



Building on advantages of our homecourt

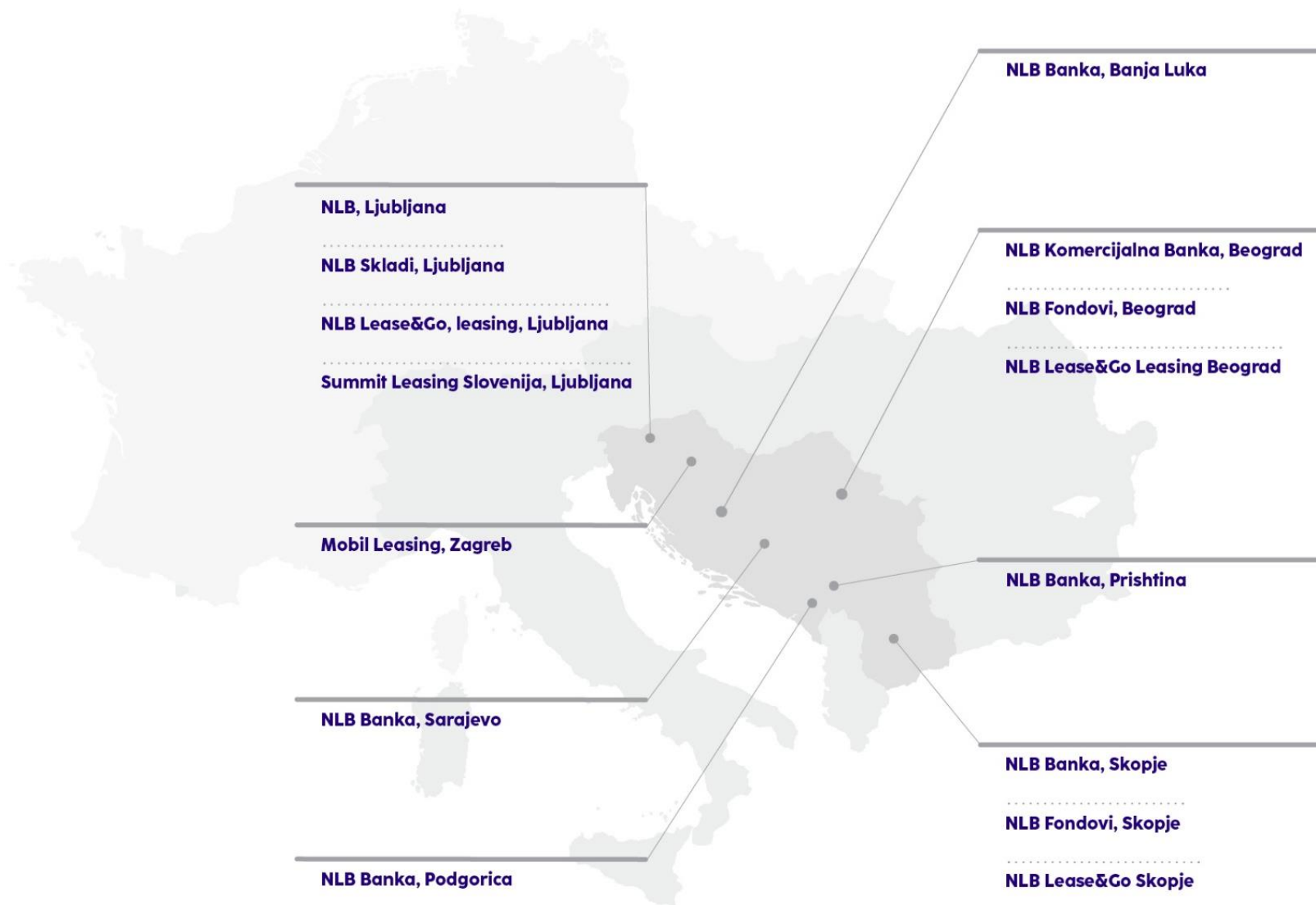
NLB Group Interim Report for the First Nine Months of 2024

NLB

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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 (in EUR millions)	427.5	374.3	120.0	53.5	23.9	11.5	28.7	22.0
Total assets (in EUR millions)	27,243.4	16,964.5	5,327.4	1,965.5	1,132.6	962.0	1,301.2	1,016.9
RoE a.t.	18.6%	21.0%	18.6%	24.7%	27.6%	15.2%	25.4%	23.7%
Net interest margin	3.65%	2.90%	4.82%	4.08%	3.69%	3.17%	4.19%	5.13%
CIR (cost/income ratio) ⁽ⁱ⁾	43.2%	30.7%	39.6%	38.5%	38.3%	53.0%	29.2%	42.1%
LTD	73.6%	70.0%	73.4%	82.9%	67.9%	78.2%	91.3%	76.8%
NPL ratio	1.6%	1.2%	0.6%	2.5%	0.8%	1.9%	1.9%	2.3%
Branches (#)	409	69	162	48	41	34	34	21
Active clients (#)	2,927,994	726,261	1,045,646	466,162	217,719	132,718	243,499	95,989
Market share by total assets ⁽ⁱⁱ⁾	-	31.4%	9.9%	15.4%	20.9% ⁽ⁱⁱⁱ⁾	5.9% ⁽ⁱⁱⁱ⁾	16.7%	14.6%

(i) Tax on balance sheet excluded from the 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 30 June 2024.

NLB Group at a Glance

Key Highlights

Financial Performance

Interest income, fee income generating products and recent leasing acquisition support the Group's results.

- In the first nine months of 2024, the Group generated EUR 427.5 million in **profit after tax**, reflecting a 10% YoY increase.
- **Net interest income** rose by 15% YoY and by 2% QoQ. The YoY rise in interest income was driven by a robust combination of volume growth and margin, while QoQ growth was primarily due to the newly acquired SLS Group. **Net interest margin** was higher by 0.24 pp YoY at 3.65%, although a downward trend was noted due to the declining ECB's key interest rate.
- The Group's **gross loans to customers** increased by 14% or EUR 2,007.8 million YtD, with EUR 876.1 million attributed to the acquisition of the SLS Group. Excluding this acquisition, the Group recorded an 8% YtD growth in gross loans, with an increase of EUR 660.6 million in loans to individuals and EUR 415.8 million to corporate clients.
- The **deposit base** grew by EUR 641.2 million YtD, driven by a steady growth in deposits from individuals (4% or EUR 614.0 million). Meanwhile, the deposits from corporate clients rebounded in Q3, showing a quarterly growth of 10% after a noticeable decline in the first half of the year.
- The **net fee and commission income** increased by 13% YoY, benefitting from the favourable impact of economic activity, increased engagement in investment funds and bancassurance, and renegotiated conditions with the service providers.

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 Group's **strategic focus on leasing and asset management** is evident through its presence in three major markets: **Slovenia, Serbia, and North Macedonia**. In September 2024, the Group expanded its leasing operations by acquiring the **SLS Group**, including its leasing subsidiaries in Slovenia (Summit Leasing Slovenija, Ljubljana) and Croatia (Mobil Leasing, Zagreb), marking its **entry into the Croatian market**. Earlier, in May 2024, the Group completed a strategic acquisition in asset management in North Macedonia, further strengthening its operations in this area of business.

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 with no material impacts from the acquisition of the SLS Group**. 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 63.5%. The Group carefully monitors potentially vulnerable segments to detect any significant increase in credit risk at a very early stage.
- A **net release of impairments and provisions** for credit risk of EUR 0.6 million in Q3 2024 was influenced by the repayments (EUR 4.1 million) and changes in risk parameters (EUR 1.4 million), even though additional provisions (EUR 4.8 million), mostly in retail, were established.
- The **cost of risk** was negative -12 bps cumulatively as a result of written-off repayments, changes in risk parameters and portfolio development.

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 14.9%, Tier 1 at 15.4%, and TCR at 18.6%).
- 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 (34.8%), despite the acquisition of the SLS Group.
- The Group's **deposits from private individuals** represent the major and most stable funding source. 81% of retail deposits and 66% of total deposits are insured by deposit guarantee schemes. Deposits from private individuals were growing (a 4% YtD and 6% YoY growth), demonstrating strong client confidence in the Group.
- A very comfortable level of **LTD** at 73.6% gives the Group plenty of growth potential.

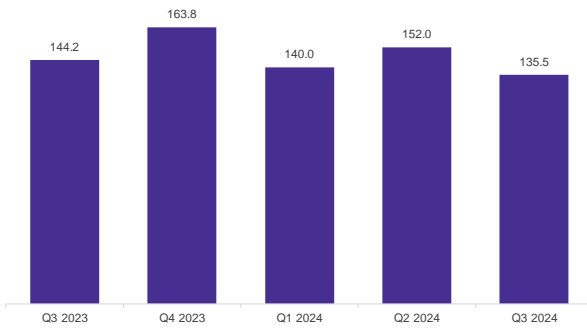
Outlook

Revenue guidance reaffirmed with strong(er) loan growth and a downward adjustment in interest rate expectations. CIR in 2025 is transitionally expected to be around 48% on the back of SLS Group cost base, updated interest rate expectations and investments into digital transformation.

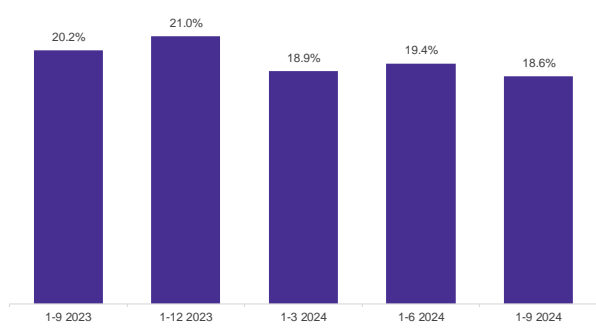
- **Strong loan growth in 2024** will materialise in low double-digit organic (excluding contribution from the SLS Group) growth.
 - Envisaging regular seasonality in the Q4 cost, attributable to year-end bonuses and other costs, **CIR in 2024 should end up at around the guided level.**
 - Despite the strong loan growth envisaged for the full year 2024, **the Bank is maintaining its revenue guidance for both 2024 and 2025.** Market expectations for the interest rates in the eurozone have recently trended lower, leading the Bank to adjust its yield curve forecast downwards.
 - Including the cost base of the SLS Group, the newest addition to the NLB Group, coupled with the adjusted interest rate forecast and digital transformation, **the CIR in 2025 is transitionally expected to be around 48%.**
-

Key Figures

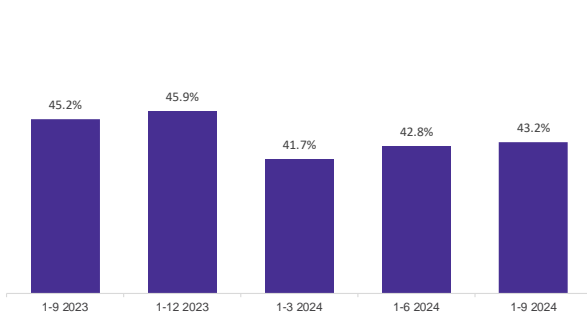
Profit a.t. - quarterly (in EUR millions)



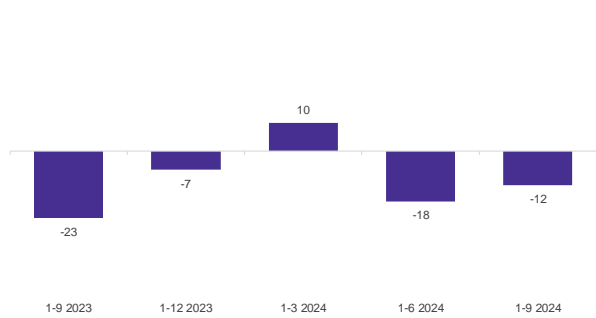
ROE a.t. (in %)



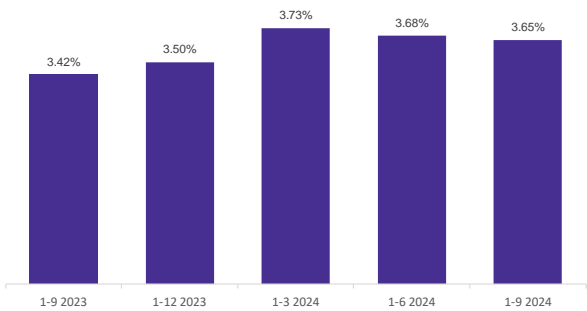
Cost to income ratio - CIR (in %) ⁽ⁱ⁾



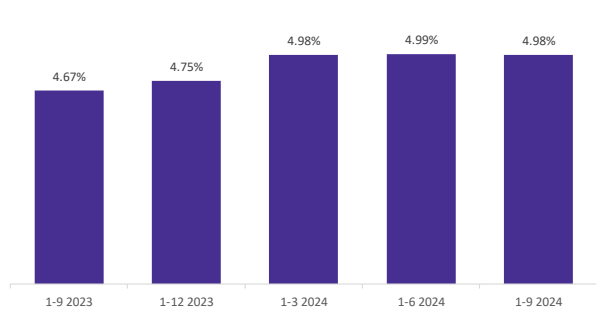
Cost of risk net (in bps)



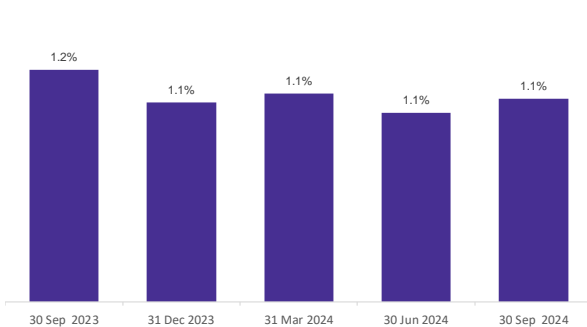
Net interest margin (in %)



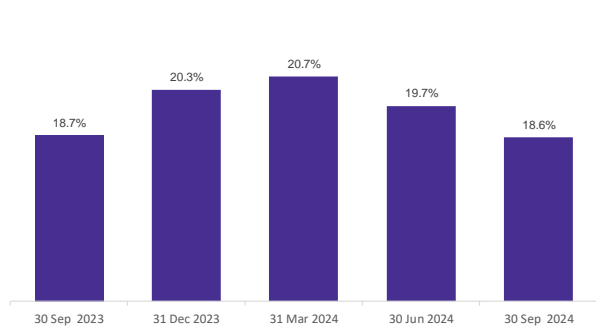
Operational business margin (in %)



NPE ratio - EBA def. (in %)



Total capital ratio (in %)



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

Key Financial Indicators

Table 1: Key Financial Indicators of the NLB Group

in EUR millions / % / bps							
	1-9 2024	1-9 2023	Change YoY	Q3 2024	Q2 2024	Q3 2023	Change QoQ
Key Income Statement Data							
Net operating income	924.0	800.8	15%	320.0	305.9	289.2	5%
Net interest income	694.2	601.5	15%	233.7	228.3	221.5	2%
Net non-interest income	229.8	199.4	15%	86.2	77.7	67.7	11%
Total costs	-423.7	-361.6	-17%	-148.7	-142.7	-120.9	-4%
Result before impairments and provisions	500.3	439.2	14%	171.3	163.2	168.2	5%
Impairments and provisions	7.8	13.9	-44%	-2.6	15.1	-3.8	-
Impairments and provisions for credit risk	12.3	26.8	-54%	0.6	16.0	-3.1	-96%
Other impairments and provisions	-4.5	-12.8	65%	-3.2	-1.0	-0.7	-
Result after tax	427.5	386.9	10%	135.5	152.0	144.2	-11%
Key Financial Indicators							
Return on equity after tax (ROE a.t.)	18.6%	20.2%	-1.6 p.p.				
Return on equity after tax (ROE a.t.) normalized ⁽ⁱ⁾	29.0%	27.6%	1.4 p.p.				
Return on assets after tax (ROA a.t.)	2.2%	2.1%	0.1 p.p.				
Net interest margin (on interest bearing assets)	3.65%	3.42%	0.24 p.p.				
Net interest margin (on total assets - BoS ratio)	3.52%	3.29%	0.23 p.p.				
Operational business margin ⁽ⁱⁱ⁾	4.98%	4.67%	0.31 p.p.				
Cost to income ratio (CIR) ⁽ⁱⁱⁱ⁾	43.2%	45.2%	-2.0 p.p.				
Cost of risk net (bps) ^(iv)	-12	-23	12				
Key Financial Position Statement Data							
	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change YTD	Change YoY	Change QoQ
Total assets	27,243.4	26,613.7	25,942.0	25,278.0	5%	8%	2%
Gross loans to customers	16,071.4	14,726.7	14,063.6	13,990.2	14%	15%	9%
Net loans to customers	15,739.3	14,399.3	13,734.6	13,666.1	15%	15%	9%
Deposits from customers	21,373.9	20,693.8	20,732.7	20,289.1	3%	5%	3%
Equity (w/without non-controlling interests)	3,242.1	3,081.3	2,882.9	2,734.9	12%	19%	5%
Other Key Financial Indicators							
LTD ^(v)	73.6%	69.6%	66.2%	67.4%	7.4 p.p.	6.3 p.p.	4.1 p.p.
Common Equity Tier 1 Ratio	14.9%	15.8%	16.4%	14.7%	-1.5 p.p.	0.2 p.p.	-0.9 p.p.
Tier 1 Ratio	15.4%	16.3%	16.9%	15.3%	-1.6 p.p.	0.1 p.p.	-0.9 p.p.
Total capital ratio	18.6%	19.7%	20.3%	18.7%	-1.7 p.p.	-0.1 p.p.	-1.1 p.p.
Total risk exposure amount (RWA)	17,064.0	16,017.2	15,337.2	14,919.0	1%	14%	7%
NPL volume ^(vi)	321.3	303.4	300.5	312.5	7%	7%	6%
NPL coverage ratio 1 ^(vii)	103.8%	108.4%	110.0%	103.9%	-6.2 p.p.	-0.1 p.p.	-4.6 p.p.
NPL coverage ratio 2 ^(viii)	63.5%	66.7%	64.6%	63.0%	-1.1 p.p.	0.5 p.p.	-3.2 p.p.
NPL ratio (internal def.) ^(ix)	1.6%	1.5%	1.5%	1.6%	0.1 p.p.	0.0 p.p.	0.1 p.p.
Net NPL ratio (internal def.) ^(x)	0.6%	0.5%	0.5%	0.6%	0.1 p.p.	0.0 p.p.	0.1 p.p.
NPL ratio (EBA def.) ^(xi)	2.0%	2.1%	2.1%	2.2%	-0.1 p.p.	-0.2 p.p.	-0.1 p.p.
NPE ratio (EBA def.) ^(xii)	1.1%	1.1%	1.1%	1.2%	0.0 p.p.	-0.1 p.p.	0.0 p.p.
Employees							
Number of employees	8,343	8,049	7,982	8,078	361	265	294
International credit ratings NLB							
	30 Sep 2024	30 Jun 2024	Outlook				
Standard & Poor's	BBB	BBB	Stable				
Moody's ^(xiii)	A3	A3	Positive				

(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 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 that took place in Q2 2024. Without the annualisation of cumulative effects from changes in risk parameters, the CoR for the period 1-9 2024 would stand at 0 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	<ul style="list-style-type: none"> • Tier 2 Notes: The Bank issued 10NC5 subordinated Tier 2 notes in the amount of EUR 300 million. In parallel, the Bank conducted a liability management exercise (LME) repurchasing EUR 219.6 million of its two outstanding Tier 2 notes with approaching call dates. • Top Employer certificate: The Top Employers Institute awarded the Bank the prestigious Top Employer certificate for the 9th consecutive year. 										
February	<ul style="list-style-type: none"> • Apple Pay: Apple Pay became available to NLB customers in Slovenia. 										
March	<ul style="list-style-type: none"> • Notifications of major holdings change: The shareholding of Schroders plc in the Bank changed from 5.12% to 4.98%. 										
April	<ul style="list-style-type: none"> • NLB Skladi, Ljubljana declared the Best Management Company over a three- and ten-year period: the financial magazine Moje Finance awarded NLB Skladi, Ljubljana the Best Management Company over a three- and ten-year period in the category Naj Skladi 2023. • Apple Pay: Apple Pay became available to NLB customers in Montenegro. 										
May	<ul style="list-style-type: none"> • Early redemption of notes: The Bank executed early redemption of subordinated Tier 2 notes in the aggregate nominal amount of EUR 45 million (ISIN: SI0022103855). • New Group Strategy 2030: The NLB Group revealed its new Group Strategy until 2030 at NLB Investor Day in Ljubljana on 9 May 2024. • Announcement of NLB's intention of Addiko Bank AG public takeover offer: On 15 May, NLB announced its intention to launch an all-cash voluntary public takeover offer aimed at acquiring control over Addiko Bank AG for all issued and outstanding Addiko shares for a consideration of EUR 20.00 per Addiko Bank AG share on a cum dividend basis. • Issuance of senior preferred notes: NLB issued senior preferred notes in the aggregate amount of EUR 500 million for MREL purposes (ISIN: XS2825558328). • Acquisition of Generali Investments, Skopje by NLB Skladi, Ljubljana: NLB Skladi, Ljubljana has expanded into the North Macedonian market by acquiring Generali Investments, Skopje. The acquisition was completed after receiving all relevant approvals. • Award from the Slovenian Marketing Association: NLB received the leading award from the Slovenian Marketing Association for Excellence in NLB Brand Management. 										
June	<ul style="list-style-type: none"> • Addiko Bank AG public takeover offer: On 7 June 2024, NLB published a voluntary public takeover offer to acquire control of Addiko Bank AG and publicly presented the offer at a webcast held on 10 June 2024. • General Meeting of NLB: On 17 June, NLB General Meeting confirmed, among other things, the payment of EUR 110 million in dividends and appointed three members to the Supervisory Board. • New NLB website: NLB successfully renovated its website (nlb.si). • Google Pay: Google Pay became available to NLB customers in Kosovo. • The merger of NLB Leasing, Ljubljana – in liquidation with NLB Lease&Go, leasing, Ljubljana: NLB Leasing, Ljubljana – in liquidation ceased to exist¹, its assets and liabilities were transferred to NLB Lease&Go, leasing, Ljubljana. • The merger of PRIVATINVEST, Ljubljana with NLB Real Estate, Ljubljana: Company PRIVATINVEST, Ljubljana ceased to exist², and its assets and liabilities were transferred to NLB Real Estate, Ljubljana. 										
July	<ul style="list-style-type: none"> • Re-election of Chairman of NLB Supervisory Board: Members of the NLB Supervisory Board re-elected Primož Karpe as their Chairman for the third time. • Improved Addiko Bank AG public takeover offer: 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. • Execution of the early redemption of notes: The Bank executed the early redemption of NLB senior preferred notes in the aggregate nominal amount of EUR 300 million (ISIN: XS2498964209). 										
August	<ul style="list-style-type: none"> • Regulatory approvals to acquire SLS HOLDCO, Ljubljana: NLB obtained all required regulatory and supervisory approvals from the Croatian Financial Services Supervisory Agency (HANFA), the Slovenian Competition Protection Agency (AVK), and the ECB in relation to the completion of the transaction contemplated in 										

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

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

the Sale and Purchase Agreement to acquire a 100% shareholding in SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb.

- **Results of Addiko Bank AG public takeover offer:** The public takeover offer aimed to acquire control over Addiko Bank AG did not obtain sufficient acceptance declarations.
- **Rebranding of Generali Investments, Skopje:** Asset management company Generali Investments, Skopje, was rebranded on 7 August 2024 to NLB Fondovi, Skopje.

September

- **Completion of the acquisition of the SLS Group and entering the Croatian market:** After obtaining all regulatory approvals in August, NLB completed the transaction on 11 September 2024 and became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb, together forming the SLS Group.
 - **Completion of the acquisition of KomBank Invest, Beograd³ by NLB Skladi, Ljubljana:** After obtaining regulatory approval, NLB Skladi, Ljubljana successfully completed the transaction on 19 September 2024 and with this, the NLB Group consolidates the ownership of the asset management companies under the umbrella of NLB Skladi, Ljubljana.
 - **Early redemption of Tier 2 notes:** NLB announced that it shall, based on the permission of the ECB, on 19 November 2024 (being the fifth anniversary of the notes issuance date), early redeem its Tier 2 notes in the aggregate nominal amount of EUR 9.9 million, issued on 19 November 2019 and with a maturity date of 19 November 2029 (ISIN: XS2080776607).
 - **The ECB's consent for early redemption of Tier 2 notes:** NLB announced that it received the ECB's consent for early redemption of Tier 2 notes in the aggregate nominal amount of EUR 10.5 million, issued on 5 February 2020 and with a maturity date of 5 February 2030 (ISIN: XS2113139195).
 - **Additional members of NLB Supervisory Board:** On 30 September 2024, Luka Vesnaver took up his office as a member of the Supervisory Board of NLB, following the ECB's approval of his appointment to the function, to which he was appointed at the 42nd General Meeting of NLB on 17 June 2024. Natalia Olegovna Ansell's appointment to the Supervisory Board of NLB is pending ECB's approval.
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³ On 10 October 2024, KomBank Invest, Beograd was renamed NLB Fondovi, Beograd.

Macroeconomic Environment

Macroeconomic Summary

The US economy sped up marginally in Q2 2024 (+3.0% YoY) from Q1, with inflation coming down from 2.9% YoY in July to 2.5% YoY in August. Hence, the attention of CBs and investors alike is turning towards the labour market. After notable downward revisions to the beginning of the year data, the September job market report surprised on the upside, along with the July and August ones, while the unemployment rate fell to 4.1%. But with industrial production softly growing YoY in June, contracting in July and stagnating in August, it seems that real economies are being overshadowed by governments boosted growth, as historically high government deficits support the economic activity. Fiscal policy is increasingly garnering attention. Israel has spread its fight against Hezbollah into Lebanon while being attacked with missiles by Iran in what looks like a prelude to war, as the US themselves state the most severe and challenging threats since 1945, including the risk of near-term major war. Also, the joint Ukraine – NATO attack on the Kursk region reveals why Russia considers Ukraine in the NATO alliance a security threat. China's economy slowed down in Q2 2024 as opposed to Q1, with retail sales growth reaching an 18-month low, as deflationary pressures forced businesses to cut prices. However, China is fast transitioning from cheap technologies and real estate to green and advanced technological exports, as it is leading in the most critical advanced technologies.

The FED cut rates by 50 bps in September as the public voiced concerns that it was behind the curve. However, with inflation trending down and labour market deterioration (from March to July) reversed in Q3 (unemployment rate decreased from 4.3% in July to 4.1% in September) and strong job growth, the soft-landing scenario is now in sight. The declining trend of Q3 inflation seems to be reassuring the FED in shifting more of its policy focus toward shielding the labour market and, in the wake of surprisingly strong job growth for September, suggests policymakers will reassess their options and narratives in November. The FED policymakers project the benchmark rate to fall by another 50bps by year-end, a full pp in 2025 and a half in 2026.

Eurozone

In Q2 2024, the GDP grew by 0.6% YoY. This growth was driven by an increase in government spending, while household consumption slightly declined, and gross fixed capital formation further contracted. The hourly labour cost grew 4.7% YoY, slowing down from 5.0% in Q1, but remaining elevated. The household saving rate in the euro area was at 15.7% (compared with 15.2% in Q1), which is explained by gross disposable income increasing (by 0.8% QoQ) at a faster rate than consumption (+0.2% QoQ). At the same time, the household investment rate in the euro area decreased from 9.3% to 9.2% in Q2 and gross fixed capital formation contracted by 0.6% QoQ. The business investment rate in the euro area decreased from 22.3% to 21.3% in Q2 of 2024. Moving into Q3 2024, the euro area GDP growth accelerated to 0.9% YoY, bolstered by stronger-than-expected economic activity in Germany and several one-off factors. Despite the positive headline figures, underlying growth remains modest.

Retail trade contracted softly in June and July but rebounded to 0.8% YoY in August (mostly on account of the monthly increase of trade in automotive fuel). Inflation eased to 1.8% in September from 2.2% in August and 2.6% in July, mainly driven by falling energy costs and steady goods prices. Core inflation dipped to 2.7% from 2.8% on slower services price growth, which, however, never dropped below the 4% growth mark. The unemployment rate stood at 6.4% in August, the same as in July, down from 6.6% a year ago. While the composite PMI rebounded in August, it went south in September 2024, as the final composite output index fell to 49.6 in September from a three-month high of 51.0 in August. The reading was indicative of a marginal decrease in the private sector activity. Trends at the sector level worsened as factory output recorded an accelerated decline that was the fastest YtD, while services growth weakened to a seven-month low. The level of new business received by private sector firms decreased the fastest since January. Export sales performance worsened, with the biggest fall in new business from non-domestic customers since last December, as firms reduced their headcounts, with the rate of job shedding the joint-fastest since December 2020. ESI opened the quarter with 96.0 in June and grew to 96.7 in September (stagnating MoM), indicating rising expectations on the back of the ECB's rate cuts and China stimulus. According to a competitiveness report issued by Draghi, the EU is growing 30% slower than the US, with China competing directly with the EA firms in 40% of sectors.

The ECB reduced its key interest rates by 25 bps in September (bringing the tally to 50bps in Q3) and issued new projections, as they forecast the euro area growth to slow on weaker demand and core inflationary pressures to remain high, thanks to the stickiness of services inflation. However, a wrong string of growth data, moderating wage pressures, and inflation readings have changed the outlook. Therefore the Governing Council lowered the deposit facility rate, which is the new policy rate, in October by additional 25 bps to 3.25%. Falling energy costs remained the most significant contributor to disinflationary pressures, and Lagarde has already said price rises are under the baseline predicted by the ECB. That challenges the banks' own narrative of durable price pressures and a return to the 2% target only at the end of next year. This means that the balance of risks is shifting, as in the last two years, the main risk of the CB was to overshoot its target rate, while now it must also pay attention to the opposite risk due to weak growth and a restrictive monetary policy for too long, with the governing council member also commenting that if the CB is meeting its target it shouldn't have rates above neutral, predicting further cuts in the deposit rate next year and said the ECB should be back at the "neutral" rate, which neither slows, nor stimulates growth, sometime in 2025. The STOXX Europe 600 index opened the quarter in July with a reading of 513.0, reaching the lowest point of the quarter on 5 August at 487.0 and reaching its highest value at the end of September, and fell to 517.2 on 8 October, hence gaining some 0.8% in value inside the quarter.

The euro area household loans stock is slowly increasing, with its YoY growth rates on a slow but upward trajectory since April. NFC loan stock has experienced more volatility, its YoY growth rates have likewise been on an upward trajectory since April. NFC and household deposits, however, have seen higher YoY growth rates during the last quarter (both nearing 3.0% YoY in August), with again more volatility being present in the stock of NFC deposits, which has plateaued since early 2023, while the stock of household deposits has been exhibiting a more distinguished growth trend since then.

Slovenia and Markets of the NLB Region

Slovenia's GDP decelerated to 0.7% YoY in Q2 of 2024, down from 2.1% in Q1. Final consumption accelerated during the last quarter on account of the state, household consumption slowed to 1.1% YoY (1.9% in Q1), and investments in fixed assets contracted by 1.6% YoY (+1.4% in Q1). The HICP slowed to 0.7% YoY in September, down from 1.1% YoY in August and 1.4% YoY in July, and these lower price pressures should bolster consumption. Prices of services, however, have continued to grow beyond the 5% mark. Retail trade contracted in January-July 2024 compared to YoY, confirming soft household demand. However, the sentiment and confidence indicators bolster the rebound of the July reading. Industrial production remains in contraction territory, but the notable increase in exports in July (quickest in almost 2 two years, after a decline from April 2024) offers some hope for a stronger, more robust foreign demand. The 2Q2 unemployment rate was at 3.4%, which decreased by 0.2 pp compared to a year ago. It dropped further in July, down to 3.3%, increasing the tightness of the labour market. In mid-September, the European Commission issued a preliminary favourable assessment for Slovenia's third payment request under the Recovery and Resilience Mechanism. The country is set to receive EUR 257.7 million later this year.

The GDP growth slowed to 4.0% YoY in Q2 from 4.6% in Q1 in Serbia, solely due to an acceleration in import growth. In contrast, private and public consumption, along with fixed investment and export growth, all accelerated compared to Q1. The economy seems to be losing steam in Q3, though available data gives room for optimism. Economic sentiment remained upbeat in the quarter. Moreover, industrial output, retail sales, and merchandise exports expanded faster in July than in Q2. In late August, the country bought French fighter jets worth EUR 2.7 billion. This signals a pivot from Russia's traditional defence partner to the EU, which bodes well for European integration. Meanwhile, also in late August, Moody's upgraded the country's outlook to positive while affirming its "Ba2" rating, citing prospects of further improvements in GDP growth and fiscal strength, after Fitch Ratings affirmed the country's "BB+" rating earlier in the month while upgrading the outlook to positive, citing stronger credit fundamentals and above-trend growth. In October, S&P Global Ratings raised its long-term foreign and local currency sovereign credit ratings on Serbia to "BBB-" from "BB+".

YoY economic growth in North Macedonia nearly doubled to 2.3% in Q2 from 1.2% in Q1. The acceleration was driven by a larger expansion in public consumption and a smaller decline in exports. Less positively, household spending growth lost traction, and total investment swung into contraction. Shifting to the third quarter, available data suggests that domestic activity strengthened. In July, industrial output rose for the first time since February, and retail sales growth accelerated markedly from Q2. Meanwhile, economic sentiment remained healthy in the quarter, underpinned by robust

confidence in the services and retail sectors. That said, external sector data for July points to headwinds to growth and the deepening downturn in merchandise exports.

In Bosnia and Herzegovina, after accelerating in Q1 2024, annual economic growth lost some steam but remained robust in Q2, growing by 2.2% YoY. Retail sales continued to grow at a double-digit pace amid falling price pressures, which points to healthy private spending. Nonetheless, industrial production contracted at a sharper rate in Q2 compared with Q1. Turning to Q3, available data is mixed. In July, retail sales and tourist arrivals grew at slower rates than in Q2. That said, in July–August, merchandise exports rebounded, while industrial output fell at a softer pace relative to Q2.

In Kosovo, YoY's economic growth decelerated to 4.3% in Q2, compared to Q1's 5.6%. The deterioration was driven by softer expansions in exports and household consumption. Additionally, public spending shrank. On a more positive note, total investment rose slightly faster. Shifting to Q3, the data at hand points to sturdier momentum. Price pressures softened in July–August relative to Q2, and remittances inflows rose for the first time in four months in July, boding well for private spending. Additionally, merchandise exports growth more than doubled from Q2's average in July–August. In early September, Kosovo briefly blocked two border crossings with Serbia after Serbian activists temporarily blocked Kosovar passage to the country, underscoring sustained tensions between the two countries.

In Montenegro, GDP growth fell to 2.7% in Q2 from 4.4% in Q1. The deceleration was driven by a softer expansion in public spending and a sharp rebound in imports. On the flip side, both private consumption and fixed investment grew at faster rates, and the export downturn softened markedly. Turning to Q3, available data points to fading headwinds to activity. In July, the downturns in merchandise exports and industry eased relative to Q2, and retail sales continued to expand at a double-digit pace. Moreover, economic sentiment was broadly in line with Q2's average, aided by upbeat confidence in the services sector. Less positively, tourist arrivals growth ground to a halt in the first month of Q3. In other news, in late August, S&P Global upgraded the country's rating to "B+" from "B" with a stable outlook, citing strong economic growth and reduced balance-of-payments vulnerabilities.

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

	GDP (growth rate in %)						Average inflation (in %, aop)						Unemployment rate (in %, aop)		
	YoY			QoQ			YoY			MoM			QoQ		
	Q2 2024	Q1 2024	Q4 2023	Q2 2024	Q1 2024	Q4 2023	Sep 2024	Aug 2024	Jul 2024	Sep 2024	Aug 2024	Jul 2024	Q2 2024	Q1 2024	Q4 2023
Euro area	0.6	0.5	0.2	0.2	0.3	-0.1	1.8	2.2	2.6	-0.1	0.1	0.0	6.5	6.5	6.5
Slovenia	0.8	1.7	2.4	0.2	-0.1	0.8	0.7	1.1	1.4	0.2	0.0	-0.2	3.4	3.5	3.4
BiH	2.2	2.5	1.7	1.0	1.5	1.1	-	1.3	1.8	-	0.5	0.0	13.3	13.5	13.5
Montenegro	2.7	4.4	4.3	-	-	-	-	2.2	3.5	-	0.4	0.4	11.4	11.9	12.2
N. Macedonia	2.0	1.3	1.1	0.8	0.5	0.4	2.6	2.2	3.0	0.3	0.5	0.7	12.5	12.9	13.0
Serbia	4.0	4.6	3.8	0.8	0.7	1.0	-	4.3	4.3	-	0.4	0.4	8.2	9.4	9.1
Kosovo	4.3	5.6	4.0	-	-	-	-	1.4	2.2	-	0.2	0.3	-	-	10.7

Source: Statistical offices, NLB ALM.

