



Building on advantages of our homecourt

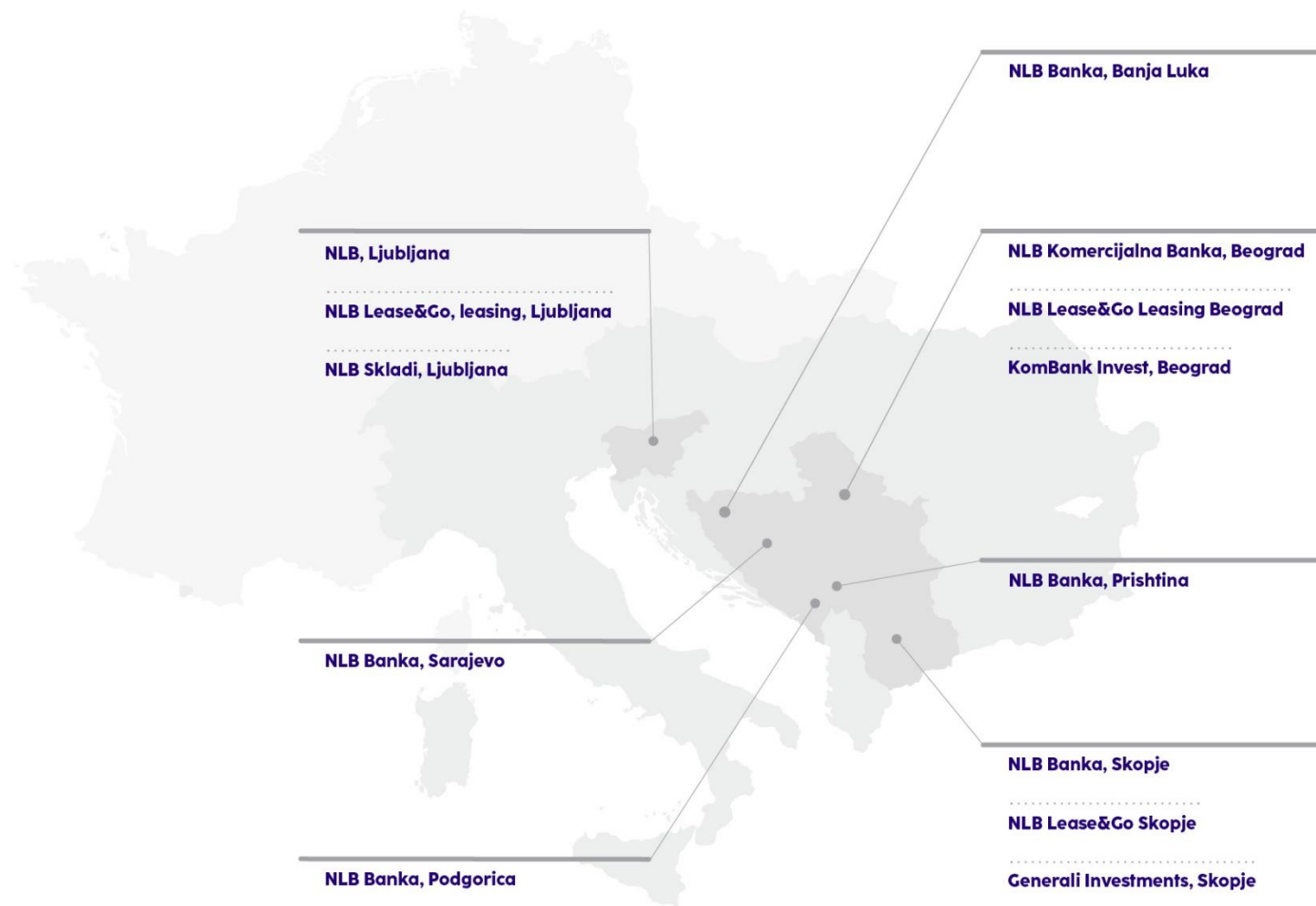
NLB Group Interim Report for the First Half of 2024

NLB

Contents

| | |
|--|------------|
| Key Members Overview | 4 |
| NLB Group at a Glance | 6 |
| Key Highlights | 6 |
| Key Figures | 8 |
| Key Financial Indicators | 9 |
| Key Events | 10 |
| Macroeconomic Environment | 11 |
| | |
| BUSINESS REPORT | 14 |
| Strategy | 15 |
| Leasing and Asset Management Operations Expansion in SEE | 17 |
| Overview of Financial Performance | 19 |
| Income Statement | 20 |
| Statement of Financial Position | 28 |
| Liquidity, Capital and MREL | 34 |
| Liquidity Position | 34 |
| Capital | 35 |
| Wholesale Funding Strategy and MREL | 38 |
| NLB Shareholders Structure | 41 |
| Segment Analysis | 42 |
| Retail Banking in Slovenia | 43 |
| Corporate and Investment Banking in Slovenia | 46 |
| Financial Markets in Slovenia | 49 |
| Strategic Foreign Markets | 51 |
| Non-Core Members | 54 |
| Risk Factors and Outlook | 55 |
| Risk Factors | 55 |
| Outlook | 58 |
| Risk Management | 60 |
| Sustainability | 67 |
| Related-Party Transactions | 69 |
| Corporate Governance | 70 |
| Management Board | 70 |
| Supervisory Board | 70 |
| General Meeting | 70 |
| Events After 30 June 2024 | 72 |
| Alternative Performance Indicators | 73 |
| Reconciliation of Financial Statements in Business and Financial Part of the Report | 91 |
| | |
| UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF NLB GROUP AND NLB | 93 |
| | |
| Glossary of Terms and Definitions | 135 |

We are building our success on the home court advantage.



Key Members Overview

NLB Group and banks

| | Slovenia | Serbia | N. Macedonia | BiH | | Kosovo | Montenegro | |
|--|----------------|---------------------------------|-------------------|-----------------------|-----------------------|----------------------|----------------------|------------------------|
| NLB Group | NLB, Ljubljana | NLB Komercijalna Banka, Beograd | NLB Banka, Skopje | NLB Banka, Banja Luka | NLB Banka, Sarajevo | NLB Banka, Prishtina | NLB Banka, Podgorica | |
| Result after tax (million EUR) | 292.0 | 192.9 | 82.2 | 37.4 | 16.7 | 8.0 | 20.1 | 14.3 |
| Total assets (million EUR) | 26,613.7 | 16,658.5 | 5,222.2 | 1,888.6 | 1,107.3 | 926.0 | 1,233.1 | 932.2 |
| RoE a.t. | 19.4% | 16.6% | 18.8% | 26.1% | 29.5% | 16.1% | 27.6% | 23.6% |
| Net interest margin | 3.68% | 2.95% | 4.83% | 4.12% | 3.70% | 3.21% | 4.28% | 5.18% |
| CIR (cost/income ratio) ⁽ⁱ⁾ | 42.8% | 35.5% | 40.3% | 36.6% | 38.4% | 53.2% | 29.4% | 42.9% |
| LTD | 69.6% | 62.9% | 72.2% | 84.4% | 66.8% | 81.7% | 94.3% | 84.5% |
| NPL ratio | 1.5% | 1.3% | 0.7% | 2.9% | 0.9% | 2.0% | 1.9% | 2.5% |
| Branches (#) | 410 | 69 | 163 | 48 | 41 | 34 | 34 | 21 |
| Active clients (#) | 2,918,033 | 722,388 | 1,048,440 | 467,254 | 214,370 | 132,559 | 238,540 | 94,482 |
| Market share by total assets ⁽ⁱⁱ⁾ | - | 31.1% | 9.9% | 15.8% ^(iv) | 20.2% ^(iv) | 6.1% ^(iv) | 16.6% | 13.9% ⁽ⁱⁱⁱ⁾ |

(i) Tax on balance sheet excluded from NLB Group and NLB calculation.

(ii) Market share in the Republic of Srpska for NLB Banka, Banja Luka; market share in the Federation of Bosnia and Herzegovina for NLB Banka, Sarajevo.

(iii) Data on market share as of 31 May 2024.

(iv) Data on market share as of 31 March 2024.

Leasing companies

| | Slovenia | Serbia | N. Macedonia |
|-----------------------------------|-------------------------------------|------------------------------------|------------------------|
| | NLB Lease&Go, leasing, Ljubljana | NLB Lease&Go Leasing Beograd | NLB Lease&Go Skopje |
| Result after tax (million EUR) | 1.6 | 0.0 | -0.3 |
| Total assets (million EUR) | 323.7 | 105.1 | 16.5 |
| Market share by total assets | 10.0% ⁽ⁱ⁾ | 5.1% ⁽ⁱⁱ⁾ | n.a. |

(i) Market share of leasing portfolio as of 31 March 2024.

(ii) Data on market share as of 31 December 2023.

Asset Management companies

| | Slovenia | Serbia | N. Macedonia |
|---|--------------------------|----------------------------|------------------------------------|
| | NLB Skladi, Ljubljana | KomBank Invest, Beograd | Generali Investments, Skopje |
| Result after tax (million EUR) | 5.8 | -0.1 | 0.0 |
| Assets under management (million EUR) | 2,742.5 | 10.9 | 53.0 |
| Market share of assets under management in mutual funds | 40.2% | 2.7% | 17.5% |

NLB Group at a Glance

Key Highlights

Financial Performance

Interest income and fee-income-generating products support the pre-provision result.

- In the first half of 2024, the Group generated EUR 292.0 million in **profit after tax**, a 20% YoY increase.
- **Net interest income** rose by 21% YoY but decreased by 2% QoQ. The YoY rise in interest income was driven by a robust combination of volume growth and margin. **Net interest margin** rose by 0.38 p.p. YoY to 3.68%.
- NII sensitivity YtD improved by EUR 22.0 million or 86 bps, mainly as a result of the increased share of fixed interest rate loans, interest rate hedges, and changed liquidity reserve structure.
- The YtD increase in the Group's **gross loans to customers** by EUR 663.1 million was distributed between individuals (EUR 397.2 million or 5% YtD) and corporate (EUR 265.8 million or 4% YtD) clients. However, YoY dynamics show a EUR 979.4 million or 7% rise in gross loans to customers, with a higher share of growth deriving from loans to individuals (EUR 686.7 million or 10%).
- The decrease in the deposit base of EUR 39.0 million YtD was marked by a reduction in the balance of corporate deposits (EUR 502.4 million). After the substantial decrease in deposits from corporates in Q1, the decline in Q2 was less severe, amounting to EUR 147.5 million. On the other hand, the deposit base from individuals rose in both quarters, with an impressive EUR 345.2 million growth recorded in Q2.
- An 11% YoY increase in the **net fee and commission income** benefitted from the favourable impact of economic activity, increased engagement in investment funds and bancassurance, and renegotiated conditions with the service providers.
- **Total costs** grew by EUR 18.1 million or 8% YoY (without the inclusion of EUR 16.2 million deriving from the tax on the balance sheet), with an increase of EUR 12.1 million due to higher employee costs.
- Net release of **impairments and provisions for credit risk** of EUR 11.7 million was influenced by regular revision of risk parameters, portfolio development and written-off repayments.

Business Overview

The leading player in SEE.

- A robust and **sustainable universal business model** with an increased focus on digitalisation and ESG.
- Striving to be the **regional champion**.
- Higher **availability and use of digital channels** – a comprehensive range of 24/7 digital solutions offered to clients.
- The **strategic launch of leasing** is being finalised with a presence established in **three major markets of the Group** (Slovenia, Serbia, and North Macedonia), supported by an ambitious business plan. The acquisition of the **SLS Group**, including its leasing subsidiaries in Slovenia (Summit Leasing Slovenija – SLS) and Croatia (Mobil Leasing – MBL), is underway. Additionally, in May 2024, a new acquisition in **asset management** in North Macedonia was completed, further strengthening the Group's strategic operations.

Asset Quality

Good asset quality trends with a well-diversified portfolio, prudent credit standards and a decisive workout approach.

- A well-diversified, stable, and robust **credit portfolio quality**. A substantial share of the retail segment and no large concentration in any specific industry or client segment.
- The portfolio quality remains stable, with a dominant share of Stage 1 exposures. Low **NPEs** (EBA def.) of 1.1% with a very comfortable NPL coverage ratio of 66.7%. The Group carefully monitors potentially vulnerable segments to detect any significant increase in credit risk at a very early stage.
- **The cost of risk** was negative (-18 bps) as a result of changes in risk parameters, portfolio development and written-off repayments.

Capital, Liquidity & Funding

Capital and liquidity position ensuring capital return and continued growth opportunities.

- **The capital position** remained solid and exceeded all regulatory requirements (CET1 stood at 15.8%, Tier 1 at 16.3%, and TCR at 19.7%).
- The Bank issued EUR 300 million **subordinated Tier 2 notes** to optimise and strengthen its capital position and EUR 500 million **senior preferred notes** for building MREL capacity.
- **The liquidity position** of the Group remained very strong, with a high level of unencumbered liquid assets in total assets (38.8%).
- The Group's **deposits from private individuals** represent the major and most stable funding source. 81% of retail deposits and 68% of total deposits are insured by deposit guarantee schemes. Despite the turbulent business environment, deposits from private individuals were growing (a 3% YtD and 5% YoY growth), demonstrating strong client confidence in the Group.
- A very comfortable level of **LTD** at 69.6% gives the Group plenty of growth potential.

Strategy

Aiming for sustainable growth through balanced revenue generation and transformation into the region's leading operating platform.

- In May 2024, **the Group introduced its new Group Strategy 2030**, key performance indicators and expected future development.
- The Group aims to **create sustainable growth to support individuals and businesses**. Overall, the new strategy foresees **a doubling of the NLB Group balance sheet** (more than EUR 50 billion assets), **recurring revenues of more than EUR 2 billion**, and **a profit of more than EUR 1 billion by 2030**.
- **The Group's strategy equally balances revenue generation based on best practices and the transformation of NLB into the leading operating platform** in the region through rigorous simplification and digitalisation while maintaining its prudent risk practices.

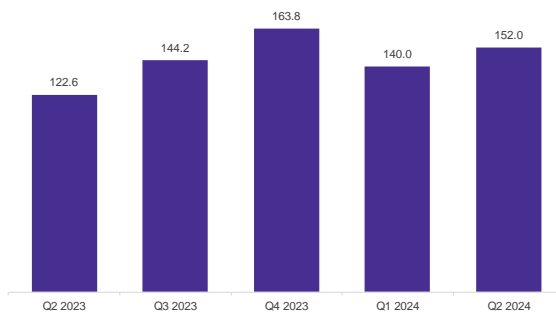
Outlook

The strong performance of the NLB Group in the second quarter justifies revision of the previously communicated outlook for 2024.

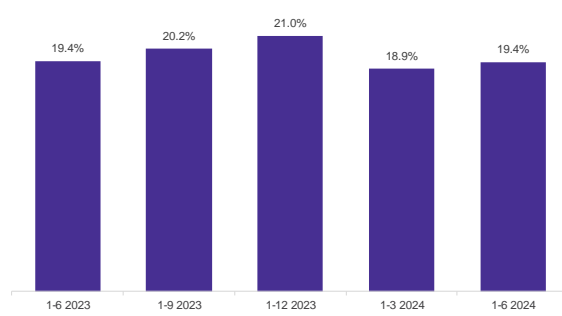
- Strong private consumption as a consequence of the growth of real wages, near or at record-low unemployment, and healthy corporate fundamentals should support healthy loan production both in retail and corporate and state segments going forward. This leads to a new **loan growth** guidance of **high single-digit growth** in 2024.
- In Q2, changes in models/risk parameters importantly impacted the net impairments and provisions in the first half of the year. The cost of risk in the same period was negative, standing at -18 bps. This gives the Bank comfort that with expected asset quality trends in the second half of the year, the **cost of risk should not exceed 20 bps**.
- Improved CoR guidance and increased confidence in the underlying business momentum support revised ROE a.t. expectations. The Bank now expects **ROE a.t. to exceed 15%**.

Key Figures

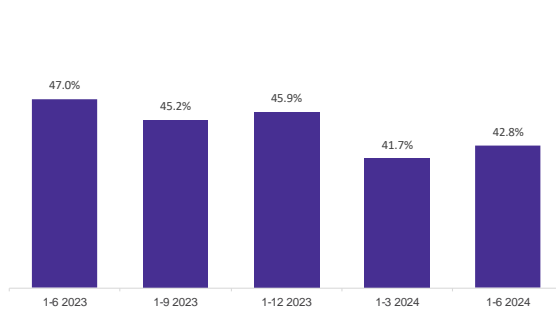
Profit a.t. - quarterly (in EUR millions)



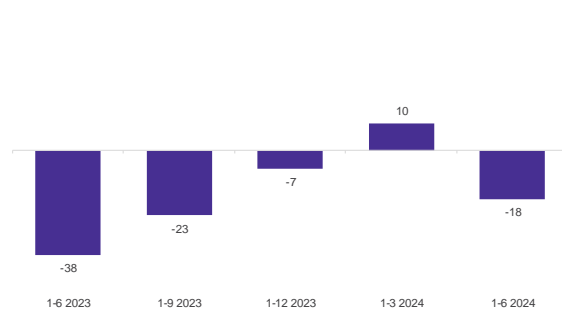
ROE a.t. (in %)



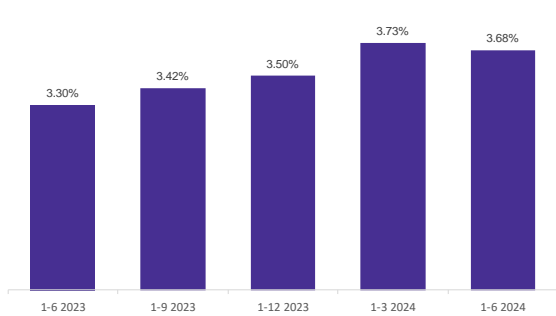
Cost to income ratio - CIR (in %)⁽ⁱ⁾



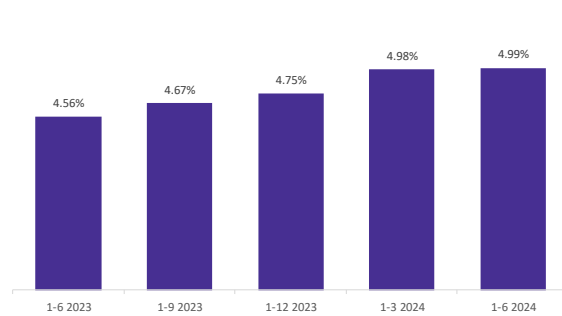
Cost of risk net (in bps)



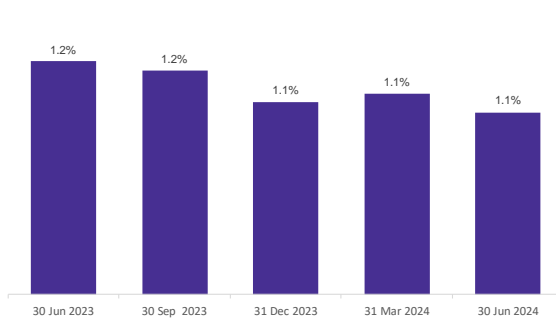
Net interest margin (in %)



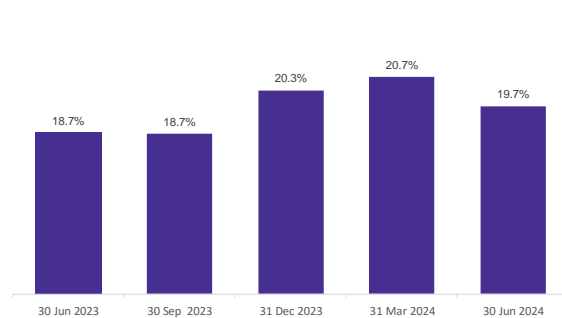
Operational business margin (in %)



NPE ratio - EBA def. (in %)



Total capital ratio (in %)



(i) Tax on balance sheet excluded from the calculation for the year 2024.

Key Financial Indicators

Table 1: Key Financial Indicators of NLB Group

| in EUR millions / % / bps | | | | | | | |
|---|-------------|-------------|-------------|-------------|------------|------------|------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ |
| Key Income Statement Data | | | | | | | |
| Net operating income | 604.0 | 511.7 | 18% | 305.9 | 298.1 | 269.7 | 3% |
| Net interest income | 460.4 | 380.0 | 21% | 228.3 | 232.2 | 201.0 | -2% |
| Net non-interest income | 143.6 | 131.7 | 9% | 77.7 | 65.9 | 68.7 | 18% |
| Total costs | -275.0 | -240.7 | -14% | -142.7 | -132.4 | -123.6 | -8% |
| Result before impairments and provisions | 329.0 | 270.9 | 21% | 163.2 | 165.8 | 146.1 | -2% |
| Impairments and provisions | 10.4 | 17.8 | -41% | 15.1 | -4.7 | 5.4 | - |
| Impairments and provisions for credit risk | 11.7 | 29.9 | -61% | 16.0 | -4.4 | 11.5 | - |
| Other impairments and provisions | -1.3 | -12.1 | 90% | -1.0 | -0.3 | -6.2 | - |
| Result after tax | 292.0 | 242.7 | 20% | 152.0 | 140.0 | 122.6 | 9% |
| Key Financial Indicators | | | | | | | |
| Return on equity after tax (ROE a.t.) | 19.4% | 19.4% | -0.1 p.p. | | | | |
| Return on equity after tax (ROE a.t.) normalized ⁽ⁱ⁾ | 30.1% | 26.0% | 4.1 p.p. | | | | |
| Return on assets after tax (ROA a.t.) | 2.2% | 2.0% | 0.2 p.p. | | | | |
| Net interest margin (on interest bearing assets) | 3.68% | 3.30% | 0.38 p.p. | | | | |
| Net interest margin (on total assets - BoS ratio) | 3.54% | 3.17% | 0.37 p.p. | | | | |
| Operational business margin ⁽ⁱⁱ⁾ | 4.99% | 4.56% | 0.43 p.p. | | | | |
| Cost to income ratio (CIR) ⁽ⁱⁱⁱ⁾ | 42.8% | 47.0% | -4.2 p.p. | | | | |
| Cost of risk net (bps) ^(iv) | -18 | -38 | 20 | | | | |
| Key Financial Position Statement Data | | | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YtD | Change YoY | Change QoQ |
| Total assets | 26,613.7 | 26,025.7 | 25,942.0 | 24,701.5 | 3% | 8% | 2% |
| Gross loans to customers | 14,726.7 | 14,197.1 | 14,063.6 | 13,747.3 | 5% | 7% | 4% |
| Net loans to customers | 14,399.3 | 13,859.9 | 13,734.6 | 13,431.8 | 5% | 7% | 4% |
| Deposits from customers | 20,693.8 | 20,471.5 | 20,732.7 | 19,924.9 | 0% | 4% | 1% |
| Equity (w/without non-controlling interests) | 3,081.3 | 3,035.6 | 2,882.9 | 2,586.1 | 7% | 19% | 2% |
| Other Key Financial Indicators | | | | | | | |
| LTD ^(v) | 69.6% | 67.7% | 66.2% | 67.4% | 3.3 p.p. | 2.2 p.p. | 1.9 p.p. |
| Common Equity Tier 1 Ratio | 15.8% | 16.3% | 16.4% | 14.7% | -0.6 p.p. | 1.1 p.p. | -0.6 p.p. |
| Tier 1 Ratio | 16.3% | 16.9% | 16.9% | 15.3% | -0.6 p.p. | 1.0 p.p. | -0.6 p.p. |
| Total capital ratio | 19.7% | 20.7% | 20.3% | 18.7% | -0.6 p.p. | 1.0 p.p. | -1.0 p.p. |
| Total risk exposure amount (RWA) | 16,017.2 | 15,427.8 | 15,337.2 | 14,838.4 | 4% | 8% | 4% |
| NPL volume ^(vi) | 303.4 | 306.6 | 300.5 | 312.9 | 1% | 1% | -1% |
| NPL coverage ratio 1 ^(vii) | 108.4% | 110.5% | 110.0% | 101.0% | -1.6 p.p. | 7.4 p.p. | -2.1 p.p. |
| NPL coverage ratio 2 ^(viii) | 66.7% | 64.8% | 64.6% | 61.8% | 2.1 p.p. | 4.9 p.p. | 1.9 p.p. |
| NPL ratio (internal def.) ^(ix) | 1.5% | 1.6% | 1.5% | 1.6% | 0.0 p.p. | -0.1 p.p. | 0.0 p.p. |
| Net NPL ratio (internal def.) ^(ix) | 0.5% | 0.6% | 0.5% | 0.6% | 0.0 p.p. | -0.1 p.p. | 0.0 p.p. |
| NPL ratio (EBA def.) ^(x) | 2.1% | 2.2% | 2.1% | 2.3% | 0.0 p.p. | -0.2 p.p. | -0.1 p.p. |
| NPE ratio (EBA def.) ^(xi) | 1.1% | 1.1% | 1.1% | 1.2% | 0.0 p.p. | -0.1 p.p. | 0.0 p.p. |
| Employees | | | | | | | |
| Number of employees | 8,049 | 7,999 | 7,982 | 8,154 | 67 | -105 | 50 |
| International credit ratings NLB | | | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | Outlook | | | | |
| Standard & Poor's | BBB | BBB | Stable | | | | |
| Moody's ^(xiii) | A3 | A3 | Stable | | | | |

(i) 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.

(ii) Operational business net income annualised / average assets.

(iii) Tax on the balance sheet excluded from the calculation for the year 2024.

(iv) CoR = credit impairments and provisions (annualised level) / average net loans to customers. Credit impairments and provisions include impairments on loans from customers and provisions for off balance. Due to the annualisation of credit impairments and provisions, the calculation of CoR is strongly influenced by the release of credit impairment and provisions related to the changes in risk parameters in Q2 2024. Without the annualisation of the effect of changes in risk parameters, the CoR for the period 1-6 2024 would stand at -1 bps.

(v) Loan-to-Deposit Ratio (LTD) = net loans to customers / deposits from customers.

(vi) Non-performing loans include loans to D- and E-rated clients, i.e. loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances).

(vii) Coverage of gross non-performing loans with impairments for all loans.

(viii) Coverage of gross non-performing loans with impairments for non-performing loans.

(ix) Non-Performing Loans (NPL) ratio as per internal definition is calculated as follows: (i) Numerator: total gross non-performing loans; (ii) Denominator: total gross loans.

(x) Net NPL ratio as per internal definition is calculated as follows: (i) Numerator: net non-performing loans; (ii) Denominator: total net loans.

(xi) NPL ratio as per EBA definition is calculated as follows: (i) Numerator: gross volume of non-performing loans and advances in Finrep 18 without loans held for sale, cash balances at central banks and other demand deposits; (ii) Denominator: gross volume of loans and advances in Finrep 18 without loans held for sale, cash balances at central banks and other demand deposits.

(xii) Non-Performing Exposures (NPE) ratio as per EBA definition is calculated as follows: (i) Numerator: total non-performing exposure in Finrep 18; (ii) Denominator: total exposures in Finrep 18.

(xiii) Unsolicited rating.

Key Events

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| January | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| February | | | | | | | | | | | | |
| March | | | | | | | | | | | | |
| April | | | | | | | | | | | | |
| May | | | | | | | | | | | | |
| June | | | | | | | | | | | | |

1 Further information is available in the chapter [Events After 30 June 2024](#).

2 The company was removed from the court register on 1 July 2024.

3 The company was removed from the court register on 1 July 2024.

Macroeconomic Environment

Macroeconomic Summary

The global economies are growing at a pace similar to that in H2 of the previous year. The US economy expanded by 2.9% YoY in Q1 of 2024 (3.1% in Q4 2023). Compared to Q4, the deceleration primarily reflected decelerations in consumer spending, as personal consumption expenditure grew softer than in Q4. In contrast, gross private domestic investment grew notably, with residential and non-residential structures as the main drivers. Within foreign trade, export growth softened slightly on the account of goods but not services, while import growth gained steam.

The FED chairman Powell commented the payroll employment growth as “overstated” as it thrived compared to the GDP growth. It appears the growth derived from foreign-born (not native) workers and part-time job creation as full-time jobs contract in scope. The latter does support the latest unemployment rate’s relatively incremental, albeit slow, growth. At the same time, the uptick in inflation from March has been slow to come down, although the underlying momentum has moderated. Oil prices have declined from April till June but have risen steadily since then. Also, the EU parliamentary elections and US presidential elections campaign seem to have exacerbated the fiscal deficit problems, as debt service costs are an upward trend as the debt that was issued at lower rates gets rolled over. The elections also caused the euro to decline in value compared to the US dollar, while the political uncertainty (in France) and EU trade spat with China (tariffs on EVs) could impair corporate earnings. The Chinese economy grew at a faster YoY rate than in Q4 of 2023, supported mainly by growth in exports, while the government propped the crumbling real-estate market with the central bank facilitating 1 trillion yuan in extra funding while easing mortgage rules and mandating the local governments to buy empty apartments.

Eurozone

Household consumption and net exports were the major growth drivers, as the Q1 2024 GDP grew by 0.4% YoY and 0.3% QoQ, while gross fixed capital and changes in inventories contributed negatively. Employment increased by 1.0% YoY, while labour productivity measured with hours worked increased by 0.2% YoY and decreased by 0.6% YoY when measured per employed person. GDP growth reaccelerated on a QoQ and YoY basis. However, the pace remains sluggish and driven by private consumption, despite households becoming more mindful of their means, which is reflected in the household savings rate rising to 14.6% in Q4 2023, up from 13.9% in Q3 2024, while the household investment rate decreased from 9.8% to 9.7%. NFC’s investment rate also diminished marginally in the respective quarter. The increase in households’ saving rate is explained by gross disposable income increasing by 1.2% QoQ faster than consumption (+0.4%). This is confirmed by the labour cost index accelerating to 5.1% YoY in Q1 2024, up from 3.4% in Q4 2023, while the ECB’s negotiated wages indicator also accelerated to 4.7% YoY, up from 4.5% YoY in the same comparison, despite the central bank being rather confident in predicting the indicator to subside in H2 of 2024. Foreign demand improved during the quarter as exports contracted at a softer YoY pace in Q1 2024 than in Q4 2023, as did imports.

The HICP maintained the same pace of growth from March to April (+2.4% YoY) and accelerated to 2.6% YoY in May and 2.5% YoY in June. Services inflation has reaccelerated and is acting as by far the most prominent driver of the growth of prices, a move due to upward base effects from the euro area’s public transport policy measures last year and the pass-through of wages to services price. The energy that experienced deflationary trends throughout 2024 turned back to growth in May and June, while core inflation reaccelerated for the first time in 2024 from 2.7% YoY in April to 2.9% YoY in May and held that level in June due to solid services inflation, in part driven by the pass-through of (higher) wages. Industrial production maintained its weak momentum, contracting in March and April (1.2% and 3.0% YoY, respectively, as capital goods registered a steeper fall), albeit with a milder pace than in January-February 2024. In what now seems like a structural problem for the euro area, the divergence between industry and services is to be exacerbated by the increases in energy costs, which have, due to the “green deal”, caused the euro area’s comparative competitiveness to deteriorate concerning the US and even more so China. The volume of retail trade escaped the contractionary momentum from the first two months of the year but was still, at best, slow in March and stagnant in April (compared YoY). The ESI was quite consistent during the Q2 of 2024, clocking in at 96.3 in March, from where it swung upward to 96.6 in May to close the quarter with 96.4 in June, with construction, industrial and retail confidence indicators deteriorating during the quarter, while services and consumer confidence indicators improved. The composite PMI stood

at 51.7 in April, grew to 52.2 in May and descended to 50.8 in June, staying above the contractionary line, however (thanks to its services component).

In June, the ECB cut key interest rates by 25 bps (3.75%) in a telegraphed yet surprising move. As they did so in the moment when inflation reaccelerated (and services inflation remained very sticky), the CB revised its inflation forecast for 2024 and 2025 by increasing each by 0.2 p.p., and when the wage growth is rising (according to their and Eurostat's metrics). Their forward-looking proxy for wage growth is projecting the growth to subside in H2 of 2024, however, according to the CB. ECB also tweaked their growth forecasts. GDP was revised upwards by 0.3 p.p. for 2024 and downwards by 0.1 p.p. for 2025. ECB officials communicated that this year and next year's interest rate cuts may be data dependent, looking for data confirmation of baseline scenario realisation and weighing still existing risks regarding the disinflation process. ECB had another reason to hesitate over further interest rate cuts after the FED pared back its own (cutting) cycle. The euro area triple-A government bond yields maintained their upward movement from Q1 also in Q2 of 2024, albeit experiencing a turbulent period during the EU parliamentary elections, which saw yields drop, but also recover after that, closing the quarter nearing the yield posted on its opening day for the 2Y maturity, while surpassing it at later (older) date maturities. The STOXX Europe 600 index saw its lowest point of the quarter on 16 April, while its highest point was reached on 15 May, as it grew by 0.5% inside the quarter.

The euro area household loans seem to have bottomed out, as their growth marginally reaccelerated in May, increasing their stock, which appears to have plateaued during the last year. However, loan growth to the NFCs has been very weak throughout 2024, as it has been rather asymptotical after the contraction in October 2023, and the net demand was broadly stable during that period. Likewise, the stock of NFC loans plateaued in 2024, only reaching and surpassing the December 2023 value in May 2024. The household deposits have seen constant and increasing growth over the year, and the same goes for their stock (suggesting that households preferred to save than to consume during Q2). However, NFC loans overturned the negative trend. They burst into a positive growth rate from March to May of 2024 with the slow return of foreign demand, as previous contractions resulted from the negative industrial production momentum. Their stock, however, has been more susceptible to the retreat of demand due to the high interest rates, as net demand was still noticeably declining during Q1 when the general level of interest rates and declining fixed investment remained the main drivers of the net decrease in loan demand.

Slovenia and Markets of the NLB Region

In Slovenia, GDP expanded 2.1% YoY in Q1 2024, slowing slightly from Q4 2023's 2.2% rise. On a QoQ comparison, GDP recorded a flat reading in Q1, compared to the previous period's 0.9% growth. Domestically, households felt the pinch of still-elevated inflation and tight monetary policy as private consumption growth slowed to 0.9% in Q1 2024 (Q4 2023: 1.2% YoY). Moreover, fixed investment growth fell to 0.6% in Q1. The external sector added 0.2 p.p. to GDP (deteriorating from Q4's 2.8 p.p. contribution). Industrial output grew by 7.4% YoY in April 2024 after it nosedived by 6.9% YoY in March (February: +2.5%). Retail sales momentum remained subdued as it contracted by 5.6% YoY in February, with the (negative) momentum softening in March and April, contracting by 0.4% and 0.3%, respectively. HICP decelerated from 3.0% in April to 2.5% in May (when prices of food started contracting in YoY terms), with a clear divergence between the growth of prices of goods and that of services – which, albeit decelerating slowly remained rather sticky, while the pace of growth decreased further to 1.6% YoY in June (6.6% YoY in June 2023). Services remained very sticky at 4.7% YoY. The unemployment rate remained at 3.4% in Q1 2024, while the monthly ILO unemployment rate decreased from 3.3% in March and April to 3.2% in May 2024.

Serbia's GDP growth accelerated to 4.7% in Q1 2024 from 3.8% in Q4 2023. Q1's improvement was driven by faster expansions in private consumption, fixed investment, and exports. On the flip side, public spending lost steam. Inflation fell within the upper bound of the targeted tolerance band in May. Momentum was softening in Q2, according to early data. Industrial output rose slightly slower in April than Q1's average but contracted again in May. Additionally, economic sentiment fell below the prior quarter average from April to May, dented by fading sentiment in the construction and industrial sectors. Wage growth has been substantial in 2024 so far.

After decelerating YoY in Q4 2023 in North Macedonia, GDP growth gained some steam in Q1, growing by 1.2% YoY. Merchandise exports fell steeply in Q1 compared to Q4, while household final consumption rose less than in Q4. Additionally, industrial output swung into contraction in the period due to a sharp fall in March as well as in May and, to a lesser degree, in April. More positively, retail sales rebounded timidly in Q1 from Q4, and tourist arrivals continued to

expand at a healthy pace. Data for Q2 suggest a slightly less upbeat economic sentiment in April–May, insinuating that the economy is gaining traction.

In Bosnia and Herzegovina, annual economic growth accelerated in Q1 2024 to 2.7% YoY, up from 1.7% YoY in Q4 2023. Domestic demand strengthened as retail sales grew at a faster annual clip in Q1, while industrial production fell at a softer pace in the same period. On the other hand, foreign demand weakened, tourist arrivals expanded significantly slower in Q1 than in Q4, and the downturn in merchandise exports intensified. Merchandise exports rebounded in April but contracted again in May, and the indices of industrial production deteriorated further from Q1's average in April and May.

In Kosovo, GDP growth accelerated YoY in Q1 2024 from Q4 2023 due to more robust private consumption and export expansions. The inflation averaged below Q4's level, boding well for household spending. In addition, tourist arrivals rose significantly faster in Q1 than in Q4. Moreover, the downturn in merchandise exports softened in Q1 from Q4. Early data for Q2 are mixed, as merchandise exports rebounded in April, while in the same month, remittances inflow growth softened relative to Q1's average.

In Montenegro, the economy expanded slightly faster annually in Q1 2024 than in Q4 2023. The acceleration was due to weaker expansions in imports and changes in inventories. Industrial production growth decelerated in Q1 compared with the prior quarter. Moreover, tourist arrivals swung into contraction (YoY) in Q1, and merchandise exports fell at a pronounced rate (YoY) in the period. On the flip side, retail sales grew faster in Q1 than in Q4. Shifting to Q2, available data indicates that the economy is strengthening slightly. Economic sentiment averaged above Q1's level in April–May. Moreover, tourist arrivals rebounded in April and May from Q1's fall, and merchandise exports fell at a softer rate in the same two months than in the prior quarter.

Table 2: Movement of key macroeconomic indicators in the Euro area and NLB Group region

| | GDP (growth rate in %) | | | | | | Average inflation (in %, aop) | | | | | | Unemployment rate (in %, aop) | | |
|--------------|------------------------|---------|---------|---------|---------|---------|-------------------------------|----------|----------|----------|----------|----------|-------------------------------|---------|---------|
| | YoY | | | QoQ | | | YoY | | | MoM | | | Q1 2024 | Q4 2023 | Q3 2023 |
| | Q1 2024 | Q4 2023 | Q3 2023 | Q1 2024 | Q4 2023 | Q3 2023 | Jun 2024 | May 2024 | Apr 2024 | Jun 2024 | May 2024 | Apr 2024 | | | |
| Euro area | 0.4 | 0.2 | 0.2 | 0.3 | -0.1 | 0.0 | 2.5 | 2.6 | 2.4 | 0.2 | 0.2 | 0.6 | 6.8 | 6.5 | 6.5 |
| Slovenia | 1.8 | 2.4 | 1.8 | 0.0 | 0.9 | -0.1 | 1.6 | 2.5 | 3.0 | 0.0 | 0.4 | 0.7 | 3.4 | 3.4 | 3.9 |
| BiH | 2.7 | 1.7 | 1.9 | 0.9 | 0.6 | 0.7 | - | 2.0 | 2.0 | - | -0.2 | 0.1 | 13.5 | 13.5 | 12.7 |
| Montenegro | 4.4 | 4.3 | 6.6 | - | - | - | - | 4.9 | 5.4 | - | 0.1 | 0.1 | 11.9 | 12.2 | 11.8 |
| N. Macedonia | 1.3 | 1.0 | 1.0 | 0.5 | 0.4 | 0.3 | - | 4.5 | 4.0 | - | 0.9 | 0.7 | 12.9 | 13.0 | 12.8 |
| Serbia | 4.7 | 3.8 | 3.6 | 0.8 | 1.0 | 1.4 | - | 4.5 | 5.0 | - | 0.4 | 0.7 | 9.5 | 9.2 | 9.0 |
| Kosovo | 5.6 | 4.0 | 3.0 | - | - | - | - | - | - | - | - | - | - | - | 10.6 |

Source: Statistical offices, NLB ALM.

Note: Real GDP growth rates are seasonally adjusted; HICP inflation is for the euro area and Slovenia.



Business Report

Strategy

The Group has continued implementing its medium-term strategy, protecting and strengthening its market position in its home region, actively participating in market growth and consolidation, and promoting the Environmental, Social, and Governance (ESG) agenda.

In May 2024, the Group introduced its new Group Strategy 2030, key performance indicators, and expected future development. With the new Group Strategy 2030, the Group responds to the changing banking environment and upcoming challenges and addresses new opportunities. The Group's ambition remains to create sustainable growth to support individuals and businesses. Overall, the new strategy foresees a doubling of the NLB Group balance sheet (more than EUR 50 billion assets), recurring revenues of more than EUR 2 billion, and a profit of more than EUR 1 billion by 2030 (combining organic growth with selected M&A).

Table 3: NLB Group's Strategy 2030 key financial indicators

| | Impact ambition towards ... | |
|------------------------------|-----------------------------|---|
| | 2023 | 2030 |
| Recurring revenues, in EURbn | 1.1bn | >2bn |
| Recurring profits, in EURbn | 0.5bn | >1bn |
| CIR, in % | 46% | <45% |
| RoE, in % | 21% | >15% (1-2 p.p. upside from strategic plays) |
| Normalized RoE, in % | 29% | >20% |
| RTSR, in % | | > Banking peer group ⁽ⁱ⁾ |
| Payout ratio, in % | ~40% | towards 50-60% |
| P/B | 0.8x | >1 |
| Tier 1 capital ratio, in % | 16.9% | ~15% |
| CET1 ratio | 16.4% | >13% |
| Cost of Risk | -7 bps | 30-50 bps |

(i) UniCredit, OTP, RBI (Raiffeisen Bank International), Erste Group, Intesa, Addiko.

The new strategy equally balances revenue generation based on best practices (housing financing, bancassurance, consumer finance, trade finance, transition finance, and payments) and the transformation of NLB into the leading operating platform in the region through rigorous simplification and digitalisation while maintaining its prudent risk practices. Going forward, the Group will consciously include additional success markers, such as customer experience, digital enrolment, digital payments, and green/transition finance.

Retail Banking Segment

In the retail banking segment, the strategic goal by 2030 is to be the leading bank in SEE, to increase the number of customers to over 3 million and achieve more than 80% digital penetration. The Group's strategy is built on three lines of attack: better monetising its existing client base, doubling down on attractive sub-segments, and scaling its product verticals around key customer needs. At the same time, the Group will consciously include additional success markers, digitise its franchise, and move to a customer-centric delivery model with mobile as the core channel. The Group will move to an advisory-driven branch model, offering a market-leading customer experience at par with international best practices. The Group aims to positively contribute to the societies it serves, with a solid commitment to developing the market for investments and financial protection/insurance across the region.

Corporate and Investment Banking Segment

The Group aims to become the strategic banking partner for corporations across the SEE region, making it the leading local corporate and investment banking bank and achieving profitable growth across markets while keeping close control of risk (with CoR lower than 50 bps). The Group's strategy is based on three lines of attack: being consistently better in its existing core, becoming the transition finance leader in the region while driving SME and trade finance, and remaining stewards of prudent risk management. To enable the strategy, the Group will innovate its operating model end-to-end, digitising and streamlining processes, especially in onboarding and underwriting. At the same time, the Group remains deeply committed to the region; accordingly, the Group Corporate and Investment Banking will position itself as the leader in transition finance in SEE by 2030 – leveraging NLB's balance sheet and providing attractive investment opportunities to outside investors.

Payments

The Group's ambition in the field of payments is to support NLB's growth path towards becoming the leading bank in SEE with best practices across customer and operating models, introducing digital payment solutions, and driving the cash transition in the markets in which the Group operates. The Group's strategic goal in the field of payments is that by 2030, the share of mobile active users will exceed 80%. The Group's strategy builds on the solid basis of the existing payments strategy through three lines of attack: driving the regional cash transition, focusing on merchant acquiring, and developing new propositions. Payments will also positively contribute to the societies the Group serves – by actively driving the markets' cash transition. The Group will help the societies prosper, increase financial inclusion, and combat the shadow economy.

Further information on the Group Strategy 2030 is available on the [NLB webpage](#).

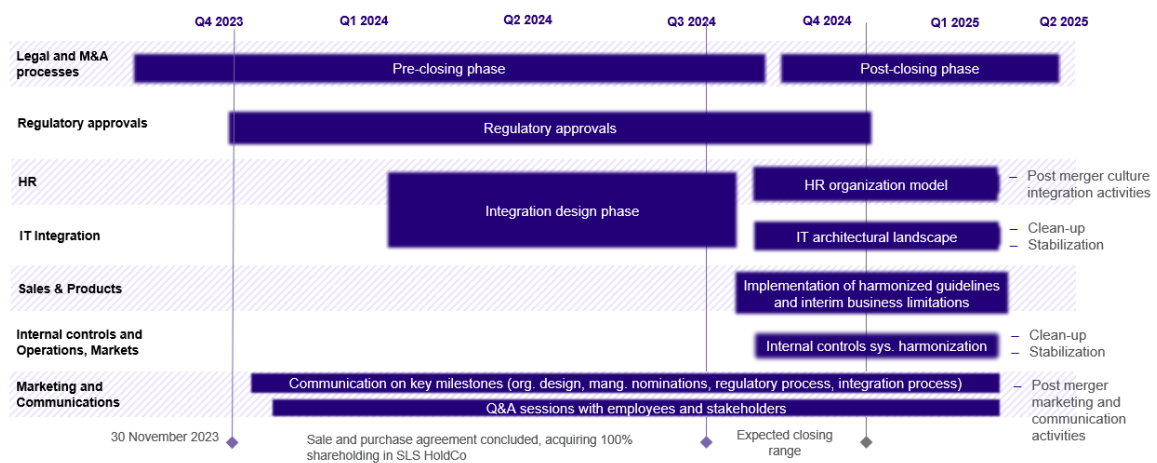
Leasing and Asset Management Operations Expansion in SEE

The Group is consolidating its strategically important position in its home SEE region with new acquisitions in leasing and asset management, both of which are strategic operations of the NLB Group.

Summit Leasing

In November 2023, NLB entered into a sale and purchase agreement to acquire a 100% shareholding in SLS HOLDCO, holdinška družba, d.o.o., the parent company of Summit Leasing Slovenija d.o.o., and its subsidiaries, from funds managed by affiliates of Apollo Global Management Inc. and the EBRD. The high-level integration timeline is presented below.

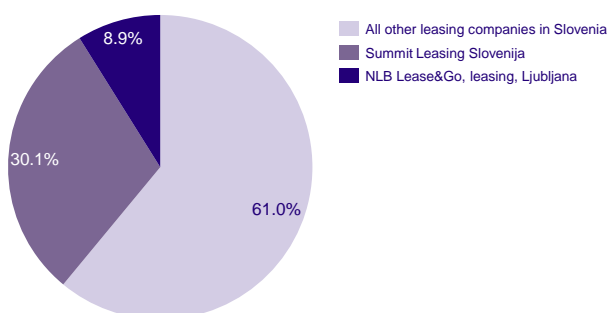
Figure 1: High-level integration timeline



SLS Group, with its two leasing subsidiaries (Summit Leasing Slovenia – SLS and Mobil Leasing (Croatia) – MBL), is the no. 1 leasing provider for new and used passenger cars in Slovenia, a growing leasing provider for new and used passenger cars in Croatia, as well as a leading provider of insured point-of-sale consumer finance in Slovenia.

SLS is the largest leasing and consumer finance player in Slovenia, with an approximately 30% local overall leasing market share (measured by net financed value).

Figure 2: Market share by new production 2023



Source: The Bank Association of Slovenia (ZBS).

NLB Skladi

Since the end of May 2024, the NLB Group has been enriched with a new member in the field of asset management. NLB Skladi, Ljubljana, Slovenia's largest mutual fund management company and the largest asset management company by total assets under management, entered the North Macedonian asset management market by acquiring Generali Investments, Skopje. Generali Investments, Skopje, is the third-largest asset manager in the North Macedonian market, holding a 17.5% market share. The company manages around EUR 53 million of client assets in different investment funds and portfolios. After obtaining all relevant approvals, NLB Skladi, Ljubljana, completed the acquisition on 23 May 2024.

To consolidate the ownership of the Asset Management companies in the NLB Group, the ownership of the Serbian asset management company KomBank Invest, Beograd, will be transferred from NLB Komercijalna Banka, Beograd, to the company NLB Skladi, Ljubljana. On 6 May 2024, NLB Skladi, Ljubljana, signed a Shares Purchase Agreement with NLB Komercijalna Banka, Beograd, to acquire a 100% stake of KomBank Invest, Beograd. Completion of this transaction is subject to the fulfillment of certain conditions precedent, including obtaining the consent of the Serbian regulator.

Overview of Financial Performance

The Group's profit after tax reached EUR 292.0 million, EUR 49.3 million or 20% higher YoY, mostly due to a favourable economic environment and high interest rates. A good result of EUR 329.0 million was also recorded in the profit before impairments and provisions, marking a EUR 58.1 million or 21% YoY increase.

The following key factors drove the Group's half-year result:

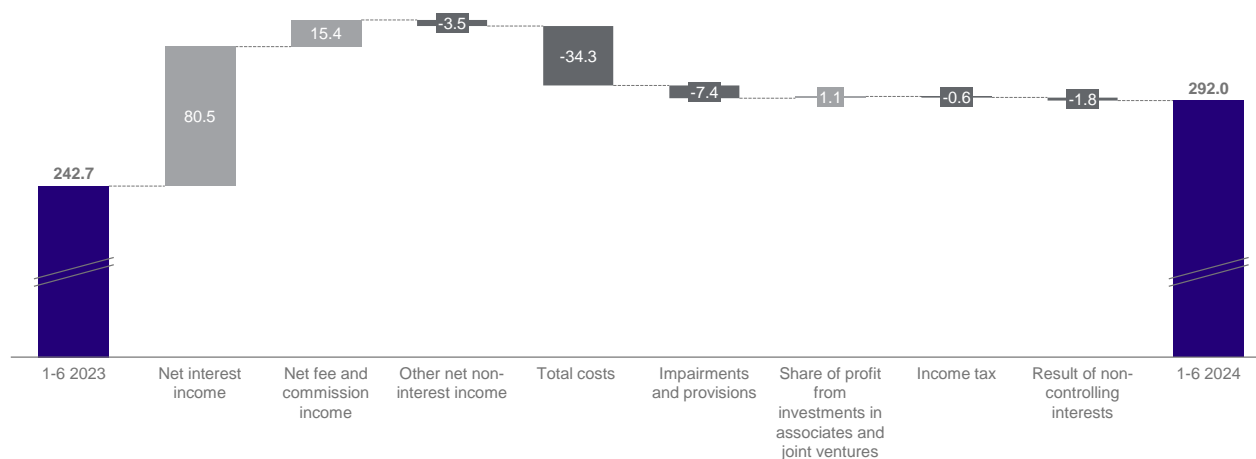
- The Group's gross loans to customers increased by EUR 979.4 million YoY, of which EUR 686.7 million were loans to individuals.
- The deposit base increased by EUR 768.9 million YoY, of which EUR 731.2 million were deposits from individuals.
- A healthy loan demand from individuals, higher interest rates on loans and central bank balances, increased securities portfolio as well as increased yields contributed to a higher interest income by 33% YoY. On the other hand, the elevated cost of funding due to raised wholesale funding and higher interest rates on deposits (positively impacting the volume of deposits, especially those from individuals) resulted in a substantial 106% YoY increase in interest expenses. The deposit beta (the cumulative change of the average customer deposit interest rate compared with the cumulative change of the average ECB deposit facility rate) remains low at around 11% on the Group level (its level in the last quarter was impacted by the decreased ECB deposit facility rate by 25 bps in June 2024). Consequently, the annual net interest margin improved by 0.38 p.p. YoY to 3.68%.
- NII sensitivity YtD improved by EUR 22.0 million or 86 bps, mainly as a result of the increased share of fixed interest rate loans, interest rate hedges, and changed liquidity reserves structure.
- The net fee and commission income increased by 11% YoY, benefitting from the favourable impact of economic activity, increased engagement in investment funds and bancassurance, and renegotiated conditions with the service providers.
- Total costs grew by EUR 18.1 million, or 8% YoY (without the inclusion of EUR 16.2 million deriving from the tax on the balance sheet), with a EUR 12.1 million increase due to employee costs.
- The net release of impairments and provisions for credit risk of EUR 11.7 million was mainly driven by regular revision of risk parameters, portfolio development and written-off repayments.

