TOTAL	**171**	**141**	**171**	**141**

3.6. Foreign exchange translation

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Positive translation differences	1,638	2,054	1,638	2,057
Negative translation differences	1,639	2,055	1,640	2,056
TOTAL	**(1)**	**(1)**	**(2)**	**1**

3.7. Net gains/losses on derecognition of non-financial assets

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Gains				
- Derecognition of property, plant and equipment	3	9	3	9
- Derecognition of investment property	266	295	266	295
- Derecognition of other assets	3	0	3	0
TOTAL	**272**	**304**	**272**	**304**
Losses				
- Derecognition of property, plant and equipment	1	3	1	3
- Derecognition of investment property	75	1	75	1
TOTAL	**76**	**4**	**76**	**4**
TOTAL NET GAINS/LOSSES	**196**	**300**	**196**	**300**

3.8. Other net operating gains/losses

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Gains				
Income from non-banking services	25	27	25	27
Leases and rents (Note 4.10.)	701	789	722	806
Other:	465	624	476	615
- Insurance fee	334	308	334	308
- Grants and subsidies	7	71	7	71
- Fees for ATM	51	52	49	52
- Exemption from contributions	43	39	43	39
- Claims for damages	12	5	12	5
- Numizmatics fee	4	56	4	55
- From court conciliation	0	40	0	40
- Other income*	14	53	27	45
TOTAL	**1,191**	**1,440**	**1,223**	**1,448**
Losses				
Other operating expenses:	76	33	76	33
- Penalties	48	15	48	15
- Closing of leases	1	1	1	1
- Other losses	27	17	27	17
TOTAL	**76**	**33**	**76**	**33**
OTHER NET OPERATING GAINS/LOSSES	**1,115**	**1,407**	**1,147**	**1,415**

* Other income: revenue from building land reimbursements, internal relations, court costs repayment, sales and other revenue.

3.9. Administrative expenses

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Employee benefits cost				
Gross wages	15,172	12,966	14,899	12,730
Social security contributions	1,077	935	1,058	918
Pension insurance contributions	1,325	1,150	1,302	1,130
Other contributions depending on gross wages	7	3	7	3
Severance pays and compensations	53	166	53	166
Perfomance bonuses	723	386	722	386
Other labour costs	2,661	2,183	2,604	2,131
TOTAL	**21,018**	**17,789**	**20,645**	**17,464**
Overhead and administrative expenses				
Costs of material	730	853	719	845
Costs of services	6,675	6,078	6,775	5,951
Other operating costs	3,466	167	3,180	161
TOTAL	**10,871**	**7,098**	**10,674**	**6,957**
TOTAL	**31,889**	**24,887**	**31,319**	**24,421**

The costs of severance pays and compensations in 2024 comprised EUR 53 thousand of severance pays (2023: EUR 166 thousand), of which EUR 24 thousand were severance pays for business reasons (2023: EUR 126 thousand).

The Group's and the Bank's administrative expenses in the year 2024 were higher by EUR 7,002 thousand and EUR 6,898 thousand respectively. The increase was largely due to the introduction of a new temporary tax on total assets of banks and savings banks (of 0.2%), introduced by the Act on Reconstruction, Development and Provision of Financial Resources (ZORZFS-Floods 2023), which is levied for the period from 2024 to 2028. The tax liability under this heading for 2024 is recognised in other operating expenses of the Bank in the amount of EUR 3,017 thousand.

The cost of the Group's and the Bank's services for 2024 includes the cost of the audit of the financial statements and the annual report amounting to EUR 83 thousand including VAT (2023: EUR 68 thousand). The Bank paid EUR 3 thousand for other insurance services and EUR 24 thousand for other non-audit services (2023: a total of EUR 11 thousand).

3.10. Cash contributions to the bank liquidation fund and deposit guarantee scheme

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Compensation for BS resolution tasks	20	18	20	18
Other operating expenses	1,581	2,101	1,581	2,101
- Deposit guarantee scheme	1,579	2,056	1,579	2,056
- Contribution to the bank resolution fund	2	45	2	45
TOTAL	**1,601**	**2,119**	**1,601**	**2,119**

With the entry into force of the Act on Amendments and Additions to the Resolution and Compulsory Winding-Up of Banks Act (Official Gazette RS, No. 102/2024 - ZRPPB-1B) on 18 December 2024, the Bank Resolution Fund established under the Bank Resolution Authority and Fund Act (Official Gazette RS, Nos. 97/14, 91/15, 44/16 - ZRPPB and 27/17) will continue to operate as the Bank Liquidation Fund.

3.11. Depreciation and amortisation

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Property, plant and equipment (Note 4.9.)	1,045	838	1,033	830
Right-of-use - property (Note 4.9.)	475	444	475	444
Intangible assets (Note 4.11.)	342	147	328	135
TOTAL	**1,862**	**1,429**	**1,836**	**1,409**

In 2024, the Group recognized EUR 475 thousand of depreciation and amortization expenses from the right of use (2023: EUR 444 thousand) and the Bank EUR 475 thousand (2023: EUR 444 thousand).

3.12. Provisions

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Net provisions for off-balance sheet liabilities (Note 4.19. a and e)	**(309)**	**397**	**(309)**	**397**
Expenses for created provisions	558	745	558	745
Income from released provisions	867	348	867	348
Net other provisions	**142**	**428**	**139**	**400**
Net provisions for pensions and other employee benefits (Note 4.19. b and c)	**142**	**165**	**139**	**161**
Expenses for created provisions	142	165	139	161
Net provisions for other provisions (Note 4.19. f)	**0**	**263**	**0**	**239**
Expenses for created provisions	0	266	0	239
Income from released provisions	0	3	0	0
NET PROVISIONS	**(167)**	**825**	**(170)**	**797**

Provisions for off-balance sheet contingent liabilities and other provisions totalled EUR 167 thousand of net income for the Group and EUR 170 thousand of net income for the Bank. The bank disclosed EUR 309 thousand of net income from the reversal of provisions for off-balance sheet contingent liabilities. Additionally, it formed EUR 139 thousand of net expenses from provisions for long-service awards and severance payments.

3.13. Impairment charge

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Net impairments of financial assets not measured at fair value through profit or loss	**(824)**	**85**	**(1,488)**	**(17)**
Net impairments of financial assets measured at fair value through other comprehensive income	**34**	**0**	**34**	**0**
Impairments of financial assets measured at fair value through other comprehensive income	48	0	48	0
Reversal of impairments on financial assets measured at fair value through other comprehensive income	14	0	14	0
Net impairments of debt securities	**(65)**	**13**	**(65)**	**13**
Impairments of debt securities	75	131	75	131
Reversal of impairments on debt securities	140	118	140	118
Net impairments of loans	**(793)**	**72**	**(1,457)**	**(30)**
Impairments of loans	10,832	8,737	10,148	8,658
Reversal of loan impairments	11,625	8,665	11,605	8,688
Net impairments of other assets	**(12)**	**1,265**	**78**	**1,171**
Net impairments (revaluations) of investment property (Note 4.10. b)	**(12)**	**1,235**	**78**	**1,141**
Impairment (revaluation) of investment property	78	1,282	78	1,188
Reversal of investment property impairments (revaluations)	90	47	0	47
Net impairments (revaluations) of other assets	**0**	**30**	**0**	**30**
Impairments (revaluations) of property inventories (Note 4.13. b)	0	30	0	30
NET IMPAIRMENTS	**(836)**	**1,350**	**(1,410)**	**1,154**

3.14. Net gains/losses from non-current assets held for sale and related liabilities

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Gains on non-current assets held for sale	0	9	0	0
TOTAL	**0**	**9**	**0**	**0**

3.15. Tax

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Income tax	5,871	3,911	5,741	3,884
Deferred tax (Note 4.20. d)	44	(418)	45	(418)
TOTAL	**5,915**	**3,493**	**5,786**	**3,466**
Profit/loss before tax	28,981	27,997	28,610	27,776
Tax under the 22% tax rate (19% in 2023)	6,391	5,308	6,294	5,277
Non-taxable income	(157)	(481)	(98)	(459)
Non-deductible expense	400	171	171	110
Tax reliefs	(719)	(1,505)	(581)	(1,462)
TOTAL	**5,915**	**3,493**	**5,786**	**3,466**
Effective tax rate (in %)	20	13	20	12

In 2024, the rate of corporate income tax increased to 22%, while the bank no longer has relief to cover losses from previous years. In the previous year, the Bank was inspected by the Tax Administration of the Republic of Slovenia as part of its regular controls on the use of the hiring benefits in the corporate income tax return for 2023, where no irregularities were detected. The competent Tax Office may conduct a tax inspection of the current accounting period any time within the following five years after the reported tax year, and in this connection impose additional taxation and penalties. The Group's management knows of no circumstances that could give rise to additional liabilities in this regard.

3.16. Earnings per share (EPS)

Basic EPS is calculated by dividing net profit by the weighted average number of issued ordinary shares of the Bank:

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Net profit (in EUR thousand)	23,066	24,504	22,824	24,310
Comprehensive income after tax (in EUR thousand)	23,681	24,567	23,442	24,376
Weighted average number of ordinary shares	4,231,682	4,231,682	4,231,682	4,231,682
Basic earnings per share (in EUR per share)	5.45	5.79	5.39	5.74
Comprehensive income per share after tax (in EUR per share)	5.60	5.81	5.54	5.76

Basic EPS of the Group in 2024 amounts to EUR 5.45 (2023: EUR 5.79). The after-tax comprehensive income per share is EUR 5.60 (2023: EUR 5.81). The weighted average number of issued ordinary shares recorded in the KDD central securities register for 2024, with treasury shares deducted, was 4,231,682 (2023: 4,231,682).

Basic EPS of the Bank in 2024 amounts to EUR 5.39 (2023: EUR 5.74). The after-tax comprehensive income per share is EUR 5.54 (2023: EUR 5.76). The weighted average number of issued ordinary shares recorded in the KDD central securities register for 2024, with treasury shares deducted, was 4,231,682 (2023: 4,231,682).

The share book value of the Bank and the Group as at 31 December 2024 was EUR 26.421846 (31 December 2023: EUR 23.136229). It is calculated as follows: share capital less treasury shares, divided by the number of shares recorded in the central registry of the KDD Central Securities Clearing Corporation less treasury shares.

The Group and the Bank have not issued any financial instruments convertible into shares.

4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1. Cash, balances at central banks, and sight deposits at banks

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Cash				
Cash	8,908	7,771	8,908	7,771
Bank balances at central bank	475,134	358,997	475,133	358,997
Sight deposits at banks	7,780	2,688	7,780	2,688
Revaluation allowance	0	(37)	0	(37)
TOTAL (Note 4.1. b)	**491,822**	**369,419**	**491,821**	**369,419**

The Group has met its obligation regarding the minimum reserve on the settlement account at the central bank. The amount of minimum reserves is adjusted to the system of the European Central Bank (ECB). Its amount is calculated pursuant to regulations – 0% for: time deposits with agreed maturity of over 2 years, sight deposits with maturity of over 2 years, repurchase agreements and debt securities with agreed maturity of over 2 years; and 1% for: overnight deposits, deposits with agreed maturity of up to 2 years, sight deposits with maturity of up to 2 years and debt securities with agreed maturity of up to 2 years.

The Bank must ensure that the settlement account is credited on a daily basis with a specific amount calculated for each period. Minimum reserves for compliance period from 1 January to 31 December 2024 amounted to EUR 13,280 thousand on average.

In 2024, minimum reserves bore interest at an interest rate of 0%.

From 30 October 2019 to 13 September 2022, the two-step interest rate on excess reserves was applied (based on the Governing Council Decision of 12 September 2019). The average excess reserves were not subject to interest up to 6 times the calculated minimum reserves (i.e. the exempted part of the excess reserves), while the remainder was subject to the deposit facility rate. Since in a situation of a positive deposit facility rate the entire excess reserves do not accrue interest, the Governing Council of the ECB abolished the two-step accrual of interest on the excess reserves with effect from 14 September 2022, when the deposit facility rate turned positive, by lowering the multiplier for the calculation of the allowance from 6 to 0.

Movements in revaluation allowance for balances at central bank and demand deposits at banks are disclosed in section 5.1.5. (Note b).

b) Movements

Skupina DBS

	As at 1 January 2024	Foreign exchange differences	Net increase/ (decrease)	As at 31 December 2024
Cash and balances at central banks, and sight deposits at banks (Note 4.1. a)	369,343	54	122,387	491,784
TOTAL	**369,343**	**54**	**122,387**	**491,784**

DBS d. d.

	As at 1 January 2024	Foreign exchange differences	Net increase/ (decrease)	As at 31 December 2024
Cash and balances at central banks, and sight deposits at banks (Note 4.1. a)	369,342	54	122,388	491,784
TOTAL	**369,342**	**54**	**122,388**	**491,784**

4.2. Financial assets held for trading

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Equities (Note 3.2.)	0	91	0	91
Loans held for trading	0	31	0	31
TOTAL	**0**	**122**	**0**	**122**

Under loans held for trading, the Group discloses receivables from the purchase and sale of foreign exchange.

b) Movements

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Equities				
As at 1 January	91	70	91	70
- Acquisition	0	0	0	0
- Sale	(144)	0	(144)	0
- Revaluation	20	21	20	21
- Margin	33	0	33	0
As at 31 December	**0**	**91**	**0**	**91**
Debt securities				
As at 1 January	0	0	0	0
- Acquisition	4,029	0	4,029	0
- Sale/maturity	(4,065)	0	(4,065)	0
- Revaluation	0	0	0	0
- Margin	36	0	36	0
As at 31 December	**0**	**0**	**0**	**0**
Loans				
As at 1 January	31	21	31	21
- Increase	37,736	33,028	37,736	33,028
- Foreign exchange differences	(1)	4	(1)	4
- Sale	(37,766)	(33,022)	(37,766)	(33,022)
As at 31 December	**0**	**31**	**0**	**31**
TOTAL	**0**	**122**	**0**	**122**

4.3. Financial assets measured at fair value through other comprehensive income

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Equities				
Equity investments	2,980	2,822	2,980	2,822
- Bank resolution fund	2,784	2,689	2,784	2,689
- Other equity investments	196	133	196	133
Debt securities				
Bonds issued by other countries	43,294	0	43,294	0
Bonds issued by other issuers	2,596	0	2,596	0
Treasury bills	9,881	0	9,881	0
Allowance for impairment	(35)	0	(35)	0
TOTAL	**58,716**	**2,822**	**58,716**	**2,822**

In 2024, the Bank increased the balance of investments into securities measured at fair value through other comprehensive income by EUR 54,845 thousand as a result of purchases. In 2024, the Bank Liquidation Fund balance was up EUR 95 thousand to EUR 2,784 thousand (2023: EUR 2,689 thousand).

b) Movements

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	2,822	2,714	2,822	2,714
Purchases	54,845	0	54,845	0
Sale/maturity	(94)	(5)	(94)	(5)
Foreign exchange differences	89	0	89	0
(Impairments)/Reversal of impairments	(35)	0	(35)	0
Revaluation	1,089	113	1,089	113
As at 31 December	**58,716**	**2,822**	**58,716**	**2,822**

A list of equity investments classified as measured at fair value through other comprehensive income, and a statement of fair values of investments at the end of the reporting period are given in the table below.

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Equity instruments				
Equity investments				
- Bank resolution fund	2,784	2,689	2,784	2,689
- Total other equity investments	196	133	196	133
Advance Capital Partners – ACP	100	0	100	0
Bankart d. o. o.	33	33	33	33
LAS MDD z. b. o.	0	1	0	1
LP Invest d. d. (previous Marles d. d., Limbuš)	9	9	9	9
Elektro Ljubljana d. d.	52	88	52	88
Zadružna zveza Slovenije, z. o. o.	2	2	2	2
TOTAL	**2,980**	**2,822**	**2,980**	**2,822**

As these investments are not strategic in nature, meaning that they cannot be controlled by the Group, they were classified irrevocably as measured at fair value through other comprehensive income after the introduction of IFRS 9. Changes in fair value of such equity investments shall never be recognised through profit or loss, which also applies to the effects in case of sale. The capital investment, LAS MDD zadruga za razvoj podeželja, z. b. o. – in liquidation was deleted from the court register of Slovenia on 24 December 2024.

The Group received a dividend of EUR 27 thousand from Bankart d. o. o. (Note 3.2).

In accordance with its business policy and a business opportunity, the Group sold its equity investments that were not strategic investments. The cumulative loss from other comprehensive income was transferred to retained earnings for the current year due to the cumulative effects of derecognition upon sale of equity investments.

Fair value of investments as at derecognition date and cumulative gains or losses upon disposal are given in the table below.

2024		Group DBS		DBS d. d.
Company	Fair value of investments as at derecognition date	Cumulative gains upon disposal	Fair value of investments as at derecognition date	Cumulative gains upon disposal
LAS MDD in liquidation	1	(1)	1	(1)
TOTAL	**1**	**(1)**	**1**	**(1)**

4.4. Debt securities measured at amortised cost

a) Breakdown

		Group DBS		DBS d. d.
	2024	2023	2024	2023
Long-term bank debt securities	4,769	6,681	4,769	6,681
Long-term government debt securities	100,916	97,216	100,916	97,216
Long-term foreign government debt securities	31,145	113,520	31,145	113,520
Long-term debt securities issued by non-financial institutions	506	1,921	506	1,921
Long-term debt securities issued by other financial institutions	1,467	2,402	1,467	2,402
Revaluation allowance	(69)	(133)	(69)	(133)
TOTAL	**138,734**	**221,607**	**138,734**	**221,607**

Movements in revaluation allowance for debt securities measured at amortised cost are disclosed in section 5.1.5. (Note c).

b) Movements

		Group DBS		DBS d. d.
	2024	2023	2024	2023
As at 1 January	221,607	171,450	221,607	171,450
Purchases	9,071	93,136	9,071	93,136
Maturities	(91,973)	(43,132)	(91,973)	(43,132)
Foreign exchange translation	(35)	166	(35)	166
Revaluation allowance	64	(13)	64	(13)
As at 31 December	**138,734**	**221,607**	**138,734**	**221,607**

4.5. Loans and advances to banks and central bank at amortised cost

a) Breakdown according to type

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Loans to domestic banks	0	0	0	0
Loans to foreign banks	0	1,208	0	1,208
TOTAL	**0**	**1,208**	**0**	**1,208**

b) Breakdown according to maturity

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Short-term loans	0	1,208	0	1,208
Long-term loans	0	0	0	0
TOTAL	**0**	**1,208**	**0**	**1,208**

Loans and advances to banks with the original maturity of up to three months, in the amount of EUR 0 (2023: EUR 1,208 thousand) are recognised in the cash flow statement as cash equivalents (Note 4.1. b).

4.6. Loans and advances to customers measured at amortised cost

a) Breakdown according to type

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Loans and advances	817,626	757,235	837,938	772,013
Financial lease	24,391	19,271	0	0
Working capital loans	23,483	20,996	23,477	22,199
Revaluation allowance	(11,154)	(12,249)	(10,552)	(12,146)
TOTAL	**854,346**	**785,253**	**850,863**	**782,066**

Movements in revaluation allowance for loans and advances to customers measured at amortised cost are disclosed in section 5.1.5. (Note d).

b) Loans and advances to customers include financial lease receivables

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Gross financial lease receivables				
Past due up to 1 year	4,730	2,012	-	-
Past due from 1 to 5 years	12,888	10,018	-	-
Past due over 5 years	6,773	7,241	-	-
TOTAL	**24,391**	**19,271**	**-**	**-**
Revaluation allowance	(862)	(426)	-	-
Net financial lease receivables	**23,529**	**18,845**	**-**	**-**

4.7. Other financial assets

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Trade receivables	1,436	396	98	291
Interest receivable	97	71	97	72
Fee and commission due	157	223	157	223
Other receivables	1,524	2,210	1,523	2,204
Other prepayments and deferred income	4	2	0	0
Revaluation allowance	(345)	(242)	(169)	(234)
TOTAL	**2,873**	**2,660**	**1,706**	**2,556**

Movements in revaluation allowance for other assets are disclosed in section 5.1.5. (Note e).

4.8. Equity investments in subsidiaries, joint ventures, and associates

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Long-term equity investments in other domestic financial institutions				
As at 1 January	0	0	3,720	3,720
Reversal of impairment	0	0	0	0
As at 31 December	**0**	**0**	**3,720**	**3,720**
Long-term equity investments in domestic non-financial institutions				
As at 1 January	0	0	1,523	1,523
Impairments	0	0	0	0
As at 31 December	**0**	**0**	**1,523**	**1,523**
Long-term equity investments in foreign non-financial institutions				
As at 1 January	0	0	0	0
Reversal of impairment	0	18	0	18
Disposal	0	(18)	0	(18)
As at 31 December	**0**	**0**	**0**	**0**
TOTAL	**0**	**0**	**5,243**	**5,243**

Equity investments in subsidiaries totalled EUR 5,243 thousand at the end of 2024 and remained unchanged throughout 2024. At the end of 2024, the investment in the subsidiary DBS Leasing amounted to EUR 3,720 thousand and in the subsidiary DBS Nepremičnine EUR 1,523 thousand.

4.9. Property, plant and equipment

Group DBS

2024	Land and buildings	Computers	Furniture and other equipment	Motor vehicles	PPE under construction	Total
Operating fixed assets - without lease rights						
Cost						
As at 31 December 2023	12,912	2,601	9,403	214	316	25,446
Increases					1,393	1,393
Transfer from PPE under construction		502	578	134	(1,214)	0
Decreases		(296)	(55)	(8)		(359)
As at 31 December 2024	12,912	2,807	9,926	340	495	26,480
Revaluation allowance						
As at 1 January 2024	6,235	1,907	7,780	24	0	15,946
Decreases		(294)	(55)	(5)		(354)
Depreciation and amortisation	340	315	327	63		1,045
As at 31 December 2024	6,575	1,928	8,052	82	0	16,637
Net carrying value						
As at 1 January 2024	6,677	694	1,623	190	316	9,500
As at 31 December 2024	6,337	879	1,874	258	495	9,843
Lease rights						
Cost						
As at 31 December 2023	2,534	0	0	0	0	2,534
Increases - new lease rights	1,241					1,241
Decreases - end of lease rights	(1)					(1)
Decreases	(1,047)					(1,047)
As at 31 December 2024	2,727	0	0	0	0	2,727
Revaluation allowance						0
As at 1 January 2024	522	0	0	0	0	522
Decreases - end of lease rights	(1)					(1)
Decreases	(375)					(375)
Depreciation from lease rights	475					475
As at 31 December 2024	621	0	0	0	0	621
Net carrying value						0
As at 1 January 2024	2,012	0	0	0	0	2,012
As at 31 December 2024	2,106	0	0	0	0	2,106
Net carrying value total						
As at 1 January 2024	8,689	694	1,623	190	316	11,512
As at 31 December 2024	8,443	879	1,874	258	495	11,949

The Group has no property held as collateral for the loans received.

Group DBS

2023	Land and buildings	Computers	Furniture and other equipment	Motor vehicles	PPE under construction	Total
Operating fixed assets - without lease rights						
Cost						
As at 31 December 2022	12,902	3,640	9,496	56	19	26,113
Increases	0	0	0	0	1,650	1,650
Transfer from PPE under construction	10	480	657	206	(1,353)	0
Decreases	0	(1,519)	(750)	(48)	0	(2,317)
As at 31 December 2023	12,912	2,601	9,403	214	316	25,446
Revaluation allowance						
As at 1 January 2023	5,895	3,200	8,281	19	0	17,395
Decreases	0	(1,517)	(748)	(23)	0	(2,288)
Depreciation and amortisation	340	224	247	28	0	839
As at 31 December 2023	6,235	1,907	7,780	24	0	15,946
Net carrying value						
As at 1 January 2023	7,007	440	1,215	37	19	8,718
As at 31 December 2023	6,677	694	1,623	190	316	9,500
Lease rights						
Cost						
As at 31 December 2022	2,398	0	0	0	0	2,398
Increases - new lease rights	1,179	0	0	0	0	1,179
Decreases - end of lease rights	(81)	0	0	0	0	(81)
Decreases	(962)	0	0	0	0	(962)
As at 31 December 2023	2,534	0	0	0	0	2,534
Revaluation allowance						0
As at 1 January 2023	407	0	0	0	0	407
Decreases - end of lease rights	(11)	0	0	0	0	(11)
Decreases	(318)	0	0	0	0	(318)
Depreciation from lease rights	444	0	0	0	0	444
As at 31 December 2023	522	0	0	0	0	522
Net carrying value						0
As at 1 January 2023	1,991	0	0	0	0	1,991
As at 31 December 2023	2,012	0	0	0	0	2,012
Net carrying value total						
As at 1 January 2023	8,998	440	1,215	37	19	10,709
As at 31 December 2023	8,689	694	1,623	190	316	11,512

DBS d. d.

