

NLB Group Presentation

FY 2020 Audited Results

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Executive Summary

Acquisition of Komercijalna banka a.d., Beograd

- Transaction completed in Dec 2020 (final price: EUR 394.7 million for 83.23% of ordinary shares)
- Integration process already started
- First consolidation done – no material surprises
- Negative goodwill (NGW) recognised (EUR 137.9 million) – integration costs fully funded by NGW
- Synergy effects estimated over EUR 20 million p.a. from 2023
- Takeover bid – confirming strong investment case
- Dividend capacity confirmed:
 - ambition to distribute 70% of 2020 group profit excl. NGW – EUR 92.2 million.
 - ambition to distribute in excess of EUR 300 million in 2021-2023

FY 2020 Results

- Better than expected bottom line results
- Strict cost discipline underlines focus on cost excellence
- Pandemic had moderate impact on revenues
- CoR below guidance, given very good asset quality trends in Slovenia and decisive workout approach
- COVID-19 situation shows improvements - Slovenia & SEE region
- Stable macroeconomic outlook throughout the region

Supporting NLB communities, clients and employees in the midst of COVID-19



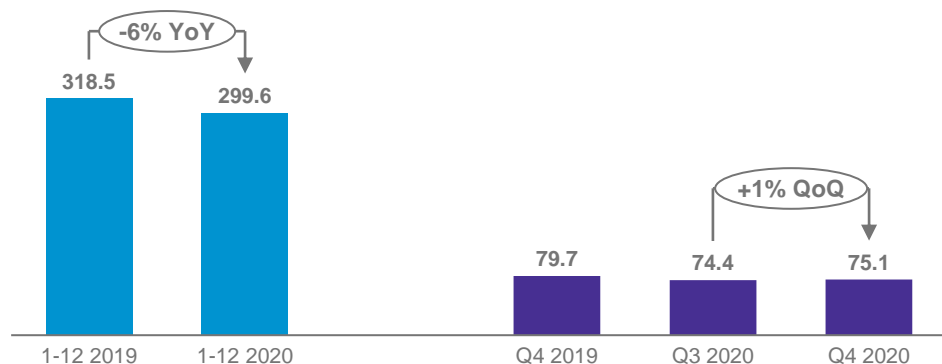
Key Developments



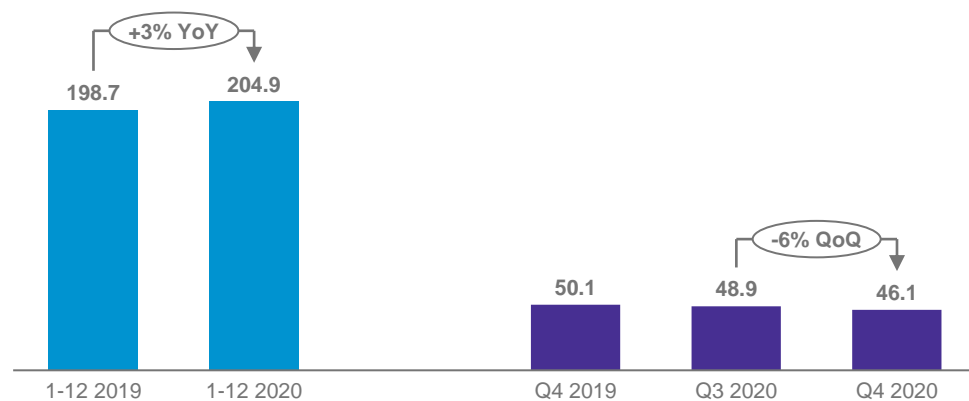
Revenues and Cost Dynamics

Stable core revenues and strict cost discipline

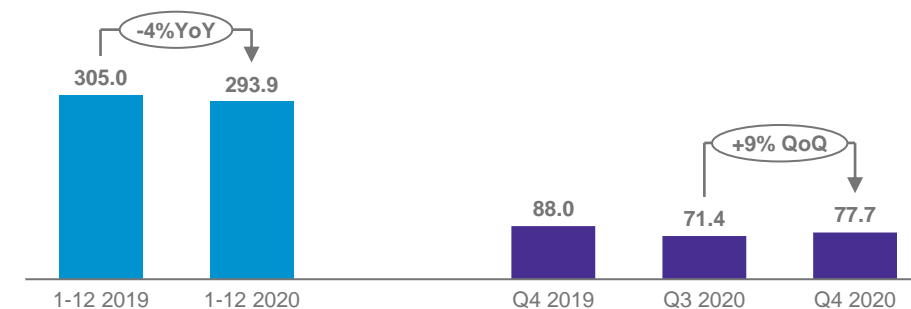
Net interest income (Group, EURm)



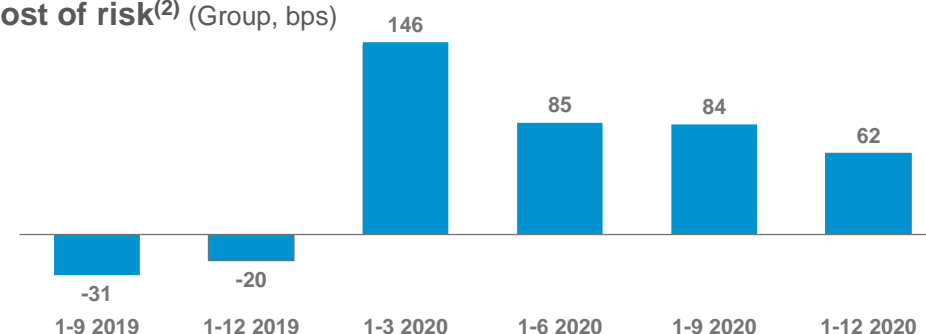
Net non-interest income⁽¹⁾ (Group, EURm)



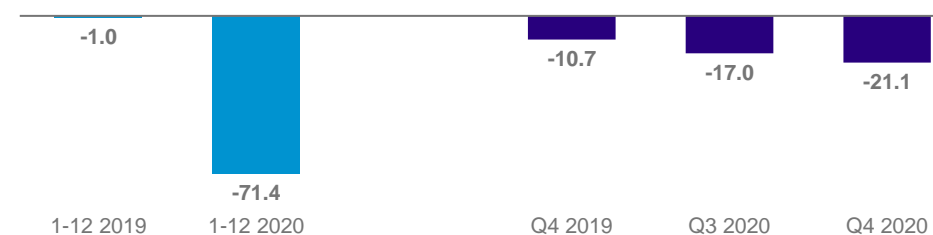
Costs⁽¹⁾ (Group, EURm)



Cost of risk⁽²⁾ (Group, bps)

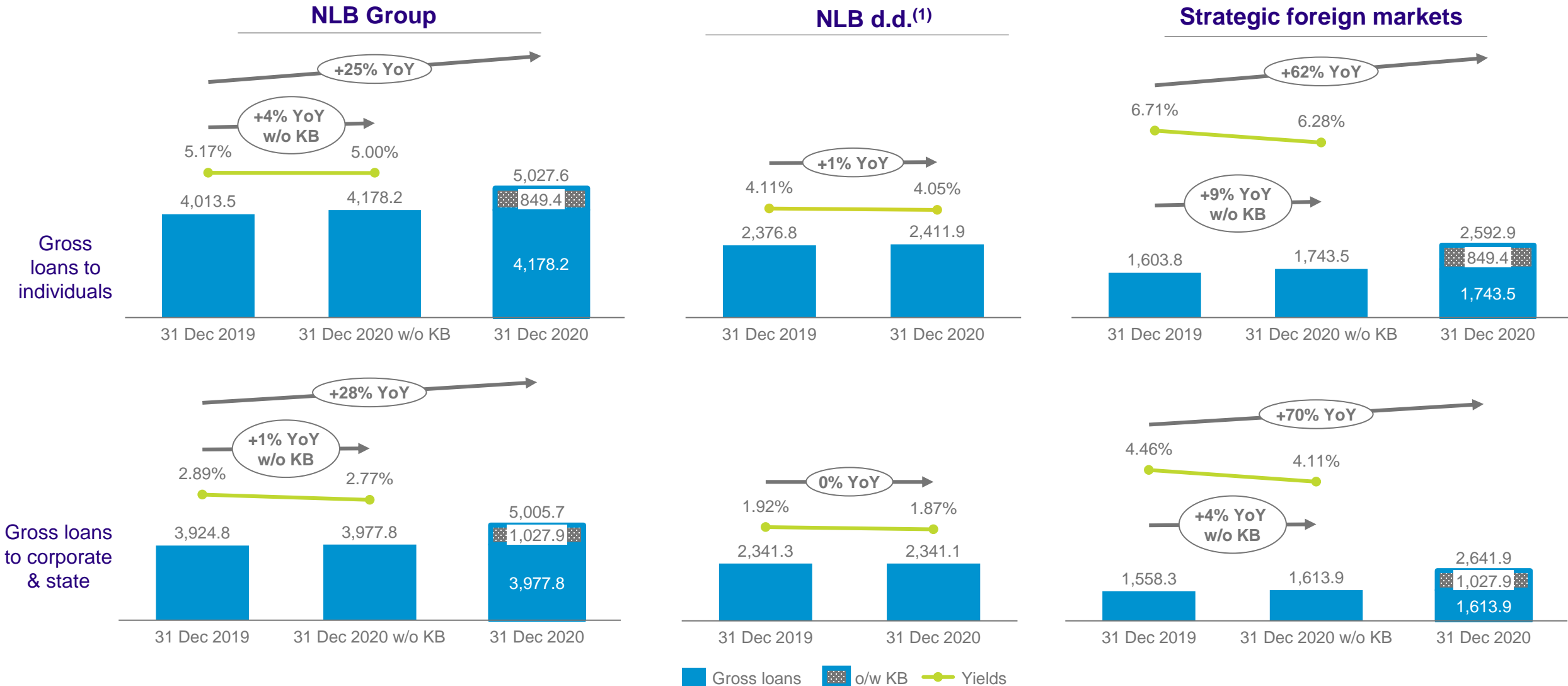


Net impairments and provisions (Group, EURm)



Loan Dynamics

Robust loan growth in subsidiaries continues, with KB acquisition Strategic foreign markets outgrowing Slovenia

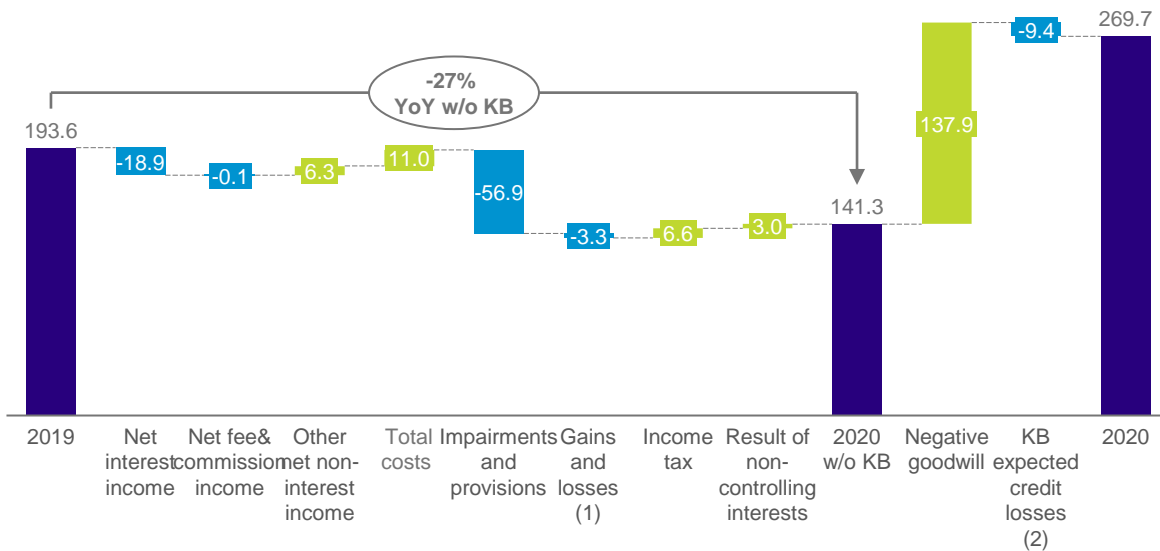


Note: (1) Without funding of subsidiaries.

Income Statement

Bottom line affected primarily by COVID-19 related provisions

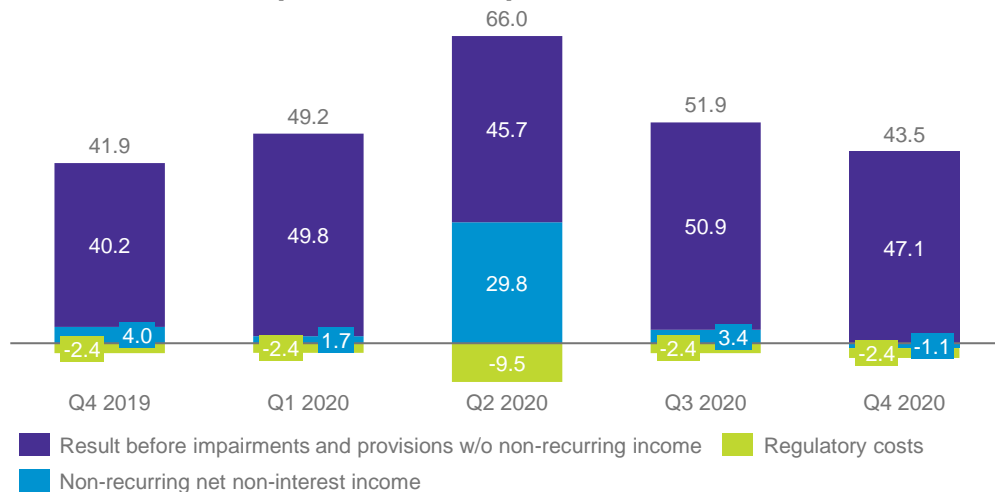
Result after tax of NLB Group – evolution YoY (EURm)



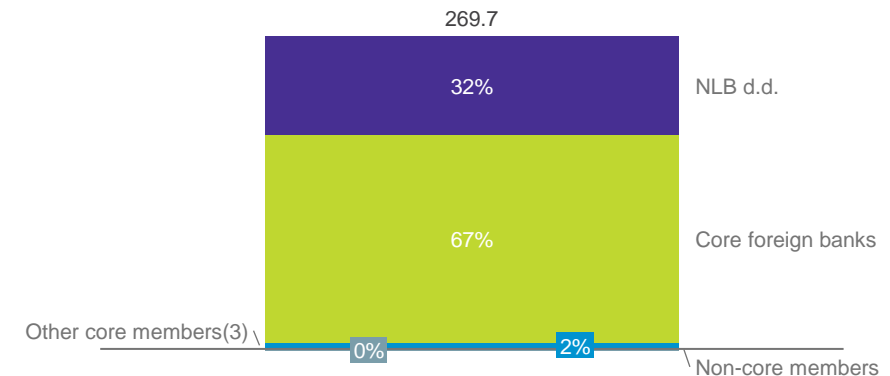
In 2020, NLB Group generated EUR 269.7 million of net profit, EUR 76.1 million higher YoY (39%). Without KB acquisition the net profit would be EUR 141.3 million, EUR 52.3 million lower YoY (-27%):

- Net interest income lower by EUR 18.9 million (6%): %, mostly related to lower yields due to reinvestment of debt securities (realized non-recurring profit of EUR 17.1 million in NLB), higher volume of cash and balances with the central bank, and the raised subordinated Tier 2 instruments.
- Net fee and commission income on the same level YoY, negative impact of COVID-19 on card operations and payment transactions compensated by increased package fees, higher assets management and bancassurance fees and achieved discounts on card operations.
- Non-recurring net income from financial transactions was affected by the sale of debt securities in the Bank (EUR 17.1 million); in 2019 by partial repayment of a large exposure measured at fair value through profit and loss in the amount of EUR 5.1 million and revaluation of non-core equity stake in the amount of EUR 6.3 million. Non-recurring net other income was affected by the sale of NLB Vita with a positive effect of EUR 11.0 million in May 2020.
- Total costs EUR 11.0 million lower (4%) YoY, mostly due to lower employee costs and positive effects from cash management and paperless projects, and cost of services (consulting). Costs remain well contained through all cost categories and geographies.
- Negative goodwill in the amount of EUR 137.9 million due to acquisition of Komercijalna Banka, Beograd at the end of the year.
- Additional net impairments and provisions were established in the amount of EUR 71.4 million, out of which EUR 18.4 million due to changed macroeconomic parameters, that incorporate estimated impacts of COVID-19 outbreak, and EUR 13.4 million for expected credit losses on the performing portfolio for Komercijalna Banka group.

Result before impairments and provisions (Group, EURm)



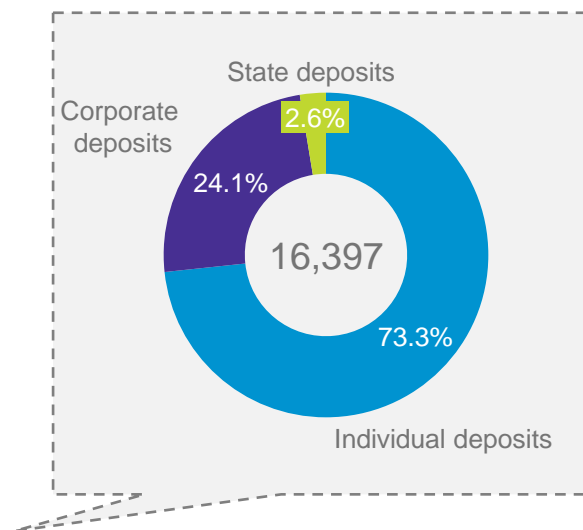
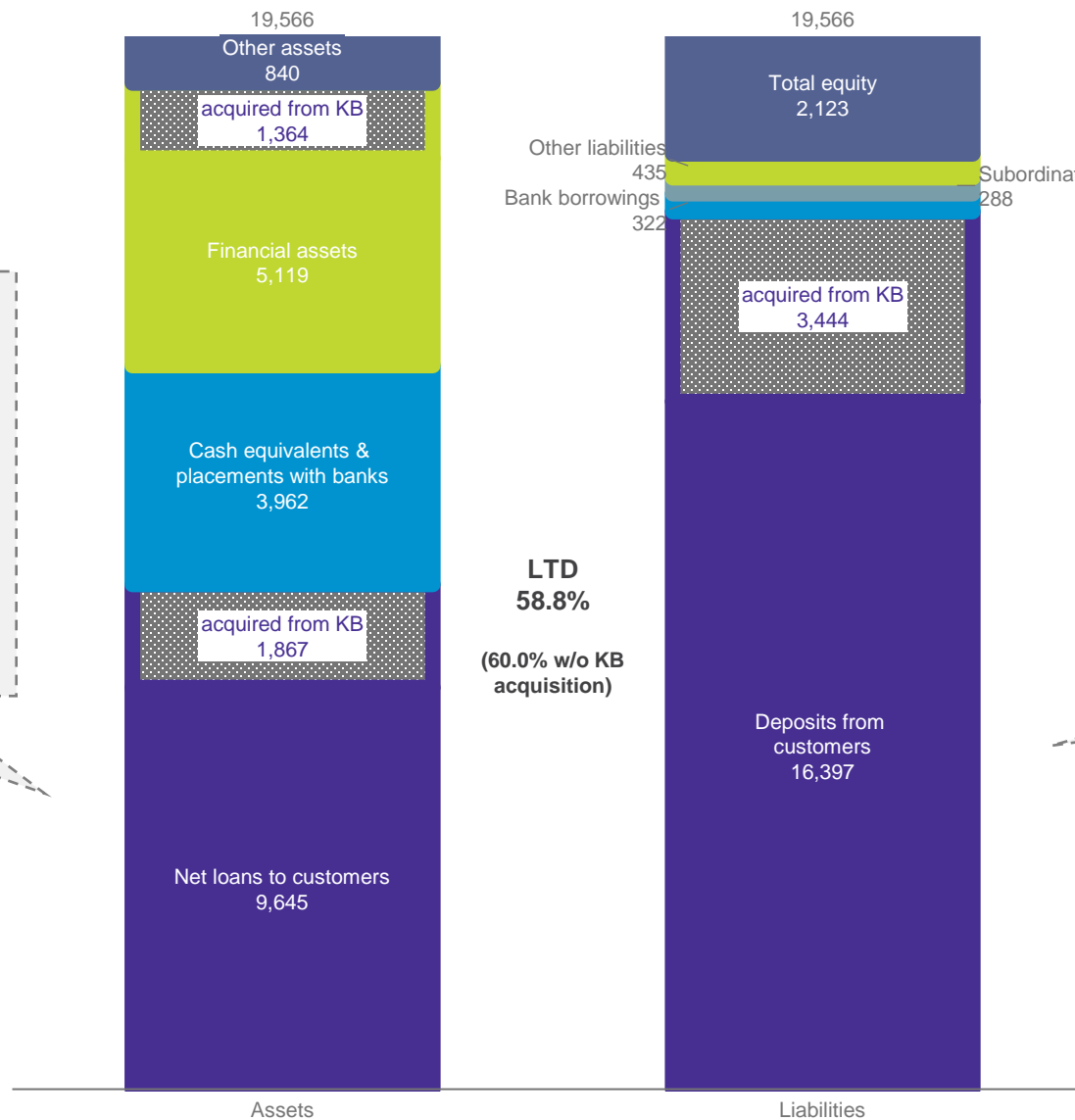
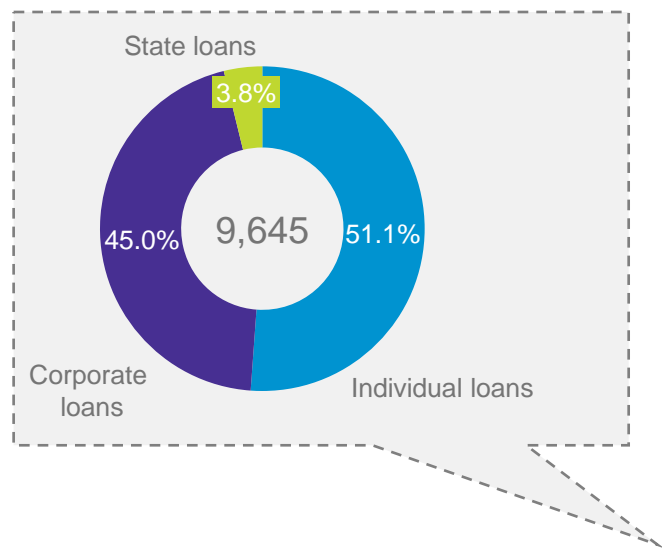
Contribution to the NLB Group consolidated result a.t. (EURm)



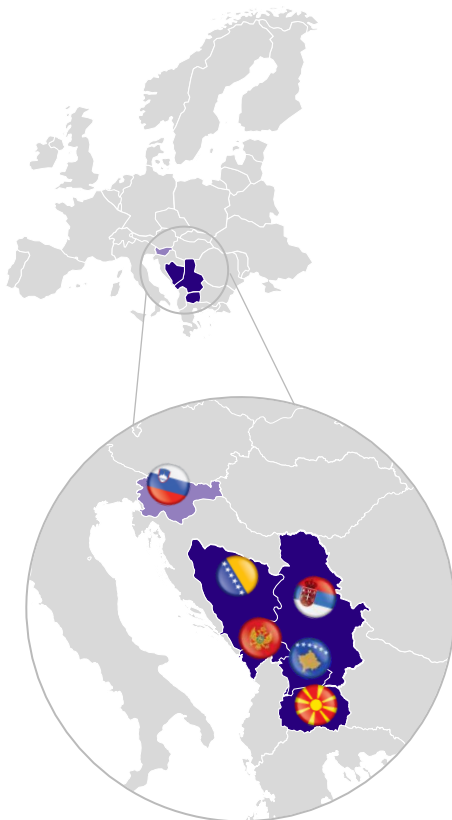
Balance Sheet Structure – NLB Group







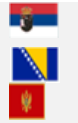

Increase of total assets by EUR 5.4 billion mostly due to Komercijalna Banka acquisition

(31 Dec 2020, in EURm)



NLB Group – performance indicators across SEE countries



	Slovenia  NLB d.d., Ljubljana	North Macedonia  NLB Banka Skopje	Bosnia and Herzegovina  NLB Banka Banja Luka	Kosovo  NLB Banka Prishtina	Montenegro  NLB Banka Podgorica	Serbia  NLB Banka Beograd	 Komerrijalna Banka group	NLB Group 	
	Data on stand-alone basis							Consolidated data*	
Result after tax (EURm)	114.0	19.2	10.1	5.9	13.3	1.4	2.6	137.9 (GW)	269.7
Total assets (EURm)	11,027	1,586	796	647	879	538	687	4,254 ⁽⁸⁾	19,566
RoE a.t.	8.2%	8.8%	11.0%	7.0%	14.5%	2.0%	3.5%	5.6% ⁽⁸⁾	8.1% ⁽⁷⁾
Net interest margin⁽¹⁾	1.44%	3.31%	2.46%	2.91%	3.95%	4.12%	3.39%	2.7% ⁽⁸⁾	2.11% ⁽⁷⁾
CIR (cost/income ratio)	57.9%	42.3%	46.1%	56.5%	31.8%	56.0%	76.4%	68.1% ⁽⁸⁾	58.3% ⁽⁷⁾
LTD net %	51.9%	74.2%	68.0%	76.5%	74.7%	85.1%	95.1%	51.0% ⁽⁸⁾	58.3%
NPL ratio	3.0%	5.1%	2.3%	4.5%	2.3%	5.8%	1.4%	1.5%	3.5% ^(7, 14)
NLB ownership (%)		87.0%	99.8%	97.3%	81.2%	99.8%	99.9%	83.2% ⁽¹²⁾	/
Branches (#)	80	50	51	36	34	19	28	241	298 ⁽¹³⁾
Active clients (#)	668,270	417,298	214,634	136,511	231,490	64,735	141,866	911,152 ⁽⁸⁾	1,874,804 ⁽¹¹⁾
Market share by total assets (%)	24.7%	16.5%	18.6% ^(2, 4)	5.3% ^(3, 4)	17.2%	11.7%	1.9% ⁽⁴⁾	10.2% ^(5, 10) 5.5% ^(2, 10) 3.4% ^(6, 10)	/

Note: Financial data as of December 2020.

*Consolidated data. Including non-core members and other activities and other core members.

(1) Calculated on the basis of interest bearing assets; (2) Market share in the Republic of Srpska; (3) Market share in the Federation of BiH; (4) Data for market share as of 30 Sep 2020; (5) Market share in Serbia; (6) Market share in Montenegro; (7) Komerrijalna banka included in calculation of ratios; (8) Data from Komerrijalna banka; (9) All assets, liabilities and contingent liabilities of Komerrijalna banka Group, including loans and NPLs, are initially recognised at fair value in NLB Group financial statements; (10) Data from CBs and own calculations; (11) Number of active clients of Komerrijalna Banka, Banja Luka, Komerrijalna Banka, Podgorica and Komerrijalna Banka, Beograd not included in total number of NLB Group active clients due to different definitions; (12) Ownership in Komerrijalna banka Beograd; (13) Branch offices of Komerrijalna Banka, Banja Luka, Komerrijalna Banka, Podgorica and Komerrijalna Banka, Beograd not included in total number of NLB Group branches; (14) NPL of NLB Group excluding Komerrijalna banka was 3.9% at year end.



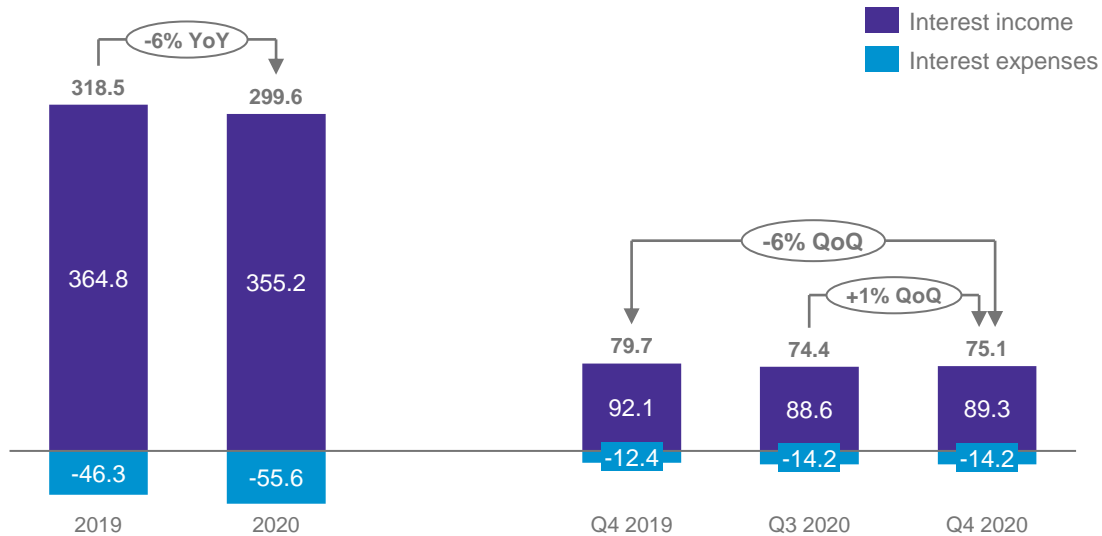
Business Performance



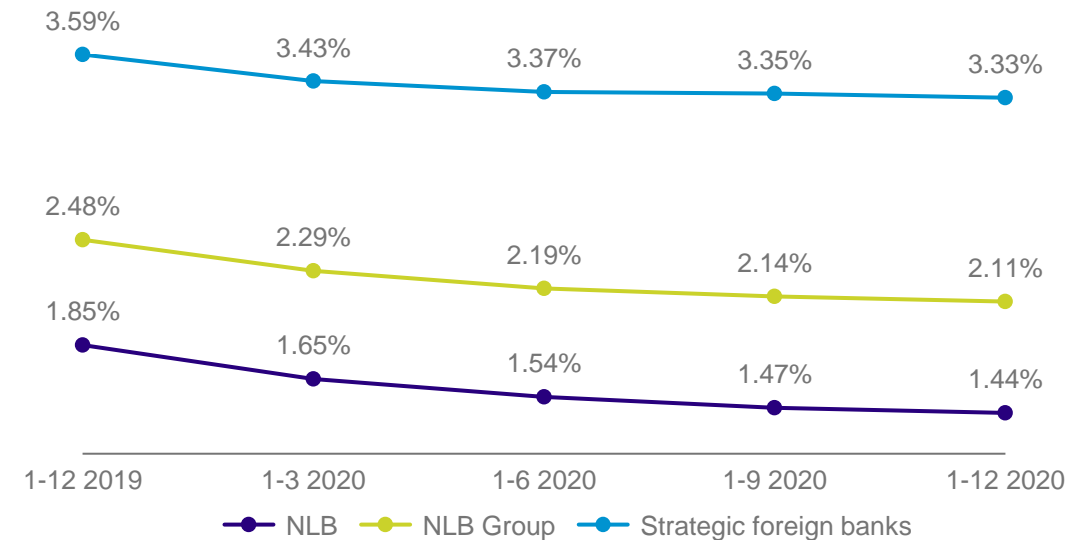
Net interest income & net interest margin

Deposit growth and lower reinvestment yields pressuring NIM; gross loan revenues rising QoQ

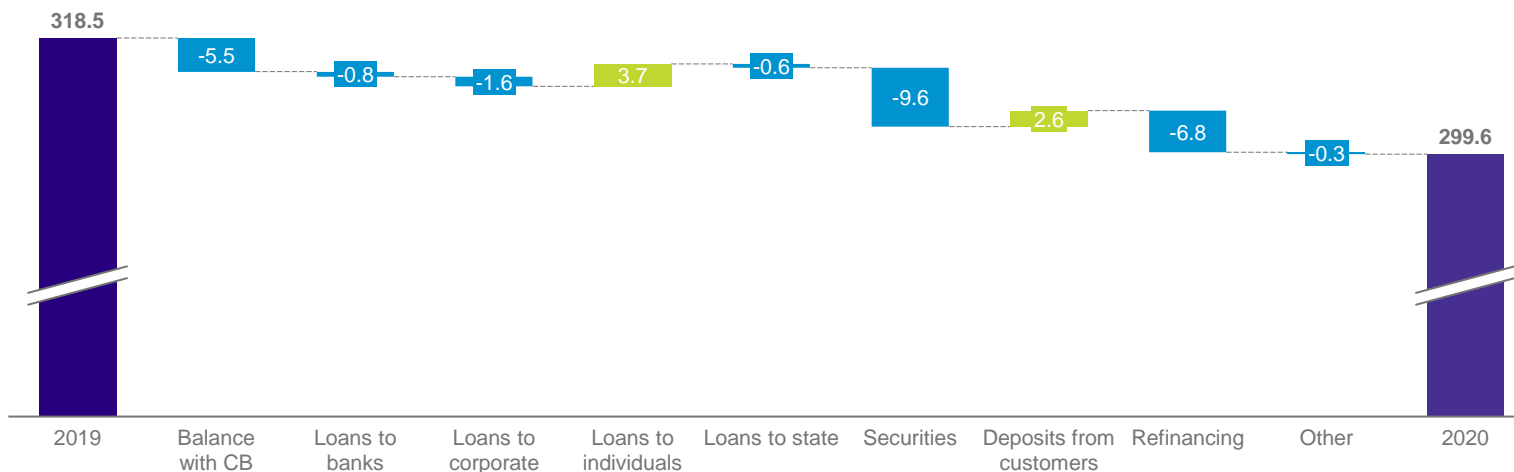
Interest income (Group, EURm)



Net interest margin⁽¹⁾ (Group, %)



Net interest income – YoY evolution (Group, EURm)



- **Net interest income** totalled EUR 299.6 million and decreased by 6% YoY due to: deposit growth and increased cash position, lower reinvestment yields, issued Tier 2, and continued pressure on interest rates.
- Consequently decrease in interest margins.
- QoQ interest income increased due to higher volumes of loans, especially to individuals.

