

# NLB Group Presentation



Q3 2023 Results

**NLB Group**

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## Creating value for shareholders

### Leading banking and financial group in SEE

NLB Group is the leading banking and financial group with headquarters and an exclusive strategic interest in **our home region – Southeast Europe.**

### Universal banking model

NLB Group is comprised of eight banks and several companies for ancillary services, which support its clients through **retail, corporate, and investment banking.**

### Value in imperfection

Operating in a geographical niche with fragmented smaller markets and limited attention from large global bank gives NLB Group the **opportunity to operate with economies of scale and scope.**

### Improving the quality of lives in SEE

We understand the SEE region as we share common cultural and historical values and principles with its people. **For us, this region is not just a spot on the map – this is our home, and we want to see it thrive.**

### Recruiting the best talents

NLB Group is one of the most successful business entities in SEE region with attracting and retaining best talents.

### Systemically important banking institution in SEE

Our market position – **above 10% market share** on each market where we operate – puts us in comfortable position **where we can choose the most advantageous approach for growth.**



This is our home. A region of opportunities.





#### NLB, Ljubljana

 <b>Market share</b> by total assets <b>30.3%</b>	 <b>Result after tax</b> <b>283</b> (in EUR millions)	 <b>Total assets</b> <b>15,726</b> (in EUR millions)	 <b>Active clients</b> <b>694,273</b>
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#### NLB Banka, Sarajevo

 <b>Market share</b> by total assets <b>6.1%</b>	 <b>Result after tax</b> <b>11</b> (in EUR millions)	 <b>Total assets</b> <b>893</b> (in EUR millions)	 <b>Active clients</b> <b>132,152</b>
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#### NLB Banka, Podgorica

 <b>Market share</b> by total assets <b>14.5%</b>	 <b>Result after tax</b> <b>19</b> (in EUR millions)	 <b>Total assets</b> <b>981</b> (in EUR millions)	 <b>Active clients</b> <b>86,745</b>
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#### NLB Banka, Banja Luka

 <b>Market share</b> by total assets <b>20.5%</b>	 <b>Result after tax</b> <b>20</b> (in EUR millions)	 <b>Total assets</b> <b>1,022</b> (in EUR millions)	 <b>Active clients</b> <b>209,958</b>
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#### NLB Komercijalna Banka, Beograd

 <b>Market share</b> by total assets <b>9.9%</b>	 <b>Result after tax</b> <b>115</b> (in EUR millions)	 <b>Total assets</b> <b>4,845</b> (in EUR millions)	 <b>Active clients</b> <b>934,350</b>
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#### NLB Banka, Skopje

 <b>Market share</b> by total assets <b>15.9%</b>	 <b>Result after tax</b> <b>34</b> (in EUR millions)	 <b>Total assets</b> <b>1,806</b> (in EUR millions)	 <b>Active clients</b> <b>407,585</b>
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#### NLB Banka, Prishtina

 <b>Market share</b> by total assets <b>17.0%</b>	 <b>Result after tax</b> <b>27</b> (in EUR millions)	 <b>Total assets</b> <b>1,177</b> (in EUR millions)	 <b>Active clients</b> <b>234,229</b>
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# Executive Summary

## Strong 3Q performance and revised 2023 outlook

### Q3 2023 Highlights

- Solid recurring revenues, cost discipline and resilient asset quality leading to EUR 122.6 million in profit after tax in Q2 (2% growth QoQ)
- Komercijalna banka contributed EUR 114.5 million in the first nine months of this year, comfortably surpassing the target of EUR 100 million set for 2025
- Stable loan growth YtD, confirming our 2023 outlook of mid-single digit loan growth
- Client deposits are growing, demonstrating client confidence in the NLB brand
- Strong capital position (TCR at 18.7% and CET1 ratio 14.7%) ensuring capital return and continued growth
- The region is expected to grow at rates above the Eurozone average, labour markets are expected to remain strong

### Important Developments

- Integration process of N Banka successfully completed
- 41st General Meeting of NLB d.d. will take place on 11 December:
  - Dividend payment in the amount of EUR 55 million
- Government and regulatory interventions:
  - Tax on total assets in Slovenia
  - National Bank of Serbia enforced interest rate regulation on housing loans
- Better than previously expected regular income and CoR, along with slightly higher costs leading to a new revision of the 2023 outlook




# Macro Overview




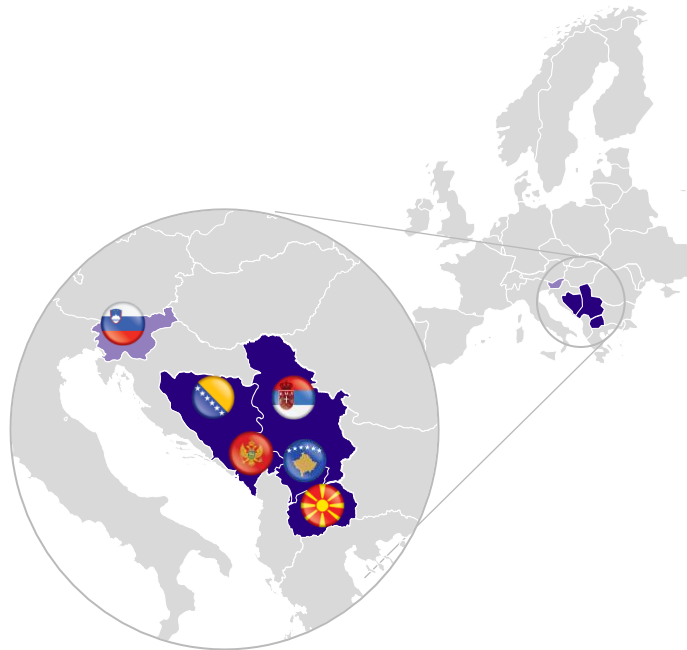
# NLB Group – Macro overview

NLB d.d. & 7 subsidiary banks operate in Slovenia (EU member) & 5 SEE countries (convergence to EU)


Slovenia 	EUR
GDP (EURbn)	60.8
Population (m)	2.1
NBS loans as % of GDP <sup>(1)</sup>	44.9%
NBS deposits as % of GDP <sup>(1)</sup>	65.4%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A

Bosnia and Herzegovina <sup>(2)</sup> 	EUR <sup>(3)</sup>
GDP (EURbn)	15.4
Population (m)	3.5
NBS loans as % of GDP <sup>(1)</sup>	48.3%
NBS deposits as % of GDP <sup>(1)</sup>	63.7%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	5.8
Population (m)	0.6
NBS loans as % of GDP <sup>(1)</sup>	61.4%
NBS deposits as % of GDP <sup>(1)</sup>	82.0%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	63.5
Population (m)	6.8
NBS loans as % of GDP <sup>(1)</sup>	40.4%
NBS deposits as % of GDP <sup>(1)</sup>	50.2%
Credit ratings (S&P / Moody's / Fitch)	BB+/ Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	8.5
Population (m)	1.8
NBS loans as % of GDP <sup>(1)</sup>	50.1%
NBS deposits as % of GDP <sup>(1)</sup>	61.0%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	12.7
Population (m)	2.1
NBS loans as % of GDP <sup>(1)</sup>	55.8%
NBS deposits as % of GDP <sup>(1)</sup>	65.0%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

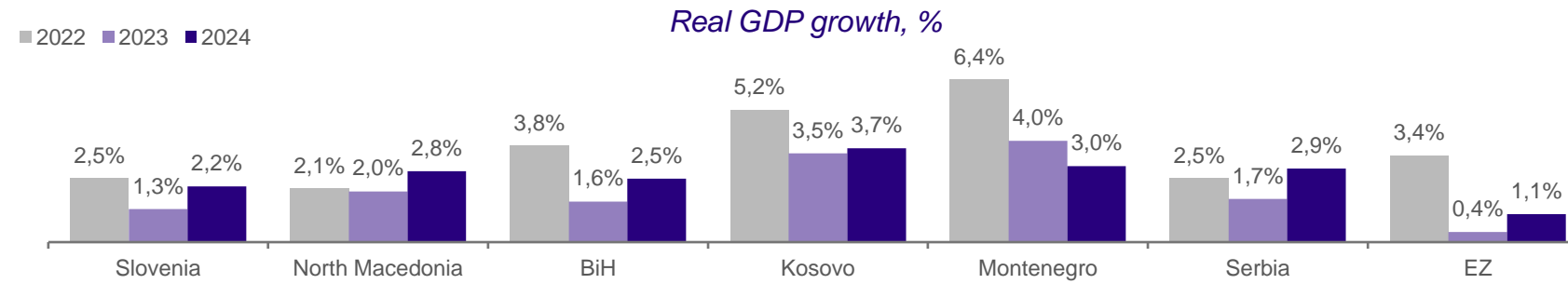


Source: Central banks, National Statistics Offices, FocusEconomics, NLB

Note: GDP volume for Q1-Q2 2023 annualized (1) Non-banking sector loans/deposits as % of GDP for Q1-Q2 annualized, (2) Bosnia and Herzegovina is comprised of 2 entities, The Federation of Bosnia and Herzegovina and Republika Srpska; (3) Official currency is BAM – Bosnia-Herzegovina Convertible Mark, pegged to EUR.

# Regional economic growth has slowed but is expected to stay above the Eurozone

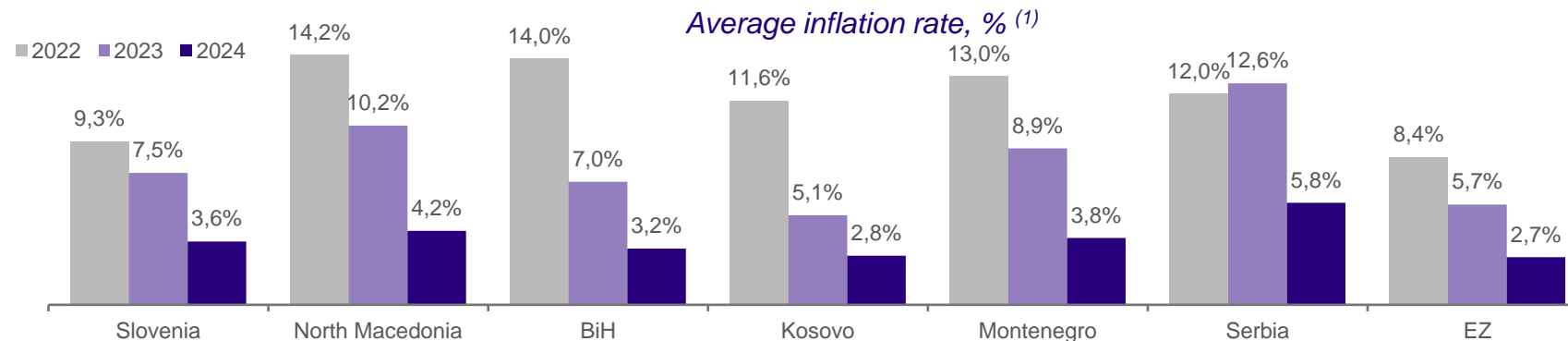
Group's region continued with slow growth, and is expected to grow at rates above Eurozone average, despite the demanding macro environment...



The annual growth in Q2 of 2023 mostly cooled down as compared with the Q1, except for Serbia, Montenegro and Slovenia. Softer exports and retail sales readings bode poorly for external and domestic demand **Household consumption** already is stalling in the euro area and similar dynamics (albeit with a lag) should weigh on the region (it rebounded only in BiH during the last quarter).

Sources: FocusEconomics, Statistical offices, NLB Forecasts for 2023 and 2024.

...as easing but still high inflation, forces households and corporates to channel their means into deposits



The double-digit inflation that significantly weighed on **households' purchasing power** and consumption habits, subsided to **single-digits** in all countries of the NLB Group except in Serbia. However inflationary pressure started picking up again (July-August) in Slovenia, BiH, Kosovo and Montenegro, most probably due to the base effect and wage component exerting additional pressure on price levels.

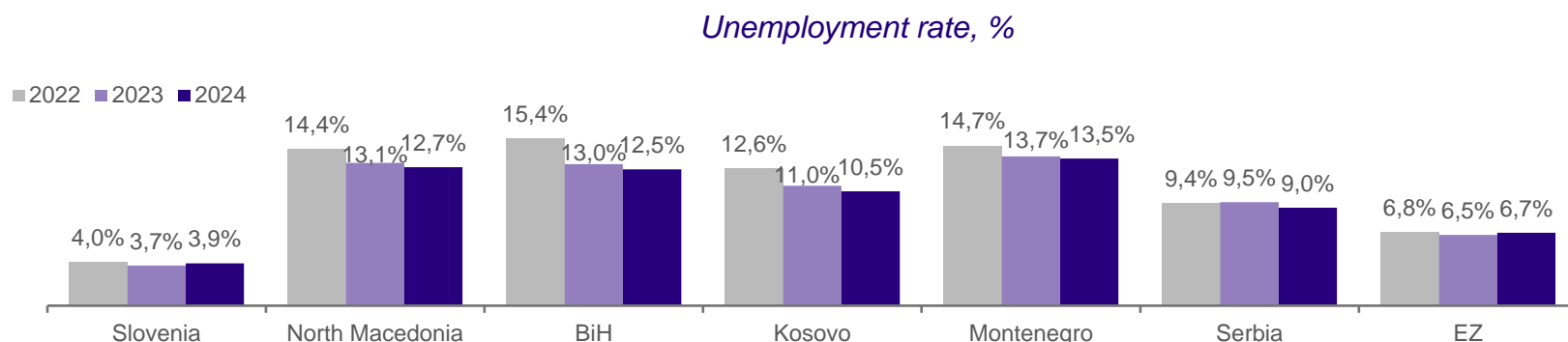
Sources: FocusEconomics, NLB Forecasts for 2023 and 2024

Note: (1) HICP for Slovenia, Kosovo and Eurozone, others CPI



# Strong labour market in the region with historically low unemployment levels

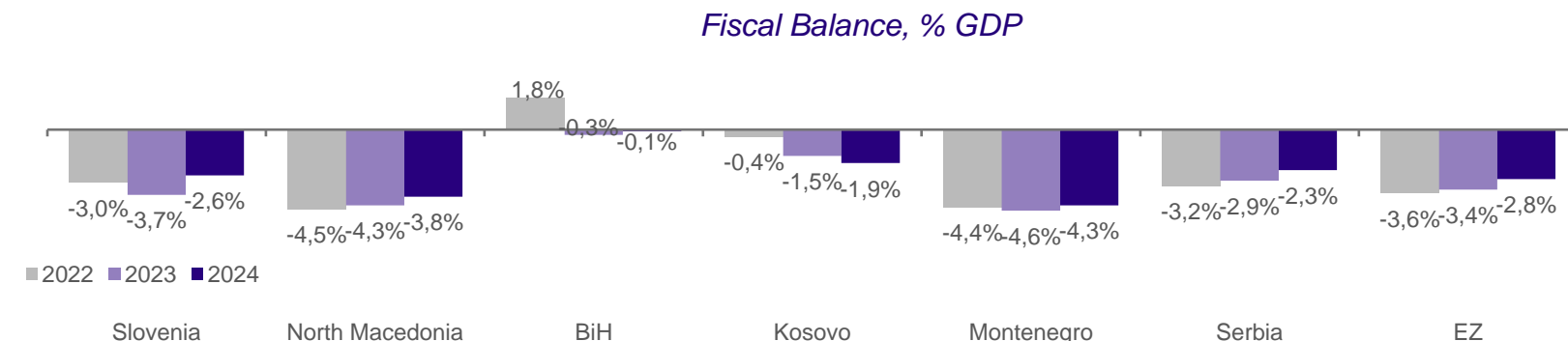
## Labour market is expected to remain strong...



By end of the Q2 2023, **unemployment rate decreased** in all countries of the **Group's region**. Nevertheless, the labour market is expected to stay strong over the course of this and next year with historically low unemployment levels in the NLB Group's region getting even lower. Structural unemployment remains a weakness in the NLB Group region, keeping the unemployment rate significantly higher than in the Eurozone.

Sources: FocusEconomics, statistical offices for 2022, NLB Forecasts for 2023 and 2024. Note..

## ...while fiscal metrics will depend on the degree of fiscal policy efficiency and prudence in attempt to address issues related to rising-cost-of-living.

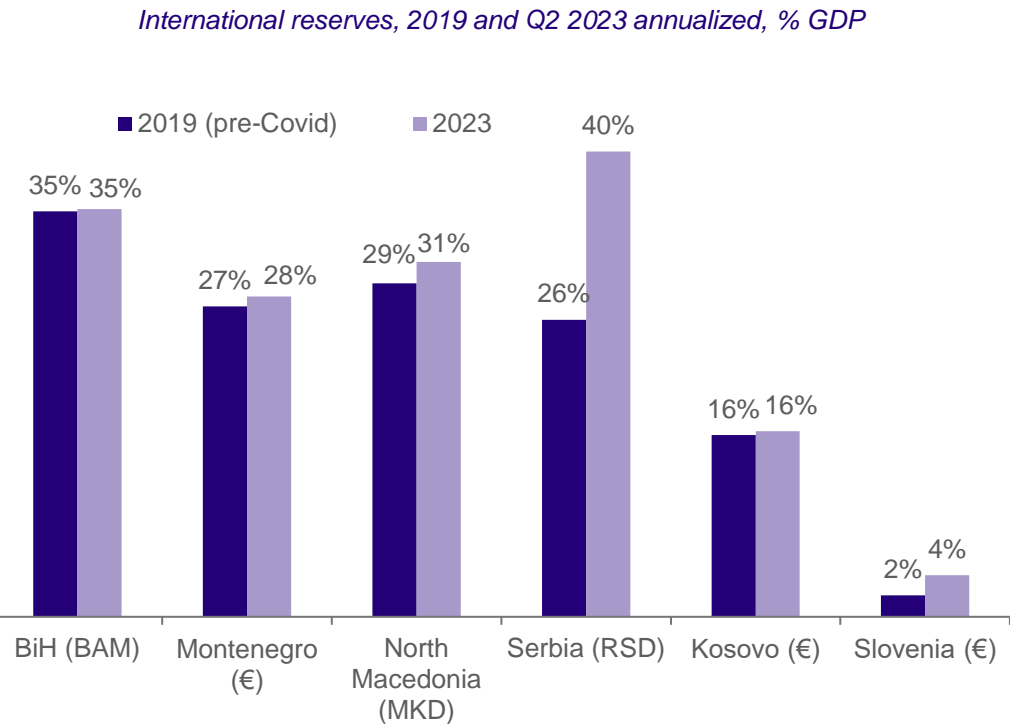


Sources: FocusEconomics, estimation for EZ, Slovenia, Kosovo, N. Macedonia, Serbia and Montenegro for 2023 and 2024.

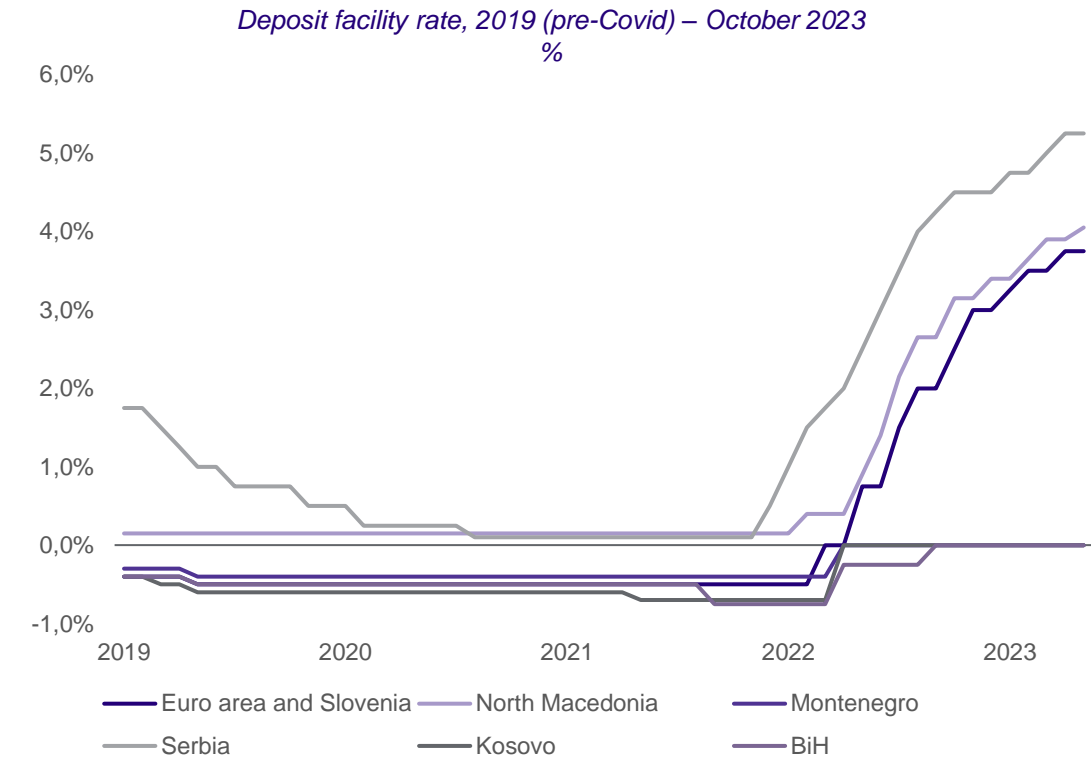
**Fiscal support measures** aimed at alleviating the impact of the increase in energy prices generated notable **fiscal costs** that have been partially offset by increased revenues due to inflation effects. Still most countries exhibit sizable budget deficits that will only slowly be reduced in the next couple of years. Combined with tightening global financial conditions this could lead to reduced fiscal space and increased debt vulnerabilities, especially due to increased geopolitical risks and in case of Slovenia, natural disaster.

# NLB operates in countries with prudent monetary policy and rising interest rates

## International reserves as % of GDP



## Central Bank interest rates evolution<sup>(1)</sup>

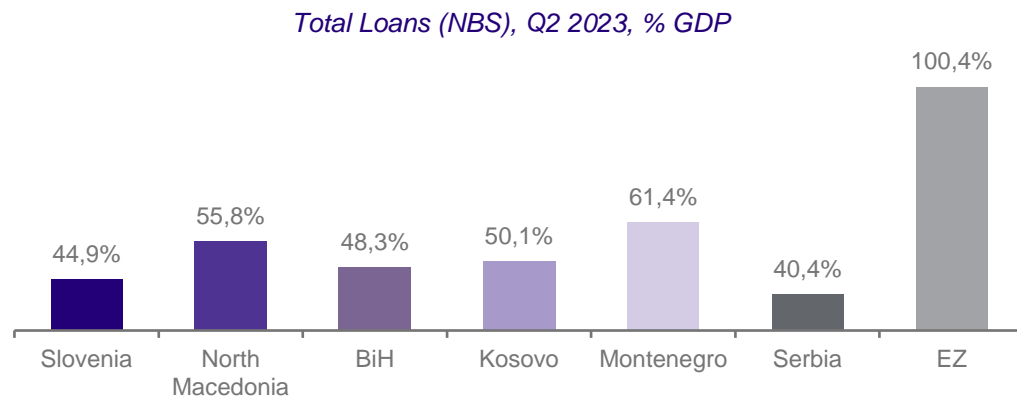


Note: (1) Deposit facility rate stands for the rate the CB charges for excess reserves in local currency.

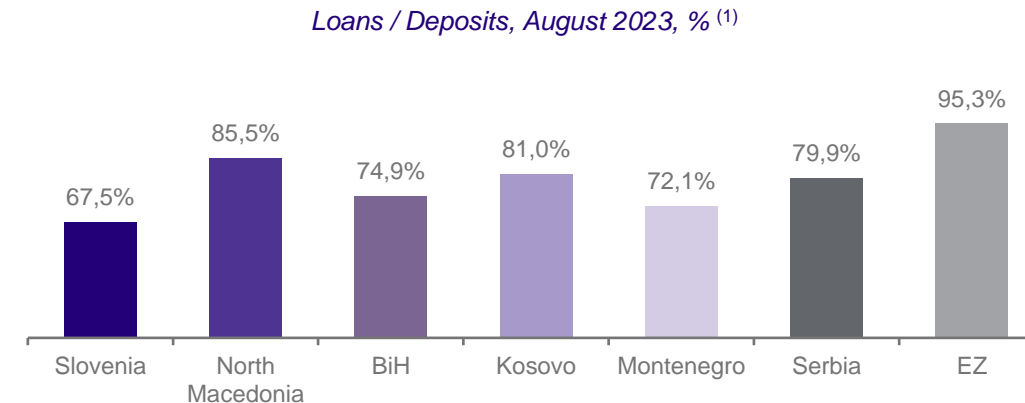
While some CBs never hiked their **deposit facility** rates above the 0% mark (**Montenegro, Kosovo and BiH**), others follow the path of **stabilization** that the ECB opted for.

# Untapped growth potential with strong fundamentals

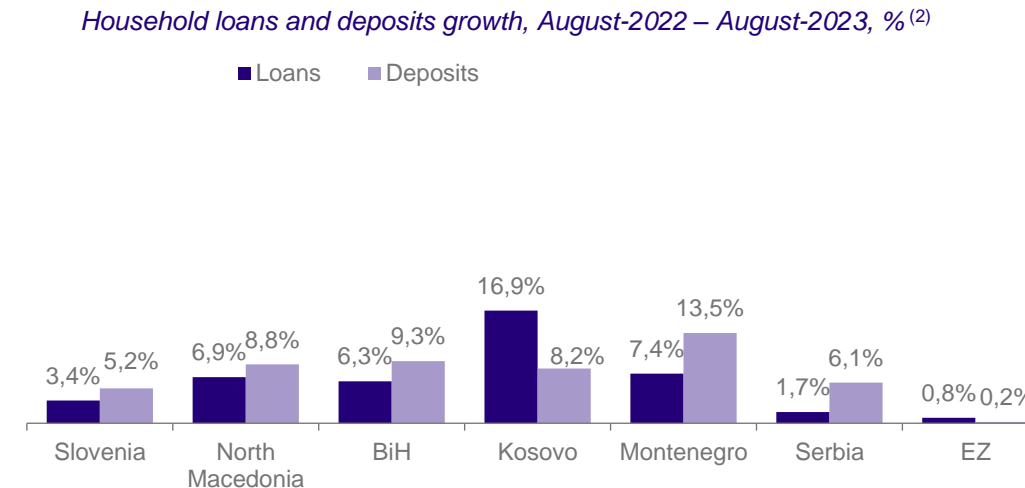
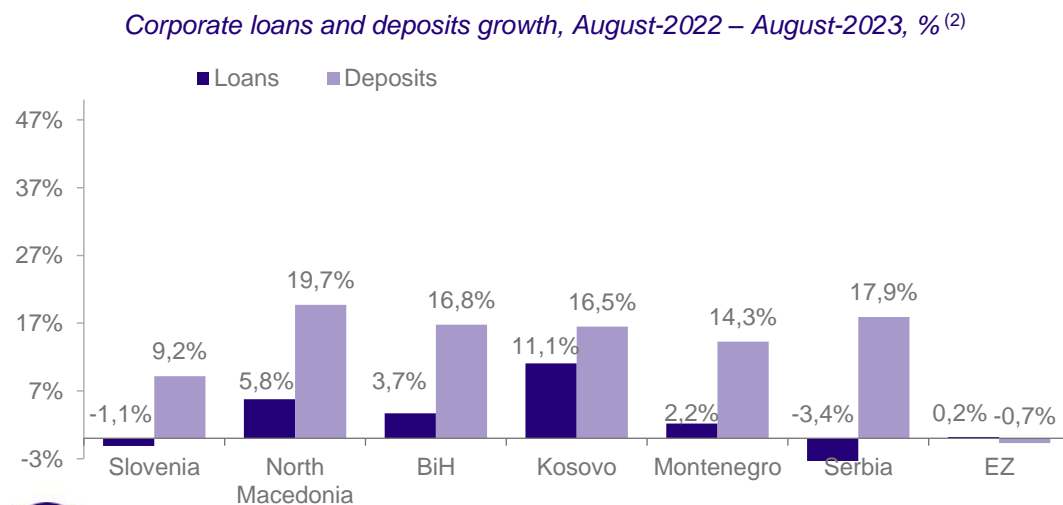
## Low overall sector leverage...