2024	Land and buildings	Computers	Furniture and other equipment	Motor vehicles	PPE under construction	Total
Operating fixed assets - without lease rights						
Cost						
As at 31 December 2023	12,912	2,577	9,191	195	316	25,191
Increases					1,393	1,393
Transfer from PPE under construction		501	578	134	(1,214)	(1)
Decreases		(296)	(55)	(8)		(359)
As at 31 December 2024	12,912	2,782	9,714	321	495	26,224
Revaluation allowance						
As at 1 January 2024	6,235	1,889	7,665	24	0	15,813
Decreases		(294)	(55)	(5)		(354)
Depreciation and amortisation	340	313	321	59		1,033
As at 31 December 2024	6,575	1,908	7,931	78	0	16,492
Net carrying value						
As at 1 January 2024	6,677	688	1,526	171	316	9,378
As at 31 December 2024	6,337	874	1,783	243	495	9,732
Lease rights						
Cost						
As at 31 December 2023	2,534	0	0	0	0	2,534
Increases - new lease rights	1,241					1,241
Decreases - end of lease rights	(1)					(1)
Decreases	(1,047)					(1,047)
As at 31 December 2024	2,727	0	0	0	0	2,727
Revaluation allowance						
As at 1 January 2024	522	0	0	0	0	522
Decreases - end of lease rights	(1)					(1)
Decreases	(375)					(375)
Depreciation and amortisation	475					475
As at 31 December 2024	621	0	0	0	0	621
Net carrying value						
As at 1 January 2024	2,012	0	0	0	0	2.012
As at 31 December 2024	2,106	0	0	0	0	2,106
Net carrying value total						
As at 1 January 2024	8,689	688	1,526	171	316	11,390
As at 31 December 2024	8,443	874	1,783	243	495	11,838

The Bank holds no property, plant or equipment given as guarantee for liabilities or such with limited ownership rights.

DBS d. d.

2023	Land and buildings	Computers	Furniture and other equipment	Motor vehicles	PPE under construction	Total
Operating fixed assets - without lease rights						
Cost						
As at 31 December 2022	12,902	3,618	9,285	56	19	25,880
Increases	0	0	0	0	1,628	1,628
Transfer from PPE under construction	10	478	656	187	(1,331)	0
Decreases	0	(1,519)	(750)	(48)	0	(2,317)
As at 31 December 2023	12,912	2,577	9,191	195	316	25,191
Revaluation allowance						
As at 1 January 2023	5,895	3,183	8,174	19	0	17,271
Decreases	0	(1,517)	(748)	(23)	0	(2,288)
Depreciation and amortisation	340	223	239	28	0	830
As at 31 December 2023	6,235	1,889	7,665	24	0	15,813
Net carrying value						
As at 1 January 2023	7,007	435	1,111	37	19	8,609
As at 31 December 2023	6,677	688	1,526	171	316	9,378
Lease rights						
Cost						
As at 31 December 2022	2,398	0	0	0	0	2,398
Increases - new lease rights	1,179	0	0	0	0	1,179
Decreases - end of lease rights	(81)	0	0	0	0	(81)
Decreases	(962)	0	0	0	0	(962)
As at 31 December 2023	2,534	0	0	0	0	2,534
Revaluation allowance						
As at 1 January 2023	407	0	0	0	0	407
Decreases - end of lease rights	(11)	0	0	0	0	(11)
Decreases	(318)	0	0	0	0	(318)
Depreciation and amortisation	444	0	0	0	0	444
As at 31 December 2023	522	0	0	0	0	522
Net carrying value						
As at 1 January 2023	1,991	0	0	0	0	1,991
As at 31 December 2023	2,012	0	0	0	0	2,012
Net carrying value total						
As at 1 January 2023	8,998	435	1,111	37	19	10,600
As at 31 December 2023	8,689	688	1,526	171	316	11,390

4.10. INVESTMENT PROPERTY

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Long-term investments into investment property				
- Land	4,029	5,139	4,029	4,029
- Buildings	8,403	9,462	8,403	9,462
TOTAL	**12,432**	**14,601**	**12,432**	**13,491**

b) Movements

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	14,601	16,829	13,491	15,625
Increase	0	1	0	1
Transferred from inventories	0	53	0	53
Decrease	(2,372)	(1,341)	(1,172)	(1,341)
Transferred to inventories	(37)	0	(37)	0
Reversal of impairment (revaluations) (Note 3.13.)	90	47	0	47
Free-of-charge transfer	(28)	0	(28)	0
Impairments (revaluations) (Note 3.13.)	(78)	(1,282)	(78)	(1,188)
Losses upon derecognition	(10)	(1)	(10)	(1)
Income upon derecognition	266	295	266	295
As at 31 December	**12,432**	**14,601**	**12,432**	**13,491**

Lease contracts may be terminated during the lease period. The Group recorded EUR 78 thousand worth of impairment charges against investment property in 2024 (2023: EUR 1,282 thousand) (Note 3.13.). The Group has no pledged investment property.

Investment property is categorised into Level 3 of the fair value hierarchy. The fair value of investment properties for financial reporting purposes has been estimated by licensed internal property valuers and external valuers using market comparisons and a yield-based approach.

4.11. Intangible assets

Group DBS

	2024			2023		
	Intangible assets	Intangible assets under construction	Total	Intangible assets	Intangible assets under construction	Total
Cost						
As at 1 January	4,070	265	4,335	3,963	33	3,996
Increases	30	3,680	3,710	0	339	339
Decreases	(137)	0	(137)	0	0	0
Transfer from intangible assets under construction	405	(405)	0	107	(107)	0
As at 31 December	4,368	3,540	7,908	4,070	265	4,335
Revaluation allowance						
As at 1 January	3,286	0	3,286	3,139	0	3,139
Depreciation and amortisation	342	0	342	147	0	147
Decreases	(137)	0	(137)	0	0	0
As at 31 December	3,491	0	3,491	3,286	0	3,286
As at 1 January	**784**	**265**	**1,049**	**824**	**33**	**857**
As at 31 December	**877**	**3,540**	**4,417**	**784**	**265**	**1,049**

The Group holds no intangible assets received as guarantee for liabilities and holds no assets with limited ownership rights. The Bank's intangible assets do not include licences under lease.

DBS d. d.

	2024			2023		
	Intangible assets	Intangible assets under construction	Total	Intangible assets	Intangible assets under construction	Total
Cost						
As at 1 January	3,768	265	4,033	3,663	33	3,696
Increases	0	3,680	3,680	0	337	337
Decreases	(137)	0	(137)	0	0	0
Transfer from PPE under construction	405	(405)	0	105	(105)	0
As at 31 December	4,036	3,540	7,576	3,768	265	4,033
Revaluation allowance						
As at 1 January	3,057	0	3,057	2,922	0	2,922
Depreciation and amortisation	328	0	328	135	0	135
Decreases	(137)	0	(137)	0	0	0
As at 31 December	3,248	0	3,248	3,057	0	3,057
As at 1 January	**711**	**265**	**976**	**741**	**33**	**774**
As at 31 December	**788**	**3,540**	**4,328**	**711**	**265**	**976**

The Bank holds no intangible assets received as guarantee for liabilities and holds no assets with limited ownership rights. The Group's intangible assets do not include licences under lease.

4.12. Corporate income tax assets

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Tax assets	28	1	0	0
Deferred tax assets (Note 4.20. b)	3,039	3,081	3,039	3,081
TOTAL	**3,067**	**3,082**	**3,039**	**3,081**

As at 31 December 2024, the Group discloses EUR 28 thousand of tax assets (2023: EUR 1 thousand). In 2024, the Bank made monthly advance payments for corporate income tax of EUR 375 thousand due to the positive tax base 2023.

4.13. Other assets

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
VAT refund receivables for the tax period	1	0	0	0
Accrued and short-term deferred costs	315	209	305	200
Accrued revenue	655	0	0	0
Long-term deferred operating costs	31	28	31	28
Materials inventory	20	22	20	22
Property inventory (Note 4.13. b)	121	119	106	104
Stock of coins held for sale	165	164	165	163
Advances receivable - construction works	33	0	33	0
Advances to suppliers for operating current assets	512	609	7	2
Consideration receivable	3	76	3	76
Other	3	2	1	1
Revaluation allowance	(1)	(75)	(1)	(75)
TOTAL	**1,858**	**1,154**	**670**	**521**

Movements in revaluation allowance for other assets are disclosed in section 5.1.5. (Note f).

b) Movements in inventories of property

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	119	159	104	144
Increase	77	13	77	13
Sale	(75)	0	(75)	0
Transferred to investment property	0	(53)	0	(53)
As at 31 December (Note 4.13. a)	**121**	**119**	**106**	**104**

The Bank recorded no impairment charges against property inventories in 2024 (2023: EUR 0 thousand).

4.14. Financial liabilities held for trading

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Other trading liabilities	0	31	0	31
TOTAL	**0**	**31**	**0**	**31**

The item Other financial liabilities includes foreign currency trading liabilities, with which the Group regulated net open positions in foreign currencies.

4.15. Deposits by banks and central banks

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Sight deposits by banks	305	258	305	258
Long-term deposits by banks	1,007	0	1,007	0
TOTAL	**1,312**	**258**	**1,312**	**258**

4.16. Deposits by customers

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Sight deposits	962,032	966,866	962,376	967,649
Short-term deposits	283,931	202,414	283,931	202,414
Long-term deposits	205,111	132,842	205,111	132,842
TOTAL	**1,451,074**	**1,302,122**	**1,451,418**	**1,302,905**

Long-term deposits also include deposits with characteristics of the Bank's subordinated liabilities (Note 4.18.).

4.17. Other financial liabilities

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Suppliers	665	727	651	715
Lease liabilities	2,138	2,008	2,139	2,008
Other liabilities	716	1,649	701	1,642
Charges being collected	88	156	88	156
Accrued costs	391	424	356	424
Accrued expenses	642	390	642	390
Other long-term liabilities	9	5	5	5
Other	0	116	0	116
TOTAL	**4,649**	**5,475**	**4,582**	**5,456**

Other financial liabilities include lease liabilities for business premises in accordance with IFRS 16.

4.18. Subordinated liabilities

a) Breakdown by statement of financial position item

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Deposits by customers - long-term deposits (Note 4.16)	2,120	2,120	2,120	2,120
TOTAL	**2,120**	**2,120**	**2,120**	**2,120**

b) Breakdown by sector

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Subordinated liabilities				
- to other financial institutions	2,120	2,120	2,120	2,120
TOTAL	**2,120**	**2,120**	**2,120**	**2,120**

	Date subscribed	Amount	Currency	Interest rate (%)	Maturity date
Subordinated liabilities					
	9. 10. 2015	159	EUR	6.00	10. 10. 2025
	9. 10. 2015	530	EUR	6.00	10. 10. 2025
	9. 10. 2015	848	EUR	6.00	10. 10. 2025
	9. 10. 2015	583	EUR	6.00	10. 10. 2025
TOTAL		**2,120**			

Subordinated liabilities include the Bank's subordinated deposits and loans eligible for inclusion into Tier II capital consistent with the CRR (Note in Chapter 5 and in Section Risk and Capital Management). Subordinated debt was issued over the years in order to maintain the required capital adequacy.

4.19. Provision

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Provisions for pensions and similar payables to employees (Note 4.19. b and c)	1,745	1,512	1,715	1,488
Provisions for off-balance sheet liabilities (Note 4.19. e)	248	557	248	557
Group 1	99	132	99	132
Group 2	104	385	104	385
Group 3	45	40	45	40
Provisions for pending legal cases (Note 4.19. d)	0	0	0	0
Other provisions (Note 4.19. f)	312	380	272	340
TOTAL	**2,305**	**2,449**	**2,235**	**2,385**

b) Provisions for pensions and similar payables to employees

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Provisions for severance pays	1,544	1,410	1,519	1,391
Provisions for long-service awards	201	102	196	97
TOTAL (Note 4.19. a)	**1,745**	**1,512**	**1,715**	**1,488**

The actuarial calculation of provisions for severance pays and long-service awards to employees included the following assumptions: average earnings growth in the Republic of Slovenia is assumed at an annual 2.6% nominal growth (on average) in the long term; the calculation of liabilities for severance pays takes into account an employee's period of employment; the selected discount factor is 3.64% annually at the Bank. Assumptions on employment fluctuations and the company's related payables: it is assumed that employment fluctuation depends primarily on the employees age; the mortality rates used are from the Slovenian reference population mortality table for 2007; it is assumed that employees will exercise their right to retire upon reaching their full retirement age, and therefore the employer will not incur liabilities for long-service awards projected to fall due at a later date.

A sensitivity analysis of the significant actuarial assumptions for the Bank as at 31 December 2024 is presented in the table below.

					DBS d. d.
					2024
Assumption	Variance	Description	Total	Severance pay	Long-service awards
Basic scenario	0.00%	Total	1,714	1,519	195
Discount IR	-0.50%	Total	1,793	1,592	201
		Difference	79	73	6
	0.50%	Total	1,641	1,452	189
		Difference	(73)	(67)	(6)
Wage growth	-0.50%	Total	1,639	1,450	189
		Difference	(75)	(69)	(6)
	0.50%	Total	1,794	1,593	201
		Difference	80	74	6
Duration			**9.2**	**9.6**	**6.4**

c) Movements in provisions for pensions and similar payables to employees

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	1,512	1,389	1,488	1,371
Provisions made during the year	441	218	435	212
Provisions utilised during the year	(208)	(95)	(208)	(95)
As at 31 December (Note 4.19. b)	**1,745**	**1,512**	**1,715**	**1,488**

The Group's recalculated payables to employees total EUR 1,745 thousand, for which, as at 31 December 2024, we had to form additional provisions of EUR 441 thousand. The increase in liabilities in the amount of EUR 142 thousand related to the cost for the period is formed through profit or loss. The actuarial deficit for severance pays was formed in other comprehensive income in the amount of EUR 298 thousand and eliminated (Note 4.24.).

The Bank's recalculated payables to employees total EUR 1,715 thousand, for which provisions of EUR 435 thousand had to be formed as at 31 December 2024. The increase in liabilities in the amount of EUR 139 thousand related to the cost for the period is formed through profit or loss. The actuarial deficit for severance pays was formed in other comprehensive income in the amount of EUR 295 thousand (Note 4.24.).

d) Movements in provisions for tax litigation and other pending legal cases

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	0	47	0	47
Provisions made during the year	0	(47)	0	(47)
As at 31 December (Note 4.19. a)	**0**	**0**	**0**	**0**

e) Movements in provisions for commitments and guarantees given

Group DBS	2024				2023			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
As at 1 January	132	385	40	557	108	40	13	161
Transferred to Group 1	74	(74)	0	0	25	(25)	0	0
Transferred to Group 2	(13)	80	(67)	0	(32)	40	(8)	0
Transferred to Group 3	(6)	(4)	10	0	(3)	(5)	8	0
Enhancements through issuing and acquisition	104	26	7	137	57	4	1	62
Decreases through derecognition	(13)	(13)	(6)	(32)	(6)	(2)	(3)	(11)
Changes due to change in credit risk (net)	(179)	(296)	61	(414)	(17)	333	29	345
As at 31 December	**99**	**104**	**45**	**248**	**132**	**385**	**40**	**557**

DBS d. d.	2024				2023			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
As at 1 January	132	385	40	557	108	40	13	161
Transferred to Group 1	74	(74)	0	0	25	(25)	0	0
Transferred to Group 2	(13)	80	(67)	0	(32)	40	(8)	0
Transferred to Group 3	(6)	(4)	10	0	(3)	(5)	8	0
Enhancements through issuing and acquisition	104	26	7	137	57	4	1	62
Decreases through derecognition	(13)	(13)	(6)	(32)	(6)	(2)	(3)	(11)
Changes due to change in credit risk (net)	(179)	(296)	61	(414)	(17)	333	29	345
As at 31 December	**99**	**104**	**45**	**248**	**132**	**385**	**40**	**557**

f) Movements in other provisions

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	380	316	340	301
Provisions created during the year	0	267	0	239
Provisions utilised during the year	(68)	(203)	(68)	(200)
As at 31 December (Note 4.19. a)	**312**	**380**	**272**	**340**

4.20. Tax liabilities

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Current tax liabilities	1,749	3,380	1,619	3,353
Deferred tax liabilities	254	1	254	1
TOTAL	**2,003**	**3,381**	**1,873**	**3,354**

Pursuant to the Corporate Income Tax Act (ZDDPO-2), the corporate income tax payable for 2024, applying the 22% tax rate (2023: 19% tax rate), amounts to EUR 2,003 thousand for the Group and EUR 1,873 thousand for the Bank.

b) Deferred tax liabilities and assets by statement of financial position item

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
1. Deferred tax liabilities				
Financial assets measured at fair value through other comprehensive income	254	1	254	1
TOTAL	**254**	**1**	**254**	**1**
2. Deferred tax assets				
Provisions for severance pays and long-service awards	96	129	96	129
Impairment of securities	27	36	27	36
Impairment of equity participation	2,916	2,916	2,916	2,916
TOTAL (Note 4.12.)	**3,039**	**3,081**	**3,039**	**3,081**
Net deferred tax (2 - 1)	**2,785**	**3,080**	**2,785**	**3,080**

The outstanding tax loss of the Group totals EUR 12,208, thousand. For the Group, deferred tax assets arising from the impaired equity investment, loans, financial leasing, unspent allowances, non-deductible depreciation, provisions for employees and tax losses, were formed in the amount of EUR 5,789 thousand, impairments of deferred tax assets totalling EUR 2,751 thousand.

Already in 2023, the Bank fully utilised the outstanding tax loss from previous years. Deferred tax assets were formed in the total amount of EUR 3,548 thousand and their adjustments in the amount of EUR 509 thousand. Long-term deferred tax assets in the amount of EUR 254 thousand were formed under the enhancement of equity securities.

c) Movements in deferred taxes

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	3,080	2,678	3,080	2,678
Financial assets measured at fair value through other comprehensive income	(248)	0	(248)	0
Impairment of securities	(14)	(15)	(14)	(15)
Impairment of equity participation	0	395	0	395
Provisions for severance pays and long-service awards	(33)	22	(33)	22
As at 31 December	**2,785**	**3,080**	**2,785**	**3,080**

d) Deferred taxes in the income statement contain the following temporary differences

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Other provisions	(30)	17	(31)	17
Impairment of equity participation	0	395	0	395
Impairment of securities	(14)	6	(14)	6
TOTAL (Note 3.15.)	**(44)**	**418**	**(45)**	**418**

Deferred tax assets and liabilities were calculated using the increased tax rate of 22%, which is expected to apply in the period a particular receivable is collected.

4.21. Other liabilities

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Accruals	152	138	31	35
Payments received in advance	122	169	65	48
Taxes payable	3,421	283	3,364	273
Wages and salaries	982	753	966	738
Taxes and contributions	524	391	514	383
Accrued costs	1,221	730	1,221	731
TOTAL	**6,422**	**2,464**	**6,161**	**2,208**

4.22. Share capital

a) Breakdown

	Group DBS		DBS d. d.	
	No. of ordinary shares	Subscribed value	No. of ordinary shares	Subscribed value
As at 31 December 2023/1 January 2024	4,268,248	17,811	4,268,248	17,811
As at 31 December 2024	**4,268,248**	**17,811**	**4,268,248**	**17,811**

The Bank's share capital is divided into 4,268,248 ordinary no par value shares of class A, of which 4,257,483 are recorded in the central registry of dematerialised securities held by the Slovenian Central Securities Clearing Corporation – KDD. At the year-end of 2024, the Bank's share capital totals EUR 17,811,083.54.

b) Shareholders with over 5% of share capital

Shareholder	No. of shares (2024, DBS d. d.)	Stake in shareholders' equity in KDD (2024, DBS d. d.)
KD Group d. d.	1,250,155	29.364
Kapitalska zadruga, z. b. o.	894,158	21.002
Prva Pokojninska družba, d. d.*	668,338	15.698
Skupina Prva d. d.	422,557	9.925

* Prva Pokojninska družba, d. d., holds shares in its own name and for the account of pension guarantee funds it manages (note in Business Report, Section VI.6).

At the year-end of 2024, 201 shareholders of Deželna banka Slovenije d. d. were recorded in the KDD central securities register (2023: 204), of which 93 were domestic legal entities, 104 domestic individuals, and 1 foreign legal entity, and 3 fiduciary accounts held abroad. The number of the Bank's shareholders decreased by 3 in 2024.

4.23. Share premium

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	31,257	31,257	31,257	31,257
As at 31 December	**31,257**	**31,257**	**31,257**	**31,257**

Amounting to EUR 31,257 thousand as at 31 December 2024 and 31 December 2023, the share premium comprises payments in excess of the par value of paid-in shares (paid-in surplus).

4.24. Accumulated other comprehensive income

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	**(256)**	**(316)**	**(261)**	**(323)**
Items not to be reclassified to profit or loss	**(215)**	**60**	**(211)**	**62**
Actuarial gains/losses on defined benefit pension plans	(261)	(38)	(257)	(36)
Changes in the fair value of investments into equity instruments measured at fair value through other comprehensive income (Note 4.3. b)	62	115	62	115
Income tax relating to components of items not be reclassified to profit or loss	(16)	(17)	(16)	(17)
Items that may be reclassified to profit or loss	**831**	**0**	**831**	**0**
Investments into debt securities measured at fair value through other comprehensive income (Note 4.5. b)	1,065	0	1,065	0
Valuation gains/losses taken to equity	1,079	0	1,079	0
Gains/losses transferred to profit or loss	(14)	0	(14)	0
Income tax relating to components of items may be reclassified to profit or loss	(234)	0	(234)	0
As at 31 December	**360**	**(256)**	**359**	**(261)**

Items not reclassified in the income statement refer to the actuarial deficit for severance pays upon retirement (Note 4.19.b) and the surplus from the change in the fair value of investments in equity instruments.

b) Movements

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	(256)	(316)	(261)	(323)
Increase in actuarial deficit for severance pays	(302)	(47)	(298)	(45)
Decrease in actuarial deficit for severance pays	39	14	39	14
Changes in the fair value of securities measured at fair value through other comprehensive income	880	97	880	97
Sale of securities measured at fair value through other comprehensive income	(1)	(4)	(1)	(4)
Stanje 31. decembra	**360**	**(256)**	**359**	**(261)**

4.25. Revenue reserves

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Reserves for treasury shares	601	601	601	601
Reserves under Statutes	1,924	1,924	1,924	1,924
Other revenue reserves	46,441	35,029	46,441	35,029
TOTAL	**48,966**	**37,554**	**48,966**	**37,554**

Other revenue reserves cannot be used for dividend payments to shareholders or other entities.

b) Reserves for treasury shares

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	601	601	601	601
As at 31 December	**601**	**601**	**601**	**601**

c) Reserves under Statutes

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	1,924	1,924	1,924	1,924
As at 31 December	**1,924**	**1,924**	**1,924**	**1,924**

d) Other revenue reserves

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	35,029	19,238	35,029	19,238
Appropriation based on the decision of the General Meeting	0	3,636	0	3,636
Transferred from net profit	11,412	12,155	11,412	12,155
As at 31 December	**46,441**	**35,029**	**46,441**	**35,029**

4.26. Treasury shares

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Repurchase of treasury shares - ordinary	(601)	(601)	(601)	(601)
TOTAL	**(601)**	**(601)**	**(601)**	**(601)**

Treasury shares were bought back due to employee share remuneration, protection from hostile takeovers, and reasons from indents 1 and 2 of Article 247 (1) of the Companies Act.

4.27. Retained earnings (including net profit/loss for financial year)

a) Breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
As at 1 January	12,544	7,444	12,145	7,271
Profit/loss for the year after tax	23,066	24,504	22,824	24,310
Dividend payment	(9,500)	(3,636)	(9,500)	(3,636)
Allocation of net profit to profit reserves	(11,412)	(15,791)	(11,412)	(15,791)
Other transfers among components of equity	(1)	3	(1)	4
Other	(41)	20	(39)	(13)
TOTAL	**14,656**	**12,544**	**14,017**	**12,145**

b) Distributable profit

	DBS d. d.	
	2024	2023
Net profit for the year	22,824	24,310
Retained net profit/net loss	2,605	(10)
Increase in other profit reserves following a decision by the Management Board	11,412	12,155
DISTRIBUTABLE PROFIT	**14,017**	**12,145**

The General Meeting will decide on the distribution of the accumulated profit for the financial year 2024, amounting to EUR 14,017 thousand.

4.28. Off-balance sheet liabilities

a) Breakdown by type of contingent liabilities and commitments

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Guarantees	18,444	23,163	18,444	23,162
Commitments to extend credit	73,707	59,381	74,707	60,382
TOTAL	**92,151**	**82,544**	**93,151**	**83,544**
Provisions (Note 4.19. a and e)	(248)	(557)	(248)	(557)

4.29. Fiduciary activities

The Group manages assets in the total amount of EUR 267 thousand (2023: EUR 267 thousand) in the name and for the accounts of third parties. Assets under management are accounted for separately from the Group's assets. For acting as agent in the sale of numismatic coins, the Group charged fees in the amount of EUR 4 thousand in 2024 (2023: EUR 23 thousand).

Other agency services

The Group's item other agency services includes EUR 267 thousand from intermediation in concluding credit transactions for the customers' account (2023: 267 thousand).

