

NLB Group Presentation



Q4 and FY 2023 Unaudited Results

NLB Group

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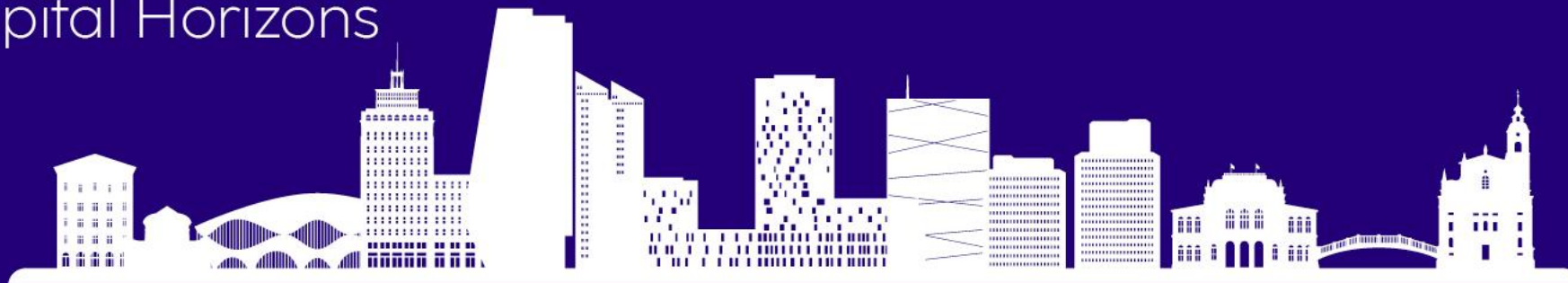
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NLB Investor Day

New Capital Horizons



Ljubljana, 8th - 10th May, 2024

May
9th

NLB Investor Day: New Capital Horizons

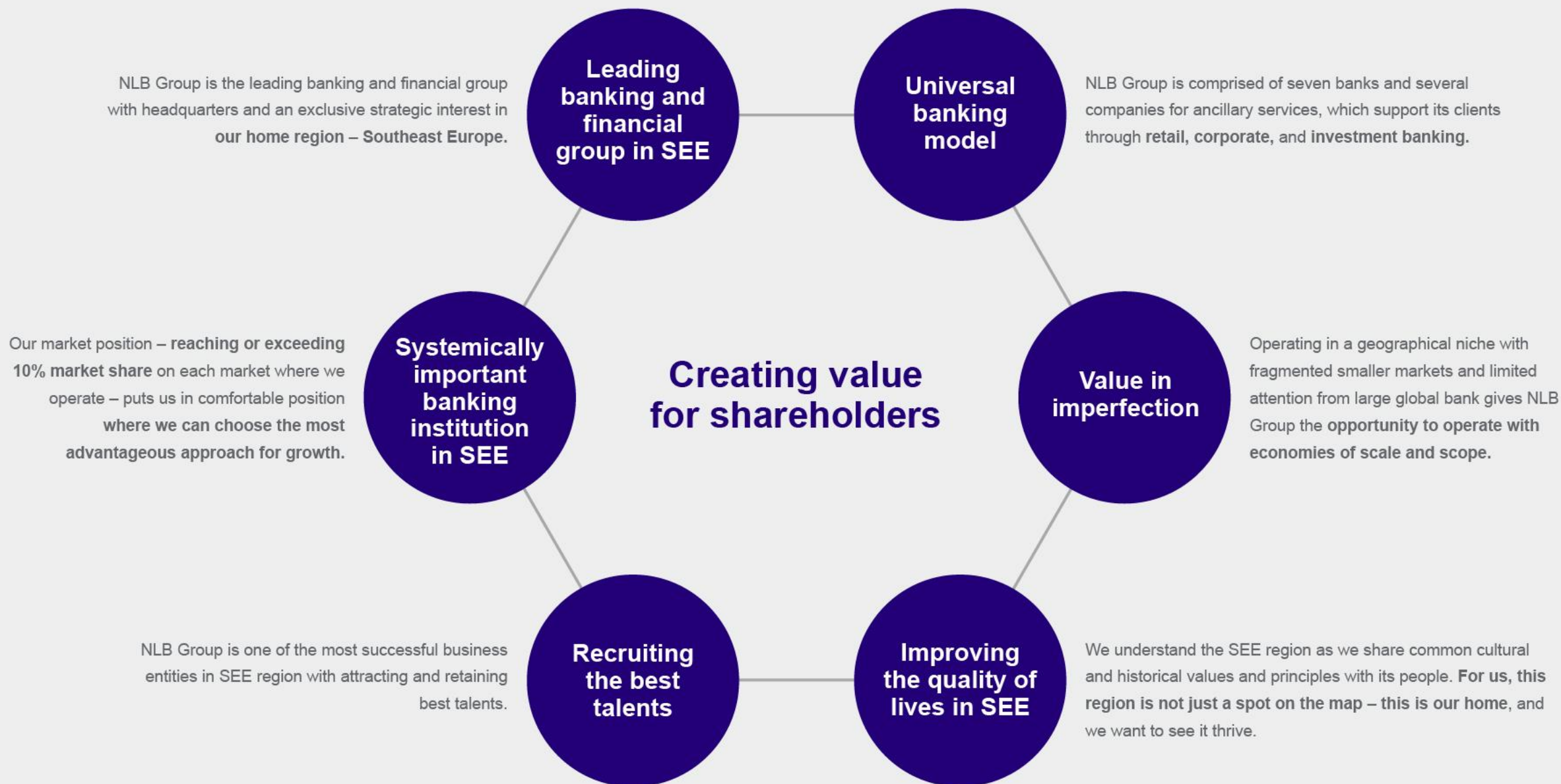
The event will be taking place at the Grand Hotel Union Eurostars in Ljubljana and will be focusing on presenting NLB and NLB Group's new business strategy and a vision for 2030.

May
10th

Slovenian and Croatian Investor Conference, powered by NLB

The event will be an opportunity for investors to meet some of the top listed companies from these two markets. You may find out more about the conference [here](#).

To register for NLB Investor Day and Investor Conference, please use the following link: www.nlb.si/investorday or visit Investor Relations page on our website



This is our home. A region of opportunities.

NLB, Ljubljana

 Market share by total assets 30.2%	 Result after tax 514.3 (in EUR millions)	 Total assets 16,015 (in EUR millions)	 Active clients 719,708
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NLB Banka, Sarajevo

 Market share by total assets 6.1% ⁽¹⁾	 Result after tax 12.8 (in EUR millions)	 Total assets 917 (in EUR millions)	 Active clients 133,567
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NLB Banka, Podgorica

 Market share by total assets 14.4%	 Result after tax 26.7 (in EUR millions)	 Total assets 971 (in EUR millions)	 Active clients 93,873
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NLB Banka, Banja Luka

 Market share by total assets 20.4% ⁽¹⁾	 Result after tax 24.3 (in EUR millions)	 Total assets 1,041 (in EUR millions)	 Active clients 210,985
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NLB Komercijalna Banka, Beograd

 Market share by total assets 9.9%	 Result after tax 132.3 (in EUR millions)	 Total assets 5,019 (in EUR millions)	 Active clients 913,644
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NLB Banka, Skopje

 Market share by total assets 15.8% ⁽¹⁾	 Result after tax 44.5 (in EUR millions)	 Total assets 1,902 (in EUR millions)	 Active clients 407,635
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NLB Banka, Prishtina

 Market share by total assets 16.9%	 Result after tax 36.0 (in EUR millions)	 Total assets 1,230 (in EUR millions)	 Active clients 230,418
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(1) Market share as at 30 Sep 2023

NLB Group delivered on 2023 outlook and achieved several important milestones

NLB Group performed strongly in 2023 **with result after tax of EUR 550.7 million**

The NLB Group **significantly improved** Sustainalytics **ESG Risk Rating** from 17.7 to 16.0.

The Bank released the first comprehensive **overview of efforts and progress on net-zero emissions** achieved by 2050 or earlier.

The Bank **signed SPA for 100% shareholding in Summit Leasing Slovenija and its subsidiaries** and **successfully integrated N Banka**.

NLB received **Top Employer certificate for the 8th consecutive year** and **two awards at Best Employer Brand Awards Adria 2023**: Best Employer Brand – Banking Sector and Integration of Corporate and Employer Brand.

Flood relief donations: NLB donated EUR 4 million (Aug 2023) for sustainable reconstruction to the most afflicted municipalities and an additional EUR 5 million (Dec 2023) to the Budget of the Republic of Slovenia to a particular budget line to raise funds to recover the consequences of the August floods.

Regulatory environment: temporary increase (2024-2028) of corporate income tax rate to 22% (current 19%) and implementaion of balance sheet tax (tax rate 0.2% from balance sheet amount).


	Outlook 2023	Actual 2023
Regular Income	> EUR 1,000 million	EUR 1,108 million
Costs	~ EUR 500 million	EUR 502 million
CoR	~ 0 bps	-7 bps
CIR	~ 46%	46%
Loan growth	Mid-single digit	5%
Dividend	EUR 110 million	EUR 110 million
ROE a.t.	> 15%	21%
ROE normalised ⁽¹⁾	> 20%	29%
Contribution from Serbian market ⁽²⁾	> EUR 100 million	EUR 132 million


Macro Overview




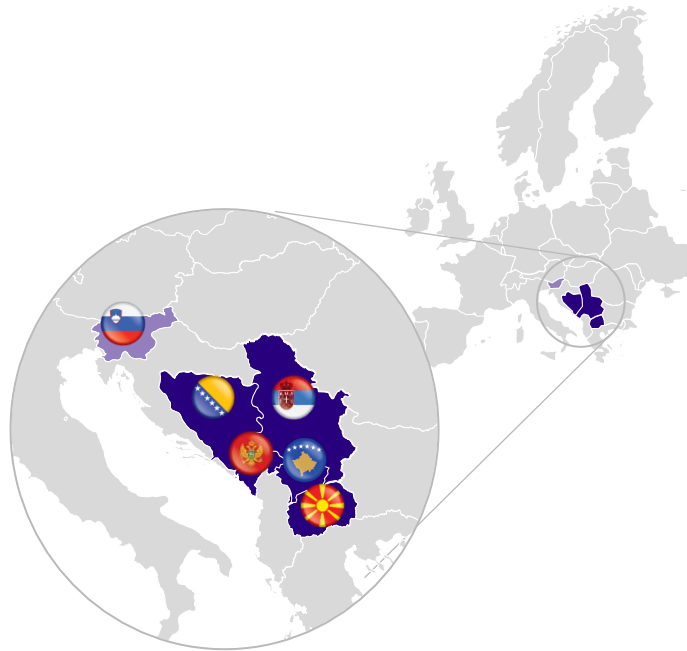
NLB Group – Macro overview


NLB d.d. & 6 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 ⁽¹⁾	44.1%
NBS deposits as % of GDP ⁽¹⁾	65.2%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A


Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	15.4
Population (m)	3.5
NBS loans as % of GDP ⁽¹⁾	47.3%
NBS deposits as % of GDP ⁽¹⁾	62.8%
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 ⁽¹⁾	59.7%
NBS deposits as % of GDP ⁽¹⁾	82.0%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



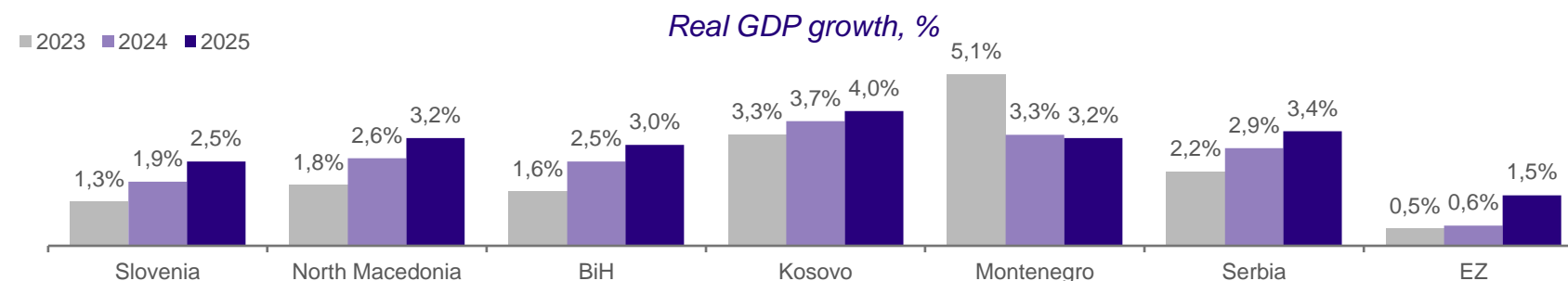
Serbia 	RSD
GDP (EURbn)	63.5
Population (m)	6.8
NBS loans as % of GDP ⁽¹⁾	39.1%
NBS deposits as % of GDP ⁽¹⁾	49.2%
Credit ratings (S&P / Moody's / Fitch)	BB+/ Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	8.5
Population (m)	1.8
NBS loans as % of GDP ⁽¹⁾	50.6%
NBS deposits as % of GDP ⁽¹⁾	62.2%
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 ⁽¹⁾	53.9%
NBS deposits as % of GDP ⁽¹⁾	63.3%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

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

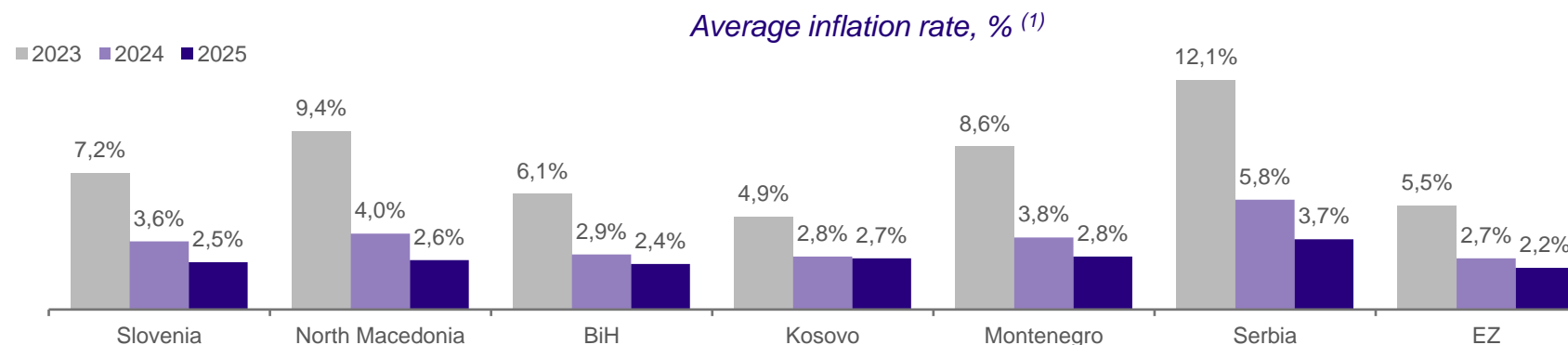
Group's region continued with slow growth in last quarter of 2023, but is expected to grow at rates above Eurozone average in 2024...



In Group's region the annual growth in 3Q of 2023 mostly started picking up. **Household consumption** was the main driver of growth and likewise started picking up in 3Q, as disinflation grabbed hold. Economic growth is seen accelerating in the region, mainly due to better prospects of the major trading partners, disinflation, falling interest rates and stronger household consumption.

Sources: FocusEconomics, Statistical offices, NLB Forecasts for 2023, 2024 and 2025.

...and easing inflation, brings some relief as food prices subside



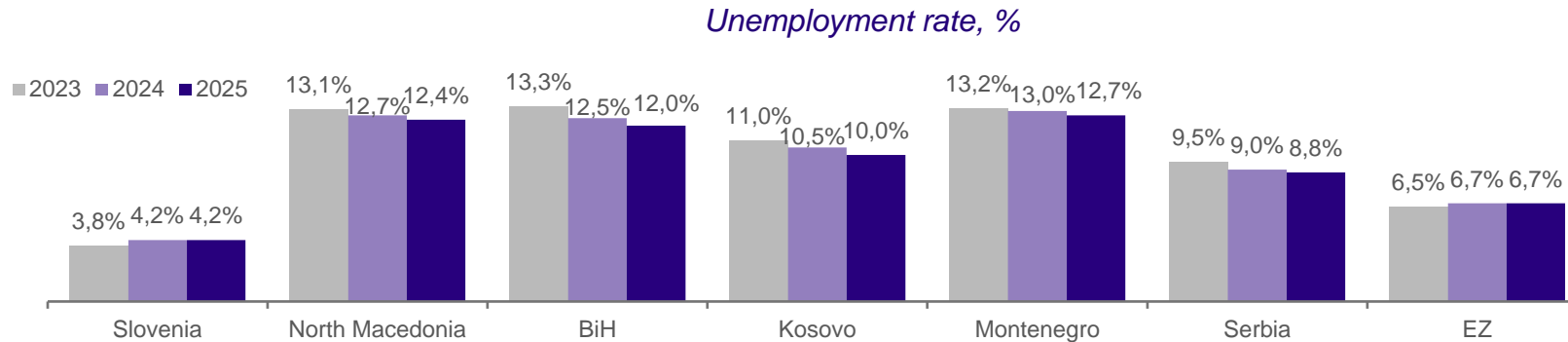
The disinflationary trend brought some relief to **households' purchasing power**. Energy had a noticeable deflationary effect in the second part of the year (especially in the last quarter), predominantly driven by the base effect. The disinflationary momentum is to continue in 2024.

Sources: National statistical offices, FocusEconomics, NLB Forecasts for 2023 (only BiH), 2024 and 2025

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

Strong labour market in the region with historically low unemployment levels

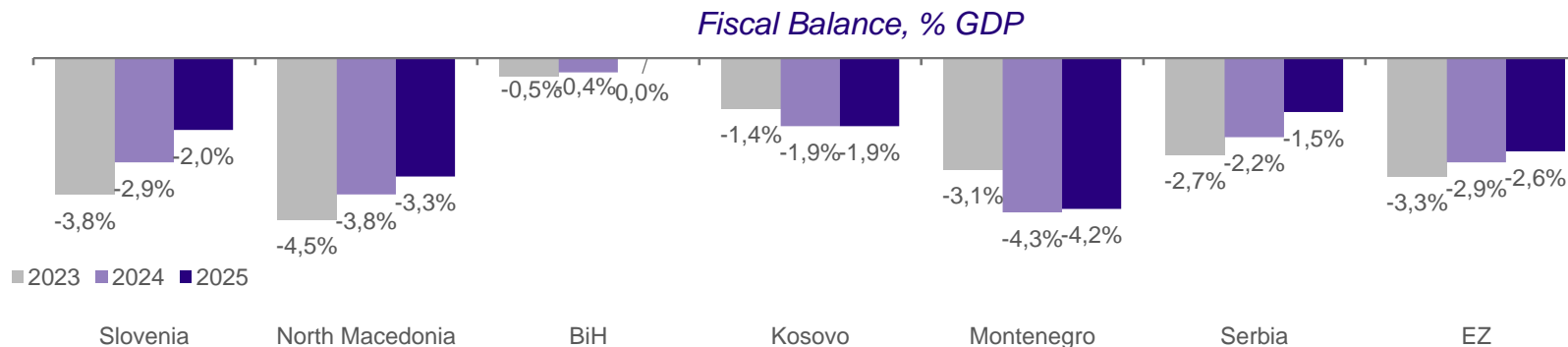
Labour market is expected to remain strong...



By end of the 3Q 2023, **unemployment rate decreased** in all countries of the **Group's region**, as compared with the beginning of the year. Nevertheless, the labour markets are expected to get tighter throughout the NLB Group's region. Structural unemployment remains a weakness in the NLB Group's region, keeping the unemployment rate significantly higher than in the Eurozone.

Sources: FocusEconomics, statistical offices, NLB Forecasts for 2023, 2024 and 2025.

...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.

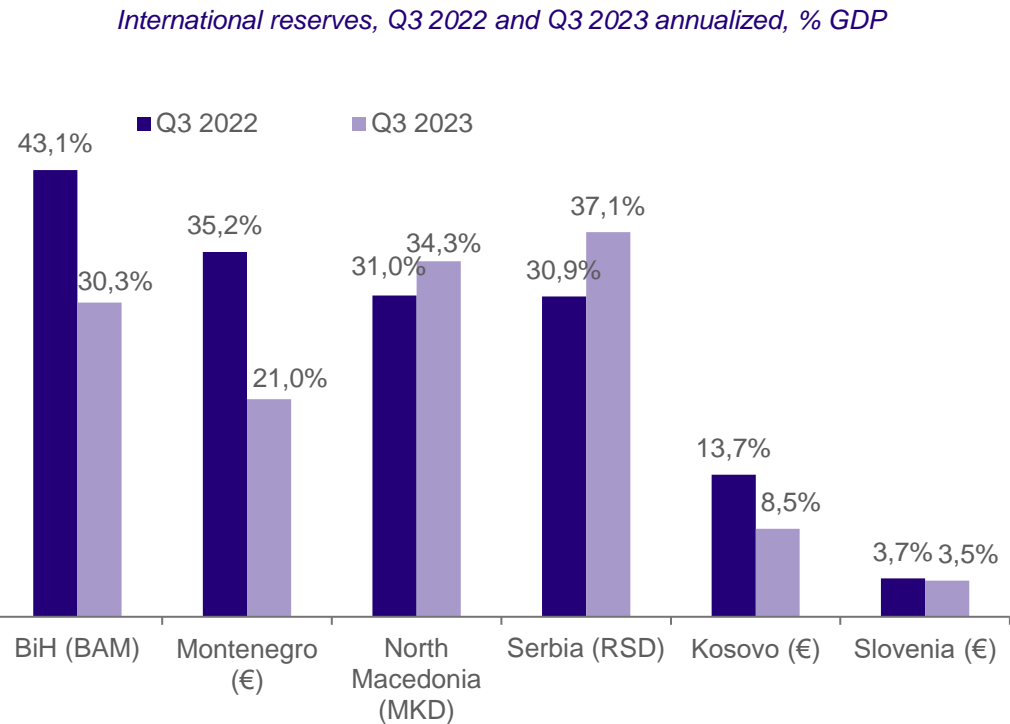


Fiscal support measures aimed at alleviating the impact of the increase in energy prices generated notable **fiscal costs** (further aggravated by floods in Slovenia), hence most countries exhibit sizable budget deficits that will only slowly be reduced in the next couple of years.

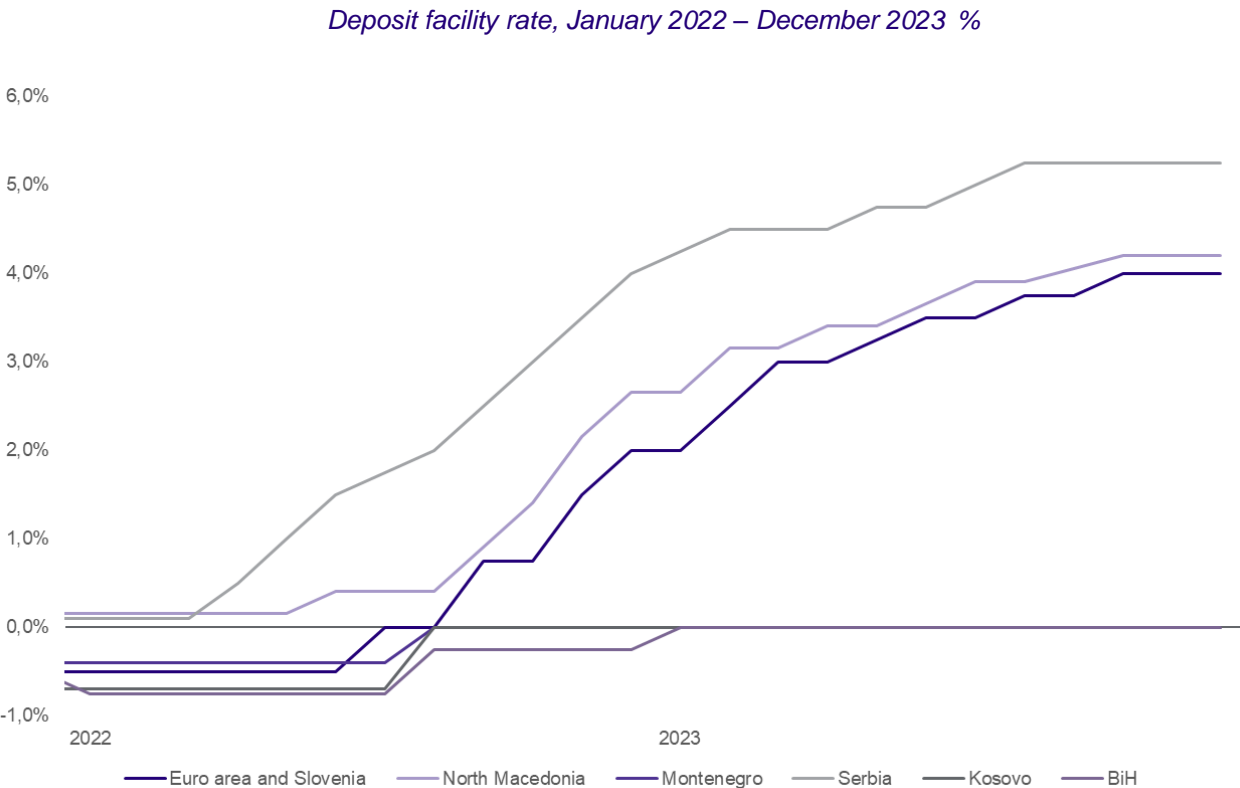
Sources: FocusEconomics, estimation for EZ, Slovenia, Kosovo, N. Macedonia, Serbia and Montenegro for 2023, 2024 and 2025

NLB operates in countries with prudent monetary policy

International reserves as % of GDP



Central Bank interest rates evolution⁽¹⁾

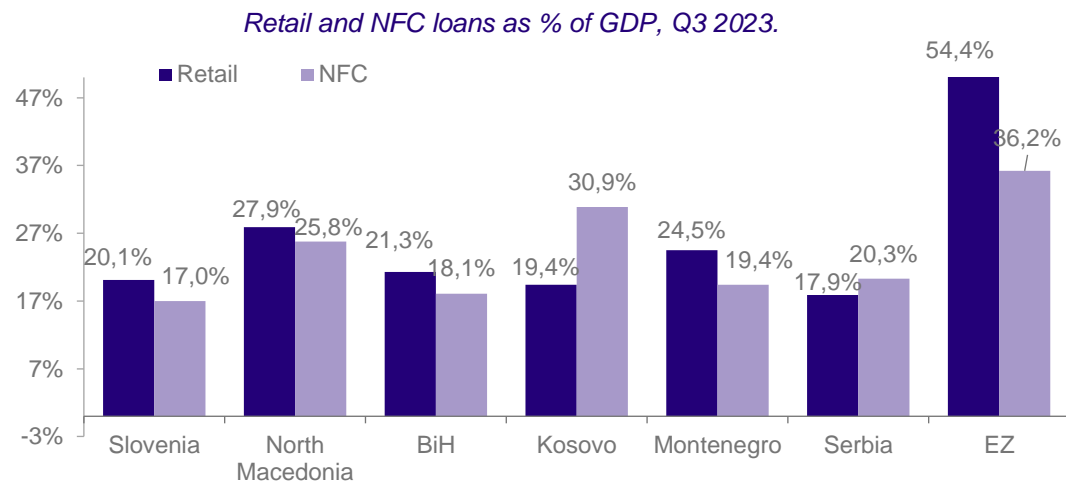


Note: (1) Deposit facility rate stands for the rate the CB charges for excess reserves in local currency.

