



NLB Group Presentation

Q3 2020 Results



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NLB Group Highlights

Key developments – very solid quarter with core revenues from lending and fee and commission business at pre-Covid levels

- **COVID-19**

- Quick adaptation of business operations
 - ✓ Instant adaptation of processes to ensure higher availability and use of digital channels.
 - ✓ Supporting clients through the downturn by offering moratoriums (EUR 1.7 billion), new COVID-19 financing (EUR 99.0 million), of which subject to public guarantee schemes (EUR 42.9 million).
- ECB and government measures: monetary®ulatory, fiscal support measures
- Economies not in complete shutdown as it was the case during the first lockdown earlier this year.

- **Acquisition of Komercijalna banka a.d. Beograd**

- The closing of the transaction is expected in Q4 2020.

- **Digital transformation**

- Clients are turning to digital channels. Set of product and services offered to clients are the following: Opening of any personal account and NLB Package Digital and applying for loans to individuals through video call in Contact Center, distant signing of documents in m-bank Klikin, biometric recognition in mobile wallet NLB Pay to confirm online purchases, and many more to follow.

- **Capital measures**

- Strengthening capital position (TCR from 16.3% at year end to 21.5%):
 - ✓ Inclusion of Tier2 notes (EUR 240 million)
 - ✓ Inclusion of 2019 unallocated profit (EUR 157.5 million)
 - ✓ Inclusion of minority capital(EUR 32 million)
- RWA reduction (effects from July 2020)
 - ✓ On 30 June the bank entered into a contract with MIGA for guarantee agreements, which reduced the risk weighted assets of NLB d.d. on consolidated level by EUR 303.1 million.
 - ✓ SME supporting factor & temporary treatment of public debt issued in the currency of another Member state, both effect approximately EUR 226 million RWA reduction

- **Dividend**

- ECB/BoS restriction for 2019 dividend payments.
- Dividend payout is not envisaged in 2020 due to ECB recommendations and BoS restrictions on dividend distributions. Once these restrictions cease to apply, NLB would resume with dividend pay out in line with its capacity and regulatory requirements.



Key Developments

Key performance indicators of NLB Group

Medium-term targets set in 2018⁽¹⁾

	YE 18	YE 19	1-9 20	Medium term ⁽⁷⁾
Net interest margin ⁽²⁾	2.56%	2.48%	2.14%	>2.7%
Loans to deposits ratio	68.3%	65.5%	62.4%	<95%
Total capital ratio	16.7%	16.3%	21.5%	15.75% ⁽⁶⁾
Cost-income ratio	58.5%	55.2% ⁽⁸⁾	56.4%	~50%
Cost of risk ⁽³⁾	-43 bps	-20 bps	84 bps	<90bps
Return on equity (RoE)	11.8%	11.7%	8.1%	~12.0%
Dividend payout	70%	/ ⁽⁹⁾		~70% ⁽⁵⁾
NPE ratio ⁽⁴⁾	4.7%	2.7%	2.5%	<4.0%

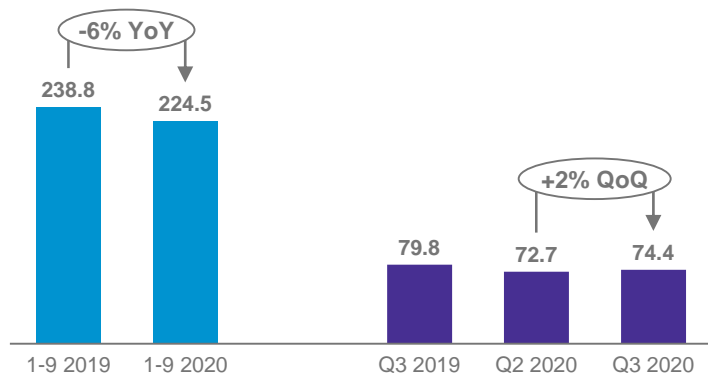
Source: Company information

Note: (1) Target set by NLB management as a part of their financial projections for 2019-2023; (2) Calculated on the basis of average interest bearing assets; interest margin data for 2018 are adjusted to new methodology (calculation based on the number of days for the period). (3) Calculated as credit impairments and provisions over average net loans to customers; (4) Based on EBA definition; (5) The payment of dividends by NLB, will depend on NLB's capital structure, risk appetite, profits, financial condition, regulatory requirements, general economic and business conditions, and future prospects. (6) Revised in April 2020 (from 16.25%); target total capital ratio is regularly revised to reflect each time the applicable capital requirements. (7) Mid-term target is subject to review as COVID-19 had and is expected to continue to have a negative impact on achievement of the target within the originally foreseen timeframe (2023); (8) CIR is adjusted to changed schemes prescribed by the BoS. (9) due to the ECB Recommendation on dividend distributions during the COVID-19 pandemic for the European banks, accompanied also with the BoS restriction on dividend distributions applicable for Slovenian banks, the Bank is not expected to pay out any dividends in 2020

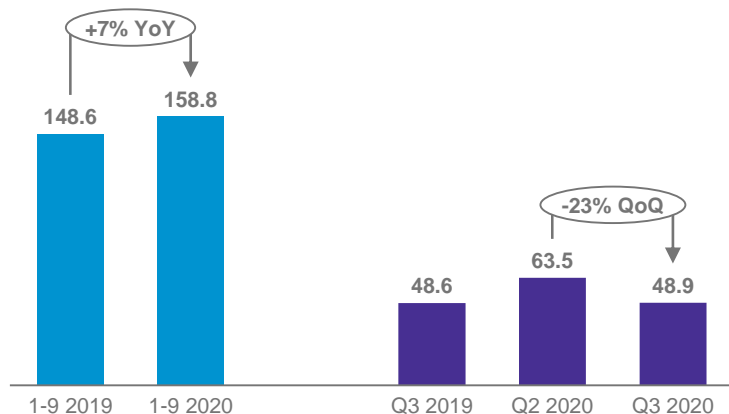
Revenues and Cost Dynamics

Core revenues robust, NIM affected by tactical balance sheet and capital measures, cost discipline in place

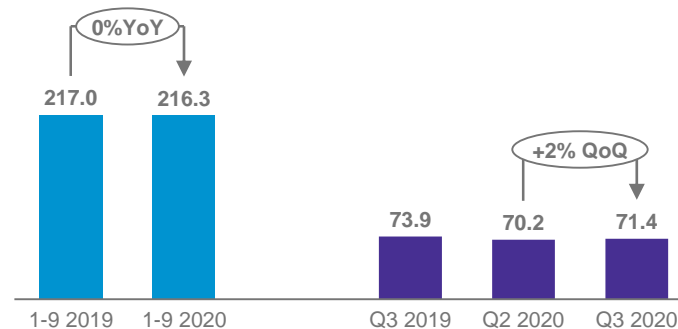
Net interest income (Group, EURm)



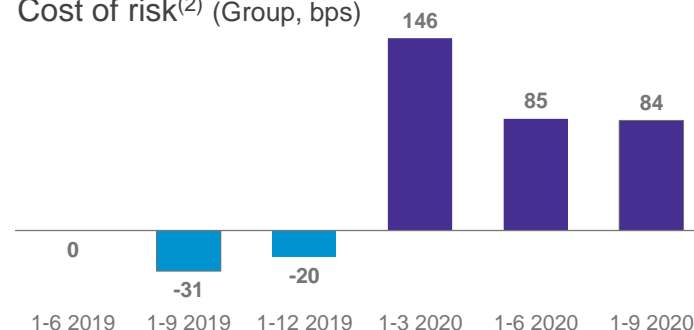
Net non-interest income⁽¹⁾ (Group, EURm)



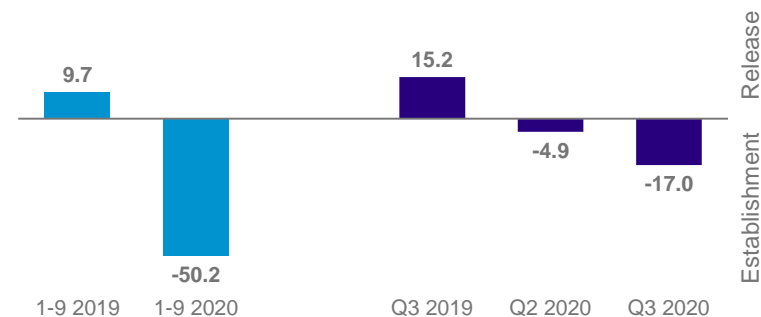
Costs⁽¹⁾ (Group, EURm)



Cost of risk⁽²⁾ (Group, bps)



Net impairments and provisions (Group, EURm)



Note: (1) Data for 2019 are adjusted to changed schemes prescribed by the BoS (relocation of some items from net other income to other general and administrative expenses).