Interest income drivers – NLB d.d. (1)

Gross Loans

- Growth in loan volume to individuals partially compensate decline in corporate. The latter is under pressure due to intense competition and very low interest rates consequently.
- Income from corporate is heavily under pressure due to declining volumes as well as interest rates. It is partially compensated by better production and stable interest rate environment in individual segment.

■ Individuals ■ Corporate & state

Liquid Assets

- Liquid asset portfolio is increasing due to constant inflow of individual deposits which are hard to be invested into loans to customers due to intense competition.
- In line with expansionary monetary policy, ECB policy rate as well as government bond market interest rates are mostly in negative territory, driving interest income from liquid asset portfolio down.

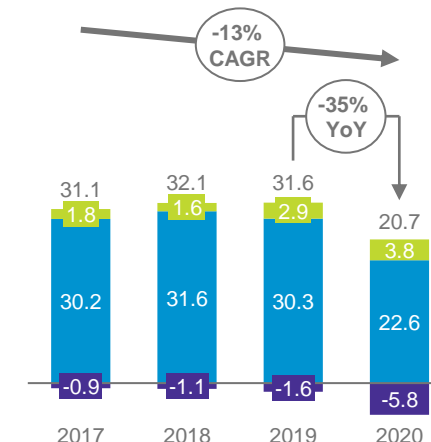
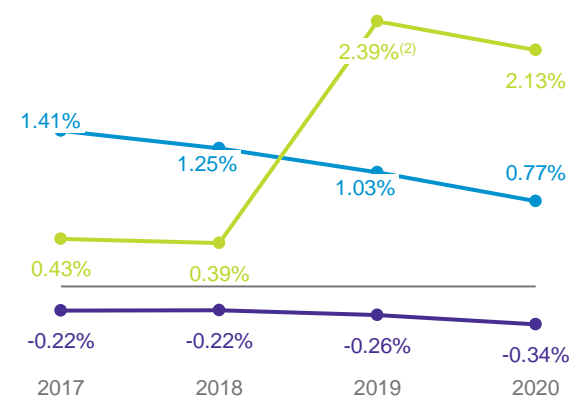
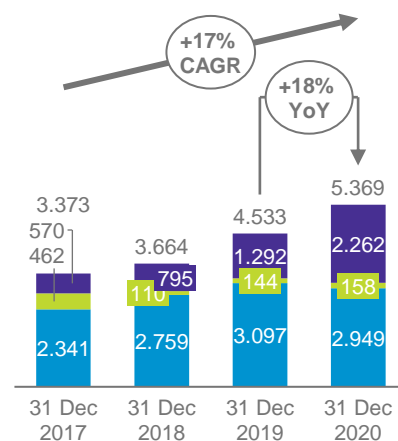
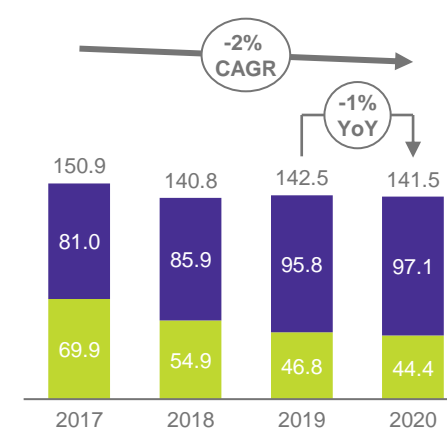
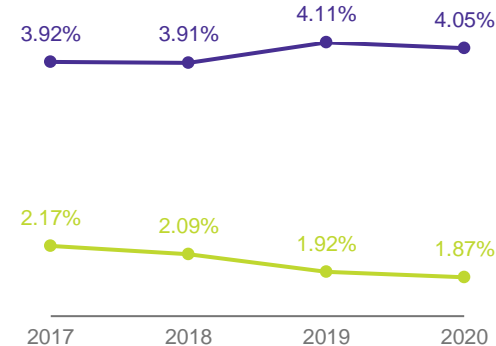
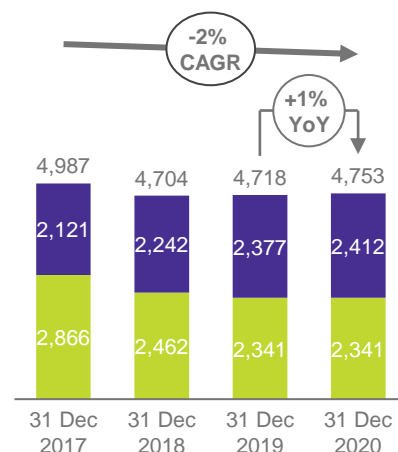
■ Cash and balances with Central Bank ■ Loans and advances to banks ■ Banking book

Drivers

Volume
(in EUR million)

Yields and rates

Interest income
(in EUR million)



Interest expense drivers – NLB d.d. (1)

Deposits

- Deposit base is increasing despite the COVID-19 crisis. Due to lack of investment opportunities, NLB strives to limit this growth. Corporate deposits are managed with high balance deposit fee, while individual deposits are on the rise.
- Cost of deposit funding has been declining in past years and is now close to zero which is reflected in decreasing interest expenses.

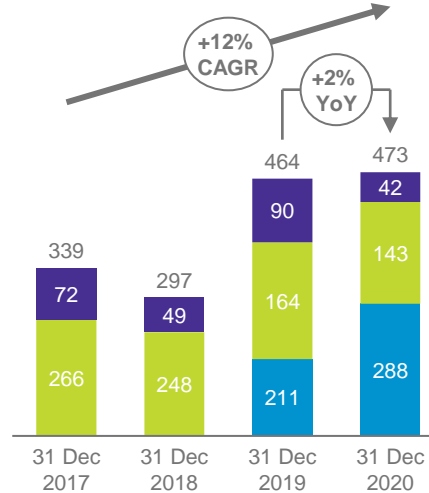
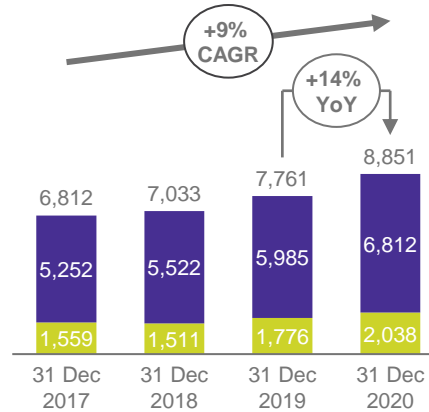
■ Individuals ■ Corporate & state

Wholesale Funding

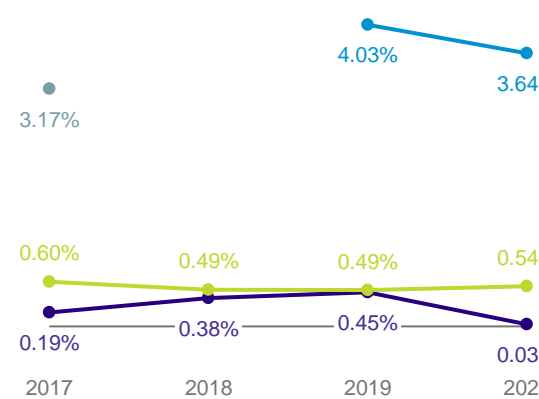
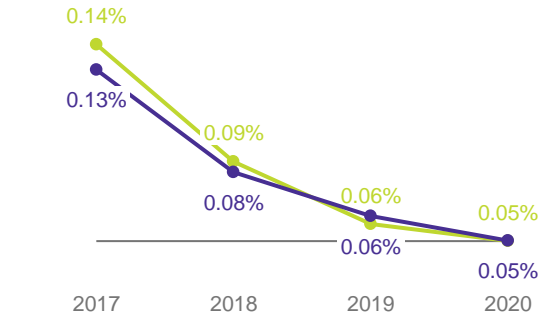
- In order to comply with MREL requirement coming into force in 2022 and to optimize capital structure, the Bank raised T2 eligible subordinated debt at average interest rate 3.62%.
- Even though subordinated debt was raised under favorable market conditions it is still driving average cost of funding materially higher, which is reflected in interest expenses.

■ Deposits from banks ■ Borrowing from banks ■ Debt securities issued ■ Subordinated liabilities

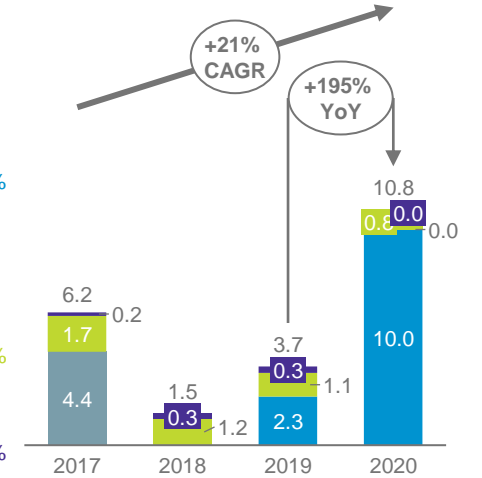
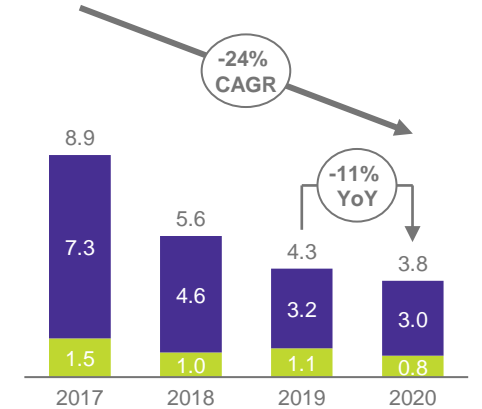
Drivers
Volume
(in EUR million)



Yields and rates



Interest income
(in EUR million)



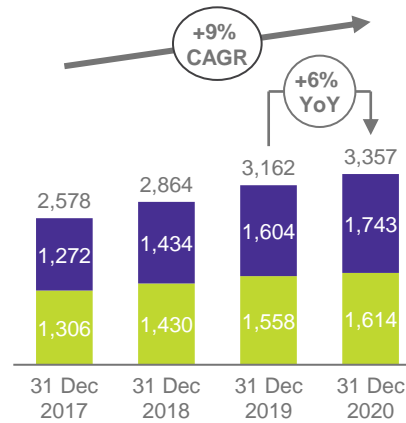
Interest income drivers – Strategic foreign banks⁽¹⁾

Gross Loans

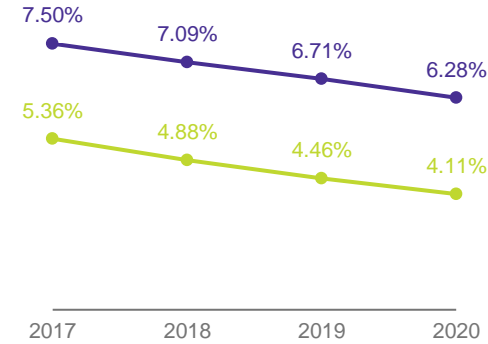
- Continued growth in loan volume despite COVID-19 outbreak.
- Increasing interest income due to increase of loan volume and despite decreasing loan yields

■ Individuals ■ Corporate & state

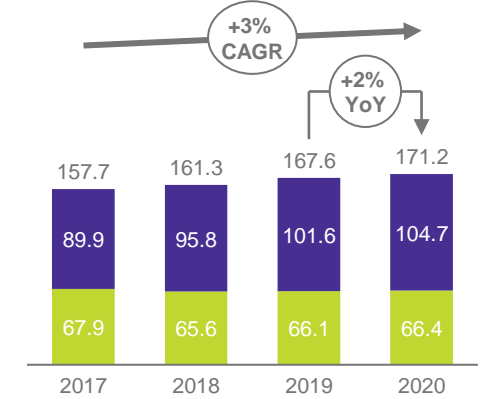
Drivers Volume (in EUR million)



Yields and rates



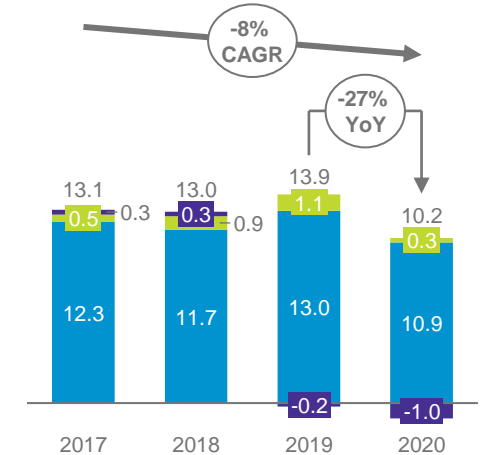
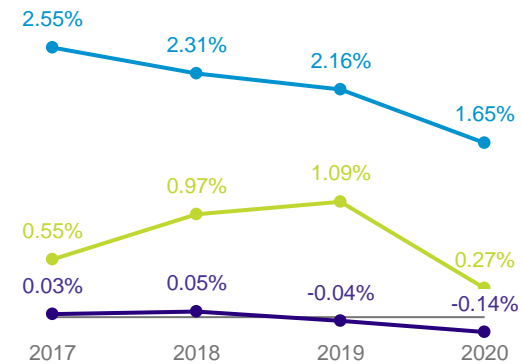
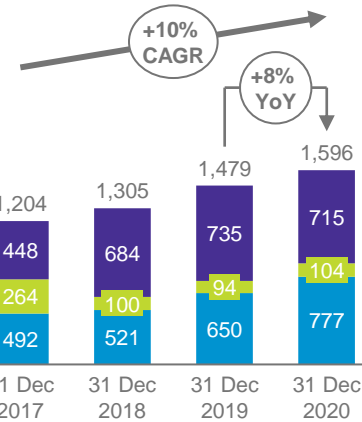
Interest income (in EUR million)



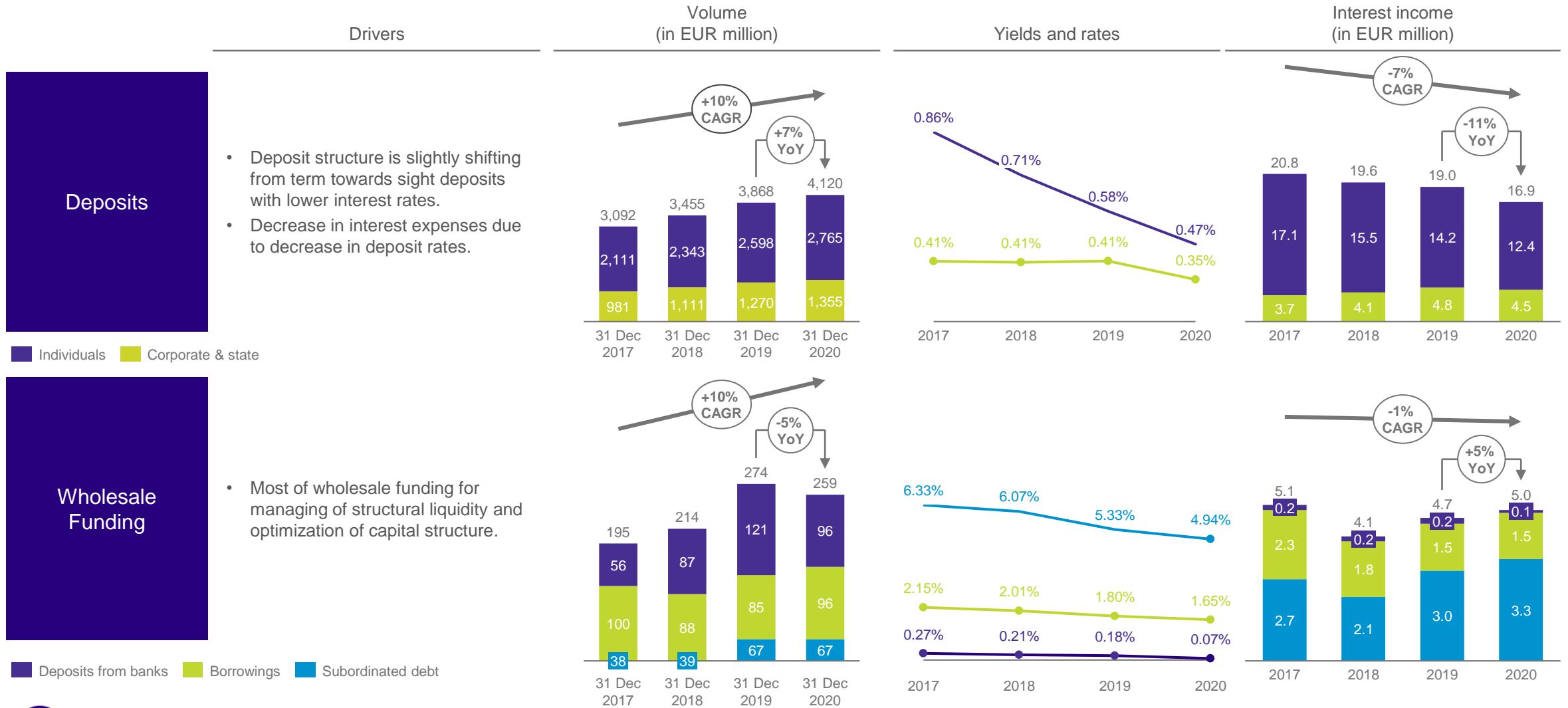
Liquid Assets

- Income derives mainly from banking book securities portfolio and is despite increasing volume decreasing due to lower yields.
- Negative interest rates for balances with CB also driving interest income from liquid asset portfolio down.

■ Cash and balances with Central Bank ■ Loans and advances to banks ■ Banking book



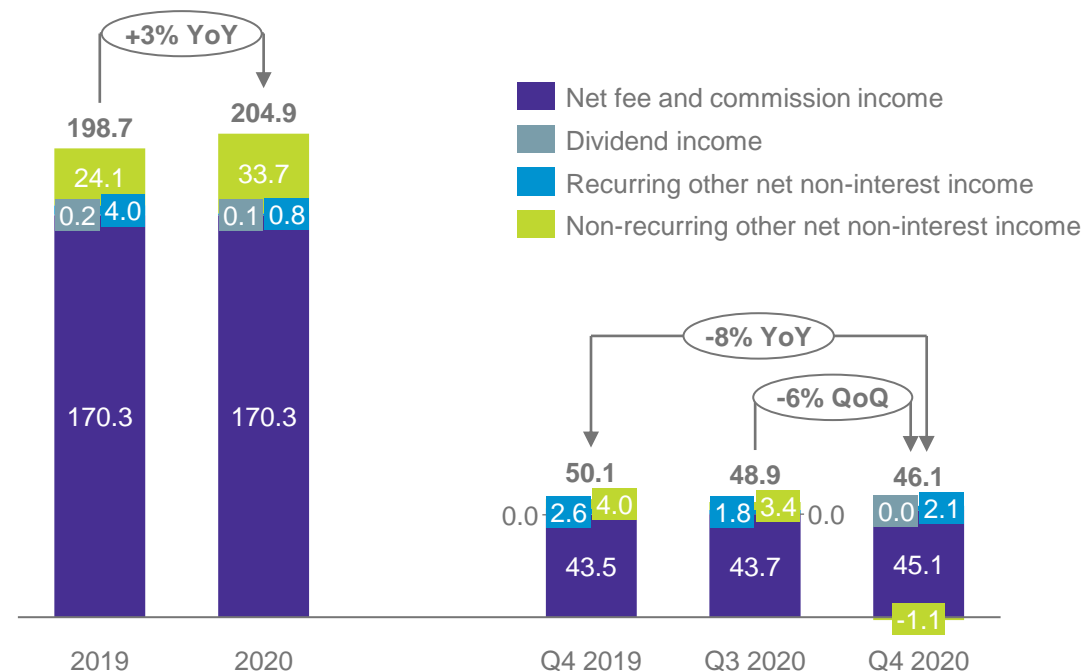
Interest expense drivers – Strategic foreign banks⁽¹⁾



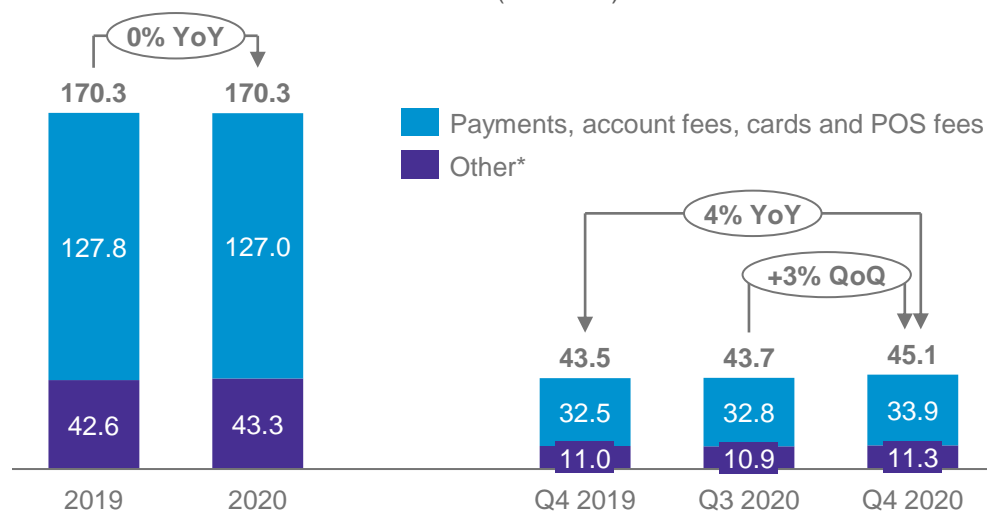
Net Fees and Commissions **on the same level yoy**

- Net fee and commission income on the same level YoY, negative impact of COVID-19 on card operations and payment transactions compensated by increased package fees, higher assets management and bancassurance fees and achieved discounts on card operations.
- 2020 net non-interest income influenced by non-recurring income: sale of NLB Vita (EUR 11.0 million), sale of debt securities in NLB (EUR 17.1 million). In 2019 partial repayment of a larger exposure measured at fair value through profit and loss and active management of banking book securities in the amount of EUR 5.1 million and revaluation of a non-core equity stake in the amount of EUR 6.3 million.
- QoQ decrease mainly related to modification losses, caused by changes of contractual cashflows for loans under COVID-19 moratoria in a total amount of EUR 3.6 million (o/w EUR 2.1 million in NLB Banka, Skopje and EUR 1.1 million in NLB, Banka Beograd).

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



Net fee and commission income (in EURm)

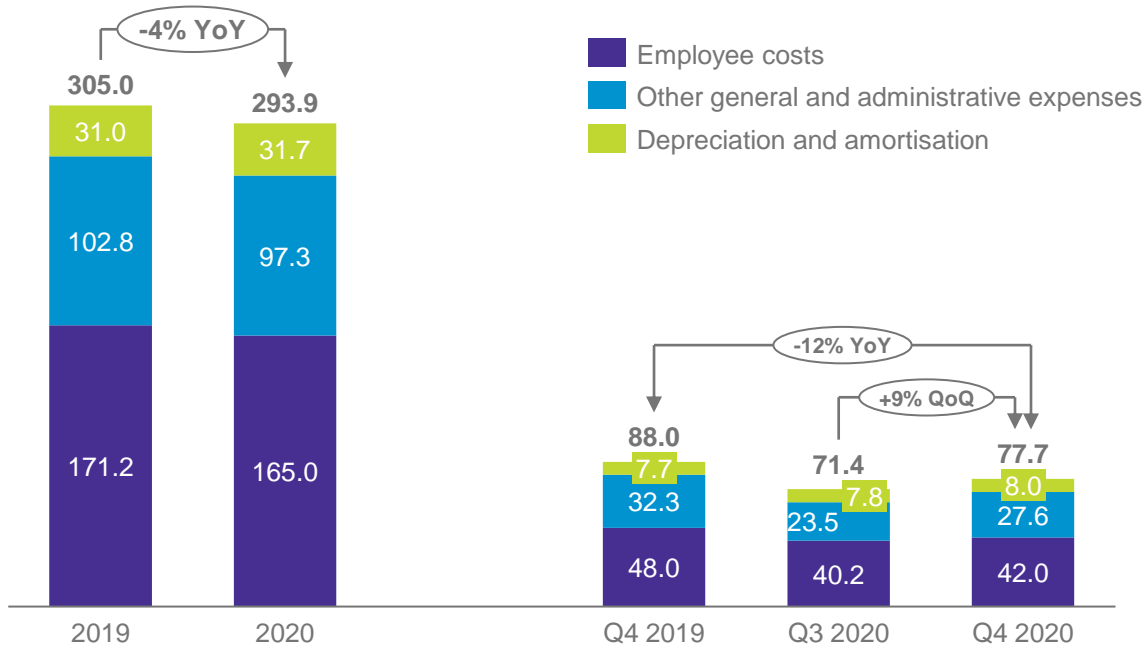


Recurring net non-interest income split

in EUR million	Realization		Change YoY
	1-12 2020	1-12 2019	
Recurring net non-interest income	171.2	174.5	-3.4 (-2%)
Net fee and commission income	170.3	170.3	-0.1 (0%)
Dividends income	0.1	0.2	-0.1 (-47%)
Net income from financial transactions (Fees from Exchange differences)	10.5	11.5	-1.0 (-9%)
Net other income	-9.7	-7.5	-2.2 (-29%)
- external realization (IT, cash logistics)	3.4	3.6	-0.2 (-5%)
- rents	3.6	5.1	-1.5 (-30%)
- regulatory charges (SRF, DGS)	-16.7	-16.2	-0.5 (-3%)

Total Costs: lower employee costs and positive effects from cost rationalization projects

Costs (in EURm)



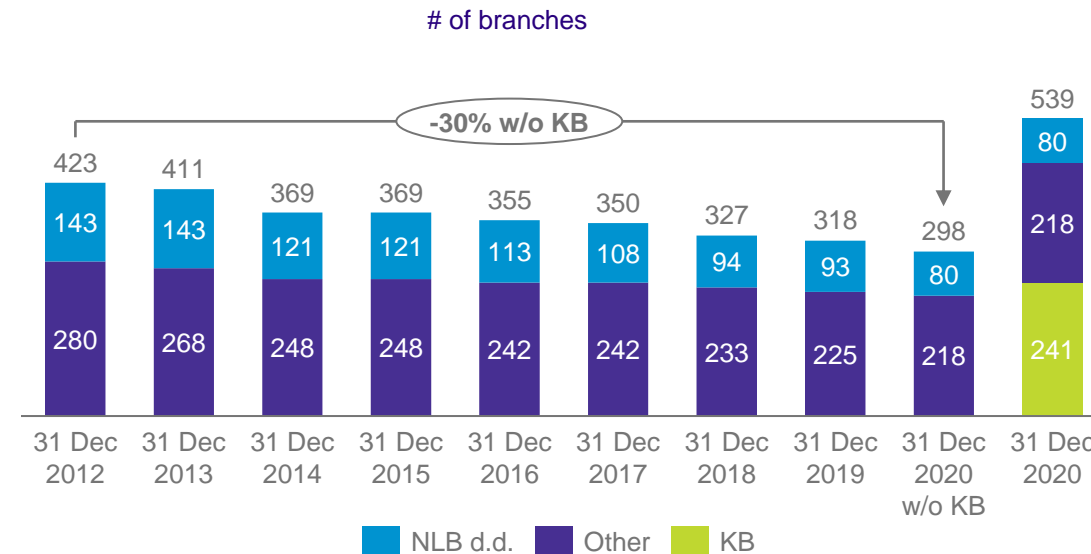
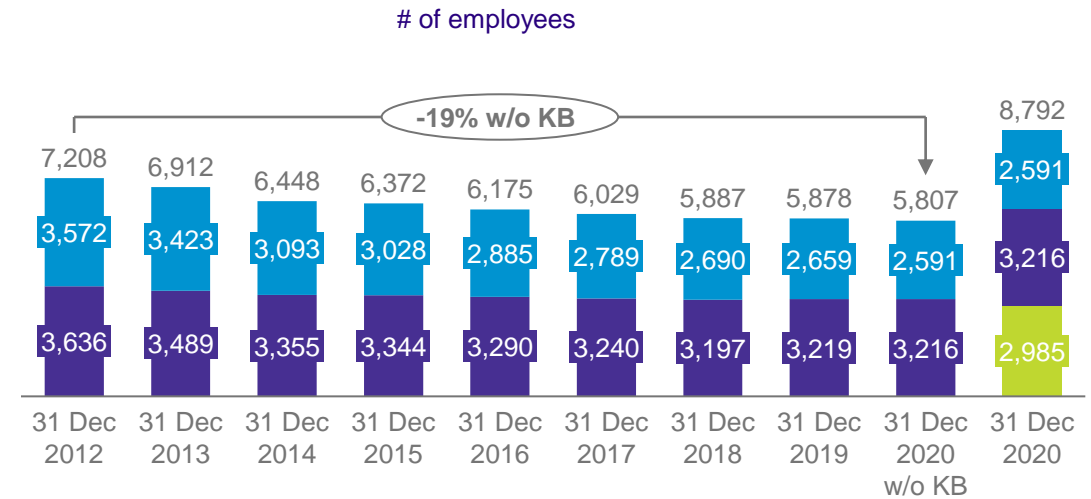
YoY decrease of total costs, mostly employee costs (lower number of branches and employees, mainly in NLB), positive effects from cash management and paperless projects, and the lower cost of services (consulting). Conversely, the Group recorded higher IT costs, costs of material (mostly due to COVID-19 protection material), and supervisory costs in NLB.

QoQ increase of total costs due higher other general and administrative costs (mostly costs of marketing and IT costs) and employee costs (still lower than pre-COVID-19 levels).

The Group is undertaking several strategic initiatives (channel strategy, digitalization, paperless, lean process,...) to maintain the sustainable cost base going forward.

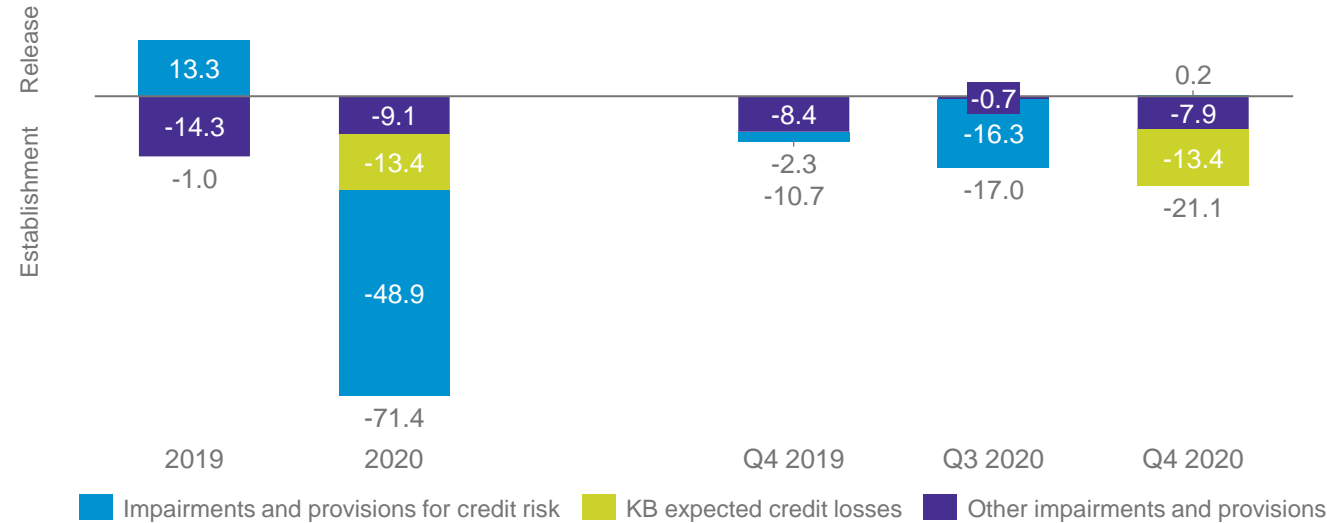
CIR stood at 58.3%.

