Biser Topco Group

Disclosures
June 2020

(Under Pillar 3)

CONTENT

1 Introduction

In accordance with Part 8 of Regulation (EU) No. 575/2013 of the European Parliament and the European Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR), together with its revisions (hereinafter: the Regulation), and the EBA Guidelines (EBA/GL/2016/11) on the disclosure of information referred to in Part 8 of the Regulation, Nova KBM d.d. (hereinafter also „the Bank“ or „Parent bank“) is obliged to disclose essential information that would, if released or misstated, change or affects an assessment or decision of the user using this information to make business decisions. The laws allow a possibility for the liable person not to disclose information that has a characteristic of confidential information or business secret.

Nova KBM is owned by a financial holding company, Biser Bidco S.à r.l. In accordance with Article 13 of the CR Regulation, institutions owned by an EU parent financial holding company meet the obligations referred to in Part Eight of the CR Regulation at their consolidated financial position where it is also relevant at the sub-consolidated position. Consequently, data in the document are disclosed at the Biser Topco Group level, and where relevant, also at the Nova KBM Group level. Disclosures are prepared as at 30 June 2020 by Nova KBM d.d., the largest financial institution in the Biser Topco Group. Biser Topco S.à r.l. and Biser Bidco S.à r.l. are holding companies established to acquire an equity stake in Nova KBM. None of the companies perform licensed and commercial activities that would lead to additional exposure to risks. Both companies generate only costs that are appropriate for holding companies. With a purpose to ensure compliance with the legislation, the Bank has incorporated risk management at the Biser Topco Group level into its methodologies, policies and strategies.

Nova KBM (as the parent company of the Nova KBM Group) was privatised in 2016. The process of sale was concluded on 21 April 2016, when the Republic of Slovenia sold its 100-percent equity share to Biser Bidco S.à r.l., which is 100-percent owned by Biser Topco S.à r.l. The company Biser Topco S.à r.l. is a joint venture founded by Apollo, holding an 80-percent equity share, and EBRD, holding a 20-percent equity share.

The presented Pillar 3 Disclosures cover the **Nova KBM d.d. and entities of Biser Topco Group**, **including Abanka d.d.,** which was acquired as of **5 February 2020**. Therefore, terms “Nova KBM Group”, “Biser Topco Group” or “the Group” refer to the combined, including Abanka, information disclosed in this document. On 20 June 2019, Nova KBM concluded a Share purchase agreement with the Republic of Slovenia represented by the Slovenian Sovereign Holding, d.d., for the purchase of a 100-percent interest in Abanka d.d. On January 30th, 2020, Nova KBM d.d. received the regulatory approval by European Central Bank to acquire a direct qualifying holding in Abanka d.d. (“Abanka”). Following such regulatory permission, on 5 February 2020, Nova KBM d.d. closed the purchase of Abanka and acquired 100% of Abanka's shares, and the latter became a member of the Nova KBM Group. On 15 March 2020 the Nova KBM d.d. submitted the Request for authorization for the merger of Abanka into Nova KBM d.d. to the Bank of Slovenia. The regulatory authorization for merger was received on 5 August 2020. On the basis of the received approval, Abanka d.d. will be legally merged with Nova KBM d.d. on 1 September 2020. The two banks will then form the second largest, systemically important, bank in Slovenia.

In relation to the merger with Abanka, Nova KBM d.d. received the regulatory permission from the European Central Bank for the inclusion of interim period net profits including negative goodwill as accounted in Profit & Loss Statement as of 31 January 2020 in Common Equity Tier 1 (“CET1”) capital calculation on 14 July 2020. Therefore, it is already included in capital calculations in 2020.

The Coronavirus pandemic

In order to ensure that these Disclosures reflect the up-to-date information on the current status of the Group, the evolution of the Coronavirus pandemic and the measures taken by the Government of the Republic of Slovenia to combat the spread of the virus that are being implemented have been taken into account. It is clear that the pandemic had and will continue to have a significant impact on the economy of Slovenia and those of its major trading partners in the European Union and beyond. The Bank is closely monitoring the outlook of the economic environment in relation to Coronavirus impacts and its impacts on the Combined Group performance, capital and liquidity position. In light of the current situation the management of the Bank presented the reforecast of the Combined Group business plan for 2020 – 2022 to the regulators in the Abanka merger application, taking into account its assessment of the estimated impacts of the Coronavirus crisis on the Group's performance.

The Bank expects an impact of the Coronavirus crisis on the quality of the loan portfolio and an increase in the level of NPE to be visible in the coming months and quarters. It is likely that the combination of the State‘s intervention measures, including that which allows for up to a 12-month moratorium for eligible borrowers, the weakening of the portfolio will not likely be demonstrated in the form of immediate delinquency. The Bank has adjusted the macroeconomic scenarios used in the forward-looking information (FLI) in its ECL calculations in the second quarter of 2020, effective from 30 June 2020 onwards. The impact of the adjustment is the recognition of 14 million EUR in additional provisions. Further deterioration of the credit portfolio may be expected, especially in industries (tourism, automotive supply) that are most affected by the COVID-19.

In a response to the Coronavirus crisis and in order to better manage the capital and liquidity position, the Bank designed a dedicated report (i.e. the Liquidity Dashboard) covering key liquidity and capital measures, focusing specifically on cash balances, utilization of undrawn facilities, valuation of the treasury portfolio, capital position under various assumptions and key transaction metrics (i.e. call center statistics, ATM usage, on-line volumes). The Bank is, in line with the reporting frequency requirements, providing to the regulators the required COVID-19 related reports, as well as preparing internal reports on moratoria usage, on COVID EWS indicators and other related parameters.

Both capital and liquidity positions remain at adequate levels.

Publication

Nova KBM included the method, frequency and verification of disclosing essential information in its Disclosure Policy. According to available options, Nova KBM has chosen to publish disclosures in a separate document, in which it took its position against each disclosure in line with the Regulation. The Bank discloses most of the information in its Annual Report, in accordance with the requirements of the legislation and International Financial Reporting Standards. The Bank has not duplicated any of the disclosures that make an integral part of the Annual Report and are required by the Regulation at the same time, but included in this document a reference to a specific disclosure in the Annual Report.

Disclosure of information

This document aims at disclosing information under the Pillar 3 supervisory requirements. In this context, the Bank followed the provisions of the CRR Regulation (575/2013), Directive (EU) No 2013/36 (hereinafter: the Directive) and the Guidelines on Disclosure Requirements under Part 8 of the Regulation as well as other guidelines defining disclosure requirements (Guidelines on Remuneration Policies, Guidelines on non-performing and forborne exposures, etc.) (hereinafter: the Guidelines).

In this document, the Group does not disclose any Group-irrelevant disclosures.

Audit

Disclosures of the Group are not audited. In accordance with its Disclosure Policy, the Group has internal controls and procedures in place to ensure the correctness of disclosed information.

2 Highlights

The Nova KBM and Biser Topco Group must, on the basis of ECB's legislation rules (CRR, CRD), fulfil the:

- minimum capital requirements, comprised of:
  - Common Equity Tier 1 capital requirements of 4,5%
  - Total Tier 1 capital requirements of 6,0%
  - Total capital requirements of 8,0%
- prudential / supervisory capital requirements, comprised of:
  - Pillar 2 requirement (P2R)
  - Pillar 2 guidance (P2G)
  - Overall capital buffer requirements.

The combined minimum and prudential capital requirements represent the total supervisory capital requirement – TSCR, combined minimum, prudential and buffer requirements represent the overall capital requirements the Group must fulfil. Additionally, the Group must also fulfil the P2G requirement, which is required to be met by Common Equity Tier 1 ratio (CET1 ratio). The Group fulfils all requirements imposed by the legislation or supervisory authorities. The table below presents the capital requirements at the Biser Topco Group level (excluding P2G), including the pre-COVID 19 and post-COVID 19 capital related measures of ECB. The Biser Topco Group's regulatory capital requirements and buffers prevail on the Combined Group level. Therefore, after the purchase of Abanka, the SREP requirements of the Nova KBM are the only relevant ones.

Table 1: Regulatory capital requirements and buffers of the Biser Topco Group

	30/06/2020		**31/12/2019**
	pre-COVID 19 measures	post-COVID 19 measures***	
Minimum requirements according to CRR	**8,00 %**	**8,00 %**	**8,00 %**
Common equity Tier 1 capital ratio (CET1 ratio)	4,50 %	4,50 %	4,50 %
Additional Tier 1 capital ratio (AT1 ratio)	1,50 %	1,50 %	1,50 %
Additional capital ratio (T2 ratio)	2,00 %	2,00 %	2,00 %
Pillar 2 SREP requirement (*P2R)	**3,00 %**	**3,00 %**	**3,50 %**
Total capital SREP requirement (TSCR)	**11,00 %**	**11,00 %**	**11,50 %**
Common equity Tier 1 capital ratio (CET1 ratio)	7,50 %	6,19 %	8,00 %
Additional Tier 1 capital ratio (AT1 ratio)	1,50 %	2,06 %	1,50 %
Additional capital ratio (T2 ratio)	2,00 %	2,75 %	2,00 %
Capital buffer requirements	**2,50 %**	**0,00 %**	**2,52 %**
Capital conservation buffers (CCoB)	2,50 %	0,00 %	2,50 %
Countercyclical buffer (CCyB)	0,00 %	0,00 %	0,02 %
Other systemically important banks buffer (**OSIB)	0,00 %	0,00 %	0,00 %
Overall capital SREP requirement (OCR)	**13,50 %**	**11,00 %**	**14,02 %**
Common equity Tier 1 capital ratio (CET1 ratio)	10,00 %	6,19 %	10,52 %
Additional Tier 1 capital ratio (AT1 ratio)	1,50 %	2,06 %	1,50 %
Additional capital ratio (T2 ratio)	2,00 %	2,75 %	2,00 %

*Early 'CRD V' implementation in relation to coverage of P2R requirement in 2020.
** OSIB of 0,25% is binding on NKBM Group level only.
*** Provided for informational purposes, if the Group were to take advantage of the published relief measures.

The following table provides a high-level presentation of the total regulatory capital, risk weighted assets (RWA) and capital adequacy ratios of Biser Topco Group as at the end of June 2020 in comparison to the end of December 2019.

In comparison to the end of December 2019, the total regulatory capital of the consolidated Group is higher by 211 million EUR primarily due to:

- the inclusion of the interim profit for the one month ended 31st January 2020 in the amount of 194,1 million EUR as a result of the acquisition of Abanka, as approved by the Board of Managers of Biser Topco S.â.r.l. on 15th April 2020, and as permitted by the ECB on 14th July 2020;
- the inclusion of the remaining net profit for the period ended 31 December 2019 in the amount of 5,1 million EUR as approved by the General Assembly of Nova KBM d.d. on 30th April 2020;
- higher Tier 2 capital eligibility on the Biser Topco Group level, primarily resulting from the increase in RWA of the Group. The basis for calculation is CRR Article 87.

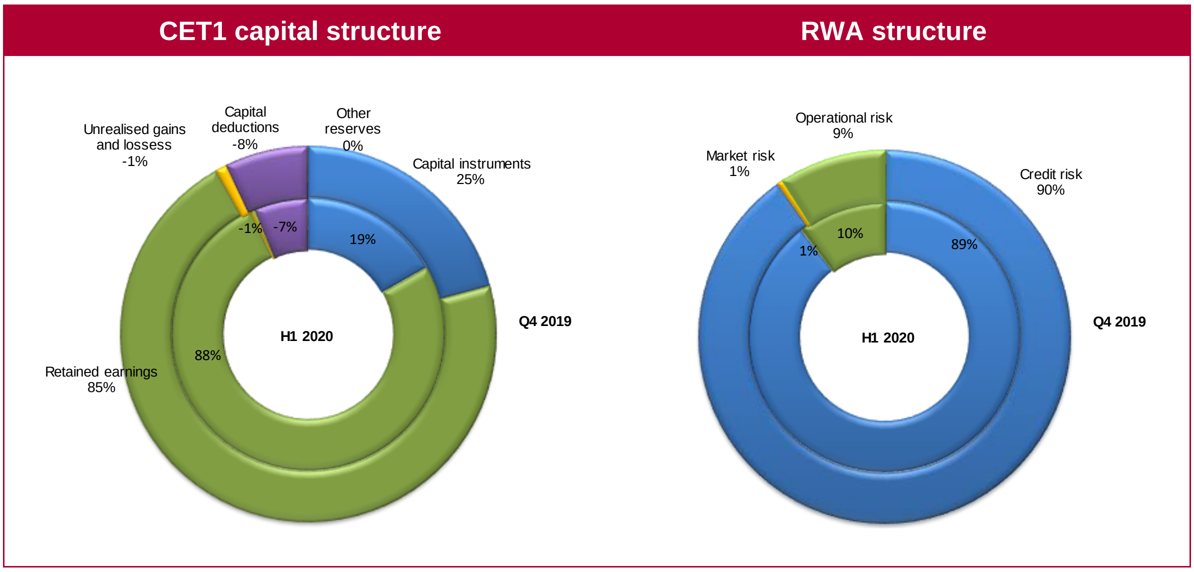
The RWA is higher by 2.045 million EUR, primarily due the acquisition of Abanka referred to above and presented in Chapter 1 of this document.

Table 2: Summary of Biser Topco Group's indicators

		€000
	30.06.2020	**31.12.2019**
Risk weighted assets (RWA)	4.981.631	2.936.340
Credit risk	4.455.751	2.650.553
Market risk	18.947	19.534
Operational risk	506.933	266.253
Regulatory capital		
Common Equity Tier 1 capital ratio (CET 1)	903.387	708.849
Additional Tier 1 capital (AT1)	903.387	708.849
Tier 2 capital (T2)	69.983	53.718
Total regulatory capital	973.370	762.567
Capital adequacy ratios		
Common Equity Tier 1 capital ratio (CET 1)	18,13%	24,14%
Tier 1 capital ratio (AT1)	18,13%	24,14%
Total capital adequacy ratio (CAR)	19,54%	25,97%
Capital buffers	2,50%	2,52%
Leverage ratio	9,51%	13,29%
Total assets	8.991.878	5.105.892
Shareholder's capital	977.033	780.719

The data presented above are additionally visualised in the figure below.

Figure 1: Biser Topco Group's CET1 capital and RWA structure H1 2020 / Q4 2019



3 Own funds

This Chapter defines disclosure requirements required by Article 437(1) of Part Eight of CRR and specified in Commission implementing regulation (EU) No 1423/2013 of 20 December 2013.

3.1 Information about 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 35, 36, 56, 66 and 79 of the Regulation relating to own funds of the institution and the balance sheet in the audited financial statements of the institution

(Article 437(1.a) of the Regulation)

The scope of the consolidation and the method used to consolidate the statement of financial position are the same as the scope and the method of consolidation set out in Chapter 2, Part One, Title II of the Regulation. The same entities are included in both consolidation methods.

The Group's regulatory capital is comprised of Common Equity Tier 1 capital (CET1 capital) and Tier 2 capital (T2 capital). The table below shows the difference between the Group's shareholder's capital and the regulatory capital as at 30 June 2020. The drivers of changes in regulatory capital are presented in Chapter 2 of this document.

The reconciliation between the Group's shareholders capital reported in balance sheet and the regulatory capital reported for regulatory purposes is presented in the table below.

Table 3: Reconciliation of regulatory capital items and the shareholders capital

	€000	30/6/2020	
		Biser Topco Group	**Nova KBM Group**
1	**Shareholders capital**	**977.033**	**979.177**
2	Share Capital	2.008	150.000
3	Share premium	174.830	403.302
4	Other capital instruments	1.014	0
5	Revaluation reserves	(5.374)	7.407
6	Translation reserves	0	0
7	Reserves from profit	271	20.228
8	Retained earnings/(losses	610.960	193.762
9	Net profit/loss for the financial year	193.323	204.478
10	Non-controlling interest	0	0
12	**Subordinated liabilities**	**69.983**	**90.400**
13	**Adjustments**	**(73.646)**	**(66.717)**
14	Share premium	0	0
15	Other capital instruments	(1.699)	0
16	Intangible assets	(37.616)	(37.616)
17	Non-controlling interest	0	0
18	Less interim profit of year 2020	0	(561)
19	Less profit of year 2018 w/o approval for incl. in CET1	(5.000)	0
20	Differed tax assets	(21.560)	(20.415)
21	Other deductions	(7.771)	(8.126)
22	**Regulatory capital (1+12-13)**	**973.370**	**1.002.860**

3.2 Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution

(Article 437 (1.b) of the Regulation)

The table below presents the data on equity instruments of the Biser Topco Group and the Nova KBM Group. The disclosure is provided on the basis of technical standards with regard to disclosure of own funds requirement (Commission Implementing Regulation (EU) No 1423/2013).

Capital instruments of Biser Topco Group and Nova KBM Group are comprised of the paid–in capital (equities) and the share premium (capital reserves). Capital instruments without ECB's permissions are not included in the CET1 or Tier 2 capital.