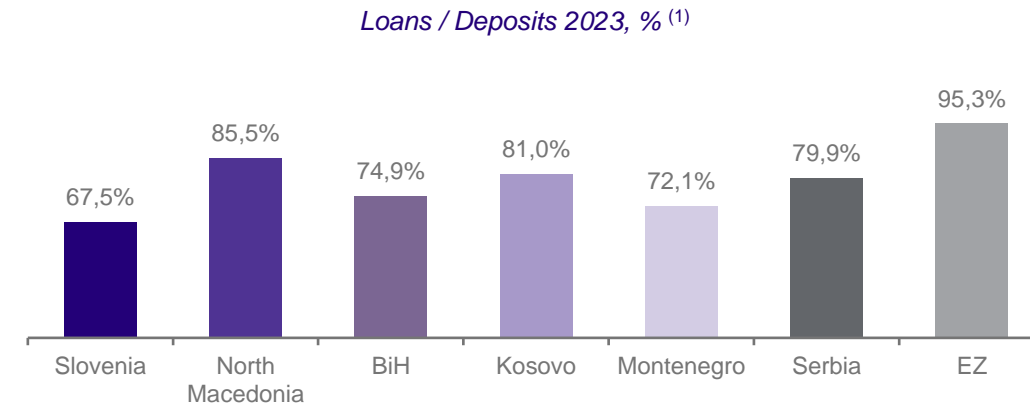
While some CBs never hiked their **deposit facility** rates above the 0% mark (**Montenegro, Kosovo and BiH**), others follow the path of **stabilization** that the ECB opted for.

Untapped growth potential with strong fundamentals

Low overall sector leverage...



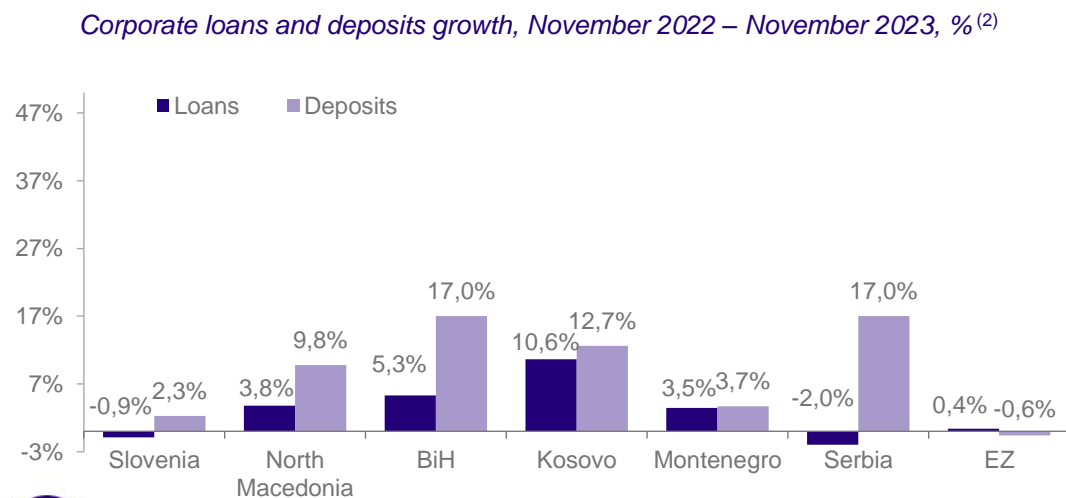
...with liquid banking sectors...



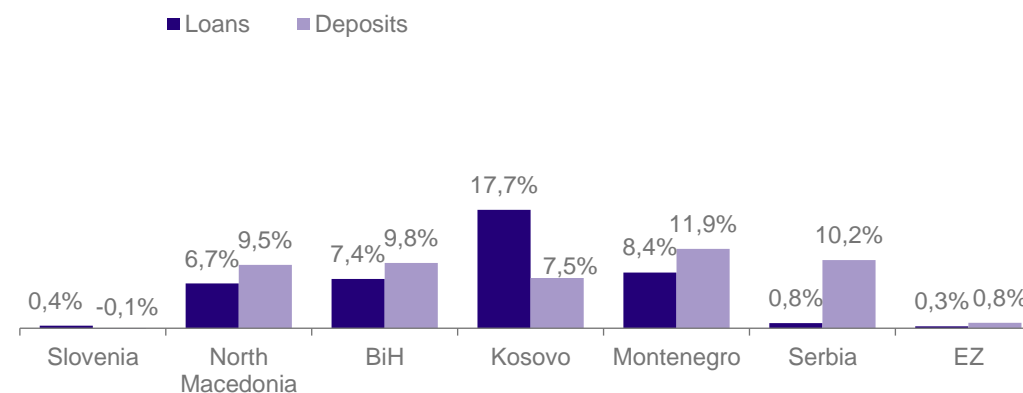
Source: National Central Banks, ECB

(1) Data for Slovenia are from October 23, for BiH from September 2023, for Montenegro, Kosovo, Serbia from November 2023, for N. Macedonia from 3Q

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



Household loans and deposits growth, November-2022 – November-2023, % ⁽²⁾



Source: National Central Banks, ECB

Note: NBS – Non Banking Sector; (2) YoY data, residential loans and deposits data for Montenegro. Data for November 23.

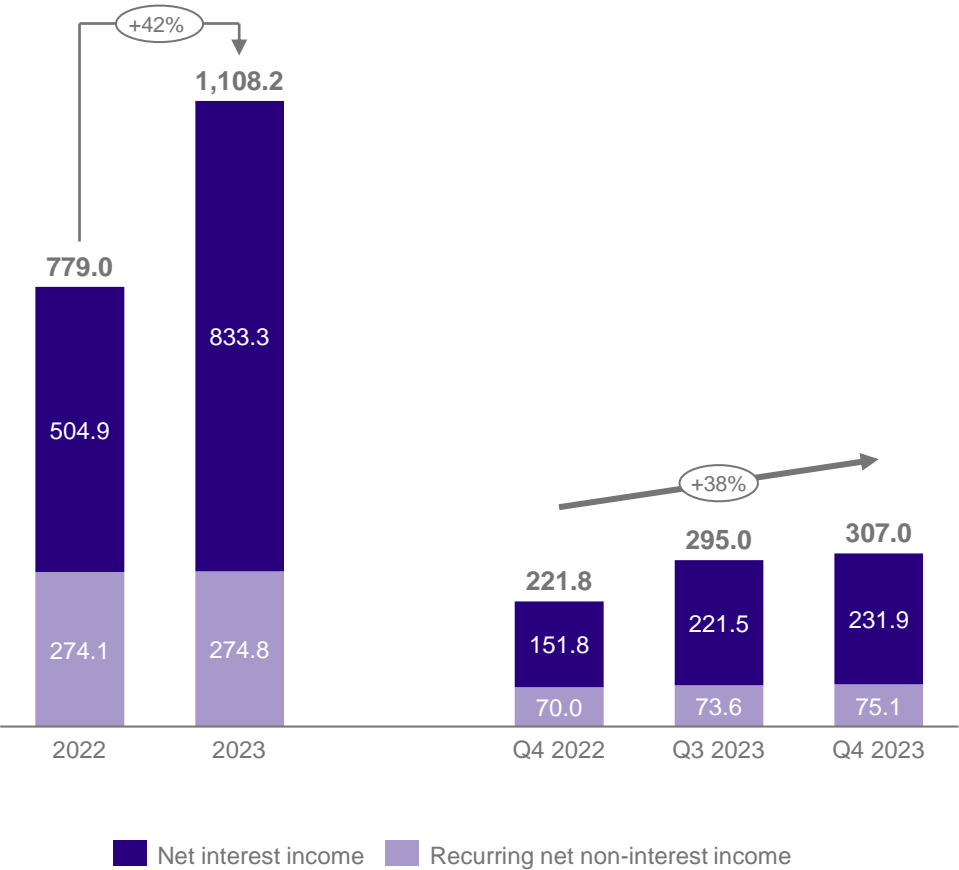
Key Developments



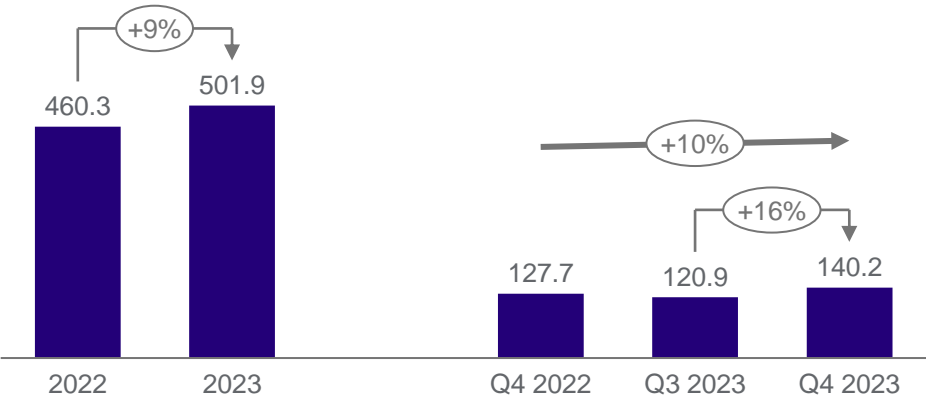
Revenues and Cost Dynamics

Net interest income growth outpacing cost growth, while CoR remains negative

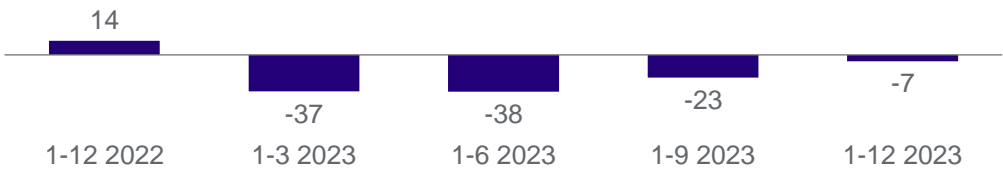
Recurring net operating income (in EUR million)



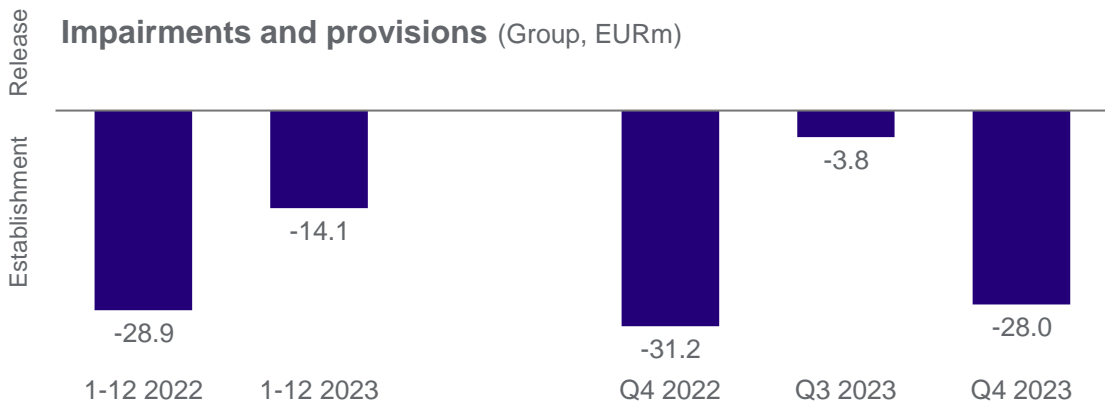
Costs (Group, EURm)



Cost of risk⁽¹⁾ (Group, bps)



Impairments and provisions (Group, EURm)

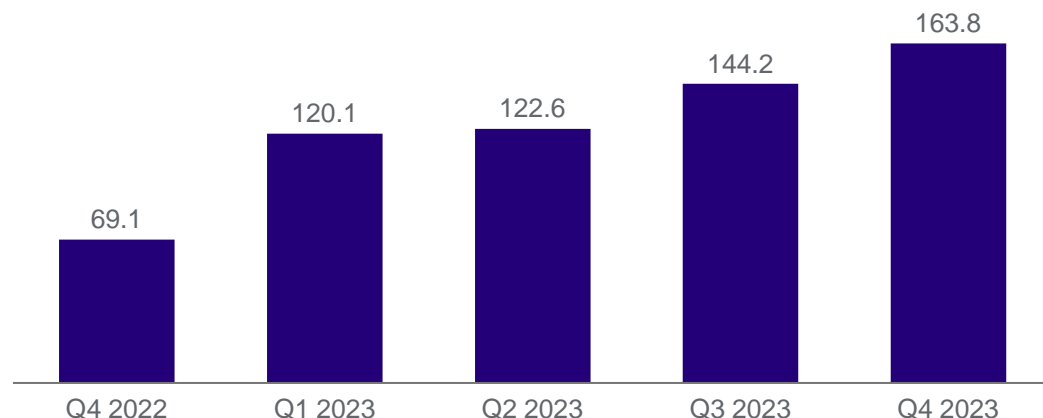


Note: (1) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers; for CoR 2022 calculation effects of EUR 8.9 million of 12-month expected credit losses recognised at acquisition date for performing portfolio for N Banka not annualized.

Profitability

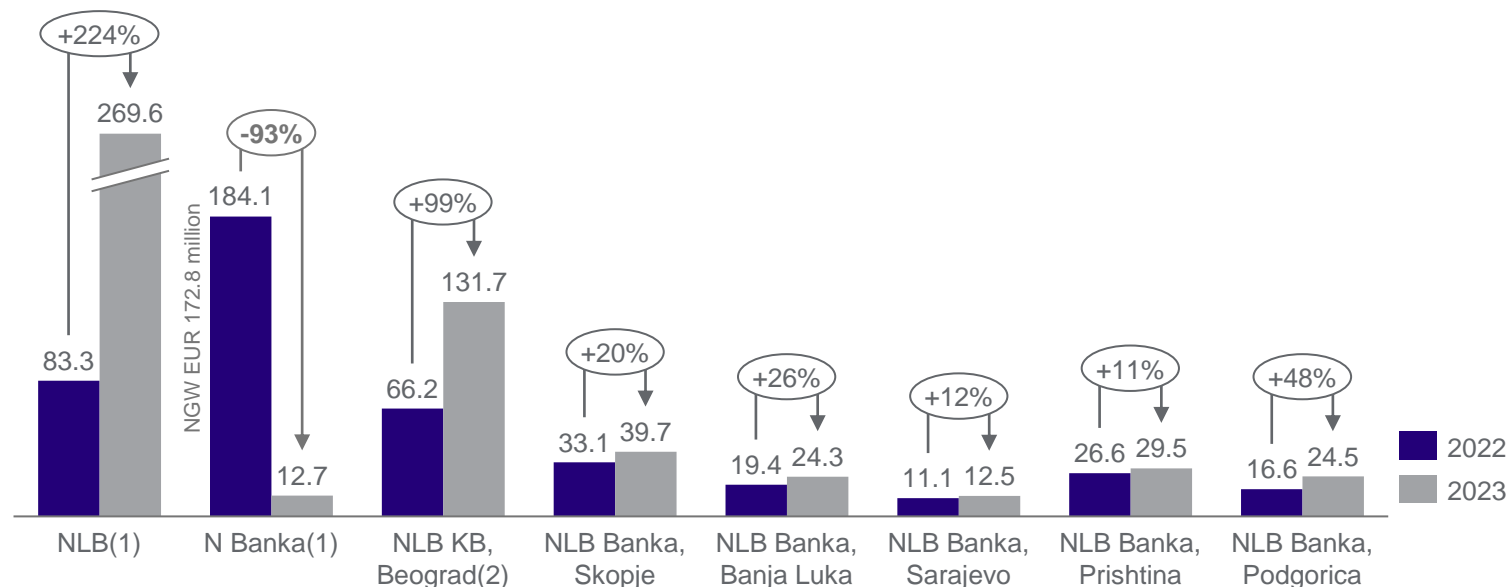
Strong profitability with profit growth in all banking subsidiaries

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



All banks recorded a profit on a standalone basis and positively contributed to the Group's result. The largest contribution of EUR 269.6 million came from NLB, followed by NLB Komercijalna Banka, Beograd, with EUR 131.7 million. The YoY contribution of NLB was notably higher due to elevated net interest income and net released impairment and provisions. The SEE banks contributed 44% to the Group result with growth achieved in all banks

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

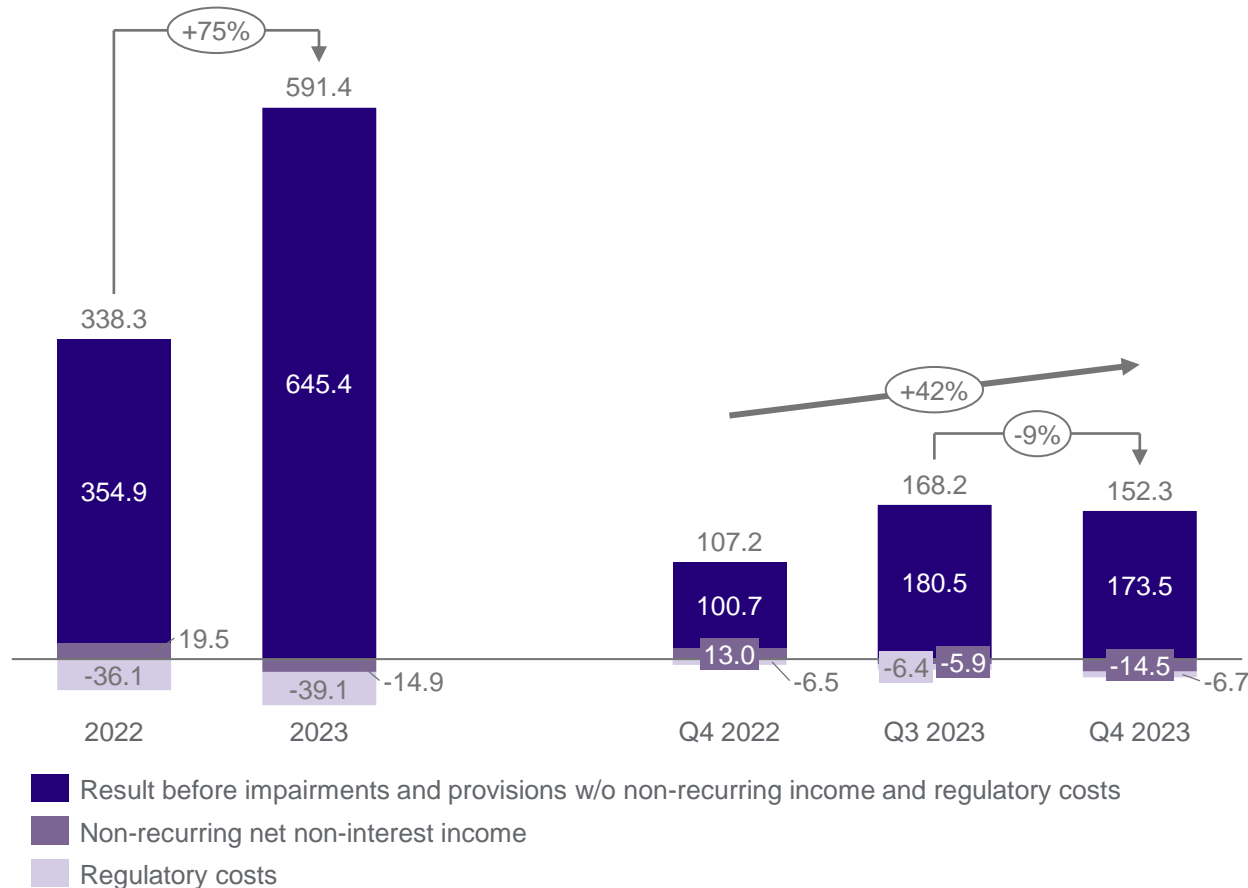


Note: (1) Merger of NLB and N Banka on 1 September 2023; (2) NLB KB, Beograd and NLB Banka, Beograd in 2022.

Income Statement

Strong operational performance increasing resilience of the NLB Group

Result before impairments and provisions (Group, EURm)



The result before impairments and provisions amounted to EUR 591.4 million.

Main drivers of yearly dynamics in recurring pre-provision profit:

- net interest income increased across all markets, mostly driven by increasing interest rates: EUR 328.4 million YoY
- net fee and commission income increased by 2% YoY due to increased economic activity and consumption combined with the contribution from investment funds, bancassurance, and guarantee business fees, effectively offsetting the cancellation of high balance deposit fees in NLB and temporary measures, particularly in Serbia.

Partly offset by:

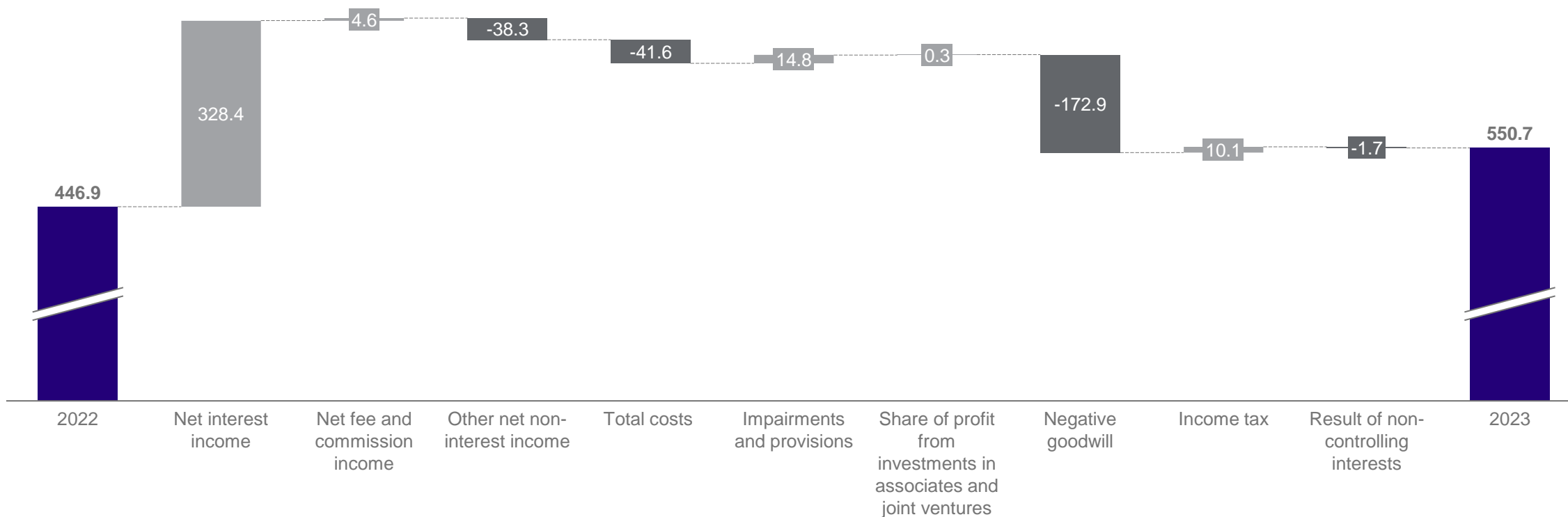
- increased costs by 9% YoY, as an outcome of several factors, namely, general inflationary trends within the region, investments into technology enhancements across the Group, the expansion of the leasing and asset management activities, the intensive integration process in Slovenia and costs related to the new acquisition.

Donations totalling EUR 9.0 million for flood recovery in Slovenia and a EUR 15.3 million modification loss for interest rate regulation on housing loans in NLB Komercijalna Banka, Beograd impacted the net non-interest income in the second half of the year.

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)

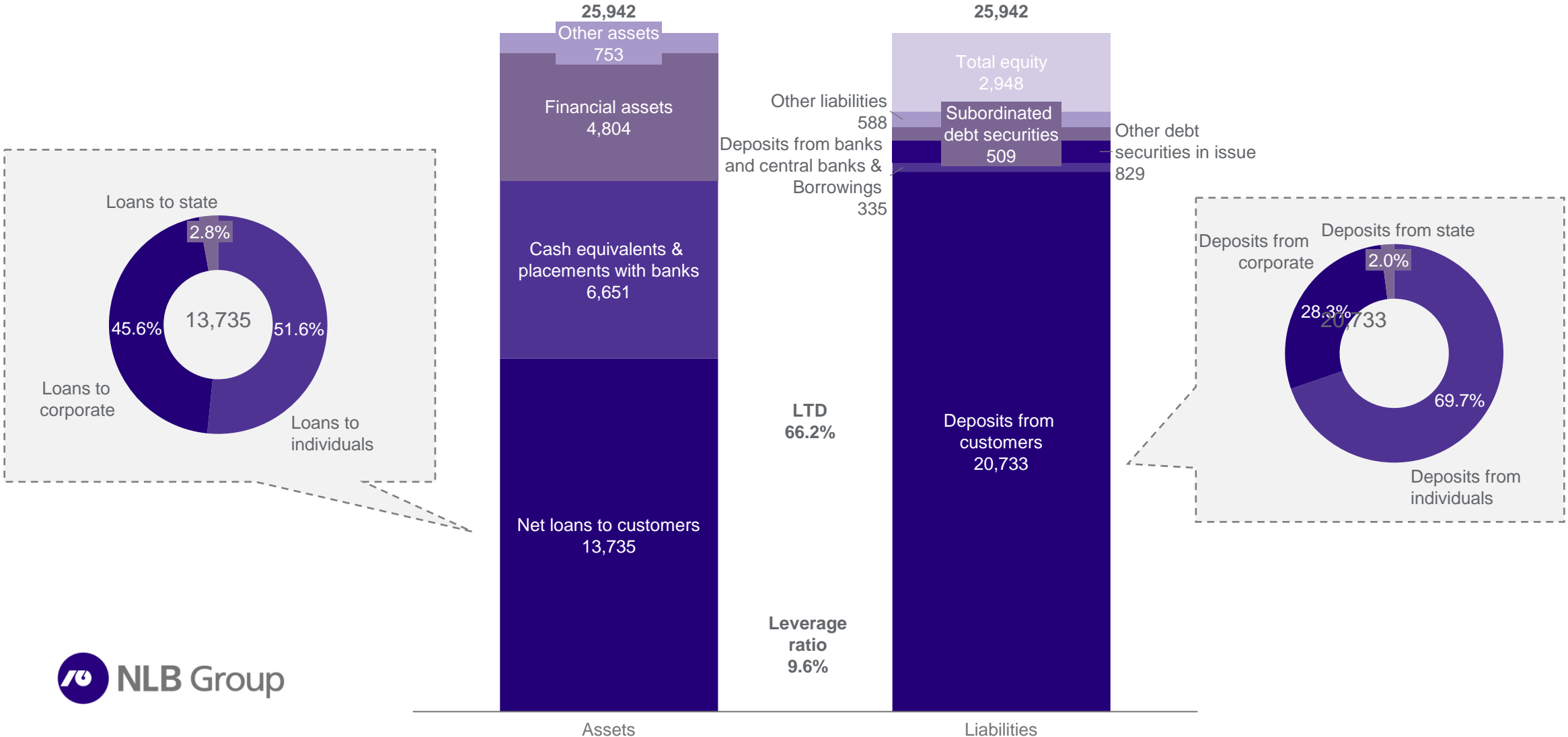


The strong performance of the NLB Group in 2023 led to a **profit a.t. of EUR 550.7 million**, surpassing the previous year by a remarkable EUR 103.8 million, representing a 23% YoY increase. It is important to highlight that the 2023 result was positively impacted by booking of deferred tax assets (EUR 61.9 million) and 2022 result by the negative goodwill from the acquisition of N Banka (EUR 172.8 million).