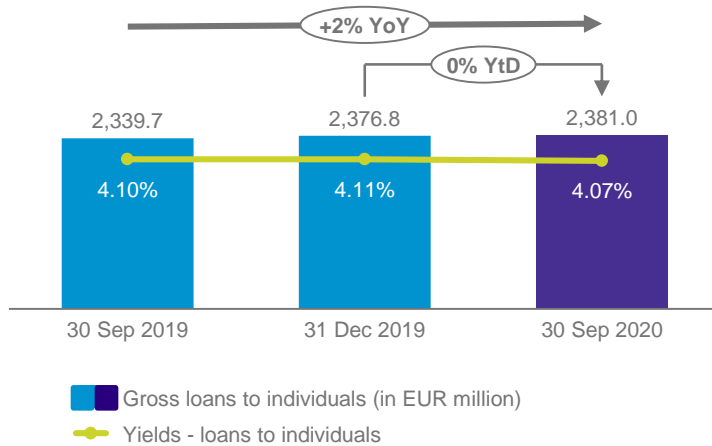
(2) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers;

Loan dynamics

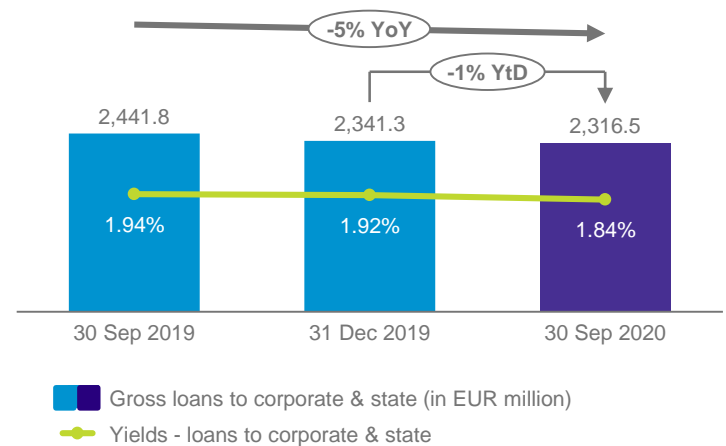
Robust loan growth in subsidiaries. Slovenia still slow, but new loan production in housing and consumer showing promising trends

NLB d.d.⁽¹⁾

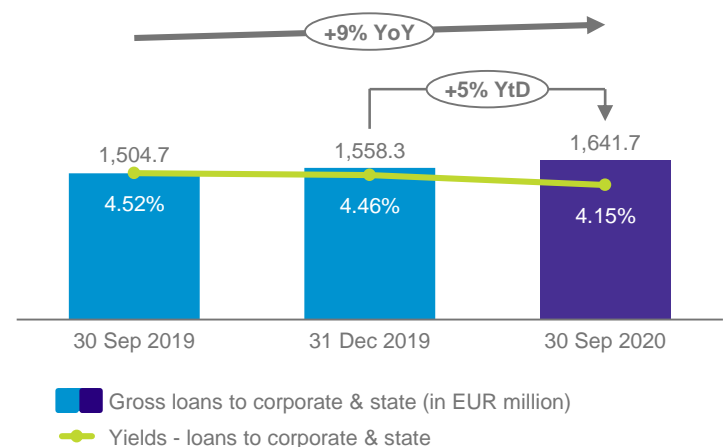
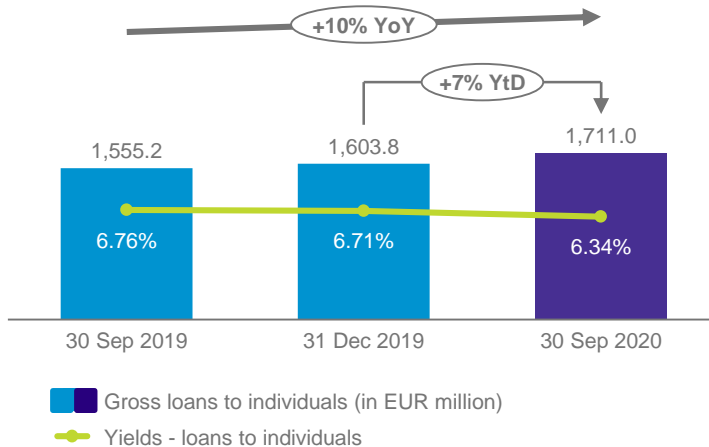
Gross loans to individuals



Gross loans to corporate & state



Strategic foreign markets

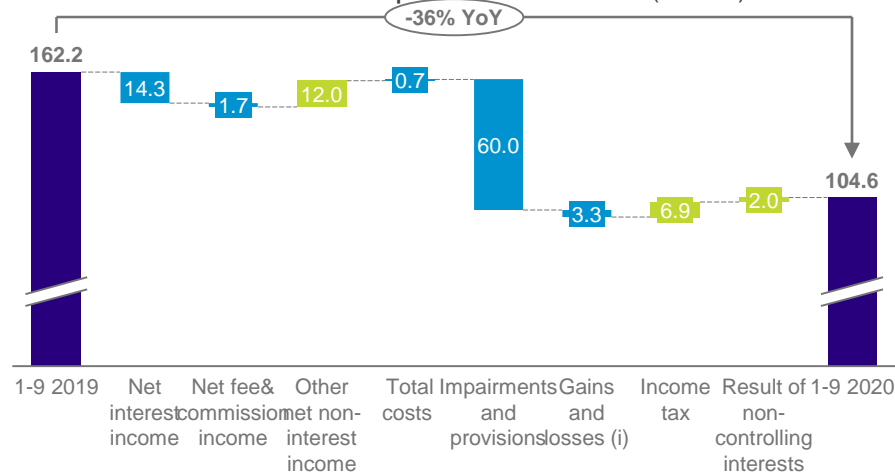


Note: (1) Without funding of subsidiaries;

Income Statement

Q3 2020 strongest quarter this year in terms of recurring pre-provision income; YoY dynamics marked primarily by COVID-19 related provisioning

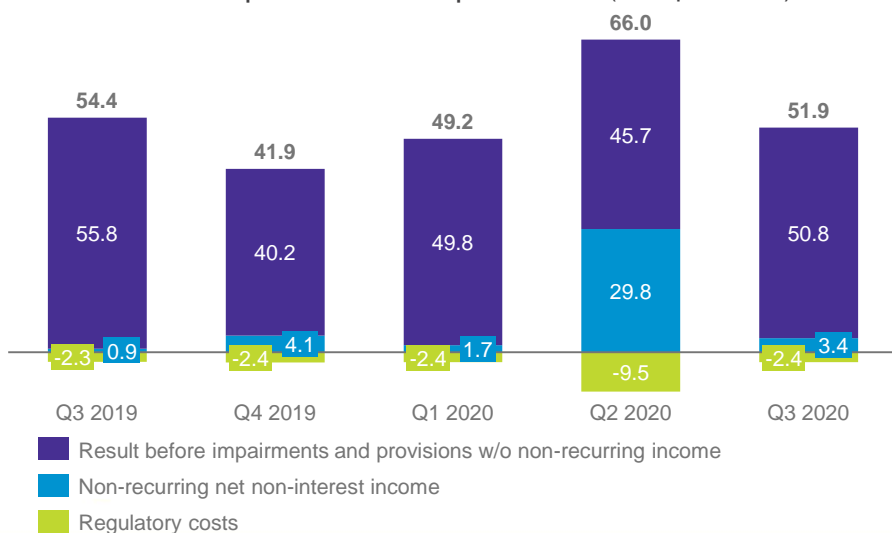
Result after tax of NLB Group – evolution YoY (EURm)



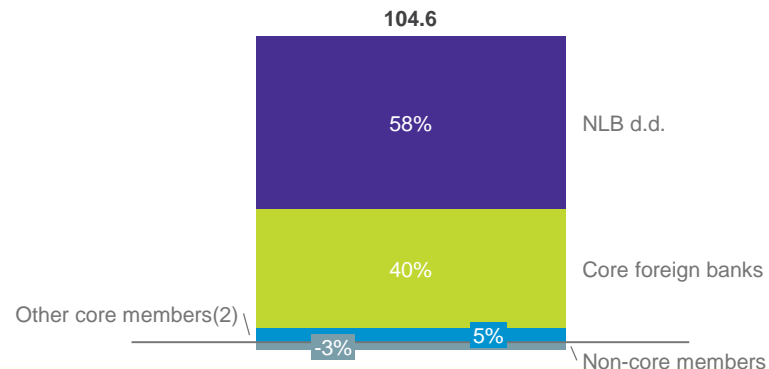
In the first nine months of 2020, NLB Group generated EUR 104.6 million of net profit, EUR 57.6 million lower YoY (36%):

- Net interest income lower by EUR 14.3 million (6%): mostly related to lower yields of reinvested securities and higher volume of cash and balances with the central bank. Higher interest expenses due to issued Tier 2 instruments.
- Lower net fee and commission income, EUR 1.7 million (1%) due to COVID-19 outbreak and lock-down during H1 2020 - mainly on payment transactions, card operations and bancassurance business. Normalization to pre-COVID-19 levels in Q3 2020.
- Non-recurring net income from the financial transactions affected by the sale of debt securities in Q2 2020 (EUR 17.1 million) and partial repayment of a large exposure measured at fair value through profit and loss in the amount of EUR 3.4 million. Non-recurring net other income affected by the sale of NLB Vita with a positive effect of EUR 11.0 million in May 2020.
- Total costs slightly below 2019 level, EUR 0.7 million lower, and remain well contained through all cost categories and geographies.
- Net impairments and provisions were established in the amount of EUR 50.2 million, out of which EUR 18.4 million due to changed macroeconomic parameters, that incorporate estimated impacts of COVID-19.