Effective rationalization of headcount and network



Additional Impairments and Provisions due to COVID-19 Outbreak and KB Acquisition

Impairments and provisions (in EUR m)

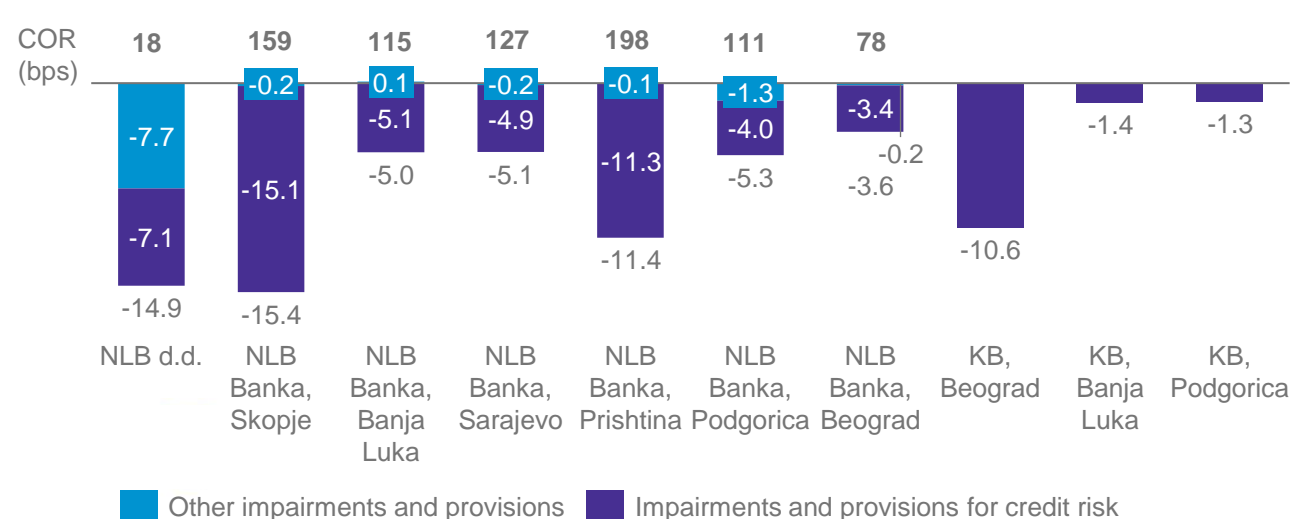


The Group established EUR 71.4 million of **net impairments and provisions**, out of which EUR 18.4 million due to changed macroeconomic parameters, that incorporate estimated impacts of COVID-19 outbreak. In addition, expected credit losses on the performing portfolio for Komercijalna Banka group in the amount of EUR 13.4 million were created.

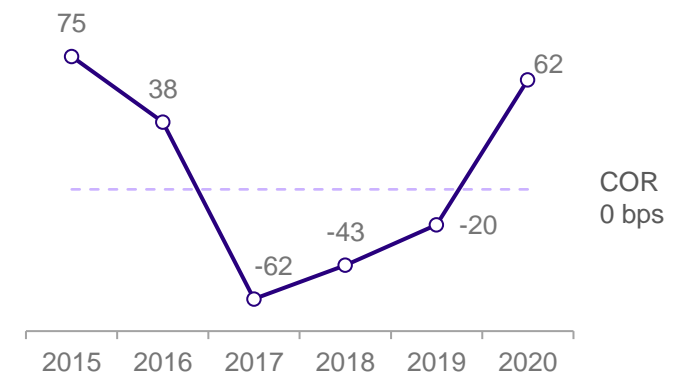
The Group's **cost of risk** was positive (62 bps), as it was in all Group bank members as well. This can mostly be attributed to established provisions related to the COVID-19 outbreak, although partially neutralised with the successful resolution of business cases in restructuring and workout (net release of approximately EUR 18 million in NLB).

Other impairments and provisions were established in the amount of EUR 9.1 million, of which there were provisions for legal disputes (EUR 4.2 million in the Bank and EUR 1.3 million in NLB Banka, Podgorica) and HR provisions (EUR 3.5 million in NLB).

Credit impairments and provisions ⁽¹⁾ and CoR by company – contribution (in EURm)



Cost of risk⁽²⁾ (Group, bps)



Note: (1) Credit impairments and provisions are used for calculation of CoR and represent major part of impairments and provisions for credit risk (include also credit impairments and provisions for other financial assets);

(2) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers.



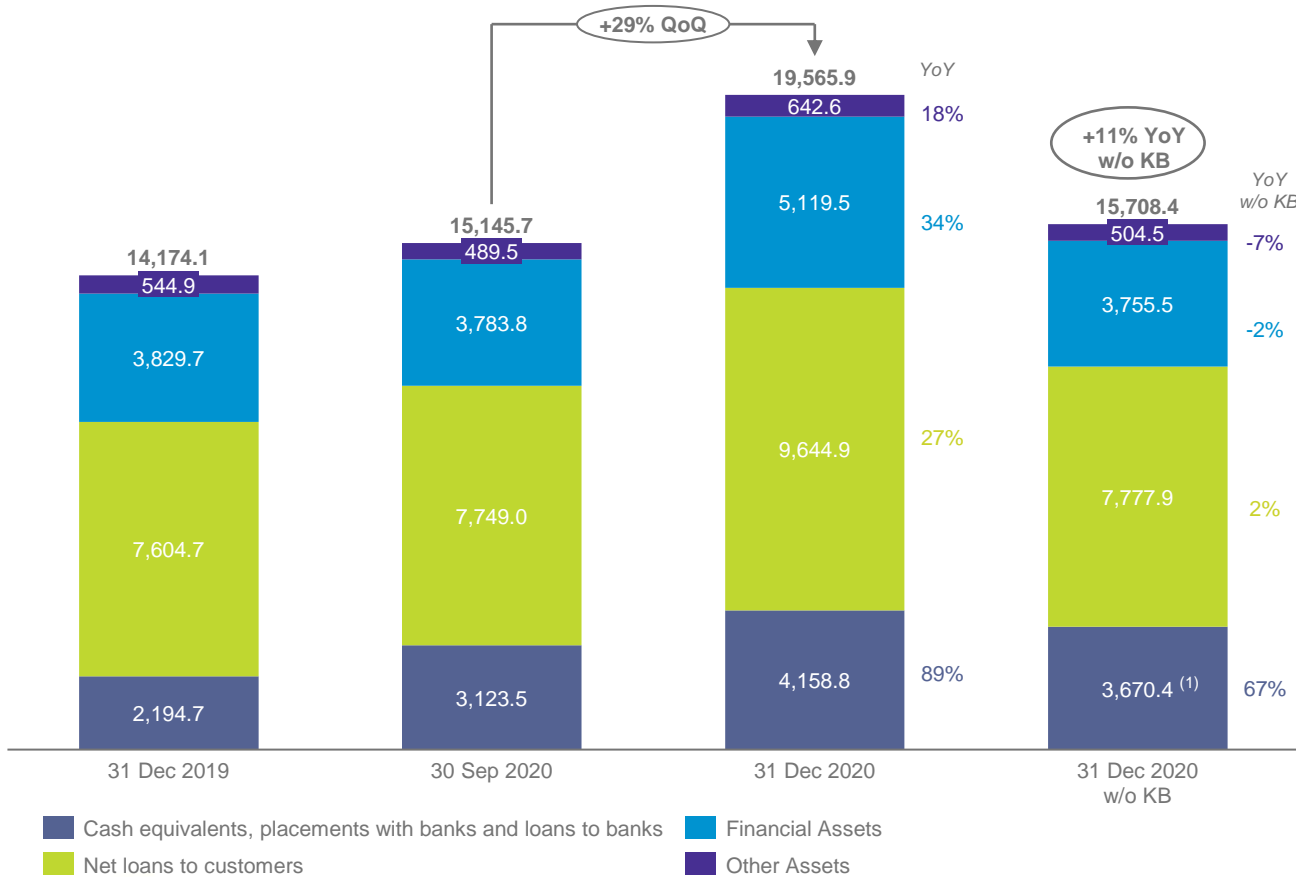
Business Performance



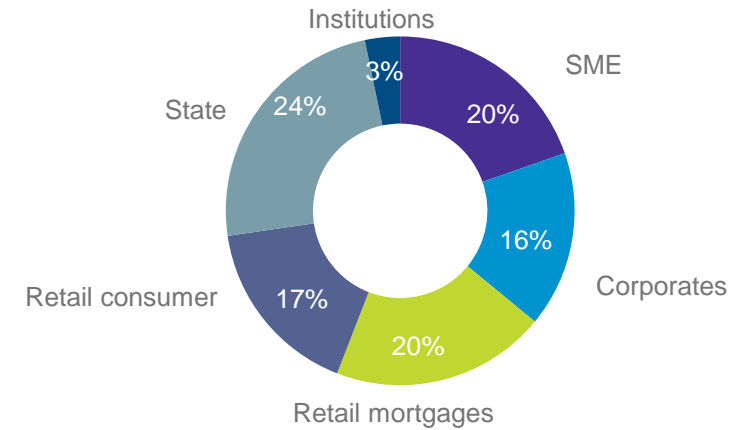
NLB Group Assets

The net liquidity from continued inflow of deposits from individuals placed with the Central bank

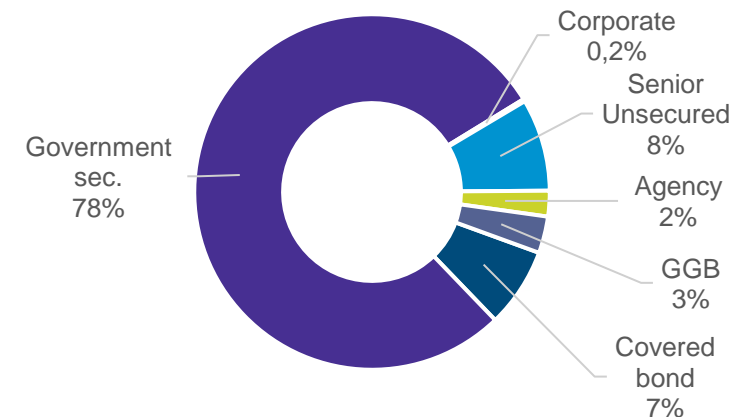
Total assets of NLB Group – structure (EURm)



Credit portfolio by segment ⁽²⁾ (Group, 31 Dec 2020)



Banking book portfolio by asset class ⁽²⁾ (Group, 31 Dec 2020)

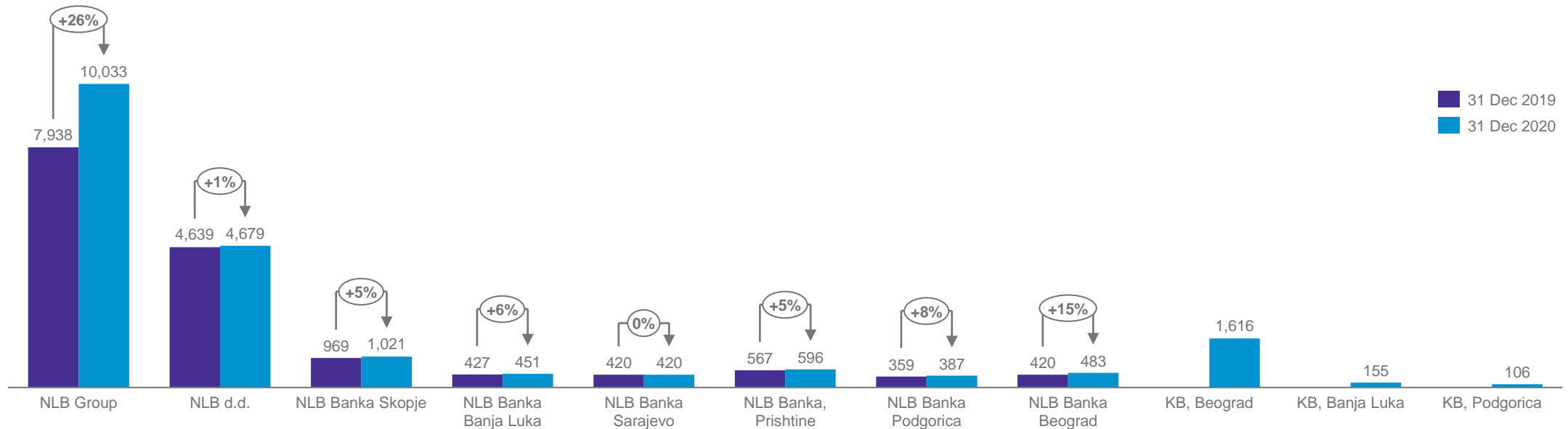


Notes: (1) Including cash for the purchase of Komercijalna Banka, Beograd; (2) Including data for Komercijalna banka.

NLB Group Assets – Loan portfolio

Growth of loan portfolio due to loan growth in all banks and KB acquisition

Gross loans to customers by strategic member – contribution (EURm)

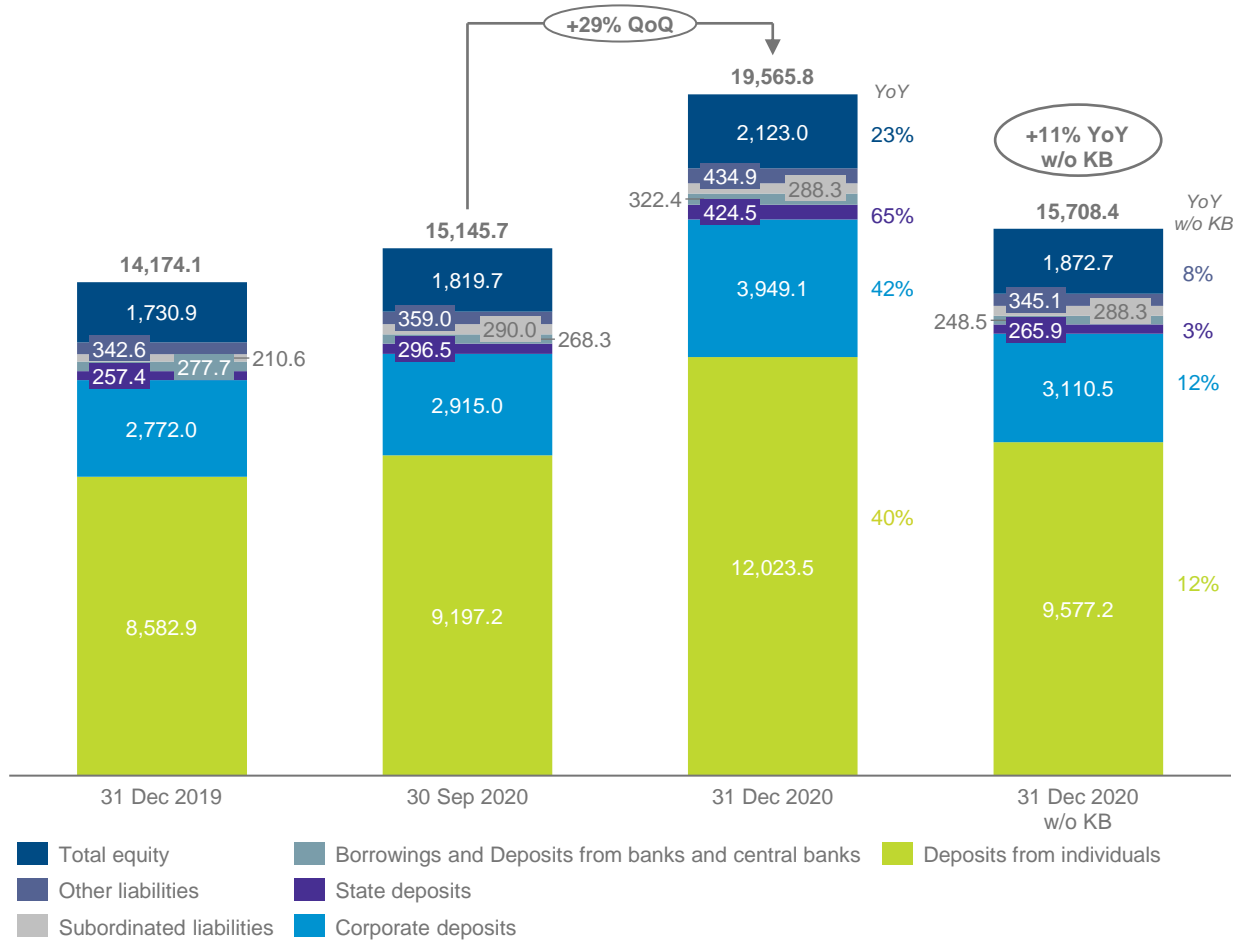


Gross loan growth in all foreign banks, especially in NLB Banka, Beograd and NLB Banka, Podgorica. Three new banks increased gross loans of the group significantly, mostly Komercijalna Banka, Beograd.

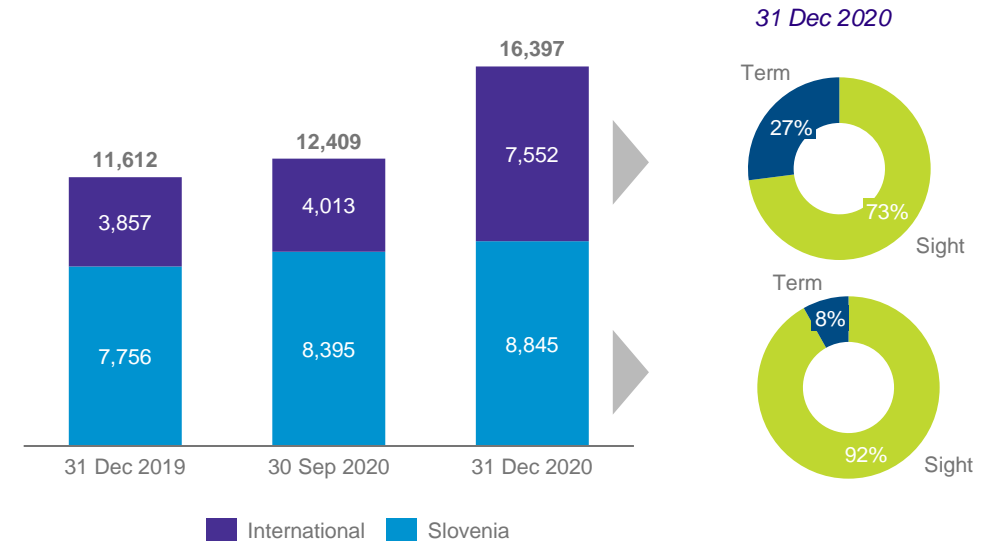
NLB Group Liabilities and Equity

Strong deposit growth continues, driven mainly by individuals

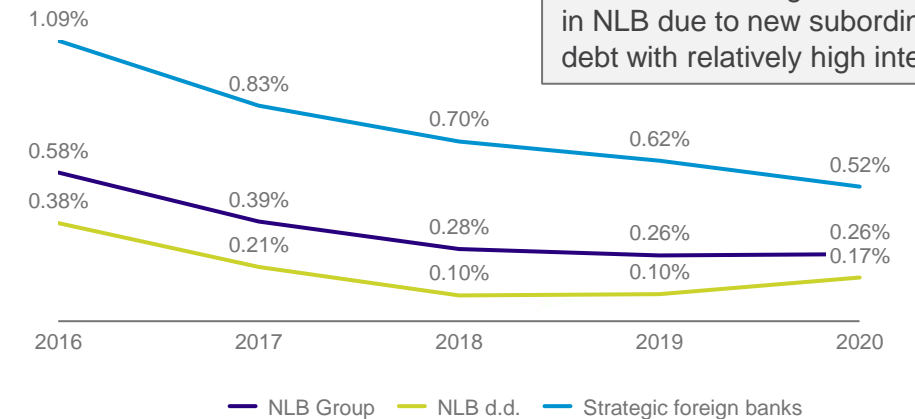
Deposits accounting for 84% of funding (Group, EURm)



Deposit split (Group, EURm)



Average cost of funding (%)

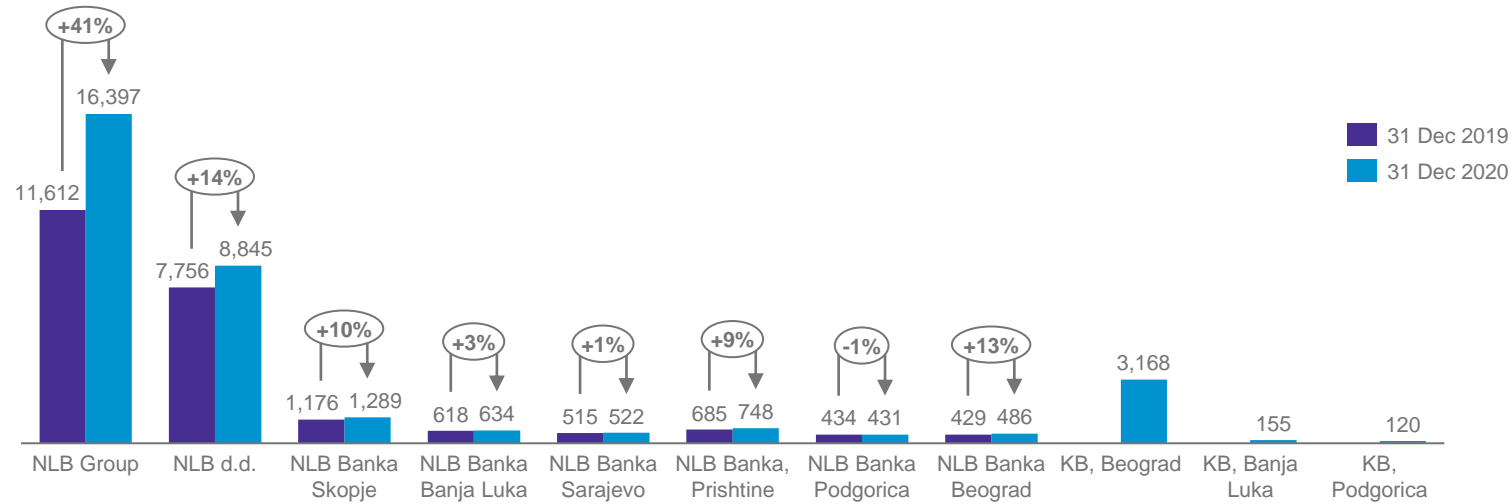


- Primarily deposit funded
- Due to low interest rates, sight deposits prevailing

NLB Group Liabilities

Increasing deposit base with decreasing interest rate

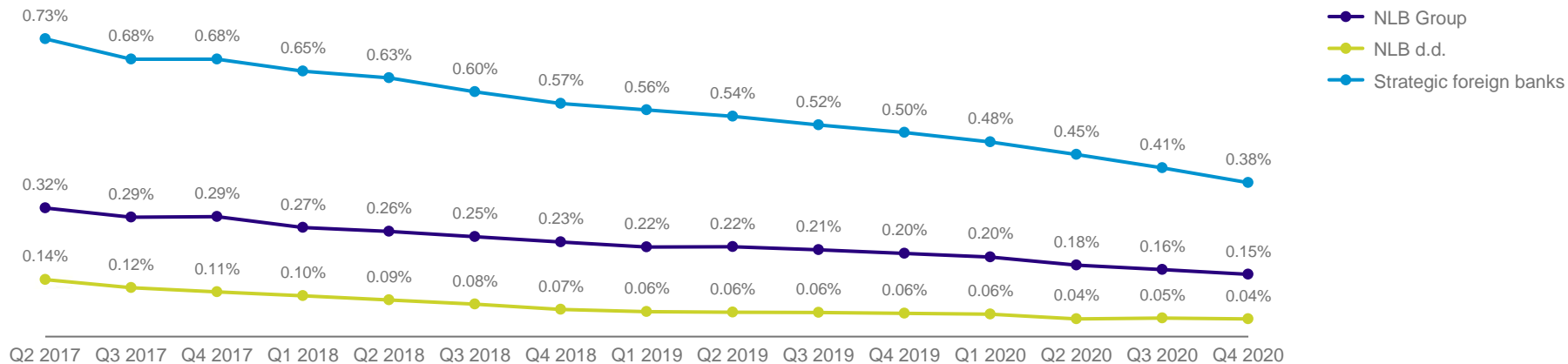
Deposits from customers by strategic member – contribution (EURm)



Deposit increased overall in the Group, despite low interest rate environment. Slight decrease was recorded only in NLB Banka, Podgorica.

NLB d.d. charges minimum 0.03% monthly **fee on deposits volume** (threshold from January 2019 at EUR 100k) to corporate deposits and account balances.

Decreasing deposit interest rates (%)*



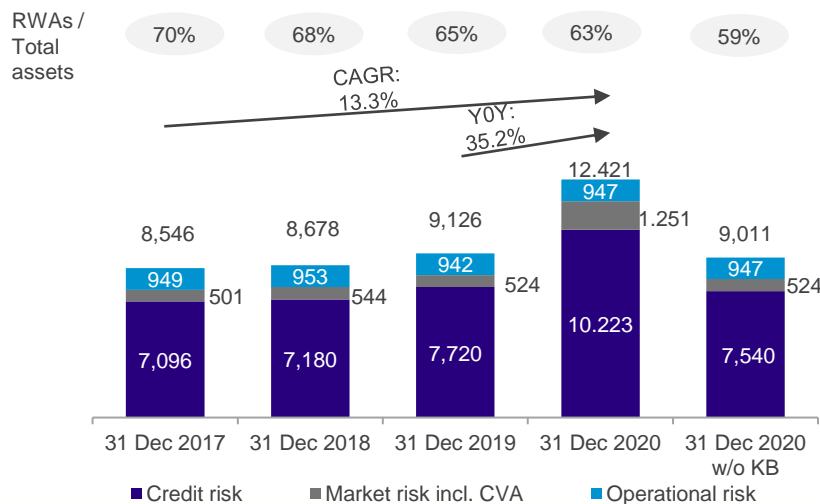
*Quarterly data for the stock of deposits from customers

Capital requirements

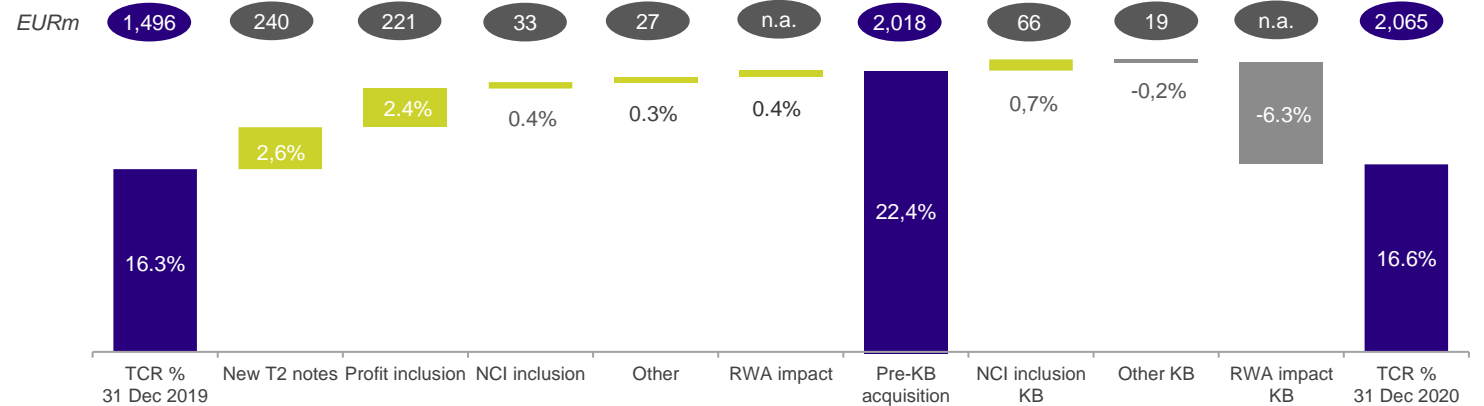
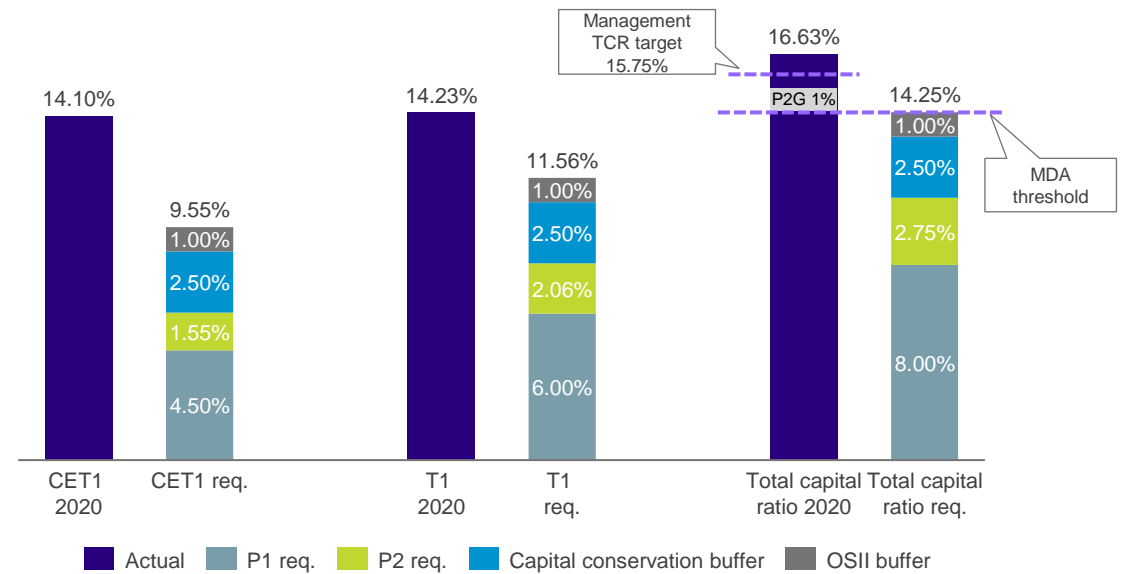
Strong capital position

- Capital position above all regulatory requirements including P2G.
- In 2021, the same **Overall capital requirement (OCR)** at 14.25% on a consolidated basis is required, with unchanged structure.
- **Capital** increased EUR 570 million YoY due to inclusion of T2 notes (EUR 240.0 million), inclusion of 2019 profit (EUR 157.5 million), partial inclusion of 2020 profit (EUR 63.6 million) and inclusion of Minority Capital (EUR 99.0 million).
- **RWA for credit risk** increased EUR 3,235.5 million YoY mainly from the acquisition of Komercijalna Banka, Beograd.