Table 4: Main features of the Nova KBM Group's capital instruments

	Capital instruments main features template			
		Common equity Tier 1 capital		**Tier 2 (T2) capital**
1	Issuer	**Biser Topco S.à r.l.**	**Nova KBM d.d.**	NOVA KREDITNA BANKA MARIBOR d.d.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	/	SI0021116494	Identifier: KBM11, ISIN: SI0022103897
3	Governing law(s) of the instruments	Luxembourg, in the law on commercial companies of 1915, as amended	ZGD, ZTFI, ZNVP, ZBAN	ZBAN, BS decision
	Regulatory treatment	CRR	CRR	CRR
	Regulatory treatment			
4	Transitional CRR rules	Common equity Tier 1 capital	Common equity Tier 1 capital	Tier 2 (T2) capital
5	Post transitional CRR rules	Common equity Tier 1 capital	Common equity Tier 1 capital	Tier 2 (T2) capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated	Consolidated	Solo and sub-consolidated	At solo (Nova KBM's), sub-consolidated (Nova KBM's), and consolidated (at Biser Topco S.à r.l. level) levels, as an instrument of Tier 2 capital in accordance with Article 63 of Regulation (EU) no 575/2013 (*Capital Requirements Regulation – „CRR"*)
7	Instrument type (to be specified by each jurisdiction)	Common equity Tier 1 capital	Common equity Tier 1 capital	Additional Tier 1 (AT1) capital
8	Amount recognised in the regulatory capital (€ million; as of the most recent reporting date)	€176 million	€553 million	€90.4 million at solo, sub-consolidated, and €70,0 million at consolidated basis
9	Nominal amount of instrument	Share: €2,0 million Share premium: €174,1 million	Share: €150 million Share premium: €403 million	€90,4 million
9a	Issue price	Share: €1 per share; share premium: €100,85 per share	€87 per share	€90,4 million (€0,1 million per bond)
9b	Redemption price	N/A	N/A	Bond's principal (€0,1 million) and accrued but unpaid interest on the principal by (excluding)

Capital instruments main features template				
		Common equity Tier 1 capital		Tier 2 (T2) capital
				the maturity date (or in the case of early redemption by the (excluding) date set for redemption)
10	Accounting classification	Equity	Equity	Financial liabilities
11	Original date of issuance	13/04/2016	19/12/2013	09/10/2019
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	N/A	N/A	09/10/2029
14	Issuer call subject to prior supervisory approval	N/A	N/A	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	N/A	The issuer may, with prior notice, redeem the bonds in full in advance, but not in instalments, in the amount payable, at any time on or after the fifth anniversary of the bond issue date. The amount payable on the bond is equal to the principal of such bond, together with accrued and unpaid interest on the principal by (excluding) the redemption date
16	Subsequent call dates, if applicable	N/A	N/A	See item 15 above
Coupons/dividends				
17	Fixed or floating dividend/coupon	N/A	N/A	By (excluding) 09/10/2024 fixed interest rate applies for bonds; since 09/10/2024, floating interest rate applies for bonds.
18	Coupon rate and any related index	N/A	N/A	Fixed: 4% p.a. Floating: annual swap rate (expressed in percent) for swap transactions in EUR with a maturity of five years + 4.4% p.a.
19	Existence of a dividend stopper	N/A	N/A	No
20a	Full discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	Mandatory
20b	Full discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	Mandatory
21	Existence of step up or other incentive to redeem	N/A	N/A	No
22	Non-cumulative or cumulative	N/A	N/A	Non-cumulative
23	Convertible or non-convertible	N/A	N/A	Non-convertible[1]

[1]Note: Given that bonds are instruments of additional capital, substitutability and/or partial write-offs are possible in accordance with applicable law – (i) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010, and (EU) No 648/2012 of the European Parliament and of the Council (*Directive on banks recovery and resolution*); (ii) Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010; and (iii) the Resolution and Compulsory Winding-Up of Banks Act.

Capital instruments main features template				
		Common equity Tier 1 capital		Tier 2 (T2) capital
24	If convertible, conversion trigger(s)	N/A	N/A	/[2]
25	If convertible, fully or partially	N/A	N/A	/[3]
26	If convertible, conversion rate	N/A	N/A	/[4]
27	If convertible, mandatory or optional conversion	N/A	N/A	/[5]
28	If convertible, specify instrument type convertible into	N/A	N/A	/[6]
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	/[7]
30	Write-down features	N/A	N/A	/[8]
31	If write-down, write-down trigger(s)	N/A	N/A	/[9]
32	If write-down, full or partial	N/A	N/A	/[10]
33	If write-down, permanent or temporary	N/A	N/A	/[11]
34	If temporary write-down, description of write-up mechanism	N/A	N/A	/[12]
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Ordinary liabilities	Bonds represent direct, unsecured and subordinated liabilities of the Issuer and are considered as Tier 2 instruments In case of ordinary insolvency proceedings (bankruptcy or compulsory liquidation) of the issuer, claims from the bond principal shall be repaid in the following order: (a) upon payment of any present or future claims from: (i) the issuer's unsecured and non-subordinated instruments or liabilities; and (ii) instruments of the issuer's qualifying liabilities in accordance with Article 72b of CRR (b) in the same order (pari passu): (i) mutually; and (ii) with any other current or future receivables from: (x) issuer's Tier 2 instruments; and (y) all other issuer's instruments or liabilities that are or are designated to be repaid in the same order as bonds (except for the issuer's

[2] See Note 1.
[3] See Note 1.
[4] See Note 1.
[5] See Note 1.
[6] See Note 1.
[7] See Note 1.
[8] See Note 1.
[9] See Note 1.
[10] See Note 1.
[11] See Note 1.
[12] See Note 1.

Capital instruments main features template				
		Common equity Tier 1 capital		Tier 2 (T2) capital
				subordinated instruments and liabilities, which are or are designated to be repaid preferentially or subordinately in relation to bonds); and (c) before repayment of all current or future claims from: (i) issuer's additional Tier 1 instruments in accordance with Article 52 of CRR; (ii) issuer's ordinary shares and any other issuer's CET-1 instruments in accordance with Article 28 of CRR; and (iii) any other issuer's subordinated instruments or liabilities, which are or are designated to be repaid after issuer's liabilities from bonds Instrument immediately senior to bonds: Unsecured claims from debt instruments fulfilling certain conditions set out in the ninth item of the second paragraph of Article 207 of the Resolution and Compulsory Winding-Up of Banks Act
36	Non-compliant transitioned features	N/A	N/A	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

N/A — Question not relevant for this instrument

3.3 Description of the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments

(Article 437(1.c) of the Regulation)

With respect to their characteristics, own funds consist of two categories:

- Tier 1 capital, which comprises:
  - Common equity Tier-1 capital
  - Additional Tier-1 capital
- Tier 2 capital, which comprises:
  - Issued subordinated bonds

Common Equity Tier 1 capital comprises of:

- capital instruments (paid-in and share premium),
- retained earnings,
- accumulated other comprehensive income,
- other reserves,
- value adjustments due to the requirements for prudent valuation,
- adjustments to Common Equity Tier 1 capital due to prudential filters, i.e. revaluation surplus
- deductions:

- intangible fixed assets
- deferred tax assets
- and other adjustments to Tier 1 capital.

Neither of the Groups has additional Tier-1 instruments.

All **capital instruments** of Nova KBM Group are eligible for the inclusion in CET1 and T2 capital calculation. Capital instruments of Biser Topco Group in the amount of 0,7 million EUR are not eligible for the inclusion in the CET1 capital calculation and in the amount of 20,4 million EUR in T2 capital calculation on the basis of provisions of CRR Articles 86 and 87.

The Bank issued Tier 2 capital instruments in the amount of 90,4 million EUR acceptable as the additional regulatory capital in 2019. The Bank includes issued equity instruments in the additional capital in the full amount at the level of Nova KBM and the Nova KBM Group, while applying the provisions of Articles 86 and 87 of CRR for the inclusion at the level of the Biser Topco Group. Based on the relevant legislation, the Bank obtained the relevant authorisation of the supervisory authority, the ECB, to include issued Tier 2 capital instruments in the calculation of the regulatory capital.

3.4 Separate disclosure of the nature and amounts of filters and deductions

(Article 437(1.d) of the Regulation)

In 2020, both Groups are disclosing the amount and items of their regulatory capital and capital requirements as at 30 June 2020, in line with the provisions of CRR and on the basis of the technical standards with regard to the disclosure of own funds requirement (Commission Implementing Regulation (EU) No 1423/2013).

The Group is disclosing the following:

(i) Prudential filters used in accordance with Articles 32 to 35

(ii) Deductions in accordance with Articles 36, 56 and 66

(iii) Non-deducted items in accordance with Articles 47, 48, 56, 66 and 79.

Table 5: Biser Topco Group's regulatory capital nature and amounts

€000

Common Equity Tier 1 (CET1) capital: instruments and reserves		(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
1	Capital instruments and the related share premium accounts	176.153	26(1), 27, 28, 29, 26(3), EBA list
	Of which: Paid-in capital instruments	2.008	26(3), EBA list
	Of which: Paid-in capital surplus	174.144	26(3), EBA list
2	Retained earnings	605.960	26(1)c
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	–5.103	26(1)
3a	Funds for general banking risk		26(1)(f)
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase-out from CET1		286(2)
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	193.323	26(2)

	Common Equity Tier 1 (CET1) capital: instruments and reserves	(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**970.333**	**Sum of lines 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	–2.099	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	–37.616	36(1)(b), 37, 472(4)
9	Empty Set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met) (negative amount)	–21.560	36(1)(c), 38, 472(5)
11	Revaluation surplus related to gains or losses on cash flow hedges		33(a)
12	Negative amounts resulting from the calculation of expected loss amounts		36(1)(d), 40, 159, 472(6)
13	Any increase in equity that results from securitised assets (negative amount)		32(1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33(b)
15	Defined-benefit pension fund assets (negative amount)		36(1)(e), 41, 472(7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36(1)(f), 42, 472(8)
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36(1)(g), 44, 472(9)
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount)		36(1)(h), 43, 45, 46, 49(2), and (3), 79, 472(10)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		36(1)(i), 43, 45, 47, 48(1)(b), 49(1) to (3), 79, 470, 472(11)
20	Empty Set in the EU		
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold, net of related tax liability where the conditions in Article 38(3) are met) (negative amount)		36(1)(c), 38, 48(1)(a), 470, 472(5)
22	Amount exceeding the 15 % threshold (negative amount)		48(1)
23	Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36(1)(ii), 48(1)(b), 470, 472(11)
24	Empty Set in the EU		
25	Of which: deferred tax assets arising from temporary differences	0	36(1)(c), 38, 48(1)(a), 470, 472(5)
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	-5.672	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36(1)(j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1) capital**	**–66.946**	Sum of lines 7 to 20a, 21, 22 and 25a to 27
29	**Common equity Tier 1 capital**	**903.387**	**Sum of lines 6, of which line 28 is deducted**

Common Equity Tier 1 (CET1) capital: instruments and reserves		(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	Of which: classified as equity under applicable accounting standards		
32	Of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase-out from AT1		486(3)
34	Qualifying T1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480
35	Of which: instruments issued by subsidiaries subject to phase-out		486(3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0	Sum of lines 30, 33, 34
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52(1)(b), 56(a), 57, 475(2)
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56(b), 58, 475(3)
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount)		56(c), 59, 60, 79, 475(4)
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10 % threshold net of eligible short positions) (negative amount)		56(d), 59, 79, 475(4)
41	Regulatory adjustments applied to AT1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
41a	Residual amounts deducted from AT1 capital with regard to deduction from CET1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472(4), 472(6), 472(8)(a), 472(9), 472(10)(a), 472(11)(a)
41b	Residual amounts deducted from AT1 capital with regard to deduction from T2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013		477, 477(3), 477(4)(a)
41c	Amount to be deducted from or added to AT1 capital with regard to additional filters and deductions required pre-CRR		467, 468, 481
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56(e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	**Sum of lines 37–42**
44	**Additional Tier 1 (AT1) capital**	**0**	**Line 36, of which line 34 is deducted**
45	**Tier 1 capital**	**903.387**	**Sum of lines 29 and 44**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	69.983	62, 63

	Common Equity Tier 1 (CET1) capital: instruments and reserves	(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
47	Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase-out from T2		486(4)
	Public sector capital injections grandfathered until 1 January 2018		483(4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480
49	Of which: instruments issued by subsidiaries subject to phase-out		486(4)
50	Credit risk adjustments		62(c) and (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**69.983**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63(d)(i), 66(a), 67, 477(2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66(b), 68, 477(3)
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66(c), 69, 70, 79, 477(4)
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66(d), 69, 79, 477(4)
56	Regulatory adjustments applied to T2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)		
56a	Residual amounts deducted from T2 capital with regard to deduction from CET1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472(4), 472(6), 472(8)(a), 472(9), 472(10)(a), 472(11)(a)
56b	Residual amounts deducted from T2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013		475, 475(2)(a), 475(3), 475(4)(a)
56c	Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre-CRR		467, 468, 481
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	
58	**Tier 2 (T2) capital**	**69.983**	
59	**Total capital (TC = T1 + T2)**	**973.370**	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
	Of which: ...items not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)		472, 472(5), 472(8)(b), 472(10)(b), 472(11)(b)
	(items to be detailed line by line, e.g. deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)		
	Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts)		475, 475(2)(b), 475(2)(c), 475(4)(b)

	Common Equity Tier 1 (CET1) capital: instruments and reserves	(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
	(items to be detailed line by line, e.g. reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities, etc.)		
	Items not deducted from T2 items (Regulation (EU) No. 575/2013 residual amounts)		477, 477(2)(b), 477(2)(c), 477(4)(b)
	Items to be detailed line by line, e.g. indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities, etc.)		
60	**Total risk-weighted assets**	**4.981.631**	
Capital ratios and buffers			
61	CET1 (as a percentage of risk exposure amount)	**18,13 %**	92(2)(a), 465
62	T1 (as a percentage of risk exposure amount)	**18,13 %**	92(2)(b), 465
63	Total capital (as a percentage of risk exposure amount)	**19,54 %**	92(2)(c)
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	124.541	128, 129 and 130, (CRD)
65	Of which: capital conservation buffer requirement	124.541	
66	Of which: countercyclical buffer requirement	0	
68	CET1 available to meet buffers (as a percentage of risk exposure amount)	973.370	128 (CRD)
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	6.469	36(1)(h), 45, 46, 472(10) 56(c), 59, 60, 475(4) 66(c),69, 70, 477(4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	0	36(1)(i), 45, 48, 470, 472(11)
74	Empty Set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10 % threshold, net of related tax liability where the conditions in Article 38(3) are met)	–2.296	36(1)(c), 38, 48, 470, 472(5)
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 capital in respect of exposures subject to the Standardised Approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 capital under the Standardised Approach		62
78	Credit risk adjustments included in T2 capital in respect of exposures subject to the internal ratings-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 capital under the internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)			

Common Equity Tier 1 (CET1) capital: instruments and reserves		(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
80	Current cap on CET1 instruments subject to phase-out arrangements		484(3), 486(2) and (58)
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)		484(3), 486(2) and (58)
82	Current cap on AT1 instruments subject to phase-out arrangements		484(3), 486(2) and (58)
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)		484(3), 486(2) and (58)
84	Current cap on T2 instruments subject to phase-out arrangements		484(3), 486(2) and (58)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484(3), 486(2) and (58)

Table 6: Nova KBM Group's regulatory capital nature and amounts

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	Common Equity Tier 1 (CET1) capital: instruments and reserves	(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
1	Capital instruments and the related share premium accounts	553.302	26(1), 27, 28, 29, 26(3), EBA list
	Of which: Paid-in capital instruments	150.000	26(3), EBA list
	Of which: Paid-in capital surplus	403.302	26(3), EBA list
2	Retained earnings	193.762	26(1)c
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	27.635	26(1)
3a	Funds for general banking risk		26(1)(f)
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase-out from CET1		286(2)
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	203.918	26(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**978.616**	**Sum of lines 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	–2.099	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	–37.616	36(1)(b), 37, 472(4)
9	Empty Set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met) (negative amount)	–20.415	36(1)(c), 38, 472(5)
11	Revaluation surplus related to gains or losses on cash flow hedges		33(a)
12	Negative amounts resulting from the calculation of expected loss amounts		36(1)(d), 40, 159, 472(6)
13	Any increase in equity that results from securitised assets (negative amount)		32(1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33(b)
15	Defined-benefit pension fund assets (negative amount)		36(1)(e), 41, 472(7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36(1)(f), 42, 472(8)
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36(1)(g), 44, 472(9)
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount)		36(1)(h), 43, 45, 46, 49(2), and (3), 79, 472(10)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		36(1)(i), 43, 45, 47, 48(1)(b), 49(1) to (3), 79, 470, 472(11)
20	Empty Set in the EU		

Common Equity Tier 1 (CET1) capital: instruments and reserves		(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
21	Deferred tax assets arising from temporary differences (amount above 10 % threshold, net of related tax liability where the conditions in Article 38(3) are met) (negative amount)		36(1)(c), 38, 48(1)(a), 470, 472(5)
22	Amount exceeding the 15 % threshold (negative amount)		48(1)
23	Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36(1)(ii), 48(1)(b), 470, 472(11)
24	Empty Set in the EU		
25	Of which: deferred tax assets arising from temporary differences		36(1)(c), 38, 48(1)(a), 470, 472(5)
26	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment	-6.027	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36(1)(j)
28	**Total regulatory adjustments to common equity tier 1 (CET1) capital**	**–66.156**	**Sum of lines 7 to 20a, 21, 22 and 25a to 27**
29	**Common equity Tier 1 capital**	**912.460**	**Sum of lines 6, of which line 28 is deducted**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	Of which: classified as equity under applicable accounting standards		
32	Of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase-out from AT1		486(3)
34	Qualifying T1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480
35	Of which: instruments issued by subsidiaries subject to phase-out		486(3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**	**Sum of lines 30, 33, 34**
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52(1)(b), 56(a), 57, 475(2)
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56(b), 58, 475(3)
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10 % threshold and net of eligible short positions) (negative amount)		56(c), 59, 60, 79, 475(4)
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10 % threshold net of eligible short positions) (negative amount)		56(d), 59, 79, 475(4)
41	Regulatory adjustments applied to AT1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56(e)
43	**Total regulatory adjustments to additional Tier 1 (AT1) capital**	**0**	**Sum of lines 37–42**

Common Equity Tier 1 (CET1) capital: instruments and reserves		(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
44	**Additional Tier 1 (AT1) capital**	**0**	**Line 36, of which line 34 is deducted**
45	**Tier 1 capital**	**912.460**	**Sum of lines 29 and 44**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	**90.400**	62, 63
47	Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase-out from T2		486(4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480
49	Of which: instruments issued by subsidiaries subject to phase-out		486(4)
50	Credit risk adjustments		62(c) and (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**90.400**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63(d)(i), 66(a), 67, 477(2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66(b), 68, 477(3)
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66(c), 69, 70, 79, 477(4)
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66(d), 69, 79, 477(4)
56	Regulatory adjustments applied to T2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No. 575/2013 (i.e. CRR residual amounts)		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	
58	**Tier 2 (T2) capital**	**90.400**	
59	**Total capital (TC = T1 + T2)**	**1.002.860**	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
	Of which: ...items not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)		472, 472(5), 472(8)(b), 472(10)(b), 472(11)(b)
	(items to be detailed line by line, e.g. deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)		
	Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts)		475, 475(2)(b), 475(2)(c), 475(4)(b)
	(items to be detailed line by line, e.g. reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities, etc.)		
	Items not deducted from T2 items (Regulation (EU) No. 575/2013 residual amounts)		477, 477(2)(b), 477(2)(c), 477(4)(b)

	Common Equity Tier 1 (CET1) capital: instruments and reserves	(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
	Items to be detailed line by line, e.g. indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities, etc.)		
60	Total risk-weighted assets	4.992.684	
Capital ratios and buffers			
61	CET1 (as a percentage of risk exposure amount)	**18,28 %**	92(2)(a), 465
62	T1 (as a percentage of risk exposure amount)	**18,28 %**	92(2)(b), 465
63	Total capital (as a percentage of risk exposure amount)	**20,09 %**	92(2)(c)
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	137.299	128, 129 and 130, (CRD)
65	Of which: capital conservation buffer requirement	124.817	
66	Of which: countercyclical buffer requirement	0	
67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	12.482	131 (CRD)
68	CET1 available to meet buffers (as a percentage of risk exposure amount)	**1.002.860**	128 (CRD)
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	6.469	36(1)(h), 45, 46, 472(10) 56(c), 59, 60, 475(4) 66(c),69, 70, 477(4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	0	36(1)(i), 45, 48, 470, 472(11)
74	Empty Set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10 % threshold, net of related tax liability where the conditions in Article 38(3) are met)	–2.296	36(1)(c), 38, 48, 470, 472(5)
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 capital in respect of exposures subject to the Standardised Approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 capital under the Standardised Approach		62
78	Credit risk adjustments included in T2 capital in respect of exposures subject to the internal ratings-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 capital under the internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements		484(3), 486(2) and (58)
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)		484(3), 486(2) and (58)
82	Current cap on AT1 instruments subject to phase-out arrangements		484(3), 486(2) and (58)

Common Equity Tier 1 (CET1) capital: instruments and reserves		(A) AMOUNT 30/06/2020	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)		484(3), 486(2) and (58)
84	Current cap on T2 instruments subject to phase-out arrangements		484(3), 486(2) and (58)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484(3), 486(2) and (58)

3.5 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

(Article 437(1.e) of the Regulation)

Explanations and the data are presented in Table in Chapters 3.1 to 3.3.