## ...with liquid banking sectors...



## ...and strong deposit growth supporting healthy loan growth rates.



# Key Developments



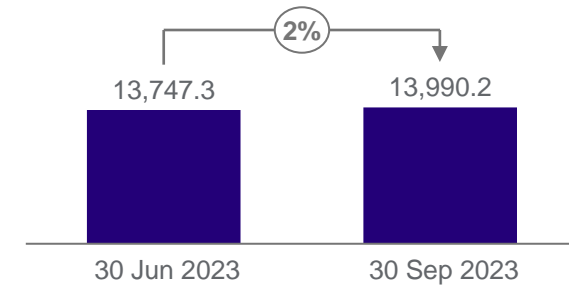


# Key performance indicators of NLB Group

## Strong recurring revenues, cost control and resilient asset quality

	in EUR millions / % / bps						
	1-9 2023	1-9 2022	Change YoY	Q3 2023	Q2 2023	Q3 2022	Change QoQ
<b>Key Income Statement Data</b>							
Net operating income	800.8	563.7	42%	289.2	269.7	205.6	7%
Net interest income	601.5	353.1	70%	221.5	201.0	126.7	10%
Net non-interest income	199.4	210.6	-5%	67.7	68.7	78.9	-2%
o/w Net fee and commission income	205.6	204.2	1%	70.9	68.5	70.5	3%
Total costs	-361.6	-332.6	-9%	-120.9	-123.6	-113.9	2%
Result before impairments and provisions	439.2	231.1	90%	168.2	146.1	91.7	15%
Impairments and provisions	13.9	2.3	-	-3.8	5.4	10.0	-
Impairments and provisions for credit risk	26.8	7.5	-	-3.1	11.5	9.8	-
Other impairments and provisions	-12.8	-5.1	-151%	-0.7	-6.2	0.2	89%
Negative goodwill	0.0	172.8	-	0.0	0.0	0.0	-
Result after tax	386.9	377.8	2%	144.2	122.6	90.8	18%
<b>Key Financial Indicators</b>							
ROE a.t.	20.2%	12.5%	7.7 p.p.				
ROA a.t.	2.1%	1.2%	0.9 p.p.				
Net interest margin (on interest bearing assets)	3.42%	2.17%	1.25 p.p.				
Operational business margin <sup>(i)</sup>	4.67%	3.46%	1.21 p.p.				
Cost to income ratio (CIR)	45.2%	59.0%	-13.8 p.p.				
Cost of risk net (bps) <sup>(ii, iv)</sup>	-23	-13	-11				
	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	Change YtD	Change YoY	Change QoQ
<b>Key Financial Position Statement Data</b>							
Total assets	25,278.0	24,701.5	24,160.2	23,497.8	5%	8%	2%
Gross loans to customers	13,990.2	13,747.3	13,397.3	13,244.0	4%	6%	2%
Net loans to customers	13,666.1	13,431.8	13,073.0	12,925.3	5%	6%	2%
Deposits from customers	20,289.1	19,924.9	20,027.7	19,573.1	1%	4%	2%
Equity (without non-controlling interests)	2,734.9	2,586.1	2,365.6	2,339.8	16%	17%	6%
<b>Other Key Financial Indicators</b>							
LTD <sup>(iii)</sup>	67.4%	67.4%	65.3%	66.0%	2.1 p.p.	1.3 p.p.	-0.1 p.p.
Total capital ratio	18.7%	18.7%	19.2%	16.6%	-0.4 p.p.	2.1 p.p.	0.0 p.p.
Total risk exposure amount (RWA)	14,919.0	14,838.4	14,653.1	14,283.7	2%	4%	1%
<b>Employees</b>							
Number of employees	8,078	8,154	8,228	8,265	-150	-187	-76

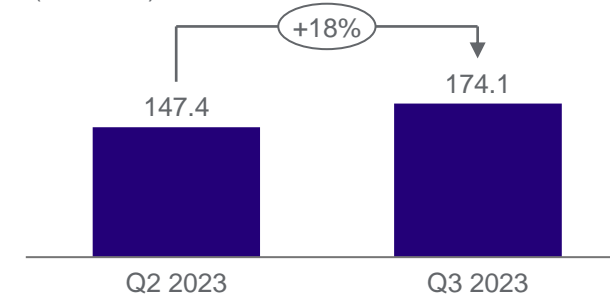
Gross loans to customers (in EURm)



Net interest income (in EURm)



Recurring result before impairments and provisions (in EURm)

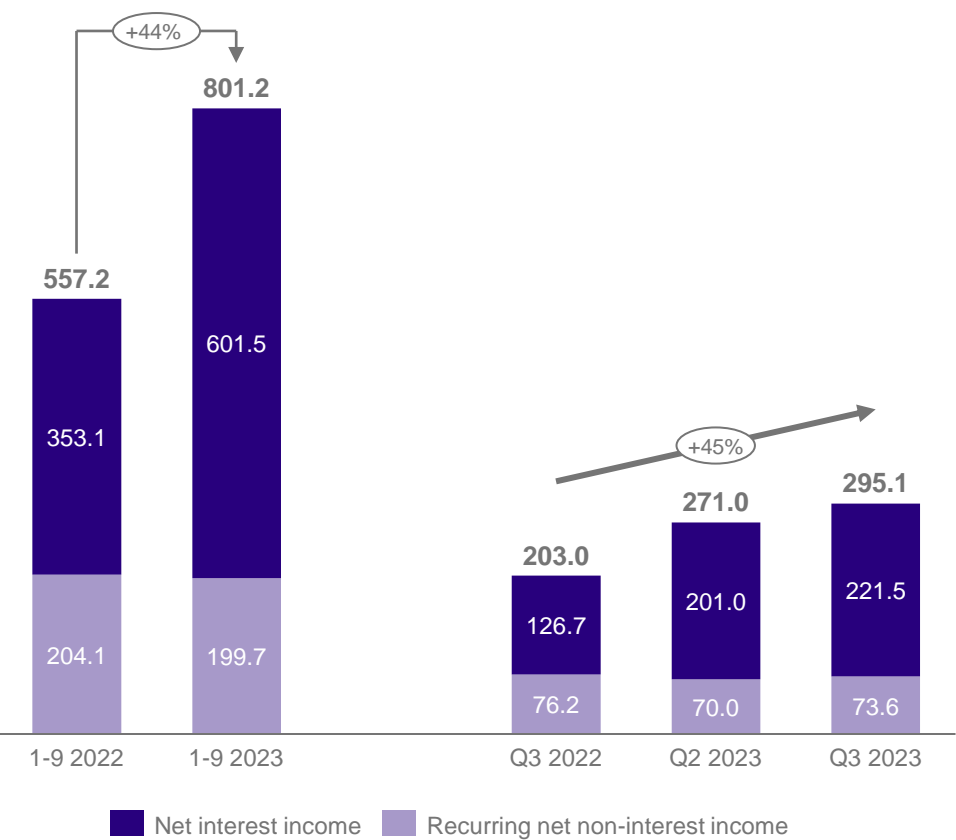


Notes: (i) Operational business margin = Operational business net income annualized / average assets. (ii) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers. (iii) LTD = Net loans to customers / deposits from customers.

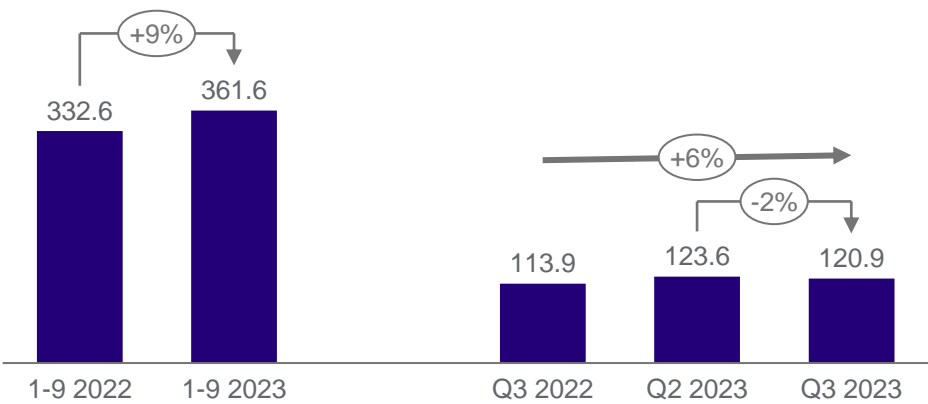
# Revenues and Cost Dynamics

Net interest income growth outpacing cost growth, CoR remains negative despite net establishment of provisions in Q3

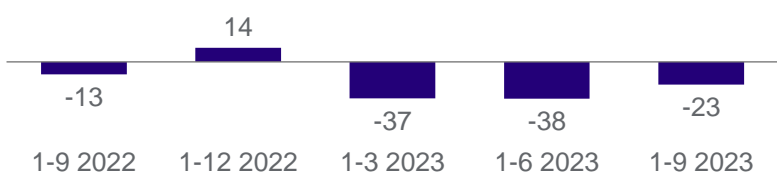
Recurring net operating income (in EUR million)



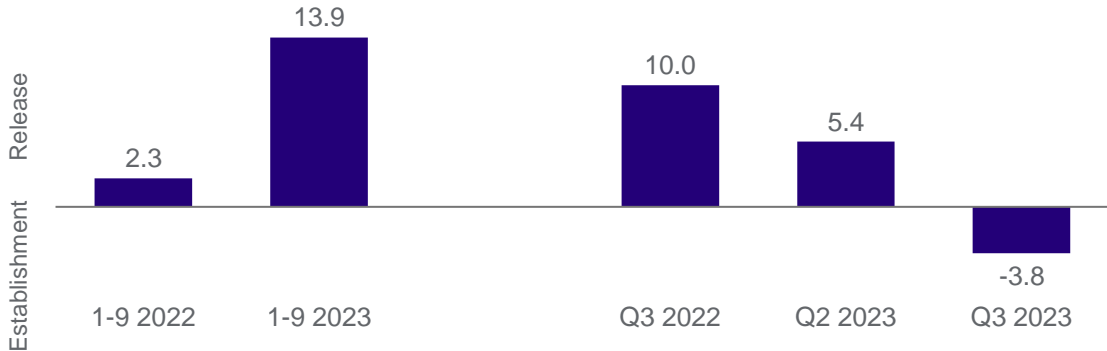
Costs (Group, EURm)



Cost of risk<sup>(i)</sup> (Group, bps)



Impairments and provisions (Group, EURm)

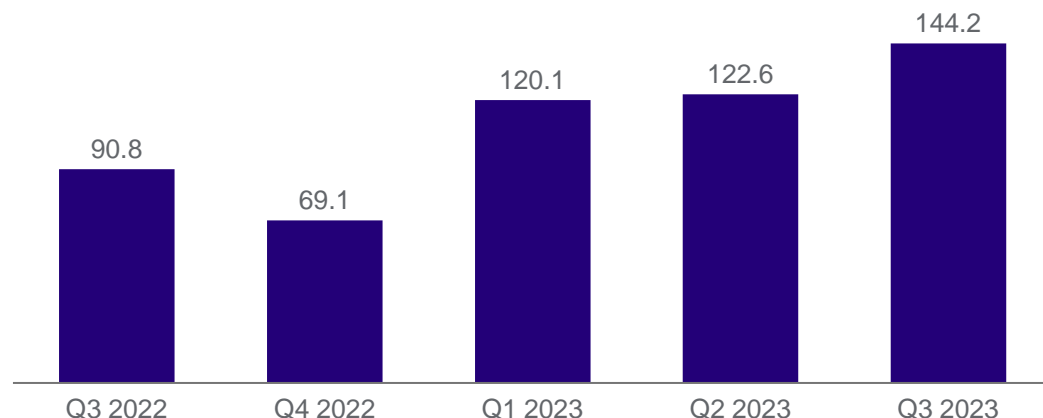


Note: (i) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers; for CoR 2022 calculation effects of EUR 8.9 million of 12-month expected credit losses recognised at acquisition date for performing portfolio for N Banka not annualized.

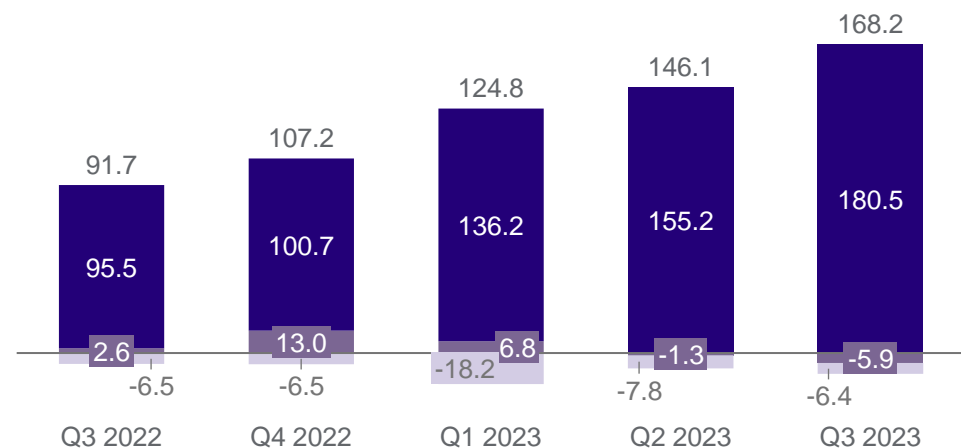
# Profitability

## Strong profitability with increasing contribution from Serbian market

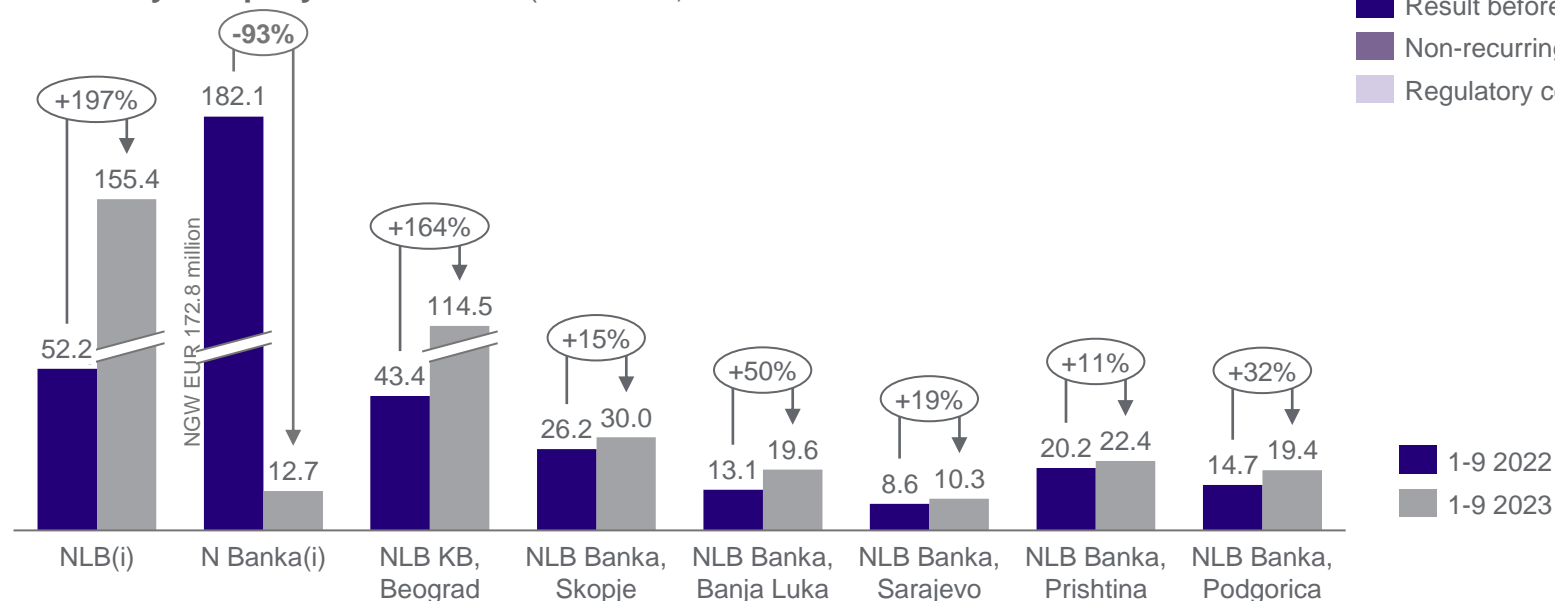
**Profit a.t. – quarterly evolution (EUR million)**



**Result before impairments and provisions by quarters (in EUR million)**



**Profit a.t. by company – contribution (EUR million)**

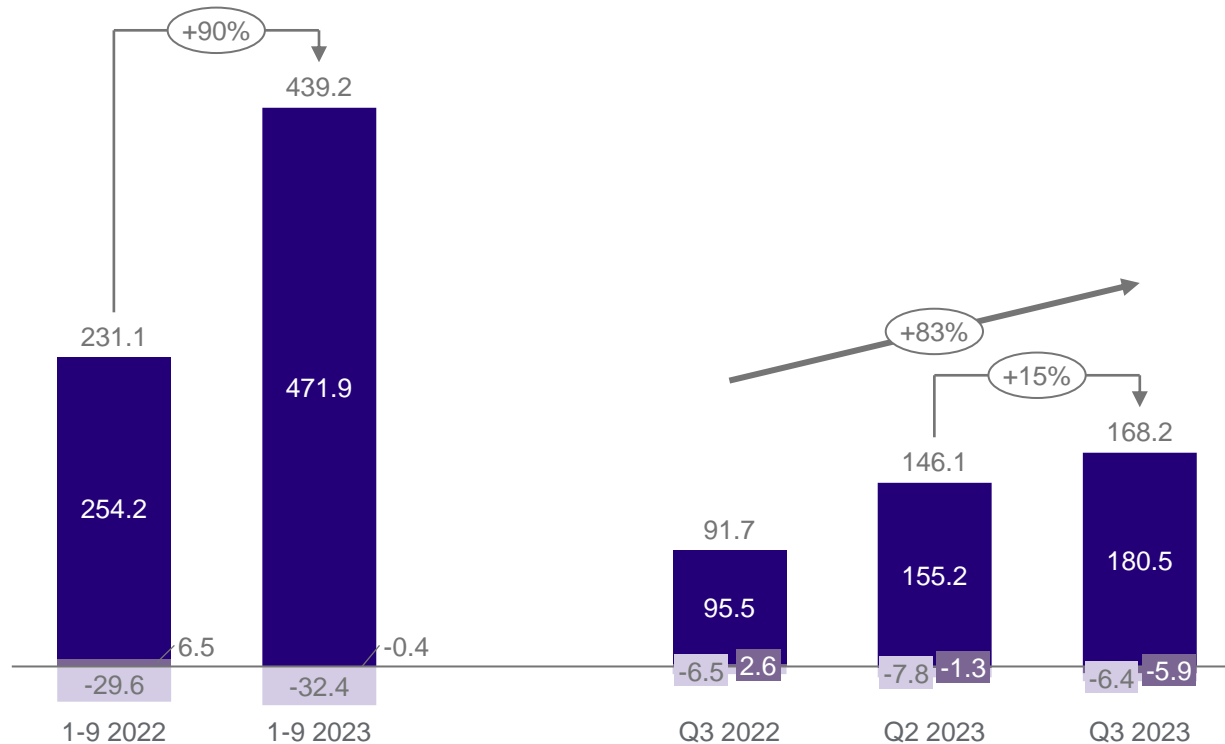


Note: (i) Merger of NLB and N Banka on 1 September 2023.

# Income Statement

## Strong operational performance increasing resilience of the NLB Group

### Result before impairments and provisions (Group, EURm)



- Result before impairments and provisions w/o non-recurring income and regulatory costs
- Non-recurring net non-interest income
- Regulatory costs



Result before impairments and provisions amounted to EUR 439.2 million, higher QoQ and YoY. Main drivers of yearly dynamics in recurring pre-provision profit:

- net interest income increased across all markets, mostly driven by increasing interest rates: EUR 248.4 million YoY
- net fee and commission income increased by 1% YoY due to increased consumption across all banking members, effectively offsetting the cancellation of high balance deposit fees in the Bank and temporary measures, particularly in Serbia

partly offset by:

- increased costs by 9% YoY, as an outcome of general inflationary trends within the region and the integration process in Slovenia (EUR 7.2 million).

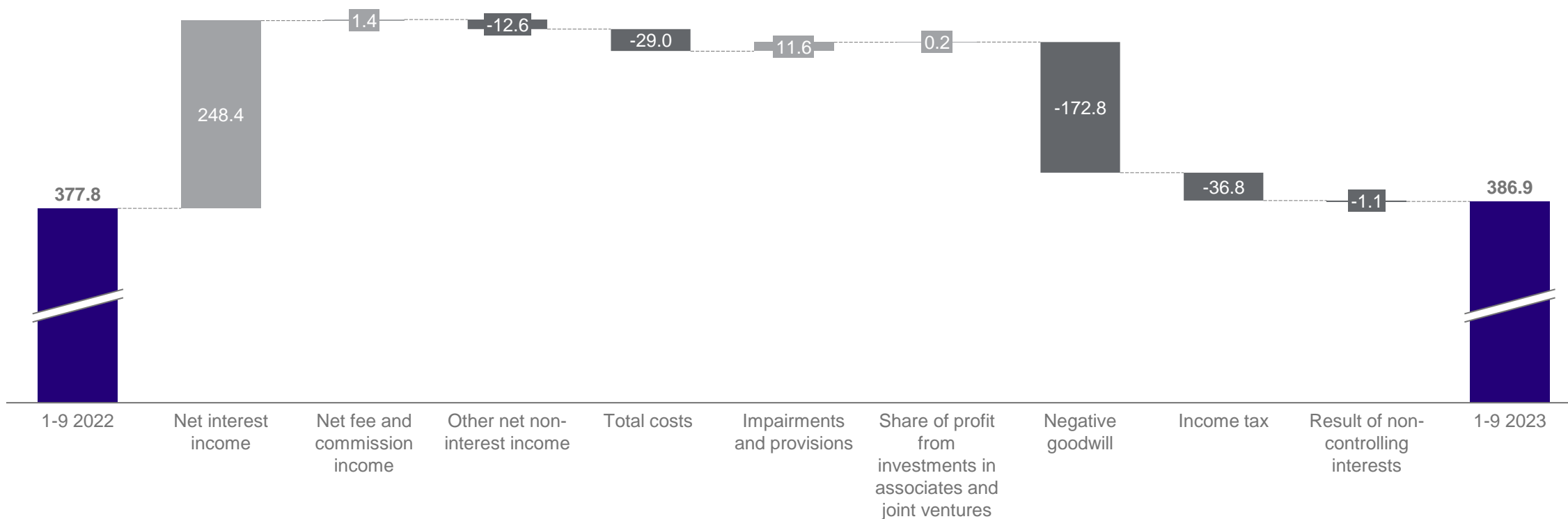
EUR 4.0 million donations for flood recovery in Slovenia affected the net non-interest income of the quarter.



# Resilient Operating Income Performance

Result reflects strong underlying performance, growth of net interest income and release of provisions

Net profit of NLB Group – evolution YoY (in EURm)

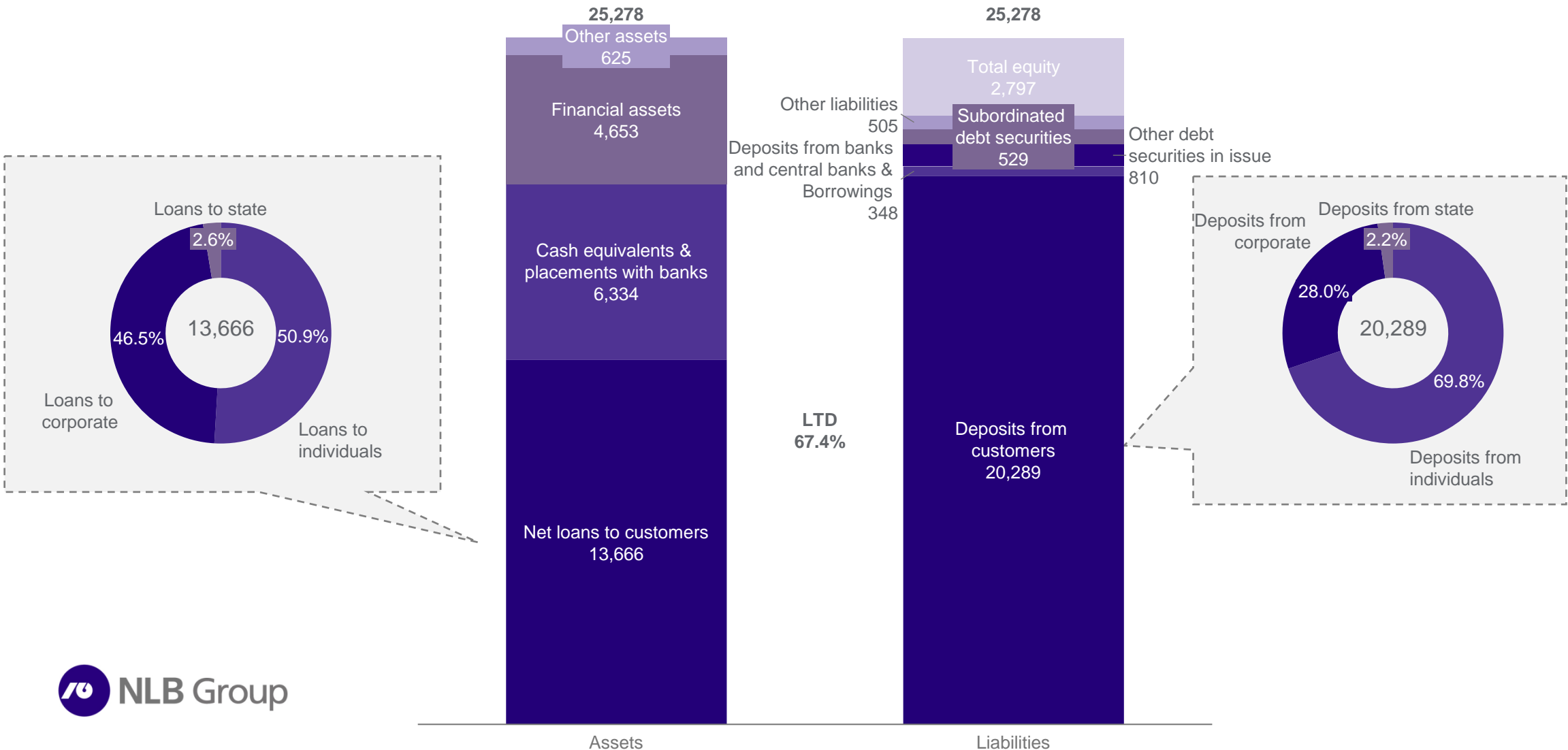


The strong performance of the NLB Group in 1-9 2023 led to a **profit a.t. of EUR 386.9 million**, 2% higher YoY, despite the strong influence of negative goodwill from the acquisition of N Banka (EUR 172.8 million) on last year's profit. A noteworthy result of EUR 439.2 million was also recorded in profit before impairments and provisions, marking a substantial YoY increase of EUR 208.1 million..