Result before impairments and provisions (Group, EURm)



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

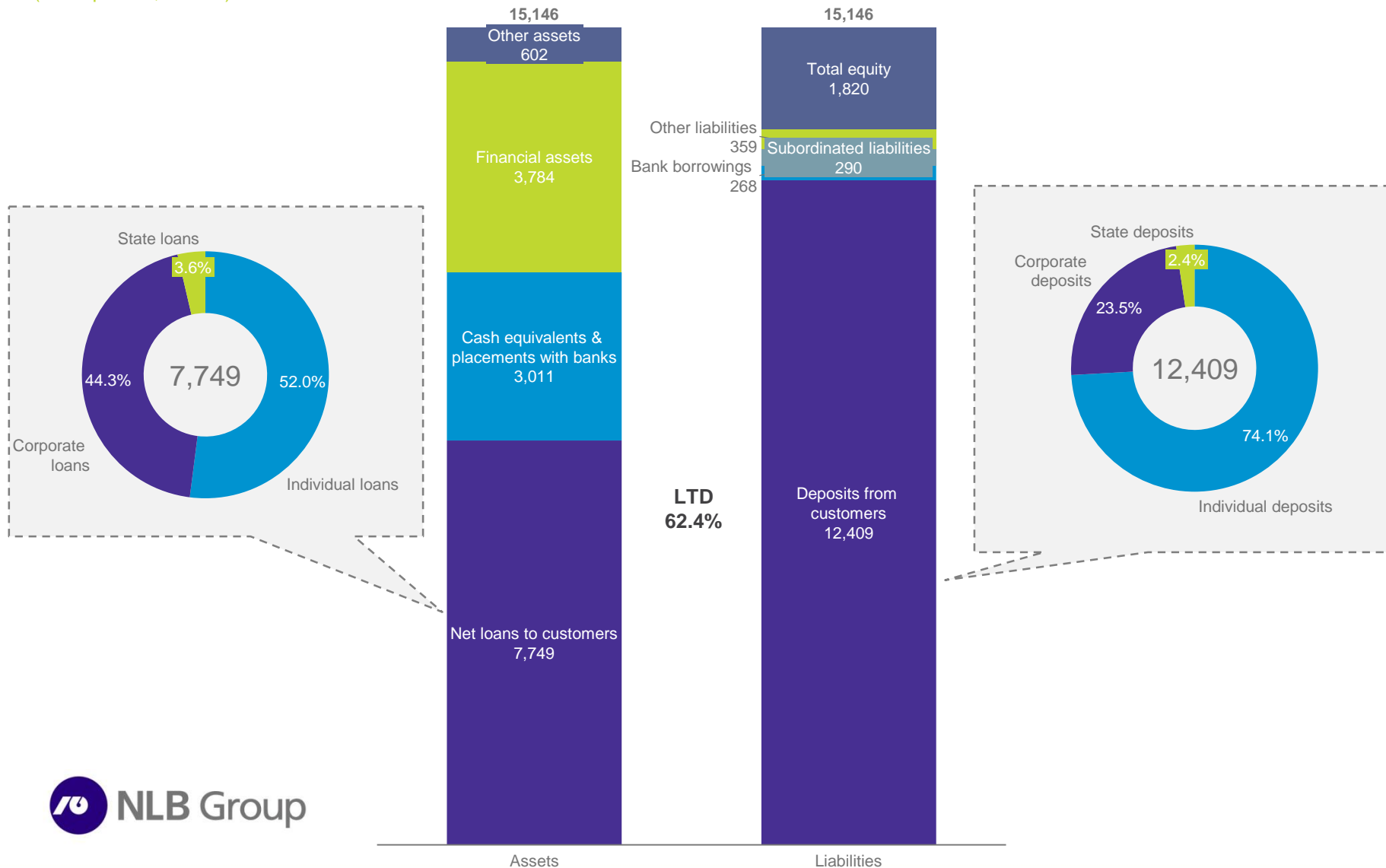


Notes: (1) Gains less losses from capital investments in subsidiaries, associates, and joint ventures. (2) NLB Skladi and Bankart.

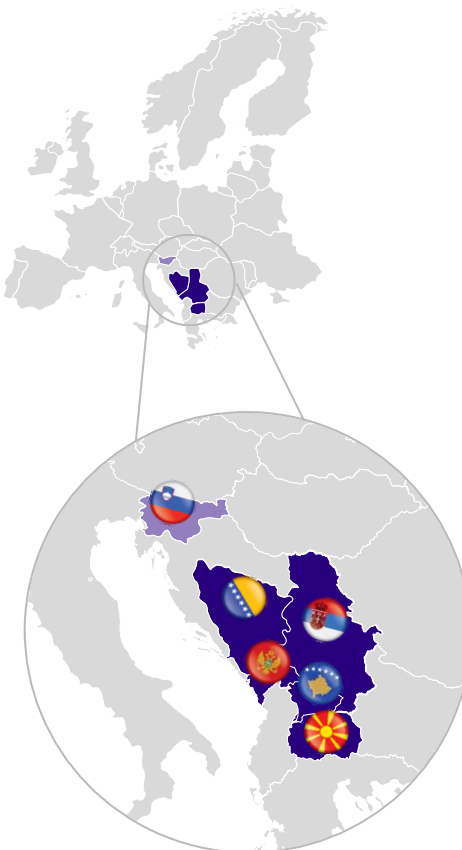
Balance sheet structure – NLB Group

Substantial influx of deposits driving increase in cash position

(30 Sep 2020, EURm)



NLB Group – performance indicators across SEE countries



Slovenia	North Macedonia	Bosnia and Herzegovina	Kosovo	Montenegro	Serbia	NLB Group
NLB d.d., Ljubljana	NLB Banka Skopje	NLB Banka Banja Luka NLB Banka Sarajevo	NLB Banka Prishtina	NLB Banka Podgorica	NLB Banka Beograd	

Data on stand-alone basis

	Slovenia	North Macedonia	Bosnia and Herzegovina	Kosovo	Montenegro	Serbia	NLB Group	
Result after tax (EURm)	85.5	15.2	7.7	4.5	10.8	1.2	4.3	104.6
Total assets (EURm)	10,639	1,526	789	644	833	540	715	15,146
RoE a.t.	8.3%	9.3%	11.2%	7.2%	16.0%	2.4%	7.7%	8.1%
Net interest margin⁽¹⁾	1.47%	3.36%	2.43%	2.95%	4.02%	4.10%	3.39%	2.14%
CIR	55.8%	40.5%	45.6%	54.6%	31.4%	54.8%	70.1%	56.4%
LTD net %	54.2%	77.4%	68.6%	77.7%	79.8%	89.9%	90.3%	62.4%
NPL ratio	2.5%	4.6%	2.0%	3.9%	1.7%	4.7%	1.1%	3.7%
NLB ownership (%)		87.0%	99.8%	97.3%	81.2%	99.8%	99.9%	/
Branches (#)	80	50	51	36	34	19	28	298
Active customers (#)	672,275	455,068	211,743	135,376	218,261	65,007	141,003	1,898,733
Market share by total assets (%)	24.4%	16.5%	19.0% ^(2, 4)	5.2% ^(3, 5)	17.4%	11.8% ⁽⁴⁾	1.8% ⁽⁵⁾	/

Note: Financial data as of September 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 31 Aug 2020; (5) Data for market share as of 30 Jun 2020;

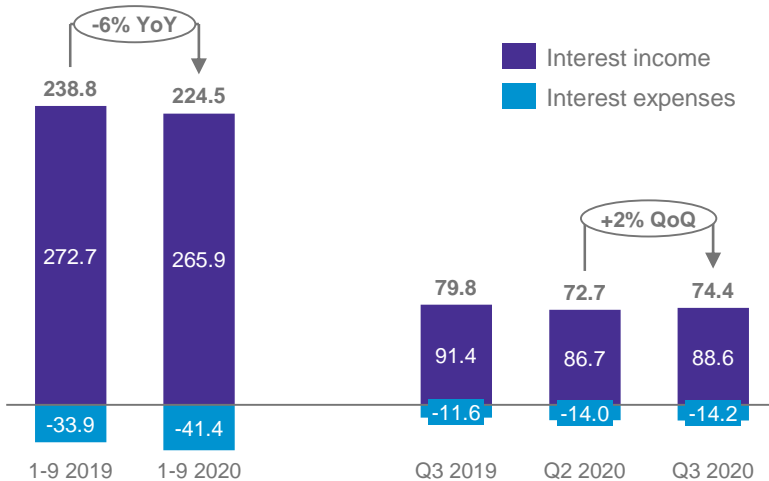


Business Performance

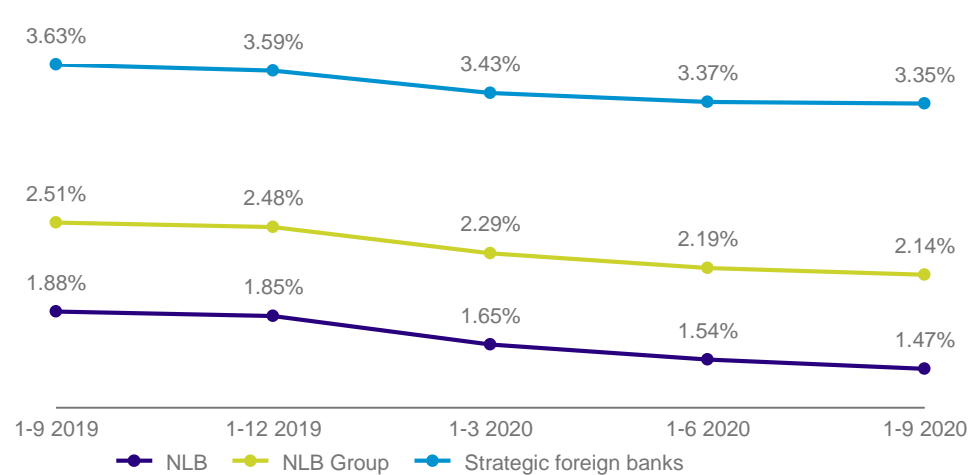
Net interest income & net interest margin