4.30. Related party transactions

The ordinary course of business includes numerous banking transactions with related parties. These transactions are carried out on commercial terms and conditions, and at market rates.

a) Volume of banking transactions among related parties

Group DBS

	Management Board/CEO		Senior management		Close family members of Management Board/CEO/ Members of Supervisory Board		Companies related to members of Management Board/ CEO/Members of Supervisory Board and close family members		Bank's shareholders*, holders of qualifying stake in the Bank		Supervisory Board members		Members of management or supervisory body, or holder of procuration of a legal person who is a shareholder in the Bank – holding a qualified stake	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Loans and deposits														
As at 1 January	5	6	329	130	1	2	1,288	3,091	0	0	5	5	224	37
Increase	1	1	80	471	16	1	8,846	8,491	0	0	11	0	103	418
Decrease	(1)	(2)	(115)	(272)	(10)	(2)	(9,046)	(10,294)	0	0	(8)	0	(80)	(231)
As at 31 December	5	5	294	329	7	1	1,088	1,288	0	0	8	5	247	224
Interest income	0	0	10	8	0	0	72	73	0	0	0	0	8	5
Revaluation allowance	0	0	1	1	0	0	61	98	0	0	0	0	0	0
Deposits and borrowings														
As at 1 January	190	333	755	554	98	43	33,296	461	2,505	2,627	197	217	172	533
Increase	688	1,169	4,514	2,444	1,120	162	123,147	34,028	4,703	1,217	478	583	515	898
Decrease	(714)	(1,312)	(4,395)	(2,243)	(898)	(107)	(155,129)	(1,193)	(2,438)	(1,339)	(392)	(603)	(470)	(1,259)
As at 31 December	164	190	874	755	320	98	1,314	33,296	4,770	2,505	283	197	217	172
Interest expense	2	0	6	0	2	0	7	36	6	123	2	0	0	0
Fee and commission received	0	0	2	2	0	0	19	16	1	1	0	0	1	1
Full operational lease received														
As at 1 January	0	0	0	0	0	0	0	2	0	0	0	0	0	0
Increase	0	0	0	0	0	0	4	3	0	0	0	0	0	0
Decrease	0	0	0	0	0	0	(4)	(5)	0	0	0	0	0	0
As at 31 December	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lease expense	0	0	0	0	0	0	4	4	0	0	0	0	0	0
Other income	0	0	3	6	0	0	0	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	56	82	0	0	0	0	0	0
Other expenses	0	0	3	3	0	0	822	799	0	0	0	0	0	0

* Only shareholders holding qualified stakes included.

DBS d. d.

	Management Board		Senior management		Close family members of Management Board/CEO/ Members of Supervisory Board		Companies related to members of Management Board/CEO/ Members of Supervisory Board and close family members		Bank's shareholders*, holders of qualifying stake		Supervisory Board members		Members of management or supervisory body, or holder of procuration of a legal person who is a shareholder in the Bank – holding a qualified stake	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Loans and deposits placed														
As at 1 January	5	6	281	70	1	1	1,288	3,091	0	0	5	5	224	37
Increase	1	1	80	471	16	1	8,846	8,491	0	0	11	0	103	418
Decrease	(1)	(2)	(98)	(260)	(10)	(1)	(9,046)	(10,294)	0	0	(8)	0	(80)	(231)
As at 31 December	5	5	263	281	7	1	1,088	1,288	0	0	8	5	247	224
Interest income	0	0	9	7	0	0	72	73	0	0	0	0	8	5
Revaluation allowance	0	0	0	1	0	0	61	98	0	0	0	0	0	0
Deposits and borrowings														
As at 1 January	190	333	755	554	98	43	33,296	461	2,505	2,627	197	217	172	533
Increase	688	1,169	4,514	2,444	1,120	162	123,147	34,028	4,703	1,217	478	583	515	898
Decrease	(714)	(1,312)	(4,395)	(2,243)	(898)	(107)	(155,129)	(1,193)	(2,438)	(1,339)	(392)	(603)	(470)	(1,259)
As at 31 December	164	190	874	755	320	98	1.314	33.296	4.770	2.505	283	197	217	172
Interest expense	2	0	6	0	2	0	7	36	6	123	2	0	0	0
Fee and commission received	0	0	2	2	0	0	19	16	1	1	0	0	1	1
Full operational lease received														
As at 1 January	0	0	0	0	0	0	0	2	0	0	0	0	0	0
Increase	0	0	0	0	0	0	4	3	0	0	0	0	0	0
Decrease	0	0	0	0	0	0	(4)	(5)	0	0	0	0	0	0
As at 31 December	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lease expense	0	0	0	0	0	0	4	4	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	56	82	0	0	0	0	0	0
Other expenses	0	0	0	0	0	0	818	793	0	0	0	0	0	0

* Only the Bank's qualified shareholders are included.

Disclosures of transactions among related parties include all changes taking place during the year. Each individual related party is considered as of the date of being entered in the related party list up to the date of exit or until the end of the year of reference.

b) Subsidiaries DBS Leasing, and DBS Nepremičnine

	Subsidiaries - DBS Leasing, DBS Nepremičnine		Subsidiaries - related parties - Management Board/CEO/Holder of Procuration		Subsidiaries - related parties - Companies related to members of the Management or Supervisory Board/CEO/Holder of Procuration, or their close family membersi	
	2024	2023	2024	2023	2024	2023
Loans and deposits placed						
As at 1 January	17,469	13,599	0	0	0	0
Increase	24,088	22,004	0	0	0	0
Decrease	(19,812)	(18,134)	0	0	0	0
As at 31 December	21,745	17,469	0	0	0	0
Interest income	603	336	0	0	0	0
Revaluation allowance	260	330	0	0	0	0
Deposits and borrowings						
As at 1 January	782	61	0	0	0	0
Increase	12,909	9,887	0	0	0	0
Decrease	(13,347)	(9,166)	0	0	0	0
As at 31 December	344	782	0	0	0	0
Fee and commission received	131	157	0	0	0	0
Full operational lease granted						
As at 1 January	0	0	0	0	0	0
Increase	29	17	0	0	0	0
Decrease	(29)	(17)	0	0	0	0
As at 31 December	0	0	0	0	0	0
Lease income	29	17	0	0	0	0
Other receivables	2	1	0	0	0	0
Other income	10	0	0	0	0	0
Other expenses	0	9	0	0	0	0

c) Paid remuneration of Senior Management

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Wages and other short-term benefits	2,458	1,904	2,383	1,842
Variable remuneration	383	300	373	290
Variable remuneration - severance pays	24	84	24	84
TOTAL	**2,865**	**2,288**	**2,780**	**2,216**

The remuneration of the Management Board and employees under individual contracts who report directly to the Management Board, includes gross wages, pay for annual leave, fringe benefits (statutory severance pays, long-service awards, compensations), cost reimbursement and supplementary pension insurance. The variable component of remuneration includes the variable component of job and business performance, fringe benefits and severance pays under contract. The variable remuneration amounting to EUR 373 thousand is composed of monetary remuneration and other fringe benefits (use of a car, accident insurance and liability insurance).

The Management Board and other employees under individual contracts held 446 shares (0.010% of share capital) as at 31 December 2024, and 924 shares (0.022% of share capital) as at 31 December 2023.

d) Paid remuneration of Supervisory Board members and members of its Committees

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Wages and other short-term benefits	112	79	112	79
TOTAL	**112**	**79**	**112**	**79**

The amount includes the earnings of Supervisory Board members and those of the members of the Supervisory Board Nomination, Audit and Risk Committee.

e) Paid remuneration of members of management and supervisory bodies in 2024

Position/Remuneration type	Group DBS							DBS d. d.						
	Fixed remuneration				Variable remuneration			Fixed remuneration				Variable remuneration		
	Fixed remuneration	Cost reimbursement	Supplement pension insurance	Total	Variable remuneration	Other payments	Total	Fixed remuneration	Cost reimbursement	Supplement pension insurance	Total	Variable remuneration	Other payments	Total
Management Board of the Bank	698	5	9	712	100	37	137	698	5	9	712	100	37	137
Supervisory Board of the Bank	111	1	0	112	0	0	0	111	1	0	112	0	0	0
Senior management in subsidiaries	70	3	1	74	11	0	11	-	-	-	-	-	-	-
TOTAL	**879**	**9**	**10**	**898**	**111**	**37**	**148**	**698**	**116**	**10**	**824**	**100**	**37**	**137**

The table shows the earnings of Management Board members of the Bank, and of Supervisory Board members and CEOs of subsidiaries, pursuant to the requirement of Article 294 of the Slovenian Companies Act. Management and supervisory bodies are defined in the Business Report, chapter VI.4. Composition and operations of the management and supervisory bodies and their committees.

f) Paid remuneration of employees performing special work in 2024

Group DBS

Position/Remuneration type	Number of beneficiaries	Fixed earnings	Variable remuneration	Cost reimbursement	Insurance premiums	Total
TOTAL REMUNERATION	**28**	**2,067**	**334**	**72**	**52**	**2,525**

DBS d. d.

Position/Remuneration type	Number of beneficiaries	Fixed earnings	Variable remuneration	Cost reimbursement	Insurance premiums	Total
TOTAL REMUNERATION	**26**	**1,997**	**324**	**69**	**50**	**2,440**

The category of employees performing special work comprises the Management Board, directors of Sections and Departments and of Branch units. Remuneration of the Management Board is specifically stated only in the table under item e).

4.31. Remuneration system and important business contacts

Remuneration system

The system of remuneration in the Group is based on the Remuneration Policy for employees (hereinafter: Remuneration Policy), which lays down the system of remuneration and performance bonuses for employees in the Bank and the banking Group. The necessary preconditions for variable pay are the Bank's reporting a profit for the assessment period and its reaching all basic objectives. In 2024, a total of EUR 334 thousand was allocated to the variable component of remuneration for Identified Staff by business segments.

Important business contacts

A significant indirect business contact exists if a member of the Management Board or Supervisory Board, or their close family member, is a business partner, holder of a qualifying stake in Group companies, CEO or member of the senior management in a company or organisation that is in a business relationship with the Group. In this respect the Group promotes the culture of avoiding significant direct and indirect business contacts.

Disclosures in accordance with Article 88 of the Banking Act and Section 8 of Regulation (EU) No 575/2013 are included in the operational part of the Annual Report of the Deželna banka Slovenije Group for 2024 in Chapter VI.4, which is published on the Bank’s website www.dbs.si.

4.32. Events after the end of the 2024 financial year

As at 1 January 2025, the Bank launched a new CORE system, HIBIS. Subsequent to the reporting date, there have been no events that have an impact on the financial statements for the year ended 31 December 2024.

5. RISK CONTROL

The Group devotes particular attention to the risks it is or could be exposed to in its line of business. For this purpose, it has set up an independent control function of risk management, whose independence, autonomy, and effectiveness are guaranteed by a transparent organisation structure and delimitation of competences. Risk is monitored by the Risk Management Section, which is in charge of, among other things, designing and updating individual strategies and policies of risk-taking and risk management, overseeing their implementation, continually improving the system of monitoring and controlling all major types of risk, and preparing in-house reports and reports for regulators. The Group has also set up an Asset-Liability Committee, a Risk Management Committee and a Risk Committee, which – together with the Supervisory Board and senior management – promptly monitor the Group's exposure to risk, its risk profile and its risk appetite.

The common objective of risk-taking and risk-management strategies and policies is to prevent and limit losses due to individual risks. The risk-management strategy includes objectives and general guidelines for risk-taking and risk management for individual risks, and the responsibilities of the Supervisory Board, Management Board and senior management in the area of risk management. To measure exposure to different types of risk, the Group uses internal methodologies and approaches in addition to regulatory ones, which facilitates a close monitoring of risks and their management. The Group pursues a moderate risk-taking policy.

The risks that the Group is exposed to are identified at the level of prudential consolidation, and the manner and intensity of their management depend on the risk profile estimated within the internal capital adequacy assessment process (hereinafter: ICAAP) and risk of the environment. In the ICAAP process, the Group identifies risks to which it already is or could be exposed in the future. Further on in the process, material risks are quantified, the related capital needs are assessed, and the necessary funds are allocated. The risk profile is an assessment of how much the Group is exposed to risks in its business activities and is the result of the risk management process.

In recent years, the banking system has faced uncertainty brought about by the outbreak of the COVID-19 pandemic, geopolitical tensions, floods and other natural disasters, tightening financial conditions in most economies and high inflation. These factors have a significant impact on the Bank's operations and risk management. The Bank keeps the situation under regular review, analyses it and takes the necessary measures to manage the risks. It also regularly monitors the financial position of borrowers, implements measures of intervention legislation, and when approving new investments, acts prudently and within its current or expected ability of taking risk. It will continue to monitor forecasts of economic trends, calculate parameters for assessing credit risk losses and, accordingly, perform simulations to calculate the effect on the formation of impairments. In risk management, it will continue to be conservative in accepting new risks, striving to implement the set risk-taking and risk management strategy, and to ensure capital ratios as prescribed by the Bank of Slovenia.

In 2024, the Group complied with all requirements of the capital accord and other requirements of the regulatory framework at the level of prudential consolidation. The Supervisory Board was acquainted with the risk profile and risk-taking capacity as part of the internal capital adequacy and liquidity assessment processes (ICAAP and ILAAP) and regularly monitored the risk exposure. All critical risk management internal acts were revised in 2024 and updated if necessary.

Under Directive 2013/36/EU (CRD IV) and Regulation (EU) No 575/2013 (CRR), the controlling company DBS d. d. and the two subsidiaries DBS Leasing d. o. o. and DBS Nepremičnine d. o. o. are included in prudential consolidation. Both subsidiaries had also been included in prudential consolidation under the previous legislation in force. Consistent with the provisions of Article 4(1) and 4(18) of the Regulation, DBS Nepremičnine d. o. o. is considered an ancillary services undertaking and therefore one of the financial sector entities under Article 4(1) and 4(27c) of the Regulation.

Credit risk

Credit risk is the risk that a borrower will cause a financial loss by failing to fully discharge an obligation when due without calling on collateral, for whatever reason, whether this obligation be of a financial nature or another contractual obligation. In line with its portfolio and its risk-taking and risk-management strategy, the Group takes into account that credit risk can potentially arise out of increased concentration of exposure. Credit risk management involves the timely and adequate detection, measurement, assessment, control, monitoring and reporting of credit risk. The objective is to ensure an adequate mechanism of taking on and managing credit risk. Such a mechanism has to reflect the Group's readiness and capacity to take on credit risk in compliance with regulatory demands, the regulatory framework for banks and regulatory capital requirements. The objectives and general guidelines of taking on and managing credit risk are laid down in the Risk-taking and Risk Management Strategy and in the Concise Risk Statement Approved by the Management Body. The Group's process of credit risk management involves looking at all risky balance sheet and off-balance sheet assets.

In order to manage credit risk, the Group has been increasing the diversification of the credit portfolio and exposure to the retail sector, farmers and SMEs, and at the same time improving the quality of collateral and its adequacy, while regularly monitoring debtors' operations with the help of the early warning system for increased credit risk (EWS).

Market risk

Market risk is the risk of decreased asset value or profitability due to adverse changes in market variables (prices, interest rates, foreign exchange rates). Market risk appears when the Group acts as market maker, if it trades or takes positions in bonds, shares, foreign currencies, commodities and derivatives. The Group has in place a proprietary methodology and policy for determining, measuring and managing market risk, and for determining the level of exposure. The Group's risk management policy for market risk is based on the current and expected market conditions, realised and planned financial data, valid regulations and existing risk management systems. With its methodology for measuring and mitigating market risk for trading positions in equities, the Group operates its system of limits and the calculation of opportunity loss for a particular trading position. It has a system of limits in place to limit market risk, whereas the relevant committees, board and organisational units participate in the market risk management function as laid down in the Rules of Organisation.

Foreign exchange risk

Foreign exchange risk is present when the Group is directly or indirectly exposed to changes in currency exchange rates in global markets. Adverse global FX changes may result in losses in domestic currency. Exposure to foreign exchange risk arises out of a mismatch between assets and liabilities in different currencies. It involves mainly the risk of an instrument's potential decreased value due to changes in currency exchange rates. The Group pursues a closed currency positions policy. Accordingly, individual currency positions are monitored daily, and potential overruns are reported to decision makers in line with instructions.

Interest rate risk and credit spread risk arising from non-trading book activities

Interest rate risk is the risk of loss (i.e. lower interest income, higher interest expenses, decreased value of investments, opportunity loss) on interest-sensitive on-balance sheet and off-balance sheet positions due to a change in the level of market interest rates. Interest rates changes have a significant effect on the revenues and expenses as well as the value of individual items and thus the economic value of equity. In addition to the above, the Bank is also exposed to the risk of changes in credit spreads which results from non-trading book activities and is not explained by interest rate risk in the banking book or expected credit risk.

Interest rate risk is measured, managed, controlled and monitored in accordance with the Risk-taking and Risk Management Policy for interest rate risk in the banking book and the credit spread risk arising from non-trading book activities and the Methodology for the assessment of interest rate risk in the banking book (IRRBB) and the credit spread risk arising from non-trading book activities (CSRBB). For measuring the risk of interest rates changing, a gap analysis is used to calculate the potential impacts of interest rate stress scenarios on net interest income and the sensitivity of the equity capital economic value. The stress scenarios are aligned with the guidelines of the European Banking Authority (EBA).

Credit spread risk represents the exposure of the Group's financial result or equity to unfavourable changes in the credit spread. To measure the credit spread risk, the Group allocates the future cash flows of debt securities into maturity gaps, which are used to apply various changes in the increase in the required return due to an increase in the credit spread and calculate the sensitivity of the economic value of the Bank's equity.

Liquidity risk

Liquidity risk is the risk of providing sources of liquidity in cases of potential loss when the Group is unable to discharge all its matured liabilities or when, due to its inability to provide sufficient funds to settle its matured liabilities, the Group is forced to obtain liquidity at significantly higher costs. The management of liquidity is a critical component of safe and prudent operations. Careful management of liquidity includes prudent management and matching of assets and liabilities, both with respect to financing and cash flows, and with respect to their concentration. Risk-taking and Risk Management Policy for Liquidity Risk defines the methods and procedures for determining, measuring, controlling and monitoring liquidity risk, the objective of which is being able to settle due obligations in time.

In order to ensure adequate liquidity for expected and potential cash outflows, the Group tests the adequacy of its so-called disaster plan. It includes regular implementation of a liquidity stress scenario over a one-month time horizon, as described in the Stress Testing Programme. The maximum liquidity shortage for up to one week and one month is calculated based on the monthly stress scenarios, which serves to determine the minimum level of the liquidity position, which the Group need to have at its disposal at all times. The Group also calculates liquidity risk indicators and monitors trends in selected liquidity indicators.

In 2024, the Group fully complied with the regulations on the minimum requirements for ensuring an adequate liquidity position, which stipulate as mandatory the achievement of the regulatory liquidity coverage ratio (LCR). The Group also complied with the regulatory requirement on the level of the NSFR ratio.

Operational risk

Operational risk is the risk of loss due to inappropriate or unsuccessful implementation of internal processes, the human factor and system operations or external factors and includes legal and model risk. It also includes information security and cyber risk, risks related to external contractors, conduct risk, ESG factors, compliance risk, and tax risks. The Group manages operational risk by recording and closely monitoring (loss) events associated with operational risk, by decreasing the frequency and impact of such loss events, by keeping the total amount of evaluated loss events at a minimum, and by regularly checking and updating its disaster recovery and business continuity plan. It has in place a Risk-taking and Risk Management Policy for Operational Risk, which defines, among other things, the methods and procedures for determining, measuring, managing, monitoring, reporting and mitigating exposure to operational risk. Integrated into the reporting system for events associated with operational risk are measures to resolve such events and prevent repeat events. Reports on incidents and remedial actions are shared with the Risk Management Committee on a monthly basis and with the Security Committee, the Risk Committee and the Supervisory Board on a quarterly basis.

Capital risk

The Group must always have at its disposal sufficient and adequate capital in terms of the services it provides and in terms of the risks it is, or could be, exposed to. Therefore, capital risk is associated with insufficient capital, with inadequate capital structure in relation to the volume and type of operations, or with difficulties in obtaining fresh capital or with capital falling below the prescribed and/or appropriate level in relation to other inherent risks assumed by the Group. Capital risk management involves monitoring of regulatory capital movements, capital requirements and needs. Capital risk is monitored on a monthly basis, when the amount of capital, capital requirements and capital requirements and needs ratios are calculated. These calculations are communicated monthly to members of the Asset-Liability Committee and the Risk Management Committee, and quarterly to the Supervisory Board and the Risk Committee. If necessary, actions are taken to manage or mitigate risks, as appropriate, to ensure that both regulatory capital and internal capital remain adequate and that the Group achieves appropriate levels of capital ratios. The actions are aligned with the Group's Risk-taking and Risk Management Strategy and the Group's risk-taking capacity. Several internal acts are used in the process of controlling, managing, and mitigating capital risk, including the Risk-taking and Risk Management Strategy, the Risk-taking and Risk Management Policy for the Risk of Capital Inadequacy, and the Methodology for the internal capital adequacy assessment process.

5.1. Credit risk

The most significant risk to which the Group is exposed is credit risk. It is related to the inability or unwillingness of a debtor to meet its obligation within the contractual time frame and therefore the primary objective of credit risk management is to achieve and maintain an adequate credit portfolio. To ensure this objective, the Group has the following:

- appropriate segregation of duties and responsibilities between organisational units;
- procedures in place for determining the creditworthiness of customers in approving the investments;
- procedures in place for regular monitoring of the credit portfolio;
- procedures in place for the early detection of increased credit risk, allowing for the timely identification of debtors with increased credit risk;
- procedures in place for the identification and treatment of problem exposures;
- limits in place that are aligned with the propensity to take on credit risk;
- impairments and provisions process in place;
- regular reporting on credit risk exposure.

5.1.1. Measuring credit risk

(a) Loans and receivables

In 2024, the Group determined credit risk pursuant to the valid regulations. To this end, it drew up its credit portfolio quality analyses, into which it included data on:

- diversification or concentration of the credit portfolio,
- migration of customers among credit rating classes,
- movements of impairments,
- provisioning of impairments for individual types of credit exposure,
- past due defaulting receivables and non-performing exposures, and
- environmental, social and governance (ESG) factors.

For more on forming provisions and impairments, see Chapter 5.1.3.

(b) Debt securities

In assuming exposure to credit risk when buying debt securities in 2024, the Group used the classification into credit rating classes according to issuing states and other issuers, the kind used by renowned credit rating agencies, whereby it specified the minimum acceptable credit rating limit for the respective securities.

5.1.2. Control over limiting credit risk, and guidelines on mitigating credit risk

The Group manages, limits and controls credit risk concentration wherever it is detected, especially in relation to individual customers and groups of customers, economy sectors, businesses and geographical regions.

The credit risk appetite is defined by the Risk-taking and Risk Management Strategy as well as the Risk Appetite Framework (RAF) and the Risk Appetite Statement (RAS), taking into account the Bank's risk tolerance, which is determined through the Internal Capital Adequacy Appetite Process (ICAAP) and capital planning and reflected in the DBS Group Strategy 2024-2027 and in the applicable annual business plan in force, which represents the operationalisation of the Bank's development strategy and risk-taking and risk management strategy.

In addition, the Limit System defines quantitative indicators that represent the exposure to particular risks that the Bank manages and takes in the course of its business.

The maximum possible total exposure of the Group towards a corporate customer is defined by the Risk Management Section. When the threshold of large exposure is greatly exceeded and in case of customers in a special relationship with the Bank, the proposed level of permissible exposure must also be approved by the Bank’s Supervisory Board. Limits of exposure are determined by considering the basic principles of banking, especially safety.

(a) Collateral

The Group employs a variety of ways to mitigate credit risk, pursuant to its internal rules on collateral, which stipulate the acceptability of different types of collateral.

Internal rules on collateral define:
- types and extent of collateral accepted;
- minimum eligibility criteria that collateral must normally meet;
- methodology for determining the type and amount of, and the order of calling on collateral;
- methodology for verifying and monitoring collateral; and
- detecting and preventing risks associated with accepted collateral.

As a rule, the Group will never fail to investigate a debtor’s creditworthiness, even if exposure is collateralised. In agreeing on the type of collateral for an exposure, both the principles on credit risk reduction techniques and the principles on capital requirements should be adhered to, to the greatest extent possible.

The main types of collateral used by the Group are property as collateral and insurance covers, guarantees, bank deposits and assignments of claims. Personal collateral issuers are assessed for eligibility on the basis of their credit ratings, obtained using an internal methodology.

As a rule, the Group collateralises all loans. Most collateral is property evaluated according to appraisals by certified appraisers in compliance with the International Valuation Standards (IVS) and complying with other requirements in line with the Regulation (EU) No 575/2013.

(b) Off-balance sheet commitments

Guarantees and letters of credit as well as unused loans granted represent the same credit risk for the Group as loans. The Group regularly monitors maturity dates of loan commitments, since especially long-term commitments represent a higher credit risk than short-term commitments.

5.1.3. Guidelines on forming impairments and provisions

Pursuant to the regulatory framework for banks, and the provisions of the International Financial Reporting Standards (IFRS 9), the Group classifies financial assets and off-balance sheet commitments (hereinafter: exposures) into groups according to their risk profile and assesses the amount of expected losses associated with these exposures. The IFRS 9 standard introduces the expected credit loss model, while also taking into account forward-looking information.

The Group has set up its own model for calculating impairments and implemented the necessary adjustments to applications. The model has been validated by an external auditor who confirmed its correct functioning.

The credit rating system

The Group has in place a system of credit rating grades for categorising exposure. Eleven credit rating grades are used for measuring credit exposure of business entities, and five grades are used for natural persons. To categorise an entity into a credit rating grade, five groups of criteria are used with business entities, i.e. selected financial ratios (based on the entity's balance sheet and income statement data), forward-looking information (based on forecasts by the Institute of Macroeconomic Analysis and Development; hereinafter: IMAD), soft or subjective factors (additional information on entity's performance in the business environment), other risk factors (delays, compulsory composition, bankruptcy, restructuring, blockage, outstanding tax liabilities, etc.) and an assessment acquired through an in-depth analysis of its operations. With natural persons, the decision to classify them into a credit rating grade mainly depends on the length of material default, but also on other criteria (personal bankruptcy, renegotiating claims, etc.).

For establishing an increase in credit risk, the Group has harmonised the credit rating grades for business entities and natural persons in the context of forming impairments based on the model and thus uses five individual grades as shown in the table below.