3.6 Comprehensive explanation of the basis on which the institution calculates its capital ratios, if the disclosed capital ratios are calculated using elements of own funds determined on the basis other than that laid down in the Regulation

(Article 437(1.f) of the Regulation)

Disclosure does not apply to the Group as the CRR and CRD requirements, with all amendments and supportive legislation, are used to calculate regulatory capital of the Group.

3.7 Disclosure in respect to transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds

(Article 473a of the Regulation)

Disclosure does not apply to the Group because the Group has not applied transitional arrangements for the calculation of regulatory capital or any amount of risk-weighted assets since 1 January 2018. Transitional provisions are only taken into account in case of calculating capital buffers, and these comply with the provisions of CRD.

3.8 Disclosure in respect to transitional arrangements for mitigating the impact of the COVID-19 pandemic on own funds

(Article 468 of the CRR II Regulation)

Disclosure does not apply to the Group because the Group currently does not apply any transitional arrangements for the calculation of regulatory capital as proposed within Regulation (EU) 2020/873 implementing the “CRR II” Quick Fix (QF) legislation package implementing COVID-19 pandemic relief measures.

3.9 Transitional provisions for disclosure of capital

(Article 492 of the Regulation)

Disclosure required under the Article 492 of the Regulation does not apply to the Group because the Group has not applied transitional arrangements for the calculation of regulatory capital or any amount of risk-weighted assets since 1 January 2018 on basis of this article.

4 Capital requirements

(Article 438 and 445 of CRR)

Capital adequacy

See chapters 1 to 3.

Regulatory capital

See chapters 1 to 3.

Risk weighted assets

This section provides disclosure requirements referred to in Article 438 of Part 8 of CRR. Where necessary, the disclosures comply with data disclosure requirements indicated in section „4.6 Capital Requirements“ of the Guidelines.

The Group uses the Standardised Approach to calculate its capital requirements for credit and market risks, while the Basic Indicator Approach is used to calculate capital requirements for the operational risk.

The Group discloses the amounts according to the provisions of Chapter 46, paragraph 69 of the Guidelines. At the date of reporting, the risk weighted assets exceed the respective amount for the previous period by 2.045 million EUR. The changes in the risk-weighted exposure at the reporting date of 30 June 2020 compared to 31 December 2019 are primarily associated with:

- inclusion of Abanka and Anepremičnine asset portfolio on sub-consolidation and consolidation reporting level;
- legislative amendments related to the CRR II QF implementing transitional period 2022 – 2024 referred to Article 114(6) of the Regulation, pursuant to which the Bank introduced country risk in exposure class of sovereigns and central banks;
- implementation of 0% CCF for credit card booked off-balance due to changes in the terms and conditions of the bank;
- fulfilment of CRR eligibility collateral conditions related to mortgage loans;
- the maturity of the bond portfolio booked at fair value through other comprehensive income.

The changes in the risk-weighted exposure of the Biser Topco Group also reflect the changes in the risk-weighted exposure of the Nova KBM Group.

The table below shows the detailed composition of the capital requirements of the Groups as at 30 June 2020 and at the end of 2019. Out of the overall Biser Topco Group's capital requirements, 89,4% relate to credit risk positions, 10,2% to operational risk and 0,4% to market risk positions.

Template 1: EU OV1 – Overview of RWA of the Biser Topco Group

€000			RWAs		Minimum capital requirements
			30/06/2020	31/12/2019	30/06/2020
Article	**1**	**Credit risk (excluding counterparty credit risk – CCR)**	4.444.122	2.645.772	355.530
438(c)(d)	2	of which the standardised approach	4.444.122	2.645.772	355.530
438(c)(d)	3	of which the foundation IRB (FIRB) approach	0	0	0
438(c)(d)	4	of which the advanced IRB (AIRB) approach	0	0	0
438(d)	5	of which equity instruments under the simple risk-weighted approach or the internal model approach (IMA)	0	0	0
107, 438(c)(d)	**6**	**Counterparty credit risk (CCR)**	13.355	4.798	1.068
438(c)(d)	7	of which mark to market	0	0	0
438(c)(d)	8	of which original exposure	0	0	0
	9	of which the standardised approach	11.629	4.780	930
	10	of which internal model method (IMM)	0	0	0
438(c)(d)	11	of which risk exposure amount for contributions to the default fund of CCP	0	0	0
438(c)(d)	12	of which credit value adjustment (CVA)	1.726	17	138
438(e)	**13**	**Settlement risk**	0	0	0
Article 449(o)(i)	**14**	**Securitisation exposures in banking book**	0	0	0
	15	of which IRB approach	0	0	0
	16	of which IRB supervisory formula approach (SFA)	0	0	0
	17	of which internal assessment approach (IAA)	0	0	0
	18	of which the standardised approach	0	0	0
438(e)	**19**	**Market risk**	17.220	19.516	1.378
	20	of which the standardised approach	17.220	19.516	1.378
	21	of which IMA	0	0	0
438(e)	**22**	**Large exposures**			
438(f)	**23**	**Operational risk**	506.933	266.253	40.555
	24	of which basic indicator approach	506.933	266.253	40.555
	25	of which the standardised approach	0	0	0
	26	of which advanced measurement approach	0	0	0
437(2), 48 and 60	**27**	**Amounts below the thresholds for deduction (subject to 250 % risk weight)**	0	0	0
500	**28**	**Floor adjustment**	0	0	0
	29	**Total**	**4.981.631**	**2.936.339**	**398.530**

Template 2: EU OV1 – Overview of RWA of the Nova KBM Group

€000			RWAs		Minimum capital requirements
			30/06/2020	31/12/2019	30/06/2020
Article	**1**	**Credit risk (excluding counterparty credit risk – CCR)**	4.449.793	2.651.148	355.983
438(c)(d)	2	of which the standardised approach	4.449.793	2.651.148	355.983
438(c)(d)	3	of which the foundation IRB (FIRB) approach	0	0	0
438(c)(d)	4	of which the advanced IRB (AIRB) approach	0	0	0
438(d)	5	of which equity instruments under the simple risk-weighted approach or the internal model approach (IMA)	0	0	0
107, 438(c)(d)	**6**	**Counterparty credit risk (CCR)**	13.355	4.798	1.068
438(c)(d)	7	of which mark to market	0	0	0
438(c)(d)	8	of which original exposure	0	0	0
	9	of which the standardised approach	11.629	4.780	930
	10	of which internal model method (IMM)	0	0	0
438(c)(d)	11	of which risk exposure amount for contributions to the default fund of CCP	0	0	0
438(c)(d)	12	of which credit value adjustment (CVA)	1.726	17	138
438(e)	**13**	**Settlement risk**	0	0	0
Article 449(o)(i)	**14**	**Securitisation exposures in banking book**	0	0	0
	15	of which IRB approach	0	0	0
	16	of which IRB supervisory formula approach (SFA)	0	0	0
	17	of which internal assessment approach (IAA)	0	0	0
	18	of which the standardised approach	0	0	0
438(e)	**19**	**Market risk**	17.220	19.516	1.378
	20	of which the standardised approach	17.220	19.516	1.378
	21	of which IMA	0	0	0
438(e)	**22**	**Large exposures**			
438(f)	**23**	**Operational risk**	512.316	300.141	40.985
	24	of which basic indicator approach	512.316	300.141	40.985
	25	of which the standardised approach	0	0	0
	26	of which advanced measurement approach	0	0	0
437(2), 48 and 60	**27**	**Amounts below the thresholds for deduction (subject to 250 % risk weight)**	0	0	0
500	**28**	**Floor adjustment**	0	0	0
	29	**Total**	4.992.684	2.975.602	399.415

4.1 General information on Credit risk RWA

4.1.1 Information regarding 8 % of the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 3 for each of the exposure classes specified in Article 112 of the Regulation

(Article 438 (c) to (f) of the Regulation)

Additionally, to disclosure of risk weighted exposure amount for credit risk provided in template EU OV1 – Overview of RWAs, the Bank is providing the disclosure of risk weighted exposure amount for credit risk related to significant capital investments.

Both Groups have the same portfolio of capital investments, as the Biser Topco Group has no authorisations or licences to carry out any banking activity. As at 30 June 2020 neither Group has any significant investments in equity instruments of an insurance and reinsurance companies, or insurance holding companies that are not deducted from the regulatory capital of the respective Group. The immaterial investment that the Groups have are included in the calculation of risk-weighted assets for credit risk with the assigned risk weight of 100%.

4.1.2 Information regarding 8 % of the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 3 for each of the exposure classes specified in Article 147 of the Regulation

(Article 438 (d) of the Regulation)

This disclosure does not apply to the Group, because it does not use the IRB approach for the calculation of capital requirements for credit risk.

4.1.3 Disclosure of the exposures assigned to each category in Table 1 of Article 153(5), or to each risk weight mentioned in Article 155(2) of the Regulation, if the institution calculates the risk-weighted exposure amounts in accordance with Article 153(5) or Article 155(2)

(Article 438 of the Regulation)

This disclosure does not apply to the Group, because it does not use the IRB approach for the calculation of capital requirements for credit risk

4.2 General information on Market risk RWA

(Article 445 of the Regulation)

This Chapter defines disclosure requirements referred to in Article 445 of Part Eight of CRR and the Chapter 4.13 of the Guidelines.

The Group uses the standardised approach to calculate the capital requirements for market risk. Under market risk, the Group calculates capital requirements for the following items:

- Interest rate risk (general). Under interest rate risk, the Group calculates capital requirements for derivatives (interest rate swaps).
- Equity risk (general and specific). Under equity risk, the Group calculates capital requirements for equity instruments, derivatives and derivatives on equity instruments. Under equity risk, the Group discloses also capital requirements for exposure to collective investment undertakings included in the trading book.

- Foreign exchange risk. Under the foreign exchange risk, the Group calculates the capital requirement for an open foreign exchange position, among which also capital requirements for derivatives on foreign currency are classified.

The table below presents risk-weighted exposure for market risk at the reporting date, 30 June 2020. The change in risk-weighted exposure to market risk that occurred in 2020 relates primarily to market price of financial instruments measured at fair value.

Template 3: EU MR1 – Market risk under the standardised approach for the Biser Topco and Nova KBM Group

€000		RWAs	Capital requirements
1	Outright products		
2	Interest rate risk (general and specific)	94	8
3	Equity risk (general and specific)	17.126	1.370
4	Foreign exchange risk	0	0
5	Commodity risk	0	0
6	Options		
7	Simplified approach	0	0
8	Delta-plus method	0	0
9	Scenario approach	0	0
10	Securitisation (specific risk)	0	0
11	**Total**	**17.220**	**1.378**

4.3 General information on Operational risk RWA

(Article 446 of the Regulation)

The Group calculates capital requirements for operational risk under Pillar 1 in line with Article 315 of CRR using a BIA approach. In accordance with the provisions of CRR, the Group calculates the relevant indicator once per year (in January). The movements of the relevant indicator and, consequently, of risk-weighted assets and capital requirement are the result of the integration of Abanka and movements of relevant items of profit and loss that are taken into account.

Table 7: Operational risk under the standardised approach for the Biser Topco and Nova KBM Group

€000		Risk-weighted exposures	Capital requirements
1	Biser Topco Group	506.933	**40.555**
2	Nova KBM Group	512.316	**40.985**

5 General quantitative information on credit risk

The Group discloses the information, required to be provided in accordance with Article 442 and Article 453 in the CRR on semi-annual reporting level in this chapter. For information, required to be disclosed on annual basis, see the 2019 Disclosures available on-line on the Bank's web-page.

5.1 Disclosure, by significant exposure class, of (i) impaired exposures and past-due exposures, provided separately; (ii) specific and general credit risk adjustments; and (iii) charges for specific and general credit risk adjustments during the reporting period

(Article 442(g) of the Regulation)

Notes with regard to changes in exposure for the period between 30 June 2020 and 31 December 2019 are provided in chapter 4.

The Group discloses all gross exposures, adjustments, write-offs, and net exposures classified in all the exposure classes.

Movements in the specific and general credit risk adjustments are detailed in chapter 5.3.

Movements in non-performing exposures and associated notes are detailed in chapter 14.

Template 4: EU CR1-A – Credit quality of exposures by exposure class and instrument for the Biser Topco Group

€000

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net amounts of
		defaulted exposures	non-defaulted exposures					(a+b–c–d)
1	Sovereigns or central banks	0	2.574.445	-55	0	0	30	2.573.933
2	Regional governments or local authorities	0	105.114	67	0	0	-22	104.135
3	Public sector entities	0	235.404	36	0	0	-31	235.293
4	Multilateral development banks	0	20.145	0	0	0	0	20.144
5	International organisations	0	73.071	-2	0	0	0	73.068
6	Institutions	0	598.811	73	0	0	22	598.716
7	Corporates	0	2.465.527	10.508	0	0	7.201	2.438.655
8	of which: Small and medium enterprises	0	364.136	3.267	0	0	850	360.101
9	Retail exposures	0	2.670.359	4.348	0	6	2.627	2.654.489
10	of which: Small and medium enterprises	0	554.811	1.624	0	5	1.309	546.549
11	Exposures secured by mortgages on immovable property	0	1.173.641	427	0	0	962	1.169.104
12	of which: Small and medium enterprises	0	222.902	386	0	0	398	221.231
13	Exposures in default	225.472	80	40.233	0	71.158	-9.355	159.853
14	Items associated with particular high risk	273	80.072	-154	0	0	109	79.640
15	Covered bonds	0	88.381	-4	0	0	0	88.377
16	Exposure to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0
17	Collective investment undertakings	0	66.148	-11	0	0	0	66.137
18	Equity exposures	0	19.471	13	0	0	13	19.458
19	Other exposures	0	308.526	109	0	0	9	308.154
20	**Total standardised approach**	**225.744**	**10.479.195**	**55.588**	**0**	**71.164**	**1.565**	**10.589.154**
21	**Total**	**225.744**	**10.479.195**	**55.588**	**0**	**71.164**	**1.565**	**10.589.154**
22	Of which: loans	200.379	5.412.657	56.632	0	234	0	5.528.167
23	Of which: debt securities	0	2.138.099	21	0	0	0	2.137.384
24	Of which: off- balance-sheet exposures	26.944	1.585.415	-11.714	0	0	0	1.592.809

Template 5: EU CR1-A – Credit quality of exposures by exposure class and instruments for the Nova KBM Group

€000

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net amounts of
		defaulted exposures	non-defaulted exposures					(a+b–c–d)
1	Sovereigns or central banks	0	2.574.120	-55	0	0	30	2.573.608
2	Regional governments or local authorities	0	105.114	67	0	0	-22	104.135
3	Public sector entities	0	235.404	36	0	0	-31	235.293
4	Multilateral development banks	0	20.145	0	0	0	0	20.144
5	International organisations	0	73.071	-2	0	0	0	73.068
6	Institutions	0	595.913	73	0	0	22	595.818
7	Corporates	0	2.464.667	10.508	0	0	7.201	2.437.795
8	of which: Small and medium enterprises	0	364.136	3.267	0	0	850	360.101
9	Retail exposures	0	2.670.359	4.348	0	6	2.627	2.654.489
10	of which: Small and medium enterprises	0	554.811	1.624	0	5	1.309	546.549
11	Exposures secured by mortgages on immovable property	0	1.173.641	427	0	0	962	1.169.104
12	of which: Small and medium enterprises	0	222.902	386	0	0	398	221.231
13	Exposures in default	225.472	80	40.233	0	71.158	-9.355	159.853
14	Items associated with particular high risk	273	80.072	-154	0	0	109	79.640
15	Covered bonds	0	88.381	-4	0	0	0	88.377
16	Exposure to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0
17	Collective investment undertakings	0	66.148	-11	0	0	0	66.137
18	Equity exposures	0	19.471	13	0	0	13	19.458
19	Other exposures	0	315.636	109	0	0	9	315.264
20	**Total standardised approach**	**225.744**	**10.482.222**	**55.588**	**0**	**71.164**	**1.565**	**10.592.182**
21	**Total**	**225.744**	**10.482.222**	**55.588**	**0**	**71.164**	**1.565**	**10.592.182**
22	Of which: loans	180.118	5.534.228	56.831	0	228	199	5.629.278
23	Of which: debt securities	0	2.128.497	171	0	0	151	2.127.631
24	Of which: off- balance-sheet exposures	26.546	1.652.428	-10.964	0	0	750	1.658.673

5.2 Disclosure, by significant industry or counterparty type, of (i) impaired exposures and past-due exposures, provided separately; (ii) specific and general credit risk adjustments; and (iii) charges for specific and general credit risk adjustments during the reporting period

(Article 442(g) of the Regulation)

Notes with regard to changes in exposure for the period between 30 June 2020 and 31 December 2019 are provided in chapter 4.

The Group discloses all gross exposures, adjustments, write-offs, and net exposures classified by sectors of activity.

As at 30 June 2020, the Group discloses the highest net exposure to debtors without activity, which mostly includes households. In the context of exposure to corporates, most exposure to debtors is classified to financial and insurance activities (mainly exposure to the banking sector, insurance companies and leasing companies), public administration (which mainly includes exposure to sovereigns) and the manufacturing industry. Compared to the previous year, the largest decrease among investment in these activities was observed in exposure to public administration, mainly sovereigns. This is in line with the Group's approach identified in the context of its investment strategy.

Movements in the specific and general credit risk adjustments are detailed in chapter 5.3.

Movements in non-performing exposures and associated notes are detailed in chapter 14.