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

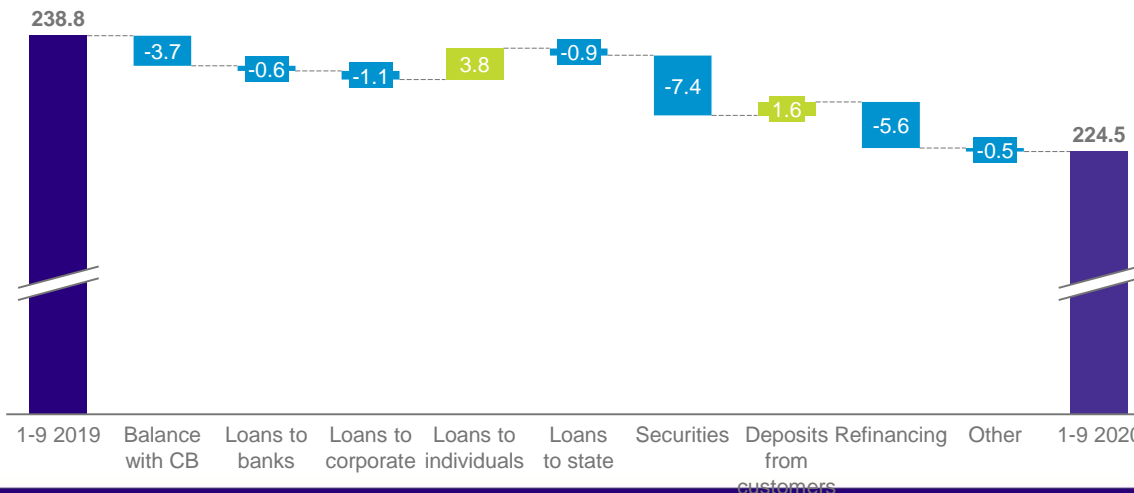
Interest income (Group, EURm)



Net interest margin⁽¹⁾ (Group, %)



Net interest income – YoY evolution (Group, EURm)



- **Net interest income** totalled EUR 224.5 million and decreased by EUR 14.3 million or 6% YoY due to: deposit growth and increased cash position, lower reinvestment yields, and issued Tier 2.
- Consequently decrease in interest margins.
- QoQ interest income increased due to higher volumes of loans, especially to individuals.

Interest income drivers – NLB d.d.

Gross Loans

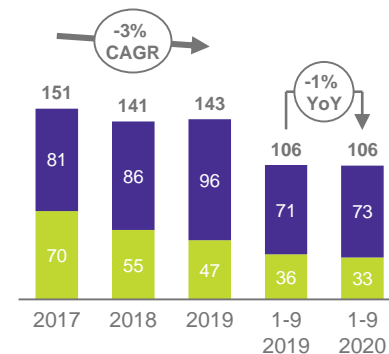
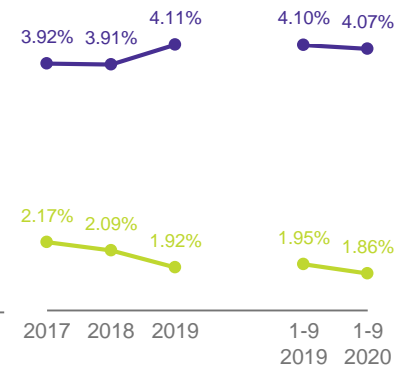
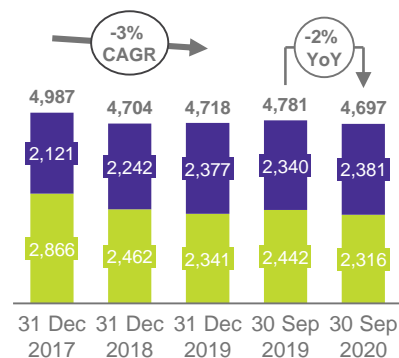
- Growth in loan volume to individuals partially compensate decline in corporate. The latter is under pressure due to intense competition and very low interest rates, consequently.
- Income from corporate is heavily under pressure due to declining volumes as well as interest rates. It is partially compensated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

Drivers

Volume
(in EUR million)

Yields and rates

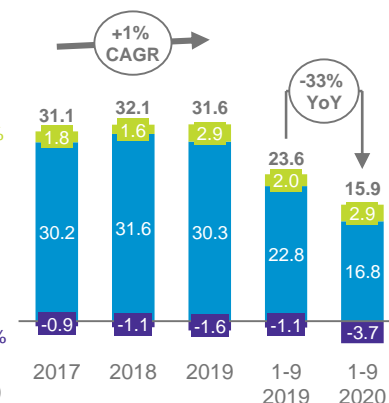
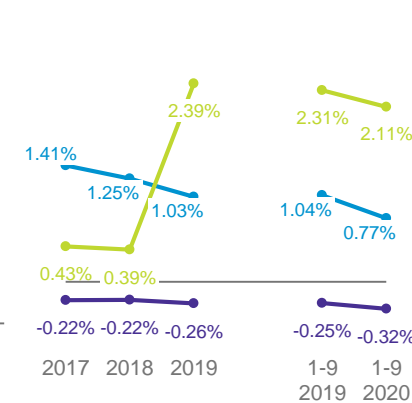
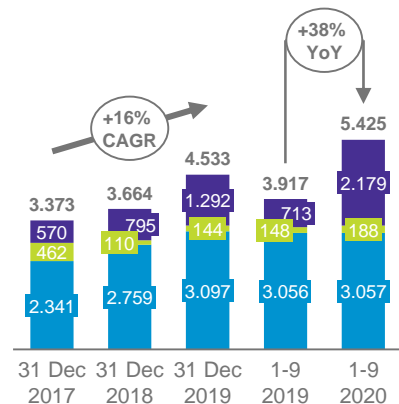
Interest income
(in EUR million)



■ 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.



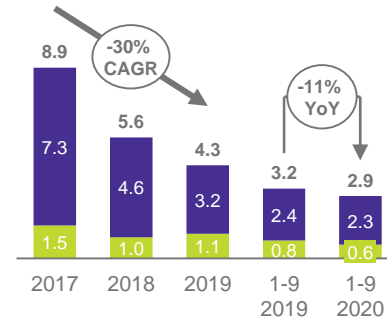
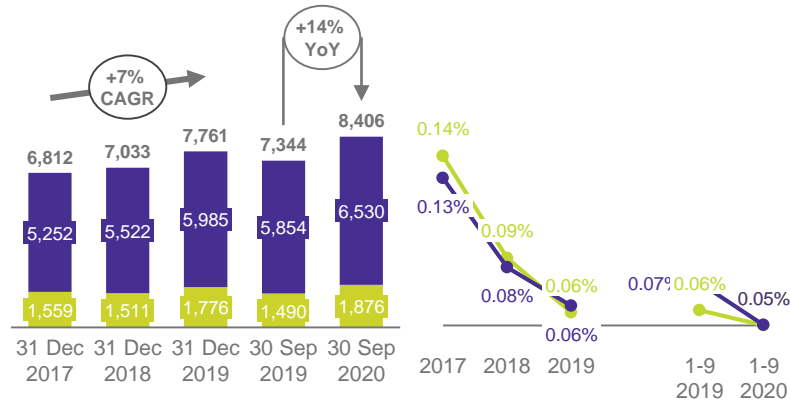
■ Cash and balances with Central Bank ■ Loans and advances to banks ■ Banking book

Interest expense drivers – NLB d.d.

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 expense.

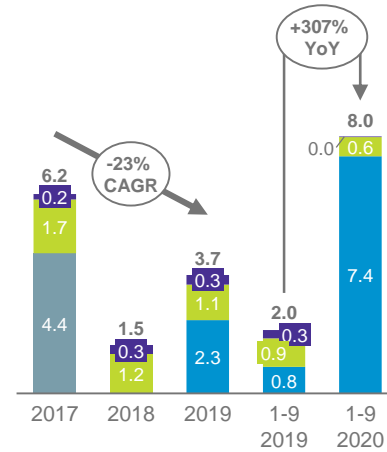
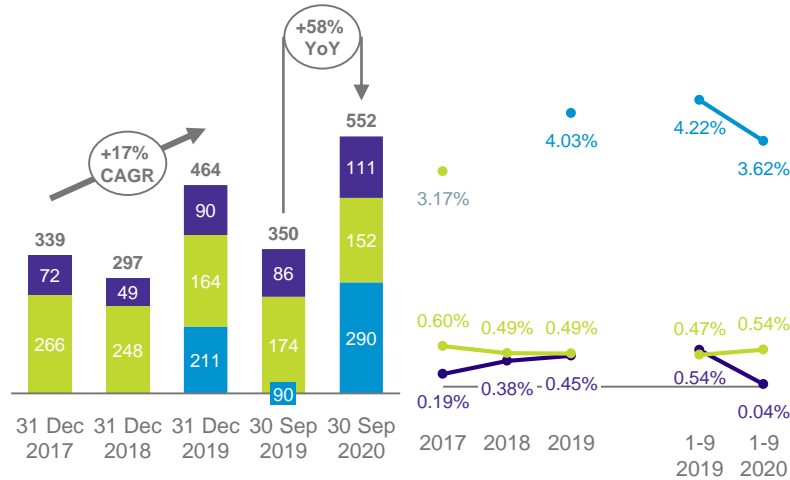
Drivers Volume (in EUR million) Rates Interest expense (in EUR million)