Credit rating grades

Group DBS

Harmonised credit rating grades	Business entities	Natural persons and farmers	Risk	Estimated annual conditional PD (from – to)
A	A1, A2, A3	A	Low credit risk	0.31–0.74 %
B	B1, B2, B3	B	Medium credit risk	1.61–7.08 %
C	C1, C2, C3	C	High credit risk	16.27–22.24 %
D	D	D	Defaulted obligor	100 %
E	E	E	Defaulted obligor	100 %

DBS d. d.

Harmonised credit rating grades	Business entities	Natural persons and farmers	Risk	Estimated annual conditional PD (from – to)
A	A1, A2, A3	A	Low credit risk	0.31–0.74 %
B	B1, B2, B3	B	Medium credit risk	1.61–7.08 %
C	C1, C2, C3	C	High credit risk	16.27–22.24 %
D	D	D	Defaulted obligor	100 %
E	E	E	Defaulted obligor	100 %

Classification of financial assets

At each reporting date, the Group classifies the exposures for which impairment requirements are used into groups 1, 2 and 3, depending on whether credit risk has increased significantly since initial recognition.

The Group classifies as group 1 all exposures whose credit risk has not increased significantly since initial recognition or which are considered low-credit risk transactions (this includes sovereign exposure, exposure to institutions, the public sector, as well as local and regional authorities). For such exposures, the Group measures 12-month expected credit losses.

If the Group establishes that the credit risk of an exposure has increased significantly since initial recognition, the instrument is classified as group 2 and expected credit losses are measured as full lifetime expected credit losses.

Exposures for which there is objective evidence of impairment (i.e. transactions by customers with the status of defaulted obligors) are classified as group 3. Their credit losses are measured based on estimated future cash flows reflecting the current value of estimated cash flows or based on the assessment of the repayable amount of collateral based on the not-going concern principle. For exposures approved after 26 April 2019, which are defined as NPEs, Regulation (EU) 2019/630 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards the minimum loss coverage for non-performing exposures (hereinafter: Regulation 2019/630) shall be strictly taken into account when calculating individual impairments.

At each reporting date, the Group estimates whether the credit risk of a financial instrument has increased significantly since initial recognition, taking into account appropriate and demonstrable information that can be acquired without entailing excessive costs or efforts. Credit insurance is not taken into account in classifying exposures as group 1, 2 or 3. The tables below show the classification of balance sheet exposures by receivables credit rating and groups as at 31 December 2024 and as at 31 December 2023.

Group DBS					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
Receivable's credit rating A	1,383,532	19,311	4	0	1,402,847	1,195,388	66,704	1	0	1,262,093
Receivable's credit rating B	83,553	30,120	0	0	113,673	55,775	36,093	0	0	91,868
Receivable's credit rating C	889	12,692	0	0	13,581	854	16,341	9	0	17,204
Receivable's credit rating D	0	0	2,400	0	2,400	0	0	228	0	228
Receivable's credit rating E	0	0	1,754	0	1,754	0	0	334	0	334
Receivable's credit rating P	0	1,088	11,411	0	12,499	0	0	13,995	0	13,995
Gross carrying amount of classified balance sheet exposures	1,467,974	63,211	15,569	0	1,546,754	1,252,017	119,138	14,567	0	1,385,722
Revaluation allowance for classified balance sheet exposures	(1,657)	(2,742)	(7,205)	0	(11,604)	(2,080)	(3,815)	(6,841)	0	(12,736)
Net carrying amount of classified balance sheet exposures	1,466,317	60,469	8,364	0	1,535,150	1,249,937	115,323	7,726	0	1,372,986

DBS d. d.					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
Receivable's credit rating A	1,369,833	19,007	4	0	1,388,844	1,185,291	65,452	1	0	1,250,744
Receivable's credit rating B	97,143	28,693	0	0	125,836	67,683	32,836	0	0	100,519
Receivable's credit rating C	889	10,915	0	0	11,804	854	15,794	9	0	16,657
Receivable's credit rating D	0	0	2,400	0	2,400	0	0	228	0	228
Receivable's credit rating E	0	0	1,749	0	1,749	0	0	329	0	329
Receivable's credit rating P	0	1,088	9,100	0	10,188	0	0	13,237	0	13,237
Gross carrying amount of classified balance sheet exposures	1,467,865	59,703	13,253	0	1,540,821	1,253,828	114,082	13,804	0	1,381,714
Revaluation allowance for classified balance sheet exposures	(1,797)	(2,469)	(6,559)	0	(10,825)	(2,293)	(3,529)	(6,804)	0	(12,626)
Net carrying amount of classified balance sheet exposures	1,466,068	57,234	6,694	0	1,529,996	1,251,535	110,553	7,000	0	1,369,088

Significant increase of credit risk

For all financial assets subject to impairment requirements, the Group estimates whether a significant increase of credit risk has occurred since initial recognition, i.e. whether to apply full lifetime expected credit losses instead of 12-month expected credit losses. The Group considers for a significant increase of credit risk to have occurred when at least one of the following criteria is fulfilled:
a) at the time of approving the transaction, the customer's credit rating is A, and as at the reporting date, their credit rating is B or C;
b) at the time of approving the transaction, the customer's credit rating is B, and as at the reporting date, their credit rating is C;
c) in the trial period, the customer was restructured profitably (group 2), or restructured unprofitably (group 3); the customer is included on the last watch list due to enforcement or non-permitted negative balances.

The Group has decided not to use the rebuttable presumption of material default in the transaction that is more than 30 days past due and rather classify all transactions with the material default of more than 30 days as group 2 and recognise for them full lifetime expected credit losses.

If the customer's credit rating is D or E (exposure will be recognised as a non-performing exposure when it is considered there to have been a default in accordance with article 178 of CRR, or when it has been found to have been impaired in accordance with an effective accounting standard), the transaction will be considered credit impaired and therefore classified as group 3 regardless of the credit rating grade upon initial recognition.

COLLECTIVE ASSESSMENT OF CREDIT LOSSES

Use of forward-looking information

In measuring the expected credit losses (ECL), the Group uses forward-looking information which is available without undue cost or effort. External information includes economic data and forecasts published by state institutions The Group then forms the most likely outcome for future behaviour of economic variables, and also the best-case and the worst-case scenario. Each scenario is ascribed a weight that represents a percentage of its probability to materialise. The use of forward-looking information and determination of scenarios is described further below.

Measurement of expected credit losses (ECL)

Exposures classified as Group 1 or 2 are impaired on a collective basis, and exposures classified as Group 3 on an individual basis, with certain exceptions, such as limits that are subject to an action, service and payment guarantees, non-credit transactions and credit transactions with an exposure below EUR 150 thousand, for which, even if classified as Group 3, impairment is recognised on a collective basis.

Collective impairment is calculated as the sum of discounted monthly weighted expected credit losses, and an individual (monthly) unit is calculated as the product of probability of default (PD), loss given default (LGD), exposure at default (EAD), discount factor (DF) and, in the case of off-balance-sheet receivables, also conversion factor (CCF).

Calculation of limit probability of default (PD)

In accordance with IFRS 9, the calculation of expected credit losses is based on the monthly limit PD that comprises expectations for the future and takes into consideration the probability of viability up to a certain month and the default event in this certain month. Forward-looking PD is calculated for the most likely outcome as well as the best-case and worst-case scenarios and is based on the forecast for the chosen macroeconomic variable.

Calculation of forward-looking PS is based on the Z-shift method that enables forecasts for migration matrices in the coming periods using the forecast for macroeconomic variables. Using the forecast migration matrices, we can discern the probability of transfer to grades D and E, which stands for the probability of default (PD). In PD calculations, expectations for the future are comprised in the Z variable that is related to the chosen macroeconomic variable.

PD calculations use annual migration matrices, whereas macroeconomic variables also refer to the annual level. Migration matrices for farmers and natural persons are combined, and estimated PD values are thus acquired using two models: (I) the business entity model, and (II) the natural persons and farmers model. The source of past data and forecasts for macroeconomic variables is IMAD's Forecast of Economic Trends.

Forecasts for Z values are acquired with the regression model based on the ordinary least squares method (OLS). Z values are then translated back into migration matrices. For the years for which forecasts for the macroeconomic variable are no longer available, the last available Z value is used and decreased gradually to 0 (which results in an average matrix).

The annual conditional PD is then translated to the monthly level and in turn used to calculate the monthly limit PD. For each type of customer (corporate customers, natural persons, farmers) and each grade (A, B, and C), a time series of monthly limit PDs is calculated monthly taking into account the most likely outcome, the best-case and the worst-case scenario for the movement of the macroeconomic variable. Scenario weights are calculated based on the share of past errors in IMAD's forecasts for the chosen macroeconomic variable.

Calculations of PD for sovereign exposure and exposure to institutions and public sector entities are based on the Pluto-Tasche method, which is used to calculate PD for low- or zero-rate default portfolio. The PD values calculated for the purpose of measuring the expected credit losses are also translated to the monthly level.

Calculation of loss given default (LGD)

Loss given default (LGD) is the share the Group loses on average within seven years of the occurrence of default with respect to the exposure at default.

The calculation of LGD is based on forward-looking recovery rates. The past annual recovery rates are linked to the chosen macroeconomic variable and, based on its forecast, predictions for future recovery rates are formed.

The recovery rate used in the calculation is the share acquired by the Group after the occurrence of default either from calling on collateral or repayments. Calculations of the recovery rate take into account the actual cash flows received, and not the expected repayments from outstanding transactions.

In the ECL calculation, the annual prediction LGD is taken into account and can differ by year (depending on the forecast of macroeconomic variables that were used in forming the prediction).

The LGD parameter is calculated for (i) collateralised exposures, and (ii) exposures for receivables without collateral, which also includes receivables with types of collateral that are not taken into account in the calculation of LGD for the collateralised portion of the receivable. The LGD parameter is calculated separately for corporate customers and jointly for natural persons, farmers and private individuals without a registration number.

Calculations of expected credit losses for sovereign exposure are based on LGD values laid down in Article 161(1) of Regulation (EU) No 575/2013 (CRR).

Calculation of exposure at default (EAD)

As at the reporting day, the actual exposure (EAD) is taken into account for each financial Instrument. If in the future, the exposure of a financial instrument changes in accordance with the contractually agreed repayment of interest and the principal, all future expected exposures of a financial instrument until its maturity are recalculated on the reporting day. If a delay in the payment of individual financial instruments should occur as at the reporting day, it is assumed that any delay will be repaid within the month following the reporting day. In the event of overpayment of instalment loans, the expected future exposure does not decrease until overpayments are equivalent to the expected exposure under the amortisation schedule. In the event of overpayment of annuity loans, the expected future exposure is regularly decreased by the amount of annuity, which results in advance repayment of loan.

If in the future, the exposure of a financial instrument is not liable to change in accordance with the contractually agreed repayment of interest and the principal, i.e. if the movement of exposure of a financial instrument is not known in advance (in case of a revolving loan, overdraft loan, limit, etc.), the actual exposure of a financial instrument as at the reporting day is taken into account in all months until the instrument's maturity.

Calculation of credit conversion factor (CCF)

Used as a conversion factor is the regulatory defined CCF as laid down in Article 111(1) of the CRR, which corresponds to the off-balance sheet item based on being classified into a risk category pursuant to the Annex 1 to the CRR.

Calculation of discount factor

Monthly weighted expected credit losses are discounted using a discount factor calculated from the effective interest rate, or the contractual interest rate if the Group has no information on the effective interest rate.

The Group regularly examines the Methodology for assessing credit risk losses, and the assumptions used in assessing losses.

INDIVIDUAL ASSESSMENT OF CREDIT LOSSES

In accordance with the definition of a non-performing exposure, the Group assesses expected credit losses individually. Non-performing exposures are all exposures regarding which a default is considered to have happened pursuant to Article 178 of the CRR, and exposures which have been found impaired pursuant to the valid accounting standard.

The expected loss is calculated as the difference between the asset's carrying amount and estimated future cash flows that are discounted at the original effective interest rate of the financial asset. Expected cash flows are evaluated against the type of scenario, i.e. whether the approach used is that of business as a going concern or a not going concern.

For exposures approved after 26 April 2019, which are defined as NPEs, Regulation (EU) 2019/630 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards the minimum loss coverage for non-performing exposures (hereinafter: Regulation 2019/630) shall be strictly taken into account when calculating individual impairments.

Changes to assessment techniques and material assumptions

Since December 2019, deductions from market value of property are also taken into account when calculating individual expected credit losses. These are calculated separately for residential, commercial and other property. Also in December 2019, the method of calculating LGD was changed, in which forward-looking information is included in accordance with the new methodology. From August 2023, transition matrices for calculating PD are adjusted according to year-on-year transitions to the default status.

Impact of the value of collateral on the calculation of expected credit losses

For collateral, the Group only accepts property that conforms to its internal rules on collateral and complies with the conditions for mitigating credit risk as stipulated in Section 4 of CRR. In granting new transactions, the Group consistently follows its internal rules determining the loan-to-value ratio (LTV). With respect to housing loans intended for the construction of residential property, the Group also takes into account the growing mortgage value principle, with the future value of the completed property being assessed and the required LTV having to be reached by the completion of construction.

The value of collateralised assets affects the calculation of expected credit losses using the LGD parameter. The LGD parameter is assessed using a defaulted obligors sample and used in the collective assessment of credit losses (for non-defaulted obligors, i.e. groups 1 and 2). In the calculation of expected credit loss, LGD is used with respect to the type of customer and type of collateral. If an exposure has several types of collateral, the calculation of expected credit loss is based on weighted LGD.

The table below shows the shares of the Group's receivables for classification according to credit rating grades, and the shares of those for which impairments and provisions have been formed under IFRS

Credit rating grade	Group DBS				DBS d. d.			
	2024		2023		2024		2023	
	Total receivables for classification (%)	Receivables impairments and provisions for classification under IFRS (%)	Total receivables for classification (%)	Receivables impairments and provisions for classification under IFRS (%)	Total receivables for classification (%)	Receivables impairments and provisions for classification under IFRS (%)	Total receivables for classification (%)	Receivables impairments and provisions for classification under IFRS (%)
1. A	88.2	0.1	89.3	0.1	87,6	0.1	88.7	0.1
2. B	9.8	1.2	8.1	2.3	10.7	1.2	8.7	2.2
3. C	0.9	9.7	1.7	8.5	0.8	9.3	1.7	8.4
4. D	0.2	52.4	0.0	52.8	0.2	52.4	0.0	52.8
5. E	0.1	96.5	0.0	97.0	0.1	96.6	0.0	96.9
6. P	0.8	34.9	1.0	46.1	0.7	36.2	0.9	48.4
	100.0	0.7	100.0	0.9	100.0	0.7	100.0	0.9

In 2024, compared to 2023, the total amount of receivables for classification at the Group level increased by 7.8% and the total amount of formed provisions and impairments decreased by 10.8%. At the year-end of 2024, the majority, i.e. 88.2% of the Group's receivables for classification were given an A credit rating, followed by receivables for classification given a B credit rating, which represented 9.8% of all receivables for classification, and receivables for classification in the credit rating grade of individually impaired customers (P), which represented 0.8% of all receivables for classification. Impairments and provisions were formed for the latter under IFRS on the basis of the amounts of collateral and expected future cash flows.

At the Bank level, the total amount of receivables for classification increased by 7.7% and the total amount of formed impairments and provisions decreased by 16%. At the year-end of 2024, the majority, i.e. 87.6% of the Bank's receivables for classification were given an A credit rating, followed by receivables for classification given a B credit rating, which represented 10.7% of all receivables for classification, and receivables for classification in the credit rating grade of individually impaired customers (P), which represented 0.7% of all receivables for classification. Impairments and provisions were formed for the latter under IFRS 9 on the basis of the amounts of collateral and expected future cash flows.

5.1.4. Loans and receivables

Consistent with its strategy, in 2024, the Group again focused on banking for the retail segment, farmers and SMEs. Those customers were prioritised which, in addition to exhibiting creditworthiness, provided adequate collateral, so as to minimise the possible increase in the exposure to credit risk.

(a) Loans and receivables non past due and not impaired, and loans and receivables collectively assessed as impaired

	Group DBS				DBS d. d.			
	2024		2023		2024		2023	
	Loans to customers	Loans to banks	Loans to customers	Loans to banks	Loans to customers	Loans to banks	Loans to customers	Loans to banks
Non past due and not impaired	2,198	0	1,549	1,208	2,192	0	1,549	1,208
Impaired	863,302	0	795,953	0	859,223	0	792,663	0
Gross amounts	865,500	0	797,502	1,208	861,415	0	794,212	1,208
Revaluation allowance for impairments of loans	(11,154)	0	(12,249)	0	(10,552)	0	(12,146)	0
Net amounts	**854,346**	**0**	**785,253**	**1,208**	**850,863**	**0**	**782,066**	**1,208**

The table above shows the amounts of drawn loans to customers and to banks, with loans that are neither due nor impaired including all transactions which will mature in periods after 31 December 2024 and whose impairment percentage equals 0. Loans whose impairment charge is higher than 0 are recorded under impaired loans. Value adjustment is also shown only for the balance sheet portion of exposure.

The total value of the Group's loans and receivables in financial year 2024 was up 7% from 2023. The reported impairments of loans and receivables totalled EUR 11,154 thousand (2023: EUR 12,249 thousand). Pursuant to IFRS 9, the Group also measures impairments for receivables from banks. The total amount of impairments on such exposures was negligible in 2023 due to the estimated low credit risk, and the Bank had no such exposures at the end of 2024.

The total value of the Bank's loans and receivables in financial year 2024 was up 9% from 2023. The reported impairments of loans and receivables totalled EUR 10,552 thousand (2023: EUR 12,146 thousand). Pursuant to IFRS 9, the Bank also measures impairments for receivables from banks. The total amount of impairments on such exposures was negligible in 2023 due to the estimated low credit risk, and the Bank had no such exposures at the end of 2024.

(b) Loans and receivables individually assessed as impaired

Loans and advances to customers (loans and receivables)
Individually impaired loans to customers and receivables from customers, without individually impaired loans to banks (upon transition to IFRS 9, receivables from banks are no longer classified as individually impaired, resulting from which individually impaired loans to banks equal 0) and before considering cash flows from collateral held by the Group, amount to EUR 6,196 thousand (2023: EUR 14,180 thousand).

At the end of the year, the Bank had no exposure to individually impaired large companies that would show past due receivables. Individually impaired loans to micro, small and medium-sized enterprises with overdue receivables decreased by 16% or by EUR 723 thousand, as did individually impaired loans to individuals, i.e. by EUR 1,707 thousand or by 41%.

The total amount of individually impaired loans and receivables according to categories, together with the fair value of their collateral that the Group and the Bank hold as a guarantee, breaks down into:

Group DBS

2024	Retail	Corporate		Banks	Total
	Loans and receivables	Large	SME*		
Individually impaired loans	2,471	0	3,725	0	6,196
- Past due up to 15 days	17	0	0	0	17
- Past due 16 to 30 days	0	0	0	0	0
- Past due 31 to 90 days	678	0	0	0	678
- Past due over 90 days	1,777	0	3,725	0	5,502
Impairment charge	563	0	1,309	0	1,872
Fair value of collateral	4,955	0	4,724	0	9,679

* Micro, small and medium enterprises.

2023	Retail	Corporate		Banks	Total
	Loans and receivables	Large	SME*		
Individually impaired loans	4,178	5,554	4,448	0	14,180
Impairment charge	955	3,499	2,146	0	6,600
Fair value of collateral	10,765	837	8,403	0	20,005

* Micro, small and medium enterprises.

DBS d. d.

2024	Retail	Corporate		Banks	Total
	Loans and receivables	Large	SME*		
Individually impaired loans	1,857	0	979	0	2,836
- Past due up to 15 days	0	0	0	0	0
- Past due 16 to 30 days	0	0	0	0	0
- Past due 31 to 90 days	678	0	0	0	678
- Past due over 90 days	1,179	0	979	0	2,158
Impairment charge	380	0	261	0	641
Fair value of collateral	3,861	0	1,560	0	5,421

* Micro, small and medium enterprises.

2023	Retail	Corporate		Banks	Total
	Loans and receivables	Large	SME*		
Individually impaired loans	3,532	5,554	4,318	0	13,404
Impairment charge	946	3,499	2,122	0	6,567
Fair value of collateral	9,933	837	8,403	0	19,173

* Micro, small and medium enterprises.

Loans and advances to banks (loans and receivables)

The Group had no exposure to banks at the end of 2024.

(c) Performing, non-performing exposures, and restructured exposures

Consistent with the Regulation on the Management of Credit Risk Losses of Banks and Savings Banks, the Group treats restructured financial assets as financial assets received – due to the debtor's inability to pay their debt under the initially agreed terms of the original loan agreement – under amended terms (by means of an additional agreement) or under a new loan agreement that stipulates a partial or full repayment of the original debt. Agreements with a restructuring clause also fall into this category. The criteria for identifying performing and non-performing exposures, and restructured and non-restructured exposures, the treatment and management of restructured exposures, restructuring measures for debtors and the reporting system in the Group are all governed by the internal Rules on Managing Non-performing and Restructured Exposures to Debtors.

5.1.5. Movements in revaluation allowance and gross value of financial assets and provisions for off-balance sheet liabilities

Movements in revaluation allowance and provisions for off-balance sheet liabilities

a) Movements in revaluation allowance for financial assets measured at amortised cost – loans, other financial assets, debt securities, other assets and sight deposits at banks

Group DBS					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2,080	3,815	6,841	0	12,736	1,698	2,934	10,616	0	15,248
Transferred to Group 1	961	(961)	0	0	0	236	(236)	0	0	0
Transferred to Group 2	(239)	1,196	(957)	0	0	(311)	558	(247)	0	0
Transferred to Group 3	(25)	(461)	486	0	0	(9)	(416)	425	0	0
Enhancements through issuing and acquisition	890	252	333	0	1,475	814	67	182	0	1,063
Decreases through derecognition	(233)	(153)	(1,891)	0	(2,277)	(108)	(131)	(843)	0	(1,082)
Changes due to change in credit risk (net)	(1,777)	(946)	3,267	0	544	(240)	1,039	146	0	945
Write-downs*	0	0	(874)	0	(874)	0	0	(3,438)	0	(3,438)
As at 31 December	**1,657**	**2,742**	**7,205**	**0**	**11,604**	**2,080**	**3,815**	**6,841**	**0**	**12,736**
Repayments of previous write-downs recorded directly in the income statement	0	0	0	0	0	1	0	0	0	1
Write-downs recorded directly in the income statement	(1)	0	(46)	0	(47)	(1)	0	(13)	0	(14)

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

In 2024, there were no loans and advances regarding which modification or change effects should be recognised.