Template 6: EU CR1-B – Credit quality of exposures by industry or counterparty types for the Biser Topco Group

€000

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net amounts of
		defaulted exposures	non-defaulted exposures					(a+b–c–d)
1	Agriculture and hunting, forestry, fishing	757	42.252	561	0	0	262	42.325
2	Mining	28	27.850	102	0	0	51	27.754
3	Manufacturing industry	20.069	1.066.949	2.359	0	2.325	2.401	1.072.375
4	Electricity, gas and steam supply	381	183.714	660	0	0	225	183.239
5	Water supply	10	58.519	782	0	0	-16	57.561
6	Construction	16.538	310.275	1.357	0	6.070	759	317.418
7	Wholesale and retail trade	79.270	600.511	13.802	0	2.976	409	653.707
8	Transportation and storage	3.442	214.788	470	0	756	276	215.648
9	Catering	10.880	113.967	4.576	0	378	508	117.697
10	IT and communication	3.672	158.393	2.208	0	13	403	158.975
11	Financial and insurance sectors	1.108	2.933.255	3.667	0	41.038	1.511	2.930.170
12	Real estate activities	9.841	123.237	1.811	0	6.792	460	130.228
13	Professional, scientific and technical activities	14.979	268.094	-1.801	0	2.487	-223	276.731
14	Other various business activities	3.640	243.022	401	0	24	551	244.345
15	Public administration and defence services, compulsory social security activities	6	1.256.582	-7	0	0	10	1.255.064
16	Education	7	11.882	211	0	1	179	11.620
17	Health and social work	7.018	52.357	3.304	0	0	1.064	55.691
18	Cultural, entertainment and recreational activities	138	53.357	350	0	0	322	52.836
19	Other activities	53.960	2.760.192	20.774	0	8.305	-7.588	2.785.770
20	**Total**	**225.744**	**10.479.195**	**55.588**	**0**	**71.164**	**1.565**	**10.589.154**

Template 7: EU CR1-B – Credit quality of exposures by industry or counterparty types for the Nova KBM Group

€000

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net amounts of
		defaulted exposures	non-defaulted exposures					(a+b–c–d)
1	Agriculture and hunting, forestry, fishing	757	42.252	561	0	0	262	42.325
2	Mining	28	27.850	102	0	0	51	27.754
3	Manufacturing industry	20.069	1.066.949	2.359	0	2.325	2.401	1.072.375
4	Electricity, gas and steam supply	381	183.714	660	0	0	225	183.239
5	Water supply	10	58.519	782	0	0	-16	57.561
6	Construction	16.538	310.275	1.357	0	6.070	759	317.418
7	Wholesale and retail trade	79.270	600.511	13.802	0	2.976	409	653.707
8	Transportation and storage	3.442	213.929	470	0	756	276	214.789
9	Catering	10.880	113.967	4.576	0	378	508	117.697
10	IT and communication	3.672	158.393	2.208	0	13	403	158.975
11	Financial and insurance sectors	1.108	2.937.467	3.667	0	41.038	1.511	2.934.382
12	Real estate activities	9.841	123.237	1.811	0	6.792	460	130.228
13	Professional, scientific and technical activities	14.979	268.094	-1.801	0	2.487	-223	276.731
14	Other various business activities	3.640	243.022	401	0	24	551	244.345
15	Public administration and defence services, compulsory social security activities	6	1.256.257	-7	0	0	10	1.254.739
16	Education	7	11.882	211	0	1	179	11.620
17	Health and social work	7.018	52.357	3.304	0	0	1.064	55.691
18	Cultural, entertainment and recreational activities	138	53.357	350	0	0	322	52.836
19	Other activities	53.960	2.760.192	20.774	0	8.305	-7.588	2.785.770
20	**Total**	**225.744**	**10.482.222**	**55.588**	**0**	**71.164**	**1.565**	**10.592.182**

5.3 Disclosure of the amount of the impaired exposures and past-due exposures, provided separately, broken down by significant geographical areas, including, if practical, the amounts of specific and general risk adjustments related to each geographical area

(Article 442(h) of the Regulation)

Notes with regard to changes in exposure for the period between 30 June 2020 and 31 December 2019 are given in chapter 4.

The Group classifies among other Member States according to the CRR the exposures to countries of the European Union and the European Economic Area, with the exception of Slovenia, and among other European countries, exposures to European countries non-members of the European Union. The Group classifies in exposures to other geographical areas exposures to all other countries.

Movements in the specific and general credit risk adjustments are detailed in chapter 5.3.

Movements in non-performing exposures and associated notes are detailed in chapter 14.

Template 8: EU CR1-C – Credit quality of exposures by geography for the Biser Topco Group

€000

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net amounts of
		defaulted exposures	non-defaulted exposures					(a+b–c–d)
1	Significant area 1 Member states by CRR	225.383	10.147.328	54.195	0	64.754	640	10.258.560
2	Slovenia	218.599	8.352.122	44.646	0	64.156	-2.400	8.466.502
3	Other countries by CRR	6.784	1.795.206	9.550	0	597	3.039	1.792.057
4	Significant area 2: Other European countries	265	133.223	323	0	6.410	84	133.038
5	Other geographical areas	97	198.644	1.070	0	0	840	197.557
19	**Total**	**225.744**	**10.479.195**	**55.588**	**0**	**71.164**	**1.565**	**10.647.368**

Template 9: EU CR1-C – Credit quality of exposures by geography for the Nova KBM Group

€000

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net amounts of
		defaulted exposures	non-defaulted exposures					(a+b–c–d)
1	Significant area 1 Member states by CRR	**225.383**	**10.150.356**	**54.195**	**0**	**64.754**	**640**	**10.261.587**
2	Slovenia	218.599	8.358.766	44.646	0	64.156	-2.400	8.473.147
3	Other countries by CRR	6.784	1.791.589	9.550	0	597	3.039	1.788.440
4	Significant area 2: Other European countries	265	133.223	323	0	6.410	84	133.038
5	Other geographical areas	97	198.644	1.070	0	0	840	197.557
19	**Total**	**225.744**	**10.482.222**	**55.588**	**0**	**71.164**	**1.565**	**10.650.395**

5.4 Disclosure of ageing of past-due exposures

(Article 442(a) of the Regulation)

Due to the acquisition of Abanka d.d. the data in the below table is not comparable with the data in December 2019.

Generally, the total amount of past due exposures in the first half of 2020 has increased by 52 million EUR in comparison to December 2019. The largest growth of past due exposures in the first half of 2020 has been recorded in the bucket of < 30 days, i.e. by 56 million EUR, while the largest decrease of past due exposures has been recorded in the bucket of > 1 year, i.e. by 13 million EUR. The decrease is in line with the active implementation of the Group's NPE strategy focused on reduction of non-performing exposures.

Template 10: CR1-D – Ageing of past-due exposures for the Biser Topco Group and Nova KBM Group

€000

		a	b	c	d	e	f
		Gross carrying values of					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans and advances	156.530	8.180	10.275	14.591	9.702	42.737
2	Debt securities	0	0	0	0	0	0
3	**Total exposures**	**156.530**	**8.180**	**10.275**	**14.591**	**9.702**	**42.737**

5.5 Disclosure of non-performing and forborne exposures

(Article 442(a) of the Regulation)

Template 11: EU CR1-E – Non-performing and forborne exposures for the Biser Topco Group

€000

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying values of performing and non-performing exposures						Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received			
			of which performing but past due > 30 days and <= 90 days	of which performing forborne	of which non-performing			on performing exposures		on non-performing exposures		on performing exposures		on non-performing exposures	
						of which defaulted	of which forborne		of which forborne		of which forborne		of which forborne		of which forborne
010	Debt securities	2.130.002	0	0	0	0	0	(867)	0	0	0	79.793	0	0	0
020	Loans and advances	4.938.949	14.353	23.586	198.325	198.325	101.462	(39.123)	(2.835)	(55.403)	(15.220)	2.594.921	14.944	104.606	72.991
030	Off-balance-sheet exposures	1.679.166		0	26.420	26.420	180	10.040	0	10.262	74	221.652	0	4.965	106

Template 12: EU CR1-E – Non-performing and forborne exposures for the Nova KBM Group

€000

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying values of performing and non-performing exposures						Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received			
			of which performing but past due > 30 days and <= 90 days	of which performing forborne	of which non-performing			on performing exposures		on non-performing exposures		on performing exposures		on non-performing exposures	
						of which defaulted	of which forborne		of which forborne		of which forborne		of which forborne		of which forborne
010	Debt securities	2.128.917	0	0	0	0	0	(867)	0	0	0	79.793	0	0	0
020	Loans and advances	4.938.849	14.353	23.586	198.325	198.325	101.462	(39.123)	(2.835)	(55.403)	(15.220)	2.594.921	14.944	104.606	72.991
030	Off-balance-sheet exposures	1.679.166		0	26.420	26.420	180	10.040	0	10.262	74	221.652	0	4.965	106

Data on non-performing exposures refer to the entities of Nova KBM Group, as Biser Topco S.â.r.l and Biser Bidco S.â.r.l do not have non-performing or forborne exposures because they are not licenced to perform any banking activity. In the first half of 2020, the amount of non-performing exposures in the Nova KBM Group increased from 157,8 million EUR to 224,7 million EUR primarily due to the acquisition of Abanka d.d. Therefore, the data in the tables above is not directly comparable with the data provided in 2019 Disclosures. Overall, due to the acquisition of Abanka d.d, the non-performing exposures have increased by 85,1 million EUR, while, excluding the acquisition of Abanka d.d., non-performing exposures would had decreased by 18 million EUR.

5.6 Disclosure of the reconciliation of changes in the specific and general credit risk adjustments for impaired exposures

(Article 442(i) of the Regulation)

The increase in stock of accumulated specific credit risk adjustments in the first half of 2020 is mainly the result of the adjustment of the macroeconomic scenarios, due to the Coronavirus pandemic and its impact, used in the forward-looking information (FLI) in ECL calculations in the second quarter of 2020, effective from 30 June 2020. The impact of the adjustment of macroeconomic scenarios is the recognition of 14 million EUR in additional credit risk adjustments.

Template 13: EU CR2-A – Changes in the stock of general and specific credit risk adjustments for the Biser Topco Group and Nova KBM Group

€000

		a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	**(74.946)**	**–**
2	Increases due to amounts set aside for estimated loan losses during the period	(15.844)	–
3	Decreases due to amounts reversed for estimated loan losses during the period	2.049	–
4	Decreases of write-offs taken against accumulated credit risk adjustments	14.321	–
5	Transfers between credit risk adjustments	(13.662)	–
6	Impact of exchange rate differences	0	–
7	Business combinations, including acquisitions and disposals of subsidiaries	0	–
8	Other adjustments	(1.967)	–
9	**Closing balance**	**(90.050)**	**–**
10	Recoveries of written-off amounts recorded directly to the statement of profit or loss	304)	–
11	Specific credit risk adjustments recorded directly to the statement of profit or loss	(4.284)	–

Note: The minus sign means increasing in value adjustments

5.7 Disclosure of changes in the stock of defaulted and impaired loans and debt securities

As a consequence of acquisition of Abanka d.d. in 2020, the total volume of defaulted exposures increased by 50 million EUR in comparison to December 2019, mainly due to the acquisition of Abanka d.d., which had 68 million EUR of these. Overall, the largest decline of 20 million EUR, excluding the acquisition of Abanka, has been recorded in the item “Other changes”, due to sale of claims in the amount of 5 million EUR, and repayments from collateral liquidation in the amount 3 million EUR. The 17 million EUR decrease is attributable to write-offs, and 2 million EUR in client re-agings.

Template 14: EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities for the Biser Group and the Nova KBM Group

€000

		a	
		Gross carrying value of defaulted exposures	Gross carrying value of defaulted exposures
		1H 2020	2019
1	**Opening balance**	**148.396**	**328.295**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	21.579	42.152
3	Returned to non-defaulted status	(1.958)	(10.326)
4	Amounts written off	(17.393)	(14.661)
5	Other changes	47.701	(197.064)
6	**Closing balance**	**198.325**	**148.396**

6 Use of credit risk mitigation techniques

This Chapter defines disclosure requirements referred to in Article 453 of Part Eight of CRR and the Chapter 4.8 of the Guidelines.

Information relate to disclosure of general quantitative information on use of credit risk mitigation techniques as required per Article 453(f) and (g) of CRR. Disclosure of general qualitative information on CRM as required per Article 453(a) to (e) of CRR is provided on annual basis.

6.1 Disclosure of the total exposure value (after on- or off-balance-sheet netting, if applicable) that is covered – after the application of volatility adjustments – by eligible financial collateral, and other eligible collateral, separately for each exposure class, where the institution calculates risk-weighted exposure amounts under the Standardised Approach

(Article 453(f) and (g) of the Regulation)

Notes with regard to changes in exposure for the period between 30 June 2020 and 31 December 2019 are given in sections 4 and 5.

For the purpose of calculating risk-weighted credit risk assets, the Group identified appropriate types of collateral for credit risk mitigation in its internal methodology. These are:

1. Funded insurance instruments
   - Commercial and residential real estate
   - Financial collateral (e.g. bank deposits, debt securities issued by various issuers, equity instruments, pledge of business interests)
2. Unfunded insurance instruments
   - Joint and several guarantees provided by natural or legal persons
   - Guarantees of prime banks
   - Guarantees provided by sovereigns and local governments and central banks.

The collaterals mentioned above are only considered eligible in the context of calculations of risk-weighted assets if they meet all the provisions of the relevant legislation. In this area, the Group uses the simple method as a suitable technique to reduce its exposure to risks.

The table below presents a breakdown of the (gross) book value of exposures, net of value adjustments/impairments, by secured/unsecured exposure and by type of collateral. In the first half of 2020, the Bank did not change the set of eligible collateral for risk mitigation. Therefore, changes in the amount of collateral taken for risk mitigation are related only to the changes in fulfilment of CRR collateral eligibility conditions. Following the passing of the Slovenian COVID-19 pandemic intervention law and the resulting state-issued guarantees, the Bank has started the activities for their recording and tracking. Currently, Nova KBM d.d. and Abanka d.d. do not have clients with material exposures collateralized with state guarantees under the aforementioned intervention law.

Template 15: EU CR3 – CRM Techniques – overview for the Biser Topco Group

€000

		a	b	c	d	e
		Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Total loans	4.755.463	1.401.421	1.174.660	226.761	0
2	Total debt securities	2.055.453	67.596	0	67.596	0
3	**Total exposures ***	**9.181.878**	**1.523.061**	**1.253.831**	**295.506**	**0**
4	Of which defaulted	170.434	55.715	52.435	3.280	0

* Total exposure amount is the total exposure of the Group to credit risk calculated in line with CRR.

Template 16: EU CR3 – CRM Techniques – overview for the Nova KBM Group

€000

		a	b	c	d	e
		Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Total loans	4.755.463	1.401.421	1.174.660	226.761	0
2	Total debt securities	2.054.369	67.596	0	67.596	0
3	**Total exposures ***	**9.184.906**	**1.523.061**	**1.253.831**	**295.506**	**0**
4	Of which defaulted	170.434	55.715	52.435	3.280	0

* Total exposure amount is the total exposure of the Group to credit risk calculated in line with CRR.

6.2 Disclosure of the total exposure (after on- or off-balance-sheet netting, if applicable) that is covered by guarantees or credit derivatives, separately for each exposure class, if the institution calculates risk-weighted exposure amounts under the Standardised Approach. In case of equity exposure class, this requirement applies for all approaches referred to in Article 155.

(Article 453(f) and (g) of the Regulation)

Template 17: EU CR4 – Standardised approach – Credit risk exposure and CRM effects for the Biser Bidco Group

	€000	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Sovereigns or central banks	2.574.109	52	2.878.926	5.428	21.560	1%
2	Regional governments or local authorities	98.247	6.411	97.725	1.626	15.086	15%
3	Public sector entities	225.089	10.278	59.033	2.750	20.943	34%
4	Multilateral development banks	20.144	0	20.144	0	0	0%
5	International organisations	73.068	0	54.974	0	0	0%
6	Institutions	561.343	34.589	538.327	8.067	166.576	30%
7	Corporates	1.603.765	843.365	1.494.843	325.030	1.725.422	95%
8	Retail exposures	2.047.333	617.190	2.036.121	130.943	1.555.554	72%
9	Exposures secured by mortgages on immovable property	1.093.717	77.869	1.091.265	29.088	442.953	40%
10	Exposures in default	194.684	18.055	141.121	6.250	181.922	123%
11	Items associated with particular high risk	40.382	39.533	38.660	19.703	87.545	150%
12	Covered bonds	88.377	0	88.377	0	8.947	10%
13	Exposure to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0%
14	Collective investment undertakings	51.147	14.990	51.147	7.495	14.586	25%
15	Equity instruments	19.471	0	19.458	0	19.458	100%
16	Other items	307.384	1.010	307.122	96	183.570	60%
17	**Total**	**8.998.260**	**1.663.341**	**8.917.242**	**536.476**	**4.444.122**	**47%**

Template 18: EU CR4 – Standardised approach – Credit risk exposure and CRM effects for the Nova KBM Group

	€000	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Sovereigns or central banks	2.573.785	52	2.878.601	5.428	21.560	1%
2	Regional governments or local authorities	98.247	6.411	97.725	1.626	15.086	15%
3	Public sector entities	225.089	10.278	59.033	2.750	20.943	34%
4	Multilateral development banks	20.144	0	20.144	0	0	0%
5	International organisations	73.068	0	54.974	0	0	0%
6	Institutions	558.445	34.589	535.430	8.067	165.997	31%
7	Corporates	1.602.905	843.365	1.493.983	325.030	1.724.563	95%
8	Retail exposures	2.047.333	617.190	2.036.121	130.943	1.555.554	72%
9	Exposures secured by mortgages on immovable property	1.093.717	77.869	1.091.265	29.088	442.953	40%
10	Exposures in default	194.684	18.055	141.121	6.250	181.922	123%
11	Items associated with particular high risk	40.382	39.533	38.660	19.703	87.545	150%
12	Covered bonds	88.377	0	88.377	0	8.947	10%
13	Exposure to institutions and corporates with a short-term credit assessment	0	0	0	0	0	
14	Collective investment undertakings	51.147	14.990	51.147	7.495	14.586	25%
15	Equity instruments	19.471	0	19.458	0	19.458	100%
16	Other items	314.494	1.010	314.232	96	190.680	61%
17	**Total**	**9.001.288**	**1.663.341**	**8.920.269**	**536.476**	**4.449.793**	**47%**

6.3 Information about the exposure values and the exposure values after credit risk mitigation associated with each credit quality step prescribed in Part Three, Title II, Chapter 2 of the Regulation as well as those deducted from own funds

(Article 444(e) of the Regulation)

Notes with regard to changes in net amounts of on- and off-balance sheet exposures in the period between 31 December 2019 and 30 June 2020 are given in chapters 4 and 5.