Individuals Corporate & state

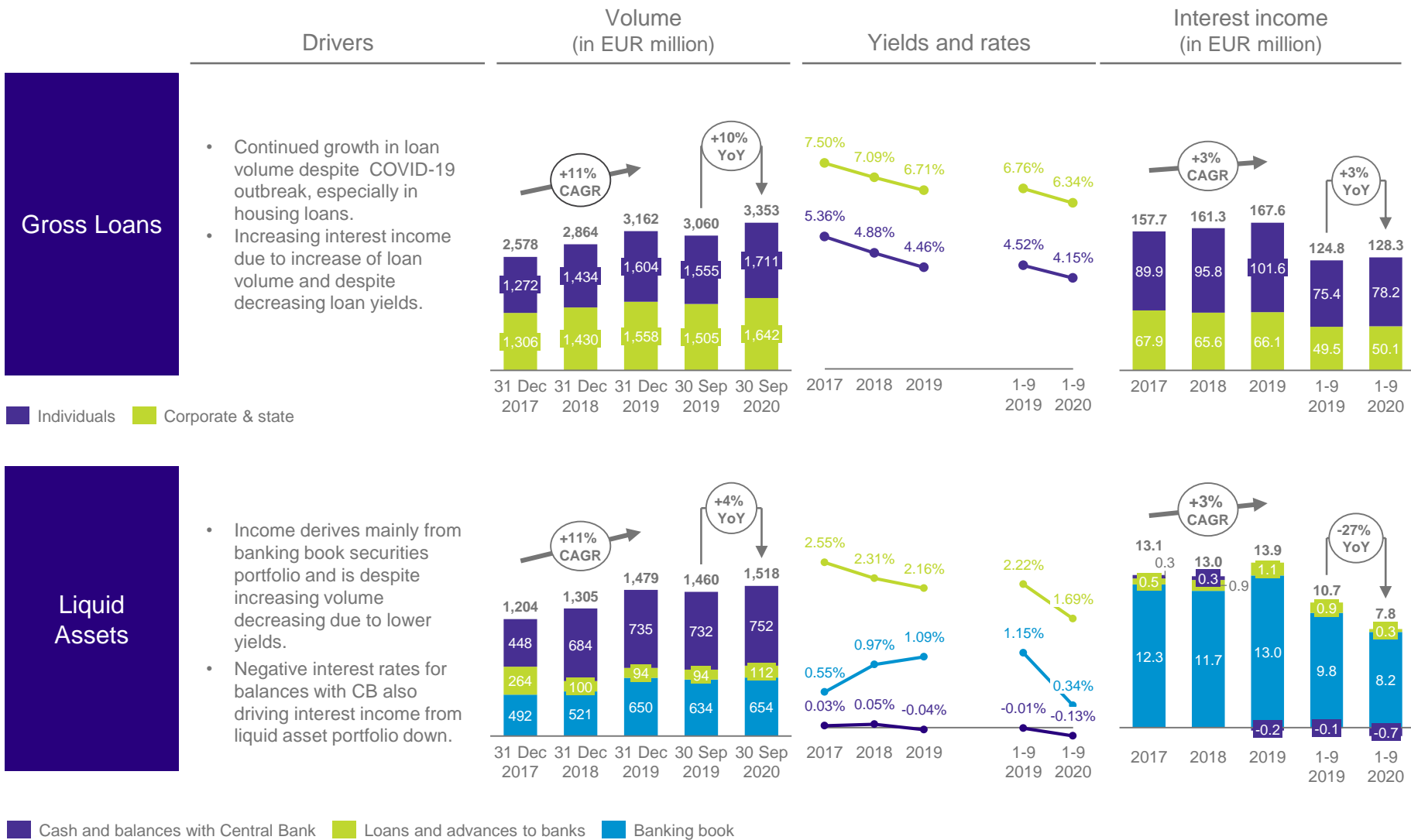
Wholesale Funding

- In order to comply with MREL requirement coming into force in 2022 and to optimize capital structure, the Bank raised Tier 2 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 expense.



Deposits from banks Borrowing from banks Debt securities issued Subordinated liabilities

Interest income drivers – Strategic foreign banks⁽¹⁾

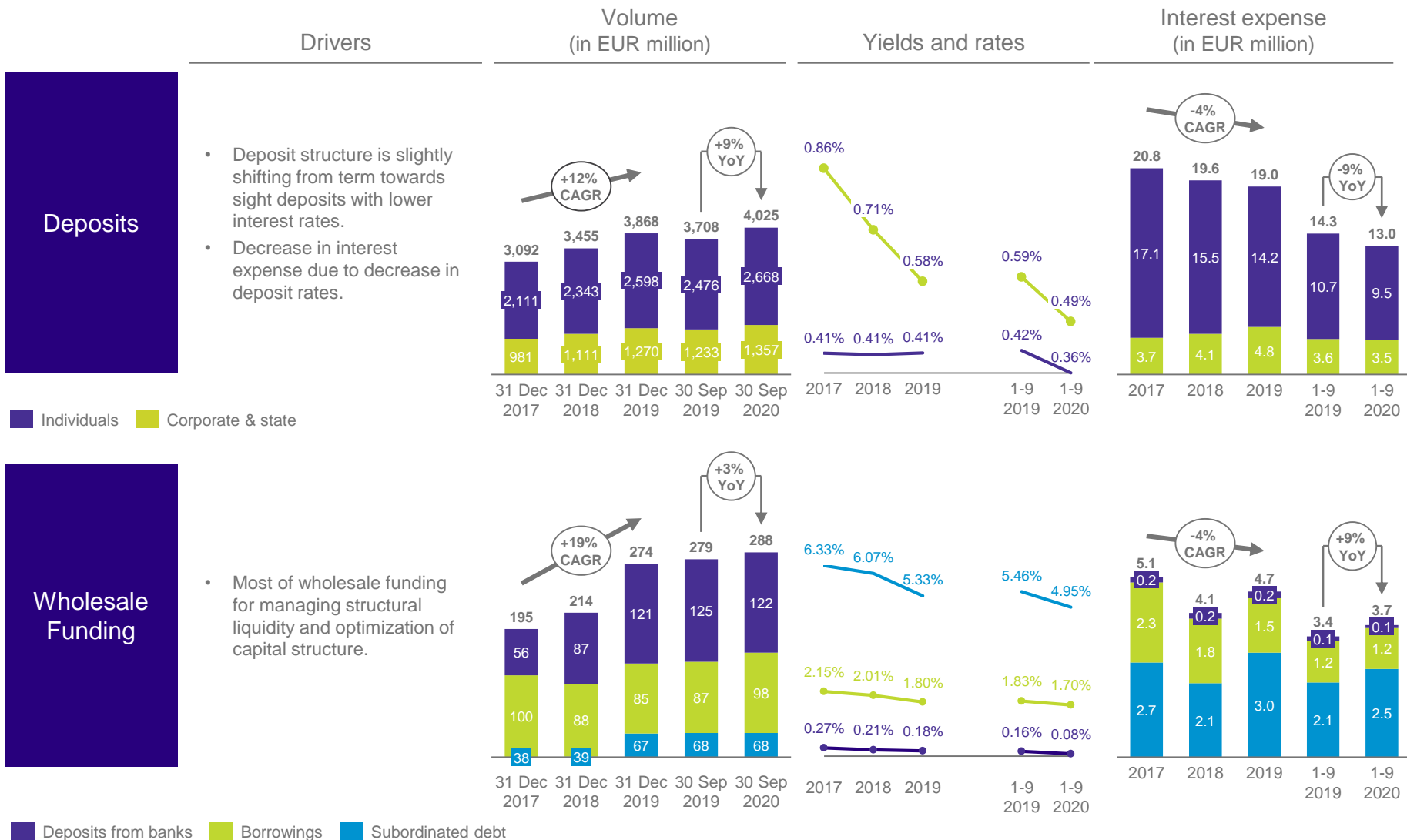


■ Cash and balances with Central Bank
 ■ Loans and advances to banks
 ■ Banking book



Note: (1) On stand alone basis;

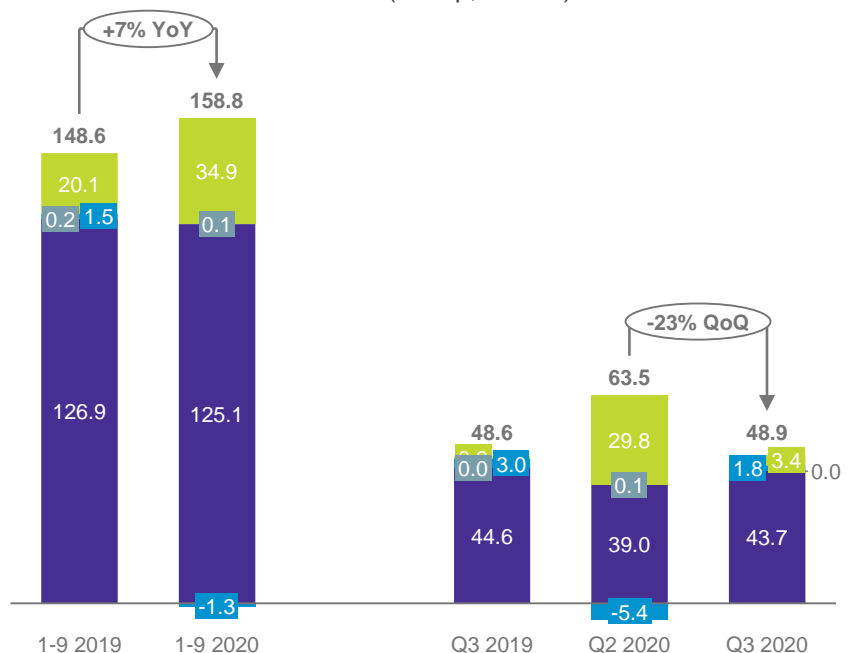
Interest expense drivers – Strategic foreign banks⁽¹⁾



Net non-interest income – NLB Group

12% QoQ growth in net F&C income. Effects of NLB Vita sale and tactical securities divestments contributing to YoY growth