NLB Group's Balance sheet structure

Deposit (predominately from individuals) driven balance sheet

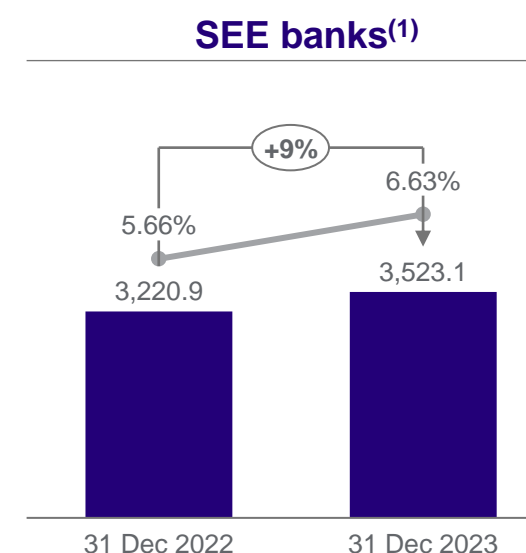
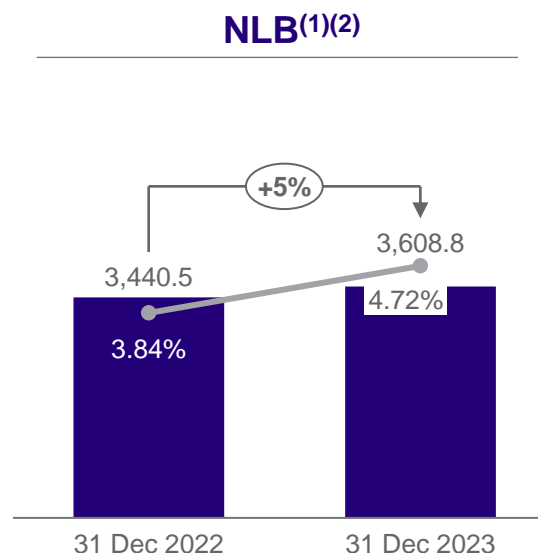
Balance sheet structure (31 Dec 2023, in EURm)



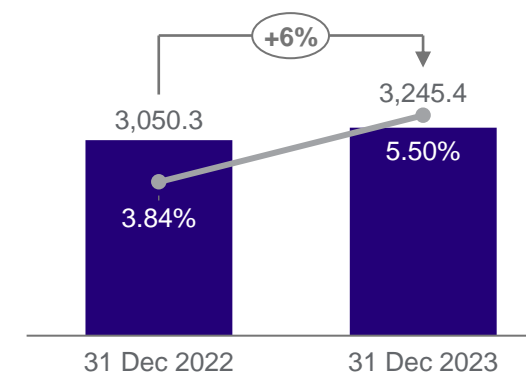
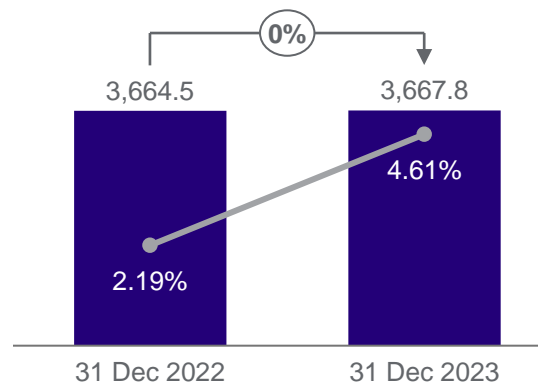
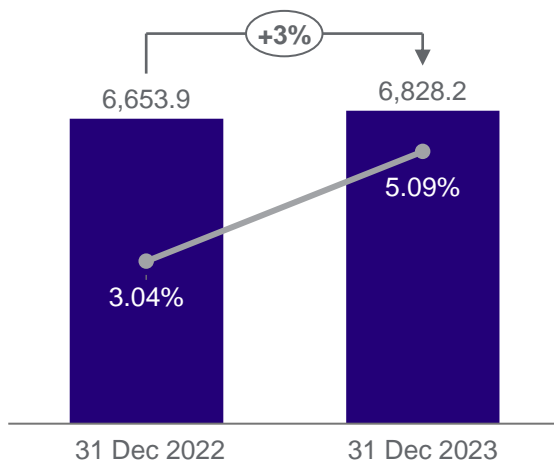
Loan dynamics

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

Gross loans to individuals



Gross loans to corporate & state



■ Gross loans —●— Interest rates

Taxes

DTAs and tax updates

Deferred taxes

Based on a highly successful year 2023 and profit projections for the next 5 years, NLB increased recognized deferred tax assets of EUR 56.7 million in 2023 of which:

- EUR 48.4 million income recognized in P&L
- EUR 8.3 million recognized in capital.

Increase of deferred taxes due to increase of tax rate from 19% to 22% for the years 2024-2028 for EUR 14.9 million of which:

- EUR 13.5 million income recognized in P&L
- EUR 1.4 million recognized in capital

On NLB Group deferred tax liability for withholding tax on dividends which are projected to be paid in the foreseeable future was recorded. The amount of deferred tax expenses was EUR 9.6 million.

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

- NLB impact: more than EUR 30 million per year

Corporate income tax

- Temporary increase of corporate income tax rate to 22% (current 19%) from 2024-2028.

Global Minimum tax of multinationals

- Based on EU Directive and OECD Model Rules
- The 15% effective taxation will be paid for every jurisdiction of NLB Group
- No material effects

Taxes

Effective tax and contribution rates

<i>(in EURm)</i>	<i>NLB d.d.</i>	<i>NLB Group</i>
Profit before tax	479	578
Non-taxable income	-236	0
<i>non-taxable dividends received</i>	-138	0
<i>non-taxable reversal of equity investments</i>	-98	0
<i>Non-taxable interest from state bonds</i>	0	-40
Taxable Income	243	539
Adjustments	-145	-232
<i>Utilization of tax loss carry forward</i>	-115	-117
<i>Other adjustments (*)</i>	-30	-115
Tax base	98	307
Corporate income tax (@19%)	18	58
<i>WHT (mainly dividends) & other</i>	8	8
<i>Recognition of DTAs</i>	-62	-62
<i>Non-recognised deferred tax assets on current loss and other</i>	0	11
Total tax	-36	15
Regular tax payable: Corporate income tax + WHT	26	66
Effective tax rate for regular tax	11%	12%
Donations to MoF and municipalities	9	9
Contributions (regular tax + donations)	35	75
Overall contribution rate	14%	14%



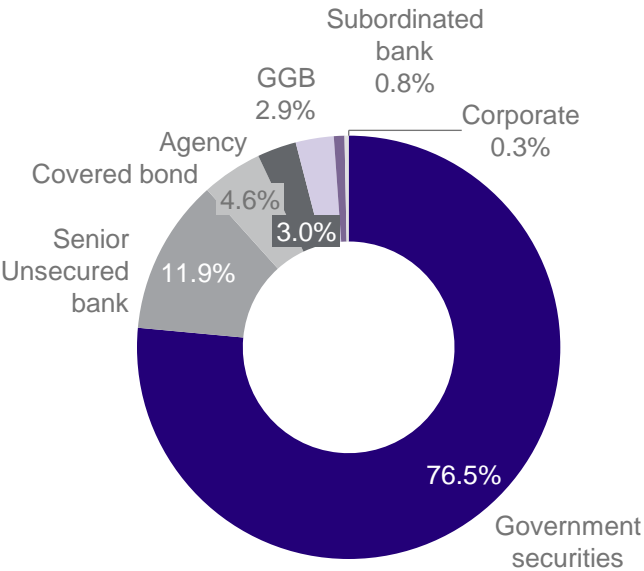
The contribution rate and effective tax rate on NLB d.d. and on NLB Group level are currently at the low to mid-teens. NLB d.d. tax and contribution rates are subject to the corporate income tax paid, withholding taxes and voluntary donations to the public sector in Slovenia.

For the upcoming five years, when the balance sheet tax and higher CIT (from 2024-2028) are applicable, the Bank will still be able to utilize tax loss carry forward and thus reduce the effective tax rate.

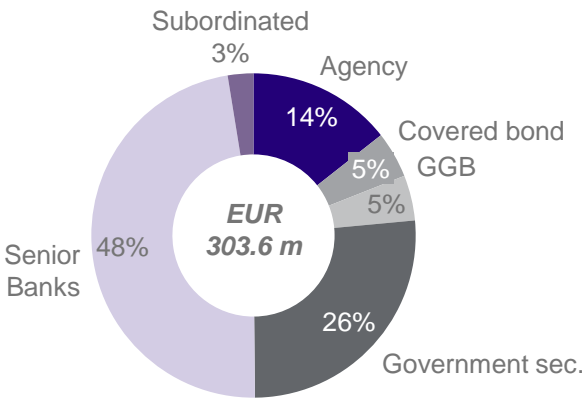
The contribution rate going forward will increase substantially with the introduction of the balance sheet tax and higher CIT from 2024 onwards and is expected to be slightly less than 20% on NLB Group level until 2028, when both DTA and balance sheet tax expire, after which we expect a regular effective tax/contribution rate of around 15%.

Well diversified securities portfolio

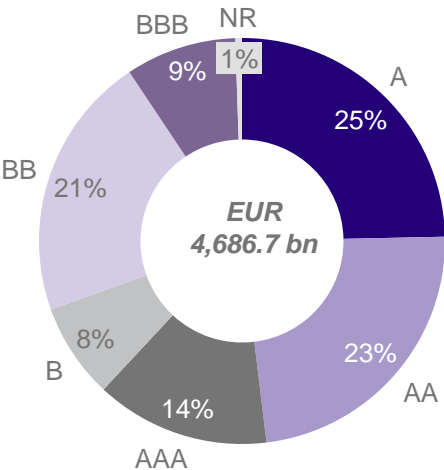
Banking book securities by asset class (NLB Group, 31 December 2023)



o/w ESG



Banking book securities by rating (NLB Group, 31 December 2023)



Banking book portfolio

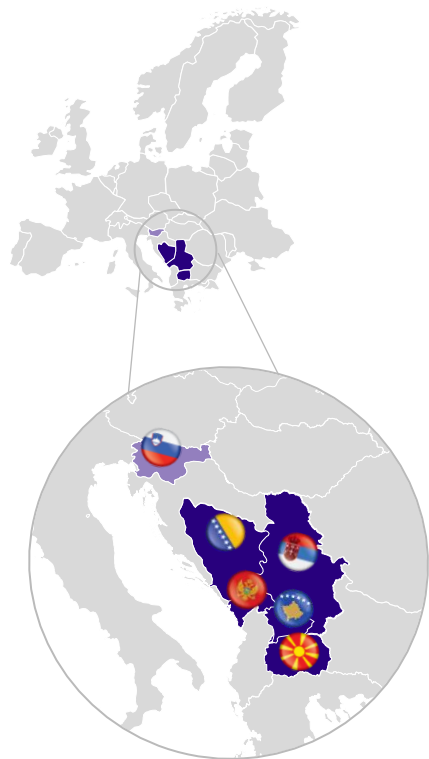
NLB Group, 31 December 2023 (EURm, years)








	Amount	Duration	Unrealized losses (amount)
FVOCI	2,164	1.86	-89
AC	2,522	3.68	-81
Total	4,686	2.86	

2.6% of regulatory capital



Performance indicators across SEE countries



	Slovenia 	Serbia  NLB Komercijalna Banka, Beograd	North Macedonia 	Bosnia and Herzegovina 		Kosovo 	Montenegro 	
	NLB, Ljubljana ⁽ⁱ⁾		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)	514.3	132.3	44.5	24.3	12.8	36.0	26.7	550.7
Total assets (EURm)	16,015	5,019	1,902	1,041	917	1,230	971	25,942
RoE a.t.	27.9%	16.9%	16.5%	24.2%	13.6%	27.3%	22.9%	21.0%
Net interest margin	2.77%	4.68%	3.67%	3.38%	3.03%	4.20%	4.75%	3.50%
CIR (cost/income ratio)	37.3%	43.5%	42.0%	41.5%	54.2%	29.0%	41.4%	45.9%
LTD net	60.2%	70.2%	81.1%	66.3%	76.8%	82.5%	73.2%	66.2%
NPL ratio	1.2%	0.6%	3.1%	0.7%	2.0%	1.6%	3.2%	1.5%
Branches (#)	68	172	48	42	34	33	21	418
Active clients (#)	719,708	913,644	407,635	210,985	133,567	230,418	93,873	2,709,830
Market share by total assets (%)	30.2%	9.9%	15.8%	20.4%	6.1%	16.9%	14.4%	/
	as at 31 Dec 2023	as at 31 Dec 2023	as at 30 Sep 2023	as at 30 Sep 2023	as at 30 Sep 2023	as at 31 Dec 2023	as at 31 Dec 2023	

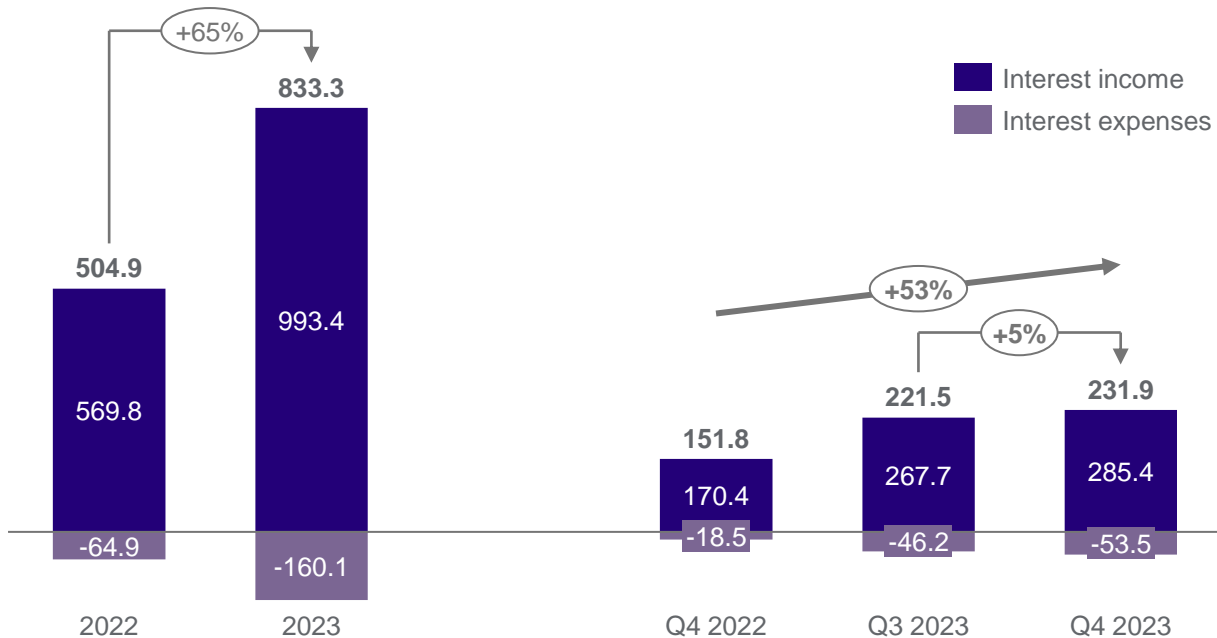
Business Performance



Net interest income

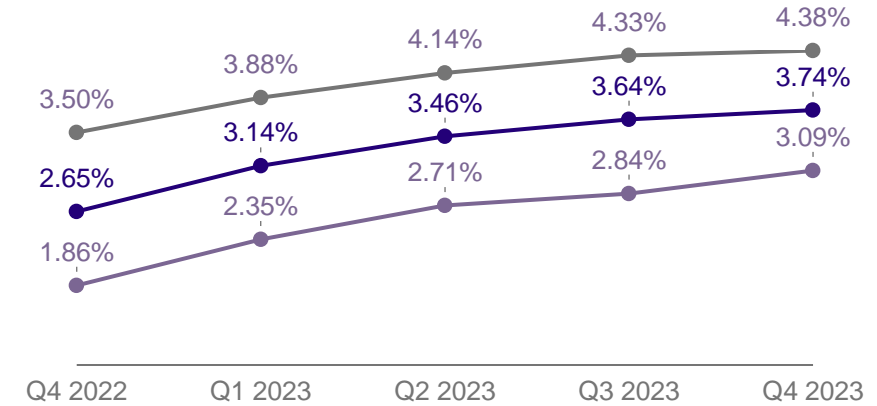
Margin pick-up on the back of NII growth

Net interest income of NLB Group (in EURm)

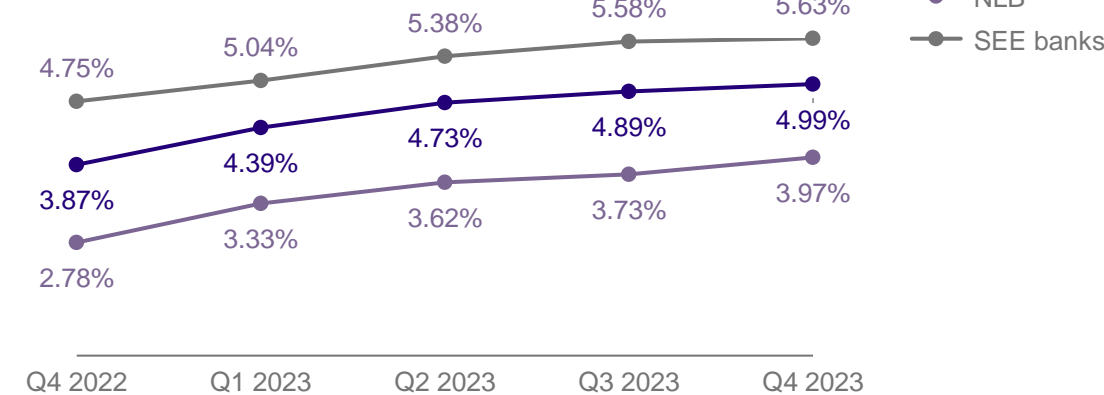


- YoY growth in interest income derived mostly from:
 - loans to customers: EUR 253.7 million of which EUR 98.3 million to individuals and EUR 155.4 million to corporate and state, with contribution from both loan growth as well as higher interest rates
 - balances at banks and central banks (EUR 127.7 million)
- Interest expenses increased mostly due to
 - expenses for wholesale funding raised for MREL and capital requirement (EUR 58.6 million)
 - expenses for customers deposits (EUR 49.3 million)
- The main reasons behind the QoQ increase of interest income were loan volume growth and rising interest rates, mitigated by higher expenses for deposits from individuals, due to higher interest rates, especially on term deposits for individuals.

Net interest margin, quarterly (in %)



Operational business margin, quarterly (in %)

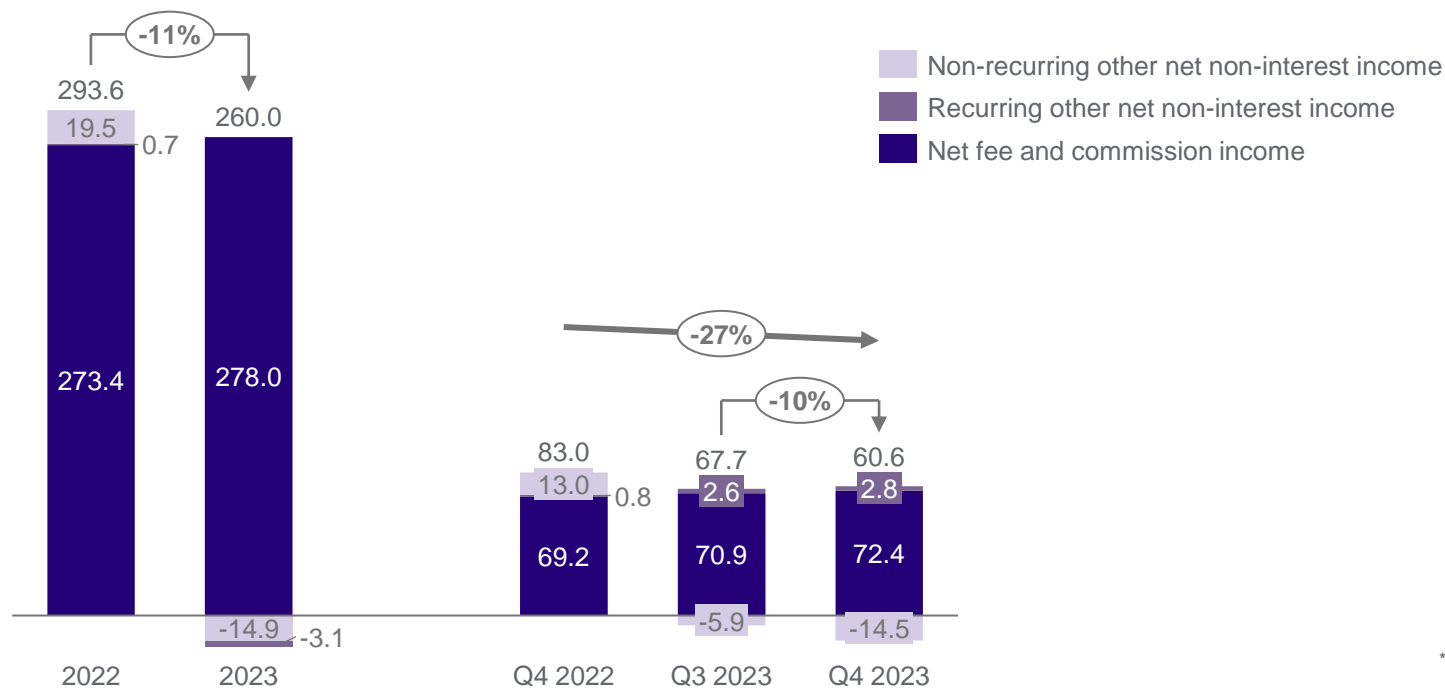


Funding costs grew at much lower pace than interest rates on assets and consequently, the Group's annual net interest margin has improved by 1.21 p.p. to 3.50% in 2023. The annual operational business margin was 4.75%, 1.19 p.p. higher YoY, mainly due to the net interest income growth.

Net non-interest income

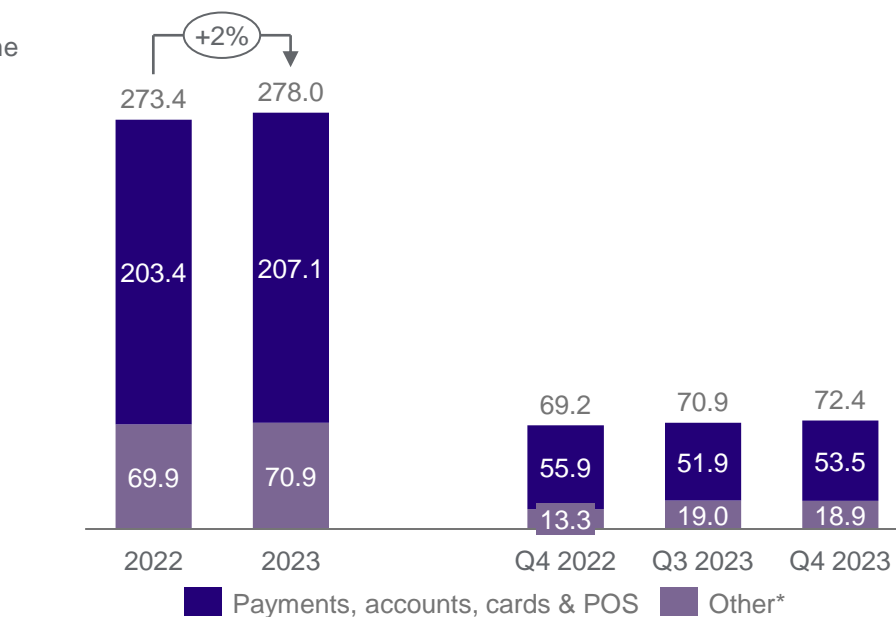
Non-recurring items affecting yearly and quarterly NNII

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.
- Negative impact from non-recurring income: in Q1, the gain of EUR 4.2 million from the sale of real estate in Serbia; in Q3, EUR 4.0 million paid donations to 20 municipalities affected by the floods in Slovenia; in Q4, additional EUR 5.0 million paid for the post-flood reconstruction effort and a EUR 15.3 million modification loss for interest rate regulation on housing loans in NLB Komercijalna Banka, Beograd.
- Regulatory charges were also higher by EUR 2.9 million YoY due to higher deposit base.

Net fee and commission income (in EURm)



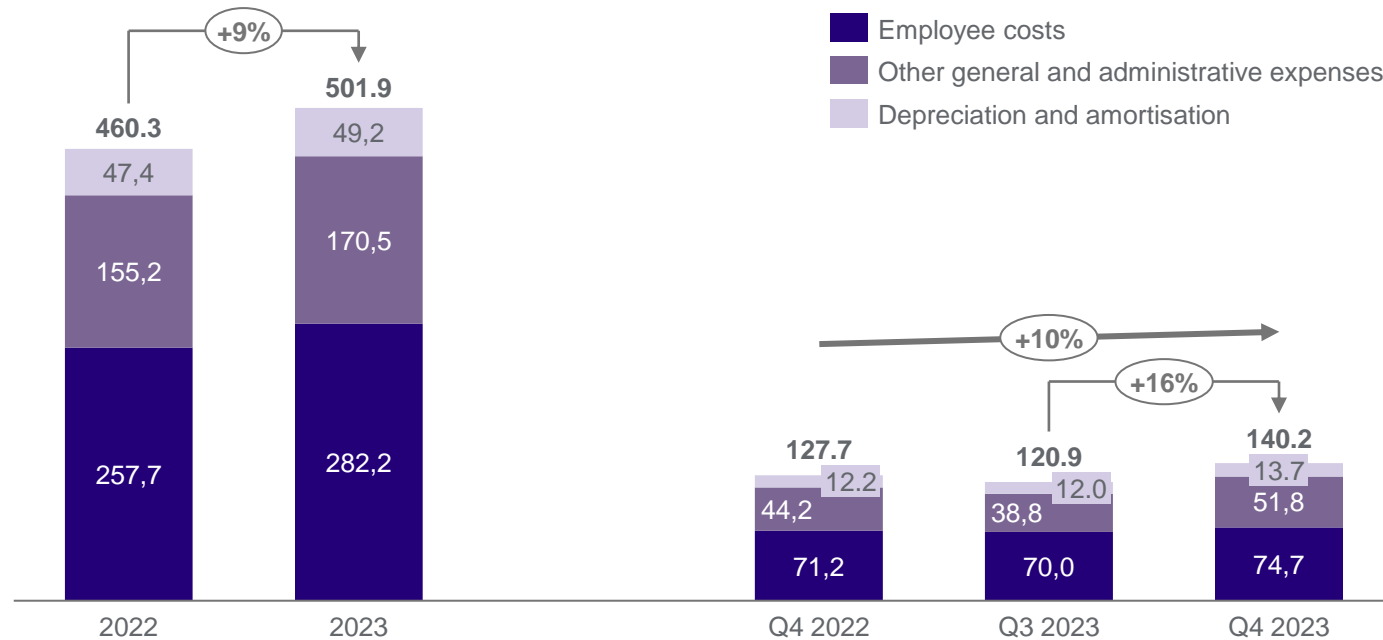
*Other includes investment funds, guarantees, investment banking, insurance products and other services.