DBS d. d.					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2,293	3,529	6,804	0	12,626	1,874	2,768	10,597	0	15,239
Transferred to Group 1	924	(924)	0	0	0	199	(199)	0	0	0
Transferred to Group 2	(214)	1,169	(955)	0	0	(260)	465	(205)	0	0
Transferred to Group 3	(26)	(352)	378	0	0	(8)	(345)	353	0	0
Enhancements through issuing and acquisition	864	250	334	0	1,448	844	67	182	0	1,093
Decreases through derecognition	(208)	(144)	(1,890)	0	(2,242)	(88)	(120)	(844)	0	(1,052)
Changes due to change in credit risk (net)	(1,836)	(1,059)	2,762	0	(133)	(268)	893	159	0	784
Write-downs*	0	0	(874)	0	(874)	0	0	(3,438)	0	(3,438)
As at 31 December	**1,797**	**2,469**	**6,559**	**0**	**10,825**	**2,293**	**3,529**	**6,804**	**0**	**12,626**
Repayments of previous write-downs recorded directly in the income statement	0	0	0	0	0	2	0	0	0	2
Write-downs recorded directly in the income statement	(1)	0	(46)	0	(47)	0	0	(10)	0	(10)

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

In 2024, there were no loans and advances regarding which modification or change effects should be recognised.

b) Movements in revaluation allowance for balances at central bank and demand deposits at banks

Group DBS					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	7	30	0	0	37	22	0	0	0	22
Transferred to Group 1	54	(54)	0	0	0	0	0	0	0	0
Transferred to Group 2	(18)	18	0	0	0	(11)	11	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
Enhancements through issuing and acquisition	34	0	0	0	34	40	0	0	0	40
Decreases through derecognition	(6)	0	0	0	(6)	(2)	0	0	0	(2)
Changes due to change in credit risk (net)	(71)	6	0	0	(65)	(42)	19	0	0	(23)
As at 31 December	**0**	**0**	**0**	**0**	**0**	**7**	**30**	**0**	**0**	**37**

DBS d. d.					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	7	30	0	0	37	22	0	0	0	22
Transferred to Group 1	54	(54)	0	0	0	0	0	0	0	0
Transferred to Group 2	(18)	18	0	0	0	(11)	11	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
Enhancements through issuing and acquisition	34	0	0	0	34	40	0	0	0	40
Decreases through derecognition	(6)	0	0	0	(6)	(2)	0	0	0	(2)
Changes due to change in credit risk (net)	(71)	6	0	0	(65)	(42)	19	0	0	(23)
As at 31 December	**0**	**0**	**0**	**0**	**0**	**7**	**30**	**0**	**0**	**37**

c) Movements in revaluation allowance for debt securities measured at amortised cost

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	133	0	0	0	133	120	0	0	0	120
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	0	0	0	0	0	0	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
Enhancements through issuing and acquisition	42	0	0	0	42	78	0	0	0	78
Decreases through derecognition	(64)	0	0	0	(64)	(14)	0	0	0	(14)
Changes due to change in credit risk (net)	(8)	0	0	0	(8)	(51)	0	0	0	(51)
As at 31 December	**103**	**0**	**0**	**0**	**103**	**133**	**0**	**0**	**0**	**133**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	133	0	0	0	133	120	0	0	0	120
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	0	0	0	0	0	0	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
Enhancements through issuing and acquisition	42	0	0	0	42	78	0	0	0	78
Decreases through derecognition	(64)	0	0	0	(64)	(14)	0	0	0	(14)
Changes due to change in credit risk (net)	(8)	0	0	0	(8)	(51)	0	0	0	(51)
As at 31 December	**103**	**0**	**0**	**0**	**103**	**133**	**0**	**0**	**0**	**133**

d) Movements in revaluation allowance for loans measured at amortised cost

Group DBS					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	1,938	3,765	6,546	0	12,249	1,553	2,898	10,418	0	14,869
Transferred to Group 1	907	(907)	0	0	0	236	(236)	0	0	0
Transferred to Group 2	(220)	1,121	(901)	0	0	(300)	546	(246)	0	0
Transferred to Group 3	(25)	(439)	464	0	0	(9)	(412)	421	0	0
Enhancements through issuing and acquisition	811	252	99	0	1.162	694	67	53	0	814
Decreases through derecognition	(161)	(151)	(1,544)	0	(1,856)	(90)	(128)	(783)	0	(1,001)
Changes due to change in credit risk (net)	(1,703)	(900)	3,011	0	408	(146)	1.030	111	0	995
Write-downs*	0	0	(808)	0	(808)	0	0	(3,428)	0	(3,428)
As at 31 December	**1,547**	**2,741**	**6,867**	**0**	**11,155**	**1,938**	**3,765**	**6,546**	**0**	**12,249**
Repayments of previous write-downs recorded directly in the income statement	0	0	0	0	0	2	0	0	0	2
Write-downs recorded directly in the income statement	(1)	0	(9)	0	(10)	0	0	(10)	0	(10)

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks

DBS d. d.					2024					2023
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2,150	3,480	6,517	0	12,147	1,729	2,732	10,399	0	14,860
Transferred to Group 1	870	(870)	0	0	0	199	(199)	0	0	0
Transferred to Group 2	(196)	1,095	(899)	0	0	(249)	453	(204)	0	0
Transferred to Group 3	(25)	(333)	358	0	0	(8)	(341)	349	0	0
Enhancements through issuing and acquisition	786	250	99	0	1,135	724	67	53	0	844
Decreases through derecognition	(136)	(142)	(1,544)	0	(1,822)	(71)	(117)	(782)	0	(970)
Changes due to change in credit risk (net)	(1,756)	(1,012)	2,668	0	(100)	(174)	885	130	0	841
Write-downs*	0	0	(808)	0	(808)	0	0	(3,428)	0	(3,428)
As at 31 December	**1,693**	**2,468**	**6,391**	**0**	**10,552**	**2,150**	**3,480**	**6,517**	**0**	**12,147**
Repayments of previous write-downs recorded directly in the income statement	0	0	0	0	0	1	0	0	0	1
Write-downs recorded directly in the income statement	(1)	0	(9)	0	(10)	(1)	0	(7)	0	(8)

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

e) Movements in revaluation allowance for other financial assets measured at amortised cost

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2	20	220	0	242	3	36	198	0	237
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	(1)	57	(56)	0	0	0	1	(1)	0	0
Transferred to Group 3	0	(20)	20	0	0	0	(4)	4	0	0
Enhancements through issuing and acquisition	2	0	234	0	236	2	0	54	0	56
Decreases through derecognition	(1)	(2)	(253)	0	(256)	(2)	(3)	(60)	0	(65)
Changes due to change in credit risk (net)	5	(54)	238	0	189	(1)	(10)	35	0	24
Write-downs*	0	0	(66)	0	(66)	0	0	(10)	0	(10)
As at 31 December	**7**	**1**	**337**	**0**	**345**	**2**	**20**	**220**	**0**	**242**
Write-downs recorded directly in the income statement	0	0	(37)	0	(37)	0	0	(6)	0	(6)

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	3	19	212	0	234	3	36	198	0	237
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	56	(56)	0	0	0	1	(1)	0	0
Transferred to Group 3	(1)	(18)	19	0	0	0	(4)	4	0	0
Enhancements through issuing and acquisition	1	0	235	0	236	2	0	54	0	56
Decreases through derecognition	(1)	(2)	(252)	0	(255)	(1)	(3)	(62)	0	(66)
Changes due to change in credit risk (net)	(1)	(55)	76	0	20	(1)	(11)	29	0	17
Write-downs*	0	0	(66)	0	(66)	0	0	(10)	0	(10)
As at 31 December	**1**	**0**	**168**	**0**	**169**	**3**	**19**	**212**	**0**	**234**
Write-downs recorded directly in the income statement	0	0	(37)	0	(37)	0	0	(6)	0	(6)

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

f) Movements in revaluation allowance for other assets

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	0	0	75	0	75	0	0	0	0	0
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	0	0	0	0	0	0	0	0	0
Transferred to Group 3	0	(2)	2	0	0	0	0	0	0	0
Enhancements through issuing and acquisition	1	0	0	0	1	0	0	75	0	75
Decreases through derecognition	(1)	0	(94)	0	(95)	0	0	0	0	0
As at 31 December	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**75**	**0**	**75**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	0	0	75	0	75	0	0	0	0	0
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	0	0	0	0	0	0	0	0	0
Transferred to Group 3	0	(1)	1	0	0	0	0	0	0	0
Enhancements through issuing and acquisition	1	0	0	0	1	0	0	75	0	75
Decreases through derecognition	(1)	0	(94)	0	(95)	0	0	0	0	0
Changes due to change in credit risk (net)	0	2	18	0	20	0	0	0	0	0
As at 31 December	**0**	**1**	**0**	**0**	**1**	**0**	**0**	**75**	**0**	**75**

g) Movements in provisions for off-balance sheet commitments and contingent off-balance sheet liabilities

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	132	385	40	0	557	108	40	13	0	161
Transferred to Group 1	74	(74)	0	0	0	25	(25)	0	0	0
Transferred to Group 2	(13)	80	(67)	0	0	(32)	40	(8)	0	0
Transferred to Group 3	(6)	(4)	10	0	0	(3)	(5)	8	0	0
Enhancements through issuing and acquisition	104	26	7	0	137	57	4	1	0	62
Decreases through derecognition	(13)	(13)	(6)	0	(32)	(6)	(2)	(3)	0	(11)
Changes due to change in credit risk (net)	(179)	(296)	61	0	(414)	(17)	333	29	0	345
As at 31 December	**99**	**104**	**45**	**0**	**248**	**132**	**385**	**40**	**0**	**557**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	132	385	40	0	557	108	40	13	0	161
Transferred to Group 1	74	(74)	0	0	0	25	(25)	0	0	0
Transferred to Group 2	(13)	80	(67)	0	0	(32)	40	(8)	0	0
Transferred to Group 3	(6)	(4)	10	0	0	(3)	(5)	8	0	0
Enhancements through issuing and acquisition	104	26	7	0	137	57	4	1	0	62
Decreases through derecognition	(13)	(13)	(6)	0	(32)	(6)	(2)	(3)	0	(11)
Changes due to change in credit risk (net)	(179)	(296)	61	0	(414)	(17)	333	29	0	345
As at 31 December	**99**	**104**	**45**	**0**	**248**	**132**	**385**	**40**	**0**	**557**

Movements in gross value of financial assets and off-balance sheet liabilities

a) Movements in gross value of financial assets measured at amortised cost – loans, other financial assets, debt securities, other assets and demand deposits at banks

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	1,252,017	119,138	14,567	0	1,385,722	1,053,883	90,150	20,722	0	1,164,755
Transferred to Group 1	101,311	(100,795)	(516)	0	0	12,117	(12,117)	0	0	0
Transferred to Group 2	(42.809)	44,685	(1,876)	0	0	(41,386)	43,294	(1,908)	0	0
Transferred to Group 3	(680)	(7,243)	7,923	0	0	(380)	(5,154)	5,534	0	0
New recognition of financial assets	5,219,641	14,467	522	0	5,234,630	3,380,511	18,882	395	0	3,399,788
Decreases through derecognition	(5,023,832)	(6,049)	(2,551)	0	(5,032,432)	(3,127,511)	(8,390)	(2,296)	0	(3,138,197)
Write-downs*	(1)	(3)	(1,152)	0	(1,156)	0	0	(3,438)	0	(3,438)
Other changes	(37,672)	(989)	(1,349)	0	(40,009)	(25,217)	(7,527)	(4,442)	0	(37,186)
As at 31 December	**1,467,974**	**63,211**	**15,569**	**0**	**1,546,754**	**1,252,017**	**119,138**	**14,567**	**0**	**1,385,722**

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	1,253,828	114,082	13,804	0	1,381,714	1,052,588	87,674	20,109	0	1,160,371
Transferred to Group 1	100,483	(100,431)	(52)	0	0	11,211	(11,211)	0	0	0
Transferred to Group 2	(40,127)	41,890	(1,763)	0	0	(36,197)	37,715	(1,518)	0	0
Transferred to Group 3	(657)	(4,570)	5,227	0	0	(379)	(4,558)	4,937	0	0
New recognition of financial assets	5,209,510	14,445	522	0	5,224,477	3,375,077	18,871	395	0	3,394,343
Decreases through derecognition	(5,021,604)	(5,746)	(2,523)	0	(5,029,873)	(3,125,962)	(8,096)	(2,286)	0	(3,136,344)
Write-downs*	(1)	(3)	(1,152)	0	(1,156)	0	0	(3,438)	0	(3,438)
Other changes	(33,566)	35	(810)	0	(34,341)	(22,510)	(6,313)	(4,395)	0	(33,218)
As at 31 December	**1,467,865**	**59,703**	**13,253**	**0**	**1,540,821**	**1,253,828**	**114,082**	**13,804**	**0**	**1,381,714**

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

b) Movements in gross value of balances at central bank and demand deposits at banks

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	358,996	2,688	0	0	361,684	211,858	1,036	0	0	212,894
Transferred to Group 1	4,809	(4,809)	0	0	0	0	0	0	0	0
Transferred to Group 2	(3,843)	3,843	0	0	0	(1,515)	1,515	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
New recognition of financial assets	5,005,622	0	0	0	5,005,622	3,186,805	0	0	0	3,186,805
Decreases through derecognition	(4,891,246)	0	0	0	(4,891,246)	(3,039,909)	(985)	0	0	(3,040,894)
Other changes	797	6,057	0	0	6,854	1,757	1,122	0	0	2,879
As at 31 December	**475,134**	**7,780**	**0**	**0**	**482,914**	**358,996**	**2,688**	**0**	**0**	**361,684**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	358,996	2,688	0	0	361,684	211,858	1,036	0	0	212,894
Transferred to Group 1	4,809	(4,809)	0	0	0	0	0	0	0	0
Transferred to Group 2	(3,843)	3,843	0	0	0	(1,515)	1,515	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
New recognition of financial assets	5,005,622	0	0	0	5,005,622	3,186,805	0	0	0	3,186,805
Decreases through derecognition	(4,891,246)	0	0	0	(4,891,246)	(3,039,909)	(985)	0	0	(3,040,894)
Other changes	797	6,057	0	0	6,854	1,757	1,122	0	0	2,878
As at 31 December	**475,134**	**7,780**	**0**	**0**	**482,914**	**358,996**	**2,688**	**0**	**0**	**361,684**

c) Movements in gross value of debt securities measured at amortised cost

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	216,636	5,104	0	0	221,740	166,956	4,614	0	0	171,570
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	0	0	0	0	0	0	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
New recognition of financial assets	60,860	0	0	0	60,860	86,861	1,372	0	0	88,233
Decreases through derecognition	(89,615)	(322)	0	0	(89,937)	(40,158)	(4,632)	0	0	(44,790)
Other changes	1,924	(13)	0	0	1,911	2,977	3,750	0	0	6,727
As at 31 December	**189,805**	**4,769**	**0**	**0**	**194,574**	**216,636**	**5,104**	**0**	**0**	**221,740**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	216,636	5,104	0	0	221,740	166,956	4,614	0	0	171,570
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	0	0	0	0	0	0	0	0	0	0
Transferred to Group 3	0	0	0	0	0	0	0	0	0	0
New recognition of financial assets	60,860	0	0	0	60,860	86,861	1,372	0	0	88,233
Decreases through derecognition	(89,615)	(322)	0	0	(89,937)	(40,158)	(4,632)	0	0	(44,790)
Other changes	1,924	(13)	0	0	1,911	2,977	3,750	0	0	6,727
As at 31 December	**189,805**	**4,769**	**0**	**0**	**194,574**	**216,636**	**5,104**	**0**	**0**	**221,740**

d) Movements in gross value of loans measured at amortised cost

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	673,585	110,940	14,185	0	798,710	672,817	84,160	20,447	0	777,424
Transferred to Group 1	95,830	(95,830)	0	0	0	12,106	(12,106)	0	0	0
Transferred to Group 2	(38,807)	40,623	(1,816)	0	0	(39,667)	41,573	(1,906)	0	0
Transferred to Group 3	(663)	(6,976)	7,639	0	0	(361)	(5,108)	5,469	0	0
New recognition of financial assets	149,645	13,985	104	0	163,734	104,508	17,324	226	0	122,058
Decreases through derecognition	(42,161)	(5,579)	(2,295)	0	(50,035)	(44,773)	(2,530)	(2,177)	0	(49,480)
Write-downs*	(1)	(3)	(1,068)	0	(1,072)	0	0	(3,428)	0	(3,428)
Other changes	(37,487)	(6,720)	(1,629)	0	(45,836)	(31,045)	(12,373)	(4,446)	0	(47,864)
As at 31 December	**799,941**	**50,440**	**15,120**	**0**	**865,501**	**673,585**	**110,940**	**14,185**	**0**	**798,710**

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	676,038	105,898	13,485	0	795,421	672,032	81,689	19,891	0	773,612
Transferred to Group 1	95,475	(95,475)	0	0	0	11,201	(11,201)	0	0	0
Transferred to Group 2	(36,144)	37,849	(1,705)	0	0	(34,491)	36,007	(1,516)	0	0
Transferred to Group 3	(652)	(4,323)	4,975	0	0	(361)	(4,515)	4,876	0	0
New recognition of financial assets	142,011	13,963	104	0	156,078	100,516	17,313	226	0	118,055
Decreases through derecognition	(40,544)	(5,281)	(2,270)	0	(48,095)	(43,421)	(2,240)	(2,169)	0	(47,830)
Write-downs*	(1)	(3)	(1,068)	0	(1,072)	0	0	(3,428)	0	(3,428)
Other changes	(34,753)	(5,689)	(474)	0	(40,916)	(29,438)	(11,155)	(4,395)	0	(44,988)
As at 31 December	**801,430**	**46,939**	**13,047**	**0**	**861,416**	**676,038**	**105,898**	**13,485**	**0**	**795,421**

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management fo Banks and Savings Banks.

e) Movements in gross value of other financial assets measured at amortised cost

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2,192	403	308	0	2,903	1,694	341	275	0	2,310
Transferred to Group 1	208	(156)	(52)	0	0	11	(11)	0	0	0
Transferred to Group 2	(117)	176	(59)	0	0	(202)	204	(2)	0	0
Transferred to Group 3	(14)	(237)	251	0	0	(19)	(46)	65	0	0
New recognition of financial assets	2,683	474	418	0	3,575	891	182	94	0	1,167
Decreases through derecognition	(207)	(146)	(147)	0	(500)	(2,349)	(239)	(119)	0	(2,707)
Write-downs*	0	0	(84)	0	(84)	0	0	(10)	0	(10)
Other changes	(2,194)	(295)	(187)	0	(2,676)	2,166	(28)	5	0	2,143
As at 31 December	**2,551**	**219**	**448**	**0**	**3,218**	**2,192**	**403**	**308**	**0**	**2,903**

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2,156	390	244	0	2,790	1,671	336	218	0	2,225
Transferred to Group 1	199	(147)	(52)	0	0	10	(10)	0	0	0
Transferred to Group 2	(98)	155	(57)	0	0	(189)	191	(2)	0	0
Transferred to Group 3	(5)	(217)	222	0	0	(18)	(43)	61	0	0
New recognition of financial assets	472	474	418	0	1,364	843	183	93	0	1,119
Decreases through derecognition	(199)	(141)	(144)	0	(484)	(2,355)	(236)	(117)	0	(2,708)
Write-downs*	0	0	(84)	0	(84)	0	0	(10)	0	(10)
Other changes	(1,068)	(302)	(342)	0	(1,712)	2,194	(31)	1	0	2,164
As at 31 December	**1,457**	**212**	**205**	**0**	**1,874**	**2,156**	**390**	**244**	**0**	**2,790**

* Write-downs include write-offs and transfers (write-downs) of receivables to off-balance sheet in accordance with Article 32 of the Decision on Credit Risk Management for Banks and Savings Banks.

f) Movements in gross value of other assets

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	608	2	75	0	685	556	1	0	0	557
Transferred to Group 1	464	0	(464)	0	0	0	0	0	0	0
Transferred to Group 2	(42)	43	(1)	0	0	(2)	2	0	0	0
Transferred to Group 3	(3)	(30)	33	0	0	0	0	0	0	0
New recognition of financial assets	831	8	0	0	839	1,446	3	75	0	1,524
Decreases through derecognition	(603)	(2)	(109)	0	(714)	(322)	(4)	0	0	(326)
Other changes	(712)	(18)	467	0	(263)	(1,070)	0	0	0	(1,070)
As at 31 December	**543**	**3**	**1**	**0**	**547**	**608**	**2**	**75**	**0**	**685**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	2	2	75	0	79	70	1	0	0	71
Transferred to Group 1	0	0	0	0	0	0	0	0	0	0
Transferred to Group 2	(42)	43	(1)	0	0	(2)	2	0	0	0
Transferred to Group 3	0	(30)	30	0	0	0	0	0	0	0
New recognition of financial assets	545	8	0	0	553	52	3	75	0	130
Decreases through derecognition	0	(2)	(109)	0	(111)	(119)	(4)	0	0	(123)
Other changes	(466)	(18)	6	0	(478)	1	0	0	0	1
As at 31 December	**39**	**3**	**1**	**0**	**43**	**2**	**2**	**75**	**0**	**79**

g) Movements in off-balance sheet commitments and contingent off-balance sheet liabilities

Group DBS	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	67,188	15,249	107	0	82,544	76,993	6,565	67	0	83,625
Transferred to Group 1	38,325	(38,325)	0	0	0	2,841	(2,841)	0	0	0
Transferred to Group 2	(5,608)	5,796	(188)	0	0	(16,679)	16,750	(71)	0	0
Transferred to Group 3	(561)	(76)	637	0	0	(43)	(244)	287	0	0
New recognition of financial assets	39,820	34,249	27	0	74,096	36,893	7,325	45	0	44,263
Decreases through derecognition	(3,243)	(1,566)	(439)	0	(5,248)	(3,812)	(1,927)	(3)	0	(5,742)
Other changes	(47,994)	(11,195)	(52)	0	(59,241)	(29,005)	(10,379)	(218)	0	(39,602)
As at 31 December	**87,927**	**4,132**	**92**	**0**	**92,151**	**67,188**	**15,249**	**107**	**0**	**82,544**

DBS d. d.	2024					2023				
	Group 1	Group 2	Group 3	POCI	Total	Group 1	Group 2	Group 3	POCI	Total
As at 1 January	68,189	15,249	106	0	83.544	77.542	6,565	67	0	84,174
Transferred to Group 1	38,325	(38,325)	0	0	0	2,841	(2,841)	0	0	0
Transferred to Group 2	(5,608)	5,796	(188)	0	0	(16,679)	16,750	(71)	0	0
Transferred to Group 3	(561)	(76)	637	0	0	(43)	(244)	287	0	0
New recognition of financial assets	39,820	34,249	27	0	74,096	36,893	7,325	45	0	44,263
Decreases through derecognition	(3,244)	(1,566)	(438)	0	(5,248)	(3,812)	(1,927)	(4)	0	(5.743)
Other changes	(47,994)	(11,195)	(52)	0	(59,241)	(28,553)	(10,379)	(218)	0	(39,150)
As at 31 December	**88,927**	**4,132**	**92**	**0**	**93,151**	**68,189**	**15,249**	**106**	**0**	**83,544**

5.1.6. Debt securities and bills

To asses the risk associated with debts, the Group uses either its internal credit ratings for issuers or the credit ratings of renowned credit rating agencies. Owing to the system of limits, investments are made into debts with good ratings.

The table below shows the Group's exposure with respect to its debt securities according to the ratings of a renowned credit rating agency, as at 31 December 2024 and 31 December 2023.

Group DBS	2024				2023			
	Debt securities at amortised cost	Debt securities held for trading	Debt securities measured at fair value through other comprehensive income	Total	Debt securities at amortised cost	Debt securities held for trading	Debt securities measured at fair value through other comprehensive income	Total
AAA	2,999	0	5,644	8,644	7,292	0	0	7,292
AA+	7,144	0	1,823	8,967	10,786	0	0	10,786
AA	1,009	0	0	1,009	18,246	0	0	18,246
AA-	100,896	0	4.976	105,872	96,057	0	0	96,057
A+	3,479	0	0	3,479	5,183	0	0	5,183
A	480	0	0	480	1,099	0	0	1,099
A-	503	0	0	503	5,835	0	0	5,835
BBB+	479	0	0	479	784	0	0	784
BBB	0	0	0	0	0	0	0	0
BBB-	0	0	0	0	0	0	0	0
Unrated	21,744	0	43,294	65,038	76,325	0	0	76,325
Total	**138,734**	**0**	**55,737**	**194,471**	**221,607**	**0**	**0**	**221,607**

DBS d. d.	2024				2023			
	Debt securities at amortised cost	Debt securities held for trading	Debt securities measured at fair value through other comprehensive income	Total	Debt securities at amortised cost	Debt securities held for trading	Debt securities measured at fair value through other comprehensive income	Total
AAA	2,999	0	5,644	8,644	7,292	0	0	7,292
AA+	7,144	0	1,823	8,967	10,786	0	0	10,786
AA	1,009	0	0	1,009	18,246	0	0	18,246
AA-	100,896	0	4,976	105,872	96,057	0	0	96,057
A+	3,479	0	0	3,479	5,183	0	0	5,183
A	480	0	0	480	1,099	0	0	1,099
A-	503	0	0	503	5,835	0	0	5,835
BBB+	479	0	0	479	784	0	0	784
BBB	0	0	0	0	0	0	0	0
BBB-	0	0	0	0	0	0	0	0
Unrated	21,744	0	43,294	65,038	76,325	0	0	76,325
Total	**138,734**	**0**	**55,737**	**194,471**	**221,607**	**0**	**0**	**221,607**

Both in 2024 and 2023, the largest proportion of our debts portfolio were Slovene state bonds, which totalled EUR 185.2 million (the year-end of 2023: EUR 206.4 million). Alongside state bonds, the Group's portfolio also included institutions' bonds totalling EUR 6.77 million. The rest of the portfolio in the amount of EUR 2.5 million are corporate bonds issued by major global companies. The Group's proprietary portfolio included no subordinated, structured and non-investment grade debt securities.

5.1.7. Collateral acquired by prescription

In 2024 the Group acquired assets by calling on the collateral held as guarantee, namely:

				Carrying amount
		Group DBS		DBS d. d.
	2024	2023	2024	2023
Property	77	0	77	0
Equipment	0	0	0	0
Total	**0**	**0**	**0**	**0**

5.1.8. Breakdown of all exposure classes according to remaining maturity: up to 1 year and over 1 year

The table below gives the remaining maturities according to exposure classes.

Group DBS

		Remaining maturity as at 31 December 2024			Remaining maturity as at 31 December 2023		
	Exposure category	Up to 1 year	Over 1 year	TOTAL	Up to 1 year	Over 1 year	TOTAL
01	Central government and central banks	664,084	213,054	877,138	433,422	342,132	775,554
02	Regional and local government	13,429	83,755	97,184	13,598	56,044	69,642
03	Public sector entities	1,306	7,300	8,606	1,202	8,854	10,056
04	MDB	539	0	539	1,569	0	1,569
05	International organisations	1,980	3,777	5,757	500	2,893	3,393
06	Institutions	20,485	4,782	25,267	18,020	4,784	22,804
07	Corporate	46,431	20,468	66,899	26,947	20,040	46,987
08	Retail exposures	75,013	207,776	282,789	71,763	192,927	264,690
09	Secured by mortgages of immovable property	26,830	238,250	265,080	25,905	242,080	267,985
10	Exposures in default	5,467	3,730	9,197	1,981	1,724	3,705
11	Regulatory high risk categories	271	9	280	2,314	187	2,501
14	Investments in investment funds	100	2,784	2,884	0	2,689	2,689
15	Other exposure	23,903	2,083	25,986	21,387	2,239	23,626
16	Equity exposure	96	0	96	224	0	224
	As at 31 December	879,934	787,768	1,667,702	618,832	876,593	1,495,425

DBS d. d.