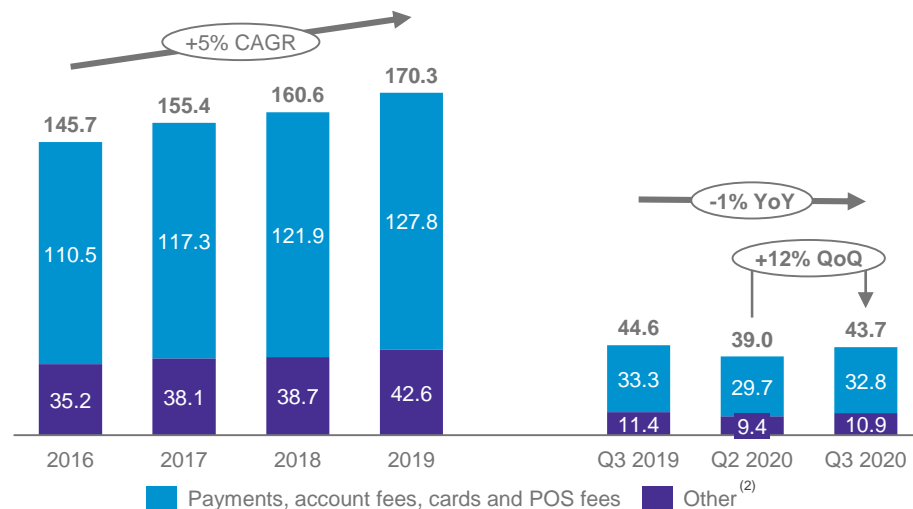
Net non-interest income (Group, EURm)⁽¹⁾



■ Net fee and commission income ■ Recurring other net non-interest income
■ Dividend income ■ Non-recurring other net non-interest income

in EUR million	Realization		Change YoY	
	1-9 2020	1-9 2019		
Recurring net non-interest income	123.9	128.5	-4.6	-4%
Net fee and commission income	125.1	126.9	-1.7	-1%
Dividends income	0.1	0.2	-0.1	-46%
Net income from financial transactions (Fees from Exchange differences)	7.7	8.4	-0.7	-8%
Net other income	-9.0	-7.0	-2.1	-29%
- external realization (IT, cash logistics)	2.6	2.7	-0.1	-5%
- rents	2.6	4.1	-1.5	-36%
- regulatory charges (SRF, DGS)	-14.2	-13.8	-0.4	-3%

Net fee and commission income growing YoY (Group, EURm)



Net non-interest income reached EUR 158.8 million and increased by EUR 10.2 million or 7% YoY. The YoY dynamic was influenced by:

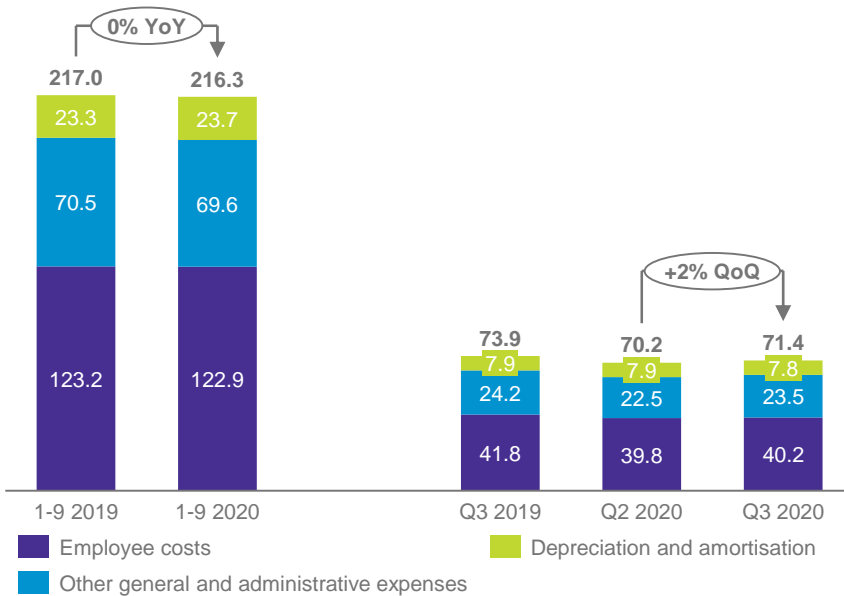
- Non-recurring items: sale of debt securities and NLB Vita in Q2, and partial repayment of a large exposure measured at fair value through profit and loss in the amount of EUR 3.4 million.
- Only slightly lower net fee and commission income, EUR 1.7 million (1%) due to COVID-19 outbreak and lock-down during H1 2020 - mainly on payment transactions, card operations and bancassurance business. Normalization to pre-COVID-19 levels in Q3 2020, i.e. 12% growth QoQ.

Note: (1) Data for 2019 are adjusted to changed schemes prescribed by the BoS (relocation of some items from net other income to other general and administrative expenses). (2) Includes investment funds, guarantees, investment banking, insurance products and other services.

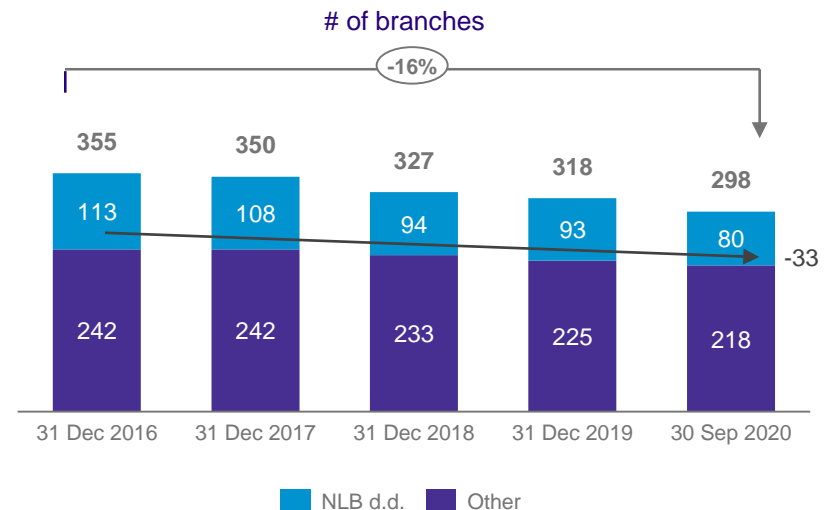
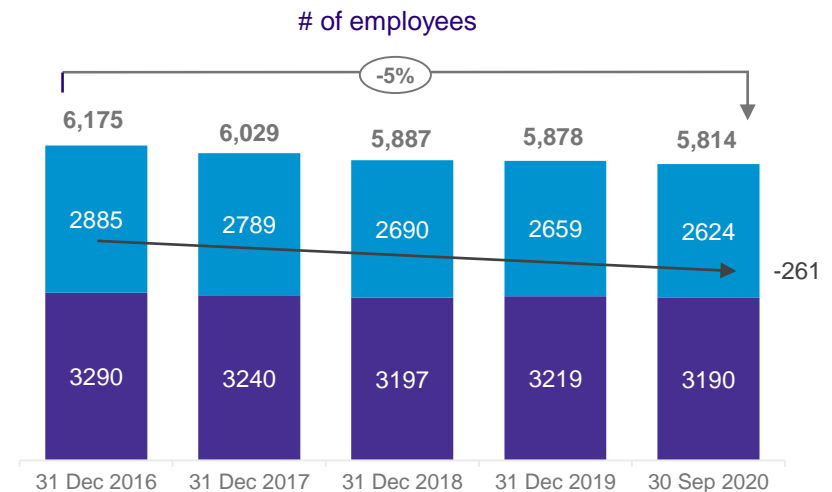
Total costs – NLB Group

Strong cost discipline keeping costs flat

Operating expenses⁽¹⁾ (Group, EURm)



Employees and branches evolution – stronger rationalisation in tougher Slovenia market (#)



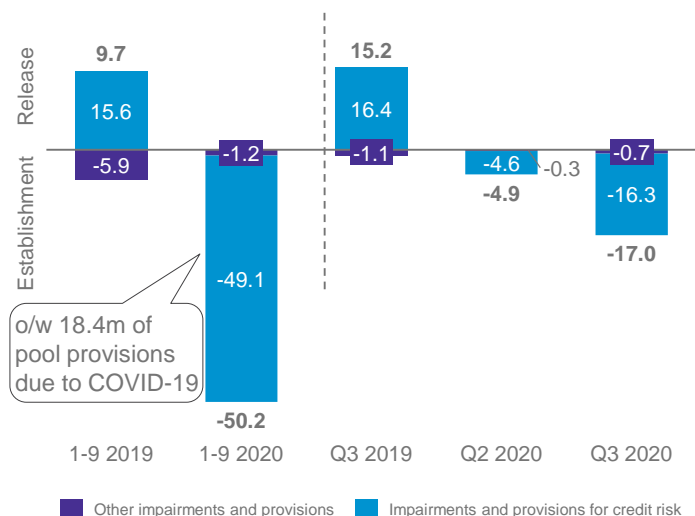
- **Total costs** amounted to EUR 216.3 million, EUR 0.7 million lower YoY, and are well contained through all cost categories and geographies.
- Total costs increased QoQ due to normalization of other general and administrative costs (lower in Q2).
- The Group is undertaking several strategic initiatives (channel strategy, digitalization, paperless, lean process, branch network optimization, real-estate rationalization, etc.) to maintain the sustainable cost base going forward.
- CIR stood at 56.4%.
- Ongoing headcount reduction and closures of unprofitable branches.

Note: (1) Data for 2019 are adjusted to changed schemes prescribed by the BoS (relocation of some items from net other income to other general and administrative expenses).