# NLB Group's Balance sheet structure

## Deposit (predominately from individuals) driven balance sheet

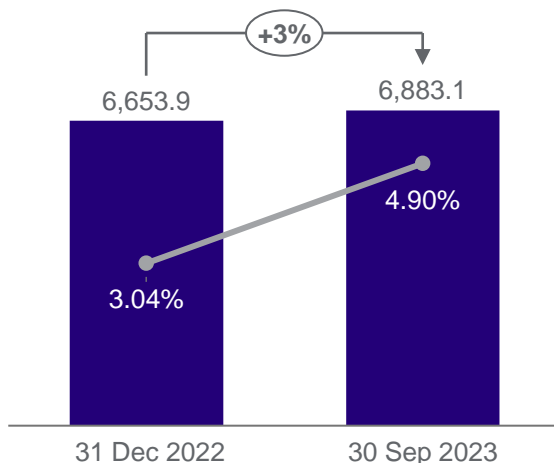
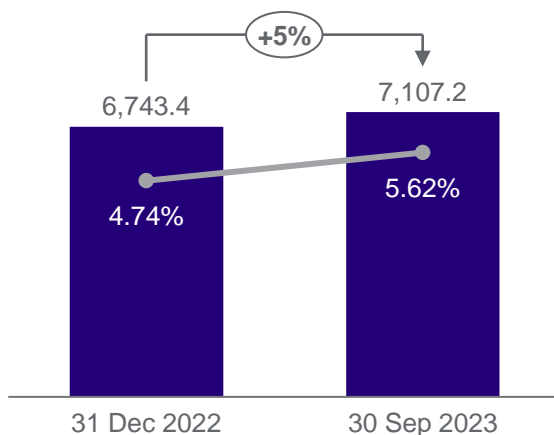
Balance sheet structure (30 Sep 2023, in EURm)



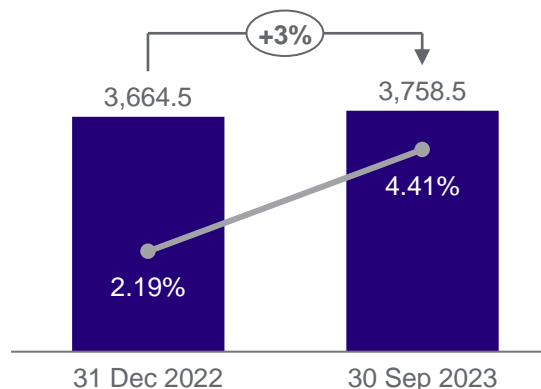
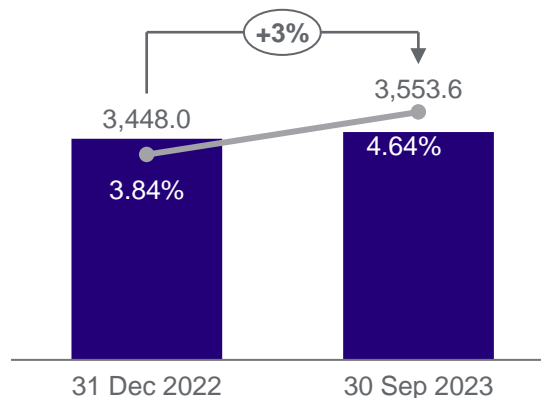
# Loan dynamics

Steady loan growth, with healthy new production despite higher interest rates

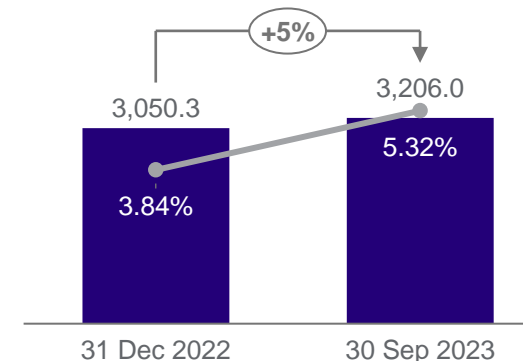
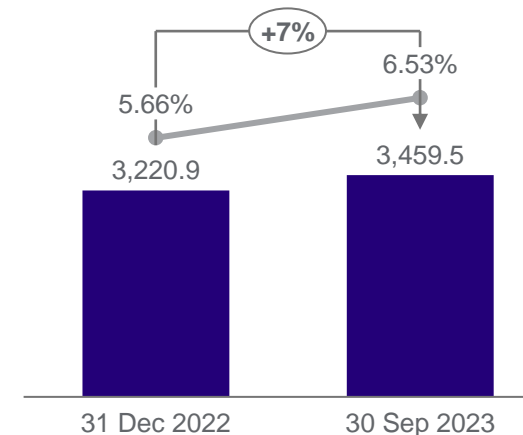
NLB Group



NLB<sup>(i)(ii)</sup>



SEE banks<sup>(i)</sup>



■ Gross loans —●— Interest rates

# Tax changes

## ***Announced changes in tax legislation (from the last available draft law):***

### Tax on balance sheet

- Taxable period: 2024-2028
- Tax rate: 0,2 % from balance sheet amount
- Deductions:
  - donations paid on a special state account
  - higher corporate income tax due to tax rate increase (difference between 19 and 22 % tax rate) for the previous taxable year
- Limitation: 30 % profit before tax

### Corporate income tax

- Temporary increase of corporate income tax rate to 22 % (current 19 %) from 2024-2028 (affects the increase of deferred taxes already in 2023)

## ***Tax Q3***

### NLB Group

<i>(in EUR 000, in %)</i>	Q3 2023	Q3 2022	1-9 2023	1-9 2022
Profit before tax	165.100	101.318	454.422	407.372
Current tax	18.245	9.084	54.946	20.124
- Withholding tax suffered in other countries for which no tax credit was available in Slovenia included in current tax	375	675	6.144	1.114
Deferred tax	-210	1.346	2.934	939
Total	18.035	10.430	57.880	21.063
Effective tax rate (income tax/profit before income tax)	10,90%	10,30%	12,70%	5,20%

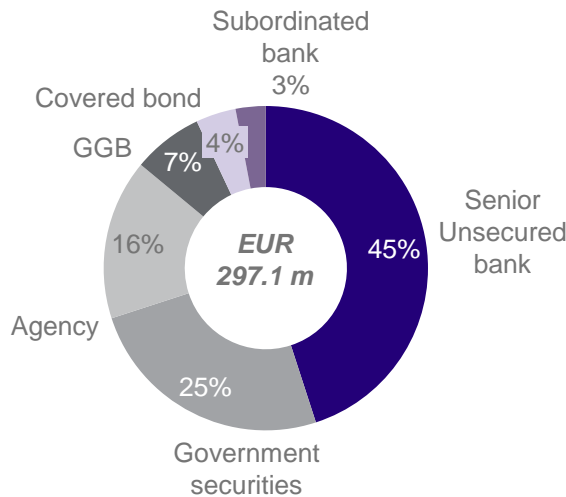
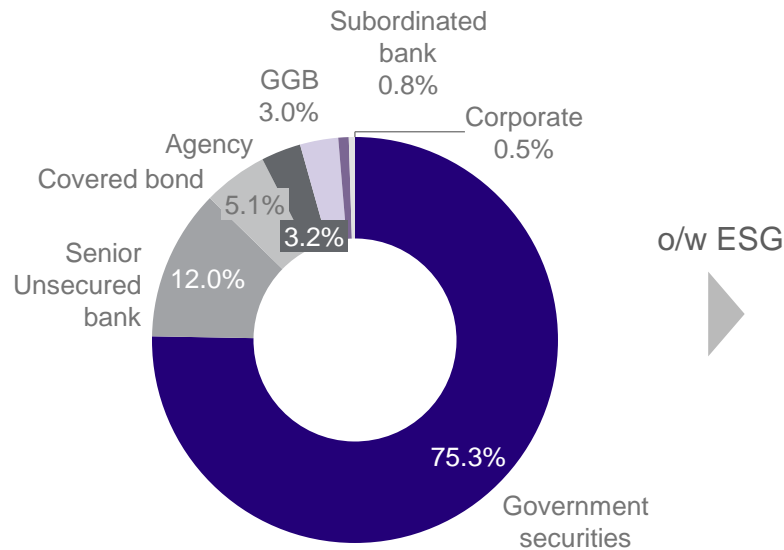
### NLB d.d.

	Q3 2023	Q3 2022	1-9 2023	1-9 2022
Profit before tax	65.569	28.709	306.398	96.018
Current tax	5.979	1.480	22.337	3.130
- Withholding tax suffered in other countries for which no tax credit was available in Slovenia included in current tax	375	675	6.144	1.114
Deferred tax	45	-113	1.211	-1.333
Total	6.024	1.367	23.548	1.797
Effective tax rate (income tax/profit before income tax)	9,20%	4,80%	7,70%	1,90%

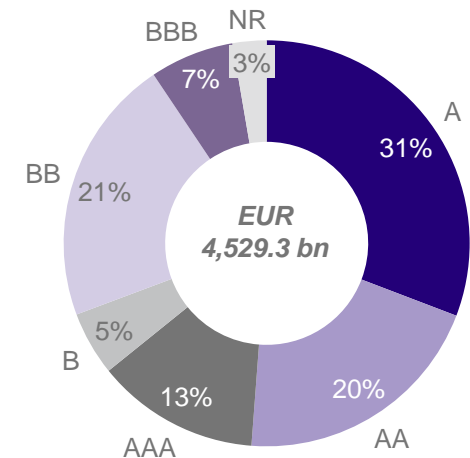


# Minimal risk from diversified securities portfolio with short duration, coupled with ample cash buffers

BB securities by asset class (NLB Group 30 September 2023)



BB securities by rating (NLB Group, 30 September 2023)



## BB portfolio

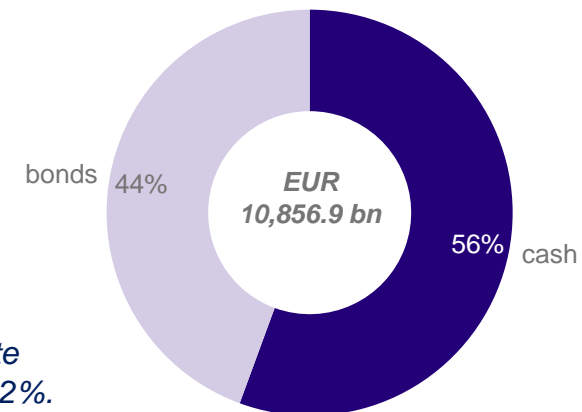
NLB Group, 30 September 2023 (EURm, years)

	Amount	Duration	Unrealized losses (amount)
FVOCI	2,159	1.97	-110
AC	2,370	3.68	-156
Total	4,529	2.86	

5.6% of regulatory capital

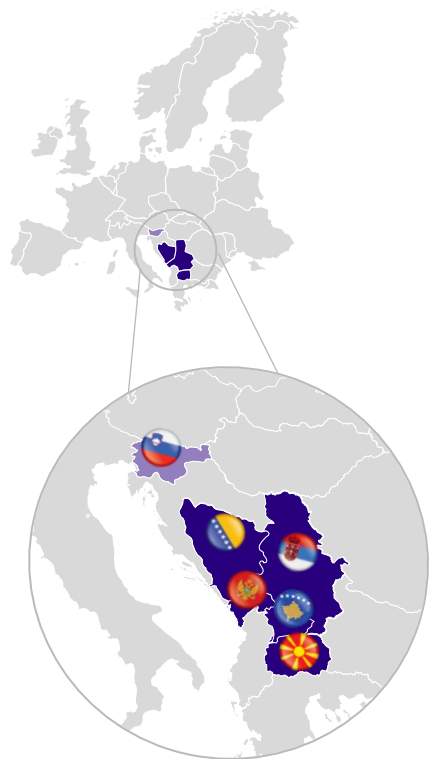









Cash vs bonds (NLB Group, 30 September 2023)



Cash vs corporate deposits ratio is 99.2%.

# Performance indicators across SEE countries



	Slovenia  NLB, Ljubljana <sup>(i)</sup>	Serbia  NLB Komerčijalna Banka, Beograd	North Macedonia 	Bosnia and Herzegovina 		Kosovo 	Montenegro 	
			NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	NLB Group Consolidated data
	Data on stand-alone basis							
Result after tax (EURm)	282.9	114.7	33.6	19.5	10.5	27.3	19.4	386.9
Total assets (EURm)	15,726	4,845	1,806	1,022	893	1,177	981	25,278
RoE a.t.	21.5%	19.7%	16.7%	26.4%	15.0%	28.6%	22.3%	20.2%
Net interest margin	2.64%	4.59%	3.61%	3.33%	2.98%	4.16%	4.69%	3.42%
CIR (cost/income ratio)	35.4%	40.3%	41.4%	39.5%	54.4%	29.3%	40.7%	45.2%
LTD net	61.5%	72.6%	83.5%	66.2%	75.9%	83.9%	68.6%	67.4%
NPL ratio	1.2%	0.7%	3.3%	1.0%	2.1%	1.7%	3.6%	1.6%
Branches (#)	68	173	48	43	34	33	21	420
Active clients (#) <sup>(ii)</sup>	694,273	934,350	407,585	209,958	132,152	234,229	86,745	2,699,292
Market share by total assets (%)	30.3%	9.9%	15.9%	20.5%	6.1%	17.0%	14.5%	/
	as at 30 Sep 2023	as at 30 Sep 2023	as at 30 Jun 2023	as at 30 Jun 2023	as at 30 Jun 2023	as at 30 Sep 2023	as at 30 Sep 2023	

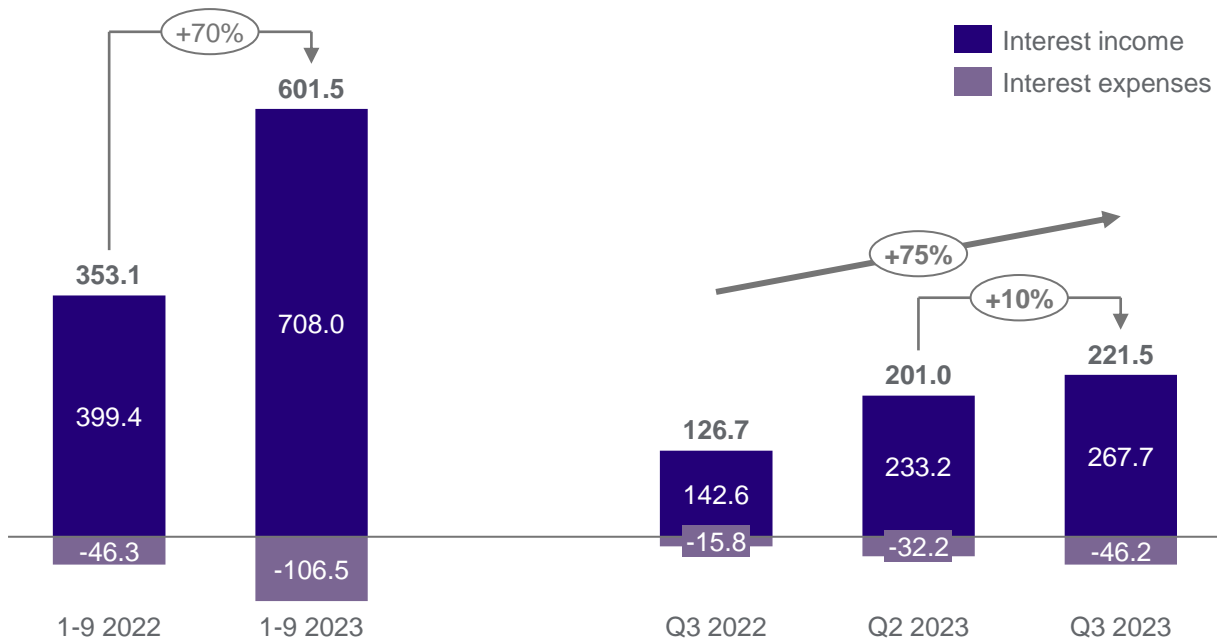
# Business Performance



# Net interest income

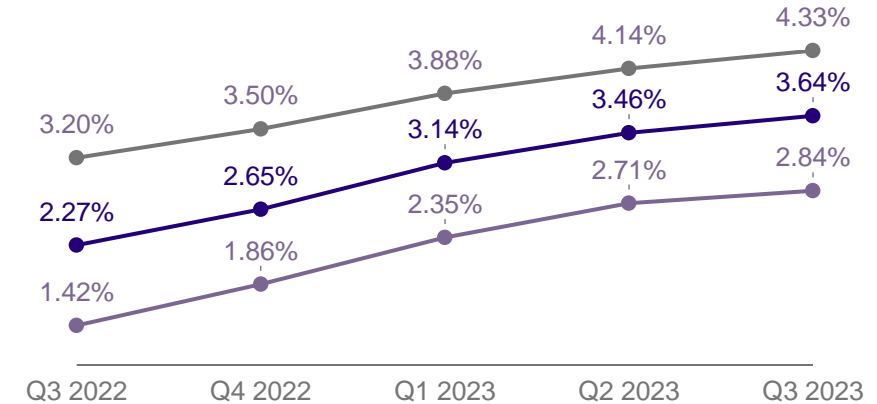
## Margin pick-up on the back of NII growth

Net interest income of NLB Group (in EURm)

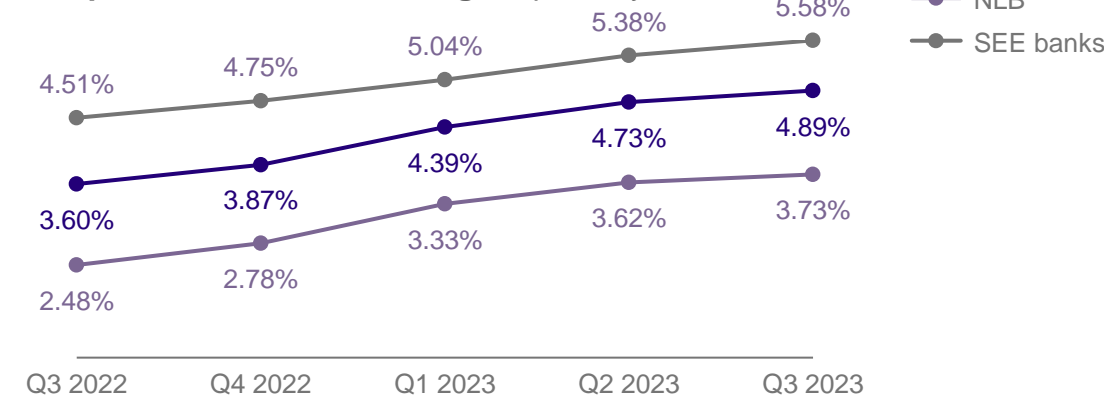


- The YoY growth was supported by loan volume growth from healthy demand for loans, coupled with prevailing higher interest rates. At the same time, interest expenses predominately increased due to higher expenses incurred from wholesale funding raised for the MREL and capital requirement. Higher expenses for customer deposits also contributed to elevated interest expenses.
- Similar to the YoY comparison, the main reasons behind the QoQ increase in interest income were loan volume growth and the rising interest rates, mitigated by higher expenses for debt securities and deposits

Net interest margin, quarterly (in %)



Operational business margin, quarterly (in %)



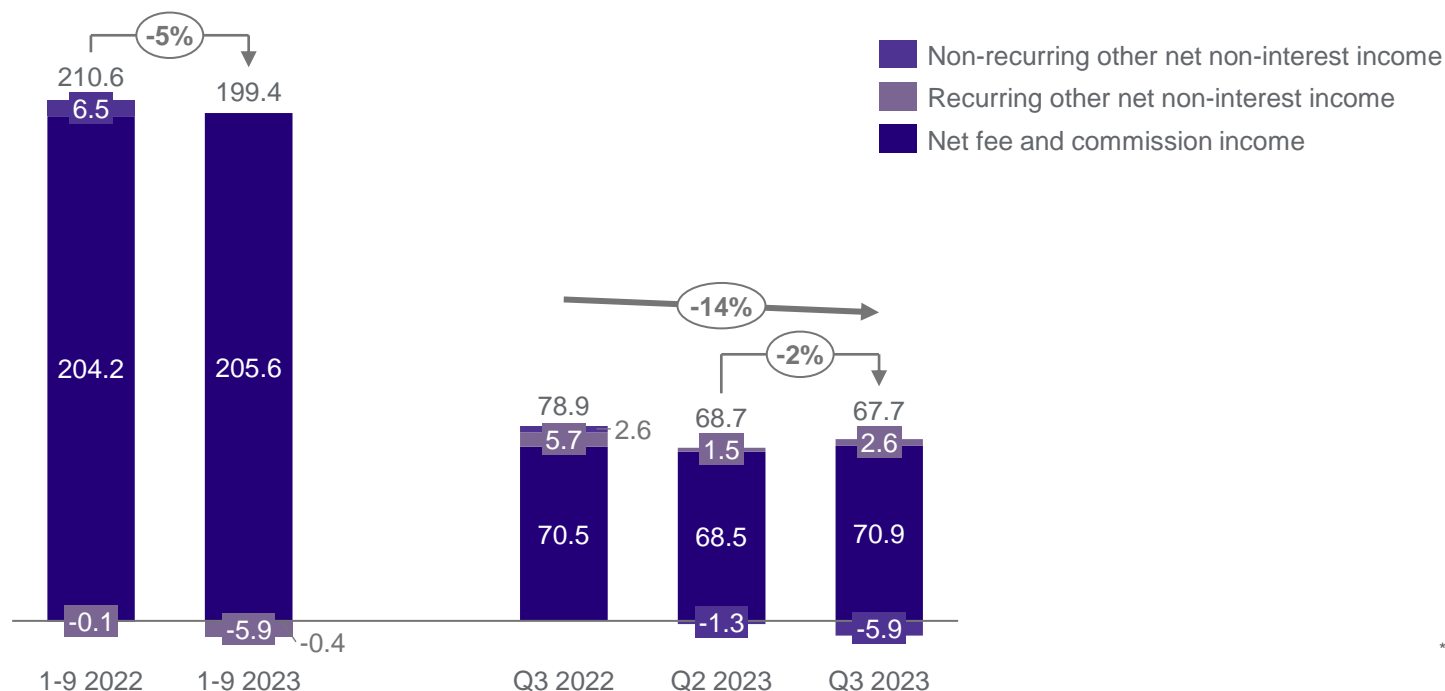
The cumulative net interest margin of the Group increased by 1.25 p.p. YoY to 3.42% and the operational business margin by 1.21 p.p. YoY to 4.67%. Both margins continue to grow, although quarterly data already exhibits growth moderation, an indication that peak margins in 2024 remain a probable scenario.



# Net non-interest income

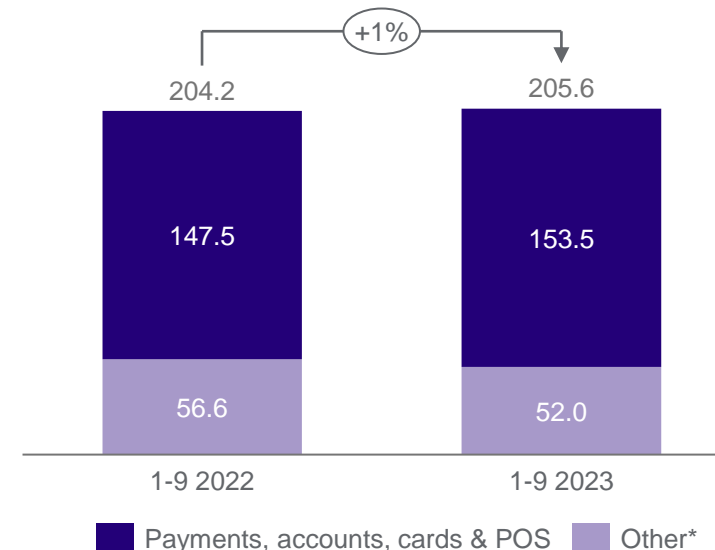
## Quarterly NNII affected by donations for flood recovery

Net non-interest income of the NLB Group (in EURm)



- A major part of the net non-interest income has been derived from the net fee and commission income.
- The overall YoY decrease in net non-interest income derives from higher regulatory charges and non-recurring income, mainly stemming from the negative effect from exchange rate differences and donations paid out.
- In Q3, the Bank donated EUR 4.0 million to 20 municipalities affected by the floods in Slovenia, which, together with exchange rate differences, affected the net non-interest income of the quarter.

Net fee and commission income (in EURm)



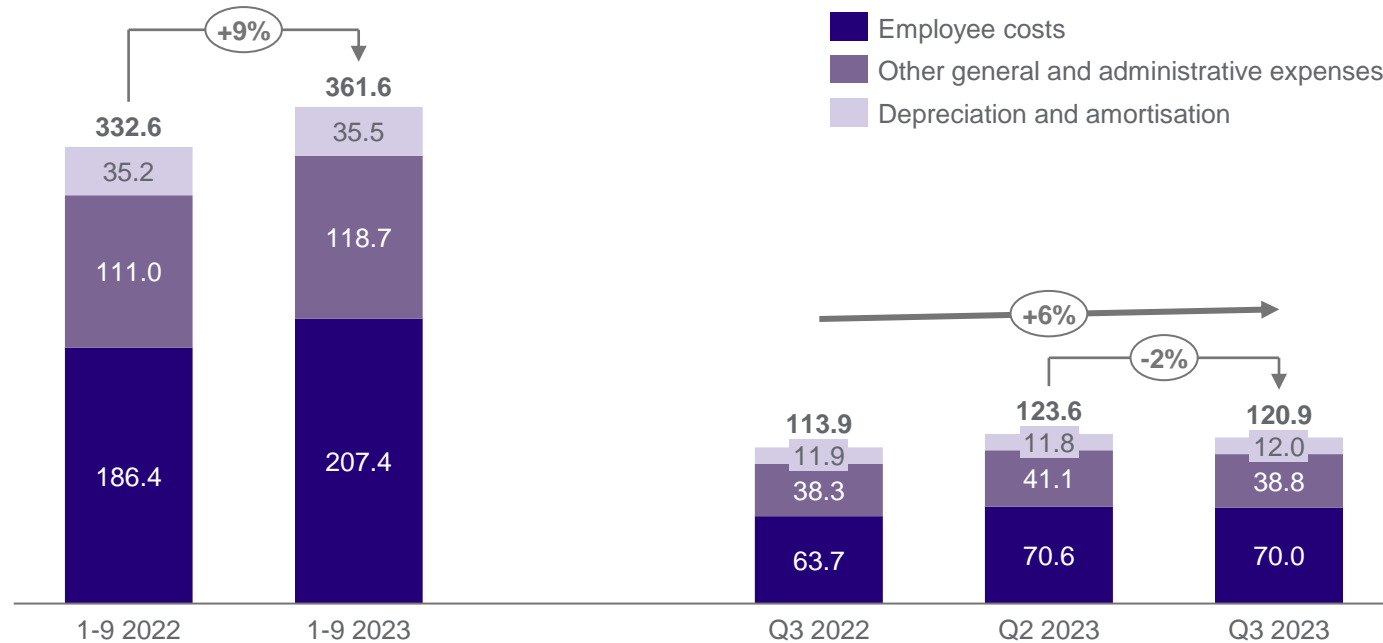
\*Other includes investment funds, guarantees, investment banking, insurance products and other services.