Income Statement

Table 4: Income statement of NLB Group

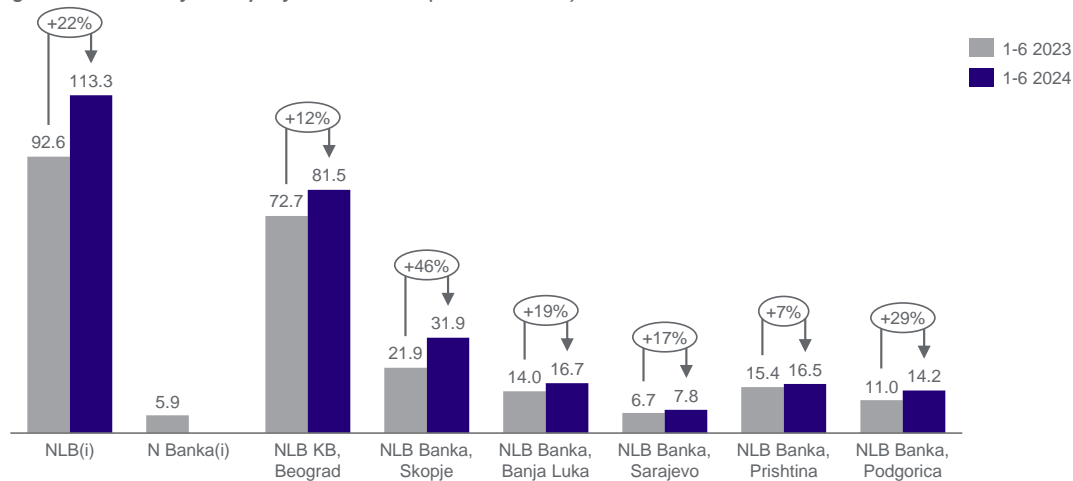
| | in EUR millions | | | | | | | | |
|---|-----------------|--------------|-------------|------------|--------------|--------------|--------------|-------------|------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ | |
| Net interest income | 460.4 | 380.0 | 80.5 | 21% | 228.3 | 232.2 | 201.0 | -3.9 | -2% |
| Net fee and commission income | 150.0 | 134.6 | 15.4 | 11% | 78.9 | 71.1 | 68.5 | 7.8 | 11% |
| Dividend income | 0.0 | 0.1 | -0.1 | 65% | 0.0 | 0.0 | 0.0 | 0.0 | 6% |
| Net income from financial transactions | 12.8 | 14.9 | -2.1 | 14% | 3.0 | 9.8 | 6.0 | -6.7 | 69% |
| Net other income | -19.3 | -17.9 | -1.3 | -7% | -4.3 | -15.0 | -5.8 | 10.6 | 71% |
| Net non-interest income | 143.6 | 131.7 | 11.9 | 9% | 77.7 | 65.9 | 68.7 | 11.7 | 18% |
| Total net operating income | 604.0 | 511.7 | 92.4 | 18% | 305.9 | 298.1 | 269.7 | 7.8 | 3% |
| Employee costs | -149.5 | -137.4 | -12.1 | -9% | -77.3 | -72.2 | -70.6 | -5.1 | -7% |
| Other general and administrative expenses | -98.8 | -79.8 | -19.0 | 24% | -51.7 | -47.1 | -41.1 | -4.7 | 10% |
| Depreciation and amortisation | -26.7 | -23.5 | -3.2 | 14% | -13.6 | -13.1 | -11.8 | -0.6 | -4% |
| Total costs | -275.0 | -240.7 | -34.3 | 14% | -142.7 | -132.4 | -123.6 | -10.3 | -8% |
| Result before impairments and provisions | 329.0 | 270.9 | 58.1 | 21% | 163.2 | 165.8 | 146.1 | -2.5 | -2% |
| Impairments and provisions for credit risk | 11.7 | 29.9 | -18.3 | 61% | 16.0 | -4.4 | 11.5 | 20.4 | - |
| Other impairments and provisions | -1.3 | -12.1 | 10.9 | 90% | -1.0 | -0.3 | -6.2 | -0.7 | - |
| Impairments and provisions | 10.4 | 17.8 | -7.4 | 41% | 15.1 | -4.7 | 5.4 | 19.7 | - |
| Share of profit from investments in associates and joint ventures | 1.7 | 0.6 | 1.1 | 78% | 0.7 | 1.0 | 0.3 | -0.3 | 27% |
| Result before tax | 341.1 | 289.3 | 51.8 | 18% | 179.0 | 162.1 | 151.8 | 16.9 | 10% |
| Income tax | -40.5 | -39.8 | -0.6 | -2% | -21.8 | -18.7 | -25.9 | -3.2 | 17% |
| Result of non-controlling interests | 8.5 | 6.8 | 1.8 | 26% | 5.2 | 3.4 | 3.3 | 1.8 | 52% |
| Result after tax | 292.0 | 242.7 | 49.3 | 20% | 152.0 | 140.0 | 122.6 | 12.0 | 9% |

Figure 3: Profit after tax of NLB Group – evolution YoY (in EUR millions)



All banks recorded a profit and positively contributed to the Group's result. The most significant contribution of EUR 113.3 million came from NLB, followed by NLB Komercijalna Banka, Beograd, with EUR 81.5 million. The YoY contribution of NLB was higher, primarily due to elevated net interest income. The SEE banks contributed 58% to the Group result, with increases recorded in all banks.

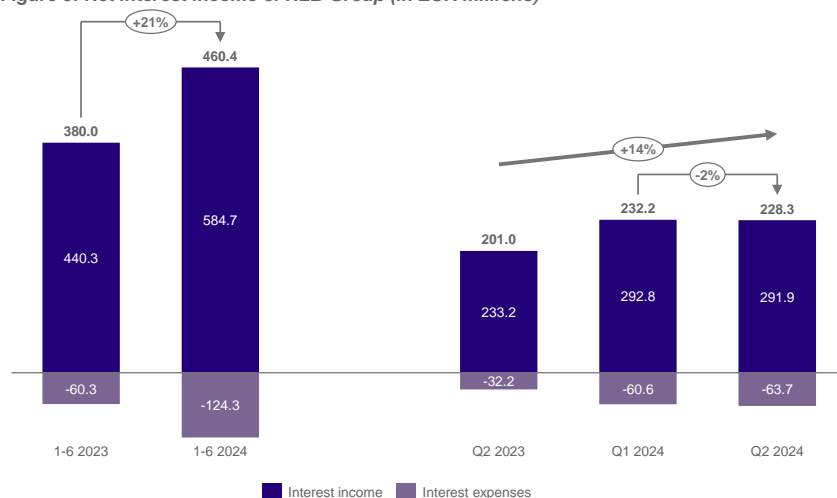
Figure 4: Profit a.t. by a company – contribution (in EUR millions)



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

Net Interest Income

Figure 5: Net interest income of NLB Group (in EUR millions)



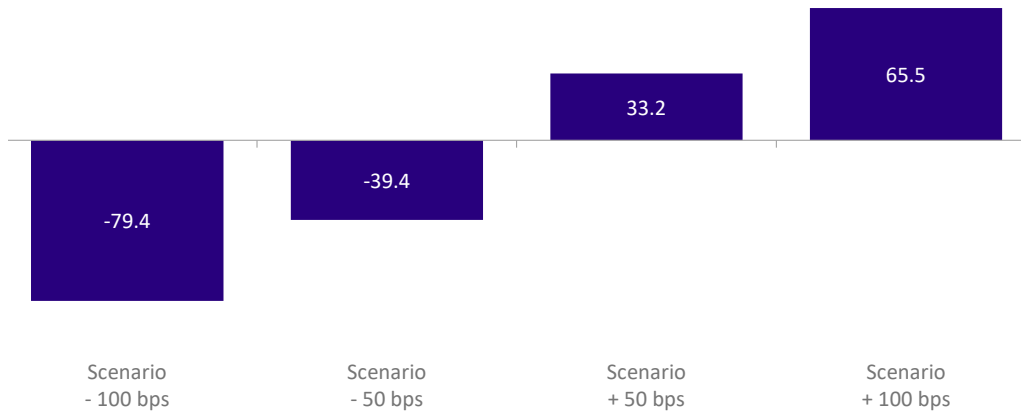
The Group's net interest income constituted 76% of the total net revenues (1-6 2023: 74%) and reached EUR 460.4 million.

An increase in the net interest income was recorded in all the Group banking members, supported by loan volume growth from healthy demand for loans coupled with prevailing higher interest rates. The growth mainly came from loans to customers, with EUR 81.1 million (EUR 37.5 million allocated to individuals and EUR 43.6 million to corporate and state), balances at banks and central banks (EUR 27.2 million), and securities (EUR 29.7 million). At the same time, interest expenses increased due to higher expenses incurred from wholesale funding raised for the minimum requirement for own funds and eligible liabilities (MREL) and capital requirement (EUR 26.3 million), as well as higher expenses for customer deposits (EUR 30.2 million).

On a QoQ basis, interest income from loans to customers and securities increased by EUR 4.8 million and EUR 7.1 million, respectively, while income from balances at banks and central banks was lower by EUR 9.3 million (evenly distributed between lower volumes and lower interest rates). The increase in interest expenses resulted from higher expenses incurred from wholesale funding (EUR 2.8 million) and higher expenses for customer deposits (EUR 1.0 million). Profitability stabilisation is one of the NLB Group's priorities. To protect future interest income from a declining interest rate environment, the Bank hedged issued securities in the additional amount of EUR 1,070.0 million in H1 2024. In Q2, this resulted in EUR 2.3 million negative effects on income and EUR 0.8 million positive effects on expenses. Assuming interest rate dynamics are in line with market expectations, these hedges should positively impact net interest income in the coming years.

Net interest income sensitivity, simulated by a 100 bps immediate parallel downward shift in interest rates, yields a net interest income sensitivity of EUR -79.4 million or -3.04% of T1 capital, driven mainly by the cash (EUR -36.5 million) and floating rate loan positions (EUR -59.2 million). The focus on stabilising net interest income includes ongoing increased fixed interest rate loan stock, active management of funding mix, liabilities hedging activities, and increasing duration and volume of banking book securities portfolio. NII sensitivity YtD improved by EUR 22.0 million or 86 bps, mainly as a result of the increased volume of fixed interest rate loans (EUR 489.6 million), interest rate hedges (EUR 1,070.0 million), the reduction in central bank balances (EUR 868.9 million), and the increase of investments in high-quality debt securities (EUR 1,117.4 million).

Figure 6: NII sensitivity to various rate shocks (NLB Group, in EUR millions)



The cost of funding grew at a much slower pace than interest rates on assets and as a result, the Group’s net interest margin improved by 0.38 p.p. to 3.68% YoY. However, the quarterly interest margin decreased following the ECB’s key interest rate cut by 25 bps at the beginning of June, which was the first reduction in the last five years. On the other hand, the operational business margin reached 4.99%, marking a 0.43 p.p. increase YoY, with an increase also recorded quarterly due to a rise in net fee and commission income in Q2.

Figure 7: Net interest margin (quarterly data, in %)

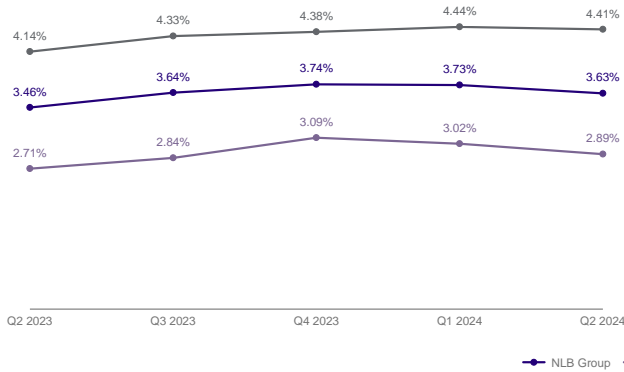
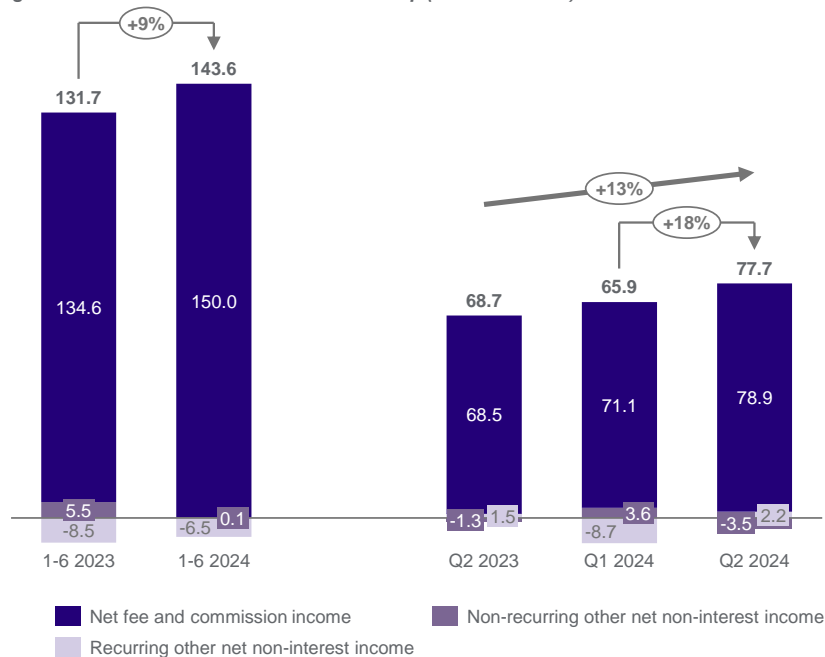


Figure 7: Operational business margin (quarterly data, in %)



Net Non-Interest Income

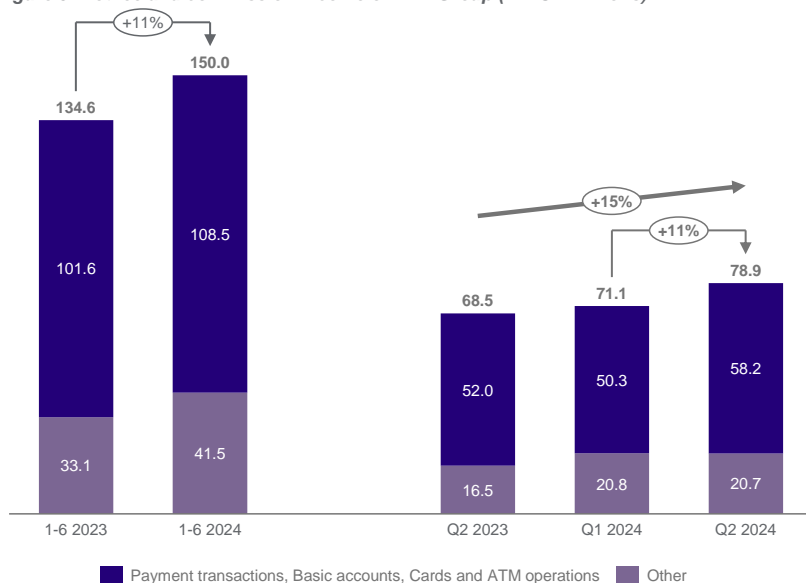
Figure 8: Net non-interest income of NLB Group (in EUR millions)



The Group experienced a 9% YoY increase in net non-interest income. Recurring other net non-interest income was lower YoY as a result of lower expenses for regulatory costs in NLB since there will be no payments in SRF this year, as the quota was already achieved (last year, EUR 2.0 million payment in SRF for NLB and N Banka).

The QoQ comparison shows increased net fee and commission income due to the renegotiated conditions with the service providers. The recurring net non-interest income in Q1 was notably affected by the accrual of one-off expenses for regulatory costs in NLB.

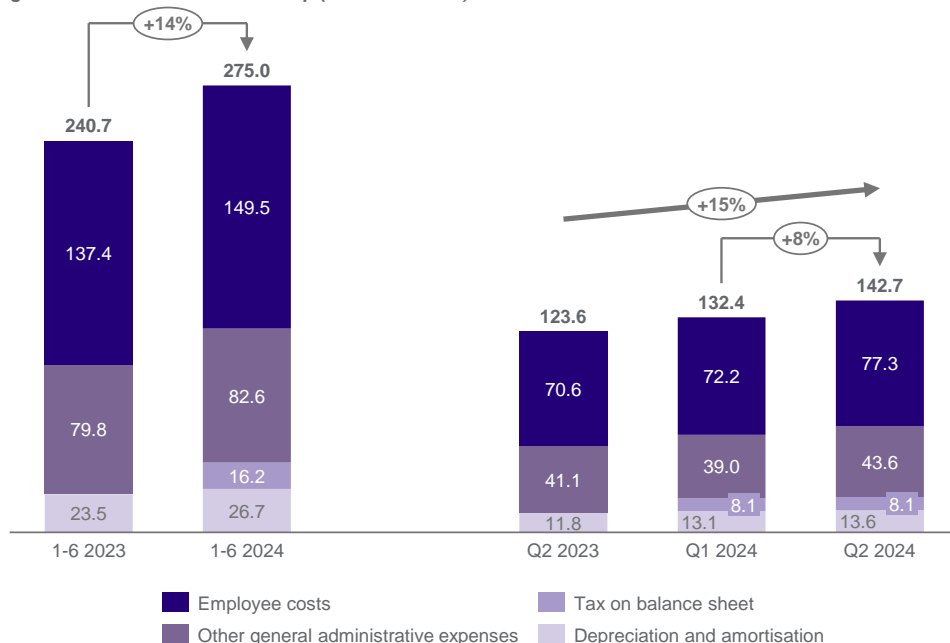
Figure 9: Net fee and commission income of NLB Group (in EUR millions)



Net fee and commission income, a significant component of the net non-interest income, increased by 11% YoY. This growth can be attributed to the positive impact of heightened economic activity and consumption, resulting in increased fees across banking members and due to increased activity in investment funds and bancassurance. Notably, NLB Skladi, Ljubljana, recorded an exceptional sale of investment funds, with EUR 190.2 million gross inflows in H1 2024, compared to EUR 114.4 million in the same period last year. Additionally, the renegotiated conditions with the service providers improved net fee results in payment transactions and card operations in Q2.

Total Costs

Figure 10: Total costs of NLB Group (in EUR millions)



Total costs grew by EUR 18.1 million or 8% YoY (without the inclusion of EUR 16.2 million deriving from the tax on the balance sheet) with the increase noted in all banking members. The growth was primarily driven by a rise in employee costs (EUR 12.1 million). Other general and administrative expenses were kept under control despite strong inflationary pressures and marked only a 3% increase, while a 14% increase in depreciation and amortisation was a result of new investments in last year.

On a QoQ basis, costs increased by 8% due to higher salaries and other general and administrative costs, mainly deriving from consulting, sponsorships, advertising, and events in NLB.

The Group is actively pursuing several strategic initiatives (channel strategy, digitalisation, paperless, lean process, branch network optimisation, etc.) to maintain cost efficiency. However, the prevailing economic situation and significant inflationary pressures have affected all cost categories, offsetting many successful efficiency measures across the Group.

Figure 11: Number of employees

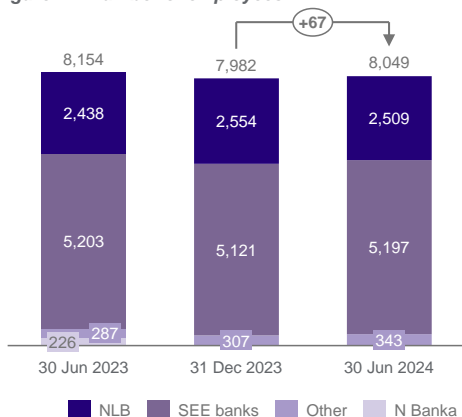
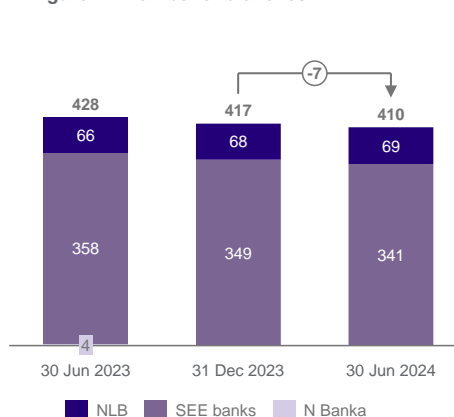


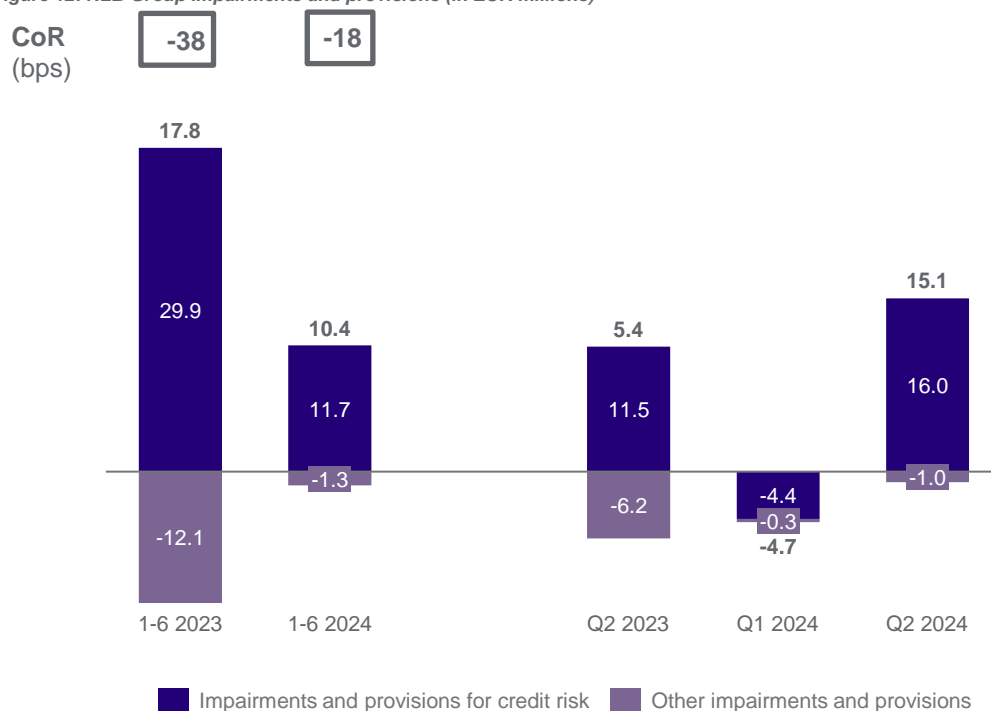
Figure 11: Number of branches



The Cost-to-Income Ratio (CIR) stood at 42.8% (excluding the tax on the balance sheet from the calculation), representing a 4.2 p.p. reduction YoY. This improvement was driven by strong net operating income growth, which outpaced the increase in total costs.

Impairments and Provisions

Figure 12: NLB Group impairments and provisions (in EUR millions)



The Group net released EUR 11.7 million impairments and provisions for credit risk, mainly due to EUR 23.2 million release from regular revision of risk parameters, mostly impacted by subsidiary banks. Overlays connected to the risks of the Russia/Ukraine conflict and related electricity crisis and inflation pressures became less relevant, representing the key factor for the release. In addition, improved macroeconomic expectations attributed to an additional impact on the level of impairments and provisions. Furthermore, there were repayments of written-off receivables in the amount of EUR 10.1 million due to a favourable environment for NPLs resolution. On the other hand, provisions were net established in the amount of EUR 21.7 million for portfolio development, mainly in the retail segment.

The CoR was negative and stood at -18 bps. Without the annualisation of the effect of changes in risk parameters, the CoR for the period 1-6 2024 would stand at -1 bp.

Other impairments and provisions were established in the amount of EUR 1.3 million, mainly to address legal risk.

Income Tax

The effective tax rate (calculated as income tax divided by profit before tax) for the first half of 2024 for the NLB Group was 11.87%, and for NLB, 7.57%. A global minimum tax for multinationals, first applied in 2024, is included in the income tax. The contribution rate, which also includes the tax on the balance sheet (recognised in other general and administrative expenses), for the first half of 2024 for the NLB Group was 16.62% and for NLB, 15.34%.

For further information, please refer to the [Note 4.14](#) in the financial part of the report.

Statement of Financial Position

Table 5: Statement of financial position of NLB Group

| | in EUR millions | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|--------------|------------|----------------|-----------|--------------|-----------|
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YtD | Change YoY | Change QoQ | | | |
| ASSETS | | | | | | | | | | |
| Cash, cash balances at central banks, and other demand deposits at banks | 5,116.3 | 5,481.1 | 6,103.6 | 5,760.4 | -987.2 | -16% | -644.1 | -11% | -364.8 | -7% |
| Loans to banks | 410.7 | 416.3 | 547.6 | 304.7 | -137.0 | -25% | 105.9 | 35% | -5.6 | -1% |
| Net loans to customers | 14,399.3 | 13,859.9 | 13,734.6 | 13,431.8 | 664.7 | 5% | 967.5 | 7% | 539.4 | 4% |
| Gross loans to customers | 14,726.7 | 14,197.1 | 14,063.6 | 13,747.3 | 663.1 | 5% | 979.4 | 7% | 529.6 | 4% |
| - Corporate | 6,703.6 | 6,412.8 | 6,437.8 | 6,454.4 | 265.8 | 4% | 249.2 | 4% | 290.8 | 5% |
| - Individuals | 7,632.5 | 7,394.8 | 7,235.3 | 6,945.8 | 397.2 | 5% | 686.7 | 10% | 237.7 | 3% |
| - State | 390.6 | 389.5 | 390.4 | 347.1 | 0.1 | 0% | 43.5 | 13% | 1.1 | 0% |
| Impairments and valuation of loans to customers | -327.4 | -337.2 | -329.0 | -315.5 | 1.6 | 0% | -11.9 | -4% | 9.8 | 3% |
| Financial assets | 5,919.9 | 5,485.9 | 4,803.7 | 4,553.7 | 1,116.2 | 3% | 1,366.2 | 30% | 434.0 | 8% |
| - Trading book | 14.6 | 15.0 | 15.8 | 21.1 | -1.2 | -7% | -6.5 | -31% | -0.3 | -2% |
| - Non-trading book | 5,905.3 | 5,470.9 | 4,787.9 | 4,532.6 | 1,117.4 | 3% | 1,372.7 | 30% | 434.3 | 8% |
| Investments in subsidiaries, associates, and joint ventures | 12.3 | 13.5 | 12.5 | 12.3 | -0.2 | -2% | 0.0 | 0% | -1.2 | -9% |
| Property and equipment | 280.9 | 276.0 | 278.0 | 254.3 | 2.9 | 1% | 26.6 | 10% | 4.9 | 2% |
| Investment property | 25.8 | 30.0 | 31.1 | 34.5 | -5.3 | -17% | -8.7 | -25% | -4.2 | -14% |
| Intangible assets | 64.9 | 60.5 | 62.1 | 56.1 | 2.8 | 4% | 8.7 | 16% | 4.3 | 7% |
| Other assets | 383.6 | 402.5 | 368.7 | 293.6 | 14.9 | 4% | 89.9 | 31% | -18.9 | -5% |
| TOTAL ASSETS | 26,613.7 | 26,025.7 | 25,942.0 | 24,701.5 | 671.7 | 3% | 1,912.2 | 8% | 587.9 | 2% |
| LIABILITIES | | | | | | | | | | |
| Deposits from customers | 20,693.8 | 20,471.5 | 20,732.7 | 19,924.9 | -39.0 | 0% | 768.9 | 4% | 222.3 | 1% |
| - Corporate | 5,356.8 | 5,504.3 | 5,859.2 | 5,363.7 | -502.4 | -9% | -7.0 | 0% | -147.5 | -3% |
| - Individuals | 14,899.9 | 14,554.6 | 14,460.3 | 14,168.6 | 439.6 | 3% | 731.2 | 5% | 345.2 | 2% |
| - State | 437.1 | 412.6 | 413.2 | 392.5 | 23.9 | 6% | 44.6 | 11% | 24.6 | 6% |
| Deposits from banks and central banks | 94.3 | 134.7 | 95.3 | 107.4 | -1.0 | -1% | -13.1 | -12% | -40.4 | -30% |
| Borrowings | 218.8 | 209.4 | 240.1 | 220.0 | -21.3 | -9% | -1.2 | -1% | 9.4 | 4% |
| Subordinated debt securities | 558.7 | 597.3 | 509.4 | 520.0 | 49.3 | 10% | 38.7 | 7% | -38.6 | -6% |
| Other debt securities in issue | 1,315.3 | 838.0 | 828.8 | 814.5 | 486.5 | 59% | 500.8 | 61% | 477.3 | 57% |
| Other liabilities | 586.8 | 674.7 | 587.6 | 469.3 | -0.8 | 0% | 117.5 | 25% | -87.9 | -13% |
| Equity | 3,081.3 | 3,035.6 | 2,882.9 | 2,586.1 | 198.4 | 7% | 495.2 | 9% | 45.7 | 2% |
| Non-controlling interests | 64.7 | 64.4 | 65.1 | 59.2 | -0.5 | -1% | 5.4 | 9% | 0.2 | 0% |
| TOTAL LIABILITIES AND EQUITY | 26,613.7 | 26,025.7 | 25,942.0 | 24,701.5 | 671.7 | 3% | 1,912.2 | 8% | 587.9 | 2% |

The Group's **total assets** amounted to EUR 26,613.7 million, an increase of EUR 671.7 million YtD and EUR 1,912.2 million YoY. The LTD ratio (net) was 69.6% at the Group level, a 3.3 p.p. YtD increase as deposit volume stayed on the same level while loan volume increased.

Figure 13: Total assets of NLB Group by the location of NLB Group entities (in %)

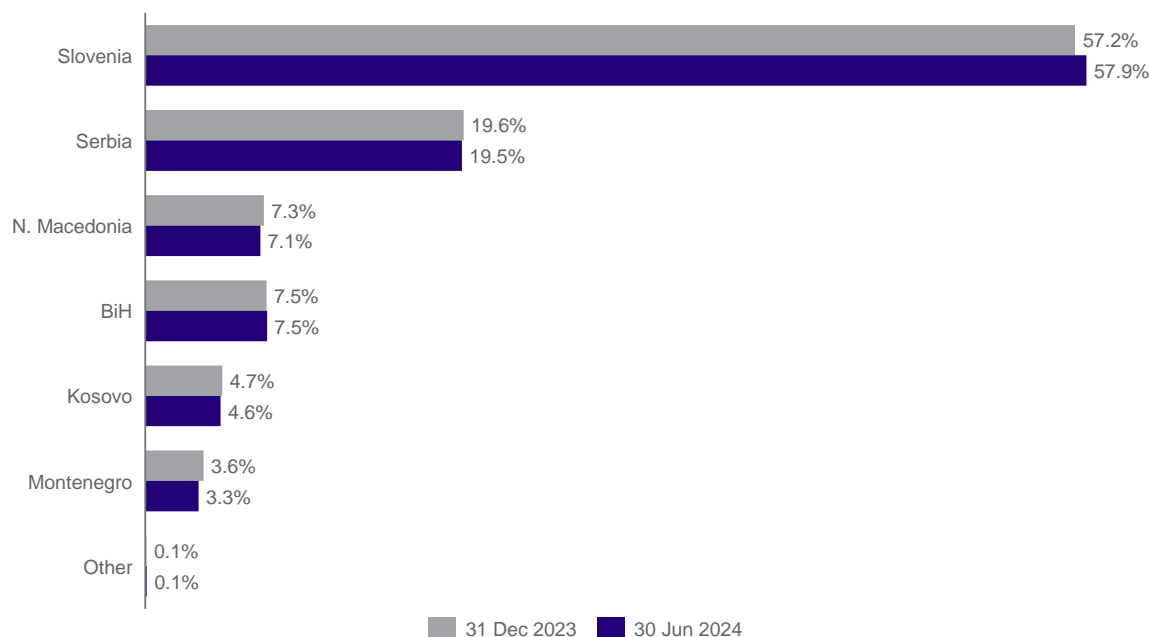
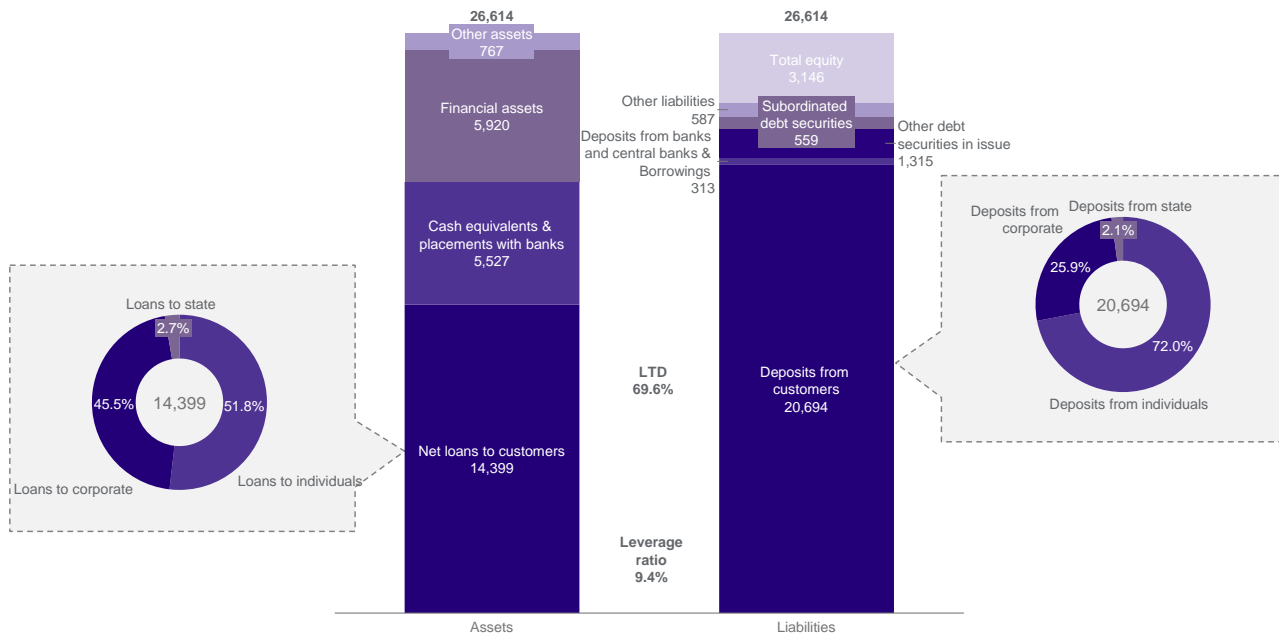


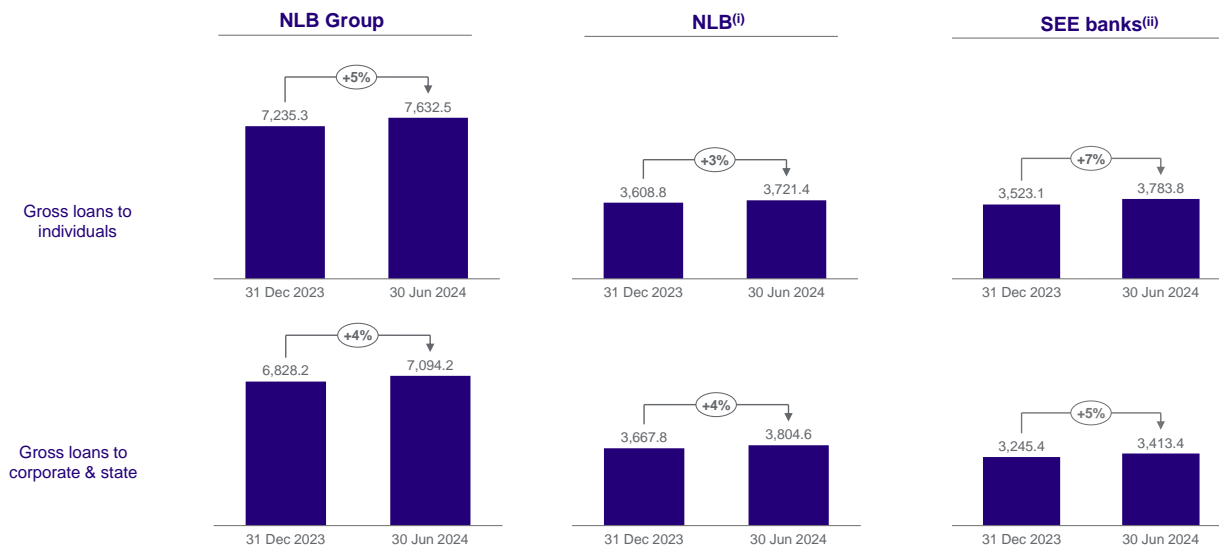
Figure 14: Balance sheet structure of NLB Group on 30 June 2024 (in EUR millions)



Loans to Customers

In Q2, the growth in **loan volume** accelerated due to declining interest rates. YtD loan growth was higher in SEE banks compared to NLB, especially in loans to individuals. In Slovenia, business activity picked up strongly in the second quarter, with notably high new production in both short and long-term loans. A similar but less noticeable increase was observed in the new production of housing and consumer loans to individuals. In SEE banks, the growth of gross loans continued, with YtD growth achieved in loans to individuals, as well as loans to corporate and state across all bank members.

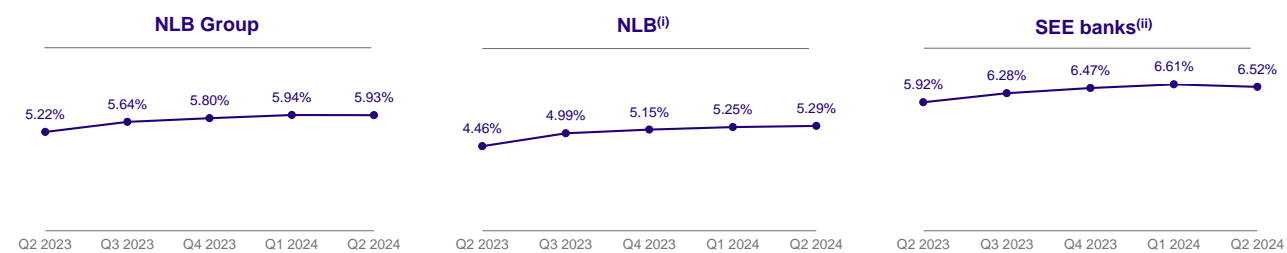
Figure 15: Gross loans to customers YtD dynamics (in EUR millions)



(i) On a stand-alone basis.

(ii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Figure 16: Interest rates for loans to customers (quarterly, in %)



(i) On a stand-alone basis.

(ii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

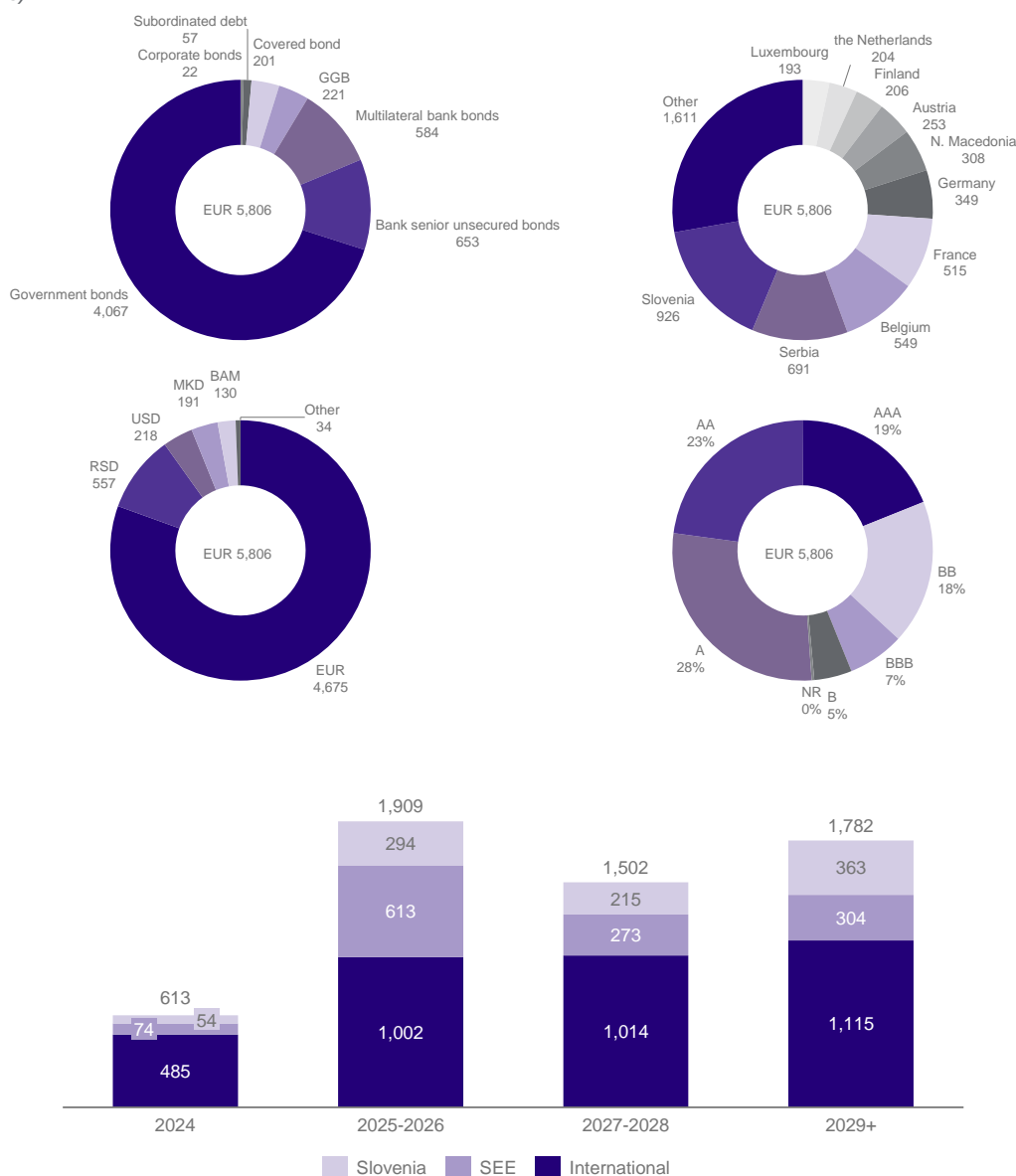
Financial Assets – Banking Book

The banking book debt securities portfolio increased by EUR 1,119 million (book value) YtD, constituting 21.8% of the Group's total assets compared to 18.1% in 2023. At the end of H1, the portfolio's average duration was 3.32 years (compared to 2.8 years in 2023), with an average yield of 2.40% in H1, 0.73 p.p. higher than in 2023. The ESG portfolio represented 9.5% of the whole portfolio.

Two business models are implemented, dividing the portfolio into securities valued at fair value through other comprehensive income (FVOCI) and securities valued at amortised cost (AC). At the end of H1, the FVOCI portfolio represented 45.91% of the total Group debt securities portfolio, remaining practically unchanged compared to the end of 2023, with an average duration of 2.26 years. The negative valuation of the Group's FVOCI debt securities portfolio during H1 amounted to EUR 73 million (the net of hedge accounting effects and related deferred taxes).

The AC portfolio amounted to 54.09% of the total Group debt securities portfolio at the end of H1, with an average duration of 4.22 years. Unrealised losses of the Group's AC debt securities portfolio during H1 amounted to EUR 84 million.

Figure 17: Banking book debt securities portfolio by asset class, geography, currency, rating and maturity profile as at 30 June 2024 (in EUR millions)



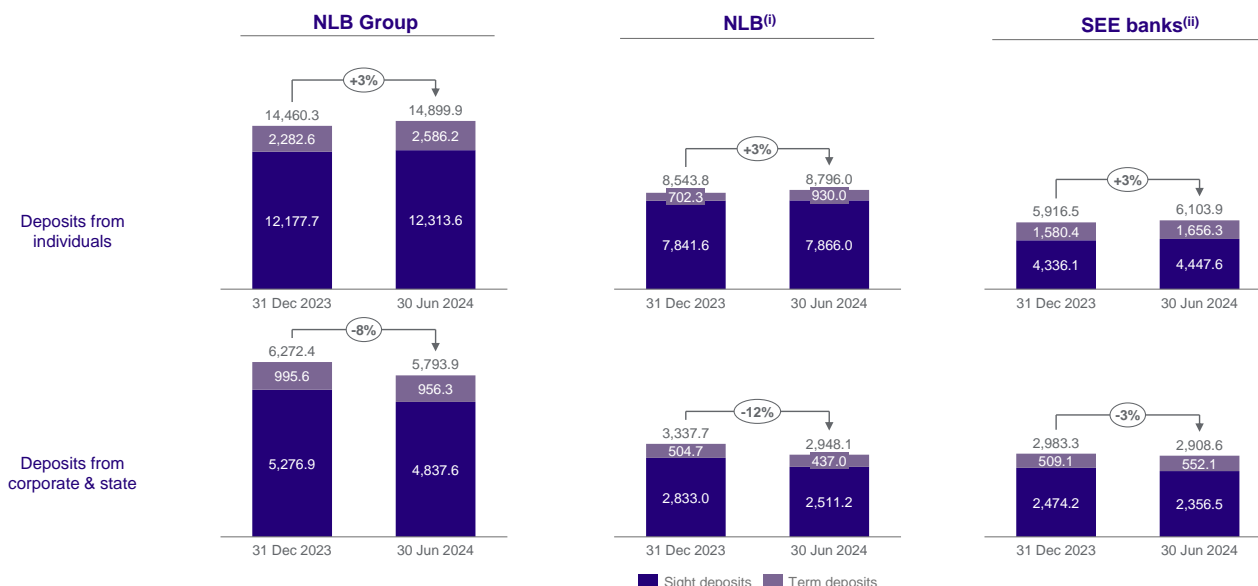
Deposits from Customers

The Group's **deposit base** remained on the same level YtD due to a decline in corporate deposits, particularly notable in NLB, which experienced a 12% drop in the first half of the year. A generally noticeable downturn in corporate deposits was observed in the entire Slovenian banking system, with a 7.5% drop in H1 2024. However, the Bank is preserving its market share in sight deposits while remaining conservative with its pricing policy due to a strong liquidity position, resulting in a lower market share in term deposits. Similarly, but to a lesser extent, the corporate and state deposit base in SEE banks also contracted, with decreases observed across all banking members except NLB Banka, Banja Luka and NLB Komercijalna Banka, Beograd.

Deposits from individuals increased YtD in NLB and were influenced by holiday payments in June. However, the growth slowed as clients' preferences shifted towards higher-yielding financial products such as investment funds and bancassurance. Higher interest rates for term deposits resulted in high growth in term deposit volume in H1 2024 (EUR 227.1 million), with a shift from sight to term deposits. Consequently, the share of term and savings accounts in total deposits from individuals gradually rose to 49% at the end of June (compared to 44% on 30 June 2023).

A stable growth of 3% was also recorded in deposits from individuals in SEE banks, with an increase recorded in most of the bank members.

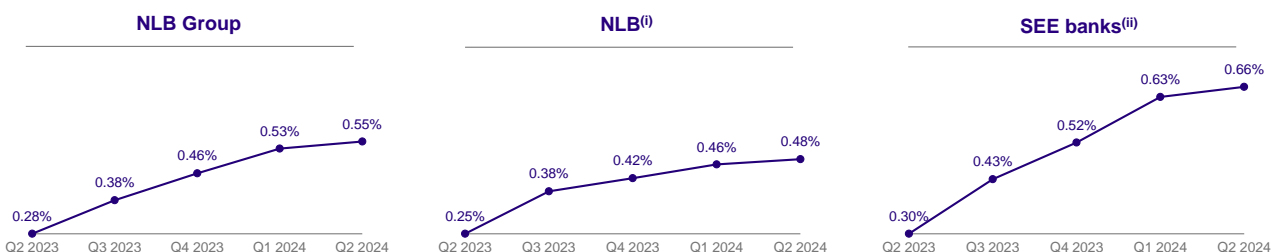
Figure 18: Deposits from customers YtD dynamics (in EUR millions)



(i) On a stand-alone basis.

(ii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Figure 19: Interest rates for deposits from customers (quarterly, in %)

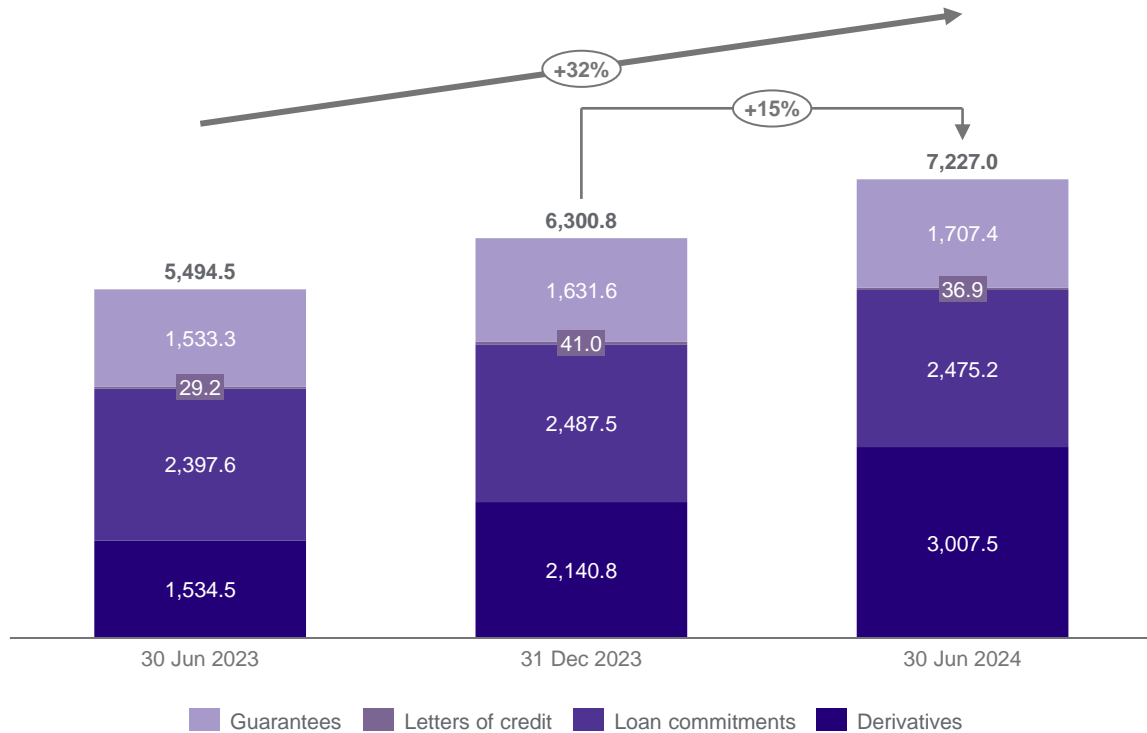


(i) On a stand-alone basis.

(ii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Off-Balance Sheet Items

Figure 20: NLB Group off-balance sheet items (in EUR millions)



At the end of June, the majority of the Group's off-balance sheet items were derivatives (42%), followed by loan commitments (34%).

The Group's off-balance sheet items increased on both YoY and YtD. The increase was primarily driven by higher derivatives, mainly due to hedging issued NLB securities (EUR 1,070.0 million in H1 and EUR 1,520.0 million YoY). Additionally, guarantees increased by 11% YoY, which drove the guarantee fee income up by 5% YoY. Loan commitments remained flat YtD, with a significant portion representing loans (60%) and the rest divided between overdrafts and cards.

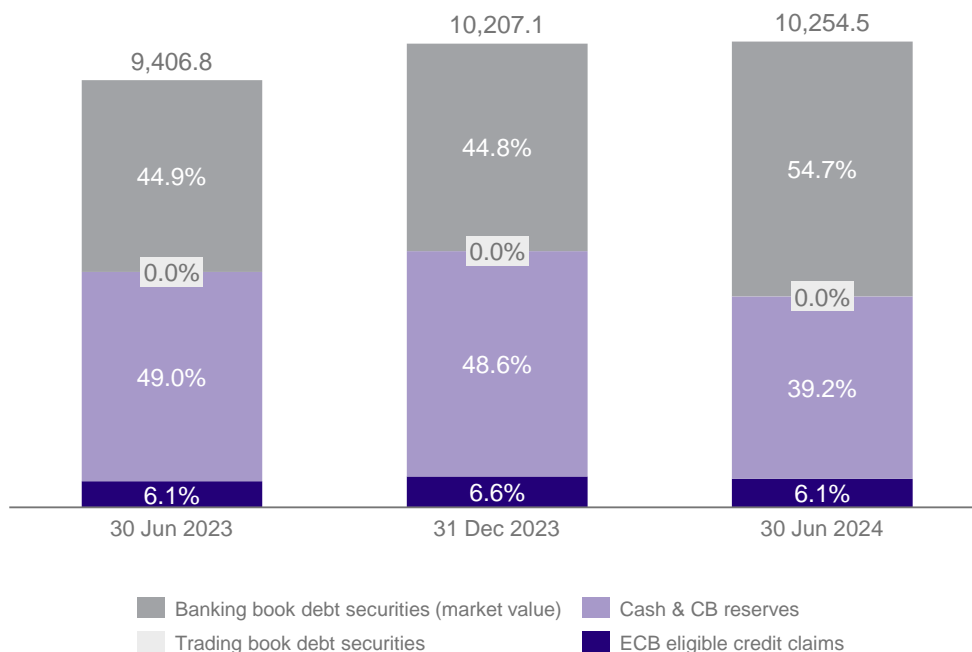
Liquidity, Capital and MREL

Liquidity Position

The Group's liquidity position remains strong, with liquidity indicators high above the regulatory requirements, indicating the Group's low tolerance for liquidity risk.

In H1, the Group's unencumbered liquidity reserves increased by 9% YoY, comprising of cash, balances with CB without the minimum reserve requirement, the debt securities portfolio, and credit claims eligible for CB-secured funding operations. Among others, these liquidity reserves provided the basis for future strategic growth. The growth of unencumbered liquidity reserves can largely be attributed to the increase in banking book debt securities, while the values of other categories stayed at similar levels. Encumbered liquidity reserves, used for operational and regulatory purposes, decreased by 56% YoY to EUR 40.8 million (excluding obligatory reserves) and were excluded from the liquidity reserves portfolio.

Figure 21: Evolution of NLB Group unencumbered liquidity reserves (in EUR millions)



Capital

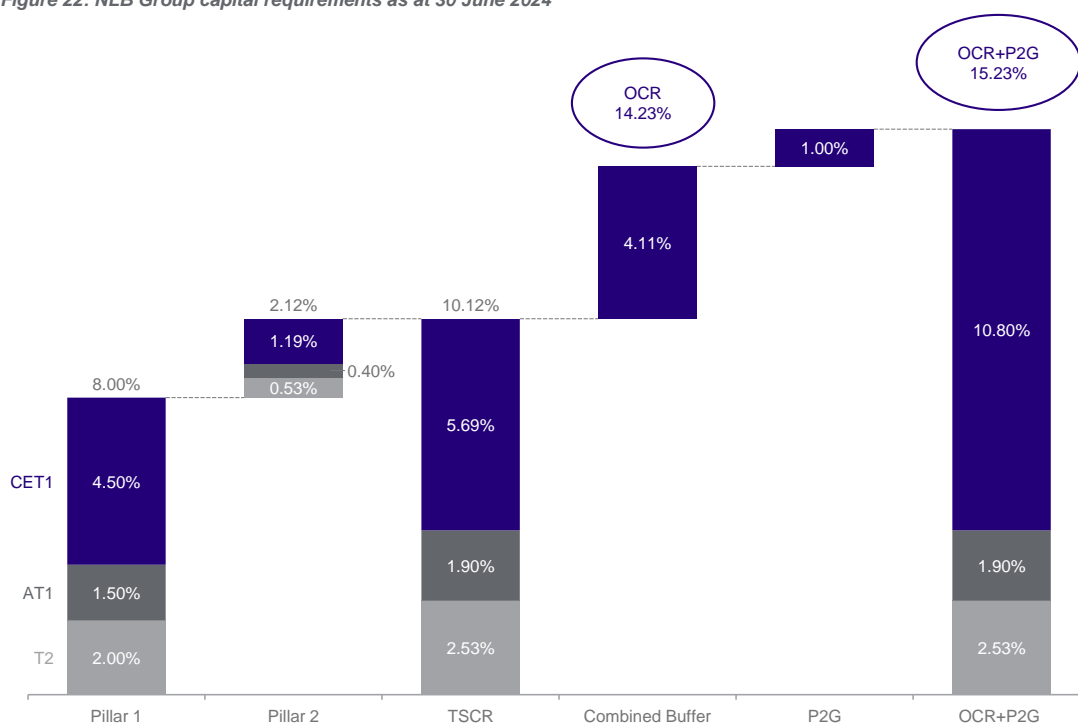
Capital Requirements

At the end of June 2024, the Bank's Overall Capital Requirement (OCR) on a consolidated basis was 14.23%, which is lower than at the end of 2023. Capital requirements have not changed in the second quarter of 2024, and the composition is as follows:

- The Total SREP Capital Requirement (TSCR) is 10.12%, which includes 8.00% Pillar 1 and 2.12% Pillar 2 Requirements (P2R). As of 1 January 2024, the Pillar 2 Requirement decreased by 0.28 p.p. to 2.12% due to an improved overall SREP assessment.
- The second component is the Combined Buffer Requirement (CBR), which is 4.11%. The CBR consists of a 2.50% Capital Conservation Buffer, a 1.25% O-SII Buffer, a 0.26% Countercyclical Buffer⁴ and a 0.10% Systemic Risk Buffer⁵.