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



Business Report

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

Leasing services are one of the strategic pillars of the whole NLB Group. In this respect, the Group is seeking growth and a stronger positioning of leasing in its home region.

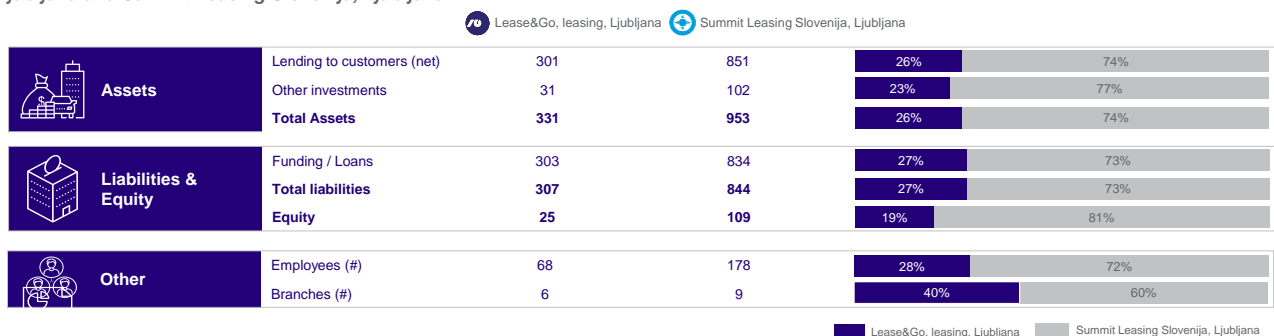
With the signing of the Shares Purchase Agreement on 30 November 2023 and closing the transaction on 11 September 2024, NLB became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb, together forming the SLS Group.

Summit Leasing Slovenija, Ljubljana is an undisputed leader in the Slovenian vehicle leasing market, with EUR 953 million in total assets as at 30 September 2024 and a 22.6% market share⁴ as at 30 June 2024. Summit Leasing Slovenija, Ljubljana is the leading leasing provider for new and used passenger cars and a provider of point-of-sale consumer credit. As at 30 September 2024, the Summit Leasing Slovenija, Ljubljana gross credit portfolio contribution to the Group amounted to EUR 876.1 million, of which EUR 573.1 million (i.e. 65% of the total) relates to retail clients. The remaining part belongs to corporate.

In 1-9 2024, SLS generated a result before impairments and provisions of EUR 3.9 million, excluding one-off effects. From the closing of the transaction, SLS will benefit from more favourable funding T&C under NLB ownership, therefore generating result before impairments and provisions of approximately EUR 7 million YE 2024.

The integration of both leasing entities is planned for Q2 2025. In 2025, the contribution of joint entities is expected to be around EUR 20 million and grow further to exceed EUR 30 million p.a. by 2027. This forecast includes already anticipated cost synergies estimated at EUR 3-5 million p.a. On top of that, NLB Group's result in 2025 will be on the consolidated level further strengthened with EUR 8 million additional funding synergies. These funding synergies will in the coming years increase with the growth of leasing business.

Figure 1: Contribution analysis in Slovenia as at 30 September 2024 (in EUR millions) reflecting the integration of NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana⁽ⁱ⁾



(i) Data on a standalone basis.

⁴ Market share of leasing portfolio (including leasing portfolio in banks).

Pro-forma market share⁵ as at 30 June 2024 of the merged entity, considering the envisaged integration with NLB Lease&Go, leasing, Ljubljana is 31.2%, positioning the NLB Group as the market leader in the Slovenian leasing market.

The integration project in Slovenia is targeting the merger in Q2 2025. After receiving all regulatory approvals, the control takeover activities were performed. Governance activities of the NLB Group were ensured (new governance rules, appointment of the Supervisory Board, and Management Board changes), and harmonisation with the NLB Group standards was initiated from the closing day. NLB's current focus is on managing a seamless integration process of NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana to ensure a smooth transition and retain operational efficiency. The key focus remains on NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana's clients and their needs, employees, dealer network, and all related stakeholders.

NLB also entered Croatia through Summit Leasing Slovenija, Ljubljana's subsidiary, Mobil Leasing, Zagreb, which had EUR 120 million in total assets as at 30 September 2024 and held a 3.1% market share⁶ as at 30 June 2024. Entering the Croatian market after a 30-year absence represents a significant accomplishment for NLB. With Mobil Leasing, Zagreb, which will remain a separate company, the Bank plans to seek the strong growth potential it sees in this market.

All the above-mentioned leasing market opportunities and business potential are reflected in recognised goodwill in the amount of EUR 2.4 million.

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 AuM, holding a 40.2% market share, entered the North Macedonian asset management market by acquiring Generali Investments, Skopje. After obtaining all relevant approvals, NLB Skladi, Ljubljana completed the acquisition on 23 May 2024 and rebranded the company to NLB Fondovi, Skopje on 7 August 2024. NLB Fondovi, Skopje, is the third-largest asset manager in the North Macedonian market, holding an 18.5% market share. The company manages around EUR 53 million of assets in different investment funds and portfolios.

To consolidate the ownership of the asset management companies within the NLB Group under the umbrella of NLB Skladi, Ljubljana, the ownership of the Serbian asset management company KomBank Invest, Beograd was transferred from NLB Komercijalna Banka, Beograd, to NLB Skladi, Ljubljana on 19 September 2024. On 6 May 2024, NLB Skladi, Ljubljana signed a Shares Purchase Agreement with NLB Komercijalna Banka, Beograd to acquire a 100% stake in KomBank Invest, Beograd. Following all relevant approvals, the transaction was successfully completed on 19 September 2024. On 10 October 2024, KomBank Invest, Beograd was rebranded to NLB Fondovi, Beograd. The company manages around EUR 48 million of assets in different investment funds and holds a 3.4% market share.

⁵ Market share of leasing portfolio (including leasing portfolio in banks).

⁶ Market share of leasing portfolio (including leasing portfolio in banks).

Overview of Financial Performance

The Group's profit after tax reached EUR 427.5 million, EUR 40.6 million or 10% higher YoY, primarily due to a favourable economic environment and high interest rates. A good result of EUR 500.3 million was also recorded in the profit before impairments and provisions, marking a EUR 61.1 million or 14% YoY increase.

The following key factors drove the Group's nine-month result:

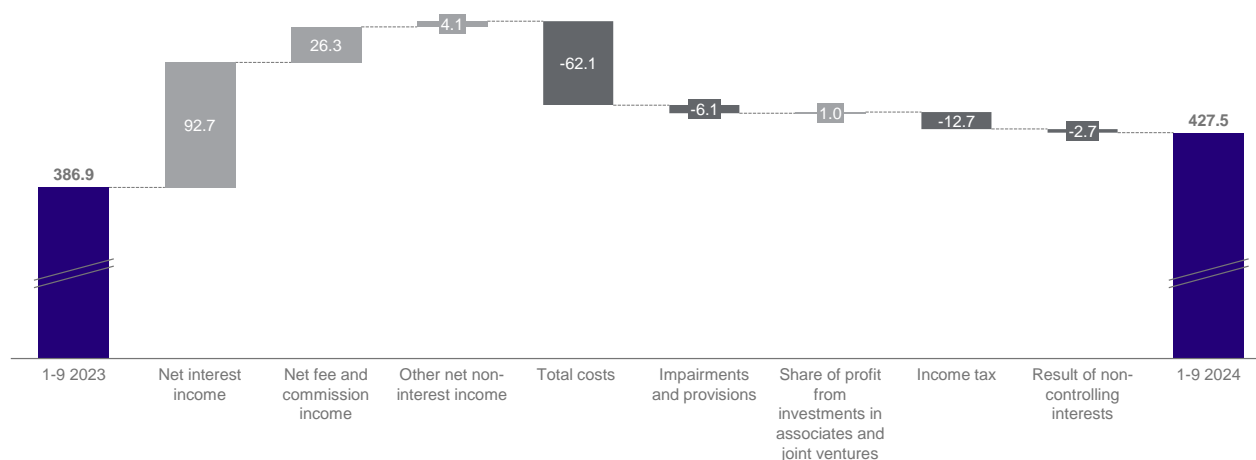
- The Group's gross loans to customers increased by EUR 2,081.1 million YoY, with EUR 876.1 million attributable to the acquisition of the SLS Group. Excluding the acquisition, the Group recorded a YoY growth of 9% in gross loans, with EUR 788.8 million from individual and EUR 327.7 million from corporate clients.
- The deposit base increased by EUR 1,084.8 million YoY, with 85% of that growth attributable to deposits from individuals.
- Healthy loan demand, particularly from individuals, along with higher interest rates on loans and central bank balances, increased securities portfolio, and increased yields contributed to a YoY rise in interest income by 26%. On the other hand, higher cost of funding due to wholesale funding and higher interest rates on deposits (positively impacting the volume of deposits, particularly those from individuals) resulted in a substantial 85% 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 12% on the Group level (its level in the last quarter was impacted by the decreased ECB deposit facility rate (by 25 bps) in September 2024). Consequently, the annual net interest margin improved by 0.24 pp YoY to 3.65%.
- NII sensitivity YtD improved by EUR 27.6 million or 111 bps, mainly as a result of the increased volume of fixed interest rate loans, interest rate hedges, and changed liquidity reserves structure.
- Net fee and commission income increased by 13% 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 37.5 million or 10% YoY, excluding EUR 24.6 million deriving from the tax on the balance sheet. A EUR 19.1 million increase in employee costs was driven mostly by higher salaries and from hiring highly skilled employees, while a EUR 11.7 million increase in other general and administrative expenses was mostly due to investments in technology and the cost of advertising in SEE bank members. Additionally, the acquisition of the SLS Group contributed approximately EUR 6.5 million to total costs, with roughly one-third attributed to one-off costs.
- A net release of impairments and provisions for credit risk of EUR 0.6 million in Q3 2024 was influenced by the repayments (EUR 4.1 million) and changes in risk parameters (EUR 1.4 million), even though additional provisions (EUR 4.8 million), mostly in retail, were established.

Income Statement

Table 3: Income statement of the NLB Group

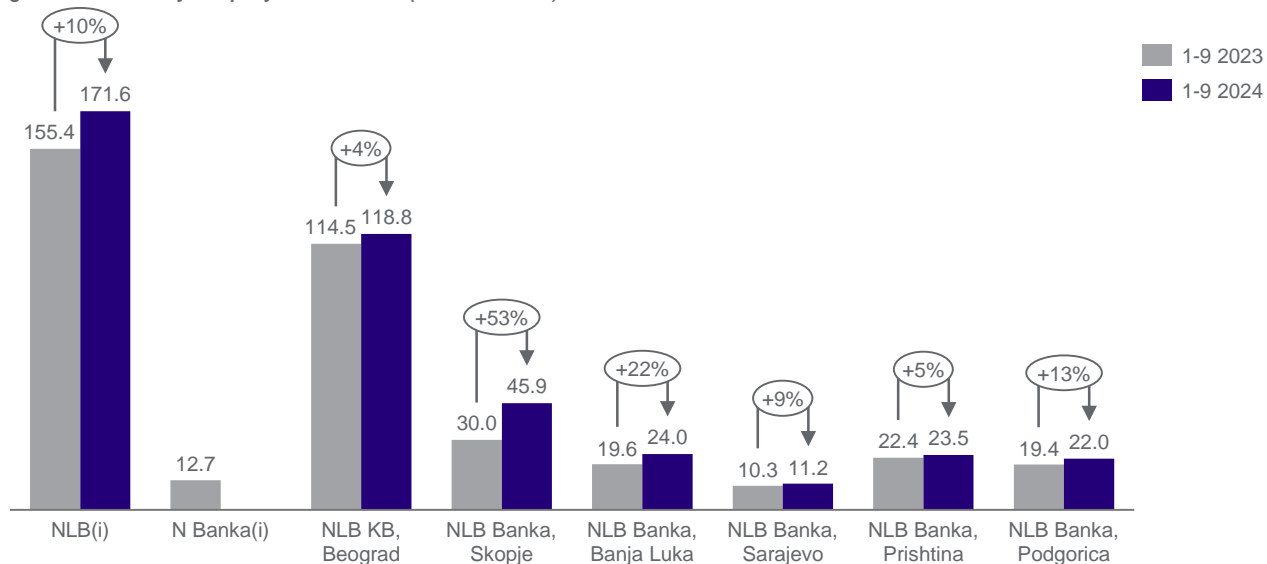
	in EUR millions								
	1-9 2024	1-9 2023	Change YoY		Q3 2024	Q2 2024	Q3 2023	Change QoQ	
Net interest income	694.2	601.5	92.7	15%	233.7	228.3	221.5	5.5	2%
Net fee and commission income	231.9	205.6	26.3	13%	81.9	78.9	70.9	3.0	4%
Dividend income	0.1	0.2	-0.1	-34%	0.1	0.0	0.1	0.0	-
Net income from financial transactions	21.3	19.6	1.7	9%	8.5	3.0	4.7	5.5	80%
Net other income	-23.5	-26.0	2.4	9%	-4.2	-4.3	-8.0	0.1	1%
Net non-interest income	229.8	199.4	30.5	15%	86.2	77.7	67.7	8.6	11%
Total net operating income	924.0	800.8	123.2	15%	320.0	305.9	289.2	14.1	5%
Employee costs	-226.5	-207.4	-19.1	-9%	-77.0	-77.3	-70.0	0.3	0%
Other general and administrative expenses	-130.3	-118.7	-11.7	10%	-47.8	-43.6	-38.8	-4.2	10%
Tax on balance sheet	-24.6	0.0	-24.6	0%	-8.3	-8.1	0.0	-0.2	-3%
Depreciation and amortisation	-42.3	-35.5	-6.8	19%	-15.6	-13.6	-12.0	-2.0	15%
Total costs	-423.7	-361.6	-62.1	17%	-148.7	-142.7	-120.9	-6.0	-4%
Result before impairments and provisions	500.3	439.2	61.1	14%	171.3	163.2	168.2	8.0	5%
Impairments and provisions for credit risk	12.3	26.8	-14.5	54%	0.6	16.0	-3.1	-15.4	96%
Other impairments and provisions	-4.5	-12.8	8.4	65%	-3.2	-1.0	-0.7	-2.3	-
Impairments and provisions	7.8	13.9	-6.1	44%	-2.6	15.1	-3.8	-17.6	-
Share of profit from investments in associates and joint ventures	2.3	1.3	1.0	73%	0.6	0.7	0.7	-0.1	13%
Result before tax	510.4	454.4	55.9	12%	169.3	179.0	165.1	-9.7	-5%
Income tax	-70.6	-57.9	-12.7	22%	-30.1	-21.8	-18.0	-8.2	38%
Result of non-controlling interests	12.3	9.6	2.7	28%	3.7	5.2	2.8	-1.4	28%
Result after tax	427.5	386.9	40.6	10%	135.5	152.0	144.2	-16.5	-11%

Figure 2: Profit after tax of the NLB Group – evolution YoY (in EUR millions)



All banks recorded profits and positively contributed to the Group's overall result. The most significant contribution came from NLB, totalling EUR 171.6 million, followed by NLB Komercijalna Banka, Beograd with EUR 118.8 million. The profits of all banks increased YoY, supported by strong loan growth and fee origination. The SEE banks contributed 57% to the Group's result.

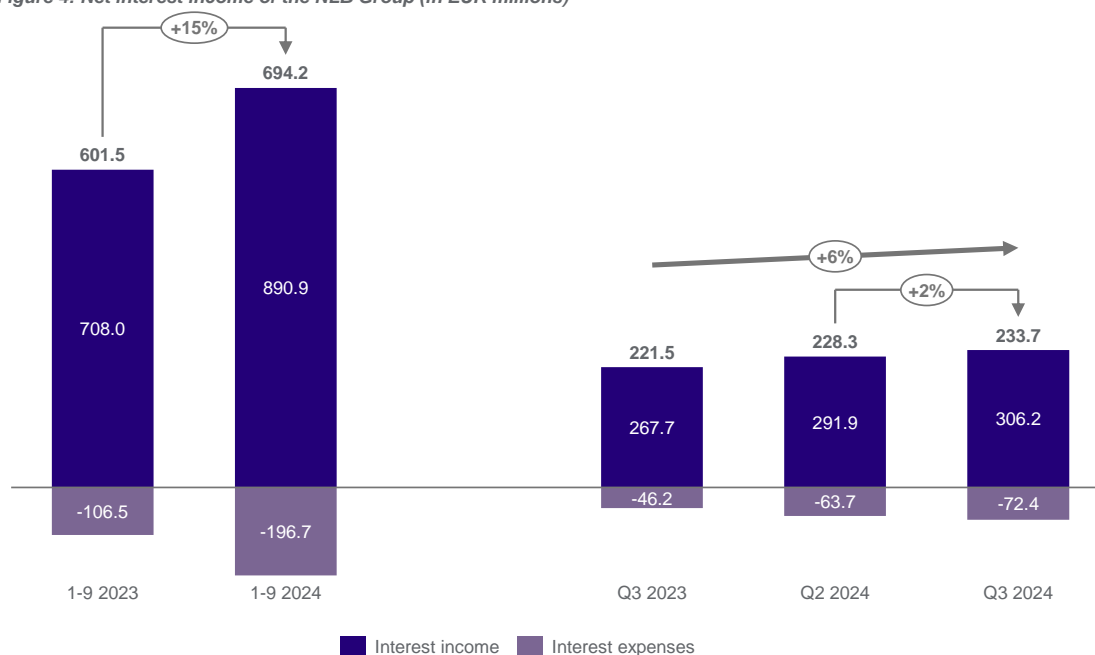
Figure 3: Profit a.t. by company – contribution (in EUR millions)



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

Net Interest Income

Figure 4: Net interest income of the NLB Group (in EUR millions)



The Group's net interest income constituted 75% of the total net revenues, consistent with the same period last year, reaching EUR 694.2 million.

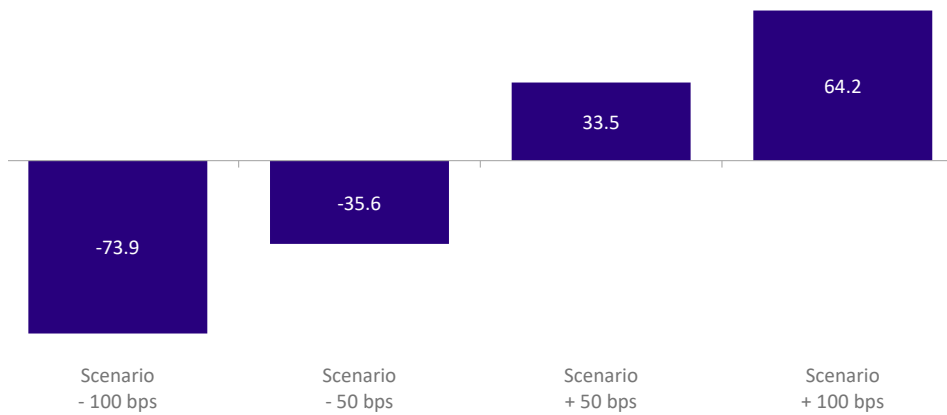
All the Group banking members recorded an increase in net interest income, supported by loan volume growth from healthy demand for loans and higher interest rates. The growth mainly came from loans to customers (EUR 107.7 million, with EUR 54.5 million to individuals and EUR 53.2 million to corporate and state), balances at banks and central banks (EUR 17.1 million), and securities (EUR 47.7 million). At the same time, interest expenses increased due to higher expenses incurred from MREL eligible wholesale funding (EUR 33.1 million), and higher expenses for customer deposits (EUR 40.1 million).

On a QoQ basis, interest income from loans to customers increased by EUR 10.9 million due to higher volumes, while on the other hand, income from balances at banks and central banks decreased by EUR 4.7 million, both driven by the effects of SLS Group acquisition. The rise in interest expenses was driven by higher expenses from financing of the SLS Group prior to the acquisition (EUR 1.5 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 2024. Assuming interest rate dynamics are in line with market expectations, these hedges should positively impact the net interest income in the coming years.

The net interest income sensitivity, simulated by a 100 bps immediate parallel downward shift in interest rates, yields a net interest income sensitivity of EUR -73.9 million or -2.81% of T1 capital, driven mainly by the cash (EUR -22.0 million) and floating rate loan positions (EUR -64.3 million). The focus on stabilising the 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 the banking book securities portfolio. NII sensitivity YtD improved by EUR 27.6 million or 111 bps, mainly as a result of the increased volume of fixed interest rate loans (EUR 1,943 million), interest rate hedges (EUR 1,070 million), reduction in central bank balances (EUR 1,966 million), and increase of investments in high-quality debt securities (EUR 1,308 million).

Figure 5: NII sensitivity to various rate shocks (NLB Group, in EUR millions)



The cost of funding grew at a slower pace than interest rates on assets, resulting in improvement in the Group’s net interest margin by 0.24 pp to 3.65% YoY. However, the quarterly interest margin continued to decline, mainly due to the ECB’s key interest rate cuts in June and September. This decline was almost offset by replacing less profitable central bank balances with a loan portfolio acquired from the SLS Group.

Similar, the operational business margin reached 4.98%, marking a 0.31 pp increase YoY, and a quarterly decrease was observed for the same reasons, affecting the net interest margin.

Net interest margin is expected to continue to decrease, as the central bank and Euribor rates are declining towards neutral levels. Due to the balance sheet management activities that have significantly reduced the Group’s net interest income sensitivity, the pace of the net interest margin decrease should nevertheless be significantly slower compared to the pace of the increase during the ECB’s hiking cycle.

Figure 6: Net interest margin (quarterly data, in %)

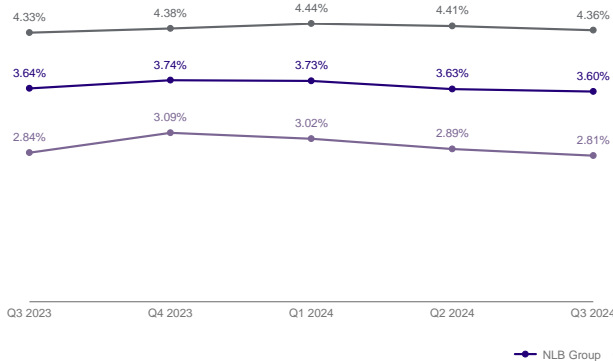
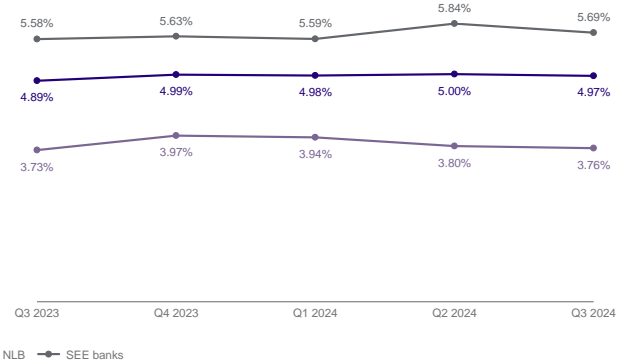
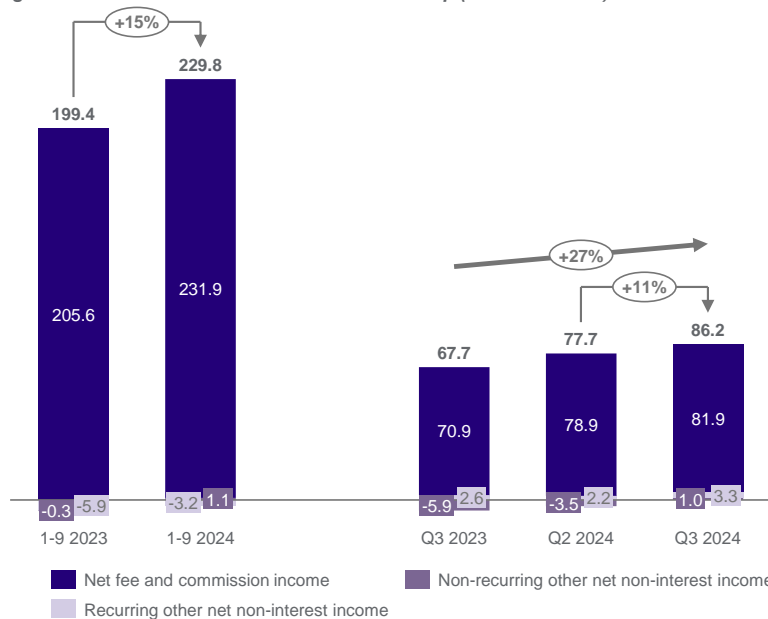


Figure 6: Operational business margin (quarterly data, in %)



Net Non-Interest Income

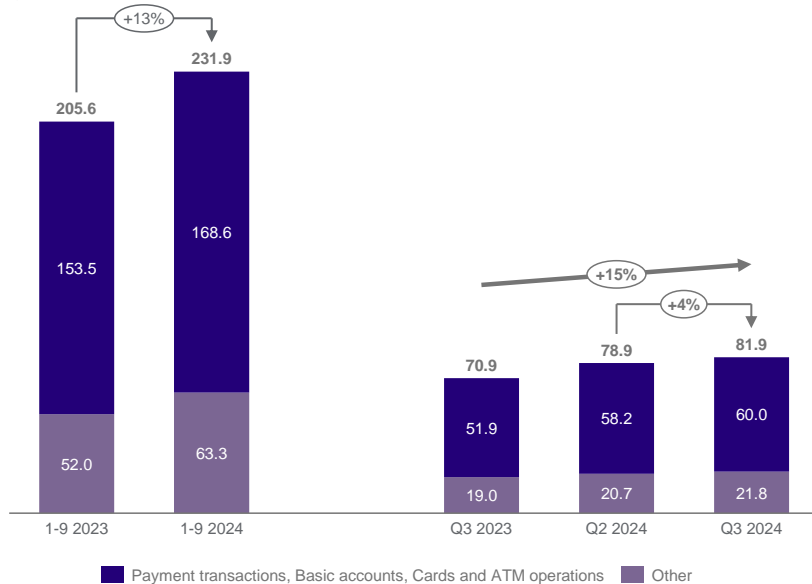
Figure 7: Net non-interest income of the NLB Group (in EUR millions)



The Group evidenced a 15% YoY increase in net non-interest income, driven by higher net fee and commission income.

In the QoQ comparison, net fee and commission income also increased due to growth in NLB and NLB Skladi, Ljubljana.

Figure 8: Net fee and commission income of the NLB Group (in EUR millions)

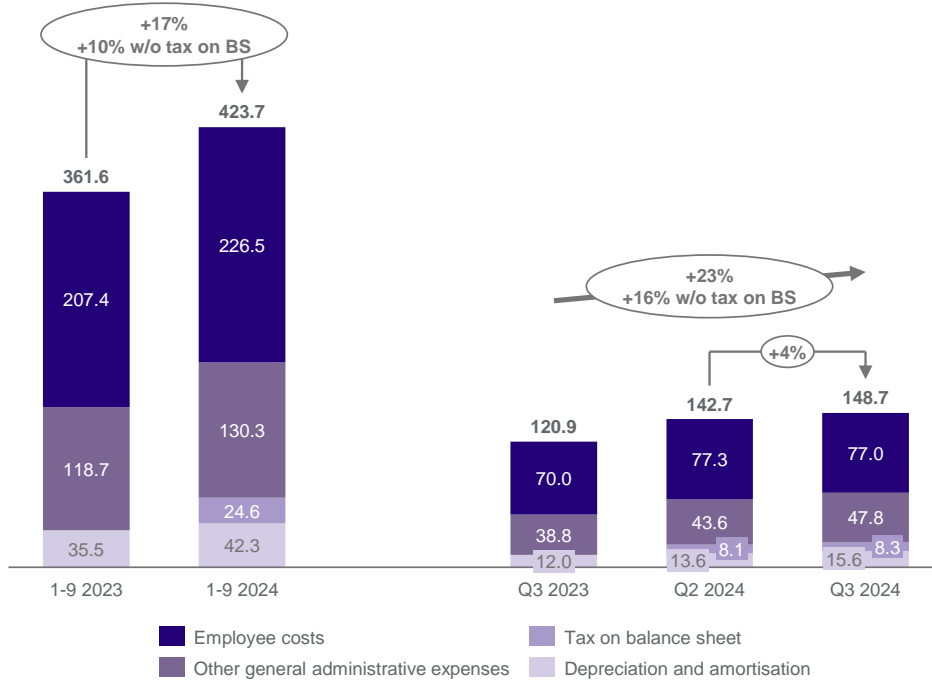


Net fee and commission income, a significant component of the net non-interest income, increased by 13% YoY. This growth can be attributed to the positive impact of heightened economic activity and consumption, resulting in increased fees across banking members, renegotiated conditions with the service providers, and increased investment funds and bancassurance activity. Notably, NLB Skladi, Ljubljana recorded an exceptional sale of investment funds, with EUR 207.9 million gross inflows in 1-9 2024, reflecting a 47% YoY increase.

QoQ's growth derives from the repricing of accounts management fees and the semi-annual charging of fees for managing trading accounts.

Total Costs

Figure 9: Total costs of the NLB Group (in EUR millions)



Total costs grew by EUR 37.5 million or 10% YoY, excluding EUR 24.6 million from the tax on the balance sheet, with increases noted in all banking members. A EUR 19.1 million increase in employee costs was driven mostly by higher salaries and from hiring highly skilled employees, while a EUR 11.7 million increase in other general and administrative expenses was mostly due to investments in technology and cost of advertising in SEE bank members. Additionally, the acquisition of the SLS Group contributed approximately EUR 6.5 million to total costs, with roughly one-third attributed to one-off costs.

On a QoQ basis, costs rose by 4%, also driven by costs related to the SLS Group acquisition.

The Group is actively pursuing several strategic initiatives (channel strategy, digitalisation, paperless, lean process, branch network optimisation, etc.) to maintain cost efficiency. As interest rates decline, cost containment will become crucial for maintaining profitability in a lower-rate environment.

Figure 10: Number of employees

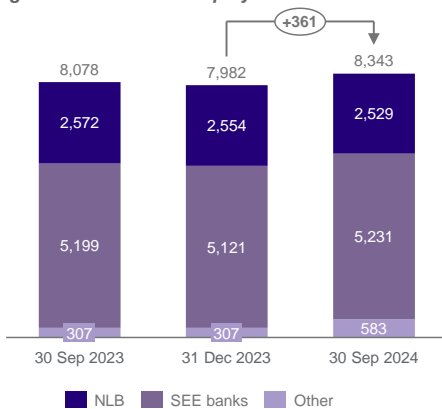
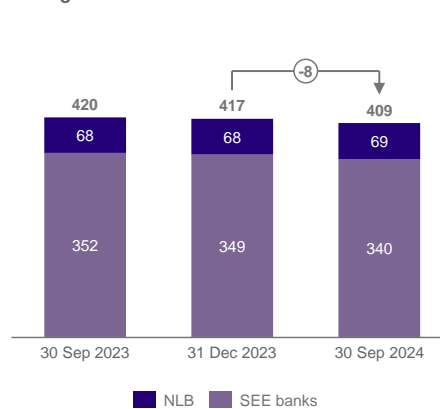


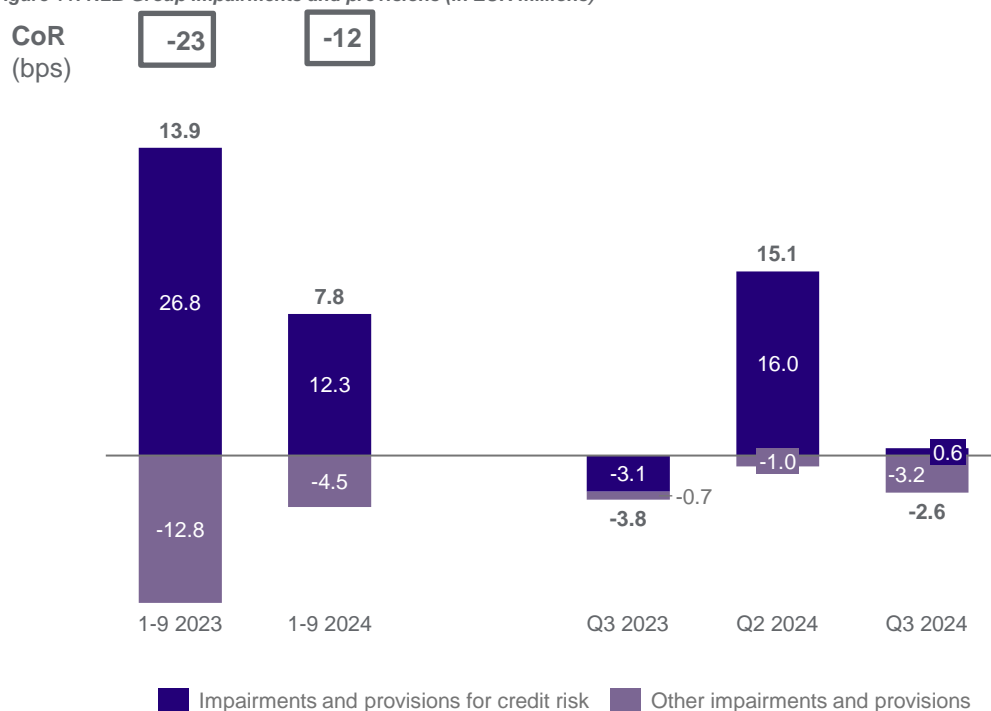
Figure 10: Number of branches



The Cost-to-Income Ratio (CIR) stood at 43.2% (excluding the tax on the balance sheet from the calculation), representing a 2.0 pp reduction YoY. This improvement was driven by strong net operating income growth, which outpaced the increase of total costs.

Impairments and Provisions

Figure 11: NLB Group impairments and provisions (in EUR millions)



In 2024, the Group net released EUR 12.3 million impairments and provisions for credit risk. The cumulative CoR was negative, standing at -12 bps. Without the annualisation of cumulative effects from changes in risk parameters, the CoR for the period 1-9 2024 would have been 0 bps.

Moreover, in Q3 2024, net impairments and provisions for credit risk were released in the amount of EUR 0.6 million as a result of repayments of written-off receivables in the amount of EUR 4.1 million and the release of impairments and provisions in the amount of EUR 1.4 million related to the change in models/risk parameters in subsidiary banks. On the other hand, additional provisions of EUR 4.8 million were established for portfolio development, mostly in the Retail segment.

In 2024, other impairments and provisions were established in the amount of EUR 4.5 million, mainly due to the impairment of real estate in Serbia.

Income Tax

The effective tax rate (calculated as income tax divided by profit before tax) for the first nine months of 2024 for the NLB Group was 13.83%, and for NLB, 8.95%. 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 nine months of 2024 for the NLB Group was 18.64% and for NLB, 14.92%.