- Moderate growth of 1% YoY as the NLB Group effectively countered the impact of cancelling the high balance deposit fee at the Bank and temporary measure, particularly in Serbia.
- Positive impact of increased economic activity and consumption on fees in all banking members.

# Costs

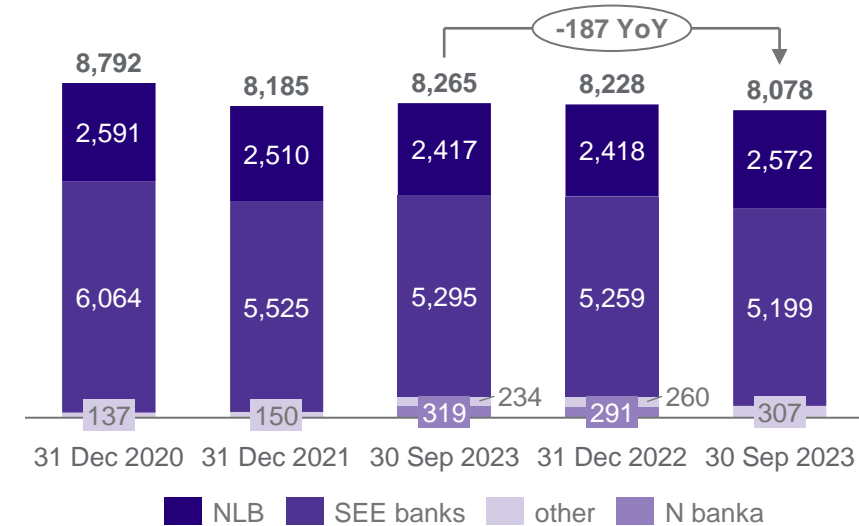
## Inflation and integration of N Banka affecting costs

Total costs (in EURm)

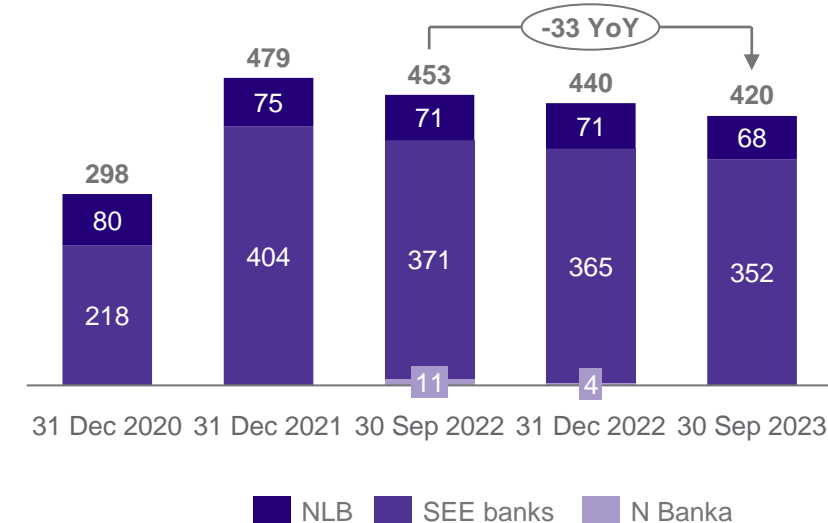


- Total costs increased by 9% YoY; the increase was noted in the Bank and all SEE banking members and was primarily driven by a EUR 21.0 million rise in employee costs and a EUR 7.7 million increase in other general and administrative expenses.
- A large part of the rise can be attributed to inflation, the expansion in leasing companies, costs associated with the integration process of N Banka (EUR 7.2 million of integration costs in 1-9 2023) and the fact that N Banka's cost base was only partially included in total costs from the previous year. Excluding N Banka effects YoY costs growth would be 1 p.p. lower.
- On a QoQ basis, costs decreased by 2% due to cost optimisation and HR synergies related to the merger of NLB and N Banka, reduced sponsorships expenses (following a robust Q2), and lower consulting costs within the Bank.

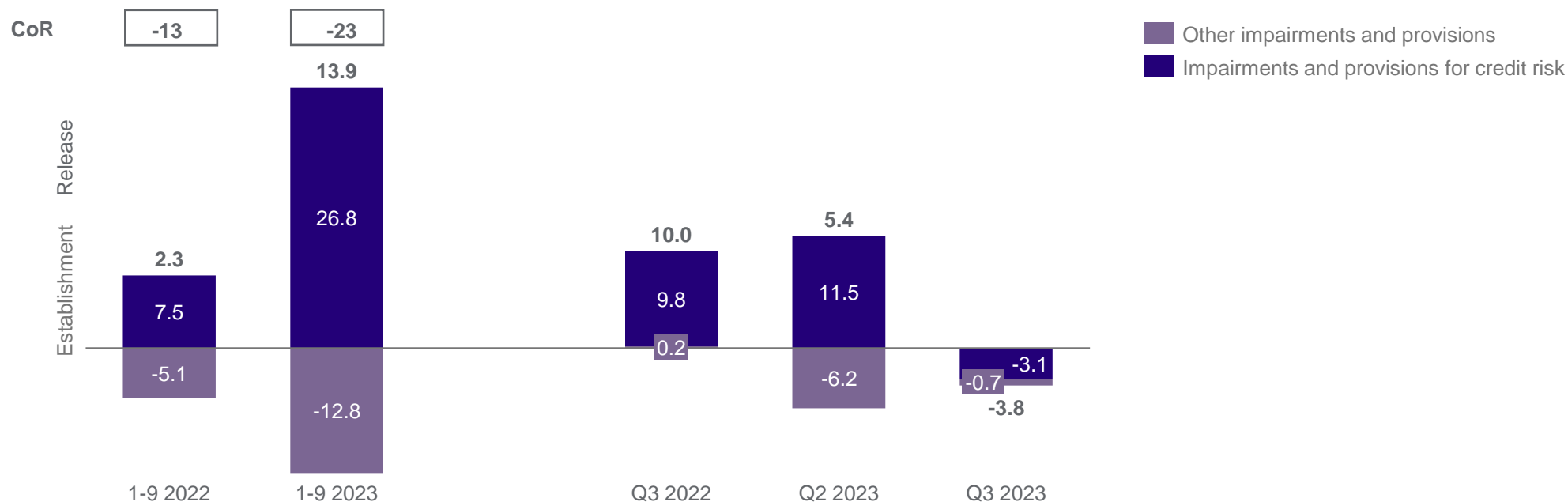
# of employees<sup>(1)</sup>



# of branches<sup>(1)</sup>



# Impairments and provisions

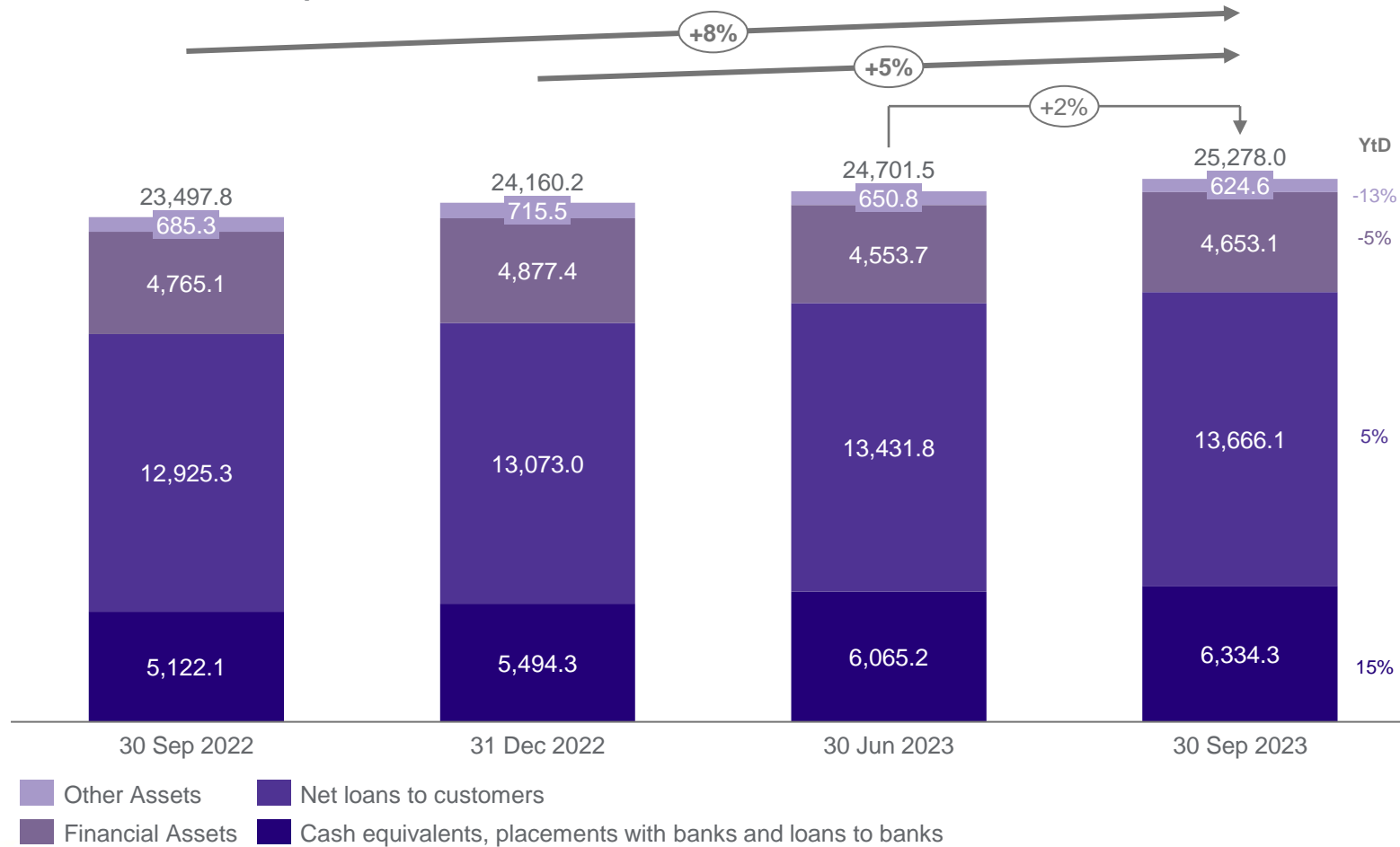


- The Group net released EUR 26.8 million impairments and provisions for credit risk. The releases were mainly driven by the successful collection of previously written-off receivables, the revised risk parameters, and the stable portfolio development, resulting in a negative CoR of -23 bps.
- Other impairments and provisions relate to the pending fee repayments in the Slovenian banks.
- Portfolio development in Q3 contributed to the net establishment of impairments and provisions for credit risk, deriving solely from the segment of individuals, since net release was recorded in the corporate segment.

# NLB Group Assets

Total asset growth fueled by growth in net loans to customers and cash balances

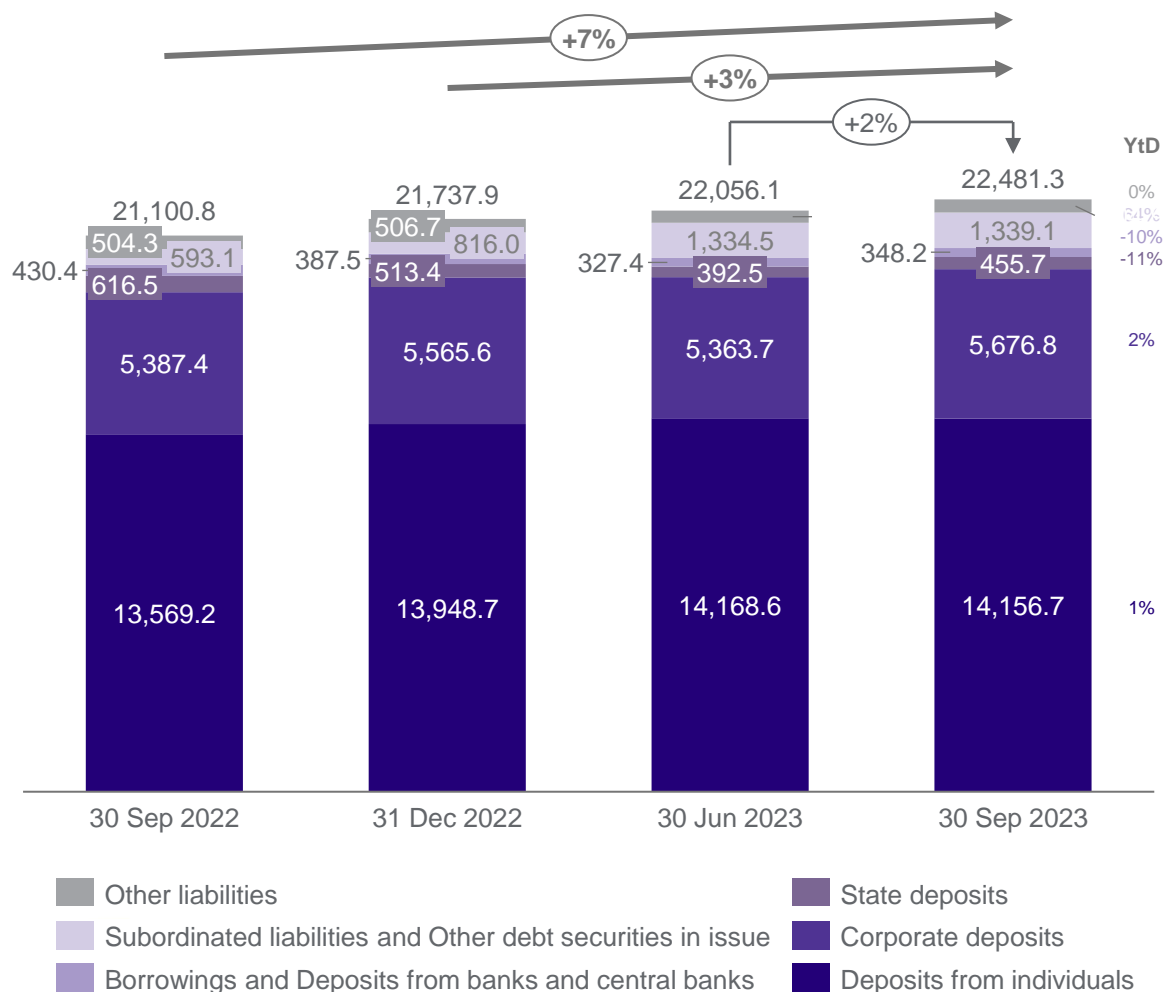
Total assets of NLB Group – structure (EURm)



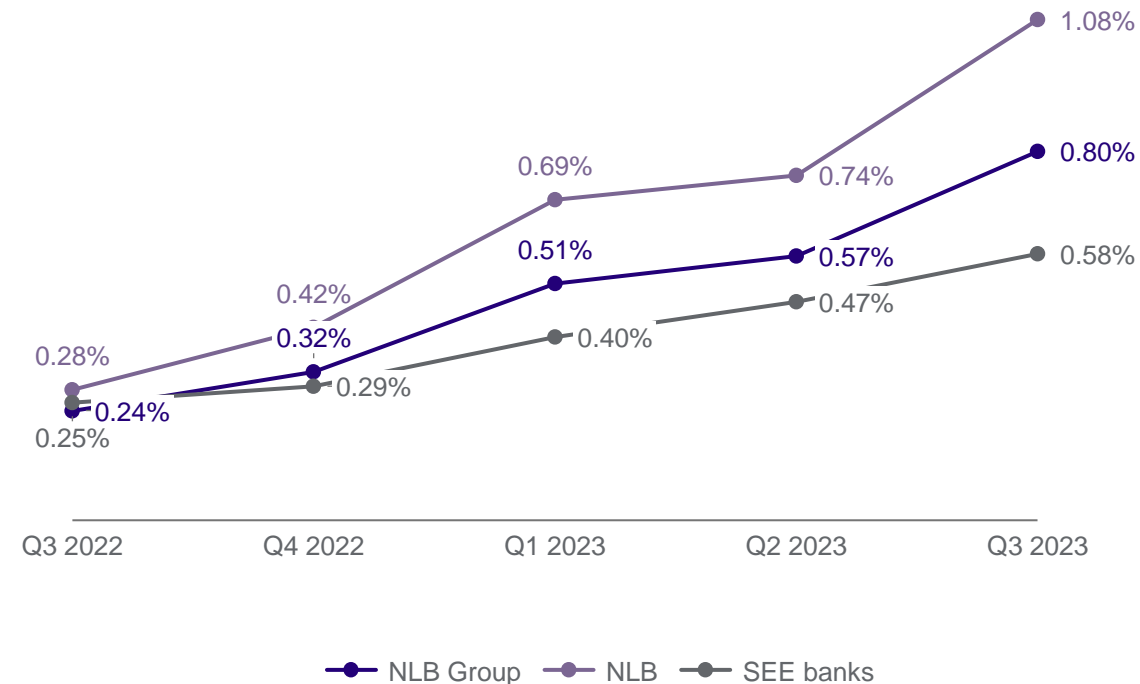
# NLB Group Funding Structure

Average cost of funding is increasing due to wholesale funding, driven by MREL requirement and deposit repricing

Funding structure of the NLB Group (Group, EURm)



Increasing average cost of funding (quarterly data)

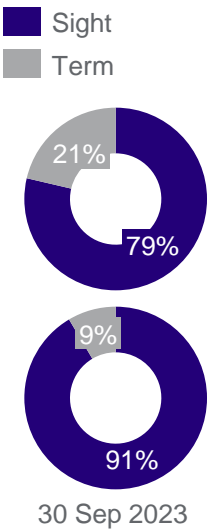
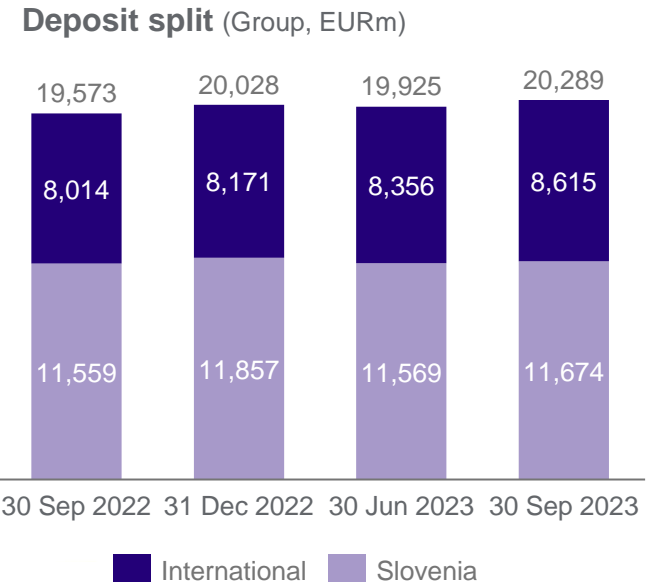
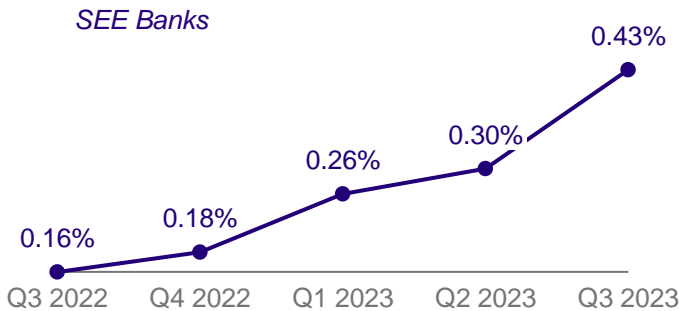
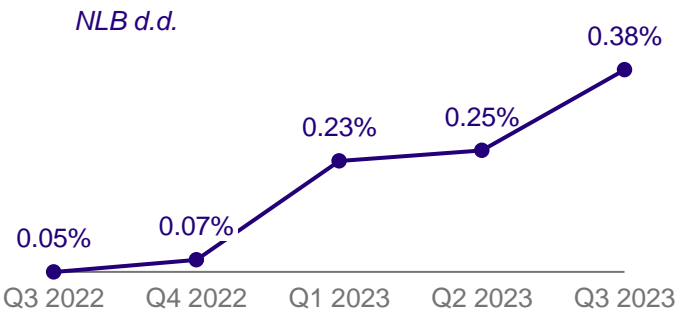
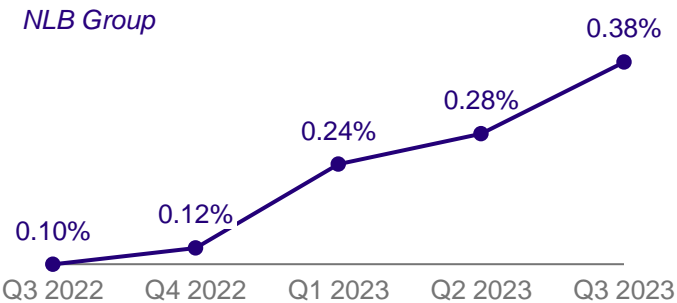


Group's average cost of funding in Q3 2023 was 0.80 %, a substantial increase from 0.24% in Q3 2022.

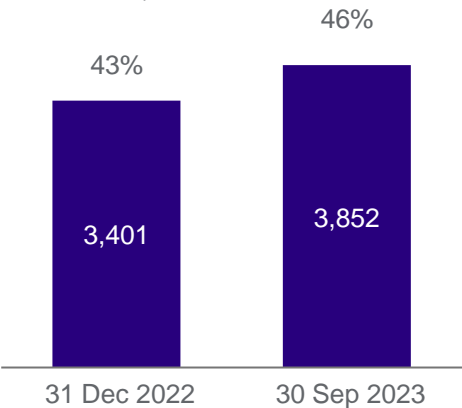
# NLB Group Funding Driven by Deposits

Deposit interest rates are increasing, nevertheless deposit beta remains low at 6%<sup>(1)</sup>

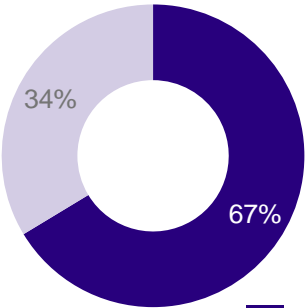
Interest rates for customer deposits (quarterly, in %)



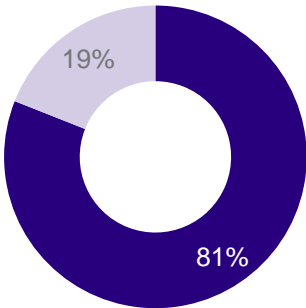
NLB d.d. term and savings accounts  
(volume in mEUR share of deposits from individuals in %)



Customer deposits  
(Group, 30 Sep 2023)



Retail deposits  
(Group, 30 Sep 2023)



Legend: covered (dark blue), uncovered (light blue)

Primarily deposit funded with sight deposits prevailing.

Higher interest rates for term deposits led to high growth in the term deposit volume in Q3 (approx. EUR 150 million).

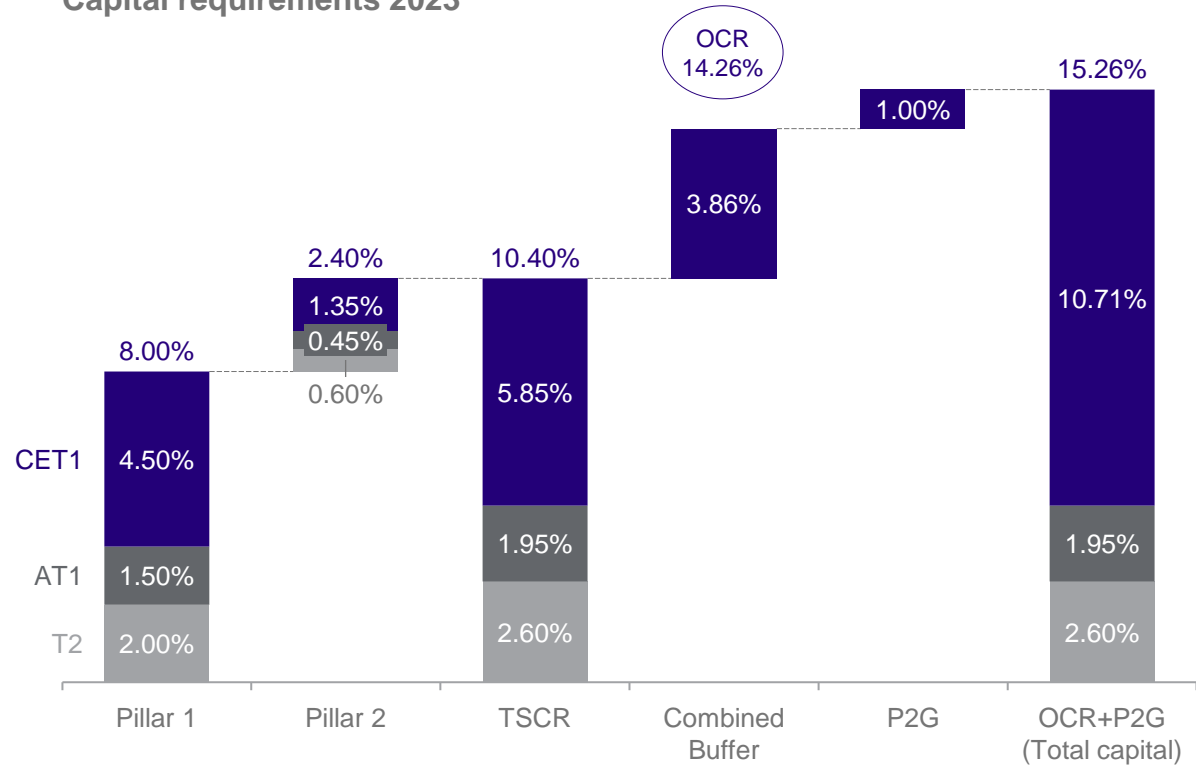
Note: (1) Deposit beta is based on cumulative change of average customer deposit interest rate compared with the change of ECB deposit facility rate and shows a high stability of the deposit base on NLB Group level.