In addition to the above requirements, the Pillar 2 Guidance (P2G) is 1.00% of Common Equity Tier 1 (CET1).

Figure 22: NLB Group capital requirements as at 30 June 2024



Effective 1 January 2025, there will be some changes in the capital buffer rates for Slovenia. The countercyclical capital buffer rate for exposures in Slovenia will increase from 0.5% to 1.0%. At the same time, the sectoral systemic risk buffer for retail exposures to natural persons secured by residential real estate will decrease from 1.0% to 0.5%.

⁴ The Bank of Slovenia has increased the countercyclical capital buffer for exposures in Slovenia from 0% to 0.5%. The Bank had to meet the required buffer from 31 December 2023 onwards.

⁵ Starting from 1 January 2023, the Bank of Slovenia has made it mandatory for banks to maintain a systemic risk buffer for sectoral exposures. The required rates are 1.0% for all retail exposures to natural persons secured by residential real estate and 0.5% for all other exposures to natural persons.

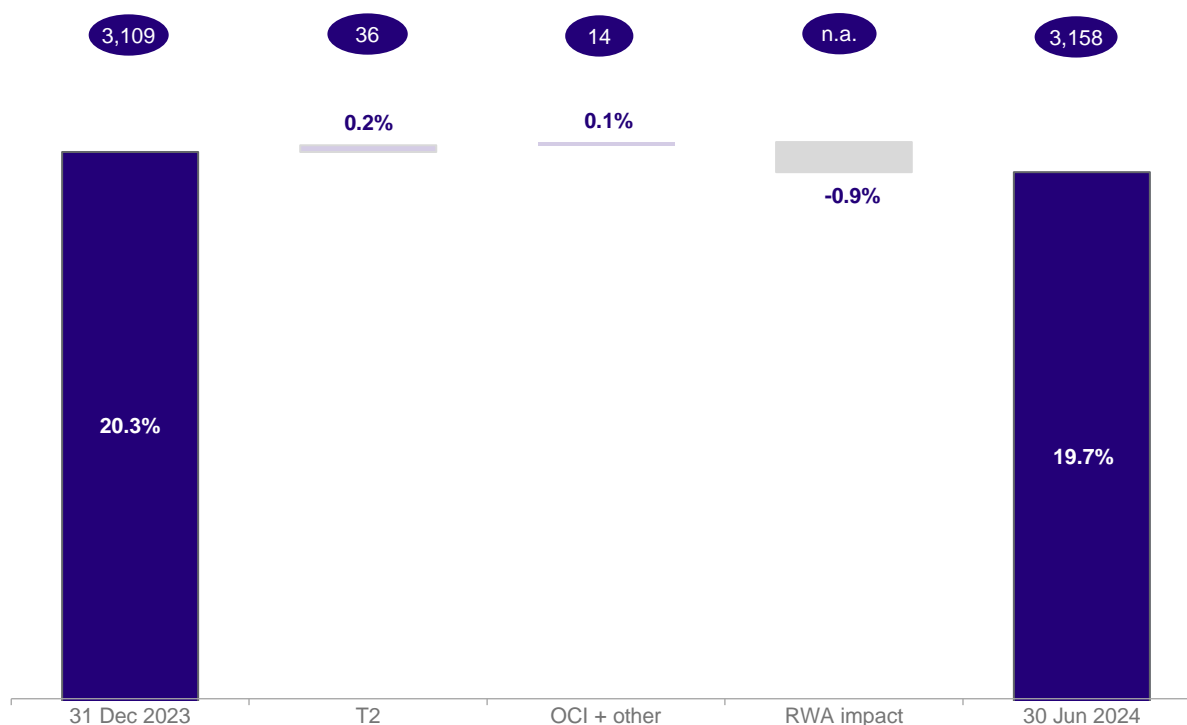
Capital Adequacy

Table 6: Capital realisation YtD and surplus over the regulatory requirement of NLB Group as of 30 June 2024

| | 30 Jun 2024 | 31 Dec 2023 | Change YtD | Surplus over regulatory requirement 30 Jun 2024 |
|----------------------------------|-----------------|-------------|------------|---|
| | in EUR millions | | | |
| Common Equity Tier 1 capital | 2,523 | 2,510 | 13 | 793 |
| Tier 1 capital | 2,611 | 2,598 | 13 | 577 |
| Total capital | 3,158 | 3,109 | 49 | 719 |
| Total risk exposure amount (RWA) | 16,017 | 15,337 | 680 | |
| Common Equity Tier 1 Ratio | 15.75% | 16.36% | -0.61 p.p. | 4.95 p.p. |
| Tier 1 Ratio | 16.30% | 16.94% | -0.64 p.p. | 3.60 p.p. |
| Total Capital Ratio | 19.72% | 20.27% | -0.55 p.p. | 4.49 p.p. |

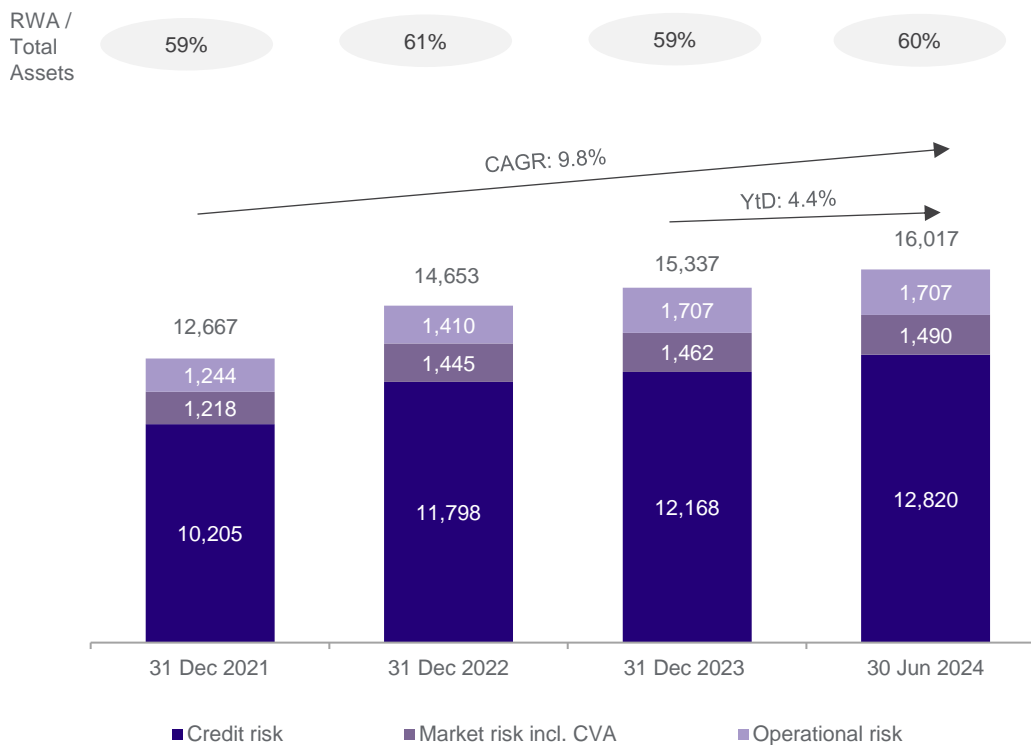
As at 30 June 2024, the TCR for the Group stood at 19.7% (or 0.6 p.p. decrease YtD), and the CET1 ratio stood at 15.8%, well above requirements. The lower total capital adequacy resulted from higher RWA (EUR 680.0 million YtD), although capital increased by EUR 49.3 million YtD. The Group's capital increase was mainly due to a higher volume of T2 instruments (EUR 35.8 million) and revaluation adjustments of EUR 16.3 million.

Figure 23: Capital (in EUR millions) and capital ratios of NLB Group – YoY development



Total Risk Exposure Dynamic

Figure 24: RWA structure (in EUR millions)



In the first half of 2024, the RWA of the Group for credit risk increased by EUR 651.8 million due to lending activity, which was more predominant in the retail segment. New production in the corporate segment was partially offset by repayments provided by corporate clients in NLB, NLB Banka, Skopje, and NLB Banka, Sarajevo. Additionally, RWA for high-risk exposures increased due to new project financing loans given, mainly in NLB and NLB Komercijalna Banka, Beograd, and withdrawals of project finance loans approved in the previous periods. However, the decrease in RWA for liquidity assets resulted from reduced exposures towards central governments and central banks, partially offset by higher RWA due to purchasing subordinated bonds.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) in the amount of EUR 28.2 million YtD during the first six months of 2024 was driven by higher RWA for FX risk of EUR 23.8 million (mainly due to more opened positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk of EUR 6.2 million, and lower RWA for TDI risk of EUR 5.2 million (due to closed net positions from IRS) and higher RWA for EQU of EUR 3.4 million (due to the inclusion of a collective investment unit (CIU) of the new member Generali Investments, Skopje).

Wholesale Funding Strategy and MREL

Wholesale Funding

Wholesale funding activities in the Group aim to achieve diversification, improve structural liquidity and capital position, and fulfil regulatory requirements, especially compliance with the MREL requirements.

The Bank was active in capital markets, issuing 10NC5 subordinated Tier 2 notes in January to improve the capital position and 6NC5 senior preferred notes in May for MREL purposes.

Table 7: Overview of outstanding NLB notes as at 30 June 2024

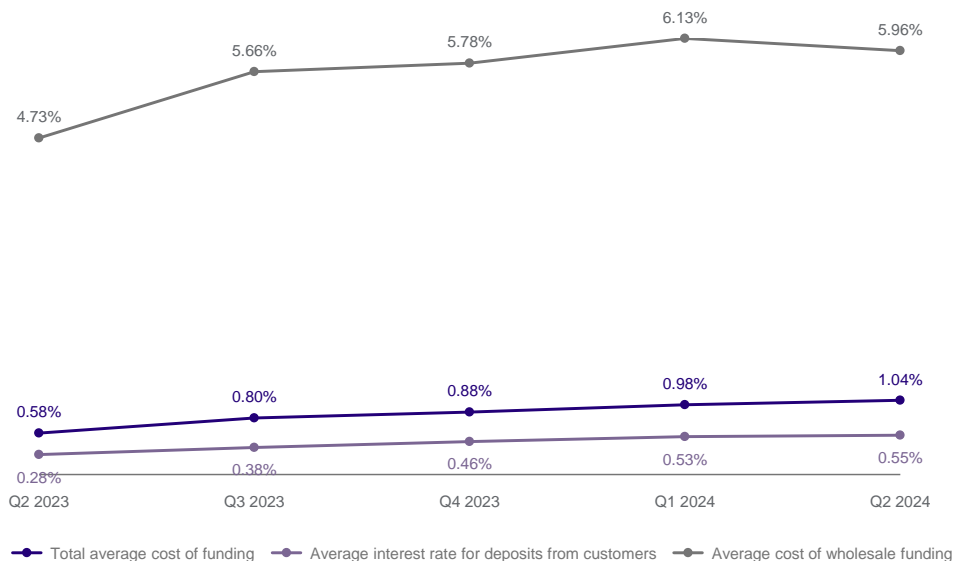
| | | | | | | | in EUR millions |
|---------------------------|--------------|-------------------|------------------|---|---------------|---|-----------------|
| Type of bond | ISIN code | Issue Date | Maturity | First call date | Interest Rate | Nominal Value | |
| Senior Preferred | XS2825558328 | 29 May 2024 | 29 May 2030 | 29 May 2029 | 4.500% p.a. | 500 | |
| Senior Preferred | XS2641055012 | 27 June 2023 | 27 June 2027 | 27 June 2026 | 7.125% p.a. | 500 | |
| Senior Preferred | XS2498964209 | 19 July 2022 | 19 July 2025 | 19 July 2024 | 6.000% p.a. | 300 ⁽ⁱⁱ⁾ | |
| Total SP: | | | | | | 1,300 | |
| Tier 2 | XS2750306511 | 24 January 2024 | 24 January 2034 | 24 January 2029 | 6.875% p.a. | 300 | |
| Tier 2 | XS2413677464 | 28 November 2022 | 28 November 2032 | 28 November 2027 | 10.750% p.a. | 225 | |
| Tier 2 | XS2113139195 | 5 February 2020 | 5 February 2030 | 5 February 2025 | 3.400% p.a. | 10.5 ⁽ⁱ⁾ (issued amount: 120) | |
| Tier 2 | XS2080776607 | 19 November 2019 | 19 November 2029 | 19 November 2024 | 3.650% p.a. | 9.9 ⁽ⁱ⁾ (issued amount: 120) | |
| Total Tier 2: | | | | | | 545.4 | |
| Additional Tier 1 | SI0022104275 | 23 September 2022 | Perpetual | between 23 September 2027 and 23 March 2028 | 9.721% p.a. | 82 | |
| Total AT1: | | | | | | 82 | |
| Total outstanding: | | | | | | 1,927.4 | |

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

(ii) Further information is available in the chapter [Events After 30 June 2024](#).

Overall funding cost remains low thanks to a reliable deposit base and the stability of sight deposit pricing, which remains unaffected by market fluctuations.

Figure 25: Average cost of funding (quarterly data)

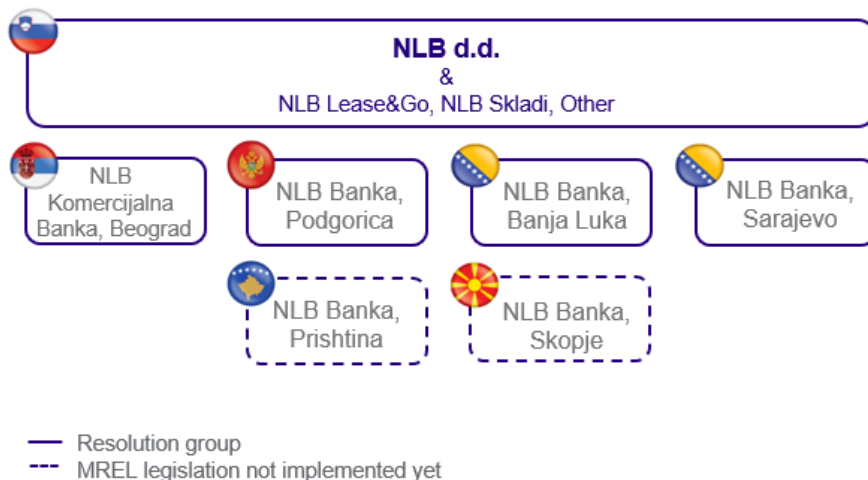


MREL Compliance

The Preferred Resolution Strategy (PRS) for the NLB Group is based on the Multiple Point of Entry (MPE) strategy. Bail-in at the level of NLB is the primary resolution tool to be applied during the stabilisation phase.

Within the NLB Group, seven resolution groups are designated. The resolution group in the Banking Union is headed by NLB, and the remaining six resolution groups are headed by the banking subsidiaries located in non-EU countries (Bosnia and Herzegovina, Montenegro, and Serbia, while Kosovo and North Macedonia have not yet implemented MREL legislation).

Figure 26: Resolution groups within NLB Group



The NLB Resolution Group consists of NLB as the only banking member and other non-banking members, the latter representing 5% in TREA. The entities and their contribution to TREA of the NLB Resolution Group are presented in the table below.

Table 8: Contribution to NLB Resolution Group's TREA

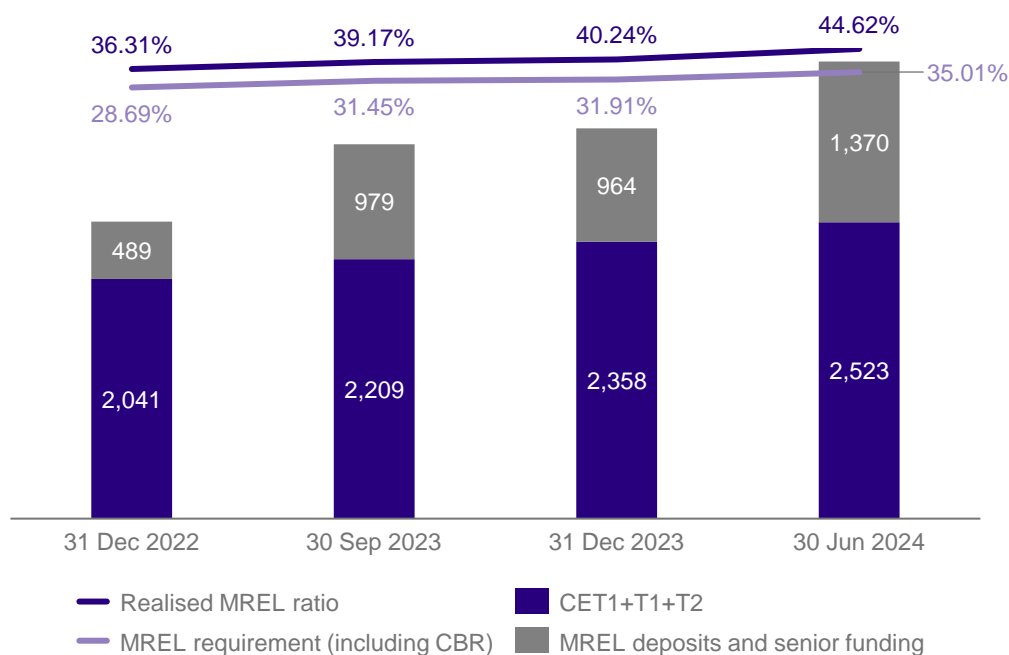
| Entity | in EUR millions |
|----------------------------------|-----------------|
| | 30 Jun 2024 |
| NLB d.d. | 8,287 |
| NLB Lease&Go, leasing, Ljubljana | 248 |
| NLB Skladi, Ljubljana | 55 |
| Other | 136 |
| TREA total | 8,726 |

NLB has to ensure a linear build-up of its own funds and eligible liabilities towards the MREL requirement applicable as of 1 January 2024, which amounts to:

- 30.66% of TREA + applicable CBR (4.35% on 30 June 2024),
- 10.69% of LRE.

On 30 June 2024, the MREL ratio amounted to 44.62% TREA and 22.47% LRE, which was well above the required level.

Figure 27: Evolution of MREL eligible funding (in EUR millions), MREL requirement and realised MREL ratio



NLB Shareholders Structure

The Bank has issued share capital divided into 20,000,000 shares. The shares are listed on the Prime Market of the Ljubljana Stock Exchange (ISIN SI0021117344, Ljubljana Stock Exchange trading symbol: NLBR), and the Global Depositary Receipts (GDRs), representing ordinary shares of NLB, are listed on the Main Market of the London Stock Exchange (ISIN: US66980N2036 and US66980N1046, London Stock Exchange GDR trading symbol: NLB and 55VX). Five GDRs represent one NLB share.

Table 9: NLB's main shareholders as at 30 June 2024⁽ⁱ⁾

| Shareholder | Number of shares | Percentage of shares |
|---|-------------------|----------------------|
| Bank of New York Mellon on behalf of the GDR holders ⁽ⁱⁱ⁾ | 10,076,353 | 50.38 |
| • of which European Bank for Reconstruction and Development (EBRD) ⁽ⁱⁱⁱ⁾ | n.a. | >5 and <10 |
| Republic of Slovenia (RoS) | 5,000,001 | 25.00 |
| Other shareholders | 4,923,646 | 24.62 |
| Total | 20,000,000 | 100.00 |

(i) Information is sourced from the NLB shareholders book available at the web services of CSD (Central Security Depository, Slovenian: KDD – Centralna klirinško depotna družba) to the CSD members. Information on major holdings is based on self-declarations by individual holders under the applicable provisions of the Slovenian legislation, which require that the holders of shares in a listed company notify the company whenever their direct and or indirect holdings go over the present thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50% or 75%. The table provides all self-declared major holders whose notifications have been received. In reliance on this obligation vested in the holders of major holdings, the Bank postulates that no other entities nor any natural persons hold directly and or indirectly ten or more per cent of the Bank's shares.

(ii) The Bank of New York Mellon holds shares as the depository (the GDR Depository) for the GDR holders and is not the beneficial owner of such shares. The GDR holders have the right to convert their GDRs into shares. The rights under the deposited shares can only be exercised by the GDR holders through the GDR Depository. Individual GDR holders do not have any direct right to either attend the shareholders' meeting or to exercise any voting rights under the deposited shares.

(iii) The information on GDR ownership is based on self-declarations made by individual GDR holders as required under the applicable provisions of Slovenian law.

Segment Analysis

Core Segments⁶

- **Retail Banking in Slovenia** covers individuals and micro companies, asset management (NLB Skladi, Ljubljana), and the part of NLB Lease&Go, leasing, Ljubljana, operating with retail clients, as well as the part of the result contributed by the associated company Bankart.
- **Corporate and Investment Banking in Slovenia** covers Key Corporate Clients, SMEs, Cross-Border Corporate Financing, Investment Banking and Custody, Restructuring and Workout, and the part of NLB Lease&Go, leasing, Ljubljana operating with corporate clients.
- **Financial Markets in Slovenia** include treasury activities and trading with financial instruments while also presenting the results of asset and liability management (ALM).
- **Strategic Foreign Markets** consist of strategic banks in the Group operating in the strategic markets (Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro), as well as the investment company KomBank Invest, Beograd, NLB DigIT, Beograd, NLB Lease&Go Skopje, NLB Lease&Go Leasing Beograd, and newly acquired Generali Investments, Skopje.
- **Other** activities include categories whose operating results cannot be allocated to specific segments, NLB Cultural Heritage Management Institute and Real Estate entities from 2024 (previously in the non-core segment).

Non-Core Segment

Non-Core Members include the operations of non-core NLB Group members, namely entities in liquidation, NLB Srbija, and NLB Crna Gora.

Table 10: Segments of NLB Group

| | NLB Group | Core Segments | | | | | Non-Core Segment |
|-------------------------------------|-----------|----------------------------|--|-------------------------------|---------------------------|-------|------------------|
| | | Retail Banking in Slovenia | Corporate and Investment Banking in Slovenia | Financial Markets in Slovenia | Strategic Foreign Markets | Other | Non-Core Members |
| Profit b.t. (in EUR millions) | 341 | 118 | 64 | -8 | 191 | -24 | 0 |
| Contribution to Group's profit b.t. | 100% | 35% | 19% | -2% | 56% | -7% | 0% |
| Total assets (in EUR millions) | 26,614 | 3,915 | 3,469 | 7,568 | 11,163 | 469 | 30 |
| % of total assets | 100% | 15% | 13% | 28% | 42% | 2% | 0% |
| CIR ⁽ⁱ⁾ | 42.8% | 37.1% | 38.8% | / | 43.3% | / | / |
| Cost of risk (bps) | -18 | 89 | -54 | / | -55 | / | / |

(i) Tax on the balance sheet excluded from NLB Group calculation.

NLB Group's main indicator of a segment's efficiency is the net profit before tax. No revenues were generated from transactions with a single external customer that would amount to 10% or more of the Group's revenues.

⁶ N Banka is included as an independent legal entity in segment analysis for the year 2023 until 1 September 2023 when the legal and operational merger between N Banka and NLB was successfully completed.

Retail Banking in Slovenia

Highlight

- Significantly increased net interest income, primarily due to higher volumes and margins on client deposits.
- Continued with excellent new loan production of consumer loans and inflows to mutual funds.
- Introduction of the NLB Visa prepaid card CeKR.
- Implemented Apple Pay, Garmin Pay and push notifications in NLB Pay wallet.
- New functionalities (change of credit card limits and personal account overdrafts) added to NLB Klik, boosting digital sales.

Financial and Business Performance

Table 11: Key financials of Retail Banking in Slovenia segment

| in EUR millions consolidated | | | | | | | | | |
|---|--------------|--------------|-------------|-------------|--------------|--------------|-------------|------------|------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ | |
| Net interest income | 159.4 | 110.4 | 49.1 | 44% | 79.4 | 80.1 | 61.1 | -1% | |
| Net interest income from Assets ⁽ⁱ⁾ | 45.6 | 43.6 | 2.0 | 5% | 23.0 | 22.6 | 21.0 | 2% | |
| Net interest income from Liabilities ⁽ⁱ⁾ | 113.8 | 66.8 | 47.1 | 71% | 56.3 | 57.5 | 40.1 | -2% | |
| Net non-interest income | 51.6 | 48.5 | 3.1 | 6% | 31.3 | 20.2 | 27.4 | 55% | |
| o/w Net fee and commission income | 61.2 | 56.7 | 4.5 | 8% | 31.0 | 30.2 | 28.6 | 2% | |
| Total net operating income | 211.0 | 158.9 | 52.1 | 33% | 110.7 | 100.3 | 88.5 | 10% | |
| Total costs | -78.2 | -72.6 | -5.6 | -8% | -43.4 | -34.8 | -36.7 | -23% | |
| Result before impairments and provisions | 132.8 | 86.3 | 46.5 | 54% | 67.3 | 65.5 | 51.8 | 3% | |
| Impairments and provisions | -16.7 | -15.4 | -1.3 | -9% | -11.2 | -5.5 | -3.8 | -103% | |
| Share of profit from investments in associates and joint ventures | 1.7 | 0.6 | 1.1 | 178% | 0.7 | 1.0 | 0.3 | -27% | |
| Result before tax | 117.7 | 71.5 | 46.2 | 65% | 56.8 | 60.9 | 48.2 | -7% | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YTD | | Change YoY | | Change QoQ |
| Net loans to customers | 3,818.9 | 3,744.9 | 3,694.2 | 3,613.4 | 124.7 | 3% | 205.6 | 6% | 2% |
| Gross loans to customers | 3,900.6 | 3,817.3 | 3,760.8 | 3,670.6 | 139.8 | 4% | 230.0 | 6% | 2% |
| Housing loans | 2,537.2 | 2,495.6 | 2,483.5 | 2,437.9 | 53.7 | 2% | 99.3 | 4% | 2% |
| Interest rate on housing loans ⁽ⁱⁱ⁾ | 3.22% | 3.26% | 3.07% | 2.93% | 0.15 p.p. | | 0.29 p.p. | | -0.04 p.p. |
| Consumer loans | 892.9 | 856.4 | 818.5 | 756.5 | 74.3 | 9% | 136.4 | 18% | 4% |
| Interest rate on consumer loans ⁽ⁱⁱ⁾ | 8.38% | 8.36% | 8.14% | 8.01% | 0.24 p.p. | | 0.37 p.p. | | 0.02 p.p. |
| NLB Lease&Go, leasing, Ljubljana | 120.2 | 108.7 | 98.2 | 83.7 | 22.1 | 27% | 36.5 | 44% | 11% |
| Other | 350.3 | 356.7 | 360.6 | 392.5 | -10.2 | -3% | -42.2 | -11% | -2% |
| Deposits from customers | 9,590.2 | 9,369.1 | 9,357.8 | 9,265.9 | 232.4 | 2% | 324.3 | 4% | 2% |
| Interest rate on deposits ⁽ⁱⁱ⁾ | 0.49% | 0.47% | 0.32% | 0.25% | 0.17 p.p. | | 0.24 p.p. | | 0.02 p.p. |
| Non-performing loans (gross) | 81.6 | 85.2 | 77.3 | 66.8 | 4.3 | 5% | 14.8 | 22% | -4% |
| | 1-6 2024 | 1-6 2023 | Change YoY | | | | | | |
| Cost of risk (in bps) | 89 | 22 | 67 | | | | | | |
| CIR | 37.1% | 45.7% | -8.6 p.p. | | | | | | |
| Net interest margin ⁽ⁱⁱ⁾ | 4.84% | 3.54% | 1.29 p.p. | | | | | | |

(i) Net interest income from assets and liabilities using Fund Transfer Pricing (FTP).

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

Net interest income saw a substantial YoY increase of 44%, primarily attributed to higher volumes and the key ECB interest rate hikes that positively affected the segment's income from clients' deposits. The average interest rate on deposits increased by 24 bps YoY. The Bank offered more attractive interest rates for term deposits and savings accounts for individuals, which customers have perceived positively.

Net fee and commission income increased by 8% YoY, driven by higher consumption, increased fees from investment funds, and bancassurance client engagement.

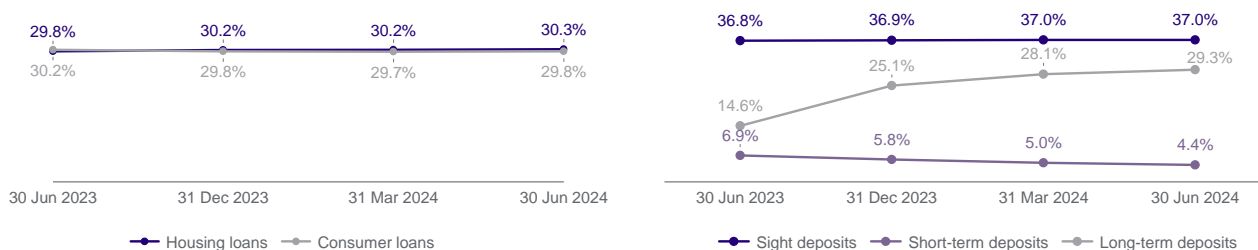
The segment's **total costs** increased by 8% YoY, primarily due to higher employee costs.

Impairments and provisions were net established for credit risks related to portfolio development.

The market shares of the segment slightly increased in retail lending to 29.6% (compared to 26.5% as at 30 June 2023) and in deposit-taking to 33.8% (compared to 32.1% as at 30 June 2023). The retail part of NLB Lease&Go, leasing, Ljubljana, continued its steady growth and recorded a 44% portfolio increase YoY.

The segments' **market share of housing and consumer loans** reached 30.3% and 29.8%, respectively, compared to 27.1% and 26.9% as at 30 June 2023. Additionally, the Bank has launched a housing loan campaign called "Your chance for a quick move" to reward 100 young loan borrowers by reimbursing their three instalments of up to EUR 1,000. The Bank has launched a new mortgage loan offer that includes a property appraisal and an energy performance certificate with no approval fees. This initiative underscores the Bank's commitment to sustainability while simplifying the process for an improved customer experience.

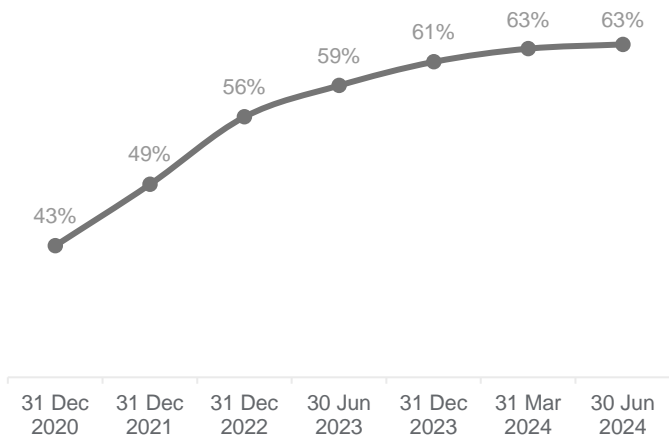
Figure 28: Market share of net loans to individuals and market share of deposits from individuals



The **deposit base** increased YoY and YtD, with YtD growth mainly driven by holiday payments in June. However, growth slowed as clients shifted their preferences towards higher-yielding financial products such as investment funds and bancassurance. Higher interest rates for term deposits led to an evident increase in term deposit volume in H1 2024, reaching EUR 227.1 million, with a noticeable shift from sight to term deposits. By the end of June, the share of term and savings accounts in total deposits from individuals had risen to 49%, compared to 44% on 30 June 2023.

After a significant period, a **new branch office** was opened, where the Bank is offering advanced and high-quality services aimed at providing the best user experience. However, the **shift to digital and self-service banking** is becoming more pronounced as clients actively use NLB Klik and ATMs as their primary channels for payment transactions. NLB Klik, an omnichannel solution, now includes daily banking features such as credit card orders, changes to credit card limits, and changes to personal account overdrafts. A differentiated price with discounted approval costs for quick loans concluded through NLB Klik has been introduced to encourage clients to go digital. Additionally, NLB Klik experienced a 12% YoY increase in active digital users, a 4.5 p.p. rise in active digital penetration, and, with the added functionalities, an increase in the share of digital sales across relevant product groups.

Figure 29: Digital penetration (i)



(i) Share of active digital users in # of clients with an active transactional account.

The **Contact Centre** (CC), a 24/7 contact point for the Bank's clients, is also well-accepted as a virtual bank for contracting new products, as 11% of key retail product group sales were made through the CC in H1 2024.

In cooperation with the Municipality of Kranj, a new NLB Visa prepaid card CeKR was introduced, which, in addition to identifying the user, enables payment of services and goods worldwide, both in-store and online. The Group's mobile wallet **NLB Pay** has undergone a significant overhaul with the integration of Google Pay in June 2023 and Apple Pay in March 2024. It has been transformed into an app allowing users to easily confirm their e-commerce purchases and Flik payments. The recent implementation of Garmin Pay also enables contactless payments using watches. Push notifications have been included within the app to make NLB Pay even more convenient.

NLB Skladi, Ljubljana, Slovenia's largest asset management company, completed the acquisition of Generali Investments, Skopje and entered another strategically important market for the Group. NLB Skladi, Ljubljana has further increased its market share of assets under management (AuM) in mutual funds to 40.2%, with net inflows in H1 2024 amounting to EUR 133.7 million, accounting for 54.6% of all net inflows in the market. Gross inflows in mutual funds for the same period reached EUR 190.2 million (EUR 114.4 million in H1 2023). The company's total assets under management grew by 27.2% YoY to EUR 2,742.5 million, of which EUR 2,284.3 million consisted of mutual funds and EUR 458.2 million of the discretionary portfolio.

Corporate and Investment Banking in Slovenia

Highlight

- Increased net interest income is driven by higher loan volumes and margins on client deposits.
- An increase in market share in loans, alongside maintaining a significant market share in guarantees.
- The Bank's active role in raising awareness and supporting clients in ESG development and sustainable finance is reflected in increased volumes of sustainable finance.
- The trade finance business remained stable, allowing the Bank to preserve high market shares.

Financial and Business Performance

Table 12: Key financials of Corporate and Investment Banking in Slovenia segment

| | in EUR millions consolidated | | | | | | | |
|---|------------------------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ |
| Net interest income | 65.3 | 45.2 | 20.1 | 44% | 32.9 | 32.4 | 24.0 | 2% |
| Net interest income from Assets ⁽ⁱ⁾ | 37.4 | 28.4 | 9.0 | 32% | 19.6 | 17.8 | 14.2 | 10% |
| Net interest income from Liabilities ⁽ⁱ⁾ | 27.9 | 16.8 | 11.1 | 66% | 13.3 | 14.6 | 9.8 | -8% |
| Net non-interest income | 23.7 | 21.6 | 2.1 | 10% | 11.4 | 12.4 | 11.5 | -8% |
| o/w Net fee and commission income | 20.2 | 19.5 | 0.7 | 3% | 9.6 | 10.6 | 9.9 | -18% |
| Total net operating income | 89.1 | 66.8 | 22.2 | 33% | 44.3 | 44.7 | 35.5 | -1% |
| Total costs | -34.6 | -34.4 | -0.2 | -1% | -18.9 | -15.7 | -16.5 | -2% |
| Result before impairments and provisions | 54.5 | 32.5 | 22.0 | 68% | 25.4 | 29.1 | 19.0 | -13% |
| Impairments and provisions | 9.1 | 6.9 | 2.2 | 33% | 6.3 | 2.7 | 2.4 | 13% |
| Result before tax | 63.6 | 39.3 | 24.2 | 62% | 31.7 | 31.8 | 21.5 | 0% |

| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YtD | Change YoY | Change QoQ |
|--|-------------|-------------|-------------|-------------|------------|------------|------------|
| Net loans to customers | 3,440.9 | 3,289.3 | 3,360.2 | 3,389.8 | 80.7 | 2% | 51.1 |
| Gross loans to customers | 3,492.6 | 3,341.2 | 3,413.2 | 3,440.5 | 79.4 | 2% | 52.1 |
| Corporate | 3,392.2 | 3,237.7 | 3,306.7 | 3,341.5 | 85.5 | 3% | 50.7 |
| Key/SME/Cross Border Corporates | 3,106.1 | 2,966.0 | 3,049.5 | 3,137.8 | 56.6 | 2% | -31.7 |
| Interest rate on Key/SME/Cross Border Corporates loans ⁽ⁱⁱ⁾ | 5.21% | 5.21% | 4.54% | 3.98% | 0.67 p.p. | | 1.23 p.p. |
| Investment banking | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | -1% | 0.0 |
| Restructuring and Workout | 112.8 | 109.7 | 97.7 | 59.3 | 15.1 | 15% | 53.5 |
| NLB Lease&Go, leasing, Ljubljana | 173.2 | 161.9 | 159.4 | 144.3 | 13.8 | 9% | 28.9 |
| State | 99.3 | 102.4 | 105.6 | 98.9 | -6.4 | -6% | 0.4 |
| Interest rate on State loans ⁽ⁱⁱ⁾ | 6.01% | 6.06% | 5.95% | 5.96% | 0.06 p.p. | | 0.05 p.p. |
| Deposits from customers | 2,089.9 | 2,202.8 | 2,471.8 | 2,263.5 | -381.9 | -14% | -173.6 |
| Interest rate on deposits ⁽ⁱⁱ⁾ | 0.36% | 0.38% | 0.28% | 0.20% | 0.08 p.p. | | 0.16 p.p. |
| Non-performing loans (gross) | 59.6 | 61.7 | 61.8 | 60.3 | -2.2 | -4% | -0.7 |

| | 1-6 2024 | 1-6 2023 | Change YoY |
|-------------------------------------|----------|----------|------------|
| Cost of risk (in bps) | -54 | -64 | 10 |
| CIR | 38.8% | 51.4% | -12.6 p.p. |
| Net interest margin ⁽ⁱⁱ⁾ | 4.24% | 3.12% | 1.13 p.p. |

(i) Net interest income from assets and liabilities using FTP.

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

The Corporate and Investment Banking segment cooperates with over 11,000 corporate clients and holds 26.5% of the market share in loans and 21.9% in deposits. The business's principal is customer centricity and a focus on actual client needs, with comprehensive and tailor-made financial solutions to support our economy.

The **net interest income** showed a substantial increase of 44% YoY, primarily due to the rise in loan volume and the key ECB rate hike positively affecting the net interest income from clients' deposits. Deposit interest rates, less sensitive to market rate volatility, demonstrated a higher segment income.

Net fee and commission income increased 3% YoY, primarily due to the fees from the RoS bond issue, brokerage services, and guarantees.

Impairments and provisions were net released in the amount of EUR 9.1 million due to changes in risk parameters and the portfolio development.

The **volume of gross loans** increased by EUR 85.5 million YtD, driven by a EUR 56.6 million portfolio increase from Key and Cross-Border corporates. Business activity showed strong momentum in the second quarter, with significant new production in short and long-term loans (EUR 424.2 million of new short and long-term loans in Q2, compared to EUR 154.0 million in Q1).

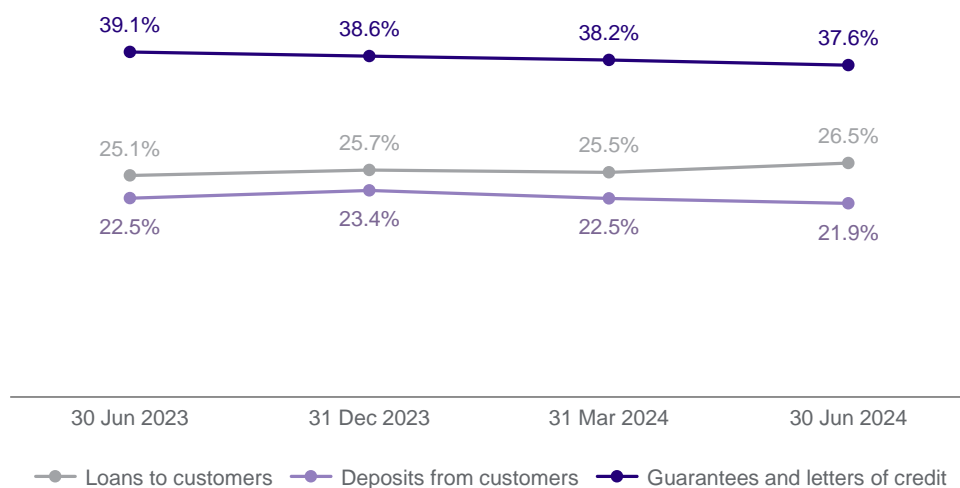
As a key and important systemic player in the financial market, the Bank raises awareness and supports clients in the **region's development of ESG and sustainable finance** through its proactive approach and advisory services. In this way, it increases its share in financing the green transformation of companies in Slovenia and the wider region.

At the end of H1 2024, the loan outstanding portfolio of **cross-border financing** reached EUR 449.0 million, with additional approved and still unutilised loans amounting to EUR 122.4 million in the same period. A significant part of respective financing activities has been focused on green and sustainable projects within the home region while supporting other key industries such as telecommunications, energy, and real estate. Outside the home, region activities are concentrated on Schuldschein loans, approved to big international investment-grade rated companies, mainly located in the Nordics and Western Europe. A further focus is being put into exploring options to enter international syndication deals, especially on the secondary market.

A generally noticeable downturn in corporate deposits is observed in the entire Slovenian banking system and NLB, with the **volume of deposits** decreased by 15% YtD.

The **trade finance business** remained stable, with a high market share of 37.6%. A strong focus was given to Slovenian exporters and all different versions of invoice financing.

Figure 30: Market share in Corporate Banking in Slovenia



The Bank remains among the top Slovenian players in custodian services for both Slovenian and international clients. The total value of **assets under custody** increased YtD, mostly on domestic markets, and amounted to EUR 20.1 billion at the end of H1 2024 (compared to EUR 18.6 billion as at 31 December 2023).

In H1 2024, the Bank executed clients' buy-and-sell orders of EUR 1.69 billion through its **brokerage services**. In dealing with financial instruments, the Bank conducted foreign exchange spot deals amounting to EUR 1.033 billion, and transactions involving derivatives reached EUR 71.6 million.

The Bank has been actively involved in **financial advisory business**. In addition to mergers and acquisitions (M&A) and advisory business, it was engaged in the organisation of bond issues (as a sole lead manager or joint lead manager) in the nominal amount of EUR 1.166 billion. NLB was also a joint lead manager and distributor of the RoS's first retail bond in the nominal amount of EUR 258 million.

With regard to acquiring business, NLB Smart POS, a new app solution primarily for micro and small businesses, has been upgraded with a POS slip print option and the ability to connect to a merchant's cash register. The partnership with Lab4Pay (Elly POS) and especially with Billy POS to acquire new merchants is already yielding the first results. Additionally, the Bank signed a contract with an important business partner to promote and expand the use of NLB Smart POS further.

Intermediary business for **NLB Lease&Go, leasing, Ljubljana** has also been the focus of the Bank's commercial activities, providing clients with the best possible financing solutions for financing vehicles and equipment.

Financial Markets in Slovenia

Highlights

- The Bank successfully issued subordinated Tier 2 notes in the amount of EUR 300 million and senior preferred notes in the amount of EUR 500 million.
- For NII stabilisation, the Bank increased investments in banking book securities, mainly funded from balances with CB.
- Further diversification of the banking book securities portfolio resulted in more ESG debt securities.
- Negative ALM result in 2024 is a consequence of the FTP policy adjustment, which burdens the ALM result for surpluses of MREL and Tier 2 instruments above the optimal level.

Financial and Business Performance

Table 13: Key Financials of Financial Markets in Slovenia segment

| | in EUR millions consolidated | | | | | | | | |
|---|------------------------------|-------------|--------------|-------------|-------------|------------|-------------|------------|------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ | |
| Net interest income | -0.9 | 27.7 | -28.6 | - | -3.0 | 2.1 | 13.0 | - | |
| Net interest income w/o ALM ⁽ⁱ⁾ | 12.8 | 11.3 | 1.5 | 14% | 5.2 | 7.7 | 4.7 | -31% | |
| o/w ALM | -13.7 | 16.4 | -30.2 | - | -8.2 | -5.5 | 8.2 | -48% | |
| Net non-interest income | 0.3 | 0.0 | 0.3 | - | -2.6 | 2.9 | 0.9 | - | |
| Total net operating income | -0.6 | 27.7 | -28.3 | - | -5.6 | 5.1 | 13.9 | - | |
| Total costs | -6.4 | -4.7 | -1.7 | -36% | -3.5 | -2.9 | -2.4 | -23% | |
| Result before impairments and provisions | -6.9 | 23.0 | -30.0 | - | -9.1 | 2.2 | 11.5 | - | |
| Impairments and provisions | -0.8 | 4.2 | -5.0 | - | -0.3 | -0.5 | -0.1 | 40% | |
| Result before tax | -7.7 | 27.3 | -35.0 | - | -9.4 | 1.7 | 11.4 | - | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YtD | | Change YoY | | Change QoQ |
| Balances with Central banks | 3,335.2 | 3,684.6 | 4,153.2 | 3,901.8 | -818.0 | -20% | -566.7 | -18% | 18% |
| Banking book securities | 4,143.7 | 3,655.7 | 2,981.1 | 2,954.4 | 1,162.6 | 39% | 1,189.3 | 40% | 13% |
| Interest rate ⁽ⁱⁱ⁾ | 1.87% | 1.68% | 1.17% | 0.97% | 0.70 p.p. | | 0.90 p.p. | | 0.19 p.p. |
| Borrowings | 56.4 | 52.5 | 82.8 | 95.5 | -26.4 | -3% | -39.1 | -4% | 7% |
| Interest rate ⁽ⁱⁱ⁾ | 2.36% | 2.33% | 1.66% | 2.26% | 0.70 p.p. | | 0.10 p.p. | | 0.03 p.p. |
| Subordinated liabilities (Tier 2) | 558.7 | 597.3 | 509.4 | 520.0 | 49.3 | 10% | 38.7 | 7% | -3% |
| Interest rate ⁽ⁱⁱ⁾ | 8.04% | 7.64% | 6.89% | 6.80% | 1.15 p.p. | | 1.24 p.p. | | 0.40 p.p. |
| Other debt securities in issue | 1,315.3 | 838.0 | 828.8 | 814.5 | 486.5 | 59% | 500.8 | 61% | 57% |
| Interest rate ⁽ⁱⁱ⁾ | 6.66% | 6.84% | 6.56% | 6.20% | 0.10 p.p. | | 0.46 p.p. | | -0.18 p.p. |

(i) Net interest income from assets and liabilities using FTP.

(ii) Interest rates only for NLB.

The primary mission of this segment continued to be the Group's activities on the international financial markets, including treasury operations. The market is constantly observed for the Group's investment and funding purposes. The former intends to diminish further possible defaults of issuers included in the banking book securities portfolio and to manage the portfolio according to the market moves (yield movement) / economic data (inflation, recession). The latter gives the Group an overview of market conditions for future bond issuances.

The **net interest income** was EUR 28.6 million lower YoY and EUR 5.1 million lower QoQ due to ALM results being transferred to Retail Banking and Corporate and Investment Banking segments, and with 2024 additionally being burdened with MREL and T2 instruments costs above optimal levels.

The Bank successfully issued 10NC5 subordinated **Tier 2** notes of EUR 300 million in January to optimise and strengthen its capital position and 6NC5 **senior preferred notes** of EUR 500 million in May. Both issuances also count towards meeting the MREL requirement.

There was a decrease of EUR 818.0 million YtD in **balances with the central bank**, as they were transferred to **banking book securities**, resulting in a YtD increase of EUR 1,162.6 million. This transformation was undertaken with the aim of stabilising net interest income in 2024.

Approximately 13% or EUR 531 million of the banking book securities portfolio consists of the **ESG debt securities** issued by governments, multilateral organisations, or financial institutions, of which EUR 251 million were bought in 2024.

At the end of H1, the duration of the Bank securities portfolio was 3.8 years, with an average yield of 1.87% in H1 2024. The negative valuation of the FVOCI portfolio as at 30 June 2024 amounted to EUR 42 million (net of hedge accounting effects and related deferred taxes).

Strategic Foreign Markets

Highlights

- Sustained growth and robust financial outlook.
- All subsidiary banks robustly profitable and earning Cost of Capital (CoC) with NLB Komercijalna Banka, Beograd, contributing 48% to the segment's pre-tax profit.
- Double-digit net interest income growth with increasing net interest margins across all banking members.
- Retail lending activities have grown robustly, outpacing local market dynamics.
- Increased deposit base reflected the overall confidence in the banking members.
- Remarkable growth of the leasing portfolio in Serbia.
- Continuous sustainable financing and operations improving the carbon footprint of the banks.
- Regional central banks' regulatory changes – new combined buffer capital requirements across the countries of the Group's operations.
- Acquisition of the company Generali Investments, Skopje by NLB Skladi, Ljubljana.

Financial and Business Performance

Table 14: Key Financials of the Strategic Foreign Markets segment

| in EUR millions consolidated | | | | | | | | |
|---|--------------|--------------|-------------|------------|--------------|--------------|--------------|------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ |
| Net interest income | 237.8 | 196.4 | 41.4 | 21% | 119.0 | 118.8 | 102.5 | 0% |
| Interest income | 276.7 | 215.6 | 61.1 | 28% | 139.0 | 137.7 | 113.2 | 1% |
| Interest expense | -38.9 | -19.2 | -19.7 | -102% | -20.0 | -18.9 | -10.6 | -9% |
| Net non-interest income | 67.3 | 64.5 | 2.8 | 4% | 38.1 | 29.2 | 30.8 | 30% |
| o/w Net fee and commission income | 69.2 | 58.8 | 10.4 | 18% | 38.5 | 30.8 | 30.3 | 25% |
| Total net operating income | 305.1 | 260.9 | 44.2 | 17% | 157.1 | 148.0 | 133.3 | 6% |
| Total costs | -132.1 | -117.9 | -14.2 | -12% | -68.2 | -63.9 | -60.8 | -7% |
| Result before impairments and provisions | 173.1 | 143.0 | 30.0 | 21% | 88.9 | 84.1 | 72.5 | 6% |
| Impairments and provisions | 18.1 | 16.9 | 1.1 | 7% | 20.6 | -2.5 | 5.9 | - |
| Result before tax | 191.1 | 160.0 | 31.2 | 19% | 109.6 | 81.6 | 78.3 | 34% |
| o/w Result of minority shareholders | 8.5 | 6.8 | 1.8 | 26% | 5.2 | 3.4 | 3.3 | 52% |

| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YtD | | Change YoY | | Change QoQ |
|----------------------------------|-------------|-------------|-------------|-------------|------------|----|------------|------|------------|
| Net loans to customers | 7,110.6 | 6,794.8 | 6,648.1 | 6,394.5 | 462.5 | 7% | 716.2 | 11% | 5% |
| Gross loans to customers | 7,288.3 | 6,992.1 | 6,839.8 | 6,581.6 | 448.5 | 7% | 706.8 | 11% | 4% |
| Individuals | 3,788.9 | 3,631.0 | 3,525.6 | 3,388.7 | 263.3 | 7% | 400.2 | 12% | 4% |
| Interest rate on retail loans | 7.02% | 7.06% | 6.63% | 6.40% | 0.39 p.p. | | 0.62 p.p. | | -0.05 p.p. |
| Corporate | 3,222.0 | 3,087.8 | 3,042.9 | 2,958.2 | 179.1 | 6% | 263.8 | 9% | 4% |
| Interest rate on corporate loans | 5.90% | 5.96% | 5.37% | 4.99% | 0.53 p.p. | | 0.91 p.p. | | -0.06 p.p. |
| State | 277.4 | 273.3 | 271.4 | 234.7 | 6.0 | 2% | 42.8 | 18% | 2% |
| Interest rate on state loans | 7.78% | 7.79% | 7.13% | 6.54% | 0.65 p.p. | | 1.24 p.p. | | -0.01 p.p. |
| Deposits from customers | 8,981.0 | 8,872.5 | 8,878.3 | 8,355.6 | 102.6 | 1% | 625.4 | 7% | 1% |
| Interest rate on deposits | 0.64% | 0.63% | 0.38% | 0.28% | 0.26 p.p. | | 0.36 p.p. | | 0.01 p.p. |
| Non-performing loans (gross) | 136.9 | 134.6 | 134.0 | 156.0 | 2.9 | 2% | -19.1 | -12% | 2% |

| | 1-6 2024 | 1-6 2023 | Change YoY |
|-----------------------|----------|----------|------------|
| Cost of risk (in bps) | -55 | -57 | 3 |
| CIR | 43.3% | 45.2% | -1.9 p.p. |
| Net interest margin | 4.43% | 4.01% | 0.42 p.p. |

The first half of 2024 has seen the Southeast Europe (SEE) region experiencing sustained growth and a robust financial outlook. Key factors contributing to this positive economic performance include increased foreign direct investment (FDI), strong export growth, moderate inflation and significant improvements in the business environment.

In H1 2024, NLB Skladi, Ljubljana entered the North Macedonian market by successfully completing the transaction of acquiring 100% of the company Generali Investments, Skopje and by that NLB Group is enriched with the new member in the field of asset management.