RWA structure (in EUR million)



Total Capital Requirement (TCR) vs. Capital Position



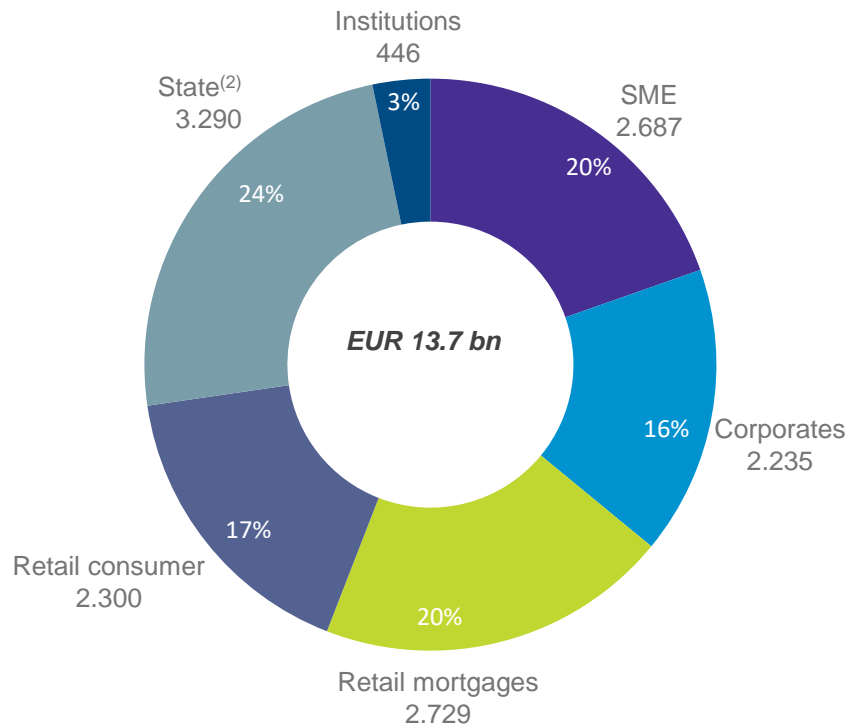


Asset Quality

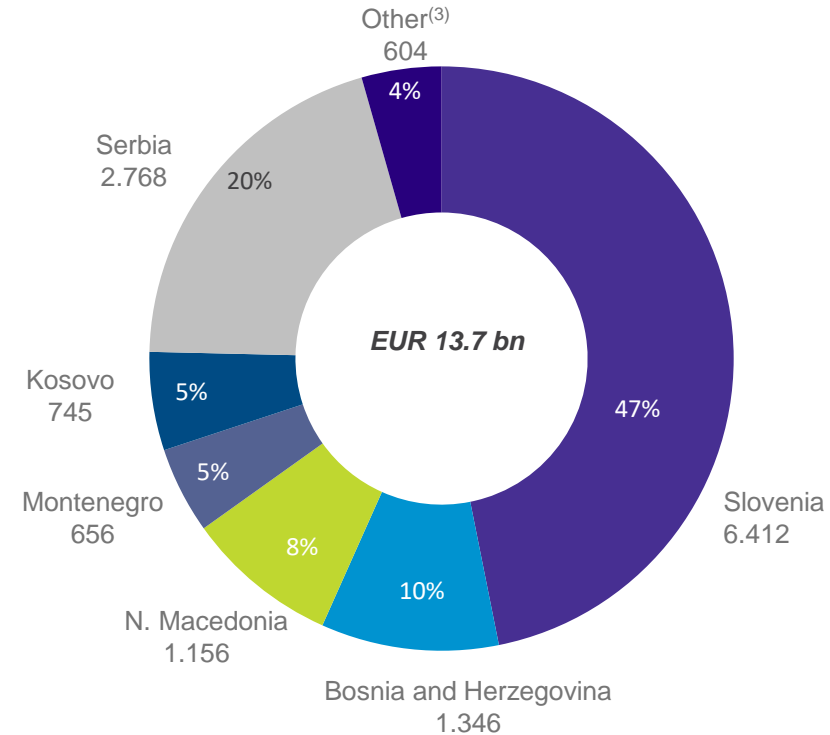
NLB Group Assets by segment and geography

Well diversified credit portfolio, with substantial retail exposure

Credit portfolio⁽¹⁾ by segment (Group, 31 Dec 2020, EURm)



Credit portfolio⁽¹⁾ by geography (Group, 31 Dec 2020, EURm)



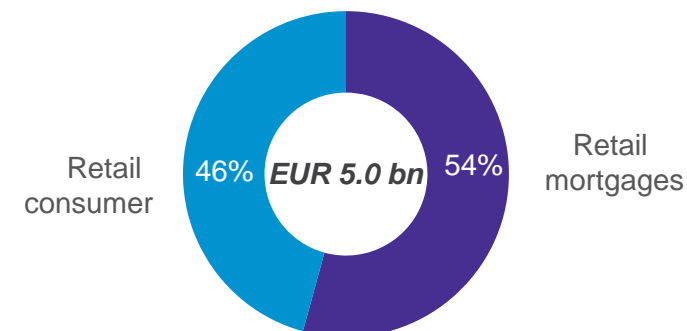
NLB Group Assets by Industry & Sectors

The portfolio structure comparable to the one before the acquisition of KB

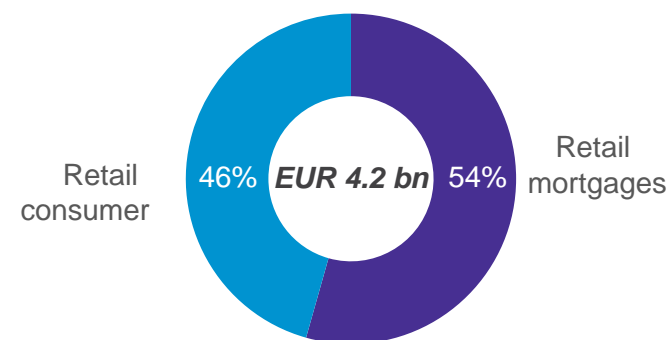
Corporate credit portfolio⁽¹⁾ (Group, 31 Dec 2020, EURm)

Corporate sector industry sector	NLB-G w/o KB	%	NLB-G	%	Δ
Accommodation and food service activities	113	3%	141	3%	29
Act. of extraterritorial org. and bodies	0	0%	0	0%	0
Administrative and support service activities	108	3%	122	2%	13
Agriculture, forestry and fishing	164	4%	289	6%	125
Arts, entertainment and recreation	18	0%	21	0%	3
Construction industry	268	7%	374	8%	106
Education	14	0%	14	0%	1
Electricity, gas, steam and air condition	171	4%	258	5%	87
Finance	150	4%	168	3%	18
Human health and social work activities	39	1%	50	1%	11
Information and communication	164	4%	234	5%	70
Manufacturing	874	22%	986	20%	112
Mining and quarrying	32	1%	80	2%	48
Professional, scientific and techn. act.	149	4%	172	3%	23
Public admin., defence, compulsory social.	133	3%	219	4%	87
Real estate activities	182	5%	222	5%	39
Services	12	0%	14	0%	2
Transport and storage	555	14%	592	12%	37
Water supply	28	1%	41	1%	13
Wholesale and retail trade	744	19%	923	19%	179
Other	1	0%	2	0%	1
Total Corporate sector	3,920	100%	4,921	100%	1,001

Retail sector after acquisition of KB Banks



Retail sector w/o KB Banks



Decisive Response to COVID-19

By the end 2020 over 80% of moratoria expired

(in EUR)	Covid - 19 Moratorium				
	Exposure	o/w expired by 31 Dec. 2020	Outstanding amount	% of Exposure	% of Exposure (excl. expired moratoriums)
NLB Group member					
NLB d.d.	489,950.9	152,108.6	337,842.3	7.0%	4.8%
NLB Banka, Skopje	347,350.6	292,042.4	55,308.2	27.5%	4.4%
NLB Banka, Banja Luka	20,946.1	17,443.6	3,502.6	3.5%	0.6%
NLB Banka, Sarajevo	35,157.2	26,799.2	8,358.0	6.3%	1.5%
NLB Banka, Prishtina	249,283.2	190,121.7	59,161.5	32.3%	7.7%
NLB Banka, Podgorica	165,046.9	165,046.9	0.0	35.0%	0.0%
NLB Banka, Beograd	251,797.6	251,797.6	0.0	41.5%	0.0%
NLB Leasing d.o.o. - v likv., Ljubljana	3,615.2	3,331.9	283.3	14.1%	1.1%
Komercijalna banka a.d., Beograd	798,057.7	798,057.7	0.0	34.1%	0.0%
Komercijalna banka a.d., Banja Luka	32,073.8	27,604.8	4,469.1	16.1%	2.2%
Komercijalna banka a.d., Podgorica	41,664.3	38,050.2	3,614.1	32.0%	2.8%
NLB Group	2,434,943.6	1,962,404.6	472,539.0	17.7%	3.4%

On **NLB Group level (including Komercijalna Banka group) EUR 2,435 million moratorium approved**, 45% to Non-financial corporations and 54% to Households. Moratoria were granted for the period between 3 to 12 months. **By the end Q4 2020 81% of the granted moratoria already expired.**

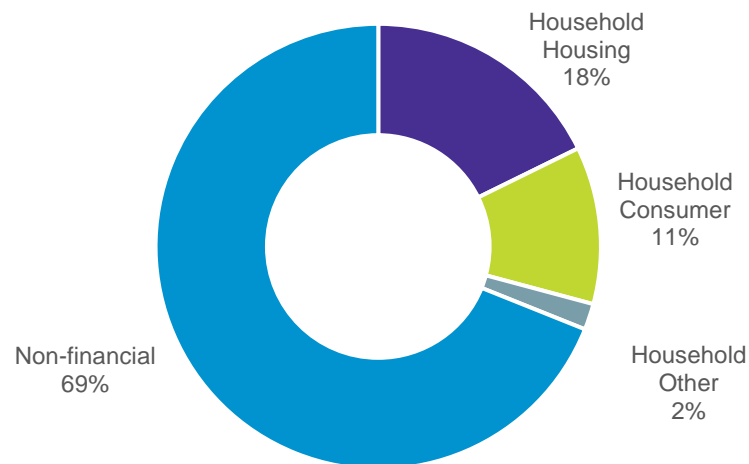
In Slovenia EUR 493.6 million moratoriums have been approved with outstanding amount EUR 338.1 million at the end of Q4 2020 and represents less than 5% of the total portfolio. Banks in Strategic Foreign Markets have approved EUR 1,941.4 million moratoriums, more than half of them in Serbian Banks as a result of COVID-19 related measures taken at the state level. **93% of the approved moratoriums approved in Strategic Foreign Markets have already expired by the end of Q4 2020.**

Apart from moratoriums, the Group is also providing additional liquidity by granting new loans to help with the specific situation due to COVID-19 crisis. The volume of such loans was EUR 20.8 million in the Bank and close to EUR 128.1 million in other banking members of the Group, most of them in Serbia, amounting to 4% of total exposure to Serbia. EUR 134.6 million of the **new COVID-19 loans are subject to public guarantee schemes** in Serbia and in Slovenia.

Performance of Expired Portfolio and Remaining Moratorium Overview

More than 95% of expired moratoria clients are repaying regularly

Structures of non-expired loans under moratorium (31 Dec 2020, in %)



	Stage distribution	
	Non-financial	Households
Stage 1	50.7%	56.6%
Stage 2	38.0%	35.8%
Stage 3	11.4%	7.6%

	Duration of outstanding moratoriums		
	<= 3 months	> 3 months <= 6 months	> 6 months
Percentage of non-expired exposure	55.2%	27.4%	17.4%

REMAINING MORATORIUM OVERVIEW – solid coverage, small remaining exposure and short duration

- Duration of remaining moratoriums is very short – more than 82% or EUR 390 million of exposure will expire by mid-2021 making moratoriums H1 2021 story.
- Structure of the moratorium exposure has shifted from initial 54% exposure to households and 45% to non-financial corporations to remaining exposure of two thirds to non-financial and the rest to households.
- Coverage ratio at 7.05% for total non-expired portfolio is double than coverage ratio for total exposure under moratoriums and what is normal for loan portfolio (3.4% without KB).

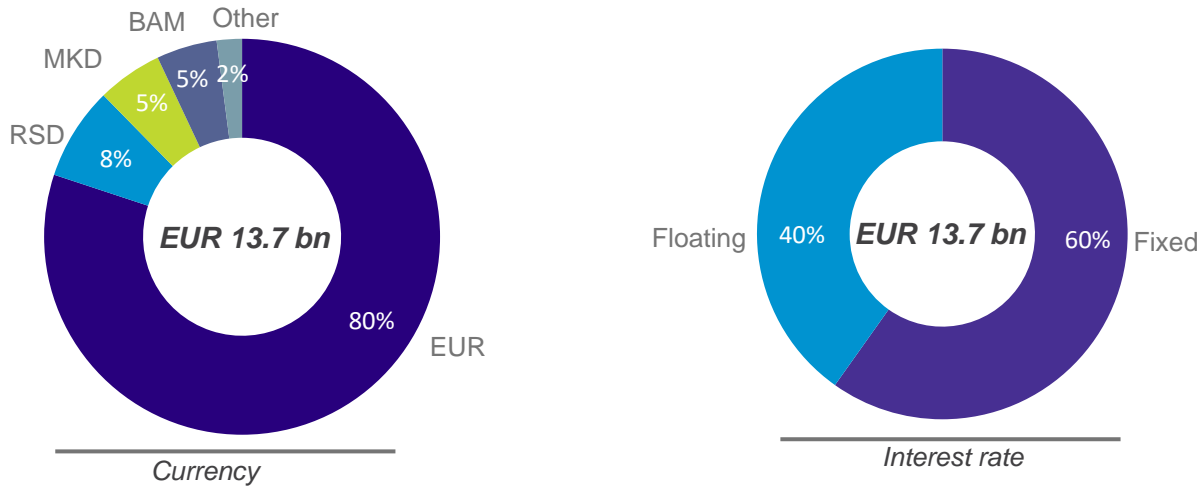
PERFORMANCE OF EXPIRED PORTFOLIO – encouraging trends:

- Out of expired portfolio, we observe that more than 95% of exposure have no problems with servicing their obligations.
- Among the non performing exposures, more than two third are in the unlikely to pay or less than 90 days category, indicating that asset quality is behaving as expected and prepared for.

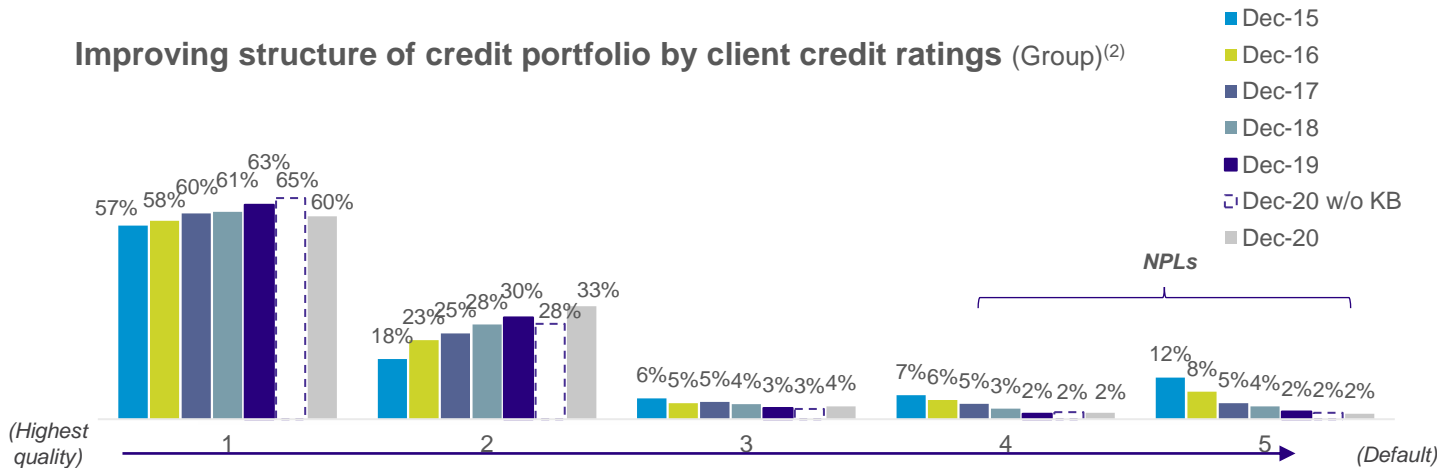
Asset Quality – NLB Group

Diversified credit portfolio, focused on core markets and cautious risk taking

Credit portfolio⁽¹⁾ by currency and rate type (Group, 31 Dec 2020)



Improving structure of credit portfolio by client credit ratings (Group)⁽²⁾



No large concentration in any specific industry or client segment

Lending strategy focuses primarily on its core markets of retail, SME and selected corporate business activities

Great emphasis is also placed on **active monitoring of credit portfolio** for early detection of possible credit deterioration:

- Early warning system for detecting increased credit risk
- Close monitoring of clients with COVID-19 moratoria
- Intensive and proactive handling of problematic customers
- Cautious lending policy
- The Group is **actively present** on the market, financing existing and new creditworthy clients.

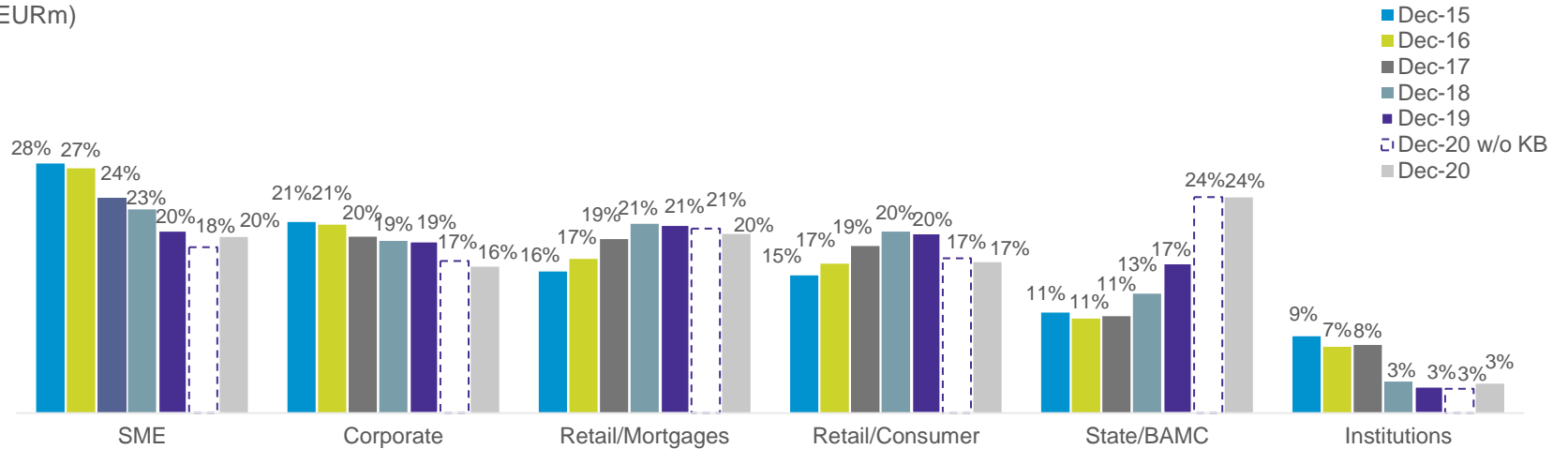
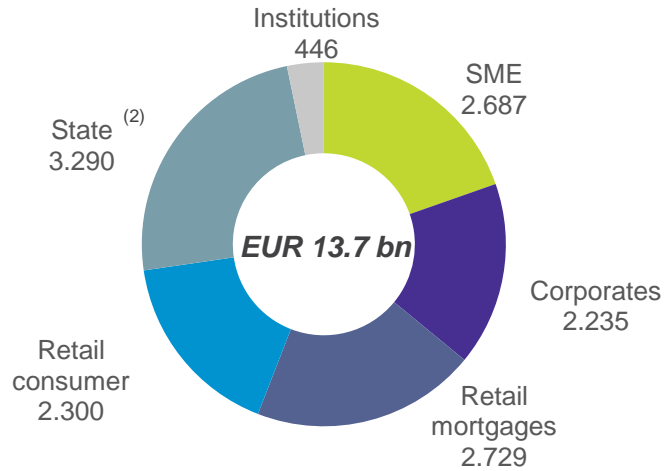
Source: Company information

Note: (1) Credit portfolio also includes advances to banks and central banks; (2) Rating A, B and C are performing exposures. Rating A: investment grade clients with high financial stability; Rating B: clients with high ability to repay their obligations, a significant aggravation of the economic environment would cause problems to them; Rating C: performing clients with increased level of risk who may encounter problems with settlement of liabilities in the future; Rating D and E are NPLs: Default clients (article 178 of CRR), including clients in delay >90days and other clients considered 'unlikely to pay' with delays below 90 days. Numbers may not add up to 100% due to rounding.

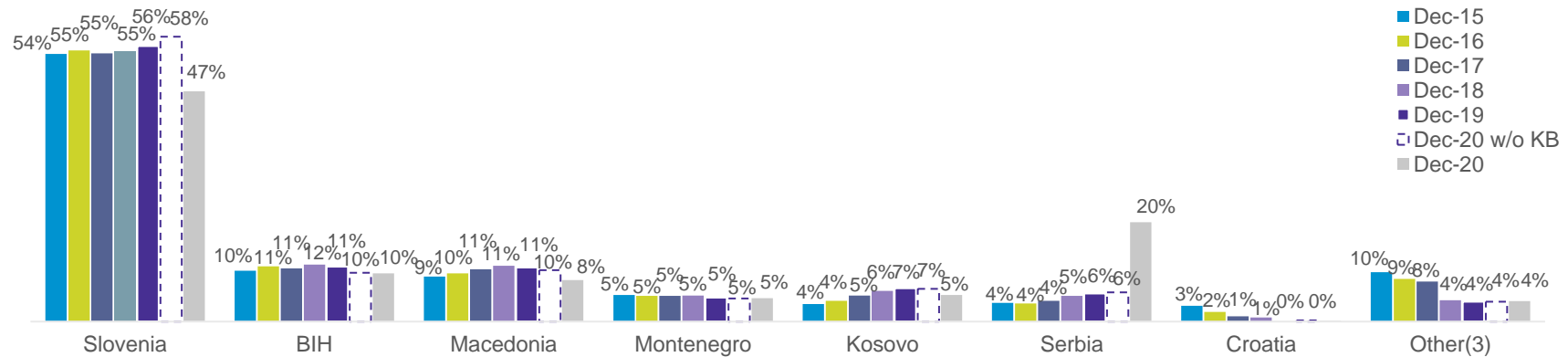
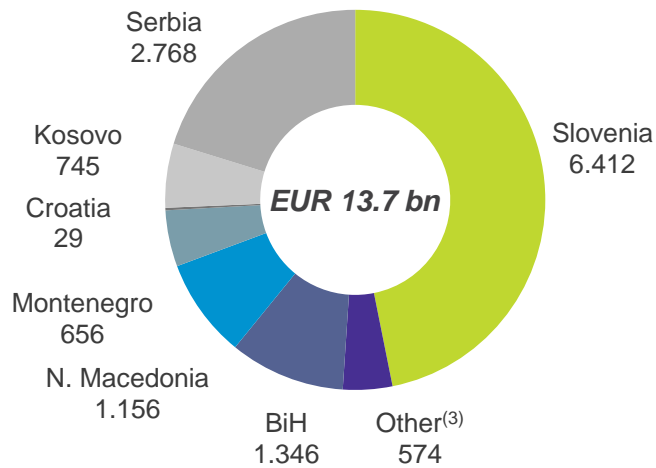
Asset Quality – NLB Group

Diversified credit portfolio, focused on core markets and cautious risk taking

Credit portfolio⁽¹⁾ by segment (Group, 31 Dec 2020, EURm)



Credit portfolio⁽¹⁾ by geography (Group, 31 Dec 2020, EURm)



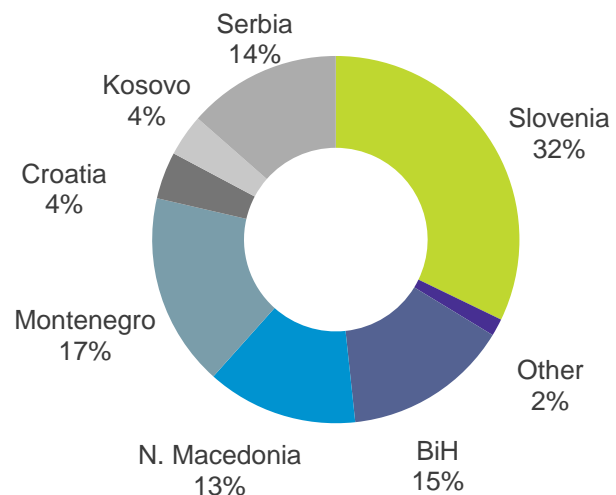
Source: Company information

Note: (1) Credit portfolio also includes advances to banks and central banks; (2) State includes exposures to central banks; (3) The largest part represent EU members.

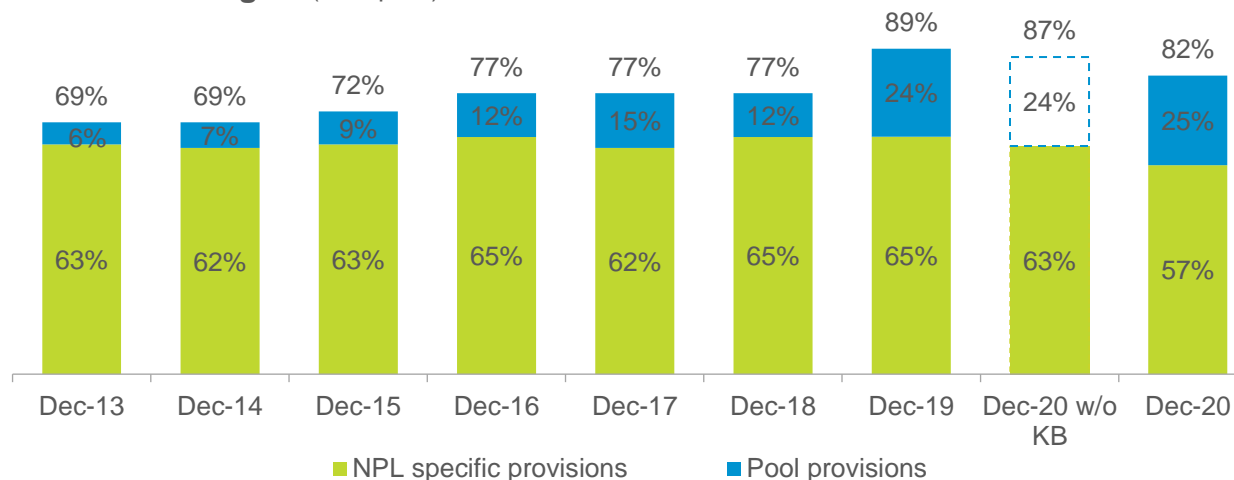
Asset Quality – NLB Group

NPLs fully covered by provisions and collateral

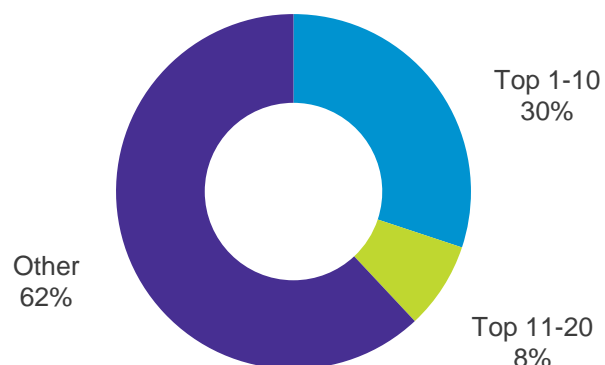
NPL by geography (Group, 31 Dec 2020)



NPL cash coverage⁽¹⁾ (Group, %)



Top 20 NPLs (Group, 31 Dec 2020)



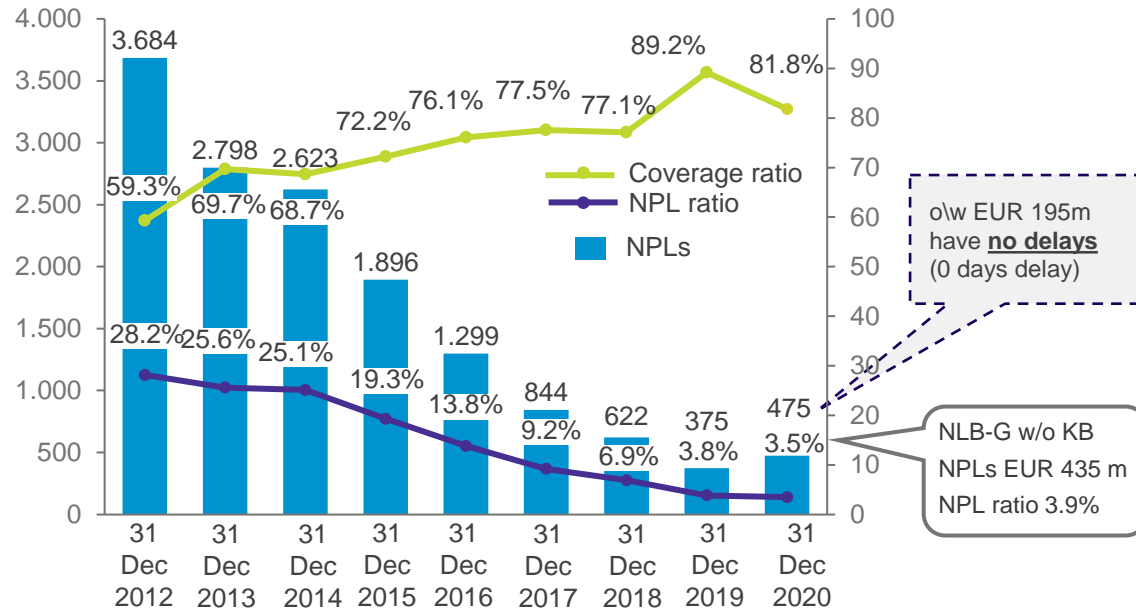
An important Group strength is the NPL cash coverage (CR1), which remains high at 81.8%. Further, the Group's NPL coverage ratio (CR2) stands at 57.3%, which is well above the EU average as published by the EBA.

The decrease in coverage indicators in Q4 2020 was influenced by the special treatment of NPLs from acquired entities. NPLs of KB Banks are initially recognised at fair value, without any additional credit loss allowances.

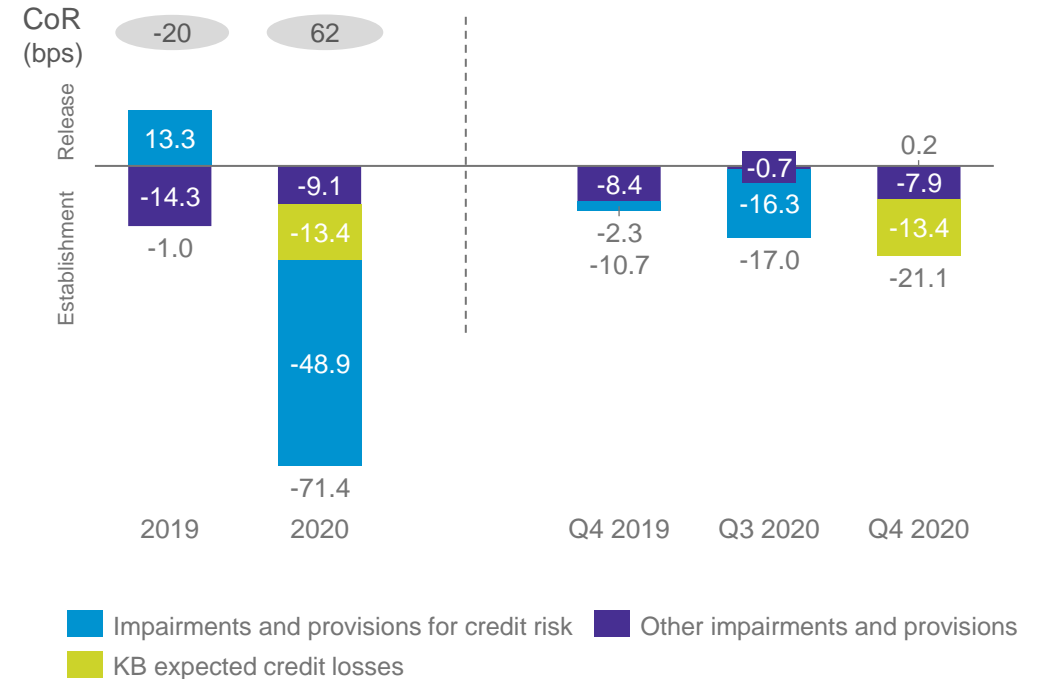
Asset Quality

Firmly under control with CoR at 62 bps

Active workout drove gross NPL ratio down (Group, EURm)



Impairments and provisions (Group, EURm)



Cost of risk at 62 bps, mostly related to COVID-19 provisions. Cost of risk lower than guidance, mainly due to very good asset quality trends in Slovenia and successful NPL workout.

In Q4 **NPL inflow** due to two one-off events; changed treatment of excluded interest (EUR 34 million) and KB banks acquisition (EUR 40 million). NPLs from regular business within the planned framework. On the other hand, a better recovery of NPLs than planned, mainly on repayments and sold receivables as well as reclassification to performing credit rating (net release of app EUR 18 million in NLB).

NPL ratio decreased from 3.8% to 3.5% YoY, while **NPE ratio** fell by 0.3 p.p. YoY to 2.3%.

Coverage ratio reduced due to classifications of loans from KB.