- Moderate growth of 2% YoY effectively offsetting the cancellation of high balance deposit fee in NLB, and temporary measures in Serbia.
- Positive impact on fees due to increased economic activity and consumption in all banking members, and increase in investment funds, bancassurance, and guarantee business.

Costs

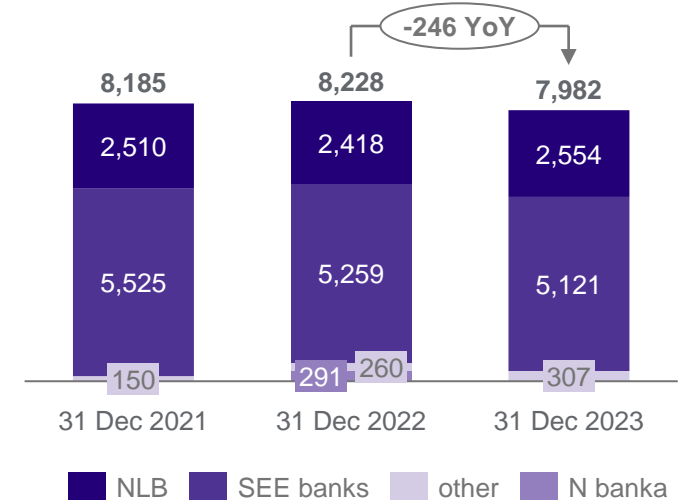
General inflation, IT enhancements and integration drove cost dynamics upwards

Total costs (in EURm)

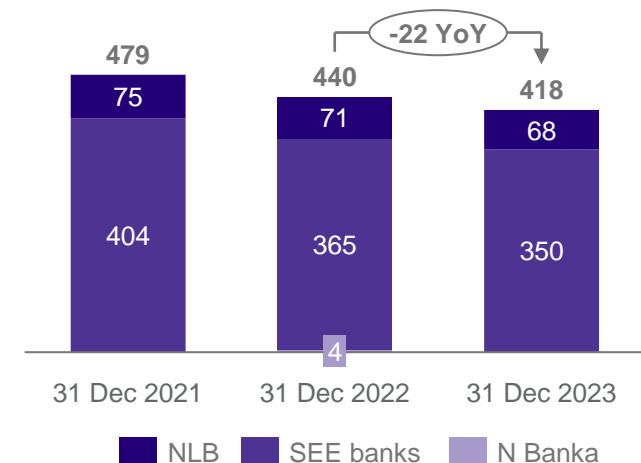


- Total costs increased by 9% YoY; the increase was noted in the Bank and all SEE banking members and was driven by a EUR 24.5 million rise in employee costs, and a EUR 15.2 million increase in other general and administrative expenses.
- The growth of the other general and administrative expenses can be attributed to the general inflationary trends within the region, investments into technology enhancements across the Group, growth of the leasing and asset management activities, integration process in Slovenia (EUR 9.2 million integration costs in 2023) and costs related to the new acquisition.
- The costs were increasing throughout the year, with highest share occurring in the last quarter of the year (28% of total costs, the same as in the previous year) due to year-end bonus payments and higher IT and marketing expenses (sponsorships).

of employees⁽¹⁾

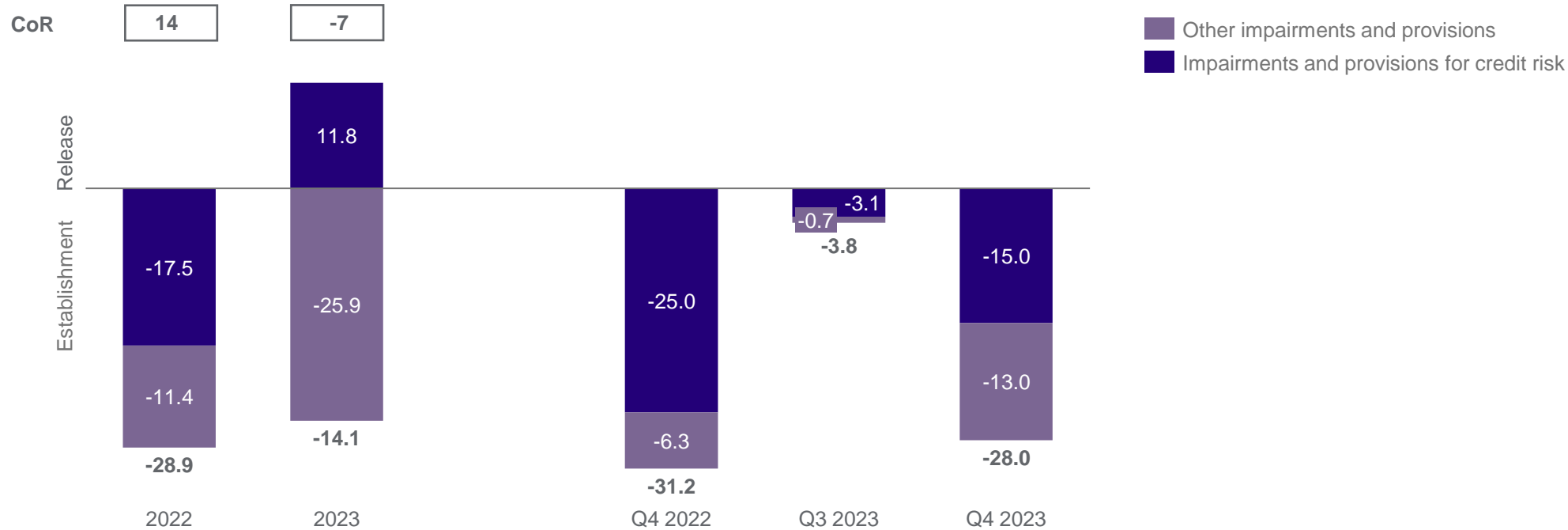


of branches⁽¹⁾



Impairments and provisions

CoR remains negative, despite establishment of credit provisions in second half of the year

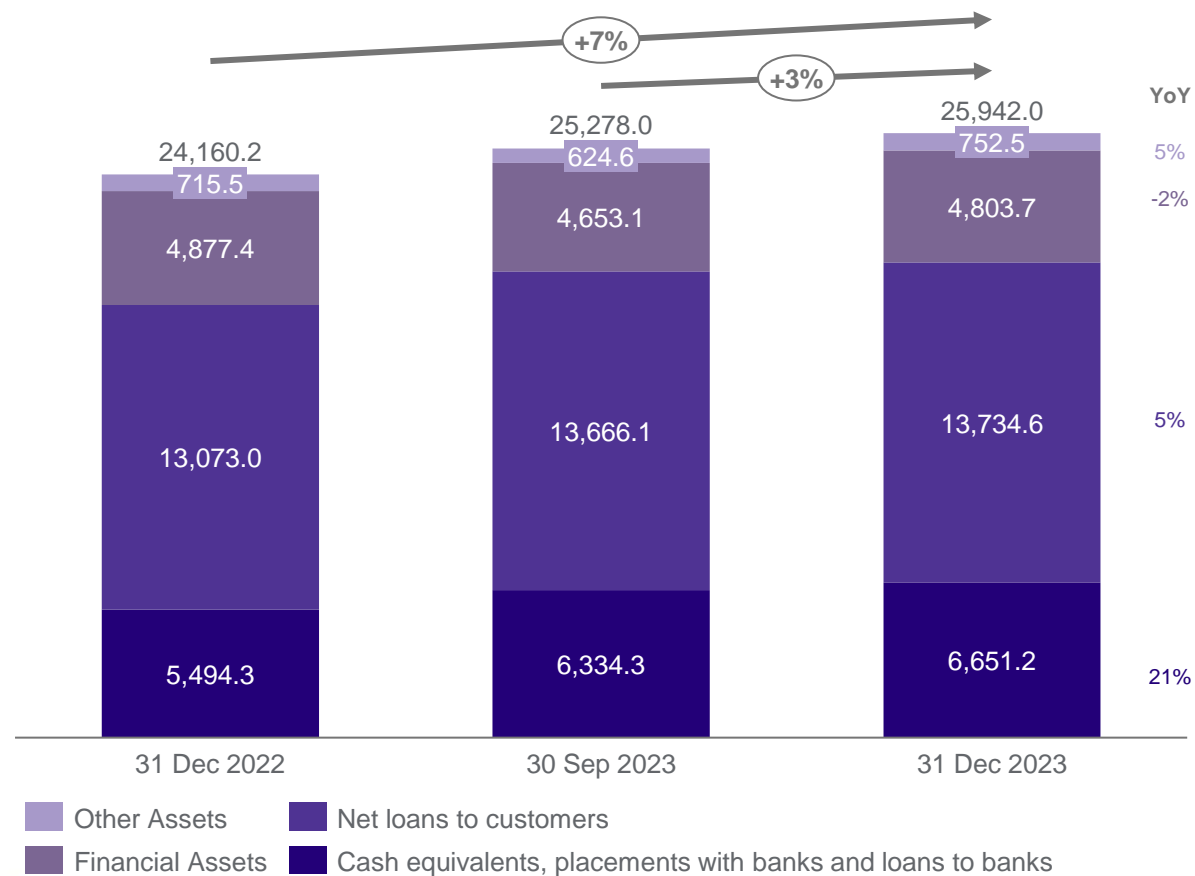


- The Group released net impairments and provisions for credit risk in the amount of EUR 11.8 million. The established impairments derived from portfolio development, from new financing and minor portfolio deterioration. In contrast, material repayments of written-off receivables and changes in models contributed to lower total impact and negative cost of risk in the financial year.
- Other impairments and provisions were net established in the amount of EUR 25.9 million, mainly due to pending fee repayments in the Slovenian banks and HR restructuring provisions in NLB.

NLB Group Assets

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

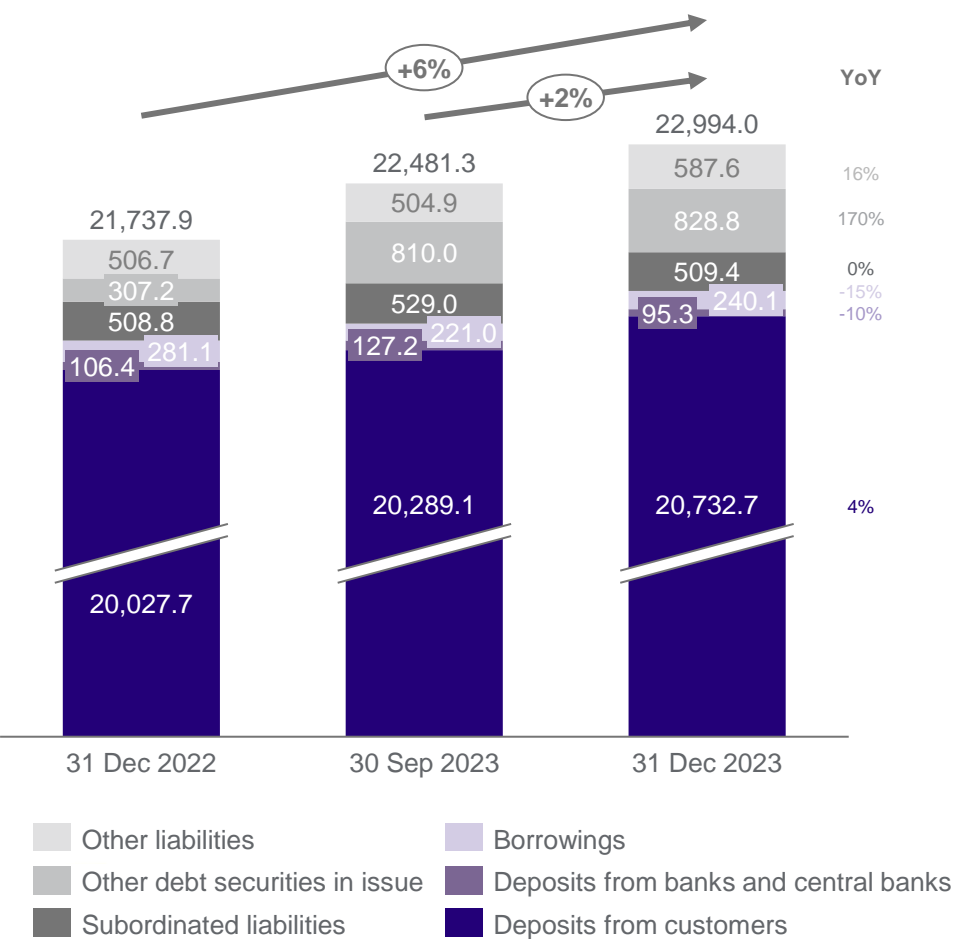
Total assets of NLB Group – structure (EURm)



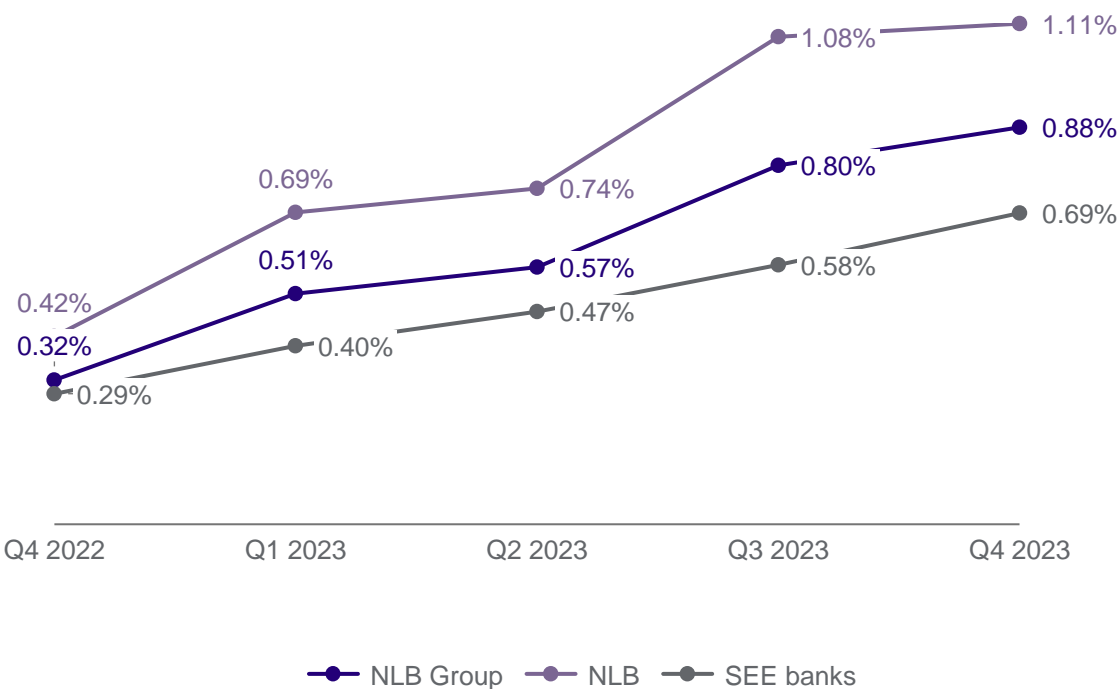
NLB Group Funding Structure

Average cost of funding increasing due to the wholesale funding, driven by MREL requirements and deposit repricing

Funding structure of the NLB Group (Group, EURm)



Increasing average cost of funding (quarterly data)

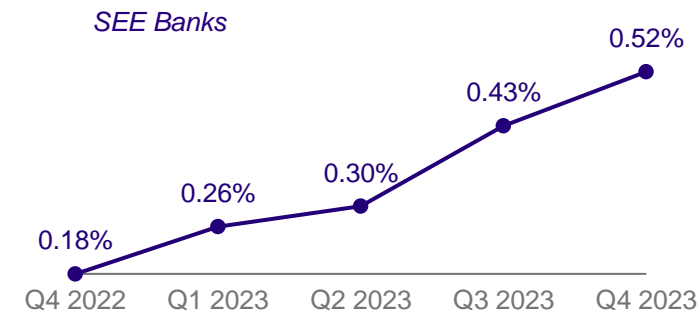
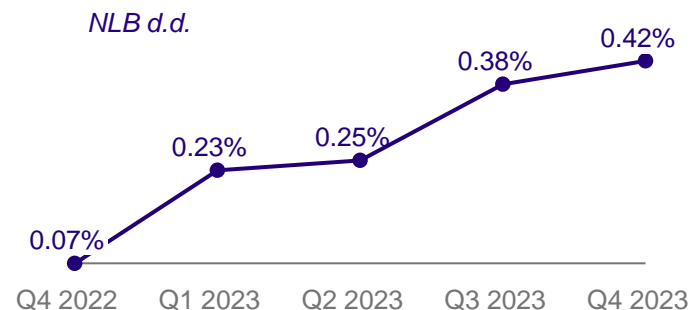
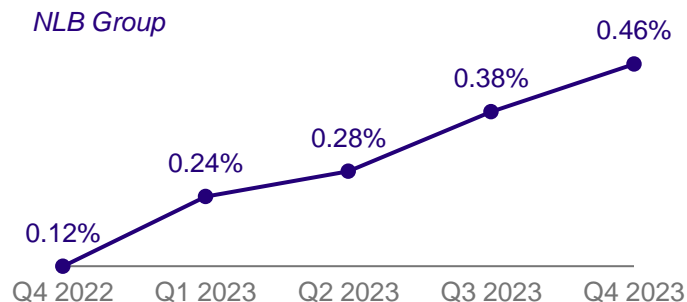


Group's average cost of funding in Q4 2023 was 0.88%, a substantial increase from 0.32% in Q4 2022.

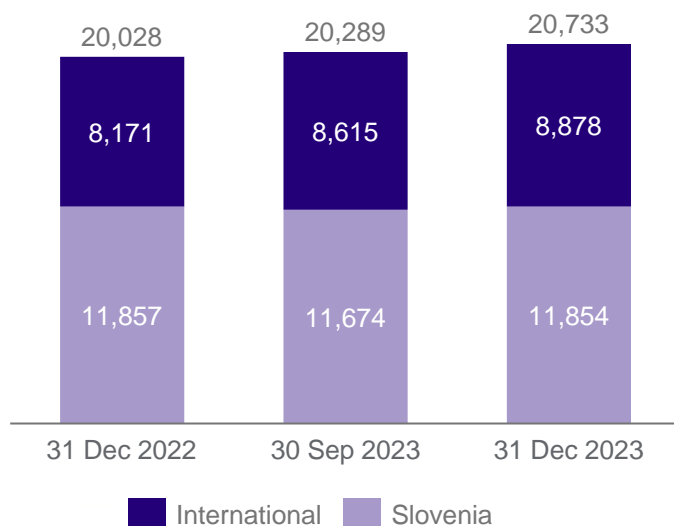
NLB Group Funding Driven by Deposits

Deposit interest rates are increasing, nevertheless deposit beta at 8% remains low⁽¹⁾

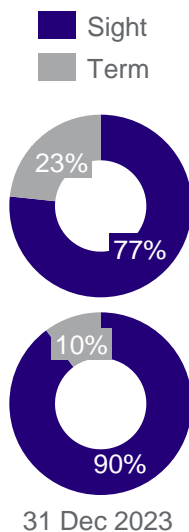
Interest rates for customer deposits (quarterly, in %)



Deposit split (Group, EURm)

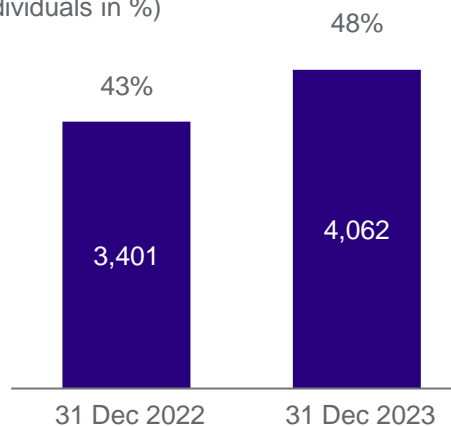


Primarily deposit funded with sight deposits prevailing.



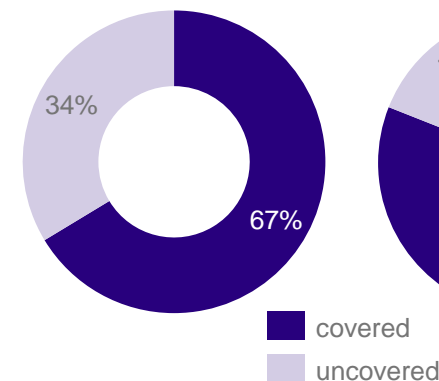
NLB d.d. term and savings accounts

(volume in mEUR share of deposits from individuals in %)

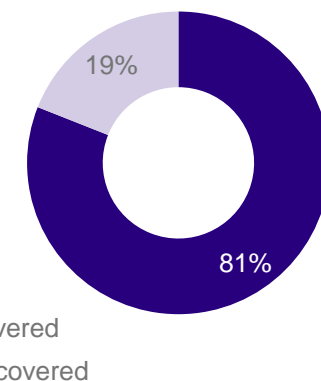


Higher interest rates for term deposits led to high growth in the term deposit volume in 2023 (over EUR 350 million), mostly in the last four months of the year.

Customer deposits
(Group, 31 Dec 2023)



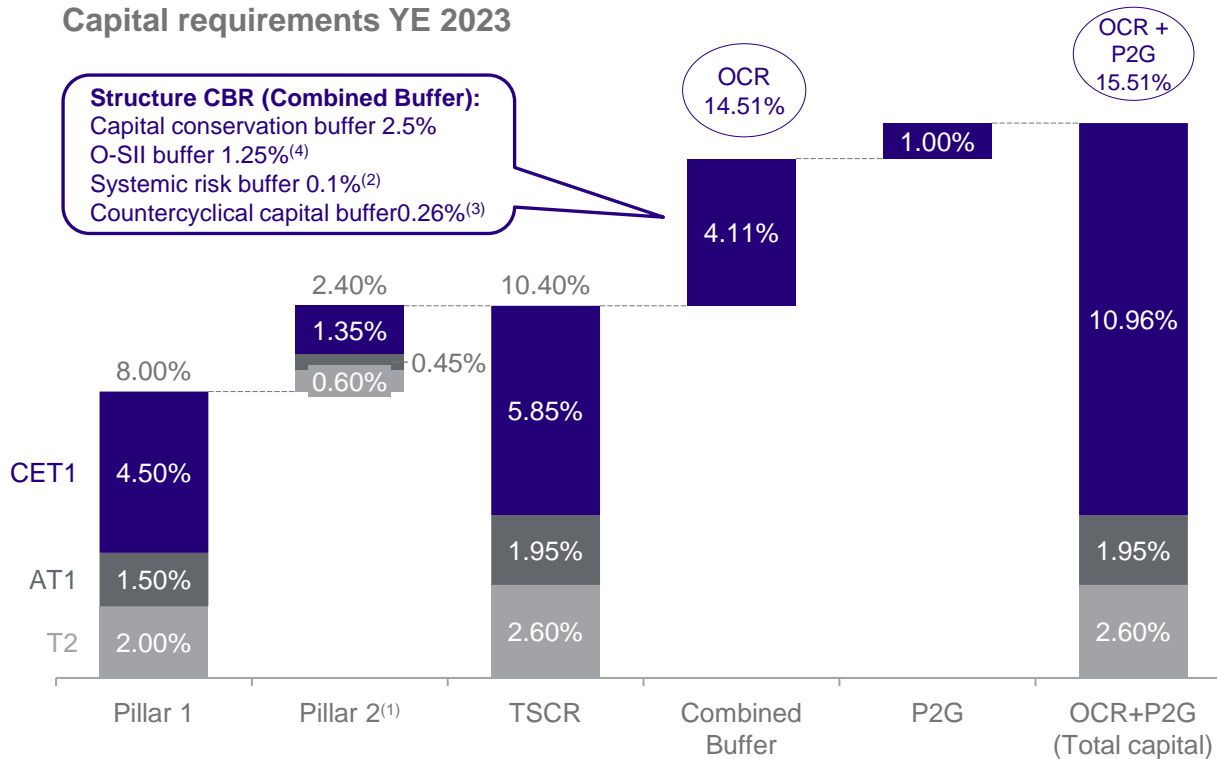
Retail deposits
(Group, 31 Dec 2023)



Capital

Capital position enabling growth and dividend distribution

Capital requirements YE 2023



- As of 31 December 2023, the **TCR** for the Group was **20.3%** increasing by 1.1 p.p. YoY, while the **CET1 ratio** was **16.4%** increasing 1.3 p.p. YoY, well above requirements.
- The higher total capital adequacy derives from increased capital (EUR 302.8 million YoY), which offset RWA's increase (EUR 684.1 million YoY).
- The total capital increased by EUR 302.8 million YoY, mainly due to the inclusion of 2023 profit in the amount of EUR 327.4 million.

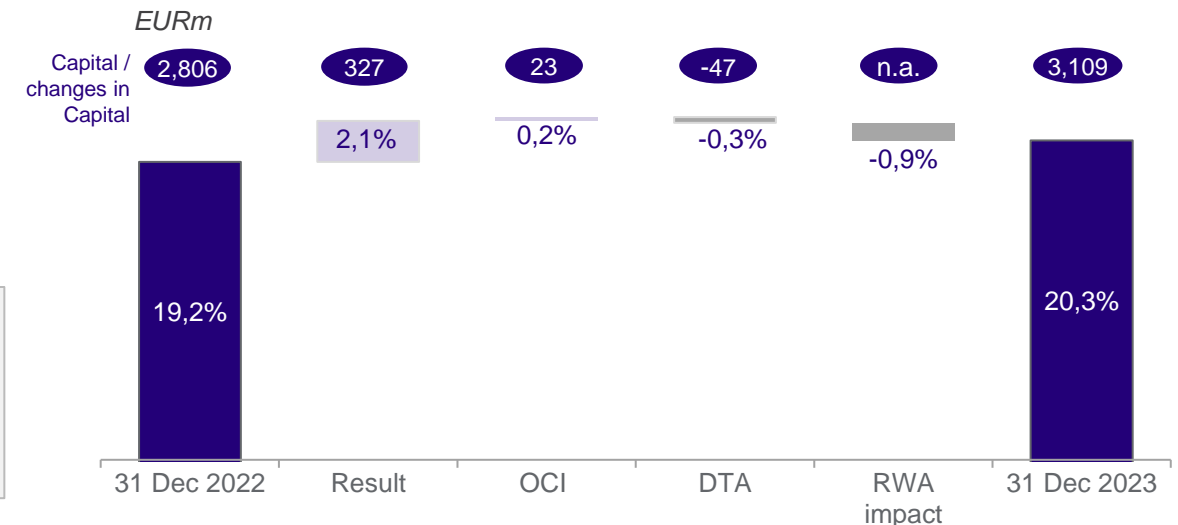
Notes: (1) The Pillar 2 Requirement 2023 decreased by 0.2 p.p. to 2.40% due to a better overall SREP assessment. (2) The BoS issued a new Regulation on determining the requirement to maintain a systemic risk buffer for the sectoral exposures: 1.0% for all retail exposures to natural persons secured by residential real estate and 0.5% for all other exposures to natural persons, resulted in 0.10% Systemic Risk Buffer on YE 2023. (3) The BoS raised the countercyclical capital buffer for exposures in the Republic of Slovenia from zero to 0.5% of the total risk exposure amount required by 31 December 2023, calculated 0.25% on YE 2023 for NLB Group. (4) In September 2023, the Bank of Slovenia verified compliance with the criteria for Other Systemically Important Institutions (O-SII) and set the new values of the indicator of systemic importance and the respective buffer rates for each O-SII. The adjustment will not impact the O-SII buffer for NLB. The Bank of Slovenia has confirmed that the existing buffer of 1.25% of the total risk exposure will remain unchanged.