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

Statement of Financial Position

Table 4: Statement of financial position of the NLB Group

	in EUR millions									
	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change YtD	Change YoY	Change QoQ			
ASSETS										
Cash, cash balances at central banks, and other demand deposits at banks	4,137.9	5,116.3	6,103.6	5,815.7	-1,965.7	-32%	-1,677.8	-29%	-978.5	-19%
Loans to banks	433.4	410.7	547.6	518.6	-114.2	-21%	-85.2	-16%	22.7	6%
Net loans to customers	15,739.3	14,399.3	13,734.6	13,666.1	2,004.7	15%	2,073.2	5%	1,340.0	9%
Gross loans to customers	16,071.4	14,726.7	14,063.6	13,990.2	2,007.8	14%	2,081.1	5%	1,344.7	9%
- Corporate	7,156.6	6,703.6	6,437.8	6,526.0	718.8	11%	630.6	10%	453.0	7%
- Individuals	8,469.1	7,632.5	7,235.3	7,107.2	1,233.7	7%	1,361.9	9%	836.6	11%
- State	445.7	390.6	390.4	357.1	55.3	4%	88.6	5%	55.1	4%
Impairments and valuation of loans to customers	-332.0	-327.4	-329.0	-324.2	-3.1	-1%	-7.9	-2%	-4.6	-1%
Financial assets	6,106.9	5,919.9	4,803.7	4,653.1	1,303.2	27%	1,453.8	31%	187.0	3%
- Trading book	15.8	14.6	15.8	25.0	0.0	0%	-9.2	-37%	1.1	8%
- Non-trading book	6,091.1	5,905.3	4,787.9	4,628.1	1,303.2	27%	1,463.0	32%	185.8	3%
Investments in subsidiaries, associates, and joint ventures	13.9	12.3	12.5	13.0	1.4	11%	0.9	7%	1.6	3%
Property and equipment	300.0	280.9	278.0	257.1	22.0	8%	42.9	7%	19.1	7%
Investment property	24.6	25.8	31.1	33.1	-6.5	-21%	-8.5	-26%	-1.2	-5%
Intangible assets	86.9	64.9	62.1	55.4	24.8	40%	31.5	57%	22.0	34%
Other assets	400.5	383.6	368.7	266.0	31.7	9%	134.5	51%	16.9	4%
TOTAL ASSETS	27,243.4	26,613.7	25,942.0	25,278.0	1,301.4	5%	1,965.3	8%	629.7	2%
LIABILITIES										
Deposits from customers	21,373.9	20,693.8	20,732.7	20,289.1	641.2	3%	1,084.8	5%	680.1	3%
- Corporate	5,894.0	5,356.8	5,859.2	5,676.8	34.8	1%	217.2	4%	537.2	10%
- Individuals	15,074.3	14,899.9	14,460.3	14,156.7	614.0	4%	917.6	6%	174.4	1%
- State	405.6	437.1	413.2	455.7	-7.6	-2%	-50.0	-11%	-31.5	-7%
Deposits from banks and central banks	139.5	94.3	95.3	127.2	44.2	46%	12.3	10%	45.2	48%
Borrowings	210.1	218.8	240.1	221.0	-30.0	-12%	-10.8	-5%	-8.7	-4%
Subordinated debt securities	583.4	558.7	509.4	529.0	74.0	15%	54.4	10%	24.7	4%
Other debt securities in issue	1,034.8	1,315.3	828.8	810.0	205.9	25%	224.7	28%	-280.6	-21%
Other liabilities	590.9	586.8	587.6	504.9	3.3	1%	86.0	7%	4.1	1%
Equity	3,242.1	3,081.3	2,882.9	2,734.9	359.2	12%	507.2	9%	160.8	5%
Non-controlling interests	68.7	64.7	65.1	61.9	3.5	5%	6.7	11%	4.0	6%
TOTAL LIABILITIES AND EQUITY	27,243.4	26,613.7	25,942.0	25,278.0	1,301.4	5%	1,965.3	8%	629.7	2%

The Group's **total assets** amounted to EUR 27,243.4 million, reflecting an increase of EUR 1,301.4 million YtD and EUR 1,965.3 million YoY. In the last quarter, there was a noticeable shift from balances at central banks to loans due to the acquisition of the SLS Group. Consequently, the Group's LTD ratio (net) increased by 7.4 pp YtD to 73.6%.

Figure 12: Total assets of the NLB Group by the location of the NLB Group entities (in %)

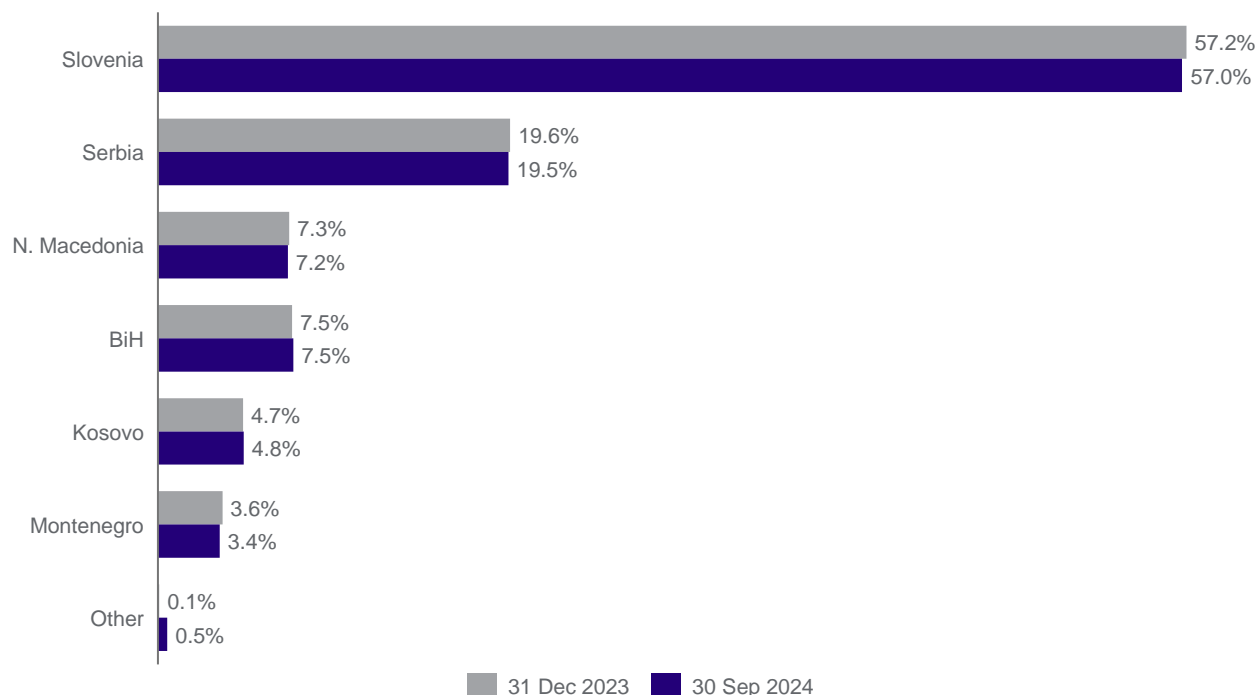
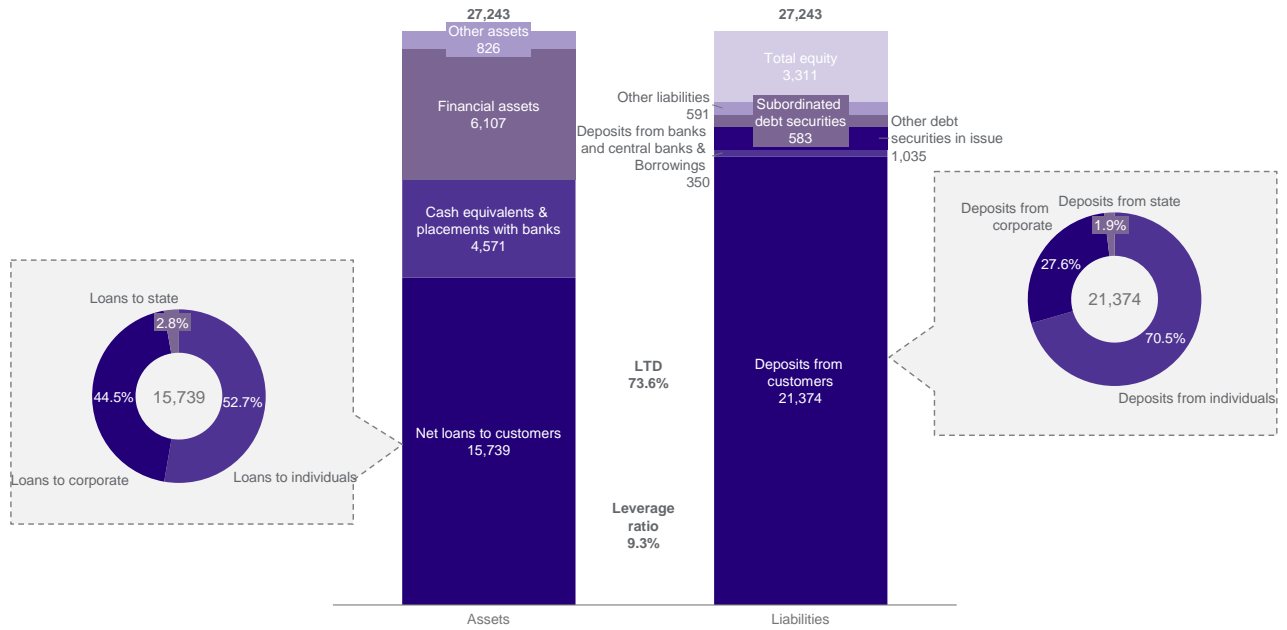


Figure 13: Balance sheet structure of the NLB Group on 30 September 2024 (in EUR millions)



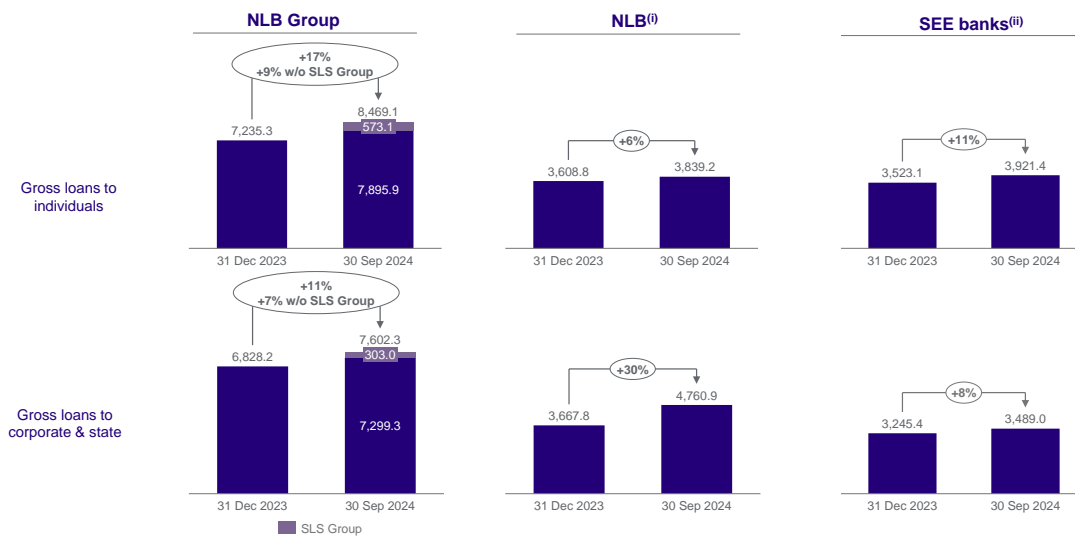
Loans to Customers

In Q3, **loan volume** continued to grow despite gradually increasing interest rates. Additionally, the acquisition of the SLS Group added EUR 876.1 million to the Group’s gross loan portfolio, with EUR 573.1 in loans to individuals.

In Slovenia, business activity picked up strongly in Q2 and continued to grow in Q3, with strong new production of loans. Excluding the intragroup loan to the newly acquired SLS Group, NLB achieved an impressive 7% YtD growth in gross loans to corporate and state. A similar increase was observed in loans to individuals, driven by revived new production of housing and consumer loans.

In SEE banks, the growth of gross loans continued, with considerable YtD growth achieved in loans to individuals, as well as in loans to corporate and state.

Figure 14: Gross loans to customers YtD dynamics (in EUR millions)

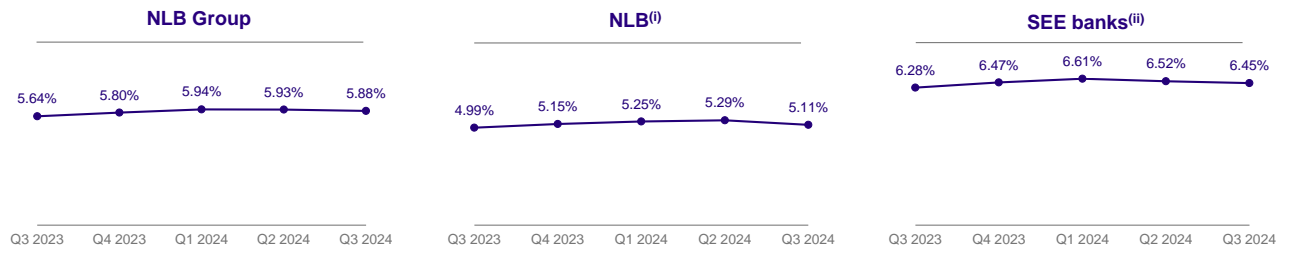


(i) On a stand-alone basis.

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

In line with the ECB's key interest rate cuts, quarterly interest rates for loans to customers started to decline both in NLB and SEE banks.

Figure 15: 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.

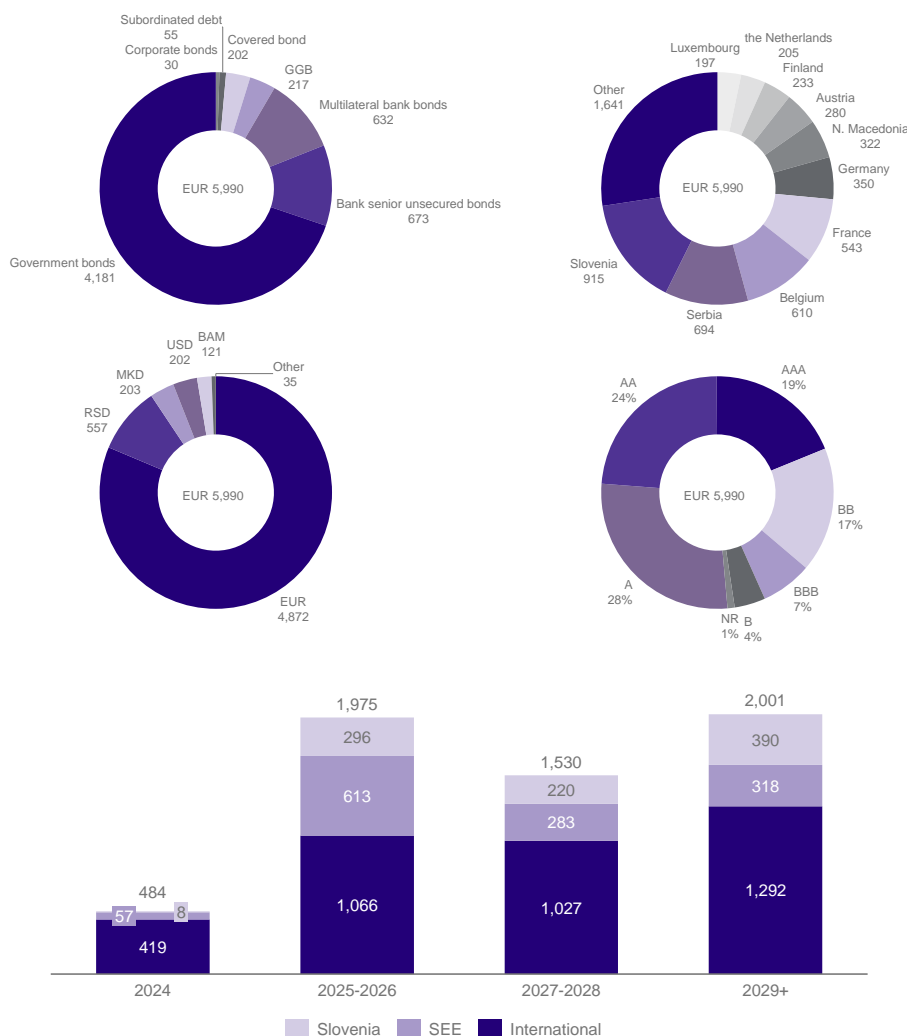
Financial Assets – Banking Book

The banking book debt securities portfolio increased by EUR 1,303 million (book value) YtD, constituting 22.0% of the Group's total assets, compared to 18.1% in 2023. At the end of Q3, the portfolio's average duration was 3.33 years (up from 2.8 years in 2023), with an average yield of 2.46% YtD, reflecting an increase of 0.89 pp from the previous year. The ESG portfolio expanded in Q3 and now represents 10.3% 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 Q3, the FVOCI portfolio represented 43.3% of the total Group debt securities portfolio, 2.9 pp lower compared to the end of 2023, with an average duration of 2.16 years. The negative valuation of the Group's FVOCI debt securities portfolio during Q3 amounted to EUR 35 million (the net of hedge accounting effects and related deferred taxes).

The AC portfolio amounted to 56.7% of the total Group debt securities portfolio at the end of Q3, with an average duration of 4.22 years. Unrealised losses of the Group's AC debt securities portfolio during Q3 amounted to EUR 12 million.

Figure 16: Banking book debt securities portfolio by asset class, geography, currency, rating⁷ and maturity profile as at 30 September 2024 (in EUR millions)



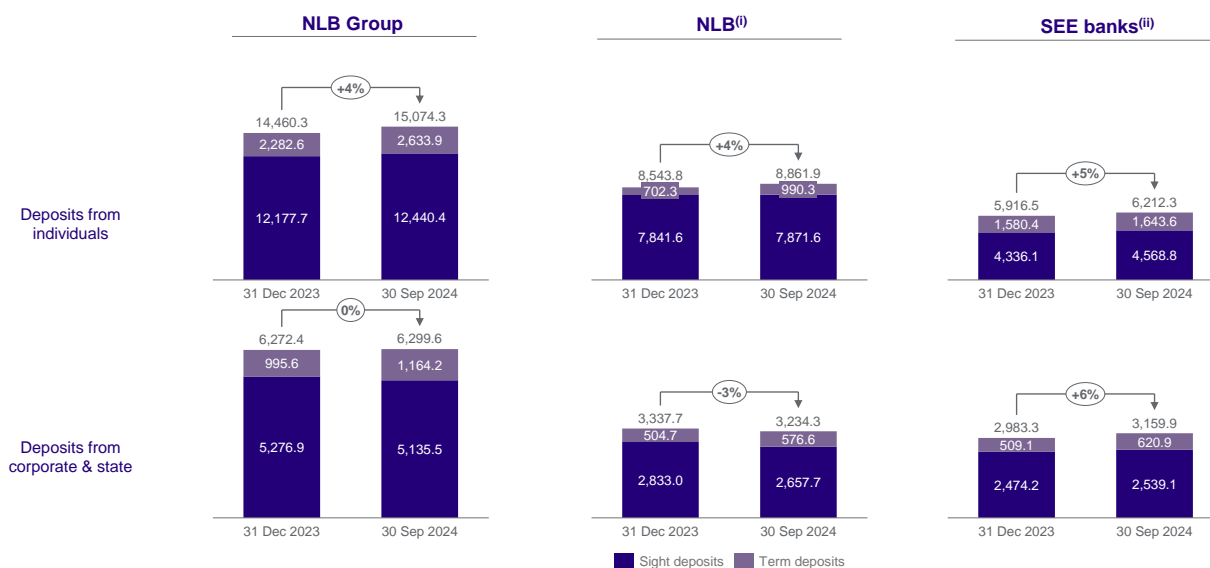
⁷ 97% of non-investment grade securities relate to NLB Group's markets, i.e. exposures to Serbia, Bosnia and Herzegovina, North Macedonia, etc. Half of this exposure is to Serbia, which was upgraded to investment grade in October.

Deposits from Customers

The Group's **deposit base** increased YtD, driven by growth in deposits from individuals, while deposits from corporate and state remained stable YtD. After a decline in corporate and state deposits in NLB during the first half of the year, a rebound occurred in Q3, with a 10% growth recorded in the last quarter. Similarly, the corporate and state deposit base in SEE banks also increased by 9% in Q3, with growth observed across all banking members.

Deposits from individuals increased YtD, with steady growth in all three quarters in all banks. In NLB, higher interest rates for term deposits led to growth in term deposit volume during 1-9 2024, amounting to EUR 228.0 million, as clients shifted from sight to term deposits. Consequently, the share of term and savings accounts in total deposits from individuals gradually rose to 50% (or EUR 4,456.6 million) at the end of September, compared to 46% (or EUR 3,852.4 million) on 30 September 2023.

Figure 17: Deposits from customers YtD dynamics (in EUR millions)

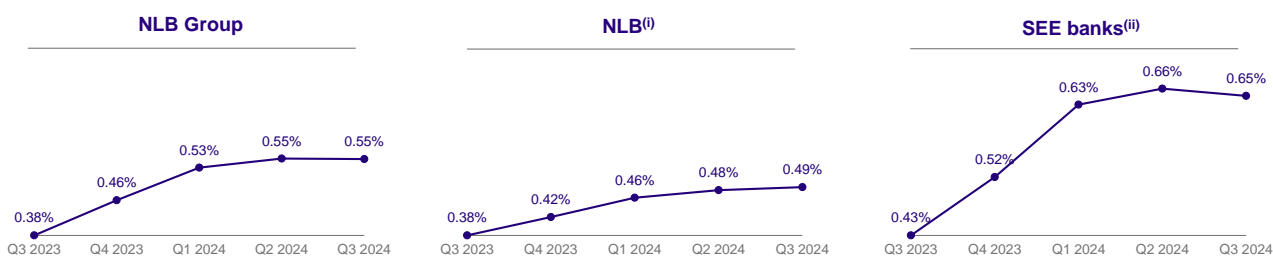


(i) On a stand-alone basis.

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

Interest rates on deposits from customers remain stable since they are less sensitive to the market rate volatility.

Figure 18: Interest rates for deposits from customers (quarterly, in %)

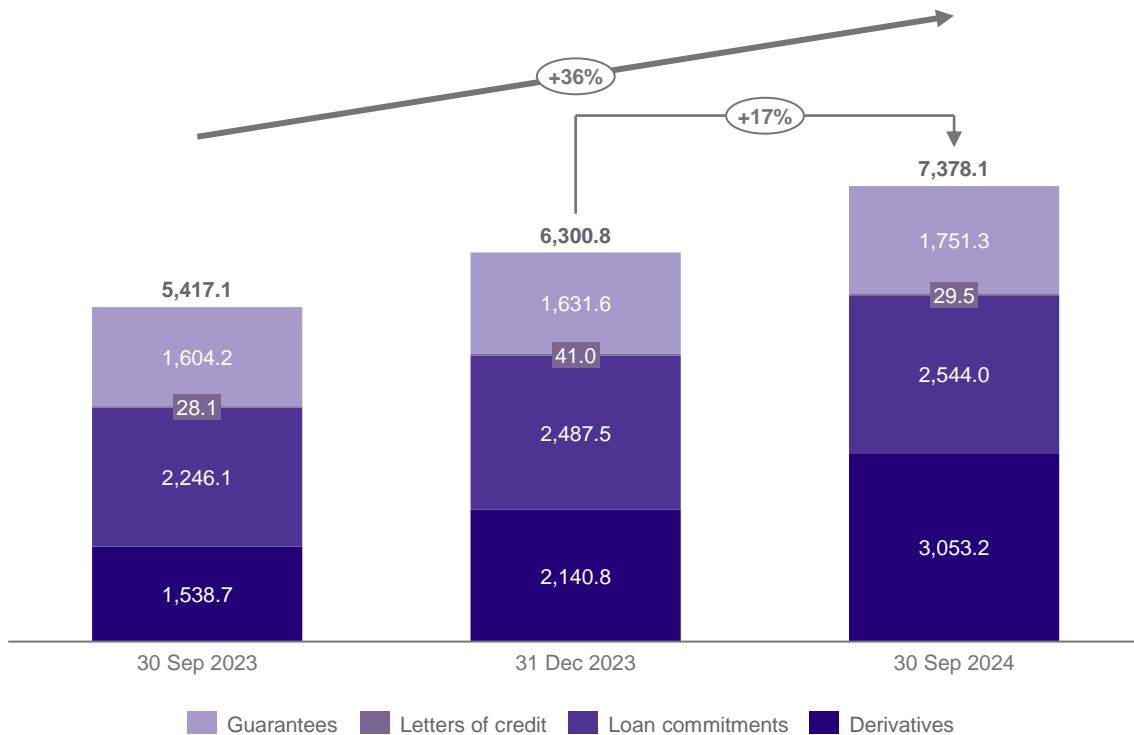


(i) On a stand-alone basis.

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



At the end of September, most of the Group's off-balance-sheet items were derivatives (41%), followed by loan commitments (35%).

The Group's off-balance-sheet items increased both YoY and YtD. The increase was primarily driven by higher derivatives, mainly due to hedging issued NLB securities. Additionally, guarantees increased by 9% YoY, which drove the guarantee fee income up by 6% 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

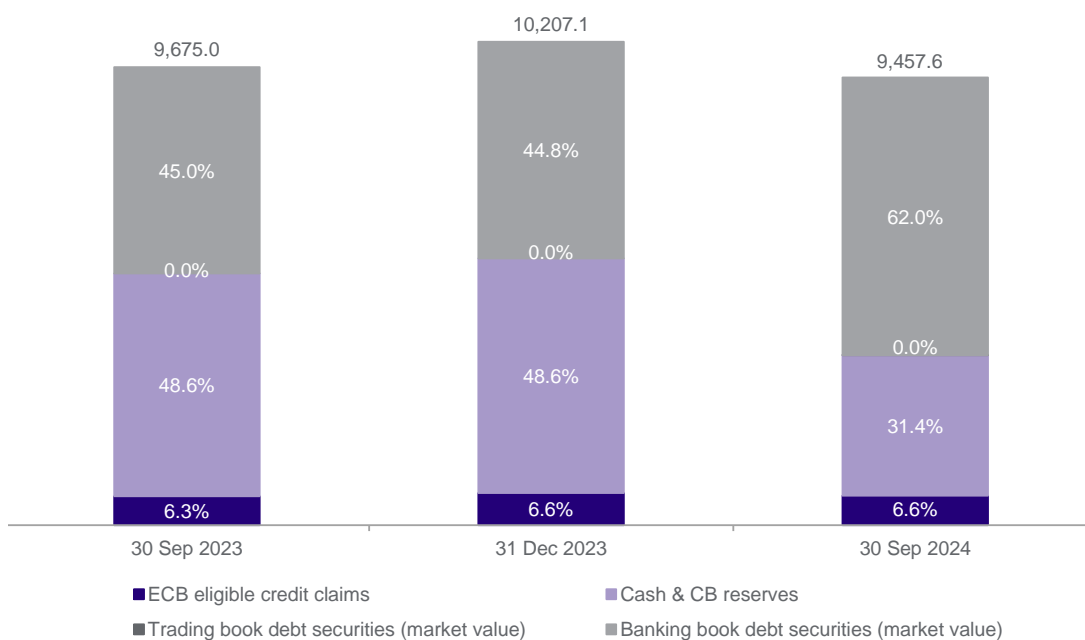
The Group's liquidity position remains strong, with liquidity indicators high above the regulatory requirements, indicating the Group's low tolerance for liquidity risk.

The Group's unencumbered liquidity reserves consist of cash, balances at central banks excluding the minimum reserve requirement, the debt securities portfolio, and credit claims eligible for CB-secured funding operations. Among others, these liquidity reserves provide the basis for future strategic growth.

In Q3, the Group's unencumbered liquidity reserves decreased by 2% YoY. The decline was primarily due to a reduction in Cash & CB reserves, mostly resulting from the acquisition of the SLS Group, with funds being transferred to the loan portfolio. At the same time, banking book debt securities increased, while values in other categories remained stable.

Encumbered liquidity reserves, used for operational and regulatory purposes, increased by 3% YoY to EUR 41.4 million (excluding obligatory reserves) and were excluded from the liquidity reserves portfolio.

Figure 20: Evolution of the NLB Group unencumbered liquidity reserves (in EUR millions)



Capital

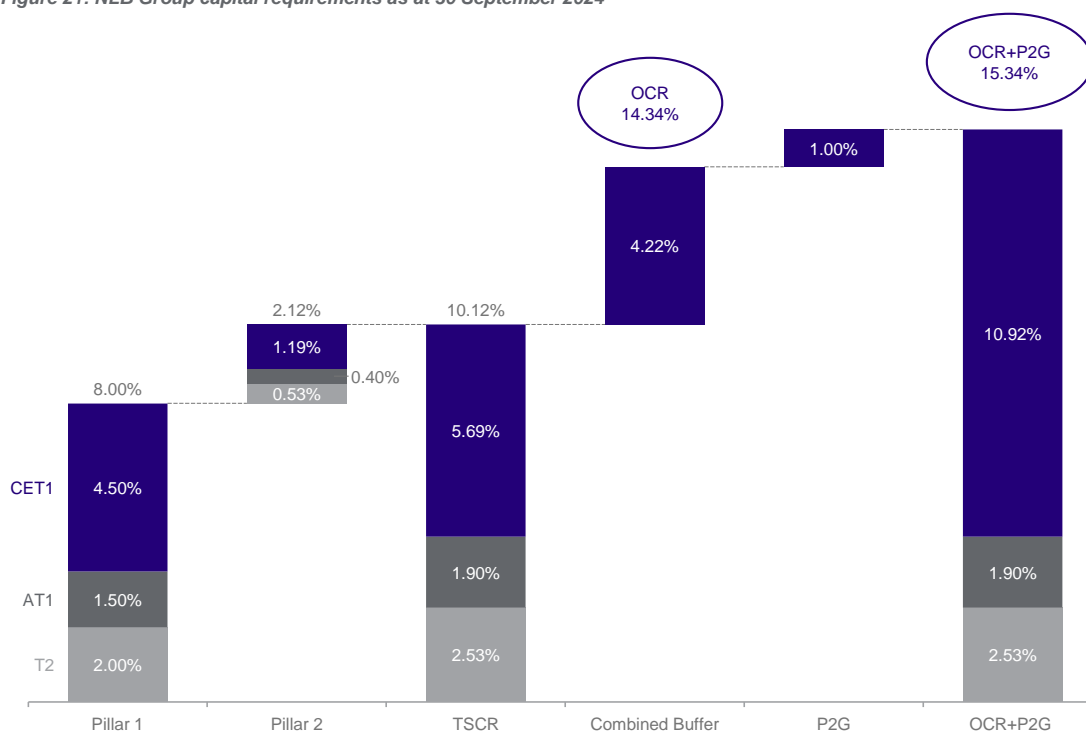
Capital Requirements

At the end of September 2024, the Bank's Overall Capital Requirement (OCR) on a consolidated basis was 14.34%, which is lower than at the end of 2023, and the composition was 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 pp to 2.12% due to an improved overall SREP assessment.
- The second component is the Combined Buffer Requirement (CBR), which is 4.22%. The CBR consists of a 2.50% Capital Conservation Buffer, a 1.25% O-SII Buffer, a 0.36% Countercyclical Buffer⁸ and a 0.11% Systemic Risk Buffer⁹.

In addition to the above requirements, the Pillar 2 Guidance (P2G) is 1.0% of Common Equity Tier 1 (CET1).

Figure 21: NLB Group capital requirements as at 30 September 2024



Effective as of 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 private individuals secured by residential real estate will decrease from 1.0% to 0.5%.

⁸ 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.

⁹ 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

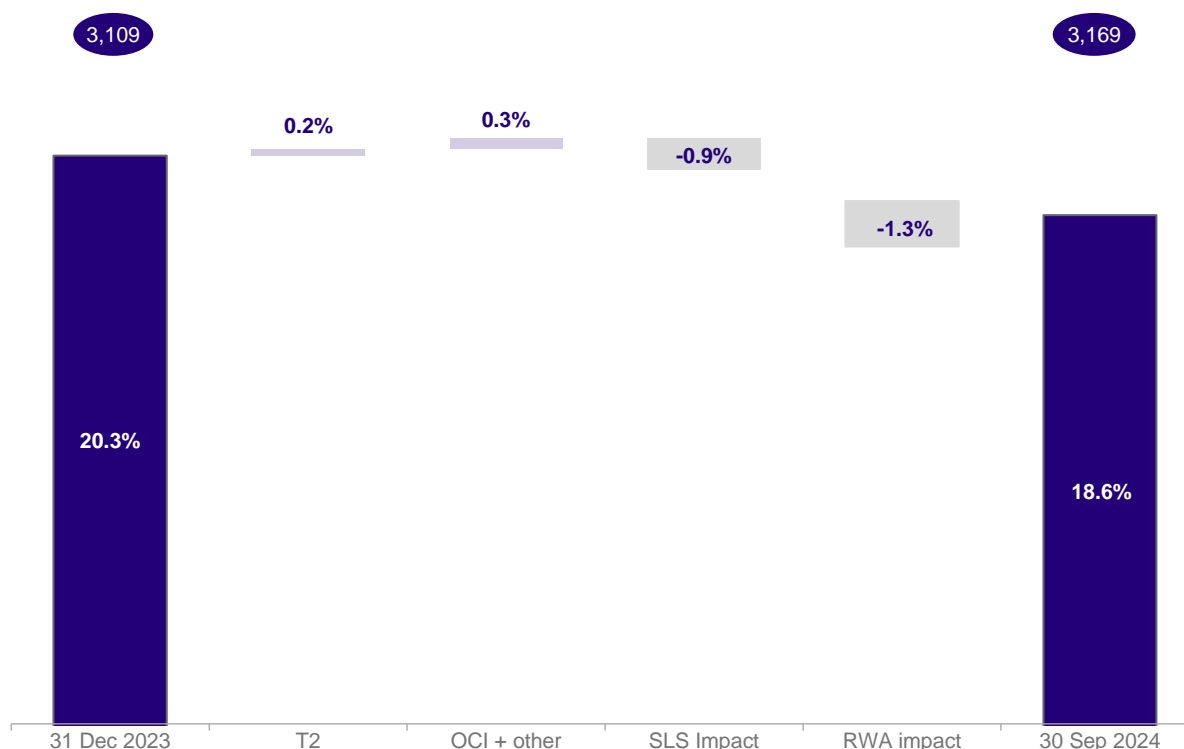
Table 5: Capital realisation YtD and surplus over the regulatory requirement of the NLB Group as of 30 September 2024

	30 Sep 2024	31 Dec 2023	Change YtD	Surplus over regulatory requirement 30 Sep 2024
in EUR millions				
Common Equity Tier 1 capital	2,535	2,510	25	674
Tier 1 capital	2,621	2,598	23	435
Total capital	3,169	3,109	60	551
Total risk exposure amount (RWA)	17,064	15,337	1,727	
Common Equity Tier 1 Ratio	14.86%	16.36%	-1.51 pp	3.94 pp
Tier 1 Ratio	15.36%	16.94%	-1.58 pp	2.55 pp
Total Capital Ratio	18.57%	20.27%	-1.70 pp	3.23 pp

As at 30 September 2024, the Group's TCR stood at 18.6% (or 1.7 pp decrease YtD), and the CET1 ratio stood at 14.9%, well above requirements. The lower total capital adequacy resulted from solid growth of loan book, resulting in higher RWA (EUR 1,726.9 million YtD), although the capital increased by EUR 59.5 million YtD. The Group increased its capital mainly through revaluation adjustments (EUR 49.6 million) and a higher volume of T2 instruments (EUR 35.8 million), while the acquisition of SLS Group increased deduction items Intangible assets (EUR -17.1 million).

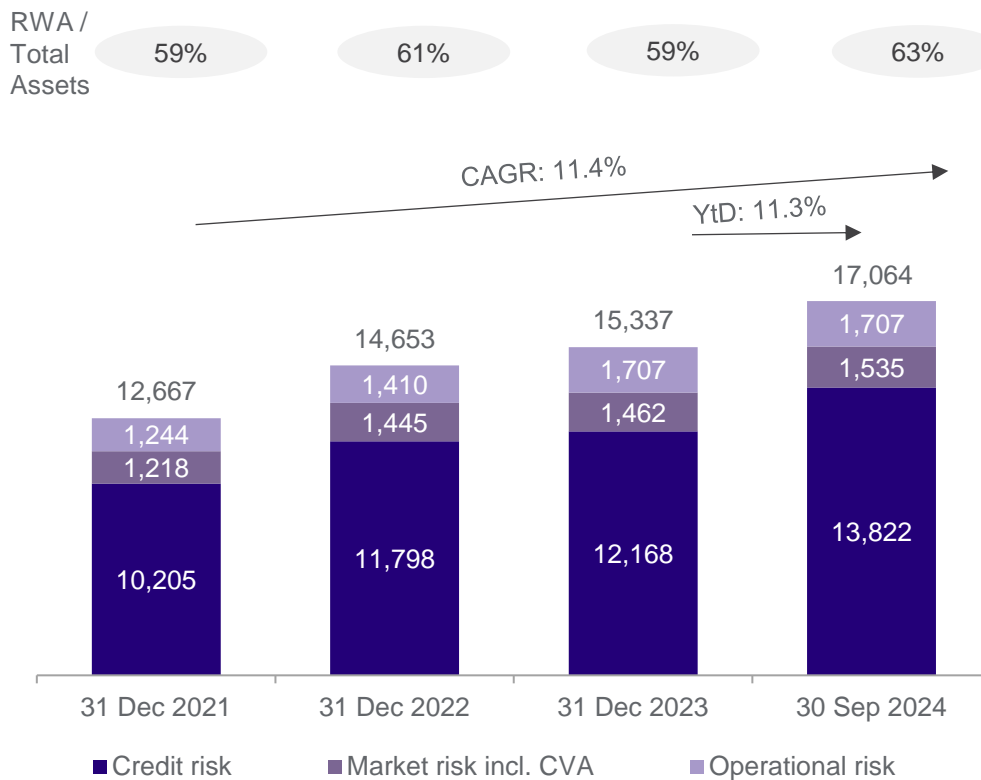
The total capital does not include EUR 110 million of the 2023 result, which is still envisaged to be paid as a dividend in 2024 (EUR 110 million was paid out in June 2024). Therefore, there will be no effect on the capital once the dividends are paid.