Asset Quality – NLB Group

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

Credit portfolio⁽¹⁾ by Stage (Group, 31 Dec 2020, EURm)

NLB-G after acquisition of KB Banks

(EURm)	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	12,650.8	92.4%	3,703.1	560.1	4.1%	89.0	475.7	3.5%	101.0	75.7	0.6%	40.8	7.3%	271.9	57.2%
o/w Corporate	4,135.7	84.0%	928.5	426.8	8.7%	59.5	358.6	7.3%	73.0	49.0	1.2%	32.7	7.7%	210.8	58.8%
o/w Retail	4,779.2	95.0%	957.0	133.3	2.7%	29.6	117.1	2.3%	29.6	25.2	0.5%	8.2	6.1%	61.2	52.2%
o/w State	3,290.1	100.0%	1,658.0	-	-	-	-	-	-1.7	1.3	0.0%	-	-	-	-
o/w Institutions	445.8	100.0%	159.6	-	-	-	-	-	-	0.2	0.1%	-	-	-	-

NLB-G w/o KB Banks

(EURm)	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group w/o KB	10,065.6	91.0%	1,117.9	560.1	5.1%	89.0	435.3	3.9%	60.6	65.3	0.6%	40.8	7.3%	271.9	62.5%
o/w Corporate	3,169.6	80.9%	-37.6	426.8	10.9%	59.5	324.0	8.3%	38.4	41.0	1.3%	32.7	7.7%	210.7	65.0%
o/w Retail	3,935.5	94.1%	113.3	133.3	3.2%	29.6	111.4	2.7%	23.9	23.0	0.6%	8.2	6.1%	61.2	54.9%
o/w State	2,661.2	100.0%	1,029.0	-	-	-	-	-	-1.7	1.1	0.0%	-	-	-	-
o/w Institutions	299.4	100.0%	13.2	-	-	-	-	-	-	0.2	0.1%	-	-	-	-

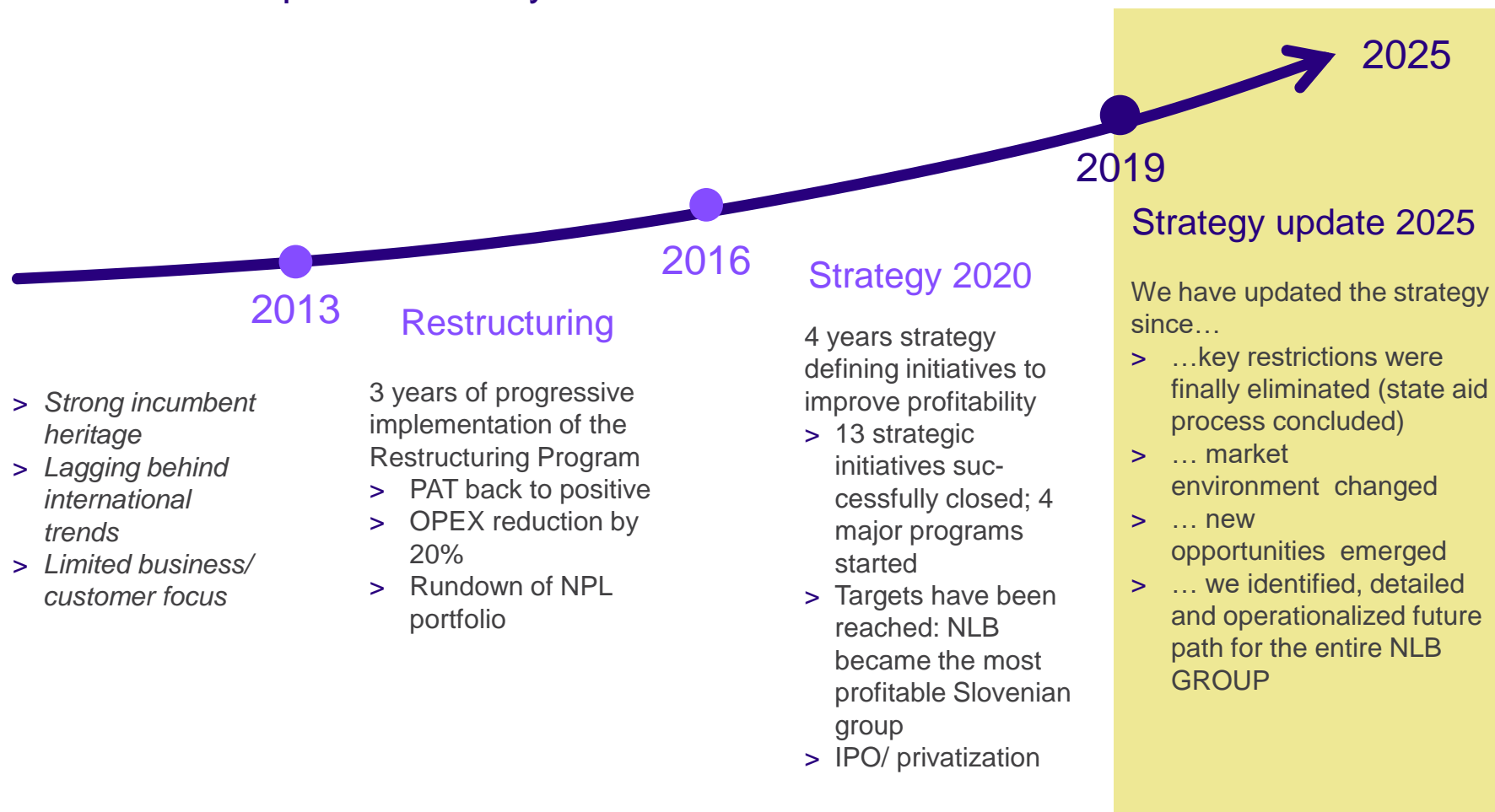


Strategy & IT



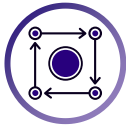
NLB went through difficult times – and the new strategy is now able to focus on entire NLB Group

Historical development and key milestones



We are a successful, geographical niche player with strong foundations to build on

Foundations to benefit from



Strong market positions

Above 10% market share in 5/6 countries with high entry barriers. Wide coverage and accessibility



Regional roots

The only cross-regional player with local HQ: market knowledge and image



Positive brand perception at subsidiaries

High brand equity (except for Slovenia, due to the turbulences in the past years)



Recent successes, local innovation

Good recent performance, acknowledged innovations (digital) in Slovenia



Untapped opportunities

Plentiful untapped potential to be exploited in various market segments and in operations

Track record of innovation

The pioneer of banking innovation in Slovenia



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



First Slovenian bank sending cards' **PIN via SMS**



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



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



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

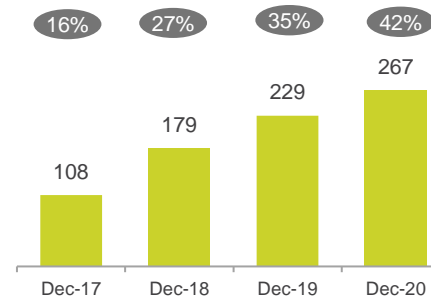


M-bank Klikin is **top-ranked financial app** on Google Play

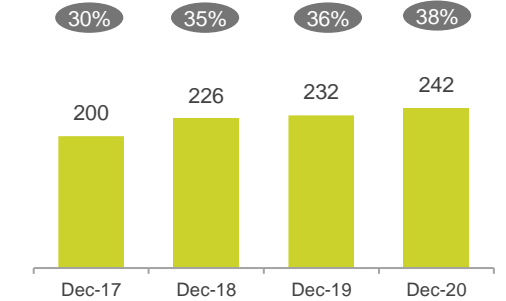


Demonstrated success in moving to digital

Mobile bank users⁽¹⁾ ('000s)

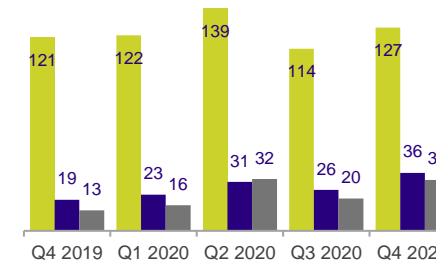


Online bank users⁽¹⁾ ('000s)



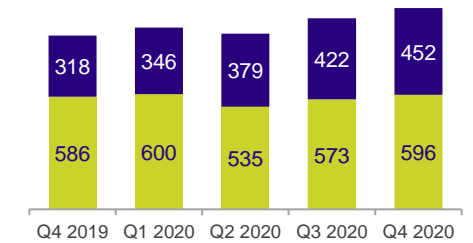
% Penetration of client base

Contact Centre contacts ('000s)



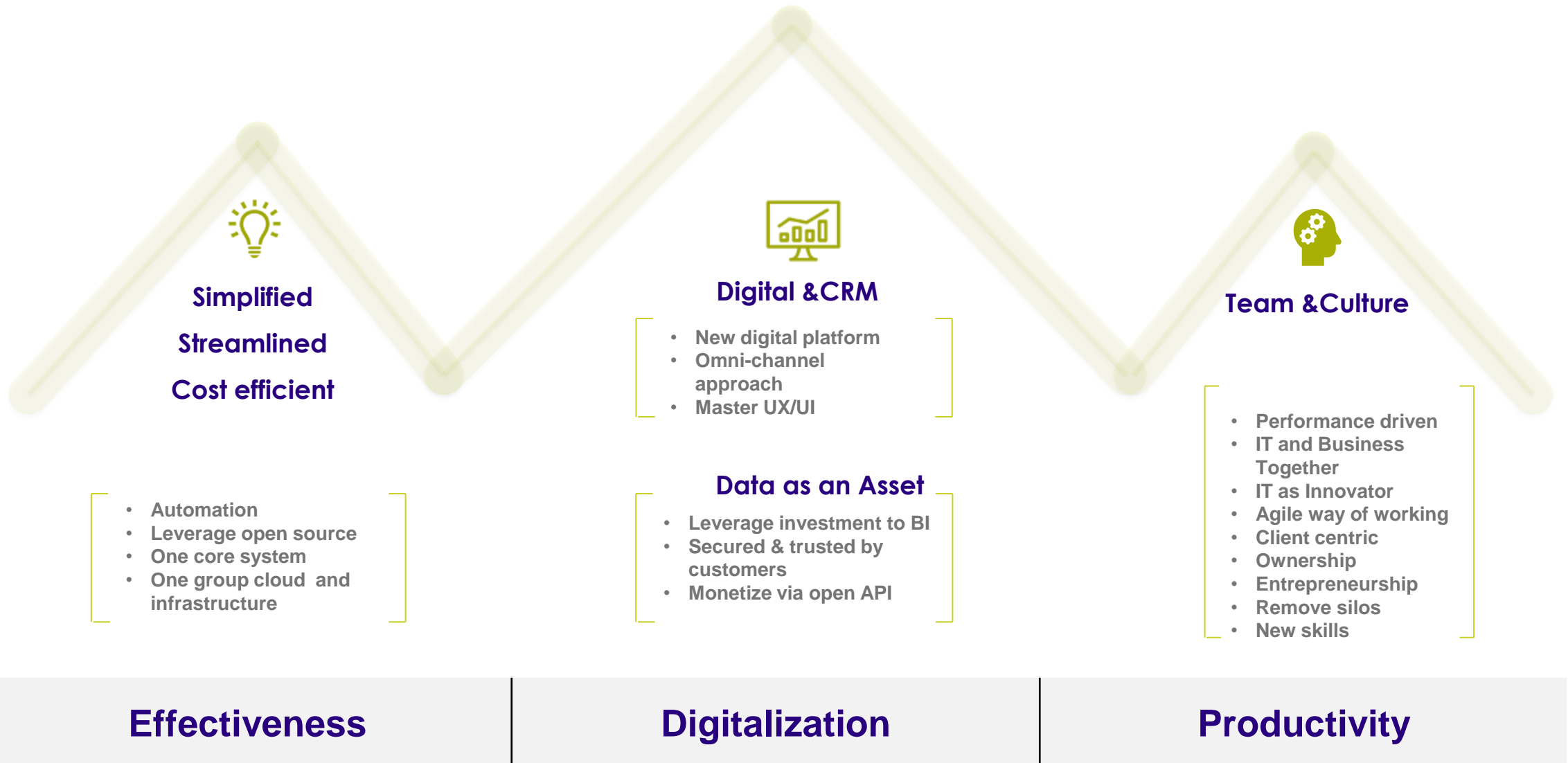
■ Inbound calls ■ Chat ■ Video call

E- and M-bank transactions (in EURm)



■ E-bank ■ M-bank

A three pillars strategy. Codename: **Triglav**

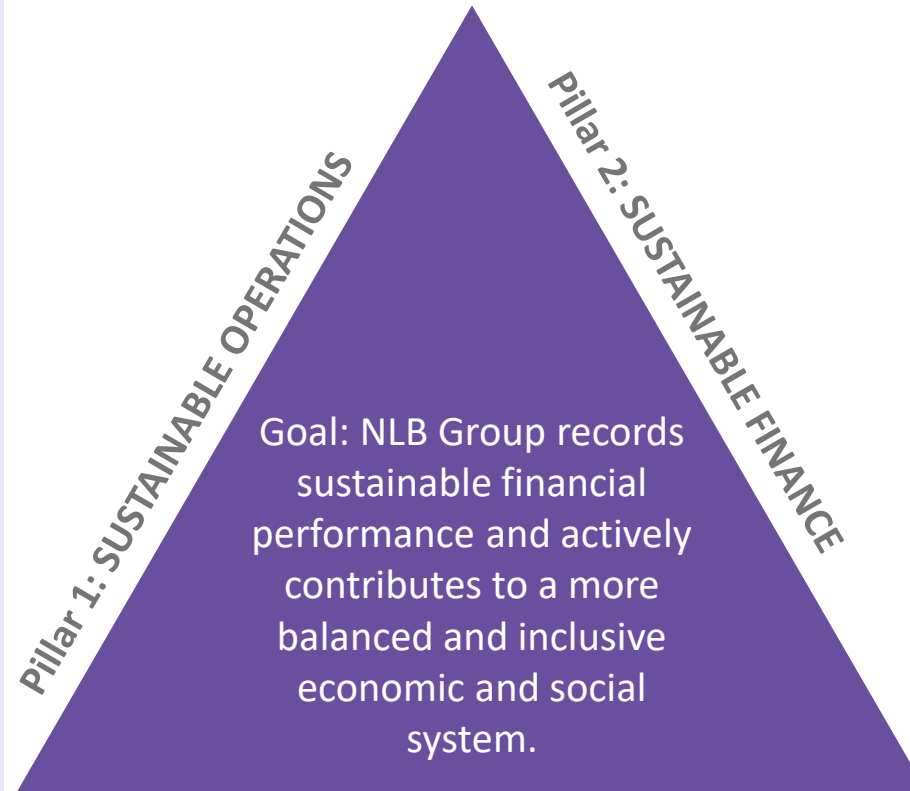


IT Strategy holistically supports all pillars of the Bank's strategy



Sustainability Framework: in 2020, the Group embarked on a path of more intensive integration of sustainability into banking operations

STRONG SUPPORTING FOUNDATIONS:



Pillar 3: CSR

2021 SUSTAINABILITY ROADMAP:

SUSTAINABLE OPERATIONS & SUSTAINABLE FINANCE:

- Upgrading business strategy with UN SDGs and ESG factors orientation.
- NLB Group portfolios impact analysis & target-setting and implementation.
- Implementation of requirements defined in ECB Guide on climate-related and environmental risks in NLB Group Risk Management Framework.
- Development of sustainable product portfolio.
- Adopting Environmental and Social Credit Policy Framework and Environmental and Social Risk Categorization Methodology Framework
- Implementation of the EBRD and MIGA E&S Standards together with E&S management system.
- Establishment of the NLB Sustainability Corporate Governance model.

CSR:

- Upgrading CSR activities with UN SDGs.

The transition to sustainable banking requires the adaptation of most processes in the Group, as well as changes in the banking culture.

Stronger together against COVID-19



Employees

- Strong **emphasis on healthcare**
 - The majority of employees (85%) are working from home (except for branch office and contact centre employees)
 - Preventive withdrawal of employees with health conditions from work environment
 - Healthy Habits project promoting preventive measures and healthy lifestyle
- Promotion and support for **work - personal life balance**
- Implementation of **new communication channels** for online meetings and better reach (MS Teams and emergency SMS)

We protected our employees ...



Clients

- Healthcare promotion and **strict preventive measures** in branches
- Implementation of **new digital solutions** and enhancement of our digital capacities
 - Remote signature feature in mobile bank Klikin
 - Biometric authentication in mobile wallet
 - Enhanced capacity of NLB Contact Centre – YoY 132% more video calls
 - 53% YoY increase of online chats with our banking advisors
 - Over 38.000 new users of mobile bank Klikin in 2020
- Continuous support of our customers by providing **moratoria** and **liquidity lines**

... invested in technology,



Community

- **Donations** aimed at mitigating the effects of the epidemic
 - To UKC Ljubljana and UKC Maribor
 - Heroes of the 3rd floor
- With **#HelpFrame Project** we supported local entrepreneurship by offering advertising space to more than 170 local businesses through the NLB Group
- We have committed ourselves to the **UN Principles for Responsible Banking**

and supported local communities.



Outlook

Outlook

2021

2023

Regular income	Exceeding EUR 600 million	Exceeding EUR 700 million
Costs	Initial increase in cost base in the year 2021, costs projected around EUR 430 million including restructuring charges.	Costs below EUR 400 million
CoR	70-90 bps	40-60 bps
Loan growth	Mid-single digit loan growth	High single-digit CAGR 2021-2023
Dividend	EUR 92.2 million	Cummulative more than EUR 300 million in 2021-2023
ROE	High single digit	> 10% (RORAC ⁽¹⁾ > 12%)

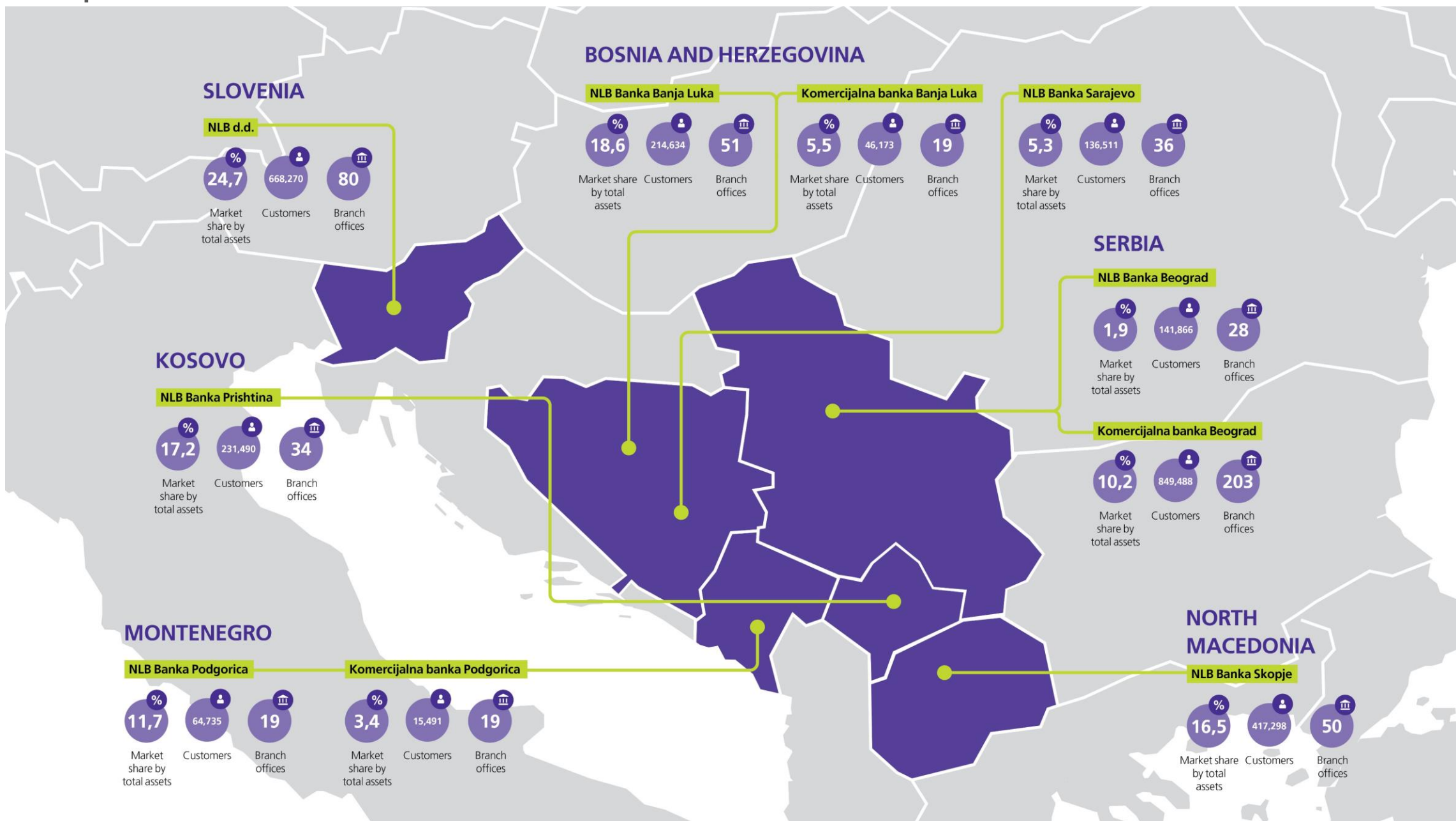
Notes: (1) RORAC calculated as Result after tax excl. Tier2 expenses divided by average RWA at 15.25% capital requirement.



Appendix 1

Segment Analysis

Acquisition in Our Home Market



NLB Group business segments

	Retail banking in Slovenia ⁽¹⁾	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	<p>Retail</p> <p>Micro</p> <p>NLB Skladi</p> <p>Bankart⁽²⁾</p> <p>NLB Lease&Go (retail clients)</p>	<p>Key corporates</p> <p>SME corporates</p> <p>Cross Border corporates</p> <p>Investment banking and custody</p> <p>Restructuring&workout</p> <p>NLB Lease&Go (corporate clients)</p>	<p>NLB Banka, Skopje</p> <p>NLB Banka, Banja Luka</p> <p>NLB Banka, Sarajevo</p> <p>NLB Banka, Prishtina</p> <p>NLB Banka, Podgorica</p> <p>NLB Banka, Beograd</p> <p>Komercijalna Banka, Beograd</p> <p>Komercijalna Banka, Banja Luka</p> <p>Komercijalna Banka, Podgorica</p> <p>Kombank INvest, Beograd</p>	<p>Treasury activities</p> <p>Trading in financial instruments</p> <p>Asset and liabilities management (ALM)</p>	<p>REAM</p> <p>Leasing (except NLB Lease&Go)</p> <p>NLB Srbija</p> <p>NLB Crna Gora</p>
	<ul style="list-style-type: none"> • Largest retail banking group in Slovenia by loans and deposits. • #1 in private banking and asset management • Focused on upgrading customer digital experience and satisfaction 	<ul style="list-style-type: none"> • Market leader in corporate banking with focus on advisory and long-term strategic partnerships • Market leader in Investment Banking and Custody services • Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia • Strong trade finance operations and other fee-based business • Market leader at FX and interest rate hedges 	<ul style="list-style-type: none"> • Leading SEE franchise with nine subsidiary banks and one investment fund company • The only international banking group with exclusive focus on the SEE region 	<ul style="list-style-type: none"> • Maintaining stable funding base • Management of well diversified liquidity reserves • Managing interest rate positions with responsive pricing policy 	<ul style="list-style-type: none"> • Assets booked non-core subsidiaries funded via NLB d.d. • Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets
(Dec 2020, in EURm)					
Profit b.t.	42.0	42.4	178.8	30.8	-4.6
Total assets	2,554	2,043	9,346	5,218	131
% of total assets ⁽³⁾	13%	10%	48%	27%	1%
CIR	67.0%	55.6%	52.1%	19.2%	236.2%
Cost of risk (bp)	63	-44	140	/	-396

NLB d.d.

NLB d.d., Ljubljana

"on stand alone basis"

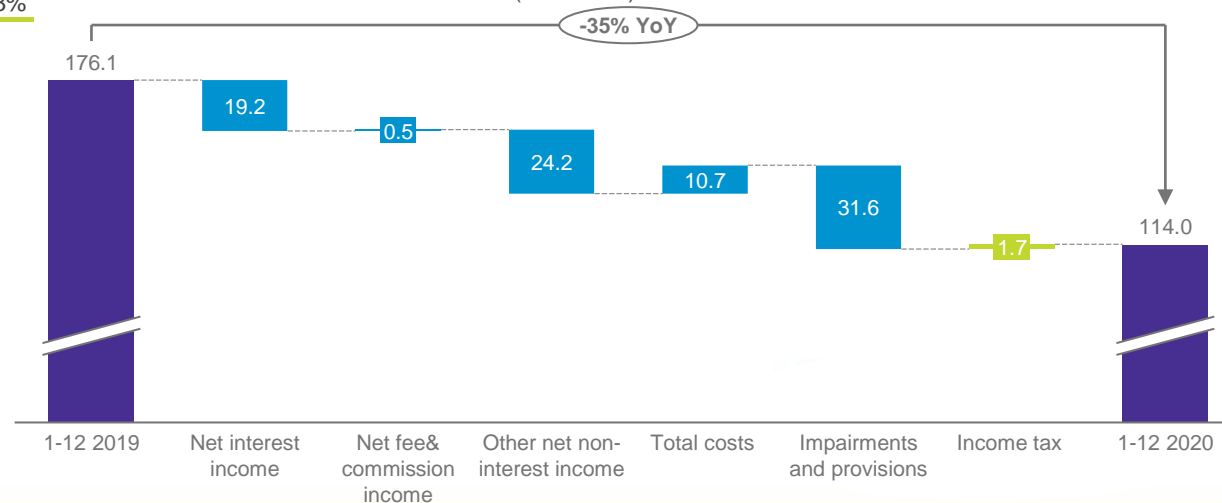
Key financial indicators	Realization		Change YoY
	1-12 2020	1-12 2019	
ROE a.t.	8.2%	13.3%	-5.0 p.p.
Interest margin	1.44%	1.85%	-0.41 p.p.
CIR	57.9%	53.9%	4.0 p.p.
Cost of risk net (bps) ⁽ⁱ⁾	18	-38	56
LTD net	51.9%	59.1%	-0.1 p.p.

Income statement	Realization		Change YoY
	1-12 2020	1-12 2019	
Total net operating income	311,678	354,652	-42,974 -12%
Net interest income	138,887	158,126	-19,239 -12%
Net non-interest income	172,791	196,526	-23,735 -12%
o/w net fees and commissions	104,457	103,955	502 0%
Total costs	-180,461	-191,144	10,683 6%
Employee costs	-102,602	-108,569	5,967 5%
Other general and administrative expenses	-60,011	-64,529	4,518 7%
Depreciation and amortization	-17,848	-18,046	198 1%
Result before impairments and provisions	131,217	163,508	-32,291 -20%
Impairments and provisions	-17,364	14,238	-31,602 -
Result after tax	113,952	176,149	-62,197 -35%
Number of employees	2,591	2,659	-68 -3%

Lower result from interest income and dividends was partially neutralized by sale of NLB Vita and debt securities. Cost base was also efficiently managed. In line with the expectations, the provisions materially lowered the final result.

Balance sheet	Realization		Change YtD
	31 Dec 2020	31 Dec 2019	
in EUR thousand			
Total assets	11,026,603	9,801,557	1,225,046 12%
Net loans to customers	4,595,113	4,589,170	5,943 0%
Gross loans to customers	4,753,086	4,718,049	35,037 1%
Gross loans to corporate	2,168,512	2,154,467	14,045 1%
Gross loans to individuals	2,411,949	2,376,792	35,157 1%
Gross loans to state	172,625	186,790	-14,165 -8%
Financial assets	3,017,233	3,168,624	-151,391 -5%
Deposits from customers	8,850,755	7,760,737	1,090,018 14%
Deposits from corporate	1,916,585	1,674,873	241,712 14%
Deposits from individuals	6,812,379	5,984,982	827,397 14%
Deposits from state	121,791	100,882	20,909 20.7%
NPL volume	208,426	169,451	38,975 23%
NPL ratio (internal def.)	3.0%	2.8%	0.2 p.p.
Capital (according to local legislation)			
Total capital ratio	28.7%	22.6%	6.1 p.p.
Overall capital requirement	14.3%	14.7%	-0.5 p.p.

Profit a.t. - YoY evolution (in EURm)



Retail Banking in Slovenia

in EUR million
consolidated

Retail Banking in Slovenia

	2020	2019	Change YoY		Q4 2020	Q3 2020	Q4 2019	Change QoQ
Net interest income	81.4	87.4	-6.0	-7%	19.5	20.3	21.8	-4%
Net interest income from Assets ⁽ⁱ⁾	78.4	75.9	2.5	3%				
Net interest income from Liabilities ⁽ⁱ⁾	3.0	11.5	-8.5	-74%				
Net non-interest income	89.0	78.3	10.7	14%	22.4	21.5	21.4	4%
o/w Net fee and commission income	82.7	81.9	0.8	1%	21.7	21.4	20.9	1%
Total net operating income	170.4	165.7	4.7	3%	41.9	41.7	43.2	0%
Total costs	-114.1	-118.0	3.9	3%	-30.1	-27.9	-33.8	-8%
Result before impairments and provisions	56.2	47.7	8.5	18%	11.8	13.8	9.3	-15%
Impairments and provisions	-15.1	-4.4	-10.7	-	-6.1	-3.4	-1.5	-80%
Net gains from investments in subsidiaries, associates, and JVs ¹	0.9	4.2	-3.3	-79%	0.0	0.5	0.0	-
Result before tax	42.0	47.5	-5.5	-12%	5.7	10.9	7.9	-48%

	31 Dec 2020	30 Sep 2020	31 Dec 2019	Change YoY	Change QoQ
Net loans to customers	2,415.4	2,386.4	2,385.1	30.3	1%
Gross loans to customers	2,450.7	2,418.4	2,410.2	40.5	2%
Housing loans	1,534.7	1,487.8	1,425.0	109.6	8%
Interest rate on housing loans	2.51%	2.52%	2.54%	-0.03 p.p.	-0.01 p.p.
Consumer loans	651.7	663.0	688.3	-36.6	-5%
Interest rate on consumer loans	6.43%	6.39%	6.33%	0.10 p.p.	0.04 p.p.
Other	264.3	267.6	296.9	-32.6	-11%
Deposits from customers	7,356.8	7,040.1	6,456.2	900.6	14%
Interest rate on deposits	0.04%	0.05%	0.05%	-0.01 p.p.	-0.01 p.p.
Non-performing loans (gross)	52.4	45.8	40.8	11.6	28%

	2020	2019	Change YoY
Cost of risk (in bps) ⁽ⁱⁱ⁾	63	19	44
CIR	67.0%	71.2%	-4.2 p.p.
Interest margin	1.75%	2.04%	-0.29 p.p.

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

⁽ⁱⁱ⁾ Cost of risk for 2019 is adjusted to new methodology.



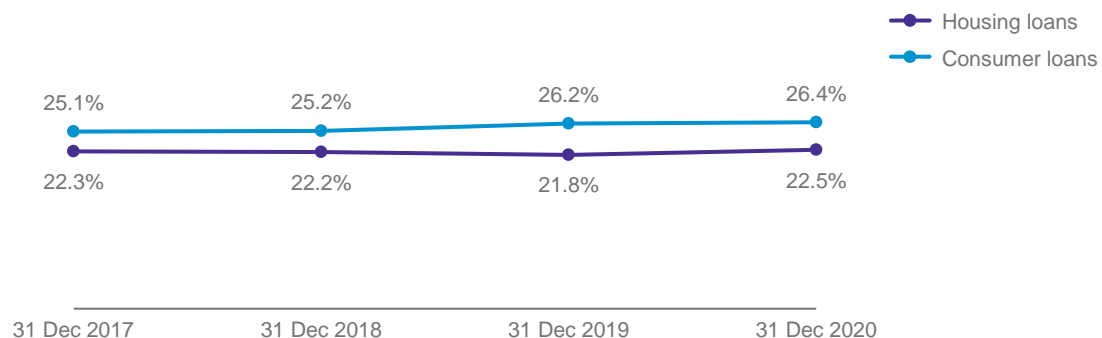
Notes: (1) In 2019 the segment also included the result of the JV company NLB Vita. In December 2019, the NLB and KBC Insurance NV, in a joint process, agreed to sell their respective stakes. The sale was completed in May 2020.

- The segment's **profit before tax** amounted to EUR 42.0 million, a 12% decrease YoY; this decrease is mostly related to higher impairments for credit losses and lower deposit margin from deposits, which was partially compensated by sales effects from NLB Vita .
- Net interest income** was 7% lower YoY. Due to overliquidity the policy to de-stimulate the deposit collection triggered the reduction of retail deposits margin after transfer price (FTP) in the amount of EUR 8.5 million YoY. The interest income from loans to individuals was EUR 2.5 million higher YoY due to higher volumes and higher interest margin. In 2020 COVID-19 outbreak affected the new production of loans to individuals, as well as change of legislation that tightened the measures in consumer lending. The production of new consumer loans in 2020 amounted to EUR 196.7 million and was lower than in 2019 (EUR 368.6 million). The YoY decline in the balance of consumer loans (EUR 36.6 million) is largely due to a lower production of new consumer loans in H1 2020, while the H2 recorded a recovery (as a result of several activities – marketing campaigns, individualised preapproved loan campaigns, process improvements). The decrease was recorded also in the portfolio of overdrafts and cards (EUR 32.2 million YoY). The production of new housing loans amounted to EUR 303.1 million (2019: EUR 242.6 million) as a result of a more attractive offer for clients and intensive marketing campaigns and led to an increase in the portfolio (EUR 109.6 million YoY).
- The segment recorded the **net non-interest income** of EUR 89.0 million, EUR 10.7 million (14%) increase YoY, due to the sale of NLB Vita with positive effect of EUR 11.0 million.
- Net impairments and provisions** were established in the amount of EUR 15.1 million due to additional credit impairments and provisions related to COVID-19 outbreak.
- Deposits from customers** substantially by EUR 900.6 million (14%) YoY, driven mostly by uncertain macroeconomic environment which led to lower consumption and also affected by received social transfers due to COVID-19 measures taken.
- In the segment exposures subject to COVID-19 moratorium were concluded in the amount of EUR 123.3 million, with 20.0% already expired by the 2020 YE.