Capital realisation YoY and surplus of NLB Group as of 31 December 2023

in EUR millions / in%

	31 Dec 2023	31 Dec 2022	Change YoY	Surplus 31 Dec 2023
Common Equity Tier 1 capital	2,510	2,208	302	829
Tier 1 capital	2,598	2,296	302	618
Total capital	3,109	2,806	303	730
Total risk exposure amount (RWA)	15,337	14,653	684	
Common Equity Tier 1 Ratio	16.4%	15.1%	1.3 p.p.	5.4 p.p.
Tier 1 Ratio	16.9%	15.7%	1.3 p.p.	4.0 p.p.
Total Capital Ratio	20.3%	19.2%	1.1 p.p.	4.8 p.p.

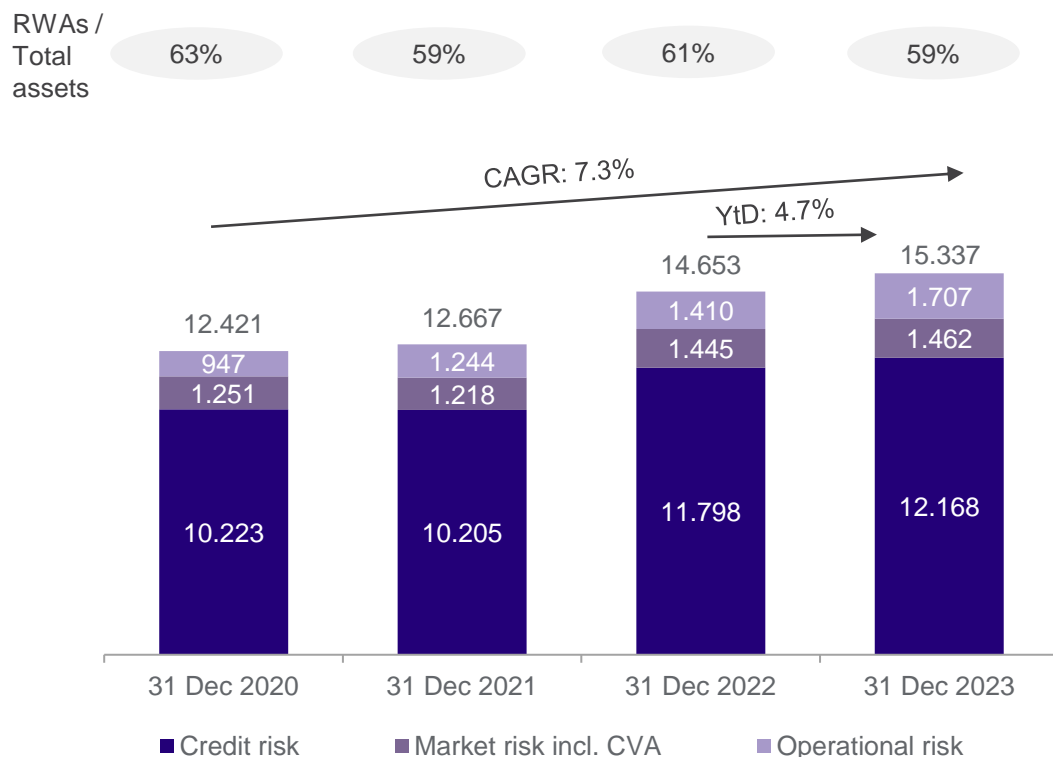
TCR and capital evolution YoY



RWA structure

Prudent RWA management to improve capital ratios

RWA structure (in EURm)



The Group uses, on a consolidated basis, the Standardised approach for calculating RWA for credit and market risk while using a Basic indicator approach for calculating operational risk.

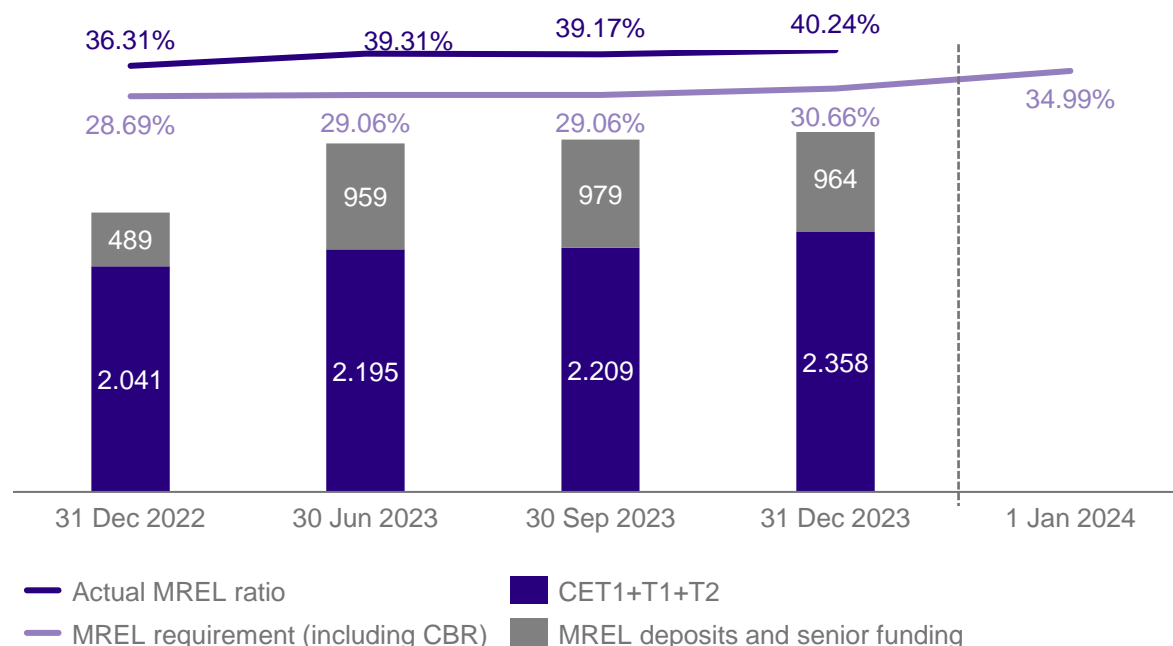
RWA for credit risk increased by EUR 370.3 million YoY, mainly due to ramping up lending activity in all Group Banks. On the other hand, RWA decreased due to lower liquidity assets, mainly in NLB Komercijalna Banka, Beograd (maturity of several Serbian bonds and MIGA guarantee for foreign currency assets 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) of EUR 16.8 million YoY is the result of higher RWA for FX risk of EUR 86.6 million (mainly the result of more opened positions in domestic currencies of non-euro subsidiary banks - mostly RSD), lower RWA for CVA risk of EUR 71.4 million (due to a change of calculating exposure value for derivative transactions subject to CRR risk based on OEM method) and higher RWA for TDI risk of EUR 1.2 million (mostly IRS derivatives).

The increase in **RWAs for operational risks** of EUR 297.0 million YoY is primarily due to higher net interests, mainly from NLB and NLB Komercijalna Banka, Beograd, resulting in a higher three-year average of relevant income. There were no significant deviations from previous years in the other components used in the calculations.

NLB Wholesale Funding Multiple Point of Entry (MPE) Resolution Strategy

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



MREL requirement:

- 25.19% TREA and 8.03% Leverage Exposure Ratio (both excluding applicable CBR) as of 1 January 2022.
- 30.66% TREA and 10.69% Leverage Exposure Ratio (both excluding applicable CBR) as of 1 January 2024. LRE as of 31 December 2023 at 19.94 % (excl. CBR).

NLB Resolution Group

TREA (in EURm)	(as at 31 Dec 2023)
NLB, Ljubljana	7,861
NLB Lease&Go, Ljubljana	213
NLB Skladi, Ljubljana	56
Other	124
Total	8,256

NLB Group follows an MPE resolution strategy with each resolution group raising its MREL debt



Multiple point of entry (MPE) resolution strategy

- 7 MPE resolution groups:
- Slovenia covered by the Single Resolution Board
- The rest covered by the respective National Resolution Authority

NLB Wholesale Funding

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

Currently outstanding notes:

Type of the Bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value
Senior Preferred	XS2498964209	19 July 2022	19 July 2025	19 July 2024	6.000% p.a.	EUR 300m
 Senior Preferred	XS2641055012	27 June 2023	27 June 2027	27 June 2026	7.125% p.a.	EUR 500m
Total SP:						EUR 800m
Tier 2	SI0022103855	6 May 2019	6 May 2029	6 May 2024	4.200% p.a.	EUR 45m
Tier 2	XS2080776607	19 Nov 19	19 Nov 2029	19 Nov 2024	3.650% p.a.	EUR 9.9m ⁽ⁱ⁾
Tier 2	XS2113139195	5 Feb 2020	5 Feb 2030	5 Feb 2025	3.400% p.a.	EUR 10.5m ⁽ⁱ⁾
Tier 2	XS2413677464	28 Nov 2022	28 Nov 2032	28 Nov 2027	10.750% p.a.	EUR 225m
Tier 2	XS2750306511	24 Jan 2024	24 Jan 2034	24 Jan 2029	6.875% p.a.	EUR 300m
Total T2:						EUR 590.4m
Additional Tier 1	SI0022104275	23 Sep 2022	Perpetual	between 23 Sep 2027 and 23 Mar 2028	9.721% p.a.	EUR 82m
Total AT1:						EUR 82m
Total outstanding:						EUR 1,472.4m

(i) Issued amount of notes was EUR 120 million. Due to liability management exercise the amount reduced on 26 January 2024.

Funding plan in 2024:

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

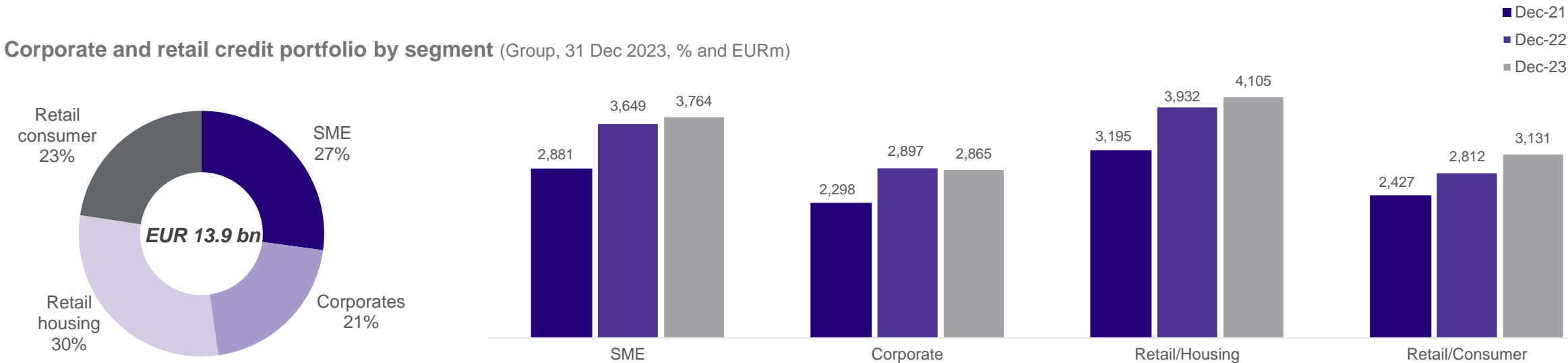
Asset Quality



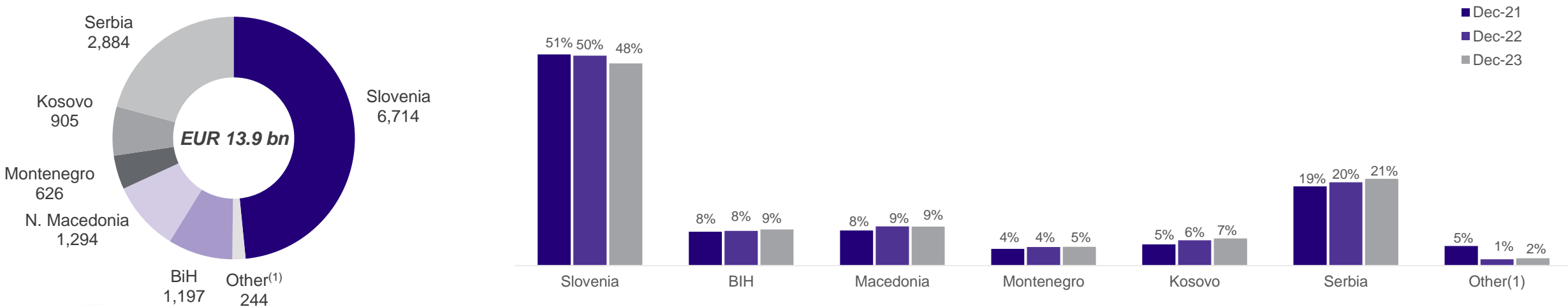
Asset Quality – NLB Group

Diversified corporate and retail credit portfolio, focused on core markets

Corporate and retail credit portfolio by segment (Group, 31 Dec 2023, % and EURm)



Corporate and retail credit portfolio by geography (Group, 31 Dec 2023, % and EURm)



NLB Group Asset Quality

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

Corporate credit portfolio (Group, 31 Dec 2023, in EURm)

Credit portfolio			in EUR thousands	
Corporate sector by industry	NLB Group	%	Δ 4Q 2023	Δ YtD 2023
Accommodation and food service activities	198,829	3%	-18,632	-17,861
Act. of extraterritorial org. and bodies	3	0%	-2	-3
Administrative and support service activities	111,311	2%	4,156	31,520
Agriculture, forestry and fishing	344,682	5%	4,610	18,447
Arts, entertainment and recreation	20,031	0%	-2,583	-3,624
Construction industry	556,939	8%	-38,056	-12,811
Education	14,955	0%	520	1,073
Electricity, gas, steam and air conditioning	543,300	8%	29,387	-7,239
Finance	144,368	2%	-24,552	-80,312
Human health and social work activities	37,370	1%	-7,557	-9,466
Information and communication	291,621	4%	7,710	-23,309
Manufacturing	1,524,858	23%	-36,126	66,008
Mining and quarrying	46,071	1%	-2,715	-8,138
Professional activities	234,872	4%	29,460	47,744
Public administration	199,506	3%	17,173	10,808
Real estate activities	377,420	6%	15,495	64,605
Services	13,950	0%	-1,463	-2,802
Transport and storage	619,042	9%	-27,369	-10,469
Water supply	57,142	1%	-1,064	5,766
Wholesale and retail trade	1,290,249	19%	-30,773	12,278
Other	2,794	0%	2,483	1,487
Total Corporate sector	6,629,313	100%	-79,899	83,701

- Credit portfolio remains well diversified. Industries with largest exposures include a broad range of diverse activities.
- In the year 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. The increase in new lending was partially offset by repayments, contributing to reduction in the volume of loans to companies in 4Q.

NLB Group Asset Quality

Industry diversification in manufacturing and trade

Corporate credit portfolio (Group, 31 Dec 2023, in EUR million)

Credit portfolio		in EUR thousands		
Corporate sector by industry	NLB Group	%	Δ 4Q 2023	Δ YtD 2023
Manufacturing	1,524,858	23%	-36,126	66,008



Credit portfolio		in EUR thousands		
Main manufacturing activities	NLB Group	%	Δ 4Q 2023	Δ YtD 2023
Manufacture of food products	282,005	4%	15,861	57,677
Manufacture of fabricated metal products, except machinery and equipment	193,346	3%	-8,174	2,482
Manufacture of electrical equipment	190,787	3%	-9,936	-11,883
Manufacture of basic metals	156,014	2%	-29,589	10,224
Manufacture of other non-metallic mineral products	97,932	1%	-3,395	-9,129
Manufacture of motor vehicles, trailers and semi-trailers	85,974	1%	-5,256	15,293
Manufacture of machinery and equipment n.e.c.	79,435	1%	-16,529	5,892
Manufacture of rubber and plastic products	74,831	1%	-2,413	1,644
Other manufacturing activities	364,534	5%	23,303	-6,193
Total manufacturing activities	1,524,857	23%	-36,127	66,007

Credit portfolio		in EUR thousands		
Corporate sector by industry	NLB Group	%	Δ 4Q 2023	Δ YtD 2023
Wholesale and retail trade	1,290,249	19%	-30,773	12,278



Credit portfolio		in EUR thousands		
Main wholesale and retail trade activities	NLB Group	%	Δ 4Q 2023	Δ YtD 2023
Wholesale trade, except of motor vehicles and motorcycles	718,437	11%	-29,216	-13,659
Retail trade, except of motor vehicles and motorcycles	428,253	6%	-5,627	7,016
Wholesale and retail trade and repair of motor vehicles and motorcycles	143,560	2%	4,070	18,921
Total wholesale and retail trade	1,290,249	19%	-30,773	12,278

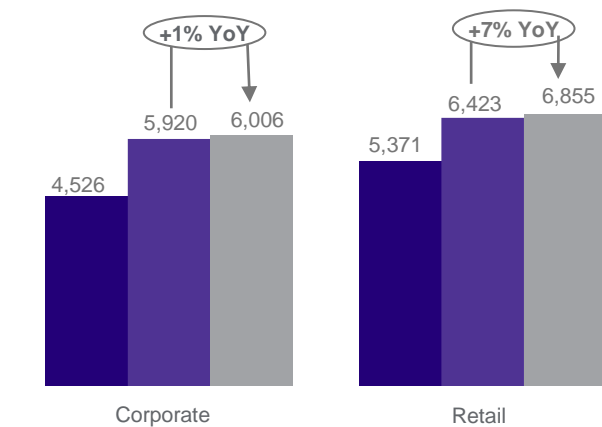
NLB Group Asset Quality

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

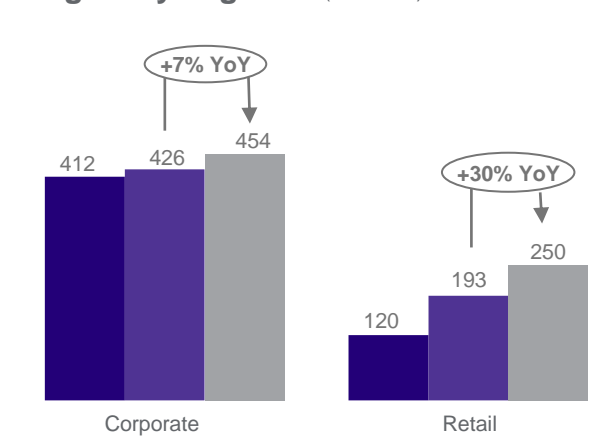
Credit portfolio ⁽¹⁾ by stages (Group, 31 Dec 2023, in EURm)

	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
Total NLB Group	19,239.2	95.0%	1,781.6	704.1	3.5%	85.9	300.5	1.5%	-27.5	92.3	0.5%	44.1	6.3%	194.2	64.6%
o/w Corporate	6,005.6	90.6%	85.6	454.3	6.9%	28.6	169.4	2.6%	-30.4	50.0	0.8%	19.7	4.3%	109.7	64.7%
o/w Retail	6,854.7	94.7%	431.7	249.6	3.4%	57.0	131.0	1.8%	3.0	39.7	0.6%	24.4	9.8%	84.4	64.4%
o/w State	5,928.1	100.0%	1,182.5	-	-	-	0.0	0%	-0.1	2.4	0.0%	-	-	0.0	98.4%
o/w Institutions	450.8	99.9%	81.8	0.3	0.1%	0.3	0.1	0%	0.0	0.2	0.0%	0.0	0.0%	0.1	75.9%

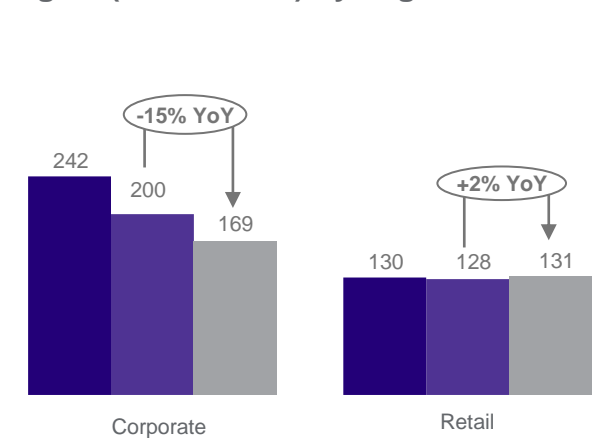
Stage 1 by segment (in EURm)



Stage 2 by segment (in EURm)



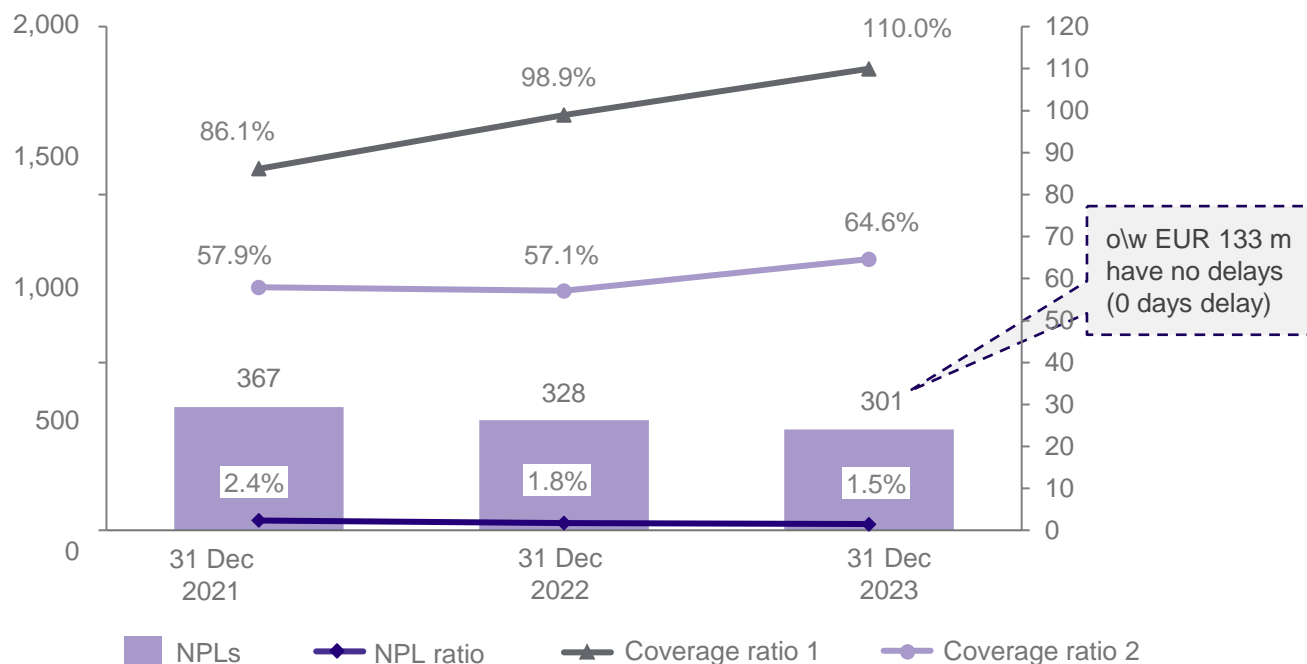
Stage 3 (incl. FVTPL) by segment (in EURm)



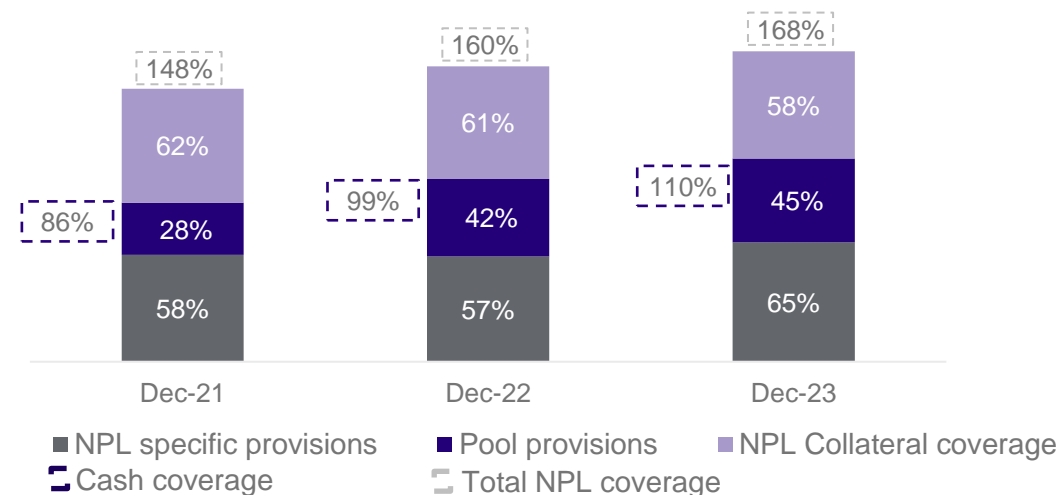
Asset Quality – NLB Group

NPL ratio further decreased. Improved coverage by provisions and collateral

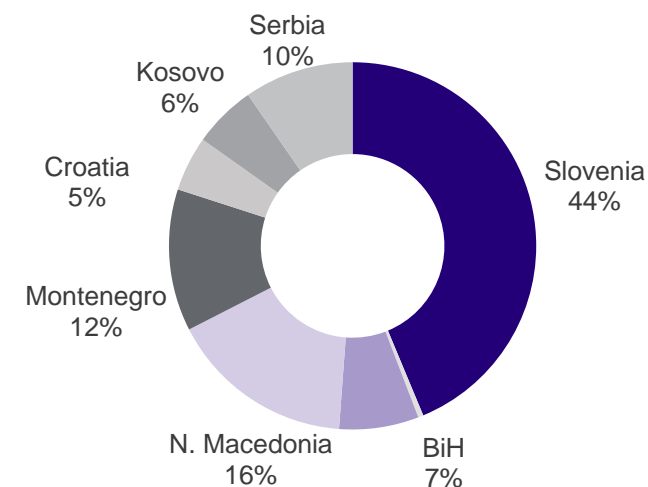
Gross NPL ratio within the planned framework (Group, EURm)



NPL cash and collateral coverage⁽¹⁾ (Group, %)



NPL by geography (Group, 31 Dec 2023)



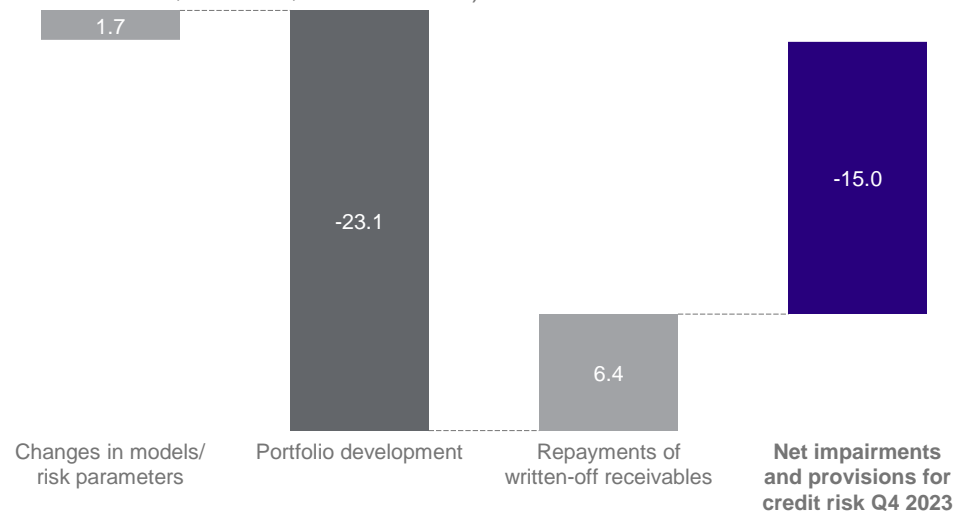
- In the year 2023 favourable NPL movements were recognized, mostly due to repayments and recovery of NPLs.
- **NPL ratio YtD** decreased by 0.3 p.p. to the level of 1.5%, while **NPE ratio** stands at 1.1%. **Coverage ratio** (CR1) increased to 110.0%. NPL coverage ratio (CR2) improved to 64.6%, which is above the EU average as published by the EBA (42.6 % for Q3 2023).