Template 19: EU CR5 – Standardised approach for the Biser Topco Group

€000

	Exposure classes	Risk weight																Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Deducted		
1	Sovereigns or central banks	2.845.951	0	0	0	47	0	35.970	0	0	27	2.359	0	0	0	0	0	**2.884.353**	1.705.628
2	Regional governments or local authorities	23.920	0	0	0	75.431	0	0	0	0	0	0	0	0	0	0	0	**99.351**	90.713
3	Public sector entities	32.021	0	0	0	11.024	0	0	0	0	18.738	0	0	0	0	0	0	**61.783**	30.881
4	Multilateral development banks	20.144	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**20.144**	15.047
5	International organizations	54.974	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**54.974**	54.315
6	Institutions	0	0	0	0	364.295	0	179.864	0	0	4.452	348	0	0	0	0	-66.946	**482.013**	131.755
7	Corporates	0	0	0	0	28.521	0	157.874	0	0	1.588.855	49.305	0	0	0	0	0	**1.824.555**	1.458.779
8	Retail exposures	0	0	0	0	0	0	0	0	2.167.140	0	0	0	0	0	0	0	**2.167.140**	2.167.140
9	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	663.335	457.018	0	0	0	0	0	0	0	0	0	**1.120.353**	1.120.353
10	Exposures in default	0	0	0	0	0	0	0	0	0	78.265	69.105	0	0	0	0	0	**147.370**	147.370
11	Exposures associated with particular high risk	0	0	0	0	0	0	0	0	0	0	58.364	0	0	0	0	0	**58.364**	58.364
12	Covered bonds	0	0	0	87.282	1.095	0	0	0	0	0	0	0	0	0	0	0	**88.377**	79.430
13	Exposure to institutions and corporates with a short-term credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
14	Collective investment undertakings	0	0	0	0	0	0	0	0	0	8.515	0	0	0	0	50.127	0	**58.642**	33.326
15	Equity instruments	0	0	0	0	0	0	0	0	0	19.458	0	0	0	0	0	0	**19.458**	12.938
16	Other items	91.697	0	0	0	39.939	0	0	0	0	175.582	0	0	0	0	0	0	**307.218**	78.929
17	**Total**	**3.068.706**	**0**	**0**	**87.282**	**520.353**	**663.335**	**830.725**	**0**	**2.167.140**	**1.893.893**	**179.481**	**0**	**0**	**0**	**50.127**	**-66.946**	**9.394.095**	**7.184.967**

Template 20: EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk for the Biser Topco Group and Nova KBM Group

€000

	Exposure classes	Risk weight											Total	**Of which unrated**
		0 %	2 %	4 %	10 %	20 %	50 %	70 %	75 %	100 %	150 %	Other		
1	Sovereigns or central banks	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Regional governments or local authorities	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	617	2.251	0	0	1	0	0	2.868	0
7	Corporates	0	0	0	0	0	0	0	0	10.215	0	0	10.215	10.215
8	Retail exposures	0	0	0	0	0	0	0	75	0	0	0	75	75
9	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Exposures in default	0	0	0	0	0	0	0	0	0	80	0	80	80
11	Exposures associated with particular high risk	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Other items	0	0	0	0	0	0	0	0	0	0	0	0	0
13	**Total**	**0**	**0**	**0**	**0**	**617**	**2.251**	**0**	**75**	**10.216**	**80**	**0**	**13.240**	**10.371**

7 COUNTERPARTY CREDIT RISK (CCR)

(Articles 92(3)(f), 439, 444 and 452 of the Regulation)

Exposure to counterparty credit risk (CCR)

This Chapter defines disclosure requirements referred to in Article 439 of Part Eight of CRR and Chapter 4.11 of the Guidelines.

7.1 Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures

(Article 439(a) of the Regulation)

The calculation of internal capital requirement to support the transactions in derivatives, repo transactions and securities lending transactions is carried out in accordance with an internal methodology determining the method of internal capital calculation. The Bank's exposure to counterparty credit risk is rather immaterial due to the small amount of such business activities. The Bank manages counterparty credit risk through appropriate processes (daily monitoring and valuation, and calls for coverage), the system of limits, and capital allocation.

Under the Pillar I capital framework, the capital requirements for derivatives, repo transactions and securities lending transactions are calculated using the mark-to-market (current exposure) method, in accordance with Article 274 of the Regulation.

The Group has set up a system of limits to control its exposure to counterparty credit risk. Limits are set for each counterparty, taking into consideration the credit rating of the respective counterparty, its size, and the type of financial instrument in question. Exposures to counterparties and limit utilisation are monitored on a daily basis.

Limits for currency forward transactions are determined based on the VaR of exposure, which is calculated taking into consideration the current market value of the transaction and the potential exposure to a change in exchange rates in the period until the transaction falls due. The volatility of currencies is calculated based on the actual one-year data on exchange rates and the 99% probability of an event occurring.

7.2 Description of policies for securing collateral and establishing credit reserves

(Article 439(b) of the Regulation)

In order to be able to conclude transactions in derivatives outside the regulated markets, the Parent Bank in the Group has signed the ISDA (International Swaps and Derivatives Association) Master Agreement with financial institutions. Furthermore, in order to reduce credit risk, the Bank has signed the Credit Support Annex (CSA) to the ISDA Master Agreement with particular banks, which defines collateral to mitigate credit risk arising from unfavourable movements in the market.

Transactions in derivatives with non-bank customers are contracted by the Parent Bank subject to customers signing a framework agreement on transactions in derivatives, according to which the claims and liabilities under derivatives are offset, if the counterparty fails to meet its obligations.

The Bank offers transactions in derivatives without requesting collateral only to customers with the highest credit rating, while for other customers only upon approval by the competent body of the Bank or upon receipt of a prime collateral. The respective exposures to credit risk under these transactions is included in the calculation of the total exposure.

7.3 Description of policies with respect to wrong-way risk exposures

(Article 439(c) of the Regulation)

The Bank has determined the minimum eligible credit quality of assets accepted as collateral for repo transactions.

If the exposure to a counterparty is increased as a result of unfavourable market movements, the Bank requests the counterparty to provide additional prime collateral. A failure on the side of the counterparty to meet such a request may result in the Bank closing the position. Counterparty credit risk is monitored daily on the basis of available market prices or prices calculated according to an internal model, the input data of which are the prevailing market prices.

7.4 Description of the impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating

(Article 439(d) of the Regulation)

Considering the small volume of derivatives in the Group's trading portfolios, any decrease in the Bank' s credit rating has no impact on the amount of collateral.

7.5 Disclosure of the gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and net derivatives credit exposure

(Article 439(e) of the Regulation)

The Group does not use netting contracts. The gross positive value of contracts equals the net credit exposure in derivatives.

7.6 Disclosure of measures for exposure value under the methods set out in Part Three, Title II, Chapter 6, Section 3 to 6 of the Regulation

(Article 439(f) of the Regulation)

The Group monitors counterparty credit risk exposure using the mark-to-market method, in accordance with Article 274 of the Regulation. The replacement cost is the sum of current and potential future exposures.

Repo transactions are valued as the difference between the current value of investment (nominal amount plus accrued interest) and the current value of collateral (market value of the securities). The maximum exposure may be in the agreed amount, and additional collateral must be provided, if the set limits are exceeded.

Currency forward contracts used to regulate the open foreign currency position are entered into only with customers with the highest credit ratings, and within the set limits. Currency forward contracts held in the trading book are entered into up to the limit set for each counterparty.

The template below discloses the data at the level of the Biser Topco Group as at 30 June 2020. The derivatives portfolio of the Group has increased compared to 31 December 2019 due to the inclusion of the Abanka's derivatives portfolio. Consequently, the amount of CCR is also higher.

Template 21: EU CCR1 – Analysis of CCR exposure by approach for the Biser Topco Group

€000

		a	b	c	d	e	f
		Nominal amount	Replacement cost/current market value	Potential future credit exposure	Effective expected positive exposure	Multiplier	Risk-weighted exposures
1	Mark to market		8.080	5.159			11.629
2	Original exposure						
3	Standardised approach						
4	Internal model method (hereinafter: (IMM) (for derivatives and SFT)						
5	of which securities financing transactions (SFT)						
6	of which derivatives and long settlement transactions						
7	of which from contractual cross-product netting						
8	Financial collateral simple method (for SFTs)						
9	Financial collateral comprehensive method (for SFTs)						
10	Value at risk (hereinafter: VaR) for SFTs						
11	**Total**						11.629

Credit value adjustment – CVA

„Credit value adjustment" (CVA) means the adjustment of the counterparty transactions portfolio to the valuation at the mean market value. The adjustment made for the institution reflects the current market value of the counterparty credit risk, but does not reflect the current market value of the institution's credit risk to the counterparty. The template below discloses the data at the level of the Biser Topco Group as at 30 June 2020. The derivatives portfolio of the Group has increased compared to 31 December 2019 due to the inclusion of the Abanka's derivatives portfolio. Consequently, the amount of CVA is also higher.

Template 22: EU CCR2 – CVA capital charge for the Biser Topco Group

€000

		Exposure value	RWAs
1	Total portfolios subject to the advanced method		0
2	(i) VaR component (including the 3x multiplier)		0
3	(ii) Stress value at risk component (hereinafter: SVaR) (including the 3 x multiplier)		0
4	All portfolios subject to the standardised method	2.866	1.726
5	Based on the original exposure method	0	0
6	**Total subject to the CVA capital charge**	**2.866**	**1.726**

Exposure to central counterparties

The Bank is not exposed to central counterparties. The Bank performs clearing through a clearing member; therefore, it does not disclose information in the „EU CCR8 – Exposures to CCR“ Template.

7.7 Disclosure of the notional value of credit derivative hedges, and the distribution of current credit exposure by types of credit exposure

(Article 439(g) of the Regulation)

The disclosure does not apply. The Group does not hold credit derivatives in its portfolios.

7.8 Disclosure of the notional amounts of credit derivative transactions, segregated between use for the institution's own credit portfolio, as well as in its intermediation activities, including the distribution of the credit derivative products used, broken down further by protection bought and sold within each product group

(Article 439(h) of the Regulation)

The disclosure does not apply. The Group does not hold credit derivatives in its portfolios.

7.9 Disclosure of the estimate of α, if the institution has received the permission of the competent authorities to estimate α

(Article 439(i) of the Regulation)

This disclosure requirement is not applicable to the Group, because it does not use the Internal Model Methodology to calculate exposures.

7.10 Information by regulatory risk-weighting approach to CCR

(Article 444(e) of the Regulation)

For details please see the chapter 4 of this document.

8 Macroprudential supervisory measures

8.1 Capital buffers

(Article 440 of the Regulation)

This Chapter defines disclosure requirements referred to in Part 8 Article 440 of CRR and CRD. Disclosures follow the requirements set out in the Commission Delegated Regulation (EU) No 2015/1555.

The Group calculates the overall capital buffer above the minimum capital adequacy ratio. The Group's minimum capital requirements are presented in Chapter 5. At the reporting day, 30 June 2020, the regulatory overall capital buffer requirements include the following buffers:

- Capital conservation buffer equalling 2,5%, as provided for under the transitional provisions of Article 391(1)(1) of the ZBan-2 and CRD.
- Institution-specific countercyclical capital buffer in the amount as presented in the table in the next section. The Bank complies with the provisions of Article 391(1)(2) of the ZBan-2 and CRD – institution-specific countercyclical buffer does not exceed 2,5% of the total risk exposure amount.
- In 2020, also the other systemically important institution's buffer at the Nova KBM Group level as determined for the Group by the Bank of Slovenia, in the amount of 0,25%.

8.1.1 Disclosure of the geographic distribution of credit exposures relevant for the calculation of countercyclical capital buffers

(Article 440(a) of the Regulation)

Table 8: Geographic distribution of credit exposures relevant for the calculation of the countercyclical capital buffer of the Biser Topco Group

€000

Government	General credit exposures	Trading book exposures	Capital requirements			Capital requirements weights	Countercyclic capital buffer rate
	Exposure value for standardised approach (SA)	Sum of long and short positions of trading book exposures	Of which: general credit exposures	Of which: trading book exposure	Total		
	10	30	70	80	100	110	120
ALBANIA	0	0	0	0	0	0.0	0.00
ARGENTINA	0	0	0	0	0	0.0	0.00
AUSTRALIA	1	0	0	0	0	0.0	0.00
AUSTRIA	25.677	0	909	0	909	0.3	0.00
AZERBAIJAN	0	0	0	0	0	0.0	0.00
BARBADOS	0	0	0	0	9	0.0	0.00
BELGIUM	23.142	0	1.469	0	1.469	0.4	0.00
BELARUS	4	0	0	0	1	0.0	0.00
BULGARIA	51	0	3	0	3	0.0	0.00
BOSNIA AND HERZEGOVINA	1.576	0	92	0	92	0.0	0.00
BRAZIL	10	0	1	0	1	0,0	0,00

Government	General credit exposures	Trading book exposures	Capital requirements			Capital requirements weights	Countercyclic capital buffer rate
	Exposure value for standardised approach (SA)	Sum of long and short positions of trading book exposures	Of which: general credit exposures	Of which: trading book exposure	Total		
	10	30	70	80	100	110	120
CYPRUS	0	0	0	0	0	0,0	0,00
CZECH REPUBLIC	1.555	0	124	0	124	0,0	0,00
MONTENEGRO	8	0	0	0	0	0,0	0,00
DENMARK	3.213	0	257	0	257	0,1	0,00
EGYPT	2	0	0	0	0	0,0	0,00
FINLAND	4.238	0	34	0	34	0,0	0,00
FRANCE	45.965	0	2.217	0	2.217	0,7	0,00
GIBRALTAR	9.998	0	800	0	800	0,2	0,00
GREECE	1	0	0	0	0	0,0	0,00
CROATIA	27.760	0	2.112	0	2.112	0,6	0,00
INDIA	2	0	0	0	0	0,0	0,00
IRELAND	3.020	0	241	0	241	0,1	0,00
ITALY	32.580	0	241	0	241	0,1	0,00
JAPAN	3.038	0	2.548	0	2.548	0,7	0,00
SOUTH AFRICA	0	0	0	0	0	0.0	0.00
CANADA	7.217	0	191	0	191	0,1	0,00
KAZAKHSTAN	0	0	0	0	0	0,0	0,00
KYRGYZSTAN	0	0	0	0	0	0,0	0,00
CHINA	1	0	0	0	0	0,0	0,00
KOSOVO	0	0	0	0	0	0,0	0,00
LATVIA	0	0	0	0	0	0,0	0,00
LUXEMBOURG	30.612	0	2.927	0	2.927	0,9	0,00
HUNGARY	8.019	0	641	0	641	0,2	0,00
MACEDONIA	97	0	6	0	6	0,0	0,00
MEXICO	2	0	0	0	0	0.0	0.00
GERMANY	102.164	0	6.624	0	6.624	1,9	0,00
THE NETHERLANDS	136.322	0	9.034	0	9.034	2,7	0,00
NORWAY	24.311	0	227	0	227	0,1	0,00
PERU	5	0	0	0	0	0.0	0.00
POLAND	1	0	0	0	0	0.0	0.00
PORTUGAL	280	0	11	0	11	0,0	0,00
ROMANIA	14	0	1	0	1	0.0	0.00
RUSSIAN FEDERATION	34	0	2	0	2	0.0	0.00
SYRIA	0	0	0	0	0	0.0	0.00
SLOVAKIA	1.215	0	80	0	80	0,0	0,00
SLOVENIA	5.082.141	17.220	294.192	1.378	295.570	87,0	0,00
SERBIA	920	0	60	0	60	0,0	0,00
SPAIN	16.714	0	1.335	0	1.335	0,4	0,00
SWEDEN	14.955	0	340	0	340	0,1	0,00
SWITZERLAND	2.505	0	108	0	108	0,0	0,00
TURKEY	6	0	0	0	0	0,0	0,00
UKRAINE	163	0	8	0	8	0,0	0,00

Government	General credit exposures	Trading book exposures	Capital requirements			Capital requirements weights	Countercyclic capital buffer rate
	Exposure value for standardised approach (SA)	Sum of long and short positions of trading book exposures	Of which: general credit exposures	Of which: trading book exposure	Total		
	10	30	70	80	100	110	120
UNITED KINGDOM	53.983	0	3.106	0	3.106	0,9	0,00
VENEZUELA	1	0	0	0	0	0,0	0,00
VIETNAM	0	0	0	0	0	0,0	0,00
UNITED STATES OF AMERICA	133.550	0	8.481	0	8.481	2,5	0,00
UNITED ARAB EMIRATES	16	0	1	0	1	0,0	0,00
Total	**5.797.090**	**17.220**	**338.427**	**1.378**	**339.805**	**100,0**	**0,00**

Table 9: Geographic distribution of credit exposures relevant for the calculation of the countercyclical capital buffer of the Nova KBM Group

€000

Government	General credit exposures	Trading book exposures	Capital requirements			Capital requirements weights	Countercyclic capital buffer rate
	Exposure value for standardised approach (SA)	Sum of long and short positions of trading book exposures	Of which: general credit exposures	Of which: trading book exposure	Total		
	10	30	70	80	100	110	120
ALBANIA	0	0	0	0	0	0.0	0.00
ARGENTINA	0	0	0	0	0	0.0	0.00
AUSTRALIA	1	0	0	0	0	0,0	0,00
AUSTRIA	25.677	0	909	0	909	0,3	0,00
AZERBAIJAN	0	0	0	0	0	0,0	0,00
BARBADOS	0	0	0	0	0	0,0	0,00
BELGIUM	23.142	0	1.469	0	1.469	0,4	0,00
BELARUS	4	0	0	0	0	0,0	0,00
BULGARIA	51	0	3	0	3	0,0	0,00
BOSNIA AND HERZEGOVINA	1.576	0	92	0	92	0,0	0,00
BRAZIL	10	0	1	0	1	0,0	0,00
CYPRUS	0	0	0	0	0	0,0	0,00
CZECH REPUBLIC	1.555	0	124	0	124	0,0	0,00
MONTENEGRO	8	0	0	0	0	0,0	0,00
DENMARK	3.213	0	257	0	257	0,1	0,00
EGYPT	0	0	0	0	0	0.0	0.00
FINLAND	4.238	0	34	0	34	0,0	0,00
FRANCE	45.965	0	2.217	0	2.217	0,7	0,00
GIBRALTAR	9.998	0	800	0	800	0,2	0,00