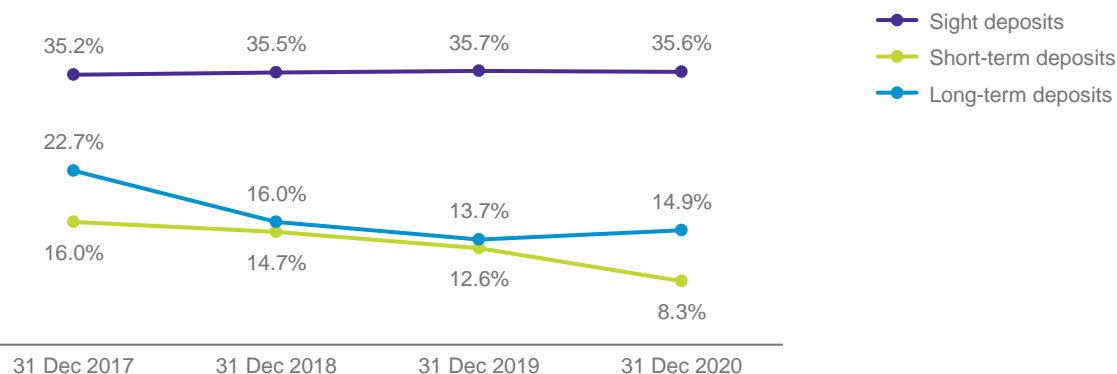
Retail banking in Slovenia

High and stable market shares across products

Market share of net loans to individuals in Slovenia

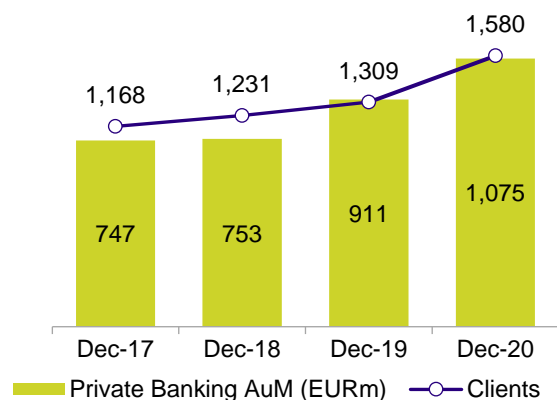


Market share of deposits from individuals in Slovenia

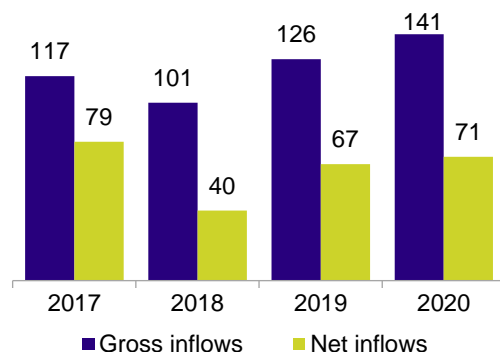


Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- Further extending set of products and services offered to clients using digital channels with m-bank Klikin becoming more like a true branch office. M-wallet NLB Pay enables confirmation of online purchases which replaced SMS OTP authentication.
- #1 player in Private Banking⁽¹⁾
 - Leading position being strengthened by reaching an important milestone of over EUR 1 billion of assets under management.
- # 1 player in Slovenian asset management⁽²⁾
 - AuM of 1,625.5 EURm as of 31 December 2020 including investments in mutual funds and discretionary portfolios
 - Market share of NLB Skladi at mutual funds in Slovenia equals 34.9% as of 31 December 2020
- Bankassurance business
 - Life: selling Vita insurance products
 - Non-life: beside Vita insurance products also partnership with #2 non-life company Generali



Source: Bank of Slovenia (retail loans and deposits), Company information, Slovenian Fund Management Association
 Note: (1) Company information; (2) By AuM (Slovenian Fund Management Association).

Corporate and Investment banking in Slovenia

in EUR million
consolidated

Corporate and Investment Banking in Slovenia

	2020	2019	Change YoY		Q4 2020	Q3 2020	Q4 2019	Change QoQ
Net interest income	34.0	37.3	-3.3	-9%	8.4	7.8	8.9	8%
Net interest income from Assets ⁽ⁱ⁾	36.8	37.4	-0.6	-2%				
Net interest income from Liabilities ⁽ⁱ⁾	-2.8	-0.1	-2.7	-				
Net non-interest income	41.2	43.0	-1.8	-4%	10.6	9.8	9.6	8%
o/w Net fee and commission income	33.2	32.4	0.8	3%	8.4	8.7	7.7	-3%
Total net operating income	75.2	80.2	-5.0	-6%	19.0	17.6	18.5	8%
Total costs	-41.8	-44.5	2.7	6%	-11.3	-10.1	-12.8	-12%
Result before impairments and provisions	33.4	35.8	-2.4	-7%	7.8	7.5	5.7	3%
Impairments and provisions	9.0	21.0	-12.1	-57%	15.8	2.5	3.2	-
Result before tax	42.4	56.8	-14.4	-25%	23.5	10.0	8.9	135%

	31 Dec 2020	30 Sep 2020	31 Dec 2019	Change YoY		Change QoQ
Net loans to customers	2,047.1	2,022.0	2,049.6	-2.5	0%	1%
Gross loans to customers	2,167.5	2,130.6	2,150.9	16.7	1%	2%
Corporate	2,006.4	1,969.9	1,976.8	29.5	1%	2%
Key/SME/Cross Border Corporates	1,827.6	1,802.0	1,819.3	8.2	0%	1%
Interest rate on Key/SME/Cross Border Corporates loans	1.79%	1.79%	1.82%	-0.03 p.p.		0.00 p.p.
Investment banking	0.2	0.2	0.1	0.1	57%	
Restructuring and Workout	160.8	156.0	157.4	3.4	2%	3%
NLB Lease&Go	17.8	11.7	17.8	-	-	52%
State	160.7	160.3	173.6	-12.9	-7%	0%
Interest rate on State loans	2.20%	2.18%	1.88%	0.32 p.p.		0.02 p.p.
Deposits from customers	1,487.4	1,354.1	1,299.1	188.3	14%	10%
Interest rate on deposits	0.06%	0.06%	0.07%	-0.01 p.p.		0.00 p.p.
Non-performing loans (gross)	156.0	129.7	128.7	27.4	21%	20%

	2020	2019	Change YoY
Cost of risk (in bps) ⁽ⁱⁱ⁾	-44	-102	59
CIR	55.6%	55.4%	0.2 p.p.
Interest margin	1.90%	2.20%	-0.30 p.p.

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

⁽ⁱⁱ⁾ Cost of risk for 2019 is adjusted to new methodology.

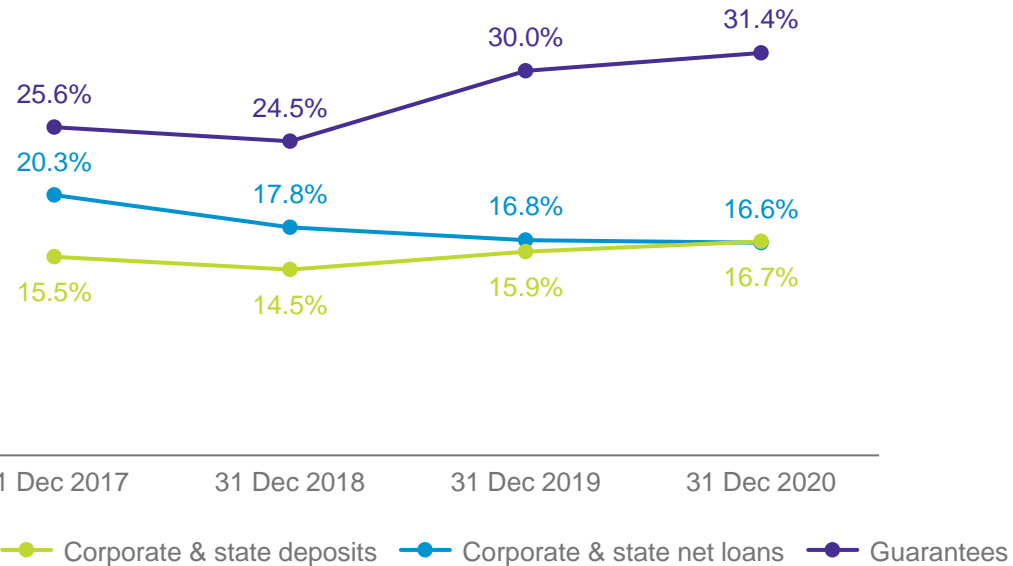


- The segment's **profit before tax** was EUR 42.4 million, EUR 14.4 million lower YoY. The decrease was mostly due to lower release of credit impairments and provisions as well as lower net operating income.
- Net interest income** decreased by EUR 3.3 million YoY, mostly due to reduction of corporate deposits margin after transfer price (FTP), despite higher deposit base (EUR 188.3 million). Key, SME and Cross Border clients recorded a growth in gross loans of EUR 8.2 million YoY, due to substantial growth in Cross Border (EUR 67.3 million) and in SME (17.8 million) segment, while Key segment recorded substantial decrease (EUR 76.9 million), due to maturity of few larger loans. The newly established company NLB Lease&Go also contributed significantly to the increase of the gross loans portfolio of the segment (EUR 17.8 million).
- Net fee and commission income** recorded slight, 3% increase YoY.
- Total costs** decreased by EUR 2.7 million (6%) YoY.
- Net impairments and provisions** were released in the amount of EUR 9.0 million due to substantial release in Restructuring and Workout that offset additional credit impairments and provisions related to COVID-19 outbreak.
- The **Investment Banking and Custody** recorded non-interest income in the amount of EUR 9.4 million and increased by EUR 0.5 million YoY. The total income growth was the result of a larger volume of transactions and higher margins. The total value of assets under custody, together with the fund administration services, increased to EUR 16.2 billion (2019 YE: EUR 14.8 billion).
- In the segment exposures subject to COVID-19 moratorium were concluded in the amount of EUR 366.5 million, with 34.8% already expired by the 2020 YE.

Corporate banking in Slovenia

High market shares across products

Market shares - evolution and position on the market



- Largest bank in the country with high capacity to lend to and service large clients serving over 9,000 corporate clients as of 31 December 2020.
- Digital transformation is bringing new opportunities for addressing customers and adaptation of sales channels.
- Supporting the largest infrastructure project in Slovenia.
- Competitive advantage in SME market due to largest branch network fueled the growth in Mid Corporate and Small Enterprises.
- Investment Banking being successful organizer of syndicated loans, and organizer of issuance of instruments on debt capital markets.

Strong local corporate fee business, across merchant acquiring, investment banking and custody services

13.8 k
POS terminals

37.9% market share
in merchant acquiring

EUR 16.2 bn
assets under custody

Strategic foreign markets

in EUR million
consolidated

Strategic Foreign Markets

	2020	2019	Change YoY		Q4 2020	Q3 2020	Q4 2019	Change QoQ
Net interest income	159.3	157.5	1.7	1%	40.1	40.6	40.0	-1%
Interest income	182.6	182.5	0.1	0%				
Interest expense	-23.3	-24.9	1.6	6%				
Net non-interest income	49.8	54.5	-4.7	-9%	10.4	14.2	15.4	-27%
o/w Net fee and commission income	54.1	55.0	-0.9	-2%	14.7	13.8	14.5	-5%
Total net operating income	209.1	212.1	-3.0	-1%	50.5	54.8	55.4	-8%
Total costs	-109.0	-107.8	-1.2	-1%	-29.2	-26.5	-29.1	-10%
Result before impairments and provisions	100.1	104.2	-4.2	-4%	21.4	28.2	26.3	-24%
Impairments and provisions	-59.1	-11.3	-47.8	-	-25.9	-15.4	-5.3	-68%
o/w KB	-13.4				-13.4			
Negative goodwill (KB)	137.9		137.9	-	137.9			-
Result before tax	178.8	92.9	85.9	92%	133.3	12.8	21.0	-
o/w Result of minority shareholders	3.0	8.2	-5.2	-63%	-1.1	1.0	2.0	-

	31 Dec 2020	31 Dec 2020 w/o KB	30 Sep 2020	31 Dec 2019	Change YoY w/o KB		Change QoQ w/o KB
Net loans to customers	5,052.4	3,185.4	3,199.5	3,024.6	160.7	5%	0%
Gross loans to customers	5,234.8	3,357.4	3,352.7	3,162.1	195.3	6%	0%
Individuals	2,592.9	1,743.5	1,711.0	1,603.8	139.6	9%	2%
Interest rate on retail loans	-	6.28 %	6.34 %	6.71 %	-0.43 p.p.		-0.06 o.t.
Corporate	2,443.7	1,524.7	1,528.6	1,470.3	54.4	4%	0%
Interest rate on corporate loans	-	4.15 %	4.19 %	4.49 %	-0.34 p.p.		-0.03 o.t.
State	198.1	89.2	113.1	88.0	1.3	1%	-2%
Interest rate on state loans	-	3.53 %	3.63 %	4.00 %	-0.47 p.p.		-0.10 o.t.
Deposits from customers	7,552.2	4,108.8	4,013.4	3,856.7	252.1	7%	2%
Interest rate on deposits	-	0.43 %	0.44 %	0.53 %	-0.10 p.p.		-0.02 o.t.
Non-performing loans (gross)	195.0	155.1	130.8	111.6	43.5	39%	19%

	2020	2019 Change YoY	
Cost of risk (in bps) ^(i, ii)	140	17	123
CIR	52.1%	50.9%	1.3 p.p.
Interest margin	3.33%	3.59%	-0.26 p.p.

⁽ⁱ⁾ Cost of risk for 2019 is adjusted to new methodology.

⁽ⁱⁱ⁾ KB excluded.

- The segment's **profit before tax** was EUR 178.8 million, 92% higher YoY. The most important positive effect on the result had negative goodwill from Komercijalna Banka, Beograd acquisition (EUR 137.9 million), while the established impairments and provisions (EUR 59.1 million), to a large extent related to COVID-19 outbreak, had a negative effect. The result before impairments and provisions was 4% lower YoY.
- Net interest income** increased by EUR 1.7 million (1%) YoY due to higher volumes (gross loans to customers 6% higher YoY, without inclusion of loans from Komercijalna Banka group) and despite the falling trend of interest margins.
- Net non-interest income** decreased by EUR 4.7 million or 9% YoY, mostly due to modification losses caused by changes of contractual cash flows for loans subject to COVID-19 moratoria (EUR 2.1 million in NLB Banka, Skopje and EUR 1.1 million in NLB, Banka Beograd). Net fee and commission income decreased slightly YoY (EUR 0.9 million), due to COVID-19 negative impact on card operations and payment transactions.
- Total costs** decreased YoY (EUR 1.2 million or 1%).
- Net impairments and provisions** in the amount of EUR 59.1 million were formed, mostly related to COVID-19 outbreak, while additional EUR 13.4 million impairments were established for expected credit losses on the performing portfolio for the Komercijalna banka group.
- Gross loans to customers** increased in all Group subsidiary banks in total by EUR 2,072.7 million or 195.3 million (6%) YoY without inclusion of acquired loans from Komercijalna Banka group; the largest YoY increases were recorded in NLB Banka, Beograd (EUR 63.0 million), NLB Banka, Skopje (EUR 52.1 million), NLB Banka, Prishtina (EUR 29.0 million), and NLB Banka, Podgorica (EUR 27.3 million). Without inclusion of Komercijalna Banka group the loans to individuals recorded a solid 9% increase YoY, mostly due to double digit growth in housing loans (18%), while consumer loans grew by 5% YoY. A lower but still moderate increase of 4% YoY was recorded in loans to corporate and state.
- Deposits from customers** increased by EUR 3,695.6 million, of which 3,443.5 million was due to the inclusion of the acquired banks. Without this inclusion, deposits would increase by 7%, distributed equally between individuals and corporate and state, 6% and 7%, respectively.
- Banks in Strategic Foreign Markets have approved EUR 1,941.4 million moratorium, more than half of them by Serbian banks as a result of COVID-19 related measures taken at the state level. 93.1% of the moratoriums approved by banking members of the Group in SEE have already expired by the 2020 YE.

NLB Banka, Skopje

NLB Banka AD Skopje

"on stand alone basis"

Key financial indicators	Realization		Change	
	1-12 2020	1-12 2019	YoY	
ROE a.t.	8.8%	16.2%	-7.5 p.p.	
Interest margin	3.31%	3.66%	-0.35 p.p.	
CIR	42.3%	41.2%	1.1 p.p.	
Cost of risk net (bps) ⁽ⁱ⁾	159	17	141	
LTD net	74.2%	77.8%	-3.6 p.p.	

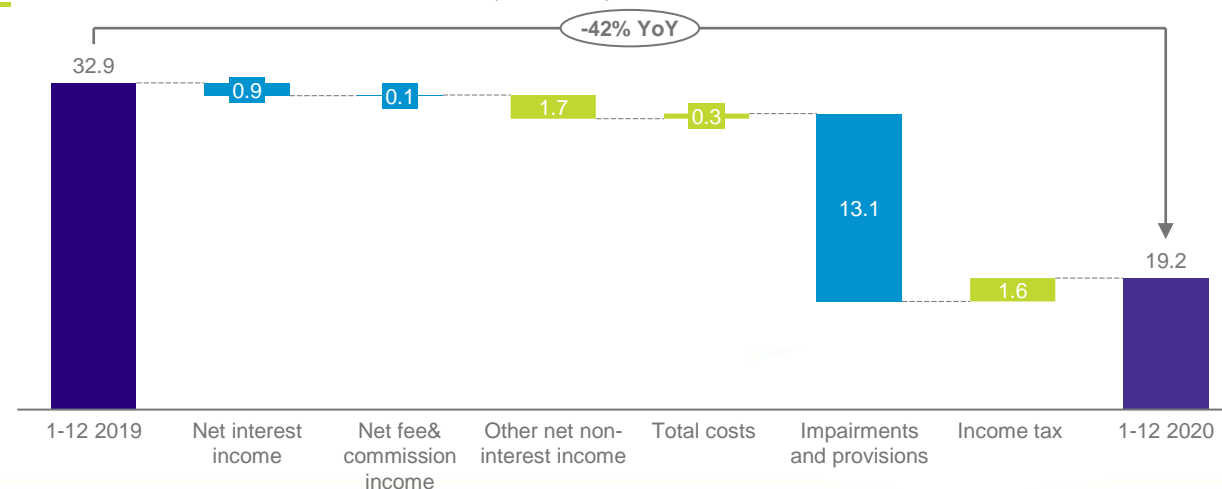
Income statement	Realization		Change	
	1-12 2020	1-12 2019	YoY	
in EUR thousand				
Total net operating income	62,658	65,151	-2,493	-4%
Net interest income	48,140	49,022	-882	-2%
Net non-interest income	14,518	16,129	-1,611	-10%
o/w net fees and commissions	15,016	14,966	50	0%
Total costs	-26,497	-26,839	342	1%
Employee costs	-13,682	-13,765	83	1%
Other general and administrative expenses	-8,608	-9,329	721	8%
Depreciation and amortization	-4,207	-3,745	-462	-12%
Result before impairments and provisions	36,161	38,312	-2,151	-6%
Impairments and provisions	-15,373	-2,224	-13,149	-
Result after tax	19,222	32,877	-13,655	-42%
Number of employees	877	903	-26	-3%

Balance sheet

in EUR thousand

	Realization		Change	
	31 Dec 2020	31 Dec 2019	YtD	
Total assets	1,585,652	1,462,306	123,346	8%
Net loans to customers	956,931	915,149	41,782	5%
Gross loans to customers	1,021,276	969,213	52,063	5%
Gross loans to corporate	395,466	393,137	2,329	1%
Gross loans to individuals	624,817	573,826	50,991	9%
Gross loans to state	993	2,250	-1,257	-56%
Financial assets	291,623	242,360	49,263	20%
Deposits from customers	1,288,824	1,175,612	113,212	10%
Deposits from corporate	354,663	314,598	40,065	13%
Deposits from individuals	924,979	854,135	70,844	8%
Deposits from state	9,182	6,879	2,303	33%
NPL volume	63,177	48,311	14,866	31%
NPL ratio (internal def.)	5.1%	4.2%	0.9 p.p.	
Capital (according to local legislation)				
Total capital ratio	15.7%	16.4%	-0.7 p.p.	
Overall capital requirement	15.0%	15.0%	0.0 p.p.	

Profit a.t. - YoY evolution (in EURm)



As of the end of the year 2020, the bank succeeded to realize a solid result before impairments and provisions in the amount of EUR 36.2 million, lower YoY due to lower net operating income. Higher impairments and provisions due to COVID-19 resulted in lower result after tax. The volume of gross loans to customers and the volume of deposits from customers increased 5% YoY. The predominant strength of the bank is the retail segment. Besides being the first bank in the country to be available through Viber, the bank remained the leader in innovations by launching mKlik mobile loans with a complete End to End (E2E) online loans solution.

NLB Banka, Banja Luka

NLB Banka A.D., Banja Luka

"on stand alone basis"

Key financial indicators	Realization		Change	
	1-12 2020	1-12 2019	YoY	
ROE a.t.	10.8%	19.9%	-9.0 p.p.	
Interest margin	2.46%	2.51%	-0.05 p.p.	
CIR	46.1%	44.1%	2.0 p.p.	
Cost of risk net (bps) ⁽ⁱ⁾	115	-48	162	
LTD net	68.0%	66.6%	1.4 p.p.	

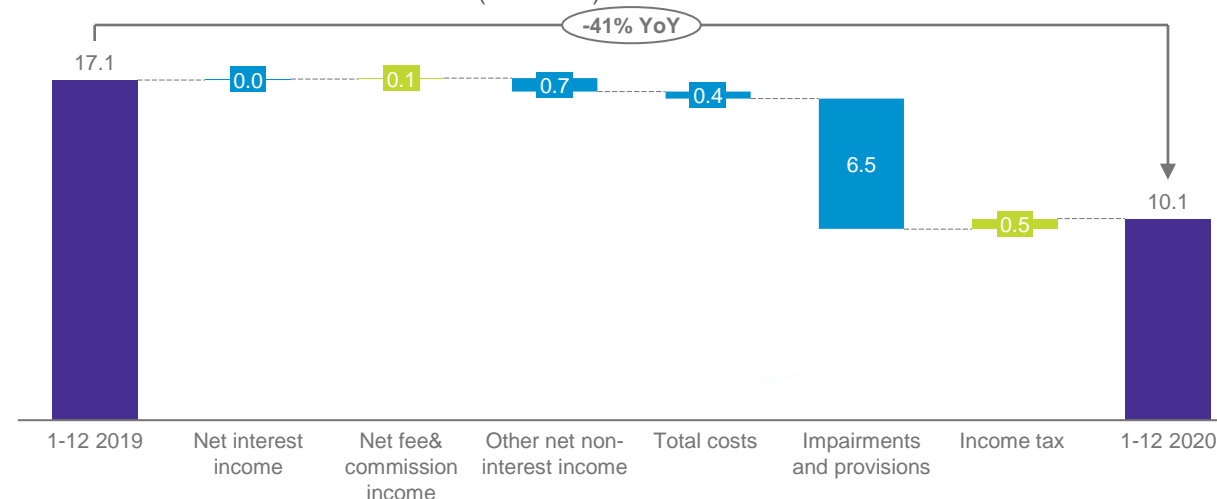
Income statement	Realization		Change	
	1-12 2020	1-12 2019	YoY	
in EUR thousand				
Total net operating income	30,066	30,652	-586	-2%
Net interest income	18,589	18,547	42	0%
Net non-interest income	11,477	12,105	-628	-5%
o/w net fees and commissions	11,543	11,486	57	0%
Total costs	-13,874	-13,517	-357	-3%
Employee costs	-8,602	-8,396	-206	-2%
Other general and administrative expenses	-3,869	-3,755	-114	-3%
Depreciation and amortization	-1,403	-1,366	-37	-3%
Result before impairments and provisions	16,192	17,135	-943	-6%
Impairments and provisions	-5,009	1,535	-6,544	-
Result after tax	10,122	17,101	-6,979	-41%
Number of employees	479	480	-1	0%

Balance sheet

in EUR thousand

	Realization		Change	
	31 Dec 2020	31 Dec 2019	YtD	
Total assets	796,486	773,410	23,076	3%
Net loans to customers	430,713	411,739	18,974	5%
Gross loans to customers	450,708	426,844	23,865	6%
Gross loans to corporate	168,684	173,476	-4,791	-3%
Gross loans to individuals	219,960	200,454	19,506	10%
Gross loans to state	62,064	52,914	9,150	17%
Financial assets	176,310	148,104	28,206	19%
Deposits from customers	633,507	618,095	15,412	2%
Deposits from corporate	142,456	145,915	-3,459	-2%
Deposits from individuals	460,271	435,123	25,148	6%
Deposits from state	30,780	37,057	-6,277	-17%
NPL volume	13,703	7,620	6,083	80%
NPL ratio (internal def.)	2.3%	1.3%	1.1 p.p.	
Capital (according to local legislation)				
Total capital ratio	17.3%	15.9%	1.4 p.p.	
Overall capital requirement	14.5%	14.5%	0.0 p.p.	

Profit a.t. - YoY evolution (in EURm)



Even though financial results for 2020 were influenced by higher impairments and provisions for credit risk due to COVID-19 pandemic, the bank preserved total operating income of EUR 30 million, almost on the same level YoY. The volume of gross loans to customers increased by 6% YoY. The Net non-interest income represents 38.2% of total income, the highest among NLB banking subsidiaries.

NLB Banka, Sarajevo

NLB Banka d.d., Sarajevo

"on stand alone basis"

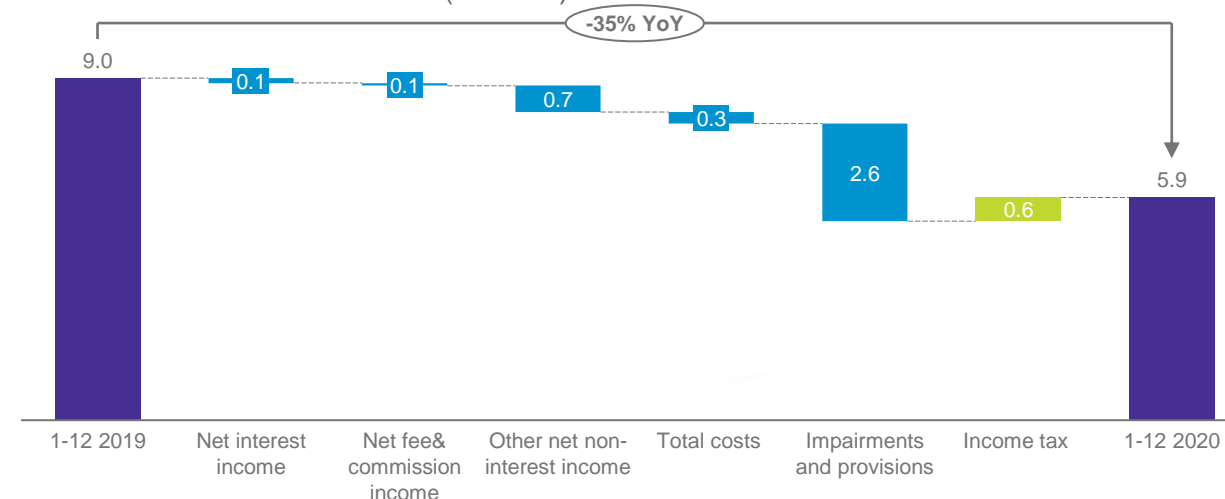
Key financial indicators	Realization		Change	
	1-12 2020	1-12 2019	YoY	
ROE a.t.	7.0%	11.2%	-4.2 p.p.	
Interest margin	2.91%	2.95%	-0.04 p.p.	
CIR	56.5%	53.6%	2.9 p.p.	
Cost of risk net (bps) ⁽ⁱ⁾	127	51	75	
LTD net	76.5%	77.5%	-1.0 p.p.	

Income statement	Realization		Change	
	1-12 2020	1-12 2019	YoY	
in EUR thousand				
Total net operating income	26,728	27,630	-902	-3%
Net interest income	17,826	17,962	-136	-1%
Net non-interest income	8,902	9,668	-766	-8%
o/w net fees and commissions	8,696	8,760	-64	-1%
Total costs	-15,113	-14,809	-304	-2%
Employee costs	-8,126	-8,379	253	3%
Other general and administrative expenses	-5,145	-5,014	-131	-3%
Depreciation and amortization	-1,842	-1,416	-426	-30%
Result before impairments and provisions	11,615	12,821	-1,206	-9%
Impairments and provisions	-5,063	-2,486	-2,577	104%
Result after tax	5,895	9,047	-3,152	-35%
Number of employees	444	450	-6	-1%

In 2020, the bank realized net interest income on the same level as previous year, while the consequences of the COVID-19 pandemic mainly reflected in lower non-interest income, slow-down in new production, higher impairments and provisions. The volume of gross loans to individual customers increased by almost 3% YoY, mostly due to growth of housing loans reaching the planned figures. The bank intensified activities on less risky products such as trade finance in order to compensate the interest income drop.

Balance sheet	Realization		Change	
	31 Dec 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	647,150	637,739	9,411	1%
Net loans to customers	399,146	399,299	-153	0%
Gross loans to customers	420,274	420,236	38	0%
Gross loans to corporate	180,864	189,476	-8,612	-5%
Gross loans to individuals	233,961	226,355	7,606	3%
Gross loans to state	5,449	4,405	1,044	24%
Financial assets	68,274	50,054	18,220	36%
Deposits from customers	521,639	515,230	6,409	1%
Deposits from corporate	138,042	134,566	3,476	3%
Deposits from individuals	312,959	300,051	12,908	4%
Deposits from state	70,638	80,613	-9,975	-12%
NPL volume	24,691	18,582	6,109	33%
NPL ratio (internal def.)	4.5%	3.3%	1.2 p.p.	
Capital (according to local legislation)				
Total capital ratio	17.9%	16.0%	1.9 p.p.	
Overall capital requirement	15.3%	14.5%	0.8 p.p.	

Profit a.t. - YoY evolution (in EURm)



NLB Banka, Prishtina

NLB Banka sh.a., Prishtine

"on stand alone basis"

Key financial indicators	Realization		Change	
	1-12 2020	1-12 2019	YoY	
ROE a.t.	14.5%	25.1%	-10.6 p.p.	
Interest margin	3.95%	4.33%	-0.38 p.p.	
CIR	31.8%	32.0%	-0.2 p.p.	
Cost of risk net (bps) ⁽ⁱ⁾	198	33	166	
LTD net	74.7%	78.8%	-4.1 p.p.	

Income statement	Realization		Change	
	1-12 2020	1-12 2019	YoY	
in EUR thousand				
Total net operating income	38,678	36,853	1,825	5%
Net interest income	32,286	31,014	1,272	4%
Net non-interest income	6,392	5,839	553	9%
o/w net fees and commissions	7,703	7,373	330	4%
Total costs	-12,289	-11,796	-493	-4%
Employee costs	-6,158	-6,210	52	1%
Other general and administrative expenses	-4,101	-3,805	-296	-8%
Depreciation and amortization	-2,030	-1,781	-249	-14%
Result before impairments and provisions	26,389	25,057	1,332	5%
Impairments and provisions	-11,345	-3,069	-8,276	-
Result after tax	13,334	19,545	-6,211	-32%
Number of employees	463	474	-11	-2%

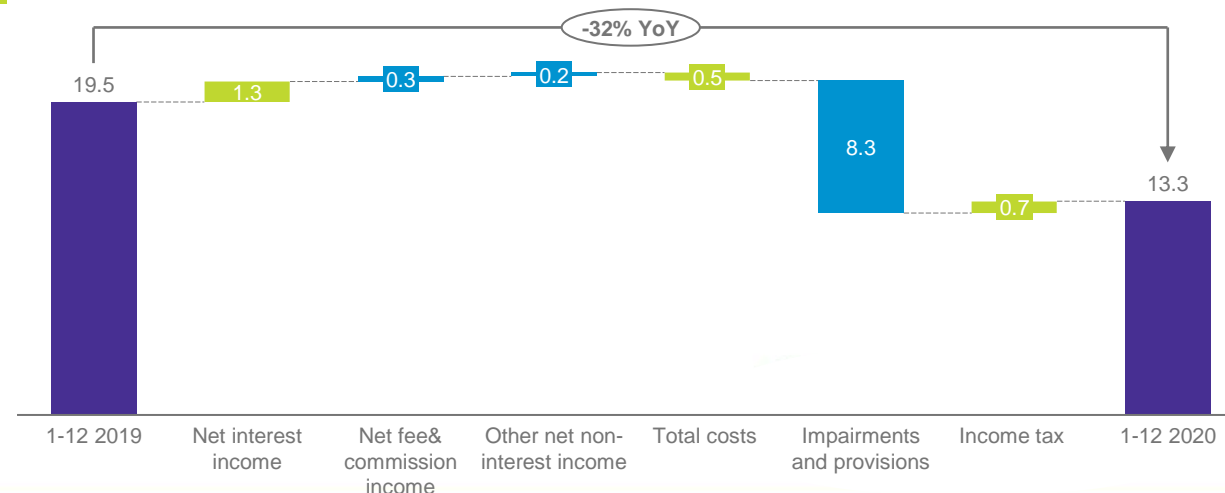
In 2020, the financial performance of the bank has continued to outperform the budget by realizing a profit before impairment and provisions of EUR 26.4 million, 5% higher YoY. The result was mainly driven by the increase of the business volumes. The volume of gross loans to customers increased by 5% YoY. In its local market, the bank is a market leader and grew more than average in 2020.