Figure 22: Capital (in EUR millions) and capital ratios of the NLB Group – YtD development



Total Risk Exposure Dynamic

Figure 23: RWA structure (in EUR millions)



In the first nine months of 2024, the Group's RWA for credit risk increased by EUR 1,653.6 million due to lending activity in corporate and retail segments and the acquisition of the SLS Group (RWA increased by EUR 698.0 million). Additionally, RWA for high-risk exposures increased due to new project financing loans and withdrawals of project finance loans approved in previous periods. Some decrease in RWA occurred due to lower liquidity assets.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) in the amount of EUR 73.2 million during the first nine months of 2024 was driven by higher RWA for FX risk of EUR 71.9 million (mainly due to an increase in open positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk of EUR 5.9 million, and lower RWA for TDI risk of EUR 7.9 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 NLB Fondovi, 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 in 2024, issuing 10NC5 subordinated Tier 2 notes in January to improve the capital position and 6NC5 senior preferred notes in May for MREL purposes.

Table 6: Overview of outstanding NLB notes as at 30 September 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
Total SP:						1,000
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 ⁽ⁱⁱ⁾	XS2113139195	5 February 2020	5 February 2030	5 February 2025	3.400% p.a.	10.5 ⁽ⁱ⁾ (issued amount: 120)
Tier 2 ⁽ⁱⁱⁱ⁾	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:						1,627.4

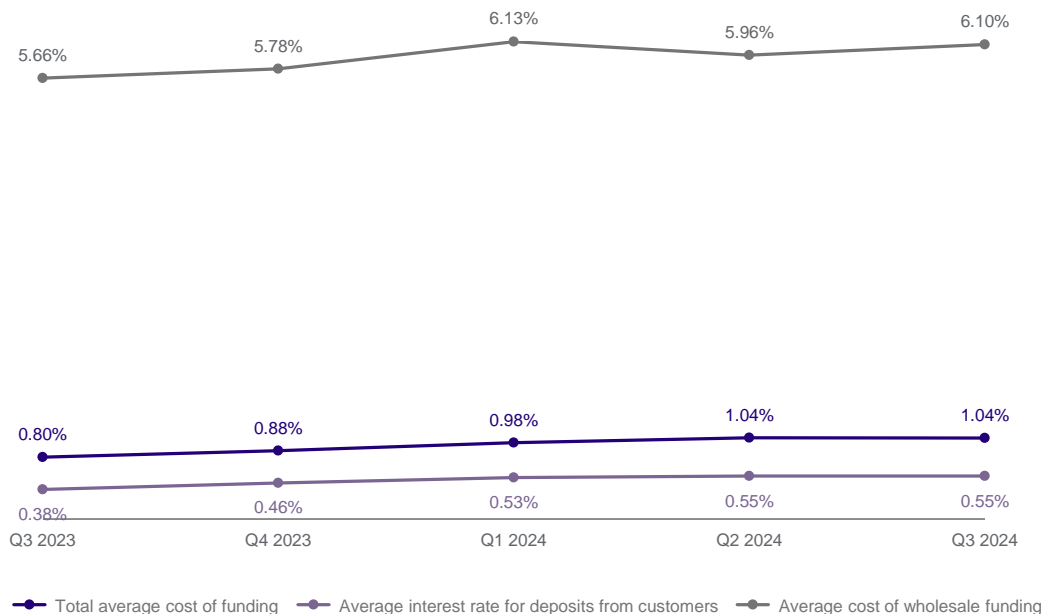
(i) Issued amount of notes was EUR 120 million. Due to a liability management exercise, the amount was reduced on 26 January 2024.

(ii) The Bank announced that it received the ECB consent for early redemption of Tier 2 notes.

(iii) The Bank announced that it shall, based on the permission of the ECB, on 19 November 2024 early redeem its Tier 2 notes.

The overall cost of funding remains low thanks to a reliable deposit base and the stability of sight deposits.

Figure 24: Average cost of funding (quarterly data)

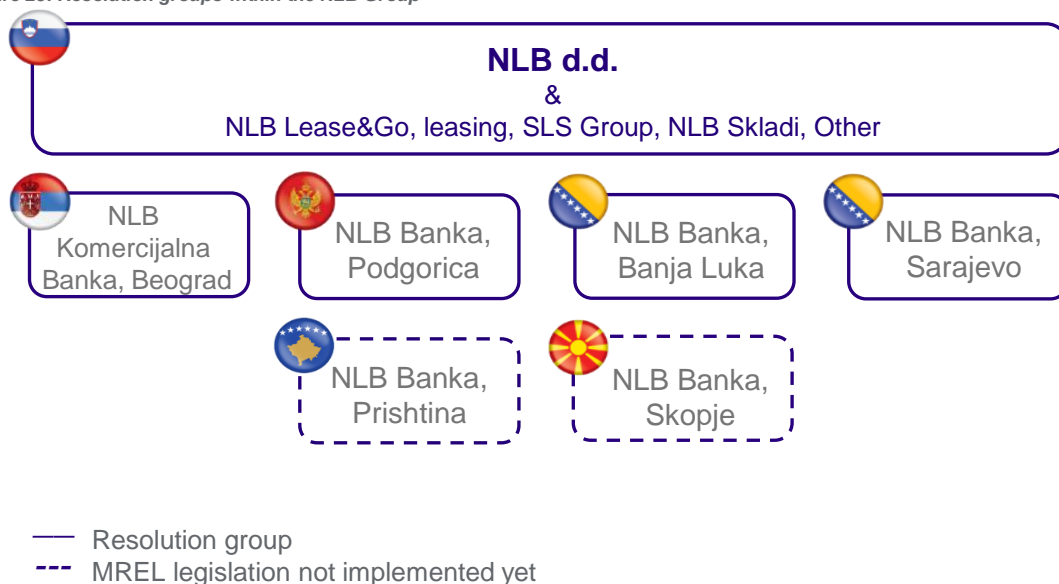


MREL Compliance

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 25: Resolution groups within the NLB Group



The NLB Resolution Group consists of NLB as the only banking member and other non-banking members, the latter representing 12% in TREA. The entities and their contribution to TREA of the NLB Resolution Group are presented in the table below.

Table 7: Contribution to the NLB Resolution Group's TREA

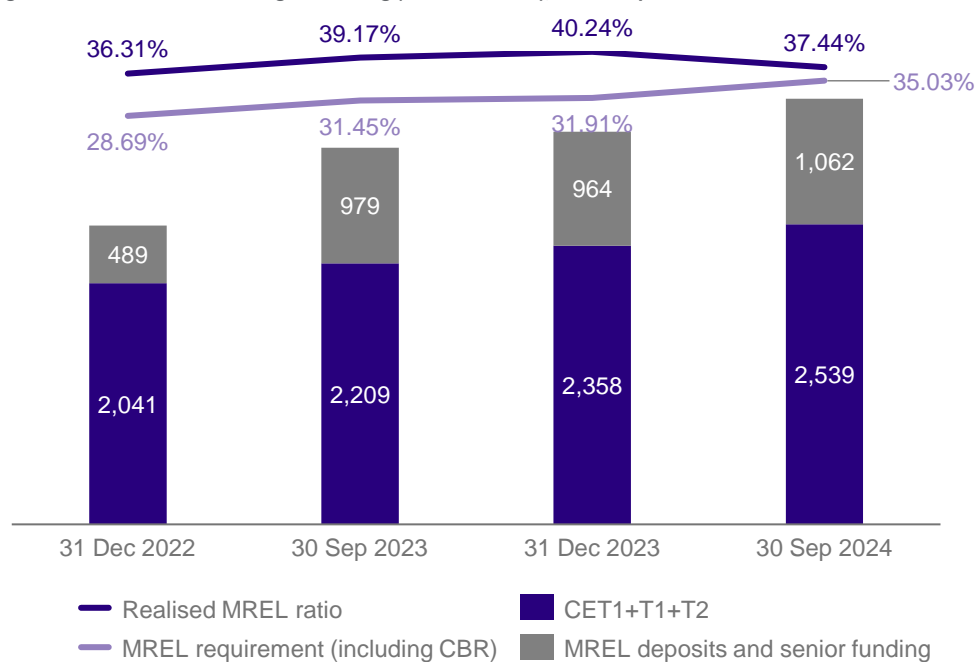
Entity	in EUR millions
	30 Sep 2024
NLB d.d.	8,462
SLS Group	698
NLB Lease&Go, leasing, Ljubljana	254
NLB Lease&Go Leasing Beograd	80
NLB Skladi, Ljubljana	55
Other	68
TREA total	9,617

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 (4.37% on 30 September 2024),
- 10.69% of LRE.

On 30 September 2024, the MREL ratio amounted to 37.44% TREA and 20.39% LRE, which was well above the required level.

Figure 26: 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 8: NLB's main shareholders as at 30 September 2024⁽ⁱ⁾

Shareholder	Number of shares	Percentage of shares
Bank of New York Mellon on behalf of the GDR holders ⁽ⁱⁱ⁾	9,911,531	49.56
• 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	5,088,468	25.44
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 Segments¹⁰

- **Retail Banking in Slovenia** covers individuals and micro companies, asset management (NLB Skladi, Ljubljana), and the part of NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, 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 and Summit Leasing Slovenija, 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 strategic markets (Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro), as well as the investment companies NLB Fondovi, Skopje and NLB Fondovi, Beograd¹¹, NLB DigIT, Beograd, and leasing companies NLB Lease&Go Skopje, NLB Lease&Go Leasing Beograd, and Mobil Leasing, Zagreb.
- **Other** activities include categories the operating results of which cannot be allocated to specific segments, as well as the NLB Cultural Heritage Management Institute and also Real Estate entities from 2024 (the latter were previously in the non-core segment).

Non-Core Segment

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

Table 9: Segments of the 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)	510	193	95	-15	277	-36	-4
Contribution to Group's profit b.t.	100%	38%	19%	-3%	54%	-7%	-1%
Total assets (in EUR millions)	27,243	4,641	3,830	6,616	11,680	445	31
% of total assets	100%	17%	14%	24%	43%	2%	0%
CIR ⁽ⁱ⁾	43.2%	36.3%	38.7%	/	43.4%	/	/
Cost of risk (bps)	-12	64	-48	/	-33	/	/

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

The 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.

¹⁰ N Banka is included as an independent legal entity in segment analysis for 2023 until 1 September 2023, when the legal and operational merger between N Banka and NLB was successfully completed.

¹¹ On 10 October 2024, KomBank Invest, Beograd was renamed NLB Fondovi, Beograd.

Retail Banking in Slovenia

Highlights

- Considerable increase of market shares, 0.4 pp in retail lending and 0.9 pp in deposit taking.
- Substantial increase of the loan portfolio, partially also due to the acquisition of Summit Leasing Slovenija, Ljubljana.
- The segment maintained excellent new loan production and high inflows into mutual funds.
- Strong growth in net fees and commissions, of which a substantial increase came from asset management, bancassurance and card operations.
- Apple Pay, Garmin Pay and push notifications in the NLB Pay wallet were implemented.
- Daily banking products are available E2E digitally in NLB Klik, presenting a noticeable contribution to total sales.

Financial and Business Performance

Table 10: Key financials of the Retail Banking in Slovenia segment

in EUR millions consolidated									
	1-9 2024	1-9 2023	Change YoY		Q3 2024	Q2 2024	Q3 2023	Change QoQ	
Net interest income	241.7	185.0	56.7	31%	82.3	79.4	74.7	4%	
Net interest income from Assets ⁽ⁱ⁾	73.5	65.4	8.1	12%	27.9	23.0	21.8	21%	
Net interest income from Liabilities ⁽ⁱ⁾	168.3	119.6	48.7	41%	54.5	56.3	52.9	-3%	
Net non-interest income	86.7	75.0	11.7	16%	35.1	31.3	26.5	12%	
o/w Net fee and commission income	94.7	84.5	10.2	12%	33.5	31.0	27.7	8%	
Total net operating income	328.5	260.0	68.5	26%	117.5	110.7	101.1	6%	
Total costs	-119.1	-107.0	-12.1	-11%	-40.9	-43.4	-34.4	6%	
Result before impairments and provisions	209.3	153.0	56.3	37%	76.5	67.3	66.7	14%	
Impairments and provisions	-18.4	-22.2	3.8	17%	-1.7	-11.2	-6.8	85%	
Share of profit from investments in associates and joint ventures	2.3	1.3	1.0	73%	0.6	0.7	0.7	-13%	
Result before tax	193.2	132.1	61.1	46%	75.5	56.8	60.6	33%	
	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change Ytd		Change YoY		Change QoQ
Net loans to customers	4,503.1	3,818.9	3,694.2	3,637.6	808.9	22%	865.5	24%	
Gross loans to customers	4,582.1	3,900.6	3,760.8	3,701.8	821.4	22%	880.3	24%	
Housing loans	2,595.2	2,537.2	2,483.5	2,465.3	111.7	4%	129.9	5%	
Interest rate on housing loans ⁽ⁱⁱ⁾	3.19%	3.22%	3.07%	3.00%	0.12 p.p.		0.19 p.p.		-0.03 p.p.
Consumer loans	931.4	892.9	818.5	791.5	112.9	14%	140.0	18%	
Interest rate on consumer loans ⁽ⁱⁱ⁾	8.37%	8.38%	8.14%	8.11%	0.23 p.p.		0.26 p.p.		-0.01 p.p.
Summit Leasing Slovenija	553.6	-	-	-	553.6	-	553.6	-	
NLB Lease&Go, leasing, Ljubljana	127.6	120.2	98.2	89.3	29.5	30%	38.4	43%	
Other	374.2	350.3	360.6	355.8	13.7	4%	18.4	5%	
Deposits from customers	9,705.5	9,590.2	9,357.8	9,226.0	347.7	4%	479.5	5%	
Interest rate on deposits ⁽ⁱⁱ⁾	0.49%	0.49%	0.32%	0.29%	0.17 p.p.		0.20 p.p.		0.00 p.p.
Non-performing loans (gross)	91.8	81.6	77.3	74.0	14.5	19%	17.8	24%	
	1-9 2024	1-9 2023	Change YoY						
Cost of risk (in bps)	64	36	27						
CIR	36.3%	41.2%	-4.9 p.p.						
Net interest margin ⁽ⁱⁱ⁾	4.80%	3.93%	0.87 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 31%, primarily due to higher volumes and the relatively high level of key ECB interest rate, which positively affected the segment's income from clients' deposits. The average interest rate on deposits increased by 20 bps YoY. In the last quarter of 2023, the Bank offered more attractive interest rates for term deposits and savings accounts for individuals, which customers perceived positively.

Net fee and commission income increased by 12% YoY, driven by increased fees from investment funds, bancassurance client engagement, repricing of management fees, and renegotiated conditions with the service providers in payment transactions and card operations.

The segment's **total costs** increased by 11% YoY, primarily due to higher employee costs and the inclusion of the retail part of Summit Leasing Slovenija, Ljubljana in the segment.

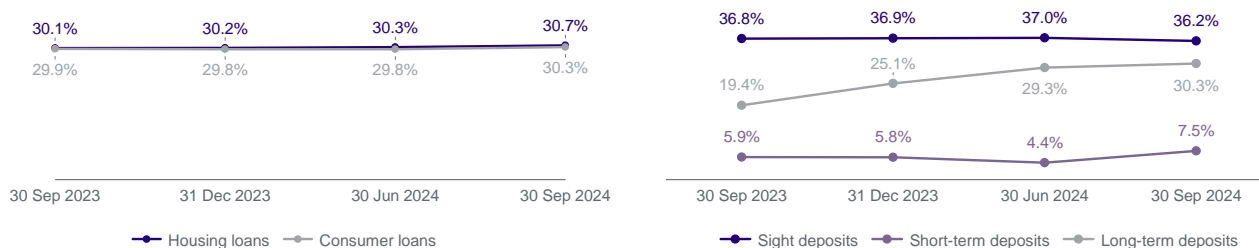
Impairments and provisions were net established for credit risks related to the portfolio development.

The segment's loan portfolio increased by EUR 821.4 million YtD, with EUR 553.6 million attributed to Summit Leasing Slovenija, Ljubljana. Additionally, housing and consumer loans achieved strong YtD growth, with increases of 4% and 14%, respectively. The new production of these loans was impressive, with EUR 341.9 million in new housing loans and EUR 389.2 million in new consumer loans approved, showing a YoY increase of 15% and 38%, respectively. In addition, the market share of new production of housing and consumer loans in Q3 was impressive, with 37.9% and 35.7%, respectively (compared to 33.6% and 33.3% in Q2 2024).

The market shares of the segment recorded a considerable increase in retail lending to 29.9% (compared to 29.5% as at 30 September 2023) and in deposit-taking to 34.2% (compared to 33.3% as at 30 September 2023). The retail part of NLB Lease&Go, leasing, Ljubljana continued its steady growth, recording a 43% YoY portfolio increase. Additionally, the acquisition of Summit Leasing Slovenija, Ljubljana in September boosted the leasing portfolio in the segment in Q3.

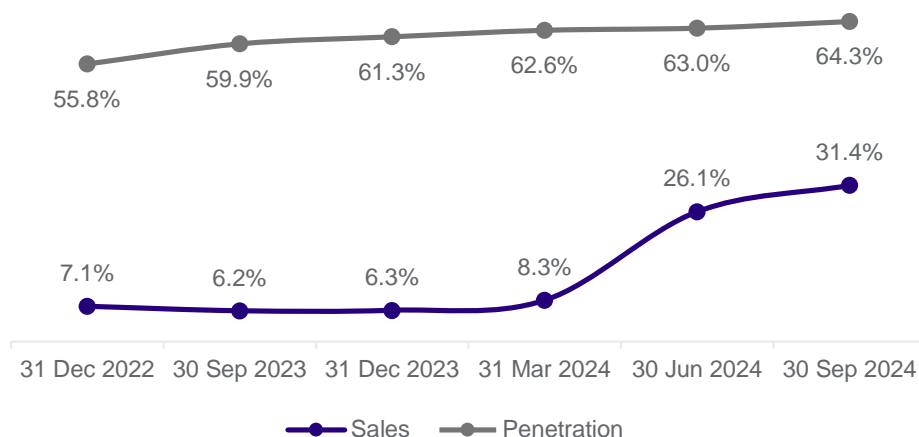
The segments' **market shares of housing and consumer loans** also increased and reached 30.7% and 30.3%, respectively, compared to 30.1% and 29.9% as at 30 September 2023. A housing loan campaign called "Your chance for a quick move", in which 100 young loan borrowers are rewarded by reimbursing their three instalments of up to EUR 1,000, is running until the end of the year. A new mortgage loan offer was introduced, including 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 27: Market share of net loans to individuals and market share of deposits from individuals



The **deposit base** increased steadily both YoY and YtD. Higher interest rates for term deposits drove a EUR 288.0 million increase in term deposit volume during 1-9 2024, with a noticeable shift from sight to term deposits. By the end of September, the share of term and savings accounts in total deposits from individuals rose to 50%, compared to 46% on 30 September 2023.

In May 2024, the Bank opened a **new branch office**, offering advanced and high-quality services to provide 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, offers most daily banking features, including consumer loans, credit card orders, changes of credit card limits and personal account overdrafts, and saving account openings. To encourage clients to adopt digital channels, the Bank introduced differentiated pricing with discounted approval costs for loans concluded through NLB Klik, resulting in a significant increase in digital sales. The added functionalities have driven growth across all relevant product groups, especially for credit card limits and overdrafts, which clients perceive as less complex. Additionally, NLB Klik experienced an 8% YoY increase in the number of active digital users and a 4.5 pp rise in active digital penetration.

Figure 28: Digital sales⁽ⁱ⁾ and digital penetration⁽ⁱⁱ⁾

(i) Share of the volume of digitally sold products in the total volume of sales for comparable products.

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

The **Contact Centre** (CC) recently marked its 30th anniversary as the Bank's 24/7 customer support hub. Over the years, the CC has proved to be flexible and responsive to clients' evolving needs but has also introduced new solutions ahead of market trends. This ability has been key to improving the customer experience at every stage of the Bank's service development. Today, the CC also plays the role of a virtual bank, facilitating 11% of key retail product group sales in the first nine months of 2024, demonstrating its continued importance in the Bank's multi-channel strategy.

The Group's mobile wallet **NLB Pay** became a must-app, with the integration of Google Pay in 2023, Apple Pay and Garmin Pay in 2024. It allows users to confirm their e-commerce purchases and Flik payments easily. Transferring from SMS purchase alerts to push notifications within the NLB Pay app has made it even more convenient. In **acquiring business**, the Bank is running a pilot cooperation with Lab4Pay (Elly POS), especially with Billy POS, to acquire new merchants.

Private Banking has surpassed EUR 2 billion in assets under management, doubling it in just four years. This achievement reflects a successful approach and an adjusted product range. Additionally, Private Banking has engaged new investors through the launch of a new alternative investment fund "NLB Skladi Zeleni prehod I".

NLB Skladi, Ljubljana, Slovenia's largest asset management company, achieved a market share of assets under management (AuM) in mutual funds of 40.2%, with net inflows totalling EUR 189.5 million in the first nine months of 2024, representing 52.3% of all net inflows in the market. Gross inflows in mutual funds for the same period reached EUR 270.9 million, reflecting a 47% YoY increase. The company's total assets under management grew by 27.2% YoY to EUR 2,798.1 million, of which EUR 2,322.3 million consisted of mutual funds and EUR 475.8 million of the discretionary portfolio. NLB Skladi, Ljubljana also started offering a new service, the management of alternative investment funds, completed the acquisition of Generali Investments, Skopje, and by transfer of ownership of the Serbian asset management company KomBank Invest, Beograd entered another strategically important market for the Group. Both companies operating in the Group region, Generali Investments, Skopje and KomBank Invest, Beograd, were rebranded to NLB Fondovi, Skopje and NLB Fondovi, Beograd.

Corporate and Investment Banking in Slovenia

Highlights

- Increased net interest income driven by higher loan volumes and margins on client deposits.
- Growth in the loan portfolio, part of reported volume growth also due to the acquisition of Summit Leasing Slovenija, Ljubljana.
- An increase in market share in loans and deposits in Q3, while still a high market share maintained 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 11: Key financials of the Corporate and Investment Banking in Slovenia segment

in EUR millions consolidated							
	1-9 2024	1-9 2023	Change YoY	Q3 2024	Q2 2024	Q3 2023	Change QoQ
Net interest income	97.8	74.4	23.4	31%	32.5	32.9	-1%
Net interest income from Assets ⁽ⁱ⁾	57.8	44.7	13.1	29%	20.4	19.6	4%
Net interest income from Liabilities ⁽ⁱ⁾	40.0	29.7	10.3	35%	12.1	13.3	-9%
Net non-interest income	36.6	32.9	3.7	11%	12.8	11.4	13%
o/w Net fee and commission income	31.3	30.6	0.7	2%	11.0	9.6	15%
Total net operating income	134.4	107.3	27.1	25%	45.3	44.3	2%
Total costs	-52.0	-51.6	-0.4	-1%	-17.4	-18.9	8%
Result before impairments and provisions	82.4	55.7	26.7	48%	27.9	25.4	10%
Impairments and provisions	12.3	8.6	3.7	43%	3.2	6.3	-1.7
Result before tax	94.7	64.3	30.4	47%	31.1	31.7	-2%

	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change YtD	Change YoY	Change QoQ
Net loans to customers	3,770.3	3,440.9	3,360.2	3,472.1	410.2	12%	298.2
Gross loans to customers	3,824.9	3,492.6	3,413.2	3,524.4	411.7	12%	300.5
Corporate	3,686.5	3,392.2	3,306.7	3,426.3	379.8	11%	260.2
Key/SME/Cross Border Corporates	3,186.5	3,106.1	3,049.5	3,177.0	137.0	4%	9.5
Interest rate on Key/SME/Cross Border Corporates loans ⁽ⁱⁱ⁾	5.14%	5.21%	4.54%	4.31%	0.60 p.p.		0.83 p.p.
Investment banking	0.1	0.1	0.1	0.1	0.0	-1%	0.0
Restructuring and Workout	118.5	112.8	97.7	97.2	20.8	21%	21.4
Summit Leasing Slovenija	207.2				207.2	-	207.2
NLB Lease&Go, leasing, Ljubljana	174.2	173.2	159.4	152.0	14.8	9%	22.1
State	137.2	99.3	105.6	97.4	31.6	30%	39.8
Interest rate on State loans ⁽ⁱⁱ⁾	5.91%	6.01%	5.95%	5.87%	-0.04 p.p.		0.04 p.p.
Deposits from customers	2,299.1	2,089.9	2,471.8	2,405.6	-172.7	-7%	-106.5
Interest rate on deposits ⁽ⁱⁱ⁾	0.36%	0.36%	0.28%	0.24%	0.08 p.p.		0.12 p.p.
Non-performing loans (gross)	68.0	59.6	61.8	61.1	6.2	10%	6.9

	1-9 2024	1-9 2023	Change YoY
Cost of risk (in bps)	-48	-51	3
CIR	38.7%	48.1%	-9.4 p.p.
Net interest margin ⁽ⁱⁱ⁾	4.15%	3.37%	0.78 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 31.7% market share in loans and 23.4% 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.

Net interest income increased substantially by 31% YoY, primarily due to the rise in loan volume and the relatively high level of the key ECB rate 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 2% 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 12.3 million due to changes in risk parameters and portfolio development.

The **volume of gross loans** increased by EUR 411.7 million YtD, half of which was related to the acquired corporate part of Summit Leasing Slovenija's loan portfolio. Business activity showed strong momentum in the second and third quarters with strong new production.

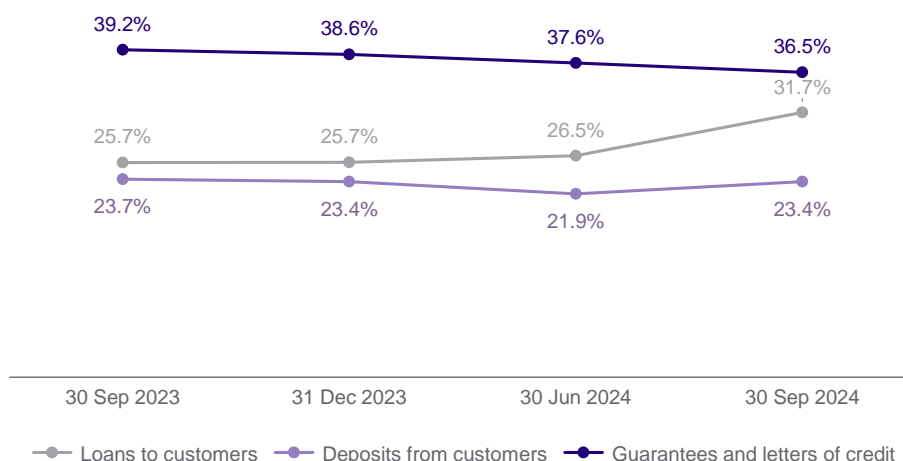
As a key and important systemic player in the financial market, the Bank raises awareness and supports clients in the **region's development of ESG and sustainable finance** through its proactive approach and advisory services. In this way, it increases its share in financing the green transformation of companies in Slovenia and the wider region. The Bank primarily finances renewable energy sources, the expansion of electrical distribution networks, sustainable construction and building renovations, and sustainable mobility.

At the end of Q3 2024, the loan outstanding portfolio of **cross-border financing** reached EUR 487.0 million, with additional approved and still unutilised loans amounting to EUR 106.7 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 placed on exploring options to engage in international syndication deals within the transition finance universe.

After a decline in **deposits** during the first half of the year, a rebound occurred in Q3, with observed growth of 10%.

The **trade finance business** remained stable, with a high market share of 36.5%. A strong focus was given to Slovenian exporters and all different versions of invoice financing.

Figure 29: 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 by 9% YtD, reaching EUR 20.35 billion at the end of Q3 2024.

Brokerage services have experienced substantial YoY growth. In the first nine months of 2024, the Bank executed clients' buy and sell orders of EUR 2.1 billion, reflecting an increase of 238% compared to last year. In dealing with financial instruments, foreign exchange spot deals almost doubled, amounting to EUR 1.379 billion, while transactions involving derivatives grew by 13%, reaching EUR 132.3 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.

In the acquiring business, a development plan for 2025 has been prepared, focusing on enhancing NLB Smart POS with new functionalities, including Flik P2M, payments with Diners cards, TIPS transactions, instalment options, and simplified

reporting at the merchant level. The partnership with Lab4Pay (Elly POS) and especially with Billy POS to acquire new merchants is in progress, with the pilot cooperation extended until 31 December 2024.

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. With the acquisition of Summit Leasing Slovenija, Ljubljana, the leasing portfolio in this segment has expanded notably in Q3, further strengthening the focus on leasing activities.

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 the purpose of 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 12: Key Financials of the Financial Markets in Slovenia segment

	in EUR millions consolidated							
	1-9 2024	1-9 2023	Change YoY		Q3 2024	Q2 2024	Q3 2023	Change QoQ
Net interest income	-4.2	34.1	-38.4	-	-3.3	-3.0	6.4	-9%
Net interest income w/o ALM ⁽ⁱ⁾	19.7	17.5	2.2	13%	6.8	5.2	6.2	32%
o/w ALM	-23.9	16.7	-40.5	-	-10.1	-8.2	0.2	-24%
Net non-interest income	1.1	-1.2	2.3	-	0.8	-2.6	-1.2	-
Total net operating income	-3.1	33.0	-36.1	-	-2.5	-5.6	5.2	55%
Total costs	-11.4	-7.1	-4.3	-6%	-5.1	-3.5	-2.4	-4%
Result before impairments and provisions	-14.5	25.9	-40.4	-	-7.6	-9.1	2.8	17%
Impairments and provisions	-0.7	4.8	-5.5	-	0.1	-0.3	0.6	-
Result before tax	-15.2	30.7	-45.9	-	-7.5	-9.4	3.4	21%
	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change YtD		Change YoY	
Balances with Central banks	2,227.5	3,335.2	4,153.2	3,976.7	-1,925.7	-4%	-1,749.2	-3%
Banking book securities	4,261.8	4,143.7	2,981.1	2,994.8	1,280.7	43%	1,267.0	3%
Interest rate ⁽ⁱⁱ⁾	1.97%	1.87%	1.17%	1.07%	0.80 p.p.		0.90 p.p.	0.10 p.p.
Borrowings	51.2	56.4	82.8	73.3	-31.6	-3%	-22.1	-3%
Interest rate ⁽ⁱⁱ⁾	2.39%	2.36%	1.66%	2.05%	0.73 p.p.		0.34 p.p.	0.03 p.p.
Subordinated liabilities (Tier 2)	583.4	558.7	509.4	529.0	74.0	15%	54.4	10%
Interest rate ⁽ⁱⁱ⁾	8.21%	8.04%	6.89%	6.87%	1.32 p.p.		1.34 p.p.	0.17 p.p.
Other debt securities in issue	1,034.8	1,315.3	828.8	810.0	205.9	25%	224.7	28%
Interest rate ⁽ⁱⁱ⁾	6.39%	6.66%	6.56%	6.46%	-0.17 p.p.		-0.07 p.p.	-0.27 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 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.

Net interest income was EUR 38.4 million lower YoY due to the ALM result 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 1,925.7 million YtD in **balances with the central bank**, as they were partially transferred to **banking book securities**, resulting in a YtD increase of EUR 1,280.7 million. This transformation was undertaken to stabilise net interest income in 2024. The other part was used to acquire the SLS Group, with funds being transferred to the loan portfolio.

Approximately 14.2% (or EUR 601 million) of the banking book securities portfolio consists of the **ESG debt securities** issued by governments, multilateral organisations, or financial institutions, of which EUR 319 million were bought in 2024.

At the end of Q3, the duration of the Bank securities portfolio was 3.88 years, with an average yield of 1.97% YtD. The negative valuation of the FVOCI portfolio as at 30 September 2024 amounted to EUR 16 million (net of hedge accounting effects and related deferred taxes).

Strategic Foreign Markets

Highlights

- Sustained growth and robust financial outlook.
- All subsidiary banks are robustly profitable and earning Cost of Capital (CoC), with NLB Komercijalna Banka, Beograd contributing 49% 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 most local market dynamics.
- The increased deposit base reflected the overall confidence of the banking members.
- The leasing portfolio in Serbia has shown remarkable growth, exceeding the EUR 100 million financial leasing portfolio.
- Continuous sustainable financing and operations improve the carbon footprint of the banks.
- Regional central banks' regulatory changes – new combined buffer capital requirements across the countries of the Group's operations.
- Croatian subsidiary of the SLS Group Mobil Leasing, Zagreb, with a market share of 3.1%, has been included in the segment after the successful acquisition of the SLS Group.
- Serbia's sovereign credit score was upgraded by S&P Global Ratings, making the transformation of the country into an investment-grade issuer.

Financial and Business Performance

Table 13: Key Financials of the Strategic Foreign Markets segment

in EUR millions consolidated								
	1-9 2024	1-9 2023	Change YoY		Q3 2024	Q2 2024	Q3 2023	Change QoQ
Net interest income	360.1	307.5	52.5	17%	122.2	119.0	111.2	3%
Interest income	420.2	340.1	80.1	24%	143.4	139.0	124.5	3%
Interest expense	-60.1	-32.6	-27.5	-85%	-21.2	-20.0	-13.3	15%
Net non-interest income	106.4	97.9	8.5	9%	39.1	38.1	33.3	3%
o/w Net fee and commission income	106.6	91.2	15.4	17%	37.4	38.5	32.4	-3%
Total net operating income	466.5	405.4	61.1	15%	161.3	157.1	144.5	3%
Total costs	-202.6	-179.5	-23.2	-13%	-70.5	-68.2	-61.5	-12%
Result before impairments and provisions	263.9	226.0	37.9	17%	90.8	88.9	82.9	2%
Impairments and provisions	13.6	15.5	-1.8	-11%	-4.4	20.6	-1.5	-
Result before tax	277.5	241.4	36.0	15%	86.4	109.6	81.5	-21%
o/w Result of minority shareholders	12.3	9.6	2.7	28%	3.7	5.2	2.8	-24%

	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change YTD	Change YoY	Change QoQ
Net loans to customers	7,438.1	7,110.6	6,648.1	6,524.3	790.0	12%	5%
Gross loans to customers	7,620.2	7,288.3	6,839.8	6,712.2	780.4	12%	5%
Individuals	3,947.1	3,788.9	3,525.6	3,461.2	421.5	12%	4%
Interest rate on retail loans	6.98%	7.02%	6.63%	6.53%	0.35 p.p.	0.45 p.p.	-0.04 p.p.
Corporate	3,377.9	3,222.0	3,042.9	3,005.4	335.0	11%	5%
Interest rate on corporate loans	5.87%	5.90%	5.37%	5.20%	0.50 p.p.	0.67 p.p.	-0.03 p.p.
State	295.2	277.4	271.4	245.6	23.8	9%	6%
Interest rate on state loans	7.70%	7.78%	7.13%	6.90%	0.57 p.p.	0.80 p.p.	-0.08 p.p.
Deposits from customers	9,346.3	8,981.0	8,878.3	8,614.9	468.0	5%	4%
Interest rate on deposits	0.64%	0.64%	0.38%	0.33%	0.26 p.p.	0.31 p.p.	0.00 p.p.
Non-performing loans (gross)	136.5	136.9	134.0	148.9	2.5	2%	0%

	1-9 2024	1-9 2023	Change YoY
Cost of risk (in bps)	-33	-36	3
CIR	43.4%	44.3%	-0.8 p.p.
Net interest margin	4.40%	4.12%	0.28 p.p.

In the third quarter of 2024, the SEE region experienced sustained growth and a solid financial outlook. Key drivers contributing to this positive economic performance include increased foreign direct investment (FDI), strong export growth, moderate inflation and significant improvements in the business climate. NLB Group countries of operations showed growth trends, with improvements in private consumption and investment. Amidst a solid financial outlook for the SEE region, the banking environment is facing pressure from the interest rate reduction.

The upgrade of Serbia's sovereign rating in October signals greater stability and reduced risk, with the possibility of attracting more FDIs, allowing lower borrowing costs, and creating huge opportunities to boost local infrastructural projects and stimulate regional growth.

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 wide 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 and delivered strong Q3 2024 results.

In Q3 2024, the demand for loans showed a positive trend, reflecting the overall economic growth and increased business activity in the region by marking a solid 14% YoY and 11% YtD increase in lending activities of the segment. The most significant increase in gross loans to customers was achieved by NLB Banka, Prishtina (16% YoY) and NLB Banka, Podgorica (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 remarkable growth and exceeded EUR 100 million financial leasing portfolio. With Mobil Leasing, Zagreb holding EUR 120 million in total assets, NLB sees strong growth potential in the Croatian market.