The banking members of the Group are key financial institutions in the SEE markets, demonstrating robust liquidity and capital and serving various business segments of clients with a full range of banking products and services.

The **market shares** by total assets of banking members reach or exceed 10% in five out of six markets. Most of the Group members experienced higher growth in retail loans compared to the growth of the local banking sector. Amid the

high-interest rate environment, pricing pressures, and regulatory changes, despite the economic slowdown, the banking members of the Group continued to grow, which resulted in strong H1 2024 results.

In the first half of 2024, the demand for loans has shown a positive trend, reflecting the overall economic growth and increased business activity in the region by marking a solid 11% YoY and 7% YtD increase in lending activities. The most significant increase in gross loans to customers was achieved by NLB Banka, Podgorica (16% YoY) and NLB Banka, Prishtina (15% YoY). High performance in new business production continued in the corporate and retail segments as several products and services were upgraded, which included streamlining and modernising their distribution network and improving their digital offering.

NLB Lease&Go Leasing Beograd realised a remarkable growth in new leasing financing of EUR 43 million YtD.

The higher interest rate environment affected customers' behaviour. The overall confidence remained strong in the banking members and the total **customer deposit** base increased by 7% YoY.

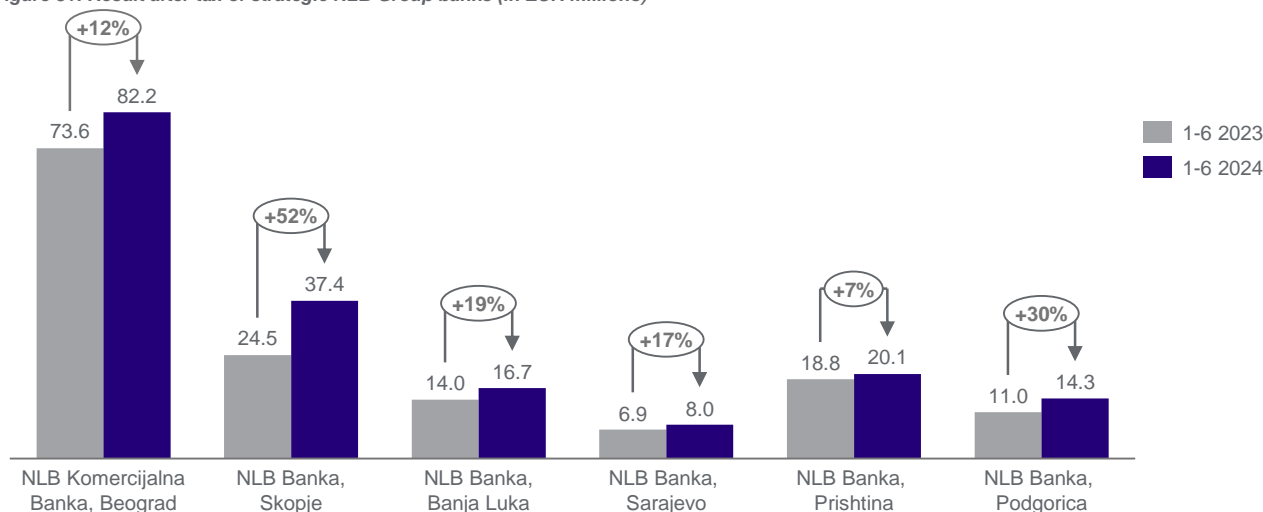
In the still high interest rate market environment, the **net interest income** increased by 21% YoY on the segment level due to higher volumes. All banking members recorded a double-digit percentage increase in net interest income YoY, with the highest absolute impact in an interest rate increase in NLB Komercijalna Banka, Beograd of EUR 19.6 million YoY.

Net fee and commission income increased by EUR 10.4 million in large part driven by the renegotiated conditions with the service providers that improved net fee results in payment transactions and card operations in Q2, but also due to the positive impact of increased economic activity and higher volumes of payments and card operations.

Total costs increased by EUR 14.2 million YoY due to higher operating costs resulting from still persistent inflationary pressures.

Impairments and provisions were net released in EUR 18.1 million due to changes in risk parameters.

Figure 31: Result after tax of strategic NLB Group banks (in EUR millions)⁽ⁱ⁾



(i) On stand-alone basis as included in the consolidated financial statements of the NLB Group.

Despite the strong pricing competitive pressure on interest rates on assets and liabilities, the banking members realised a **net interest margin** between 3.2% (NLB Banka, Sarajevo) and 5.2% (NLB Banka, Podgorica) in H1 2024.

Retail Banking

The banking members realised robust new retail loan production YoY and YtD. The increase in the loan portfolio to individuals was seen in all banking members. New loan production significantly outperforms the local markets, especially in consumer loans. The gross loans to individuals marked a 12% YoY growth and 7% YtD. The highest YoY increase was achieved by NLB Banka, Prishtina (25%), NLB Banka, Banja Luka (15%) and NLB Banka, Podgorica (14%).

Most of the banks in the Group increased their market share in loans to individuals in various sub-segments from 10 to 55 bps YtD. Retail loans market share increased the most in NLB Banka, Prishtina, by 33 bps YtD. New production in ESG loans accelerated in H1 2024 with the offering of various NLB Green Loans through partners – Eco mortgage loans through business partners, Eco home appliance loans, electric and hybrid vehicles, etc.

In deposit dynamics, the Group banks retained customer confidence as the total SEE bank deposits from individuals increased by 3% YtD and 8% YoY.

Corporate Banking

The banking members maintained a positive trend in approving new financing and attracting new corporate clients. The banks recorded a 7% YoY and a 5% YtD growth in the corporate segment, with the highest levels achieved in NLB Banka, Podgorica (18.5% YoY), NLB Komercijalna Banka, Beograd (8.3% YoY) and NLB Banka, Prishtina (8.2% YoY). The banks continued sustainable financing by supporting green investments, focusing particularly on solar power plants and energy efficiency.

The SEE banks attracted corporate deposits by increasing the balances from corporates by 8% YoY.

Non-Core Members⁷

Highlights

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

Financial and Business Performance

Table 15: Key Financials of Non-Core Members

| in EUR millions consolidated | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| | 1-6 2024 | 1-6 2023 | Change YoY | Q2 2024 | Q1 2024 | Q2 2023 | Change QoQ |
| Net interest income | 0.5 | 0.5 | 0.1 | 13% | 0.2 | 0.4 | -4% |
| Net non-interest income | 0.4 | -1.9 | 2.3 | - | -0.1 | 0.4 | -0.9 |
| Total net operating income | 0.9 | -1.4 | 2.3 | | 0.1 | 0.8 | -8% |
| Total costs | -2.4 | -6.4 | 4.0 | 62% | -0.4 | -2.0 | -3.5 |
| Result before impairments and provisions | -1.5 | -7.8 | 6.3 | 81% | -0.3 | -1.2 | -3.9 |
| Impairments and provisions | 1.4 | 1.6 | -0.2 | -1% | 0.3 | 1.1 | 1.1 |
| Result before tax | -0.1 | -6.3 | 6.2 | 98% | 0.0 | -0.1 | -2.9 |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | Change YtD | Change YoY | Change QoQ |
| Segment assets | 29.5 | 35.4 | 47.1 | 40.8 | -17.6 | -37% | -11.3 |
| Net loans to customers | 9.0 | 10.4 | 10.9 | 11.2 | -1.9 | -18% | -2.2 |
| Gross loans to customers | 25.3 | 26.0 | 28.6 | 31.7 | -3.3 | -11% | -6.4 |
| Investment property and property & equipment received for repayment of loans | 5.7 | 9.6 | 20.1 | 21.7 | -14.5 | -78% | -16.0 |
| Other assets | 14.8 | 15.4 | 16.0 | 7.9 | -1.2 | -1% | 6.9 |
| Non-performing loans (gross) | 25.3 | 25.1 | 27.4 | 29.9 | -2.1 | -8% | -4.6 |

The wind-down has remained the main objective of the non-core segment in all the non-core portfolios, followed by a reduced operating income. The divestment process has been running with thoughtful cost management and well-established collection procedures. On 30 June 2024, the segment's total assets amounted to EUR 29.5 million.

⁷ REAM entities are from 2024 on the part of the Core segment.

Risk Factors and Outlook

Risk Factors

Risk factors affecting the business outlook are (among others):

- Economy's sensitivity to a potential slowdown in the euro area or globally
- Potential liquidity outflows
- Widening credit spreads
- Worsened interest rate outlook / Persistence of high inflation
- Energy and commodity price volatility
- Increasing unemployment
- Geopolitical uncertainties
- Potential cyber-attacks
- Litigation risks
- Regulatory, other legislative, and tax measures impacting the banks

In 2024, growth in the Group's region is expected to remain moderate, whereby anticipated interest rate cuts and the disinflation process are expected to contribute positively to loan growth. Additional geopolitical uncertainties pose downside risks that could potentially result in a slowdown, affecting investment growth and private consumption.

Credit risk usually increases considerably in times of an economic slowdown. The Group has thoroughly analysed and adjusted the potential impact on the credit portfolio in light of inflationary pressures and potential decreases in economic growth. The lending growth in the corporate and retail segments is expected to grow at around high single-digit rate. Regarding the credit portfolio quality, the Group carefully monitors the potentially most affected segments to detect any significant increase in credit risk at a very early stage. The aforementioned adverse developments and geopolitical uncertainties could affect the cost of risk and NPLs. Notwithstanding the established procedures in the Group's credit risk management, there can be no certainty that they will be sufficient to ensure the Group's credit portfolio quality or the corresponding impairments remain adequate.

The investment strategy of the Group, referring to the Group's bond portfolio kept for liquidity purposes, adapts to the expected market trends in accordance with the set risk appetite. Given that market interest rates in 2024 are expected to decrease, the Group is focusing on stabilising net interest income and reducing its sensitivity. Geopolitical uncertainties have increased volatility in the financial markets, particularly shifts in credit spreads, rising interest rates, and foreign exchange rate fluctuations. The Group closely monitors its prominent bond portfolio positions, mostly sovereign, and carefully manages them by incorporating adequate early warning systems to limit the potential sensitivity of regulatory capital.

So far, no material movements regarding the Group's significant FX positions have been observed. Current developments, market observations, and potential mitigations are closely monitored and discussed. While the Group monitors its liquidity, interest rate, credit spread, FX position, and corresponding trends, their impacts on the Group positions, and any significant and unanticipated movements on the markets or a variety of factors, such as competitive pressures, consumer confidence, or other certain factors outside the Group's control, could adversely affect the Group's operations, capital, and financial condition.

Special attention is paid to the continuous provision of services to clients, their monitoring, and the prevention of cyber-attacks and potential fraud events. The Group has established internal controls and other measures to facilitate adequate management. However, these measures may only sometimes entirely prevent possible adverse effects.

With regards to litigation risk, in recent years, and even more so in recent periods, the Bank has seen a shift in the case law that is generally becoming more favourable to consumers. The Bank has noticed an increase in the number of proceedings against the Bank in the consumer protection area, which was expected. The current litigations against the Bank referring to CHF are less material, but the Bank is closely monitoring the latest developments.

The Group is subject to various regulations and laws relating to banking, insurance, and financial services. Consequently, it faces the risk of significant interventions by several regulatory and enforcement authorities in each jurisdiction in which it operates, including any changes in the tax treatment of the banking business and changes in the interpretation of legislation. A comparable materialisation level of such risks may also be expected in future periods.

The SEE region is the Group's most significant geographic area of operations outside Slovenia, and the economic conditions in this region are, therefore, crucial to the Group's operations and financial condition results. The Group's financial condition could be adversely affected by any regional instability or economic deterioration.

In this regard, the Group closely follows the macroeconomic indicators relevant to its operations:

- GDP trends and forecasts,
- Economic sentiment,
- Unemployment rate,
- Consumer confidence,
- Construction sentiment,
- Deposit stability and growth of loans in the banking sector,
- Credit spreads and related future forecasts,
- Interest rate development and related future forecasts,
- FX rates,
- Energy and commodity prices,
- Other relevant market indicators.

In H1 2024, the Group regularly reviewed the IFRS 9 provisioning by testing the relevant macroeconomic scenarios to adequately reflect the current circumstances and their future impacts. The Group established multiple scenarios (i.e., baseline, optimistic, and severe) for the Expected Credit Losses (ECL) calculation, aiming to create a unified projection of macroeconomic and financial variables for the Group, aligned with the Bank's consolidated view of the future of economic development in the SEE. The Group formed three probable scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of IFRS 9. These IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts.

The baseline scenario presents an expected forecast macroeconomic view for all the countries of the Group. This scenario is based on recent official and professional forecasts, with specific adjustments for individual countries of the Group. Key characteristics include decreasing inflation as energy-related impact on goods and services prices abate, a slightly less tight labour market, GDP growth supported by declining interest rates and strong private consumption due to real wage growth, resilient labour market and positive expectations, industry and export activity pick-up, and limited spillover effects of financial system issues / major trading partners growth slowdown on the real economy.

The alternative scenarios are based on plausible drivers of economic development for the next three years. The optimistic alternative scenario demonstrates supply-driven positive developments. Supply chains adapt swiftly and support an optimistic economic stance - keeping a lid on inflation pressures. Labour skill mismatches are addressed through targeted training programs. Automation and technology adoption create new job opportunities, offsetting any displacement. In the short-term, financing conditions ease, and business confidence rebounds. Consumer spending picks up, contributing to overall growth. The ECB considers both demand and supply factors when setting interest rates. In this scenario, the ECB maintains a dovish stance, easing aggressively until the inflation rebounds towards the ECB target.

The severe alternative scenario paints a picture of bleak economic developments, where supply constraints, geopolitical tensions, technological shifts, and labour market disruption hinder economic recovery. Moreover, high public debt diverts funds from productive investments. Policymakers must navigate these challenges to ensure stability and sustainable growth. This adverse scenario results in a prolonged global recession, with growth falling well below the levels needed to achieve sustainable development goals in the mid-term. The ECB carefully considers demand and supply factors when setting interest rates to prevent abrupt economic shifts.

The Bank considers these scenarios when calculating expected credit losses in the context of IFRS 9. On this basis, the Group revised scenario weights in H1 2024. The assigned weights were 20%–60%–20% (alternative scenarios receiving 20% each, and the baseline scenario 60%).

The Group established a comprehensive internal stress-testing framework and early warning systems in various risk areas with built-in risk factors relevant to the Group's business model. The stress-testing framework is integrated into the Risk Appetite, Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP), and the Recovery Plan to determine how severe and unexpected changes in the business and macro environment might affect the Group's capital adequacy or liquidity position. The stress-testing framework and recovery plan indicators support proactive management of the Group's overall risk profile in these circumstances, including capital and liquidity positions from a forward-looking perspective.

Risk Management actions that the Group might use are determined by various internal policies and applied when necessary. Moreover, the selection and application of mitigation measures follow a three-layer approach, considering the measure's feasibility analysis, its impact on the Group's business model, and the strength of the available measure.

Outlook

The indicated Outlook constitutes forward-looking statements that are subject to several risk factors and are not a guarantee of future financial performance. The NLB Group is pursuing various strategic activities to enhance its business performance. The interest rate outlook is uncertain, given the adaptive monetary policy of the ECB and local central banks to the general economic sentiment.

Reconstruction efforts from 2023's historic floods will buttress faster government spending in Slovenia and, in turn, GDP growth in 2024. Exports will rebound on a recovering automotive industry and EU demand, and private consumption will be braced by slower inflation. Deepening political instability is a downside risk, while a stronger-than-expected EU economy is an upside risk. GDP growth in Slovenia is expected to be 2.4% in 2024 and 2.5% in 2025. While banks benefited from higher interest rates in 2023, elevated rates started to weigh on demand in NLB Group's region (in some countries more than in others), albeit key rate cuts should lessen the interest rate strain during the course of the year. They will also negatively affect net interest margins in the banking industry. Most economies of the NLB Group's region are seen expanding at faster clips due to cooling inflation and monetary easing. Additional spillover from the wars in Ukraine and Gaza and increased ethno-nationalist tensions pose downside risks. The Group's region is expected to grow by 2.9% in 2024 and 3.2% in 2025.

Table 16: Movement of key macroeconomic indicators in the euro area and the NLB Group region

| | GDP (real growth in %) | | | | | Average inflation (in %) | | | | | Unemployment rate (in %) | | | | |
|--------------|---------------------------|------|------|------|------|-----------------------------|------|------|------|------|-----------------------------|------|------|------|------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2022 | 2023 | 2024 | 2025 | 2026 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Euro area | 3.4 | 0.4 | 0.8 | 1.5 | 1.6 | 8.4 | 5.4 | 2.5 | 2.2 | 2.0 | 6.8 | 6.5 | 6.7 | 6.7 | 6.5 |
| Slovenia | 2.5 | 1.6 | 2.4 | 2.5 | 2.8 | 9.3 | 7.2 | 2.8 | 2.8 | 2.2 | 4.0 | 3.7 | 3.7 | 4.2 | 4.0 |
| Serbia | 2.5 | 2.5 | 3.3 | 3.7 | 3.7 | 12.0 | 12.1 | 4.7 | 3.2 | 3.0 | 9.6 | 9.5 | 9.0 | 8.8 | 8.6 |
| N. Macedonia | 2.2 | 1.0 | 2.6 | 3.2 | 3.2 | 14.1 | 9.4 | 4.0 | 2.6 | 1.8 | 14.4 | 13.1 | 12.7 | 12.4 | 12.2 |
| BiH | 4.2 | 1.6 | 2.5 | 3.0 | 3.5 | 14.0 | 6.1 | 2.5 | 2.4 | 1.9 | 15.4 | 13.2 | 12.5 | 12.0 | 11.5 |
| Kosovo | 4.3 | 3.3 | 3.7 | 4.0 | 4.0 | 11.6 | 4.9 | 2.8 | 2.7 | 2.5 | 12.6 | 11.0 | 10.5 | 10.0 | 9.5 |
| Montenegro | 6.4 | 6.0 | 3.5 | 3.2 | 3.3 | 13.0 | 8.6 | 4.7 | 2.8 | 2.4 | 14.7 | 13.1 | 13.0 | 12.7 | 12.5 |

Note: NLB Forecasts are highlighted in grey.

Source: Statistical offices, Focus Economics.

The strong performance of the NLB Group in the second quarter, namely on the cost of risk and loan growth and consequently on ROE a.t., justifies revision of the previously communicated outlook for 2024.

In the first half of 2024, the Group recorded a 5% growth in gross loans to customers. The Bank previously communicated expectations that loan growth in 2024 would be at around mid-single-digit levels. A pick-up in economic growth momentum supports expectations for the continuation of loan growth. Strong private consumption as a consequence of the growth of real wages, near or at record-low unemployment and healthy corporate fundamentals should support healthy loan production both in retail and corporate and state segments. Thus, the new guidance for loan growth is high single-digit growth in 2024.

In Q2, changes in models/risk parameters importantly impacted the net impairments and provisions in the first half of the year. The cost of risk in the same period was negative, standing at -18 bps. This gives the bank comfort that with expected asset quality trends in the second half of the year, the cost of risk should not exceed 20 bps.

Improved CoR guidance and increased confidence in the underlying business momentum support revised ROE a.t. expectations. The Bank now expects ROE a.t. to exceed 15%.

Other KPIs are reaffirmed at the previous level, and the Bank shall closely monitor business trends, monetary policies, risks, and opportunities, among others; apply a healthy level of conservatism within the forecasting process and, on an ongoing basis, guide investors and analysts of what the Bank expects short- and near-term for the key selected KPIs.

Table 17: Market performance and outlook for the period 2024-2025

| | Last Outlook for 2024 | Revised Outlook for 2024 | Revised Outlook for 2025 |
|------------------------------------|---|---|--|
| Regular income | ~ EUR 1,200 million | ~ EUR 1,200 million | ~ EUR 1,200 million |
| CIR | ~ 45% | ~ 45% | ~ 45% |
| Cost of risk | 20-40 bps | Below 20 bps | 30-50 bps |
| Loan growth | Mid single-digit | High single-digit | High single-digit |
| Dividends | EUR 220 million (40% of 2023 profit) | EUR 220 million (40% of 2023 profit) | More than 40% of 2024 profit |
| ROE a.t. | ~ 15% | > 15% | ~ 15% |
| ROE a.t. normalised ⁽ⁱ⁾ | > 20% | > 20% | > 20% |
| M&A potential | | | M&A capacity of up to EUR 4 billion RWA ⁽ⁱⁱ⁾ |

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

(ii) Possibly assisted with the capital from issuing AT1 notes and/or modifications to the dividend guidance.

Risk Management

The Bank emphasises the risk culture and awareness across the entire Group. Efficient management of risks and capital is crucial for the Group to sustain long-term profitable and sustainable operations. The main risk principles are set forth by the Group's Risk Appetite and Risk Strategy, designed in accordance with the Group Strategy. The Group's Risk Management framework is forward-looking and tailored to its business model and corresponding risk profile. A particular focus is placed on including risk analysis and the ESG risk factors in the decision-making process at strategic and operating levels, diversification to avoid large concentration, optimal capital usage and allocation, appropriate risk-adjusted pricing, and overall compliance with the internal rules and regulations.

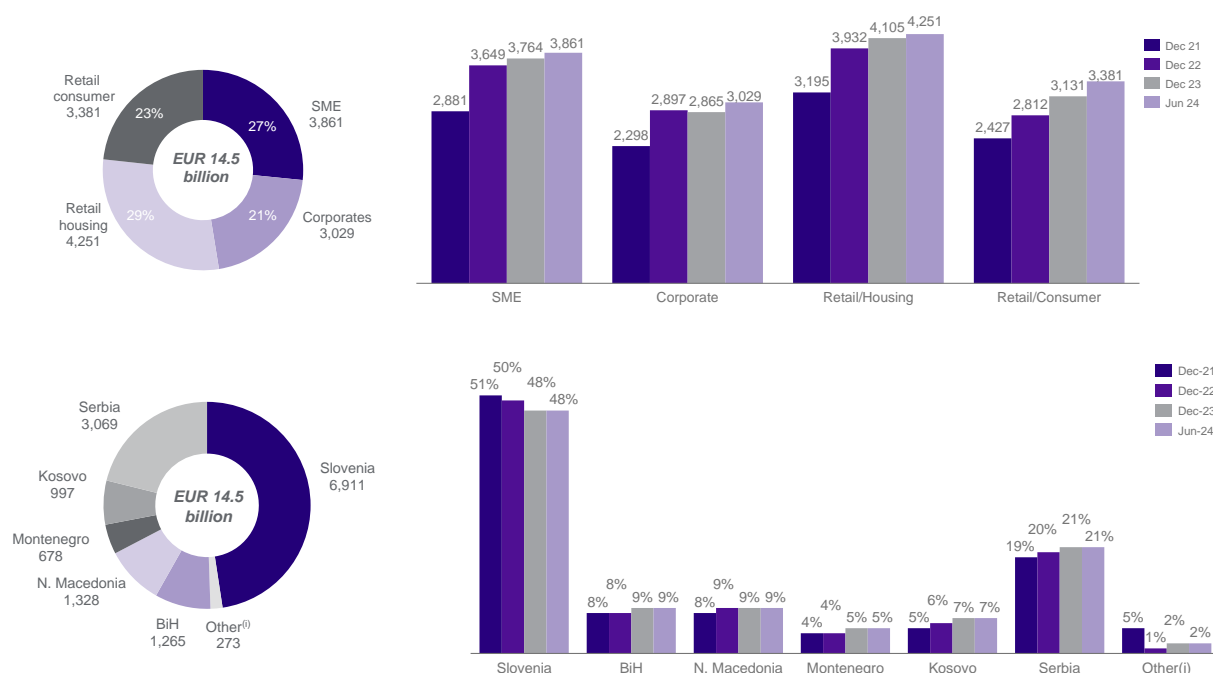
Risk Management in the Group manages, assesses, and monitors risks within the Bank as the main entity in Slovenia and the competence centre for all banking subsidiaries and leasing companies. Management and control of risks are performed through a clear organisational structure with clearly defined roles and responsibilities. The organisation and delineation of competencies are designed to prevent conflicts of interest and ensure a transparent and documented decision-making process subject to the relevant upward and downward flow of information.

As a systemically important institution, the Group is included in two ECB stress test exercises – the 2024 EBA Fit-for-55 Climate Risk Scenario Analysis and the 2024 ECB Cyber Resilience Stress Test Exercise, which started in Q4 2023 and was concluded in H1 2024. By performing this exercise, the ECB assessed how banks are prepared to deal with financial and economic shocks from climate and cyber risk.

Maintaining a high credit portfolio quality is the most important goal, focusing on cautious risk-taking and the quality of new loans, leading to a diversified portfolio of customers. The Group is constantly developing a wide range of advanced approaches in the credit risk assessment segment that align with the best banking practices to enhance the existing risk management tools further while enabling greater customer responsiveness. The restructuring approach in the Group is focused on the early detection of clients with potential financial difficulties and their proactive treatment.

The Group is actively present on the SEE markets by financing existing and new creditworthy clients. The Group's lending strategy focuses on its core markets of retail, SME, and selected corporate business activities. The Slovenian market focuses on providing appropriate solutions for the retail, medium-sized companies, and small enterprise segments. In contrast, in the corporate segment, the Bank established cooperation with selected corporate clients (through different lending or investment instruments). Other Group banking members are universal banks, mainly focused on the segments of retail, medium, and small enterprises. Their primary goal is to provide comprehensive services to clients by applying prudent risk management principles.

Figure 32: NLB Group structure of the corporate and retail credit portfolio (gross loans) by segment and geography (in EUR millions)



(i) The largest part represents EU members.

The current structure of the credit portfolio (gross loans) consists of loans given to non-financial clients, where retail clients represent 52.6%, large corporate clients 20.9%, and SMEs, including micro companies 26.6%. The credit portfolio remains well diversified, and no significant concentration exists in any specific industry or client segment. The share of the retail portfolio in the whole credit portfolio is quite substantial, with the segment of mortgage loans prevailing. Compared to lower portfolio growth in 2023, in H1 2024, the new financing activity has improved, and the trend is expected to continue throughout 2024. Most of the loan portfolio refers to the euro currency, while the rest originates from the local currencies of the SEE banking members.

Table 18: Overview of NLB Group corporate loan portfolio by industry as at 30 June 2024

| Corporate sector by industry | Credit portfolio | | in EUR thousands | |
|---|------------------|-------------|------------------|----------------|
| | NLB Group | % | Δ Q2 2024 | Δ YTD 2024 |
| Accommodation and food service activities | 190,315 | 3% | 1,345 | -8,514 |
| Act. of extraterritorial org. and bodies | 3 | 0% | -5 | 0 |
| Administrative and support service activities | 119,173 | 2% | 5,993 | 7,862 |
| Agriculture, forestry and fishing | 349,254 | 5% | 5,767 | 4,572 |
| Arts, entertainment and recreation | 19,915 | 0% | 802 | -116 |
| Construction industry | 667,071 | 10% | 113,900 | 110,132 |
| Education | 15,315 | 0% | 92 | 360 |
| Electricity, gas, steam and air conditioning | 554,683 | 8% | 44,445 | 11,383 |
| Finance | 143,500 | 2% | -5,882 | -868 |
| Human health and social work activities | 40,263 | 1% | -1,664 | 2,892 |
| Information and communication | 252,216 | 4% | -9,357 | -39,405 |
| Manufacturing | 1,615,746 | 23% | 79,641 | 90,889 |
| Mining and quarrying | 44,871 | 1% | -1,004 | -1,200 |
| Professional, scientific and techn. act. | 225,917 | 3% | 4,236 | -8,955 |
| Public admin., defence, compulsory social. | 191,303 | 3% | -1,839 | -8,203 |
| Real estate activities | 376,629 | 5% | 9,407 | -791 |
| Services | 11,657 | 0% | -2,605 | -2,293 |
| Transport and storage | 603,926 | 9% | -1,476 | -15,116 |
| Water supply | 62,553 | 1% | 2,807 | 5,411 |
| Wholesale and retail trade | 1,404,844 | 20% | 45,818 | 114,594 |
| Other | 77 | 0% | -692 | -2,717 |
| Total Corporate sector | 6,889,231 | 100% | 289,727 | 259,918 |

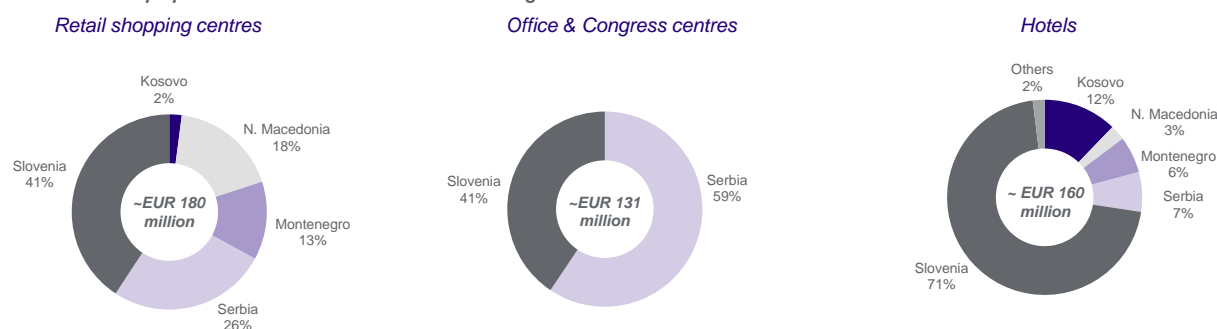
| Main manufacturing activities | Credit portfolio | | in EUR thousands | |
|--|------------------|------------|------------------|---------------|
| | NLB Group | % | Δ Q2 2024 | Δ YTD 2024 |
| Manufacture of food products | 262,963 | 4% | -5,553 | -19,042 |
| Manufacture of electrical equipment | 221,163 | 3% | 44,942 | 30,375 |
| Manufacture of fabricated metal products, except machinery and equipment | 191,018 | 3% | 6,337 | -2,328 |
| Manufacture of basic metals | 162,750 | 2% | 3,981 | 6,736 |
| Manufacture of other non-metallic mineral products | 117,472 | 2% | 6,936 | 19,541 |
| Manufacture of motor vehicles, trailers and semi-trailers | 91,322 | 1% | -2,486 | 5,348 |
| Manufacture of machinery and equipment n.e.c. | 85,858 | 1% | -5,693 | 6,423 |
| Manufacture of rubber and plastic products | 73,728 | 1% | -1,718 | -1,102 |
| Other manufacturing activities | 409,473 | 6% | 32,894 | 44,939 |
| Total manufacturing activities | 1,615,746 | 23% | 79,641 | 90,889 |

| Main wholesale and retail trade activities | Credit portfolio | | in EUR thousands | |
|---|------------------|------------|------------------|----------------|
| | NLB Group | % | Δ Q2 2024 | Δ YTD 2024 |
| Wholesale trade, except of motor vehicles and motorcycles | 770,515 | 11% | 4,663 | 52,079 |
| Retail trade, except of motor vehicles and motorcycles | 462,453 | 7% | 18,761 | 34,200 |
| Wholesale and retail trade and repair of motor vehicles and motorcycles | 171,876 | 2% | 22,395 | 28,316 |
| Total wholesale and retail trade | 1,404,844 | 20% | 45,818 | 114,594 |

The corporate credit portfolio is well diversified; no large concentration exists in any specific industry. Companies' financing also includes financing real estate activities (projects), representing a smaller part of the portfolio. Projects are carefully monitored throughout each phase of construction. For income-producing CRE companies in the operating phase, the DSCR is between 1.2 and 1.4, and the LTV is, on average, lower than 60%; a sufficient reserve and repayment to the Bank is not threatened. For most approved loans, an amortisation repayment structure was backed against the background of concluded long-term rental contracts (offices and shopping malls segment). In the

development phase, the Bank requires a minimum of 25% of equity and a pre-lease/pre-sale of 30% for offices, 60% for shopping malls, and 20% for residential real estate before first disbursement. The Bank finances projects sponsored by investors with proven track records. In this portfolio, occupancy rates and rent deterioration have not been observed.

Figure 33: NLB Group specific Commercial Real-estate financing as at 30 June 2024



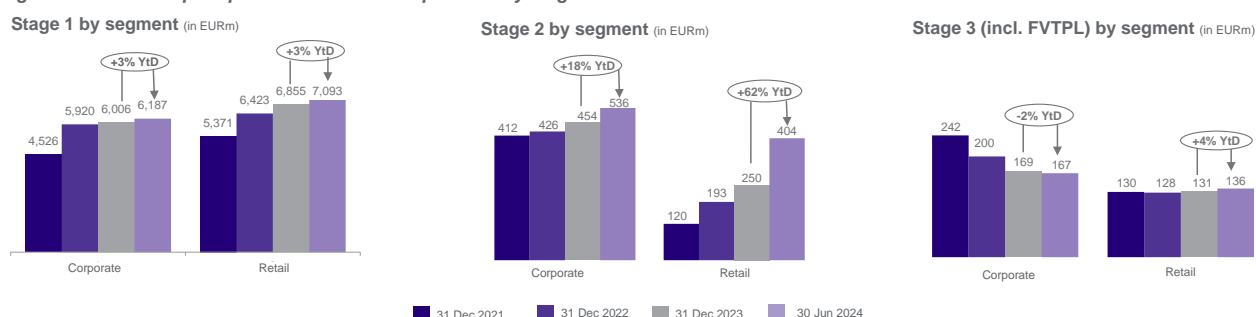
At the end of H1 2024, the specific Commercial Real-estate financing is in the operational phase (95% of Retail shopping centres, 88% of Hotels and 85% of Office and Congress centres).

In the current macroeconomic environment, the Group's asset quality remains robust. The majority of the Group's loan portfolio is classified as Stage 1 (93.7%), a relatively small portion as Stage 2 (4.7%), and Stage 3 (1.5%). The Stage 2 allocation increased, mainly in the retail segment. The increased Stage 2 exposure in the Retail segment results from improved process and methodological changes in the early detection of SICR. However, the increase remains at low level compared to the entire portfolio volume; in addition, 72% of the Stage 2 exposure has no delays. The loans in stages 1 to 3 are measured at amortised cost, while the remaining minor part (0.002%) represents fair value through profit or loss (FVTPL). The State and Institutions segment outflow results from redistributing excess liquidity into high-quality sovereign bonds.

Table 19: NLB Group loan portfolio by stages as at 30 June 2024 (in EUR millions)

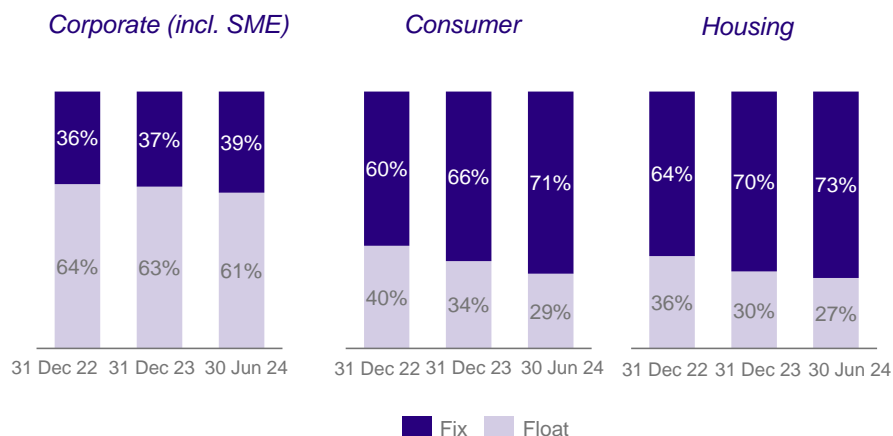
| | Credit portfolio | | | | | | | | | Provisions and FV changes for credit portfolio | | | | | |
|------------------------|------------------|----------------|---------------|------------------|----------------|--------------|------------------|----------------|------------|--|--------------------|------------------|--------------------|-------------------------|---|
| | Stage 1 | | | Stage 2 | | | Stage 3 & FVTPL | | | Stage 1 | | Stage 2 | | Stage 3 & 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 | 18,557.1 | 93.7% | -682.1 | 939.2 | 4.7% | 235.1 | 303.4 | 1.5% | 2.8 | 76.2 | 0.4% | 50.5 | 5.4% | 202.3 | 66.7% |
| o/w Corporate | 6,186.7 | 89.8% | 181.1 | 535.7 | 7.8% | 81.4 | 166.8 | 2.4% | -2.6 | 34.1 | 0.6% | 17.5 | 3.3% | 103.5 | 62.0% |
| o/w Retail | 7,092.6 | 92.9% | 237.9 | 403.5 | 5.3% | 153.9 | 136.4 | 1.8% | 5.4 | 39.6 | 0.6% | 33.0 | 8.2% | 98.7 | 72.4% |
| o/w State | 4,986.2 | 100.0% | -941.8 | 0.0 | 0.0% | 0.0 | 0.0 | 0.0% | 0.0 | 2.3 | 0.0% | 0.0 | 6.2% | 0.0 | 96.6% |
| o/w Institutions | 291.5 | 99.9% | -159.3 | 0.0 | 0.0% | -0.3 | 0.2 | 0.1% | 0.0 | 0.2 | 0.1% | 0.0 | 0.0% | 0.2 | 100.0% |

Figure 34: NLB Group corporate and retail loan portfolio by stages as at 30 June 2024



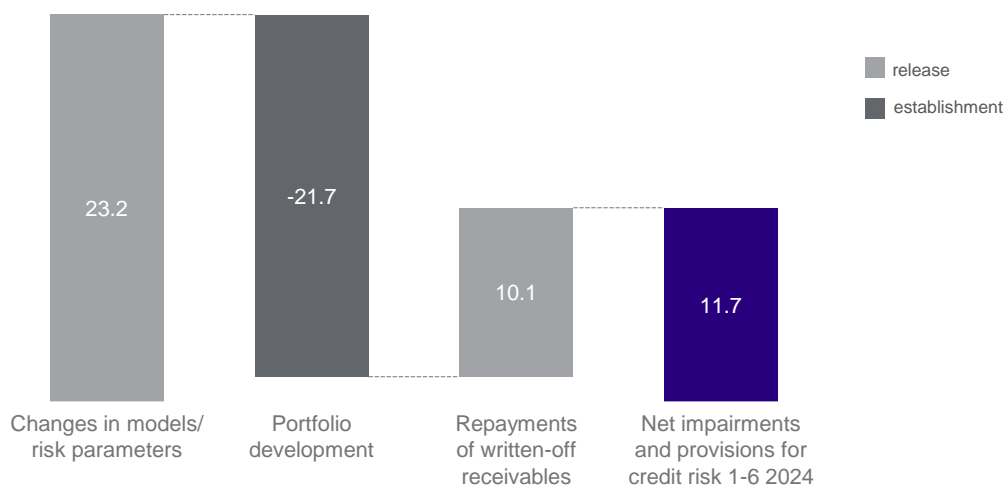
The portfolio quality remains stable, with increasing Stage 1 exposures and a relatively low percentage of NPLs. The Stage 1 loan portfolio percentage slightly decreased compared to 31 December 2023 but remained relatively high at 92.9% in the retail segment and 89.8% in the corporate segment.

Figure 35: NLB Group corporate and retail loan portfolio (in %) by interest rates as at 30 June 2024



56.4% of the Group corporate and retail loan portfolio is linked to a fixed interest rate, and the rest to a floating rate (mainly the Euribor reference rate). Floating interest rates dominate the corporate segment. In the retail segment, 71.8% of the retail loan portfolio is linked to a fixed interest rate, of which 72.6% is on housing loans, which limits the sensitivity of the retail sector to potential changes in reference rates.

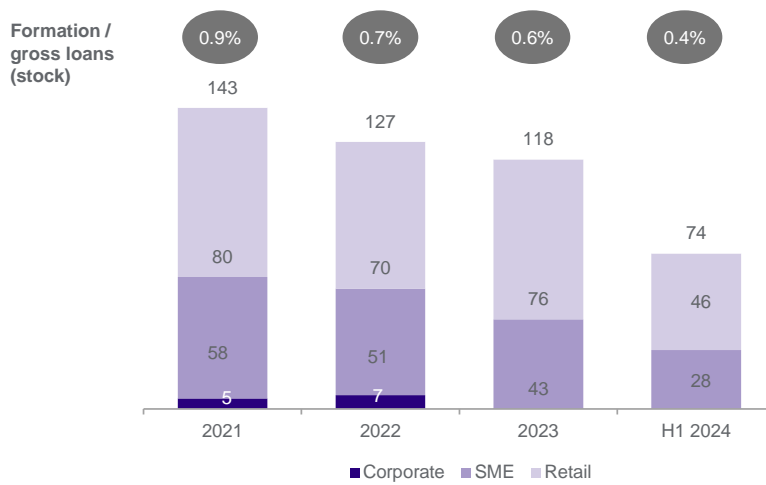
Figure 36: NLB Group cumulative net new impairments and provisions for credit risk (in EUR millions)



At the end of H1 2024, CoR was negative, standing at -18 bps. A release of net impairments and provisions for credit risk in the amount of EUR 11.7 million was mainly affected by the revised risk parameters (EUR 23.2 million) and repayments of written-off receivables (EUR 10.1 million). On the other hand, additional provisions of EUR 21.7 million were established for portfolio development, mainly in the Retail segment, referring to Stage 2 and Stage 3 exposures.

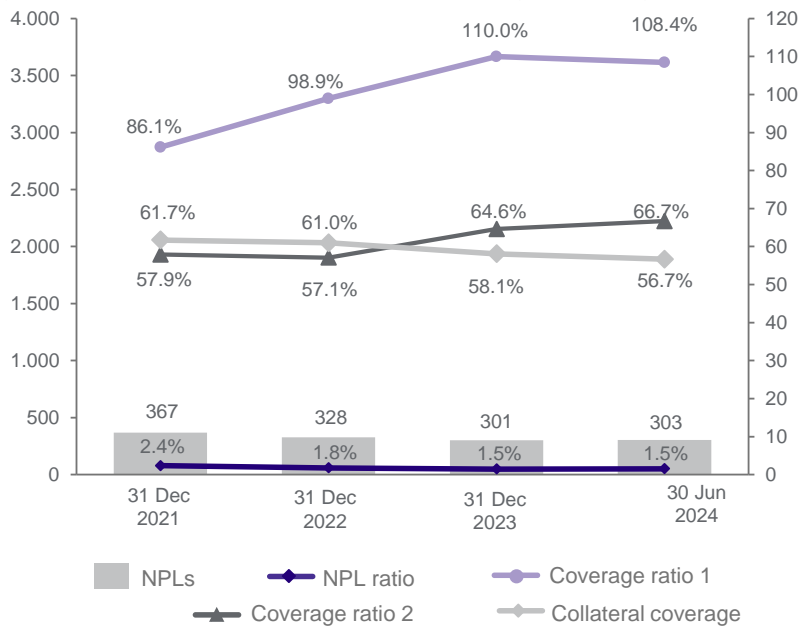
A change in models/risk parameters in Q2 2024 contributed to the release of EUR 22.5 million, mostly related to NLB Group banking subsidiaries. Overlays connected to the risks of the Russia/Ukraine conflict and related electricity crisis, as well as inflation pressures, became less relevant, representing the key factor for the release. In addition, improved macroeconomic expectations attributed to an additional impact on the level of impairments and provisions.

Figure 37: NLB Group gross NPL formation (in EUR millions)



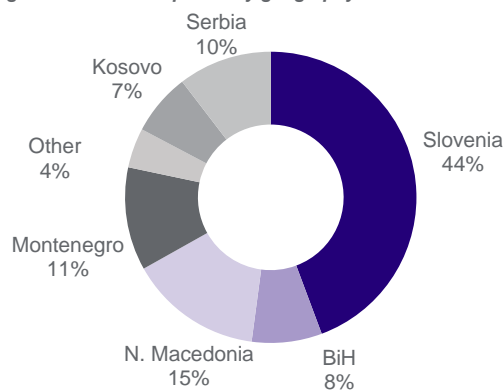
Positive macroeconomic development led to a moderate cumulative new NPL formation of EUR 73.8 million in the first six months, representing 0.4% of the total loan portfolio. The Group’s credit portfolio remains high quality due to cautious lending standards and effective early warning systems.

Figure 38: NLB Group NPL, NPL ratio, NPL collateral coverage and coverage ratio⁽ⁱ⁾



(i) By internal definition.

Figure 39: NLB Group NPL by geography



The Group's approach to NPL management strongly emphasises restructuring and using other active NPL management tools, such as the sale or foreclosure of collateral, the sale of claims and pledged assets. In H1 2024, the multi-year declining trend of the non-performing credit portfolio stock stopped, primarily for retail clients, as the growth of new NPLs exceeded repayments and recovery of existing NPLs. The non-performing credit portfolio stock in the Group slightly increased since the end of 2023 to EUR 303.4 million (compared to EUR 300.5 million on 31 December 2023). However, EUR 123.0 million of NPLs have no delays. The combined effects of a slight increase in the NPL portfolio and a decrease in the higher quality loan portfolio due to the changed structure of liquid assets resulted in 1.5% of NPLs. The internationally more comparable NPE ratio, based on the EBA methodology, stood at 1.1%. The Group's indicator gross NPL ratio, defined by the EBA, is stable and amounted to 2.1% at the end of Q2 2024.

Due to extensive experience gained in the last few years in dealing with clients with financial challenges resulting primarily from legacy portfolios, the Group has developed an extensive knowledge base in preventing clients' financial difficulties by restructuring receivables and successfully recovering exposures with no realistic recovery prospects. This extensive knowledge base is available throughout the Group, and risk units, as well as restructuring and workout teams, are adequately staffed and have the capacity to deal, if needed, with considerably increased volumes in a professional and efficient manner. Due to this fact, as well as the implemented early warning tools and efficient analysis and reporting mechanisms, the Group can identify and engage with potentially distressed borrowers proactively. The Group monitors the macroeconomic and geopolitical circumstances closely and communicates with key clients to identify any changes in business circumstances.

An important Group's strength is the NPL coverage ratio 1 (coverage of gross NPLs with impairments for all loans), which remains high at 108.4%. Furthermore, the Group's NPL coverage ratio 2 (coverage of gross NPLs with impairments for NPL) improved in Q2 and stood at 66.7%, well above the EU average published by the EBA (compared to 41.8% for March 2024). Furthermore, NPLs are also covered by collaterals, which serve as a secondary source of NPL repayments. At the end of H1, collateral coverage amounts to 56.7%, which, together with impairments, represents the total NPL coverage of 165.1%. As such, it enables a further reduction in NPLs without significantly influencing the cost of risk in the coming years.

The Group strives to ensure the best possible collateral for long-term loans, namely mortgages in most cases. Thus, the real-estate mortgage is the most frequent loan collateral for corporate and retail clients. In corporate loans, it is followed by government and corporate guarantees.

The liquidity position of the Group remains stable. The Group holds a very strong liquidity position at the Group and individual subsidiary bank level, which is well above the risk appetite with the Liquidity Coverage Ratio (LCR) of 256.1% (316.6% in NLB) and unencumbered eligible reserves in the amount of EUR 10,317.2 million (EUR 7,934.7 million in NLB), mainly in the form of placements at the ECB and prime debt securities. Significant attention is given to the structure and concentration of liquidity reserves by incorporating early warning systems. The main funding base of the Group at the Group and individual subsidiary bank level predominately entails customer deposits, namely in the retail segment, representing a very stable and constantly growing base. A very comfortable level of LTD at 69.6% gives the Group the potential for further customer loan placements.

The Group's net open FX position from the transactional risk is low. At the end of Q2 2024, it stood at 0.79% of capital. On the other hand, structural FX positions, recognised in the other comprehensive income (OCI) on the consolidated basis, arising from investments into the Group's non-euro subsidiaries, impact the Group's RWA for market risk.

Regarding market risks in the trading book, the Group pursues a low-risk appetite for market risk in the trading book. The exposure to trading (according to the CRR) is only allowed to the parent Bank as the main entity of the Group and is very limited.

The exposure to interest rate risk is measured in terms of impact on capital (EVE) and net interest income (NII) sensitivity. The Group applies different scenarios when assessing the EVE and NII sensitivity. From the EVE perspective, the estimated capital sensitivity equals -2.50% of the Group's T1 capital.

The majority of the EUR 5,606 million loan portfolio linked to Euribor includes loans with 6M Euribor (50%), followed by 3M Euribor (33%), 1M Euribor (13%) and 12M Euribor (4%).

In the area of operational risk management, where the Group has established a robust operational risk culture, the main qualitative activities refer to reporting loss events and identifying, assessing, and managing operational risks. Constant improvements of control activities, processes, and/or organisation are performed on this basis. In addition, the Group also focuses on proactively mitigating, preventing, and minimising potential damage. However, an evolving legal practice concerning consumer protection regulation might impact the materialisation of operational risk in future periods.

Special attention is dedicated to the stress-testing system based on scenario analysis referring to the potential high severity, low-frequency events and modelling data on loss events. Apart from losses already included in the loss event database, one-off and unpredictable extreme events are also considered. Furthermore, key risk indicators, serving as an early warning system for the broader field of operational risks, are regularly monitored, analysed, and reported to improve the existing internal controls and enable on-time reactions.

The Group contributes to sustainable finances by incorporating ESG risks into its business strategies, risk management framework, and internal governance arrangements. The Group integrates and manages them within the established risk management framework in credit, liquidity, market, and operational risk. The management of ESG risks follows the ECB and EBA guidelines, following the tendency of their comprehensive integration into all relevant processes.

The Group conducts a materiality assessment as part of its overall risk identification process to determine the level of transitional and physical risk to which the Group is exposed. The Group's exposure towards these risks is relatively low. Transition risk is assessed as more material than physical risk. With the implementation of the Net Zero Strategy of the NLB Group, its impacts are expected to diminish gradually. Results of internal climate stress tests showed no material impacts on the Group's capital and liquidity position.

Sustainability

Sustainability

In H1 2024, the Group continued implementing ESG considerations in its Group Strategy, risk management framework, and internal governance across three pillars: sustainable finance, sustainable operations, and contribution to society. The Group follows the legislation and guidelines from the ECB, EBA, UNEP FI, EBRD, and best banking practices. The Group is also intensively preparing to report on CSRD and ESRS standards (which will be transposed into the Slovenian legislation later in 2024) and on ISSB standards following the recommendations of the Financial Conduct Authority. In line with the recommendations by the UNEP FI Principle for Responsible Banking, the Group continues to set priorities and concrete objectives in its impact areas and to align with updated reporting standards. The Group took part in several sustainability-related capacity-building events in the region and conducted activities to further upgrade the sustainability-related culture among employees.

Sustainable finance

- The Group continued with measures to reduce its emissions associated with financing activities and is fully committed to supporting clients in transitioning to a low-carbon economy and society.
- At the end of H1, GHG emissions of the NLB Group Corporate credit portfolio (Scope 1 & 2 & 3, based on actual data and proxies) were at 11,171,064 tonnes CO₂e and are disclosed in detail in [Pillar III Disclosures](#).
- H1 realisation from the corporate and retail green finance range of products is aligned with the annual business targets and the commitment to mobilise EUR 1.9 billion of sustainable (green) financing by 2030. NLB has continued to strengthen the ESG culture Group-wide by conducting regular meetings, providing training on recognising effective ESG strategies in companies, and on-site meetings to further promote and educate on green loans.
- On 19 June 2024, NLB published its first [Green Bond Allocation and Impact Report](#), which was prepared in line with the NLB Green Bond Framework (GBF) as of May 2023 and externally reviewed by Morningstar Sustainalytics. The report provides a comprehensive overview of green projects financed by NLB and other Group entities in line with GBF. The report provides transparency for the allocation of green bond proceeds, the measurement of impacts, and the Group's ongoing efforts to enhance its climate (net-zero) strategy. As of 31 March 2024, out of EUR 500 million green bond issuance in June 2023, EUR 341 million proceeds were allocated in line with GBF and 139,008 tonnes of CO₂ emissions were avoided. In line with GBF, the total allocation is expected by 27 June 2026.
- After setting the targets for reducing financed emissions in the first four carbon-intensive sectors (power generation, iron and steel, commercial real estate, residential real estate) and publishing its first [Net Zero Disclosure Report](#) in December 2023, the Group continues its net-zero journey. In H1 2024, the focus was on preparing a transition (and implementation) plan for the first round of targets and developing guides for transaction-level decision-making.
- In line with its strategic orientations and annual plans in risk management, the Group continued with the appropriate implementation of ESG risks in the risk management framework, the decision-making process at strategic and operational levels, including implementation in the credit process and customer/project due diligence. As a systemically important institution, the NLB Group was included in the ECB Stress test exercise – the 2024 EBA Fit-for-55 Climate Risk Scenario Analysis. The results of this exercise were publicly disclosed only on aggregate (whole banking) level. The NLB Group's results were in line with average the peer group results. Throughout H1, regular training courses for the Group employees were provided to enhance awareness of the ESG risks and their appropriate treatment.

Sustainable operations

- In H1, the NLB Group made further progress with implementing the [Sustainability Policy and Standard](#) – Rulebook for sustainability management in financial core members (banks, asset management, leasing). The Group has also continued to develop and implement measures to improve ESG data management and automation.
- In line with the NLB Group's Human Rights Policy, the Group has continued to develop procedures and mechanisms to mitigate risks and further prevent human rights violations. In H1, no human rights violations were confirmed.
- The Group has also made progress with developing an operational net-zero strategy. It has continued reducing its emissions by optimising energy and resource consumption, transforming the car fleet, and further decreasing paper consumption through digitalisation and automating processes.
- NLB holds the Top Employer certificate (for the 9th consecutive year) and continuously embeds sustainability matters and ESG factors into human resource management. In H1, the focus was on regular initiatives in human capital

development (talent acquisition, talent development and succession plan, promoting local and international development, leadership skills, training and education, career end transition), implementation of diversity, equity and inclusion in NLB Group HR strategy and processes. The Group members also conducted several activities to ensure well-being and work-life balance and continued with initiatives in line with the family-friendly certificate.

- As an active ambassador of the [Chapter Zero Slovenia initiative](#), the Group participated in several activities, enabling members of the Supervisory and Management Boards of the Group's members to strengthen their competencies to address climate change adequately in the Group's business model.