Government	General credit exposures	Trading book exposures	Capital requirements			Capital requirements weights	Countercyclic capital buffer rate
	Exposure value for standardised approach (SA)	Sum of long and short positions of trading book exposures	Of which: general credit exposures	Of which: trading book exposure	Total		
	10	30	70	80	100	110	120
GREECE	1	0	0	0	0	0,0	0,00
CROATIA	27.760	0	2.112	0	2.112	0,6	0,00
INDIA	2	0	0	0	0	0,0	0,00
IRELAND	3.020	0	241	0	241	0,1	0,00
ITALY	32.580	0	2.548	0	2.548	0,7	0,00
JAPAN	3.038	0	243	0	243	0,1	0,00
SOUTH AFRICA	0	0	0	0	0	0,0	0,00
CANADA	7.217	0	191	0	191	0,1	0,00
KAZAKHSTAN	0	0	0	0	0	0,0	0,00
KYRGYZSTAN	0	0	0	0	0	0,0	0,00
CHINA	1	0	0	0	0	0,0	0,00
KOSOVO	0	0	0	0	0	0,0	0,00
LATVIA	0	0	0	0	0	0,0	0,00
LUXEMBOURG	29.992	0	2.877	0	2.877	0,8	0,00
HUNGARY	8.019	0	641	0	641	0,2	0,00
MACEDONIA	97	0	6	0	6	0,0	0,00
MEXICO	2	0	0	0	0	0.0	0.00
GERMANY	102.164	0	6.624	0	6.624	1,9	0,00
THE NETHERLANDS	136.322	0	9.034	0	9.034	2,7	0,00
NORWAY	24.311	0	227	0	227	0,1	0,00
PERU	5	0	0	0	0	0.0	0.00
POLAND	1	0	0	0	0	0.0	0.00
PORTUGAL	280	0	11	0	11	0,0	0,00
ROMANIA	14	0	1	0	1	0,0	0,00
RUSSIAN FEDERATION	34	0	2	0	2	0,0	0,00
SYRIA	0	0	0	0	11	0.0	0.00
SLOVAKIA	1.215	0	80	0	80	0,0	0,00
SLOVENIA	5.089.011	17.220	294.742	1.378	296.119	87,0	0,00
SERBIA	920	0	60	0	60	0,0	0,00
SPAIN	16.714	0	1.335	0	1.335	0,4	0,00
SWEDEN	14.955	0	340	0	340	0,1	0,00
SWITZERLAND	2.505	0	108	0	108	0,0	0,00
TURKEY	6	0	0	0	0	0,0	0,00
UKRAINE	163	0	8	0	8	0,0	0,00
UNITED KINGDOM	53.983	0	3.106	0	3.106	0,9	0,00
VENEZUELA	1	0	0	0	0	0,0	0,00
VIETNAM	0	0	0	0	0	0,0	0,00

Government	General credit exposures	Trading book exposures	Capital requirements			Capital requirements weights	Countercyclic capital buffer rate
	Exposure value for standardised approach (SA)	Sum of long and short positions of trading book exposures	Of which: general credit exposures	Of which: trading book exposure	Total		
	10	30	70	80	100	110	120
UNITED STATES OF AMERICA	133.550	0	8.481	0	8.481	2,5	0,00
UNITED ARAB EMIRATES	16	0	1	0	1	0,0	0,00
Total	**5.803.340**	**17.220**	**338.927**	**1.378**	**340.305**	**100,0**	**0,00**

8.1.2 The amount of institution specific countercyclical capital buffer

(Article 440(b) of the Regulation)

Table 10: The amount of institution specific countercyclical capital buffer

€000

		Biser Topco Group	Nova KBM Group
1	Total risk exposure amount	4.981.631	4.992.684
2	Countercyclical capital buffer rate	0,00%	0,00%
3	Institution-specific countercyclical capital buffer	0	0

8.2 Indicators of global systemic importance

(Article 441 of the Regulation)

The disclosures required by Article 441 of CRR are specified in the Commission Implementing Regulation (EU) No 1030/2014 of 29 September 2014 and in the revised EBA Guidelines on further specification of the indicators of global systemic importance and their disclosure (EBA Guidelines 2016/01).

As Nova KBM is not identified as a global systemically important institution, the disclosure requirement does not apply.

9 Exposure to securitisation positions

(Article 449 of the Regulation)

The disclosure does not apply. Nova KBM Group does not hold securitisation positions.

10 Financial leverage

(Article 451 of the Regulation)

This Chapter defines disclosure requirements referred to in Article 451 of Part 8 of CRR and in Commission implementing regulation (EU) No 2016/200.

10.1 Leverage ratio

(Article 451(a) to (c) of the Regulation)

When calculating the leverage ratio exposure measure, the Bank includes:

- Balance sheet exposures, without taking into account capital deductions.
- Relevant portion of off-balance sheet exposures, i.e. including conversion factors and excluding value adjustments.
- Relevant derivative exposures.

Movements in the exposure measure and Tier 1 capital are explained in chapters 3, 4 and 10.3 of this document.

Below the Bank discloses information on the leverage ratio based on the provisions and requirements set out in Commission Implementing Regulation (EU) 2016/200 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

10.1.1 The Biser Topco Group's leverage ratio

Template 23: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

€000

		Amounts as at 30/06/2020
1	Total assets as per published financial statements	10.670.865
2	Adjustment for entities, which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognised in the statement of financial position in accordance with Article 429(13) of Regulation	0
4	Adjustments for derivative financial instruments	13.240
5	Adjustments for securities financing transactions (SFTs)	0
6	(Adjustment for intra-group exposures excluded from the leverage ratio exposure measure in accordance with Article 429(7) of Regulation)	–1.117.230
EU-6a	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429(14) of Regulation)	0
EU-6b	Excluded exposures meeting the conditions in accordance with Article 429(14) of Regulation	0
7	Other adjustments	–63.791
8	**Total leverage ratio exposures**	**9.503.084**

Template 24: LRCom: Leverage ratio common disclosure

€000

		Amounts as at 30/06/2020
On-balance-sheet exposures (excluding derivatives and SFTs)		
1	On-balance-sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	8.989.376
2	(Asset amounts deducted in determining Tier 1 capital)	–61.275
3	**Total on-balance-sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**8.928.101**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8.080
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	5.159
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided where deducted from the balance-sheet assets pursuant to the applicable accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted client-cleared trade exposures CCP leg)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	**13.240**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	0
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b(4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted client-cleared SFT exposure through CCP leg)	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**0**
Other off-balance-sheet exposures		
17	Off-balance-sheet exposures at gross notional amount	1.678.973
18	(Adjustments for conversion to credit equivalent amounts)	–1.117.230
19	**Other off-balance-sheet exposures (sum of lines 17 to 18)**	**561.743**
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on- and off-balance-sheet)		
EU-19a	(Exemption of intra-group exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on- and off-balance-sheet))	0
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on- and off-balance-sheet))	0
Capital and total exposures		
20	Tier 1 capital	**903.387**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**9.503.084**
Leverage ratio		
22	**Leverage ratio**	**9,51%**
Choice on transitional arrangements and the amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	No
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0

Template 25: LRSpl: Split-up of on-balance-sheet exposures (excluding derivatives, SFTs and exempted exposures)

€000

		Amounts as at 30/06/2020
EU-1	Total on-balance-sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**8.989.376**
EU-2	Trading book exposures	8.563
EU-3	Non-trading book exposures, of which:	8.980.813
EU-4	*Covered bonds*	88.377
EU-5	*Exposures treated as sovereigns*	2.699.172
EU-6	*Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns*	290.671
EU-7	*Institutions*	561.262
EU-8	*Exposures secured by mortgages on immovable property*	1.091.265
EU-9	*Retail exposures*	2.038.270
EU-10	*Corporate*	1.586.733
EU-11	*Exposures in default*	143.510
EU-12	*Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns*	481.552

10.1.2 The Nova KBM Group's leverage ratio

Template 26: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

€000

		Amounts as at 30/06/2020
1	Total assets as per published financial statements	10.672.403
2	Adjustment for entities, which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognised in the statement of financial position in accordance with Article 429(13) of Regulation	0
4	Adjustments for derivative financial instruments	13.240
5	Adjustments for securities financing transactions (SFTs)	0
6	(Adjustment for intra-group exposures excluded from the leverage ratio exposure measure in accordance with Article 429(7) of Regulation)	–1.117.230
EU-6a	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429(14) of Regulation)	0
EU-6b	Excluded exposures meeting the conditions in accordance with Article 429(14) of Regulation	0
7	Other adjustments	–62.302
8	**Total leverage ratio exposures**	**9.506.112**

Template 27: LRCom: Leverage ratio common disclosure

€000

		Amounts as at 30/06/2020
On-balance-sheet exposures (excluding derivatives and SFTs)		
1	On-balance-sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	8.991.258
2	(Asset amounts deducted in determining Tier 1 capital)	–60.130
3	**Total on-balance-sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**8.931.129**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8.080
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	5.159
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided where deducted from the balance-sheet assets pursuant to the applicable accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted client-cleared trade exposures CCP leg)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	**13.240**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	0
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b(4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted client-cleared SFT exposure through CCP leg)	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**0**
Other off-balance-sheet exposures		
17	Off-balance-sheet exposures at gross notional amount	1.678.973
18	(Adjustments for conversion to credit equivalent amounts)	–1.117.230
19	**Other off-balance-sheet exposures (sum of lines 17 to 18)**	**561.743**
(Exempted exposures in accordance with CRR Article 429(7) and (14) of Regulation (EU) No 575/2013 (on- and off-balance-sheet))		
EU-19a	(Exemption of intra-group exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on- and off-balance-sheet))	0
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on- and off-balance-sheet))	0
Capital and total exposures		
20	Tier 1 capital	**912.460**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**9.506.112**
Leverage ratio		
22	**Leverage ratio**	**9,60 %**
Choice on transitional arrangements and the amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	No
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0

Template 28: LRSpl: Split-up of on-balance-sheet exposures (excluding derivatives, SFTs and exempted exposures)

€000

		Amounts as at 30/06/2020
EU-1	Total on-balance-sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**8.991.258**
EU-2	Trading book exposures	8.563
EU-3	Non-trading book exposures, of which:	8.982.695
EU-4	Covered bonds	88.377
EU-5	Exposures treated as sovereigns	*2.698.847*
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	*290.671*
EU-7	Institutions	*558.364*
EU-8	Exposures secured by mortgages on immovable property	*1.091.265*
EU-9	Retail exposures	*2.038.270*
EU-10	Corporate	*1.585.873*
EU-11	Exposures in default	*143.510*
EU-12	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	*487.517*

10.2 Description of procedures used to manage the risk of excessive exposure

(Article 451(d) of the Regulation)

Movements in the Parent Bank's financial leverage ratio are, along with movements in other capital ratios, monitored on a regular basis. Its monitoring is determined in the context of the Risk Management Strategy, and the Nova KBM Group Recovery Plan. The value of the financial leverage ratio is reported to:

- Supervisory Board
- Management Board, and
- Various internal committees (e.g. the ALCO).

In the Risk Management Strategy and the Recovery Plan, the Parent Bank stipulated at the Group level the red, yellow and green threshold values for the financial leverage ratio. When the yellow threshold value is reached, the ALCO has to adopt a decision on measures to be taken. In case of reaching the red threshold value, a decision shall be adopted by the Crisis Committee, which is aligned with the Recovery Plan indicators' escalation management process.

As at 30 June 2020, the financial leverage ratio stood at 9,51 % for Biser Topco Group, and at 9,60 % for the Nova KBM Group, respectively. This is in line with the Group's Business Plan, which focuses on the provision of mainstream lending products (including to the corporate segment to which high exposure risk-weights apply).

10.3 Description of the factors that had an impact on the leverage ratio to which the disclosed leverage ratio refers

(Article 451(e) of the Regulation)

The financial leverage ratio has been calculated by taking into account the relevant amount of the Group's on- and off-balance sheet exposures as well as the level of its Tier 1 capital as at 30 June 2020. The following factors have the most significant impact on the calculation of the financial leverage ratio in first half of 2020:

- For Tier 1 capital ratio:
    - the inclusion and the retention of the interim profit for the current year's one-month period ended 31st January 2020 in the amount of 194,1 million EUR as a result of the acquisition of Abanka, as approved by the Board of Managers of Biser Topco S.â.r.l. on 15th April 2020, and as permitted by the ECB on 14th July 2020;
    - the inclusion of the net profit for the period ended 31 December 2019 in the amount of 5,1 million EUR as approved by the General Assembly of Nova KBM d.d. on 30th April 2020.

- For changes in the exposure please see the explanations provided in chapter 4 of this document.

11 Use of the IRB Approach to credit risk

(Article 452 of the Regulation)

The Bank uses its internal credit rating system compliant with the IRB approach for the purpose of determining debtor ratings and in other related processes.

The IRB approach is not used in the process of calculating capital requirements under Pillar 1, where the standardised approach remains in use. A „IRB-like“ approach is used to calculate capital requirements under Pillar 2.

12 Use of advanced measurement approaches to operational risk

(Article 454 of the Regulation)

The disclosure does not apply. Nova KBM Group does not use advanced measurement approaches to operational risk.

13 Use of internal market risk models

(Article 455 of the Regulation)

The disclosure does not apply. Nova KBM Group does not use internal models for market risks.

14 Disclosure of non-performing exposures

(Annex 7 – Instructions to banks relating to non-performing loans)

The Group defines as non-performing exposures (NPEs) such exposures for which it reasonably believes that the debtor will not discharge all of its liabilities within the contractual period.

The Group considers as NPEs those exposures that satisfy any of the following criteria:

- Exposure is classified as „defaulted“ or included in the Stage 3 in line with IFRS 9 and the Methodology for Assessing Expected Credit Risk Losses in the Group;
- Material exposures which are more than 90 days past due;
- Exposures, which have been subject to restructuring that caused the Group to recognise a significant economic loss, or estimates that debtor's obligations are unlikely to be repaid – restructuring with a low repayment probability;
- The exposure is already considered a NPE and does not meet the exit criteria.

Material amount past due:

- An amount in default is considered material if the sum of all past due default liabilities of a particular debtor to the Nova KBM Group member exceeds 2 % of the drawn exposure to that debtor or 50.000 EUR, but not less than 200 EUR;
- The delay counter starts on the date when the above conditions for a material delayed liability are met;
- When calculating delays of a marginal material amount, the overall exposure in the Nova KBM Group is taken into account.

An exposure is reclassified as non-performing after being restructured, if the following criterion is met:

- During a 2-year probation period at any exposure, the debtor is 30 days past due or a repeated restructuring was carried out.

The Group uses a uniform definition of default and definition of non-performing exposures (for supervisory reporting purposes in accordance with implementing standards). Gaps between the definition of default and a more broad definition of non-performing exposure are filled by the rules defining the status of default:

- If a debtor belongs to a group of related parties, it is assessed whether it is necessary to consider as defaulted also other entities in the group, if they are not already considered impaired or defaulted in line with Article 178 of CRR, except for entities affected by individual disputes not related to the counterparty's capital adequacy;
- The debtor has to remain defaulted for at least 12 months after forbearance. In case where an Underwriting analyst estimates that the financial condition of the customer has improved, the customer may be classified into the performing credit rating category (category 9) before the prescribed minimum period of 12 months;
- When classified in the performing category after forbearance, the debtor is in a two-year observation period after forbearance and becomes defaulted again, if its obligation is past due for more than 30 days. In this case, the delay of the marginal material amount at the customer level is taken into account. At this event, the debtor is downgraded to the credit rating category 10, or worse.

For defaulted customers, the Group has put in place precisely defined re-aging (i.e. return to performing status) criteria. When a customer returns back to the performing credit rating category, its exposures during the given observation period are classified to IFRS 9 stage 2.

For performing customers and the respective transitions between IFRS 9 stage 1 and 2, and back, when reasons that have led to a significant increase in credit risk of a particular financial asset no longer exist and the Bank reasonably expects that, for given exposures, no significant increase in the debtor's credit risk is to be expected in the short-term, such a financial asset is reclassified back to stage 1 and is subject to the calculation of the expected losses for a period of 12 months.

The portfolio of customers that have a defaulted status and are classified in a defaulted credit rating is managed by the Workout Department and the Legal Office.

The tables below present the exposure by sectors, delays, and the method of impairment. Significant reductions in the non-performing exposure are the result of an active implementation of the non-performing exposures reduction strategy, while increases are mainly the result of the acquisition of Abanka.

Clarification of approach taken on disclosure of NPL portfolio related templates:

Template 1 ('Credit quality of forborne exposures'), Template 3 ('Credit quality of non-performing exposures by past due days'), Template 4 ('Performing and nonperforming exposures and related provisions') and Template 9 ('Collateral obtained by taking possession and execution processes') are according to 15th paragraph of EBA Guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10) disclosed on semi-annual basis, as Nova KBM d.d. is treated as the OSIB bank and is classified as one of the three largest credit institutions in the Slovenia's banking sector.

14.1 EBA Guidelines on NPE: Annex I – Disclosure template 1: forbearance

As at 30 June 2020, the total amount of forborne exposures amounted to 125 million EUR and decreased by 11 million EUR in comparison to 31 December 2019. Overall, forborne exposures decreased due to the conclusion of forborne flags in the Bank's core system. The most significant decrease was recorded in performing forborne exposures, which decreased by 51 million EUR in comparison to December 2019.

Template 29: Credit quality of forborne exposures for the Biser Topco and the Nova KBM Groups, 30.6.2020

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures	Total	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Total	Of which defaulted	Of which impaired				
1	Loans and advances	**23.586**	**101.462**	**101.462**	**54.069**	**(2.835)**	**(15.220)**	**87.935**	**72.991**
2	*Central banks*	0	0	0	0	0	0	0	0
3	*General governments*	0	254	254	254	0	(32)	222	222
4	*Credit institutions*	0	0	0	0	0	0	0	0
5	*Other financial corporations*	0	563	563	563	0	(403)	160	160
6	*Non-financial corporations*	15.786	91.060	91.060	43.667	(2.430)	(11.517)	76.023	66.945
7	*Households*	7.800	9.585	9.585	9.585	(405)	(3.268)	11.530	5.664
8	Debt Securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
9	Loan commitments given	**0**	**180**	**180**	**0**	**0**	**74**	**106**	**106**
10	***Total***	**23.586**	**101.642**	**101.642**	**54.069**	**(2.835)**	**(15.146)**	**88.041**	**73.097**

14.2 EBA Guidelines on NPE: Annex II – Disclosure templates 3 and 4: Non-performing exposures

The table below presents only Biser Topco Group, as there is no difference in non-performing exposures between Biser Topco Group and Nova KBM Group. The difference is only in performing exposures, where Biser Topco Group has 1,2 million EUR more than Nova KBM Group. Overall, the changes between 31 December 2019 and 30 June 2020 are mainly due to the acquisition of Abanka, so the data in the below table is not directly comparable with December 2019 data. The non-performing exposures have decreased in Nova KBM Group without Abanka, mostly due to the sale of receivables within the Project City in June 2020. The NPL ratio as of 30 June 2020 is 4,02%, and it has decreased by 1,07% compared to December 2019.