Impairments and provisions for credit risk

Negative CoR in 2023, portfolio development led to newly established provisions in Q4

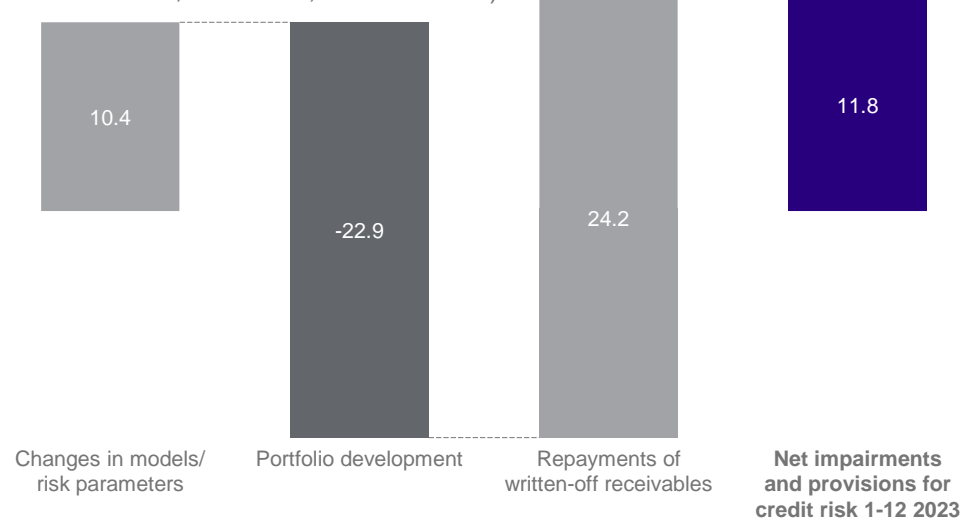
Quarterly net new impairments and provisions for credit risk

(w/o off-balance, Q4 2023, in EUR million)



Cumulative net new impairments and provisions for credit risk

(w/o off-balance, 1-12 2023, in EUR million)



■ release
■ establishment

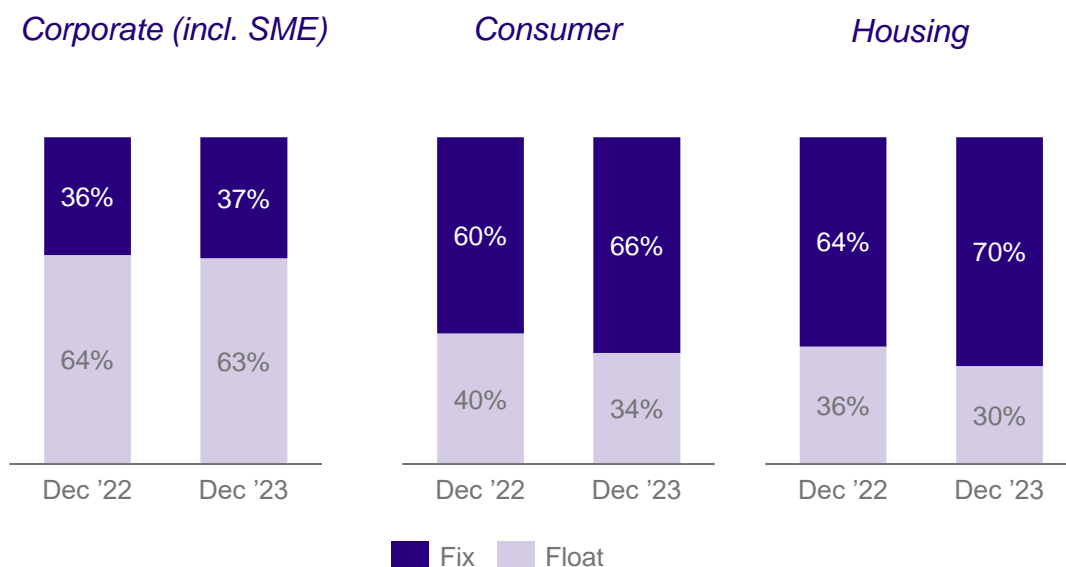
- In Q4 2023 net impairments and provisions for credit risk were established in the amount of EUR 15 million:
 - The most material part of established provisions relates to portfolio development, specifically to exposures in stage 3. Similar development was evident in the Corporate as well as the Retail segment.
 - Repayments of written-off receivables in the amount of EUR 6.4 million due to a favourable environment for NPLs resolution.
 - Release of EUR 1.7 million resulting from changes in models/risk parameters – the forward-looking models were reviewed and corrected.
- In 2023 release of impairments and provisions for credit risk in the amount of EUR 11.8 million (Cost of risk –7 bps). The established impairments derive from portfolio development, from new financing and minor portfolio deterioration. On the other hand, material repayments of written-off receivables and changes in models contributed to lower total impact and negative Cost of Risk in the financial year.

Asset Quality – NLB Group

The trend of transfer from variable to fixed interest rates evident in the retail segment

In corporate segment a stable dominant share of loans with floating interest rates

Corporate and retail portfolio of **NLB Group** (31 Dec 2023)



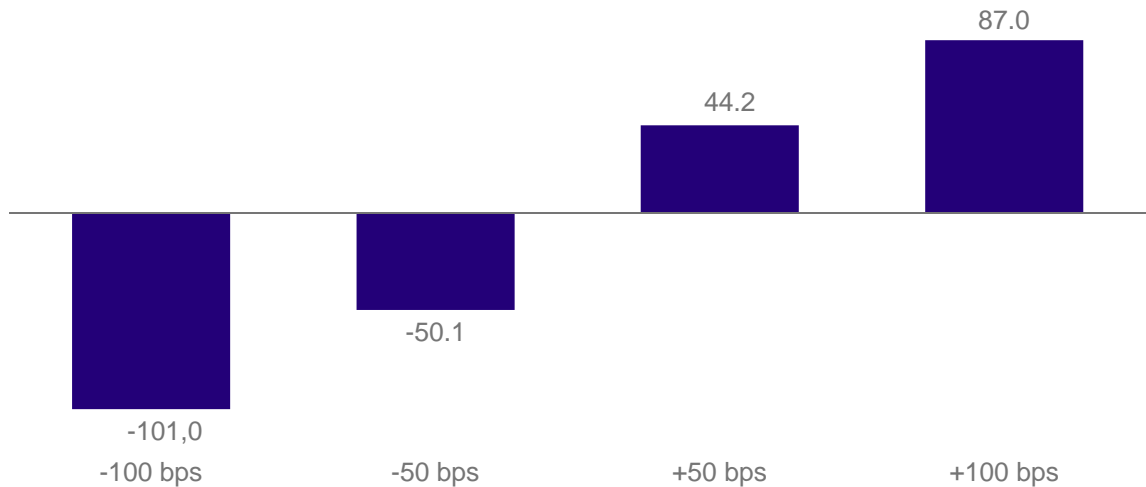
In the Retail segment the trend of transfer from variable to fixed interest rates continued in Q4 of 2023. On the NLB Group level the share of exposure with fixed IR increased by 1.8 p.p. in the Consumer and 2.3 p.p. in the Housing loans segment. The share of exposure with fixed IR in Corporate segment also increased in Q4, namely by 1.3 p.p.

In 2023, there is a noticeable transition from floating IR to fixed IR, while in the corporate segment, the dominant share of loans with floating IR remains stable.

NII sensitivity to interest rate shifts – NLB Group

Readily accessible diverse toolbox to protect interest margins

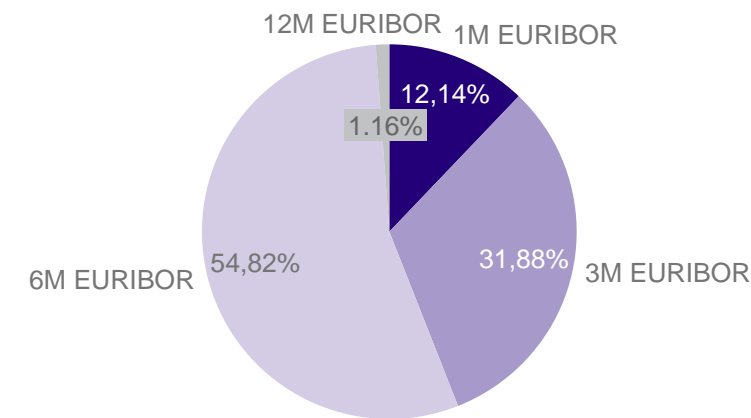
NII sensitivity to various rate shocks
(Group, EURm)



The theoretical calculation of the NII sensitivity to various rate shocks is calculated on the assumption of an immediate parallel shift of the interest rates on a constant balance sheet whereby maturing cash flows are re-invested. Such assumption in the current environment deviates from reality.

- NLB Group is actively managing NII sensitivity with the application of the diverse set of tools, among others:
- Increased production of loans with fixed interest rates
 - Funding mix and pricing policy based on liquidity, elasticity and other business decisions
 - Hedging of liabilities
 - Longer average duration of banking book securities

Loan portfolio by type of EURIBOR (Group, 31 Dec 2023)



Structure of loan portfolio by type of interest rate

<i>as of Dec 2023, in EURm</i>	
EURIBOR	5,486

Commercial real-estate

Limited and well performing CRE portfolio

Retail Shopping centres	~ 175 EURm	95% projects are in operational phase. Occupancy rate above 90%. Rents are stable. Average DSCR on projects is 1.4. Average LTV below 50. Majority of loans are amortizing loans.
Office & Congress centres	~ 120 EURm	15% in construction phase, 85% in operational phase. Occupancy rate and rents are stable. Average DSCR 1.2. Average LTV below 60.
Hotels	~ 175 EURm	85% in operational phase. LTV below 50%, Majority of loans are amortizing loans.

No material impact on value of collateral or occupancy rate / cash flows was observed in 2023.

ESG & Digital



NLB Group Improves Lives in the SEE Region through 3 Sustainability Pillars



Sustainable Operations

Acting responsibly towards the **environment**

Taking into consideration ESG factors in the **procurement** process

Integrating **sustainability practices in clients relations**

Putting **sustainability at heart of human resources** practices



Sustainable Finance

Decarbonizing lending and investment portfolios by designing and implementing NLB Group's comprehensive net-zero business strategy

Developing a wide and diversified offer of **sustainable financing products**

Ensuring **sound ESG risk management** in lending and investment processes aligned with ECB and EBA guidelines, and supported by **IT and ESG data governance** solutions



Contribution to Society

Supporting communities' development by focusing on genuine **societal needs**

Actively responding with appropriate **initiatives and partnerships**

Aligning CSR activities with **UN Sustainable Development Goals**

High standards of corporate governance, responsibility, compliance, ethics, and integrity in everything we do.
Integration of ESG matters (environmental, social and human rights, and governance) through each sustainability pillar.

Key Targets, Highlights and Achievements in 2023¹

16.0 ESG Rating²

Improved from 17.7 in 2022: low risk, ranking: top 13%banks

Strong sustainability governance

- **Updated Sustainability Policy**, and new internal standard – rulebook for sustainability management and harmonization in NLB Group
- **Environmental, Social and Human Rights, Governance** matters continuously embedded in business model and processes
- Start of streamlining the reporting process towards **CSRD and ESRS** readiness
- 4 regular **Sustainability Committee** sessions
- On-going active **stakeholder engagement**
- Activities within **Chapter Zero** aimed at **capacity building of Supervisory and Management Board members** to make sure climate change is a boardroom priority

Key Targets by 2030

2030:

- **Sustainable financing (retail and corporate): EUR 1.9 billion**
- **75% electricity** used by NLB Group from **zero-carbon resources**
- **100% of** NLB fleet run by electric energy and **carbon neutral**

2025:

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

EUR 279 mio

New green financing to support corporate and retail clients in their green transition.

EUR 500 mio

Green bond issuance in June to support projects with a positive impact on the environment.

More: [nlb-green-bond-framework.pdf](#)

1st Net Zero Disclosure Report - aligned with the NZBA commitment

NLB Group commitment to achieving Net-Zero by setting targets for reducing our financed emissions and maintaining a coal exclusion policy. [Read more.](#)

ESG risk management upgraded

and further integrated into NLB Group's overall credit-approval process (Environmental and Social Risk Management System - ESMS), collateral evaluation process and related credit portfolio management. Flood risk assessment model was enhanced in response to recent floods in Slovenia. Regular employees' trainings to enhance awareness of ESG risks and their appropriate treatment..

Operational emissions decreased

Scope 1, Scope 2, limited Scope 3 (without Category 15 – financed emissions) regularly monitored and mitigated through systematic energy efficiency and other related initiatives.

Enhanced sustainable culture

All employees completed updated online ESG training. 1000+ employees actively engaged in the annual NLB Group Sustainability Festival. Regular training for frontline employees.

NLB d.d. - Top employer of the year

National award received for the 8th consecutive year.

NLB Group is the 1st Bank Headquartered in SEE to commit to Net-Zero Portfolio Targets

NLB Group is starting its net-zero portfolio journey with four sectors

1. Power Generation
2. Iron and Steel
3. Commercial Real Estate
4. Residential Real Estate

Set intermediate 2030 targets for all

4

sectors covered

Retail and Corporate Banking commitment to mobilise

€1.9
Billion

volume in sustainable finance by 2030

1.5° C

for all sector targets already use net-zero by-2050 scenarios

NLB d.d. commitment to finance

at least 30%





of new production in most energy efficient commercial buildings (<50 kg CO₂/m²) by 2030

NLB d.d. commitment to finance

at least 15%

of new production in top-rated mortgages (A & B EPC class) in Slovenia by 2030

Aligned with NZBA commitment, NLB Group published portfolio decarbonisation targets in four key target sectors

SECTOR	DETAILS			GHG 2021 BASELINE	GHG 2030 TARGETS		TARGET COVERAGE	COMMENTARY
	Scope(s) included	Scenario used	Unit of measurement	Portfolio baseline	Absolute	Relative		
 Power Generation	1 and 2	IEA NZE	t CO ₂ /Mwh	0.232	0.165	-29%	NLB Group	<ul style="list-style-type: none"> NLB continues its commitment to coal exclusion introduced in 2021, with the existing exposure to be phased out
 Iron & Steel	1 and 2	IEA NZE	t CO ₂ /t	0.600	1.070	/	NLB Group	<ul style="list-style-type: none"> Current baseline is already below the 2030 target Majority of exposure is covered by client's decarbonisation plans
 Commercial Real Estate	1 and 2	IEA NZE	kg CO ₂ /m ²	120	39	-68%	NLB d.d.	<ul style="list-style-type: none"> National Energy and Climate plans do not exist outside of EU Inconsistencies between energy performance certificate methodology within region
 Residential Real Estate	1 and 2	IEA NZE	kg CO ₂ /m ²	42	19	-56%	NLB d.d.	<ul style="list-style-type: none"> National Energy and Climate plans do not exist outside of EU Inconsistencies between energy performance certificate methodology within region

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 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

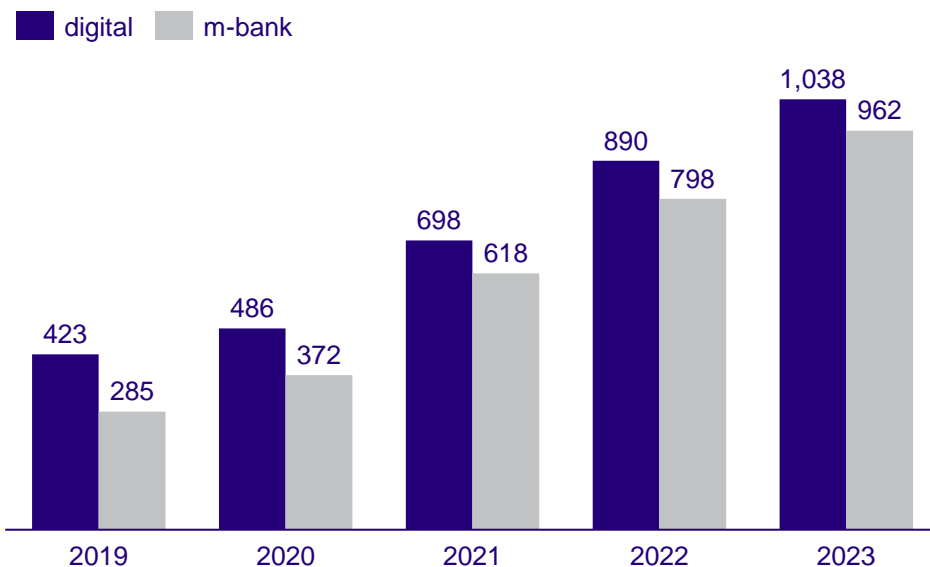
First Slovenian bank issuing digital only debit cards



Omnichannel – future sales platform

Uniformal omnichannel digital customer experience throughout the Group

NLB Group # active digital & m-bank users ⁽¹⁾ (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 private individual users in the Group as at 31 December 2023, o/w 66% are active users.

Leasing M&A



Acquisition of Summit Leasing

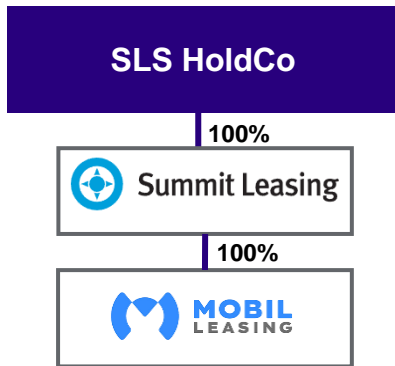
The Bank signed SPA for 100% shareholding in Summit Leasing Slovenija and its subsidiaries

SLS Group at a glance

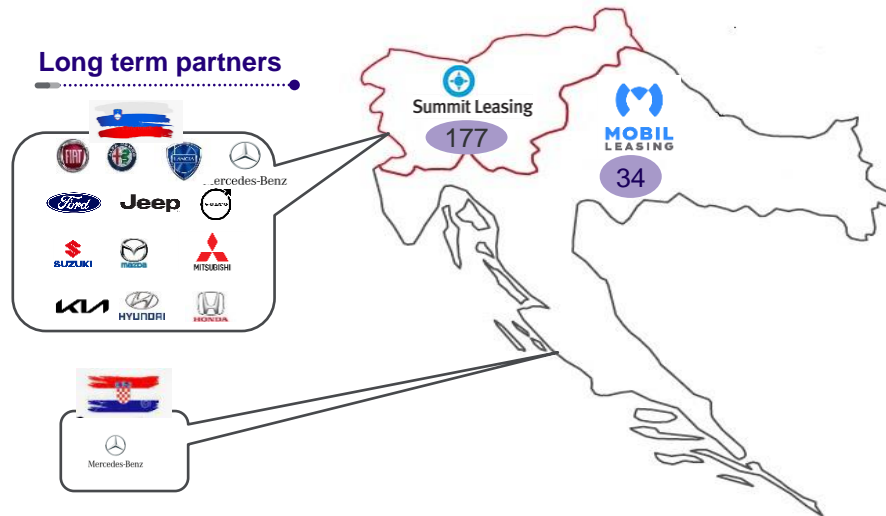
Undisputed leader in the Slovenian vehicle leasing market

- Founded in 2000, SLS Group is the #1 leasing provider for new and used passenger cars in Slovenia, as well as being a provider of insured point-of-sale consumer finance in Slovenia
- Point-of-sale relationships with 80+ loyal dealer alliances providing countrywide coverage (750+ dealerships) in Slovenia and Croatia
- Diversified customer base of c.113,000 customers, with c.140,000 contracts
- Responsible for 31% of new leasing business in Slovenia in 2022 (companies 2 and 3 generated 22% and 13% respectively)
- Product mix is focused on finance leases: 82% of net receivables. 12% of the portfolio accounted for by insured point-of-sale consumer finance at the end of 2022

Ownership structure

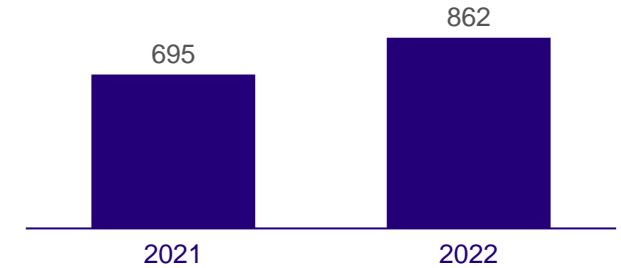


Long term partners

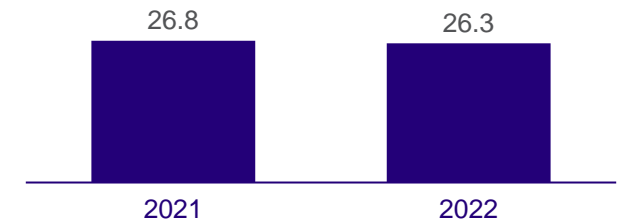


Num. Of employees at the end of 2022

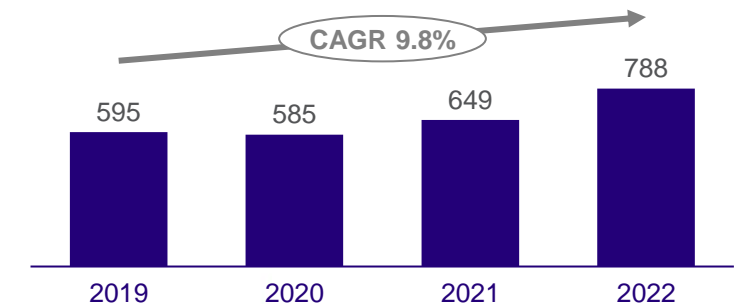
Total assets (EURm, consolidated level – SLS Group)



Total operating income (EURm, consolidated level – SLS Group)

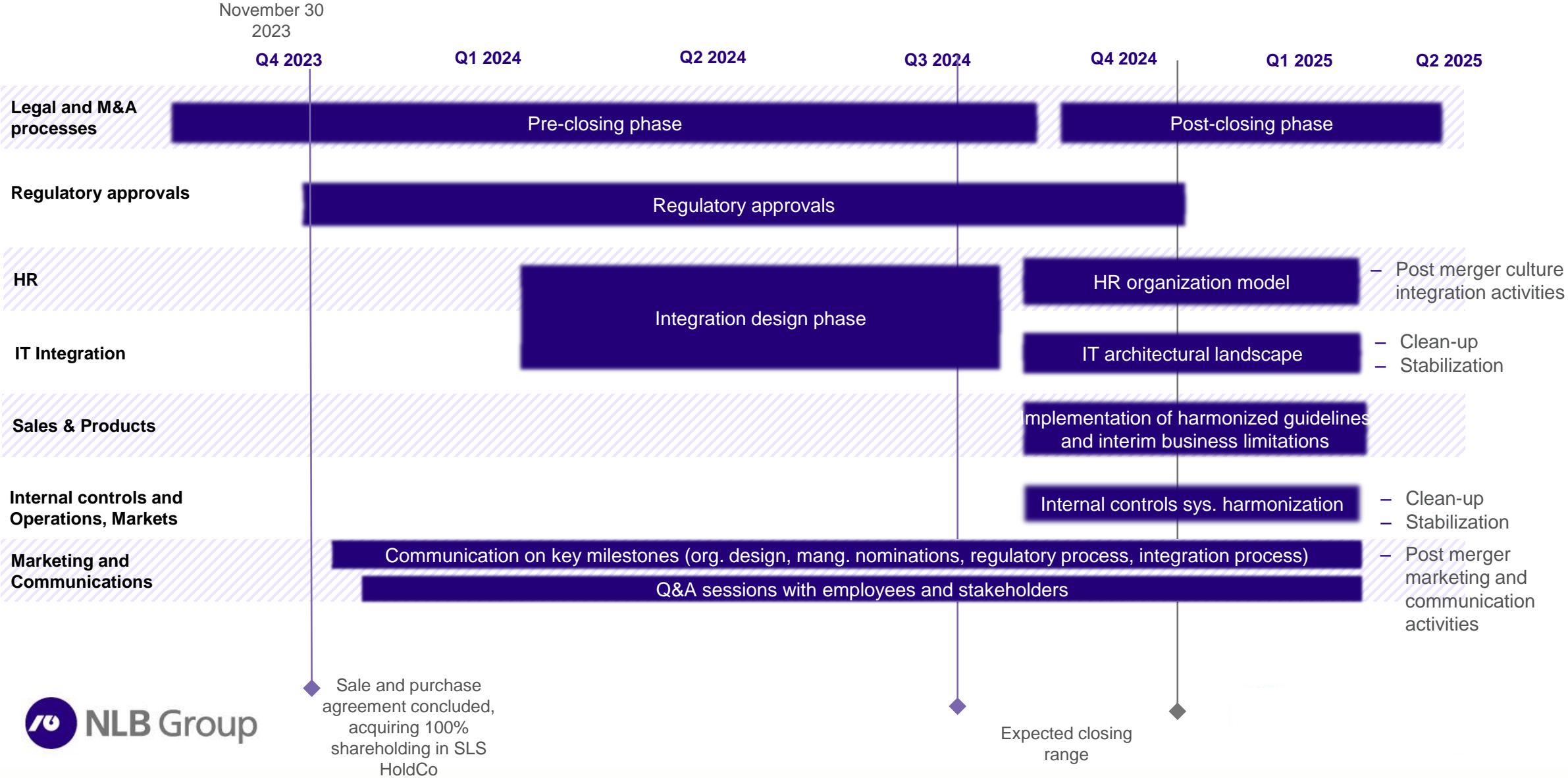


Evolution of the SLS Group⁽¹⁾ portfolio since 2019 (EURm)



Notes: (1) Mobil Leasing (Croatia) is included in this analysis on a pro forma basis, as it was not part of SLS Group prior to 2022

High-level integration timeline



Outlook



Outlook

KPI	Outlook for 2024	Last Outlook for 2025	Revised Outlook for 2025
Regular income	> EUR 1,100 million	~ EUR 1,100 million	~ EUR 1,200 million
CIR	< 50%	< 50%	< 50%
Cost of risk	20-40 bps	30-50 bps	30-50 bps
Loan growth	Mid single-digit	High single-digit	High single-digit
Dividends	EUR 220 million (40% of 2023 profit)	EUR 500 million (2022-2025) ⁽ⁱ⁾	More than 40% of 2024 profit ⁽ⁱ⁾
ROE a.t.	~ 15%	~ 14%	~ 15%
ROE normalised ⁽ⁱⁱ⁾	> 20%	~ 20%	> 20%
M&A potential		Tactical M&A capacity of > EUR 4 billion RWA	M&A capacity of up to 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.