Contribution to society

Contribution to the UN Sustainable Development Goals is the primary strategic guideline for the Group's CSR activities. In this light, the Group has continued to embed sustainability-related activities and requirements in sponsorship and partnership projects. Besides regular contributions to local communities, sports, culture, and education, the Group focused on further development of financial literacy and inclusion activities. In May, the fourth [NLB Frame of Help](#) project was concluded. The project focused on the social aspects of ESG, seeking innovative companies and projects that would improve and enrich the Group's society and tackle societal challenges throughout the region. The participating banks in the Group provided the winners with a monetary award that will contribute to the further development of their projects.

Related-Party Transactions

In the normal course of business, several banking transactions have been entered into with related parties. The volume of related-party transactions mainly consists of loans issued and deposits received. NLB Group and NLB also disclose all transactions with the major shareholder that have significant influence. For transactions with other government-related entities, NLB Group discloses individually significant transactions above EUR 40 million and their business accounts balances. No new significant transactions were concluded in the period ended 30 June 2024. Further information on transaction volumes is available in the Financial Part of this report under [Note 7](#).

Corporate Governance

Management Board

According to the Articles of Association of NLB, the Management Board has three to seven members (the president and up to six members) appointed and dismissed by the Supervisory Board. The president and members of the Management Board are appointed for a five-year term of office and may be re-appointed or dismissed early by the law and Articles of Association.

There were no changes in the composition of the Management Board in H1 2024, which is as follows: Blaž Brodnjak as President & CEO, Archibald Kremser as Deputy CEO and Chief Financial Officer (CFO), Peter Andreas Burkhardt as Chief Risk Officer (CRO), Hedvika Usenik as Chief Marketing Officer (CMO) responsible for Retail Banking and Private Banking, Antonio Argir responsible for Group Governance, Payments and Innovations and Andrej Lasič as Chief Marketing Officer (CMO) responsible for Corporate and Investment Banking.

Supervisory Board

On the date of this report, the Supervisory Board consists of ten members, of which eight represent the interests of shareholders, and two represent the interests of employees. The members of the Supervisory Board representing the interests of shareholders are elected and recalled by the General Meeting from persons proposed by shareholders or the Supervisory Board. The members of the Supervisory Board representing the interests of employees are selected and nominated by the Works Council, taking into account the conditions for members of the Supervisory Board laid down in the regulations and the Articles of Association.

At the 42nd General Meeting of Shareholders, held on 17 June 2024, three members were nominated to the NLB Supervisory Board, as the terms of office of Primož Karpe, David Eric Simon and Verica Trstenjak, were to expire in 2024. A representative of the employees, Sergeja Kočar, whose mandate expired this year, has already been nominated for a second mandate. The General Meeting of Shareholders reappointed Primož Karpe. Also, two new members were appointed: Natalia Olegovna Ansell, a seasoned banker with global experience and detailed knowledge of all technical aspects of corporate banking, retail banking, wealth management, and, above all, payment and card systems, and Luka Vesnaver, Chairman of the Board of Directors of the British-Slovenian Chamber of Commerce with vast knowledge and experience in the field of corporate finance in the region.

The Supervisory Board now also consists of Islam Osama Zekry and employee representative Tadeja Žbontar Rems, whose mandates expire in 2025; and Deputy Chairman Shrenik Dhirajlal Davda, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek, whose mandates expire two years later.

General Meeting

The shareholders exercise their rights related to the Bank's operations at General Meetings of the Bank. Decisions adopted by the General Meeting include, among others, adopting and amending the Articles of Association, use of distributable profit, granting a discharge from liability to the Management and Supervisory Board, changes to the Bank's share capital, appointing and discharging Supervisory Board members, remuneration and profit-sharing by the members of the Supervisory and Management Board and employees, annual schedules, and characteristics of issues of securities convertible into shares and equity securities of the Bank.

On the 42nd General Meeting held on 17 June 2024, the shareholders took note of the adopted NLB Group Annual Report 2023 and adopted the Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2023. They also adopted the Report on Remuneration in the Business Year 2023, which includes additional information to the Report on Remuneration in the Business Year 2023 based on SSH's Baselines and the Internal Audit Report for 2023.

The General Meeting adopted a decision on the allocation of distributable profit from the previous year to be paid out as dividends in a total amount of EUR 110 million, which is EUR 5.50 gross per share. Shareholders also granted a discharge from liability to both NLB Management and the Supervisory Board. They confirmed the changes to the Remuneration Policy for the NLB Supervisory and Management Board members. As previously mentioned, the General Meeting adopted decisions on the election of the Supervisory Board members.

Events After 30 June 2024

On 5 July 2024, the members of the Supervisory Board of the NLB re-elected Primož Karpe as their Chairman for the third time in a row. Shrenik Dhirajlal Davda remains his deputy.

On 15 July 2024, NLB announced the improved offer price for the voluntary public takeover offer aimed at acquiring control over Addiko Bank AG by increasing the Share Offer Price from EUR 20.00 to EUR 22.00 per Addiko share on a cum dividend basis. Following the announcement of the improvement of voluntary public takeover, the Bank published the addendum to the Offering Memorandum and revised Presentation on 22 July 2024. The documentation is available on the [Bank's website](#).

Following the approval from the Croatian Financial Services Supervisory Agency (HANFA) to acquire Mobil Leasing (Croatia) on 28 June 2024, the Bank obtained approval from the Slovenian Competition Protection Agency (AVK) to acquire Summit Leasing Slovenia on 18 July 2024. The Bank is now awaiting the final regulatory clearance from the ECB to successfully complete the transaction as expected in mid-September 2024.

On 19 July 2024, the Bank executed the early redemption of NLB senior preferred notes in the aggregate nominal amount of EUR 300 million (ISIN: XS2498964209).

Alternative Performance Indicators

The Bank has chosen to present these APIs either because they are commonly used within the industry or because investors commonly use them and are suitable for disclosure. The APIs are used internally to monitor and manage the operations of the Bank and the Group and are not considered to be directly comparable with similar KPIs presented by other companies. The Bank's APIs are described below, together with definitions.

Cost of risk – Calculated as the ratio between credit impairments and provisions annualised from the income statement and average net loans to customers.

| in EUR millions | | | | | |
|--|------------|-----------|-----------|------------|------------|
| NLB Group | | | | | |
| | 1-6 2024 | 1-3 2024 | 1-12 2023 | 1-9 2023 | 1-6 2023 |
| Numerator | | | | | |
| Credit impairments and provisions ⁽ⁱ⁾ | -24.5 | 13.5 | -8.8 | -31.2 | -49.8 |
| Denominator | | | | | |
| Average net loans to customers ⁽ⁱⁱ⁾ | 13,962.7 | 13,775.1 | 13,432.3 | 13,334.3 | 13,213.9 |
| Cost of risk (bps) | -18 | 10 | -7 | -23 | -38 |

(i) NLB internal information. Credit impairments and provisions are annualised, calculated as all established and released impairments on loans to customers and provisions for off-balance (from the income statement) in the period divided by the number of months per reporting period and multiplied by 12. The net established Credit impairments and provisions are shown with a positive sign, net released Credit impairments and provisions are shown with a negative sign.

(ii) NLB internal information. Average net loans to customers are calculated as a sum of balance from the previous year's end (31 December) and monthly balances as of the last day of each month from January to month t divided by (t+1).

Cost to income ratio (CIR)⁽ⁱ⁾ – Indicator of cost efficiency, calculated as the ratio between total costs and total net operating income.

| in EUR millions | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|
| NLB Group | | | | | NLB |
| | 1-6 2024 | 1-3 2024 | 1-12 2023 | 1-9 2023 | 1-6 2023 |
| Numerator | | | | | |
| Total costs | 258.8 | 124.3 | 501.9 | 361.6 | 240.7 |
| Denominator | | | | | |
| Total net operating income | 604.0 | 298.1 | 1,093.3 | 800.8 | 511.7 |
| Cost to income ratio (CIR) | 42.8% | 41.7% | 45.9% | 45.2% | 47.0% |
| | | | | | 35.5 % |

(i) Tax on the balance sheet excluded from the calculation in NLB Group and NLB for the year 2024.

| in EUR millions | | | | | | |
|-----------------------------------|---|----------------------|--------------------------|------------------------|-------------------------|-------------------------|
| | NLB Komerijalna Banka, Beograd | NLB Banka, Skopje | NLB Banka, Banja Luka | NLB Banka, Sarajevo | NLB Banka, Prishtina | NLB Banka, Podgorica |
| | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 |
| Numerator | | | | | | |
| Total cost | 58.6 | 18.5 | 10.7 | 10.8 | 8.7 | 11.3 |
| Denominator | | | | | | |
| Total net operating income | 145.6 | 50.6 | 27.9 | 20.3 | 29.7 | 26.4 |
| Cost to income ratio (CIR) | 40.3% | 36.6% | 38.4% | 53.2% | 29.4% | 42.9% |

Total average cost of funding (quarterly) – Calculated as the ratio between interest expenses annualised and average interest-bearing liabilities.

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest expenses ⁽ⁱ⁾ | 235.6 | 219.7 | 194.1 | 173.8 | 123.2 |
| Denominator | | | | | |
| Average interest bearing liabilities ⁽ⁱⁱ⁾ | 22,552.6 | 22,361.8 | 22,083.7 | 21,828.0 | 21,097.3 |
| Total average cost of funding (quarterly) | 1.04% | 0.98% | 0.88% | 0.80% | 0.58% |

(i) Interest expenses (quarterly) are annualised, calculated as the sum of interest expenses in the period divided by the number of days in the quarter and multiplied by the number of days in the year. Interest expenses on interest-bearing liabilities also include interest income from negative interest rate on financial liabilities.

(ii) NLB internal information. Average interest-bearing liabilities (quarterly) for the NLB Group are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).

Average cost of wholesale funding⁽ⁱⁱⁱ⁾ (quarterly) – Calculated as the ratio between interest expenses on deposits from customers annualised and average wholesale funding.

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest expenses from wholesale funding ⁽ⁱ⁾ | 119.2 | 107.8 | 96.9 | 94.4 | 62.9 |
| Denominator | | | | | |
| Average wholesale funding ⁽ⁱⁱ⁾ | 1,999.4 | 1,756.9 | 1,674.7 | 1,665.8 | 1,329.1 |
| Average costs of wholesale funding (quarterly) | 5.96% | 6.13% | 5.78% | 5.66% | 4.73% |

(i) Interest expenses from wholesale funding (quarterly) are annualised, calculated as the sum of interest expenses from wholesale funding in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average wholesale funding (quarterly) for the NLB Group, calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balance at the end of the previous quarter divided by (t+1).

(iii) Wholesale funding includes deposits from banks and central banks, borrowings, debt instruments, and subordinated liabilities.

Average interest rate for loans to customers (quarterly) – Calculated as the ratio between interest income on loans to customers annualised and average loans to customers.

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest income loans to customers ⁽ⁱ⁾ | 857.4 | 838.2 | 815.5 | 783.7 | 711.3 |
| Denominator | | | | | |
| Average loans to customers ⁽ⁱⁱ⁾ | 14,458.2 | 14,108.0 | 14,059.7 | 13,888.8 | 13,638.7 |
| Average interest rate for loans to customers (quarterly) | 5.93% | 5.94% | 5.80% | 5.64% | 5.22% |

(i) Interest income on loans to customers (quarterly) are annualised, calculated as the sum of interest income on loans to customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average loans to customers (quarterly) for the NLB Group, calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balance at the end of the previous quarter divided by (t+1).

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| NLB | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest income loans to customers ⁽ⁱ⁾ | 389.1 | 377.4 | 373.2 | 333.3 | 277.8 |
| Denominator | | | | | |
| Average loans to customers ⁽ⁱⁱ⁾ | 7,347.6 | 7,193.6 | 7,249.4 | 6,673.4 | 6,224.1 |
| Average interest rate for loans to customers (quarterly) | 5.29% | 5.25% | 5.15% | 4.99% | 4.46% |

(i) Interest income on loans to customers (quarterly) are annualised, calculated as the sum of interest income on loans to customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average loans to customers (quarterly) for NLB are calculated as the sum of daily balances in each quarter (from the first day to the last day of the quarter) divided by the number of days in the quarter.

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| SEE Banks ⁽ⁱⁱⁱ⁾ | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest income loans to customers ⁽ⁱ⁾ | 458.3 | 451.2 | 434.3 | 415.5 | 384.4 |
| Denominator | | | | | |
| Average loans to customers ⁽ⁱⁱ⁾ | 7,030.4 | 6,825.1 | 6,711.0 | 6,621.2 | 6,488.0 |
| Average interest rate for loans to customers (quarterly) | 6.52% | 6.61% | 6.47% | 6.28% | 5.92% |

(i) Interest income on loans to customers (quarterly) are annualised, calculated as the sum of interest income on loans to customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average loans from customers (quarterly) for the SEE banks, calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balance at the end of the previous quarter divided by (t+1).

(iii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Average interest rate for deposits from customers (quarterly) – Calculated as the ratio between interest expenses on deposits from customers annualised and average deposits from customers.

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest expenses on deposits from customers ⁽ⁱ⁾ | 113.9 | 110.0 | 94.7 | 77.2 | 55.4 |
| Denominator | | | | | |
| Average deposits from customers ⁽ⁱⁱ⁾ | 20,553.2 | 20,604.9 | 20,409.0 | 20,162.2 | 19,768.1 |
| Average interest rate for deposits from customers (quarterly) | 0.55% | 0.53% | 0.46% | 0.38% | 0.28% |

(i) Interest expenses on deposits from customers (quarterly) are annualised, calculated as the sum of interest expenses on deposits from customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average deposits from customers (quarterly) for the NLB Group, calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balance at the end of the previous quarter divided by (t+1).

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| NLB | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest expenses on deposits from customers ⁽ⁱ⁾ | 55.8 | 54.4 | 49.7 | 42.4 | 27.2 |
| Denominator | | | | | |
| Average deposits from customers ⁽ⁱⁱ⁾ | 11,651.0 | 11,773.5 | 11,714.4 | 11,294.3 | 10,881.6 |
| Average interest rate for deposits from customers (quarterly) | 0.48% | 0.46% | 0.42% | 0.38% | 0.25% |

(i) Interest expenses on deposits from customers (quarterly) are annualised, calculated as the sum of interest expenses on deposits from customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average deposits from customers (quarterly) for NLB are calculated as the sum of daily balances in each quarter (from the first day to the last day of the quarter) divided by the number of days in the quarter.

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| SEE Banks ⁽ⁱⁱⁱ⁾ | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Interest expenses on deposits from customers ⁽ⁱ⁾ | 58.8 | 56.2 | 45.6 | 37.1 | 24.6 |
| Denominator | | | | | |
| Average deposits from customers ⁽ⁱⁱ⁾ | 8,953.3 | 8,900.5 | 8,734.8 | 8,544.1 | 8,291.4 |
| Average interest rate for deposits from customers (quarterly) | 0.66% | 0.63% | 0.52% | 0.43% | 0.30% |

(i) Interest expenses on deposits from customers (quarterly) are annualised, calculated as the sum of interest expenses on deposits from customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average deposits from customers (quarterly) for the SEE banks are calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balances at the end of the previous quarter divided by (t+1).

(iii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Deposit beta – Calculated as the ratio between the change of interest rate on deposits from customers and change of ECB deposit facility interest rate over the selected period.

| | in %, bps | | |
|---|-----------|---------|------------|
| | NLB Group | | |
| | Q2 2022 | Q2 2024 | Δ (in bps) |
| Numerator | | | |
| Interest rate on deposits from customers ⁽ⁱ⁾ | 0.09% | 0.55% | 46 |
| Denominator | | | |
| ECB deposit facility interest rate ⁽ⁱⁱ⁾ | -0.5% | 3.75% | 425 |
| Deposit beta | | | 11% |

(i) NLB internal information. Interest rate on deposits from customers (quarterly average).

(ii) Data from the ECB. Deposit facility interest rate (quarterly average).

FVTPL – Financial assets measured as a mandatory requirement at fair value through profit or loss are not classified into stages and are therefore shown separately (before deduction of fair value adjustment for credit risk; loans with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding).

IFRS 9 classification into stages for loan portfolio:

IFRS 9 requires an expected loss model, where allowances for ECL are formed. Loans measured at AC are classified into the following stages (before deduction of loan loss allowances):

- **Stage 1** – A performing portfolio: no significant increase of credit risk since initial recognition, the Group recognises an allowance based on a 12-month period;
- **Stage 2** – An underperforming portfolio: a significant increase in credit risk since initial recognition, the Group recognises an allowance for a lifetime period;
- **Stage 3** – An impaired portfolio: the Group recognises lifetime allowances for these financial assets. The definition of default harmonises with the EBA guidelines.

A significant increase in credit risk is assumed: when a credit rating significantly deteriorates at the reporting date in comparison to the credit rating at initial recognition; when a financial asset has material delays over 30 days (days past due are also included in the credit rating assessment); if the Group expects to grant the client forbearance or if the client is placed on the watch list.

The loan portfolio includes loans to banks, loans to other customers, loans mandatorily measured at FVTPL and balances with central banks and other banks. The majority of the loan portfolio is classified into IFRS 9 stages. The remaining minor part (0.002 per cent at the end of Q2 2024) represents FVTPL. The classification into stages is calculated on the internal data source, by which the Group measures the loan portfolio quality, and is also published in the Business Report of Annual and Interim Reports.

| in EUR millions | | |
|---|--------------|--------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 1 | 18,557.1 | 19,240.8 |
| Denominator | | |
| Total gross loans | 19,799.7 | 20,245.5 |
| IFRS 9 classification into Stage 1 | 93.7% | 95.0% |

| in EUR millions | | |
|---|-------------|-------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 2 | 939.2 | 704.1 |
| Denominator | | |
| Total gross loans | 19,799.7 | 20,245.5 |
| IFRS 9 classification into Stage 2 | 4.7% | 3.5% |

| in EUR millions | | |
|---|-------------|-------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC + FVTPL) loans in Stage 3 | 303.4 | 300.5 |
| Denominator | | |
| Total gross loans | 19,799.7 | 20,245.5 |
| IFRS 9 classification into Stage 3 | 1.5% | 1.5% |

| in EUR millions | | |
|--|--------------|--------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 1 to Corporates | 6,186.7 | 6,005.6 |
| Denominator | | |
| Total gross loans to Corporates | 6,889.2 | 6,629.3 |
| Corporates - IFRS 9 classification into Stage 1 | 89.8% | 90.6% |

| in EUR millions | | |
|--|-------------|-------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 2 to Corporates | 535.7 | 454.3 |
| Denominator | | |
| Total gross loans to Corporates | 6,889.2 | 6,629.3 |
| Corporates - IFRS 9 classification into Stage 2 | 7.8% | 6.9% |

| in EUR millions | | |
|--|-------------|-------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC & FVTPL) loans in Stage 3 to Corporates | 166.8 | 169.4 |
| Denominator | | |
| Total gross loans to Corporates | 6,889.2 | 6,629.3 |
| Corporates - IFRS 9 classification into Stage 3 | 2.4% | 2.6% |

| in EUR millions | | |
|--|--------------|--------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 1 to Retail | 7,092.6 | 6,854.7 |
| Denominator | | |
| Total gross loans to Retail | 7,632.5 | 7,235.3 |
| Retail - IFRS 9 classification into Stage 1 | 92.9% | 94.7% |

| in EUR millions | | |
|--|-------------|-------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 2 to Retail | 403.5 | 249.6 |
| Denominator | | |
| Total gross loans to Retail | 7,632.5 | 7,235.3 |
| Retail - IFRS 9 classification into Stage 2 | 5.3% | 3.4% |

| in EUR millions | | |
|--|-------------|-------------|
| NLB Group | | |
| | 30 Jun 2024 | 31 Dec 2023 |
| Numerator | | |
| Total (AC) loans in Stage 3 to Retail | 136.4 | 131.0 |
| Denominator | | |
| Total gross loans to Retail | 7,632.5 | 7,235.3 |
| Retail - IFRS 9 classification into Stage 3 | 1.8% | 1.8% |

Liquidity coverage ratio (LCR) – LCR refers to high liquid assets held by the financial institution to cover its net liquidity outflows over a 30-calendar-day stress period.

The LCR requires financial institutions to maintain a sufficient reserve of high-quality liquid assets (HQLA) to withstand a crisis that pressures their cash flows. The assets to hold must be equal to or greater than their net cash outflow over a 30-calendar-day stress period (having at least 100% coverage). The parameters of the stress scenario are defined under Basel III guidelines. The calculations presented below are based on internal data sources.

| | NLB Group | | | | | NLB | in EUR millions |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 30 Jun 2024 | |
| Numerator | | | | | | | |
| Stock of HQLA | 7,270.4 | 7,197.2 | 7,011.7 | 6,687.7 | 6,505.1 | 6,118.5 | |
| Denominator | | | | | | | |
| Net liquidity outflow | 2,839.2 | 2,865.6 | 2,853.9 | 2,799.8 | 2,657.4 | 1,932.8 | |
| LCR⁽ⁱ⁾ | 256.1% | 251.2% | 245.7% | 238.9% | 244.8% | 316.6% | |

(i) Based on the EC's Delegated Act on LCR.

Net Stable Funding Ratio (NSFR) – NSFR compares a bank's available stable funding (ASF) with its required stable funding (RSF). The ratio aims to ensure that banks maintain a stable funding profile in relation to their assets and activities. A ratio of 100% or more indicates that a bank's stable funding is sufficient to cover its longer-term assets and activities. The parameters are defined under Basel III guidelines.

| | NLB Group | | | | | NLB | in EUR millions |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 30 Jun 2024 | |
| Numerator | | | | | | | |
| Available stable funding | 22,412.0 | 21,717.8 | 21,868.5 | 21,155.5 | 20,872.4 | 14,026.0 | |
| Denominator | | | | | | | |
| Required stable funding | 12,356.1 | 11,902.6 | 11,677.6 | 11,499.2 | 11,347.4 | 7,971.8 | |
| NSFR | 181.4% | 182.5% | 187.3% | 184.0% | 183.9% | 175.9% | |

Net loan to deposit ratio (LTD) – Calculated as the ratio between net loans to customers and deposits from customers. There is no regulatory LTD limit. However, this measure aims to restrict the extensive growth of the loan portfolio.

| in EUR millions | | | | |
|--|--------------|--------------|--------------|--------------|
| | NLB Group | | | NLB |
| | 30 Jun 2024 | 31 Mar 2024 | 30 Jun 2023 | 30 Jun 2024 |
| Numerator | | | | |
| Net loans to customers | 14,399.3 | 13,859.9 | 13,431.8 | 7,391.8 |
| Denominator | | | | |
| Deposits from customers | 20,693.8 | 20,471.5 | 19,924.9 | 11,744.1 |
| Net loan to deposit ratio (LTD) | 69.6% | 67.7% | 67.4% | 62.9% |

| in EUR millions | | | | | | |
|--|---|----------------------|--------------------------|------------------------|-------------------------|-------------------------|
| | NLB Komerijalna Banka, Beograd | NLB Banka, Skopje | NLB Banka, Banja Luka | NLB Banka, Sarajevo | NLB Banka, Prishtina | NLB Banka, Podgorica |
| | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 |
| Numerator | | | | | | |
| Net loans to customers | 2,993.4 | 1,255.4 | 591.5 | 611.3 | 924.9 | 643.4 |
| Denominator | | | | | | |
| Deposits from customers | 4,148.4 | 1,487.4 | 885.3 | 748.6 | 981.2 | 761.6 |
| Net loan to deposit ratio (LTD) | 72.2% | 84.4% | 66.8% | 81.7% | 94.3% | 84.5% |

Leverage ratio - its calculation uses Tier 1 as the numerator, and the denominator is the total exposure of all active balance sheet and off-balance-sheet items after the adjustments are made, in the context of which the exposures from individual derivatives, exposures from transactions of security funding, and other off-balance sheet items are especially pointed out. Leverage ratio is non-risk based supplementary measure to the risk-based capital requirements. A minimum leverage ratio requirement is determined as of 3%. The purpose of the leverage ratio is to limit the size of bank balance sheets, and with a special emphasis on exposures which are not weighted within the framework of the existing capital requirement calculations.

| in EUR millions | |
|---------------------------------------|-------------|
| NLB Group | |
| 30 Jun 2024 | |
| Numerator | |
| Tier I | 2,611.2 |
| Denominator | |
| Total Leverage Ratio exposure measure | 27,647.5 |
| Leverage ratio | 9.4% |

Net interest margin based on interest-bearing assets (cumulative) – Calculated as the ratio between net interest income annualised and average interest-bearing assets.

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | 1-6 2024 | 1-3 2024 | 1-12 2023 | 1-9 2023 | 1-6 2023 |
| Numerator | | | | | |
| Net interest income ⁽ⁱ⁾ | 925.9 | 933.9 | 833.3 | 804.1 | 766.2 |
| Denominator | | | | | |
| Average interest bearing assets ⁽ⁱⁱ⁾ | 25,155.2 | 25,011.7 | 23,782.7 | 23,524.9 | 23,219.3 |
| Net interest margin on interest-bearing assets | 3.68% | 3.73% | 3.50% | 3.42% | 3.30% |

(i) Net interest income is annualised, calculated as the sum of interest income and interest expenses in the period divided by the number of days in the period and multiplied by the number of days in the year.

(ii) NLB internal information. Average interest-bearing assets for the NLB Group are calculated as the sum of the balance from the previous year's end (31 December) and monthly balances of the last day of each month from January to the reporting month t divided by (t+1).

| in EUR millions | | | | | | | |
|---|--------------|---------------------------------|-------------------|-----------------------|---------------------|----------------------|----------------------|
| | NLB | NLB Komercijalna Banka, Beograd | NLB Banka, Skopje | NLB Banka, Banja Luka | NLB Banka, Sarajevo | NLB Banka, Prishtina | NLB Banka, Podgorica |
| | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 |
| Numerator | | | | | | | |
| Net interest income ⁽ⁱ⁾ | 439.0 | 234.4 | 77.3 | 38.1 | 28.4 | 51.6 | 45.8 |
| Denominator | | | | | | | |
| Average interest bearing assets ⁽ⁱⁱ⁾ | 14,861.2 | 4,856.6 | 1,877.5 | 1,028.9 | 882.6 | 1,206.3 | 884.0 |
| Net interest margin on interest-bearing assets | 2.95% | 4.83% | 4.12% | 3.70% | 3.21% | 4.28% | 5.18% |

(i) Net interest income is annualised and calculated as the sum of interest income and interest expenses in the period divided by the number of days in the period and multiplied by the number of days in the year.

(ii) NLB internal information. Average interest-bearing assets for NLB are calculated as daily balances in the current period (from the first day of the period to the last day of the period) divided by the number of days in the period. Average interest-bearing assets for individual bank members are calculated as the sum of the balance of the previous year's end (31 December) and monthly balances of the last day of each month from January to reporting month t divided by (t+1).

Net interest margin based on interest-bearing assets (quarterly) – Calculated as the ratio between net interest income annualised and average interest-bearing assets.

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Net interest income ⁽ⁱ⁾ | 918.0 | 933.9 | 920.0 | 878.7 | 806.2 |
| Denominator | | | | | |
| Average interest bearing assets ⁽ⁱⁱ⁾ | 25,277.9 | 25,011.7 | 24,582.1 | 24,127.6 | 23,301.0 |
| Net interest margin on interest-bearing assets (quarterly) | 3.63% | 3.73% | 3.74% | 3.64% | 3.46% |

(i) Net interest income (quarterly) is annualised, calculated as the sum of interest income and interest expenses in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average interest-bearing assets (quarterly) for the NLB Group, calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).

| in EUR millions | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|
| NLB | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Net interest income ⁽ⁱ⁾ | 430.5 | 447.4 | 450.2 | 394.5 | 345.9 |
| Denominator | | | | | |
| Average interest bearing assets ⁽ⁱⁱ⁾ | 14,895.8 | 14,826.4 | 14,570.3 | 13,870.2 | 12,745.4 |
| Net interest margin on interest-bearing assets (quarterly) | 2.89 % | 3.02% | 3.09% | 2.84% | 2.71% |

(i) Net interest income (quarterly) is annualised, calculated as the sum of interest income and interest expenses in the quarter divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average interest-bearing assets (quarterly) for NLB are calculated as the sum of daily balances in each quarter (from the first day of the quarter to the last day of the quarter) divided by the number of days in the quarter.

| in EUR millions | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| SEE Banks ⁽ⁱⁱⁱ⁾ | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Net interest income ⁽ⁱ⁾ | 476.1 | 475.0 | 456.9 | 439.9 | 410.6 |
| Denominator | | | | | |
| Average interest bearing assets ⁽ⁱⁱ⁾ | 10,789.0 | 10,692.1 | 10,426.6 | 10,159.5 | 9,915.6 |
| Net interest margin on interest-bearing assets (quarterly) | 4.41% | 4.44% | 4.38% | 4.33% | 4.14% |

(i) Net interest income (quarterly) is annualised, calculated as the sum of interest income and interest expenses in the period divided by the number of days in the quarter and multiplied by the number of days in the year.

(ii) NLB internal information. Average interest-bearing assets (quarterly) for the SEE banks, calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).

(iii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Net interest margin on total assets – Calculated as the ratio between net interest income annualised and average total assets.

| in EUR millions | | |
|--|--------------|--------------|
| NLB Group | | |
| | 1-6 2024 | 1-6 2023 |
| Numerator | | |
| Net interest income ⁽ⁱ⁾ | 925.9 | 766.2 |
| Denominator | | |
| Average total assets ⁽ⁱⁱ⁾ | 26,132.7 | 24,147.9 |
| Net interest margin on total assets | 3.54% | 3.17% |

(i) Net interest income is annualised, calculated as the sum of interest income and interest expenses in the period divided by the number of days in the period and multiplied by the number of days in the year.

(ii) NLB internal information. Average total assets for the NLB Group are calculated as the sum of the balance from the previous year's end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).

Non-Performing Exposures (NPE) – NPE includes risk exposure to D- and E-rated clients (includes loans and advances, debt securities and off-balance exposures, which includes in report Finrep 18; before deduction of allowances for the expected credit losses). NPE, measured by fair value loans through P&L, is considered to be at fair value, increased by the amount of negative fair value changes for credit risk.

NPE (EBA def) per cent (on-balance and off-balance) / Classified on-balance and off-balance exposures – NPE per cent under the EBA methodology: NPE as a percentage of all exposures to clients in Finrep 18 before deduction of allowances for the expected credit losses; the ratio in gross terms.

NPE includes risk exposure to D- and E-rated clients (includes loans and advances, debt securities, and off-balance exposures, which are included in report Finrep 18; before the deduction of allowances for the expected credit losses). The share of NPEs is calculated based on internal data sources, which the Group uses to monitor the portfolio quality.

The calculations presented below are based on internal data sources.

| | in EUR millions | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|
| | NLB Group | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | | | |
| Total Non-Performing on-balance and off-balance Exposure in Finrep18 | 337.7 | 342.7 | 333.8 | 344.4 | 373.6 | 415.5 |
| Denominator | | | | | | |
| Total on-balance and off-balance exposures in Finrep18 | 30,863.4 | 30,286.6 | 30,122.3 | 28,729.2 | 28,133.2 | 24,328.0 |
| NPE (EBA def.) per cent. | 1.1 % | 1.1% | 1.1% | 1.2% | 1.3% | 1.7% |

Non-Performing Loans (NPL) – Non-performing loans include loans to D- and E-rated clients, namely loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances).

NPL per cent – Share of non-performing loans in total loans: non-performing loans as a percentage of total loans to clients before deduction of loan loss allowances; the ratio in gross terms. Where non-performing loans are defined as loans to D- and E-rated clients, namely loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances). The share of non-performing loans is calculated based on internal data sources, by which the Group monitors the loan portfolio quality.

in EUR millions

| NLB Group | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | | | |
| Total Non-Performing Loans | 303.4 | 306.6 | 300.5 | 312.9 | 328.3 | 367.4 |
| Denominator | | | | | | |
| Total gross loans | 19,799.7 | 19,695.6 | 20,245.5 | 19,359.2 | 18,403.9 | 15,541.8 |
| NPL per cent. | 1.5% | 1.6% | 1.5% | 1.6% | 1.8% | 2.4% |

in EUR millions

| | NLB, Ljubljana | NLB, Komercijalna Banka, Beograd | NLB Banka, Banja Luka | NLB Banka, Sarajevo | NLB Banka, Prishtina | NLB Banka, Podgorica | NLB Banka, Skopje |
|----------------------------|-------------------|---|--------------------------|------------------------|-------------------------|-------------------------|----------------------|
| | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 | 30 Jun 2024 |
| Numerator | | | | | | | |
| Total Non-Performing Loans | 139.1 | 26.6 | 7.3 | 16.2 | 20.8 | 20.3 | 44.5 |
| Denominator | | | | | | | |
| Total gross loans | 11,041.8 | 4,045.1 | 847.4 | 794.7 | 1,103.0 | 807.6 | 1,557.1 |
| NPL per cent. | 1.3% | 0.7% | 0.9% | 2.0% | 1.9% | 2.5% | 2.9% |

NPL coverage ratio 1 – The coverage of the gross non-performing loans portfolio with loan loss allowances on the entire loan portfolio - loan impairment in respect of non-performing loans. It shows the level of credit impairments and provisions the entity has already absorbed into its profit and loss account regarding the total impaired loans. NPL coverage ratio 1 is calculated based on internal data sources, by which the Group monitors the quality of the loan portfolio.

| in EUR millions | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| NLB Group | | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | | | |
| Loan loss allowances entire loan portfolio | 328.9 | 338.7 | 330.5 | 316.1 | 324.8 | 316.5 |
| Denominator | | | | | | |
| Total Non-Performing Loans | 303.4 | 306.6 | 300.5 | 312.9 | 328.3 | 367.4 |
| NPL coverage ratio 1 (NPL CR 1) | 108.4% | 110.5% | 110.0% | 101.0% | 98.9% | 86.1% |

NPL coverage ratio 2 – Covers the gross non-performing loans portfolio with loan loss allowances on the non-performing loans portfolio. NPL coverage ratio 2 is calculated based on internal data sources, by which the Group monitors the loan portfolio quality.

| in EUR millions | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| NLB Group | | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | | | |
| Loan loss allowances non-performing loan portfolio | 202.3 | 198.5 | 194.2 | 193.3 | 187.4 | 212.9 |
| Denominator | | | | | | |
| Total Non-Performing Loans | 303.4 | 306.6 | 300.5 | 312.9 | 328.3 | 367.4 |
| NPL coverage ratio 2 (NPL CR 2) | 66.7 % | 64.8% | 64.6% | 61.8% | 57.1% | 57.9% |

Net NPL Ratio – Share of net non-performing loans in total net loans: non-performing loans after deduction of loss allowances on the non-performing loans portfolio as a percentage of total loans to clients after the deduction of loan loss allowances; ratio in net terms. The calculations presented below are based on internal data sources.

| in EUR millions | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| NLB Group | | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | | | |
| Net volume of non-performing loans | 101.0 | 108.0 | 106.4 | 119.5 | 140.9 | 154.5 |
| Denominator | | | | | | |
| Total Net Loans | 19,470.7 | 19,356.9 | 19,914.9 | 19,043.1 | 18,079.1 | 15,225.4 |
| Net NPL ratio per cent. (%Net NPL) | 0.5% | 0.6% | 0.5% | 0.6% | 0.8% | 1.0% |

Non-performing loans and advances (EBA def.) – Non-performing loans include loans and advances under the EBA Methodology that are classified as D or E, namely loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances).

NPL ratio (EBA def.) – The gross NPL ratio is the ratio of the gross carrying amount of non-performing loans and advances to the total gross carrying amount of loans and advances under the EBA methodology (report Finrep 18). For this calculation, loans and advances classified as held for sale, cash balances at central banks and other demand deposits at banks are excluded from the denominator and the numerator. The calculations presented below are based on internal data sources.

| in EUR millions | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| NLB Group | | | | | | |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | | | |
| Gross volume of Non-Performing Loans and advances without loans held for sale, cash balances at CBs and other demand deposits | 315.5 | 318.9 | 310.8 | 322.2 | 337.2 | 375.1 |
| Denominator | | | | | | |
| Gross volume of Loans and advances in Finrep18 without loans held for sale, cash balances at CBs and other demand deposits | 15,314.9 | 14,804.2 | 14,780.1 | 14,192.3 | 13,796.0 | 11,128.8 |
| NPL ratio (EBA def.) per cent. | 2.1% | 2.2% | 2.1% | 2.3% | 2.4% | 3.4% |

EVE (Economic Value of Equity) method – The measure of the sensitivity of changes in market interest rates on the economic value of financial instruments. EVE represents the present value of net future cash flows and provides a comprehensive view of the possible long-term effects of changing interest rates, at least under the six prescribed standardised interest rate shock scenarios or more, if necessary, according to the situation in financial markets. Calculations take into account behavioural and automatic options as well as the allocation of non-maturing deposits.

The assessment of the impact of a change in interest rates of 200 bps on the economic value of the banking book position:

| in EUR thousands | |
|-------------------------------------|---------------|
| NLB Group | |
| 30 Jun 2024 | |
| Numerator | |
| Interest risk in banking book – EVE | -65,211.8 |
| Denominator | |
| Equity (Tier I) | 2,611,160.0 |
| EVE as % of Equity | -2.50% |

Operational business margin (OBM) (cumulative) – Calculated as the ratio between operational business net income annualised and average assets.

| in EUR millions | | | | | |
|--|-----------------|-----------------|------------------|-----------------|-----------------|
| NLB Group | | | | | |
| | 1-6 2024 | 1-3 2024 | 1-12 2023 | 1-9 2023 | 1-6 2023 |
| Numerator | | | | | |
| Operational business net income ⁽ⁱ⁾ | 1,303.1 | 1,292.5 | 1,174.7 | 1,141.8 | 1,100.2 |
| Denominator | | | | | |
| Average total assets ⁽ⁱⁱ⁾ | 26,132.7 | 25,972.0 | 24,706.3 | 24,448.2 | 24,147.9 |
| OBM (cumulative) | 4.99% | 4.98% | 4.75% | 4.67% | 4.56% |

(i) Operational business net income (cumulative) is annualised, calculated as operational business income in the period divided by the number of days in the period and multiplied by the number of days in the year. Operational business income consists of net interest income (excluding interest expenses from subordinated securities), net fees and commissions and net gains and losses from financial assets and liabilities held for trading that derive from foreign exchange trading.

(ii) NLB internal information. Average total assets is calculated as a sum of balance as at the end of the previous year's end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).

Operational business margin (OBM) (quarterly) – Calculated as the ratio between operational business net income annualised and average assets.

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| NLB Group | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Operational business net income ⁽ⁱ⁾ | 1,313.8 | 1,292.5 | 1,272.4 | 1,223.6 | 1,145.3 |
| Denominator | | | | | |
| Average total assets ⁽ⁱⁱ⁾ | 26,266.6 | 25,972.0 | 25,494.3 | 25,037.1 | 24,211.9 |
| OBM (quarterly) | 5.00% | 4.98% | 4.99% | 4.89% | 4.73% |

(i) Operational business net income (quarterly) is annualised, calculated as operational business income in the period divided by the number of days in the quarter and multiplied by the number of days in the year. Operational business income consists of net interest income (excluding interest expenses from subordinated securities), net fees and commissions and net gains and losses from financial assets and liabilities held for trading that derive from foreign exchange trading.

(ii) NLB internal information. Average total assets (quarterly) for the NLB Group are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balances at the end of the previous quarter divided by (t+1).

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| NLB | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Operational business net income ⁽ⁱ⁾ | 622.1 | 637.5 | 629.2 | 559.6 | 511.6 |
| Denominator | | | | | |
| Average total assets ⁽ⁱⁱ⁾ | 16,383.4 | 16,159.7 | 15,831.9 | 14,995.9 | 14,130.3 |
| OBM (quarterly) | 3.80% | 3.94% | 3.97% | 3.73% | 3.62% |

(i) Operational business net income (quarterly) is annualised, calculated as operational business income in the period divided by the number of days in the quarter and multiplied by the number of days in the year. Operational business income consists of net interest income (excluding interest expenses from subordinated securities), net fees and commissions and net gains and losses from financial assets and liabilities held for trading that derive from foreign exchange trading.

(ii) NLB internal information. Average total assets (quarterly) for the NLB are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).

| in EUR millions | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| SEE banks ⁽ⁱⁱⁱ⁾ | | | | | |
| | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 |
| Numerator | | | | | |
| Operational business net income ⁽ⁱ⁾ | 654.9 | 620.3 | 610.7 | 592.1 | 556.4 |
| Denominator | | | | | |
| Average total assets ⁽ⁱⁱ⁾ | 11,209.9 | 11,101.8 | 10,850.6 | 10,603.8 | 10,347.8 |
| OBM (quarterly) | 5.84% | 5.59% | 5.63% | 5.58% | 5.38% |

(i) Operational business net income (quarterly) is annualised, calculated as operational business income in the period divided by the number of days in the quarter and multiplied by the number of days in the year. Operational business income consists of net interest income (excluding interest expenses from subordinated securities), net fees and commissions and net gains and losses from financial assets and liabilities held for trading that derive from foreign exchange trading.

(ii) NLB internal information. Average total assets (quarterly) for the SEE banks are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).

(iii) Sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group.

Return on equity after tax (ROE a.t.) – Calculated as the ratio between the result after tax annualised and average equity.

| | | | | | | in EUR millions |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| NLB Group | | | | | NLB | |
| | 1-6 2024 | 1-3 2024 | 1-12 2023 | 1-9 2023 | 1-6 2023 | 1-6 2024 |
| Numerator | | | | | | |
| Result after tax ⁽ⁱ⁾ | 584.1 | 560.1 | 550.7 | 515.9 | 485.4 | 385.8 |
| Denominator | | | | | | |
| Average equity ⁽ⁱⁱ⁾ | 3,017.0 | 2,959.9 | 2,623.0 | 2,558.9 | 2,499.2 | 2,323.9 |
| ROE a.t. | 19.4% | 18.9% | 21.0% | 20.2% | 19.4% | 16.6% |

(i) Result after tax is annualised, calculated as a result after tax in the period divided by the number of months for the reporting period and multiplied by 12.

(ii) NLB internal information. Average equity is calculated as a sum of the balance at the end of the previous year's end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).

| | | | | | | | in EUR millions |
|---------------------------------|--|----------------------|--------------------------|------------------------|-------------------------|-------------------------|-----------------|
| | NLB Komercijalna Banka, Beograd | NLB Banka, Skopje | NLB Banka, Banja Luka | NLB Banka, Sarajevo | NLB Banka, Prishtina | NLB Banka, Podgorica | |
| | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | 1-6 2024 | |
| Numerator | | | | | | | |
| Result after tax ⁽ⁱ⁾ | 164.3 | 74.8 | 33.3 | 16.0 | 40.1 | 28.5 | |
| Denominator | | | | | | | |
| Average equity ⁽ⁱⁱ⁾ | 873.6 | 286.5 | 113.2 | 99.7 | 145.3 | 121.0 | |
| ROE a.t. | 18.8% | 26.1% | 29.5% | 16.1% | 27.6% | 23.6% | |

(i) Result after tax is annualised, calculated as a result after tax in the period divided by the number of months for the reporting period and multiplied by 12.

(ii) NLB internal information. Average equity is calculated as a sum of the balance at the end of the previous year's end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).

Return on equity after tax (ROE a.t.) normalised⁽ⁱⁱⁱ⁾ – Calculated as the ratio between the result after tax annualised and average risk adjusted capital.

| | | | in EUR millions |
|---|---------------|--------------|-----------------|
| NLB Group | | | |
| | 1-6 2024 | 1-6 2023 | |
| Numerator | | | |
| Result after tax ⁽ⁱ⁾ | 584.1 | 485.4 | |
| Denominator | | | |
| Average risk adjusted capital ⁽ⁱⁱ⁾ | 1,938.8 | 1,866.3 | |
| ROE a.t. | 30.1 % | 26.0% | |

(i) Result after tax is annualised, calculated as a result after tax in the period divided by the number of months for the reporting period and multiplied by 12.

(ii) NLB internal information. Average risk adjusted capital is calculated as a sum of Risk Weighted Assets (RWA) balance as at the end of the previous year-end (31 December) and monthly Risk Weighted Assets (RWA) balances of the last day of each month from January to month t divided by (t+1), multiplied by Tier 1 regulatory capital requirement and decreased by minority shareholder capital.

(iii) Result a.t. w/o negative goodwill divided by Average risk adjusted capital. Average risk adjusted capital calculated as Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution

Return on assets (ROA a.t) – Calculated as the ratio between the result after tax annualised and average total assets.

| in EUR millions | | |
|--------------------------------------|-------------|-------------|
| NLB Group | | |
| | 1-6 2024 | 1-6 2023 |
| Numerator | | |
| Result after tax ⁽ⁱ⁾ | 584.1 | 485.4 |
| Denominator | | |
| Average total assets ⁽ⁱⁱ⁾ | 26,132.7 | 24,147.9 |
| ROA a.t. | 2.2% | 2.0% |

(i) Result after tax is annualised, calculated as the result after tax in the period divided by the number of months per reporting period and multiplied by 12.

(ii) NLB internal information. Average total assets are calculated as the sum of balance at the previous year's end (31 December) and monthly balances on the last day of each month from January to month t divided by (t+1).

RWA to total assets – The RWA to total assets is the institution's RWA expressed as a percentage of the total assets.

| in EUR millions | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|
| NLB Group | | | | |
| | 30 Jun 2024 | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2021 |
| Numerator | | | | |
| Total risk exposure Amount (RWA) | 16,017 | 15,337 | 14,653 | 12,667 |
| Denominator | | | | |
| Total assets | 26,614 | 25,942 | 24,160 | 21,577 |
| RWA to total assets | 60% | 59% | 61% | 59% |

Total capital ratio (TCR) – The total capital ratio is the institution's own funds expressed as a percentage of the total risk exposure amount.

| in EUR millions | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| NLB Group | | | | | | | NLB |
| | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 | 31 Mar 2023 | 30 Jun 2024 |
| Numerator | | | | | | | |
| Total capital (Own funds) | 3,158.5 | 3,199.4 | 3,109.2 | 2,791.4 | 2,780.1 | 2,765.2 | 2,492.4 |
| Denominator | | | | | | | |
| Total risk exposure Amount (Total RWA) | 16,017.2 | 15,427.8 | 15,337.2 | 14,919.0 | 14,838.4 | 14,622.3 | 9,640.1 |
| Total capital ratio | 19.7% | 20.7% | 20.3% | 18.7% | 18.7% | 18.9% | 25.9% |

Reconciliation of Financial Statements in Business and Financial Part of the Report

Table 20: Unaudited Condensed Income Statement of NLB Group for period ended 30 June 2024

| Business report | in EUR millions | Financial report | in EUR thousands | Notes |
|---|-----------------|---|------------------|-------|
| Net interest income | 460.4 | Interest and similar income | 584,694 | 4.1. |
| | | Interest and similar expenses | (124,251) | 4.1. |
| Net fee and commission income | 150.0 | Fee and commission income | 206,091 | 4.3. |
| | | Fee and commission expenses | (56,089) | 4.3. |
| Dividend income | 0.0 | Dividend income | 33 | 4.2. |
| | | Gains less losses from financial assets and liabilities not measured at fair value through profit or loss | 1,339 | 4.4. |
| | | Gains less losses from financial assets and liabilities held for trading | 12,709 | 4.5. |
| Net income from financial transactions | 12.8 | Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss | 1,250 | 4.6. |
| | | Gains less losses from financial liabilities measured at fair value through profit or loss | (1,914) | |
| | | Fair value adjustments in hedge accounting | (1,342) | |
| | | Foreign exchange translation gains less losses | 1,046 | |
| | | Gains less losses from modification of financial assets | (274) | |
| | | Gains less losses on derecognition of non-financial assets | 926 | |
| Net other income | (19.3) | Other net operating income | 4,494 | 4.8. |
| | | Cash contributions to resolution funds and deposit guarantee schemes | (25,252) | 4.10. |
| | | Gains less losses from non-current assets held for sale | 568 | |
| Net non-interest income | 143.6 | | 143,585 | |
| Total net operating income | 604.0 | | 604,028 | |
| Employee costs | (149.5) | Administrative expenses | (248,333) | 4.9. |
| Other general and administrative expenses | (98.8) | Depreciation and amortisation | (26,696) | 4.11. |
| Depreciation and amortisation | (26.7) | | | |
| Total costs | (275.0) | | (275,029) | |
| Result before impairments and provisions | 329.0 | | 328,999 | |
| Impairments and provisions for credit risk | 11.7 | Provisions for credit losses | 7,031 | 4.12. |
| | | Impairment of financial assets | 4,628 | 4.13. |
| Other impairments and provisions | (1.3) | Provisions for other liabilities and charges | (1,396) | 4.12. |
| | | Impairment of non-financial assets | 145 | 4.13. |
| Impairments and provisions | 10.4 | | 10,408 | |
| Gains less losses from capital investment in subsidiaries, associates, and joint ventures | 1.7 | Share of profit from investments in associates and joint ventures (accounted for using the equity method) | 1,666 | |
| Result before tax | 341.1 | Profit before income tax | 341,073 | |
| Income tax | (40.5) | Income tax | (40,493) | 4.14. |
| Result of non-controlling interests | 8.5 | Attributable to non-controlling interests | 8,547 | |
| Result after tax | 292.0 | Attributable to owners of the parent | 292,033 | |

Table 21: Unaudited Condensed Statement of Financial Position of NLB Group as at 30 June 2024

| Business report | in EUR millions | Financial report | in EUR thousands | Notes |
|--|-----------------|---|-------------------|---------|
| ASSETS | | | | |
| Cash, cash balances at central banks, and other demand deposits at banks | 5,116.3 | Cash, cash balances at central banks, and other demand deposits at banks | 5,116,321 | 5.1. |
| Loans to banks | 410.7 | Financial assets measured at amortised cost - loans and advances to banks | 410,678 | 5.5.b) |
| Net loans to customers | 14,399.3 | Financial assets measured at amortised cost - loans and advances to customers | 14,399,307 | 5.5.c) |
| Financial assets | 5,919.9 | | 5,919,901 | |
| - Trading book | 14.6 | Financial assets held for trading | 13,692 | 5.2.a) |
| | | Non-trading financial assets mandatorily at fair value through profit or loss - part (w ithout loans) | 12,688 | 5.3.a) |
| - Non-trading book | 5,905.3 | Financial assets measured at fair value through other comprehensive income | 2,753,959 | 5.4. |
| | | Financial assets measured at amortised cost - debt securities | 3,139,562 | 5.5.a) |
| Investments in subsidiaries, associates, and joint ventures | 12.3 | Investments in associates and joint ventures | 12,302 | |
| Property and equipment | 280.9 | Property and equipment | 280,934 | 5.7. |
| Investment property | 25.8 | Investment property | 25,774 | 5.8. |
| Intangible assets | 64.9 | Intangible assets | 64,872 | |
| | | Financial assets measured at amortised cost - other financial assets | 170,663 | 5.5.d) |
| | | Derivatives - hedge accounting | 45,032 | |
| Other assets | 383.6 | Fair value changes of the hedged items in portfolio hedge of interest rate risk | (15,128) | |
| | | Current income tax assets | 77 | |
| | | Deferred income tax assets | 117,852 | 5.14. |
| | | Other assets | 60,941 | 5.10. |
| | | Non-current assets held for sale | 4,138 | 5.6. |
| TOTAL ASSETS | 26,613.7 | Total assets | 26,613,664 | |
| LIABILITIES | | | | |
| Deposits from customers | 20,693.8 | Financial liabilities measured at amortised cost - due to customers | 20,693,767 | 5.12. |
| Deposits from banks and central banks | 94.3 | Financial liabilities measured at amortised cost - deposits from banks and central banks | 94,283 | 5.12. |
| Borrow ings | 218.8 | Financial liabilities measured at amortised cost - borrow ings from banks and central banks | 116,060 | 5.12. |
| | | Financial liabilities measured at amortised cost - borrow ings from other customers | 102,766 | 5.12. |
| Subordinated debt securities | 558.7 | Financial liabilities measured at amortised cost - debt securities issue | 1,874,041 | 5.12. |
| Other debt securities in issue | 1,315.3 | | | |
| | | Financial liabilities held for trading | 10,585 | 5.2.b) |
| | | Financial liabilities measured at fair value through profit or loss | 8,521 | 5.3.b) |
| Other liabilities | 586.8 | Financial liabilities measured at amortised cost - other financial liabilities | 356,144 | 5.12.c) |
| | | Derivatives - hedge accounting | 2,646 | |
| | | Provisions | 99,273 | 5.13. |
| | | Current income tax liabilities | 11,213 | |
| | | Deferred income tax liabilities | 14,008 | 5.14. |
| | | Other liabilities | 84,451 | 5.16. |
| Equity | 3,081.3 | Equity and reserves attributable to owners of the parent | 3,081,253 | |
| Non-controlling interests | 64.7 | Non-controlling interests | 64,653 | |
| TOTAL LIABILITIES AND EQUITY | 26,613.7 | Total liabilities and equity | 26,613,664 | |



Unaudited Condensed Interim Financial Statements of NLB Group and NLB

as at 30 June 2024

Prepared in accordance with International accounting standard 34 'Interim financial reporting'