# Capital

## Capital position enabling growth and dividend distribution

### Capital requirements 2023

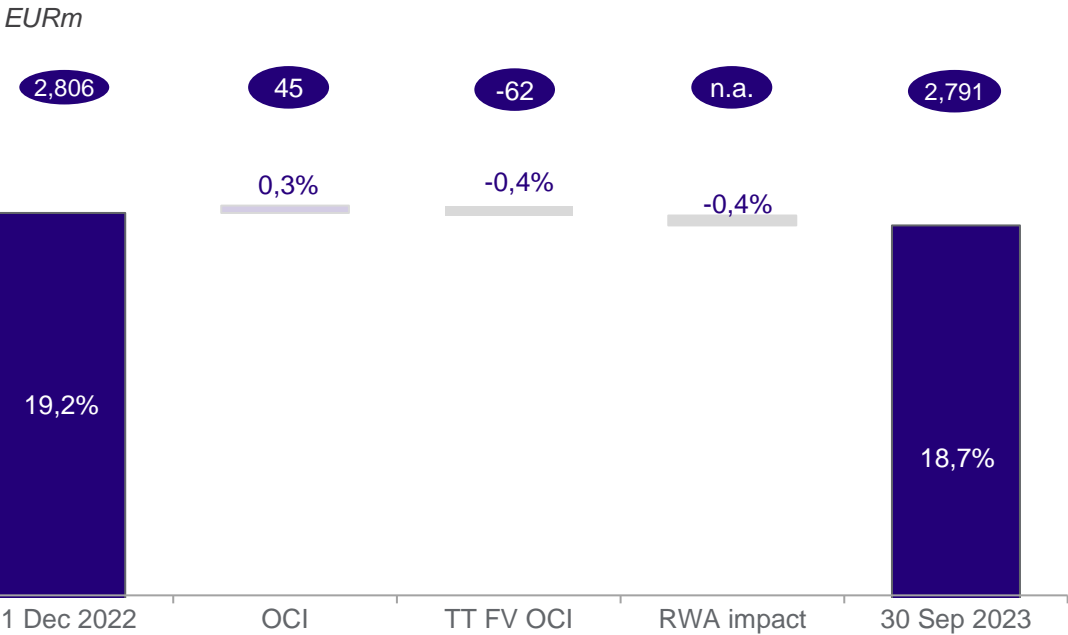


- As of 30 September 2023, the **TCR** for the Group was **18.7%**, while the **CET1 ratio** was **14.7%**, decreasing by 0.4 p.p. YtD but still well above requirements.
- The lower total capital adequacy derives from lower capital (EUR 15.0 million YtD) and higher RWA (EUR 266.0 million YtD).
- Although the overall revaluation adjustments in 2023 YtD were positive in the amount of EUR 45.2 million, the total capital decreased by EUR 15.0 million YtD since the temporary treatment of fair value through other comprehensive income (FVOCI) valuations for sovereign securities with the positive effect of EUR 61.7 million as at 31 December 2022 ceased to apply in January 2023.

### Regulatory Requirement, Actual NLB Group as of 30 September 2023

in EUR millions/in %			
	Regulatory Requirement OCR+P2G	Actual	Surplus
Common Equity Tier 1 capital	1,598	2,193	595
Tier 1 capital	1,889	2,281	391
Total capital	2,277	2,791	514
Total risk exposure amount (RWA)		14,919	
Common Equity Tier 1 Ratio	10.71%	14.70%	3.99%
Tier 1 Ratio	12.66%	15.29%	2.62%
Total Capital Ratio	15.26%	18.71%	3.45%

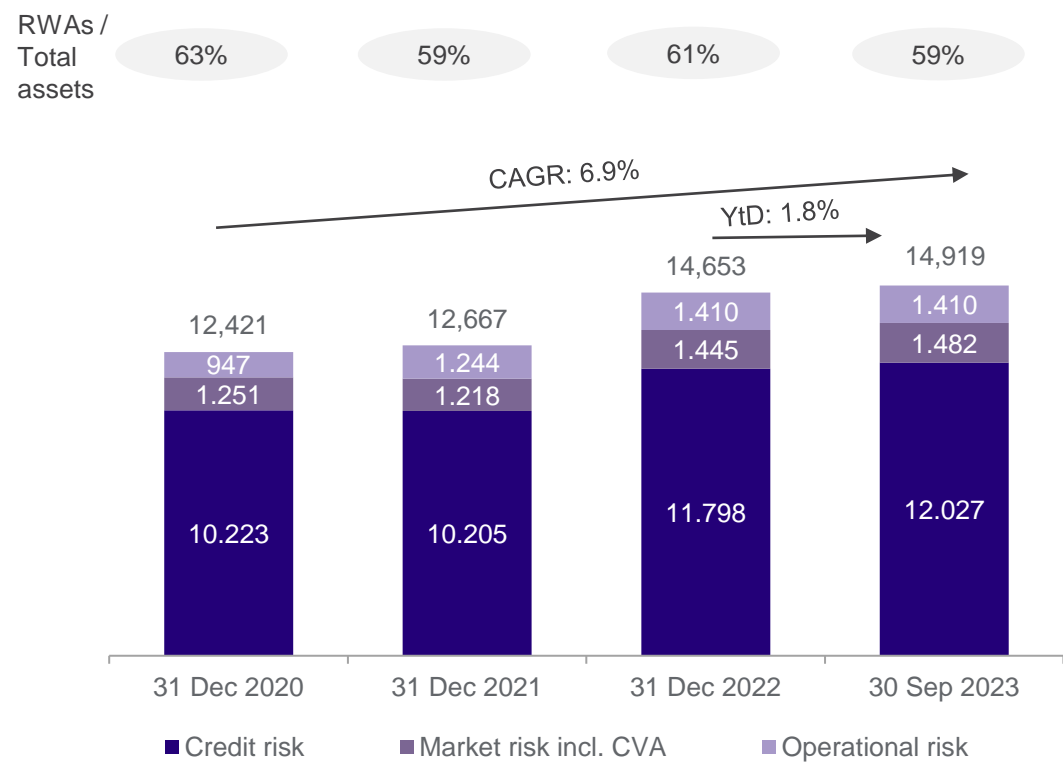
### TCR evolution YtD



# RWA structure

## Prudent RWA management to improve capital ratios

RWA structure (in EURm)



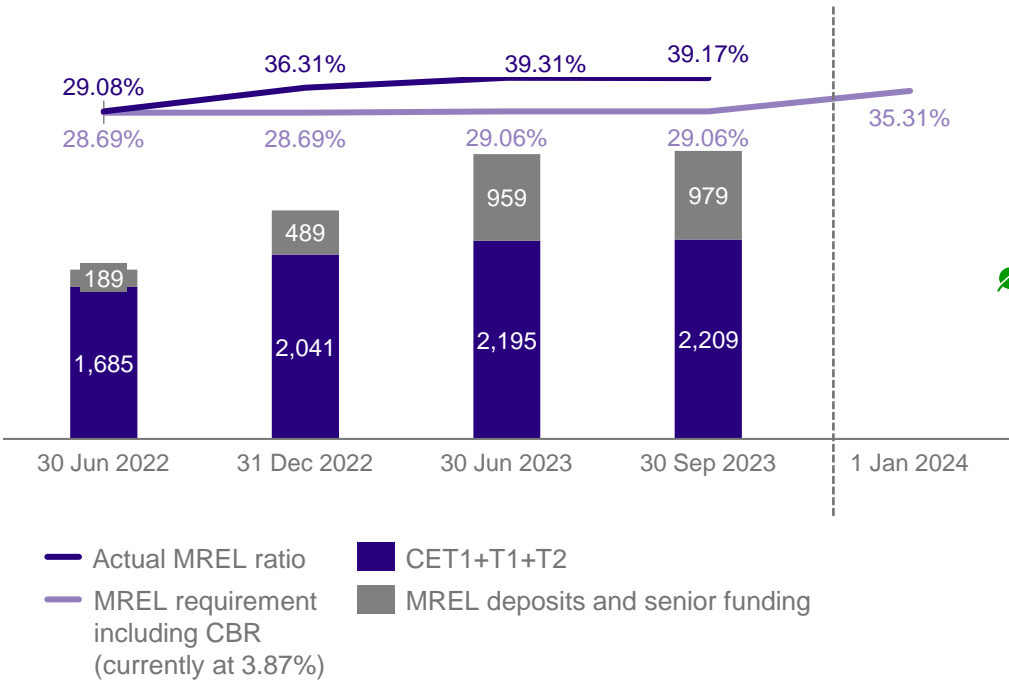
**RWA for credit risk** increased by EUR 229.1 million YtD mainly due to ramping up lending activity in all the Group Banks. On the other hand, RWA decreased due to lower liquidity assets, mainly in Komercijalna Banka Beograd (maturity of several Serbian bonds and MIGA guarantee for assets at central banks). Repayments and higher impairments and provisions resulted in the RWA reduction for non-performing exposures.

The increase in **RWAs for market risks and CVA** (Credit Value Adjustments) in the amount of EUR 36.8 million compared to the end of 2022 is the result of a new position RWA for Equity risk in the amount of EUR 19.5 million, higher RWA for FX risk in the amount of EUR 9.3 million, higher RWA for CVA risk in the amount of EUR 9.2 million (due to new deals), and lower RWA for Traded debt instruments risk in the amount of EUR 1.2 million.

# NLB Wholesale Funding

Wholesale funding is driven by MREL requirement and by ambition to further strengthen and optimize the capital structure

Evolution of MREL eligible funding, the MREL requirement and the realized MREL ratio (in EURm, in %)



### MREL requirement:

- 25.19% TREA and 9.97% Leverage Exposure Ratio (both excluding applicable CBR) as of 1 January 2022.
- 30.99% TREA and 10.39% Leverage Exposure Ratio (both excluding applicable CBR) as of 1 January 2024. LRE as of 30 September 2023 at 19.4% (excl. CBR).

### Outstanding bonds:

Type of the Bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value
Tier 2	SI0022103855	6 May 2019	6 May 2029	6 May 2024	4.2% p.a.	EUR 45m
Tier 2	XS2080776607	19 Nov 19	19 Nov 2029	19 Nov 2024	3.65% p.a.	EUR 120m
Tier 2	XS2113139195	5 Feb 2020	5 Feb 2030	5 Feb 2025	3.40% p.a.	EUR 120m
Senior Preferred	XS2498964209	19 July 2022	19 July 2025	19 July 2024	6.0% p.a.	EUR 300m
Additional Tier 1	SI0022104275	23 Sep 2022	Perpetual	between 23 Sep 2027 and 23 Mar 2028	9.721% p.a.	EUR 82m
Tier 2	XS2413677464	28 Nov 2022	28 Nov 2032	28 Nov 2027	10.750% p.a.	EUR 225m
Senior Preferred	XS2641055012	27 June 2023	27 June 2027	27 June 2026	7.125% p.a.	EUR 500m

Total outstanding bonds EUR 1,392 million (T2: EUR 510 million, SP: EUR 800 million and AT1: EUR 82 million).

### Funding plan in 2024:

In 2024 the bank is considering to issue senior preferred notes in the amount of EUR 300 million and Tier 2 notes in the amount of EUR 300 million, subject to market conditions.

### NLB Resolution Group

TREA (in EURm)	(as at Q3 2023)
NLB d.d., Ljubljana	7,800
NLB Lease&Go, leasing, d.o.o., Ljubljana	187
NLB Skladi d.o.o., Ljubljana	50
Other	103
Total	8,140

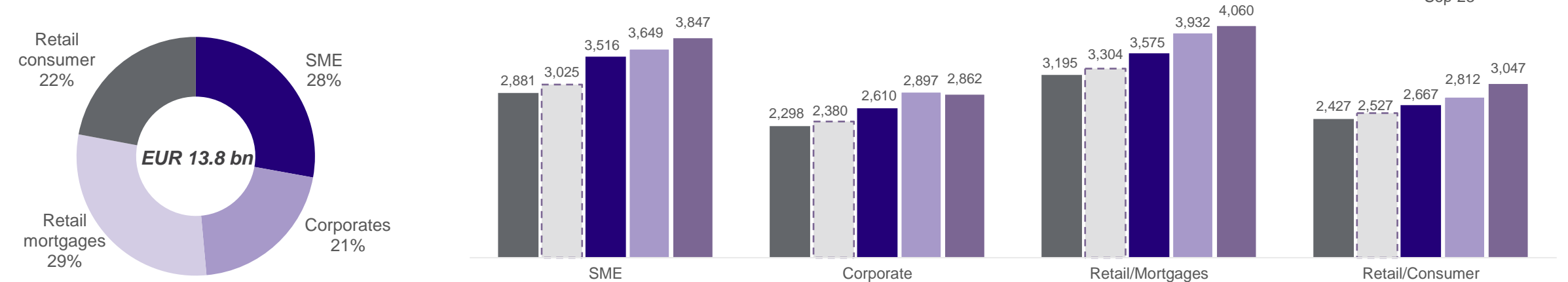
# Asset Quality



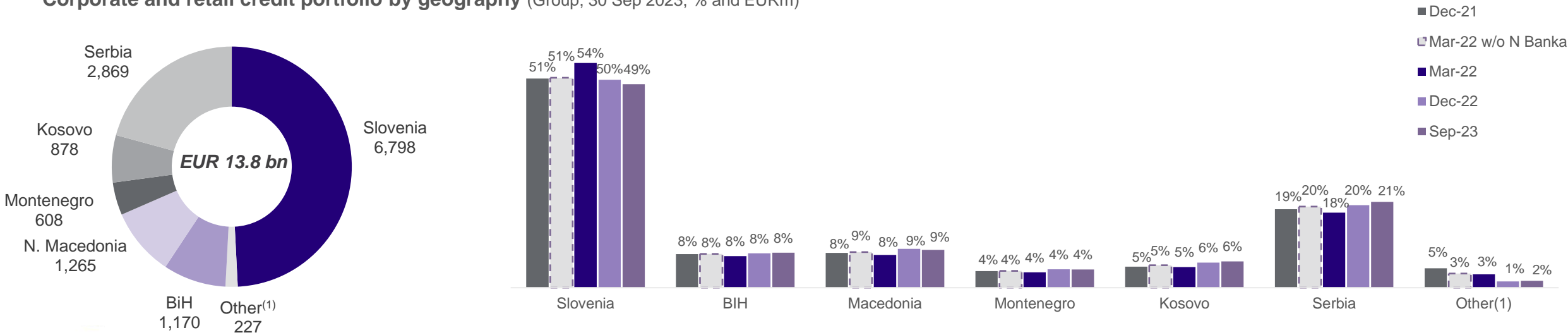
# Asset Quality – NLB Group

## Diversified corporate and retail credit portfolio, focused on core markets

Corporate and retail credit portfolio by segment (Group, 30 Sep 2023, % and EURm)



Corporate and retail credit portfolio by geography (Group, 30 Sep 2023, % and EURm)



# NLB Group Asset Quality

Portfolio diversification reduces risk, no large concentration in any specific industry

## Corporate credit portfolio (Group, 30 Sep 2023, in EURm)

Credit portfolio			in EUR thousands	
Corporate sector by industry	NLB Group	%	Δ 3Q 2023	Δ YtD 2023
Accommodation and food service activities	217,461	3%	8,191	771
Act. of extraterritorial org. and bodies	5	0%	1	0
Administrative and support service activities	107,155	2%	1,811	27,364
Agriculture, forestry and fishing	340,072	5%	5,240	13,837
Arts, entertainment and recreation	22,615	0%	322	-1,041
Construction industry	594,995	9%	-27,828	25,244
Education	14,435	0%	1,625	553
Electricity, gas, steam and air conditioning	513,913	8%	-17,872	-36,625
Finance	168,920	3%	-5,915	-55,760
Human health and social work activities	44,927	1%	-938	-1,909
Information and communication	283,911	4%	-5,848	-31,019
<b>Manufacturing</b>	<b>1,560,984</b>	<b>23%</b>	<b>72,883</b>	<b>102,134</b>
Mining and quarrying	48,786	1%	257	-5,423
Professional, scientific and techn. act.	205,412	3%	11,192	18,284
Public admin., defence, compulsory social.	182,333	3%	-3,971	-6,365
Real estate activities	361,925	5%	44,520	49,110
Services	15,413	0%	18	-1,339
Transport and storage	646,411	10%	10,664	16,900
Water supply	58,206	1%	-3,104	6,830
<b>Wholesale and retail trade</b>	<b>1,321,022</b>	<b>20%</b>	<b>-21,860</b>	<b>43,051</b>
Other	311	0%	-1,523	-996
<b>Total Corporate sector</b>	<b>6,709,213</b>	<b>100%</b>	<b>67,866</b>	<b>163,600</b>

- Credit portfolio remains well diversified. Industries with largest exposures include a broad range of diverse activities.
- In the first nine months of 2023 NLB Group increased lending, mainly to companies from manufacturing, wholesale and retail trade, real estate activities and construction industry, the later related to project financing. On the other hand, in 3Q repayments exceeded the volume of new transactions in wholesale and retail trade, construction industry and electricity, gas, steam and air conditioning.



# NLB Group Asset Quality

## Industry diversification in manufacturing and trade

### Corporate credit portfolio (Group, 30 Sep 2023, in EUR million)

Credit portfolio		in EUR thousands		
Corporate sector by industry	NLB Group	%	Δ 3Q 2023	Δ YtD 2023
<b>Manufacturing</b>	<b>1,560,984</b>	<b>23%</b>	<b>72,883</b>	<b>102,134</b>



Credit portfolio		in EUR thousands		
Main manufacturing activities	NLB Group	%	Δ 3Q 2023	Δ YtD 2023
Manufacture of food products	266,143	4%	66,318	41,815
Manufacture of fabricated metal products, except machinery and equipment	201,520	3%	-443	10,657
Manufacture of electrical equipment	200,724	3%	3,400	-1,947
Manufacture of basic metals	185,603	3%	40,747	39,813
Manufacture of other non-metallic mineral products	101,326	2%	-2,356	-5,734
Manufacture of machinery and equipment n.e.c.	95,964	1%	13,184	22,421
Manufacture of motor vehicles, trailers and semi-trailers	91,230	1%	7,301	20,548
Manufacture of rubber and plastic products	77,243	1%	-6,919	4,057
Other manufacturing activities	341,231	5%	-48,351	-29,496
<b>Total manufacturing activities</b>	<b>1,560,984</b>	<b>23%</b>	<b>72,883</b>	<b>102,134</b>

Credit portfolio		in EUR thousands		
Corporate sector by industry	NLB Group	%	Δ 3Q 2023	Δ YtD 2023
<b>Wholesale and retail trade</b>	<b>1,321,022</b>	<b>20%</b>	<b>-21,860</b>	<b>43,051</b>



Credit portfolio		in EUR thousands		
Main wholesale and retail trade activities	NLB Group	%	Δ 3Q 2023	Δ YtD 2023
Wholesale trade, except of motor vehicles and motorcycles	747,653	11%	-13,149	15,557
Retail trade, except of motor vehicles and motorcycles	433,880	6%	-4,012	12,643
Wholesale and retail trade and repair of motor vehicles and motorcycles	139,489	2%	-4,699	14,851
<b>Total wholesale and retail trade</b>	<b>1,321,022</b>	<b>20%</b>	<b>-21,860</b>	<b>43,051</b>

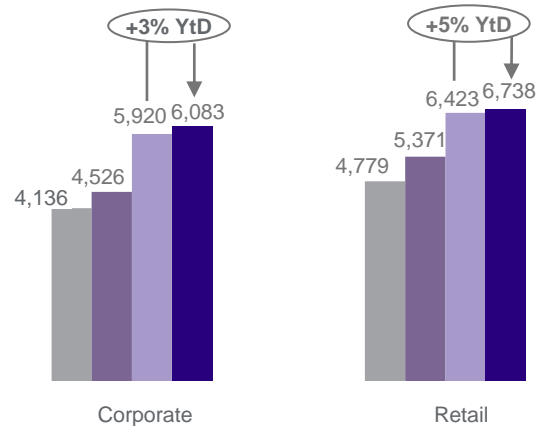
# NLB Group Asset Quality

High % of Stage 1 Credit portfolio (measured at amortized cost & FVTPL)

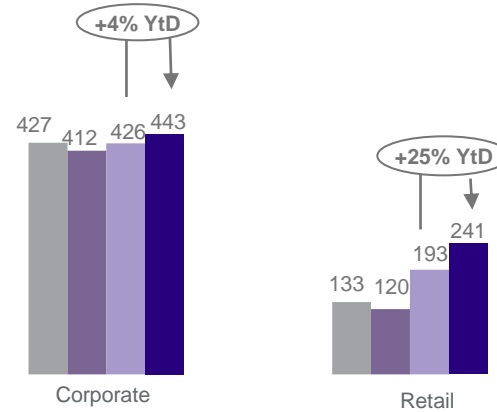
Credit portfolio <sup>(1)</sup> by stages (Group, 30 Sep 2023, in EURm)

	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
<b>Total NLB Group</b>	<b>18,865.6</b>	<b>95.0%</b>	<b>1,408.0</b>	<b>683.9</b>	<b>3.4%</b>	<b>65.7</b>	<b>312.8</b>	<b>1.6%</b>	<b>-15.3</b>	<b>87.3</b>	<b>0.5%</b>	<b>40.6</b>	<b>5.9%</b>	<b>196.9</b>	<b>62.9%</b>
o/w Corporate	6,082.6	90.7%	162.5	442.7	6.6%	17.0	184.0	2.7%	-15.9	46.9	0.8%	15.0	3.4%	114.3	62.1%
o/w Retail	6,737.6	94.8%	314.6	241.2	3.4%	48.6	128.4	1.8%	0.4	38.1	0.6%	25.6	10.6%	82.4	64.2%
o/w State	5,630.3	100.0%	884.7	-	-	-	0.3	0.0%	0.3	2.1	0.0%	-	-	0.1	17.4%
o/w Institutions	415.2	100.0%	46.3	-	-	-	0.1	0.0%	0.1	0.2	0.0%	-	-	0.1	75.2%

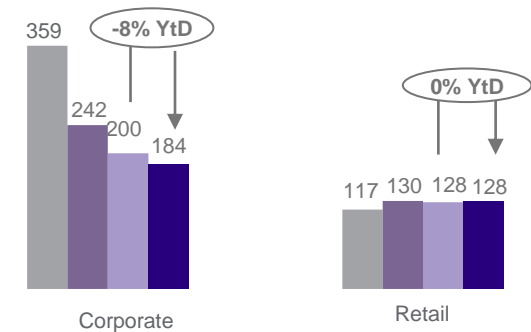
Stage 1 by segment (in EURm)



Stage 2 by segment (in EURm)



Stage 3 (incl. FVTPL) by segment (in EURm)



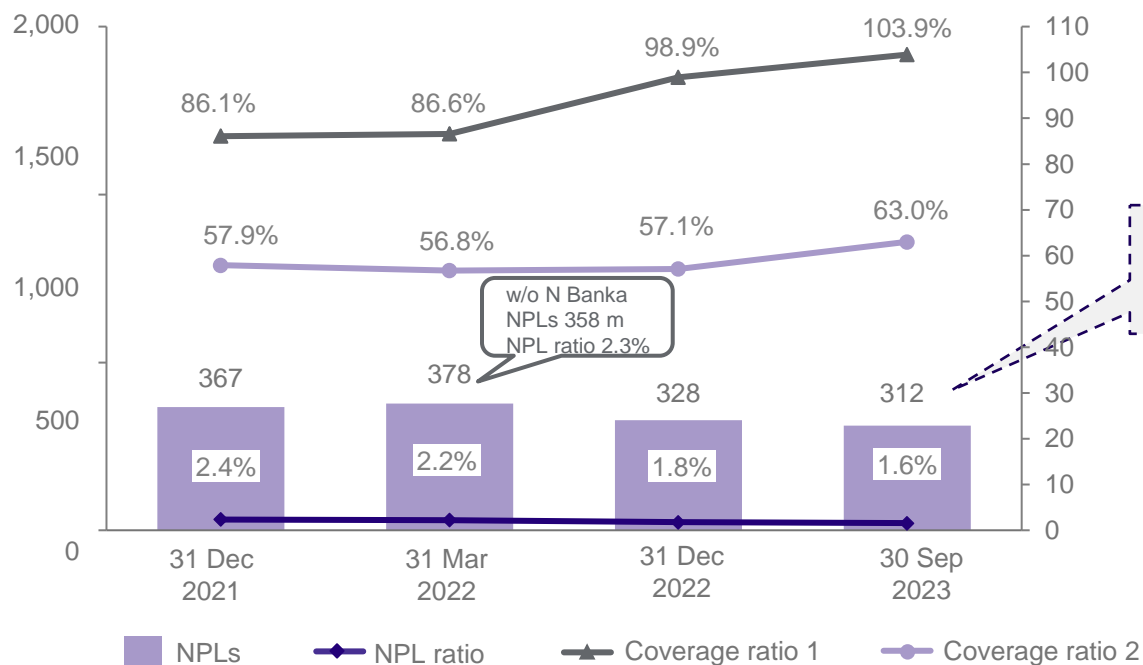
■ 31 Dec 2020 ■ 31 Dec 2021 ■ 31 Dec 2022 ■ 30 Sep 2023

Note: 1) Credit portfolio also includes advances to banks and central banks; (2) State includes exposures to central banks

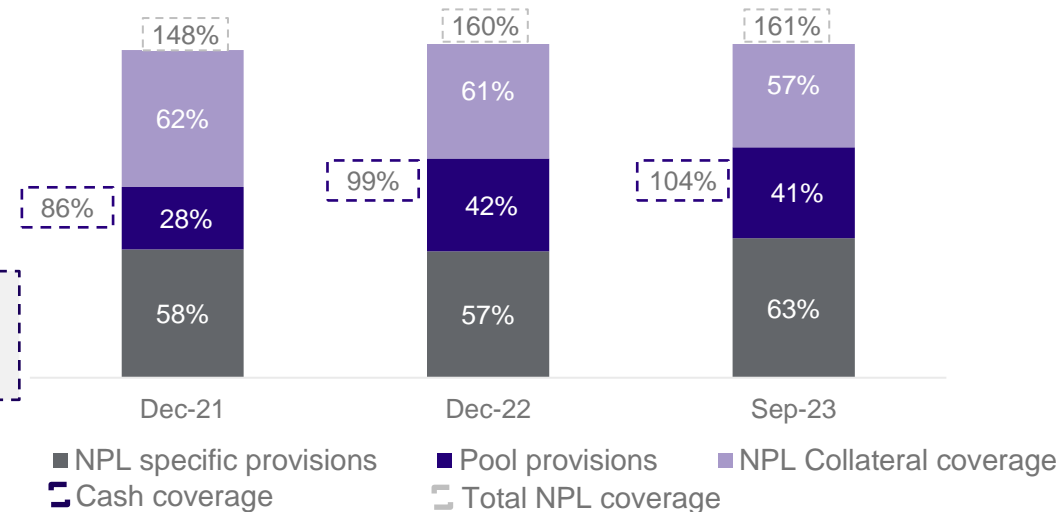
# Asset Quality – NLB Group

NPL ratio further decreased. NPLs are fully covered by provisions and collateral

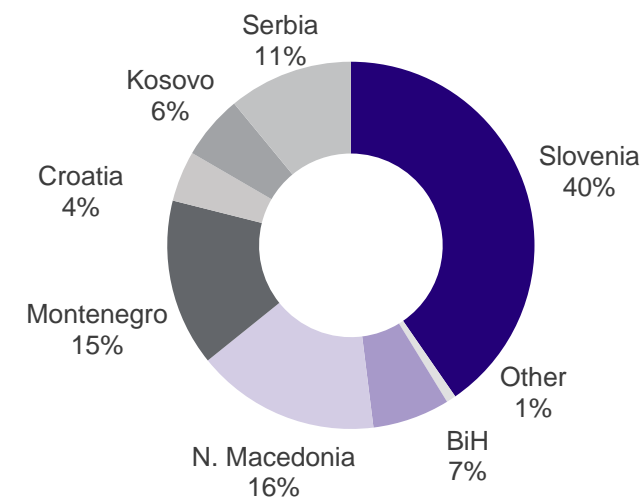
Gross NPL ratio within the planned framework (Group, EURm)



NPL cash and collateral coverage<sup>(1)</sup> (Group, %)



NPL by geography (Group, 30 Sep 2023)

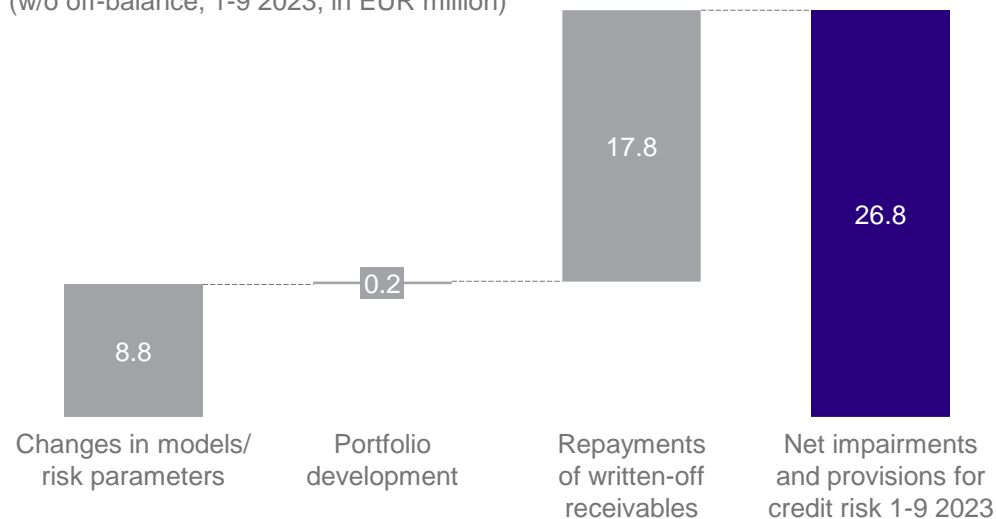


- In first nine months favourable NPL movements were recognized, mostly due to repayments and recovery of NPLs.
- **NPL ratio YtD** decreased by 0.2 p.p. to the level of 1.6%, while **NPE ratio** stands at 1.2%. **Coverage ratio** (CR1) increased to 103.9%. NPL coverage ratio (CR2) improved to 63.0%, which is above the EU average as published by the EBA (42.9 % for Q2 2023).