Impairments and provisions

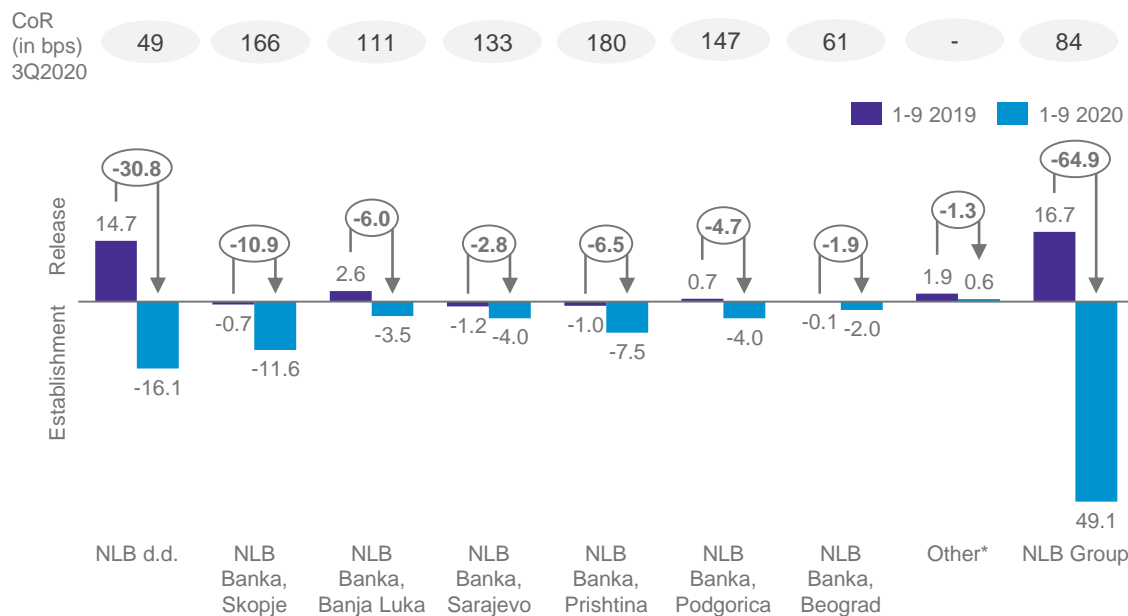
Credit provisions of EUR 48.1 mil or 84 bps in 2020 mostly related to COVID-19

Impairments and provisions (Group, EUR m)

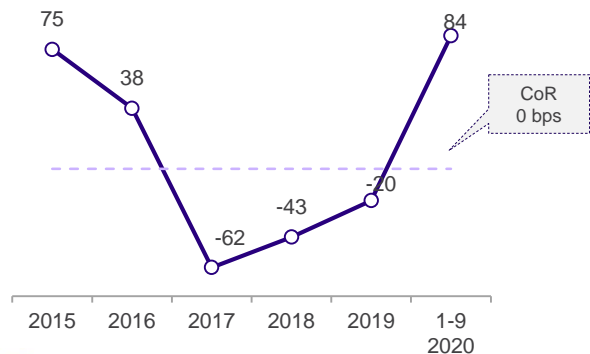


In nine months of 2020, the Group established EUR 50.2 million of **net impairments and provisions**, out of which EUR 18.4 million of pool provisions were established in March 2020 due to COVID-19 impact, following with individual provisions due to changed risk parameters that incorporated estimated impact of COVID-19.

Credit impairments and provisions⁽²⁾ – contribution (EURm)



Cost of risk⁽¹⁾ (Group, bps)



*Other includes: NLB Srbija, NLB Crna gora, Leasing companies, LHB Frankfurt and NLB InterFinanz

Note: (1) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers; (2) 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).

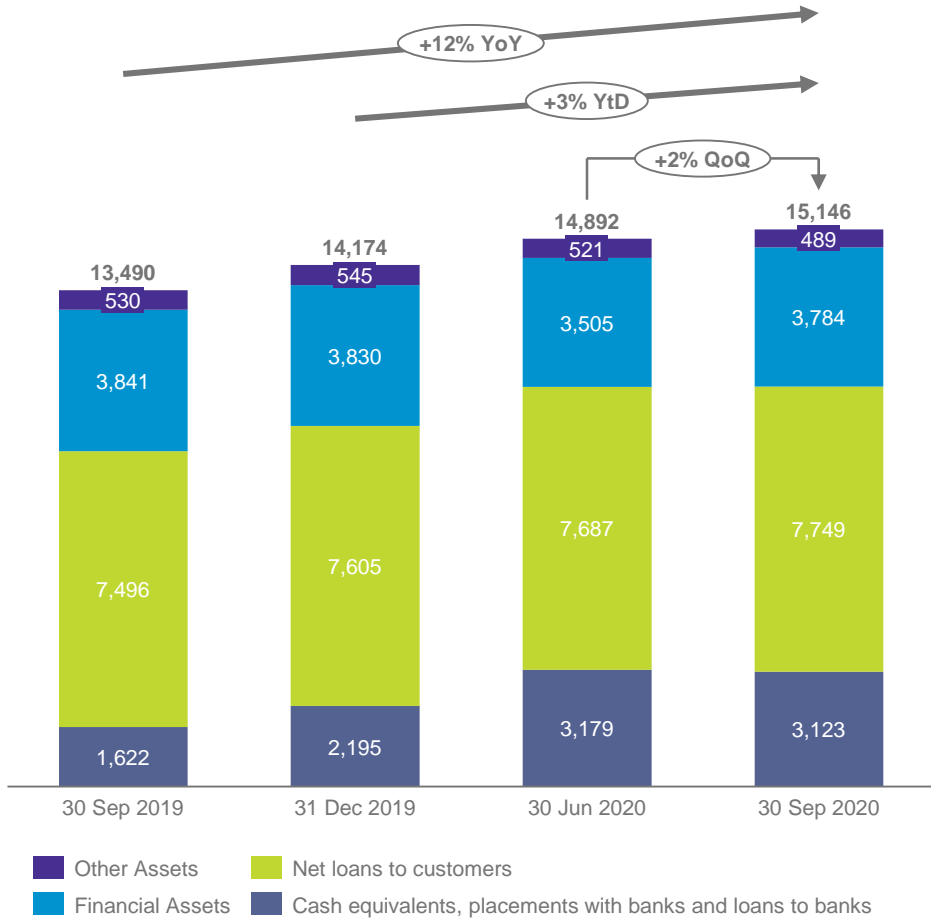


Assets **and** Liabilities

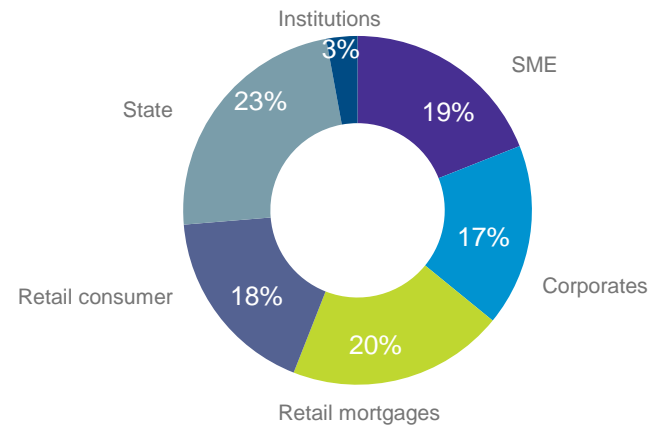
NLB Group Assets

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

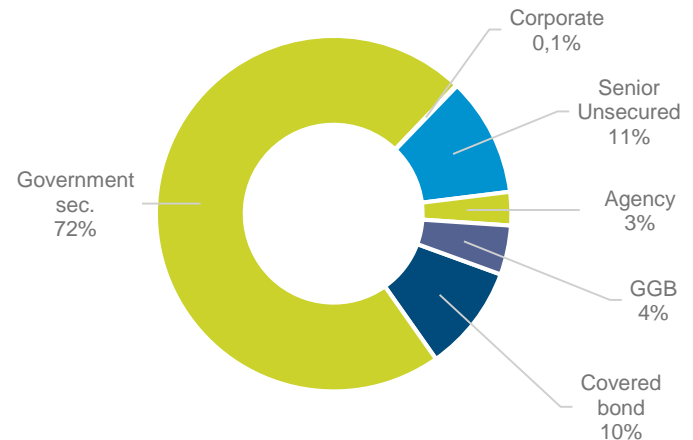
Total assets of NLB Group – structure (EURm)



Credit portfolio by segment (Group, 30 Sep 2020)