Contents

| | |
|--|-----|
| Condensed income statement for the period ended 30 June | 95 |
| Condensed income statement for the three months ended 30 June | 96 |
| Condensed statement of other comprehensive income for the period ended 30 June | 97 |
| Condensed statement of other comprehensive income for the three months ended 30 June | 97 |
| Condensed statement of financial position as at 30 June and as at 31 December | 98 |
| Condensed statement of changes in equity for the period ended 30 June | 99 |
| Condensed statement of cash flows for the period ended 30 June | 100 |
| Statement of management's responsibility | 101 |
| Notes to the condensed interim financial statements | 102 |
| 1. General information | 102 |
| 2. Summary of significant accounting policies | 102 |
| 2.1. Statement of compliance | 102 |
| 2.2. Accounting policies | 102 |
| 3. Changes in the composition of the NLB Group | 103 |
| 4. Notes to the condensed income statement | 105 |
| 4.1. Interest income and expenses | 105 |
| 4.2. Dividend income | 105 |
| 4.3. Fee and commission income and expenses | 105 |
| 4.4. Gains less losses from financial assets and liabilities not measured at fair value through profit or loss | 106 |
| 4.5. Gains less losses from financial assets and liabilities held for trading | 106 |
| 4.6. Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss | 106 |
| 4.7. Disposal of subsidiaries | 106 |
| 4.8. Other net operating income | 107 |
| 4.9. Administrative expenses | 107 |
| 4.10. Cash contributions to resolution funds and deposit guarantee schemes | 107 |
| 4.11. Depreciation and amortisation | 107 |
| 4.12. Provisions | 107 |
| 4.13. Impairment charge | 108 |
| 4.14. Income tax | 108 |
| 5. Notes to the condensed statement of financial position | 109 |
| 5.1. Cash, cash balances at central banks and other demand deposits at banks | 109 |
| 5.2. Financial instruments held for trading | 109 |
| 5.3. Non-trading financial instruments mandatorily at fair value through profit or loss | 109 |
| 5.4. Financial assets measured at fair value through other comprehensive income | 110 |
| 5.5. Financial assets measured at amortised cost | 110 |
| 5.6. Non-current assets held for sale | 111 |
| 5.7. Property and equipment | 111 |
| 5.8. Investment property | 111 |
| 5.9. Acquisition of subsidiaries | 112 |
| 5.10. Other assets | 112 |
| 5.11. Movements in allowance for the impairment of financial assets | 113 |
| 5.12. Financial liabilities measured at amortised cost | 115 |
| 5.13. Provisions | 116 |
| 5.14. Deferred income tax | 117 |
| 5.15. Income tax relating to components of other comprehensive income | 117 |
| 5.16. Other liabilities | 118 |
| 5.17. Other equity instruments issued | 118 |
| 5.18. Book value per share | 118 |
| 5.19. Capital adequacy ratio | 119 |
| 5.20. Off-balance sheet liabilities | 120 |
| 5.21. Fair value hierarchy of financial and non-financial assets and liabilities | 120 |
| 6. Analysis by segment for NLB Group | 128 |
| 7. Related-party transactions | 130 |
| 8. Subsidiaries | 133 |
| 9. Events after the end of the reporting period | 134 |

Condensed income statement for the period ended 30 June

| | | in EUR thousands | | | |
|---|-------|------------------|----------------|----------------|----------------|
| | | NLB Group | | NLB | |
| | | 6 months ended | | 6 months ended | |
| | | June 2024 | June 2023 | June 2024 | June 2023 |
| | | unaudited | unaudited | unaudited | unaudited |
| | Notes | | | | |
| Interest income calculated using the effective interest method | | 556,010 | 425,931 | 301,110 | 198,949 |
| Other interest and similar income | | 28,684 | 14,321 | 14,754 | 7,244 |
| Interest and similar income | 4.1. | 584,694 | 440,252 | 315,864 | 206,193 |
| Interest expenses calculated using the effective interest method | | (112,659) | (55,983) | (85,986) | (43,340) |
| Other interest and similar expenses | | (11,592) | (4,304) | (11,578) | (3,207) |
| Interest and similar expenses | 4.1. | (124,251) | (60,287) | (97,564) | (46,547) |
| Net interest income | | 460,443 | 379,965 | 218,300 | 159,646 |
| Dividend income | 4.2. | 33 | 95 | 77,221 | 130,168 |
| Fee and commission income | 4.3. | 206,091 | 190,145 | 91,652 | 81,372 |
| Fee and commission expenses | 4.3. | (56,089) | (55,500) | (22,626) | (18,953) |
| Net fee and commission income | | 150,002 | 134,645 | 69,026 | 62,419 |
| Gains less losses from financial assets and liabilities not measured at fair value through profit or loss | 4.4. | 1,339 | (696) | 2,570 | (788) |
| Gains less losses from financial assets and liabilities held for trading | 4.5. | 12,709 | 13,866 | 4,491 | 2,235 |
| Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss | 4.6. | 1,250 | 1,055 | 1,615 | 1,376 |
| Gains less losses from financial liabilities measured at fair value through profit or loss | | (1,914) | (448) | (998) | (228) |
| Fair value adjustments in hedge accounting | | (1,342) | (57) | (1,410) | (332) |
| Foreign exchange translation gains less losses | | 1,046 | 1,372 | (1,158) | 3,303 |
| Net gains or losses on derecognition of investments in subsidiaries, associates and joint ventures | 4.7. | - | (467) | - | (105) |
| Gains less losses on derecognition of non-financial assets | | 926 | 117 | 121 | 20 |
| Other net operating income | 4.8. | 4,494 | 3,281 | 2,890 | 3,483 |
| Administrative expenses | 4.9. | (248,333) | (217,232) | (133,569) | (101,473) |
| Cash contributions to resolution funds and deposit guarantee schemes | 4.10. | (25,252) | (25,956) | (10,793) | (11,383) |
| Depreciation and amortisation | 4.11. | (26,696) | (23,479) | (11,361) | (8,373) |
| Gains less losses from modification of financial assets | | (274) | (202) | - | - |
| Provisions for credit losses | 4.12. | 7,031 | 7,202 | 3,770 | 2,088 |
| Provisions for other liabilities and charges | 4.12. | (1,396) | (11,807) | (686) | (5,742) |
| Impairment of financial assets | 4.13. | 4,628 | 22,711 | (11,804) | 4,392 |
| Impairment of non-financial assets | 4.13. | 145 | (327) | - | - |
| Share of profit from investments in associates and joint ventures (accounted for using the equity method) | | 1,666 | 600 | - | - |
| Gains less losses from non-current assets held for sale | | 568 | 5,084 | 481 | 123 |
| Profit before income tax | | 341,073 | 289,322 | 208,706 | 240,829 |
| Income tax | 4.14. | (40,493) | (39,845) | (15,807) | (17,524) |
| Profit for the period | | 300,580 | 249,477 | 192,899 | 223,305 |
| Attributable to owners of the parent | | 292,033 | 242,700 | 192,899 | 223,305 |
| Attributable to non-controlling interests | | 8,547 | 6,777 | - | - |
| Earnings per share (in EUR per share) | | 14.60 | 12.14 | 9.64 | 11.17 |
| Diluted earnings per share (in EUR per share) | | 14.60 | 12.14 | 9.64 | 11.17 |

Condensed income statement for the three months ended 30 June

| | | in EUR thousands | | | |
|---|-------|------------------|----------------|----------------|----------------|
| | | NLB Group | | NLB | |
| | | 3 months ended | | 3 months ended | |
| | | June 2024 | June 2023 | June 2024 | June 2023 |
| | Notes | unaudited | unaudited | unaudited | unaudited |
| Interest income calculated using the effective interest method | | 271,634 | 221,405 | 150,806 | 106,203 |
| Other interest and similar income | | 20,293 | 13,228 | 6,167 | 5,920 |
| Interest and similar income | 4.1. | 291,927 | 233,243 | 156,973 | 110,733 |
| Interest expenses calculated using the effective interest method | | (58,225) | (33,913) | (44,609) | (27,142) |
| Other interest and similar expenses | | (5,449) | (2,864) | (5,315) | (1,875) |
| Interest and similar expenses | 4.1. | (63,674) | (32,247) | (49,924) | (24,487) |
| Net interest income | | 228,253 | 200,996 | 107,049 | 86,246 |
| Dividend income | 4.2. | 17 | 46 | 47,690 | 121,754 |
| Fee and commission income | 4.3. | 105,972 | 98,460 | 46,352 | 41,823 |
| Fee and commission expenses | 4.3. | (27,068) | (29,920) | (11,978) | (10,319) |
| Net fee and commission income | | 78,904 | 68,540 | 34,374 | 31,504 |
| Gains less losses from financial assets and liabilities not measured at fair value through profit or loss | 4.4. | (705) | 85 | (12) | - |
| Gains less losses from financial assets and liabilities held for trading | 4.5. | 10,216 | 7,937 | 3,241 | 745 |
| Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss | 4.6. | (331) | 478 | 37 | 898 |
| Gains less losses from financial liabilities measured at fair value through profit or loss | | (1,000) | (165) | (539) | (84) |
| Fair value adjustments in hedge accounting | | (1,991) | 7 | (2,019) | (289) |
| Foreign exchange translation gains less losses | | (2,899) | (2,282) | (1,937) | 1,086 |
| Net gains or losses on derecognition of investments in subsidiaries, associates and joint ventures | 4.7. | - | (467) | - | (105) |
| Gains less losses on derecognition of non-financial assets | | 664 | 911 | 116 | (2) |
| Other net operating income | 4.8. | 2,298 | 1,075 | 1,575 | 1,789 |
| Administrative expenses | 4.9. | (129,036) | (111,774) | (70,660) | (52,383) |
| Cash contributions to resolution funds and deposit guarantee schemes | 4.10. | (7,514) | (7,774) | (234) | (1,670) |
| Depreciation and amortisation | 4.11. | (13,637) | (11,825) | (5,719) | (4,191) |
| Gains less losses from modification of financial assets | | (249) | (64) | - | - |
| Provisions for credit losses | 4.12. | 7,177 | 5,019 | 3,189 | 1,014 |
| Provisions for other liabilities and charges | 4.12. | (1,099) | (5,880) | (686) | (1) |
| Impairment of financial assets | 4.13. | 8,842 | 6,524 | (7,996) | 767 |
| Impairment of non-financial assets | 4.13. | 148 | (289) | - | - |
| Share of profit from investments in associates and joint ventures (accounted for using the equity method) | | 704 | 293 | - | - |
| Gains less losses from non-current assets held for sale | | 242 | 411 | 166 | (65) |
| Profit before income tax | | 179,004 | 151,802 | 107,635 | 187,013 |
| Income tax | 4.14. | (21,838) | (25,903) | (8,617) | (14,948) |
| Profit for the period | | 157,166 | 125,899 | 99,018 | 172,065 |
| Attributable to owners of the parent | | 152,012 | 122,559 | 99,018 | 172,065 |
| Attributable to non-controlling interests | | 5,154 | 3,340 | - | - |

Condensed statement of other comprehensive income for the period ended 30 June

| | | | | | | in EUR thousands | | | | |
|--|--|--|--|--|--|------------------|----------------|----------------|----------------|-------|
| | | | | | | NLB Group | | NLB | | |
| | | | | | | 6 months ended | | 6 months ended | | |
| | | | | | | June | June | June | June | |
| | | | | | | 2024 | 2023 | 2024 | 2023 | |
| | | | | | | unaudited | unaudited | unaudited | unaudited | |
| | | | | | | Notes | | | | |
| Net profit for the period after tax | | | | | | 300,580 | 249,477 | 192,899 | 223,305 | |
| Other comprehensive income after tax | | | | | | 16,222 | 32,943 | 4,948 | 12,149 | |
| <i>Items that will not be reclassified to income statement</i> | | | | | | | | | | |
| Fair value changes of equity instruments measured at fair value through other comprehensive income | | | | | | 1,671 | 3,122 | 634 | 510 | |
| Income tax relating to components of other comprehensive income | | | | | | 5.15. | (241) | (451) | (140) | (97) |
| <i>Items that have been or may be reclassified subsequently to income statement</i> | | | | | | | | | | |
| Foreign currency translation | | | | | | 1,193 | 1,151 | - | - | |
| Translation gains/(losses) taken to equity | | | | | | 1,193 | 1,151 | - | - | |
| Debt instruments measured at fair value through other comprehensive income | | | | | | 16,481 | 30,695 | 5,710 | 10,379 | |
| Valuation gains/(losses) taken to equity | | | | | | 15,270 | 36,073 | 5,224 | 14,319 | |
| Transferred to income statement | | | | | | 1,211 | (5,378) | 486 | (3,940) | |
| Income tax relating to components of other comprehensive income | | | | | | 5.15. | (2,882) | (1,574) | (1,256) | 1,357 |
| Total other comprehensive income for the period after tax | | | | | | 316,802 | 282,420 | 197,847 | 235,454 | |
| Attributable to owners of the parent | | | | | | 308,403 | 275,495 | 197,847 | 235,454 | |
| Attributable to non-controlling interests | | | | | | 8,399 | 6,925 | - | - | |

Condensed statement of other comprehensive income for the three months ended 30 June

| | | | | | | in EUR thousands | | | |
|--|--|--|--|--|--|------------------|----------------|----------------|----------------|
| | | | | | | NLB Group | | NLB | |
| | | | | | | 3 months ended | | 3 months ended | |
| | | | | | | June | June | June | June |
| | | | | | | 2024 | 2023 | 2024 | 2023 |
| | | | | | | unaudited | unaudited | unaudited | unaudited |
| Net profit for the period after tax | | | | | | 157,166 | 125,899 | 99,018 | 172,065 |
| Other comprehensive income/(loss) after tax | | | | | | 3,591 | 10,987 | 912 | 2,948 |
| <i>Items that will not be reclassified to income statement</i> | | | | | | | | | |
| Fair value changes of equity instruments measured at fair value through other comprehensive income | | | | | | (1,244) | 1,639 | 340 | 226 |
| Income tax relating to components of other comprehensive income | | | | | | 160 | (231) | (75) | (43) |
| <i>Items that have been or may be reclassified subsequently to income statement</i> | | | | | | | | | |
| Foreign currency translation | | | | | | 314 | (692) | - | - |
| Translation gains/(losses) taken to equity | | | | | | 314 | (692) | - | - |
| Debt instruments measured at fair value through other comprehensive income | | | | | | 5,198 | 11,211 | 829 | 2,574 |
| Valuation gains/(losses) taken to equity | | | | | | 4,806 | 12,103 | 739 | 2,681 |
| Transferred to income statement | | | | | | 392 | (892) | 90 | (107) |
| Income tax relating to components of other comprehensive income | | | | | | (837) | (940) | (182) | 191 |
| Total comprehensive income for the period after tax | | | | | | 160,757 | 136,886 | 99,930 | 175,013 |
| Attributable to owners of the parent | | | | | | 155,654 | 133,492 | 99,930 | 175,013 |
| Attributable to non-controlling interests | | | | | | 5,103 | 3,394 | - | - |

Condensed statement of financial position as at 30 June and as at 31 December

| | | in EUR thousands | | | |
|---|---------|-------------------|-------------------|-------------------|-------------------|
| | | NLB Group | | NLB | |
| | | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| | | unaudited | audited | unaudited | audited |
| | Notes | | | | |
| Cash, cash balances at central banks, and other demand deposits at banks | 5.1. | 5,116,321 | 6,103,561 | 3,489,704 | 4,318,032 |
| Financial assets held for trading | 5.2.a) | 13,692 | 15,718 | 15,463 | 17,957 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 5.3.a) | 12,688 | 14,175 | 18,882 | 16,643 |
| Financial assets measured at fair value through other comprehensive income | 5.4. | 2,753,959 | 2,251,556 | 1,728,912 | 1,023,012 |
| Financial assets measured at amortised cost | | | | | |
| - debt securities | 5.5.a) | 3,139,562 | 2,522,229 | 2,427,803 | 1,966,169 |
| - loans and advances to banks | 5.5.b) | 410,678 | 547,640 | 192,341 | 149,011 |
| - loans and advances to customers | 5.5.c) | 14,399,307 | 13,734,601 | 7,383,708 | 7,148,283 |
| - other financial assets | 5.5.d) | 170,663 | 165,962 | 130,926 | 101,596 |
| Derivatives - hedge accounting | | 45,032 | 47,614 | 45,032 | 47,614 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | (15,128) | (10,207) | (16,136) | (12,514) |
| Investments in subsidiaries | | - | - | 975,757 | 975,757 |
| Investments in associates and joint ventures | | 12,302 | 12,519 | 4,823 | 4,823 |
| Tangible assets | | | | | |
| Property and equipment | 5.7. | 280,934 | 278,034 | 83,479 | 85,970 |
| Investment property | 5.8. | 25,774 | 31,116 | 5,413 | 7,640 |
| Intangible assets | | 64,872 | 62,117 | 40,109 | 37,379 |
| Current income tax assets | | 77 | 42 | - | - |
| Deferred income tax assets | 5.14. | 117,852 | 111,305 | 108,129 | 109,449 |
| Other assets | 5.10. | 60,941 | 49,154 | 20,852 | 13,907 |
| Non-current assets held for sale | 5.6. | 4,138 | 4,849 | 3,323 | 4,048 |
| Total assets | | 26,613,664 | 25,941,985 | 16,658,520 | 16,014,776 |
| Financial liabilities held for trading | 5.2.b) | 10,585 | 13,217 | 12,047 | 17,510 |
| Financial liabilities measured at fair value through profit or loss | 5.3.b) | 8,521 | 4,482 | 5,327 | 3,210 |
| Financial liabilities measured at amortised cost | | | | | |
| - deposits from banks and central banks | 5.12. | 94,283 | 95,283 | 236,249 | 147,002 |
| - borrowings from banks and central banks | 5.12. | 116,060 | 140,419 | 132,154 | 82,797 |
| - due to customers | 5.12. | 20,693,767 | 20,732,722 | 11,744,113 | 11,881,563 |
| - borrowings from other customers | 5.12. | 102,766 | 99,718 | - | - |
| - debt securities issued | 5.12. | 1,874,041 | 1,338,235 | 1,874,041 | 1,338,235 |
| - other financial liabilities | 5.12.c) | 356,144 | 357,116 | 221,061 | 198,020 |
| Derivatives - hedge accounting | | 2,646 | 3,540 | 1,887 | 1,420 |
| Provisions | 5.13. | 99,273 | 113,305 | 41,442 | 48,456 |
| Current income tax liabilities | | 11,213 | 35,879 | 2,079 | 14,762 |
| Deferred income tax liabilities | 5.14. | 14,008 | 1,426 | - | - |
| Other liabilities | 5.16. | 84,451 | 58,653 | 50,822 | 32,350 |
| Total liabilities | | 23,467,758 | 22,993,995 | 14,321,222 | 13,765,325 |
| Equity and reserves attributable to owners of the parent | | | | | |
| Share capital | | 200,000 | 200,000 | 200,000 | 200,000 |
| Share premium | | 871,378 | 871,378 | 871,378 | 871,378 |
| Other equity instruments | 5.17. | 88,142 | 84,178 | 88,142 | 84,178 |
| Accumulated other comprehensive income | | (59,806) | (76,118) | (31,368) | (36,316) |
| Profit reserves | | 13,522 | 13,522 | 13,522 | 13,522 |
| Retained earnings | | 1,968,017 | 1,789,890 | 1,195,624 | 1,116,689 |
| | | 3,081,253 | 2,882,850 | 2,337,298 | 2,249,451 |
| Non-controlling interests | | 64,653 | 65,140 | - | - |
| Total equity | | 3,145,906 | 2,947,990 | 2,337,298 | 2,249,451 |
| Total liabilities and equity | | 26,613,664 | 25,941,985 | 16,658,520 | 16,014,776 |

Condensed statement of changes in equity for the period ended 30 June

| in EUR thousands | | | | | | | | | | | |
|--------------------------------------|----------------|----------------|--------------------------|--|--------------------------------------|----------------|-----------------|-------------------|---|--|------------------|
| NLB Group | Share capital | Share premium | Other equity instruments | Accumulated other comprehensive income | | | Profit reserves | Retained earnings | Equity attributable to owners of the parent | Equity attributable to non-controlling interests | Total equity |
| | | | | Fair value reserve of financial assets measured at FVOCI | Foreign currency translation reserve | Other | | | | | |
| Note | 5.17. | | | | | | | | | | |
| Balance as at 1 Jan 2024 | 200,000 | 871,378 | 84,178 | (60,019) | (14,588) | (1,511) | 13,522 | 1,789,890 | 2,882,850 | 65,140 | 2,947,990 |
| - Net profit for the period | - | - | - | - | - | - | - | 292,033 | 292,033 | 8,547 | 300,580 |
| - Other comprehensive income | - | - | - | 15,052 | 1,318 | - | - | - | 16,370 | (148) | 16,222 |
| Total comprehensive income after tax | - | - | - | 15,052 | 1,318 | - | - | 292,033 | 308,403 | 8,399 | 316,802 |
| Dividends | - | - | - | - | - | - | - | (110,000) | (110,000) | (8,886) | (118,886) |
| Transfer of fair value reserve | - | - | - | (58) | - | - | - | 58 | - | - | - |
| Other | - | - | 3,964 | - | - | - | - | (3,964) | - | - | - |
| Balance as at 30 Jun 2024 | 200,000 | 871,378 | 88,142 | (45,025) | (13,270) | (1,511) | 13,522 | 1,968,017 | 3,081,253 | 64,653 | 3,145,906 |

| in EUR thousands | | | | | | | | | | | |
|--------------------------------------|----------------|----------------|--------------------------|--|--------------------------------------|----------------|-----------------|-------------------|---|--|------------------|
| NLB Group | Share capital | Share premium | Other equity instruments | Accumulated other comprehensive income | | | Profit reserves | Retained earnings | Equity attributable to owners of the parent | Equity attributable to non-controlling interests | Total equity |
| | | | | Fair value reserve of financial assets measured at FVOCI | Foreign currency translation reserve | Other | | | | | |
| Note | 5.17. | | | | | | | | | | |
| Balance as at 1 Jan 2023 | 200,000 | 871,378 | 84,184 | (142,909) | (16,485) | (1,194) | 13,522 | 1,357,089 | 2,365,585 | 56,740 | 2,422,325 |
| - Net profit for the period | - | - | - | - | - | - | - | 242,700 | 242,700 | 6,777 | 249,477 |
| - Other comprehensive income | - | - | - | 31,620 | 1,175 | - | - | - | 32,795 | 148 | 32,943 |
| Total comprehensive income after tax | - | - | - | 31,620 | 1,175 | - | - | 242,700 | 275,495 | 6,925 | 282,420 |
| Dividends | - | - | - | - | - | - | - | (55,000) | (55,000) | (4,411) | (59,411) |
| Transfer of fair value reserve | - | - | - | (63) | - | - | - | 63 | - | - | - |
| Other | - | - | 3,952 | - | - | - | - | (3,957) | (5) | - | (5) |
| Balance as at 30 Jun 2023 | 200,000 | 871,378 | 88,136 | (111,352) | (15,310) | (1,194) | 13,522 | 1,540,895 | 2,586,075 | 59,254 | 2,645,329 |

| in EUR thousands | | | | | | | | | |
|--------------------------------------|----------------|----------------|--------------------------|--|----------------|---------------|------------------|-------------------|--------------|
| NLB | Share capital | Share premium | Other equity instruments | Accumulated other comprehensive income | | | Profit reserves | Retained earnings | Total equity |
| | | | | Fair value reserve of financial assets measured at FVOCI | Other | Other | | | |
| Note | 5.17. | | | | | | | | |
| Balance as at 1 Jan 2024 | 200,000 | 871,378 | 84,178 | (35,111) | (1,205) | 13,522 | 1,116,689 | 2,249,451 | |
| - Net profit for the period | - | - | - | - | - | - | 192,899 | 192,899 | |
| - Other comprehensive income | - | - | - | 4,948 | - | - | - | 4,948 | |
| Total comprehensive income after tax | - | - | - | 4,948 | - | - | 192,899 | 197,847 | |
| Dividends | - | - | - | - | - | - | (110,000) | (110,000) | |
| Other | - | - | 3,964 | - | - | - | (3,964) | - | |
| Balance as at 30 Jun 2024 | 200,000 | 871,378 | 88,142 | (30,163) | (1,205) | 13,522 | 1,195,624 | 2,337,298 | |

| in EUR thousands | | | | | | | | | |
|--------------------------------------|----------------|----------------|--------------------------|--|----------------|---------------|-----------------|-------------------|--------------|
| NLB | Share capital | Share premium | Other equity instruments | Accumulated other comprehensive income | | | Profit reserves | Retained earnings | Total equity |
| | | | | Fair value reserve of financial assets measured at FVOCI | Other | Other | | | |
| Note | 5.17. | | | | | | | | |
| Balance as at 1 Jan 2023 | 200,000 | 871,378 | 84,184 | (79,743) | (1,934) | 13,522 | 515,463 | 1,602,870 | |
| - Net profit for the period | - | - | - | - | - | - | 223,305 | 223,305 | |
| - Other comprehensive income | - | - | - | 12,149 | - | - | - | 12,149 | |
| Total comprehensive income after tax | - | - | - | 12,149 | - | - | 223,305 | 235,454 | |
| Dividends | - | - | - | - | - | - | (55,000) | (55,000) | |
| Other | - | - | 3,952 | - | - | - | (3,952) | - | |
| Balance as at 30 Jun 2023 | 200,000 | 871,378 | 88,136 | (67,594) | (1,934) | 13,522 | 679,816 | 1,783,324 | |

Condensed statement of cash flows for the period ended 30 June

| | | in EUR thousands | | | | |
|--|----------|------------------|--------------------|------------------|------------------|------------------|
| | | NLB Group | | NLB | | |
| | | 6 months ended | | 6 months ended | | |
| | | June | June | June | June | |
| | | 2024 | 2023 | 2024 | 2023 | |
| | | Notes | unaudited | unaudited | unaudited | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Interest received | | | 586,650 | 457,651 | 320,967 | 209,448 |
| Interest paid | | | (86,661) | (31,567) | (80,673) | (24,094) |
| Dividends received | | | 29 | 71 | 61,973 | 116,990 |
| Fee and commission receipts | | | 205,879 | 190,477 | 89,105 | 79,093 |
| Fee and commission payments | | | (58,472) | (55,237) | (22,975) | (19,504) |
| Realised gains from financial assets and financial liabilities not at fair value through profit or loss | | | 184 | 92 | - | - |
| Net gains/(losses) from financial assets and liabilities held for trading | | | 13,957 | 12,250 | 3,500 | 449 |
| Payments to employees and suppliers | | | (248,713) | (237,252) | (129,617) | (111,313) |
| Other receipts | | | 9,083 | 10,617 | 5,887 | 6,739 |
| Other payments | | | (33,502) | (34,007) | (14,101) | (13,466) |
| Income tax (paid)/received | | | (57,953) | (21,565) | (24,805) | (5,689) |
| Cash flows from operating activities before changes in operating assets and liabilities | | | 330,481 | 291,530 | 209,261 | 238,653 |
| (Increases)/decreases in operating assets | | | (1,131,225) | 292,896 | (968,970) | (75,199) |
| Net (increase)/decrease in trading assets | | | (1,951) | (800) | (1,951) | (800) |
| Net (increase)/decrease in non-trading financial assets mandatorily at fair value through profit or loss | | | 3,520 | 138 | (700) | (90) |
| Net (increase)/decrease in financial assets measured at fair value through other comprehensive income | | | (489,646) | 545,395 | (697,597) | 246,750 |
| Net (increase)/decrease in loans and receivables measured at amortised cost | | | (637,326) | (249,900) | (268,849) | (320,635) |
| Net (increase)/decrease in other assets | | | (5,822) | (1,937) | 127 | (424) |
| Increases/(decreases) in operating liabilities | | | (73,965) | (174,164) | 31,088 | 71,393 |
| Net increase/(decrease) in deposits and borrowings measured at amortised cost | | | (77,981) | (182,491) | 27,317 | 66,167 |
| Net increase/(decrease) in other liabilities | | | 4,016 | 8,327 | 3,771 | 5,226 |
| Net cash flows from operating activities | | | (874,709) | 410,262 | (728,621) | 234,847 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Receipts from investing activities | | | 353,330 | 194,160 | 80,419 | 81,147 |
| Proceeds from sale of property, equipment, and investment property | | | 5,487 | 1,605 | 2,504 | 87 |
| Proceeds from sale of subsidiaries, net of cash and cash equivalents | 3., 4.7. | | - | 13,019 | - | 1,655 |
| Proceeds from non-current assets held for sale | | | 1,286 | 12,290 | 1,206 | 710 |
| Proceeds from maturity/disposals of debt securities measured at amortised cost | | | 346,557 | 167,246 | 76,709 | 78,695 |
| Payments from investing activities | | | (996,708) | (408,390) | (558,309) | (293,894) |
| Purchase of property, equipment, and investment property | | | (14,179) | (10,833) | (5,518) | (3,829) |
| Purchase of intangible assets | | | (14,339) | (7,501) | (11,354) | (5,499) |
| Purchase of subsidiaries, net of cash acquired and increase in subsidiaries' equity | 3., 5.9. | | (2,342) | - | - | - |
| Purchase of debt securities measured at amortised cost | | | (965,848) | (390,056) | (541,437) | (284,566) |
| Net cash flows from investing activities | | | (643,378) | (214,230) | (477,890) | (212,747) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from financing activities | | | 795,958 | 497,708 | 795,958 | 497,708 |
| Issuance of subordinated bonds | 5.12.b) | | 298,611 | - | 298,611 | - |
| Issuance of senior preferred notes | 5.12.b) | | 497,347 | 497,708 | 497,347 | 497,708 |
| Payments from financing activities | | | (383,210) | (63,553) | (371,495) | (55,528) |
| Dividends paid | | | (118,498) | (59,456) | (110,000) | (55,000) |
| Repayments of subordinated debt | 5.12.b) | | (260,759) | - | (260,759) | - |
| Lease payments | | | (3,953) | (4,097) | (736) | (528) |
| Net cash flows from financing activities | | | 412,748 | 434,155 | 424,463 | 442,180 |
| Effects of exchange rate changes on cash and cash equivalents | | | 1,999 | (2,142) | (1,373) | (372) |
| Net increase/(decrease) in cash and cash equivalents | | | (1,105,339) | 630,187 | (782,048) | 464,280 |
| Cash and cash equivalents at beginning of period | | | 6,637,139 | 5,500,222 | 4,323,499 | 3,494,435 |
| Cash and cash equivalents at end of period | | | 5,533,799 | 6,128,267 | 3,540,078 | 3,958,343 |

| | | in EUR thousands | | | | |
|---|------|------------------|------------------|------------------|------------------|------------------|
| | | NLB Group | | NLB | | |
| | | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 | |
| | | Notes | unaudited | audited | unaudited | audited |
| Cash and cash equivalents comprise: | | | | | | |
| Cash, cash balances at central banks, and other demand deposits at banks | 5.1. | | 5,117,529 | 6,104,851 | 3,490,078 | 4,318,499 |
| Loans and advances to banks with original maturity up to 3 months | | | 390,257 | 506,266 | 50,000 | 5,000 |
| Debt securities measured at fair value through other comprehensive income with original maturity up to 3 months | | | 26,013 | 26,022 | - | - |
| Total | | | 5,533,799 | 6,637,139 | 3,540,078 | 4,323,499 |

Statement of management's responsibility

The Management Board hereby confirms and approves the release of the condensed interim financial statements of NLB Group and NLB for the 6 months ending 30 June 2024, the accompanying accounting policies, and notes to the financial statements.

The Management Board is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union in order to give a true and fair view of the financial position of NLB Group and NLB as at 30 June 2024, and their financial results and cash flows for the period then ended.

The Management Board also confirms that appropriate accounting policies were consistently applied, and that the accounting estimates were prepared in accordance with the principles of prudence and good management. The Management Board further confirms that the condensed interim financial statements of NLB Group and NLB have been prepared on a going-concern basis for NLB Group and NLB and are in line with valid legislation and IAS 34 'Interim financial reporting.'

The Management Board is also responsible for appropriate accounting practices, the adoption of appropriate measures for the safeguarding of assets, and the prevention and identification of fraud and other irregularities or illegal acts.

Management Board



Peter Andreas Burkhardt
Member



Antonio Argir
Member



Blaž Brodnjak
Chief executive officer



Hedvika Usenik
Member



Andrej Lasič
Member



Archibald Kremser
Member

Ljubljana, 1 August 2024

Notes to the condensed interim financial statements

1. General information

Nova Ljubljanska banka d.d. Ljubljana (hereinafter: 'NLB' or 'the Bank') is a Slovenian joint-stock entity providing universal banking services. NLB Group consists of NLB and its subsidiaries located in nine countries. Information on the NLB Group's structure is disclosed in note 8. Information on other related party relationships of NLB Group is provided in note 7.

NLB is incorporated and domiciled in Slovenia. The address of its registered office is Trg Republike 2, 1000 Ljubljana. NLB's shares are listed on the Ljubljana Stock Exchange and the global depository receipts ('GDR') representing ordinary shares of NLB are listed on the London Stock Exchange. Five GDRs represent one share of NLB.

As at 30 June 2024 and as at 31 December 2023, the largest shareholder of NLB with significant influence is the Republic of Slovenia, owning 25.00% plus one share.

All amounts in the condensed interim financial statements and in the notes to the condensed interim financial statements are expressed in thousands of euros unless otherwise stated.

2. Summary of significant accounting policies

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting' and should be read in conjunction with the annual financial statements of NLB Group and NLB for the year ended 31 December 2023, which have been prepared in accordance with the International Financial Reporting Standards (hereinafter: 'IFRS') as adopted by the European Union (hereinafter: 'EU').

2.2. Accounting policies

The same accounting policies and methods of computation were followed in the preparation of these consolidated condensed interim financial statements as for the year ended 31 December 2023, except for accounting standards and other amendments effective for annual periods beginning on 1 January 2024 that were endorsed by the EU.

Accounting standards and amendments to existing standards that were endorsed by the EU and adopted by NLB Group from 1 January 2024

- IAS 1 (amendment and deferral of effective date) – 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2024):
 - Classification of Liabilities as Current or Noncurrent (amendment and deferral of effective date);
 - Non-current Liabilities with Covenants (amendment);
- IFRS 16 (amendment) – 'Leases: Lease Liability in a Sale and Leaseback' (effective for annual periods beginning on or after 1 January 2024);
- IAS 7 and IFRS 7 (amendment) – 'Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements' (effective for annual periods beginning on or after 1 January 2024).

Accounting standards and amendments to existing standards issued but not endorsed by the EU

- IAS 21 (amendment) – 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (effective for annual periods beginning on or after 1 January 2025);
- IFRS 9 and IFRS 7 (amendment) – 'Amendments to the Classification and Measurement of Financial Instruments' (effective for annual periods beginning on or after 1 January 2026);
- IFRS 18 (new standard) – 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027);
- IFRS 19 (new standard) – 'Subsidiaries without Public Accountability: Disclosures' (effective for annual periods beginning on or after 1 January 2027).

3. Changes in the composition of the NLB Group

Changes in the period ended 30 June 2024

Capital changes:

- In May 2024, NLB Skladi d.o.o., Ljubljana become an owner of 100% of financial company Generali Investments a.d. Skopje. The purchase price for the company was EUR 2,515 thousand and was fully paid in cash (note 5.9.).

Other changes:

- In January 2024, according to the new NLB Group Governance Policy, three real estate companies S-REAM d.o.o., Ljubljana, REAM d.o.o., Beograd and REAM d.o.o., Podgorica were transferred from non-core members to core members.
- In May 2024, company S-REAM d.o.o., Ljubljana was renamed to NLB Real Estate d.o.o., Ljubljana, company REAM d.o.o., Podgorica was renamed to NLB Real Estate d.o.o., Podgorica and company REAM d.o.o., Beograd was renamed to NLB Real Estate d.o.o., Beograd.
- On 1 July 2024, after merging with NLB Lease&Go, leasing, d.o.o., Ljubljana, subsidiary NLB Leasing d.o.o. Ljubljana – v likvidaciji ceased to exist. All its assets and liabilities were transferred to NLB Lease&Go, leasing, d.o.o., Ljubljana which became after merger its universal legal successor.
- On 1 July 2024, after merging with NLB Real Estate d.o.o., Ljubljana, subsidiary Privatinvest d.o.o., Ljubljana ceased to exist. All its assets and liabilities were transferred to NLB Real Estate d.o.o., Ljubljana which became after merger its universal legal successor.

Changes in year 2023

Capital changes:

- In January 2023, NLB Lease&Go, leasing, d.o.o., Ljubljana increased share capital in the form of a cash contribution in the amount of EUR 2,100 thousand in company Zastava Istrabenz Lizing, d.o.o., Beograd. Ownership interest increased from 95.20% to 99%. In January 2023, the company was renamed to 'NLB Lease&Go leasing d.o.o. Beograd.'
- In June 2023, NLB Lease&Go, leasing, d.o.o., Ljubljana increased share capital in the form of a cash contribution in the amount of EUR 1,195 thousand in company NLB Lease&Go leasing d.o.o. Beograd. Ownership interest increased from 99% to 99.30%.
- In September 2023, NLB Komercijalna banka a.d. Beograd increased share capital in the form of a cash contribution in the amount of EUR 767 thousand in company KomBank Invest a.d. Beograd.
- In September 2023, NLB Lease&Go, leasing, d.o.o., Ljubljana and NLB Banka a.d., Skopje increased share capital in the form of a cash contribution in the total amount of EUR 1,571 thousand in company NLB Lease&Go, d.o.o. Skopje.
- In December 2023, NLB Komercijalna banka a.d. Beograd increased share capital in the form of a cash contribution in the amount of EUR 3,804 thousand in company NLB Lease&Go leasing d.o.o. Beograd. After that, NLB Lease&Go, leasing, d.o.o., Ljubljana ownership of NLB Lease&Go leasing d.o.o. Beograd is 50.73%, meanwhile, NLB Komercijalna banka a.d. Beograd ownership of NLB Lease&Go leasing d.o.o. Beograd is 48.91%.

Other changes:

- In April 2023, after merging with REAM d.o.o., Beograd, subsidiary SPV 2 d.o.o., Beograd ceased to exist. All its assets and liabilities were transferred to REAM d.o.o., Beograd which become after merger its universal legal successor.
- In May 2023, NLB Group sold its subsidiary Tara Hotel d.o.o. Budva.
- In July 2023, a purchase agreement was signed for the sale of NLB Group's subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji. The transfer of the ownership was entered into Register of Companies on 13 September 2023.
- In August 2023, NLB received an authorisation of the ECB for the merger of the N Banka. On 1 September 2023, with entry of the merger in the Register of Companies, the process of legal merger of N Banka with NLB was closed. As at the date of the merger, N Banka ceased to exist as an independent legal entity, and NLB as a universal successor, took over all of its rights and obligations.
- In September 2023, NLB Leasing d.o.o., Beograd – u likvidaciji was liquidated. In accordance with the court order, the company was removed from the court register.

- In September 2023, after cross boarder merging with S-REAM d.o.o., Ljubljana, subsidiary REAM d.o.o, Zagreb ceased to exist. All its assets and liabilities were transferred to S-REAM d.o.o., Ljubljana, which become after merger its universal legal successor.
- On 30 November 2023, NLB concluded a purchase agreement for the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., the parent company of Summit Leasing Slovenija d.o.o. and its subsidiaries from funds managed by affiliates of Apollo Global Management, Inc. and the European Bank for Reconstruction and Development. The purchase price for the mentioned deal is equal to the book value of Summit Leasing with an additional small mark-up. Completion of the transaction depends on obtaining regulatory approvals and approvals from competent authorities/institutions for the protection of competition and is expected in the second half of 2024.

4. Notes to the condensed income statement

4.1. Interest income and expenses

Analysis by type of assets and liabilities

| in EUR thousands | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|-------------|----------------|----------------|----------------|----------------|-------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Interest and similar income | | | | | | | | | | |
| <i>Interest income calculated using the effective interest method</i> | 278,445 | 224,581 | 556,010 | 425,931 | 31% | 150,806 | 106,203 | 301,110 | 198,949 | 51% |
| Loans and advances to customers at amortised cost | 205,893 | 173,321 | 407,511 | 333,298 | 22% | 96,622 | 69,457 | 190,352 | 134,007 | 42% |
| Securities measured at amortised cost | 19,973 | 7,517 | 37,184 | 13,369 | 178% | 12,319 | 4,940 | 22,746 | 8,643 | 163% |
| Financial assets measured at fair value through other comprehensive income | 15,056 | 9,777 | 25,771 | 19,919 | 29% | 7,439 | 2,391 | 10,309 | 4,916 | 110% |
| Loans and advances to banks measured at amortised cost | 4,347 | 5,454 | 9,856 | 9,693 | 2% | 2,507 | 3,416 | 4,867 | 6,055 | -20% |
| Deposits with banks and central banks | 33,176 | 28,512 | 75,688 | 49,652 | 52% | 31,919 | 25,999 | 72,836 | 45,328 | 61% |
| <i>Other interest and similar income</i> | 13,482 | 8,662 | 28,684 | 14,321 | 100% | 6,167 | 4,530 | 14,754 | 7,244 | 104% |
| Financial assets held for trading | 1,556 | 1,645 | 3,097 | 2,726 | 14% | 1,684 | 1,672 | 3,452 | 2,913 | 19% |
| Non-trading financial assets mandatorily at fair value through profit or loss | 3 | 12 | 14 | 24 | -42% | 110 | 101 | 220 | 184 | 20% |
| Derivatives - hedge accounting | 4,502 | 2,771 | 11,341 | 4,161 | 173% | 4,373 | 2,757 | 11,082 | 4,147 | 167% |
| Finance leases | 7,421 | 4,234 | 14,232 | 7,410 | 92% | - | - | - | - | - |
| Total | 291,927 | 233,243 | 584,694 | 440,252 | 33% | 156,973 | 110,733 | 315,864 | 206,193 | 53% |
| Interest and similar expenses | | | | | | | | | | |
| <i>Interest expenses calculated using the effective interest method</i> | 58,223 | 29,362 | 112,659 | 55,983 | 101% | 44,609 | 22,591 | 85,986 | 43,340 | 98% |
| Due to customers | 28,330 | 13,490 | 55,676 | 25,446 | 119% | 13,864 | 7,073 | 27,397 | 13,548 | 102% |
| Borrowings from banks and central banks | 516 | 333 | 1,171 | 705 | 66% | 615 | 171 | 1,291 | 342 | - |
| Borrowings from other customers | 533 | 327 | 1,111 | 636 | 75% | - | - | - | - | - |
| Subordinated liabilities | 11,819 | 8,728 | 22,737 | 17,203 | 32% | 11,819 | 8,728 | 22,737 | 17,203 | 32% |
| Debt securities issued | 15,895 | 5,030 | 29,558 | 9,560 | - | 15,895 | 5,030 | 29,558 | 9,560 | - |
| Deposits from banks and central banks | 889 | 1,297 | 1,941 | 2,130 | -9% | 2,371 | 1,562 | 4,908 | 2,620 | 87% |
| Lease liabilities | 241 | 157 | 465 | 282 | 65% | 45 | 27 | 95 | 46 | 107% |
| Negative interest | - | - | - | 21 | - | - | - | - | 21 | - |
| <i>Other interest and similar expenses</i> | 5,451 | 2,885 | 11,592 | 4,304 | 169% | 5,315 | 1,896 | 11,578 | 3,207 | - |
| Derivatives - hedge accounting | 3,638 | 308 | 8,149 | 610 | - | 3,638 | 294 | 8,149 | 584 | - |
| Financial liabilities held for trading | 1,465 | 1,542 | 2,902 | 2,394 | 21% | 1,586 | 1,503 | 3,245 | 2,431 | 33% |
| Interest expense on defined employee benefits | 181 | 186 | 367 | 362 | 1% | 88 | 89 | 176 | 177 | -1% |
| Other | 167 | 849 | 174 | 938 | -81% | 3 | 10 | 8 | 15 | -47% |
| Total | 63,674 | 32,247 | 124,251 | 60,287 | 106% | 49,924 | 24,487 | 97,564 | 46,547 | 110% |
| Net interest income | 228,253 | 200,996 | 460,443 | 379,965 | 21% | 107,049 | 86,246 | 218,300 | 159,646 | 37% |

4.2. Dividend income

| in EUR thousands | | | | | | | | | | |
|---|----------------|-----------|----------------|-----------|-------------|----------------|----------------|----------------|----------------|-------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Financial assets measured at fair value through other comprehensive income | 2 | 33 | 4 | 69 | -94% | - | - | - | - | - |
| Investments in subsidiaries | - | - | - | - | - | 45,793 | 121,741 | 75,310 | 130,142 | -42% |
| Investments in associates, and joint ventures | - | - | - | - | - | 1,882 | - | 1,882 | - | - |
| Non-trading financial assets mandatorily at fair value through profit or loss | 15 | 13 | 29 | 26 | 12% | 15 | 13 | 29 | 26 | 12% |
| Total | 17 | 46 | 33 | 95 | -65% | 47,690 | 121,754 | 77,221 | 130,168 | -41% |

4.3. Fee and commission income and expenses

| in EUR thousands | | | | | | | | | | |
|---|----------------|---------------|----------------|----------------|------------|----------------|---------------|----------------|---------------|------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Fee and commission income | | | | | | | | | | |
| <i>Fee and commission income relating to financial instruments not at fair value through profit or loss</i> | | | | | | | | | | |
| Credit cards and ATMs | 34,387 | 33,074 | 65,216 | 60,433 | 8% | 13,847 | 12,664 | 26,353 | 23,603 | 12% |
| Customer transaction accounts | 24,346 | 23,611 | 48,326 | 45,996 | 5% | 13,772 | 13,266 | 27,462 | 26,572 | 3% |
| <i>Other fee and commission income</i> | | | | | | | | | | |
| Payments | 22,115 | 21,401 | 42,728 | 43,509 | -2% | 6,656 | 6,227 | 12,959 | 11,975 | 8% |
| Investment funds | 10,586 | 7,816 | 20,838 | 15,553 | 34% | 3,220 | 2,274 | 6,494 | 4,461 | 46% |
| Investment banking | 2,909 | 2,181 | 6,811 | 5,297 | 29% | 2,201 | 1,803 | 5,458 | 4,148 | 32% |
| Agency of insurance products | 4,575 | 3,291 | 8,545 | 6,160 | 39% | 2,991 | 2,272 | 5,892 | 4,539 | 30% |
| Other services | 2,380 | 2,569 | 4,403 | 4,417 | 0% | 1,006 | 1,021 | 1,713 | 1,625 | 5% |
| Total fee and commission income from contracts with customers | 101,298 | 93,943 | 196,867 | 181,365 | 9% | 43,693 | 39,527 | 86,331 | 76,923 | 12% |
| Guarantees | 4,674 | 4,517 | 9,224 | 8,780 | 5% | 2,659 | 2,296 | 5,321 | 4,449 | 20% |
| Total | 105,972 | 98,460 | 206,091 | 190,145 | 8% | 46,352 | 41,823 | 91,652 | 81,372 | 13% |
| Fee and commission expenses | | | | | | | | | | |
| <i>Fee and commission expenses relating to financial instruments not at fair value through profit or loss</i> | | | | | | | | | | |
| Credit cards and ATMs | 19,271 | 22,459 | 41,301 | 41,385 | 0% | 9,348 | 8,170 | 17,799 | 14,992 | 19% |
| <i>Other fee and commission expenses</i> | | | | | | | | | | |
| Payments | 3,253 | 3,542 | 6,188 | 6,740 | -8% | 389 | 300 | 729 | 579 | 26% |
| Insurance for holders of personal accounts and golden cards | 250 | 326 | 718 | 859 | -16% | 218 | 190 | 536 | 499 | 7% |
| Investment banking | 2,590 | 2,020 | 4,779 | 3,667 | 30% | 1,303 | 1,099 | 2,284 | 1,832 | 25% |
| Guarantees | 436 | 467 | 870 | 826 | 5% | 423 | 427 | 845 | 766 | 10% |
| Other services | 1,268 | 1,106 | 2,233 | 2,023 | 10% | 297 | 133 | 433 | 285 | 52% |
| Total | 27,068 | 29,920 | 56,089 | 55,500 | 1% | 11,978 | 10,319 | 22,626 | 18,953 | 19% |
| Net fee and commission income | 78,904 | 68,540 | 150,002 | 134,645 | 11% | 34,374 | 31,504 | 69,026 | 62,419 | 11% |

4.4. Gains less losses from financial assets and liabilities not measured at fair value through profit or loss

| in EUR thousands | | | | | | | | |
|--|----------------|-----------|----------------|--------------|----------------|-----------|----------------|--------------|
| | NLB Group | | | | NLB | | | |
| | 3 months ended | | 6 months ended | | 3 months ended | | 6 months ended | |
| | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 |
| Debt instruments measured at fair value through other comprehensive income | (705) | 85 | (1,543) | (696) | (12) | - | (143) | (788) |
| Debt instruments measured at amortised cost | - | - | 169 | - | - | - | - | - |
| Financial liabilities measured at amortised cost | - | - | 2,713 | - | - | - | 2,713 | - |
| Total | (705) | 85 | 1,339 | (696) | (12) | - | 2,570 | (788) |

4.5. Gains less losses from financial assets and liabilities held for trading

| in EUR thousands | | | | | | | | |
|--------------------------|----------------|--------------|----------------|---------------|----------------|------------|----------------|--------------|
| | NLB Group | | | | NLB | | | |
| | 3 months ended | | 6 months ended | | 3 months ended | | 6 months ended | |
| | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 |
| Foreign exchange trading | 7,600 | 6,991 | 14,925 | 13,724 | 1,434 | 1,064 | 3,116 | 2,370 |
| Debt instruments | 5 | 7 | 87 | 70 | 5 | 5 | 86 | 19 |
| Derivatives | 2,611 | 939 | (2,303) | 72 | 1,802 | (324) | 1,289 | (154) |
| Total | 10,216 | 7,937 | 12,709 | 13,866 | 3,241 | 745 | 4,491 | 2,235 |

4.6. Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss

| in EUR thousands | | | | | | | | |
|---------------------------------|----------------|------------|----------------|--------------|----------------|------------|----------------|--------------|
| | NLB Group | | | | NLB | | | |
| | 3 months ended | | 6 months ended | | 3 months ended | | 6 months ended | |
| | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 |
| Equity securities | (341) | 464 | 1,215 | 1,026 | (352) | 297 | 1,198 | 626 |
| Debt securities | 10 | (10) | 35 | 5 | - | - | - | - |
| Loans and advances to customers | - | 24 | - | 24 | 389 | 601 | 417 | 750 |
| Total | (331) | 478 | 1,250 | 1,055 | 37 | 898 | 1,615 | 1,376 |

4.7. Disposal of subsidiaries

a) Disposal of subsidiary Tara Hotel d.o.o., Budva

In May 2023, NLB Group sold its subsidiary Tara Hotel d.o.o., Budva. The assets and liabilities derecognised from NLB Group financial statements as a result of disposal are as follows:

| in EUR thousands | |
|---|---------------|
| Cash, cash balances at central banks and other demand deposits at banks | 2 |
| Financial assets measured at amortised cost | |
| - other financial assets | 19 |
| Other assets | 13,938 |
| Total assets | 13,959 |
| Financial liabilities measured at amortised cost | |
| - borrowings from banks and central banks | 178 |
| - other financial liabilities | 20 |
| Deferred income tax liabilities | 193 |
| Other liabilities | 82 |
| Total liabilities | 473 |
| Net assets of subsidiary | 13,486 |
| Total disposal consideration | 13,019 |
| Cash and cash equivalents in subsidiary sold | 2 |
| Cash inflow on disposal | 13,021 |
| Consideration for disposal of the subsidiary | 13,019 |
| Carrying amount of net assets disposed of | 13,486 |
| Loss from disposal of subsidiary in consolidated financial statements | (467) |

At sale of Tara Hotel d.o.o., Budva NLB Group realised a loss in the amount of EUR 467 thousand and NLB in the amount of EUR 105 thousand.

4.8. Other net operating income

| in EUR thousands | | | | | | | | | | |
|--|----------------|--------------|----------------|--------------|------------|----------------|--------------|----------------|--------------|-------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Other operating income | | | | | | | | | | |
| Income from non-banking services | 2,207 | 1,964 | 4,432 | 3,773 | 17% | 1,767 | 1,698 | 3,464 | 3,323 | 4% |
| Rental income from investment property | 303 | 535 | 653 | 911 | -28% | 72 | 79 | 145 | 158 | -8% |
| Revaluation of investment property to fair value | - | 102 | - | 157 | - | - | 102 | - | 102 | - |
| Sale of investment property | 419 | - | 624 | - | - | 85 | - | 259 | - | - |
| Other operating income | 1,063 | 1,298 | 2,551 | 2,539 | 0% | 463 | 686 | 1,442 | 1,509 | -4% |
| Total | 3,992 | 3,899 | 8,260 | 7,380 | 12% | 2,387 | 2,565 | 5,310 | 5,092 | 4% |
| Other operating expenses | | | | | | | | | | |
| Donations | 420 | 574 | 633 | 792 | -20% | 668 | 276 | 872 | 760 | 15% |
| Expenses related to issued service guarantees | - | 8 | - | 25 | - | - | 8 | - | 25 | - |
| Revaluation of investment property to fair value | - | 41 | - | 41 | - | - | 41 | - | 41 | - |
| Other operating expenses | 1,274 | 2,201 | 3,133 | 3,241 | -3% | 144 | 451 | 1,548 | 783 | 98% |
| Total | 1,694 | 2,824 | 3,766 | 4,099 | -8% | 812 | 776 | 2,420 | 1,609 | 50% |
| Other net operating income | 2,298 | 1,075 | 4,494 | 3,281 | 37% | 1,575 | 1,789 | 2,890 | 3,483 | -17% |

4.9. Administrative expenses

| in EUR thousands | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|------------|----------------|---------------|----------------|----------------|------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Employee costs | 77,296 | 70,627 | 149,539 | 137,390 | 9% | 39,565 | 32,248 | 75,653 | 62,904 | 20% |
| Other general and administrative expenses | 51,740 | 41,147 | 98,794 | 79,842 | 24% | 31,095 | 20,135 | 57,916 | 38,569 | 50% |
| Total | 129,036 | 111,774 | 248,333 | 217,232 | 14% | 70,660 | 52,383 | 133,569 | 101,473 | 32% |

On 1 January 2024 tax on banks' balance sheet was introduced in Slovenia for a period of five years. Expenses related to tax on banks' balance sheet in the NLB Group and NLB in the first 6 months ended 30 June 2024, amounted to EUR 16,210 thousand and are included in the line item 'Other general and administrative expenses.'

4.10. Cash contributions to resolution funds and deposit guarantee schemes

| in EUR thousands | | | | | | | | | | |
|---|----------------|--------------|----------------|---------------|------------|----------------|--------------|----------------|---------------|------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Cash contributions to deposit guarantee schemes | 7,436 | 8,836 | 25,123 | 23,911 | 5% | 234 | 2,071 | 10,793 | 9,686 | 11% |
| Cash contributions to resolution funds | 78 | (1,062) | 129 | 2,045 | -94% | - | (401) | - | 1,697 | - |
| Total | 7,514 | 7,774 | 25,252 | 25,956 | -3% | 234 | 1,670 | 10,793 | 11,383 | -5% |

In February 2024, Bank of Slovenia announced Single Resolution Board decision that no regular annual contributions to Single Resolution Fund will be collected in 2024 since the target level of at least 1% of covered deposits held in the member states participating in the Single Resolution Mechanism was reached. Accordingly, NLB was not obligated to contribute its regular contribution to resolution funds for the year 2024.