Balance sheet

in EUR thousand

	Realization		Change	
	31 Dec 2020	31 Dec 2019	YtD	
Total assets	879,064	801,085	77,979	10%
Net loans to customers	559,223	540,073	19,150	4%
Gross loans to customers	596,076	567,103	28,973	5%
Gross loans to corporate	375,586	359,414	16,172	4%
Gross loans to individuals	220,481	207,689	12,792	6%
Gross loans to state	9	0	9	-
Financial assets	102,709	77,977	24,732	32%
Deposits from customers	748,315	685,385	62,930	9%
Deposits from corporate	196,475	196,818	-343	0%
Deposits from individuals	540,925	476,546	64,379	14%
Deposits from state	10,915	12,021	-1,106	-9%
NPL volume	17,519	10,939	6,580	60%
NPL ratio (internal def.)	2.3%	1.5%	0.8 p.p.	
Capital (according to local legislation)				
Total capital ratio	17.8%	16.4%	1.4 p.p.	
Overall capital requirement	12.0%	12.0%	0.0 p.p.	

Profit a.t. - YoY evolution (in EURm)



NLB Banka, Podgorica

NLB Banka a.d., Podgorica

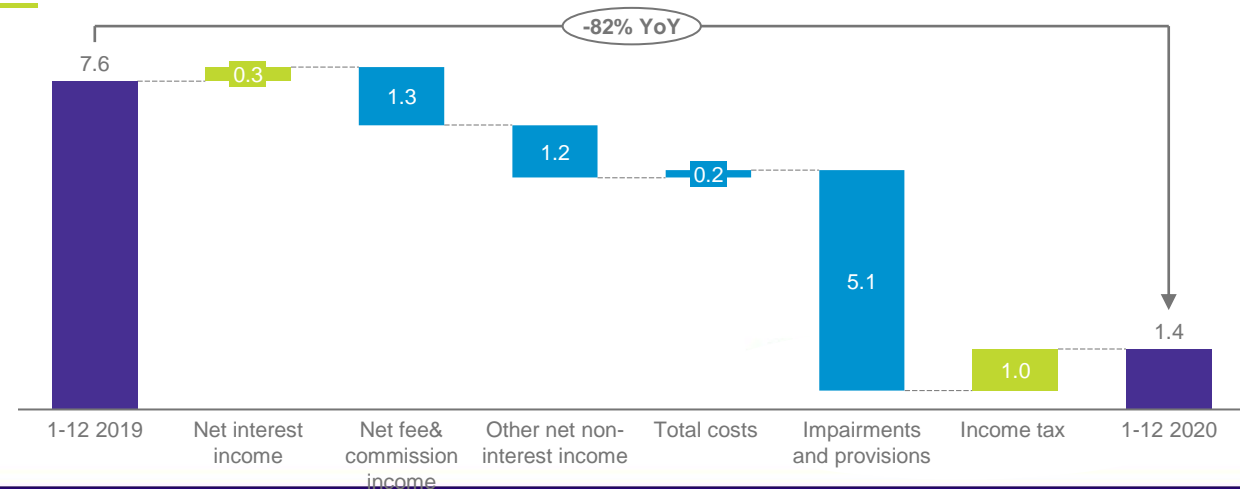
"on stand alone basis"

Key financial indicators	Realization		Change	
	1-12 2020	1-12 2019	YoY	
ROE a.t.	2.0%	11.2%	-9.2 p.p.	
Interest margin	4.12%	4.27%	-0.15 p.p.	
CIR	56.0%	51.9%	4.0 p.p.	
Cost of risk net (bps) ⁽ⁱ⁾	111	-8	119	
LTD net	85.1%	79.3%	5.7 p.p.	

Income statement	Realization		Change	
	1-12 2020	1-12 2019	YoY	
Total net operating income	24,339	26,564	-2,225	-8%
Net interest income	20,598	20,276	322	2%
Net non-interest income	3,741	6,288	-2,547	-41%
o/w net fees and commissions	5,105	6,445	-1,340	-21%
Total costs	-13,622	-13,792	170	1%
Employee costs	-7,214	-7,656	442	6%
Other general and administrative expenses	-4,977	-4,603	-374	-8%
Depreciation and amortization	-1,431	-1,533	102	7%
Result before impairments and provisions	10,717	12,772	-2,055	-16%
Impairments and provisions	-8,887	-3,808	-5,079	133%
Result after tax	1,387	7,565	-6,178	-82%
Number of employees	312	303	9	3%

Balance sheet	Realization		Change	
	31 Dec 2020	31 Dec 2019	YtD	
Total assets	537,629	548,483	-10,854	-2%
Net loans to customers	367,168	346,299	20,869	6%
Gross loans to customers	386,525	359,180	27,345	8%
Gross loans to corporate	110,274	100,961	9,313	9%
Gross loans to individuals	255,555	231,506	24,049	10%
Gross loans to state	20,696	26,713	-6,017	-23%
Financial assets	28,094	57,339	-29,245	-51%
Deposits from customers	431,657	436,545	-4,888	-1%
Deposits from corporate	137,315	135,396	1,919	1%
Deposits from individuals	277,126	283,091	-5,965	-2%
Deposits from state	17,216	18,058	-842	-5%
NPL volume	27,280	18,129	9,151	50%
NPL ratio (internal def.)	5.8%	4.0%	1.8 p.p.	
Capital (according to local legislation)				
Total capital ratio	16.2%	15.0%	1.2 p.p.	
Overall capital requirement	10.0%	10.0%	0.0 p.p.	

Profit a.t. - YoY evolution (in EURm)



The bank realized higher net interest income by 2% (YoY). The volume of gross loans to customers increased in 2020 in all segments (except to state) by marking double digit growth in the housing segment by 17% YoY (highest housing loans growth in 2020 amongst all banking members). COVID-19 situation dominantly affected portfolio quality from Q1 2020, resulting with increase of NPL share.

NLB Banka, Beograd

NLB Banka a.d., Beograd

"on stand alone basis"

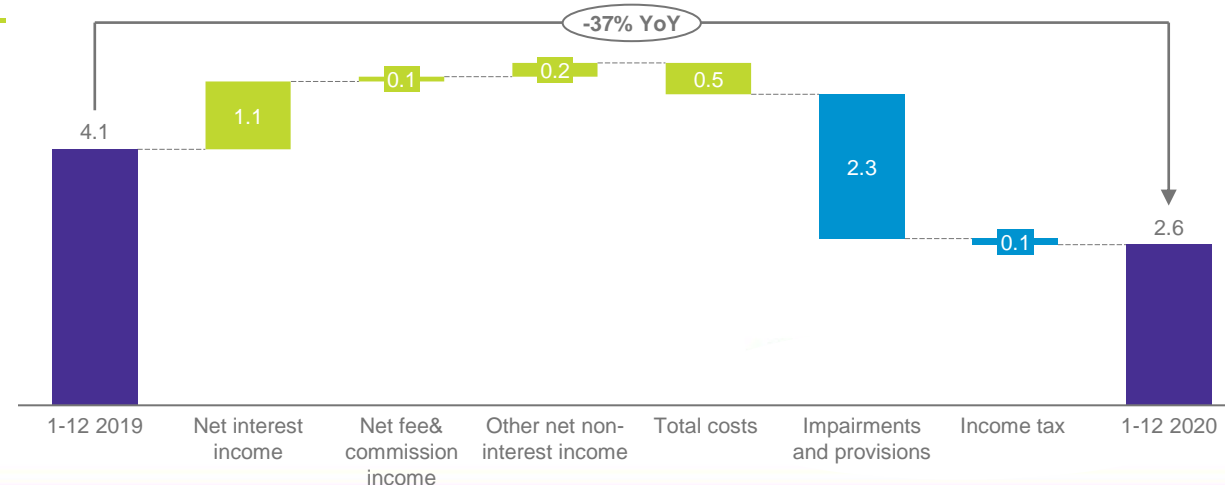
Key financial indicators	Realization		Change	
	1-12 2020	1-12 2019	YoY	
ROE a.t.	3.5%	5.9%	-2.4 p.p.	
Interest margin	3.39%	4.03%	-0.64 p.p.	
CIR	76.4%	78.6%	-2.2 p.p.	
Cost of risk net (bps) ⁽ⁱ⁾	78	28	50	
LTD net	95.1%	94.2%	0.9 p.p.	
Income statement	Realization		Change	
	1-12 2020	1-12 2019	YoY	
in EUR thousand				
Total net operating income	26,634	25,237	1,397	6%
Net interest income	21,822	20,722	1,100	5%
Net non-interest income	4,812	4,515	297	7%
o/w net fees and commissions	6,058	5,980	78	1%
Total costs	-20,351	-19,845	-506	-3%
Employee costs	-11,100	-10,531	-569	-5%
Other general and administrative expenses	-6,497	-6,719	222	3%
Depreciation and amortization	-2,754	-2,595	-159	-6%
Result before impairments and provisions	6,283	5,392	891	17%
Impairments and provisions	-3,591	-1,254	-2,337	186%
Result after tax	2,598	4,142	-1,544	-37%
Number of employees	509	479	30	6%

The bank ended 2020 with profit before impairments and provisions of EUR 6.3 million, 16% up YoY. Profit after tax in the amount of EUR 2.6 million, 37% lower YoY. The result was mainly driven by the increase of business volume and the cost of risk. Gross loans to individuals and gross loans to corporate grew by 15% YoY. The bank is market leader in loans to farmers subsidised by the Serbian Ministry of Agriculture (30.4% share in gross corporate loans).



Balance sheet	Realization		Change	
	31 Dec 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	686,693	614,268	72,425	12%
Net loans to customers	472,170	412,046	60,124	15%
Gross loans to customers	482,552	419,521	63,031	15%
Gross loans to corporate	293,825	253,842	39,983	16%
Gross loans to individuals	188,705	164,003	24,702	15%
Gross loans to state	22	1,676	-1,654	-99%
Financial assets	64,111	74,781	-10,670	-14%
Deposits from customers	496,288	437,268	59,020	13%
Deposits from corporate	242,290	186,376	55,914	30%
Deposits from individuals	248,593	249,021	-428	0%
Deposits from state	5,405	1,871	3,534	189%
NPL volume	8,718	8,004	714	9%
NPL ratio (internal def.)	1.4%	1.6%	-0.1 p.p.	
Capital (according to local legislation)				
Total capital ratio	19.1%	19.5%	-0.4 p.p.	
Overall capital requirement	15.5%	15.5%	0.0 p.p.	

Profit a.t. - YoY evolution (in EURm)



Komercijalna Banka group

in EUR million	Komercijalna Banka group ⁽¹⁾									
	Komercijalna Banka, Beograd		Komercijalna Banka, Banja Luka		Komercijalna Banka, Podgorica		Kombank INvest		Komercijalna Banka group (consolidated)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income	103	107	5	5	5	5			113	117
Net fee and commission income	41	45	2	2	1	2			45	49
Operating costs	98	94	6	6	6	5	0.2	0.2	110	105
Net impairments and provisions	-9	21	0	0	-1	-1	0.001	0.025	-11	13
Result after tax ⁽ⁱ⁾	25	76	1	1	1	1			26	71
Total assets	3,907	3,677	236	250	154	156	1.5	1.4	4,255	4,046
Net loans to customers	1,630	1,579	155	151	104	88			1,866	1,771
Deposits	3,194	2,874	153	177	120	125			3,455	3,155
ROE ⁽ⁱⁱ⁾	5.6%	11.7%	2.3%	3.8%	2.6%	4.8%	0.4%	1.9%	5.5%	10.2%
Interest margin ⁽ⁱⁱⁱ⁾	2.7%	3.0%	2.3%	2.2%	3.3%	3.3%			2.7%	3.0%
CIR	68.1%	61.8%	87.6%	86.5%	85.3%	83.6%			69.2%	63.7%
LTD	51.0%	54.9%	101.8%	85.2%	86.7%	70.7%			54.0%	56.1%
NPL ratio ⁽ⁱⁱ⁾	7.8%	7.2%	2.1%	5.8%	4.9%	5.8%			7.2%	7.0%
# of employees	2,669	2,744	163	159	146	148	5	5	2,983	3,056

⁽ⁱ⁾ Profit before tax for Komercijalna banka, Banja Luka and Komercijalna banka, Podgorica

⁽ⁱⁱ⁾ Calculated as the ratio between result before tax annualized and average total equity

⁽ⁱⁱⁱ⁾ Net Interest Income/ Average Total Net Assets

Despite the COVID-19 outbreak, the financial result of Komercijalna Banka group remained solid by maintaining a strong liquidity position and capital. Eventhough the decrease in net interest income (as a result of decreasing interest rates) and net fees (due to the COVID-19 pandemic), the established impairments and provisions had the largest impact on the result of Komercijalna Banka Beograd. Komercijalna Banka Banja Luka and Komercijalna Banka Podgorica realized Net interest Income slightly higher than previous year level.

Financial markets in Slovenia

in million EUR
consolidated

Financial Markets in Slovenia

	2020	2019	Change YoY		Q4 2020	Q3 2020	Q4 2019	Change QoQ
Net interest income	23.5	33.6	-10.1	-30%	6.6	5.6	8.4	18%
o/w ALM ⁽ⁱ⁾	16.5	29.3	-12.8	-44%				
Net non-interest income	16.2	2.0	14.1	-	0.2	0.6	0.2	-70%
Total net operating income	39.6	35.6	4.0	11%	6.8	6.2	8.6	10%
Total costs	-7.6	-7.5	-0.1	-1%	-2.0	-2.0	-2.3	3%
Result before impairments and provisions	32.0	28.1	3.9	14%	4.8	4.1	6.3	16%
Impairments and provisions	-1.3	-0.5	-0.8	-167%	0.0	-1.3	0.0	-
Result before tax	30.8	27.6	3.1	11%	4.8	2.8	6.4	70%

	31 Dec 2020	30 Sep 2020	31 Dec 2019	Change YoY	Change QoQ
Balances with Central banks	1,998.1	1,931.1	1,044.1	953.9	91%
Banking book securities	2,945.8	3,054.1	3,093.6	-147.8	-5%
<i>Interest rate on banking book securities</i>	<i>0.77%</i>	<i>0.77%</i>	<i>1.03%</i>	<i>-0.26 p.p.</i>	<i>0.00 p.p.</i>
Wholesale funding	143.5	151.4	161.6	-18.1	-11%
<i>Interest rate on wholesale funding</i>	<i>0.54%</i>	<i>0.55%</i>	<i>0.50%</i>	<i>0.04 p.p.</i>	<i>-0.01 p.p.</i>
Subordinated liabilities	288.3	290.0	210.6	77.8	37%
<i>Interest rate on subordinated liabilities</i>	<i>3.64%</i>	<i>3.62%</i>	<i>4.03%</i>	<i>-0.39 p.p.</i>	<i>0.02 p.p.</i>

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

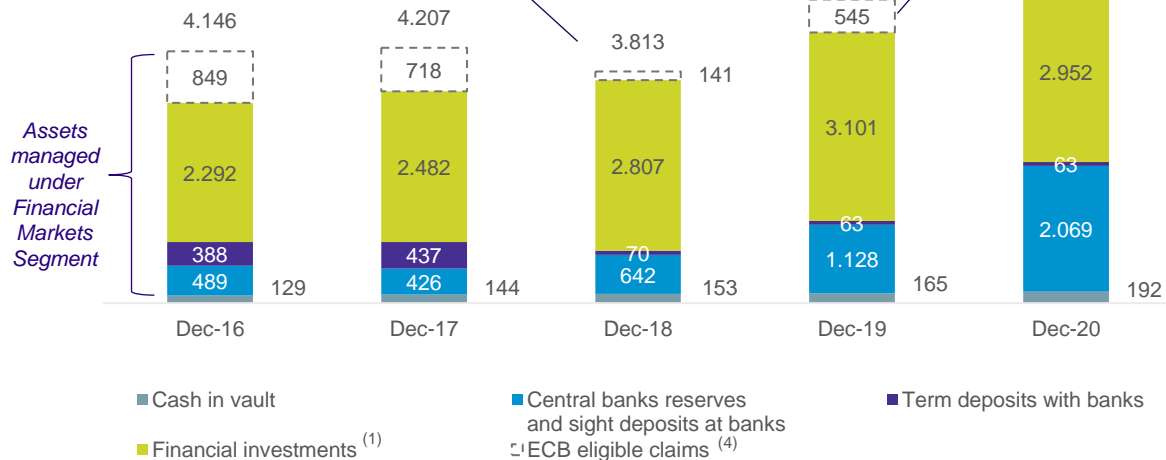
- The segment includes income generated by the liquidity reserves, as well as the surplus from fund transfer pricing (FTP) to other business segments in Slovenia. Financial Markets in Slovenia recorded a **profit before tax** of EUR 30.8 million, a 11% increase YoY.
- **Net interest income** was EUR 10.1 million (30%) lower YoY, mainly due to the capitalisation of high yielding securities either as they were due or (and in particular) as they were sold because of higher risk perceived towards some exposures during the COVID-19 pandemic in H1 2020. Later, these funds were reinvested at lower yields in different asset classes to further diversify the portfolio.
- Following the H1 2020 sale of high yielding securities net non-interest income was higher, EUR 14.1 million YoY. The total effect on the income statement from the sold securities in H1 amounted to EUR 17.1 million.
- Increase in **balances with central banks** (EUR 953.9 million YoY), while **banking book securities** decreased by EUR 147.8 million due to lack of attractive and profitable short-term investments at the end of the year (T-bills auction cancellation by RoS).

Financial markets in Slovenia

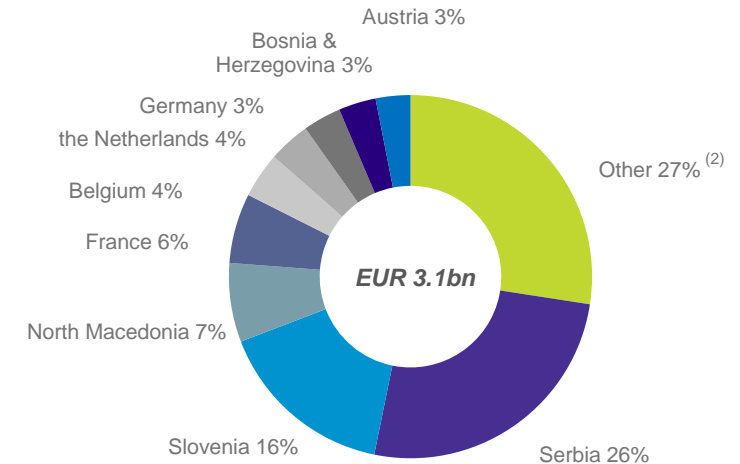
Liquid assets evolution (EURm)

The volume decreased due to the modification in ECB eligibility criterion adopted on 7 February 2018 in ECB Guideline (EU) 2018/570.

The volume of ECB eligible credit claims increased due to the modification in ECB eligibility criterion adopted on 10 May 2019 in ECB Guideline (EU) 2019/1032.



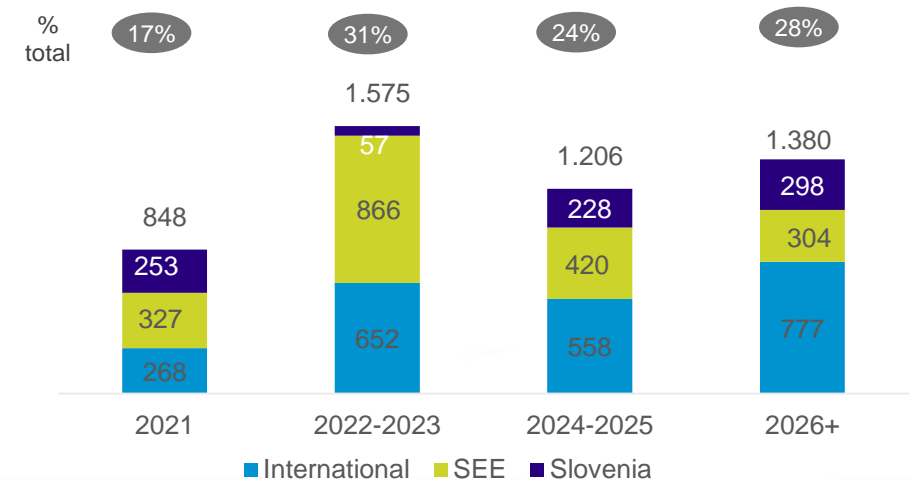
Well diversified banking book by geography (31 Dec 2020)



Well positioned and funded division

- Strong liquidity buffer provides solid base for future core growth consisting of liquid assets which are not encumbered for operational or regulatory purposes
- Banking book securities portfolio is well diversified in terms of asset class and geography to minimize concentration risk, and is invested predominantly in high quality issuers on prudent tenors
- Liquidity ratios (as of 31 Dec 2020): LCR 336% (NLB d.d.) and 258% (NLB Group); NSFR 162% (NLB d.d.) and 166% (NLB Group)

Maturity profile of banking book securities(3) (31 Dec 2020, EURm)



Non-core members

in EUR million
consolidated

Non-Core Members

	2020	2019	Change YoY		Q4 2020	Q3 2020	Q4 2019	Change QoQ
Net interest income	1.2	2.7	-1.5	-56%	0.3	0.2	0.6	7%
Net non-interest income	4.2	8.7	-4.5	-51%	1.4	0.9	1.9	43%
Total net operating income	5.4	11.5	-6.0	-53%	1.6	1.2	2.5	36%
Total costs	-12.9	-14.5	1.6	11%	-3.1	-3.2	-4.2	3%
Result before impairments and provisions	-7.4	-3.0	-4.4	-148%	-1.5	-2.0	-1.7	25%
Impairments and provisions	2.9	-0.1	3.0	-	2.5	0.5	-1.4	-
Result before tax	-4.6	-3.1	-1.5	-47%	1.0	-1.6	-3.2	-

	31 Dec 2020	30 Sep 2020	31 Dec 2019	Change YoY	Change QoQ
Segment assets	131.2	143.3	169.5	-38.3	-23%
Net loans to customers	45.0	52.6	67.4	-22.4	-33%
Gross loans to customers	95.0	120.7	137.2	-42.2	-31%
Investment property and property & equipment received for repayment of loans	70.2	73.1	75.6	-5.4	-7%
Other assets	16.0	17.6	26.5	-10.5	-40%
Non-performing loans (gross)	71.3	92.9	93.6	-22.4	-24%

	2020	2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	-396	-231	-165
CIR	236.2%	126.0%	110.16 p.p.

⁽¹⁾ Cost of risk for 2019 is adjusted to new methodology.

- The segment recorded a EUR 4.6 million **loss before tax**. Lower **net non-interest income** also due to the positive effect from contractual penalty (EUR 1.3 million) in 2019.
- A decrease of the **total assets** of the segment YoY (EUR 38.3 million) in line with the divestment strategy of the non-core segment, hence EUR 6.6 million decrease of the **net operating income**.

Other

in EUR million
consolidated

		Other						
	2020	2019	Change YoY		Q4 2020	Q3 2020	Q4 2019	Change QoQ
Total net operating income	8.0	14.1	-6.1	-43%	3.0	2.4	2.2	26%
Total costs	-11.7	-14.7	2.9	20%	-3.3	-2.6	-6.2	-26%
Result before impairments and provisions	-3.8	-0.6	-3.2	-	-0.2	-0.2	-4.0	-28%
Impairments and provisions	-7.8	-5.8	-2.0	-35%	-7.5	0.1	-5.7	-
Result before tax	-11.5	-6.4	-5.1	-80%	-7.7	-0.1	-9.7	-

- The segment Other recorded EUR 11.5 million of **loss before tax**, EUR 5.1 million decrease YoY, mostly due to positive effect of Intereuropa shares revaluation in 2019 (EUR 6.3 million).
- EUR 11.7 million of **total costs** (EUR 4.3 million lower YoY), related mostly to IT, cash transport, external realization, and costs, regarding vacant business premises.
- **Net impairments and provisions** established in the amount of EUR 7.8 million, EUR 5.1 million increase YoY. EUR 7.5 million net established in Q4 2020, of which provisions for legal risk EUR 3.8 million and for HR provisions EUR 3.5 million.





Appendix 2


Macro Overview

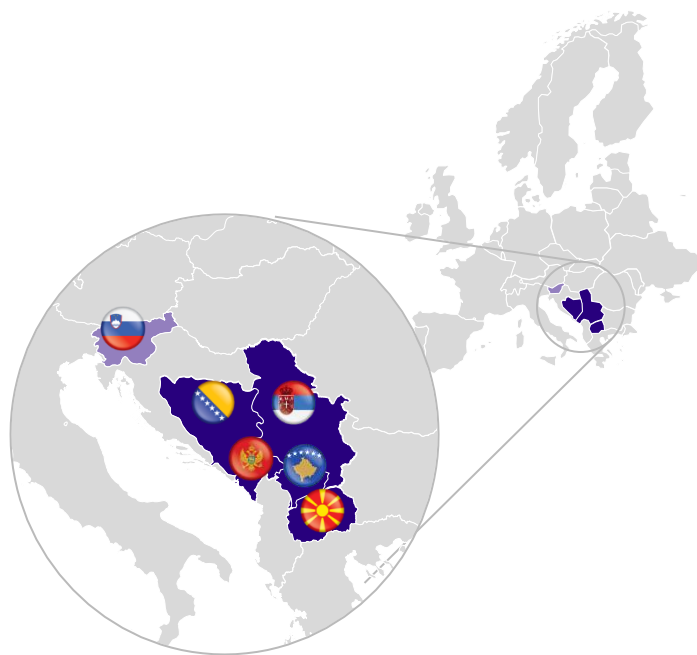
NLB Group – Macro overview

NLB d.d. & 9 subsidiary banks operate in Slovenia (EU member) & 5 SEE countries (convergence to EU)

Slovenia 	EUR
GDP (EURbn)	46.3
Real GDP growth (%)	-5.5
Population (m)	2.1
Household indebtedness ⁽¹⁾	23.2%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A

Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	17.4
Real GDP growth (%)	-4.3
Population (m)	3.3
Household indebtedness ⁽¹⁾	29.2%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	4.2
Real GDP growth (%)	-13.0
Population (m)	0.6
Household indebtedness ⁽¹⁾	33.3%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	46.5
Real GDP growth (%)	-1.0
Population (m)	6.9
Household indebtedness ⁽¹⁾	22.7%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	6.8
Real GDP growth (%)	-3.6
Population (m)	1.8
Household indebtedness ⁽¹⁾	17.3%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	10.8
Real GDP growth (%)	-4.5
Population (m)	2.1
Household indebtedness ⁽¹⁾	27.9%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

Macro Overview

Economic data

- The course of the global economy in 2020 was determined by the Covid-19 pandemic, causing unprecedented contraction in the global economy.
- The pandemic and its associated restrictions continue to weigh on economy in early 2021. However, the economic situation is expected to gradually improve when the pandemic is put under control and restrictions are relaxed.

Fiscal data

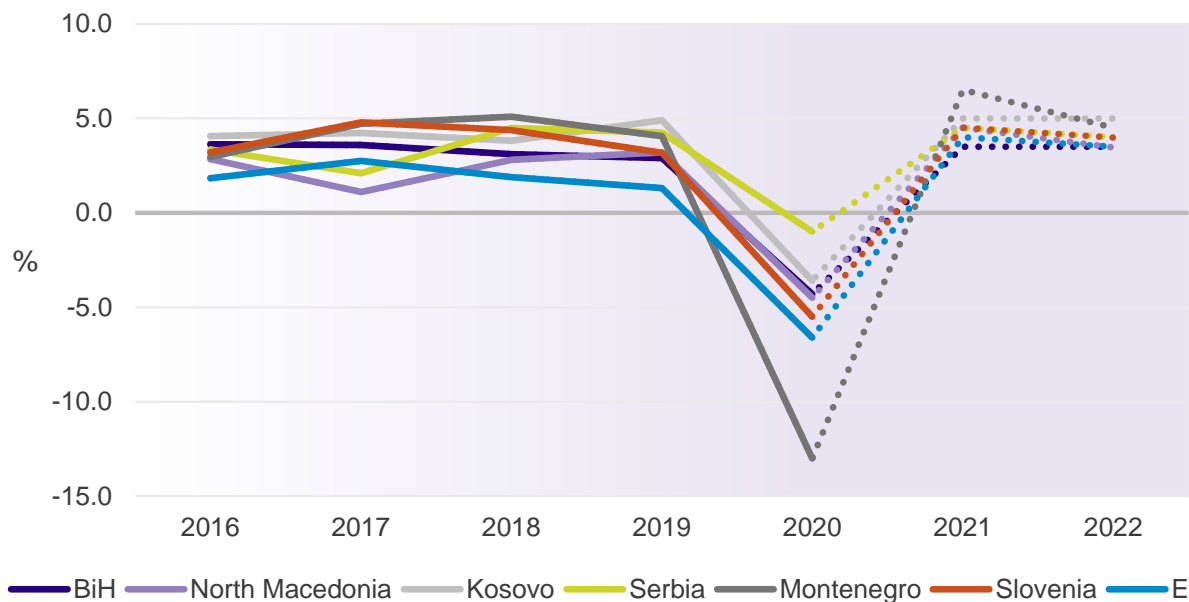
- The cost of mitigating the pandemic will continue to be felt in 2021 although pressures on public finances are expected to ease.
- Fiscal deficits are expected to narrow due to growth-induced rise in budget revenues, gradual unwinding of pandemic-related emergency measures and projected rebound in economic activity.
- Public debts are expected to move in line with narrowing fiscal deficits and the economic rebound.

Monetary data

- ECB provided abundant liquidity and conducted large-scale asset purchases with the objective to keep favourable financing conditions
- National authorities implemented capital, liquidity and borrower-based macroprudential measures to support banks facilitating the real economy.
- Divergence between the growth in deposits and the credit growth was evident, although different dynamics in countries in the Group's region were recorded in this regard.

Macro Overview – Economic data

Real GDP growth, %



KEY FINDINGS:

Economic implications of the Covid-19 pandemic differed between countries of the Group's region due to underlying differences in features of economies. The lowest annual contraction was registered by **Serbia**, while the highest contraction was experienced by **Montenegro**.

The economic growth in the **Group's region** could be around 4.8% in 2021, underpinned by revival in consumer and investment spending.

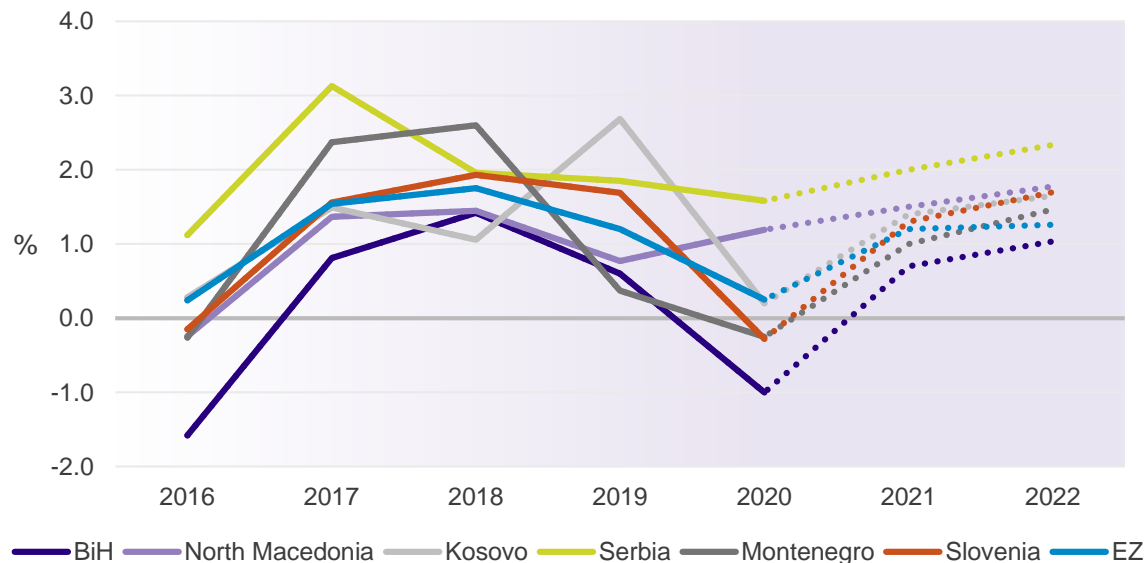
Real GDP growth, %	2016	2017	2018	2019	2020	2021	2022
Bosnia and Herzegovina	3.6	3.6	3.1	2.9	-4.3	3.5	3.5
North Macedonia	2.8	1.1	2.8	3.2	-4.5	4.5	3.5
Kosovo	4.1	4.2	3.8	4.9	-3.6	5.0	5.0
Serbia	3.3	2.1	4.5	4.2	-1.0	4.5	4.0
Montenegro	2.9	4.7	5.1	4.1	-13.0	6.5	4.5
Slovenia	3.2	4.8	4.4	3.2	-5.5	4.5	4.0
Eurozone	1.8	2.7	1.9	1.3	-6.6	4.0	3.5

Sources: FocusEconomics, NLB Forecasts for 2021 and 2022

Note: Data as on 2 April, 2021

Macro Overview – Economic data

Average inflation rate, %



KEY FINDINGS:

Inflation fell in countries of the **Group's region**, mainly because of downward pressure on consumer prices due to depressed domestic demand and drop in oil prices.