		Remaining maturity as at 31 December 2024			Remaining maturity as at 31 December 2023		
	Exposure category	Up to 1 year	Over 1 year	TOTAL	Up to 1 year	Over 1 year	TOTAL
01	Central government and central banks	663,588	213,054	876,642	433,415	342,132	775,547
02	Regional and local government	13,429	83,755	97,184	13,598	56,044	69,642
03	Public sector entities	1,306	7,300	8,606	1,202	8,854	10,056
04	MDB	539	0	539	1,569	0	1,569
05	International organisations	1,980	3,777	5,757	500	2,893	3,393
06	Institutions	20,485	4,782	25,267	18,020	4,784	22,804
07	Corporate	42,896	35,865	78,761	24,964	31,151	56,115
08	Retail exposures	74,152	193,322	267,474	70,630	180,949	251,579
09	Secured by mortgages of immovable property	27,935	238,027	265,962	27,013	241,704	268,717
10	Exposures in default	3,855	3,668	7,523	1,360	1,670	3,030
11	Regulatory high risk categories	271	9	280	2,314	172	2,486
14	Investments in investment funds	100	2,784	2,884	0	2,689	2,689
15	Other exposure	23,776	1,974	25,750	21,258	2,153	23,411
16	Equity exposure	5,338	0	5,338	5,467	0	5,467
	As at 31 December	879,650	788,317	1,667,967	621,310	875,195	1,496,504

At the year-end of 2024, 52% of the Group's exposure had maturities of up to one year and 48% over one year. The net exposure value in 2024 was 12 percentage points higher than in 2023. In absolute terms, the largest increases in 2024 were in exposures to central governments or central banks, exposures to regional or local government units, exposures to corporates, retail exposures and outstanding exposures, followed by exposures to institutions and international organisations. The largest decreases were observed in exposures secured by mortgages on property, high-risk items, followed by exposures to public sector entities and multilateral development banks. In conformity with its internal policies, the Group has removed balance sheet exposures from the statement of financial position to keep them in off-balance sheet records. This relates to exposures for which it has ensured to cover them in total by applying revaluation allowance or provisions for credit risk losses. These are not comprised in the table showing exposure classes. The exposure classes shown include prudential consolidation, the basis for which is financial statements on such prudential basis.

5.1.9. Capital requirements according to exposure classes

The Group calculates the capital requirement for credit risk according to the standardised approach.

Group DBS

		2024		2023	
	Exposure category	Net exposure	Capital requirement	Net exposure	Capital requirement
01	Central government and central banks	877,138	608	775,554	616
02	Regional and local government	97,184	1,548	69,642	1,114
03	Public sector entities	8,606	128	10,056	153
04	MDB	539	0	1,569	0
05	International organisations	5,757	0	3,393	0
06	Institutions	25,267	1,130	22,804	1,178
07	Corporate	66,899	3,910	46,987	2,881
08	Retail exposures	282,789	14,307	264,690	13,290
09	Secured by mortgages of immovable property	265,080	9,577	267,985	9,596
10	Exposures in default	9,197	968	3,705	359
11	Regulatory high risk categories	280	31	2,501	300
14	Investments in investment funds	2,884	46	2,689	36
15	Other exposure	25,986	1,328	23,626	1,215
16	Equity exposure	96	8	224	18
	As at 31 December	1,667,702	33,589	1,495,426	30,756

5.1.10. Bank's exposure to credit risk: net exposure values, and average exposure amounts as at 31 December 2024 and 31 December 2023

The table below illustrates the net values, and average amount of the Bank's exposure to credit risk – whereby not considering any collateral held by the Bank or any other enhancements of credit quality – as at 31 December 2024 as compared to the balance at 31 December 2023. The table is broken down according to different exposure classes.

The exposure levels for on-balance sheet and off-balance sheet assets are given on the basis of net carrying amounts as reported in the statement of financial position, including off-balance sheet figures, and grouped into classes of exposure pursuant to CRR/CRD IV.

DBS d. d.

		2024		2023	
	Exposure category	Net exposure	Capital requirement	Net exposure	Capital requirement
01	Central government and central banks	876,642	863,952	775,547	682,500
02	Regional and local government	97,184	83,988	69,642	76,902
03	Public sector entities	8,606	12,296	10,056	10,953
04	MDB	539	766	1,569	1,285
05	International organisations	5,757	5,274	3,393	5,253
06	Institutions	25,267	24,326	22,804	24,624
07	Corporate	78,761	71,486	56,115	51,554
08	Retail exposures	267,474	268,574	251,579	258,661
09	Secured by mortgages of immovable property	265,962	263,071	268,717	265,697
10	Exposures in default	7,523	4,792	3,030	3,182
11	Regulatory high risk categories	280	1,377	2,486	3,552
14	Investments in investment funds	2,884	2,824	2,689	2,628
15	Other exposure	25,750	23,851	23,411	21,316
16	Equity exposure	5,338	5,425	5,467	5,458
	As at 31 December	1,667,967	1,632,001	1,496,504	1,413,564

5.2. Market risk

In managing market risk, the Group relies on the Risk-taking and Risk Management Policy for Market Risk. In compliance with this policy, market risk management is a collaboration of:
- front office (Financial Markets Section),
- various sections (Financial Management Section, Risk Management Section),
- various committees (Liquidity Committee, Asset-Liability Committee).

The Group monitors market risk by means of:
- prompt data on trading positions, spending of limits and overdrafts, and exposure to different risks;
- prompt data on currency positions;
- daily reporting on securities trading;
- end-of day reporting on overdrafts, and
- monthly reporting on capital requirements for market risk.

To manage market risks, the Group has:
- adopted the Risk-taking and Risk Management Strategy, which also includes a chapter on market risk;
- set limit values for certain exposures in the Limit System;
- set up internal controls in the Treasury Division and Process Support Section; and
- introduced regular stress tests.

The Group's exposure to market risk is low as it complies with the policy of portfolio diversification and invests in high-quality assets in countries with a high credit rating, avoiding investments with speculative-grade ratings.

ESG factors (environmental, social and governance risks) are becoming an increasingly important aspect of the operations of financial institutions, as they can have a direct impact on the stability of market and credit portfolios. For market risk, which covers changes in the prices of financial instruments, the Bank does not directly assess ESG risks but still captures them to some extent through the way securities are valued.

The Bank uses prices obtained from recognised and trusted platforms such as Bloomberg and Reuters to value financial instruments. These platforms combine market data from different sources and take into account all available information, including that derived from ESG factors.

Market risk management is based on a diversified system of position limits (limits on equity and debt security positions, limits on exposure to individual types of issuers, limits of maximum possible loss, limits according to individual authorised persons, etc.), the adequacy of which the Group regularly reviews and adjusts, if necessary.

Due to the increased volatility of capital markets (compared to bond markets and money markets), the Group devotes special attention to its equity positions. To this end, it has in place the additional »stop-loss« limit system for each position on both the domestic and foreign markets, which daily examines the set limits.

The rigorous system of limits, which requires that the securities portfolio be diversified and highly liquid as well as that issuers have good credit ratings, keeps the Group's appetite for assuming market risk at a low level.

The DBS Group meets the conditions set out in Article 94(1) of the CRR Regulation regarding the small trading book business and therefore includes the capital requirements for trading book items in the calculation of the capital requirement for credit risk. The table below shows the scope of capital requirements for equity and debt financial instruments as well as loans and advances that are held for trading and included in the capital requirement for credit risk.

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Equity instruments	0	7	0	7
Loans and other financial assets	0	2	0	2
SUM OF CAPITAL REQUIREMENTS FOR MARKET RISK	**0**	**9**	**0**	**9**

As at 31 December 2024, the Group had no investments in its trading portfolio.

5.2.1. Methods for measuring risk related to trading in trading portfolio debt securities

In order to measure and manage extreme losses that would occur in cases of heavily deteriorated market situations, the Group performs additional monthly stress tests for the equity trading portfolio.

5.2.2. Foreign exchange risk

Foreign exchange risk is monitored and managed on a daily basis. Limits of maximum acceptable exposures to foreign exchange risk are clearly defined and monitored daily.

The Treasury Division implements the following measures to balance currency positions and currency consistency and to mitigate the exchange rate risk:
- spot and forward purchases and sales of foreign exchange in the interbank market,
- setting daily exchange and mean rates.

In 2024, the Group promptly balanced the differences between purchases and sales of foreign exchange, which were mainly the result of payment and foreign exchange transactions. Exposure towards financial instruments denominated in foreign currencies was very low and consistent with the set limits.

The tables below show assets and liabilities as at 31 December 2024 and 31 December 2023 by currency:

Group DBS

FOREIGN EXCHANGE RISK as at 31 December 2024					
Balance sheet items	**EUR**	**USD**	**CHF**	**OTHER**	**TOTAL**
Cash, balances at central banks, and sight deposits at banks	483,916	1,878	5,117	911	491,822
Financial assets measured at fair value through other comprehensive income	54,877	2,910	539	390	58,716
Financial assets measured at amortised cost	995,860	1	92	0	995,953
- Debt securities	138,734	0	0	0	138,734
- Loans to customers	854,254	0	92	0	854,346
- Other financial assets	2,872	1	0	0	2,873
Tangible assets	24,381	0	0	0	24,381
- Property, plant and equipment	11,949	0	0	0	11,949
- Investment property	12,432	0	0	0	12,432
Intangible assets	4,417	0	0	0	4,417
Income tax assets	3,066	0	1	0	3,067
- Current tax assets	28	0	0	0	28
- Deferred tax assets	3,038	0	1	0	3,039
Other assets	1,858	0	0	0	1,858
TOTAL ASSETS (1)	**1,568,375**	**4,789**	**5,749**	**1,301**	**1,580,214**
Financial liabilities measured at amortised cost	1,445,289	4,741	5,748	1,257	1,457,035
- Deposits by banks and central banks	1,312	0	0	0	1,312
- Deposits by customers	1,439,328	4,741	5,748	1,257	1,451,074
- Other financial liabilities	4,649	0	0	0	4,649
Provisions	2,305	0	0	0	2,305
Income tax liabilities	1,994	8	0	1	2,003
- Current tax liabilities	1,749	0	0	0	1,749
- Deferred tax liabilities	245	8	0	1	254
Other liabilities	6,422	0	0	0	6,422
TOTAL LIABILITIES (2)	**1,456,010**	**4,749**	**5,748**	**1,258**	**1,467,765**
MISMATCH (1) less (2)	**112,365**	**40**	**1**	**43**	**112,449**
Off-balance sheet liabilities	**92,152**	**0**	**0**	**0**	**92,152**

FOREIGN EXCHANGE RISK as at 31 December 2023					
Balance sheet items	**EUR**	**USD**	**CHF**	**OTHER**	**TOTAL**
Total assets	1,404,003	3,147	5,844	1,495	1,414,489
Total liabilities	1,305,709	3,141	5,864	1,466	1,316,180
MISMATCH (1) less (2)	**98,294**	**6**	**(20)**	**29**	**98,309**
Off-balance sheet liabilities	**82,521**	**23**	**0**	**0**	**82,544**

DBS d. d.

FOREIGN EXCHANGE RISK as at 31 December 2024					
Balance sheet items	**EUR**	**USD**	**CHF**	**OTHER**	**TOTAL**
Cash, balances at central banks, and sight deposits at banks	483,915	1,878	5,117	911	491,821
Financial assets measured at fair value through other comprehensive income	54,877	2,910	539	390	58,716
Financial assets measured at amortised cost	991,192	1	110	0	991,303
- Debt securities	138,734	0	0	0	138,734
- Loans to customers	850,753	0	110	0	850,863
- Other financial assets	1,705	1	0	0	1,706
Long-term equity participation in subsidiaries, associates and joint ventures	5,243	0	0	0	5,243
Tangible assets	24,270	0	0	0	24,270
- Property, plant and equipment	11,838	0	0	0	11,838
- Investment property	12,432	0	0	0	12,432
Intangible assets	4,328	0	0	0	4,328
Income tax assets	3,038	0	1	0	3,039
- Deferred tax assets	3,038	0	1	0	3,039
Other assets	670	0	0	0	670
TOTAL ASSETS (1)	**1,567,533**	**4,789**	**5,767**	**1,301**	**1,579,390**
Financial liabilities measured at amortised cost	1,445,566	4,741	5,748	1,257	1,457,312
- Deposits by banks and central banks	1,312	0	0	0	1,312
- Deposits by customers	1,439,672	4,741	5,748	1,257	1,451,418
- Other financial liabilities	4,582	0	0	0	4,582
Provisions	2,235	0	0	0	2,235
Income tax liabilities	1,864	8	0	1	1,873
- Current tax liabilities	1,619	0	0	0	1,619
- Deferred tax liabilities	245	8	0	1	254
Other liabilities	6,161	0	0	0	6,161
TOTAL LIABILITIES (2)	**1,455,826**	**4,749**	**5,748**	**1,258**	**1,467,581**
MISMATCH (1) less (2)	**111,707**	**40**	**19**	**43**	**111,809**
Off-balance sheet liabilities	**93,151**	**0**	**0**	**0**	**93,151**

FOREIGN EXCHANGE RISK as at 31 December 2023					
Balance sheet items	**EUR**	**USD**	**CHF**	**OTHER**	**TOTAL**
Total assets	1,404,019	3,147	5,841	1,495	1,414,502
Total liabilities	1,306,126	3,141	5,864	1,466	1,316,597
Mismatch (1) less (2)	**97,893**	**6**	**(23)**	**29**	**97,905**
Off-balance sheet liabilities	**83,521**	**23**	**0**	**0**	**83,544**

As at 31 December 2024, the Bank reported no capital requirements for foreign exchange risk, as its net currency position did not exceed 2% of the Bank's capital.

5.3. Interest rate risk and credit spread risk

For managing interest rate risk, the Group uses the Risk-taking and Risk Management Policy for interest rate risk in the banking book and the credit spread risk arising from non-trading book activities. Taking interest rate risk and managing it within the Group is a collaboration of:

- front office (Branch Network, Financial Markets Section),
- various sections (Financial Management Section, Risk Management Section),
- various committees (Lending Committee, Liquidity Committee, Asset-Liability Committee).

Monthly, the Group monitors exposure to interest rate risk with reference to items in the banking book. In doing so, it applies the internal methodology of interest rate sensitivity gap reports according to the type of maturity and time periods relative to the following setting of interest rates (so-called gap analysis). Interest rate gaps show the difference between the cash flows of interest-sensitive assets and interest-sensitive liabilities according to duration gaps. The Group takes behavioural risk into account and includes it in its interest rate risk calculations. It assesses at least annually the magnitude of behavioural risk, namely: early termination of corporate and retail deposits, early repayment of corporate and retail loans, off-balance sheet items, non-performing exposures, and automatic options. Early terminations of corporate and retail deposits and non-performing exposures were below the regulatory materiality threshold in 2024 and are therefore not taken into account in the calculation of EVE and NII. Automatic options refer to loans with a floating interest rate, which have an interest rate floor defined in the loan agreements (Euribor cannot be negative or lower than 0.00%). The Group includes the net present value of automatic options in the EVE calculation as an add-on when the contractual clause is activated or when the Euribor falls below 0.00%. Early repayments of corporate and retail loans and the largest off-balance sheet items, such as limits on transaction accounts and revolving credit facilities, proved material in 2024.

In the analysis of interest rate risk, the Group takes into consideration the distribution of stable demand deposits separately for natural persons, and savings deposits in accordance with the internal model, i.e. by transferring them from the O/N basket to other baskets with regard to continuity. The Group distributes stable sight deposits for natural persons and bank’s savings deposits into time buckets of up to 14 years, whereas unstable deposits are assumed to become due immediately. For deposits without an agreed maturity, the maximum average maturity of 5 years might be used in conformity to the interest rate risk management guidelines, whereas the actual average maturity used by the Group for stable deposits without an agreed maturity is considerably shorter than the maturity mentioned, and was at 2 years as at 31 December 2024.

Reports on exposure to interest rate risk are reviewed by the Bank's Asset-Liability Committee and Risk Management Committee on a monthly basis and communicated to the Supervisory Board on a quarterly basis.

The Group calculates monthly the impact of different interest rate shocks on the Economic Value of Equity (EVE), which demonstrates the present value of future cash flows and provides a comprehensive overview of the potential long-term effects of changes in interest rates based on six standard market interest rate shock scenarios. Based on the results of the standardised stress scenario, the DBS Group estimated the maximum negative impact on EVE at the end of 2024 in the amount of EUR 5,179 thousand.

Estimate of the impact of a 200 basis point change in the interest rate on the economic value of the banking book positions:

	Group DBS		DBS d. d.	
	31. 12. 2024	31. 12. 2023	31. 12. 2024	31. 12. 2023
Interest rate risk in the banking book - EVE	5,179	3,032	5,179	2,339
Interest rate risk in the banking book - EVE as % of equity	5.40%	3.59%	5.40%	2.77%

Measuring, monitoring and examining interest rate risk in the Group is kept separate from adopting decisions on banking positions, which prevents conflicts of interest. This is conducted by the Risk Management Section, which regularly monitors all activities in this area.

The Group calculates NII - Net Interest Income of its non-trading book activities for a period of one year. The calculation consists of:

- calculation of contribution of the projected risk-free interest rate to the reinvestment or refinancing of the nominal cash flows subject to the interest rate adjustment;
- calculation of contribution of the projected market return for the reinvestment or refinancing of the nominal cash flows subject to the interest rate adjustment;
- calculation of interest payments or the portion of interest payments accruing up to and including the redetermination date;
- changes in market value for instruments held at fair value with maturity after the period for calculating net interest income;
- mark-up on net interest income for basis risk;
- calculation of net interest income and changes in net interest income.

Estimate of the impact of a 200 basis point change in the interest rate on the level of net interest income for the banking book position:

	Group DBS		DBS d. d.	
	31. 12. 2024	31. 12. 2023	31. 12. 2024	31. 12. 2023
NII Sensitivity	414	2,670	414	2,412
NII Sensitivity - as % of equity	0.43%	3.16%	0.43%	2.86%

The Group also monitors and assesses exposures arising from the risk of credit spread changes, which arises from the non-trading book activity (CSRBB). The Group includes only debt securities measured at amortised cost in the calculation of CSRBB. CSRBB refers to financial assets measured at fair value that are actively traded in developed (deep) and liquid markets where market supply and demand can be identified, measured and monitored. Therefore, non-marketable items in the banking book, e.g. loans and deposits, are not part of the CSRBB. On a monthly basis, CS01 is calculated, which is the basis for measuring the credit spread in the banking book. CS01-credit spread sensitivity to 1 basis point shock, is the risk that the credit spread changes by 1 basis point compared to the reference interest rate.

A stress factor is added to CS01 – basis points: 25, 50, 100, 200. The number of basis points is calculated on the basis of CDS. CDS is a derivative product that serves as insurance against default. As at 31.12.2024, the impact on the CSRBB for debt securities recorded in the banking book amounted to EUR 1.24 million.

The following tables outline exposure to interest rate risk as at 31 December 2024 and 31 December 2023. Financial instruments are entered in the table at carrying amounts and categorised into time gaps according to the subsequent change in interest rate or maturity. Sight loans to customers (O/N) also include loans linked to the six-month Euribor rate, for which interest rates are fixed each 1 January.

Group DBS

INTEREST RATE RISK as at 31 December 2024

Balance sheet items	TOTAL	Non-interest bearing	Total accrued interest	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Cash, balances at central banks, and sight deposits at banks	491,822	36	491,786	24,760	453,090	13,936	0	0	0
Financial assets measured at fair value through other comprehensive income	58,716	3,883	54,833	0	0	8,393	34,888	11,552	0
Financial assets measured at amortised cost	995,953	13,899	982,054	226,522	42,978	211,129	239,749	127,750	133,926
- Debt securities	138,734	976	137,758	0	6,828	1,935	20,403	56,544	52,048
- Loans to customers	854,346	10,050	844,296	226,522	36,150	209,194	219,346	71,206	81,878
- Other financial assets	2,873	2,873	0	0	0	0	0	0	0
Other assets	1,858	1,858	0	0	0	0	0	0	0
TOTAL ASSETS	**1,384,245**	**16,732**	**1,366,692**	**270,861**	**368,863**	**215,366**	**264,956**	**117,254**	**129,392**
Financial liabilities measured at amortized cost	1,457,035	9,275	1,447,760	901,226	196,346	97,949	232,749	19,403	87
- Deposits by banks and central banks	1,312	7	1,305	305	0	0	0	1,000	0
- Deposits by customers	1,451,074	4,619	1,446,455	900,921	196,346	97,949	232,749	18,403	87
- Other financial liabilities	4,649	4,649	0	0	0	0	0	0	0
Other liabilities	6,422	6,422	0	0	0	0	0	0	0
TOTAL LIABILITIES	**1,310,350**	**10,725**	**1,299,606**	**898,767**	**160,084**	**65,464**	**162,202**	**12,854**	**235**
Net exposure to interest rate risk	**73,895**	**6,007**	**67,086**	**(627,906)**	**208,779**	**149,902**	**102,754**	**104,400**	**129,157**

INTEREST RATE RISK as at 31 December 2023

Balance sheet item	TOTAL	Non-interest bearing	Total accrued interest	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Total assets	1,384,245	16,732	1,366,692	270,861	368,863	215,366	264,956	117,254	129,392
Total liabilities	1,310,350	10,725	1,299,606	898,767	160,084	65,464	162,202	12,854	235
Net exposure to interest rate risk	**73,895**	**6,007**	**67,086**	**(627,906)**	**208,779**	**149,902**	**102,754**	**104,400**	**129,157**

DBS d. d.

INTEREST RATE RISK as at 31 December 2024

Balance sheet item	TOTAL	Non-interest bearing	Total accrued interest	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Cash, balances at central banks, and sight deposits at banks	491,821	36	491,785	24,759	453,090	13,936	0	0	0
Financial assets measured at fair value through other comprehensive income	58,716	3,883	54,833	0	0	8,393	34,888	11,552	0
Financial assets measured at amortised cost	991,303	12,218	979,085	209,044	43,601	217,863	240,883	134,217	133,477
- Debt securities	138,734	976	137,758		6,828	1,935	20,403	56,544	52,048
- Loans to customers	850,863	9,536	841,327	209,044	36,773	215,928	220,480	77,673	81,429
- Other financial assets	1,706	1,706	0	0	0	0	0	0	0
Long-term equity participation in subsidiaries, associates and joint ventures	5,243	5,243	0	0	0	0	0	0	0
Other assets	670	670	0	0	0	0	0	0	0
TOTAL ASSETS	**1,547,753**	**22,050**	**1,525,703**	**233,803**	**496,691**	**240,192**	**275,771**	**145,769**	**133,477**
Financial liabilities measured at amortized cost	1,457,312	9,208	1,448,104	901,570	196,346	97,949	232,749	19,403	87
- Deposits by banks and central banks	1,312	7	1,305	305				1,000	0
- Deposits by customers	1,451,418	4,619	1,446,799	901,265	196,346	97,949	232,749	18,403	87
- Other financial liabilities	4,582	4,582	0	0	0	0	0	0	0
Other liabilities	6,161	6,161	0	0	0	0	0	0	0
TOTAL LIABILITIES	**1,463,473**	**15,369**	**1,448,104**	**901,570**	**196,346**	**97,949**	**232,749**	**19,403**	**87**
Net exposure to interest rate risk	**84,280**	**6,681**	**77,599**	**(667,767)**	**300,345**	**142,243**	**43,022**	**126,366**	**133,390**

INTEREST RATE RISK as at 31 December 2023

Balance sheet item	TOTAL	Non-interest bearing	Total accrued interest	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Total assets	0	21,342	1,364,222	253,759	369,081	215,983	267,537	127,826	130,036
Total liabilities	1,310,858	10,469	1,300,389	899,550	160,084	65,464	162,202	12,854	235
Net exposure to interest rate risk	**74,706**	**10,873**	**63,833**	**(645,791)**	**208,997**	**150,519**	**105,335**	**114,972**	**129,801**

The Group's largest exposure as at 31 December 2024 was in euro, with exposures in other currencies negligible and immaterial. Interest rate risk in 2024 arose mainly out of the imbalance between the maturities of interest-rate-sensitive investments and liabilities, and out of the subsequent determination of interest rates.

In 2025, the Group plans to continue matching interest rate gaps, the emphasis being on sight time gaps of longer maturity, and to maintain a low exposure to interest rate risk. The Group will also continue to upgrade its methodology for establishing and measuring interest rate risk and credit spread risk, while also fulfilling the guidelines for managing interest rate risk originating in non-trading book operations as prescribed by EBA.

Average interest rates as at 31 December

	Group DBS				DBS d. d.			
	2024		2023		2024		2023	
	EUR	USD	EUR	USD	EUR	USD	EUR	USD
Assets		%		%		%		%
Cash, balances at central banks, and sight deposits at banks	2.84	0.01	3.76	0.01	2.84	0.01	3.76	0.01
Investment securities - debt	0.90	2.55	0.76	1.82	0.90	2.55	0.76	1.82
Loans to banks	0.00	0.00	3.00	0.00	0.00	0.00	3.00	0.00
Loans to customers	4.74	0.00	5.42	0.00	4.70	0.00	5.36	0.00
Liabilities								
Borrowings from banks and central banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits by customers	0.77	0.61	0.61	0.38	0.77	0.61	0.61	0.38
Subordinated liabilities	6.00	0.00	6.00	0.00	6.00	0.00	6.00	0.00

5.4. Liquidity risk

In managing liquidity risk, the Group applies the Risk-taking and Risk Management Policy for Liquidity Risk. Liquidity risk management in the Group is a collaboration of:

- the Bank's Management Board,
- front office (Financial Markets Section),
- various sections (Financial Management Section, Risk Management Section, Payments Section, Treasury Division),
- various committees (Liquidity Committee, Asset-Liability Committee)

The Group's liquidity situation depends on the set of activities for meeting the required cash flows as well as on the availability of liquidity assets that at all times ensure immediate fulfilment of matured financial obligations with customers. For this purpose, the Group holds on its portfolio adequate amounts of cash and highly liquid assets.

The Group maintains a diversified pool of liquidity reserves in the form of cash and other highly liquid assets that are free from encumbrances and available at any time. To this end, the Group continually monitors the amount and composition of its liquidity reserves, preparing a list of all liquid assets, including what proportions can be collected and are encumbered or free from encumbrances.