4.11. Depreciation and amortisation

| in EUR thousands | | | | | | | | | | |
|---|----------------|---------------|----------------|---------------|------------|----------------|--------------|----------------|--------------|------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Amortisation of intangible assets | 4,734 | 3,616 | 9,183 | 7,368 | 25% | 2,629 | 1,359 | 5,126 | 2,749 | 86% |
| Depreciation of property and equipment: | | | | | | | | | | |
| - own property and equipment | 7,138 | 6,139 | 14,079 | 11,994 | 17% | 2,712 | 2,553 | 5,467 | 5,101 | 7% |
| - right-of-use assets | 1,765 | 2,070 | 3,434 | 4,117 | -17% | 378 | 279 | 768 | 523 | 47% |
| Total | 13,637 | 11,825 | 26,696 | 23,479 | 14% | 5,719 | 4,191 | 11,361 | 8,373 | 36% |

4.12. Provisions

| in EUR thousands | | | | | | | | | | |
|--|----------------|------------|----------------|--------------|--------|----------------|----------------|----------------|--------------|--------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Provisions for credit losses | (7,177) | (5,019) | (7,031) | (7,202) | | (3,189) | (1,014) | (3,770) | (2,088) | |
| - Guarantees and commitments | (7,177) | (5,019) | (7,031) | (7,202) | | (3,189) | (1,014) | (3,770) | (2,088) | |
| Provisions for other liabilities and charges | 1,099 | 5,880 | 1,396 | 11,807 | | 686 | 1 | 686 | 5,742 | |
| - Provisions for legal risks | 1,099 | 4,210 | 1,396 | 816 | | 686 | 1 | 686 | (3,558) | |
| - Other provisions | - | 1,670 | - | 10,991 | | - | - | - | 9,300 | |
| Total | (6,078) | 861 | (5,635) | 4,605 | | (2,503) | (1,013) | (3,084) | 3,654 | |

4.13. Impairment charge

| in EUR thousands | | | | | | | | |
|---|----------------|----------------|----------------|-----------------|----------------|--------------|----------------|----------------|
| | NLB Group | | | | NLB | | | |
| | 3 months ended | | 6 months ended | | 3 months ended | | 6 months ended | |
| | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 |
| Impairment of financial assets | | | | | | | | |
| Cash balances at central banks, and other demand deposits at banks | (19) | (109) | (81) | (83) | (39) | 53 | (93) | 70 |
| Loans and advances to customers measured at amortised cost (note 5.10.a) | (8,525) | (7,711) | (5,253) | (17,721) | 8,593 | (1,030) | 12,081 | (398) |
| Loans and advances to banks measured at amortised cost (note 5.10.a) | 66 | 20 | 34 | 34 | 41 | (31) | 31 | 38 |
| Debt securities measured at fair value through other comprehensive income (note 5.10.b) | (313) | (807) | (332) | (6,074) | 78 | (107) | 343 | (4,728) |
| Debt securities measured at amortised cost (note 5.10.b) | 645 | 976 | 1,764 | 1,262 | 221 | 355 | 473 | 449 |
| Other financial assets measured at amortised cost (note 5.10.a) | (696) | 1,107 | (760) | (129) | (898) | (7) | (1,031) | 177 |
| Total impairment of financial assets | (8,842) | (6,524) | (4,628) | (22,711) | 7,996 | (767) | 11,804 | (4,392) |
| Impairment of other assets | | | | | | | | |
| Other assets | (148) | 289 | (145) | 327 | - | - | - | - |
| Total | (148) | 289 | (145) | 327 | - | - | - | - |
| Total impairment of non-financial assets | (148) | 289 | (145) | 327 | - | - | - | - |
| Total impairment | (8,990) | (6,235) | (4,773) | (22,384) | 7,996 | (767) | 11,804 | (4,392) |

4.14. Income tax

| in EUR thousands | | | | | | | | | | |
|---|----------------|---------------|----------------|---------------|-----------|----------------|---------------|----------------|---------------|-------------|
| | NLB Group | | | | | NLB | | | | |
| | 3 months ended | | 6 months ended | | | 3 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | Change | June 2024 | June 2023 | June 2024 | June 2023 | Change |
| Current tax | 21,215 | 24,724 | 35,347 | 36,701 | -4% | 8,634 | 14,944 | 13,677 | 16,358 | -16% |
| Global minimum tax | 1,103 | - | 2,206 | - | - | 1,103 | - | 2,206 | - | - |
| Deferred tax (note 5.14.) | 623 | 1,179 | 2,940 | 3,144 | -6% | (17) | 4 | (76) | 1,166 | - |
| Total | 21,838 | 25,903 | 40,493 | 39,845 | 2% | 8,617 | 14,948 | 15,807 | 17,524 | -10% |
| Effective tax rate in % (income tax/profit before income tax) | 12.20 | 17.06 | 11.87 | 13.77 | -14% | 8.01 | 7.99 | 7.57 | 7.28 | 4% |

NLB's current tax in the first 6 months ended 30 June 2024 includes EUR 2,822 thousand withholding tax suffered in other countries for which no tax credit was available in Slovenia (2023: EUR 5,770 thousand). The main part of this amount in the first 6 months ended 30 June 2024, is withholding tax on distributed dividends.

NLB Group became subject to global minimum top-up tax from 1 January 2024. NLB will be liable to pay the top-up tax concerning subsidiaries in non-EU jurisdictions that have a statutory tax rate below 15% and have not enacted the new legislation on Global minimum tax in domestic legislation. NLB Group recognised current tax expenses of EUR 2,206 thousand related to the top-up-tax in the first 6 months ended 30 June 2024, based on the first estimates for the year 2024.

NLB Group applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up-tax and accounted it as a current tax when it incurred.

5. Notes to the condensed statement of financial position

5.1. Cash, cash balances at central banks and other demand deposits at banks

| in EUR thousand | | | | | | |
|---|------------------|------------------|-------------|------------------|------------------|-------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Balances and obligatory reserves with central banks | 4,566,411 | 5,435,460 | -16% | 3,295,554 | 4,077,399 | -19% |
| Cash | 455,606 | 470,902 | -3% | 166,897 | 181,735 | -8% |
| Demand deposits at banks | 95,512 | 198,489 | -52% | 27,627 | 59,365 | -53% |
| | 5,117,529 | 6,104,851 | -16% | 3,490,078 | 4,318,499 | -19% |
| Allowance for impairment | (1,208) | (1,290) | 6% | (374) | (467) | 20% |
| Total | 5,116,321 | 6,103,561 | -16% | 3,489,704 | 4,318,032 | -19% |

5.2. Financial instruments held for trading

a) Financial assets held for trading

| in EUR thousand | | | | | | |
|---|---------------|---------------|-------------|---------------|---------------|-------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Derivatives, excluding hedging instruments | | | | | | |
| Swap contracts | 10,642 | 13,867 | -23% | 12,419 | 16,135 | -23% |
| Options | 983 | 1,249 | -21% | 983 | 1,249 | -21% |
| Forward contracts | 82 | 602 | -86% | 76 | 573 | -87% |
| Total derivatives | 11,707 | 15,718 | -26% | 13,478 | 17,957 | -25% |
| Securities | | | | | | |
| Bonds | 1,985 | - | - | 1,985 | - | - |
| Total securities | 1,985 | - | - | 1,985 | - | - |
| Total | 13,692 | 15,718 | -13% | 15,463 | 17,957 | -14% |

b) Financial liabilities held for trading

| in EUR thousands | | | | | | |
|---|---------------|---------------|-------------|---------------|---------------|-------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Derivatives, excluding hedging instruments | | | | | | |
| Swap contracts | 9,209 | 11,139 | -17% | 10,671 | 15,440 | -31% |
| Options | 1,279 | 1,573 | -19% | 1,279 | 1,573 | -19% |
| Forward contracts | 97 | 505 | -81% | 97 | 497 | -80% |
| Total | 10,585 | 13,217 | -20% | 12,047 | 17,510 | -31% |

5.3. Non-trading financial instruments mandatorily at fair value through profit or loss

a) Financial assets mandatorily at fair value through profit or loss

| in EUR thousands | | | | | | |
|---------------------------------|---------------|---------------|-------------|---------------|---------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Assets | | | | | | |
| Shares | 6,551 | 6,300 | 4% | 6,551 | 6,300 | 4% |
| Investments funds | 5,155 | 2,658 | 94% | 4,205 | 2,558 | 64% |
| Bonds | 982 | 5,217 | -81% | - | - | - |
| Loans and advances to companies | - | - | - | 8,126 | 7,785 | 4% |
| Total | 12,688 | 14,175 | -10% | 18,882 | 16,643 | 13% |

b) Financial liabilities measured at fair value through profit or loss

| in EUR thousands | | | | | | |
|---------------------------------|--------------|--------------|------------|--------------|--------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Liabilities | | | | | | |
| Loans and advances to companies | - | - | - | 942 | 1,234 | -24% |
| Other financial liabilities | 8,521 | 4,482 | 90% | 4,385 | 1,976 | 122% |
| Total | 8,521 | 4,482 | 90% | 5,327 | 3,210 | 66% |

5.4. Financial assets measured at fair value through other comprehensive income

Analysis by type

| in EUR thousands | | | | | | |
|--|------------------|------------------|------------|------------------|------------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Bonds | 2,393,104 | 1,836,604 | 30% | 1,667,296 | 962,084 | 73% |
| Shares | 27,589 | 26,467 | 4% | 357 | 303 | 18% |
| National Resolution Fund | 61,259 | 60,625 | 1% | 61,259 | 60,625 | 1% |
| Treasury bills | 241,228 | 301,838 | -20% | - | - | - |
| Commercial bills | 30,779 | 26,022 | 18% | - | - | - |
| Total | 2,753,959 | 2,251,556 | 22% | 1,728,912 | 1,023,012 | 69% |
| Allowance for impairment (note 5.11.b) | (6,994) | (7,329) | 5% | (2,792) | (2,448) | -14% |

5.5. Financial assets measured at amortised cost

Analysis by type

| in EUR thousands | | | | | | |
|---------------------------------|-------------------|-------------------|-----------|-------------------|------------------|-----------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Debt securities | 3,139,562 | 2,522,229 | 24% | 2,427,803 | 1,966,169 | 23% |
| Loans and advances to banks | 410,678 | 547,640 | -25% | 192,341 | 149,011 | 29% |
| Loans and advances to customers | 14,399,307 | 13,734,601 | 5% | 7,383,708 | 7,148,283 | 3% |
| Other financial assets | 170,663 | 165,962 | 3% | 130,926 | 101,596 | 29% |
| Total | 18,120,210 | 16,970,432 | 7% | 10,134,778 | 9,365,059 | 8% |

a) Debt securities

| in EUR thousands | | | | | | |
|--|------------------|------------------|------------|------------------|------------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Government | 2,323,443 | 1,898,725 | 22% | 1,614,906 | 1,347,161 | 20% |
| Companies | 84,000 | 79,679 | 5% | 76,760 | 72,458 | 6% |
| Banks | 723,582 | 536,096 | 35% | 723,582 | 536,096 | 35% |
| Financial organisations | 15,830 | 13,251 | 19% | 15,830 | 13,251 | 19% |
| | 3,146,855 | 2,527,751 | 24% | 2,431,078 | 1,968,966 | 23% |
| Allowance for impairment (note 5.11.a) | (7,293) | (5,522) | -32% | (3,275) | (2,797) | -17% |
| Total | 3,139,562 | 2,522,229 | 24% | 2,427,803 | 1,966,169 | 23% |

b) Loans and advances to banks

| in EUR thousands | | | | | | |
|--|----------------|----------------|-------------|----------------|----------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Loans | 382 | 623 | -39% | 120,797 | 119,914 | 1% |
| Time deposits | 196,383 | 249,765 | -21% | 71,227 | 25,865 | 175% |
| Reverse sale and repurchase agreements | 213,648 | 294,069 | -27% | - | - | - |
| Purchased receivables | 607 | 3,482 | -83% | 607 | 3,482 | -83% |
| | 411,020 | 547,939 | -25% | 192,631 | 149,261 | 29% |
| Allowance for impairment (note 5.11.a) | (342) | (299) | -14% | (290) | (250) | -16% |
| Total | 410,678 | 547,640 | -25% | 192,341 | 149,011 | 29% |

c) Loans and advances to customers

| in EUR thousands | | | | | | |
|--|-------------------|-------------------|-----------|------------------|------------------|-----------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Loans | 13,663,805 | 13,117,311 | 4% | 7,171,590 | 6,946,199 | 3% |
| Overdrafts | 502,037 | 449,145 | 12% | 259,876 | 236,792 | 10% |
| Finance lease receivables | 401,961 | 337,610 | 19% | - | - | - |
| Credit card business | 152,240 | 154,664 | -2% | 81,849 | 82,457 | -1% |
| Called guarantees | 6,330 | 4,498 | 41% | 3,633 | 2,403 | 51% |
| | 14,726,373 | 14,063,228 | 5% | 7,516,948 | 7,267,851 | 3% |
| Allowance for impairment (note 5.11.a) | (327,066) | (328,627) | 0% | (133,240) | (119,568) | -11% |
| Total | 14,399,307 | 13,734,601 | 5% | 7,383,708 | 7,148,283 | 3% |

d) Other financial assets

| in EUR thousands | | | | | | |
|---|----------------|----------------|-----------|----------------|----------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Receivables in the course of settlement and other temporary accounts | 48,728 | 43,608 | 12% | 25,296 | 20,207 | 25% |
| Credit card receivables | 60,742 | 54,748 | 11% | 51,079 | 42,753 | 19% |
| Debtors | 10,200 | 9,265 | 10% | 1,187 | 2,013 | -41% |
| Fees and commissions | 10,930 | 9,734 | 12% | 1,436 | 2,924 | -51% |
| Receivables to brokerage firms and others for the sale of securities and custody services | 2,069 | - | - | 2,053 | - | - |
| Accrued income | 11,180 | 7,171 | 56% | 8,799 | 6,247 | 41% |
| Dividends | 1,886 | - | - | 12,465 | - | - |
| Prepayments | 3,953 | 2,176 | 82% | - | - | - |
| Other financial assets | 33,911 | 50,065 | -32% | 29,789 | 29,066 | 2% |
| | 183,599 | 176,767 | 4% | 132,104 | 103,210 | 28% |
| Allowance for impairment (note 5.11.a) | (12,936) | (10,805) | -20% | (1,178) | (1,614) | 27% |
| Total | 170,663 | 165,962 | 3% | 130,926 | 101,596 | 29% |

5.6. Non-current assets held for sale

As at 30 June 2024 'Non-current assets held for sale' includes business premises and assets received as collateral that are in the process of being sold and amounts to EUR 4,138 thousand (31 December 2023: EUR 4,849 thousand) in the NLB Group and EUR 3,323 thousand (31 December 2023: EUR 4,048 thousand) in NLB.

5.7. Property and equipment

Analysis by type

| in EUR thousands | | | | | | |
|----------------------------|----------------|----------------|-----------|---------------|---------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Own property and equipment | 249,174 | 249,920 | 0% | 77,914 | 80,240 | -3% |
| Right-of-use assets | 31,760 | 28,114 | 13% | 5,565 | 5,730 | -3% |
| Total | 280,934 | 278,034 | 1% | 83,479 | 85,970 | -3% |

5.8. Investment property

| in EUR thousands | | | | | | |
|------------------|---------------|---------------|-------------|--------------|--------------|-------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Buildings | 25,534 | 30,711 | -17% | 5,269 | 7,496 | -30% |
| Land | 240 | 405 | -41% | 144 | 144 | 0% |
| Total | 25,774 | 31,116 | -17% | 5,413 | 7,640 | -29% |

5.9. Acquisition of subsidiaries

a) Acquisition of Generali Investments a.d. Skopje

In May 2024, NLB Skladi d.o.o., Ljubljana become an owner of 100% of financial company Generali Investments a.d. Skopje. Generali Investments a.d. Skopje is the third largest asset manager on the Macedonian market with an 18% market share. As at 30 June 2024, the company managed approximately EUR 53 million of client assets in different investment funds and portfolios.

The purchase price for the company was EUR 2,515 thousand and was fully paid in cash. There are no contingent consideration arrangements. At the acquisition date, cash in acquired entities amounted to EUR 173 thousand. The net outflow of cash amounted to EUR 2,342 thousand (included in the statement of cash flows within payments from investing activities).

The assets and liabilities recognised in the NLB Group financial statements as a result of the acquisition are as follows:

| | in EUR thousands |
|---|------------------|
| Cash, cash balances at central banks and other demand deposits at banks | 173 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 857 |
| Financial assets measured at amortised cost | |
| - other financial assets | 2 |
| Tangible assets | |
| Property and equipment | 4 |
| Intangible assets | 34 |
| Current income tax assets | 15 |
| Other assets | 83 |
| Total assets | 1,168 |
| Financial liabilities measured at amortised cost | |
| - other financial liabilities | 39 |
| Other liabilities | 17 |
| Total liabilities | 56 |
| Net identifiable assets acquired | 1,112 |
| Consideration given | 2,515 |
| Goodwill | 1,403 |

The acquisition of Generali Investments a.d. Skopje, resulted in a goodwill in the amount of EUR 1,403 thousand, which is recognised in the statement of financial position under the line 'Intangible assets.' The main factors that make up the goodwill are the synergies within the NLB Group, the existing distribution channels and the presence on the strategically important market of the NLB Group. Acquisition-related costs were immaterial.

5.10. Other assets

| | NLB Group | | | NLB | | |
|--------------------------------|---------------|---------------|------------|---------------|---------------|------------|
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Assets, received as collateral | 27,450 | 27,637 | -1% | 2,958 | 3,129 | -5% |
| Deferred expenses | 22,395 | 12,313 | 82% | 14,901 | 6,915 | 115% |
| Inventories | 7,317 | 5,825 | 26% | 2,579 | 2,943 | -12% |
| Claim for taxes and other dues | 1,212 | 1,599 | -24% | 270 | 531 | -49% |
| Prepayments | 2,567 | 1,780 | 44% | 144 | 389 | -63% |
| Total | 60,941 | 49,154 | 24% | 20,852 | 13,907 | 50% |

5.11. Movements in allowance for the impairment of financial assets

a) Movements in allowance for the impairment of loans and receivables measured at amortised cost

| in EUR thousands | | | | | | | | | |
|---|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|
| NLB Group | | | | | | | | | |
| | Loans and advances to banks | | | Loans and advances to customers | | | Other financial assets | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2024 | 213 | - | 86 | 90,755 | 44,829 | 193,043 | 624 | 40 | 10,141 |
| Effects of translation of foreign operations to presentation currency | - | - | - | 32 | (5) | (403) | 3 | 1 | 4 |
| Transfers | - | - | - | 19,526 | (15,768) | (3,758) | 47 | 22 | (69) |
| Increases/(Decreases) (note 4.13.) | 2 | 3 | 1 | (7,097) | 19,939 | 8,573 | (24) | 21 | (672) |
| Write-offs | - | - | - | (91) | (8) | (19,706) | (14) | (8) | (466) |
| Changes in models/risk parameters (note 4.13.) | - | - | 28 | (28,388) | 3,786 | 7,956 | (83) | (2) | 103 |
| Foreign exchange and other movements | - | - | 9 | 29 | 1 | 13,821 | (32) | (3) | 3,303 |
| Balance as at 30 Jun 2024 | 215 | 3 | 124 | 74,766 | 52,774 | 199,526 | 521 | 71 | 12,344 |
| Repayments of written-off receivables (note 4.13.) | - | - | - | - | - | 10,022 | - | - | 103 |

| in EUR thousands | | | | | | | | | |
|---|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|
| NLB Group | | | | | | | | | |
| | Loans and advances to banks | | | Loans and advances to customers | | | Other financial assets | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2023 | 161 | - | 108 | 91,225 | 45,812 | 186,961 | 1,246 | 38 | 7,750 |
| Effects of translation of foreign operations to presentation currency | (1) | - | - | (15) | (8) | 49 | 2 | - | (3) |
| Transfers | - | - | - | 14,141 | (11,213) | (2,928) | 133 | (22) | (111) |
| Increases/(Decreases) (note 4.13.) | 23 | - | 11 | (12,306) | 8,536 | 6,351 | (328) | 67 | 478 |
| Write-offs | - | - | - | (25) | (4) | (16,722) | (11) | (1) | (478) |
| Changes in models/risk parameters (note 4.13.) | - | - | - | (12,375) | 5,950 | 512 | (107) | (25) | (17) |
| Foreign exchange and other movements | - | - | - | 13 | (4) | 11,244 | 123 | (7) | 1,748 |
| Disposals of subsidiaries | - | - | - | - | - | - | - | - | (224) |
| Balance as at 30 Jun 2023 | 183 | - | 119 | 80,658 | 49,069 | 185,467 | 1,058 | 50 | 9,143 |
| Repayments of written-off receivables (note 4.13.) | - | - | - | - | - | 14,389 | - | - | 197 |

| in EUR thousands | | | | | | | | | |
|--|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|
| NLB | | | | | | | | | |
| | Loans and advances to banks | | | Loans and advances to customers | | | Other financial assets | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2024 | 164 | - | 86 | 21,555 | 14,042 | 83,971 | 98 | 2 | 1,514 |
| Transfers | - | - | - | 10,042 | (6,676) | (3,366) | 1 | 15 | (16) |
| Increases/(Decreases) (note 4.13.) | 2 | - | 1 | (7,322) | 13,309 | 6,991 | (18) | (13) | (964) |
| Write-offs | - | - | - | (86) | (6) | (5,257) | (3) | (1) | (277) |
| Changes in models/risk parameters (note 4.13.) | - | - | 28 | (4,796) | 101 | 6,190 | (16) | (1) | (7) |
| Foreign exchange and other movements | - | - | 9 | (17) | (13) | 4,578 | 1 | - | 863 |
| Balance as at 30 Jun 2024 | 166 | - | 124 | 19,376 | 20,757 | 93,107 | 63 | 2 | 1,113 |
| Repayments of written-off receivables (note 4.13.) | - | - | - | - | - | 2,392 | - | - | 12 |

| in EUR thousands | | | | | | | | | |
|--|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|
| NLB | | | | | | | | | |
| | Loans and advances to banks | | | Loans and advances to customers | | | Other financial assets | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2023 | 216 | - | - | 21,041 | 8,185 | 64,186 | 203 | 2 | 808 |
| Transfers | - | - | - | 5,836 | (3,786) | (2,050) | 1 | - | (1) |
| Increases/(Decreases) (note 4.13.) | 36 | - | - | (5,236) | 4,458 | 8,093 | (131) | 12 | 395 |
| Write-offs | - | - | - | (1) | (2) | (6,474) | (2) | (1) | (205) |
| Changes in models/risk parameters (note 4.13.) | 2 | - | - | (3,288) | 1,826 | (14) | (31) | - | - |
| Foreign exchange and other movements | - | - | - | 2 | 1 | 743 | 1 | - | (6) |
| Balance as at 30 Jun 2023 | 254 | - | - | 18,354 | 10,682 | 64,484 | 41 | 13 | 991 |
| Repayments of written-off receivables (note 4.13.) | - | - | - | - | - | 6,237 | - | - | 68 |

b) Movements in allowance for the impairment of debt securities

| in EUR thousands | | | | | |
|---|--|------------------------------------|---|----------------------------------|------------------------------|
| | NLB Group | | | | |
| | Debt securities measured at amortised cost | | Debt securities measured at fair value through other comprehensive income | | |
| | 12-month expected credit losses | Lifetime ECL not credit - impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2024 | 4,946 | 576 | 6,475 | 56 | 798 |
| Effects of translation of foreign operations to presentation currency | 1 | 1 | (3) | (1) | - |
| Increases/(Decreases) (note 4.13.) | 1,531 | 518 | (139) | (8) | - |
| Changes in models/risk parameters (note 4.13.) | (100) | (185) | (176) | (9) | - |
| Foreign exchange and other movements | 3 | 2 | 1 | - | - |
| Balance as at 30 Jun 2024 | 6,381 | 912 | 6,158 | 38 | 798 |

| in EUR thousands | | | | | |
|---|--|------------------------------------|---|----------------------------------|------------------------------|
| | NLB Group | | | | |
| | Debt securities measured at amortised cost | | Debt securities measured at fair value through other comprehensive income | | |
| | 12-month expected credit losses | Lifetime ECL not credit - impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2023 | 3,519 | 265 | 9,029 | 70 | 6,777 |
| Effects of translation of foreign operations to presentation currency | (2) | (2) | 5 | - | - |
| Transfers | (52) | 52 | - | - | - |
| Increases/(Decreases) (note 4.13.) | 652 | 68 | (1,511) | (9) | (4,483) |
| Write-offs | - | - | - | - | (1,537) |
| Changes in models/risk parameters (note 4.13.) | 27 | 515 | (73) | 2 | - |
| Foreign exchange and other movements | 1 | - | (1) | - | 41 |
| Balance as at 30 Jun 2023 | 4,145 | 898 | 7,449 | 63 | 798 |

Release of lifetime ECL credit-impaired debt securities measured at fair value through other comprehensive income relates to impairment of Russian sovereign debt, which was sold in February 2023.

| in EUR thousands | | | | | |
|--|--|------------------------------------|---|----------------------------------|------------------------------|
| | NLB | | | | |
| | Debt securities measured at amortised cost | | Debt securities measured at fair value through other comprehensive income | | |
| | 12-month expected credit losses | Lifetime ECL not credit - impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2024 | 2,624 | 173 | 1,650 | - | 798 |
| Increases/(Decreases) (note 4.13.) | 554 | (47) | 351 | - | - |
| Changes in models/risk parameters (note 4.13.) | (34) | - | (8) | - | - |
| Foreign exchange and other movements | 3 | 2 | 1 | - | - |
| Balance as at 30 Jun 2024 | 3,147 | 128 | 1,994 | - | 798 |

| in EUR thousands | | | | | |
|--|--|------------------------------------|---|----------------------------------|------------------------------|
| | NLB | | | | |
| | Debt securities measured at amortised cost | | Debt securities measured at fair value through other comprehensive income | | |
| | 12-month expected credit losses | Lifetime ECL not credit - impaired | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2023 | 1,990 | - | 2,022 | - | 6,777 |
| Transfers | (52) | 52 | - | - | - |
| Increases/(Decreases) (note 4.13.) | 294 | 168 | (231) | - | (4,483) |
| Write-offs | - | - | - | - | (1,537) |
| Changes in models/risk parameters (note 4.13.) | (13) | - | (14) | - | - |
| Foreign exchange and other movements | (1) | (1) | (1) | - | 41 |
| Balance as at 30 Jun 2023 | 2,218 | 219 | 1,776 | - | 798 |

Release of lifetime ECL credit-impaired debt securities measured at fair value through other comprehensive income relates to impairment of Russian sovereign debt, which was sold in February 2023.

5.12. Financial liabilities measured at amortised cost

Analysis by type

| | in EUR thousands | | | | | |
|---|-------------------|-------------------|-----------|-------------------|-------------------|-----------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Deposits from banks and central banks | 94,283 | 95,283 | -1% | 236,249 | 147,002 | 61% |
| - Deposits on demand | 64,669 | 75,756 | -15% | 194,701 | 127,726 | 52% |
| - Other deposits | 29,614 | 19,527 | 52% | 41,548 | 19,276 | 116% |
| Borrowings from banks and central banks | 116,060 | 140,419 | -17% | 132,154 | 82,797 | 60% |
| Due to customers | 20,693,767 | 20,732,722 | 0% | 11,744,113 | 11,881,563 | -1% |
| - Deposits on demand | 17,151,255 | 17,454,515 | -2% | 10,377,200 | 10,674,541 | -3% |
| - Other deposits | 3,542,512 | 3,278,207 | 8% | 1,366,913 | 1,207,022 | 13% |
| Borrowings from other customers | 102,766 | 99,718 | 3% | - | - | - |
| Debt securities issued | 1,874,041 | 1,338,235 | 40% | 1,874,041 | 1,338,235 | 40% |
| Other financial liabilities | 356,144 | 357,116 | 0% | 221,061 | 198,020 | 12% |
| Total | 23,237,061 | 22,763,493 | 2% | 14,207,618 | 13,647,617 | 4% |

a) Debt securities issued

| | in EUR thousands | | | | | | |
|-------------------------------------|-------------------|---------------|--|------------------|------------------|------------------|------------------|
| | NLB Group and NLB | | | | | | |
| | 30 Jun 2024 | | 31 Dec 2023 | | | | |
| Currency | Due date | Interest rate | Carrying amount | Nominal value | Carrying amount | Nominal value | |
| Subordinated bonds | | | | | | | |
| | EUR | 6.5.2029 | 4.20% to 6.5.2024, thereafter 5Y MS + 4.159% p.a. | - | - | 45,980 | 45,000 |
| | EUR | 19.11.2029 | 3.65% to 19.11.2024, thereafter 5Y MS + 3.833% p.a. | 10,065 | 9,900 | 119,781 | 120,000 |
| | EUR | 5.2.2030 | 3.40% to 5.2.2025, thereafter 5Y MS + 3.658% p.a. | 10,601 | 10,500 | 123,176 | 120,000 |
| | EUR | 28.11.2032 | 10.75% to 28.11.2027, thereafter 5Y MS + 8.298% p.a. | 231,314 | 225,000 | 220,458 | 225,000 |
| | EUR | 24.1.2034 | 6.875% to 24.1.2029, thereafter 5Y MS + 4.230% p.a. | 306,735 | 300,000 | - | - |
| Total Subordinated bonds | | | | 558,715 | 545,400 | 509,395 | 510,000 |
| Senior Preferred notes | | | | | | | |
| | EUR | 19.7.2025 | 6% to 19.7.2024, thereafter 1Y MS + 4.835% p.a. | 316,745 | 300,000 | 307,507 | 300,000 |
| | EUR | 27.6.2027 | 7.125% to 27.7.2026, thereafter 1Y MS + 3.606% p.a. | 498,641 | 500,000 | 521,333 | 500,000 |
| | EUR | 29.5.2030 | 4.50% to 29.5.2029, thereafter 1Y MS + 1.650% p.a. | 499,940 | 500,000 | - | - |
| Total Senior Preferred notes | | | | 1,315,326 | 1,300,000 | 828,840 | 800,000 |
| Total Debt securities issued | | | | 1,874,041 | 1,845,400 | 1,338,235 | 1,310,000 |

In January 2024, NLB conducted a liability management exercise where it repurchased its two outstanding subordinated Tier 2 notes in the total nominal value EUR 219,600 thousand with approaching call dates (ISIN code XS2080776607 and XS2113139195).

NLB has, based on the obtained permission of the European Central Bank, redeem its subordinated notes in the aggregate nominal amount of EUR 45,000 thousand, issued on 6 May 2019 and with maturity on 6 May 2029 (ISIN code SI0022103855), before their maturity. Pursuant to the terms and condition of the notes the early repayment of principal and accrued and unpaid interest was made on the fifth anniversary from the issuance, 6 May 2024.

b) Movement of debt securities issued

| NLB Group and NLB | in EUR thousand | | | |
|-----------------------------|--------------------|----------------|------------------------|----------------|
| | Subordinated bonds | | Senior Preferred notes | |
| | 2024 | 2023 | 2024 | 2023 |
| Balance as at 1 Jan | 509,395 | 508,778 | 828,840 | 307,212 |
| Cash flow items: | 31,237 | (5,970) | 461,722 | 497,708 |
| - new issued | 298,611 | - | 497,347 | 497,708 |
| - repayments | (260,759) | - | - | - |
| - repayments of interest | (6,615) | (5,970) | (35,625) | - |
| Non-Cash flow items: | 18,083 | 17,202 | 24,764 | 9,560 |
| - accrued interest | 22,737 | 17,202 | 29,568 | 9,560 |
| - other | (4,654) | - | (4,804) | - |
| Balance as at 30 Jun | 558,715 | 520,010 | 1,315,326 | 814,480 |

c) Other financial liabilities

| | in EUR thousands | | | | | |
|--|------------------|----------------|-----------|----------------|----------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Items in the course of payment | 108,967 | 93,425 | 17% | 51,413 | 17,957 | 186% |
| Debit or credit card payables | 112,302 | 113,398 | -1% | 96,178 | 90,495 | 6% |
| Lease liabilities | 32,262 | 28,944 | 11% | 5,656 | 5,793 | -2% |
| Accrued expenses | 33,354 | 35,628 | -6% | 18,080 | 17,065 | 6% |
| Liabilities to brokerage firms and others for securities purchase and custody services | 2,695 | 288 | - | 2,550 | 268 | - |
| Suppliers | 8,761 | 22,872 | -62% | 3,839 | 16,614 | -77% |
| Fees and commissions | 246 | 1,242 | -80% | 117 | 1,133 | -90% |
| Other financial liabilities | 57,557 | 61,319 | -6% | 43,228 | 48,695 | -11% |
| Total | 356,144 | 357,116 | 0% | 221,061 | 198,020 | 12% |

5.13. Provisions

a) Analysis by type

| | in EUR thousands | | | | | |
|---|------------------|----------------|-------------|---------------|---------------|-------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Provisions for guarantees and commitments | 25,538 | 32,548 | -22% | 14,172 | 17,941 | -21% |
| Stage 1 | 11,908 | 18,429 | -35% | 4,637 | 7,653 | -39% |
| Stage 2 | 2,434 | 1,655 | 47% | 225 | 319 | -29% |
| Stage 3 | 11,196 | 12,464 | -10% | 9,310 | 9,969 | -7% |
| Employee benefit provisions | 18,695 | 17,892 | 4% | 12,209 | 11,795 | 4% |
| Provisions for legal risks | 41,415 | 44,833 | -8% | 6,205 | 6,219 | 0% |
| Restructuring provisions | 9,252 | 12,592 | -27% | 4,620 | 7,198 | -36% |
| Other provisions | 4,373 | 5,440 | -20% | 4,236 | 5,303 | -20% |
| Total | 99,273 | 113,305 | -12% | 41,442 | 48,456 | -14% |

b) Movements in provisions for guarantees and commitments

| | in EUR thousands | | |
|---|---------------------------------|----------------------------------|------------------------------|
| | NLB Group | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2024 | 18,429 | 1,655 | 12,464 |
| Effects of translation of foreign operations to presentation currency | - | 1 | 1 |
| Transfers | 528 | (7) | (521) |
| Increases/(Decreases) (note 4.12.) | (426) | 784 | (1,210) |
| Changes in models/risk parameters (note 4.12.) | (6,648) | 3 | 466 |
| Foreign exchange and other movements | 25 | (2) | (4) |
| Balance as at 30 Jun 2024 | 11,908 | 2,434 | 11,196 |

| | in EUR thousands | | |
|---|---------------------------------|----------------------------------|------------------------------|
| | NLB Group | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2023 | 18,826 | 1,953 | 16,830 |
| Effects of translation of foreign operations to presentation currency | 1 | - | 1 |
| Transfers | 125 | 130 | (255) |
| Increases/(Decreases) (note 4.12.) | (1,967) | (420) | (3,017) |
| Changes in models/risk parameters (note 4.12.) | (2,602) | 797 | 7 |
| Foreign exchange and other movements | (3) | (5) | - |
| Balance as at 30 Jun 2023 | 14,380 | 2,455 | 13,566 |

| | in EUR thousands | | |
|--|---------------------------------|----------------------------------|------------------------------|
| | NLB | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2024 | 7,653 | 319 | 9,969 |
| Transfers | 414 | (9) | (405) |
| Increases/(Decreases) (note 4.12.) | (590) | (60) | (652) |
| Changes in models/risk parameters (note 4.12.) | (2,840) | (25) | 397 |
| Foreign exchange and other movements | - | - | 1 |
| Balance as at 30 Jun 2024 | 4,637 | 225 | 9,310 |

| | in EUR thousands | | |
|--|---------------------------------|----------------------------------|------------------------------|
| | NLB | | |
| | 12-month expected credit losses | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
| Balance as at 1 Jan 2023 | 8,156 | 378 | 11,765 |
| Transfers | 105 | 81 | (186) |
| Increases/(Decreases) (note 4.12.) | (522) | (429) | (871) |
| Changes in models/risk parameters (note 4.12.) | (703) | 401 | 36 |
| Balance as at 30 Jun 2023 | 7,036 | 431 | 10,744 |

5.14. Deferred income tax

| | in EUR thousands | | | |
|--|------------------|----------------|----------------|----------------|
| | NLB Group | | NLB | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| Deferred income tax assets | | | | |
| Valuation of financial instruments and capital investments | 57,617 | 59,640 | 54,160 | 55,098 |
| Impairment of financial assets | 10,187 | 9,704 | 1,333 | 1,153 |
| Provisions for liabilities and charges | 8,205 | 9,047 | 1,562 | 1,856 |
| Depreciation and valuation of non-financial assets | 4,523 | 4,141 | 126 | 123 |
| Fair value adjustments of financial instruments measured at amortised cost | 1,580 | 1,940 | 1,052 | 1,412 |
| Tax losses | 54,615 | 54,069 | 54,615 | 54,069 |
| Other | 339 | 248 | - | - |
| Total deferred income tax assets | 137,066 | 138,789 | 112,848 | 113,711 |
| Deferred income tax liabilities | | | | |
| Valuation of financial instruments | 7,906 | 7,218 | 3,940 | 3,556 |
| Depreciation and valuation of non-financial assets | 1,285 | 1,304 | 167 | 168 |
| Impairment of financial assets | 4,548 | 3,589 | 612 | 538 |
| Fair value adjustments of financial assets measured at amortised cost | 7,538 | 6,651 | - | - |
| Undistributed profit of subsidiaries | 11,564 | 9,626 | - | - |
| Other | 381 | 522 | - | - |
| Total deferred income tax liabilities | 33,222 | 28,910 | 4,719 | 4,262 |
| Net deferred income tax assets | 117,852 | 111,305 | 108,129 | 109,449 |
| Net deferred income tax liabilities | (14,008) | (1,426) | - | - |

| | in EUR thousands | | | |
|--|------------------|----------------|----------------|----------------|
| | NLB Group | | NLB | |
| | 6 months ended | | 6 months ended | |
| | June 2024 | June 2023 | June 2024 | June 2023 |
| Included in the income statement | (2,940) | (3,144) | 76 | (1,166) |
| - valuation of financial instruments and capital investments | 383 | 406 | - | 122 |
| - impairment of financial assets | (466) | (949) | 180 | (1,098) |
| - provisions for liabilities and charges | (856) | (1,047) | (294) | (201) |
| - depreciation and valuation of non-financial assets | 390 | (483) | 4 | 11 |
| - fair value adjustments of financial assets measured at amortised cost | (1,232) | (1,330) | (360) | - |
| - tax losses | 546 | - | 546 | - |
| - undistributed profit of subsidiaries | (1,938) | - | - | - |
| - other | 233 | 259 | - | - |
| Included in other comprehensive income | (3,123) | (2,025) | (1,396) | 1,260 |
| - valuation and impairment of financial assets measured at fair value through other comprehensive income | (3,123) | (2,025) | (1,396) | 1,260 |

As at 30 June 2024, NLB recognised EUR 112,848 thousand deferred tax assets (31 December 2023: EUR 113,711 thousand). Unrecognised deferred tax assets in NLB amount to EUR 114,991 thousand (31 December 2023: EUR 127,686 thousand) and relates to unrecognised deferred tax assets from tax losses.

5.15. Income tax relating to components of other comprehensive income

| | in EUR thousands | | | | | |
|--|------------------|----------------|---------------|--------------|----------------|--------------|
| | NLB Group | | | NLB | | |
| | Before tax | Tax expense | Net of tax | Before tax | Tax expense | Net of tax |
| 6 months ended June 2024 | | | | | | |
| Financial assets measured at fair value through other comprehensive income | 18,152 | (3,123) | 15,029 | 6,344 | (1,396) | 4,948 |
| Total | 18,152 | (3,123) | 15,029 | 6,344 | (1,396) | 4,948 |

| | in EUR thousands | | | | | |
|--|------------------|----------------|---------------|---------------|--------------|---------------|
| | NLB Group | | | NLB | | |
| | Before tax | Tax expense | Net of tax | Before tax | Tax expense | Net of tax |
| 6 months ended June 2023 | | | | | | |
| Financial assets measured at fair value through other comprehensive income | 33,817 | (2,025) | 31,792 | 10,889 | 1,260 | 12,149 |
| Total | 33,817 | (2,025) | 31,792 | 10,889 | 1,260 | 12,149 |

5.16. Other liabilities

| | in EUR thousands | | | | | |
|------------------------------|------------------|---------------|------------|---------------|---------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Accrued salaries | 39,232 | 28,228 | 39% | 23,752 | 19,461 | 22% |
| Unused annual leave | 7,518 | 7,657 | -2% | 2,760 | 2,761 | 0% |
| Taxes payable | 22,146 | 7,015 | - | 19,999 | 4,895 | - |
| Deferred income | 11,410 | 11,376 | 0% | 3,911 | 4,376 | -11% |
| Payments received in advance | 4,145 | 4,377 | -5% | 400 | 857 | -53% |
| Total | 84,451 | 58,653 | 44% | 50,822 | 32,350 | 57% |

5.17. Other equity instruments issued

On 23 September 2022, NLB issued subordinated notes intended to qualify as Additional Tier 1 Instruments in the aggregate nominal amount of EUR 82 million. The notes have no scheduled maturity date. The issuer has the option for early redemption of the notes in the period between 23 September 2027 and 23 March 2028, and on each distribution payment date after 23 March 2028. Until 23 March 2028, the interest on the principal of the notes will accrue at the interest rate of 9.721% per annum, and for each subsequent 5-year period, will accrue at the applicable interest rate, which shall be reset prior to the commencement of each such period (5Y MS + 7.20% per annum). The coupon payments are discretionary and non-cumulative. The notes terms provide for a temporary write-down in the event that the Common Equity Tier 1 ratio of NLB Group and/or NLB drop(s) below 5.125%. The issue price was equal to 100% of the nominal amount of the notes. The ISIN code of the notes is SI0022104275. Carrying amount as of 30 June 2024 is EUR 88,142 thousand (31 December 2023: EUR 84,178 thousand).

5.18. Book value per share

| | in EUR thousands | | | |
|--|------------------|-------------|-------------|-------------|
| | NLB Group | | NLB | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| Total equity attributable to owners of the parents | 3,081,253 | 2,882,850 | 2,337,298 | 2,249,451 |
| Other equity instruments (note 5.17.) | 88,142 | 84,178 | 88,142 | 84,178 |
| Total equity attributable to owners of the parents excluding other equity instruments issued | 2,993,111 | 2,798,672 | 2,249,156 | 2,165,273 |
| Number of shares (in thousands) | 20,000 | 20,000 | 20,000 | 20,000 |
| Book value per share (in EUR) | 149.7 | 139.9 | 112.5 | 108.3 |

Book value per share is calculated as the ratio of net assets' book value excluding other equity instruments issued and the number of shares. NLB Group and NLB do not have any treasury shares.

5.19. Capital adequacy ratio

| | in EUR thousands | | | |
|---|-------------------|-------------------|------------------|------------------|
| | NLB Group | | NLB | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| Paid-up capital instruments | 200,000 | 200,000 | 200,000 | 200,000 |
| Share premium | 871,378 | 871,378 | 871,378 | 871,378 |
| Retained earnings - from previous years | 1,561,868 | 1,235,363 | 892,725 | 602,402 |
| Profit eligible - from current year | - | 327,398 | - | 159,833 |
| Accumulated other comprehensive income | (59,356) | (75,662) | (31,368) | (36,316) |
| Other reserves | 13,522 | 13,522 | 13,522 | 13,522 |
| Minority interest | 29,101 | 28,798 | - | - |
| Prudential filters: Additional Valuation Adjustments (AVA) | (2,791) | (2,295) | (1,767) | (1,067) |
| (-) Goodwill | (4,931) | (3,529) | - | - |
| (-) Other intangible assets | (37,728) | (37,153) | (22,812) | (20,846) |
| (-) Deferred tax assets | (46,329) | (47,002) | (52,329) | (54,069) |
| (-) Insufficient coverage for non-performing exposures | (1,493) | (907) | (161) | (246) |
| (-) Deduction item related to credit impairments and provisions not included in capital | - | - | (1,575) | - |
| COMMON EQUITY TIER 1 CAPITAL (CET1) | 2,523,241 | 2,509,911 | 1,867,613 | 1,734,591 |
| Capital instruments eligible as AT1 Capital | 82,000 | 82,000 | 82,000 | 82,000 |
| Minority interest | 5,888 | 5,907 | - | - |
| Additional Tier 1 capital | 87,888 | 87,907 | 82,000 | 82,000 |
| TIER 1 CAPITAL | 2,611,129 | 2,597,818 | 1,949,613 | 1,816,591 |
| Capital instruments and subordinated loans eligible as Tier 2 capital | 543,321 | 507,516 | 543,321 | 507,516 |
| Minority interest | 4,023 | 3,874 | - | - |
| TIER 2 CAPITAL | 547,344 | 511,390 | 543,321 | 507,516 |
| TOTAL CAPITAL | 3,158,473 | 3,109,208 | 2,492,934 | 2,324,107 |
| RWA for credit risk | 12,819,884 | 12,168,121 | 7,872,122 | 7,449,829 |
| RWA for market risks | 1,469,715 | 1,447,713 | 823,025 | 818,113 |
| RWA for credit valuation adjustment risk | 20,425 | 14,200 | 21,050 | 15,613 |
| RWA for operational risk | 1,707,128 | 1,707,128 | 923,943 | 923,943 |
| TOTAL RISK EXPOSURE AMOUNT (RWA) | 16,017,152 | 15,337,162 | 9,640,140 | 9,207,498 |
| Common Equity Tier 1 Ratio | 15.8% | 16.4% | 19.4% | 18.8% |
| Tier 1 Ratio | 16.3% | 16.9% | 20.2% | 19.7% |
| Total Capital Ratio | 19.7% | 20.3% | 25.9% | 25.2% |

As at 30 June 2024, the total capital ratio (TCR) for the NLB Group stood at 19.7% (or 0.6% p.p. decrease compared to the end of 2023) and the CET1 ratio for the NLB Group stood at 15.8% (or 0.6% p.p. decrease compared to the end of 2023) well above requirements. The lower total capital adequacy derives from higher RWA (EUR 680.0 million compared to the end of 2023), although capital increased by EUR 49.3 million compared to the end of 2023. The Group increased its capital mainly with an increased volume of T2 instruments (EUR 35.8 million) and EUR 16.3 million in revaluation adjustments.

The total capital does not include a part of the 2023 result in the amount of EUR 110 million, which is still envisaged to be paid as a dividend in 2024. Therefore, there will be no effect on the capital once the dividends are paid.

In the first half of 2024, the RWA of the Group for credit risk increased by EUR 451.8 million due to lending activity, which was more predominant in the retail segment. New production in the corporate segment was partially offset by repayments provided by corporate clients in NLB, NLB Banka Skopje, and NLB Banka Sarajevo. Additionally, RWA for high-risk exposures increased due to new project financing loans given, mostly in NLB and NLB Komercijalna Banka, Beograd, and withdrawals of project finance loans approved in the previous periods. However, the decrease in RWA for liquidity assets resulted from reduced exposures towards central governments and central banks, partially offset by higher RWA due to purchasing subordinated bonds.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) in the amount of EUR 28.2 million compared to the end of 2023 during the first six months of 2024 was driven by higher RWA for FX risk of EUR 23.8 million (mainly due to more opened positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk of EUR 6.2 million, and lower RWA for TDI risk of EUR 5.2 million (due to closed net positions from IRS) and higher RWA for Equity of EUR 3.4 million (due to an inclusion of new Collective investment undertakings of new member Generali Investments, Skopje).

5.20. Off-balance sheet liabilities

| | in EUR thousands | | | | | |
|--------------------------|------------------|------------------|-----------|------------------|------------------|------------|
| | NLB Group | | | NLB | | |
| | 30 Jun 2024 | 31 Dec 2023 | Change | 30 Jun 2024 | 31 Dec 2023 | Change |
| Loan commitments | 2,455,834 | 2,469,800 | -1% | 1,755,460 | 1,822,847 | -4% |
| Non-financial guarantees | 1,023,776 | 963,321 | 6% | 664,841 | 625,095 | 6% |
| Financial guarantees | 683,667 | 668,292 | 2% | 382,472 | 398,282 | -4% |
| Letters of credit | 36,905 | 41,026 | -10% | 1,930 | 10,446 | -82% |
| Other | 19,401 | 17,653 | 10% | 10,058 | 7,904 | 27% |
| | 4,219,583 | 4,160,092 | 1% | 2,814,761 | 2,864,574 | -2% |
| Provisions (note 5.13.) | (25,538) | (32,548) | 22% | (14,172) | (17,941) | 21% |
| Total | 4,194,045 | 4,127,544 | 2% | 2,800,589 | 2,846,633 | -2% |

In addition to the instruments presented in the table above, NLB Group and NLB have also some low-risk off-balance sheet items, for which a 0% credit conversion factor is applied in accordance with the Capital Requirements Regulation (credit and other lines which can be irrevocably cancelled by a bank). As at 30 June 2024, these items at the NLB Group level amount to EUR 919,535 thousand (31 December 2023: EUR 915,450 thousand), and at the NLB level EUR 394,360 thousand (31 December 2023: EUR 412,330 thousand).

5.21. Fair value hierarchy of financial and non-financial assets and liabilities

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. NLB Group uses various valuation techniques to determine fair value. IFRS 13 specifies a fair value hierarchy with respect to the inputs and assumptions used to measure financial and non-financial assets and liabilities at fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the assumptions of NLB Group. This hierarchy gives the highest priority to observable market data when available and the lowest priority to unobservable market data. NLB Group considers relevant and observable market prices in its valuations, where possible.

The fair value hierarchy comprises the following levels:

- Level 1 – Quoted prices (unadjusted) on active markets. This level includes listed equities, debt instruments, gold, derivatives, units of investment funds, and other unadjusted market prices of assets and liabilities. When an asset or liability may be exchanged in multiple active markets, the principal market for the asset or liability must be determined. In the absence of a principal market, the most advantageous market for the asset or liability must be determined.
- Level 2 – A valuation technique where inputs are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices). Level 2 includes prices quoted for similar assets or liabilities in active markets and prices quoted for identical or similar assets, and liabilities in markets that are not active. The sources of input parameters for financial instruments, such as yield curves, credit spreads, foreign exchange rates, and the volatility of interest rates and foreign exchange rates, is Bloomberg.
- Level 3 – A valuation technique where inputs are not based on observable market data. Unobservable inputs are used to the extent that relevant observable inputs are not available. Unobservable inputs must reflect the assumptions that market participants would use when pricing an asset or liability. This level includes non-tradable shares and bonds, and derivatives associated with these investments and other assets and liabilities for which fair value cannot be determined with observable market inputs.

Wherever possible, fair value is determined as an observable market price in an active market for an identical asset or liability. An active market is a market in which transactions for an asset or liability are executed with sufficient frequency and volume to provide pricing information on an ongoing basis. Assets and liabilities measured at fair value in active markets are determined as the market price of a unit (e.g., share) at the measurement date, multiplied by the quantity of units owned by NLB Group. The fair value of assets and liabilities whose market is not active is determined using valuation techniques. These techniques bear a different intensity level of estimates and assumptions, depending on the availability of observable market inputs associated with the asset or liability that is the subject of the valuation. Unobservable inputs shall reflect the estimates and assumptions that other market participants would use when pricing the asset or liability.