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 8% YoY.

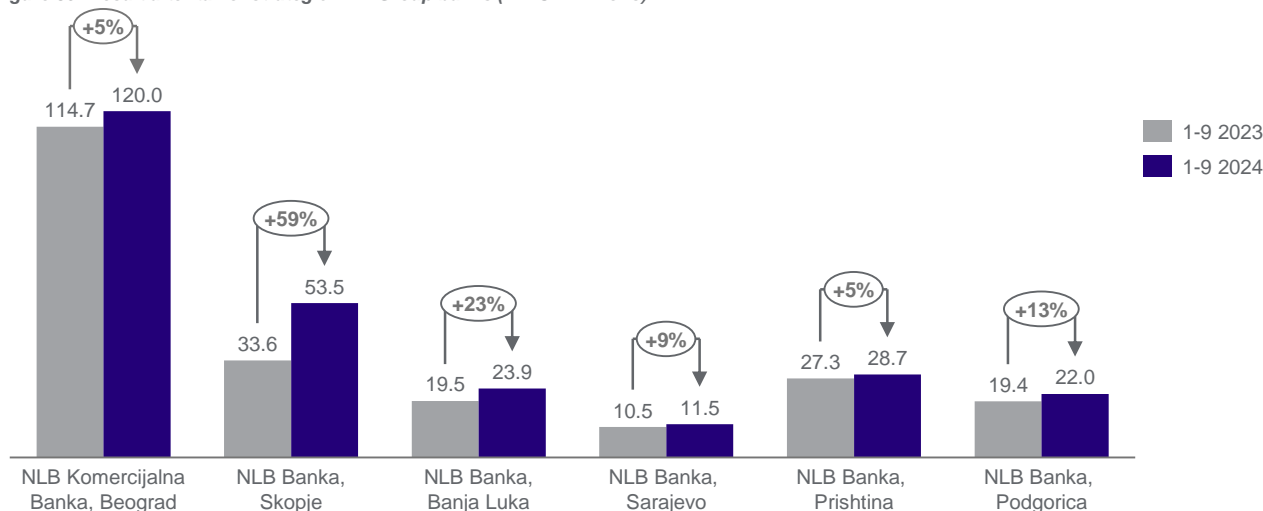
In the still high interest rate market environment, **net interest income** increased by 17% YoY on the segment level due to higher volumes. All banking members recorded a strong double-digit percentage increase in net interest income YoY, with the highest absolute impact in an interest rate increase in NLB Komercijalna Banka, Beograd of EUR 24 million YoY.

Net fee and commission income increased by EUR 15.4 million due to the positive impact of increased economic activity, higher volumes of payments and card operations, and also driven by the renegotiated conditions with the service providers, which improved net fee results in payment transactions and card operations.

Total costs increased by EUR 23.2 million YoY due to an increase in all cost categories. CIR improved by 0.8 pp YoY to 43.4%.

Impairments and provisions were net released in the amount of EUR 13.6 million due to changes in risk parameters and a stable environment.

Figure 30: Result after tax of strategic NLB Group banks (in EUR millions)⁽ⁱ⁾



(i) On a standalone basis as included in the consolidated financial statements of the NLB Group.

Despite the declining interest rate conditions and strong pricing competitive pressure on interest rates on assets and liabilities, the banking members realised a **net interest margin** ranging from 3.2% (NLB Banka, Sarajevo) to 5.1% (NLB Banka, Podgorica) in 1-9 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 in most markets, especially in consumer loans. The gross loans to individuals marked a 13% YoY growth and 11% YtD. The highest YoY increase was achieved by NLB Banka, Prishtina (27%), NLB Banka, Podgorica (16%), and NLB Banka, Banja Luka (15%).

Most of the banks in the Group increased their market share in loans to individuals in various sub-segments from 10 to 150 bps YtD. Retail consumer loans market share increased most significantly in NLB Banka, Prishtina, by 150 bps YtD. New production in ESG loans accelerated during 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 5% YtD and 9% YoY.

Corporate Banking

The banking members maintained a positive trend in approving new financing and attracting new corporate clients. The banks recorded an 8% YoY and a 7% YtD growth in the corporate segment, with the highest levels achieved in NLB Banka, Podgorica (11% YoY) and NLB Komercijalna Banka, Beograd (10% 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 10% YoY.

Non-Core Members¹²

Highlights

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

Financial and Business Performance

Table 14: Key Financials of Non-Core Members

in EUR millions consolidated									
	1-9 2024	1-9 2023	Change YoY		Q3 2024	Q2 2024	Q3 2023	Change QoQ	
Net interest income	0.7	0.7	0.1	13%	0.2	0.2	0.2	13%	
Net non-interest income	0.3	-2.8	3.1	-	-0.1	-0.1	-0.9	3%	
Total net operating income	1.0	-2.2	3.2		0.1	0.1	-0.7	24%	
Total costs	-6.2	-9.9	3.7	38%	-3.8	-0.4	-3.5	-	
Result before impairments and provisions	-5.2	-12.1	6.9	57%	-3.7	-0.3	-4.3		
Impairments and provisions	1.7	1.9	-0.2	-11%	0.2	0.3	0.3	-1%	
Result before tax	-3.5	-10.2	6.7	66%	-3.4	0.0	-4.0		
	30 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	Change YtD		Change YoY		Change QoQ
Segment assets	31.3	29.5	47.1	44.3	-15.7	-33%	-12.9	-29%	6%
Net loans to customers	8.7	9.0	10.9	10.3	-2.2	-21%	-1.6	-15%	-3%
Gross loans to customers	25.0	25.3	28.6	30.0	-3.6	-13%	-5.0	-17%	-1%
Investment property and property & equipment received for repayment of loans	5.5	5.7	20.1	19.5	-14.6	-73%	-14.0	-72%	-3%
Other assets	17.1	14.8	16.0	14.5	1.1	7%	2.6	18%	1%
Non-performing loans (gross)	25.0	25.3	27.4	28.5	-2.4	-8%	-3.5	-12%	-1%

The wind-down has remained the main objective of the non-core segment in all the non-core portfolios. The divestment process has been running with thoughtful cost management and well-established collection procedures. On 30 September 2024, the segment's total assets amounted to EUR 31.3 million.

¹² 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 are still 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.

The Bank expects the GDP growth to pick up in 2024 from 2023 on the back of rebounding domestic demand and exports. Post-flood recovery funds should provide additional support. That said, fixed investment will lose steam, capped by still-tight financing conditions. Global vehicle demand and the pace of the ECB rate easing are two-sided risks. We see GDP expanding by 2.0% in 2024 and 2.5% in 2025. The ECB is seen cutting key interest rates two more times this year (October and December), bringing the deposit facility rate down to the vicinity of the 3.0% mark at the year-end, loosening the strain of monetary policy, and exerting downward pressure on rates offered by banks. In 2025, additional cuts should occur, bringing the deposit facility rate to the neutral level. Rising real wages and moderating inflation are set to buttress household consumption in the NLB Group's region. Additionally, public spending will remain supportive, and exports should rebound amid faster growth in the Western Balkans. Ethno-nationalist tensions and structural reforms linked to the EU accession are key factors to monitor, along with the effect of the Middle-Eastern escalations on the price of oil. The Group's region is expected to grow by 2.9% in 2024 and 3.2% in 2025.

Table 15: 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	2.3	2.2	2.0	6.8	6.5	6.6	6.7	6.5
Slovenia	2.5	2.1	2.0	2.5	2.8	9.3	7.2	2.1	2.9	2.2	4.0	3.7	3.6	4.0	4.0
Serbia	2.6	3.8	3.8	4.0	4.0	12.0	12.1	4.7	3.2	3.0	9.6	9.5	8.7	8.5	8.3
N. Macedonia	2.2	1.0	2.6	3.2	3.2	14.1	9.4	3.3	2.6	1.8	14.4	13.1	12.7	12.4	12.2
BiH	3.8	1.9	2.5	3.0	3.5	14.0	6.1	2.0	2.0	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	2.1	2.4	2.3	12.6	11.0	10.5	10.0	9.5
Montenegro	6.4	6.3	3.5	3.2	3.3	13.0	8.6	4.0	2.8	2.4	14.7	13.1	10.5	10.2	10.0

Note: NLB Forecasts are highlighted in grey.

Source: Statistical offices, Focus Economics.

The first nine months of 2024 have laid the foundation for a strong finish of the year, which will allow for the previously revised outlook to be delivered in full and, in some KPIs, even exceeded. Strong loan growth in 2024 might materialise in low double-digit organic (excluding the contribution from the SLS Group) growth, materially higher than the "high single-digit" loan growth guidance. Envisaging regular seasonality in the Q4 cost, attributable to year-end bonuses and other costs, CIR in 2024 should end up at around the guided level.

Despite the strong loan growth envisaged for the full 2024, the Bank is maintaining its revenue guidance for both 2024 and 2025. The market expectations for the interest rates in the eurozone have recently trended lower, leading the Bank to adjust its yield curve forecast downwards.

In May, the Bank announced the Strategy 2030, which, on a high level, introduced the aspiration to deliver more than EUR 1 billion in recurring profits, more than EUR 2 billion in recurring revenues and more than EUR 50 billion in total assets. On a more granular level, many enhancements and improvements to the existing operating model were identified. On top of this, the Bank identified several strategic plays that should enhance revenue in the strategic timeframe. The latter can be labelled as "change the bank" and the former as "run the bank" initiatives and should lead to higher profitability in subsequent periods.

In October, the Bank announced the convening of its 43rd General Meeting, scheduled for 9 December 2024. During this meeting, shareholders will decide to allocate the remaining distributable profit from the previous year, also as dividend payments. The Management and Supervisory Boards propose a second dividend payout of EUR 110 million, which amounts to EUR 5.5 gross per share, payable to shareholders on 17 December 2024. This follows a previous tranche of the same amount, bringing the total dividends for 2024 to EUR 220 million. The proposed second tranche of the dividend payment is not included in the capital base. Therefore, this payment will not affect the NLB Group's capital ratios, which will remain stable and well above regulatory requirements following the dividend distribution.

Including the cost base of the SLS Group, the newest addition to the NLB Group, coupled with the adjusted interest rate forecast and digital transformation, the CIR in 2025 is transitionally expected to be around 48%.

In 2025, the Bank is considering issuing senior preferred notes in the benchmark size, subject to market conditions. The issuance will enable the Bank to meet its MREL regular requirements, including pre-funding of the ambitious growth plan into 2025.

The Bank is expecting that all other targets for 2025 from the announced KPIs will be met.

Table 16: Market performance and outlook for the period 2024-2025

	Outlook for 2024	Revised Outlook for 2025
Regular income	~ EUR 1,200 million	~ EUR 1,200 million
CIR	~ 45%	~ 48%
Cost of risk	Below 20 bps	30-50 bps
Loan growth	High single-digit	High single-digit
Dividends	EUR 220 million (40% of 2023 profit)	More than 40% of 2024 profit
ROE a.t.	> 15%	~ 15%
ROE a.t. normalised ⁽ⁱ⁾	> 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.

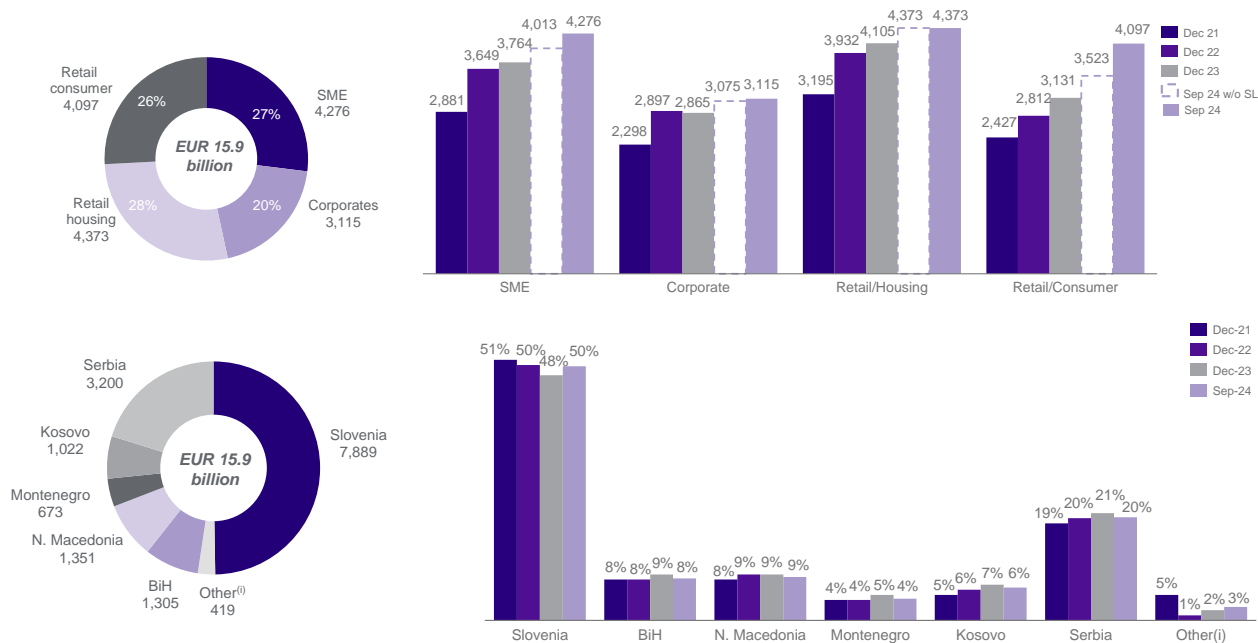
Risk Management in the Group manages, assesses, and monitors risks within the Bank as the main entity in Slovenia and the competence centre for all banking subsidiaries and leasing companies. Management and control of risks are performed through a clear organisational structure with clearly defined roles 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 was 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. 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. In addition, with the completion of the acquisition of the SLS Group, the Group strengthened its leasing position in the Slovenian market and entered the Croatian market.

Figure 31: 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 to non-financial clients, where retail clients represent 53.4%, large corporate clients 19.6%, and SMEs, including micro companies, 27.0%. After the acquisition of the SLS Group, 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. Compared to lower portfolio growth in 2023, the new financing activity has improved in the first nine months of 2024, and the trend is expected to continue in the last quarter of 2024. Most of the loan portfolio (82.9%) refers to the euro currency, while the rest originates from the local currencies of the SEE banking members.

Table 17: Overview of the NLB Group corporate loan portfolio by industry as at 30 September 2024

Corporate sector by industry	Credit portfolio		in EUR thousands	
	NLB Group	%	Δ Q3 2024	Δ YTD 2024
Accommodation and food service activities	191,678	3%	1,363	-7,151
Act. of extraterritorial org. and bodies	3	0%	0	0
Administrative and support service activities	146,867	2%	27,693	35,555
Agriculture, forestry and fishing	367,152	5%	17,898	22,470
Arts, entertainment and recreation	21,694	0%	1,779	1,663
Construction industry	750,105	10%	83,033	193,166
Education	18,058	0%	2,744	3,103
Electricity, gas, steam and air conditioning	560,591	8%	5,909	17,292
Finance	170,186	2%	26,686	25,818
Human health and social work activities	47,996	1%	7,734	10,626
Information and communication	257,877	3%	5,661	-33,744
Manufacturing	1,739,685	24%	123,939	214,828
Mining and quarrying	43,802	1%	-1,069	-2,269
Professional, scientific and techn. act.	270,152	4%	44,235	35,280
Public admin., defence, compulsory social.	203,276	3%	11,973	3,770
Real estate activities	392,837	5%	16,208	15,417
Services	14,308	0%	2,651	358
Transport and storage	629,942	9%	26,015	10,900
Water supply	66,528	1%	3,975	9,386
Wholesale and retail trade	1,497,973	20%	93,129	207,723
Other	113	0%	36	-2,681
Total Corporate sector	7,390,822	100%	501,591	761,509

Main manufacturing activities	Credit portfolio		in EUR thousands	
	NLB Group	%	Δ Q3 2024	Δ YTD 2024
Manufacture of food products	282,516	4%	19,553	511
Manufacture of electrical equipment	211,465	3%	-9,697	20,678
Manufacture of fabricated metal products, except machinery and equipment	206,951	3%	15,934	13,606
Manufacture of basic metals	179,089	2%	16,339	23,075
Manufacture of other non-metallic mineral products	117,862	2%	390	19,930
Manufacture of motor vehicles, trailers and semi-trailers	95,328	1%	4,006	9,353
Manufacture of machinery and equipment n.e.c.	93,058	1%	7,200	13,622
Manufacture of rubber and plastic products	83,445	1%	9,717	8,615
Manufacture of basic pharmaceutical products and pharmaceutical preparations	74,957	1%	49,263	48,186
Other manufacturing activities	395,015	5%	11,236	30,481
Total manufacturing activities	1,739,685	24%	123,939	214,828

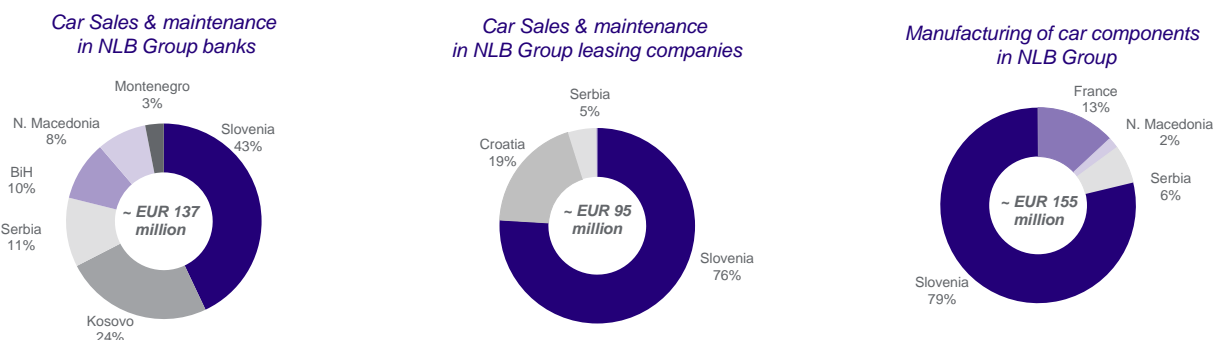
Main wholesale and retail trade activities	Credit portfolio		in EUR thousands	
	NLB Group	%	Δ Q3 2024	Δ YTD 2024
Wholesale trade, except of motor vehicles and motorcycles	789,558	11%	19,043	71,121
Retail trade, except of motor vehicles and motorcycles	476,362	6%	13,910	48,109
Wholesale and retail trade and repair of motor vehicles and motorcycles	232,052	3%	60,176	88,492
Total wholesale and retail trade	1,497,973	20%	93,129	207,723

The corporate credit portfolio is well diversified; no large concentration exists in any specific industry. The latter is particularly important to maintain, as geopolitical tensions, the green transition, and other macro factors can cause problems in specific economic sectors.

The German automotive industry, which strongly influences the European market, is currently experiencing unfavourable trends. These challenges may impact Slovenia's economy, given that the Slovenian automotive industry is export-oriented and part of the European supply chain. The NLB Group has reviewed its portfolio and estimates no larger

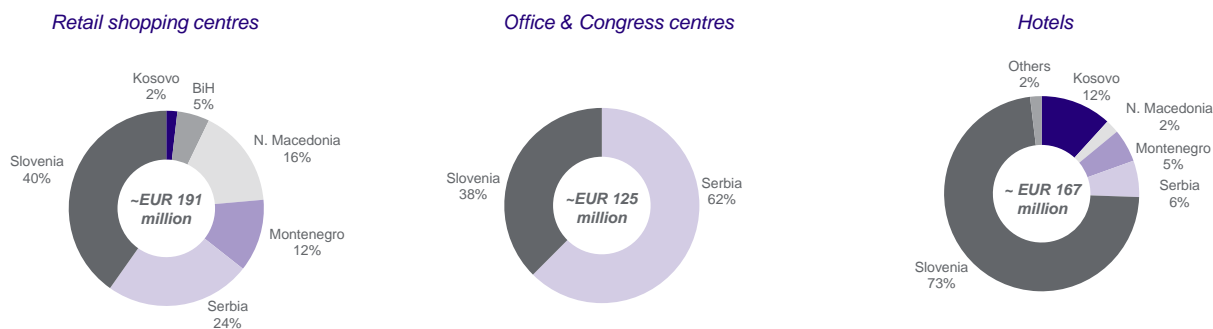
threats to companies involved in the manufacturing of automotive components or those related to car sales and maintenance services. Financing for both segments of the automotive industry shows that manufacturing accounts for 2% and sales for 3% of the corporate sector.

Figure 32: NLB Group exposure to the automotive industry as at 30 September 2024



Companies' financing also includes financing of 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 September 2024



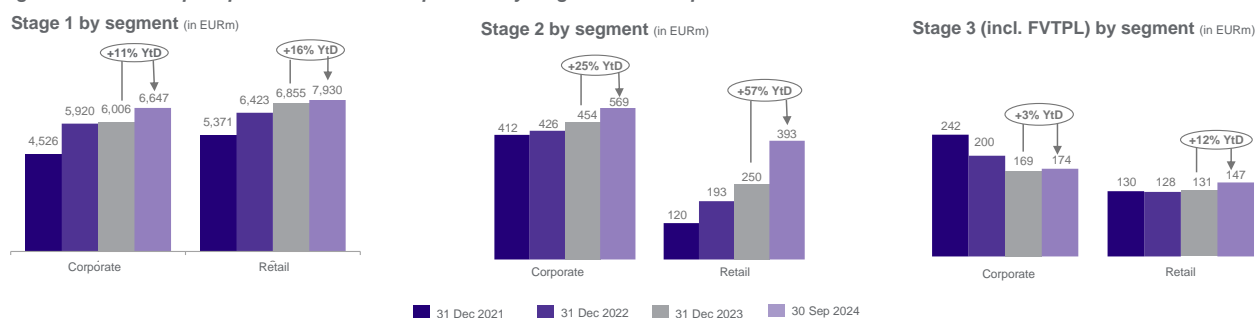
At the end of September 2024, the specific commercial real-estate financing is in the operational phase (90% of retail shopping centres, 89% of hotels and all office and congress centres).

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 (93.6%), a relatively small portion as Stage 2 (4.8%), and Stage 3 (1.6%). The Stage 2 allocation increased in the corporate and in retail segments. The increase in Stage 2 in corporate was affected by the deteriorating financial position of the telecommunications companies. 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 low compared to the entire portfolio volume; in addition, 72.1% 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 and financing newly acquired leasing companies, which was replaced by the portfolio in the retail and corporate segments.

Table 18: NLB Group loan portfolio by stages as at 30 September 2024 (in EUR millions)

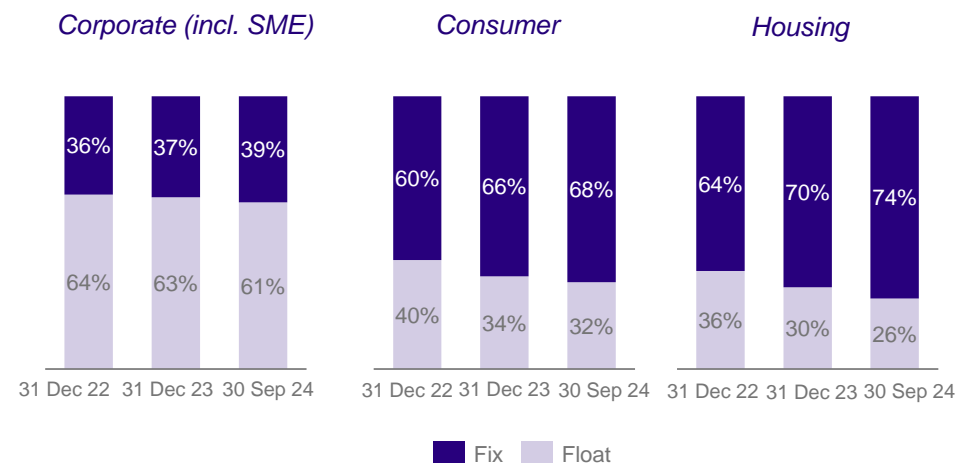
	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage 1			Stage 2			Stage 3 & FVTPL			Stage 1		Stage 2		Stage 3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	18,834.8	93.6%	-404.4	961.9	4.8%	257.8	321.1	1.6%	20.5	79.9	0.4%	49.3	5.1%	204.1	63.6%
o/w Corporate	6,647.4	89.9%	641.8	569.3	7.7%	115.0	174.2	2.4%	4.7	36.1	0.5%	17.5	3.1%	106.6	61.2%
o/w Retail	7,929.8	93.6%	1,075.1	392.6	4.6%	143.0	146.7	1.7%	15.7	41.6	0.5%	31.8	8.1%	97.3	66.3%
o/w State	3,911.4	100.0%	-2,016.7	0.0	0.0%	0.0	0.0	0.0%	0.0	2.1	0.1%	0.0	6.3%	0.0	82.2%
o/w Institutions	346.2	99.9%	-104.6	0.0	0.0%	-0.3	0.2	0.0%	0.0	0.1	0.0%	0.0	0.0%	0.2	100.0%

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



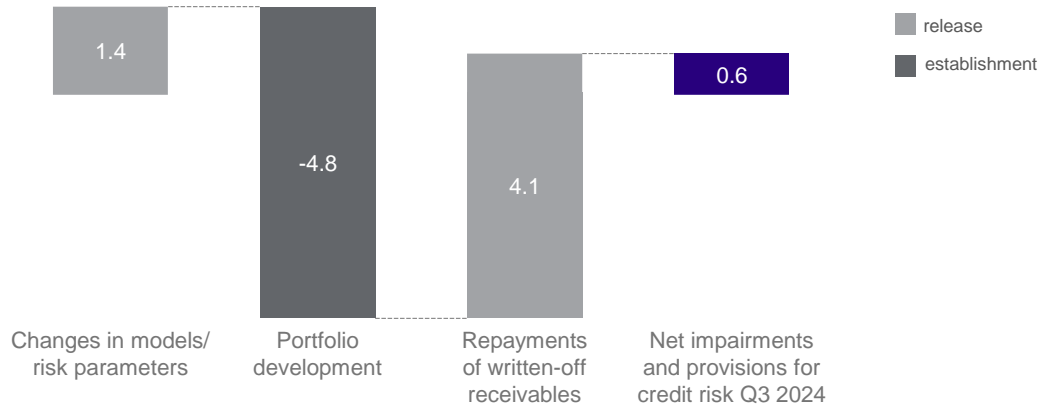
The portfolio quality remains stable, with increasing Stage 1 exposures and a relatively low percentage of NPLs. The acquisition of the SLS Group increased Stage 1 exposure to the nonfinancial sector, namely in corporate by EUR 404 million and in retail by EUR 562 million. However, the Stage 1 loan portfolio percentage slightly decreased compared to 31 December 2023 but remained relatively high at 93.6% in the retail segment and 89.9% in the corporate segment.

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



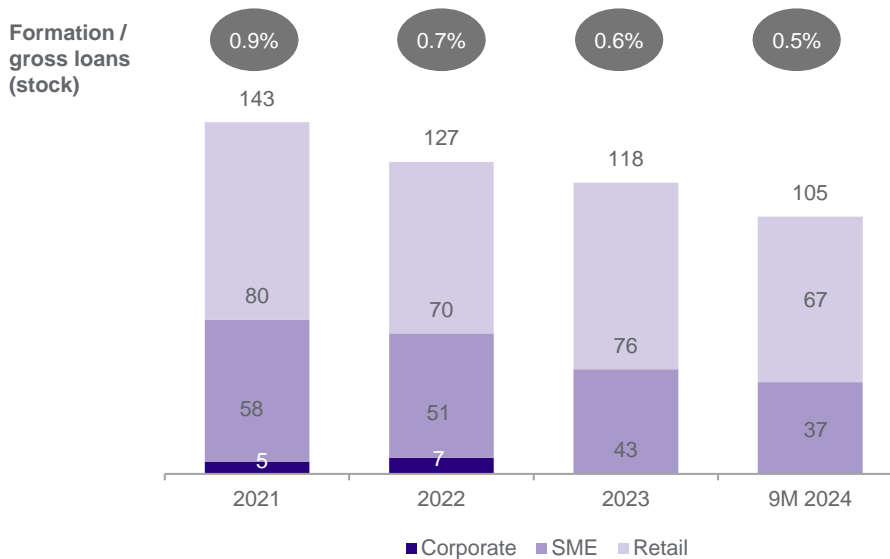
56.2% of the Group corporate and retail loan portfolio is linked to a fixed interest rate, and the rest to a floating rate (mainly the Euribor reference rate). Floating interest rates dominate the corporate segment. In the retail segment, 71.3% of the retail loan portfolio is linked to a fixed interest rate, while in the housing loan segment, the percentage is even higher (74.1%), which limits the sensitivity of the retail sector to potential changes in reference rates.

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

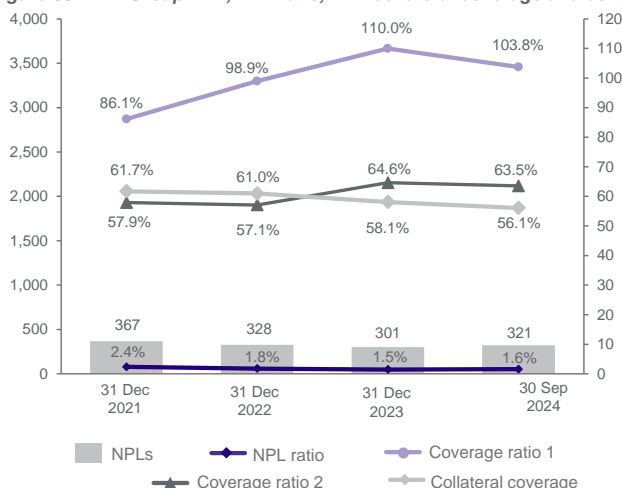


At the end of Q3 2024, CoR was negative, standing at -12 bps (cumulative release of net impairments and provisions for credit risk in the amount of EUR 12.3 million). In Q3 2024, net impairments and provisions for credit risk were released in the amount of EUR 0.6 million as a result of repayments of written-off receivables in the amount of EUR 4.1 million and the release of impairments and provisions in the amount of EUR 1.4 million related to the change in models/risk parameters in subsidiary banks. On the other hand, additional provisions of EUR 4.8 million were established for portfolio development, mostly in the retail segment (Stage 2 and Stage 3 exposures).

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

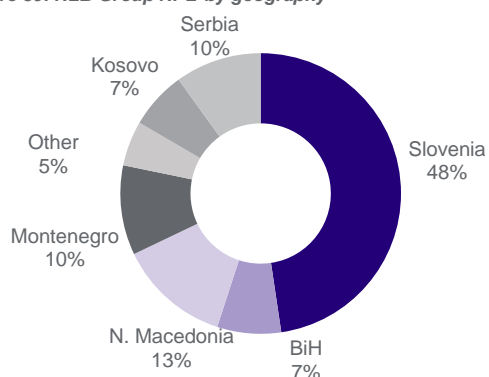


Positive macroeconomic development led to a moderate cumulative new NPL formation of EUR 104.6 million in the first nine months, representing 0.5% of the total loan portfolio. The Group's credit portfolio remains high quality due to cautious lending standards and effective early warning systems.

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 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 acquisition of the SLS Group, the loans of which were recognised at fair value, also contributed to the NPL increase in September. The non-performing credit portfolio stock in the Group increased since the end of 2023 to EUR 321.3 million (compared to EUR 300.5 million on 31 December 2023). However, EUR 124.6 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 a minor increase in the NPL ratio to 1.6%. Based on the EBA methodology, the internationally more comparable NPE ratio stood at 1.1%. The Group's indicator gross NPL ratio, defined by the EBA, is stable and amounted to 2.0% at the end of Q3 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 with considerably increased volumes, if needed, 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 proactively identify and engage with potentially distressed borrowers. 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 103.8%. Furthermore, the Group's NPL coverage ratio 2 (coverage of gross NPLs with impairments for NPL) stood at 63.5%, well above the EU average published by the EBA (amounting to 42.0% for June 2024). Furthermore, NPLs are also covered by collaterals, which serve as a secondary source of NPL repayments. At

the end of Q3, collateral coverage amounts to 56.1%, which, together with impairments, represents the total NPL coverage of 159.9%. As such, it enables a further reduction in NPLs without significantly influencing the cost of risk in the coming years. A minor decrease in coverage ratios is the result of the fair-value booking of the SLS Group portfolio.

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 213.9% (251.8% in NLB) and unencumbered eligible reserves in the amount of EUR 9,473.7 million (EUR 7,003.5 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 73.6% 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 H1 2024, it stood at 0.58% 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 -2.94% of the Group's T1 capital.

The majority of the EUR 6,125 million loan portfolio linked to Euribor includes loans with 6M Euribor (43%), followed by 3M Euribor (41%), 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

In line with its strategic orientations, the Group decisively continued to realise its sustainability roadmap 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. In Q3, the focus remained on the continuous integration of sustainability matters in Group strategy, governance, internal controls, and the risk management framework, as well as on ESG Data Strategy preparation, which aims at sound management of ESG data points, data points ownership, data collection and reporting. The Group continued to implement the reporting process in line with the EU Corporate Sustainability Reporting Directive (CSRD), associated European Sustainability Standards (ESRS), and ISSB standards, following the recommendations of the Financial Conduct Authority (FCA). Per the new EU directive, the initial report will be released for the financial year 2024, following its transposition into Slovenian legislation later this year.

Sustainable finance

- The Group continued with measures to reduce its emissions associated with financing activities. 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 Q3 2024, the Group is advancing the development of a transition and implementation plan for sectors subject to the first round of disclosed targets and developing guides for transaction-level decision-making. Moreover, the Group started with preparation activities towards setting additional sector-level targets in all or a significant majority of other carbon-intensive sectors scheduled for public disclosure in Q2 2025, which aligns with the NZBA commitment.
- The Group fully supports clients transitioning to a low-carbon economy and society. Q3 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. The Group continued with activities to strengthen employees' capabilities and skills needed, such as conducting regular regional, on-site trainings and awareness-raising events to effectively detect credible clients' ESG strategies and share good practices. In line with annual plans, several banks in the Group launched a comprehensive marketing communication campaign for green loans.
- Year to date, the share of NLB Skladi's assets under management that classify as ESG (in line with SFDR, Article 8) and ESG debt securities in the NLB Group's portfolio has seen continuous growth.
- 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. Among others, the Group executed an annual materiality assessment on C&E risks, included net zero strategy targets in NLB Group Risk Appetite, upgraded C&E Stress testing, ICAAP & ILAAP, and made other supplements of risk management framework in the area of ESG, such as Heat Maps, and relevant risk policies.

Sustainable operations

- In Q3, the NLB adopted the Standard on Prevention of greenwashing and harmonised the Sustainability Policy and Standard – Rulebook for sustainability management in all financial core members (banks, asset management, leasing).
- In line with the NLB Group's Human Rights Policy, the Group has been implementing mechanisms to mitigate risks and further prevent human rights violations in its workforce and in the value chain. In Q3, no human rights violations were confirmed.
- The Group took further steps towards developing an operational net-zero strategy, which will be finalised later in 2024. Implementation will start immediately at the beginning of 2025. In Q3, the Group's emissions from its own operations further decreased due to several measures, such as optimising energy and resource consumption, transforming the car fleet, and reducing 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. The Group continues to work on cultural transformation and adopt similar practices across the Group. In Q3, the focus remained 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 and transition), implementation of diversity, equity,

and inclusion in NLB Group HR strategy and processes, and on increasing employee engagement. 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 donation and sponsorship activities. In this light, the Group donated EUR 1 million this October to eliminate the consequences of devastating floods in Bosnia and Herzegovina.
- NLB started by developing its first social targets, which stemmed from UNEP FI PRB's commitment and will focus on financial inclusion and financial literacy. Targets will be published in the upcoming Financial report for the year 2024.
- In September, the 10th Sport to Youth project was launched. The project encourages young people to engage in physical activity and lead active lives, contributing to developing a healthy and responsible society. The Group has also continued to embed sustainability-related activities and requirements in sponsorship and partnership projects.

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 as provided by the law and Articles of Association.

There were no changes in the composition of the Management Board in Q3 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 nine members, of which seven 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 of NLB.

At the 42nd General Meeting of Shareholders, held on 17 June 2024, three members were nominated to the NLB Supervisory Board. Primož Karpe was reappointed, and 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.

In July, members of the NLB Supervisory Board re-elected Primož Karpe as their Chairman for the third time.