Appendices

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Appendix 1:

Business Performance

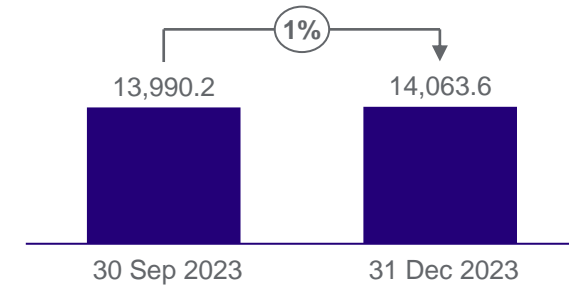


Key performance indicators of NLB Group

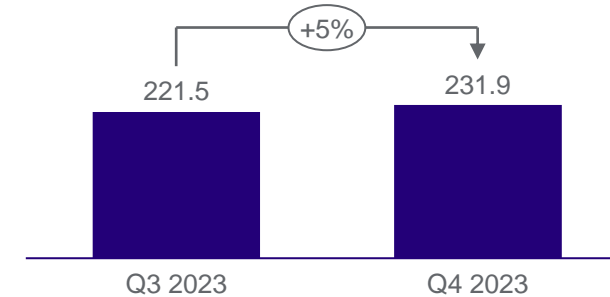
Strong recurring revenues, cost control and resilient asset quality

in EUR millions / % / bps							
	1-12 2023	1-12 2022	Change YoY	Q4 2023	Q3 2023	Q4 2022	Change QoQ
Key Income Statement Data							
Net operating income	1,093.3	798.5	37%	292.5	289.2	234.9	1%
Net interest income	833.3	504.9	65%	231.9	221.5	151.8	5%
Net non-interest income	260.0	293.6	-11%	60.6	67.7	83.0	-10%
o/w Net fee and commission income	278.0	273.4	2%	72.4	70.9	69.2	2%
Total costs	-501.9	-460.3	-9%	-140.2	-120.9	-127.7	-16%
Result before impairments and provisions	591.4	338.3	75%	152.3	168.2	107.2	-9%
Impairments and provisions	-14.1	-28.9	51%	-28.0	-3.8	-31.2	-
Impairments and provisions for credit risk	11.8	-17.5	-	-15.0	-3.1	-25.0	-
Other impairments and provisions	-25.9	-11.4	-128%	-13.0	-0.7	-6.3	-
Negative goodwill	0.0	172.9	-	0.0	0.0	0.1	-
Result after tax	550.7	446.9	23%	163.8	144.2	69.1	14%
Key Financial Indicators							
ROE a.t.	21.0%	12.2%	8.8 p.p.				
Return on equity after tax (ROE a.t.) normalized ⁽ⁱ⁾	29.3%	15.6%	13.7 p.p.				
ROA a.t.	2.2%	1.2%	1.0 p.p.				
Net interest margin (on interest bearing assets)	3.50%	2.30%	1.21 p.p.				
Operational business margin ⁽ⁱⁱ⁾	4.75%	3.57%	1.19 p.p.				
Cost to income ratio (CIR)	45.9%	57.6%	-11.7 p.p.				
Cost of risk net (bps) ^(iii, v)	-7	14	-21				
	31 Dec 2023	30 Sep 2023	31 Dec 2022	Change YoY	Change QoQ		
Key Financial Position Statement Data							
Total assets	25,942.0	25,278.0	24,160.2	7%	3%		
Gross loans to customers	14,063.6	13,990.2	13,397.3	5%	1%		
Net loans to customers	13,734.6	13,666.1	13,073.0	5%	1%		
Deposits from customers	20,732.7	20,289.1	20,027.7	4%	2%		
Equity (without non-controlling interests)	2,882.9	2,734.9	2,365.6	22%	5%		
Other Key Financial Indicators							
LTD ^(iv)	66.2%	67.4%	65.3%	1.0 p.p.	-1.1 p.p.		
Total capital ratio	20.3%	18.7%	19.2%	1.1 p.p.	1.6 p.p.		
Total risk exposure amount (RWA)	15,337.2	14,919.0	14,653.1	5%	3%		
Employees							
Number of employees	7,982	8,078	8,228	-246	-96		

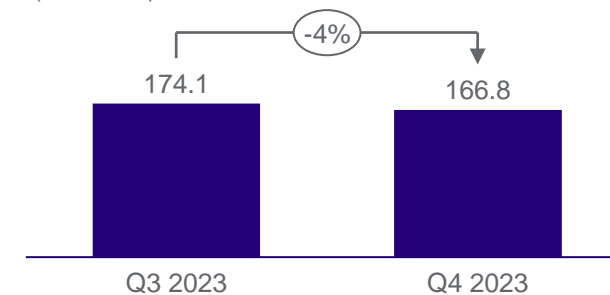
Gross loans to customers (in EURm)



Net interest income (in EURm)



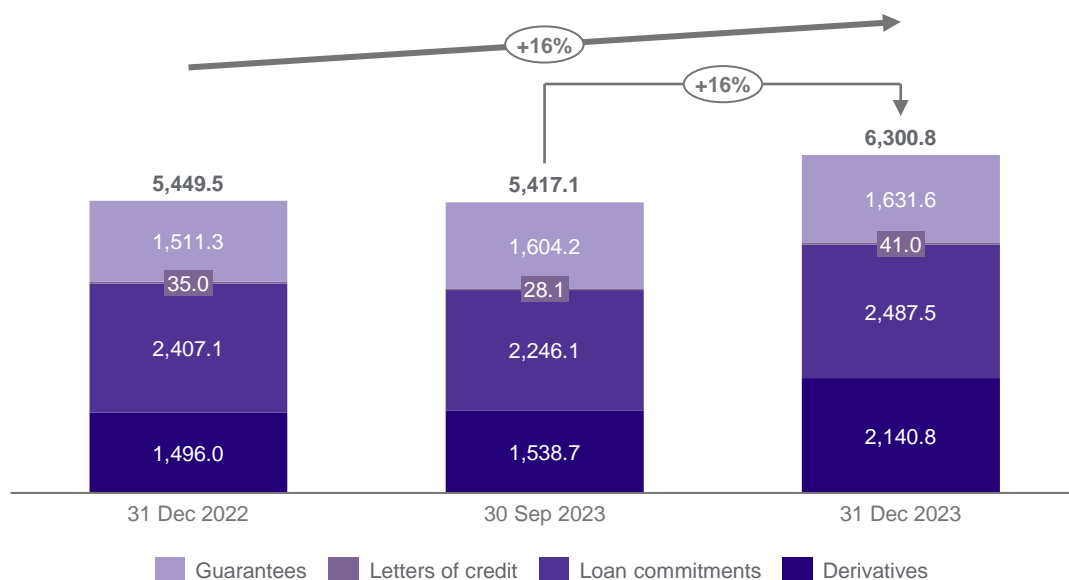
Recurring result before impairments and provisions (in EURm)



Notes: (i) ROE normalized = Result a.t. divided by Average risk adjusted capital. Average risk adjusted capital computed as Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution. 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.

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		
	31 Dec 2023	30 Sep 2023	31 Dec 2022
Loans	1,500.5	1,278.1	1,364.2
Overdrafts Retail	377.5	372.9	373.7
Overdrafts Corporate	264.0	228.8	279.7
Cards	387.7	387.9	376.8
Other	42.3	44.1	48.5
Inter Company	-84.5	-65.7	-35.9
Loan commitments	2,487.5	2,246.1	2,406.9
Low risk off-balance commitments ⁽ⁱ⁾	915.5	826.1	657.2
Loan and low-risk off-balance commitments	3,402.9	3,072.2	3,064.2

Derivatives

	in EUR million		
	31 Dec 2023	30 Sep 2023	31 Dec 2022
FX derivatives with customers	346.3	166.4	215.5
Interest rate derivatives with customers	449.0	453.2	396.1
FX derivatives - hedging	215.8	133.8	108.4
Interest rate derivatives - hedging	1,083.8	734.3	644.5
Options	45.9	50.9	60.7
Derivatives (N Banka contribution)	0.0	0.0	71.1
Total	2,140.8	1,538.7	1,496.2

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.

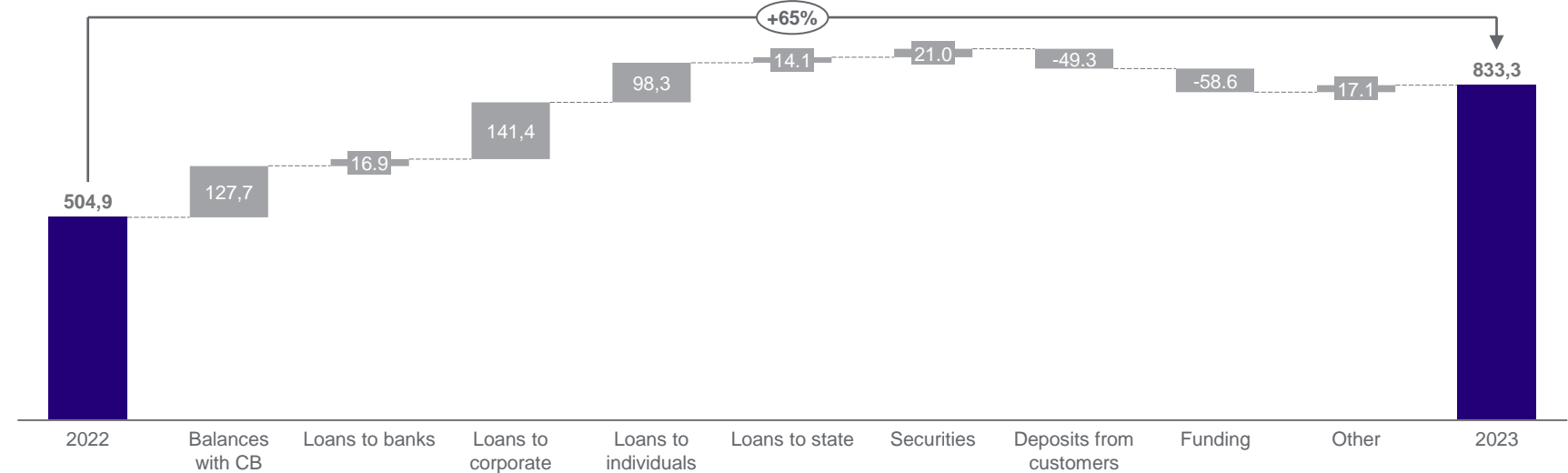
Hedging

- 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, In Q4 hedging derivatives increased due to Fair value hedge of issued NLB securities in amount of 300 mio EUR.
- FX swaps used for short-term liquidity hedging increased in last year due to increased placement of foreign currency.

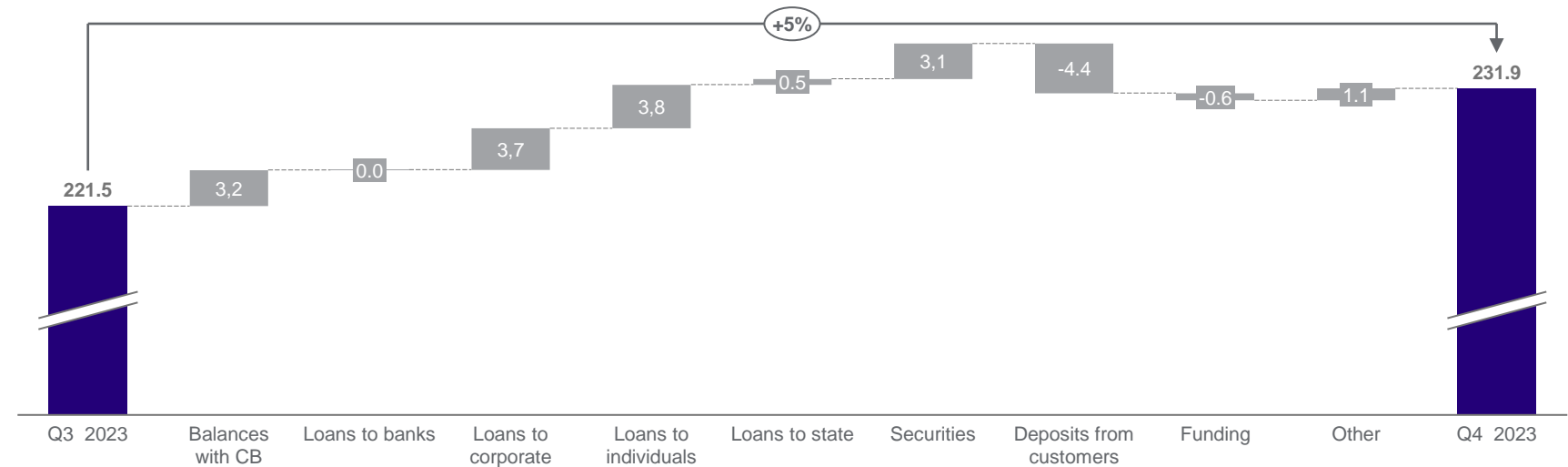
The substantial augmentation in derivatives trading volume primarily came from several key factors. Firstly, a significant portion of this increase, totalling EUR 450 million, can be attributed to the hedging of the senior preferred bond issued in June 2023. Secondly, newly participation from NLB Group members was notable, as they engaged in hedging activities concerning their respective positions in the banking book. Lastly, the consolidation efforts following the merger of N Banka with NLB led to a notable surge, particularly through the novation of existing derivatives contracts.

Net interest income evolution

YoY evolution (in EUR million)



QoQ evolution (in EUR million)



Ratings – NLB d.d.

MOODY'S

Weighted Macro Profile	
Moderate	
+	
Financial Profile	
Asset Risk	baa3
Capital	a3
Profitability	baa2
Funding Structure	a2
Liquid Resources	baa1
+	
Quantitative Factors	
GRE support	0
Group support	0
Sovereign support	0
=	
BCA (Baseline Credit Assessment)	baa3
+	
Affiliate Support	0
=	
Adjusted BCA	baa3
+	
LGF (Loss Given Failure)	+3
Government Support	0
=	
Issuer Credit Rating Long-Term Outlook / Short-Term	
A3 / Stable / P-2	

S&P Global
Ratings

SACP – Stand Alone Credit Profile Bbb-		
▲		
Anchor	bbb-	
Business Position	Adequate	0
Capital and earnings	Adequate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Strong	0
CRA adjustment		0
+		
Support		+1
▲		
ALAC support		+1
GRE support		0
Group support		0
Sovereign support		0
+		
Additional factors		0
=		
Issuer Credit Rating Long-Term Outlook / Short-Term		
BBB / Stable / A-2		

Appendix 2:

Segment Analysis



NLB Group key business segments⁽³⁾

	Retail banking in Slovenia	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	Retail (NLB & N Banka) Micro (NLB & N Banka) NLB Skladi Bankart⁽¹⁾ NLB Lease&Go, Ljubljana (retail clients)	NLB & N Banka: <ul style="list-style-type: none"> - Key corporates - SME corporates - Cross Border corporates - Investment banking and custody - Restructuring&workout NLB Lease&Go, Ljubljana (corporate clients)	NLB Banka, Skopje NLB Banka, Banja Luka NLB Banka, Sarajevo NLB Banka, Prishtina NLB Banka, Podgorica NLB Komercijalna Banka, Beograd Kombank INvest, Beograd NLB DigiT, Beograd NLB Lease&Go, Skopje NLB Lease&Go Leasing, Beograd	NLB & N Banka: <ul style="list-style-type: none"> - Treasury activities - Trading in financial instruments - Asset and liabilities management (ALM) 	REAM NLB Srbija NLB Crna Gora Leasing entities in liquidation
	<ul style="list-style-type: none"> • Largest retail banking group in Slovenia by loans and deposits • #1 in private banking and asset management • Focused on upgrading customer digital experience and satisfaction • Launch of new digital bank NLB Klik • Successful merger of N Banka's clients 	<ul style="list-style-type: none"> • Market leader in corporate banking with focus on advisory and long-term strategic partnerships • Market leader in Investment Banking and Custody services • Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slo • In Trade finance, it maintains a leading position and supports all major infrastructure projects in Slovenia and the region. • Market leader at FX and interest rate hedges 	<ul style="list-style-type: none"> • Leading SEE franchise with six subsidiary banks⁽³⁾, two leasing companies, one IT service company and one investment fund company • The only international banking group with exclusive focus on the SEE region 	<ul style="list-style-type: none"> • Maintaining stable funding base • Management of well diversified liquidity reserves • Managing interest rate positions with responsive pricing policy 	<ul style="list-style-type: none"> • Assets booked non-core subsidiaries funded via NLB • Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets
(Dec 2023, in EUR million)					
Pre-provision result	213.2	79.0	290.4	30.5	-13.9
Result b.t.	181.7	86.9	291.5	35.3	-10.1
Total assets	3,791	3,376	11,059	7,232	47
% of total assets⁽²⁾	15%	13%	43%	28%	0%
CIR	41.9%	47.1%	46.4%	24.5%	/
Cost of risk (bp)	56	-36	-13	/	/

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							
	1-12 2023	1-12 2022	Change YoY		Q4 2023	Q3 2023	Q4 2022 Change QoQ
Net interest income	264.7	104.8	159.9	153%	79.7	74.7	34.1 7%
Net interest income from Assets ⁽ⁱ⁾	87.2	95.8	-8.5	-9%	21.8	21.8	23.2 0%
Net interest income from Liabilities ⁽ⁱ⁾	177.5	9.1	168.4	-	57.9	52.9	10.9 9%
Net non-interest income	102.3	106.7	-4.4	-4%	27.3	26.5	29.3 3%
o/w Net fee and commission income	114.1	113.2	0.9	1%	29.7	27.7	28.7 7%
Total net operating income	367.0	211.5	155.5	74%	107.0	101.1	63.4 6%
Total costs	-153.8	-144.0	-9.8	-7%	-46.8	-34.4	-44.2 -3%
Result before impairments and provisions	213.2	67.4	145.7	-	60.2	66.7	19.2 -10%
Impairments and provisions	-32.6	-21.4	-11.2	-52%	-10.4	-6.8	-10.7 -52%
Share of profit from investments in associates and joint ventures	1.1	0.8	0.3	37%	-0.2	0.7	-0.4 -
Result before tax	181.7	46.8	134.9	-	49.5	60.6	8.2 -14%

	31 Dec 2023	30 Sep 2023	31 Dec 2022	Change YoY		Change QoQ
Net loans to customers	3,694.2	3,637.6	3,586.5	107.7	3%	2%
Gross loans to customers	3,760.8	3,701.8	3,641.0	119.8	3%	2%
Housing loans	2,483.5	2,465.3	2,430.8	52.7	2%	1%
Interest rate on housing loans ⁽ⁱⁱ⁾	3.07%	3.00%	2.35%	0.72 p.p.		0.07 p.p.
Consumer loans	818.5	791.5	722.1	96.5	13%	3%
Interest rate on consumer loans ⁽ⁱⁱ⁾	8.14%	8.11%	7.11%	1.03 p.p.		0.03 p.p.
NLB Lease&Go, Ljubljana	98.2	89.3	69.0	29.2	42%	10%
Other	360.6	355.8	419.2	-58.6	-14%	1%
Deposits from customers	9,357.8	9,226.0	9,085.8	272.0	3%	1%
Interest rate on deposits ⁽ⁱⁱ⁾	0.32%	0.29%	0.05%	0.27 p.p.		0.03 p.p.
Non-performing loans (gross)	77.3	74.0	67.7	9.6	14%	4%

	2023	2022	Change YoY
Cost of risk (in bps)	56	58	-3
CIR	41.9%	68.1%	-26.2 p.p.
Net interest margin ⁽ⁱⁱⁱ⁾	4.17%	1.70%	2.48 p.p.

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

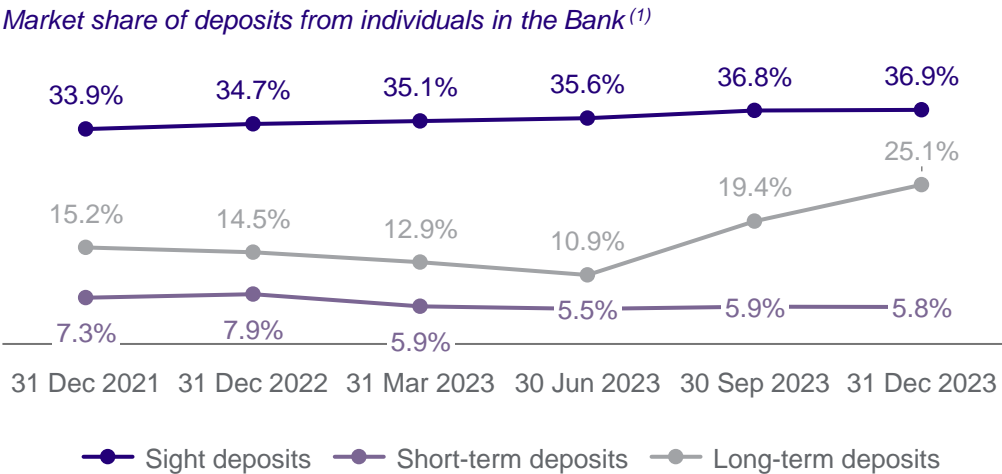
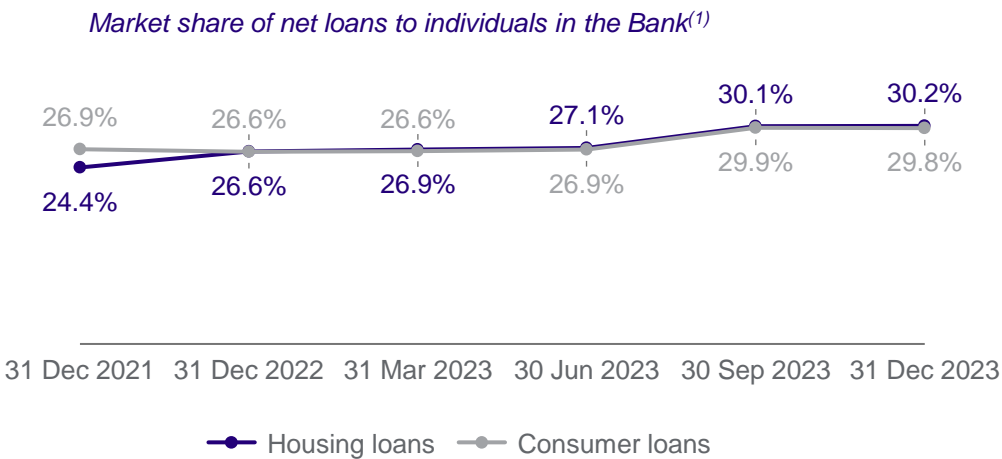
⁽ⁱⁱ⁾ After the merger of NLB and N Banka, the loans from N Banka were distributed between housing and consumer loans.

⁽ⁱⁱⁱ⁾ 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.

- Strong and stable market position in lending, deposits, and asset management
- Significantly increased net interest income, primarily due to higher volumes and margins on client deposits.
- Stable production of new housing loans and higher production of new consumer loans, especially in H2.
- Attractive interest rates for term deposits led to over EUR 350 million increase of term deposits, particularly in the last four months of 2023.
- The operational merger of N Banka was successfully completed at the beginning of September.

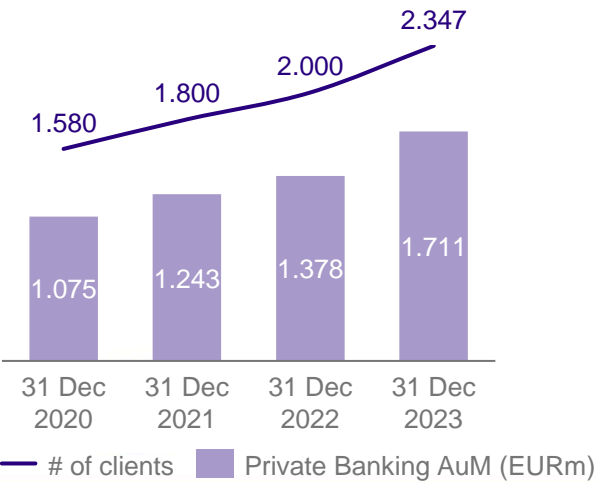
Retail banking in Slovenia

High and stable market shares across products

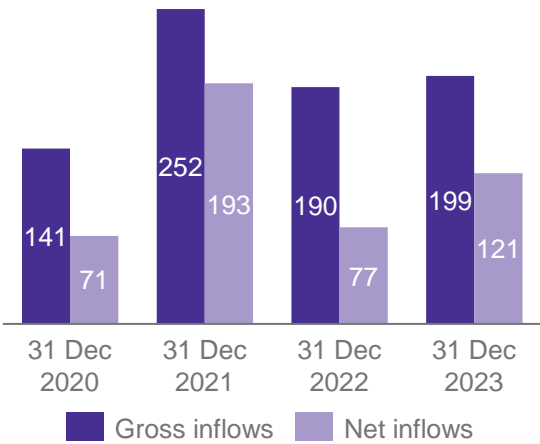


Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- Full implementation of new omnichannel digital solution NLB Klik.
- As the first Slovenian bank to introduce Smart POS solution on mobile phones to merchants.
- With record volumes of new consumer loans, market shares of Retail lending are experiencing increasing trends.
- #1 player in Private Banking⁽²⁾
 - Leading position being strengthened with nearly EUR 1.7 billion of assets under management.
- # 1 player in Slovenian asset management ⁽³⁾
 - AuM of EUR 2,360.3 million as of 31 December 2023, including investments in mutual funds and discretionary portfolios
 - Market share of NLB Skladi at mutual funds in Slovenia is 39.6% as of 31 December 2023, the company is ranked first among its peers in Slovenia, accounting for 50.5% of all net inflows in the market.

Source: Bank of Slovenia (retail loans and deposits), Company information, Slovenian Fund Management Association
 Note: (1) Combined market share for NLB and N Banka due to merger on 1 September 2023; (2) Company information; (3) By AuM (Slovenian Fund Management Association).