The Group has a set of relevant stress scenarios for the current liquidity position, which it runs at least monthly or whenever it identifies a potential risk of a short-term liquidity crisis. All stress test scenario outcomes have designated limits, with the critical limit being defined at 45-days' survival. A critical outcome represents the minimum level of the Group's liquidity reserves and spans the period from the first day of the analysis to the moment the cumulative liquidity gap turns negative and exceeds the Group's liquidity position.

If a critical outcome is confirmed, the Risk Management Section informs the Treasury Division, which must present liquidity balancing measures and report them to the Liquidity Committee. The Bank Management Board, the Internal Audit Department and the Risk Management Section need to be informed of the recovery plan and its planned implementation.

Further, the Group monitors a wide array of interim liquidity trends and structural liquidity ratios. It has requisite limits designated for all values of the monitored ratios and regularly examines them.

At least once a year, the Group also stress tests the liquidity contingency plan using the liquidity shock scenario prepared by the Risk Management Section. On the basis of this scenario the Treasury Division prepares the Group's response and diligently notes the duration and implementation of the simulated post-shock recovery process, including an estimate of potential financial consequences. The harmonised report on the stress testing of the liquidity contingency plan is presented to the Bank's Liquidity Committee and Asset-Liability Committee.

Liquidity risk is evaluated comprehensively at the Group level once a year within the internal liquidity adequacy assessment process (ILAAP), which is used to assess liquidity and liquidity risk management.

In 2024, the Group had at its disposal an adequate pool of liquidity reserves, which can be utilised to settle any liabilities as well as off-balance sheet liabilities. It has sufficient liquidity position (cash in hand, balance with the Bank of Slovenia net of the minimum reserve and unencumbered financial assets eligible for pledging with the European Central Bank net of any haircut) which it could easily and efficiently use in case of a liquidity stress event that would compromise the daily system of liquidity management, such as e.g. an unexpected large-scale withdrawal of deposits.

The Group calculates on a regular basis the LCR liquidity coverage ratio, which has been defined as the ratio of the stock of high-quality liquid assets and the expected total net cash outflows over a 30-day period. The indicator has been regulated, and thus not allowed to fall below 100%. As at 31 December 2024, the liquidity coverage ratio was 331.1%. On a quarterly basis, the Group also calculates the net stable funding ratio (NSFR), which is defined as the ratio between the available stable funding and the required stable funding. As at 31 December 2024, the net stable funding ratio was 196.57%.

All results of monitoring liquidity risk are reported to the Bank's Asset-Liability Committee and Risk Management Committee on a monthly basis, while the Management Board and the Supervisory Board are presented quarterly with reports on exposure to liquidity risk.

The following tables summarise the Group’s and Bank’s exposure to liquidity risk as at 31 December 2024 and 31 December 2023. Financial instruments are listed in the table at undiscounted amounts according to remaining contractual maturity as at 31 December 2024, which in addition to the asset's carrying value includes expected future cash flows from interest.

Group DBS

LIQUIDITY RISK as at 31 December 2024							
Balance sheet items	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash, balances at central banks, and sight deposits at banks	24,759	453,165	13,936	0	0	0	491,860
Financial assets measured at fair value through other comprehensive income	2,980	119	8,486	35,500	12,677	0	59,762
Financial assets measured at amortised cost	8,222	9,928	92,110	224,838	437,137	408,564	1,180,799
- Debt securities	0	6,371	2,865	21,444	60,024	53,822	144,526
- Loans to customers	5,589	3,367	89,241	203,393	377,094	354,716	1,033,400
- Other financial assets	2,633	190	4	1	19	26	2,873
Other assets	0	0	0	0	1,858	0	1,858
TOTAL ASSETS	**27,570**	**350,905**	**47,882**	**190,335**	**574,776**	**403,076**	**1,594,544**
Financial liabilities measured at amortised cost	906,032	197,340	98,629	236,155	20,974	210	1,459,340
- Deposits by banks and central banks	305	0	0	72	1,145	0	1,522
- Deposits by customers	901,253	197,303	98,628	236,083	19,801	101	1,453,169
- Other financial liabilities	4,474	37	1	0	28	109	4,649
Other liabilities	6,422	0	0	0	0	0	6,422
TOTAL LIABILITIES	**906,850**	**160,944**	**65,962**	**164,592**	**15,375**	**332**	**1,314,055**
Net exposure to liquidity risk	**(879,280)**	**189,961**	**(18,080)**	**25,743**	**559,401**	**402,744**	**280,489**

LIQUIDITY RISK as at 31 December 2023							
Balance sheet items	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Total assets	27,570	350,905	47,882	190,335	574,776	403,076	1,594,544
Total liabilities	906,850	160,944	65,962	164,592	15,375	332	1,314,055
Net exposure to liquidity risk	**(879,280)**	**189,961**	**(18,080)**	**25,743**	**559,401**	**402,744**	**280,489**

DBS d. d.

LIQUIDITY RISK as at 31 December 2024							
Balance sheet items	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash, balances at central banks, and sight deposits at banks	24,759	453,165	13,936	0	0	0	491,860
Financial assets measured at fair value through other comprehensive income	2,980	119	8,486	35,500	12,677	0	59,762
Financial assets measured at amortised cost	5,166	9,940	91,927	222,726	437,651	407,478	1,174,888
- Debt securities	0	6,371	2,865	21,444	60,024	53,822	144,526
- Loans to customers	3,700	3.379	89,058	201,281	377,608	353,630	1,028,656
- Other financial assets	1,466	190	4	1	19	26	1,706
Long-term equity participation in subsidiaries, associates and joint ventures	0	0	0	0	5,243	0	5,243
Other assets	670	0	0	0	0	0	670
TOTAL ASSETS	**31,511**	**350,983**	**47,554**	**188,582**	**573,938**	**401,448**	**1,594,016**
Financial liabilities measured at amortised cost	905,965	197,340	98,629	236,155	20,974	210	1,459,273
- Deposits by banks and central banks	305	0	0	72	1,145	0	1,522
- Deposits by customers	901,253	197,303	98,628	236,083	19,801	101	1,453,169
- Other financial liabilities	4,407	37	1	0	28	109	4,582
Other liabilities	6,161	0	0	0	0	0	6,161
TOTAL LIABILITIES	**907,358**	**160,944**	**65,962**	**164,592**	**15,375**	**332**	**1,314,563**
Net exposure to liquidity risk	**(875,847)**	**190,039**	**(18,408)**	**23,990**	**558,563**	**401,116**	**279,453**

LIQUIDITY RISK as at 31 December 2023							
Balance sheet items	Sight	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Total assets	31,511	350,983	47,554	188,582	573,938	401,448	1,594,016
Total liabilities	907,358	160,944	65,962	164,592	15,375	332	1,314,563
Net exposure to liquidity risk	**(875,847)**	**190,039**	**(18,408)**	**23,990**	**558,563**	**401,116**	**279,453**

The liquidity gap for the sight time period is indeed deeply in the negative, however, financial liabilities in this group include total sight deposits, and this despite the fact that according to the calculation of the stability of retail sight deposits, the Group achieves as much as 83% stability of deposits for transaction accounts and 66% stability of deposits for savings accounts. In simulating liquidity stress scenarios, sight deposits and demand deposits in the sight time period are categorised according to their stability/instability calculated using an in-house model. Additionally, the simulation of liquidity stress scenarios also takes into account the actual and potential future cash flows based on an analysis of funds drawn from off-balance sheet arrangements, the actual share of repayments from loans, and the share of renewed deposits.

Based on the conducted analyses, the Group estimates that its off-balance-sheet positions do not contribute particularly to its exposure to liquidity risk, which is why they were not included into the above table.

As at 31 December 2024, the Group had a liquidity position of EUR 649 million, consisting of cash in hand, balances with the Bank of Slovenia net of minimum reserve and unencumbered pledged financial assets with the ECB net of haircuts.

In the future, the Group will maintain the minimum required amount of liquid assets as estimated using stress scenarios, in the form of top-rated debt securities. In addition, attention will be devoted to monitoring the LCR and NSFR indicators and to meeting their required values as well as limit values as specified in accordance with the restoration plan.

5.5. Fair value of financial assets and liabilities

5.5.1. Financial assets not measured at fair value

Group DBS

	2024					2023				
		Fair value					Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total	Carrying amount	Level 1	Level 2	Level 3	Total
Assets										
Debt securities at amortised cost	138,734	132,853	0	0	132,853	221,607	212,645	0	0	212,645
Loans and advances to banks	0	0	0	0	0	1,208	0	0	1,208	1,208
Loans and advances to customers	854,346	0	0	937,029	937,029	785,253	0	0	988,835	988,835
Other financial assets	2,873	0	0	2,873	2,873	2,660	0	0	2,660	2,660
Total assets	**995,953**	**132,853**	**0**	**939,902**	**1,072,755**	**1,010,728**	**212,645**	**0**	**992,703**	**1,205,348**
Liabilities										
Deposits by banks	1,312	0	0	1,312	1,312	258	0	0	258	258
Deposits by customers*	1,451,074	0	0	1,451,074	1,451,074	1,302,122	0	0	1,302,122	1,302,122
Other financial liabilities	4,649	0	0	4,649	4,649	5,475	0	0	5,475	5,475
Total liabilities	**1,457,035**	**0**	**0**	**1,457,035**	**1,457,035**	**1,307,855**	**0**	**0**	**1,307,855**	**1,307,855**

* According to the Methodology for Preparing a Recapitulation of the Statement of Financial Position, in 2024 and 2023, deposits by customers, and borrowings from banks include deposits, and loans and advances with characteristics of subordinated debt.

DBS d. d.

	2024					2023				
		Fair value					Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total	Carrying amount	Level 1	Level 2	Level 3	Total
Assets										
Debt securities at amortised cost	138,734	132,853	0	0	132,853	221,607	212,645	0	0	212,645
Loans and advances to banks	0	0	0	0	0	1,208	0	0	1,208	1,208
Loans and advances to customers	850,863	0	0	932,479	932,479	782,066	0	0	983,845	983,845
Other financial assets	1,706	0	0	1,706	1,706	2,556	0	0	2,556	2,556
Total assets	**991,303**	**132,853**	**0**	**934,185**	**1,067,038**	**1,007,437**	**212,645**	**0**	**987,609**	**1,200,254**
Liabilities										
Deposits by banks	1,312	0	0	1,312	1,312	258	0	0	258	258
Deposits by customers*	1,451,418	0	0	1,451,418	1,451,418	1,302,905	0	0	1,302,905	1,302,905
Other financial liabilities	4,582	0	0	4,582	4,582	5,456	0	0	5,456	5,456
Total liabilities	**1,457,312**	**0**	**0**	**1,457,312**	**1,457,312**	**1,308,619**	**0**	**0**	**1,308,619**	**1,308,619**

* According to the Methodology for Preparing a Recapitulation of the Statement of Financial Position, in 2024 and 2023, deposits by customers, and borrowings from banks include deposits, and loans and advances with characteristics of subordinated debt.

(a) Loans and advances to banks

The estimated fair value of loans and advances to banks is based on the discounted cash flows method using prevailing market interest rates for debts with similar credit risk and remaining maturity. The fair value of loans to commercial banks is estimated to closely resemble their carrying amount. Fixed-rate credit operations are short-term, meaning the contractual interest rates do not differ considerably from end-of-year market interest rates, while the Group does not have any long-term loans to banks. This is why the fair value of loans to commercial banks is the same as their carrying amount.

(b) Loans and advances to customers
Loans and advances are net of provisions for impairment. The calculated fair value of loans and advances to customers is based on discounting the future cash flows until maturity less the impairment losses, whereby the discount curve has been based on a zero curve as at 31 December 2024.

(c) Debt securities measured at amortised cost
The Group reports debt securities in accounting records at amortised cost. Their fair value as at 31 December 2024 was calculated using actual market prices formed in the markets where they are listed.

(d) Deposits and borrowings
The Group's long-term debt has no market value. Fair value is estimated as the discounted amount of future cash flows, taking into account market interest rates that the Group would currently have to pay for new deposits with similar characteristics and the same residual maturity. Since most borrowings are linked to changing market interest rates, the fair value of deposits does not substantially differ from their carrying amounts.

The fair value of sight deposits to the depository institution depends on the expectations of the timing and amounts of withdrawals of the existing balance, the level of prevailing interest rates with similar terms, the costs of servicing these deposits and the depository institution's – thus the Group's – own credit risk. This is especially important for sight deposits.

The estimated fair value of other deposits is based on discounted contractual cash flows using market interest rates that the Group would currently have to pay for new deposits with similar remaining maturity.

For deposits from banks and deposits from other customers, there are no differences between carrying amount and fair value.

5.5.2. Financial and non-financial assets measured at fair value

Valuation methods for financial instruments measured at fair value in the financial statements

	Group DBS				DBS d. d.			
2024	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets held for trading (Note 4.2. a)	0	0	0	**0**	0	0	0	**0**
Financial assets measured at fair value through other comprehensive income (Note 4.3. a)	0	0	58,716	**58,716**	0	0	58,716	**58,716**
Non-financial assets								
Investment property (Note 4.10. a)	0	0	12,432	**12,432**	0	0	12,432	**12,432**
Financial liabilities								
Financial liabilities held for trading (Note 4.14.)	0	0	0	**0**	0	0	0	**0**

The fair value of investments is measured at three levels.
Level 1: Level 1 includes investments in equity and debt securities listed on a regulated securities market and whose fair value equals their market price, i.e. the last official closing price.

Level 2: Level 2 includes investments in unlisted debt securities and derivatives. Fair value for Level 2 investments is determined through an internal methodology. The value of unlisted debt securities for which fair value cannot be calculated even from external data sources is determined using the discounted value method. Unlisted mutual fund shares are measured at their net asset value, which is published daily. If a transaction is concluded in the market and thereafter a market price forms for a security previously measured according to the Bank's internal methodology, the security is restated at the market price.

Level 3: Level 3 includes unlisted equities, bonds, (EUR 2,784 thousand is the investment into the Bank Liquidation Fund), receivables and payables associated with the purchase and sale of foreign exchange, loans and advances, and investment property at fair value. The valuation of equities that do not have quoted prices is based on market observables. Key parameters are compared with those of similar assets and liabilities traded in an active market, with the data coming from Bloomberg or another reliable source. Own interest in a private limited liability company is calculated based on the carrying value of equity multiplied by the percentage of own share in equity and the liquidity deduction of 25%. In determining their fair value, the Group applies the same internal methodologies as for Level 2 instruments. The fair value of investment property is determined on the basis of appraisal reports prepared by independent appraisers working in compliance with International Valuation Standards (IVS).

Level 3: Financial assets measured at fair value through other comprehensive income – breakdown

	Group DBS		DBS d. d.	
	2024	2023	2024	2023
Equities				
Bank resolution fund	2,784	2,689	2,784	2,689
Equity investments at cost	196	133	196	133
Bonds				
BELGISCHE STAAT	11,095	0	11,095	0
REPUBLIKA SLOVENIJA	9,879	0	9,879	0
DIRECTION GENERALE DU TRESOR	8,940	0	8,940	0
Tesoro Dello Stato - Repubblica Italiana	7,981	0	7,981	0
Dirección General Del Tesoro Y Política Financiera	3,025	0	3,025	0
US TREASURY N B	2,910	0	2,910	0
Staat der Nederlanden	2,788	0	2,788	0
Bundesrepublik Deutschland	2,288	0	2,288	0
Republic of Finland	2,033	0	2,033	0
EUROPEAN COMMISSION [EC]	1,823	0	1,823	0
GEN-I, d.o.o.	1,301	0	1,301	0
INCOM D.O.O.	744	0	744	0
EIB EUROPEAN INVESTMENT BANK	539	0	539	0
CANADA	270	0	270	0
AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT	120	0	120	0
TOTAL	**58,716**	**2,822**	**58,716**	**2,822**

In 2024, the Bank Liquidation Fund total amounted to EUR 2,784 thousand. Pursuant to the Bank Resolution Authority and Fund Act, the Group paid EUR 2,702 thousand into the Bank Resolution Fund in 2016. These assets are managed by the Bank of Slovenia consistent with the Regulation on the Investment Policy and Management Fees of the Bank Liquidation Fund. The Bank of Slovenia sends regular monthly reports on the value of the investment, which serves as the basis for its valuation and which is why the Group categorises it as Level 3. The Group additionally categorises as Level 3 capital assets worth EUR 196 thousand for which market value does not exist and which are measured at fair value through other comprehensive income.

There was no transfer between different valuation levels in 2024.

5.6. Managing operational risk

In managing operational risk, the Group applies the Risk-taking and Risk Management Policy for Operational Risk.

Operational risk management in the Group is a collaboration of:
- Supervisory Board,
- the Bank's Management Board,
- senior management,
- Risk Management Section,
- Operations Compliance Department,
- Information Security Department,
- various committees (Security Committee, Risk Management Committee).

The Group regularly reports (loss) events associated with operational risk. For their systematic monitoring, it has developed its own application support, which is regularly updated and supplemented. The Resolution on Internal Governance, Governance Body and Internal Capital Adequacy Assessment Process for Banks and Savings Banks allows each employee of the Group to report a (loss) event into the loss events database. In 2024, 420 (loss) events associated with operational risk were recorded, which is more than in 2023 when there were 307. The realised net loss in 2024 was lower than in 2023. It amounted to EUR 10.46 thousand in 2024, and to EUR 104 thousand in 2023. The total reported net loss was immaterial considering the capital requirement for operational risk, which for the Group was EUR 5,607 thousand.

The system of reporting operational risk events includes measures to resolve such events and prevent repeat events. Operational risk (loss) events are additionally monitored according to key risk indicators

In 2024, the Bank regularly updated its business continuity plan BCP I (alternative provision of services in case of shorter or longer interruptions of regular operations), BCP II (Bank's operations in case of natural disasters, break-ins, burglaries, earthquakes, communication failures and blackouts, min. twice a year) and BCP III (operations of a back-up computer centre and data restoration). The BCP I, BCP II and BCP III are being tested regularly, with test reports being presented to the Security Committee and the Bank's Management Board once a year. In 2024, the Bank staged 8 BCP I tests, 18 BCP II tests and 11 BCP III tests. It also performed 600 self-initiated tests of alarm systems and 152 tests of technical security maintenance systems (the same as in 2023).

The Group calculates and reports the capital requirement for operational risk using the simple approach. The capital requirement for operational risk is calculated as the three-year average of the sum of net interest income and net non-interest income, minus extraordinary income, the result then multiplied with the weight of 15%. Using the said simple approach, the 2024 capital requirement for operational risk totalled EUR 5,607 thousand (2023: EUR 4,005 thousand.

Capital requirements and risk-weighted exposure amounts for the Group's operational risk:

	Relevant indicator			Own funds requirements	Risk exposure amount
	2021	2022	2023		
Banking activities subject to basic indicator approach (BIA)	25,576	28,960	57,594	5,607	70,081

The Bank calculates and reports the capital requirement for operational risk using the simple approach. The capital requirement for operational risk is calculated as the three-year average of the sum of net interest income and net non-interest income, minus extraordinary income, the result then multiplied with the weight of 15%. Using the said simple approach, the Bank's 2024 capital requirement for operational risk totalled EUR 5,479 thousand (2023: EUR 3,899 thousand).

Capital requirements and risk-weighted exposure amounts for the Bank's operational risk:

	Relevant indicator			Own funds requirements	Risk exposure amount
	2021	2022	2023		
Banking activities subject to basic indicator approach (BIA)	24,729	28,179	56,672	5,479	68,487

5.7. Capital management

In managing capital risk, the Group applies the Risk-taking and Risk Management Policy for Capital Risk. Capital risk management in the Group is a collaboration of:
- the Bank's Management Board,
- Risk Committee,
- Supervisory Board,
- all commercial sections in the Group,
- Risk Management Section,
- Financial Management Section,
- various committees (Asset-Liability Committee, Risk Management Committee, Lending Committee, Non-performing Loans Committee, Property Management Committee, Sustainable Development Committee).

With regard to capital risk management and in relation to policies of managing other inherent risks within the Group, the following is adopted and implemented where necessary:
- measures to increase the Group's regulatory capital,
- measures to reduce risk-adjusted items, including measures to improve the quality of credit and market portfolios,
- measures to improve the Group's risk profile, and
- measures to ensure adequate regulatory capital in times of stress.

In addition to calculating capital requirements and regulatory capital, the Group also assesses capital requirements and internal capital. The Risk Management Section conducts a comprehensive internal capital requirements assessment process on an annual basis based on the Methodology for the Internal Capital Adequacy Assessment Process. As part of the ICAAP process, it determines how much internal capital the Group needs to implement its development strategy sustainably and makes an allocation of capital across business sectors. A sufficient level of capital enables the Group to bear its risks, absorb losses and sustainably implement its development strategy, even in prolonged periods of adverse developments. The ICAAP process thus enables continuous control of the risks taken by the Bank according to its capabilities. The process includes assessing capital requirements for identified material risks, determining the risk profile, allocating internal capital and monitoring its use.

Comprehensive stress testing and capital planning are also an important part of the ICAAP process. The objective of regular stress testing is to verify that the Group maintains an adequate level of internal capital even in adverse conditions. Stress tests are carried out in accordance with the Stress Testing Programme and the Stress Testing Scenarios for the purposes of the ICAAP process.

In order to cover unexpected losses that could arise from unforeseen events in its operations, the Group ensures adequate internal capital, which depends on its risk profile at any given time and is in line with its assessment of its capital requirements. Based on the results of the ICAAP process, actions are taken to manage or mitigate risks, as appropriate, to ensure that both regulatory capital and internal capital remain adequate and that the Group achieves appropriate levels of capital ratios. Potential actions that the Bank can take in the event of an identified capital shortfall are set out in the Risk Appetite Framework (RAF). The Bank has identified key risk indicators for all material risks in its Risk Appetite Statement (RAS). The RAS is the Group's main strategic document identifying the aggregate level and types of risks that the Group is willing to take or avoid within its risk-taking capacity to achieve its strategic objectives as defined in its business strategy. For these indicators, it defined an operational value based on the business strategy and risk management strategy, as well as an action value and a limit, which represent the upper limit of exposure to individual risks that the Bank is willing to take within its operations.

The actions taken are aligned with the Risk-taking and Risk Management Strategy and the Bank's risk-taking capacity. Potential actions that the Group may take in the event of an identified capital shortfall are set out in the Stress Testing Programme document.

To ensure appropriate capital risk management in accordance with the devised Group Restoration plan, the Group has laid down an array of quantitative indicators to monitor its operations and the related major Group's risks in key areas that could affect its existence. Yellow and red zone limit values have been set for each indicator, marking the point of commencement for internal processes in line with the Restoration plan. The warning (yellow) limit in the RAS is set above the yellow limit in the Recovery Plan, thus sensibly upgrading the framework for taking and managing risks, including capital risk. Within its competence and powers, the Bank's Asset-Liability Committee monitors, among other things, the equity and capital adequacy of the Bank and Group from a normative aspect, while the Risk Management Committee is responsible for monitoring the capital adequacy of the Bank and Group from an economic aspect.

To monitor capital risk, the Group has selected two indicators, the Common Equity Tier 1 ratio (CET 1) and the OCR overall capital requirement ratio. The indicators are monitored monthly at the Bank's Asset-Liability Committee and the Risk Management Committee, and quarterly at the Bank's Management Board, the Risk Committee, and the Bank's Supervisory Board.

Capital management is a continuous process of determining and maintaining the sufficient scope and quality of capital. The Group must always have at its disposal an adequate amount of capital and capital requirement ratios, which are stipulated by law and depend on the scope and type of services performed by the Group and on the risks the Group is exposed to. In determining the amount and categories of capital, the Group abides by statutory provisions related to capital as stipulated since 1 January 2014 by the Regulation (CRR), the Directive (CRD), EBA guidelines and requirements of the Bank of Slovenia, which the latter prescribes to the Group based on the annual SREP review.

The Group's regulatory capital consists of Tier I and Tier II capital. Under the Regulation, Tier I capital consists of Common Equity Tier I and Additional Tier I capital. The calculation of Common Equity Tier 1 capital is based on: paid capital instruments meeting conditions for inclusion into Common Equity Tier I, share premium, revenue reserves, retained earnings/loss, accumulated other comprehensive income, treasury shares, intangible assets and deferred tax assets associated with future returns and not arising out of temporary differences, as well as special credit risk adjustment or adjustment for prudent valuation of financial assets, and inadequate coverage for non-performing exposures. The following constitute deductions from Common Equity Tier 1 capital: loss, treasury shares, intangible assets and deferred tax assets associated with future returns and not arising out of temporary differences, special credit risk adjustment or adjustment for prudent valuation of financial assets, and inadequate coverage for non-performing exposures.

The Group did not have additional Tier I capital either according to the balance as at 31 December 2024 or as at 31 December 2023.

The Group's Tier II capital consists of subordinated debt (subordinated liabilities with contractual maturities of 5 years and 1 day, or longer). The amount of subordinated debt included into Tier II capital decreases on a straight-line basis over the final five years prior to maturity (i.e. prior to repayment).

Capital may never drop below the amount stipulated by the Regulation (EU) No 575/2013 and must always equal at least the sum of minimum capital requirements as stated in the Regulation.

The table below shows the calculation of the Group's and Bank's capital and capital requirement ratios.