# Impairments and provisions for credit risk

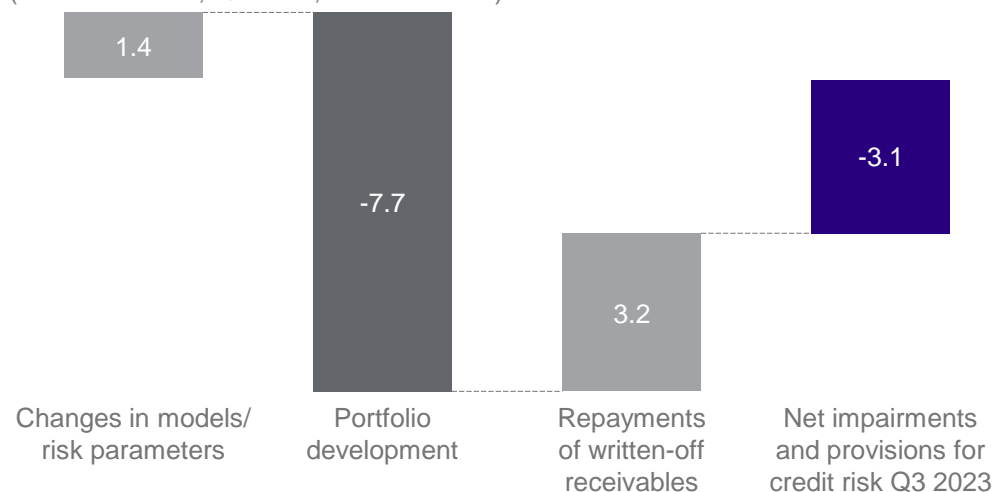
## Cumulative net new impairments and provisions for credit risk

(w/o off-balance, 1-9 2023, in EUR million)



## Quarterly net new impairments and provisions for credit risk

(w/o off-balance, Q3 2023, in EUR million)



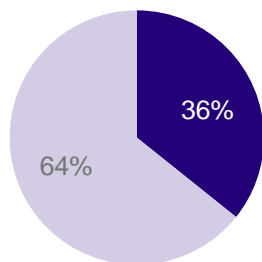
- In the first nine months of 2023 net release of impairments and provisions for credit risk in the amount of EUR 26.8 million.
- In Q3 2023 net impairments and provisions for credit risk were established in the amount of EUR 3.1 million:
  - Portfolio development in the Q3 contributed to increase of provisions by EUR 7.7 million net. Increase is related to the sector of private individuals, also in connection to the merger of N Banka. Net release in the corporate segment.
  - Repayments of written-off receivables in the amount of EUR 3.2 million due to a favorable environment for NPLs resolution.
  - Release of EUR 1.4 million resulting from changes in models/risk parameters.

# Asset Quality – NLB Group

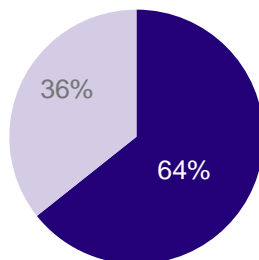
## Corporate and retail credit portfolio **split by interest rates**

Corporate and retail portfolio of **NLB Group** (30 Sep 2023)

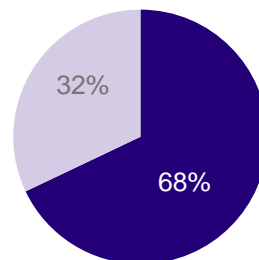
*Corporate (incl. SME)*



*Consumer*



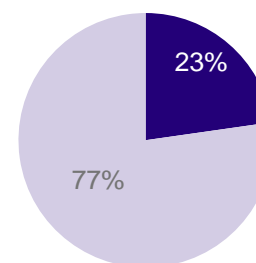
*Housing*



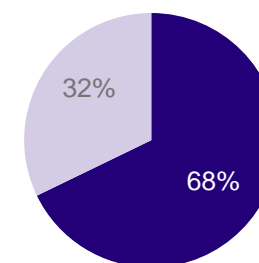
■ Fix ■ Float

Corporate and retail portfolio of **NLB d.d.<sup>(1)</sup>** (30 Sep 2023)

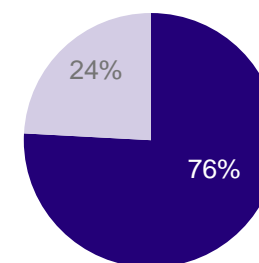
*Corporate (incl. SME)*



*Consumer*



*Housing*



■ Fix ■ Float

In the Retail segment the trend of transfer from variable to fixed interest rates continued in Q3. On NLB Group level the share of exposure with fixed IR increased by 1.1 p.p. in the Consumer and 0.2 p.p. in the Housing loans segment.

On the other side, in Corporate segment the proportions of exposure with fixed IR decreased by 0.6 p.p.

In NLB d.d., the increase in the share of exposure with variable IR, mainly at housing loans (in Q3 by 2.1 p.p.) and corporates (in Q3 by 1.6 p.p.) is related to the merger of N Bank.

# Structure of loan portfolio by type of interest rate

Net interest income sensitivity to higher rates remains intact

## Structure of loan portfolio by type of interest rate

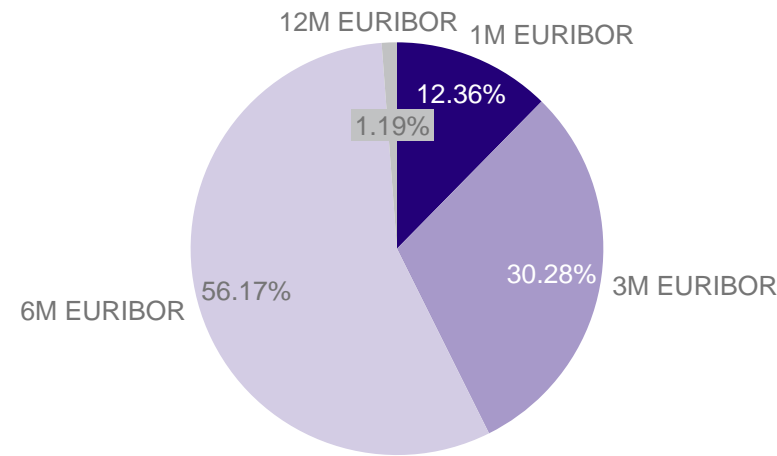
as of Sep 2023, in EURm

EURIBOR	5,744
---------	-------

## Average actual EURIBOR in loan portfolio

	Mar.2023	Jun.2023	Sep.2023
EURIBOR	2,53%	3,32%	3,45%

Loan portfolio by type of EURIBOR (Group, 30 Sep 2023)



Repricing of Euribor follows contract date (in majority of cases) or fixed date of repricing for all contracts.



# ESG & Digital



# Integration of Sustainability and ESG factors in the Business Model

## Highlights in 3Q 2023 <sup>1</sup>

- A new Sustainalytics **ESG Risk Rating** assessment is underway and is expected to be published in November.
- **Further progress in Net Zero Business Strategy and Scope 3 – financed emissions assessment.** The first targets to decarbonize portfolio for carbon-intensive industries to be published by the end of 2023.
- **Proceeds from Green bonds issuance with a total nominal amount of EUR 500 million (in June)** support projects with a positive impact on the environment. More: [nlb-green-bond-framework.pdf](#)
- **Regular support to clients' green transition with sustainable corporate and private individuals financing;** Q3 realization is in line with the interim targets.
- **To mitigate the impacts of floods that affected Slovenia in August,** the Bank introduced systemic steps, including a donation of EUR 4 million for sustainable reconstruction to the most afflicted municipalities. In addition, NLB Banka Skopje donated EUR 60,000 to the Slovenian Red Cross and other organisations to support flood relief efforts. The Bank has also provided solidarity aid in amount of EUR 0.5 mio to its affected employees.
- As a part of risk management, and in response to floods that affected Slovenia in August, **the Bank has been enhancing its flood risk assessment model** based on flood risk zones to minimise negative impacts of similar events in the future.
- Several training sessions for the Group employees is provided to enhance awareness of ESG risks and their appropriate treatment. regular ESG Trainings for front office is underway.
- **Management and further reduction of CO2 emissions in NLB Group's operations Scope 1, Scope 2, and Scope 3** (limited, without Category 15) through several energy efficiency and other activities is in line with the interim targets.
- **Enhanced sustainable culture among employees:** Launch of the e-training on sustainability in September, and awareness-building Sustainability Festival in October.
- **On-going stakeholder engagement:** reporting on sustainability and regular communication with regulators and other stakeholders.
- **Further improvements in the sustainability – related governance:** realization of sustainability action plan, regular sustainability committees, preparation of comprehensive ESG Policy, standardisation in the Group, activities within **Chapter Zero** aimed at **capacity building of supervisory and management board members** to make climate change a boardroom priority.

MORNINGSTAR | SUSTAINALYTICS

**ESG  
RATING  
2022 <sup>2</sup>**

**17.7  
Low Risk**

**TOP 15%  
Banks**



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

Through the Principles, NLB takes decisive action to align its core strategy, decision-making, lending and investment with the UN Sustainable Development Goals.

## 2030 Key Targets

### 2023:

- **NLB Group Net Zero Strategy** Implementation - to align lending and investment portfolios with net-zero emissions targets by 2050
- **CSRD and ESRS implementation**

### 2025:

- Paper usage decrease by 50% (vs. 2019)
- Share of digital users: 55%

### 2030:

- **Sustainable corporate financing:** 785 mio EUR or more
- **75% electricity** used by NLB Group from **zero-carbon resources**
- Entire NLB fleet run by electric energy and **CO2 neutral**



Notes: (1) Quantitative data on Sustainability/ESG activities are currently monitored on Y2Y basis and will be available in NLB Group Sustainability Report 2023 (in April 2024)

(2) As of Dec 5, 2022, based on 2021 data; 2022 rating in the pipeline

# Sustainability Roadmap for 2023

- Our sustainability roadmap 2023 sets next milestones & targets for tackling environmental, social and governance considerations, and focuses on steps to achieving one most important goal – to empower all stakeholders for successful transition to low carbon, inclusive, just and sustainable future.



## Sustainable Operations

- NLB Group will disclose all relevant ESG data.
- The focus will be on the analysis and implementation of the **EU Corporate Sustainability Reporting Directive**, as well as the upcoming **EU Corporate Sustainability Due Diligence Directive**.
- NLB Group will implement **Human Rights Management System**.
- All relevant internal acts will be upgraded for the inclusion of **ESG criteria in the supply/value chain**.
- NLB Group will keep reducing the operational **carbon footprint**.
- High standards related to **employee well-being** will be maintained.
- To raise the level of sustainability awareness among employees, the Bank will organize the **NLB Group Sustainability Festival**.



## Sustainable Finance

- NLB Group will develop and implement the **Net Zero Business Strategy** in line with **UN PRB & NZBA** with the aim to set its lending and investment decarbonization targets.
- First targets related to **reducing its footprint in carbon-intensive industries** will be published.
- NLB Group will finalize implementation of **EBRD environmental and social performance requirements** in its business model.
- NLB Group will continue to support its clients in their green transition – **fine tuning & expanding its sustainability-related products portfolio**.
- **Financing eligible projects within Green Bond Framework** is underway.



## Contribution to Society

- NLB Group will continue with its **contributions to local communities**.
- **Sponsorship and donations** will continue to be based on supporting and following the **UN Sustainable Development Goals**.

# State-of-the art services & channels

## The pioneer of banking innovation in Slovenia

First Slovenian bank enabling 24/7 opening of personal account and the only bank with full digital signing of documents in M-bank

First Slovenian bank to launch chat and video call functionalities and the only bank with multichannel 24/7 support

Only bank with fully mobile express loan capabilities (Consumer & SME)

First Slovenian bank sending cards' PIN via SMS

First Slovenian bank implementing Flik P2M (Person to Merchant) at all POSes

First Slovenian bank to offer NLB Smart POS solution on mobile phone to merchants

First Slovenian bank to offer card management functionalities and biometric recognition to confirm online purchases in mobile wallet

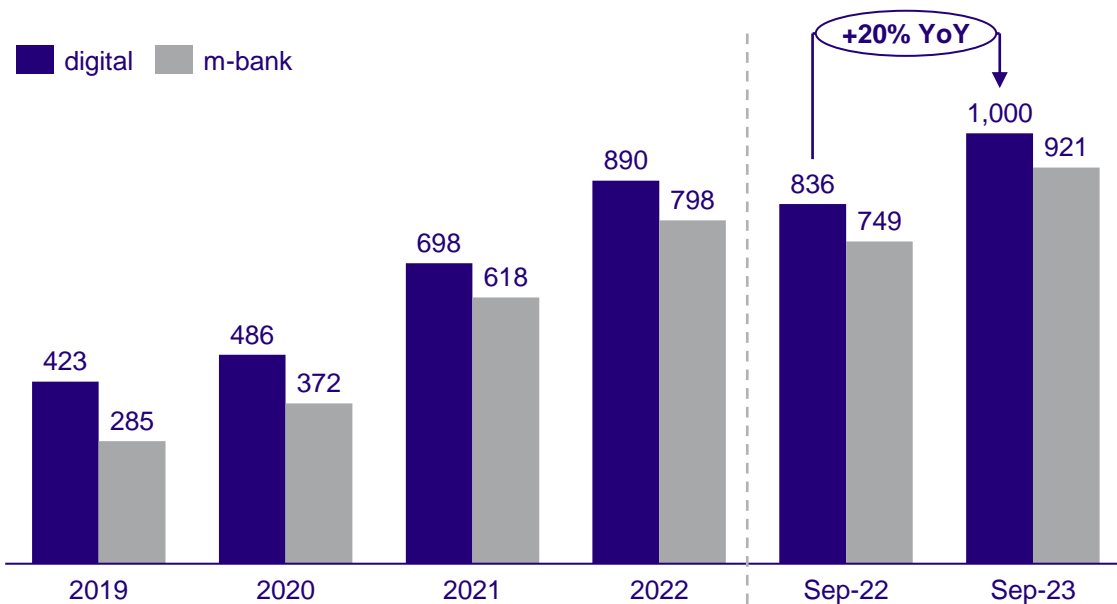
First Slovenian bank issuing digital only debit cards



# Omnichannel – future sales platform

## Uniform omnichannel digital customer experience throughout the Group

NLB Group # active digital & m-bank users (in 000)



*Digital to take primary role especially in transaction banking and simple products contracting*

- ✓ Full digital experience starting with new customer digital on-boarding
- ✓ Seamless customer experience at any touch point all the way customer journey
- ✓ Process orchestration through common platform used for all sales channels
- ✓ Right offer at right time on the right channel by integrated advanced analytics into the omnichannel platform
- ✓ The same experience in the whole Group



*More than 1.5 million digital individual users in the Group as at 30 September 2023, o/w 66% are active users.*



# N Banka Integration





# Integration of N Banka into NLB was successful and within the set timeframe

## Highlights of integration process

### Legal and M&A process

- The legal merger was finalized on September 1st, and the technical merger took place over the weekend, concluding prior to September 4th
- ECB application final approval received in July
- Diligent approach to customer contractual obligations ensured minimum disturbance and claims from customer side during the migration process

### Clients

- Proactive retention approach gave good results in preserving value of integration
- 24/7 client support, was reinforced during cutover and post-cutover period (all CC employees)
- Strong pressure on contact centre (as expected) - about 4-times more interactions than usual traffic which started with September 1st and is already in a downtrend
- Clients received dedicated service and assistance also in NLB branches on 1st and 2nd September, ensuring a smooth and successful integration into NLB. Practically, there was not service interruption during cutover process
- Currently we are in stabilisation period, dealing with relatively minor events caused by integration and activation of new system modules

### Employees

- Operational stabilization of N Banka achieved through several structural initiatives
- Following identified needs and leveraging on established selection processes, NLB took over in total 137 employees, 100 of them joined finally on 1st of September
- Additional resources with relevant knowledge from N Banka have agreed to support based on temporary contracts during the stabilization after the legal and technical merger for a certain period.

### Marketing & Communication

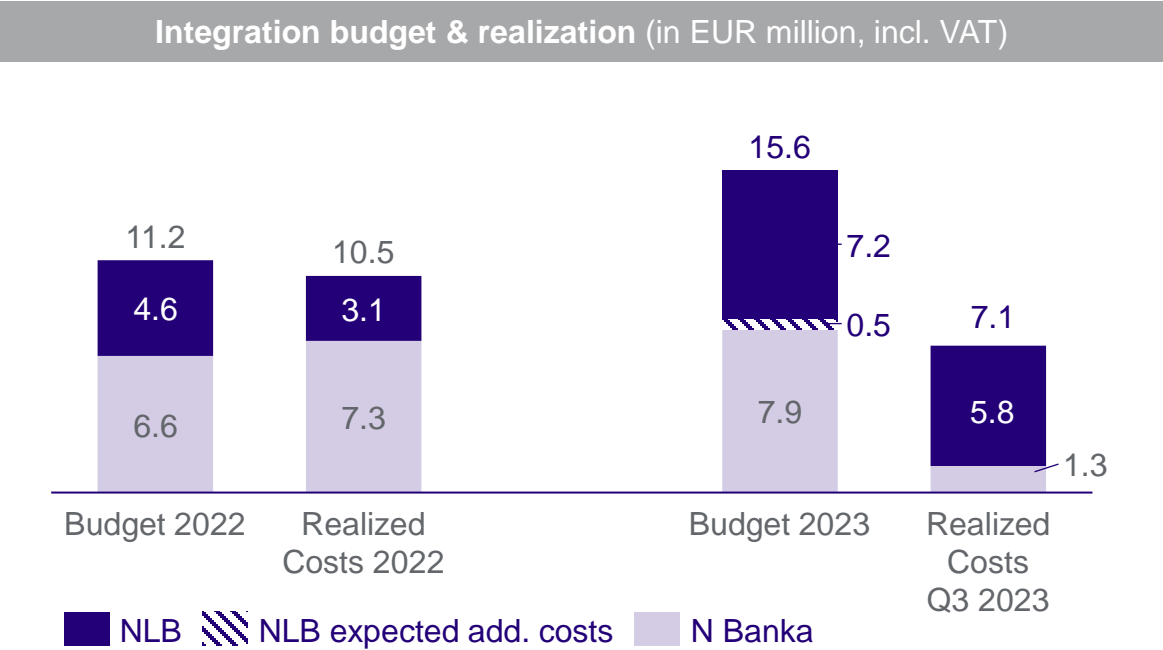
- A comprehensive approach towards client communications has been developed, ensuring a steady flow, leveraging on all channels, providing relevant insights and accompanying the merger all the way until finalization of stabilization. This is considered essential for client satisfaction and engagement
- N Banka's clients were provided with all relevant information upfront in order to manage expectations and relieve the pressure on Bank's channels
- Comprehensive communication plan has been executed through all relevant platforms, and covering both pre and post cutover period

### Integration Status

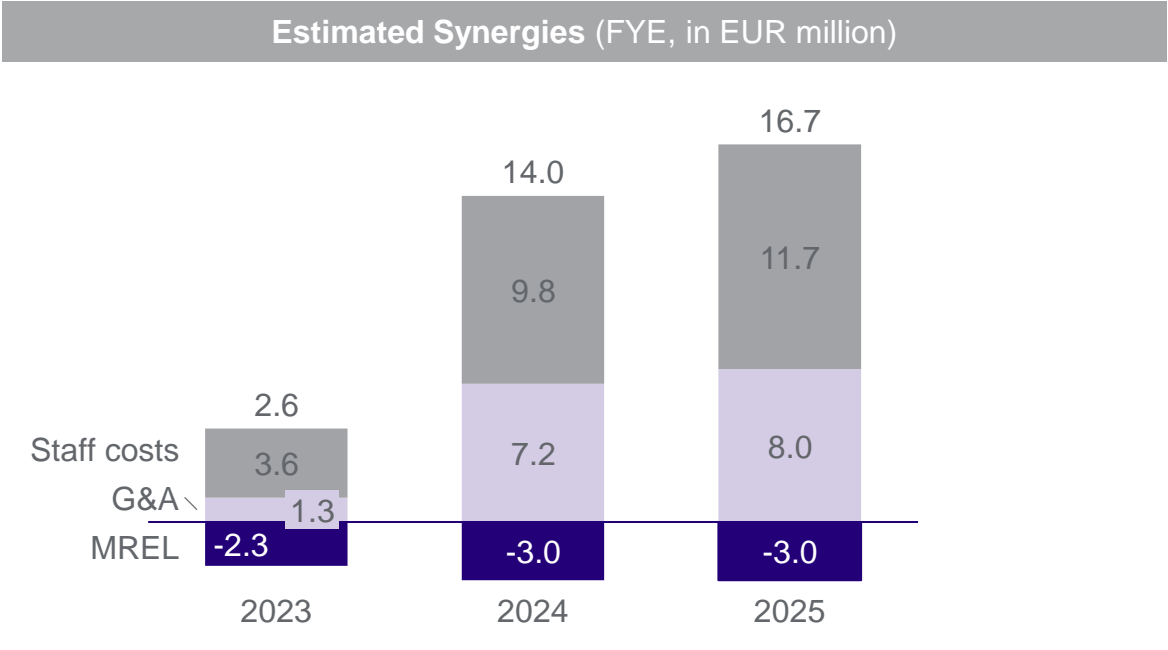
- Final Cut-over finalized - no critical issues identified, legal and technical merger of N Banka with NLB was considered as a success
- All tasks for the Cut-over weekend were completed according to plan
- We successfully managed to migrate the data and in parallel activate new Retail system module (loans, deposits etc.)
- Currently stabilization period is running, with aim to finalize clean-ups until end of November

Total integration cost to be covered by synergies by the end of 2025, approximately 66% of overall approved budget consumed as of end of September

Integration Budget & Synergies



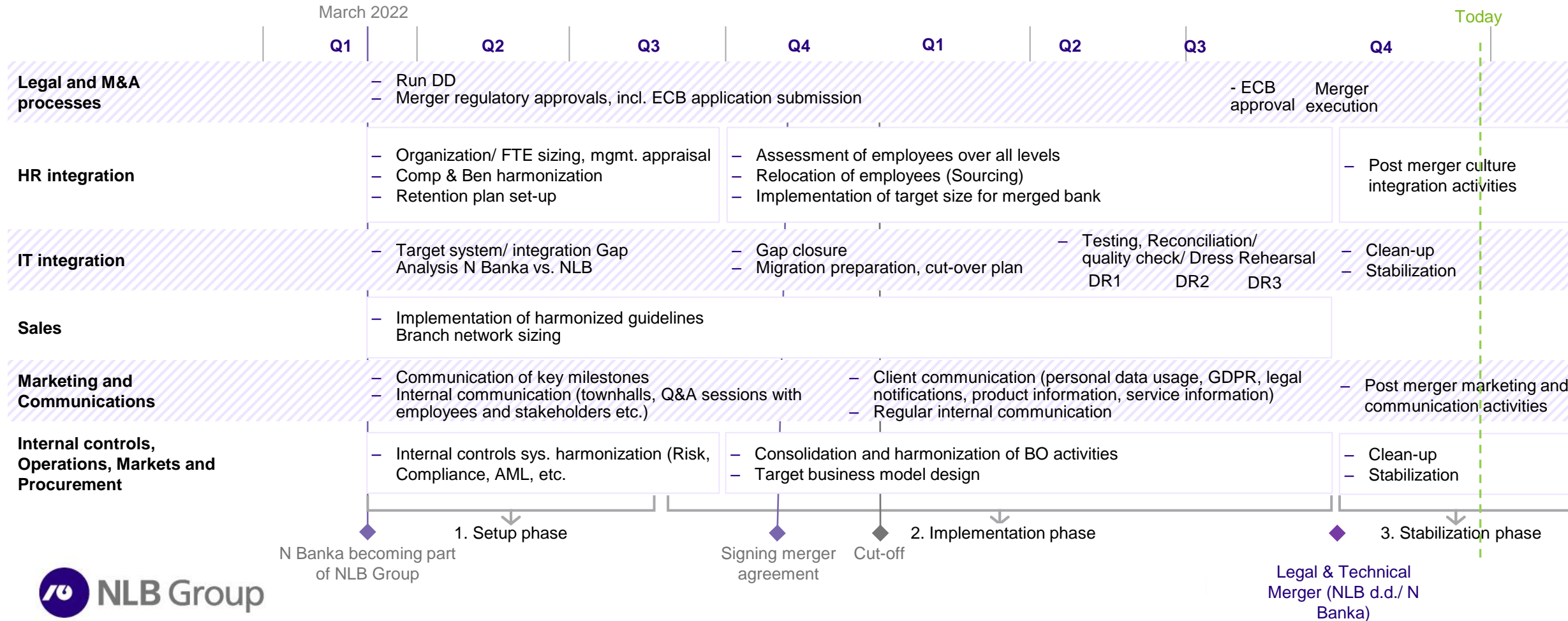
- As of end of September the consumption of the 2023 budget was at 45%, yet not all services have been invoiced and booked, namely certain costs (refurbishing of branches, license costs, etc.) will only be incurred after the envisaged project end.
- However current projection suggests that overall costs will remain significantly below budget, mainly driven by HR.



- Full synergy potential to be reached in 2025 (yearly run-rate of EUR 16.7 million)
- Limited synergies in 2023 due to merger in September, yet approx. 25% of run-rate synergies expected to kick-in already due to reduction of staff and G&A costs
- Updated calculation of additional MREL funding needed results in an amount of EUR 76 million (instead of EUR 125 million), ultimately leading to lower dis-synergies (EUR 3 million p.a. instead of EUR 5 million p.a.)