For non-financial assets measured at fair value and not classified at Level 1, fair value is determined based on valuation reports provided by certified valuers. Valuations are prepared in accordance with the International Valuation Standards (IVS).

a) Financial and non-financial assets and liabilities, measured at fair value in the financial statements

| in EUR thousands | | | | | | | | |
|---|-----------|---------|---------|------------------|-----------|---------|---------|------------------|
| 30 Jun 2024 | NLB Group | | | | NLB | | | |
| | Level 1 | Level 2 | Level 3 | Total fair value | Level 1 | Level 2 | Level 3 | Total fair value |
| Financial assets | | | | | | | | |
| Financial instruments held for trading | 1,985 | 11,681 | 26 | 13,692 | 1,985 | 13,452 | 26 | 15,463 |
| <i>Debt instruments</i> | 1,985 | - | - | 1,985 | 1,985 | - | - | 1,985 |
| <i>Derivatives</i> | - | 11,681 | 26 | 11,707 | - | 13,452 | 26 | 13,478 |
| Derivatives - hedge accounting | - | 45,032 | - | 45,032 | - | 45,032 | - | 45,032 |
| Financial assets measured at fair value through other comprehensive income | 2,160,623 | 592,089 | 1,247 | 2,753,959 | 1,660,737 | 67,818 | 357 | 1,728,912 |
| <i>Debt instruments</i> | 2,160,392 | 504,719 | - | 2,665,111 | 1,660,737 | 6,559 | - | 1,667,296 |
| <i>Equity instruments</i> | 231 | 87,370 | 1,247 | 88,848 | - | 61,259 | 357 | 61,616 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 1,932 | - | 10,756 | 12,688 | - | - | 18,882 | 18,882 |
| <i>Debt instruments</i> | 982 | - | - | 982 | - | - | - | - |
| <i>Equity instruments</i> | 950 | - | 10,756 | 11,706 | - | - | 10,756 | 10,756 |
| <i>Loans</i> | - | - | - | - | - | - | 8,126 | 8,126 |
| Financial liabilities | | | | | | | | |
| Financial instruments held for trading | - | 10,585 | - | 10,585 | - | 12,047 | - | 12,047 |
| <i>Derivatives</i> | - | 10,585 | - | 10,585 | - | 12,047 | - | 12,047 |
| Derivatives - hedge accounting | - | 2,646 | - | 2,646 | - | 1,887 | - | 1,887 |
| Financial liabilities measured at fair value through profit or loss | - | 8,521 | - | 8,521 | - | 4,385 | 942 | 5,327 |
| Non-financial assets | | | | | | | | |
| Investment properties | - | 6,736 | 19,038 | 25,774 | - | 5,413 | - | 5,413 |
| Non-current assets held for sale | - | 3,323 | 815 | 4,138 | - | 3,323 | - | 3,323 |

| in EUR thousands | | | | | | | | |
|--|-----------|---------|---------|------------------|---------|---------|---------|------------------|
| 31 Dec 2023 | NLB Group | | | | NLB | | | |
| | Level 1 | Level 2 | Level 3 | Total fair value | Level 1 | Level 2 | Level 3 | Total fair value |
| Financial assets | | | | | | | | |
| Financial instruments held for trading | - | 15,698 | 20 | 15,718 | - | 17,937 | 20 | 17,957 |
| <i>Derivatives</i> | - | 15,698 | 20 | 15,718 | - | 17,937 | 20 | 17,957 |
| Derivatives - hedge accounting | - | 47,614 | - | 47,614 | - | 47,614 | - | 47,614 |
| Financial assets measured at fair value through other comprehensive income | 1,452,046 | 798,154 | 1,356 | 2,251,556 | 955,638 | 67,071 | 303 | 1,023,012 |
| <i>Debt instruments</i> | 1,451,824 | 712,570 | 70 | 2,164,464 | 955,638 | 6,446 | - | 962,084 |
| <i>Equity instruments</i> | 222 | 85,584 | 1,286 | 87,092 | - | 60,625 | 303 | 60,928 |
| Non-trading financial assets mandatorily at fair value through profit and loss | 5,317 | - | 8,858 | 14,175 | - | - | 16,643 | 16,643 |
| <i>Debt instruments</i> | 5,217 | - | - | 5,217 | - | - | - | - |
| <i>Equity instruments</i> | 100 | - | 8,858 | 8,958 | - | - | 8,858 | 8,858 |
| <i>Loans</i> | - | - | - | - | - | - | 7,785 | 7,785 |
| Financial liabilities | | | | | | | | |
| Financial instruments held for trading | - | 13,217 | - | 13,217 | - | 17,510 | - | 17,510 |
| <i>Derivatives</i> | - | 13,217 | - | 13,217 | - | 17,510 | - | 17,510 |
| Derivatives - hedge accounting | - | 3,540 | - | 3,540 | - | 1,420 | - | 1,420 |
| Financial liabilities measured at fair value through profit or loss | - | 4,482 | - | 4,482 | - | 1,976 | 1,234 | 3,210 |
| Non-financial assets | | | | | | | | |
| Investment properties | - | 10,927 | 20,189 | 31,116 | - | 7,640 | - | 7,640 |
| Non-current assets held for sale | - | 4,048 | 801 | 4,849 | - | 4,048 | - | 4,048 |

b) Significant transfers of financial instruments between levels of valuation

NLB Group's policy of transfers of financial instruments between levels of valuation is illustrated in the table below.

| Fair value hierarchy | NLB Group | | | | | | NLB | | |
|----------------------|--|-----------------|-------------------------------|---|--|-----------------|---|-------------------------|-----------------|
| | Equities | Equity stake | Gold | Funds | Debt securities | Loans | Equities | Derivatives Currency | Interest |
| 1 | market value from exchange market | | market value from spot market | official price by fund management company | market value from exchange market | | | | |
| 2 | | | | | valuation model | | valuation model (underlying instrument in level 1) | valuation model | valuation model |
| 3 | valuation model | valuation model | | valuation model | valuation model | valuation model | valuation model (underlying instrument in level 3) | | |
| Transfers | | | | | | | | | |
| | from level 1 to 3 equity excluded from exchange market | | | from level 1 to 3 fund management company stops publishing regular valuation | from level 1 to 2 debt securities excluded from exchange market | | from level 2 to 3 underlying instrument excluded from exchange market | | |
| | from level 1 to 3 companies in insolvency proceedings | | | from level 3 to 1 fund management company starts publishing regular valuation | from level 1 to 2 debt securities not liquid (not trading for 6 months) | | from level 3 to 2 underlying instrument included in exchange market | | |
| | from level 1 to 3 equity not liquid (not trading for 2 months) | | | | from level 1 to 3 and from 2 to 3 companies in insolvency proceedings | | | | |
| | from level 3 to 1 equity included in exchange market | | | | from level 2 to 1 and from 3 to 1 start trading with debt securities on exchange market | | | | |
| | | | | | from level 3 to 2 until valuation parameters are confirmed on ALCO (at least on a quarterly basis) | | | | |

For the 6 months ended 30 June 2024 and 2023, neither NLB Group nor NLB had any significant transfers between levels of valuation of financial instruments measured at fair value in financial statements.

c) Financial and non-financial assets and liabilities at Level 2 regarding the fair value hierarchy

Financial instruments on Level 2 of the fair value hierarchy at NLB Group and NLB include:

- debt securities: mostly bonds not quoted on active markets and valued by a valuation model with inputs which are based on observable market data;
- derivatives: derivatives except forward derivatives and options on equity instruments that are not quoted on active markets;
- the National Resolution Fund.

Non-financial assets on Level 2 of the fair value hierarchy at NLB Group and NLB include investment properties and non-current assets held for sale.

When valuing bonds classified on Level 2, NLB Group primarily uses the income approach based on an estimation of future cash flows discounted to the present value.

The input parameters used in the income approach are the risk-free yield curve and the spread over the yield curve (credit, liquidity, country).

Fair values for derivatives are determined using a discounted cash flow model based on the risk-free yield curve. Fair values for options are determined using valuation models for options (the Garman and Kohlhagen model, binomial model, and Black-Scholes model).

At least one of the three valuation methods are used for the valuation of investment property. The majority of investment property is valued using the income approach where the present value of future expected returns is assessed.

When valuing an investment property, average rents at similar locations and capitalisation ratios such as: the risk-free yield, risk premium, and the risk premium to account for capital preservation are used. Rents at similar locations are generated from various sources, like data from lessors and lessees, web databases, and own databases. NLB Group has observable data for all investment property at its disposal. If observable data for similar locations are not available, NLB Group uses data from wider locations and adjusts it appropriately.

d) Financial and non-financial assets and liabilities at Level 3 of the fair value hierarchy

Financial instruments on Level 3 of the fair value hierarchy in NLB Group and NLB include:

- equities: mainly financial equities that are not quoted on active markets;
- debt instruments: bonds not quoted on active markets and valued by valuation model with inputs which are not based on observable market data;
- derivative financial instruments: forward derivatives and options on equity instruments that are not quoted on an active organised market. Fair values for forward derivatives are determined using the discounted cash flow model. Fair values for equity options are determined using valuation models for options (Garman and Kohlhagen model, binomial model and Black-Scholes model). Unobservable inputs include the fair values of underlying instruments determined using valuation models. The source of observable market inputs is the Bloomberg information system;
- loans measured at fair value, which according to IFRS 9 do not pass SPPI test. Fair value is calculated on the basis of the discounted expected future cash flows with the required rate of return. In defining the expected cash flows for loans, the value of collateral and other pay off estimates can be used.

Non-financial assets on Level 3 of the fair value hierarchy at NLB Group include investment properties and non-current assets held for sale.

NLB Group uses three valuation methods for the valuation of equity financial assets mentioned in the first bullet: income, market, and cost approaches.

NLB Group selects valuation model and values of unobservable input data within a reasonable possible range, but uses model and input data that other market participants would use.

At least one of the three valuation methods are used for the valuation of investment property. The majority of investment property is valued using the income approach where the present value of future expected returns is assessed.

When valuing an investment property, average rents at similar locations and capitalisation ratios such as: the risk-free yield, risk premium and the risk premium to account for capital preservation are used. Rents at similar locations are generated from various sources, like data from lessors and lessees, web databases, and own databases. NLB Group has observable data for all investment property at its disposal. If observable data for similar locations are not available, NLB Group uses data from wider locations and adjusts it appropriately.

Movements of financial assets and liabilities at Level 3

| in EUR thousands | | | | | |
|----------------------------------|--|---|--------------------|---|------------------------|
| | Financial instruments held for trading | Financial assets measured at fair value through OCI | | Non-trading financial assets mandatorily at fair value through profit or loss | Total financial assets |
| | Derivatives | Debt instruments | Equity instruments | Equity instruments | |
| NLB Group | | | | | |
| Balance as at 1 Jan 2024 | 20 | 70 | 1,286 | 8,858 | 10,234 |
| Valuation: | | | | | |
| - through profit or loss | 6 | - | - | 989 | 995 |
| Exchange differences | - | - | - | 209 | 209 |
| Increases | - | - | 54 | 700 | 754 |
| Decreases | - | (70) | (93) | - | (163) |
| Balance as at 30 Jun 2024 | 26 | - | 1,247 | 10,756 | 12,029 |

| in EUR thousands | | | | | |
|---|--|---|--------------------|---|------------------------|
| | Financial instruments held for trading | Financial assets measured at fair value through OCI | | Non-trading financial assets mandatorily at fair value through profit or loss | Total financial assets |
| | Derivatives | Debt instruments | Equity instruments | Equity instruments | |
| NLB Group | | | | | |
| Balance as at 1 Jan 2023 | 17 | 2,236 | 1,256 | 7,519 | 11,028 |
| Effects of translation of foreign operations to presentation currency | - | - | 2 | - | 2 |
| Valuation: | | | | | |
| - through profit or loss | 4 | - | - | 745 | 749 |
| - recognised in other comprehensive income | - | 5,768 | 30 | - | 5,798 |
| Exchange differences | - | 20 | - | (119) | (99) |
| Increases | - | - | - | 150 | 150 |
| Decreases | - | (6,347) | (19) | - | (6,366) |
| Transfers to Level 3 | - | (1,537) | - | - | (1,537) |
| Balance as at 30 Jun 2023 | 21 | 140 | 1,269 | 8,295 | 9,725 |

| in EUR thousands | | | | | | | |
|----------------------------------|--|---|--------------------|---|--------------------|------------------------|---|
| | Financial instruments held for trading | Financial assets measured at fair value through OCI | | Non-trading financial assets mandatorily at fair value through profit or loss | | Total financial assets | Financial liabilities measured at fair value through profit or loss |
| | Derivatives | Debt instruments | Equity instruments | Equity instruments | Loans and advances | | Loans and other financial liabilities |
| NLB | | | | | | | |
| Balance as at 1 Jan 2024 | 20 | - | 303 | 8,858 | 7,785 | 16,966 | 1,234 |
| Valuation: | | | | | | | |
| - through profit or loss | 6 | - | - | 989 | 125 | 1,120 | (292) |
| Exchange differences | - | - | - | 209 | - | 209 | - |
| Increases | - | - | 54 | 700 | 219 | 973 | - |
| Decreases | - | - | - | - | (3) | (3) | - |
| Balance as at 30 Jun 2024 | 26 | - | 357 | 10,756 | 8,126 | 19,265 | 942 |

| in EUR thousands | | | | | | | |
|--|--|---|--------------------|---|--------------------|------------------------|---|
| | Financial instruments held for trading | Financial assets measured at fair value through OCI | | Non-trading financial assets mandatorily at fair value through profit or loss | | Total financial assets | Financial liabilities measured at fair value through profit or loss |
| | Derivatives | Debt instruments | Equity instruments | Equity instruments | Loans and advances | | Loans and other financial liabilities |
| NLB | | | | | | | |
| Balance as at 1 Jan 2023 | 17 | 2,026 | 269 | 7,519 | 7,892 | 17,723 | 1,786 |
| Valuation: | | | | | | | |
| - through profit or loss | 4 | - | - | 745 | 574 | 1,323 | (176) |
| - recognised in other comprehensive income | - | 5,768 | 18 | - | - | 5,786 | - |
| Exchange differences | - | 20 | - | (119) | - | (99) | - |
| Increases | - | - | - | 150 | 260 | 410 | - |
| Decreases | - | (6,277) | - | - | (485) | (6,762) | - |
| Transfers to Level 3 | - | (1,537) | - | - | - | (1,537) | - |
| Balance as at 30 Jun 2023 | 21 | - | 287 | 8,295 | 8,241 | 16,844 | 1,610 |

In the 6 months ended 30 June 2024 and 2023, NLB Group and NLB recognised the following unrealised gains or losses for financial instruments that were at Level 3 as at 30 June:

| | | | | | in EUR thousands | | | |
|--|-----------------------------------|---|------------------|---|--------------------|---|---|-----|
| 6 months ended 30 Jun 2024 | | | | | NLB Group | | | |
| | Financial assets held for trading | Financial assets measured at fair value through OCI | | Non-trading financial assets mandatorily at fair value through profit or loss | | | | |
| | | Derivatives | Debt instruments | Equity instruments | Equity instruments | | | |
| Items of Income statement | | | | | | | | |
| Gains less losses from financial assets and liabilities held for trading | 6 | - | - | - | - | - | - | - |
| Gains less losses from non-trading assets mandatorily at fair value through profit or loss | - | - | - | - | - | - | - | 989 |
| Foreign exchange translation gains less losses | - | - | - | - | - | - | - | 209 |

| | | | | | in EUR thousands | | | |
|--|-----------------------------------|---|------------------|---|--------------------|---|---|-------|
| 6 months ended 30 Jun 2023 | | | | | NLB Group | | | |
| | Financial assets held for trading | Financial assets measured at fair value through OCI | | Non-trading financial assets mandatorily at fair value through profit or loss | | | | |
| | | Derivatives | Debt instruments | Equity instruments | Equity instruments | | | |
| Items of Income statement | | | | | | | | |
| Gains less losses from financial assets and liabilities held for trading | 4 | - | - | - | - | - | - | - |
| Gains less losses from non-trading assets mandatorily at fair value through profit or loss | - | - | - | - | - | - | - | 745 |
| Foreign exchange translation gains less losses | - | - | - | - | - | - | - | (119) |
| Item of Other comprehensive income | | | | | | | | |
| Financial assets measured at fair value through other comprehensive income | - | - | - | 30 | - | - | - | - |

| | | | | | in EUR thousands | | | | |
|--|-----------------------------------|---|---|--------------------|---|---|---|---|-----|
| 6 months ended 30 Jun 2024 | | | | | NLB | | | | |
| | Financial assets held for trading | Financial assets measured at fair value through OCI | Non-trading financial assets mandatorily at fair value through profit or loss | | Financial liabilities measured at fair value through profit or loss | | | | |
| | | | Equity instruments | Loans and advances | Loans and other financial liabilities | | | | |
| Items of Income statement | | | | | | | | | |
| Gains less losses from financial assets and liabilities held for trading | 6 | - | - | - | - | - | - | - | - |
| Gains less losses from non-trading assets mandatorily at fair value through profit or loss | - | - | 989 | - | 125 | - | - | - | 292 |
| Foreign exchange translation gains less losses | - | - | 209 | - | - | - | - | - | - |

| | | | | | in EUR thousands | | | | |
|--|-----------------------------------|---|---|--------------------|---|---|---|---|-----|
| 6 months ended 30 Jun 2023 | | | | | NLB | | | | |
| | Financial assets held for trading | Financial assets measured at fair value through OCI | Non-trading financial assets mandatorily at fair value through profit or loss | | Financial liabilities measured at fair value through profit or loss | | | | |
| | | | Equity instruments | Loans and advances | Loans and other financial liabilities | | | | |
| Items of Income statement | | | | | | | | | |
| Gains less losses from financial assets and liabilities held for trading | 4 | - | - | - | - | - | - | - | - |
| Gains less losses from non-trading assets mandatorily at fair value through profit or loss | - | - | 745 | - | 574 | - | - | - | 176 |
| Foreign exchange translation gains less losses | - | - | (119) | - | - | - | - | - | - |
| Item of Other comprehensive income | | | | | | | | | |
| Financial assets measured at fair value through other comprehensive income | - | 18 | - | - | - | - | - | - | - |

Movements of non-financial assets at Level 3

| | | | | | in EUR thousands | | | |
|---|---------------------|---------------|----------------------------------|--------------|------------------|---|--|--|
| NLB Group | Investment property | | Non-current assets held for sale | | | | | |
| | 2024 | 2023 | 2024 | 2023 | | | | |
| Balance as at 1 Jan | 20,189 | 23,447 | 801 | 11,201 | - | - | | |
| Effects of translation of foreign operations to presentation currency | 42 | 36 | 2 | 7 | - | - | | |
| Additions | - | 86 | 81 | - | - | - | | |
| Disposals | (1,193) | (444) | (69) | (5,989) | - | - | | |
| Balance as at 30 Jun | 19,038 | 23,125 | 815 | 5,219 | - | - | | |

e) Fair value of financial instruments not measured at fair value in financial statements

Financial instruments not measured at fair value in financial statements are not managed on a fair value basis. For respective instruments fair values are calculated for disclosure purposes only and do not impact NLB Group statement of financial position or income statement.

The table below shows estimated fair values of financial instruments not measured at fair value in the statement of financial position.

| | in EUR thousands | | | | | | | |
|--|------------------|------------|----------------|------------|----------------|------------|----------------|------------|
| | NLB Group | | | | NLB | | | |
| | 30 Jun 2024 | | 31 Dec 2023 | | 30 Jun 2024 | | 31 Dec 2023 | |
| | Carrying value | Fair value | Carrying value | Fair value | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets measured at amortised cost | | | | | | | | |
| - debt securities | 3,139,562 | 3,055,928 | 2,522,229 | 2,440,596 | 2,427,803 | 2,337,962 | 1,966,169 | 1,889,481 |
| - loans and advances to banks | 410,678 | 410,265 | 547,640 | 547,555 | 192,341 | 192,341 | 149,011 | 149,011 |
| - loans and advances to customers | 14,399,307 | 13,792,108 | 13,734,601 | 13,256,192 | 7,383,708 | 7,030,925 | 7,148,283 | 6,895,232 |
| - other financial assets | 170,663 | 170,663 | 165,962 | 165,962 | 130,926 | 130,926 | 101,596 | 101,596 |
| Financial liabilities measured at amortised cost | | | | | | | | |
| - deposits from banks and central banks | 94,283 | 93,968 | 95,283 | 95,657 | 236,249 | 235,950 | 147,002 | 147,379 |
| - borrowings from banks and central banks | 116,060 | 99,467 | 140,419 | 134,020 | 132,154 | 115,636 | 82,797 | 75,152 |
| - due to customers | 20,693,767 | 20,679,558 | 20,732,722 | 20,746,603 | 11,744,113 | 11,746,699 | 11,881,563 | 11,892,641 |
| - borrowings from other customers | 102,766 | 103,932 | 99,718 | 101,649 | - | - | - | - |
| - debt securities issued | 1,874,041 | 1,963,419 | 1,338,235 | 1,363,301 | 1,874,041 | 1,963,419 | 1,338,235 | 1,363,301 |
| - other financial liabilities | 356,144 | 356,144 | 357,116 | 357,116 | 221,061 | 221,061 | 198,020 | 198,020 |

Loans and advances to banks

The estimated fair value of deposits is based on discounted cash flows using prevailing market interest rates for instruments with similar credit risk and residual maturities. The fair value of overnight deposits equals their carrying value.

Loans and advances to customers

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates for debts with similar credit risk and residual maturities to determine their fair value.

Deposits and borrowings from customers

The fair value of sight deposits and overnight deposits equals their carrying value. However, their actual value for NLB Group depends on the timing and amounts of cash flows, current market rates and the credit risk of the depository institution itself. A portion of sight deposits is stable, similar to term deposits. Therefore, their economic value for NLB Group differs from the carrying amount.

The estimated fair value of other deposits and borrowings from customers is based on discounted cash flows using interest rates for new deposits with similar residual maturities.

Debt securities measured at amortised cost and debt securities issued

The fair value of debt securities measured at amortised cost and debt securities issued is based on their quoted market price or value calculated by using a discounted cash flow method and the prevailing money market interest rates.

Loan commitments

For credit facilities that are drawn soon after the NLB Group grants loans (drawn at market rates) and loan commitments to those clients that are not impaired, the fair value is close to zero. For loan commitments to clients that are impaired, fair value represents the amount of the recognised provisions.

Other financial assets and liabilities

The carrying amount of other financial assets and liabilities is a reasonable approximation of their fair value as they mainly relate to short-term receivables and payables.

Fair value hierarchy of financial instruments not measured at fair value in financial statements

| in EUR thousands | | | | | | | | |
|--|-----------|------------|------------|------------------|-----------|------------|-----------|------------------|
| 30 Jun 2024 | NLB Group | | | | NLB | | | |
| | Level 1 | Level 2 | Level 3 | Total fair value | Level 1 | Level 2 | Level 3 | Total fair value |
| Financial assets measured at amortised cost | | | | | | | | |
| - debt securities | 2,439,638 | 609,050 | 7,240 | 3,055,928 | 2,224,541 | 113,421 | - | 2,337,962 |
| - loans and advances to banks | - | 410,265 | - | 410,265 | - | 192,341 | - | 192,341 |
| - loans and advances to customers | - | - | 13,792,108 | 13,792,108 | - | - | 7,030,925 | 7,030,925 |
| - other financial assets | - | - | 170,663 | 170,663 | - | - | 130,926 | 130,926 |
| Financial liabilities measured at amortised cost | | | | | | | | |
| - deposits from banks and central banks | - | 93,968 | - | 93,968 | - | 235,950 | - | 235,950 |
| - borrowings from banks and central banks | - | 99,467 | - | 99,467 | - | 115,636 | - | 115,636 |
| - due to customers | - | 20,679,558 | - | 20,679,558 | - | 11,746,699 | - | 11,746,699 |
| - borrowings from other customers | - | - | 103,932 | 103,932 | - | - | - | - |
| - debt securities issued | 1,963,419 | - | - | 1,963,419 | 1,963,419 | - | - | 1,963,419 |
| - other financial liabilities | - | - | 356,144 | 356,144 | - | - | 221,061 | 221,061 |

| in EUR thousands | | | | | | | | |
|--|-----------|------------|------------|------------------|-----------|------------|-----------|------------------|
| 31 Dec 2023 | NLB Group | | | | NLB | | | |
| | Level 1 | Level 2 | Level 3 | Total fair value | Level 1 | Level 2 | Level 3 | Total fair value |
| Financial assets measured at amortised cost | | | | | | | | |
| - debt securities | 2,030,120 | 403,255 | 7,221 | 2,440,596 | 1,779,995 | 109,486 | - | 1,889,481 |
| - loans and advances to banks | - | 547,555 | - | 547,555 | - | 149,011 | - | 149,011 |
| - loans and advances to customers | - | - | 13,256,192 | 13,256,192 | - | - | 6,895,232 | 6,895,232 |
| - other financial assets | - | - | 165,962 | 165,962 | - | - | 101,596 | 101,596 |
| Financial liabilities measured at amortised cost | | | | | | | | |
| - deposits from banks and central banks | - | 95,657 | - | 95,657 | - | 147,379 | - | 147,379 |
| - borrowings from banks and central banks | - | 134,020 | - | 134,020 | - | 75,152 | - | 75,152 |
| - due to customers | - | 20,746,603 | - | 20,746,603 | - | 11,892,641 | - | 11,892,641 |
| - borrowings from other customers | - | - | 101,649 | 101,649 | - | - | - | - |
| - debt securities issued | 1,363,301 | - | - | 1,363,301 | 1,363,301 | - | - | 1,363,301 |
| - other financial liabilities | - | - | 357,116 | 357,116 | - | - | 198,020 | 198,020 |

6. Analysis by segment for NLB Group

a) Segments⁸

| in EUR thousands | | | | | | | | |
|---|----------------------------|--|---------------------------|-------------------------------|------------------|------------------|-------------|----------------|
| NLB Group | | | | | | | | |
| 6 months ended 30 June 2024 | Retail Banking in Slovenia | Corporate and Investment Banking in Slovenia | Strategic Foreign Markets | Financial Markets in Slovenia | Non-Core Members | Other activities | Unallocated | Total |
| Total net income | 211,007 | 89,061 | 305,139 | (577) | 903 | 4,201 | - | 609,734 |
| Net income from external customers | 122,761 | 110,416 | 310,256 | 54,384 | 600 | 5,611 | - | 604,028 |
| Intersegment net income | 88,246 | (21,355) | (5,117) | (54,961) | 303 | (1,410) | - | 5,706 |
| Net interest income | 159,416 | 65,326 | 237,822 | (902) | 539 | (1,758) | - | 460,443 |
| Net interest income from external customers | 73,760 | 91,507 | 240,567 | 54,592 | 275 | (258) | - | 460,443 |
| Intersegment net interest income | 85,656 | (26,181) | (2,745) | (55,494) | 264 | (1,500) | - | - |
| Administrative expenses | (72,019) | (31,173) | (117,066) | (5,980) | (2,309) | (25,047) | - | (253,594) |
| Depreciation and amortisation | (6,208) | (3,414) | (15,016) | (377) | (109) | (2,017) | - | (27,141) |
| Reportable segment profit/(loss) before impairment and provision charge | 132,780 | 54,474 | 173,057 | (6,934) | (1,515) | (22,863) | - | 328,999 |
| Other net gains/(losses) from equity instruments in associates and joint ventures | 1,666 | - | - | - | - | - | - | 1,666 |
| Impairment and provisions charge | (16,714) | 9,089 | 18,078 | (784) | 1,416 | (677) | - | 10,408 |
| Profit/(loss) before income tax | 117,732 | 63,563 | 191,135 | (7,718) | (99) | (23,540) | - | 341,073 |
| Owners of the parent | 117,732 | 63,563 | 182,588 | (7,718) | (99) | (23,540) | - | 332,526 |
| Non-controlling interests | - | - | 8,547 | - | - | - | - | 8,547 |
| Income tax | - | - | - | - | - | - | (40,493) | (40,493) |
| Profit for the year | | | | | | | | 292,033 |
| 30 Jun 2024 | | | | | | | | |
| Reportable segment assets | 3,902,470 | 3,468,669 | 11,163,433 | 7,568,487 | 29,543 | 468,760 | - | 26,601,362 |
| Investments in associates and joint ventures | 12,302 | - | - | - | - | - | - | 12,302 |
| Reportable segment liabilities | 9,605,308 | 2,160,872 | 9,383,241 | 2,069,879 | 1,989 | 246,469 | - | 23,467,758 |

| in EUR thousands | | | | | | | | |
|---|----------------------------|--|---------------------------|-------------------------------|------------------|------------------|-------------|----------------|
| NLB Group | | | | | | | | |
| 6 months ended 30 June 2023 | Retail Banking in Slovenia | Corporate and Investment Banking in Slovenia | Strategic Foreign Markets | Financial Markets in Slovenia | Non-Core Members | Other activities | Unallocated | Total |
| Total net income | 158,866 | 66,824 | 260,929 | 27,729 | (1,442) | 3,302 | - | 516,208 |
| Net income from external customers | 119,960 | 92,346 | 261,158 | 36,709 | (1,726) | 3,207 | - | 511,654 |
| Intersegment net income | 38,906 | (25,522) | (229) | (8,980) | 284 | 95 | - | 4,554 |
| Net interest income | 110,362 | 45,233 | 196,383 | 27,711 | 476 | (200) | - | 379,965 |
| Net interest income from external customers | 72,897 | 70,990 | 199,345 | 36,615 | 364 | (246) | - | 379,965 |
| Intersegment net interest income | 37,465 | (25,757) | (2,962) | (8,904) | 112 | 46 | - | - |
| Administrative expenses | (67,267) | (31,749) | (104,098) | (4,376) | (6,173) | (8,814) | - | (222,477) |
| Depreciation and amortisation | (5,337) | (2,619) | (13,809) | (305) | (223) | (495) | - | (22,788) |
| Reportable segment profit/(loss) before impairment and provision charge | 86,262 | 32,456 | 143,022 | 23,048 | (7,838) | (6,007) | - | 270,943 |
| Other net gains/(losses) from equity instruments in associates and joint ventures | 600 | - | - | - | - | - | - | 600 |
| Impairment and provisions charge | (15,367) | 6,859 | 16,948 | 4,214 | 1,585 | 3,540 | - | 17,779 |
| Profit/(loss) before income tax | 71,495 | 39,315 | 159,970 | 27,262 | (6,253) | (2,467) | - | 289,322 |
| Owners of the parent | 71,495 | 39,315 | 153,193 | 27,262 | (6,253) | (2,467) | - | 282,545 |
| Non-controlling interests | - | - | 6,777 | - | - | - | - | 6,777 |
| Income tax | - | - | - | - | - | - | (39,845) | (39,845) |
| Profit for the year | | | | | | | | 242,700 |
| 31 Dec 2023 | | | | | | | | |
| Reportable segment assets | 3,778,767 | 3,376,370 | 11,058,835 | 7,232,457 | 47,097 | 435,940 | - | 25,929,466 |
| Investments in associates and joint ventures | 12,519 | - | - | - | - | - | - | 12,519 |
| Reportable segment liabilities | 9,381,016 | 2,512,801 | 9,329,079 | 1,540,000 | 3,419 | 227,680 | - | 22,993,995 |

Segment reporting is presented in accordance with the strategy on the basis of the organisational structure used in management reporting of NLB Group's results. NLB Group's segments are business units that focus on different customers and markets. They are managed separately because each business unit requires different strategies and service levels.

The business activities of the parent bank (NLB) are divided into several segments. Interest income and expenses are reallocated between segments on the basis of fund transfer prices (FTP). Other NLB Group members are, based on their business activity, included in only one segment except NLB Lease&Go, leasing, Ljubljana, which is according to its business activities divided into two segments.

The segments of NLB Group are divided into core and non-core segments.

⁸ N Banka is included as an independent legal entity in segment analysis for the year 2023 until 1 September 2023 when the legal and operational merger between N Banka and NLB was successfully completed.

The core segments are the following:

- Retail Banking in Slovenia covers individuals and micro companies, asset management (NLB Skladi), and the part of NLB Lease&Go, leasing, Ljubljana operating with retail clients, as well as the part of the result contributed by the associated company Bankart.
- Corporate and Investment Banking in Slovenia covers Key Corporate Clients, SMEs, Cross-border corporate financing, Investment Banking and Custody, Restructuring and Workout, and the part of NLB Lease&Go, leasing, Ljubljana operating with corporate clients.
- Strategic Foreign Markets consist of strategic banks in the Group operating in the strategic markets (Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro), as well as the investment company KomBank Invest, Beograd, NLB DigIT, Beograd, NLB Lease&Go Skopje, NLB Lease&Go Leasing Beograd and newly acquired Generali Investments, Skopje.
- Financial Markets in Slovenia include treasury activities and trading with financial instruments, while also presenting the results of asset and liability management (ALM).
- Other activities include categories whose operating results cannot be allocated to specific segments, as well as NLB Cultural Heritage Management Institute and also Real Estate entities from 2024 (the latter were previously in the non-core segment).

Non-Core Members include the operations of non-core NLB Group members, i.e. entities in liquidation, NLB Srbija, and NLB Crna Gora.

NLB Group is primarily a financial group, and net interest income represents the majority of its net revenues. NLB Group's main indicator of a segment's efficiency is net profit before tax. No revenues were generated from transactions with a single external customer that would amount to 10% or more of NLB Group's revenues.

b) Geographical information

| NLB Group | in EUR thousands | | | | | | | |
|-------------------------------|------------------|----------------|----------------|----------------|--------------------|----------------|-------------------|-------------------|
| | Revenues | | Net income | | Non-current assets | | Total assets | |
| | 6 months ended | | 6 months ended | | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| June 2024 | June 2023 | June 2024 | June 2023 | | | | | |
| Slovenia | 417,935 | 325,373 | 293,037 | 253,221 | 159,530 | 160,574 | 15,417,340 | 14,851,067 |
| South East Europe | 372,771 | 305,119 | 310,490 | 260,612 | 224,342 | 223,185 | 11,177,424 | 11,072,317 |
| <i>Bosnia and Herzegovina</i> | 57,804 | 48,431 | 49,194 | 39,321 | 38,642 | 38,861 | 1,993,946 | 1,934,891 |
| <i>Croatia</i> | - | - | - | (369) | - | - | 1,160 | 1,194 |
| <i>Kosovo</i> | 37,757 | 32,011 | 30,319 | 26,941 | 13,696 | 13,810 | 1,233,089 | 1,229,426 |
| <i>Montenegro</i> | 32,715 | 28,368 | 27,102 | 23,193 | 22,156 | 23,163 | 874,199 | 928,913 |
| <i>North Macedonia</i> | 62,471 | 53,083 | 52,185 | 43,696 | 34,248 | 34,276 | 1,886,151 | 1,895,297 |
| <i>Serbia</i> | 182,024 | 143,226 | 151,690 | 127,830 | 115,600 | 113,075 | 5,188,879 | 5,082,596 |
| Western Europe | 112 | - | 501 | (2,179) | 10 | 27 | 18,900 | 18,601 |
| <i>Germany</i> | - | - | 28 | 47 | 10 | 27 | 706 | 552 |
| <i>Switzerland</i> | 112 | - | 473 | (2,226) | - | - | 18,194 | 18,049 |
| Total | 790,818 | 630,492 | 604,028 | 511,654 | 383,882 | 383,786 | 26,613,664 | 25,941,985 |

The geographical analysis includes a breakdown of items with respect to the country in which individual NLB Group members are located.

7. Related-party transactions

Related-party transactions with Management Board and other key management personnel, their family members and companies these related parties have control, joint control or significant influence

A number of banking transactions are entered into with related parties within regular course of business. The volume of related-party transactions and the outstanding balances are as follows:

| in EUR thousands | | | | | | | | | |
|---|---|-------------|---|-------------|--|-------------|-------------------|-------------|--|
| | Management Board and other key management personnel | | Family members of the Management Board and other key management personnel | | Companies in which members of the Management Board, key management personnel, or their family members have control, joint control or a significant influence | | Supervisory Board | | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 | |
| NLB Group | | | | | | | | | |
| Loans and deposits issued | 1,880 | 1,855 | 521 | 444 | - | - | 15 | 24 | |
| Deposits received | 2,951 | 2,367 | 1,123 | 1,153 | 440 | 272 | 464 | 417 | |
| Other financial liabilities | - | 1 | - | - | 9 | 12 | - | - | |
| Other financial liabilities measured at fair value through profit or loss | 4,385 | 2,075 | - | - | - | - | - | - | |
| Other operating liabilities | 15,032 | 11,066 | - | - | - | - | - | - | |
| Guarantees issued and loan commitments | 305 | 287 | 71 | 64 | - | - | 15 | 14 | |
| NLB | | | | | | | | | |
| Loans and deposits issued | 1,879 | 1,854 | 521 | 444 | - | - | 15 | 24 | |
| Deposits received | 2,936 | 2,357 | 1,123 | 1,153 | 440 | 272 | 464 | 417 | |
| Other financial liabilities | - | 1 | - | - | 9 | 12 | - | - | |
| Other financial liabilities measured at fair value through profit or loss | 4,385 | 1,975 | - | - | - | - | - | - | |
| Other operating liabilities | 15,046 | 11,080 | - | - | - | - | - | - | |
| Guarantees issued and loan commitments | 299 | 279 | 71 | 64 | - | - | 15 | 14 | |
| | 6 months ended | | 6 months ended | | 6 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 | June 2024 | June 2023 | |
| NLB Group | | | | | | | | | |
| Interest income | 30 | 26 | 10 | 8 | - | - | - | 1 | |
| Interest expenses | (16) | (14) | (3) | (3) | - | - | (2) | (2) | |
| Fee income | 10 | 7 | 5 | 4 | 1 | 1 | 1 | - | |
| Other income | 9 | 6 | - | - | - | - | - | - | |
| Other expenses | - | - | - | - | (54) | (45) | - | - | |
| NLB | | | | | | | | | |
| Interest income | 30 | 26 | 10 | 8 | - | - | - | 1 | |
| Interest expenses | (16) | (14) | (3) | (3) | - | - | (2) | (2) | |
| Fee income | 10 | 7 | 5 | 4 | 1 | 1 | 1 | - | |
| Other income | 9 | 6 | - | - | - | - | - | - | |
| Other expenses | - | - | - | - | (54) | (45) | - | - | |

Key management compensation – payments in the period

| in EUR thousands | | | | | |
|-----------------------------|------------------|--------------|--------------------------------|--------------|--|
| | Management Board | | Other key management personnel | | |
| | 6 months ended | | 6 months ended | | |
| | June 2024 | June 2023 | June 2024 | June 2023 | |
| NLB Group and NLB | | | | | |
| Short-term benefits | 1,809 | 1,540 | 3,666 | 3,322 | |
| Cost refunds | 4 | 5 | 60 | 56 | |
| Long-term bonuses | - | - | 183 | 120 | |
| - severance pay | - | - | 91 | 81 | |
| - other benefits | 9 | 9 | 2,361 | 1,252 | |
| - variable part of payments | 951 | 299 | 2,361 | 1,252 | |
| Total | 2,773 | 1,853 | 6,361 | 4,831 | |

Short-term benefits include:

- monetary benefits (gross salaries, supplementary insurance, holiday allowances, other bonuses); and
- non-monetary benefits (company cars, health care, residential facilities, etc.).

The reimbursement of cost comprises food allowances, travel expenses and use of own resources.

Related-party transactions with subsidiaries, associates and joint ventures

| in EUR thousands | | | | | |
|--|-----------------------|-------------|-----------------------|-------------|--|
| | NLB Group | | | | |
| | Associates | | Joint ventures | | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 | |
| Loans and deposits issued | 3 | 10 | - | - | |
| Deposits received | 8,205 | 6,168 | 1,469 | 1,451 | |
| Other financial assets | 3 | 7 | - | 1 | |
| Other financial liabilities | 263 | 1,460 | - | - | |
| Guarantees issued and loan commitments | 37 | 30 | - | - | |
| | 6 months ended | | 6 months ended | | |
| | June | June | June | June | |
| | 2024 | 2023 | 2024 | 2023 | |
| Interest income | - | 20 | - | 1 | |
| Interest expenses | - | - | (22) | (17) | |
| Fee income | 4 | 3 | - | - | |
| Fee expenses | (8,057) | (6,450) | - | - | |
| Other income | 21 | 22 | 2 | 3 | |
| Other expenses | (339) | (345) | - | - | |

| in EUR thousands | | | | | | |
|--|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|
| | NLB | | | | | |
| | Subsidiaries | | Associates | | Joint ventures | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| Loans and deposits issued | 594,376 | 480,446 | 3 | 10 | - | - |
| Loans and deposits received | 257,603 | 104,949 | 8,205 | 6,168 | 377 | 395 |
| Derivatives | | | | | | |
| Fair value | 1,150 | 54 | - | - | - | - |
| Contractual amount | 257,636 | 298,290 | - | - | - | - |
| Other financial assets | 12,649 | 2,058 | 3 | 7 | - | - |
| Other financial liabilities | 4,296 | 4,615 | 5 | 1,340 | - | - |
| Guarantees issued and loan commitments | 54,851 | 87,094 | 37 | 30 | - | - |
| Received loan commitments and financial guarantees | 10,923 | 10,741 | - | - | - | - |
| | 6 months ended | | 6 months ended | | 6 months ended | |
| | June | June | June | June | June | June |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Interest income | 13,972 | 10,350 | - | 20 | - | 1 |
| Interest expenses | (4,746) | (2,923) | - | - | - | - |
| Fee income | 7,023 | 4,885 | 4 | 3 | - | - |
| Fee expenses | (1) | (1) | (6,290) | (4,871) | - | - |
| Other income | 1,064 | 1,063 | 21 | 22 | 1 | 1 |
| Other expenses | (3,081) | (2,451) | (336) | (322) | - | - |
| Gains less losses from financial assets and liabilities held for trading | (2,479) | (274) | - | - | - | - |
| Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss | 417 | 725 | - | - | - | - |

Related-party transactions with major shareholder with significant influence

| in EUR thousands | | | | |
|---|-------------|-------------|-------------|-------------|
| Shareholder | NLB Group | | NLB | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| Loans and deposits issued | 13,836 | 13,384 | 13,836 | 13,384 |
| Investments in securities | 720,648 | 577,529 | 699,001 | 516,926 |
| Other financial assets | 102 | 65 | 102 | 65 |
| Other financial liabilities | 140 | 20 | 140 | 20 |
| Guarantees issued and loan commitments | 1,419 | 1,466 | 1,419 | 1,466 |
| 6 months ended | | | | |
| | June 2024 | June 2023 | June 2024 | June 2023 |
| Interest income | 5,467 | 4,033 | 5,091 | 3,435 |
| Interest expenses | - | (21) | - | (21) |
| Fee income | 647 | 260 | 647 | 260 |
| Fee expenses | (12) | (11) | (12) | (11) |
| Other income | 124 | 145 | 124 | 145 |
| Other expenses | (1) | (3) | (1) | (3) |
| Gains less losses from financial assets and liabilities not measured at fair value through profit or loss | - | (609) | - | (609) |

NLB Group discloses all transactions with the major shareholder with significant influence. For transactions with other government-related entities, NLB Group discloses individually significant transactions above EUR 40 million and their business accounts balances.

| in EUR thousands | | | | |
|--|--|-----------------|--|-----------------|
| NLB Group and NLB | Amount of significant transactions concluded during the period | | Number of significant transactions concluded during the period | |
| | 6 months ended | 12 months ended | 6 months ended | 12 months ended |
| | June 2024 | December 2023 | June 2024 | December 2023 |
| Guarantees issued and loan commitments | - | 50,000 | - | 1 |

| in EUR thousands | | | | |
|--|--|-------------|---|-------------|
| NLB Group and NLB | Balance of all significant transactions at end of the period | | Number of significant transactions at end of the period | |
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| | Loans | 371,548 | 406,005 | 7 |
| Debt securities measured at amortised cost | 62,273 | 64,132 | 1 | 1 |
| Borrowings, deposits and business accounts | 96,124 | 30,399 | 1 | 3 |
| Guarantees issued and loan commitments | 152,500 | 152,500 | 2 | 2 |

| in EUR thousands | | |
|---|---|-----------|
| NLB Group and NLB | Effects in the income statement during the period | |
| | 6 months ended | |
| | June 2024 | June 2023 |
| Interest income from loans | 9,177 | 7,749 |
| Fees and commissions income | 18 | 35 |
| Interest income from debt securities measured at amortised cost and net valuation effects from hedge accounting | 770 | 456 |

8. Subsidiaries

NLB Group's subsidiaries as at 30 June 2024:

| | Nature of Business | Country of Incorporation | in % | | | |
|--|------------------------------|--------------------------|--------------|---------------|--------------|---------------|
| | | | NLB Group | | NLB | |
| | | | Shareholding | Voting rights | Shareholding | Voting rights |
| Core members | | | | | | |
| NLB Banka a.d., Skopje | Banking | North Macedonia | 86.97 | 86.97 | 86.97 | 86.97 |
| NLB Banka a.d., Podgorica | Banking | Montenegro | 99.87 | 99.87 | 99.87 | 99.87 |
| NLB Banka a.d., Banja Luka | Banking | Bosnia and Herzegovina | 99.85 | 99.85 | 99.85 | 99.85 |
| NLB Banka sh.a., Prishtina | Banking | Kosovo | 82.38 | 82.38 | 82.38 | 82.38 |
| NLB Banka d.d., Sarajevo | Banking | Bosnia and Herzegovina | 97.34 | 97.35 | 97.34 | 97.35 |
| NLB Komercijalna banka a.d. Beograd | Banking | Serbia | 100 | 100 | 100 | 100 |
| KomBank Invest a.d. Beograd | Finance | Serbia | 100 | 100 | - | - |
| NLB Skladi d.o.o., Ljubljana | Finance | Slovenia | 100 | 100 | 100 | 100 |
| Generali Investments a.d. Skopje | Finance | North Macedonia | 100 | 100 | - | - |
| NLB Lease&Go, leasing d.o.o., Ljubljana | Finance | Slovenia | 100 | 100 | 100 | 100 |
| NLB Lease&Go, d.o.o. Skopje** | Finance | North Macedonia | 100 | 100 | - | - |
| NLB Lease&Go leasing d.o.o. Beograd*** | Finance | Serbia | 99.64 | 99.64 | - | - |
| NLB Zavod za upravljanje kulturne dediščine, Ljubljana | Cultural heritage management | Slovenia | 100 | 100 | 100 | 100 |
| NLB DigIT d.o.o., Beograd | IT services | Serbia | 100 | 100 | 100 | 100 |
| NLB Real Estate d.o.o., Podgorica | Real estate | Montenegro | 100 | 100 | 100 | 100 |
| NLB Real Estate d.o.o., Beograd | Real estate | Serbia | 100 | 100 | 100 | 100 |
| NLB Real Estate d.o.o., Ljubljana | Real estate | Slovenia | 100 | 100 | 100 | 100 |
| Non-core members | | | | | | |
| NLB Leasing d.o.o., Ljubljana - v likvidaciji* | Finance | Slovenia | 100 | 100 | - | - |
| NLB Crna Gora d.o.o., Podgorica | Finance | Montenegro | 100 | 100 | 100 | 100 |
| NLB InterFinanz AG, Zürich in Liquidation | Finance | Switzerland | 100 | 100 | 100 | 100 |
| NLB InterFinanz d.o.o., Beograd | Finance | Serbia | 100 | 100 | - | - |
| LHB AG, Frankfurt | Finance | Germany | 100 | 100 | 100 | 100 |
| PRO-REM d.o.o., Ljubljana - v likvidaciji**** | Real estate | Slovenia | 100 | 100 | - | - |
| OL Nekretnine d.o.o., Zagreb - u likvidaciji | Real estate | Croatia | 100 | 100 | - | - |
| NLB Srbija d.o.o., Beograd | Real estate | Serbia | 100 | 100 | 100 | 100 |
| Privatinvest d.o.o., Ljubljana***** | Real estate | Slovenia | 100 | 100 | 100 | 100 |

*Until 30 June 2024 in 100% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana; as at 1 July 2024 ceased to exist due to merged with NLB Lease&Go, leasing, d.o.o., Ljubljana.

**51% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 49% ownership of NLB Banka a.d., Skopje.

***50.73% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 48.91% ownership of NLB Komercijalna banka a.d. Beograd.

****100% ownership of NLB Real Estate d.o.o., Ljubljana.

*****On 1 July 2024 ceased to exist due to merged with NLB Real Estate d.o.o., Ljubljana.

NLB Group's subsidiaries as at 31 December 2023:

| | Nature of Business | Country of Incorporation | in % | | | |
|--|------------------------------|--------------------------|--------------|---------------|--------------|---------------|
| | | | NLB Group | | NLB | |
| | | | Shareholding | Voting rights | Shareholding | Voting rights |
| Core members | | | | | | |
| NLB Banka a.d., Skopje | Banking | North Macedonia | 86.97 | 86.97 | 86.97 | 86.97 |
| NLB Banka a.d., Podgorica | Banking | Montenegro | 99.87 | 99.87 | 99.87 | 99.87 |
| NLB Banka a.d., Banja Luka | Banking | Bosnia and Herzegovina | 99.85 | 99.85 | 99.85 | 99.85 |
| NLB Banka sh.a., Prishtina | Banking | Kosovo | 82.38 | 82.38 | 82.38 | 82.38 |
| NLB Banka d.d., Sarajevo | Banking | Bosnia and Herzegovina | 97.34 | 97.35 | 97.34 | 97.35 |
| NLB Komercijalna banka a.d. Beograd | Banking | Serbia | 100 | 100 | 100 | 100 |
| KomBank Invest a.d. Beograd | Finance | Serbia | 100 | 100 | - | - |
| NLB Skladi d.o.o., Ljubljana | Finance | Slovenia | 100 | 100 | 100 | 100 |
| NLB Lease&Go, leasing d.o.o., Ljubljana | Finance | Slovenia | 100 | 100 | 100 | 100 |
| NLB Lease&Go, d.o.o. Skopje** | Finance | North Macedonia | 100 | 100 | - | - |
| NLB Lease&Go leasing d.o.o. Beograd*** | Finance | Serbia | 99.64 | 99.64 | - | - |
| NLB Zavod za upravljanje kulturne dediščine, Ljubljana | Cultural heritage management | Slovenia | 100 | 100 | 100 | 100 |
| NLB DigIT d.o.o., Beograd | IT services | Serbia | 100 | 100 | 100 | 100 |
| Non-core members | | | | | | |
| NLB Leasing d.o.o., Ljubljana - v likvidaciji* | Finance | Slovenia | 100 | 100 | - | - |
| NLB Crna Gora d.o.o., Podgorica | Finance | Montenegro | 100 | 100 | 100 | 100 |
| NLB InterFinanz AG, Zürich in Liquidation | Finance | Switzerland | 100 | 100 | 100 | 100 |
| NLB InterFinanz d.o.o., Beograd | Finance | Serbia | 100 | 100 | - | - |
| LHB AG, Frankfurt | Finance | Germany | 100 | 100 | 100 | 100 |
| REAM d.o.o., Podgorica | Real estate | Montenegro | 100 | 100 | 100 | 100 |
| REAM d.o.o., Beograd - Novi Beograd | Real estate | Serbia | 100 | 100 | 100 | 100 |
| S-REAM d.o.o., Ljubljana | Real estate | Slovenia | 100 | 100 | 100 | 100 |
| PRO-REM d.o.o., Ljubljana - v likvidaciji | Real estate | Slovenia | 100 | 100 | - | - |
| OL Nekretnine d.o.o., Zagreb - u likvidaciji | Real estate | Croatia | 100 | 100 | - | - |
| NLB Srbija d.o.o., Beograd | Real estate | Serbia | 100 | 100 | 100 | 100 |
| Privatinvest d.o.o., Ljubljana | Real estate | Slovenia | 100 | 100 | 100 | 100 |

*100% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana.

**51% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 49% ownership of NLB Banka a.d., Skopje.

***50.73% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 48.91% ownership of NLB Komercijalna banka a.d. Beograd.

9. Events after the end of the reporting period

NLB has, based on the obtained permission of the Single Resolution Board, redeem its senior preferred notes in the aggregate nominal amount of EUR 300 million, issued on 19 July 2022 and with maturity on 19 July 2025 (ISIN code XS2498964209), before their maturity. Pursuant to the terms and condition of the notes the early repayment of principal and accrued and unpaid interest was made on the second anniversary of the issuance, being 19 July 2024.

Glossary of Terms and Definitions

| | |
|-------|--|
| AC | Amortised Cost |
| ALCO | Asset-Liability Committee |
| ALM | Asset and Liability Management |
| API | Alternative Performance Indicators |
| AT1 | Additional Tier 1 capital |
| AVA | Additional Valuation Adjustments |
| BiH | Bosnia and Herzegovina |
| BoS | Bank of Slovenia |
| bps | Basis Points |
| CB | Central Bank |
| CBR | Combined Buffer Requirement |
| CC | Contact Centre |
| CEO | Chief Executive Officer |
| CET1 | Common Equity Tier 1 |
| CFO | Chief Financial Officer |
| CMO | Chief Marketing Officer |
| CRO | Chief Risk Officer |
| CIR | Cost-to-Income Ratio |
| CoC | Cost of Capital |
| CoR | Cost of Risk |
| CRE | Commercial Real Estate |
| CRR | Capital Requirement Regulation |
| CSD | Central Security Depository |
| CSRD | Corporate Sustainable Reporting Directive |
| CVA | Credit Value Adjustment |
| DGS | Deposit Guarantee Scheme |
| DSCR | Debt Service Coverage Ratio |
| EBA | European Banking Authority |
| EBRD | European Bank for Reconstruction and Development |
| ECB | European Central Bank |
| ECL | Expected Credit Losses |
| ESI | Economic Sentiment Indicator |
| ESG | Environmental, Social and Governance |
| ESRS | European sustainability reporting standards |
| EVE | Economic Value of Equity |
| FTP | Fund Transfer Price |
| FVOCI | Fair Value Through Other Comprehensive Income |
| FVTPL | Fair Value Through Profit or Loss |
| FX | Foreign Exchange |
| GDP | Gross Domestic Product |
| GDR | Global Depository Receipts |
| HICP | Harmonised Index of Consumer Prices |
| HQLA | High-Quality Liquid Assets |
| IAS | International Accounting Standard |
| ICAAP | Internal Capital Adequacy Assessment Process |

| | |
|----------------------------|---|
| IFRS | International Financial Reporting Standard |
| ILAAP | Internal Liquidity Adequacy Assessment Process |
| IRS | Interest Rate Swaps |
| IVS | International Valuation Standards |
| KPI | Key Performance Indicator |
| LCR | Liquidity Coverage Ratio |
| LRE | Leverage Ratio Exposure |
| LTD | Loan-to-Deposit Ratio |
| LTV | Loan-to-value |
| M&A | Mergers and Acquisitions |
| MPE | Multiple Point of Entry |
| MREL | Minimum Requirement for Own Funds and Eligible Liabilities |
| MS | Mid-Swap Rate |
| NBS | National Bank of Serbia |
| NFC | Non-Financial Corporation |
| NII | Net Interest Income |
| NLB or the Bank | NLB d.d., Ljubljana |
| NPE | Non-Performing Exposures |
| NPL | Non-Performing Loans |
| NSFR | Net Stable Funding Ratio |
| OBM | Operational Business Margin |
| OCI | Other Comprehensive Income |
| OCR | Overall Capital Requirement |
| O-SII | Other Systemically Important Institution |
| P1R | Pillar 1 Requirements |
| P2eM | Person to e-Merchant |
| P2G | Pillar 2 Guidance |
| P2R | Pillar 2 Requirements |
| PMI | Purchasing Managers' Index |
| p.p. | Percentage point(s) |
| PRS | Preferred Resolution Strategy |
| P&L | Profit and Loss |
| ROA | Return on Assets |
| ROE | Return on Equity |
| RoS | Republic of Slovenia |
| RWA | Risk Weighted Assets |
| SEE | South-Eastern Europe |
| SEE banking members | NLB Group members in the following countries: Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro |
| SICR | Significant increase in Credit Risk |
| SME | Small and Medium-sized Enterprises |
| SPPI | Solely Payments of Principal and Interest |
| SREP | Supervisory Review and Evaluation Process |
| SRF | Single Resolution Fund |
| T1 | Tier 1 Capital |
| TCR | Total Capital Ratio |
| TDI | Traded Debt Instruments |
| The Group | NLB Group |

| | |
|----------------|---|
| TREA | Total Risk Exposure Amount |
| TSCR | Total SREP Capital Requirement |
| UNEP FI | United Nations Environment Programme Finance Initiative |