Luka Vesnaver took up his office as a member of the Supervisory Board of NLB on 30 September 2024 after the ECB expressed agreement with his appointment to this function. Natalia Olegovna Ansell's appointment to the Supervisory Board of NLB is pending ECB approval, and her mandate will commence once all necessary regulatory permits are obtained.

The Supervisory Board also consists of Deputy Chairman Shrenik Dhirajlal Davda, Islam Osama Zekry, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek and employee representatives Tadeja Žbontar Rems and Sergeja Kočar. The mandate of the latter also expired this year, however, the NLB Workers' Council has already appointed her for another term.

General Meeting

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

The 43rd General Meeting of NLB, which will decide on adopting a decision on allocating the remaining distributable profit from the previous year, is summoned for 9 December 2024.

Events After 30 September 2024

NLB Group donated EUR 1 million to help eliminate the consequences of the devastating floods in Bosnia and Herzegovina that occurred in October. The donation will be directed to humanitarian organizations, the Red Cross Society of Bosnia and Herzegovina and Pomozi.ba, to make sure the aid reaches those who are most in need.

On 10 October 2024, the Serbian asset management company KomBank Invest, Beograd was renamed NLB Fondovi, Beograd.

On 24 October 2024, NLB announced the convocation of its 43rd General Meeting, scheduled for 9 December 2024. At the meeting, shareholders will decide on allocating the remaining distributable profit from the previous year. The Management and Supervisory Boards propose a second dividend payout of EUR 110 million, or EUR 5.5 gross per share, payable to shareholders on 17 December 2024. This follows the previous distribution of the same amount on 26 June 2024, bringing total dividends for 2024 to EUR 220 million, representing a 100% increase from the previous year's distribution. The proposed second tranche of a dividend payment is not included in the capital base. Therefore, the payment will not affect the NLB Group capital ratios, which will remain stable and well above the regulatory requirement after the dividend distribution. The Management and Supervisory Boards of NLB also propose to shareholders that the remaining part of the distributable profit remains undistributed and represents retained earnings.

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					
	1-9 2024	1-6 2024	1-3 2024	1-12 2023	1-9 2023
Numerator					
Credit impairments and provisions ⁽ⁱ⁾	-16.9	-24.5	13.5	-8.8	-31.2
Denominator					
Average net loans to customers ⁽ⁱⁱ⁾	14,270.0	13,962.7	13,775.1	13,432.3	13,334.3
Cost of risk (bps)	-12	-18	10	-7	-23

(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
	1-9 2024	1-6 2024	1-3 2024	1-12 2023	1-9 2023
Numerator					
Total costs	399.2	258.8	124.3	501.9	361.6
Denominator					
Total net operating income	924.0	604.0	298.1	1,093.3	800.8
Cost to income ratio (CIR)	43.2%	42.8%	41.7%	45.9%	45.2%
					30.7 %

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

in EUR millions						
	NLB Komerzialna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica
	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024
Numerator						
Total cost	88.5	29.2	16.4	16.4	13.0	17.4
Denominator						
Total net operating income	223.4	75.7	42.7	31.0	44.6	41.3
Cost to income ratio (CIR)	39.6%	38.5%	38.3%	53.0%	29.2%	42.1%

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

in EUR millions					
NLB Group					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest expenses ⁽ⁱ⁾	240.4	235.6	219.7	194.1	173.8
Denominator					
Average interest bearing liabilities ⁽ⁱⁱ⁾	23,080.1	22,552.6	22,361.8	22,083.7	21,828.0
Total average cost of funding (quarterly)	1.04%	1.04%	0.98%	0.88%	0.80%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest expenses from w holesale funding ⁽ⁱ⁾	122.0	119.2	107.8	96.9	94.4
Denominator					
Average w holesale funding ⁽ⁱⁱ⁾	2,000.7	1,999.4	1,756.9	1,674.7	1,665.8
Average costs of wholesale funding (quarterly)	6.10%	5.96%	6.13%	5.78%	5.66%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest income loans to customers ⁽ⁱ⁾	891.5	857.4	838.2	815.5	783.7
Denominator					
Average loans to customers ⁽ⁱⁱ⁾	15,170.9	14,458.2	14,108.0	14,059.7	13,888.8
Average interest rate for loans to customers (quarterly)	5.88%	5.93%	5.94%	5.80%	5.64%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest income loans to customers ⁽ⁱ⁾	395.7	389.1	377.4	373.2	333.3
Denominator					
Average loans to customers ⁽ⁱⁱ⁾	7,736.9	7,347.6	7,193.6	7,249.4	6,673.4
Average interest rate for loans to customers (quarterly)	5.11%	5.29%	5.25%	5.15%	4.99%

(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⁾					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest income loans to customers ⁽ⁱ⁾	469.8	458.3	451.2	434.3	415.5
Denominator					
Average loans to customers ⁽ⁱⁱ⁾	7,287.0	7,030.4	6,825.1	6,711.0	6,621.2
Average interest rate for loans to customers (quarterly)	6.45%	6.52%	6.61%	6.47%	6.28%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest expenses on deposits from customers ⁽ⁱ⁾	116.7	113.9	110.0	94.7	77.2
Denominator					
Average deposits from customers ⁽ⁱⁱ⁾	21,079.4	20,553.2	20,604.9	20,409.0	20,162.2
Average interest rate for deposits from customers (quarterly)	0.55%	0.55%	0.53%	0.46%	0.38%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest expenses on deposits from customers ⁽ⁱ⁾	57.8	55.8	54.4	49.7	42.4
Denominator					
Average deposits from customers ⁽ⁱⁱ⁾	11,906.8	11,651.0	11,773.5	11,714.4	11,294.3
Average interest rate for deposits from customers (quarterly)	0.49%	0.48%	0.46%	0.42%	0.38%

(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⁾					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Interest expenses on deposits from customers ⁽ⁱ⁾	59.5	58.8	56.2	45.6	37.1
Denominator					
Average deposits from customers ⁽ⁱⁱ⁾	9,212.8	8,953.3	8,900.5	8,734.8	8,544.1
Average interest rate for deposits from customers (quarterly)	0.65%	0.66%	0.63%	0.52%	0.43%

(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	Q3 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%	3.50%	400
Deposit beta			12%

(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 Q3 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 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 1	18,834.8	19,240.8
Denominator		
Total gross loans	20,117.8	20,245.5
IFRS 9 classification into Stage 1	93.6%	95.0%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 2	961.9	704.1
Denominator		
Total gross loans	20,117.8	20,245.5
IFRS 9 classification into Stage 2	4.8%	3.5%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC + FVTPL) loans in Stage 3	321.1	300.5
Denominator		
Total gross loans	20,117.8	20,245.5
IFRS 9 classification into Stage 3	1.6%	1.5%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 1 to Corporates	6,647.4	6,005.6
Denominator		
Total gross loans to Corporates	7,390.8	6,629.3
Corporates - IFRS 9 classification into Stage 1	89.9%	90.6%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 2 to Corporates	569.3	454.3
Denominator		
Total gross loans to Corporates	7,390.8	6,629.3
Corporates - IFRS 9 classification into Stage 2	7.7%	6.9%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC & FVTPL) loans in Stage 3 to Corporates	174.2	169.4
Denominator		
Total gross loans to Corporates	7,390.8	6,629.3
Corporates - IFRS 9 classification into Stage 3	2.4%	2.6%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 1 to Retail	7,929.8	6,854.7
Denominator		
Total gross loans to Retail	8,469.2	7,235.3
Retail - IFRS 9 classification into Stage 1	93.6%	94.7%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 2 to Retail	392.6	249.6
Denominator		
Total gross loans to Retail	8,469.2	7,235.3
Retail - IFRS 9 classification into Stage 2	4.6%	3.4%

in EUR millions		
NLB Group		
	30 Sep 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 3 to Retail	146.7	131.0
Denominator		
Total gross loans to Retail	8,469.2	7,235.3
Retail - IFRS 9 classification into Stage 3	1.7%	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 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Sep 2024	
Numerator							
Stock of HQLA	6,230.4	7,270.4	7,197.2	7,011.7	6,687.7	5,070.8	
Denominator							
Net liquidity outflow	2,913.5	2,839.2	2,865.6	2,853.9	2,799.8	2,013.7	
LCR⁽ⁱ⁾	213.9%	256.1%	251.2%	245.7%	238.9%	251.8%	

(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 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Sep 2024	
Numerator							
Available stable funding	22,604.1	22,412.0	21,717.8	21,868.5	21,155.5	13,951.9	
Denominator							
Required stable funding	13,473.5	12,356.1	11,902.6	11,677.6	11,499.2	9,060.5	
NSFR	167.8%	181.4%	182.5%	187.3%	184.0%	154.0%	

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 Sep 2024	30 Jun 2024	30 Sep 2023	30 Sep 2024
Numerator				
Net loans to customers	15,739.3	14,399.3	13,666.1	8,465.3
Denominator				
Deposits from customers	21,373.9	20,693.8	20,289.1	12,096.3
Net loan to deposit ratio (LTD)	73.6%	69.6%	67.4%	70.0%

in EUR millions						
	NLB Komercijalna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica
	30 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024
Numerator						
Net loans to customers	3,126.8	1,277.2	617.2	618.5	948.7	640.7
Denominator						
Deposits from customers	4,258.3	1,540.3	909.0	791.0	1,039.0	834.6
Net loan to deposit ratio (LTD)	73.4%	82.9%	67.9%	78.2%	91.3%	76.8%

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 Sep 2024	
Numerator	
Tier I	2,631.7
Denominator	
Total Leverage Ratio exposure measure	28,253.7
Leverage ratio	9.3%

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					
	1-9 2024	1-6 2024	1-3 2024	1-12 2023	1-9 2023
Numerator					
Net interest income ⁽ⁱ⁾	927.3	925.9	933.9	833.3	804.1
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	25,376.1	25,155.2	25,011.7	23,782.7	23,524.9
Net interest margin on interest-bearing assets	3.65%	3.68%	3.73%	3.50%	3.42%

(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
	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024
Numerator							
Net interest income ⁽ⁱ⁾	434.8	236.7	76.7	38.5	28.4	51.4	46.0
Denominator							
Average interest bearing assets ⁽ⁱⁱ⁾	14,972.0	4,907.3	1,882.3	1,040.9	894.1	1,227.7	897.5
Net interest margin on interest-bearing assets	2.90%	4.82%	4.08%	3.69%	3.17%	4.19%	5.13%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Net interest income ⁽ⁱ⁾	929.9	918.0	933.9	920.0	878.7
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	25,822.0	25,277.9	25,011.7	24,582.1	24,127.6
Net interest margin on interest-bearing assets (quarterly)	3.60%	3.63%	3.73%	3.74%	3.64%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Net interest income ⁽ⁱ⁾	426.5	430.5	447.4	450.2	394.5
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	15,191.2	14,895.8	14,826.4	14,570.3	13,870.2
Net interest margin on interest-bearing assets (quarterly)	2.81 %	2.89%	3.02%	3.09%	2.84%

(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⁾					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Net interest income ⁽ⁱ⁾	482.0	476.1	475.0	456.9	439.9
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	11,053.7	10,789.0	10,692.1	10,426.6	10,159.5
Net interest margin on interest-bearing assets (quarterly)	4.36%	4.41%	4.44%	4.38%	4.33%

(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		
	1-9 2024	1-9 2023
Numerator		
Net interest income ⁽ⁱ⁾	927.3	804.1
Denominator		
Average total assets ⁽ⁱⁱ⁾	26,378.3	24,448.2
Net interest margin on total assets	3.52%	3.29%

(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 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	31 Dec 2022	31 Dec 2021
Numerator						
Total Non-Performing on-balance and off-balance Exposure in Finrep18	350.8	337.7	333.8	345.4	373.6	415.5
Denominator						
Total on-balance and off-balance exposures in Finrep18	31,448.5	30,863.4	30,122.3	29,299.3	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 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	31 Dec 2022	31 Dec 2021
Numerator						
Total Non-Performing Loans	321.3	303.4	300.5	312.5	328.3	367.4
Denominator						
Total gross loans	20,117.8	19,799.7	20,245.5	19,862.3	18,403.9	15,541.8
NPL per cent.	1.6%	1.5%	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 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024	30 Sep 2024
Numerator							
Total Non-Performing Loans	133.5	26.5	7.4	16.0	21.3	19.3	41.1
Denominator							
Total gross loans	10,970.1	4,151.1	882.1	826.7	1,151.3	837.0	1,615.4
NPL per cent.	1.2%	0.6%	0.8%	1.9%	1.9%	2.3%	2.5%

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 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	31 Dec 2022	31 Dec 2021
Numerator						
Loan loss allowances entire loan portfolio	333.3	328.9	330.5	324.8	324.8	316.5
Denominator						
Total Non-Performing Loans	321.3	303.4	300.5	312.5	328.3	367.4
NPL coverage ratio 1 (NPL CR 1)	103.8%	108.4%	110.0%	103.9%	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 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	31 Dec 2022	31 Dec 2021
Numerator						
Loan loss allowances non-performing loan portfolio	204.1	202.3	194.2	196.9	187.4	212.9
Denominator						
Total Non-Performing Loans	321.3	303.4	300.5	312.5	328.3	367.4
NPL coverage ratio 2 (NPL CR 2)	63.5 %	66.7%	64.6%	63.0%	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 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	31 Dec 2022	31 Dec 2021
Numerator						
Net volume of non-performing loans	117.2	101.0	106.4	115.6	140.9	154.5
Denominator						
Total Net Loans	19,784.5	19,470.7	19,914.9	19,537.6	18,079.1	15,225.4
Net NPL ratio per cent. (%Net NPL)	0.6%	0.5%	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 Sep 2024	30 Jun 2024	31 Dec 2023	30 Sep 2023	31 Dec 2022	31 Dec 2021
Numerator						
Gross volume of Non-Performing Loans and advances w without loans held for sale, cash balances at CBs and other demand deposits	333.9	315.5	310.8	322.6	337.2	375.1
Denominator						
Gross volume of Loans and advances in Finrep18 w without loans held for sale, cash balances at CBs and other demand deposits	16,659.8	15,314.9	14,780.1	14,637.3	13,796.0	11,128.8
NPL ratio (EBA def.) per cent.	2.0%	2.1%	2.1%	2.2%	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 Sep 2024	
Numerator	
Interest risk in banking book – EVE	-77,406.8
Denominator	
Equity (Tier I)	2,633,258.0
EVE as % of Equity	-2.94%

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

in EUR millions					
NLB Group					
	1-9 2024	1-6 2024	1-3 2024	1-12 2023	1-9 2023
Numerator					
Operational business net income ⁽ⁱ⁾	1,313.9	1,303.1	1,292.5	1,174.7	1,141.8
Denominator					
Average total assets ⁽ⁱⁱ⁾	26,378.3	26,132.7	25,972.0	24,706.3	24,448.2
OBM (cumulative)	4.98%	4.99%	4.98%	4.75%	4.67%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Operational business net income ⁽ⁱ⁾	1,335.1	1,313.8	1,292.5	1,272.4	1,223.6
Denominator					
Average total assets ⁽ⁱⁱ⁾	26,866.8	26,266.6	25,972.0	25,494.3	25,037.1
OBM (quarterly)	4.97%	5.00%	4.98%	4.99%	4.89%

(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					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Operational business net income ⁽ⁱ⁾	631.1	622.1	637.5	629.2	559.6
Denominator					
Average total assets ⁽ⁱⁱ⁾	16,765.6	16,383.4	16,159.7	15,831.9	14,995.9
OBM (quarterly)	3.76%	3.80%	3.94%	3.97%	3.73%

(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 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⁾					
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Numerator					
Operational business net income ⁽ⁱ⁾	655.2	654.9	620.3	610.7	592.1
Denominator					
Average total assets ⁽ⁱⁱ⁾	11,515.9	11,209.9	11,101.8	10,850.6	10,603.8
OBM (quarterly)	5.69%	5.84%	5.59%	5.63%	5.58%

(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
	1-9 2024	1-6 2024	1-3 2024	1-12 2023	1-9 2023	1-9 2024
Numerator						
Result after tax ⁽ⁱ⁾	570.0	584.1	560.1	550.7	515.9	499.1
Denominator						
Average equity ⁽ⁱⁱ⁾	3,069.5	3,017.0	2,959.9	2,623.0	2,558.9	2,379.7
ROE a.t.	18.6%	19.4%	18.9%	21.0%	20.2%	21.0%

(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 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	
	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024	1-9 2024	
Numerator							
Result after tax ⁽ⁱ⁾	160.0	71.3	31.9	15.3	38.2	29.3	
Denominator							
Average equity ⁽ⁱⁱ⁾	859.0	289.0	115.6	100.8	150.5	123.7	
ROE a.t.	18.6%	24.7%	27.6%	15.2%	25.4%	23.7%	

(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			
	1-9 2024	1-9 2023	
Numerator			
Result after tax ⁽ⁱ⁾	570.1	515.9	
Denominator			
Average risk adjusted capital ⁽ⁱⁱ⁾	1,966.8	1,872.1	
ROE a.t.	29.0 %	27.6%	

(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 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		
	1-9 2024	1-9 2023
Numerator		
Result after tax ⁽ⁱ⁾	570.0	515.9
Denominator		
Average total assets ⁽ⁱⁱ⁾	26,378.3	24,448.2
ROA a.t.	2.2%	2.1%

(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 Sep 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Numerator				
Total risk exposure Amount (RWA)	17,064	15,337	14,653	12,667
Denominator				
Total assets	27,243.4	25,942	24,160	21,577
RWA to total assets	63%	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 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	30 Sep 2024
Numerator							
Total capital (Own funds)	3,168.7	3,158.5	3,199.4	3,109.2	2,791.4	2,780.1	2,514.9
Denominator							
Total risk exposure Amount (Total RWA)	17,064.0	16,017.2	15,427.8	15,337.2	14,919.0	14,838.4	10,796.5
Total capital ratio	18.6%	19.7%	20.7%	20.3%	18.7%	18.7%	23.3%

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

Table 19: Unaudited Condensed Income Statement of NLB Group for period ended 30 September 2024

Business report	in EUR millions	Financial report	in EUR thousands	Notes
Net interest income	694.2	Interest and similar income	890,859	4.1.
		Interest and similar expenses	(196,682)	4.1.
Net fee and commission income	231.9	Fee and commission income	321,690	4.3.
		Fee and commission expenses	(89,801)	4.3.
Dividend income	0.1	Dividend income	99	4.2.
		Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	904	4.4.
		Gains less losses from financial assets and liabilities held for trading	20,655	4.5.
Net income from financial transactions	21.3	Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	1,520	4.6.
		Gains less losses from financial liabilities measured at fair value through profit or loss	(2,880)	
		Fair value adjustments in hedge accounting	(1,274)	
		Foreign exchange translation gains less losses	2,689	
		Gains less losses from modification of financial assets	(285)	
		Gains less losses on derecognition of non-financial assets	2,308	
Net other income	(23.5)	Other net operating income	6,569	4.8.
		Cash contributions to resolution funds and deposit guarantee schemes	(32,710)	4.10.
		Gains less losses from non-current assets held for sale	322	
Net non-interest income	229.8		229,806	
Total net operating income	924.0		923,983	
Employee costs	(226.5)	Administrative expenses	(381,402)	4.9.
Other general and administrative expenses	(154.9)			
Depreciation and amortisation	(42.3)	Depreciation and amortisation	(42,324)	4.11.
Total costs	(423.7)		(423,726)	
Result before impairments and provisions	500.3		500,257	
Impairments and provisions for credit risk	12.3	Provisions for credit losses	12,796	4.12.
		Impairment of financial assets	(490)	4.13.
Other impairments and provisions	(4.5)	Provisions for other liabilities and charges	(1,258)	4.12.
		Impairment of non-financial assets	(3,215)	4.13.
Impairments and provisions	7.8		7,833	
Gains less losses from capital investment in subsidiaries, associates, and joint ventures	2.3	Share of profit from investments in associates and joint ventures (accounted for using the equity method)	2,277	
Result before tax	510.4	Profit before income tax	510,367	
Income tax	(70.6)	Income tax	(70,567)	4.14.
Result of non-controlling interests	12.3	Attributable to non-controlling interests	12,266	
Result after tax	427.5	Attributable to owners of the parent	427,534	

Table 20: Unaudited Condensed Statement of Financial Position of NLB Group as at 30 September 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	4,137.9	Cash, cash balances at central banks, and other demand deposits at banks	4,137,858	5.1.
Loans to banks	433.4	Financial assets measured at amortised cost - loans and advances to banks	433,398	5.5.b)
Net loans to customers	15,739.3	Financial assets measured at amortised cost - loans and advances to customers	15,739,317	5.5.c)
Financial assets	6,106.9		6,106,869	
- Trading book	15.8	Financial assets held for trading	14,817	5.2.a)
		Non-trading financial assets mandatorily at fair value through profit or loss - part (w ithout loans)	12,934	5.3.a)
- Non-trading book	6,091.1	Financial assets measured at fair value through other comprehensive income	2,683,399	5.4.
		Financial assets measured at amortised cost - debt securities	3,395,719	5.5.a)
Investments in subsidiaries, associates, and joint ventures	13.9	Investments in associates and joint ventures	13,929	
Property and equipment	300.0	Property and equipment	300,026	5.7.
Investment property	24.6	Investment property	24,596	5.8.
Intangible assets	86.9	Intangible assets	86,912	
		Financial assets measured at amortised cost - other financial assets	147,666	5.5.d)
		Derivatives - hedge accounting	68,548	
		Fair value changes of the hedged items in portfolio hedge of interest rate risk	(6,629)	
Other assets	400.5	Current income tax assets	872	
		Deferred income tax assets	113,687	5.14.
		Other assets	65,094	5.10.
		Non-current assets held for sale	11,228	5.6.
TOTAL ASSETS	27,243.4	Total assets	27,243,371	
LIABILITIES				
Deposits from customers	21,373.9	Financial liabilities measured at amortised cost - due to customers	21,373,898	5.12.
Deposits from banks and central banks	139.5	Financial liabilities measured at amortised cost - deposits from banks and central banks	139,528	5.12.
		Financial liabilities measured at amortised cost - borrow ings from banks and central banks	107,853	5.12.
Borrow ings	210.1	Financial liabilities measured at amortised cost - borrow ings from other customers	102,288	5.12.
Subordinated debt securities	583.4	Financial liabilities measured at amortised cost - debt securities issue	1,618,131	5.12.
Other debt securities in issue	1,034.8			
		Financial liabilities held for trading	8,852	5.2.b)
		Financial liabilities measured at fair value through profit or loss	9,607	5.3.b)
		Financial liabilities measured at amortised cost - other financial liabilities	335,286	5.12.c)
Other liabilities	590.9	Derivatives - hedge accounting	3,302	
		Provisions	92,988	5.13.
		Current income tax liabilities	23,532	
		Deferred income tax liabilities	13,825	5.14.
		Other liabilities	103,537	5.16.
Equity	3,242.1	Equity and reserves attributable to ow ners of the parent	3,242,092	
Non-controlling interests	68.7	Non-controlling interests	68,652	
TOTAL LIABILITIES AND EQUITY	27,243.4	Total liabilities and equity	27,243,371	



Unaudited Condensed Interim Financial Statements of NLB Group and NLB as at 30 September 2024

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

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Condensed income statement for the period ended 30 September

in EUR thousands					
	Notes	NLB Group		NLB	
		9 months ended		9 months ended	
		September 2024	September 2023	September 2024	September 2023
		unaudited	unaudited	unaudited	unaudited
Interest income calculated using the effective interest method		836,969	682,674	453,038	329,463
Other interest and similar income		53,890	25,316	27,149	12,901
Interest and similar income	4.1.	890,859	707,990	480,187	342,364
Interest expenses calculated using the effective interest method		(172,961)	(99,465)	(130,911)	(78,089)
Other interest and similar expenses		(23,721)	(7,071)	(23,766)	(5,191)
Interest and similar expenses	4.1.	(196,682)	(106,536)	(154,677)	(83,280)
Net interest income		694,177	601,454	325,510	259,084
Dividend income	4.2.	99	151	204,960	130,181
Fee and commission income	4.3.	321,690	295,284	141,212	124,720
Fee and commission expenses	4.3.	(89,801)	(89,705)	(34,205)	(30,739)
Net fee and commission income		231,889	205,579	107,007	93,981
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	4.4.	904	(697)	2,503	(789)
Gains less losses from financial assets and liabilities held for trading	4.5.	20,655	24,009	4,718	368
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	4.6.	1,520	1,135	2,110	1,423
Gains less losses from financial liabilities measured at fair value through profit or loss		(2,880)	(685)	(1,534)	(328)
Fair value adjustments in hedge accounting		(1,274)	305	(1,369)	(41)
Foreign exchange translation gains less losses		2,689	(3,968)	804	298
Net gains or losses on derecognition of investments in subsidiaries, associates and joint ventures	4.7.	-	(766)	-	(105)
Gains less losses on derecognition of non-financial assets		2,308	414	(174)	21
Other net operating income	4.8.	6,569	761	5,002	312
Administrative expenses	4.9.	(381,402)	(326,123)	(202,693)	(154,187)
Cash contributions to resolution funds and deposit guarantee schemes	4.10.	(32,710)	(32,363)	(10,793)	(11,383)
Depreciation and amortisation	4.11.	(42,324)	(35,520)	(17,757)	(13,119)
Gains less losses from modification of financial assets		(285)	(514)	-	-
Provisions for credit losses	4.12.	12,796	9,716	8,536	4,176
Provisions for other liabilities and charges	4.12.	(1,258)	(12,357)	(686)	(5,985)
Impairment of financial assets	4.13.	(490)	17,050	(15,252)	(1,764)
Impairment of non-financial assets	4.13.	(3,215)	(469)	(1)	4,099
Share of profit from investments in associates and joint ventures (accounted for using the equity method)		2,277	1,316	-	-
Gains less losses from non-current assets held for sale		322	5,994	198	156
Profit before income tax		510,367	454,422	411,089	306,398
Income tax	4.14.	(70,567)	(57,880)	(36,775)	(23,548)
Profit for the period		439,800	396,542	374,314	282,850
Attributable to owners of the parent		427,534	386,938	374,314	282,850
Attributable to non-controlling interests		12,266	9,604	-	-
Earnings per share (in EUR per share)		21.38	19.35	18.72	14.14
Diluted earnings per share (in EUR per share)		21.38	19.35	18.72	14.14

Condensed income statement for the three months ended 30 September

in EUR thousands					
	Notes	NLB Group		NLB	
		3 months ended		3 months ended	
		September 2024	September 2023	September 2024	September 2023
		unaudited	unaudited	unaudited	unaudited
Interest income calculated using the effective interest method		280,959	256,743	151,928	130,514
Other interest and similar income		25,206	10,995	12,395	5,657
Interest and similar income	4.1.	306,165	267,738	164,323	136,171
Interest expenses calculated using the effective interest method		(60,239)	(43,482)	(44,925)	(34,749)
Other interest and similar expenses		(12,192)	(2,767)	(12,188)	(1,984)
Interest and similar expenses	4.1.	(72,431)	(46,249)	(57,113)	(36,733)
Net interest income		233,734	221,489	107,210	99,438
Dividend income	4.2.	66	56	127,739	13
Fee and commission income	4.3.	115,599	105,139	49,560	43,348
Fee and commission expenses	4.3.	(33,712)	(34,205)	(11,579)	(11,786)
Net fee and commission income		81,887	70,934	37,981	31,562
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	4.4.	(435)	(1)	(67)	(1)
Gains less losses from financial assets and liabilities held for trading	4.5.	7,946	10,143	227	(1,867)
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	4.6.	270	80	495	47
Gains less losses from financial liabilities measured at fair value through profit or loss		(966)	(237)	(536)	(100)
Fair value adjustments in hedge accounting		68	362	41	291
Foreign exchange translation gains less losses		1,643	(5,340)	1,962	(3,005)
Net gains or losses on derecognition of investments in subsidiaries, associates and joint ventures	4.7.	-	(299)	-	-
Gains less losses on derecognition of non-financial assets		1,382	297	(295)	1
Other net operating income	4.8.	2,075	(2,520)	2,112	(3,171)
Administrative expenses	4.9.	(133,069)	(108,891)	(69,124)	(52,714)
Cash contributions to resolution funds and deposit guarantee schemes	4.10.	(7,458)	(6,407)	-	-
Depreciation and amortisation	4.11.	(15,628)	(12,041)	(6,396)	(4,746)
Gains less losses from modification of financial assets		(11)	(312)	-	-
Provisions for credit losses	4.12.	5,765	2,514	4,766	2,088
Provisions for other liabilities and charges	4.12.	138	(550)	-	(243)
Impairment of financial assets	4.13.	(5,118)	(5,661)	(3,448)	(6,156)
Impairment of non-financial assets	4.13.	(3,360)	(142)	(1)	4,099
Share of profit from investments in associates and joint ventures (accounted for using the equity method)		611	716	-	-
Gains less losses from non-current assets held for sale		(246)	910	(283)	33
Profit before income tax		169,294	165,100	202,383	65,569
Income tax	4.14.	(30,074)	(18,035)	(20,968)	(6,024)
Profit for the period		139,220	147,065	181,415	59,545
Attributable to owners of the parent		135,501	144,238	181,415	59,545
Attributable to non-controlling interests		3,719	2,827	-	-

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

in EUR thousands					
	Notes	NLB Group		NLB	
		9 months ended		9 months ended	
		September 2024	September 2023	September 2024	September 2023
		unaudited	unaudited	unaudited	unaudited
Net profit for the period after tax		439,800	396,542	374,314	282,850
Other comprehensive income after tax		49,811	45,505	26,497	17,249
<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		3,353	3,559	1,739	809
Income tax relating to components of other comprehensive income	5.15.	(609)	(541)	(383)	(154)
<i>Items that have been or may be reclassified subsequently to income statement</i>					
Foreign currency translation		3,141	1,586	-	-
Translation gains/(losses) taken to equity		3,141	1,586	-	-
Debt instruments measured at fair value through other comprehensive income		53,826	43,012	31,967	14,718
Valuation gains/(losses) taken to equity		52,763	48,884	31,483	18,901
Transferred to income statement		1,063	(5,872)	484	(4,183)
Income tax relating to components of other comprehensive income	5.15.	(9,900)	(2,111)	(6,826)	1,876
Total other comprehensive income for the period after tax		489,611	442,047	400,811	300,099
Attributable to owners of the parent		477,213	432,240	400,811	300,099
Attributable to non-controlling interests		12,398	9,807	-	-

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

in EUR thousands					
	Notes	NLB Group		NLB	
		3 months ended		3 months ended	
		September 2024	September 2023	September 2024	September 2023
		unaudited	unaudited	unaudited	unaudited
Net profit for the period after tax		139,220	147,065	181,415	59,545
Other comprehensive income/(loss) after tax		33,589	12,562	21,549	5,100
<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		1,682	437	1,105	299
Income tax relating to components of other comprehensive income		(368)	(90)	(243)	(57)
<i>Items that have been or may be reclassified subsequently to income statement</i>					
Foreign currency translation		1,948	435	-	-
Translation gains/(losses) taken to equity		1,948	435	-	-
Debt instruments measured at fair value through other comprehensive income		37,345	12,317	26,257	4,339
Valuation gains/(losses) taken to equity		37,493	12,811	26,259	4,582
Transferred to income statement		(148)	(494)	(2)	(243)
Income tax relating to components of other comprehensive income		(7,018)	(537)	(5,570)	519
Total comprehensive income for the period after tax		172,809	159,627	202,964	64,645
Attributable to owners of the parent		168,810	156,745	202,964	64,645
Attributable to non-controlling interests		3,999	2,882	-	-

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

		in EUR thousands			
		NLB Group		NLB	
		30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	Notes	unaudited	audited	unaudited	audited
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	4,137,858	6,103,561	2,416,530	4,318,032
Financial assets held for trading	5.2.a)	14,817	15,718	17,503	17,957
Non-trading financial assets mandatorily at fair value through profit or loss	5.3.a)	12,934	14,175	19,235	16,643
Financial assets measured at fair value through other comprehensive income	5.4.	2,683,399	2,251,556	1,708,153	1,023,012
Financial assets measured at amortised cost					
- debt securities	5.5.a)	3,395,719	2,522,229	2,574,414	1,966,169
- loans and advances to banks	5.5.b)	433,398	547,640	160,491	149,011
- loans and advances to customers	5.5.c)	15,739,317	13,734,601	8,457,104	7,148,283
- other financial assets	5.5.d)	147,666	165,962	168,644	101,596
Derivatives - hedge accounting		68,548	47,614	68,548	47,614
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(6,629)	(10,207)	(9,257)	(12,514)
Investments in subsidiaries		-	-	1,122,903	975,757
Investments in associates and joint ventures		13,929	12,519	4,823	4,823
Tangible assets					
Property and equipment	5.7.	300,026	278,034	85,025	85,970
Investment property	5.8.	24,596	31,116	5,438	7,640
Intangible assets		86,912	62,117	42,429	37,379
Current income tax assets		872	42	-	-
Deferred income tax assets	5.14.	113,687	111,305	102,302	109,449
Other assets	5.10.	65,094	49,154	17,247	13,907
Non-current assets held for sale	5.6.	11,228	4,849	2,933	4,048
Total assets		27,243,371	25,941,985	16,964,465	16,014,776
Financial liabilities held for trading	5.2.b)	8,852	13,217	12,905	17,510
Financial liabilities measured at fair value through profit or loss	5.3.b)	9,607	4,482	5,637	3,210
Financial liabilities measured at amortised cost					
- deposits from banks and central banks	5.12.	139,528	95,283	298,796	147,002
- borrowings from banks and central banks	5.12.	107,853	140,419	113,258	82,797
- due to customers	5.12.	21,373,898	20,732,722	12,096,259	11,881,563
- borrowings from other customers	5.12.	102,288	99,718	-	-
- debt securities issued	5.12.	1,618,131	1,338,235	1,618,131	1,338,235
- other financial liabilities	5.12.c)	335,286	357,116	180,061	198,020
Derivatives - hedge accounting		3,302	3,540	869	1,420
Provisions	5.13.	92,988	113,305	35,753	48,456
Current income tax liabilities		23,532	35,879	10,215	14,762
Deferred income tax liabilities	5.14.	13,825	1,426	-	-
Other liabilities	5.16.	103,537	58,653	60,290	32,350
Total liabilities		23,932,627	22,993,995	14,432,174	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.	82,175	84,178	82,175	84,178
Accumulated other comprehensive income		(26,497)	(76,118)	(9,819)	(36,316)
Profit reserves		186,332	13,522	186,332	13,522
Retained earnings		1,928,704	1,789,890	1,202,225	1,116,689
		3,242,092	2,882,850	2,532,291	2,249,451
Non-controlling interests		68,652	65,140	-	-
Total equity		3,310,744	2,947,990	2,532,291	2,249,451
Total liabilities and equity		27,243,371	25,941,985	16,964,465	16,014,776

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

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	-	-	-	-	-	-	-	427,534	427,534	12,266	439,800
- Other comprehensive income	-	-	-	46,534	3,145	-	-	-	49,679	132	49,811
Total comprehensive income after tax	-	-	-	46,534	3,145	-	-	427,534	477,213	12,398	489,611
Dividends	-	-	-	-	-	-	-	(110,000)	(110,000)	(8,886)	(118,886)
Appropriation to profit reserves	-	-	-	-	-	-	172,810	(172,810)	-	-	-
Transfer of fair value reserve	-	-	-	(58)	-	-	-	58	-	-	-
Other	-	-	(2,003)	-	-	-	-	(5,968)	(7,971)	-	(7,971)
Balance as at 30 Sep 2024	200,000	871,378	82,175	(13,543)	(11,443)	(1,511)	186,332	1,928,704	3,242,092	68,652	3,310,744

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	-	-	-	-	-	-	-	386,938	386,938	9,604	396,542
- Other comprehensive income	-	-	-	43,677	1,625	-	-	-	45,302	203	45,505
Total comprehensive income after tax	-	-	-	43,677	1,625	-	-	386,938	432,240	9,807	442,047
Dividends	-	-	-	-	-	-	-	(55,000)	(55,000)	(4,615)	(59,615)
Transfer of fair value reserve	-	-	-	(63)	-	-	-	63	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	8	8	(8)	-
Other	-	-	(2,010)	-	-	-	-	(5,966)	(7,976)	-	(7,976)
Balance as at 30 Sep 2023	200,000	871,378	82,174	(99,295)	(14,860)	(1,194)	13,522	1,683,132	2,734,857	61,924	2,796,781

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				
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	-	-	-	-	-	-	374,314	374,314	
- Other comprehensive income	-	-	-	26,497	-	-	-	26,497	
Total comprehensive income after tax	-	-	-	26,497	-	-	374,314	400,811	
Dividends	-	-	-	-	-	-	(110,000)	(110,000)	
Appropriation to profit reserves	-	-	-	-	-	172,810	(172,810)	-	
Other	-	-	(2,003)	-	-	-	(5,968)	(7,971)	
Balance as at 30 Sep 2024	200,000	871,378	82,175	(8,614)	(1,205)	186,332	1,202,225	2,532,291	