After successful finalization of integration, focus shifted to stabilization and clean-up phase that is expected to last until end of November

## H/I integration timeline



# Outlook



# Outlook

KPI	Last Outlook for 2023	Revised Outlook for 2023	Last Outlook for 2025	Revised Outlook for 2025
Regular income	~ EUR 1,000 million	> EUR 1,000 million	> EUR 1,000 million	~ EUR 1,100 million
Costs	~ EUR 490 million	~ EUR 500 million	Flat on 2023 level	~ EUR 530 million
Cost of risk	<15 bps	~ 0 bps	30-50 bps	30-50 bps
CIR		~ 46%		< 50%
Loan growth	Mid-single digit	Mid-single digit	High single digit	High single digit
Dividend	EUR 110 million	EUR 110 million	EUR 500 million (2022-2025)	EUR 500 million (2022-2025) <sup>(i)</sup>
ROE a.t.	>15%	>15%	~ 14%	~ 14%
ROE normalised <sup>(ii)</sup>	>20%	>20%	~ 20%	~ 20%
Regular profit			> EUR 400 million	> EUR 400 million
Contribution from Serbian market		> EUR 100 million	> EUR 100 million	<sup>(iii)</sup>
M&A potential			Tactical M&A capacity of > EUR 4 billion RWA	Tactical M&A capacity of > EUR 4 billion RWA

(i) Future capital returns will be revised during the new 2030 strategy process.

(ii) ROE normalised = result a.t. divided by average risk-adjusted capital. Average risk-adjusted capital is calculated as a Tier 1 requirement of average RWA reduced for minority shareholder capital contribution.

(iii) This item line will be omitted from further announcements.





## Appendices

Appendix 1: Business Performance 55

Appendix 2: Segment Analysis 58

Appendix 3: Financial Statements 68



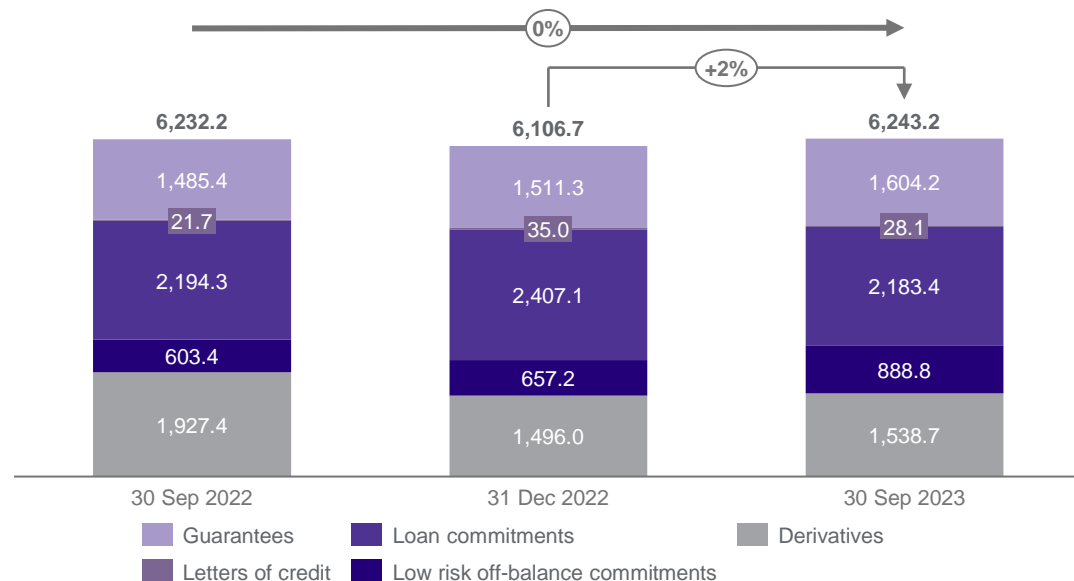
Appendix 1:

# Business Performance



# Off-balance sheet items

Off-balance sheet items of NLB Group – structure (in EUR million)



## Loan commitments and Low risk off-balance commitments

	in EUR million		
	30 Sep 2023	31 Dec 2022	30 Sep 2022
Loans	1,075.7	1,033.9	893.7
Overdrafts Retail	336.7	330.8	325.4
Overdrafts Corporate	216.2	243.1	227.3
Cards	360.5	327.8	328.4
NLB Komercijalna banka, Beograd	239.0	310.2	266.9
N Banka	0.0	180.4	190.6
Other (Lease&Go, ...)	21.0	16.7	21.4
Low risk off-balance commitments	888.8	657.2	603.4
NLB d.d.	395.8	317.0	310.3
NLB Komercijalna banka, Beograd	399.4	294.4	248.5
NLB Banka, Banja Luka	20.0	18.4	16.5
NLB Banka, Podgorica	73.7	27.4	28.1
Inter Company	-65.7	-35.9	-59.4
<b>Total</b>	<b>3,072.2</b>	<b>3,064.4</b>	<b>2,797.6</b>

## Derivatives

	in EUR million		
	30 Sep 2023	31 Dec 2022	30 Sep 2022
FX derivatives with customers	166.4	215.5	213.5
Interest rate derivatives with customers	453.2	396.1	751.1
FX derivatives - hedging	133.8	108.4	110.1
Interest rate derivatives - hedging	734.3	644.5	645.7
Options	50.9	60.7	62.0
Derivatives (N Banka contribution)	0.0	71.1	145.3
<b>Total</b>	<b>1,538.7</b>	<b>1,496.2</b>	<b>1,927.6</b>

The majority of NLB Group derivatives are concluded by NLB either for hedging of the banking book or for trading with customers.

## Business with customers

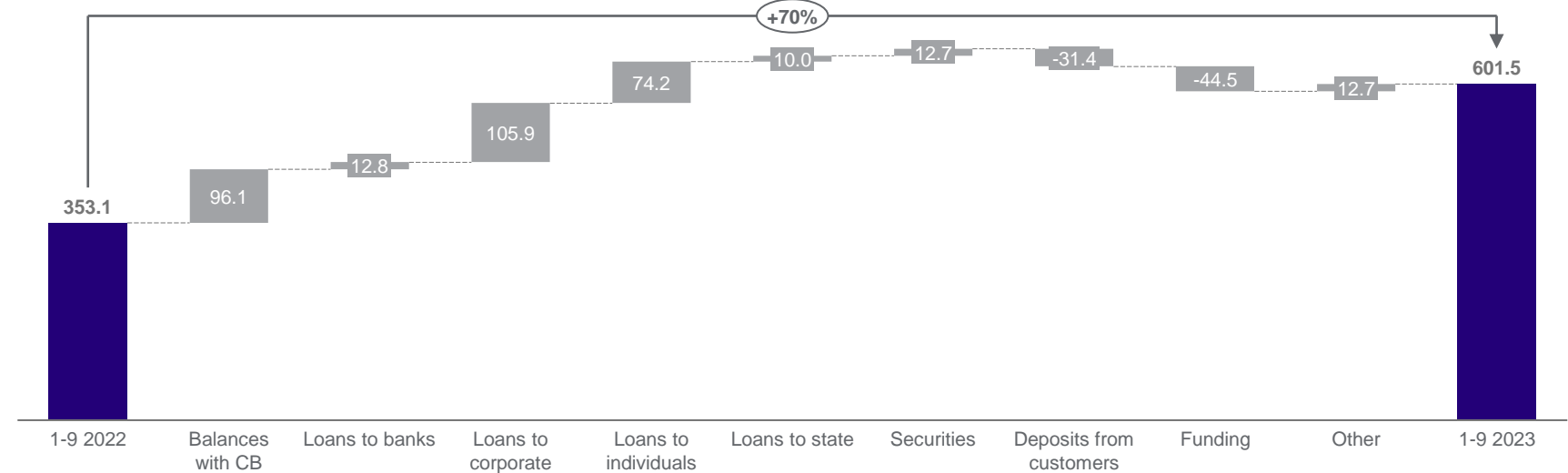
- Customers are mainly using plain vanilla FX and Interest rate derivatives for hedging of their business model.

## Hedging

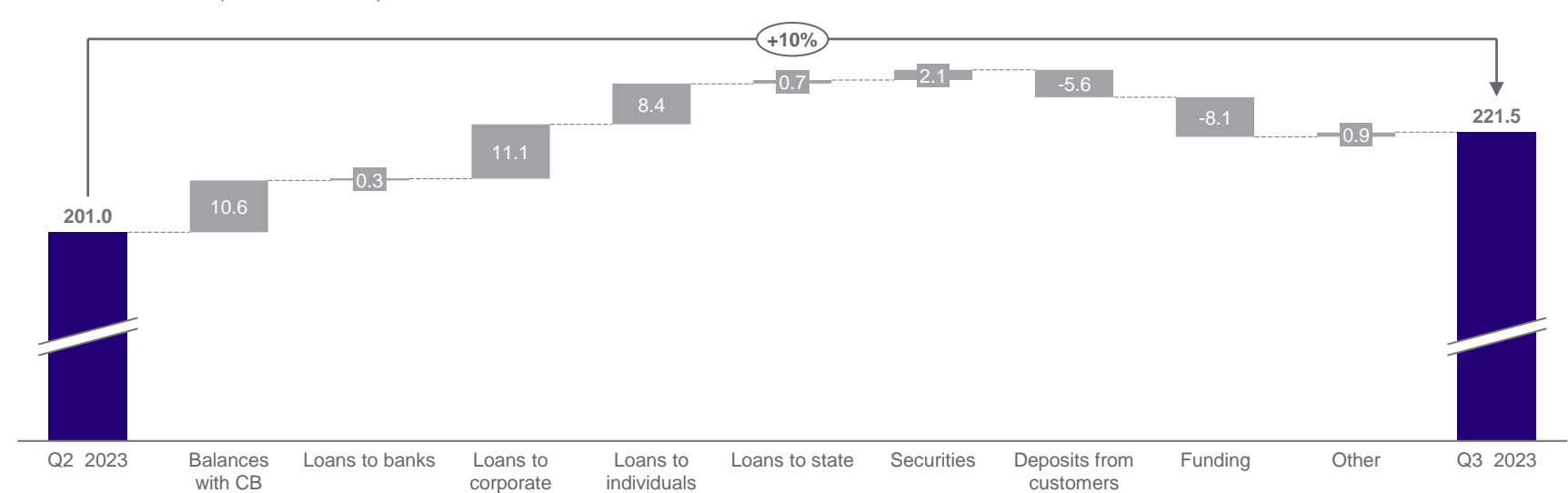
- NLB is concluding interest rate swaps in line with fair value hedge accounting rules. Micro and macro hedges are used for hedging of fixed rate loan portfolio and micro Interest rate swaps are used for the purpose of securities hedging. In 2023 interest rate swaps were concluded by NLB Banka, Podgorica which started hedging their portfolio of retail fixed rate loans. FX swaps used for short-term liquidity hedging slightly increased in last year due to increased placement of foreign currency.

# Net interest income evolution

YoY evolution (in EUR million)



QoQ evolution (in EUR million)



Appendix 2:

# Segment Analysis





# NLB Group key business segments<sup>(3)</sup>

	Retail banking in Slovenia	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	<b>Retail (NLB &amp; N Banka)</b> <b>Micro (NLB &amp; N Banka)</b> <b>NLB Skladi</b> <b>Bankart<sup>(1)</sup></b> <b>NLB Lease&amp;Go, Ljubljana</b> (retail clients)	<b>NLB &amp; N Banka:</b> <ul style="list-style-type: none"> <li>- Key corporates</li> <li>- SME corporates</li> <li>- Cross Border corporates</li> <li>- Investment banking and custody</li> <li>- Restructuring&amp;workout</li> </ul> <b>NLB Lease&amp;Go, Ljubljana</b> (corporate clients)	<b>NLB Banka, Skopje</b> <b>NLB Banka, Banja Luka</b> <b>NLB Banka, Sarajevo</b> <b>NLB Banka, Prishtina</b> <b>NLB Banka, Podgorica</b> <b>NLB Komercijalna Banka, Beograd</b> <b>Kombank INvest, Beograd</b> <b>NLB DigiT, Beograd</b> <b>NLB Lease&amp;Go, Skopje</b> <b>NLB Lease&amp;Go Leasing, Beograd</b>	<b>NLB &amp; N Banka:</b> <ul style="list-style-type: none"> <li>- Treasury activities</li> <li>- Trading in financial instruments</li> <li>- Asset and liabilities management (ALM)</li> </ul>	<b>REAM</b> <b>NLB Srbija</b> <b>NLB Crna Gora</b> <b>Leasing entities in liquidation</b>
	<ul style="list-style-type: none"> <li>• Largest retail banking group in Slovenia by loans and deposits</li> <li>• #1 in private banking and asset management</li> <li>• Focused on upgrading customer digital experience and satisfaction</li> <li>• Implementation of new omnichannel solution NLB Klik</li> <li>• Successful merger of N Banka's clients</li> </ul>	<ul style="list-style-type: none"> <li>• Market leader in corporate banking with focus on advisory and long-term strategic partnerships</li> <li>• Market leader in Investment Banking and Custody services</li> <li>• Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia</li> <li>• Strong trade finance operations and other fee-based business</li> <li>• Market leader at FX and interest rate hedges</li> </ul>	<ul style="list-style-type: none"> <li>• Leading SEE franchise with six subsidiary banks<sup>(3)</sup> and one investment fund company</li> <li>• The only international banking group with exclusive focus on the SEE region</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining stable funding base</li> <li>• Management of well diversified liquidity reserves</li> <li>• Managing interest rate positions with responsive pricing policy</li> </ul>	<ul style="list-style-type: none"> <li>• Assets booked non-core subsidiaries funded via NLB</li> <li>• Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets</li> </ul>
(Sep 2023, in EUR million)					
<b>Pre-provision result</b>	153.0	55.7	226.0	25.9	-12.1
<b>Result b.t.</b>	132.1	64.3	241.4	30.7	-10.2
<b>Total assets</b>	3,730	3,498	10,579	7,073	44
<b>% of total assets<sup>(2)</sup></b>	15%	14%	42%	28%	0%
<b>CIR</b>	41.2%	48.1%	44.3%	21.5%	-458.2%
<b>Cost of risk (bp)</b>	36	-51	-36	/	/

Notes: (1) 39% minority stake; (2) Other activities 1%; (3) N Banka is included in the segment analysis for the period 1 January – 30 September 2023 and the year 2022 as an independent legal entity; in the segment analysis for the period 1 January – 30 September 2023, it is included with the result for the period 1 January – 31 August 2023.

# Retail Banking in Slovenia

in EUR millions consolidated								
	1-9 2023	1-9 2022	Change YoY		Q3 2023	Q2 2023	Q3 2022	Change QoQ
Net interest income	185.0	70.7	114.3	162%	74.7	61.1	27.1	22%
Net interest income from Assets <sup>(i)</sup>	65.4	72.6	-7.2	-10%	21.8	21.0	24.3	4%
Net interest income from Liabilities <sup>(i)</sup>	119.6	-1.9	121.5	-	52.9	40.1	2.8	32%
Net non-interest income	75.0	77.4	-2.4	-3%	26.5	27.4	30.7	-3%
o/w Net fee and commission income	84.5	84.6	-0.1	0%	27.7	28.6	29.9	-3%
<b>Total net operating income</b>	<b>260.0</b>	<b>148.1</b>	<b>111.9</b>	<b>76%</b>	<b>101.1</b>	<b>88.5</b>	<b>57.8</b>	<b>14%</b>
Total costs	-107.0	-99.9	-7.1	-7%	-34.4	-36.7	-35.1	6%
<b>Result before impairments and provisions</b>	<b>153.0</b>	<b>48.2</b>	<b>104.8</b>	<b>-</b>	<b>66.7</b>	<b>51.8</b>	<b>22.7</b>	<b>29%</b>
Impairments and provisions	-22.2	-10.8	-11.4	-106%	-6.8	-3.8	-5.0	-78%
Share of profit from investments in associates and joint ventures	1.3	1.1	0.2	18%	0.7	0.3	-0.4	144%
<b>Result before tax</b>	<b>132.1</b>	<b>38.6</b>	<b>93.5</b>	<b>-</b>	<b>60.6</b>	<b>48.2</b>	<b>17.3</b>	<b>26%</b>

	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	Change YtD		Change YoY		Change QoQ
Net loans to customers	3,637.6	3,613.4	3,586.5	3,548.1	51.1	1%	89.5	3%	1%
Gross loans to customers	3,701.8	3,670.6	3,641.0	3,597.2	60.8	2%	104.6	3%	1%
Housing loans <sup>(ii)</sup>	2,465.3	2,216.2	2,173.9	2,132.5	291.3	13%	332.8	16%	11%
Interest rate on housing loans <sup>(iii)</sup>	3.00%	2.93%	2.35%	2.26%	0.65 p.p.		0.74 p.p.		0.07 p.p.
Consumer loans <sup>(ii)</sup>	791.5	673.3	640.9	636.8	150.6	23%	154.7	24%	18%
Interest rate on consumer loans <sup>(iii)</sup>	8.11%	8.01%	7.11%	6.97%	1.00 p.p.		1.14 p.p.		0.10 p.p.
N Banka, Ljubljana	0.0	397.5	446.1	465.6	-446.1	-	-465.6	-	-100%
NLB Lease&Go, Ljubljana	89.3	83.7	69.0	63.1	20.3	29%	26.1	41%	7%
Other	355.8	299.9	311.1	299.3	44.8	14%	56.6	19%	19%
Deposits from customers	9,226.0	9,265.9	9,085.8	8,780.6	140.2	2%	445.4	5%	0%
Interest rate on deposits <sup>(iii)</sup>	0.29%	0.25%	0.05%	0.04%	0.24 p.p.		0.25 p.p.		0.04 p.p.
N Banka, Ljubljana	0.0	402.0	502.0	510.7	-502.0	-	-510.7	-	-100%
Non-performing loans (gross)	74.0	66.8	67.7	66.9	6.3	9%	7.1	11%	11%

	1-9 2023	1-9 2022	Change YoY
Cost of risk (in bps)	36	44	-8
CIR	41.2%	67.4%	-26.3 p.p.
Net interest margin <sup>(iii)</sup>	3.93%	1.54%	2.39 p.p.

<sup>(i)</sup> Net interest income from assets and liabilities with the use of FTP.

<sup>(ii)</sup> After the merger of NLB and N Banka, the loans from N Banka were distributed between housing and consumer loans.

<sup>(iii)</sup> Net interest margin and interest rates before the merger of NLB and N Banka only for NLB.

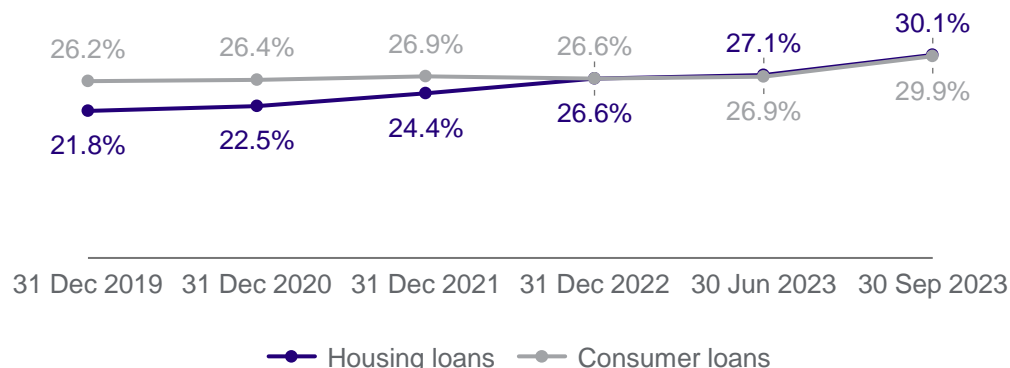
Segment's net interest margin is calculated as the ratio between annualised net interest income(i) and sum of average interest-bearing assets and liabilities divided by 2.

- Significantly increased net interest income, primarily due to higher volumes and margins on client deposits.
- New loan production of consumer loans reaching record volumes.
- Attractive interest rates for term deposits were offered.
- Measures for post-flood recovery were introduced.
- Successful migration of N Banka's clients.

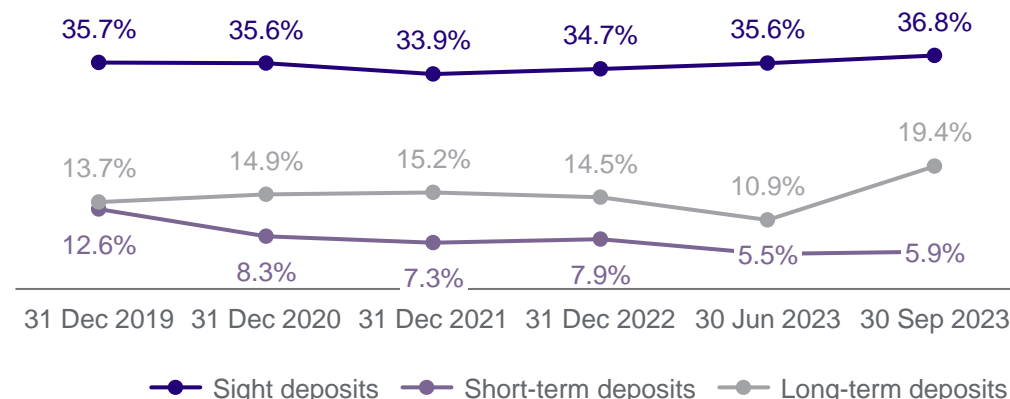
# Retail banking in Slovenia

## High and stable market shares across products

Market share of net loans to individuals in the Bank<sup>(1)</sup>

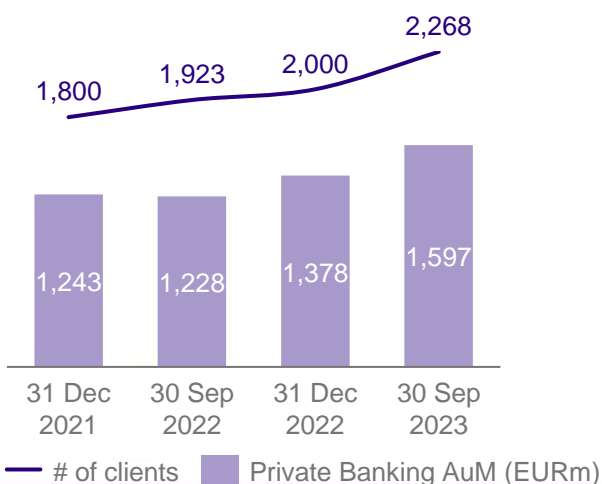


Market share of deposits from individuals in the Bank<sup>(1)</sup>

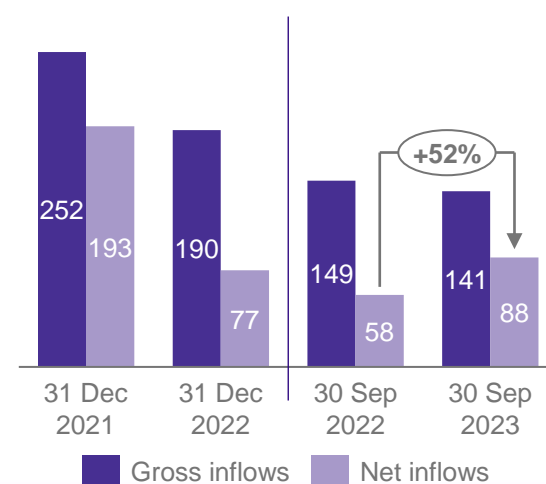


## Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- Full implementation of new omnichannel digital solution NLB Klik.
- As the first Slovenian bank introducing Smart POS solution on mobile phone to merchants.
- With record volumes of new consumer loans, market shares of Retail lending are experiencing increasing trends.
- #1 player in Private Banking<sup>(2)</sup>
  - Leading position being strengthened with nearly EUR 1.6 billion of assets under management.
- # 1 player in Slovenian asset management<sup>(3)</sup>
  - AuM of EUR 2,199.5 million as of 30 September 2023 including investments in mutual funds and discretionary portfolios
  - Market share of NLB Skladi at mutual funds in Slovenia is 39.7% as of 30 September 2023, the company is ranked first among its peers in Slovenia, accounting for 56.4% of all net inflows in the market.



# Corporate and Investment banking in Slovenia

in EUR millions consolidated								
	1-9 2023	1-9 2022	Change YoY		Q3 2023	Q2 2023	Q3 2022	Change QoQ
Net interest income	74.4	36.9	37.5	101%	29.2	24.0	14.9	21%
Net interest income from Assets <sup>(i)</sup>	44.7	40.4	4.3	11%	16.3	14.2	14.5	14%
Net interest income from Liabilities <sup>(i)</sup>	29.7	-3.4	33.1	-	12.9	9.8	0.4	32%
Net non-interest income	32.9	40.8	-7.9	-19%	11.3	11.5	12.9	-1%
o/w Net fee and commission income	30.6	34.1	-3.5	-10%	11.0	9.9	11.2	12%
<b>Total net operating income</b>	<b>107.3</b>	<b>77.7</b>	<b>29.6</b>	<b>38%</b>	<b>40.5</b>	<b>35.5</b>	<b>27.8</b>	<b>14%</b>
Total costs	-51.6	-44.8	-6.9	-15%	-17.3	-16.5	-16.2	-5%
<b>Result before impairments and provisions</b>	<b>55.7</b>	<b>33.0</b>	<b>22.7</b>	<b>69%</b>	<b>23.2</b>	<b>19.0</b>	<b>11.6</b>	<b>22%</b>
Impairments and provisions	8.6	18.9	-10.3	-54%	1.7	2.4	6.2	-23%
<b>Result before tax</b>	<b>64.3</b>	<b>51.9</b>	<b>12.4</b>	<b>24%</b>	<b>25.0</b>	<b>21.5</b>	<b>17.7</b>	<b>16%</b>

	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	Change YtD		Change YoY		Change QoQ
Net loans to customers	3,472.1	3,389.8	3,370.1	3,400.8	102.0	3%	71.4	2%	2%
Gross loans to customers	3,524.4	3,440.5	3,424.6	3,450.5	99.9	3%	73.9	2%	2%
Corporate	3,426.3	3,341.5	3,311.5	3,305.0	114.8	3%	121.3	4%	3%
Key/SME/Cross Border Corporates <sup>(ii)</sup>	3,177.0	2,720.2	2,623.2	2,551.7	553.8	21%	625.3	25%	17%
Interest rate on Key/SME/Cross Border Corporates loans <sup>(iii)</sup>	4.31%	3.98%	1.95%	1.77%	2.36 p.p.		2.54 p.p.		0.33 p.p.
Investment banking	0.1	0.1	0.1	0.1	0.0	8%	0.0	8%	0%
Restructuring and Workout <sup>(ii)</sup>	97.2	59.3	60.8	66.2	36.4	60%	30.9	47%	64%
N Banka, Ljubljana	0.0	417.6	506.7	581.3	-506.7	-	-581.3	-	-100%
NLB Lease&Go, Ljubljana	152.0	144.3	120.7	105.6	31.4	26%	46.4	44%	5%
State	97.4	98.9	112.9	145.3	-15.5	-14%	-47.9	-38%	-1%
Interest rate on State loans <sup>(iii)</sup>	5.87%	5.96%	2.59%	2.52%	3.28 p.p.		3.35 p.p.		-0.09 p.p.
Deposits from customers	2,405.6	2,263.5	2,731.0	2,739.1	-325.4	-12%	-333.4	-12%	6%
Interest rate on deposits <sup>(iii)</sup>	0.24%	0.20%	0.07%	0.05%	0.17 p.p.		0.19 p.p.		0.04 p.p.
N Banka, Ljubljana	0.0	258.2	396.5	465.9	-396.5	-	-465.9	-	-100%
Non-performing loans (gross)	61.1	60.3	67.6	68.7	-6.6	-10%	-7.6	-11%	1%

	1-9 2023	1-9 2022	Change YoY
Cost of risk (in bps)	-51	-84	33
CIR	48.1%	57.6%	-9.5 p.p.
Net interest margin <sup>(iii)</sup>	3.37%	1.72%	1.65 p.p.