Corporate and Investment banking in Slovenia

in EUR millions consolidated								
	1-12 2023	1-12 2022	Change YoY		Q4 2023	Q3 2023	Q4 2022	Change QoQ
Net interest income	106.5	52.9	53.5	101%	32.1	29.2	16.0	10%
Net interest income from Assets ⁽ⁱ⁾	62.2	53.7	8.5	16%	17.4	16.3	13.3	7%
Net interest income from Liabilities ⁽ⁱ⁾	44.3	-0.8	45.1	-	14.6	12.9	2.7	13%
Net non-interest income	42.7	52.3	-9.5	-18%	9.8	11.3	11.5	-13%
o/w Net fee and commission income	40.2	43.6	-3.3	-8%	9.6	11.0	9.5	-12%
Total net operating income	149.2	105.2	44.0	42%	41.9	40.5	27.5	3%
Total costs	-70.2	-65.1	-5.1	-8%	-18.6	-17.3	-20.3	-6%
Result before impairments and provisions	79.0	40.1	38.9	97%	23.3	23.2	7.1	0%
Impairments and provisions	7.9	12.2	-4.2	-34%	-0.7	1.7	-6.8	-
Result before tax	86.9	52.3	34.6	66%	22.6	25.0	0.4	-9%

	31 Dec 2023	30 Sep 2023	31 Dec 2022	Change YoY	Change QoQ
Net loans to customers	3,360.2	3,472.1	3,370.1	-9.9	0%
Gross loans to customers	3,413.2	3,524.4	3,424.6	-11.3	0%
Corporate	3,306.7	3,426.3	3,311.5	-4.8	0%
Key/SME/Cross Border Corporates	3,049.5	3,177.0	3,129.9	-80.4	-3%
Interest rate on Key/SME/Cross Border Corporates loans ⁽ⁱⁱ⁾	4.54%	4.31%	1.95%	2.59 p.p.	0.23 p.p.
Investment banking	0.1	0.1	0.1	0.0	8%
Restructuring and Workout	97.7	97.2	60.8	36.9	61%
NLB Lease&Go, Ljubljana	159.4	152.0	120.7	38.7	32%
State	105.6	97.4	112.9	-7.3	-6%
Interest rate on State loans ⁽ⁱⁱ⁾	5.95%	5.87%	2.59%	3.36 p.p.	0.08 p.p.
Deposits from customers	2,471.8	2,405.6	2,731.0	-259.1	-9%
Interest rate on deposits ⁽ⁱⁱ⁾	0.28%	0.24%	0.07%	0.21 p.p.	0.04 p.p.
Non-performing loans (gross)	61.8	61.1	67.6	-5.8	-9%

	2023	2022	Change YoY
Cost of risk (in bps)	-36	-42	6
CIR	47.1%	61.9%	-14.8 p.p.
Net interest margin ⁽ⁱⁱⁱ⁾	3.55%	1.80%	1.74 p.p.

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

⁽ⁱⁱ⁾ 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.

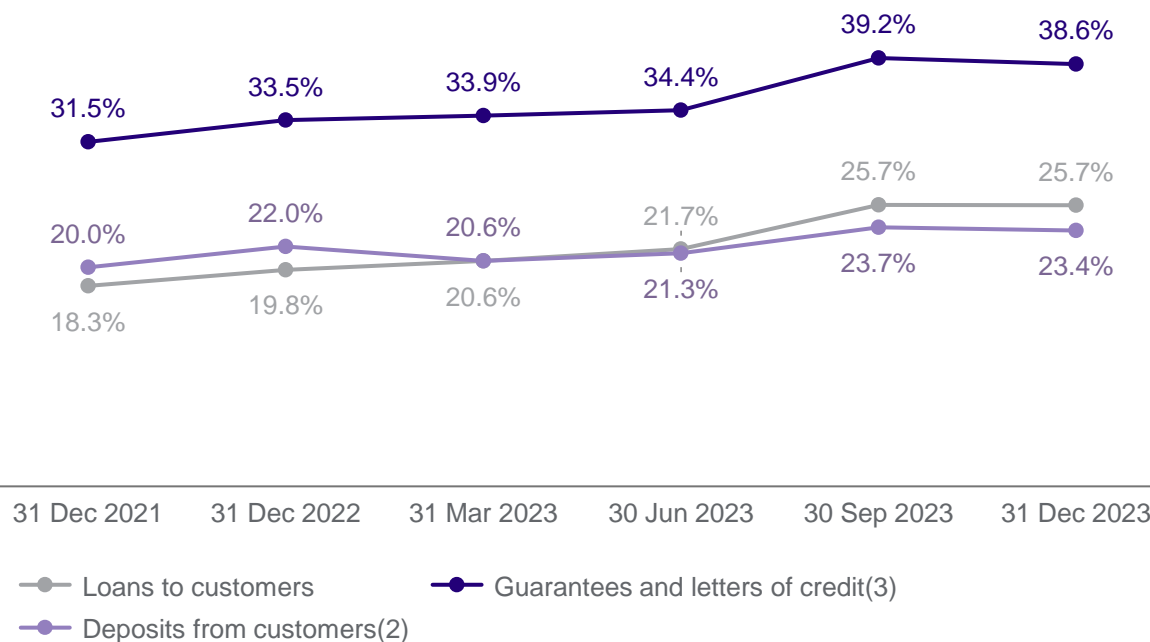
⁽ⁱⁱⁱ⁾ Net interest margin and interest rates before the merger of NLB and N Banka only for NLB. Segment's net interest margin is calculated as the ratio between annualised net interest income⁽ⁱ⁾ and sum of average interest-bearing assets and liabilities divided by 2.

- 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.
- The volume of deposits decreased by 9% YoY, due to the high price elasticity of certain large corporate clients and slight decline in market share. Nevertheless the Bank kept a solid deposit base, with most clients having house-bank relationships.
- The Bank maintains its leading position in the region, with a 38.6% market share in trade finance.
- 32% annual growth in NLB Lease&Go portfolio.
- 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 ⁽¹⁾



- The Bank cooperates with almost 11,000 corporate clients and holds over 25% market share in loans, over 23% in deposits and over 38% in trade finance
- Loan growth continues in all key corporate segments: KEY, SME, CB.
- Trade finance business, especially guarantees, continues to grow.
- The Bank is increasing its share of financing the green transformation of Slovenian companies and beyond.
- Strong cross-border financing activity, focusing also on green sustainable finance.
- Executed brokerage orders in amount to EUR 942.6 million, executed foreign exchange spot deals in amount to EUR 1,094.80 million and transactions involving derivatives amounted to EUR 173.4 million.
- Engaged in loan syndication business (as a sole mandated lead arranger) in the amount of EUR 304 million and organizing the bond issuance in nominal amount to EUR 523 million.
- Among the top Slovenian players in custodian services for Slovenian and international clients with value of assets under custody amounted to EUR 18.6 billion.
- Further developing intermediary leasing business for the NLB Lease&Go, Ljubljana.

Financial Markets in Slovenia

in EUR millions consolidated								
	1-12 2023	1-12 2022	Change YoY		Q4 2023	Q3 2023	Q4 2022	Change QoQ
Net interest income	37.8	47.3	-9.6	-20%	3.6	6.4	16.5	-44%
Net interest income w/o ALM ⁽ⁱ⁾	23.1	16.2	6.9	43%	5.6	6.2	4.4	-9%
o/w ALM	14.6	31.1	-16.5	-53%	-2.0	0.2	12.1	-
Net non-interest income	2.7	-0.7	3.4	-	3.9	-1.2	1.3	-
Total net operating income	40.4	46.6	-6.2	-13%	7.5	5.2	17.7	43%
Total costs	-9.9	-9.4	-0.5	-5%	-2.8	-2.4	-2.6	-17%
Result before impairments and provisions	30.5	37.2	-6.6	-18%	4.7	2.8	15.2	64%
Impairments and provisions	4.8	-3.4	8.1	-	0.0	0.6	-3.0	-
Result before tax	35.3	33.8	1.5	4%	4.6	3.4	12.2	35%

	31 Dec 2023	30 Sep 2023	31 Dec 2022	Change YoY		Change QoQ
Balances with Central banks	4,153.2	3,976.7	3,373.7	779.5	23%	4%
Banking book securities	2,981.1	2,994.8	2,993.3	-12.3	0%	0%
Interest rate ⁽ⁱⁱ⁾	1.17%	1.07%	0.74%	0.43 p.p.		0.10 p.p.
Borrowings	82.8	73.3	160.5	-77.7	-48%	13%
Interest rate ⁽ⁱⁱ⁾	1.66%	2.05%	-0.72%	2.38 p.p.		-0.39 p.p.
Subordinated liabilities (Tier 2)	509.4	529.0	508.8	0.6	0%	-4%
Interest rate ⁽ⁱⁱ⁾	6.89%	6.87%	4.16%	2.73 p.p.		0.02 p.p.
Other debt securities in issue	828.8	810.0	307.2	521.6	170%	2%
Interest rate ⁽ⁱⁱ⁾	6.56%	6.46%	6.00%	0.56 p.p.		0.10 p.p.

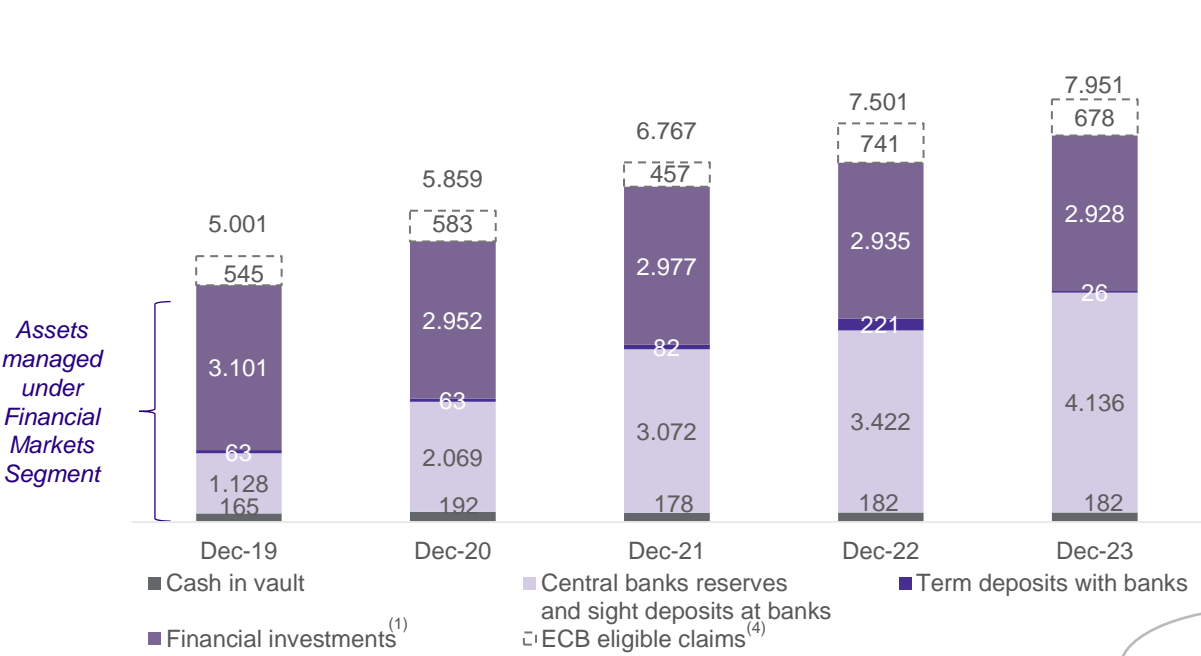
⁽ⁱ⁾ Net interest income from assets and liabilities with the use of FTP.

⁽ⁱⁱ⁾ Interest rates only for NLB.

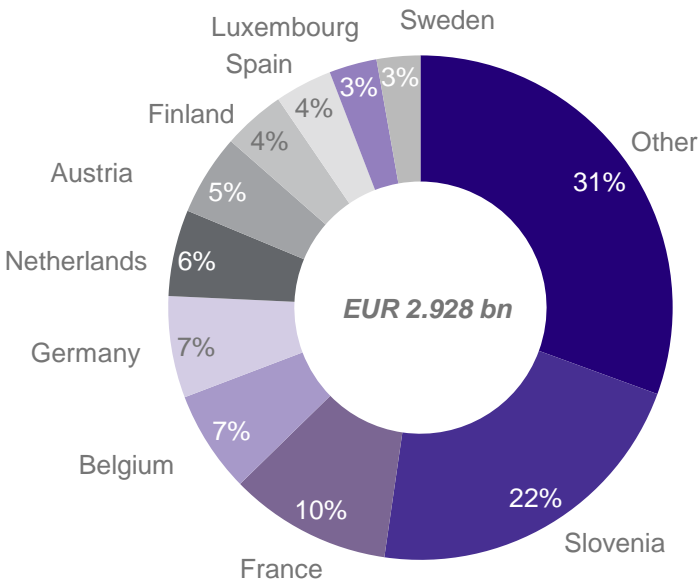
- A further diversification of liquidity reserves, reinvestment of matured securities and increased balances with the central bank.
- Transfer of ALM results to Retail Banking and Corporate and Investment Banking segments while interest income from banking book improved
- The excess liquidity deriving from issued debt securities was placed at central bank.
- The negative valuation of the FVOCI portfolio at year-end amounted to EUR 48 million (net of hedge accounting effects and related deferred taxes), and unrealised losses from securities measured at AC amounted to EUR 77 million.

Financial markets in Slovenia

Liquid assets evolution (EURm)

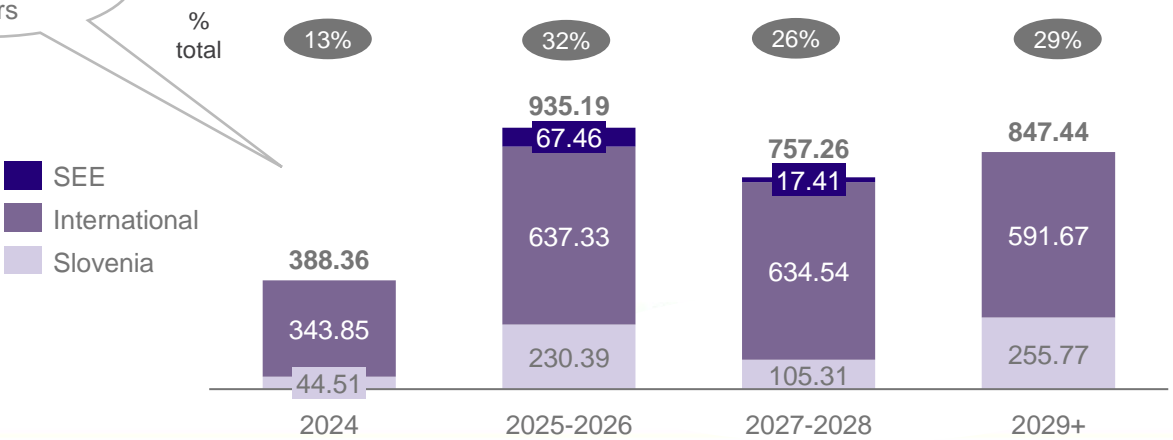


Well diversified banking book by geography (31 December 2023)



Average duration 3.67 years

Maturity profile of banking book securities⁽³⁾ (31 December 2023, EURm)



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 31 Dec 2023): LCR 300% (NLB d.d.) and 246% (NLB Group); NSFR 177% (NLB d.d.) and 187% (NLB Group).

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

	1-12 2023	1-12 2022	Change YoY		Q4 2023	Q3 2023	Q4 2022	Change QoQ
Net interest income	423.2	298.0	125.2	42%	115.7	111.2	84.8	4%
Interest income	472.5	322.8	149.7	46%	132.4	124.5	91.4	6%
Interest expense	-49.3	-24.8	-24.5	-99%	-16.7	-13.3	-6.5	-23%
Net non-interest income	118.4	129.5	-11.1	-9%	20.5	33.3	37.8	-39%
o/w Net fee and commission income	124.1	118.7	5.4	5%	32.9	32.4	32.2	2%
Total net operating income	541.6	427.6	114.0	27%	136.2	144.5	122.6	-6%
Total costs	-251.2	-228.1	-23.1	-10%	-71.8	-61.5	-62.8	-17%
Result before impairments and provisions	290.4	199.4	91.0	46%	64.4	82.9	59.8	-22%
Impairments and provisions	1.1	-12.3	13.4	-	-14.4	-1.5	-15.0	-
Result before tax	291.5	187.1	104.4	56%	50.1	81.5	44.9	-39%
o/w Result of minority shareholders	12.6	11.0	1.7	15%	3.0	2.8	2.4	7%

	31 Dec 2023	30 Sep 2023	31 Dec 2022	Change YoY		Change QoQ
Net loans to customers	6,648.1	6,524.3	6,077.5	570.6	9%	2%
Gross loans to customers	6,839.8	6,712.2	6,271.4	568.5	9%	2%
Individuals	3,525.6	3,461.2	3,221.0	304.6	9%	2%
Interest rate on retail loans	6.63%	6.53%	5.66%	0.97 p.p.		0.10 p.p.
Corporate	3,042.9	3,005.4	2,869.0	173.9	6%	1%
Interest rate on corporate loans	5.37%	5.20%	3.84%	1.53 p.p.		0.17 p.p.
State	271.4	245.6	181.4	90.0	50%	10%
Interest rate on state loans	7.13%	6.90%	3.65%	3.48 p.p.		0.23 p.p.
Deposits from customers	8,878.3	8,614.9	8,171.2	707.1	9%	3%
Interest rate on deposits	0.38%	0.33%	0.17%	0.21 p.p.		0.05 p.p.
Non-performing loans (gross)	134.0	148.9	160.6	-26.7	-17%	-10%

	2023	2022	Change YoY
Cost of risk (in bps)	-13	7	-20
CIR	46.4%	53.4%	-7.0 p.p.
Net interest margin	4.19%	3.14%	1.05 p.p.

- Double-digit jump in net interest income and increased net interest margin in all banking members.
- The Group banks marked remarkable double-digit growth of gross loans to customers, above the local market average, especially in the retail segment.
- Increasing the deposit base shows the overall confidence in the banking members.
- Leasing operations continued with solid growth, especially in Serbia, by achieving a market share in new production of 11.5%.
- For their efforts in digital solutions and green financing, several Group banks received notable awards for their contribution to the local countries of operation.

Non-Core Members

in EUR millions consolidated								
	1-12 2023	1-12 2022	Change YoY		Q4 2023	Q3 2023	Q4 2022	Change QoQ
Net interest income	1.5	0.3	1.3	-	0.9	0.2	0.1	-
Net non-interest income	-1.7	4.4	-6.1	-	1.2	-0.9	2.0	-
Total net operating income	-0.1	4.7	-4.8	-	2.0	-0.7	2.1	-
Total costs	-13.7	-12.6	-1.1	-9%	-3.8	-3.5	-3.9	-1%
Result before impairments and provisions	-13.9	-7.9	-6.0	-75%	-1.8	-4.3	-1.8	59%
Impairments and provisions	3.7	-0.8	4.6	-	1.8	0.3	-1.7	-
Result before tax	-10.1	-8.7	-1.4	-16%	0.1	-4.0	-3.5	-
	31 Dec 2023	30 Sep 2023	31 Dec 2022	Change YoY		Change QoQ		
Segment assets	47.1	44.3	61.5	-14.5	-24%	6%		
Net loans to customers	10.9	10.3	13.8	-2.9	-21%	6%		
Gross loans to customers	28.6	30.0	35.4	-6.9	-19%	-5%		
Investment property and property & equipment received for repayment of loans	20.1	19.5	39.6	-19.5	-49%	3%		
Other assets	16.0	14.5	8.1	7.9	97%	10%		
Non-performing loans (gross)	27.4	28.5	32.3	-4.8	-15%	-4%		

- Non-core companies continued to monetize assets in line with the divestment plans.
- The total sales value of real-estate transactions executed or supported by the real-estate team in 2023 amounted to EUR 48.2 million.

Appendix 3:

Financial Statements



Non-recurring items

Several non-recurring items influenced 2023 results

(EURm)	NLB d.d.	NLB Group
Results a.t.	514,3	550,7
Dividends from subsidiaries	145.3	
Equity revaluations	97.1	
DTA	61.9	61.9
DTL – WHT on dividends		- 9.6
Modification loss in Serbia		- 15.3
Donations	- 9.0	- 9.0
Normalized results a.t.	219.0	522.7

In 2023 NLB released total of EUR 97 million, impairments in subsidiaries due to increase in their recoverable amounts. The recoverable amounts have been calculated based on value in use, determining by discounting the future cash flows expected to be generated from holding the investments.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant sectors and have been based on historical data from both internal and external sources.

NLB Group Income Statement

(EURm)	1-12 2023	1-12 2022	YoY	Q4 2023	Q3 2023	Q4 2022	QoQ
Interest and similar income	993.4	569.8	74%	285.4	267.7	170.4	7%
Interest and similar expense	-160.1	-64.9	-147%	-53.5	-46.2	-18.5	-16%
Net interest income	833.3	504.9	65%	231.9	221.5	151.8	5%
Fee and commission income	398.7	381.6	4%	103.5	105.1	97.6	-2%
Fee and commission expense	-120.8	-108.2	-12%	-31.1	-34.2	-28.5	9%
Net fee and commission income	278.0	273.4	2%	72.4	70.9	69.2	2%
Dividend income	0.2	0.2	-30%	0.0	0.1	0.0	-68%
Net income from financial transactions	17.3	36.6	-53%	-2.3	4.7	12.6	-
Other operating income	-35.4	-16.6	-114%	-9.5	-8.0	1.2	-18%
Total net operating income	1,093.3	798.5	37%	292.5	289.2	234.9	1%
Employee costs	-282.2	-257.7	-10%	-74.7	-70.0	-71.2	-7%
Other general and administrative expenses	-170.5	-155.2	-10%	-51.8	-38.8	-44.2	-33%
Depreciation and amortisation	-49.2	-47.4	-4%	-13.7	-12.0	-12.2	-14%
Total costs	-501.9	-460.3	-9%	-140.2	-120.9	-127.7	-16%
Result before impairments and provisions	591.4	338.3	75%	152.3	168.2	107.2	-9%
Impairments and provisions for credit risk	11.8	-17.5	-	-15.0	-3.1	-25.0	-
Other impairments and provisions	-25.9	-11.4	-128%	-13.0	-0.7	-6.3	-
Share of profit from investments in associates and joint ventures	1.1	0.8	37%	-0.2	0.7	-0.4	-
Negative goodwill	-	172.9	-	0.0	0.0	0.1	-
Result before tax	578.4	483.1	20%	124.0	165.1	75.7	-25%
Income tax	-15.1	-25.2	40%	42.8	-18.0	-4.2	-
Result of non-controlling interests	12.6	11.0	15%	3.0	2.8	2.4	7%
Result after tax attributable to owners of the parent	550.7	446.9	23%	163.8	144.2	69.1	14%

NLB Group Statement of Financial Position

(EURm)	31 Dec 2023	31 Dec 2022	YtD
ASSETS			
Cash, cash balances at central banks and other demand deposits at banks	6,103.6	5,271.4	16%
Loans and advances to banks	547.6	223.0	146%
o/w gross loans	547.9	223.2	145%
o/w impairments	-0.3	-0.3	-11%
Loans and advances to customers	13,734.6	13,073.0	5%
o/w gross loans	14,063.6	13,397.3	5%
- Corporates	6,437.8	6,345.7	1%
- Individuals	7,235.3	6,743.4	7%
- State	390.4	308.2	27%
o/w impairments and valuation	-329.0	-324.4	-1%
Financial instruments	4,803.7	4,877.4	-2%
o/w Trading Book	15.8	21.6	-27%
o/w Non-trading Book	4,787.9	4,855.8	-1%
Investments in associates and JV	12.5	11.7	7%
Property and equipment	278.0	251.3	11%
Investment property	31.1	35.6	-13%
Intangible assets	62.1	58.2	7%
Other assets	368.7	358.6	3%
Total Assets	25,942.0	24,160.2	7%

(EURm)	31 Dec 2023	31 Dec 2022	YtD
LIABILITIES & EQUITY			
Deposits from customers	20,732.7	20,027.7	4%
- Corporates	5,859.2	5,565.6	5%
- Individuals	14,460.3	13,948.7	4%
- State	413.2	513.4	-20%
Deposits from banks	95.3	106.4	-10%
Borrowings	240.1	281.1	-15%
Subordinated debt securities	509.4	508.8	0%
Other debt securities in issue	828.8	307.2	170%
Other liabilities	587.6	506.7	16%
Total Liabilities	22,994.0	21,737.9	6%
Shareholders' funds	2,882.9	2,365.6	22%
Non Controlling Interests	65.1	56.7	15%
Total Equity	2,948.0	2,422.3	22%
Total Liabilities & Equity	25,942.0	24,160.2	7%

NLB d.d. Income Statement

(EURm)	1-12 2023	1-12 2022	YoY	Q4 2023	Q3 2023	Q4 2022	QoQ
Interest and similar income	498.3	222.0	125%	156.0	136.2	71.0	15%
Interest and similar expense	-125.8	-44.9	-180%	-42.5	-36.7	-13.9	-16%
Net interest income	372.6	177.0	110%	113.5	99.4	57.2	14%
Fee and commission income	171.0	166.4	3%	46.3	43.3	40.5	7%
Fee and commission expense	-42.4	-37.3	-14%	-11.7	-11.8	-9.1	1%
Net fee and commission income	128.5	129.1	0%	34.6	31.6	31.3	10%
Dividend income	145.3	56.0	159%	15.1	0.0	21.6	-
Net income from financial transactions	7.4	9.1	-18%	6.5	-4.6	3.3	-
Other operating income	-15.3	-5.1	-199%	-4.3	-3.1	2.1	-36%
Total net operating income	638.5	366.2	74%	165.3	123.2	115.6	34%
Employee costs	-133.8	-117.3	-14%	-37.8	-33.0	-32.9	-15%
Other general and administrative expenses	-84.6	-73.6	-15%	-26.4	-19.7	-22.9	-34%
Depreciation and amortisation	-19.5	-17.0	-14%	-6.3	-4.7	-4.2	-34%
Total costs	-237.9	-207.9	-14%	-70.6	-57.5	-60.0	-23%
Result before impairments and provisions	400.6	158.3	153%	94.8	65.8	55.5	44%
Impairments and provisions for credit risk	-4.6	-14.7	69%	-7.0	-4.1	-8.0	-72%
Impairments of investments in subsidiaries, associates and JV	97.1	22.8	-	93.0	4.1	22.8	-
Other impairments and provisions	-14.4	-2.3	-	-8.4	-0.2	-2.2	-
Result before tax	478.7	164.1	192%	172.3	65.6	68.1	163%
Income tax	35.5	-4.5	-	59.1	-6.0	-2.7	-
Result after tax	514.3	159.6	-	231.4	59.5	65.4	-

NLB d.d. Statement of Financial Position

(EURm)	31 Dec 2023	31 Dec 2022	YtD
ASSETS			
Cash, cash balances at central banks and other demand deposits at banks	4,318.0	3,339.0	29%
Loans and advances to banks	149.0	350.6	-58%
o/w gross loans	149.3	350.8	-57%
o/w impairments	-0.3	-0.2	-16%
Loans and advances to customers	7,156.1	6,062.3	18%
o/w gross loans	7,276.7	6,157.4	18%
- Corporates	3,548.8	2,947.1	20%
- Individuals	3,608.8	3,084.3	17%
- State	119.1	126.0	-5%
o/w impairments and valuation	-120.6	-95.1	-27%
Financial instruments	3,016.0	2,960.7	2%
o/w Trading Book	18.0	21.7	-17%
o/w Non-trading Book	2,998.0	2,939.0	2%
Investments in subsidiaries, associates and joint ventures	980.6	908.6	8%
Property and equipment	86.0	78.6	9%
Investment property	7.6	6.8	13%
Intangible assets	37.4	30.4	23%
Other assets	264.1	202.3	31%
Total Assets	16,014.8	13,939.3	15%

(EURm)	31 Dec 2023	31 Dec 2022	YtD
LIABILITIES & EQUITY			
Deposits from customers	11,881.6	10,984.4	8%
- Corporates	3,237.5	2,874.9	13%
- Individuals	8,543.8	7,916.2	8%
- State	100.2	193.3	-48%
Deposits from banks	147.0	212.7	-31%
Borrowings	82.8	57.5	44%
Subordinated debt securities	509.4	508.8	0%
Other debt securities in issue	828.8	307.2	170%
Other liabilities	315.7	265.9	19%
Total Liabilities	13,765.3	12,336.5	12%
Total Equity	2,249.5	1,602.9	40%
Total Liabilities & Equity	16,014.8	13,939.3	15%