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				
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	-	-	-	-	-	-	282,850	282,850	
- Other comprehensive income	-	-	-	17,249	-	-	-	17,249	
Total comprehensive income after tax	-	-	-	17,249	-	-	282,850	300,099	
Dividends	-	-	-	-	-	-	(55,000)	(55,000)	
Merger of subsidiary	-	-	-	(2,890)	-	173	-	202,187	
Other	-	-	(2,010)	-	-	-	(5,961)	(7,971)	
Balance as at 30 Sep 2023	200,000	871,378	82,174	(65,384)	(1,761)	13,522	942,256	2,042,185	

Condensed statement of cash flows for the period ended 30 September

					in EUR thousands				
					NLB Group		NLB		
					9 months ended		9 months ended		
					September	September	September	September	
					2024	2023	2024	2023	
					unaudited	unaudited	unaudited	unaudited	
					Notes				
CASH FLOWS FROM OPERATING ACTIVITIES									
Interest received					864,181	713,992	463,473	333,367	
Interest paid					(168,453)	(76,669)	(134,579)	(64,546)	
Dividends received					948	125	134,586	124,093	
Fee and commission receipts					319,045	294,246	135,600	120,676	
Fee and commission payments					(92,074)	(88,877)	(34,681)	(30,576)	
Realised gains from financial assets and financial liabilities not at fair value through profit or loss					301	92	-	-	
Net gains/(losses) from financial assets and liabilities held for trading					20,882	22,397	4,722	2,865	
Payments to employees and suppliers					(368,651)	(353,290)	(183,491)	(159,161)	
Other receipts					14,536	19,480	9,033	9,830	
Other payments					(42,329)	(47,035)	(15,443)	(18,029)	
Income tax (paid)/received					(72,284)	(27,678)	(30,797)	(6,781)	
Cash flows from operating activities before changes in operating assets and liabilities					476,102	456,783	348,423	311,738	
(Increases)/decreases in operating assets					(2,240,778)	22,956	(1,974,987)	(128,558)	
Net (increase)/decrease in trading assets					(30,049)	200	(30,049)	200	
Net (increase)/decrease in non-trading financial assets mandatorily at fair value through profit or loss					3,522	(92)	(700)	(90)	
Net (increase)/decrease in financial assets measured at fair value through other comprehensive income					(375,369)	703,737	(640,903)	319,275	
Net (increase)/decrease in loans and receivables measured at amortised cost					(1,830,352)	(683,736)	(1,302,140)	(447,281)	
Net (increase)/decrease in other assets					(8,530)	2,847	(1,195)	(662)	
Increases/(decreases) in operating liabilities					607,431	370,828	389,823	215,695	
Net increase/(decrease) in deposits and borrowings measured at amortised cost					601,610	363,504	384,719	209,310	
Net increase/(decrease) in other liabilities					5,821	7,324	5,104	6,385	
Net cash flows from operating activities					(1,157,245)	850,567	(1,236,741)	398,875	
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts from investing activities									
Proceeds from sale of property, equipment, and investment property					6,662	4,015	2,506	89	
Proceeds from sale of subsidiaries, net of cash and cash equivalents	3., 4.7.				-	12,776	-	20,068	
Proceeds from non-current assets held for sale					1,341	16,624	1,312	860	
Proceeds from maturity/disposals of debt securities measured at amortised cost					491,861	233,594	113,760	114,570	
Payments from investing activities					(1,496,474)	(671,569)	(871,042)	(451,495)	
Purchase of property, equipment, and investment property					(22,851)	(17,228)	(9,484)	(5,650)	
Purchase of intangible assets					(22,311)	(12,755)	(16,826)	(8,451)	
Purchase of subsidiaries, net of cash acquired and increase in subsidiaries' equity	3., 5.9.				(103,926)	-	(127,216)	-	
Purchase of debt securities measured at amortised cost					(1,347,386)	(641,586)	(717,516)	(437,394)	
Net cash flows from investing activities					(996,610)	(404,560)	(753,464)	(315,908)	
CASH FLOWS FROM FINANCING ACTIVITIES									
Proceeds from financing activities									
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					(685,642)	(65,557)	(691,780)	(55,867)	
Dividends paid					(118,654)	(59,626)	(110,000)	(55,000)	
Repayments of subordinated debt	5.12.b)				(260,759)	-	(260,759)	-	
Repayments of senior preferred notes	5.12.b)				(300,000)	-	(300,000)	-	
Lease payments					(6,229)	(5,931)	(1,091)	(867)	
Other payments related to financing activities					-	-	(19,930)	-	
Net cash flows from financing activities					110,316	432,151	104,178	441,841	
Effects of exchange rate changes on cash and cash equivalents					4,166	(1,182)	(694)	(89)	
Net increase/(decrease) in cash and cash equivalents					(2,043,539)	878,158	(1,886,027)	524,808	
Cash and cash equivalents at beginning of period					6,637,139	5,500,222	4,323,499	3,494,435	
Cash and cash equivalents of merged bank at the date of the merger					-	-	-	118,158	
Cash and cash equivalents at end of period					4,597,766	6,377,198	2,436,778	4,137,312	

					in EUR thousands				
					NLB Group		NLB		
					30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	
					unaudited	audited	unaudited	audited	
					Notes				
Cash and cash equivalents comprise:									
Cash, cash balances at central banks, and other demand deposits at banks	5.1.				4,138,939	6,104,851	2,416,778	4,318,499	
Loans and advances to banks with original maturity up to 3 months					432,712	506,266	20,000	5,000	
Debt securities measured at fair value through other comprehensive income with original maturity up to 3 months					26,115	26,022	-	-	
Total					4,597,766	6,637,139	2,436,778	4,323,499	

The Management Board of NLB d.d. has authorised for issue the financial statements and the accompanying notes.



Peter Andreas Burkhardt
Member



Antonio Argir
Member



Blaž Brodnjak
Chief executive officer



Hedvika Usenik
Member



Andrej Lasič
Member



Archibald Kremser
Member

Ljubljana, 7 November 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 September 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 material accounting policy information

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 September 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.). In August 2024, the company was renamed to NLB Fondovi a.d. Skopje.
- In September 2024, NLB d.d., Ljubljana completed the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., the parent company of Summit Leasing Slovenija d.o.o., Ljubljana and its subsidiary Mobil Leasing d.o.o., Zagreb. The purchase price was EUR 127,216 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.
- In September 2024, NLB Komercijalna banka a.d. Beograd completed sale of its subsidiary KomBank Invest a.d. Beograd to NLB Skladi, upravljanje premoženja, d.o.o. Ljubljana. In October 2024, the company KomBank Invest a.d. Beograd was renamed to NLB Fondovi a.d. Beograd.

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		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Interest and similar income										
<i>Interest income calculated using the effective interest method</i>	280,959	256,743	836,969	682,674	23%	151,928	130,514	453,038	329,463	38%
Loans and advances to customers at amortised cost	211,227	192,248	618,738	525,546	18%	99,360	83,474	289,712	217,481	33%
Securities measured at amortised cost	22,493	10,337	59,677	23,706	152%	14,378	6,968	37,124	15,611	138%
Financial assets measured at fair value through other comprehensive income	15,043	9,211	40,814	29,130	40%	7,785	2,205	18,094	7,121	154%
Loans and advances to banks measured at amortised cost	3,842	5,867	13,698	15,560	-12%	3,328	863	8,195	6,918	18%
Deposits with banks and central banks	28,354	39,080	104,042	88,732	17%	27,077	37,004	99,913	82,332	21%
<i>Other interest and similar income</i>	25,206	10,995	53,890	25,316	113%	12,395	5,657	27,149	12,901	110%
Financial assets held for trading	1,476	1,783	4,573	4,509	1%	1,579	1,715	5,031	4,628	9%
Non-trading financial assets mandatorily at fair value through profit or loss	2	13	16	37	-57%	106	117	326	301	8%
Derivatives - hedge accounting	10,811	3,905	22,152	8,066	175%	10,710	3,825	21,792	7,972	173%
Finance leases	12,917	5,294	27,149	12,704	114%	-	-	-	-	-
Total	306,165	267,738	890,859	707,990	26%	164,323	136,171	480,187	342,364	40%
Interest and similar expenses										
<i>Interest expenses calculated using the effective interest method</i>	60,239	43,482	172,961	99,465	74%	44,925	34,749	130,911	78,089	68%
Due to customers	29,264	19,470	85,003	44,937	89%	14,523	10,193	41,920	23,762	76%
Borrowings from banks and central banks	1,945	482	3,116	1,187	163%	679	184	1,970	526	-
Borrowings from other customers	534	429	1,645	1,065	54%	-	-	-	-	-
Subordinated liabilities	11,758	9,007	34,495	26,210	32%	11,758	9,007	34,495	26,210	32%
Debt securities issued	15,832	13,423	45,390	22,983	97%	15,832	13,423	45,390	22,983	97%
Deposits from banks and central banks	623	476	2,564	2,606	-2%	2,105	1,899	7,013	4,519	55%
Lease liabilities	283	195	748	477	57%	28	43	123	89	38%
<i>Other interest and similar expenses</i>	12,192	2,767	23,721	7,071	-	12,188	1,984	23,766	5,191	-
Derivatives - hedge accounting	10,605	790	18,754	1,400	-	10,605	790	18,754	1,374	-
Financial liabilities held for trading	1,394	1,660	4,296	4,054	6%	1,489	1,097	4,734	3,528	34%
Interest expense on defined employee benefits	187	183	554	545	2%	88	88	264	265	0%
Other	6	134	117	1,072	-89%	6	9	14	24	-42%
Total	72,431	46,249	196,682	106,536	85%	57,113	36,733	154,677	83,280	86%
Net interest income	233,734	221,489	694,177	601,454	15%	107,210	99,438	325,510	259,084	26%

4.2. Dividend income

in EUR thousands										
	NLB Group					NLB				
	3 months ended		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Financial assets measured at fair value through other comprehensive income	51	43	55	112	-51%	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	127,724	-	204,050	130,142	57%
Investments in associates, and joint ventures	-	-	-	-	-	-	-	866	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	15	13	44	39	13%	15	13	44	39	13%
Total	66	56	99	151	-34%	127,739	13	204,960	130,181	57%

4.3. Fee and commission income and expenses

in EUR thousands										
	NLB Group					NLB				
	3 months ended		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 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	39,673	37,127	104,889	97,560	8%	14,925	13,064	41,278	36,667	13%
Customer transaction accounts	25,556	23,349	73,882	69,345	7%	14,763	13,121	42,225	39,693	6%
<i>Other fee and commission income</i>										
Payments	23,579	21,740	66,307	65,249	2%	6,409	6,154	19,368	18,129	7%
Investment funds	10,132	8,627	30,970	24,180	28%	3,113	2,564	9,607	7,025	37%
Investment banking	4,380	3,704	11,191	9,001	24%	3,618	3,073	9,076	7,221	26%
Agency of insurance products	4,813	3,336	13,358	9,496	41%	2,926	2,410	8,818	6,949	27%
Other services	2,667	2,813	7,070	7,230	-2%	1,049	627	2,762	2,252	23%
Total fee and commission income from contracts with customers	110,800	100,696	307,667	282,061	9%	46,803	41,013	133,134	117,936	13%
Guarantees	4,799	4,443	14,023	13,223	6%	2,757	2,335	8,078	6,784	19%
Total	115,599	105,139	321,690	295,284	9%	49,560	43,348	141,212	124,720	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	25,139	26,954	66,440	68,339	-3%	8,933	9,593	26,732	24,585	9%
<i>Other fee and commission expenses</i>										
Payments	3,496	3,159	9,684	9,899	-2%	422	291	1,151	870	32%
Insurance for holders of personal accounts and golden cards	567	360	1,285	1,219	5%	237	191	773	690	12%
Investment banking	2,779	2,170	7,558	5,837	29%	1,355	1,132	3,639	2,964	23%
Guarantees	425	431	1,295	1,257	3%	417	414	1,262	1,180	7%
Other services	1,306	1,131	3,539	3,154	12%	215	165	648	450	44%
Total	33,712	34,205	89,801	89,705	0%	11,579	11,786	34,205	30,739	11%
Net fee and commission income	81,887	70,934	231,889	205,579	13%	37,981	31,562	107,007	93,981	14%

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		9 months ended		3 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Debt instruments measured at fair value through other comprehensive income	(435)	(1)	(1,978)	(697)	(67)	(1)	(210)	(789)
Debt instruments measured at amortised cost	-	-	169	-	-	-	-	-
Financial liabilities measured at amortised cost	-	-	2,713	-	-	-	2,713	-
Total	(435)	(1)	904	(697)	(67)	(1)	2,503	(789)

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

	in EUR thousands							
	NLB Group				NLB			
	3 months ended		9 months ended		3 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Foreign exchange trading	8,203	6,971	23,128	20,695	1,686	1,048	4,802	3,418
Debt instruments	147	36	234	106	147	35	233	54
Derivatives	(404)	3,136	(2,707)	3,208	(1,606)	(2,950)	(317)	(3,104)
Total	7,946	10,143	20,655	24,009	227	(1,867)	4,718	368

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		9 months ended		3 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Equity securities	261	69	1,476	1,095	262	1	1,460	627
Debt securities	9	11	44	16	-	-	-	-
Loans and advances to customers	-	-	-	24	233	46	650	796
Total	270	80	1,520	1,135	495	47	2,110	1,423

4.7. Disposal of subsidiaries

a) Disposal of subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji

In September 2023, NLB Group sold its subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji. 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	713
Financial assets measured at amortised cost	
- other financial assets	4
Other assets	104
Total assets	821
Provisions	30
Other liabilities	22
Total liabilities	52
Net assets of subsidiary	769
Total disposal consideration	470
Cash and cash equivalents in subsidiary sold	(713)
Cash outflow on disposal	(243)
Consideration for disposal of the subsidiary	470
Carrying amount of net assets disposed of	769
Loss from disposal of subsidiary in consolidated financial statements	(299)

At sale of subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji, NLB Group realised a loss in the amount of EUR 299 thousand.

b) 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 inflow on disposal	13,019
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.

c) Merger of N Banka d.d., Ljubljana

On 1 September 2023, with entry of the merger in the Register of Companies, the process of legal merger of N Banka d.d. with NLB d.d. was closed. As at the date of the merger, N Banka ceased to exist as an independent legal entity, and NLB, as a universal legal successor, took over all of its rights and obligations.

Merger was accounted for using merger accounting principles, due to the fact that such a merger is considered to be a business combination involving entities under common control. NLB has applied for the merger the following accounting policy:

- As of 1 September 2023 all assets, liabilities and off-balance sheet items of N Banka were recognised as they were reported for the purposes of NLB Group financial statements as of 31 August 2023 in relevant line items of assets, liabilities and off-balance sheet items of merged bank; and
- As of 1 September 2023 all income and expenses of N Banka were recognised as they were reported for the purposes of NLB Group financial statements as of 31 August 2023 directly into retained earnings. Therefore only income and expenses from 1 September 2023 onwards were recognised in the income statement of merged bank.

As at the day of the merger, NLB also took over control of the company Privatinvest d.o.o., which was 100% owned by N Banka and whose assets consist only of repossessed real estate. N Banka also had an investment in Bankart d.o.o., Ljubljana, which was from the day of the merger transferred to NLB.

4.8. Other net operating income

in EUR thousands										
	NLB Group					NLB				
	3 months ended		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Other operating income										
Income from non-banking services	2,788	2,123	7,220	5,896	22%	1,771	1,752	5,235	5,075	3%
Rental income from investment property	308	442	961	1,353	-29%	73	64	218	222	-2%
Revaluation of investment property to fair value	57	121	57	278	-79%	57	121	57	223	-74%
Sale of investment property	95	380	719	380	89%	-	-	259	-	-
Other operating income	1,145	1,980	3,696	4,519	-18%	662	457	2,104	1,966	7%
Total	4,393	5,046	12,653	12,426	2%	2,563	2,394	7,873	7,486	5%
Other operating expenses										
Donations	275	5,017	908	5,809	-84%	195	4,841	1,067	5,686	-81%
Expenses related to issued service guarantees	1	521	1	546	-100%	1	521	1	546	-100%
Revaluation of investment property to fair value	1,194	9	1,194	50	-	32	-	32	41	-22%
Other operating expenses	848	2,019	3,981	5,260	-24%	223	203	1,771	901	97%
Total	2,318	7,566	6,084	11,665	-48%	451	5,565	2,871	7,174	-60%
Other net operating income	2,075	(2,520)	6,569	761	-	2,112	(3,171)	5,002	312	-

4.9. Administrative expenses

in EUR thousands										
	NLB Group					NLB				
	3 months ended		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Employee costs	76,956	70,042	226,495	207,432	9%	37,453	33,029	113,106	95,933	18%
Other general and administrative expenses	56,113	38,849	154,907	118,691	31%	31,671	19,685	89,587	58,254	54%
Total	133,069	108,891	381,402	326,123	17%	69,124	52,714	202,693	154,187	31%

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 9 months ended 30 September 2024, amounted to EUR 24,560 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		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Cash contributions to deposit guarantee schemes	7,400	6,356	32,523	30,267	7%	-	-	10,793	9,686	11%
Cash contributions to resolution funds	58	51	187	2,096	-91%	-	-	-	1,697	-
Total	7,458	6,407	32,710	32,363	1%	-	-	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		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Amortisation of intangible assets	5,715	3,794	14,898	11,162	33%	3,387	1,657	8,513	4,406	93%
Depreciation of property and equipment:										
- own property and equipment	7,687	6,157	21,766	18,151	20%	2,623	2,610	8,090	7,711	5%
- right-of-use assets	2,226	2,090	5,660	6,207	-9%	386	479	1,154	1,002	15%
Total	15,628	12,041	42,324	35,520	19%	6,396	4,746	17,757	13,119	35%

4.12. Provisions

	in EUR thousands							
	NLB Group				NLB			
	3 months ended		9 months ended		3 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Provisions for credit losses	(5,765)	(2,514)	(12,796)	(9,716)	(4,766)	(2,088)	(8,536)	(4,176)
Guarantees and commitments	(5,765)	(2,514)	(12,796)	(9,716)	(4,766)	(2,088)	(8,536)	(4,176)
Provisions for other liabilities and charges	(138)	550	1,258	12,357	-	243	686	5,985
Restructuring provisions	-	(352)	-	(352)	-	-	-	-
Provisions for legal risks	(138)	902	1,258	1,718	-	243	686	(3,315)
Other provisions	-	-	-	10,991	-	-	-	9,300
Total	(5,903)	(1,964)	(11,538)	2,641	(4,766)	(1,845)	(7,850)	1,809

4.13. Impairment charge

	in EUR thousands							
	NLB Group				NLB			
	3 months ended		9 months ended		3 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Impairment of financial assets								
Cash balances at central banks, and other demand deposits at banks	(131)	(495)	(212)	(578)	(126)	19	(219)	89
Loans and advances to customers measured at amortised cost (note 5.10.a)	5,476	3,998	223	(13,723)	3,619	6,108	15,700	5,710
Loans and advances to banks measured at amortised cost (note 5.10.a)	(124)	(3)	(90)	31	(14)	(88)	17	(50)
Debt securities measured at fair value through other comprehensive income (note 5.10.b)	(583)	(495)	(915)	(6,569)	(69)	(244)	274	(4,972)
Debt securities measured at amortised cost (note 5.10.b)	(85)	297	1,679	1,559	102	128	575	577
Other financial assets measured at amortised cost (note 5.10.a)	565	2,359	(195)	2,230	(64)	233	(1,095)	410
Total impairment of financial assets	5,118	5,661	490	(17,050)	3,448	6,156	15,252	1,764
Impairment of investments in subsidiaries, associates and joint ventures								
Investments in subsidiaries	-	-	-	-	-	(4,094)	-	(4,094)
Total	-	-	-	-	-	(4,094)	-	(4,094)
Impairment of other assets								
Property and equipment	3,106	-	3,106	-	-	-	-	-
Other assets	254	142	109	469	1	(5)	1	(5)
Total	3,360	142	3,215	469	1	(5)	1	(5)
Total impairment of non-financial assets	3,360	142	3,215	469	1	(4,099)	1	(4,099)
Total impairment	8,478	5,803	3,705	(16,581)	3,449	2,057	15,253	(2,335)

4.14. Income tax

	in EUR thousands									
	NLB Group					NLB				
	3 months ended		9 months ended			3 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	Change	September 2024	September 2023	September 2024	September 2023	Change
Current tax	31,904	18,245	67,251	54,946	22%	19,851	5,979	33,528	22,337	50%
Global minimum tax	1,103	-	3,309	-	-	1,103	-	3,309	-	-
Deferred tax (note 5.14.)	(2,933)	(210)	7	2,934	-100%	14	45	(62)	1,211	-
Total	30,074	18,035	70,567	57,880	22%	20,968	6,024	36,775	23,548	56%
Effective tax rate in % (income tax/profit before income tax)	17.76	10.92	13.83	12.74	9%	10.36	9.19	8.95	7.69	16%

NLB's current tax in the first 9 months ended 30 September 2024 includes EUR 9,265 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 9 months ended 30 September 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 3,309 thousand related to the top-up-tax in the first 9 months ended 30 September 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 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Balances and obligatory reserves with central banks	3,481,716	5,435,460	-36%	2,176,175	4,077,399	-47%
Cash	526,147	470,902	12%	207,604	181,735	14%
Demand deposits at banks	131,076	198,489	-34%	32,999	59,365	-44%
	4,138,939	6,104,851	-32%	2,416,778	4,318,499	-44%
Allowance for impairment	(1,081)	(1,290)	16%	(248)	(467)	47%
Total	4,137,858	6,103,561	-32%	2,416,530	4,318,032	-44%

5.2. Financial instruments held for trading

a) Financial assets held for trading

in EUR thousand						
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Derivatives, excluding hedging instruments						
Swap contracts	9,546	13,867	-31%	12,243	16,135	-24%
Options	680	1,249	-46%	680	1,249	-46%
Forward contracts	388	602	-36%	377	573	-34%
Total derivatives	10,614	15,718	-32%	13,300	17,957	-26%
Securities						
Bonds	4,203	-	-	4,203	-	-
Total securities	4,203	-	-	4,203	-	-
Total	14,817	15,718	-6%	17,503	17,957	-3%

b) Financial liabilities held for trading

in EUR thousands						
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Derivatives, excluding hedging instruments						
Swap contracts	7,478	11,139	-33%	11,535	15,440	-25%
Options	862	1,573	-45%	862	1,573	-45%
Forward contracts	512	505	1%	508	497	2%
Total	8,852	13,217	-33%	12,905	17,510	-26%

5.3. Non-trading financial instruments measured 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 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Assets						
Shares	7,045	6,300	12%	7,045	6,300	12%
Investments funds	4,903	2,658	84%	3,951	2,558	54%
Bonds	986	5,217	-81%	-	-	-
Loans and advances to companies	-	-	-	8,239	7,785	6%
Total	12,934	14,175	-9%	19,235	16,643	16%

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

in EUR thousands						
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Liabilities						
Loans and advances to companies	-	-	-	716	1,234	-42%
Other financial liabilities	9,607	4,482	114%	4,921	1,976	149%
Total	9,607	4,482	114%	5,637	3,210	76%

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

Analysis by type

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Bonds	2,351,761	1,836,604	28%	1,645,432	962,084	71%
Shares	28,149	26,467	6%	370	303	22%
National Resolution Fund	62,351	60,625	3%	62,351	60,625	3%
Treasury bills	210,224	301,838	-30%	-	-	-
Commercial bills	30,914	26,022	19%	-	-	-
Total	2,683,399	2,251,556	19%	1,708,153	1,023,012	67%
Allowance for impairment (note 5.11.b)	(6,415)	(7,329)	12%	(2,722)	(2,448)	-11%

5.5. Financial assets measured at amortised cost

Analysis by type

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Debt securities	3,395,719	2,522,229	35%	2,574,414	1,966,169	31%
Loans and advances to banks	433,398	547,640	-21%	160,491	149,011	8%
Loans and advances to customers	15,739,317	13,734,601	15%	8,457,104	7,148,283	18%
Other financial assets	147,666	165,962	-11%	168,644	101,596	66%
Total	19,716,100	16,970,432	16%	11,360,653	9,365,059	21%

a) Debt securities

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Government	2,511,846	1,898,725	32%	1,693,948	1,347,161	26%
Companies	83,433	79,679	5%	76,187	72,458	5%
Banks	776,800	536,096	45%	776,800	536,096	45%
Financial organisations	30,850	13,251	133%	30,850	13,251	133%
	3,402,929	2,527,751	35%	2,577,785	1,968,966	31%
Allowance for impairment (note 5.11.b)	(7,210)	(5,522)	-31%	(3,371)	(2,797)	-21%
Total	3,395,719	2,522,229	35%	2,574,414	1,966,169	31%

b) Loans and advances to banks

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Loans	382	623	-39%	118,848	119,914	-1%
Time deposits	210,250	249,765	-16%	41,307	25,865	60%
Reverse sale and repurchase agreements	222,372	294,069	-24%	-	-	-
Purchased receivables	617	3,482	-82%	617	3,482	-82%
	433,621	547,939	-21%	160,772	149,261	8%
Allowance for impairment (note 5.11.a)	(223)	(299)	25%	(281)	(250)	-12%
Total	433,398	547,640	-21%	160,491	149,011	8%

c) Loans and advances to customers

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Loans	14,182,042	13,117,311	8%	8,216,525	6,946,199	18%
Overdrafts	528,647	449,145	18%	286,644	236,792	21%
Finance lease receivables	1,199,059	337,610	-	-	-	-
Credit card business	151,908	154,664	-2%	81,252	82,457	-1%
Called guarantees	9,376	4,498	108%	6,630	2,403	176%
	16,071,032	14,063,228	14%	8,591,051	7,267,851	18%
Allowance for impairment (note 5.11.a)	(331,715)	(328,627)	-1%	(133,947)	(119,568)	-12%
Total	15,739,317	13,734,601	15%	8,457,104	7,148,283	18%

d) Other financial assets

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Receivables in the course of settlement and other temporary accounts	58,138	43,608	33%	34,096	20,207	69%
Credit card receivables	15,667	54,748	-71%	7,941	42,753	-81%
Debtors	11,145	9,265	20%	524	2,013	-74%
Fees and commissions	10,624	9,734	9%	982	2,924	-66%
Receivables to brokerage firms and others for the sale of securities and custody services	15,984	-	-	25,911	-	-
Accrued income	15,491	7,171	116%	12,076	6,247	93%
Dividends	-	-	-	61,141	-	-
Prepayments	7,657	2,176	-	-	-	-
Other financial assets	26,389	50,065	-47%	27,083	29,066	-7%
	161,095	176,767	-9%	169,754	103,210	64%
Allowance for impairment (note 5.11.a)	(13,429)	(10,805)	-24%	(1,110)	(1,614)	31%
Total	147,666	165,962	-11%	168,644	101,596	66%

5.6. Non-current assets held for sale

As at 30 September 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 11,228 thousand (31 December 2023: EUR 4,849 thousand) in the NLB Group and EUR 2,933 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 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Own property and equipment	264,446	249,920	6%	79,512	80,240	-1%
Right-of-use assets	35,580	28,114	27%	5,513	5,730	-4%
Total	300,026	278,034	8%	85,025	85,970	-1%

5.8. Investment property

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Buildings	24,305	30,711	-21%	5,243	7,496	-30%
Land	291	405	-28%	195	144	35%
Total	24,596	31,116	-21%	5,438	7,640	-29%

5.9. Acquisition of subsidiaries

a) Acquisition of NLB Fondovi 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.

In August 2024, Generali Investments a.d. Skopje was renamed to NLB Fondovi a.d. Skopje.

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 NLB Fondovi 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.

b) Acquisition of SLS HOLDCO d.o.o., Ljubljana

On 11 September 2024, NLB completed the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., Ljubljana the parent company of Summit Leasing Slovenija d.o.o., Ljubljana and its subsidiary Mobil Leasing d.o.o., Zagreb.

The purchase price for the company was EUR 127,216 thousand and was fully paid in cash. There are no contingent consideration arrangements. At the acquisition date, cash in acquired entities amounted to EUR 25,632 thousand. The net outflow of cash amounted to EUR 101,584 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	25,632
Financial assets measured at amortised cost	
- loans and advances to banks	69
- loans and advances to customers	881,285
- other financial assets	3,877
Tangible assets	
Property and equipment	23,596
Intangible assets	17,133
Current income tax assets	522
Deferred income tax assets	475
Other assets	8,406
Total assets	960,995
Financial liabilities measured at amortised cost	
- borrowings from banks and central banks	809,939
- other financial liabilities	15,271
Provisions	2,002
Other liabilities	8,949
Total liabilities	836,161
Net identifiable assets acquired	124,834
Consideration given	127,216
Goodwill	2,382

The acquisition of SLS HOLDCO d.o.o., Ljubljana, resulted in a goodwill in the amount of EUR 2,382 thousand, which is recognised in the statement of financial position under the line 'Intangible assets. Goodwill consists of the fair value of expected synergies and other benefits from combining the acquirer and acquiree's net assets and businesses. Goodwill will not be deductible for income tax purposes. In 2024, acquisition-related costs amounted to EUR 1,900 thousand and are included within administrative expenses (2023: EUR 1,100 thousand).

As a result of the acquisition, NLB Group's off-balance sheet liabilities increased by EUR 1,868 thousand.

The valuation techniques used for measuring the fair value of material assets and liabilities acquired were as follows:

Assets acquired	Valuation technique
Performing loans	For performing loans portfolio fair value was determined by using the discounted cash flow method, whereby future cash flows were discounted to their present value at current market interest rates. Contractual cash flows were adjusted for historical prepayment rate. In the absence of publicly available market interest rate for financial leases, market interest rates were estimated based on the weighted average interest rate of the financial leases issued in the last three months by Summit Leasing Slovenija and Mobil Leasing.
Non-performing loans	The market value of non-performing loans was determined on the market value of the underlying collateral. Financial leases are secured by assets under lease. The market value is recovered as profit for sale as underlying assets on average reduced for appropriate haircut. Consumer loans are secured by insurance, and 100% of the exposure can be recovered.
Distribution agreements	For valuation of distribution agreements multi-period excess earnings method (MEEM) under the income approach was applied. This method is based on the principle that the value of intangible assets is equal to the present value of the excess earnings attributable only to the subject intangible asset after deducting contributory assets charges like fixed assets and assembled workforce.

The fair value of acquired loans and advances to customers is EUR 881,285 thousand, of which EUR 855,107 thousand relates to performing portfolio and EUR 26,178 thousand to non-performing portfolio. The latter was recognised as purchased or originated credit impaired financial assets (POCI). The gross contractual amount for performing loans and advances to customers is EUR 857,488 thousand and for this exposure 12-month expected credit losses in the amount of EUR 1,596 thousand were recognised through the income statement. The gross contractual amount for non-performing loans and advances to customers is EUR 38,952 thousand, and it is expected that approximately EUR 6 million of the contractual cash flows will not be collected.

Since the transaction was closed on 11 September 2024, income statement for September, loss in the amount EUR 1,977 thousand, 12-month expected credit losses for Stage 1 financial assets in the amount EUR 1,661 thousand and attributable deferred taxes in the amount of EUR 358 thousand are included in NLB Group income statement. If the acquisition has occurred on 1 January 2024, management estimates that consolidated revenue would have been higher by approximately EUR 50 million and there would be no material change in consolidated profit for the year.

The newly identified intangible assets related to the distribution agreements recognised at the acquisition date were measured by reference to the fair value and amounted to EUR 15 million. This fair value was estimated by applying an income approach.

The calculation of goodwill related to the SLS HOLDCO d.o.o., Ljubljana acquisition is based on provisional fair values of identifiable assets, liabilities, and contingent liabilities acquired. These fair values are subject to adjustment within the period of up to 12 months from the acquisition date, in accordance with IFRS 3. Any adjustments arising from the finalisation of these values will be reflected in future reporting periods.

5.10. Other assets

in EUR thousands						
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Assets, received as collateral	25,948	27,637	-6%	1,556	3,129	-50%
Deferred expenses	18,460	12,313	50%	11,641	6,915	68%
Inventories	13,116	5,825	125%	3,709	2,943	26%
Claim for taxes and other dues	4,092	1,599	156%	173	531	-67%
Prepayments	3,478	1,780	95%	168	389	-57%
Total	65,094	49,154	32%	17,247	13,907	24%

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	-	-	-	98	31	(74)	(4)	-	6
Transfers	-	-	-	32,401	(26,194)	(6,207)	46	16	(62)
Increases/(Decreases) (note 4.13.)	(119)	-	2	(14,563)	28,654	17,823	27	15	(115)
Write-offs	-	-	-	(99)	(54)	(29,224)	(22)	(11)	(603)
Changes in models/risk parameters (note 4.13.)	(1)	-	28	(29,811)	4,184	7,965	(85)	(3)	127
Foreign exchange and other movements	-	-	14	10	(10)	18,158	(30)	1	3,321
Balance as at 30 Sep 2024	93	-	130	78,791	51,440	201,484	556	58	12,815
Repayments of written-off receivables (note 4.13.)	-	-	-	-	-	14,029	-	-	161

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	-	-	(32)	(13)	197	(1)	3	(3)
Transfers	-	-	-	23,292	(21,221)	(2,071)	27	(31)	4
Increases/(Decreases) (note 4.13.)	58	-	(27)	(15,950)	18,698	7,487	(339)	75	2,875
Write-offs	-	-	-	(33)	(17)	(25,235)	(29)	(12)	(589)
Changes in models/risk parameters (note 4.13.)	-	-	-	(12,705)	5,614	716	(118)	(26)	(13)
Foreign exchange and other movements	-	-	1	2	7	21,085	(106)	(3)	43
Disposals of subsidiaries	-	-	-	-	-	-	(20)	-	(271)
Balance as at 30 Sep 2023	220	-	82	85,799	48,880	189,140	660	44	9,796
Repayments of written-off receivables (note 4.13.)	-	-	-	-	-	17,583	-	-	224

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	-	-	-	14,948	(8,576)	(6,372)	5	15	(20)
Increases/(Decreases) (note 4.13.)	(13)	-	2	(10,969)	14,349	14,239	(42)	(13)	(976)
Write-offs	-	-	-	(94)	(50)	(9,963)	(6)	(1)	(297)
Changes in models/risk parameters (note 4.13.)	-	-	28	(4,796)	101	6,190	(16)	(1)	(7)
Foreign exchange and other movements	-	-	14	(11)	(11)	5,394	-	-	855
Balance as at 30 Sep 2024	151	-	130	20,633	19,855	93,459	39	2	1,069
Repayments of written-off receivables (note 4.13.)	-	-	-	-	-	3,414	-	-	40

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	-	-	-	9,811	(8,638)	(1,173)	(198)	(4)	202
Increases/(Decreases) (note 4.13.)	(23)	-	(29)	(11,337)	10,934	15,677	(127)	9	634
Write-offs	-	-	-	(1)	(2)	(6,738)	(4)	(1)	(245)
Changes in models/risk parameters (note 4.13.)	2	-	-	(4,225)	1,683	(12)	(34)	-	-
Foreign exchange and other movements	-	-	1	8	6	1,484	-	-	1
Merger of subsidiary	-	-	110	7,090	4,436	4,178	222	-	26
Balance as at 30 Sep 2023	195	-	82	22,387	16,604	77,602	62	6	1,426
Repayments of written-off receivables (note 4.13.)	-	-	-	-	-	7,010	-	-	72

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	3	1	10	-	-
Increases/(Decreases) (note 4.13.)	1,653	311	(664)	(12)	-
Changes in models/risk parameters (note 4.13.)	(100)	(185)	(230)	(9)	-
Foreign exchange and other movements	5	-	(7)	(2)	-
Balance as at 30 Sep 2024	6,507	703	5,584	33	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	(4)	1	-	-	-
Transfers	(52)	52	-	-	-
Increases/(Decreases) (note 4.13.)	1,133	(98)	(1,995)	(11)	(4,483)
Write-offs	-	-	-	-	(1,537)
Changes in models/risk parameters (note 4.13.)	9	515	(80)	-	-
Foreign exchange and other movements	-	-	2	-	41
Balance as at 30 Sep 2023	4,605	735	6,956	59	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.)	681	(72)	282	-	-
Changes in models/risk parameters (note 4.13.)	(34)	-	(8)	-	-
Foreign exchange and other movements	(1)	-	-	-	-
Balance as at 30 Sep 2024	3,270	101	1,924	-	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.)	469	144	(468)	-	(4,483)
Write-offs	-	-	-	-	(1,537)
Changes in models/risk parameters (note 4.13.)	(36)	-	(21)	-	-
Foreign exchange and other movements	-	1	1	-	41
Other	140	-	204	-	-
Balance as at 30 Sep 2023	2,511	197	1,738	-	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 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Deposits from banks and central banks	139,528	95,283	46%	298,796	147,002	103%
- Deposits on demand	85,774	75,756	13%	243,516	127,726	91%
- Other deposits	53,754	19,527	175%	55,280	19,276	187%
Borrowings from banks and central banks	107,853	140,419	-23%	113,258	82,797	37%
Due to customers	21,373,898	20,732,722	3%	12,096,259	11,881,563	2%
- Deposits on demand	17,575,847	17,454,515	1%	10,529,383	10,674,541	-1%
- Other deposits	3,798,051	3,278,207	16%	1,566,876	1,207,022	30%
Borrowings from other customers	102,288	99,718	3%	-	-	-
Debt securities issued	1,618,131	1,338,235	21%	1,618,131	1,338,235	21%
Other financial liabilities	335,286	357,116	-6%	180,061	198,020	-9%
Total	23,676,984	22,763,493	4%	14,306,505	13,647,617	5%

a) Debt securities issued

					in EUR thousands			
					NLB Group and NLB			
					30 Sep 2024		31 Dec 2023	
Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value		
Subordinated bonds								
EUR	06.05.2029 **	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.	10,160	9,900	119,781	120,000		
EUR	05.02.2030 *	3.40% to 5.2.2025, thereafter 5Y MS + 3.658% p.a.	10,693	10,500	123,176	120,000		
EUR	28.11.2032	10.75% to 28.11.2027, thereafter 5Y MS + 8.298% p.a.	243,106	225,000	220,458	225,000		
EUR	24.01.2034	6.875% to 24.1.2029, thereafter 5Y MS + 4.230% p.a.	319,418	300,000	-	-		
Total Subordinated bonds			583,377	545,400	509,395	510,000		
Senior Preferred notes								
EUR	19.07.2025 ***	6% to 19.7.2024, thereafter 1Y MS + 4.835% p.a.	-	-	307,507	300,000		
EUR	27.06.2027	7.125% to 27.7.2026, thereafter 1Y MS + 3.606% p.a.	515,469	500,000	521,333	500,000		
EUR	29.05.2030	4.50% to 29.5.2029, thereafter 1Y MS + 1.650% p.a.	519,285	500,000	-	-		
Total Senior Preferred notes			1,034,754	1,000,000	828,840	800,000		
Total Debt securities issued			1,618,131	1,545,400	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.