Template 30: Credit quality of performing and non-performing exposures by past due days for the Biser Topco and the Nova KBM Groups, 30.6.2020

€000

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying amount/nominal amount												NPL ratio (%)
		Performing exposures			Non-performing exposures									
		Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
1	Loans and advances	**4.740.624**	**4.726.271**	**14.353**	**198.325**	**131.686**	**14.201**	**9.702**	**10.800**	**9.922**	**6.748**	**15.267**	**198.325**	**4,02%**
2	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
3	*General governments*	235.017	235.017	0	373	1	2	7	0	0	0	363	373	0,16%
4	*Credit institutions*	50.499	50.499	0	0	0	0	0	0	0	0	0	0	0,00%
5	*Other financial corporations*	141.460	141.428	32	1.055	403	0	0	2	650	0	0	1.055	0,74%
6	*Non-financial corporations*	1.826.130	1.820.329	5.801	136.638	108.003	5.539	3.263	4.269	3.726	1.595	10.243	136.638	6,96%
7	*Of which SMEs*	819.933	814.698	5.235	55.803	43.138	4.548	2.469	894	2.147	1.078	1.530	55.803	6,37%
8	*Households*	2.487.518	2.478.998	8.520	60.259	23.279	8.660	6.432	6.529	5.546	5.153	4.661	60.259	2,37%
9	Debt securities	**2.130.002**	**2.130.002**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0,00%
10	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
11	*General governments*	1.230.110	1.230.110	0	0	0	0	0	0	0	0	0	0	0,00%
12	*Credit institutions*	532.354	532.354	0	0	0	0	0	0	0	0	0	0	0,00%

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying amount/nominal amount												NPL ratio (%)
		Performing exposures			Non-performing exposures									
		Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
13	*Other financial corporations*	131.549	131.549	0	0	0	0	0	0	0	0	0	0	0,00%
14	*Non-financial corporations*	235.989	235.989	0	0	0	0	0	0	0	0	0	0	0,00%
15	Off-balance-sheet exposures	**1.652.746**			**26.420**								**26.420**	**1.57%**
16	*Central banks*	0			0								0	0.00%
17	*General governments*	17.657			148								148	0.83%
18	*Credit institutions*	34.648			0								0	0.00%
19	*Other financial corporations*	57.655			0								0	0.00%
20	*Non-financial corporations*	1.137.951			25.545								25.545	2.20%
21	*Households*	404.835			727								727	0.18%
22	**Total**	**8.523.372**	**6.856.273**	**14.353**	**224.745**	**131.686**	**14.201**	**9.702**	**10.800**	**9.922**	**6.748**	**15.267**	**224.745**	**2,57%**

Template 31: Performing and non-performing exposures and related provisions for the Biser Topco and the Nova KBM Groups, 30.6.2020

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
1	**Loans and advances**	**4.740.624**	**4.473.297**	**267.329**	**198.325**	**16**	**150.487**	**(39.123)**	**(24.231)**	**(14.891)**	**(55.403)**	**(7)**	**(50.051)**	**0**	**2.594.921**	**104.606**
2	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	*General governments*	235.017	232.318	2.699	373	0	373	(1.024)	(505)	(519)	(86)	0	(85)	0	166.140	222
4	*Credit institutions*	50.499	50.492	8	0	0	0	(171)	(171)	0	0	0	0	0	0	0
5	*Other financial corporations*	141.460	137.550	3.910	1.055	0	1.055	(2.705)	(1.513)	(1.192)	(524)	0	(524)	0	23.019	525
6	*Non-financial corporations*	1.826.130	1.719.378	106.752	136.638	0	88.853	(26.826)	(18.276)	(8.550)	(31.731)	0	(26.388)	0	949.804	78.046
7	*Of which SMEs*	819.933	750.217	69.716	55.803	0	55.803	(11.191)	(7.957)	(3.233)	(14.894)	0	(14.894)	0	501.782	30.711
8	*Households*	2.487.518	2.333.559	153.960	60.259	16	60.206	(8.397)	(3.766)	(4.630)	(23.062)	(7)	(23.054)	0	1.455.958	25.813
9	**Debt securities**	**2.130.002**	**2.130.002**	**0**	**0**	**0**	**0**	**(867)**	**(867)**	**0**	**0**	**0**	**0**	**0**	**79.793**	**0**
10	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	*General governments*	1.230.110	1.230.110	0	0	0	0	(519)	(519)	0	0	0	0	0	4.947	0
12	*Credit institutions*	532.354	532.354	0	0	0	0	(99)	(99)	0	0	0	0	0	21.820	0
13	*Other financial corporations*	131.549	131.549	0	0	0	0	(59)	(59)	0	0	0	0	0	23.494	0
14	*Non-financial corporations*	235.989	235.989	0	0	0	0	(190)	(190)	0	0	0	0	0	29.532	0
15	**Off-balance-sheet exposures**	**1.652.746**	**1.610.930**	**41.813**	**26.420**	**2**	**26.415**	**10.040**	**8.905**	**1.133**	**10.262**	**1**	**10.261**		**221.652**	**4.965**
16	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0		0	0

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
17	*General governments*	17.657	17.492	165	148	0	148	55	50	5	5	0	5		1.026	0
18	*Credit institutions*	34.648	34.648	0	0	0	0	4	4	0	0	0	0		57	0
19	*Other financial corporations*	57.655	56.896	758	0	0	0	190	164	25	0	0	0		3.118	0
20	*Non-financial corporations*	1.137.951	1.109.669	28.281	25.545	0	25.544	8.425	7.544	880	10.084	0	10.084		208.380	4.931
21	*Households*	404.835	392.225	12.609	727	2	723	1.366	1.143	223	173	1	172		9.071	34
22	***Total***	**8.523.372**	**8.214.229**	**309.142**	**224.745**	**18**	**176.902**	**(29.950)**	**(16.193)**	**(13.758)**	**(45.141)**	**(6)**	**(39.790)**	**0**	**2.896.366**	**109.571**

14.3 EBA Guidelines on NPE: Annex V – Disclosure template 9: foreclosed assets

Deviations Changes between 31 December 2019 and 30 June 2020 represent the acquisition of foreclosed assets, the sale of the land »Donja Zdenčina« and the sale of apartments "Martin Pohorje".

Template 32: Collateral obtained by taking possession and execution processes

In 000 €

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP & E)	28	(28)
2	Other than PP & E	13.676	(1.091)
3	Residential immovable property	4	0
4	Commercial Immovable property	34	(22)
5	Movable property (auto, shipping, etc.)	229	(27)
6	Equity and debt instruments	13.409	(1.042)
7	Other	0	0
8	**Total**	**13.704**	**(1.119)**

15 COVID-19 related disclosures

The outbreak of the Coronavirus pandemic has continued to have an impact on the economies in which the Group is operating. The Government of Slovenia declared the COVID-19 epidemic on 12 March 2020 and has since taken a number of measures to counteract the impact of the virus on public health.

On 20 March 2020 the Slovenian Parliament has adopted a Law on Intervention on the Deferred Payments of Liabilities (the Law). The Law which came into effect on 29 March 2020 is designed to mitigate the impact of COVID-19 epidemic and allows borrowers who are not able to settle their liabilities due to the negative effects of the epidemic to defer the repayment of their liabilities for a period of up to 12 months. Borrowers can request this deferral with a reasoned application and if granted by the Bank the Borrower is required to update the Bank on a regular basis and if the conditions that caused the granting of the application of the law no longer apply then the Bank can terminate the deferral or moratorium.

The Slovene State has passed a number of mitigation laws and measures to address the impact of the COVID-19 pandemic, which are detailed in chapter 16 below, including their impacts on the operation of banks.

In accordance with Government measures, the Bank continued to provide services to its customers through all existing channels, including its branch network. Given that other Government measures have led to restrictions on movement affecting demand for branch based services, the Bank has operated directly through a more limited number of branches for during the period from the Government's announcement of the epidemic on 12 March 2020 and its declaration of the end of the pandemic on 31 May 2020. During this period, the Bank has also deployed extensive work from home measures and has gradually released such measures during June, July and August 2020. Post the lifting of the pandemic, the Bank has been operating close to normally its branch network. The Group will continue to closely monitor pandemic developments and to respond to them to the best of its ability during the course of the year.

In respect of the law on deferral of liabilities, the Bank implemented the public moratoria for borrowers in all segments in line with Government's support measures set out below. In addition to the public moratoria the Bank also offered short term (typically for a period of three months) bilateral commercial relief to those legal entity borrowers that requested it in the period from late March to the end of June 2020.

For the purpose of proper monitoring, the Bank upgraded its core system by implementing appropriate flags of COVID-19 measures. No immediate impact on the client‘s rating or default status is envisaged following the granting of such measures, although the Bank is reviewing borrower ratings and taking into account the likely impact of the pandemic on their financial performance for 2020 and beyond.

The provisions of the Law on Intervention on the Deferred Payments of Liabilities shall apply also to loan agreements newly concluded during the period of validity of the Law. The latter means that already in the process of approving a new investment, the deferral of the payment of credit obligations for a maximum of 12 months is confirmed.

In accordance with the Law the Bank approves new liquidity with immediate deferral, where the Bank obtains 25% or 50% State Guarantee on the deferred principal and/or interest. For financing the basic activity of the borrower, namely financing of new or completion of already started investments, financing working capital or financing repayments of obligations from credit agreements concluded in the period after 12 March 2020 until the entry into force of the Law and meeting the condition under the Law, the Bank approves new liquidity with 70% or 80% State Guarantee.

As of 30 June 2020 the Group has already approved 302 million EUR under legislative moratoriums, primarily on performing exposures (289 million EUR). Among the moratoria that have lasted since March 3,4 million EUR already have been expired. As of 30 June 2020 the Group has approved 13 million EUR of new liquidity in accordance with the provisions of the Law, of which the Group received Public guarantees in amount of 8 million EUR.

The Bank continues to monitor clients‘ unlikeliness to pay on a case-by-case basis, without any automation of the classification of larger clients. This is done by applying Bank‘s existing rules regulating default identification in combination with the client‘s existing financial information as well as forward-looking signals provided via EWS system as well as COVID-19 Watch list. In summary, the Bank is applying an expert-based approach and takes into account all available reliable information related to (i) the client‘s current and likely future financial standing & liquidity position as well as (ii) various support measures (client‘s, government‘s as well as bank‘s) that are put in place and impact the creditworthiness of customer. The retail segment continues to be monitored regularly on the portfolio level, including the separate monitoring of moratoriums within this segment.

Further, the Bank will continue to monitor the impact of the pandemic on the creditworthiness of its customers and will take actions accordingly. The Bank has adjusted the macroeconomic scenarios used in the forward-looking information (FLI) in its ECL calculations in the second quarter of 2020, effective from 30 June 2020 onwards. The impact of the adjustment is the recognition of 14 million EUR in additional provisions which have been recognised in its profit and loss account for the six months to 30 June 2020.

Tables below present exposures approved under the public moratoria in line with the Slovene state intervention law.

Template 33: Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk						
			Performing			Non-performing				Performing			Non-performing		
		Total	Total	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Total	Total	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Total	Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
1	Loans and advances subject to moratorium	**298.615**	**288.770**	**2.669**	**34.756**	**9.845**	**2.401**	**8.970**	**(5.193)**	**(4.437)**	**(176)**	**(1.060)**	**(756)**	**(86)**	**(629)**
2	of which: Households	75.916	72.602	1.190	7.562	3.314	873	2.488	(853)	(346)	(19)	(217)	(507)	(51)	(382)
3	*of which: Collateralised by residential immovable property*	43.221	40.710	1.139	3.852	2.511	820	2.066	(384)	(97)	(17)	(76)	(287)	(29)	(262)
4	of which: Non-financial corporations	213.590	207.060	1.479	27.189	6.531	1.529	6.482	(4.268)	(4.020)	(157)	(844)	(249)	(36)	(246)
5	*of which: Small and Medium-sized Enterprises*	109.923	103.393	1.479	14.097	6.531	1.529	6.482	(2.023)	(1.774)	(157)	(597)	(249)	(36)	(246)
6	*of which: Collateralised by commercial immovable property*	132.035	126.370	898	18.515	5.665	742	5.616	(1.914)	(1.724)	(30)	(358)	(190)	(10)	(188)

Template 34: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
			Total	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	2.249	348.089							
2	Loans and advances subject to moratorium (granted)	2.222	301.985	301.985	3.371	9.204	58.605	57.070	171.556	2.180
3	of which: Households		77.964	77.964	2.048	8.126	19.285	19.168	29.337	0
4	*of which: Collateralised by residential immovable property*		44.382	44.382	1.161	4.129	11.898	11.337	15.857	0
5	of which: Non-financial corporations		214.913	214.913	1.322	1.078	39.320	37.894	133.119	2.180
6	*of which: Small and Medium-sized Enterprises*		111.246	111.246	1.322	1.078	5.419	27.020	74.226	2.180
7	*of which: Collateralised by commercial immovable property*		133.357	133.357	1.322	860	5.526	28.151	96.612	886

Template 35: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**13.119**	**0**	**8.009**	**0**
2	of which: Households	4			0
3	of which: Collateralised by residential immovable property	0			0
4	of which: Non-financial corporations	13.115	0	8.009	0
5	of which: Small and Medium-sized Enterprises	220			0
6	of which: Collateralised by commercial immovable property	220			0

16 Actions taken by the Government of the Republic of Slovenia

This chapter provides an overview of the measures and laws that have been passed by the Slovenian State in a response to the COVID-19 pandemic and its impacts on the operation of banks.

16.1 Chronological summary of COVID State acts

ACT	DATE OF ADOPTION	DATE OF ENTRY INTO FORCE
Anti-Corona Package 1		
Act Determining the Intervention Measure of Deferred Payment of Borrowers' Liabilities Slovene: Zakon o interventnem ukrepu odloga plačila obveznosti kreditojemalcev ("ZIUOPOK", Official Gazette RS, no. 36/20 and 49/20 – ZIUZEOP)	20.03.2020	29.03.2020
Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy Slovene: Zakon o interventnih ukrepih za zajezitev epidemije COVID-19 in omilitev njenih posledic za državljane in gospodarstvo ("ZIUZEOP", Official Gazette RS, no. 49/20 and 61/20)	02.04.2020	11.04.2020
Act Amending the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy Slovene: Zakon o spremembah in dopolnitvah Zakona o interventnih ukrepih za zajezitev epidemije COVID-19 in omilitev njenih posledic za državljane in gospodarstvo ("ZIUZEOP-A", Official Gazette RS, no. 61/20)	28.04.2020	01.05.2020
Anti-Corona Package 2		
Act Providing Additional Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic Slovene: Zakon o zagotovitvi dodatne likvidnosti gospodarstvu za omilitev posledic epidemije COVID-19 ("ZDLGPE", Official Gazette RS, no. 61/20)	28.04.2020	01.05.2020
Anti-Corona Package 3		
Act Providing Additional Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic Slovene: Zakon o zagotovitvi dodatne likvidnosti gospodarstvu za omilitev posledic epidemije COVID-19 ("ZDLGPE", Official Gazette RS, no. 61/20)	28.04.2020	01.05.2020
Intervention Act to Remove Obstacles to the Implementation of Significant Investments to Start the Economy After the COVID-19 Epidemic Slovene: Interventni zakon za odpravo ovir pri izvedbi pomembnih investicij za zagon gospodarstva po epidemiji COVID-19 ("IZOOPIZG", Official Gazette RS, no. 80/20)	29.05.2020	31.05.2020
Act Regulating the Guarantee of the Republic of Slovenia in European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak Slovene: Zakon o poroštvu Republike Slovenije v Evropskem instrumentu za začasno podporo za ublažitev tveganj za brezposelnost v izrednih razmerah (SURE) po izbruhu COVID-19 ("ZPEIPUTB", Official Gazette RS, no. 80/20)	29.05.2020	31.05.2020

16.2 Effects of COVID State Acts on banks

ACT	EFFECTS
Act Determining the Intervention Measure of Deferred Payment of Borrowers' Liabilities (hereinafter: ***ZIUOPOK***)	**Grantors** Deferral of payment obligations shall be granted by banks and savings banks established under the laws of Republic of Slovenia and/or branches of banks of European Union Member States with their seats in the Republic of Slovenia, which, in accordance with the law governing banking, are allowed to provide banking services in the territory of the Republic of Slovenia (hereinafter: "the bank"). **Beneficiaries** Beneficiaries of measures under the Act are (i) companies with their seats in the Republic of Slovenia, (ii) cooperatives, societies, institutions, foundations and natural persons who employ workers according to the Employment Relationships Act and self-employed persons with their seats or habitual residence in the Republic of Slovenia, as well as (iii) holders of agricultural holdings and holders of supplementary agricultural activities according to the Agriculture Act and (iv) natural persons who are nationals of the Republic of Slovenia, with their habitual residence in the Republic of Slovenia (hereinafter: "the borrower"). The deferral of payment shall be granted by the bank based on borrower's application, which must be filed not later than 6 months following the declaration of outbreak of epidemic. It is intended that the Act also applies to the credit agreements concluded during the period of validity of the Act, i.e. credit agreements concluded between the next day after publication of the Act and expiry of 18 months following the day of declaration of an ending of the epidemic situation. **Characteristics of deferral** The borrower and bank may agree on deferred payments with an annex to the credit agreement under condition that borrower has outstanding payment obligations which did not fall due until the declaration of an outbreak of epidemic. The deferral of payment obligation may last for 12 months, if not agreed otherwise, whereby the amount of outstanding installments remains unchanged. The final maturity date of the credit agreement is, therefore, extended for 12 months. **Deferral conditions** In order to benefit a deferral of payment obligation, the borrower, who does not qualify as a natural person, has to demonstrate that it generally fulfils all its tax obligations, contributions and any other charges or that he was given a right to installment payment of those obligations, however, he is not able to perform his current payment obligations under the credit agreement due to reasons which are a consequence of the epidemic crisis. Additionally, a borrower classified as a large company must also demonstrate that performance of mentioned payment obligations would cause its liquidity problems which could also lead to potential insolvency. Also, the borrower who is a natural person has to demonstrate that he is temporarily not able to perform his payment obligations due to circumstances which are a consequence of the epidemic crisis and are affecting his financial position. Note that borrowers whose business activities were suspended under governmental or municipal decrees shall be subject to less severe terms and conditions. It should be emphasized that, according to the Act, borrowers who do not qualify as natural persons also have an obligation to regularly notify banks about the implemented measures to establish their liquidity and other relevant changes related to their business situation. If the borrower fails to perform his notification obligations or provides the bank with false application information, the bank shall be entitled to suspend or shorten a deferral. The bank shall be also entitled to suspend or shorten a deferral when, on the basis of the information available, it deems that such measure is justified.
Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for	**Deferral of borrower's payment obligations** The Act is amending the Act Determining the Intervention Measure of Deferred Payment of Borrowers' Liabilities (Official Gazette RS, no. 36/20; hereinafter: ZIUOPOK) which further defines the definition of the deferral of payment.