		Group DBS		DBS d. d.	
		2024	2023	2024	2023
COMMON EQUITY TIER I CAPITAL: INSTRUMENTS AND RESERVES					
1	Capital instruments and the related share premium	17,811	17,811	17,811	17,811
	of which: instrument type 1	17,811	17,811	17,811	17,811
2	Retained earnings and revenue reserves	51,571	37,553	51,571	37,553
3	Accumulated other comprehensive income and other reserves	31,617	31,001	31,616	30,997
4	**Common equity tier I capital before regulatory adjustments**	**100,999**	**86,365**	**100,998**	**86,361**
COMMON EQUITY TIER I CAPITAL: REGULATORY ADJUSTMENTS					
5	Additional fair value and credit risk adjustments	(59)	(425)	(79)	(388)
6	Intangible assets (deductions for associated tax liabilities)	(4,417)	(1,049)	(4,328)	(976)
7	Direct and indirect holdings in own common equity tier I capital instruments	(601)	(601)	(601)	(601)
8	Total regulatory adjustments to common equity tier I capital	(5,077)	(2,075)	(5,009)	(1,965)
9	Common equity tier I capital	95,922	84,290	95,989	84,396
10	**TIER I CAPITAL (common equity tier I + additional tier I)**	**95,922**	**84,290**	**95,989**	**84,396**
TIER II CAPITAL: INSTRUMENTS AND PROVISIONS					
11	Capital instruments and the related share premium account	310	711	310	711
12	Tier II capital before regulatory adjustments	310	711	310	711
13	**TIER II CAPITAL**	**310**	**711**	**310**	**711**
14	**TOTAL CAPITAL (tier I + tier II)**	**96,232**	**85,002**	**96,299**	**85,107**
15	Total risk-weighted assets	489,940	434,520	492,711	437,379
CAPITAL RATIOS AND CAPITAL BUFFERS					
16	**Common equity tier I capital** (in %)	**19.58**	**19.40**	**19.48**	**19.30**
17	**Tier I capital** (in %)	**19.58**	**19.40**	**19.48**	**19.30**
18	**Total capital** (in %)	**19.64**	**19.56**	**19.54**	**19.46**
19	Common equity tier I capital that qualifies as capital buffer (in %)	19.58	19.40	19.48	19.30
20	Institution-specific buffer requirement (in %)	3.32	3.33	3.31	3.32
21	of which: capital conservation buffer requirement (in %)	2.50	2.50	2.50	2.50
22	of which: countercyclical capital buffer requirement (in %)	0.50	0.50	0.50	0.50
23	of which: systemic risk buffer requirement (in %)	0.32	0.33	0.31	0.32
24	Direct and indirect equity holdings in financial sector entities where the institution does not have a significant investment (amount below 10% threshold, reduced by permitted short positions)	2,917	2,721	2,917	2,721
25	Direct and indirect equity holdings in common equity tier I capital instruments of financial sector entities where the institution has a significant investment (amount below 10% threshold, reduced by permitted short positions)	0	0	5,243	5,243
26	Deferred tax assets arising out of temporary differences (amount under 10% threshold, reduced by associated tax liabilities if conditions from Article 38(3) are met)	3,039	3,081	3,039	3,081

The Group's regulatory capital as at 31 December 2024 amounted to EUR 96,232 thousand, up EUR 11,230 thousand year-on-year. The quality of capital structure improved at the year-end of 2024 as compared to 2023, the share of equity Tier I capital in the capital structure having increased to 99.7% (from 99.2% in 2023). Total capital requirements at Group level totalled EUR 39,195 thousand at the year-end of 2024, up EUR 4,434 thousand year-on-year. The increase in the Group's own funds requirements for credit risk is mainly due to an increase in retail exposures and corporate exposures. The capital requirement for operational risk increased in 2024 compared to 2023 due to an increase in the basis for its calculation (three-year average of net interest, net fee and commission, dividend income and other operating income) increased.

The OCR overall capital requirement ratio as at 31 December 2024 thus stood at 19.64%, up 0.08 of a percentage point year-on-year. Common equity tier 1 ratio (CET 1) was 19.58% as at 31 December 2024, up 0.18 of a percentage point year-on-year.

Given the Group's internal capital adequacy assessment established in the ICAAP process, the reported capital requirement ratio is considered appropriate for managing the risk of potential losses. The Group will continue to ensure an adequate amount of capital to sustain its normal operations in the future. As part of the SREP process, the Bank of Slovenia imposed minimum capital requirement ratios for the Group for 2024, namely the overall capital requirement ratio together with the P2G capital guideline[1] in the amount of 14.00%, which is increased by the systemic risk buffer[2] (this changes monthly depending on the Group's exposure to individuals), and from 31 December 2023 onwards, it must also comply with the Bank's own countercyclical capital buffer[3]. At the year-end of 2024, the Group met all the capital adequacy ratios imposed by the Bank of Slovenia.

The Bank's regulatory capital as at 31 December 2024 amounted to EUR 96,299 thousand, up EUR 11,192 thousand year-on-year. The quality of capital structure improved at the year-end of 2024 as compared to 2023, the share of Tier I capital in the capital structure having increased to 99.7% (from 99.2% in 2023). Total capital requirements at the level of the Bank totalled EUR 39,417 thousand at the year-end of 2024, up EUR 4,427 thousand year-on-year. The increase in the Bank's own funds requirements for credit risk is mainly due to an increase in corporate exposures and retail exposures. The capital requirement for operational risk increased in 2024 compared to 2023 due to an increase in the basis for its calculation (three-year average of net interest, net fee and commission, dividend income and other operating income) increased.

The OCR overall capital requirement ratio as at 31 December 2024 thus stood at 19.54%, up 0.08 of a percentage point year-on-year. Common equity tier 1 ratio was 19.48% as at 31 December 2024, up 0.18 of a percentage point year-on-year.

As part of the SREP process, the Bank of Slovenia imposed no minimum capital requirement ratios for the Bank for 2024 but only imposed these ratios at the Group level.

As at 31 December 2024, the Bank's equity holdings in financial sector entities where it had a significant investment (100% of capital), were DBS Leasing d. o. o. and DBS Nepremičnine d. o. o. The equity investment in DBS Leasing totalled EUR 3,720 thousand as at 31 December 2024 (the same as at the previous year-end); consistent with Article 49(2) of the Regulation it was not deduced from capital but was included in the calculation of the capital requirement for credit risk. The equity investment in DBS Nepremičnine d. o. o. totalled EUR 1,523 thousand as at 31 December 2024 (the same as at the previous year-end). Consistent with the provisions of Article 4(1) and 4(18) of the Regulation, DBS Nepremičnine d. o. o. is considered an ancillary services undertaking and therefore one of the financial sector entities under Article 4(1) and 4(27c) of the same. In the calculation of capital and capital requirements for credit risk, Article 49(2) of the Regulation applies to DBS Nepremičnine d. o. o. the same as to DBS Leasing d. o. o.

[1] Pillar 2 Guidance.
[2] 1% for all retail exposures to individuals secured by residential property and 0.50% for all other exposures to individuals.
[3] Own countercyclical capital buffer, which amounts to 0.50% for exposures in the Republic of Slovenia from 31 December 2023 onwards.

The table below shows the balancing of the Group's items of capital with its financial statements.

Code	Items	Prudential consolidation 2024	Inclusion into calculation of capital for the purpose of CA as at 31 December 2024	Explanation from Regulation 575/2013
1	Cash, balances at central banks, and sight deposits at banks	491,822		
2	Financial assets held for trading	0	0	deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
3	Financial assets measured at fair value through other comprehensive income	58,716	(59)	deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
4	Financial assets measured at amortised cost	995,953		
	- Debt securities	138,734		
	- Loans to banks	0		
	- Loans to customers	854,346		
	- Other financial assets	2,873		
5	Tangible assets	24,381		
	- Property, plant and equipment	11,949		
	- Investment property	12,432		
6	Intangible assets	4,417	(4,417)	deduction item Article 36 b - fully
7	Income tax assets	3,067		
	- Current tax assets	28		
	- Deferred tax assets	3,039		
	Depending on future profitability and not arising out of temporary differences	0	0	deduction item Article 36 c - 100% of item's value during transitional period
	Depending on future profitability and arising out of temporary differences	3,039		
8	Other assets	1,858		
9	Non-current assets held for sale, and discontinued operations	0		
10	**TOTAL ASSETS** (from 1 to 9)	**1,580,214**		
11	Financial liabilities held for trading	0		deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
12	Financial liabilities measured at amortised cost	1,457,035		
	- Deposits by banks and central banks	1,312		
	- Deposits by customers	1,451,074	310	included on the basis of Articles 62 and 63
	- Other financial liabilities	4,649		
13	Provisions	2,305		
14	Income tax liabilities	2,003		
	- Current tax liabilities	1,749		
	- Deferred tax liabilities	254		
15	Other liabilities	6,422		
16	**TOTAL LIABILITIES** (from 11 to 15)	**1,467,765**		
17	Share capital	17,811	17,811	fully included; Article 26
18	Share premium	31,257	31,257	fully included; Article 26
19	Accumulated other comprehensive income	360	360	fully included; Article 26
	From non-government equities	(19)		
	Other revaluation surpluses	(238)		
20	Revenue reserves	48,966	48,966	fully included; Article 26
21	Treasury shares	(601)	(601)	deduction item, Article 36 f - fully
22	Retained earnings (including profit/loss for the year)	14,656		
	- Retained earnings	3,077	2,605	the Bank's retained earnings are included following the decision of General Meeting; Article 26
	- Profit for the period	11,579		conditions for inclusion not yet met
23	**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** (from 17 to 22)	**112,449**		
24	TOTAL EQUITY (23)	112,449		
25	**TOTAL EQUITY AND LIABILITIES** (16 + 24)	**1,580,214**	**96,232**	**Regulatory capital (sum of capital from SFP)**
			0	deduction item Article 26(2) and Delegated Regulation No 183/2014
			96,232	**Regulatory capital**

The table below shows the balancing of the Bank’s items of capital with its financial statements.

Code	Items	2024	Inclusion into calculation of capital for the purpose of CA as at 31 December 2024	Explanation from Regulation 575/2013
1	Cash, balances at central banks, and sight deposits at banks	491,821		
2	Financial assets held for trading	0	0	deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
3	Financial assets measured at fair value through other comprehensive income	58,716	(59)	deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
4	Financial assets measured at amortised cost	991,303		
	- Debt securities	138,734		
	- Loans to banks	0		
	- Loans to customers	850,863		
	- Other financial assets	1,706		
5	Long-term equity participation in subsidiaries, associates and joint ventures	5,243	(5)	deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
6	Tangible assets	24,270		
	- Property, plant and equipment	11,838		
	- Investment property	12,432		
7	Intangible assets	4,328	(4,328)	deduction item Article 36 b - fully
8	Income tax assets	3,039		
	- Current tax assets	0		
	- Deferred tax assets	3,039		
	Depending on future profitability and not arising out of temporary differences	0	0	deduction item Article 36 c - 100% of item's value during transitional period
	Depending on future profitability and arising out of temporary differences	3,039		
9	Other assets	670		
10	**TOTAL ASSETS** (from 1 to 9)	**1,579,390**		
11	Financial liabilities held for trading	0	0	deduction item Article 34 - additional value adjustments, 0.1% of carrying amount
12	Financial liabilities measured at amortised cost	1,457,312		
	- Deposits by banks and central banks	1,312		
	- Deposits by customers	1,451,418	310	included on the basis of Articles 62 and 63
	- Other financial liabilities	4,582		
13	Provisions	2,235		
14	Income tax liabilities	1,873		
	- Current tax liabilities	1,619		
	- Deferred tax liabilities	254		
15	Other liabilities	6,161		
16	**TOTAL LIABILITIES** (from 11 to 15)	**1,467,581**		
17	Share capital	17,811	17,811	fully included; Article 26
18	Share premium	31,257	31,257	fully included; Article 26
19	Accumulated other comprehensive income	359	359	fully included; Article 26
	From non-government equities	(113)		
	Other revaluation surpluses	(211)		
20	Revenue reserves	48,966	48,966	fully included; Article 26
21	Treasury shares	(601)	(601)	deduction item, Article 36 f - fully
22	Retained earnings (including profit/loss for the year)	14,017		
	Retained earnings	2,605	2,605	fully included, following the decision of General Meeting; Article 26
	Profit for the period	11,412		conditions for inclusion not yet met
23	**TOTAL EQUITY** (from 17 to 22)	**111,809**		
24	**TOTAL EQUITY AND LIABILITIES** (16 + 23)	**1,579,390**	**96,314**	**Regulatory capital (sum of capital from SFP)**
			(15)	deduction item Article 26(2) and Delegated Regulation No 183/2014
			96,299	**Regulatory capital**

5.8. Asset encumbrance

(a) Assets

Group DBS

	2024				2023			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
Assets of the reporting institution	**4,246**	**-**	**1,575,968**	**-**	**4,214**	**-**	**1,410,275**	**-**
Sight deposits	0	-	486,659	-	0	-	365,375	-
Equities	0	0	2,980	2,980	0	0	2,913	2,913
Debt securities	3,007	2,698	191,464	185,892	3,006	2,601	218,601	210,044
Loans and other financial assets other than demand loans	1,239	-	852,234	-	1,208	-	784,216	-
Other assets	0	-	42,631	-	0	-	39,170	-

DBS d. d.

	2024				2023			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
Assets of the reporting institution	**4,246**	**-**	**1,575,144**	**-**	**4,214**	**-**	**1,410,288**	**-**
Sight deposits	0	-	486,659	-	0	-	365,375	-
Equities	0	0	2,980	2,980	0	0	2,913	2,913
Debt securities	3,007	2,698	191,464	185,892	3,006	2,601	218,601	210,044
Loans and other financial assets other than demand loans	1,239	-	847,584	-	1,208	-	780,925	-
Other assets	0	-	46,457	-	0	-	42,474	-

(b) Collateral received

Group DBS

	2024		2023	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of received collateral or own debt securities issued available for encumbrance	Fair value of encumbered collateral received or own debt securities issued	Fair value of received collateral or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**0**	**0**	**0**	**0**
Equity instruments	0	0	0	0
Debt securities	0	0	0	0
Loans and other financial assets other than demand loans	0	0	0	0
Other collateral received	0	0	0	0
Own debt securities issued other than own covered bonds or ABSs	**0**	**0**	**0**	**0**

DBS d. d.

	2024		2023	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of received collateral or own debt securities issued available for encumbrance	Fair value of encumbered collateral received or own debt securities issued	Fair value of received collateral or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**0**	**0**	**0**	**0**
Equity instruments	0	0	0	0
Debt securities	0	0	0	0
Loans and other financial assets other than demand loans	0	0	0	0
Other collateral received	0	0	0	0
Own debt securities issued other than own covered bonds or ABSs	**0**	**0**	**0**	**0**

(c) Encumbered assets/collateral received and related liabilities

Group DBS

	2024		2023	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	0	0	0	0
Other encumbered liabilities	1,239	4,246	1,208	4,214
Total	**1,239**	**4,246**	**1,208**	**4,214**

DBS d. d.

	2024		2023	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	0	0	0	0
Other encumbered liabilities	1,239	4,246	1,208	4,214
Total	**1,239**	**4,246**	**1,208**	**4,214**

(d) Information on the importance of encumbrance

The Group's encumbered assets include investments in debt securities measured amortised cost, and as non-marketable assets (loans to the state). According to the Decision on Liquid Assets for the Purpose of the Bank Liquidation Fund (Official Gazette RS, No. 4/25), a bank must have investments in financial instruments, the so-called liquid investments in the amount as determined for each bank by the Bank of Slovenia, to meet cash requirements for payments in the Bank Liquidation Fund. The volume of formed investments for the purpose of the Bank Liquidation Fund for the Bank amounts to EUR 2,077 thousand. The purpose of the fund is to finance compulsory liquidation measures that may be imposed on the bank by the Bank of Slovenia. As at 31 December 2024, the encumbered assets for the needs of the Bank Liquidation Fund amount to EUR 2,784 thousand. To secure card settlements and other liabilities to Mastercard, the Bank has a guarantee fixed term deposit with HSBC Bank. As at 31 December 2024, the balance of the deposit amounts to EUR 1,240 thousand.

RISK AND CAPITAL MANAGEMENT (disclosures under Pillar 3 of the Basel Accord)

CONTENTS

1. INTRODUCTION

European banks have to disclose many types of information to enable stakeholders a more precise estimate of the risks the banks are exposed to in their operations. Part 8 of the Regulation on Prudential Requirements for Credit Institutions and Investment Firms (Regulation (EU) No 575/2013) provides minimum disclosure requirements for information concerning risk management and capital requirements, and it is directly binding for all member states. Some disclosure requirements do not apply to the Group – because they refer to different approaches to calculating capital requirements, or because they refer to lines of business not conducted by the Group – and therefore they are not included in this report.

In calculating its regulatory capital requirements, the Group uses the following approaches:
- credit risk – standardised approach,
- operational risk – simple approach.

The DBS Group meets the conditions set out in Article 94(1) of the CRR Regulation regarding the small trading book business, and therefore has included the capital requirements for trading book items in the calculation of the capital requirement for credit risk since May 2021.

2. SCOPE OF APPLICATION

Pursuant to the capital requirements legislation, the Group has to disclose information about its risk management and capital management on a consolidated basis. Calculations at Group level are based on prudential consolidation, which includes DBS d. d. and the subsidiaries DBS Leasing d. o. o. and DBS Nepremičnine d. o. o. Subsidiaries are included in prudential consolidation using the full consolidation method.

The table below contains a list of Group companies, their main features and the method of consolidation. More on individual companies is available in the Business Report of the Annual Report under section IV.

Subsidiaries	Business activity	Group's share of voting rights	Registered office	Consolidation method for financial reporting	Prudential consolidation method
DBS Leasing d. o. o.	Finance	100%	Republic of Slovenia	Full	Full
DBS Nepremičnine d. o. o.	Buying and selling of own real estate	100%	Republic of Slovenia	Full	Full

3. CAPITAL REQUIREMENTS, TOTAL RISK EXPOSURE AND KEY METRICS

3.1 Capital requirements and total risk exposure

The group discloses capital requirements and total risk exposure based on Article 438 (d). In calculating its regulatory capital requirements, the Group uses the following approaches:
- credit risk – standardised approach, and
- operational risk – simple approach.

The Bank meets the conditions set out in Article 94(1) of Regulation (EU) No 2019/876 regarding the small trading book business, and therefore includes the capital requirements for trading book items in the calculation of the capital requirement for credit risk.

The capital requirement for individual risks totals 8% of the total exposure to a particular type of risk. The table below shows the breakdown of the Group's individual capital requirements and total risk exposure at the year-ends of 2024 and 2023.

Table: Capital requirements and total risk exposure of The Group (template EU OV1)

		Total risk exposure amounts (TREA)		Total own funds requirements
		2024	2023	2024
1	Credit risk (excluding CCR)	419,858	384,453	33,589
2	Of which the standardised approach	419,858	384,453	33,589
3	Of which the Foundation IRB (F-IRB) approach	0	0	0
4	Of which slotting approach	0	0	0
EU 4a	Of which equities under the simple risk weighted approach	0	0	0
5	Of which the Advanced IRB (A-IRB) approach	0	0	0
6	Counterparty credit risk - CCR	0	0	0
7	Of which the standardised approach	0	0	0
8	Of which internal model method (IMM)	0	0	0
EU 8a	Of which exposures to a CCP	0	0	0
EU 8b	Of which credit valuation adjustment - CVA	0	0	0
9	Of which other CCR	0	0	0
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	0	0	0
17	Of which SEC-IRBA approach	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA approach	0	0	0
EU 19a	Of which risk weight 1 250% / deduction	0	0	0
20	Position, foreign exchange and commodities risks (Market risk)	0	0	0
21	Of which the standardised approach	0	0	0
22	Of which IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	70,081	50,067	5,607
EU 23a	Of which basic indicator approach	70,081	50,067	5,607
EU 23b	Of which standardised approach	0	0	0
EU 23c	Of which advanced measurement approach	0	0	0
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	489,940	434,520	39,195

The total exposure amount increased by 12.8 percentage points in 2024 compared to 2023 due to an increase in credit risk exposure and an increase in operational risk exposure. The increase in credit risk exposure was 9.2 percentage points. The largest increase arises from an increase in corporate and retail exposures.

However, operational risk exposure increased by 40 percentage points in 2024 compared to 2023 due to an increase in the basis for its calculation (three-year average of net fee and commission, net interest income, dividend income and other operating revenues).

3.2 Key metrics

In accordance with Article 447 of Part 8 of CRR, the Group discloses the key metrics disclosed in Template EU KM1. The Group calculates capital and capital requirement ratios pursuant to the legislation. The detailed requirements of the Bank of Slovenia and the actual calculations for the Group for 2024 are shown in the table below. In 2024, the Group met the regulatory requirements for capital ratios, leverage ratio and buffers (capital conservation buffer, systemic risk buffer and the Group's own countercyclical capital buffer).

Table: Key metrics template (template EU KM1)

		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	95,922	84,480	83,802	83,264	84,291
2	Tier 1 capital	95,922	84,480	83,802	83,264	84,291
3	Total capital	96,232	84,891	84,314	83,876	85,002
	Risk-weighted exposure amounts					
4	Total risk exposure amount	489,940	493,534	478,810	462,379	434,520
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.58	17.12	17.50	18.01	19.40
6	Tier 1 ratio (%)	19.58	17.12	17.50	18.01	19.40
7	Total capital ratio (%)	19.64	17.20	17.61	18.14	19.56
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.000	3.000	3.000	3.000	3.250
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.688	1.688	1.688	1.688	1.828
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.250	2.250	2.250	2.250	2.437
EU 7d	Total SREP own funds requirements (%)	11.000	11.000	11.000	11.000	11.250
	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	0.50	0.50	0.50	0.50
EU 9a	Systemic risk buffer (%)	0.32	0.31	0.32	0.32	0.33
10	Global Systemically Important Institution buffer (%)	0.00	0,00	0.00	0.00	0.00
EU 10a	Other Systemically Important Institution buffer (%)	0.00	0.00	0.00	0.00	0.00
11	Combined buffer requirement (%)	3.32	3.31	3.32	3.32	3.33
EU 11a	Overall capital requirements (%)	14.32	14.31	14.32	14.32	14.58
12	CET1 available after meeting the total SREP own funds requirements (%)	8.64	6,20	6.61	7.14	8.31
	Leverage ratio					
13	Total exposure measure	1,609,526	1,594,404	1,535,053	1,536,319	1,447,235
14	Leverage ratio (%)	5.96	5.3	5.46	5.42	5.82

		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
	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)					
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					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	618,264	592,554	544,700	501,411	456,362
EU16a	Cash outflows - Total weighted value	158,537	146,399	132,248	120,511	114,652
EU16b	Cash inflows - Total weighted value	8,167	7,380	6,856	6,117	6,574
16	Total net cash outflows (adjusted value)	150,370	139,019	125,392	114,394	108,770
17	Liquidity coverage ratio (%)	411.16	426.24	434.40	438.32	419.56
	Net Stable Funding Ratio					
18	Total available stable funding	1,310,780	1,281,515	1,266,571	1,253,092	1,193,144
19	Total required stable funding	666,832	647,321	638,681	634,735	648,428
20	NSFR ratio (%)	196.57	197.97	198.31	197.42	184.01

As at 31 December 2024, the Group's total capital ratio (OCR) was 19.64% and the common equity ratio (CET 1) was 19.58%. Compared to 31 December 2023, the OCR and the CET 1 increased by 0.08 and 0.18 percentage points, respectively. Capital adequacy ratios increased as the percentage growth in regulatory capital was higher than the percentage growth in total risk exposure.

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You Tube: https://www.youtube.com/@dezelnabankaslovenije

BRANCH NETWORK

NAME	ADDRESS	TELEPHONE
Deželna banka Slovenije d. d. Branch Unit Central Slovenia	Kolodvorska ulica 9, 1000 Ljubljana, Slovenia	00386 1 472 72 28
Branches: Ljubljana (headquarters and branch), Ljubljana-Barje, Domžale, Medvode, Litija, Izlake, Zagorje ob Savi, Vrhnika, Grosuplje, Logatec, Dobrova, Cerknica, Kranj, Lesce, Srednja vas v Bohinju, Cerklje, Kamnik, Gorenja vas, Škofja Loka.		
Deželna banka Slovenije d. d. Branch Unit Podravje	Ulica Eve Lovše 15, 2000 Maribor	00386 2 330 28 53
Branches: Maribor, Rače, Slovenska Bistrica, Lenart, Ptuj, Markovci, Ormož, Slovenj Gradec, Dravograd, Radlje, Prevalje.		
Deželna banka Slovenije d. d. Branch Unit Pomurje	Staneta Rozmana 11a, 9000 Murska Sobota	00386 2 521 49 05
Branches: Murska Sobota, Lendava, Cankova, Ljutomer, Križevci, Gornja Radgona, Apače, Sv. Jurij ob Ščavnici.		
Deželna banka Slovenije d. d. Branch Unit Celje	Kocbekova 5, 3000 Celje	00386 3 425 13 61
Branches: Celje, Laško, Slovenske Konjice, Vojnik, Žalec, Vransko, Braslovče, Šentjur, Šmarje pri Jelšah, Imeno, Šoštanj, Velenje, Mozirje, Ljubno ob Savinji, Gornji Grad.		
Deželna banka Slovenije d. d. Branch Unit Primorska	Tolminskih puntarjev 2, 5000 Nova Gorica	00386 5 330 36 90
Branches: Koper, Kozina, Sežana, Dutovlje, Komen, Ilirska Bistrica, Nova Gorica, Tolmin, Kobarid, Idrija, Postojna, Pivka.		
Deželna banka Slovenije d. d. Branch Unit Dolenjska	Novi trg 9, 8000 Novo mesto	00386 7 393 51 83
Branches: Novo mesto, Šentjernej, Črnomelj, Metlika, Ivančna Gorica, Brežiče, Krško, Kočevje, Ribnica, Velike Lašče, Škocjan.		