Inflation is expected to rise in 2021 as drivers of deflation in 2020 are set to become drivers of reflation in 2021. The economic recovery should also play its part as an upward pressure on prices.

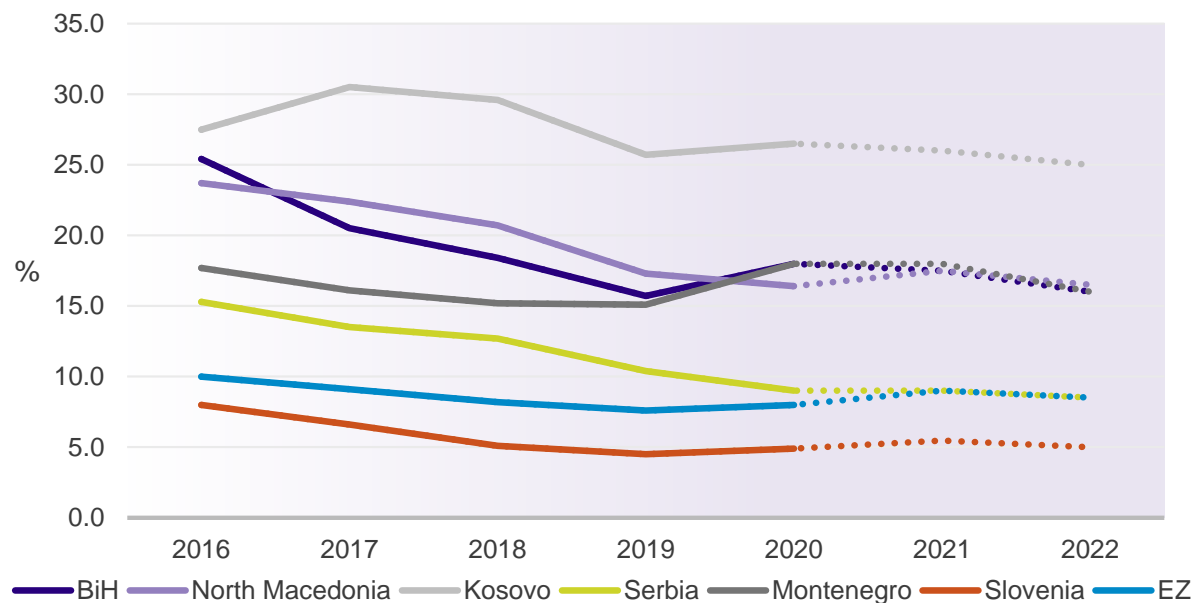
Average inflation rate, %	2016	2017	2018	2019	2020	2021	2022
Bosnia and Herzegovina	-1.6	0.8	1.4	0.6	-1.0	0.7	1.0
North Macedonia	-0.2	1.4	1.4	0.8	1.2	1.5	1.8
Kosovo	0.3	1.5	1.1	2.7	0.2	1.4	1.7
Serbia	1.1	3.1	2.0	1.9	1.6	2.0	2.3
Montenegro	-0.3	2.4	2.6	0.4	-0.3	1.0	1.5
Slovenia	-0.2	1.6	1.9	1.7	-0.3	1.3	1.7
Eurozone	0.2	1.5	1.8	1.2	0.3	1.2	1.3

Sources: FocusEconomics, NLB Forecasts for 2021 and 2022

Note: HICP for Slovenia, Kosovo and Eurozone, other CPI

Macro Overview – Economic data

Unemployment rate, %



KEY FINDINGS:

The COVID-19 shock had only a moderate effect on **unemployment rate** as deeper labour market effects have been prevented by different jobs retention schemes masking the real impact of the crisis on the labour market.

Potential lagged effects when support schemes end, and a surge in bankruptcies, which were for now largely prevented, are factors expected to weigh on the unemployment rate in 2021.

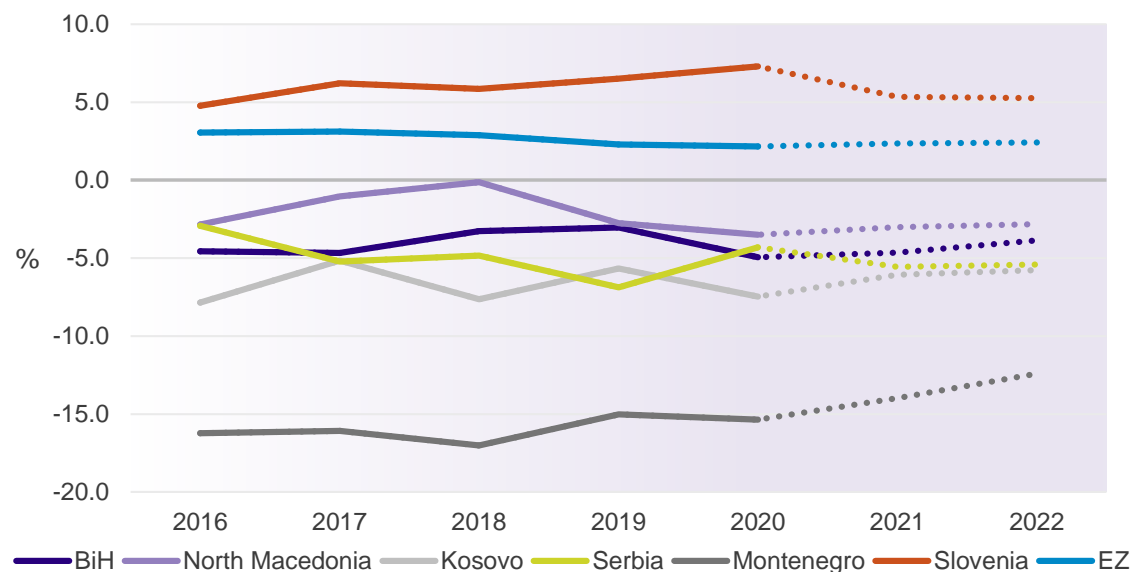
Unemployment rate, %	2016	2017	2018	2019	2020	2021	2022
Bosnia and Herzegovina	25.4	20.5	18.4	15.7	18.0	17.5	16.0
North Macedonia	23.7	22.4	20.7	17.3	16.4	17.5	16.5
Kosovo	27.5	30.5	29.6	25.7	26.5	26.0	25.0
Serbia	15.3	13.5	12.7	10.4	9.0	9.0	8.5
Montenegro	17.7	16.1	15.2	15.1	18.0	18.0	16.0
Slovenia	8.0	6.6	5.1	4.5	4.9	5.5	5.0
Eurozone	10.0	9.1	8.2	7.6	8.0	9.0	8.5

Sources: FocusEconomics, NLB Forecasts for 2021 and 2022

Note: Data for 2020 estimated for BiH, Montenegro and Kosovo

Macro Overview – Economic data

Current account, % GDP



KEY FINDINGS:

Current accounts worsened in several countries of the **Group's region** in 2020, and deficits' financing needed to be complemented due to decrease in regular sources of financing, i.e. remittances and FDIs.

The COVID-19 shock affects external trade in the Group's region and current accounts are poised to be affected by the path of recovery in external and domestic demand.

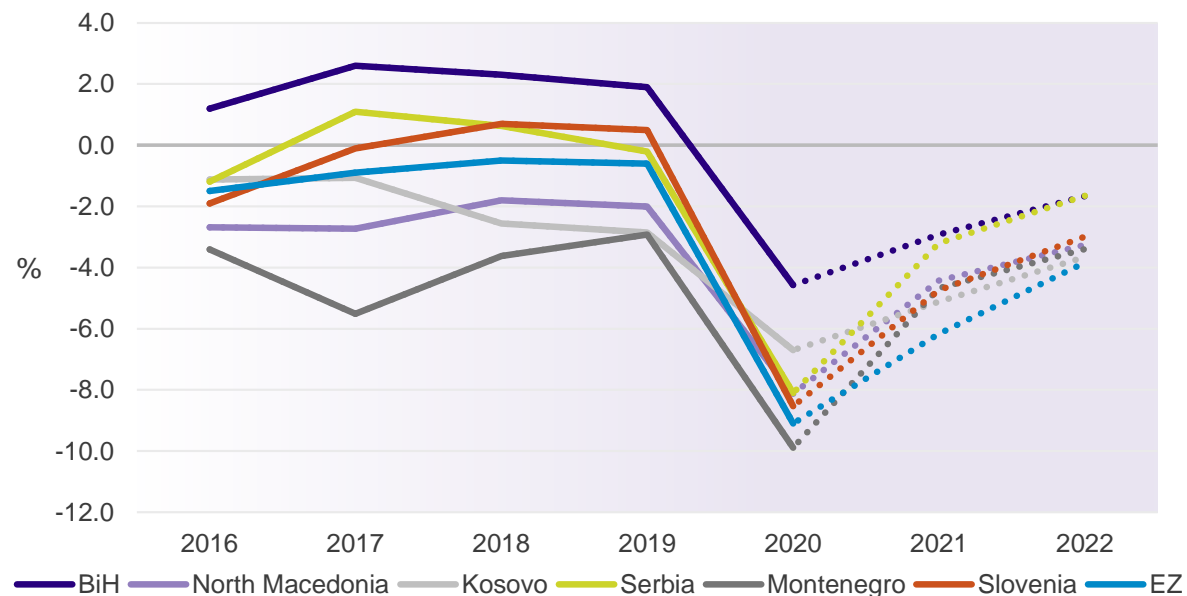
Current Account, % GDP	2016	2017	2018	2019	2020	2021	2022
Bosnia and Herzegovina	-4.6	-4.7	-3.3	-3.0	-4.9	-4.6	-3.9
North Macedonia	-2.9	-1.0	-0.1	-2.8	-3.5	-3.0	-2.8
Kosovo	-7.9	-5.2	-7.6	-5.7	-7.5	-6.1	-5.8
Serbia	-2.9	-5.2	-4.8	-6.9	-4.3	-5.6	-5.4
Montenegro	-16.2	-16.1	-17.0	-15.0	-15.4	-14.0	-12.4
Slovenia	4.8	6.2	5.8	6.5	7.3	5.3	5.3
Eurozone	3.0	3.1	2.9	2.3	2.2	2.4	2.4

Sources: FocusEconomics

Note: Data for 2020 estimated for all countries except for Slovenia, Serbia and N. Macedonia; Consensus Forecasts for 2021 and 2022

Macro Overview – Fiscal data

Fiscal Balance, % GDP



KEY FINDINGS:

Fiscal balances were affected by implementation of fiscal measures aimed at cushioning Covid-19 economic implications.

In 2021, fiscal deficits are expected to narrow due to growth-induced rise in budget revenues, gradual unwinding of pandemic-related emergency measures and projected rebound in economic activity.

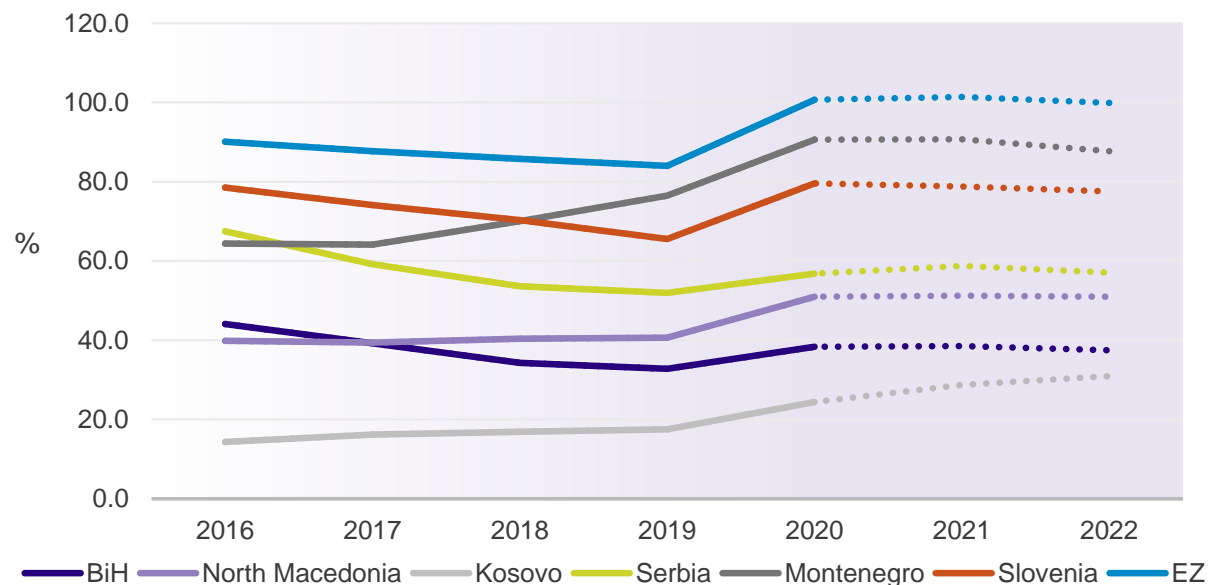
Fiscal balance, % GDP	2016	2017	2018	2019	2020	2021	2022
Bosnia and Herzegovina	1.2	2.6	2.3	1.9	-4.6	-2.9	-1.7
North Macedonia	-2.7	-2.7	-1.8	-2.0	-8.1	-4.4	-3.3
Kosovo	-1.1	-1.1	-2.6	-2.9	-6.7	-5.1	-3.7
Serbia	-1.2	1.1	0.6	-0.2	-8.1	-3.2	-1.7
Montenegro	-3.4	-5.5	-3.6	-2.9	-9.9	-4.7	-3.4
Slovenia	-1.9	-0.1	0.7	0.5	-8.5	-4.7	-3.0
Eurozone	-1.5	-0.9	-0.5	-0.6	-9.1	-6.2	-3.8

Sources: FocusEconomics

Note: Data for 2020 estimated for all countries except for Serbia; Consensus Forecasts for 2021 and 2022

Macro Overview – Fiscal data

Public Debt, % GDP



KEY FINDINGS:

Public debts were, similarly to fiscal balances, affected by implementation of fiscal measures aimed at cushioning Covid-19 economic implications.

In 2021, public debts are expected to move in line with narrowing fiscal deficits and the economic rebound.

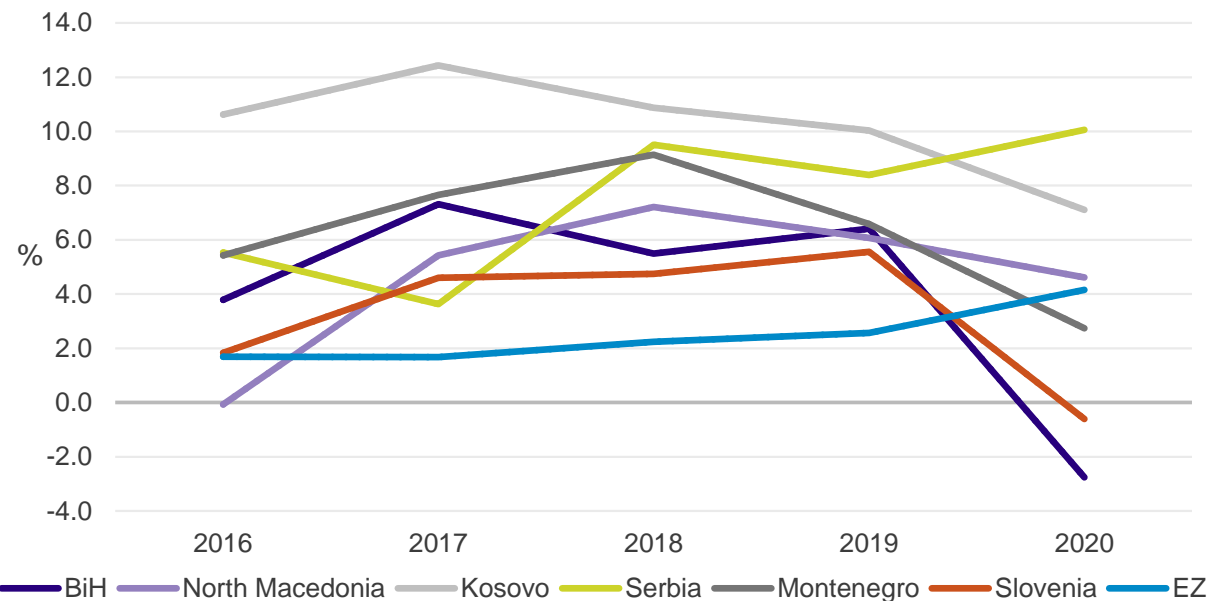
Public debt, % GDP	2016	2017	2018	2019	2020	2021	2022
Bosnia and Herzegovina	44.1	39.2	34.3	32.8	38.4	38.6	37.5
North Macedonia	39.9	39.4	40.4	40.7	51.0	51.2	50.9
Kosovo	14.4	16.2	16.9	17.5	24.4	28.7	31.0
Serbia	67.5	59.2	53.6	52.0	56.8	58.7	57.0
Montenegro	64.4	64.2	70.1	76.5	90.6	90.7	87.7
Slovenia	78.5	74.1	70.3	65.6	79.6	78.8	77.6
Eurozone	90.1	87.7	85.8	84.0	100.7	101.4	99.9

Sources: FocusEconomics

Note: Data for 2020 estimated for all countries except for Serbia and N. Macedonia; Consensus Forecasts for 2021 and 2022

Macro Overview – Monetary data

Loan growth (NFC + Households), %



KEY FINDINGS:

Loan growth exhibited diverging degrees of resilience to adverse effects of weakened economies on the banking systems in the Group's region.

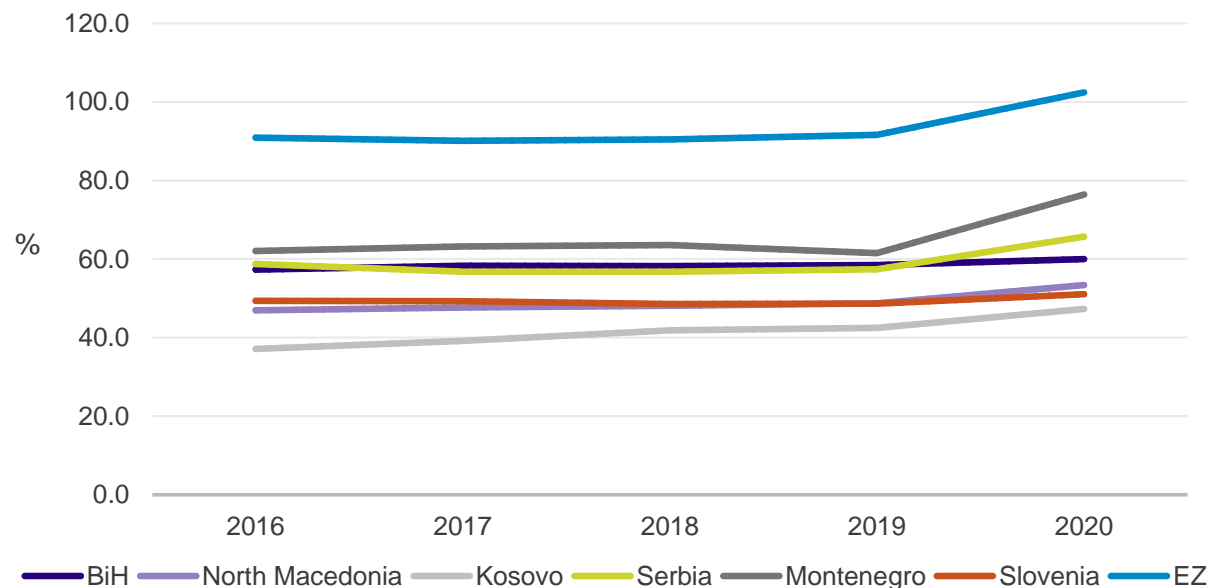
The highest loan growth was recorded in **Serbia** (10.1%) and **Kosovo** (7.1%), while **BiH** (-2.8%) and **Slovenia** (-0.6%) recorded negative growth in loans.

Loan growth (NFC + Households), %	2015	2016	2017	2018	2019	2020
Bosnia and Herzegovina	2.4	3.8	7.3	5.5	6.4	-2.8
North Macedonia	9.6	-0.1	5.4	7.2	6.1	4.6
Kosovo	7.3	10.6	12.4	10.9	10.0	7.1
Serbia	3.3	5.5	3.6	9.5	8.4	10.1
Montenegro	2.5	5.4	7.7	9.1	6.6	2.7
Slovenia	-5.1	1.8	4.6	4.7	5.6	-0.6
Eurozone	0.8	1.7	1.7	2.2	2.6	4.2

Sources: National Central Banks, ECB, Own calculations

Macro Overview – Monetary data

Total Loans (NBS), % GDP



KEY FINDINGS:

Loans to GDP ratios have been largely affected by economic implications of COVID-19 outbreak. Increases in loans to GDP ratios were due to substantial drops in GDP, while the effect of growth in loans was not that profound since it slowed in general.

Entire Group's region is below Eurozone average, boding well for growth potential.

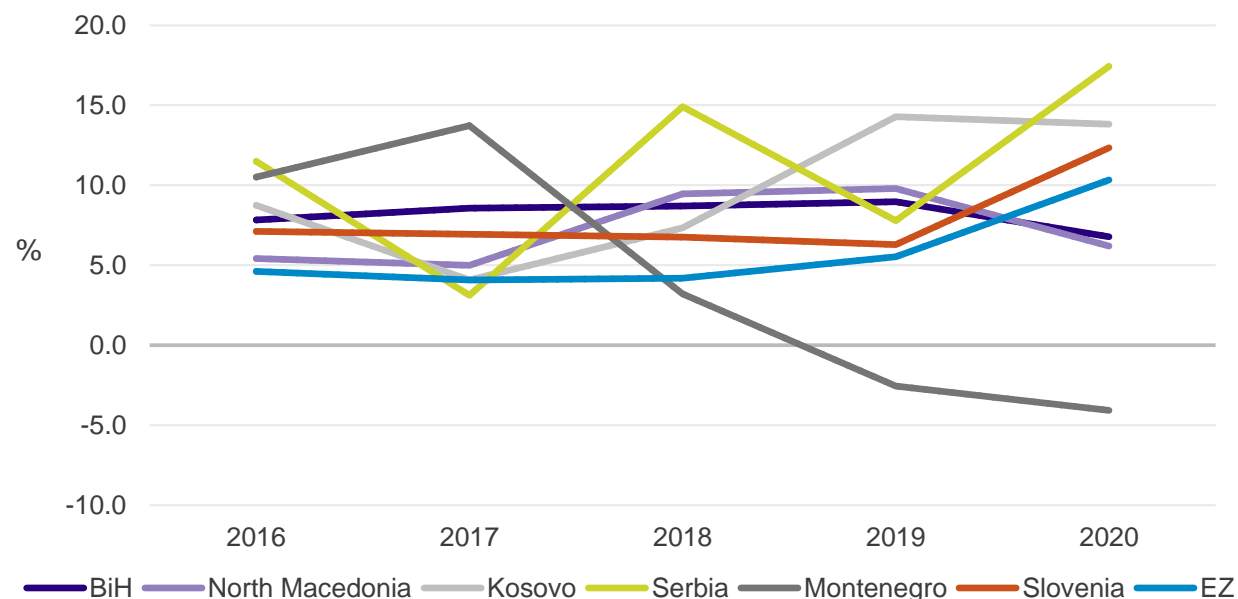
Total Loans as % of GDP	2015	2016	2017	2018	2019	2020
Bosnia and Herzegovina	58.9	57.3	58.3	58.2	58.5	60.0
North Macedonia	49.8	47.0	47.6	48.1	48.7	53.4
Kosovo	34.9	37.1	39.2	41.9	42.5	47.3
Serbia	57.5	58.7	56.8	57.0	57.4	65.7
Montenegro	67.8	62.1	63.2	63.6	61.5	76.4
Slovenia	52.3	49.4	49.3	48.5	48.7	51.1
Eurozone	91.4	90.9	90.1	90.5	91.6	102.4

Sources: National Central Banks, ECB, Own calculations

Note: Eurozone Total loans includes only NFC + Households loans; data as on 2 April, 2021.

Macro Overview – Monetary data

Deposit growth (NFC + Households), %



KEY FINDINGS:

There were differences in **deposit growth** dynamics between countries in the Group's region.

Except for **Montenegro** (-4.1%), where deposits registered negative annual growth, all countries of the Group's region recorded high growth in deposits.

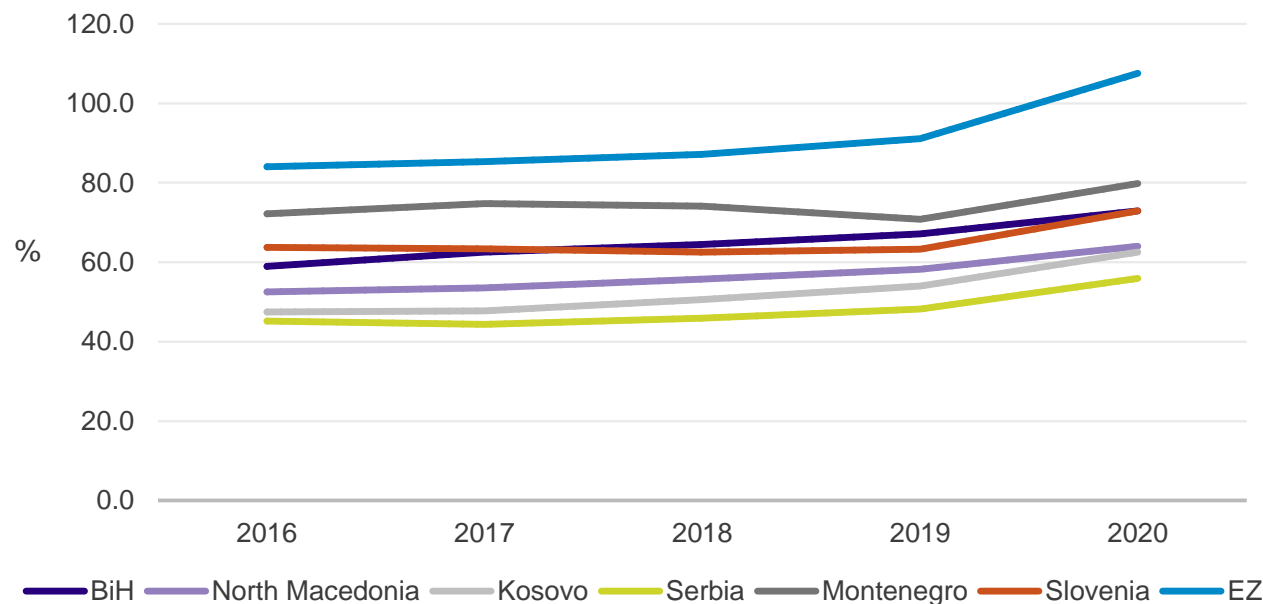
Deposits increased the most in **Serbia** (17.4%), followed by **Kosovo** (13.8%) and **Slovenia** (12.3%).

Deposit growth (NFC + Households), %	2015	2016	2017	2018	2019	2020
Bosnia and Herzegovina	8.2	7.8	8.6	8.7	9.0	6.8
North Macedonia	6.4	5.4	5.0	9.5	9.8	6.2
Kosovo	7.4	8.7	4.1	7.3	14.3	13.8
Serbia	7.1	11.5	3.1	14.9	7.8	17.4
Montenegro	11.8	10.5	13.7	3.2	-2.5	-4.1
Slovenia	5.6	7.1	6.9	6.8	6.3	12.3
Eurozone	3.0	4.6	4.1	4.2	5.5	10.3

Sources: National Central Banks, ECB, Own calculations

Macro Overview – Monetary data

Total Deposits (NBS), % GDP



KEY FINDINGS:

Deposits to GDP ratio grew in the Group's region as a result of inflow of deposits and significant drop in GDP.

Montenegro recorded deposits to GDP ratio above its peers in the Group's region despite being the only country with negative growth in deposits.

The share of deposits in GDP across the Group's region is lower than in the Eurozone.

Total Deposits as % of GDP	2015	2016	2017	2018	2019	2020
Bosnia and Herzegovina	57.5	59.0	62.6	64.5	67.1	72.9
North Macedonia	53.4	52.5	53.6	55.7	58.2	64.0
Kosovo	46.1	47.5	47.8	50.6	54.0	62.5
Serbia	42.7	45.1	44.3	46.1	48.2	55.9
Montenegro	72.4	72.2	74.8	74.1	70.8	79.8
Slovenia	65.5	63.7	63.4	62.5	63.3	72.9
Eurozone	82.1	84.0	85.3	87.1	91.1	107.6

Sources: National Central Banks, ECB, Own calculations

Note: Eurozone Total deposits includes only NFC + Households deposits; For Montenegro, deposits data excludes deposits with Invest Bank and Atlas Bank, according to CBCG; Data as on 2 April, 2021.



Appendix 3

Financial Statements

NLB Group Income Statement

(EURm)	1-12 2020	1-12 2019	YoY	Q4 2020	Q3 2020	Q4 2019	QoQ
Interest and similar income	355.2	364.8	-3%	89.3	88.6	92.1	1%
Interest and similar expense	-55.6	-46.3	-20%	-14.2	-14.2	-12.4	0%
Net interest income	299.6	318.5	-6%	75.1	74.4	79.7	1%
Fee and commission income	232.4	235.0	-1%	60.7	60.6	61.3	0%
Fee and commission expense	-62.2	-64.6	4%	-15.6	-16.9	-17.8	8%
Net fee and commission income	170.3	170.3	0%	45.1	43.7	43.5	3%
Dividend income	0.1	0.2	-47%	0.0	0.0	0.0	-50%
Net income from financial transactions	32.0	33.8	-6%	2.0	5.7	5.8	-65%
Other operating income	2.6	-5.7	-	-1.0	-0.5	0.8	-99%
Total net operating income	504.5	517.2	-2%	121.2	123.3	129.8	-2%
Employee costs	-165.0	-171.2	4%	-42.0	-40.2	-48.0	-5%
Other general and administrative expenses	-97.3	-102.8	5%	-27.6	-23.5	-32.3	-18%
Depreciation and amortisation	-31.7	-31.0	-2%	-8.0	-7.8	-7.7	-2%
Total costs	-293.9	-305.0	4%	-77.7	-71.4	-88.0	-9%
Result before impairments and provisions	210.5	212.2	-1%	43.5	51.9	41.9	-16%
Impairments and provisions for credit risk	-62.3	13.3	-	-13.2	-16.3	-2.3	19%
Other impairments and provisions	-9.1	-14.3	37%	-7.9	-0.7	-8.4	-
Gains less losses from capital investments in subsidiaries, associates and joint ventures	0.9	4.2	-79%	0.0	0.5	0.0	-
Negative goodwill	137.9	-	-	137.9	-	-	-
Result before Tax	277.9	215.4	29%	160.2	35.4	31.2	-
Income tax expense	-5.2	-13.6	62%	3.8	-3.4	2.2	-
Non Controlling Interests	3.0	8.2	-63%	-1.1	1.0	2.0	-
Net Profit Attributable to Shareholders	269.7	193.6	39%	165.1	31.0	31.3	-

NLB Group Statement of Financial Position

(EURm)	31 Dec 2020	31 Dec 2019	YtD
ASSETS			
Cash and balances with Central Banks and other demand deposits at banks	3.961,8	2.101,3	89%
Financial instruments	5.119,5	3.829,7	34%
<i>o/w Trading Book</i>	84,9	24,0	-
<i>o/w Non-trading Book</i>	5.034,7	3.805,7	32%
Loans and advances to banks (net)	197,0	93,4	111%
<i>o/w gross loans</i>	197,1	93,5	111%
<i>o/w impairments</i>	-0,1	-0,1	-48%
Loans and advances to customers	9.644,9	7.604,7	27%
<i>o/w gross loans</i>	10.033,3	7.938,3	26%
- Corporates	4.631,7	3.646,3	27%
- State	374,0	278,6	34%
- Individuals	5.027,6	4.013,5	25%
<i>o/w impairments and valuation</i>	-388,4	-333,6	-16%
Investments in associates and JV	8,0	7,5	7%
Goodwill	3,5	3,5	0%
Other intangible assets	58,1	36,0	61%
Property, plant and equipment	249,1	195,6	27%
Investment property	54,8	52,3	5%
Other assets	268,9	250,0	8%
Total Assets	19.565,9	14.174,1	38%
LIABILITIES & EQUITY			
Deposits from banks and central banks	72,6	42,8	70%
Deposits from customers	16.397,2	11.612,3	41%
- Corporates	3.949,1	2.772,0	42%
- State	424,5	257,4	65%
- Individuals	12.023,5	8.582,9	40%
Borrowings	249,8	234,8	6%
Subordinated liabilities	288,3	210,6	37%
Other liabilities	434,9	342,6	27%
Total Liabilities	17.442,8	12.443,2	40%
Shareholders' equity	1.952,8	1.685,9	16%
Non Controlling Interests	170,3	45,0	-
Total Equity	2.123,0	1.730,9	23%
Total Liabilities & Equity	19.565,9	14.174,1	38%