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Citizens and the Economy (hereinafter: ***ZIUZEOP***)	Definition states that the deferral also applies to agreements which serve as collateral for a credit agreement. Furthermore, the Act also clarifies and enacts that during the deferral period a debtor is obliged to pay interest rate agreed upon when the credit agreement is concluded. In addition to the aforementioned, the Act also enacts a new measure available to borrowers based on ZIUOPOK, i.e. a state guarantee for performance of borrowers' payment obligations with the following characteristics. **The amount of the state guarantee** The guarantee of the Republic of Slovenia shall cover 25% of the amount of deferred monthly installments which would mature within deferred period. Please note that with respect to the borrowers, whose business activities were suspended under governmental or municipal decrees or borrowers who qualify as natural persons, the guarantee of the Republic of Slovenia shall cover 50% of the amount of deferred monthly installments which would mature within deferred period. The state guarantee will be irrevocable, unconditional and enforceable at the bank's first written request and shall be granted for borrowers' liabilities in the total amount of EUR 200 million. **Guarantee for obligations arising from newly concluded credit agreements** According to the Act, the state guarantee shall also apply for those credit agreements which will be concluded during the validity of ZIUOPOK with the purpose to ensure liquidity during the epidemic. In this case, a newly concluded credit agreement must also contain compulsory covenants such as (i) pari passu clause (i.e. bank's claim under the credit agreement shall rank at least pari passu to all other borrower's obligations which he entered into after the guarantee has been issued) and (ii) negative pledge clause (i.e. borrower shall not create or incur any additional security interest over its assets). Please note that, with regard to newly concluded credit agreements, the Act prohibits cross default clauses, however, an exception applies in those cases when cross default is envisaged in other credit agreements concluded between the parties. **Termination of the guarantee** A state guarantee shall be terminated in case when (i) the deferral of payment obligation has been granted contrary to the terms of the ZIUOPOK, whereas the violation can be contributed to the bank and (ii) bank fails to notify the state with regards to initiation of the borrower's bankruptcy proceedings at least 14 days prior the expiry of the deadline to file claims. **Borrowers' Restrictions** A borrower who qualifies as company and has been granted the deferred payment of the credit obligation in accordance with the provisions of the ZIUOPOK is prohibited to pay out any profit payments, business performance awards to members of management and employees, and payment of other financial liabilities to parent or affiliated companies or owners. The parties shall include borrower's restrictions with the annex to the credit agreement. **<u>Deferred payment of credits and other liabilities arising from acts regulating aid and restructuring of distressed companies and cooperatives</u>** In addition to deferral of borrower's payment obligations pursuant to the ZIUOPOK, the Act also regulates a deferral of credit payments and other liabilities arising from: • Act Governing Rescue and Restructuring Aid for Companies and Cooperatives in Difficulty (Official Gazette RS, no. 5/17), • Act Governing the Rescue and Restructuring Aid for Companies in Difficulty (Official Gazette RS, no. 44/07 – official consolidated text, 51/11, 39/13, 56/13, 27/16 – ZFPPIPP-G and 5/17 – ZPRPGDZT) and

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	• related deferral and installment payment approved in accordance with Article 77 of the Public Finance Act (Official Gazette RS, no. 11/11 – official consolidated text, 14/13 – corr., 101/13, 55/15 – FISP, 96/15 – ZIPRS1617 and 13/18). **Borrower** Eligible borrower under the Act is a company established under the law governing companies and a cooperative established under the law governing cooperatives. **Characteristics of deferral** Deferral of payment obligations shall be granted for a period of 12 months, provided that the individual payment obligation has not yet matured until the declaration of the epidemic. Deferral of payment obligations constitutes the termination of the maturity of all obligations under a credit or other agreement for a duration of the deferral period. In this regard the parties conclude an annex to the credit agreement. The final maturity date of the credit agreement is, therefore, extended for 12 months. Please note that credit agreements granted through public tenders by Public Funds of the Republic of Slovenia may be subject to reprogram. This measure is applicable when the borrower defaulted on his payment obligation before the declaration of the epidemic. In such case the amount of individual installment increases for applicable amount. **Borrower's obligations** The borrower who has been granted a deferred payment is obliged to report to the competent ministry quarterly on its business position. The competent ministry may suspend or shorten the deferral period, (i) if the borrower is found to be in breach of its reporting obligations, (ii) if its financial position improves and the conditions for deferred payment are no longer met, or (iii) if it is found that the borrower stated false information in the application. **Employment and social security contributions** Employers are exempted from paying pension and disability insurance contributions for employees from the first to fourth paragraphs and from the sixth paragraph of Article 14 of the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 96/12 et seq.; hereinafter: ZPIZ-2) for the months of April and May 2020. Pension and disability insurance contribution (of the employer and the insured) is fully paid by the Republic of Slovenia. The exemption applies to those employees (the insured) who continue to work and receive a salary during the application of emergency measures under the Act. For the period when an employee is on leave and is thus entitled to a full wage compensation, the employer shall also be granted exemption from the payment of pension and disability insurance contributions. Exemption from the payment of contributions does not apply to those insured whose employers are direct or indirect users of the budget of the Republic of Slovenia or that of a municipality (it is, therefore, only applicable to employees employed by private sector companies) and financial and insurance activities that fall under Group K according to the standard classification of activities.
Act Amending the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy (hereinafter: ***ZIUZEOP-A***)	**State guarantee** A guarantee of the Republic of Slovenia is granted to the bank (as defined in ZIUOPOK) for the fulfilment of obligations of borrowers (defined in ZIUOPOK), for 25% of the amount of deferred instalment that would be due within a period of maximum 12 months, for which the deferral was agreed, or 50% in the case of: (i) borrowers engaged in an activity for which the government or municipal decree stipulates that the provision of services or sale of goods is temporarily prohibited due to the COVID-19 epidemic; (ii) borrowers, who are natural persons.

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	The amendment is intended to prevent any misinterpretation regarding the number of instalments of the loan in the event the instalments is not calculated on a monthly basis, but e.g. quarterly. The State guarantee is limited with substantive and quantitative restrictions that have been adopted by the European Commission in the Temporary Framework for State aid measures to support the economy in the current COVID19 outbreak. More detailed rules will be defined in a Government decree. The borrower is subject to a prohibition on the distribution of profits, rewards for business performance to the members of the management board and to the employees, and payment of other financial liabilities to parent or related entities or owners, for the time period from the application for the deferral to the termination of the bank's right to exercise its right arising from the guarantee. **<u>Deferred payment of credits and other obligations based on the act regulating rescue and restructuring aid to the companies and cooperatives in economic difficulties</u>** The Act stipulates that, depending on the extension of the maturity of the last installment of the basic credit (or other) contract, the act governing the insurance of payment of obligations under this contract is automatically extended. In addition, the ultimate deadline for the deferral of the payment obligations, which can exceptionally be agreed between the competent ministry and the debtor, is also defined. The maximum payment deferral is set at 24 months. The possibility of rescheduling the loan agreement as such does not change, however, it is available to borrowers who were not late in fulfilling their obligations for more than 90 days before the declaration of an epidemic. Notwithstanding Article 10 ZPreZP-1, the payment deadlines are prolonged to 60 days in instances, where the creditor is the Republic of Slovenia or a local community, public fund, public agency, public institute or public economic institute and the debtor is a private entity. That payment deadline remains in force for 1 year after the declaration of the expiry of the epidemic. **<u>Employment and social security contributions</u>** <u>Employers carrying out financial or insurance activities falling within Group K according to the standard activity classification, are eligible for the aid, if on 13 March 2020 they have less than 10 employees</u>. The Act thus widens the circle of beneficiaries to the aid.
Act Providing Additional Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic (hereinafter: ZDLGPE)	**Measures to provide additional liquidity to the economy** The subject of the measures is to provide an *ex lege* guarantee of the Republic of Slovenia for the borrowing of borrowers. The guarantee is provided to cover the risk of banks and savings banks established in the Republic of Slovenia, or branches of banks of Member States established in the Republic of Slovenia, which, in accordance with the ZBan-2, may provide banking services in the territory of the Republic of Slovenia. **Borrowers secured by a state guarantee** Any legal or natural person engaged in an economic activity, regardless of legal form, shall be considered a borrower whose guarantee may be secured by a state guarantee. However, credit and financial institutions as defined in ZBan-2, ZZavar-1 and ZPIZ-2, are not eligible for collateral with a state guarantee. To obtain a guarantee, the borrower must meet the following criteria: • on 31 December 2019 it was not considered to be an undertaking in difficulty as defined in point 18 of Article 2 of Regulation 651/2014/EU; • it has been facing liquidity problems since after 31 December 2019 due to business reasons related to the consequences of COVID-19 in the territory of the Republic of Slovenia;

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	• it is not considered as a defaulter in accordance with the provisions of Regulation (EU) No. 575/2013 as amended, whereby the borrower as at 12 March 2020 should not have significant delays in settlement of its obligations to the bank as defined in the guidelines of the European Banking Authority; • it does not operate and is not registered in a country from the European Union's List of jurisdictions that are not willing to participate for tax purposes and it does not have an owner in such country; • on the day of the application, outstanding liabilities arising from compulsory contributions, taxes and other charges have been settled, or the borrower is, on that day, in a situation where, in accordance with the law, the obligation for the payment of compulsory contributions, taxes and other charges has been differed, or instalment payments have been enabled; • it is included in the mandatory multilateral offsetting system. **Conditions** A state guarantee is intended for loan agreements that meet the following criteria: • they are concluded after 12 March 2020 and no later than 31 December 2020; • the maturity of the loan does not exceed 5 years; • the loan is intended solely to finance the borrower's core business (financing of new and completion of already started investments, working capital financing or financing of a repayment of liabilities stemming from loan agreements which were concluded in a period from 12 March 2020 until the entry into force of this Act and that fulfil the conditions under this Act); • the loan is not intended for financing affiliated companies or companies with financing abroad. The maximum permissible total amount of the principal value of the loan, for which the Republic of Slovenia is responsible with its guarantee, is defined as up to 10% of sales revenue in 2019 and may not exceed the amount of labour costs for 2019. If the borrower is granted a deferral of payment of its liabilities for newly concluded loan agreements in accordance with the ZIUOPOK, the maximum permissible total amount of an individual borrower's liability is the amount of its deferred liabilities. **Application of the borrower** In the application the borrower must submit the following: • latest financial statements; • a description of its business position as a result of the consequences of COVID-19, together with an indication of the amount of total sales revenue in 2019 and the amount of labour costs for 2019; • the amount and maturity of the loan requested; • the purpose of the loan; • if it also has a loan which is subject to deferral under the act governing emergency measures on deferral of borrowers' payment obligations, information about the amount of the borrower's obligations under this loan; • a statement that the loan will be intended for financing in accordance with the conditions laid down for credit agreements in accordance with the Act. **Duration and amount** A guarantee is an accessory legal transaction that follows the principal obligation. It is therefore logical that the duration of a single guarantee should not exceed the maturity of the loan (5 years), including any subsequent extensions in respect of which it was granted.

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	The amount of the guarantee depends on the classification of each borrower according to its size and number of employees. Entities having fewer than 250 employees and an annual turnover not exceeding 50 million EUR and/or annual balance sheet total not exceeding 43 million EUR and are classified as micro, small and medium entities in accordance with Regulation 651/2014/EU companies are entitled to a guarantee of 80% of the principal value. All other entities that do not meet the above conditions are considered as large companies and are entitled to a guarantee of 70% of the principal value. In Article 6 the Act also stipulates that the request for the fulfilment of the guarantee obligation of the Republic of Slovenia is justified only if the bank and the Republic of Slovenia suffer proportional losses on equal terms. This provision of the Act is unclear and not specified any further. **Key features of the guarantee** The Republic of Slovenia is, as a guarantor, responsible to the bank for fulfilling the borrowers' obligations. Some general and specific restrictions apply in that regard. An essential general restriction is that the total amount of principal values of all loan agreements subject to the guarantee of the Republic of Slovenia may not exceed 2 billion EUR (guarantee quota). Specific restrictions apply to specific loan agreements concluded in accordance with the Act (Article 5). The guarantee is irrevocable, unconditional and is redeemed at the bank's first written demand. **Fee** Pursuant to the Act no fee will be charged or paid. However, the Act provides for an obligation to pay a "guarantee premium", which is an annual premium, the amount of which is determined by the type of entities (whether it is a micro, small, medium-sized enterprise or a large enterprise) and by the duration of the loan (for the first year, for the second and third year, and for the fourth and fifth year). The amount of the premium is set according to the "basis points" as set out in Article 8 of the Act (from 25 basis points for micro, small or medium-sized enterprises or from 50 basis points for large enterprises for the first year up to 100 basis points for micro, small or medium-sized enterprises or up to 200 basis points for large enterprises for the fourth and fifth year). "Base Point" means 1/100 of a percentage point of the outstanding principal value of the loan. **Fulfilment of the State's guarantee** Pursuant to the Act, the Republic of Slovenia authorizes SID Bank - Slovenian Export and Development Bank, d.d., Ljubljana (***SID Bank***) to carry out certain operations related to guarantees on its behalf and for its account. In accordance with Article 9 of the Act, the guarantee obligation will be primarily fulfilled in cash, however the Act also provides for the issuance of bonds of the Republic of Slovenia or SID Bank, provided that these meet the conditions of an instrument by which the bank can safeguard its liability to the European Central Bank. To this end, the Government of the Republic of Slovenia will, with prior opinion from the Bank of Slovenia, issue a decree within 3 months from the day of the entry into force of the Act, which will prescribe the criteria according to which the said bonds will be considered an acceptable instrument. In the case of borrowers classified as micro, small or medium-sized enterprises, forfeiture of the guarantee may be effected by payment from the budget of the Republic of Slovenia or by submission of a bond of the Republic of Slovenia, or, in the case of borrowers classified as large enterprises by payment from the budget of the Republic Slovenia or by submission of a SID Bank bond. The decision on the manner of execution of the guarantee obligation is at the discretion of the Republic of Slovenia, which in particular considers the liquidity capabilities of the budget of the Republic of Slovenia. In addition to the method for the forfeiture of the guarantee, Article 9 of the Act provides for the possibility of transferring receivables. In the event that a default event has not yet occurred, the bank may offer SID Bank to purchase

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	its receivables against the borrower in the amount of the unpaid nominal amount of the principal value of each loan, in the part covered by the guarantee of the Republic of Slovenia. If SID Bank accepts such an offer, it will fulfil the obligation by submitting the SID Bank bond. Role of the bank A bank which approves a loan in accordance with the Act, submits a loan application together with a copy of a loan agreement and other necessary or required documentation to SID Bank. In order to redeem the guarantee, the bank shall submit a request for fulfilment of the guarantee obligation of the Republic of Slovenia to SID Bank no later than 6 months after the occurrence of the default event. The Republic of Slovenia shall fulfil the guarantee obligation no later than 15 working days after receiving **a formally complete** claim for its fulfilment. The Act also sets out a bank's obligation to notify the borrower on filed request for a guarantee within 3 days after filing. **Recovery and the management of claims** SID Bank is responsible for the recovery of individual claims from redeemed guarantees on behalf of the Republic of Slovenia and for the management of the acquired claims, even if SID Bank consensually transfers the management or recovery of the claims to the bank. SID Bank monitors and controls the procedures of the recovery and the management of claims and participates with banks on behalf and for the account of the Republic of Slovenia in important decisions in the process of the recovery or the management of the claim. The recovery and the management can be carried out through a bank that has received a guarantee for a redeemed or transferred claim. In the proportion to the assumed risk, the bank shall transfer any amount of recovered recourse and received payment to the Republic of Slovenia, when recovering the claims from redeemed guarantees and managing individual claims. SID Bank may recover the redeemed guarantee directly from the debtor if, such recovery is faster or more economical than the recovery which would be otherwise managed by the bank according to the estimation of SID Bank. **Insolvency or liquidation** If proceedings for insolvency or liquidation are brought against the borrower, the bank must notify SID Bank of any claim it declares in proceedings and of the initiation of proceedings no later than 14 days before the deadline for declaring claims. **Restrictions for borrowers** The following applies to the borrowers from time of the application for the loan until the cessation of the bank's right to exercise the right to a guarantee: • the distribution of profits is prohibited; • business performance rewards for the members of the management are prohibited; • the purchase of treasury shares and ownership interest is prohibited; • payment of other financial liabilities to the parent or affiliated companies or owners is prohibited. In case of an approved guarantee the bank includes a disclaimer on the prohibition of payments in the loan agreement. **Cease of the guarantee** Conditions in respect of a loan as well as of a borrower for granting a loan are laid down. The bank is responsible for the assessment if these conditions are met in the process of deciding whether to grant a loan secured by a guarantee of the Republic of Slovenia.

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<tr><th>ACT</th><th>EFFECTS</th></tr>
<tr><td></td><td>The guarantee shall cease:
if the loan agreement was concluded in contravention with terms of this act and the violation occurred on the bank’s side;
if the bank determines that the borrower has provided false information in the application (in which case the bank establishes a claim of recourse against the borrower, since the violation has not occurred on the bank’s side);
or if the bank does not notify SID Bank of the initiation of insolvency or liquidation proceedings of the borrower no later than 14 days before the deadline for declaring claims.
In case that the guarantee has already been redeemed the bank must reimburse all received amounts with statutory default interest from the date of receipt of the guarantee payment until the date of the repayment.

All provisions regarding the cessation of the guarantee shall also apply in case of delivery of bonds of the Republic of Slovenia or SID Bank. The obligation arising from the bonds does not expire. The bank is obliged to reimburse the Republic of Slovenia and SID Bank the amount equal to the obligation of the issuer of the bond with default interest from the date of delivery of the bond.

Recourse claims of the Republic of Slovenia towards the borrowers arising from redeemed guaranties and bank’s claims arising from loan liabilities have the status of priority claim in the part where they represent unsecured claims as defined by the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act.</td></tr>
<tr><td>Intervention Measures Act to prepare for the second wave of COVID-19 (ZIUPDV)</td><td>Any employer in the Republic of Slovenia who is temporarily unable to provide work for workers due to the consequences of the epidemic may exercise the right to a measure of partial reimbursement of wage compensation to workers on temporary waiting for work, except:
direct or indirect user of the budget of the Republic of Slovenia or the budget of the municipality, whose share of revenues from public sources in 2019 was higher than 70%,
an employer performing financial or insurance activity, which belongs to group K according to the standard classification of activities, and has more than ten employees on 13.3.2020,
foreign diplomatic missions and consulates, international organizations, missions of international organizations and institutions, bodies and agencies of the European Union in the Republic of Slovenia.</td></tr>
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