***NLB has, based on the obtained permission of the Single Resolution Board, redeem its senior preferred notes in the aggregate nominal amount of EUR 300,000 thousand, 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.

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:				
- new issued	31,237	(5,970)	143,722	479,708
- repayments	298,611	-	497,347	497,708
- repayments of interest	(260,759)	-	(300,000)	-
Non-Cash flow items:				
- accrued interest	(6,615)	(5,970)	(53,625)	(18,000)
- other	42,745	26,211	62,192	23,118
- other	34,515	26,211	45,401	23,118
- other	8,230	-	16,791	-
Balance as at 30 Sep	583,377	529,019	1,034,754	810,038

c) Other financial liabilities

in EUR thousands						
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Items in the course of payment	109,859	93,425	18%	37,520	17,957	109%
Debit or credit card payables	17,365	113,398	-85%	13,707	90,495	-85%
Lease liabilities	36,357	28,944	26%	5,612	5,793	-3%
Accrued expenses	43,966	35,628	23%	20,585	17,065	21%
Liabilities to brokerage firms and others for securities purchase and custody services	43,469	288	-	43,233	268	-
Suppliers	12,602	22,872	-45%	4,179	16,614	-75%
Fees and commissions	229	1,242	-82%	123	1,133	-89%
Other financial liabilities	71,439	61,319	17%	55,102	48,695	13%
Total	335,286	357,116	-6%	180,061	198,020	-9%

5.13. Provisions

a) Analysis by type

in EUR thousands						
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Provisions for guarantees and commitments	19,772	32,548	-39%	9,405	17,941	-48%
Stage 1	11,399	18,429	-38%	4,160	7,653	-46%
Stage 2	1,465	1,655	-11%	167	319	-48%
Stage 3	6,908	12,464	-45%	5,078	9,969	-49%
Employee benefit provisions	19,715	17,892	10%	12,386	11,795	5%
Provisions for legal risks	40,851	44,833	-9%	6,205	6,219	0%
Restructuring provisions	8,029	12,592	-36%	3,817	7,198	-47%
Other provisions	4,621	5,440	-15%	3,940	5,303	-26%
Total	92,988	113,305	-18%	35,753	48,456	-26%

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	8	-	6
Transfers	1,452	341	(1,793)
Increases/(Decreases) (note 4.12.)	(1,465)	(525)	(4,330)
Changes in models/risk parameters (note 4.12.)	(7,030)	(7)	561
Foreign exchange and other movements	5	1	-
Balance as at 30 Sep 2024	11,399	1,465	6,908

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	479	(137)	(342)
Increases/(Decreases) (note 4.12.)	(1,688)	(849)	(4,527)
Changes in models/risk parameters (note 4.12.)	(3,507)	851	4
Foreign exchange and other movements	5	-	(7)
Balance as at 30 Sep 2023	14,114	1,818	11,959

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	557	1,093	(1,650)
Increases/(Decreases) (note 4.12.)	(1,210)	(1,220)	(3,638)
Changes in models/risk parameters (note 4.12.)	(2,840)	(25)	397
Balance as at 30 Sep 2024	4,160	167	5,078

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	70	180	(250)
Increases/(Decreases) (note 4.12.)	(1,007)	(496)	(1,950)
Changes in models/risk parameters (note 4.12.)	(1,142)	387	32
Merger of subsidiary	627	23	66
Balance as at 30 Sep 2023	6,704	472	9,663

5.14. Deferred income tax

in EUR thousands				
	NLB Group		NLB	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Deferred income tax assets				
Valuation of financial instruments and capital investments	51,998	59,640	49,709	55,098
Impairment of financial assets	13,813	9,704	1,340	1,153
Provisions for liabilities and charges	8,121	9,047	1,466	1,856
Depreciation and valuation of non-financial assets	4,279	4,141	127	123
Fair value adjustments of financial instruments measured at amortised cost	1,988	1,940	957	1,412
Tax losses	55,112	54,069	55,112	54,069
Other	538	248	-	-
Total deferred income tax assets	135,849	138,789	108,711	113,711
Deferred income tax liabilities				
Valuation of financial instruments	9,918	7,218	5,644	3,556
Depreciation and valuation of non-financial assets	1,321	1,304	166	168
Impairment of financial assets	4,751	3,589	599	538
Fair value adjustments of financial assets measured at amortised cost	8,076	6,651	-	-
Undistributed profit of subsidiaries	8,266	9,626	-	-
Other	3,655	522	-	-
Total deferred income tax liabilities	35,987	28,910	6,409	4,262
Net deferred income tax assets	113,687	111,305	102,302	109,449
Net deferred income tax liabilities	(13,825)	(1,426)	-	-

in EUR thousands				
	NLB Group		NLB	
	9 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023
Included in the income statement	(7)	(2,934)	62	(1,211)
- valuation of financial instruments and capital investments	206	594	(329)	191
- impairment of financial assets	(520)	(991)	187	(1,118)
- provisions for liabilities and charges	(1,258)	(1,668)	(390)	(292)
- depreciation and valuation of non-financial assets	109	398	6	13
- fair value adjustments of financial assets measured at amortised cost	(1,509)	(1,523)	(455)	(5)
- tax losses	1,043	-	1,043	-
- undistributed profit of subsidiaries	1,360	-	-	-
- other	562	256	-	-
Included in other comprehensive income	(10,509)	(2,652)	(7,209)	1,722
- valuation and impairment of financial assets measured at fair value through other comprehensive income	(10,509)	(2,652)	(7,209)	1,722

As at 30 September 2024, NLB recognised EUR 108,711 thousand deferred tax assets (31 December 2023: EUR 113,711 thousand). Unrecognised deferred tax assets in NLB amount to EUR 100,290 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
9 months ended September 2024						
Financial assets measured at fair value through other comprehensive income	57,179	(10,509)	46,670	33,706	(7,209)	26,497
Total	57,179	(10,509)	46,670	33,706	(7,209)	26,497

	in EUR thousands					
	NLB Group			NLB		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
9 months ended September 2023						
Financial assets measured at fair value through other comprehensive income	46,571	(2,652)	43,919	15,527	1,722	17,249
Total	46,571	(2,652)	43,919	15,527	1,722	17,249

5.16. Other liabilities

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Accrued salaries	40,033	28,228	42%	24,129	19,461	24%
Unused annual leave	7,685	7,657	0%	2,760	2,761	0%
Taxes payable	31,808	7,015	-	28,211	4,895	-
Deferred income	11,722	11,376	3%	3,383	4,376	-23%
Payments received in advance	12,289	4,377	181%	1,807	857	111%
Total	103,537	58,653	77%	60,290	32,350	86%

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 September 2024 is EUR 82,175 thousand (31 December 2023: EUR 84,178 thousand).

5.18. Book value per share

	in EUR thousands			
	NLB Group		NLB	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Total equity attributable to owners of the parents	3,242,092	2,882,850	2,532,291	2,249,451
Other equity instruments (note 5.17.)	82,175	84,178	82,175	84,178
Total equity attributable to owners of the parents excluding other equity instruments issued	3,159,917	2,798,672	2,450,116	2,165,273
Number of shares (in thousands)	20,000	20,000	20,000	20,000
Book value per share (in EUR)	158.0	139.9	122.5	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 Sep 2024	31 Dec 2023	30 Sep 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	1,387,054	1,235,363	717,911	602,402
Profit eligible - from current year	-	327,398	-	159,833
Accumulated other comprehensive income	(26,051)	(75,662)	(9,819)	(36,316)
Other reserves	186,332	13,522	186,332	13,522
Minority interest	29,800	28,798	-	-
Prudential filters: Additional Valuation Adjustments (AVA)	(2,720)	(2,295)	(1,750)	(1,067)
(-) Goodwill	(7,313)	(3,529)	-	-
(-) Other intangible assets	(52,258)	(37,153)	(20,982)	(20,846)
(-) Deferred tax assets	(47,061)	(47,002)	(51,862)	(54,069)
(-) Insufficient coverage for non-performing exposures	(3,872)	(907)	(452)	(246)
(-) Deduction item related to credit impairments and provisions not included in capital	-	-	(1,214)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	2,535,289	2,509,911	1,889,542	1,734,591
Capital instruments eligible as AT1 Capital	82,000	82,000	82,000	82,000
Minority interest	4,022	5,907	-	-
Additional Tier 1 capital	86,022	87,907	82,000	82,000
TIER 1 CAPITAL	2,621,311	2,597,818	1,971,542	1,816,591
Capital instruments and subordinated loans eligible as Tier 2 capital	543,321	507,516	543,321	507,516
Minority interest	4,094	3,874	-	-
TIER 2 CAPITAL	547,415	511,390	543,321	507,516
TOTAL CAPITAL	3,168,726	3,109,208	2,514,863	2,324,107
RWA for credit risk	13,821,738	12,168,121	8,948,441	7,449,829
RWA for market risks	1,515,098	1,447,713	903,301	818,113
RWA for credit valuation adjustment risk	20,063	14,200	20,850	15,613
RWA for operational risk	1,707,128	1,707,128	923,943	923,943
TOTAL RISK EXPOSURE AMOUNT (RWA)	17,064,027	15,337,162	10,796,535	9,207,498
Common Equity Tier 1 Ratio	14.9%	16.4%	17.5%	18.8%
Tier 1 Ratio	15.4%	16.9%	18.3%	19.7%
Total Capital Ratio	18.6%	20.3%	23.3%	25.2%

As at 30 September 2024, the total capital ratio (TCR) for the NLB Group stood at 18.6% (or 1.7% pp decrease compared to the end of 2023), and the CET1 ratio for the NLB Group stood at 14.9% (or 1.5% pp decrease compared to the end of 2023) well above requirements. The lower total capital adequacy derives from higher RWA (EUR 1,726.9 million compared to the end of 2023), although capital increased by EUR 59.5 million compared to the end of 2023. The Group increased its capital mainly through revaluation adjustments (EUR 49.6 million) and higher volume of T2 instruments (EUR 35.8 million), while the acquisition of Summit Leasing companies increased deduction items Intangible assets (EUR -17.1 million).

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

In the first nine months of 2024, the Group's RWA for credit risk increased by EUR 1,653.6 million due to lending activity at corporates and in the retail segment and the acquisition of SLS Group (RWA increased by EUR 698.0 million). Additionally, RWA for high-risk exposures increased due to new project financing loans and withdrawals of project finance loans approved in previous periods. Some decrease in RWA occurred due to lower liquidity assets.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) in the amount of EUR 73.2 million compared to the end of 2023 during the first nine months of 2024 was driven by higher RWA for FX risk of EUR 71.9 million (mainly due to more opened positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk of EUR 5.9 million, and lower RWA for TDI risk of EUR 7.9 million (due to closed net positions from IRS) and higher RWA for Equity risk of EUR 3.4 million (due to an inclusion of new Collective investment undertakings of new member NLB Fondovi, Skopje).

5.20. Off-balance sheet liabilities

	in EUR thousands					
	NLB Group			NLB		
	30 Sep 2024	31 Dec 2023	Change	30 Sep 2024	31 Dec 2023	Change
Loan commitments	2,523,894	2,469,800	2%	1,806,369	1,822,847	-1%
Non-financial guarantees	1,060,919	963,321	10%	691,026	625,095	11%
Financial guarantees	690,417	668,292	3%	387,388	398,282	-3%
Letters of credit	29,545	41,026	-28%	670	10,446	-94%
Other	20,087	17,653	14%	8,438	7,904	7%
	4,324,862	4,160,092	4%	2,893,891	2,864,574	1%
Provisions (note 5.13.)	(19,772)	(32,548)	39%	(9,405)	(17,941)	48%
Total	4,305,090	4,127,544	4%	2,884,486	2,846,633	1%

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 September 2024, these items at the NLB Group level amount to EUR 992,062 thousand (31 December 2023: EUR 915,450 thousand), and at the NLB level EUR 367,791 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

30 Sep 2024	NLB Group				NLB				in EUR thousands							
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	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	4,203	10,591	23	14,817	4,203	13,277	23	17,503	4,203	13,277	23	17,503	4,203	13,277	23	17,503
<i>Debt instruments</i>	4,203	-	-	4,203	4,203	-	-	4,203	4,203	-	-	4,203	4,203	-	-	4,203
<i>Derivatives</i>	-	10,591	23	10,614	-	13,277	23	13,300	-	13,277	23	13,300	-	13,277	23	13,300
Derivatives - hedge accounting	-	68,548	-	68,548	-	68,548	-	68,548	-	68,548	-	68,548	-	68,548	-	68,548
Financial assets measured at fair value through other comprehensive income	2,123,989	558,142	1,268	2,683,399	1,645,432	62,351	370	1,708,153	1,645,432	62,351	370	1,708,153	1,645,432	62,351	370	1,708,153
<i>Debt instruments</i>	2,123,680	469,219	-	2,592,899	1,645,432	-	-	1,645,432	1,645,432	-	-	1,645,432	1,645,432	-	-	1,645,432
<i>Equity instruments</i>	309	88,923	1,268	90,500	-	62,351	370	62,721	-	62,351	370	62,721	-	62,351	370	62,721
Non-trading financial assets mandatorily at fair value through profit or loss	1,938	-	10,996	12,934	-	-	19,235	19,235	-	-	19,235	19,235	-	-	19,235	19,235
<i>Debt instruments</i>	986	-	-	986	-	-	-	-	-	-	-	-	-	-	-	-
<i>Equity instruments</i>	952	-	10,996	11,948	-	-	10,996	10,996	-	-	10,996	10,996	-	-	10,996	10,996
<i>Loans</i>	-	-	-	-	-	-	8,239	8,239	-	-	8,239	8,239	-	-	8,239	8,239
Financial liabilities																
Financial instruments held for trading	-	8,852	-	8,852	-	12,905	-	12,905	-	12,905	-	12,905	-	12,905	-	12,905
<i>Derivatives</i>	-	8,852	-	8,852	-	12,905	-	12,905	-	12,905	-	12,905	-	12,905	-	12,905
Derivatives - hedge accounting	-	3,302	-	3,302	-	869	-	869	-	869	-	869	-	869	-	869
Financial liabilities measured at fair value through profit or loss	-	9,607	-	9,607	-	4,921	716	5,637	-	4,921	716	5,637	-	4,921	716	5,637
Non-financial assets																
Investment properties	-	6,761	17,835	24,596	-	5,438	-	5,438	-	5,438	-	5,438	-	5,438	-	5,438
Non-current assets held for sale	-	2,933	8,295	11,228	-	2,933	-	2,933	-	2,933	-	2,933	-	2,933	-	2,933

31 Dec 2023	NLB Group				NLB				in EUR thousands							
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value	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	-	17,937	20	17,957	-	17,937	20	17,957
<i>Derivatives</i>	-	15,698	20	15,718	-	17,937	20	17,957	-	17,937	20	17,957	-	17,937	20	17,957
Derivatives - hedge accounting	-	47,614	-	47,614	-	47,614	-	47,614	-	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	1,451,824	712,570	70	2,164,464	955,638	6,446	-	962,084
<i>Debt instruments</i>	1,452,046	798,154	1,356	2,251,556	955,638	67,071	303	1,023,012	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	222	85,584	1,286	87,092	-	60,625	303	60,928
Non-trading financial assets mandatorily at fair value through profit or loss	5,317	-	8,858	14,175	-	-	16,643	16,643	5,317	-	8,858	14,175	-	-	16,643	16,643
<i>Debt instruments</i>	5,317	-	-	5,317	-	-	-	-	5,317	-	-	5,317	-	-	-	-
<i>Equity instruments</i>	100	-	8,858	8,958	-	-	8,858	8,858	100	-	8,858	8,958	-	-	8,858	8,858
<i>Loans</i>	-	-	-	-	-	-	7,785	7,785	-	-	7,785	7,785	-	-	7,785	7,785
Financial liabilities																
Financial instruments held for trading	-	13,217	-	13,217	-	17,510	-	17,510	-	17,510	-	17,510	-	17,510	-	17,510
<i>Derivatives</i>	-	13,217	-	13,217	-	17,510	-	17,510	-	17,510	-	17,510	-	17,510	-	17,510
Derivatives - hedge accounting	-	3,540	-	3,540	-	1,420	-	1,420	-	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	-	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	-	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	-	4,048	-	4,048	-	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	Equities	Equity stake	Gold	Funds	Debt securities	Loans	Derivatives		
							Equities	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 9 months ended 30 September 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					
NLB Group	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	
Balance as at 1 Jan 2024	20	70	1,286	8,858	10,234
Valuation:					
- through profit or loss	3	-	-	1,534	1,537
- recognised in other comprehensive income	-	-	(47)	-	(47)
Exchange differences	-	-	-	(96)	(96)
Increases	-	-	54	700	754
Decreases	-	(70)	(28)	-	(98)
Balance as at 30 Sep 2024	23	-	1,268	10,996	12,287

in EUR thousands					
NLB Group	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	
Balance as at 1 Jan 2023	17	2,236	1,256	7,519	11,028
Effects of translation of foreign operations to presentation currency	-	-	1	-	1
Valuation:					
- through profit or loss	4	-	-	552	556
- recognised in other comprehensive income	-	5,768	35	-	5,803
Exchange differences	-	21	-	74	95
Increases	-	-	-	150	150
Decreases	-	(6,420)	(19)	-	(6,439)
Transfers to Level 3	-	(1,537)	-	-	(1,537)
Balance as at 30 Sep 2023	21	68	1,273	8,295	9,657

in EUR thousands							
NLB	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
Balance as at 1 Jan 2024	20	-	303	8,858	7,785	16,966	1,234
Valuation:							
- through profit or loss	3	-	-	1,534	132	1,669	(518)
- recognised in other comprehensive income	-	-	13	-	-	13	-
Exchange differences	-	-	-	(96)	-	(96)	-
Increases	-	-	54	700	328	1,082	-
Decreases	-	-	-	-	(6)	(6)	-
Balance as at 30 Sep 2024	23	-	370	10,996	8,239	19,628	716

in EUR thousands							
NLB	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
Balance as at 1 Jan 2023	17	2,026	269	7,519	7,892	17,723	1,786
Valuation:							
- through profit or loss	4	-	-	552	589	1,145	(209)
- recognised in other comprehensive income	-	5,768	19	-	-	5,787	-
Exchange differences	-	21	-	74	-	95	-
Increases	-	-	-	150	376	526	-
Decreases	-	(6,278)	-	-	(485)	(6,763)	-
Transfers to Level 3	-	(1,537)	15	-	-	(1,522)	-
Balance as at 30 Sep 2023	21	-	303	8,295	8,372	16,991	1,577

In the 9 months ended 30 September 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 September:

in EUR thousands				
9 months ended 30 Sep 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	3	-	-	-
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	-	-	1,534
Foreign exchange translation gains less losses	-	-	-	(96)
Item of Other comprehensive income				
Financial assets measured at fair value through other comprehensive income	-	-	17	-

in EUR thousands				
9 months ended 30 Sep 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	-	-	-	552
Foreign exchange translation gains less losses	-	-	-	74
Item of Other comprehensive income				
Financial assets measured at fair value through other comprehensive income	-	-	35	-

in EUR thousands					
9 months ended 30 Sep 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
	Derivatives	Equity instruments	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	3	-	-	-	-
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	-	1,534	132	518
Foreign exchange translation gains less losses	-	-	(96)	-	-
Item of Other comprehensive income					
Financial assets measured at fair value through other comprehensive income	-	13	-	-	-

in EUR thousands					
9 months ended 30 Sep 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
	Derivatives	Equity instruments	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	-	-	552	589	209
Foreign exchange translation gains less losses	-	-	74	-	-
Item of Other comprehensive income					
Financial assets measured at fair value through other comprehensive income	-	19	-	-	-

Movements of non-financial assets at Level 3

NLB Group	in EUR thousands			
	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	60	36	4	7
Additions	-	86	7,748	-
Disposals	(1,252)	(444)	(258)	(5,989)
Valuation	(1,162)	-	-	-
Balance as at 30 Sep	17,835	23,125	8,295	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.

	NLB Group				NLB			
	30 Sep 2024		31 Dec 2023		30 Sep 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	3,395,719	3,384,194	2,522,229	2,440,596	2,574,414	2,544,222	1,966,169	1,889,481
- loans and advances to banks	433,398	432,913	547,640	547,555	160,491	150,111	149,011	149,011
- loans and advances to customers	15,739,317	15,040,536	13,734,601	13,256,192	8,457,104	8,017,326	7,148,283	6,895,232
- other financial assets	147,666	147,666	165,962	165,962	168,644	168,644	101,596	101,596
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	139,528	139,342	95,283	95,657	298,796	298,641	147,002	147,379
- borrowings from banks and central banks	107,853	92,002	140,419	134,020	113,258	98,206	82,797	75,152
- due to customers	21,373,898	21,360,524	20,732,722	20,746,603	12,096,259	12,096,206	11,881,563	11,892,641
- borrowings from other customers	102,288	104,736	99,718	101,649	-	-	-	-
- debt securities issued	1,618,131	1,696,083	1,338,235	1,363,301	1,618,131	1,696,083	1,338,235	1,363,301
- other financial liabilities	335,286	335,286	357,116	357,116	180,061	180,061	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

	NLB Group				NLB				in EUR thousands
30 Sep 2024	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	2,794,353	582,595	7,246	3,384,194	2,428,399	115,823	-	2,544,222	
- loans and advances to banks	-	432,913	-	432,913	-	150,111	-	150,111	
- loans and advances to customers	-	-	15,040,536	15,040,536	-	-	8,017,326	8,017,326	
- other financial assets	-	-	147,666	147,666	-	-	168,644	168,644	
Financial liabilities measured at amortised cost									
- deposits from banks and central banks	-	139,342	-	139,342	-	298,641	-	298,641	
- borrowings from banks and central banks	-	92,002	-	92,002	-	98,206	-	98,206	
- due to customers	-	21,360,524	-	21,360,524	-	12,096,206	-	12,096,206	
- borrowings from other customers	-	-	104,736	104,736	-	-	-	-	
- debt securities issued	1,696,083	-	-	1,696,083	1,696,083	-	-	1,696,083	
- other financial liabilities	-	-	335,286	335,286	-	-	180,061	180,061	

	NLB Group				NLB				in EUR thousands
31 Dec 2023	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) Segments¹³

in EUR thousands								
NLB Group								
9 months ended 30 September 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	328,467	134,385	466,475	(3,096)	1,038	5,617	-	932,886
Net income from external customers	196,296	169,006	472,924	78,117	563	7,077	-	923,983
Intersegment net income	132,171	(34,621)	(6,449)	(81,213)	475	(1,460)	-	8,903
Net interest income	241,748	97,812	360,063	(4,222)	745	(1,969)	-	694,177
Net interest income from external customers	113,170	137,833	365,209	77,993	352	(380)	-	694,177
Intersegment net interest income	128,578	(40,021)	(5,146)	(82,215)	393	(1,589)	-	-
Administrative expenses	(108,201)	(47,209)	(179,278)	(10,850)	(6,045)	(37,913)	-	(389,496)
Depreciation and amortisation	(10,943)	(4,808)	(23,345)	(574)	(166)	(3,297)	-	(43,133)
Reportable segment profit/(loss) before impairment and provision charge	209,323	82,368	263,852	(14,520)	(5,173)	(35,593)	-	500,257
Other net gains/(losses) from equity instruments in associates and joint ventures	2,277	-	-	-	-	-	-	2,277
Impairment and provisions charge	(18,394)	12,287	13,639	(681)	1,662	(680)	-	7,833
Profit/(loss) before income tax	193,206	94,655	277,491	(15,201)	(3,511)	(36,273)	-	510,367
Owners of the parent	193,206	94,655	265,225	(15,201)	(3,511)	(36,273)	-	498,101
Non-controlling interests	-	-	12,266	-	-	-	-	12,266
Income tax	-	-	-	-	-	-	(70,567)	(70,567)
Profit for the year								427,534
30 Sep 2024								
Reportable segment assets	4,627,014	3,830,097	11,679,880	6,616,074	31,368	445,009	-	27,229,442
Investments in associates and joint ventures	13,929	-	-	-	-	-	-	13,929
Reportable segment liabilities	9,736,272	2,364,182	9,762,403	1,874,950	2,300	192,520	-	23,932,627

in EUR thousands								
NLB Group								
9 months ended 30 September 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	260,011	107,303	405,421	32,965	(2,170)	4,469	-	807,999
Net income from external customers	183,484	148,902	405,136	61,483	(2,507)	4,311	-	800,809
Intersegment net income	76,527	(41,599)	285	(28,518)	337	158	-	7,190
Net interest income	185,018	74,409	307,541	34,137	662	(313)	-	601,454
Net interest income from external customers	110,613	115,469	312,130	63,090	549	(397)	-	601,454
Intersegment net interest income	74,405	(41,060)	(4,589)	(28,953)	113	84	-	-
Administrative expenses	(98,773)	(47,459)	(158,745)	(6,614)	(9,599)	(12,848)	-	(334,038)
Depreciation and amortisation	(8,227)	(4,164)	(20,707)	(464)	(345)	(888)	-	(34,795)
Reportable segment profit/(loss) before impairment and provision charge	153,011	55,680	225,969	25,887	(12,114)	(9,267)	-	439,166
Other net gains/(losses) from equity instruments in associates and joint ventures	1,316	-	-	-	-	-	-	1,316
Impairment and provisions charge	(22,204)	8,603	15,478	4,799	1,896	5,368	-	13,940
Profit/(loss) before income tax	132,123	64,283	241,447	30,686	(10,218)	(3,899)	-	454,422
Owners of the parent	132,123	64,283	231,843	30,686	(10,218)	(3,899)	-	444,818
Non-controlling interests	-	-	9,604	-	-	-	-	9,604
Income tax	-	-	-	-	-	-	(57,880)	(57,880)
Profit for the year								386,938
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 and Summit Leasing Slovenija, which are according to their business activities divided into two segments.

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

¹³ 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, Ljubljana), and the part of NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, 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 and Summit Leasing Slovenija, 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 companies NLB Fondovi, Skopje and NLB Fondovi, Beograd, NLB DigIT, Beograd, and leasing companies NLB Lease&Go Skopje, NLB Lease&Go leasing Beograd and Mobil Leasing, Zagreb.
- 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, NLB Crna Gora and SLS HOLDCO, Ljubljana.

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	
	9 months ended		9 months ended		30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
September 2024	September 2023	September 2024	September 2023					
Slovenia	640,977	521,940	450,328	400,074	206,086	160,574	15,532,520	14,851,067
South East Europe	571,515	481,445	473,176	402,919	219,367	223,185	11,691,717	11,072,317
Bosnia and Herzegovina	89,035	76,111	75,328	62,217	38,299	38,861	2,051,312	1,934,891
Croatia	747	-	778	(558)	2,640	-	121,006	1,194
Kosovo	57,877	49,806	45,947	41,481	13,681	13,810	1,300,867	1,229,426
Montenegro	51,870	46,277	43,029	36,466	22,184	23,163	934,573	928,913
North Macedonia	94,265	81,635	78,282	66,104	34,799	34,276	1,969,798	1,895,297
Serbia	277,721	227,616	229,812	197,209	107,764	113,075	5,314,161	5,082,596
Western Europe	156	40	479	(2,184)	10	27	19,134	18,601
Germany	-	-	28	48	10	27	654	552
Switzerland	156	40	451	(2,232)	-	-	18,480	18,049
Total	1,212,648	1,003,425	923,983	800,809	425,463	383,786	27,243,371	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 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	
NLB Group									
Loans and deposits issued	1,971	1,855	470	444	-	-	34	24	
Deposits received	2,729	2,367	1,081	1,153	481	272	477	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	15,075	11,066	-	-	-	-	-	-	
Guarantees issued and loan commitments	300	287	76	64	-	-	21	14	
NLB									
Loans and deposits issued	1,970	1,854	470	444	-	-	34	24	
Deposits received	2,719	2,357	1,081	1,153	481	272	477	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	288	279	76	64	-	-	21	14	
	9 months ended		9 months ended		9 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023	
NLB Group									
Interest income	43	43	14	13	-	-	1	1	
Interest expenses	(25)	(22)	(6)	(4)	-	-	(3)	(3)	
Fee income	15	13	7	5	2	2	-	1	
Other income	14	11	-	-	-	-	-	-	
Other expenses	-	-	-	-	(89)	(62)	-	-	
NLB									
Interest income	43	43	14	13	-	-	1	1	
Interest expenses	(25)	(22)	(6)	(4)	-	-	(3)	(3)	
Fee income	15	13	7	5	2	2	-	1	
Other income	14	11	-	-	-	-	-	-	
Other expenses	-	-	-	-	(89)	(62)	-	-	

Key management compensation – payments in the period

in EUR thousands					
	Management Board		Other key management personnel		
	9 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	
NLB Group and NLB					
Short-term benefits	2,741	2,293	5,579	4,927	
Cost refunds	6	7	85	83	
Long-term bonuses	-	-	185	120	
- severance pay	-	-	-	-	
- other benefits	13	14	134	121	
- variable part of payments	951	299	2,361	1,252	
Total	3,711	2,613	8,344	6,503	

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 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	31 Dec 2023
	September 2024	September 2023	September 2024	September 2023	September 2023
Loans and deposits issued	12	10	-	-	-
Loans and deposits received	12,848	6,168	1,572	1,451	-
Other financial assets	3	7	-	-	1
Other financial liabilities	332	1,460	-	-	-
Guarantees issued and loan commitments	28	30	-	-	-
	9 months ended		9 months ended		
	September 2024	September 2023	September 2024	September 2023	September 2023
Interest income	-	48	-	-	1
Interest expenses	-	-	(35)	(26)	-
Fee income	6	5	-	-	-
Fee expenses	(12,913)	(10,726)	-	-	-
Other income	31	32	3	4	-
Other expenses	(533)	(603)	-	-	-

in EUR thousands						
	NLB					
	Subsidiaries		Associates		Joint ventures	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Loans and deposits issued	1,398,217	480,446	12	10	-	-
Loans and deposits received	304,627	104,949	12,848	6,168	445	395
Derivatives						
Fair value	1,125	54	-	-	-	-
Contractual amount	257,366	298,290	-	-	-	-
Other financial assets	19,538	2,058	3	7	-	-
Other financial liabilities	3,343	4,615	64	1,340	-	-
Guarantees issued and loan commitments	45,587	87,094	28	30	-	-
Received loan commitments and financial guarantees	11,023	10,741	-	-	-	-
	9 months ended		9 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023	September 2024	September 2023
Interest income	23,668	14,307	-	48	-	1
Interest expenses	(6,171)	(3,517)	-	-	-	-
Fee income	10,425	7,531	6	5	-	-
Fee expenses	(4)	(3)	(10,177)	(8,193)	-	-
Other income	1,595	1,395	31	32	1	1
Other expenses	(4,454)	(3,413)	(530)	(566)	-	-
Gains less losses from financial assets and liabilities held for trading	(2,970)	(2,009)	-	-	-	-
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	651	772	-	-	-	-

Related-party transactions with major shareholder with significant influence

Shareholder	in EUR thousands			
	NLB Group		NLB	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Loans and deposits issued	13,212	13,384	13,212	13,384
Investments in securities	735,546	577,529	696,358	516,926
Other financial assets	102	65	102	65
Other financial liabilities	24	20	24	20
Guarantees issued and loan commitments	1,700	1,466	1,700	1,466

	9 months ended		9 months ended	
	September 2024	September 2023	September 2024	September 2023
	Interest income	9,122	5,935	8,293
Interest expenses	-	(21)	-	(21)
Fee income	1,017	501	1,017	501
Fee expenses	(19)	(18)	(19)	(18)
Other income	183	205	183	205
Other expenses	(2)	(4)	(2)	(4)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	-	(609)	-	(609)
Gains less losses from financial assets and liabilities held for trading	(19)	-	(19)	-

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			
	Amount of significant transactions concluded during the period		Number of significant transactions concluded during the period	
	9 months ended September 2024	12 months ended December 2023	9 months ended September 2024	12 months ended December 2023
NLB Group and NLB				
Guarantees issued and loan commitments	-	50,000	-	1

	in EUR thousands			
	Balance of all significant transactions at end of the period		Number of significant transactions at end of the period	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
NLB Group and NLB				
Loans	359,334	406,005	6	10
Debt securities measured at amortised cost	63,139	64,132	1	1
Borrowings, deposits and business accounts	32,555	30,399	2	3
Guarantees issued and loan commitments	123,008	152,500	2	2

	in EUR thousands	
	Effects in the income statement during the period	
	9 months ended	
NLB Group and NLB	September 2024	September 2023
Interest income from loans	13,315	13,314
Fees and commissions income	18	37
Interest income from debt securities measured at amortised cost and net valuation effects from hedge accounting	1,557	1,124

8. Subsidiaries

NLB Group's subsidiaries as at 30 September 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
NLB Skladi d.o.o., Ljubljana	Finance	Slovenia	100	100	100	100
NLB Fondovi a.d., Beograd	Finance	Serbia	100	100	-	-
NLB Fondovi 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	-	-
Summit Leasing Slovenija d.o.o., Ljubljana****	Finance	Slovenia	100	100	-	-
Mobil Leasing d.o.o., Zagreb	Finance	Croatia	100	100	-	-
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 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
SLS HOLDCO, holdinška družba, d.o.o. Ljubljana	Finance	Slovenia	100	100	100	100

*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.

****100% ownership of SLS HOLDCO, holdinška družba, 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
KorrBank 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

On 24 October 2024, NLB announced the convocation of its 43rd General Meeting, scheduled for 9 December 2024. At the meeting, shareholders will decide on allocating the remaining distributable profit from the previous year. The Management and Supervisory Boards propose a second dividend payout of EUR 110 million, or EUR 5.5 gross per share, payable to shareholders on 17 December 2024. This follows the previous distribution of the same amount on 26 June 2024, bringing total dividends for 2024 to EUR 220 million, representing a 100% increase from the previous year's distribution. The proposed second tranche of a dividend payment is not included in the capital base. Therefore, the payment will not affect the NLB Group capital ratios, which will remain stable and well above the regulatory requirement after the dividend distribution. The Management and Supervisory Boards of NLB also propose to shareholders that the remaining part of the distributable profit remains undistributed and represents retained earnings.

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
pp	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