<sup>(i)</sup> Net interest income from assets and liabilities with the use of FTP.

<sup>(ii)</sup> After the merger of NLB and N Banka, the loans from N Banka were distributed between Key/SME/Cross Border Corporates and Restructuring and Workout.

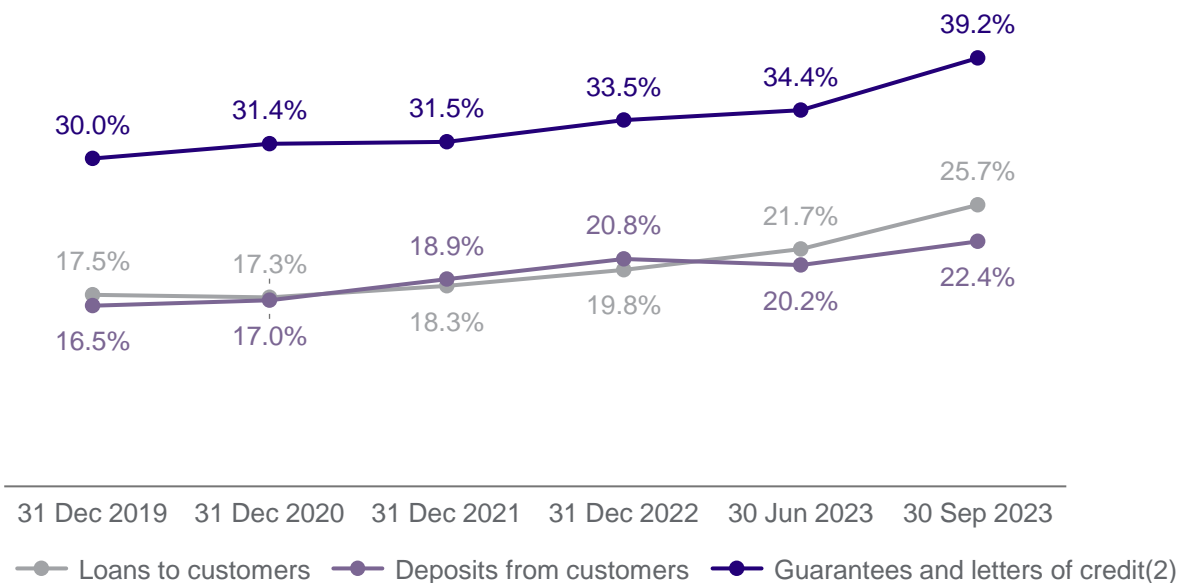
<sup>(iii)</sup> Net interest margin and interest rates before the merger of NLB and N Banka only for NLB. Segment's net interest margin is calculated as the ratio between annualised net interest income <sup>(i)</sup> and sum of average interest-bearing assets and liabilities divided by 2.

- Net interest income increase driven by higher volumes, interest rates and margins on client deposits.
- Strong market shares in loans and deposits.
- An active role in raising awareness and supporting clients in ESG development and sustainable finance, resulting in an increased volume of sustainable financing.
- Growth in the trade finance business continues, allowing the Bank to preserve high market shares.
- Measures to help recover from the consequences of floods were prepared.
- In September, the successful migration of clients and their portfolios and the integration of N Banka was completed.

# Corporate & Investment Banking in Slovenia

## High market shares across products

**Market share of Corporate Banking in the Bank – evolution and position on the market <sup>(1)</sup>**



- The Bank cooperates with almost 11,000 corporate clients and holds over 25% market share in loans and 22% in deposits.
- The Bank gradually increases its loans and deposit market share, resulting from loan growth and the integration of N bank.
- The Bank is increasing its share of financing the green transformation of Slovenian companies and beyond.
- Growth of trade finance business continues, especially in guarantee business, and the Bank is increasing high market shares.
- Strong cross-border financing activity, focusing also on green sustainable finance.
- Executed brokerage orders in amount to EUR 620.7 million, executed foreign exchange spot deals in amount to EUR 694.0 million and transactions involving derivatives amounted to EUR 117.6 million.
- Engaged in loan syndication business (as a sole mandated lead arranger) in the amount of EUR 155 million and organizing the bond issuance in nominal amount to EUR 502 million.
- Among the top Slovenian players in custodian services for Slovenian and international clients with value of assets under custody amounted to EUR 17.7 billion.
- Further developing intermediary leasing business for the NLB Lease&Go.

# Financial Markets in Slovenia

in EUR millions consolidated								
	1-9 2023	1-9 2022	Change YoY		Q3 2023	Q2 2023	Q3 2022	Change QoQ
Net interest income	34.1	30.8	3.3	11%	6.4	13.0	7.9	-53%
Net interest income w/o ALM <sup>(i)</sup>	17.5	11.8	5.6	48%	6.2	4.7	3.9	30%
o/w ALM	16.7	19.0	-2.3	-12%	0.2	8.2	4.1	-97%
Net non-interest income	-1.2	-2.0	0.8	40%	-1.2	0.9	-0.3	-
<b>Total net operating income</b>	<b>33.0</b>	<b>28.9</b>	<b>4.1</b>	<b>14%</b>	<b>5.2</b>	<b>13.9</b>	<b>7.7</b>	<b>-62%</b>
Total costs	-7.1	-6.9	-0.2	-3%	-2.4	-2.4	-2.2	1%
<b>Result before impairments and provisions</b>	<b>25.9</b>	<b>22.0</b>	<b>3.9</b>	<b>18%</b>	<b>2.8</b>	<b>11.5</b>	<b>5.5</b>	<b>-75%</b>
Impairments and provisions	4.8	-0.4	5.2	-	0.6	-0.1	7.2	-
<b>Result before tax</b>	<b>30.7</b>	<b>21.7</b>	<b>9.0</b>	<b>42%</b>	<b>3.4</b>	<b>11.4</b>	<b>12.6</b>	<b>-70%</b>

	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	Change YtD		Change YoY		Change QoQ
Balances w Central banks	3,976.7	3,901.8	3,373.7	3,071.5	603.0	18%	905.2	23%	2%
Banking book securities	2,994.8	2,954.4	2,993.3	3,001.7	1.5	0%	-6.9	0%	1%
Interest rate <sup>(ii)</sup>	1.07%	0.97%	0.74%	0.73%	0.33 p.p.		0.34 p.p.		0.10 p.p.
Borrowings	73.3	95.5	160.5	205.5	-87.2	-53%	-132.2	-63%	-23%
Interest rate <sup>(ii)</sup>	2.05%	2.26%	-0.72%	-0.78%	2.77 p.p.		2.83 p.p.		-0.21 p.p.
Subordinated liabilities (Tier 2)	529.0	520.0	508.8	290.4	20.2	4%	238.6	82%	2%
Interest rate <sup>(ii)</sup>	6.87%	6.80%	4.16%	3.70%	2.71 p.p.		3.17 p.p.		0.07 p.p.
Other debt securities in issue	810.0	814.5	307.2	302.7	502.8	164%	507.4	168%	-1%
Interest rate <sup>(ii)</sup>	6.46%	6.20%	6.00%	5.95%	0.46 p.p.		0.51 p.p.		0.26 p.p.

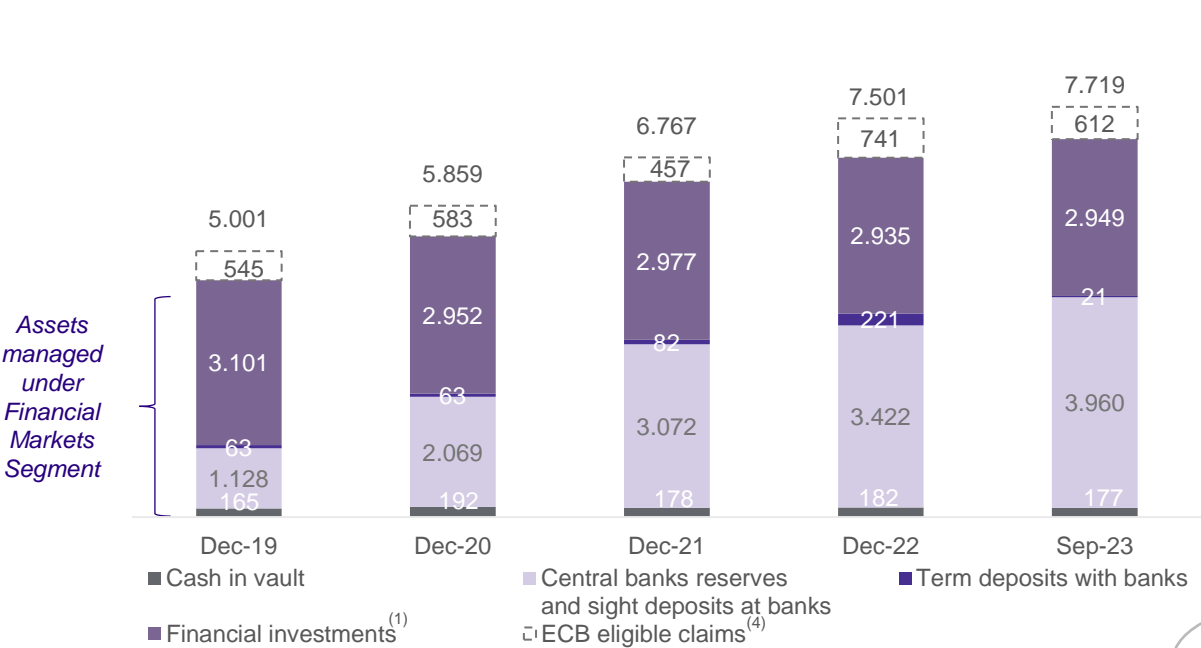
<sup>(i)</sup> Net interest income from assets and liabilities with the use of FTP.

<sup>(ii)</sup> Interest rates only for NLB.

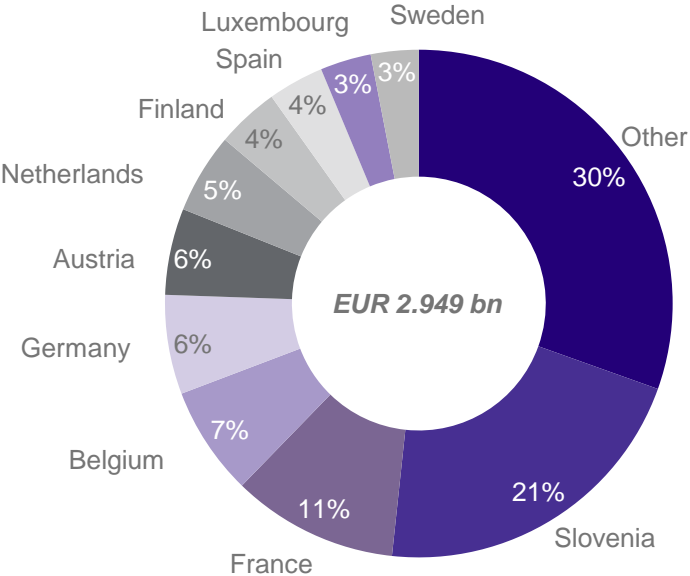
- The Bank successfully issued its inaugural green senior preferred notes for EUR 500 million.
- A further diversification of liquidity reserves, reinvestment of matured securities and increased balances with the central bank.
- As of January 2023, the ALM result from term transformation (benefits of the large sticky deposit base is largely passed on to the business segments). The remaining result was largely the effect of deliberate credit spread investment positions in well-diversified books of high-grade sovereigns and financial instruments.
- Negative valuation effects gradually being reversed (EUR 45 million YtD and EUR 12.5 million Q3) via OCI.

# Financial markets in Slovenia

Liquid assets evolution (EURm)



Well diversified banking book by geography (30 September 2023)

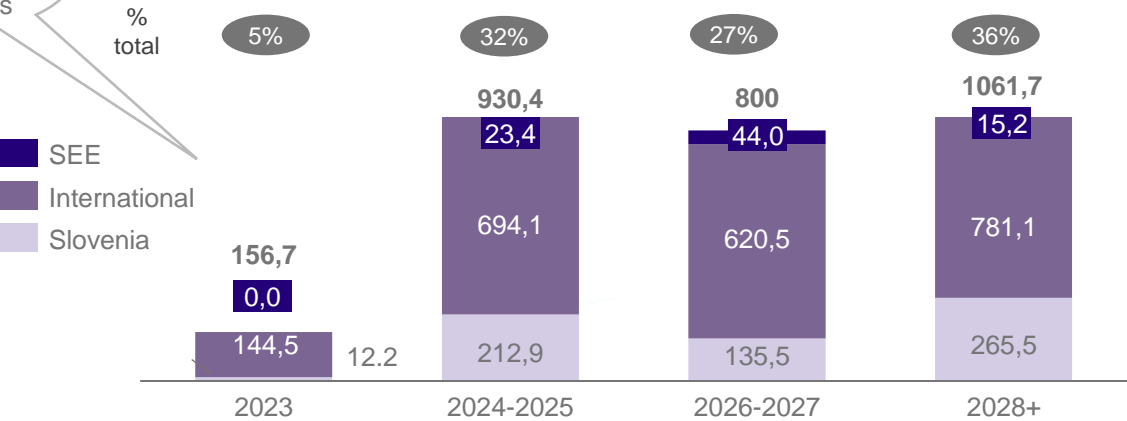


## Well positioned and funded division

- Strong liquidity buffer provides solid base for future core growth consisting of liquid assets which are not encumbered for operational or regulatory purposes
- Banking book securities portfolio is well diversified in terms of asset class and geography to minimize concentration risk, and is invested predominantly in high quality issuers on prudent tenors
- Liquidity ratios (as of 30 Sep 2023): LCR 273% (NLB d.d.) and 239% (NLB Group); NSFR (preliminary) 176% (NLB d.d.) and 184% (NLB Group).

Average duration 3.54 years

Maturity profile of banking book securities<sup>(3)</sup> (30 September 2023, EURm)



Note: Numbers refer to NLB d.d.; (1) Incl. trading and banking book securities (book value); (2) Includes other European countries, USA, Canada, Kazakhstan, Israel and Russian Federation; (3) Including state guaranteed bonds; (4) Loans booked under segment Corporate Banking Slovenia.

# Strategic Foreign Markets

in EUR millions consolidated								
	1-9 2023	1-9 2022	Change YoY		Q3 2023	Q2 2023	Q3 2022	Change QoQ
Net interest income	307.5	213.2	94.3	44%	111.2	102.5	76.1	8%
Interest income	340.1	231.4	108.7	47%	124.5	113.2	82.0	10%
Interest expense	-32.6	-18.2	-14.3	-79%	-13.3	-10.6	-5.9	-28%
Net non-interest income	97.9	91.7	6.2	7%	33.3	30.8	34.2	8%
o/w Net fee and commission income	91.2	86.5	4.7	5%	32.4	30.3	29.7	7%
<b>Total net operating income</b>	<b>405.4</b>	<b>304.9</b>	<b>100.5</b>	<b>33%</b>	<b>144.5</b>	<b>133.3</b>	<b>110.3</b>	<b>8%</b>
Total costs	-179.5	-165.4	-14.1	-9%	-61.5	-60.8	-55.6	-1%
<b>Result before impairments and provisions</b>	<b>226.0</b>	<b>139.5</b>	<b>86.4</b>	<b>62%</b>	<b>82.9</b>	<b>72.5</b>	<b>54.7</b>	<b>14%</b>
Impairments and provisions	15.5	2.7	12.8	-	-1.5	5.9	1.8	-
Negative goodwill (NLB Lease&Go Leasing, Beograd)		0.0	-	-				-
<b>Result before tax</b>	<b>241.4</b>	<b>142.2</b>	<b>99.2</b>	<b>70%</b>	<b>81.5</b>	<b>78.3</b>	<b>56.5</b>	<b>4%</b>
o/w Result of minority shareholders	9.6	8.5	1.1	13%	2.8	3.3	0.1	-13%

	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	Change YtD		Change YoY		Change QoQ
Net loans to customers	6,524.3	6,394.5	6,077.5	5,930.2	446.7	7%	594.1	10%	2%
Gross loans to customers	6,712.2	6,581.6	6,271.4	6,118.7	440.8	7%	593.5	10%	2%
Individuals	3,461.2	3,388.7	3,221.0	3,160.0	240.2	7%	301.2	10%	2%
Interest rate on retail loans	6.53%	6.40%	5.66%	5.55%	0.87 p.p.		0.98 p.p.		0.13 p.p.
Corporate	3,005.4	2,958.2	2,869.0	2,832.4	136.4	5%	173.0	6%	2%
Interest rate on corporate loans	5.20%	4.99%	3.84%	3.68%	1.35 p.p.		1.51 p.p.		0.21 p.p.
State	245.6	234.7	181.4	126.3	64.2	38%	119.4	93%	5%
Interest rate on state loans	6.90%	6.54%	3.65%	3.48%	3.25 p.p.		3.42 p.p.		0.36 p.p.
Deposits from customers	8,614.9	8,355.6	8,171.2	8,013.9	443.7	5%	601.0	7%	3%
Interest rate on deposits	0.33%	0.28%	0.17%	0.17%	0.16 p.p.		0.16 p.p.		0.05 p.p.
Non-performing loans (gross)	148.9	156.0	160.6	170.1	-11.8	-7%	-21.2	-12%	-5%

	1-9 2023	1-9 2022	Change YoY
Cost of risk (in bps)	-36	-17	-19
CIR	44.3%	54.2%	-10.0 p.p.
Net interest margin	4.12%	3.02%	1.10 p.p.

- All subsidiary banks robustly profitable and earning Cost of Capital (CoC) with NLB Komercijalna Banka, Beograd contributing 53% to the segment's pre-tax profit.
- Double-digit jump in net interest income and increased net interest margin in all banking members.
- Robust consumer lending activity growth over the local markets' dynamics.
- Increasing the deposit base from Retail and Corporate clients shows the overall confidence in the banking members.
- Remarkable growth of the leasing portfolio in Serbia.
- Continuous sustainable financing and operations improving the carbon footprint of the banks.
- Regional Central Banks' regulatory changes – obligatory reserve changes in Macedonia and Bosnia and Herzegovina, housing loan interest rate cap in Serbia.

# Non-Core Members

in EUR millions consolidated

	1-9 2023	1-9 2022	Change YoY		Q3 2023	Q2 2023	Q3 2022	Change QoQ
Net interest income	0.7	0.2	0.4	-	0.2	0.5	0.1	-64%
Net non-interest income	-2.8	2.4	-5.2	-	-0.9	-0.9	0.4	1%
<b>Total net operating income</b>	<b>-2.2</b>	<b>2.6</b>	<b>-4.8</b>	<b>-</b>	<b>-0.7</b>	<b>-0.4</b>	<b>0.5</b>	<b>-65%</b>
Total costs	-9.9	-8.7	-1.2	-14%	-3.5	-3.5	-3.2	-2%
<b>Result before impairments and provisions</b>	<b>-12.1</b>	<b>-6.1</b>	<b>-6.0</b>	<b>-98%</b>	<b>-4.3</b>	<b>-3.9</b>	<b>-2.6</b>	<b>-9%</b>
Impairments and provisions	1.9	0.9	1.0	108%	0.3	1.1	-0.1	-71%
<b>Result before tax</b>	<b>-10.2</b>	<b>-5.2</b>	<b>-5.0</b>	<b>-97%</b>	<b>-4.0</b>	<b>-2.9</b>	<b>-2.7</b>	<b>-38%</b>

	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	Change YtD		Change YoY		Change QoQ
<b>Segment assets</b>	<b>44.3</b>	<b>40.8</b>	<b>61.5</b>	<b>74.1</b>	<b>-17.3</b>	<b>-28%</b>	<b>-29.8</b>	<b>-40%</b>	<b>9%</b>
Net loans to customers	10.3	11.2	13.8	19.5	-3.5	-25%	-9.2	-47%	-8%
Gross loans to customers	30.0	31.7	35.4	50.7	-5.4	-15%	-20.8	-45%	-6%
Investment property and property & equipment received for repayment of loans	19.5	21.7	39.6	47.5	-20.1	-51%	-27.9	-59%	-11%
Other assets	14.5	7.9	8.1	7.1	6.4	78%	7.4	103%	84%
Non-performing loans (gross)	28.5	29.9	32.3	46.6	-3.7	-12%	-18.1	-39%	-4%

- Non-core companies continued to monetize assets in line with the divestment plans.

# Other

in EUR millions consolidated

	1-9 2023	1-9 2022	Change YoY		Q3 2023	Q2 2023	Q3 2022	Change QoQ
Total net operating income	4.5	6.4	-1.9	-30%	1.2	1.6	3.1	-26%
Total costs	-13.7	-11.9	-1.8	-15%	-4.4	-6.3	-3.1	30%
<b>Result before impairments and provisions</b>	<b>-9.3</b>	<b>-5.6</b>	<b>-3.7</b>	<b>-67%</b>	<b>-3.3</b>	<b>-4.7</b>	<b>0.0</b>	<b>31%</b>
Impairments and provisions	5.4	-9.0	14.4	-	1.8	0.0	0.0	-
Negative goodwill (N Banka)		172.8						
<b>Result before tax</b>	<b>-3.9</b>	<b>158.2</b>	<b>-162.1</b>	<b>-</b>	<b>-1.4</b>	<b>-4.7</b>	<b>-0.1</b>	<b>70%</b>

- Costs related mostly to IT, cash transport, external realization, and costs, regarding vacant business premises.



Appendix 3:

# Financial Statements





# NLB Group Income Statement

(EURm)	1-9 2022	1-9 2023	YoY	Q3 2023	Q2 2023	Q3 2022	QoQ
Interest and similar income	399.4	708.0	77%	267.7	233.2	142.6	15%
Interest and similar expense	-46.3	-106.5	-130%	-46.2	-32.2	-15.8	-43%
<b>Net interest income</b>	<b>353.1</b>	<b>601.5</b>	<b>70%</b>	<b>221.5</b>	<b>201.0</b>	<b>126.7</b>	<b>10%</b>
Fee and commission income	284.0	295.3	4%	105.1	98.5	99.4	7%
Fee and commission expense	-79.8	-89.7	-12%	-34.2	-29.9	-28.9	-14%
<b>Net fee and commission income</b>	<b>204.2</b>	<b>205.6</b>	<b>1%</b>	<b>70.9</b>	<b>68.5</b>	<b>70.5</b>	<b>3%</b>
Dividend income	0.2	0.2	-26%	0.1	0.0	0.1	22%
Net income from financial transactions	24.0	19.6	-18%	4.7	6.0	10.3	-22%
Other operating income	-17.8	-26.0	-46%	-8.0	-5.8	-2.0	-37%
<b>Total net operating income</b>	<b>563.7</b>	<b>800.8</b>	<b>42%</b>	<b>289.2</b>	<b>269.7</b>	<b>205.6</b>	<b>7%</b>
Employee costs	-186.4	-207.4	-11%	-70.0	-70.6	-63.7	1%
Other general and administrative expenses	-111.0	-118.7	-7%	-38.8	-41.1	-38.3	6%
Depreciation and amortisation	-35.2	-35.5	-1%	-12.0	-11.8	-11.9	-2%
<b>Total costs</b>	<b>-332.6</b>	<b>-361.6</b>	<b>-9%</b>	<b>-120.9</b>	<b>-123.6</b>	<b>-113.9</b>	<b>2%</b>
<b>Result before impairments and provisions</b>	<b>231.1</b>	<b>439.2</b>	<b>90%</b>	<b>168.2</b>	<b>146.1</b>	<b>91.7</b>	<b>15%</b>
Impairments and provisions for credit risk	7.5	26.8	-	-3.1	11.5	9.8	-
Other impairments and provisions	-5.1	-12.8	-151%	-0.7	-6.2	0.2	89%
Share of profit from investments in associates and joint ventures	1.1	1.3	15%	0.7	0.3	-0.4	144%
Negative goodwill	172.8	-	-	-	-	-	-
<b>Result before tax</b>	<b>407.4</b>	<b>454.4</b>	<b>12%</b>	<b>165.1</b>	<b>151.8</b>	<b>101.3</b>	<b>9%</b>
Income tax	-21.1	-57.9	-175%	-18.0	-25.9	-10.4	30%
Result of non-controlling interests	8.5	9.6	13%	2.8	3.3	0.1	-15%
<b>Result after tax attributable to owners of the parent</b>	<b>377.8</b>	<b>386.9</b>	<b>2%</b>	<b>144.2</b>	<b>122.6</b>	<b>90.8</b>	<b>18%</b>

# NLB Group Statement of Financial Position

(EURm)	31 Dec 2022	30 Sep 2023	YtD
<b>ASSETS</b>			
Cash, cash balances at central banks and other demand deposits at banks	5,271.4	5,815.7	10%
Financial instruments	4,877.4	4,653.1	-5%
<i>o/w Trading Book</i>	21.6	25.0	16%
<i>o/w Non-trading Book</i>	4,855.8	4,628.1	-5%
Loans and advances to banks	223.0	518.6	133%
<i>o/w gross loans</i>	223.2	518.9	132%
<i>o/w impairments</i>	-0.3	-0.3	-12%
Loans and advances to customers	13,073.0	13,666.1	5%
<i>o/w gross loans</i>	13,397.3	13,990.2	4%
- Corporates	6,345.7	6,526.0	3%
- State	308.2	357.1	16%
- Individuals	6,743.4	7,107.2	5%
<i>o/w impairments and valuation</i>	-324.4	-324.2	0%
Investments in associates and joint ventures	11.7	13.0	11%
Goodwill	3.5	3.5	0%
Other intangible assets	54.7	51.9	-5%
Property and equipment	251.3	257.1	2%
Investment property	35.6	33.1	-7%
Other assets	358.6	266.0	-26%
<b>Total Assets</b>	<b>24,160.2</b>	<b>25,278.0</b>	<b>5%</b>

(EURm)	31 Dec 2022	30 Sep 2023	YtD
<b>LIABILITIES &amp; EQUITY</b>			
Deposits from banks	106.4	127.2	20%
Deposits from customers	20,027.7	20,289.1	1%
- Corporates	5,565.6	5,676.8	2%
- State	513.4	455.7	-11%
- Individuals	13,948.7	14,156.7	1%
Borrowings	281.1	221.0	-21%
Subordinated debt securities	508.8	529.0	4%
Other debt securities in issue	307.2	810.0	164%
Other liabilities	506.7	504.9	0%
<b>Total Liabilities</b>	<b>21,737.9</b>	<b>22,481.3</b>	<b>3%</b>
Shareholders' funds	2,365.6	2,734.9	16%
Non Controlling Interests	56.7	61.9	9%
<b>Total Equity</b>	<b>2,422.3</b>	<b>2,796.8</b>	<b>15%</b>
<b>Total Liabilities &amp; Equity</b>	<b>24,160.2</b>	<b>25,278.0</b>	<b>5%</b>