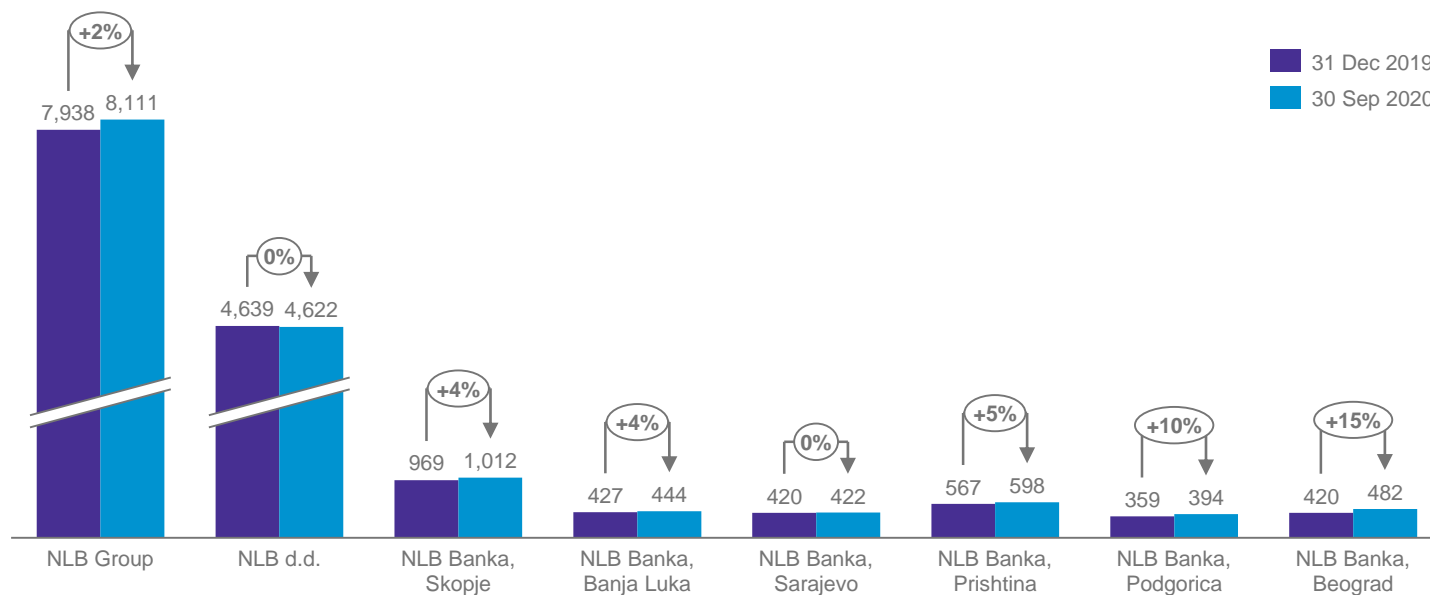
Banking book portfolio by asset class (Group, 30 Sep 2020)



NLB Group Assets – Loan portfolio

Balanced loan portfolio with loan growth in all foreign banks

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



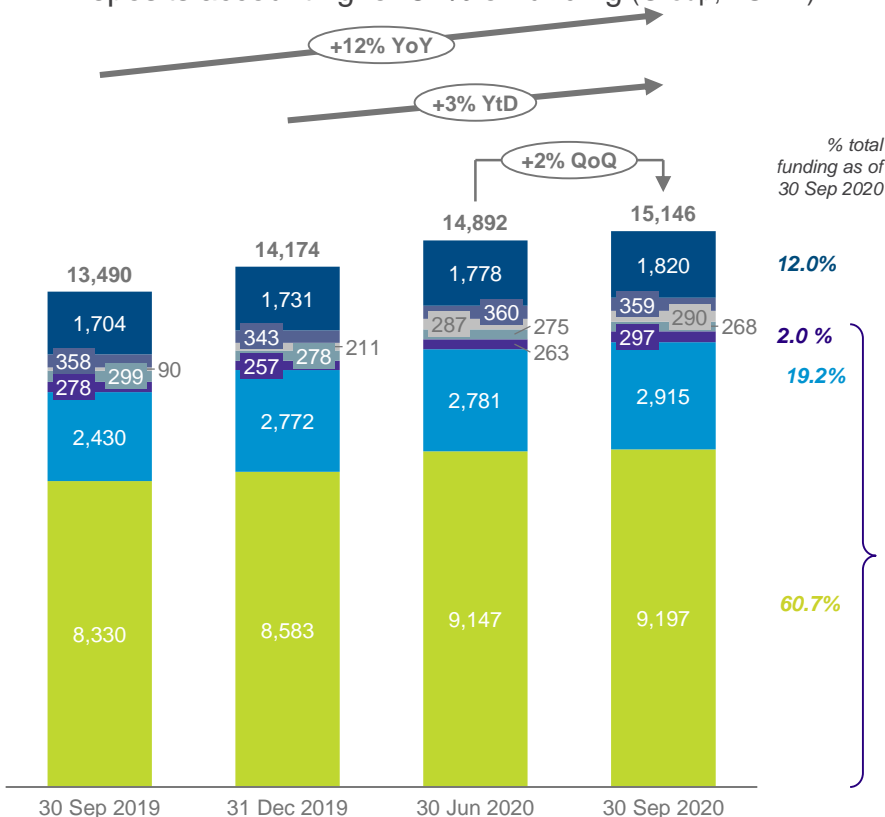
Gross loan growth in all foreign banks, especially in NLB Banka, Beograd and NLB Banka, Podgorica. NLB d.d. recorded slight drop due to COVID-19 outbreak and new macroprudential measures for consumer loans introduced in November 2019, which had negative impact on lower new production of loans to individuals.

Gross loans to individuals in subsidiary banks grew by 6.7% and to corporate by 4.0% YtD.

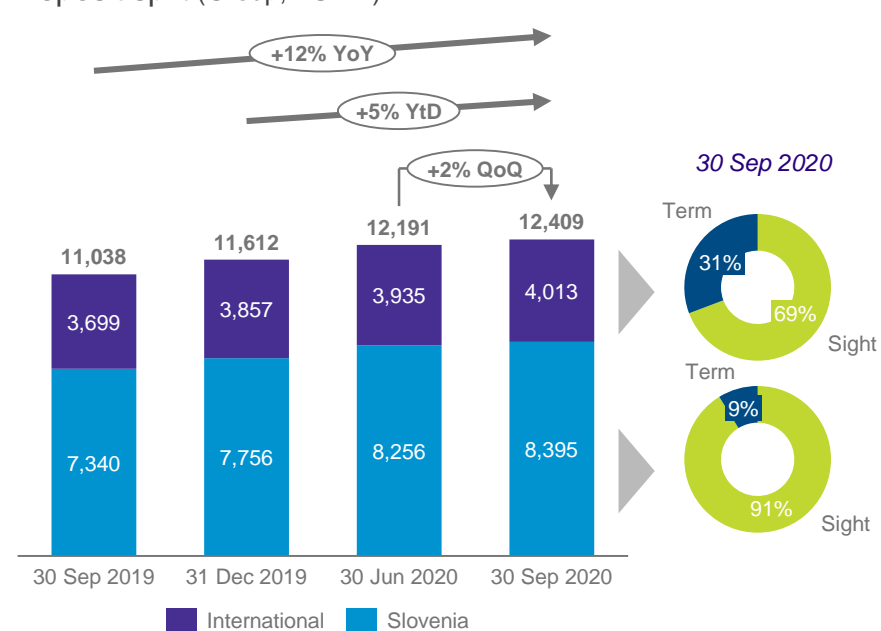
NLB Group Liabilities and Equity

Strong deposit growth continues, driven mainly by retail

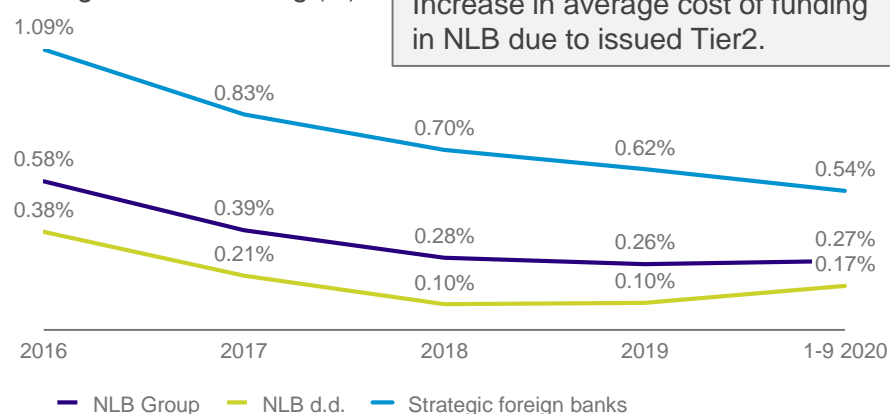
Deposits accounting for 82% of funding (Group, EURm)



Deposit split (Group, EURm)



Average cost of funding (%)

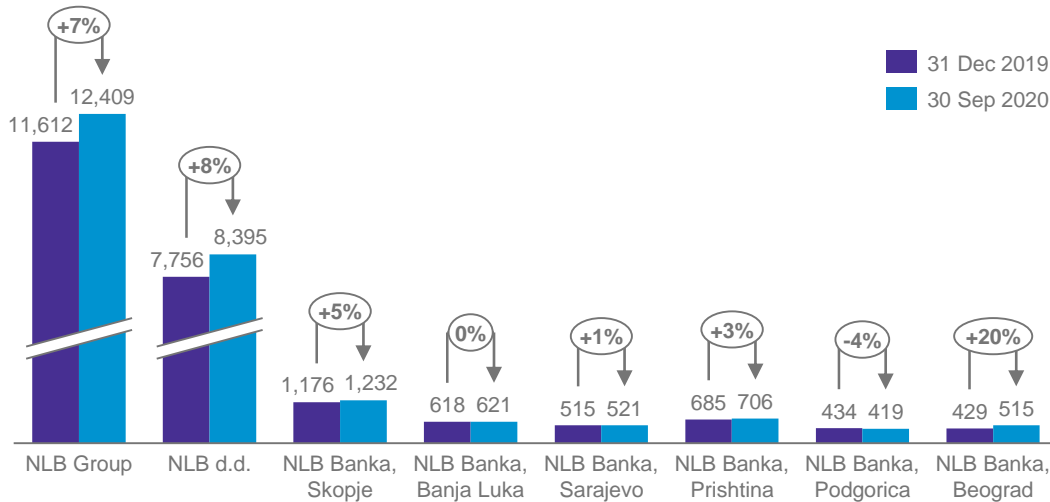


- Primarily deposit funded
- Due to low interest rates, sight deposits prevailing

NLB Group Liabilities

Stable deposit base with decreasing interest rate

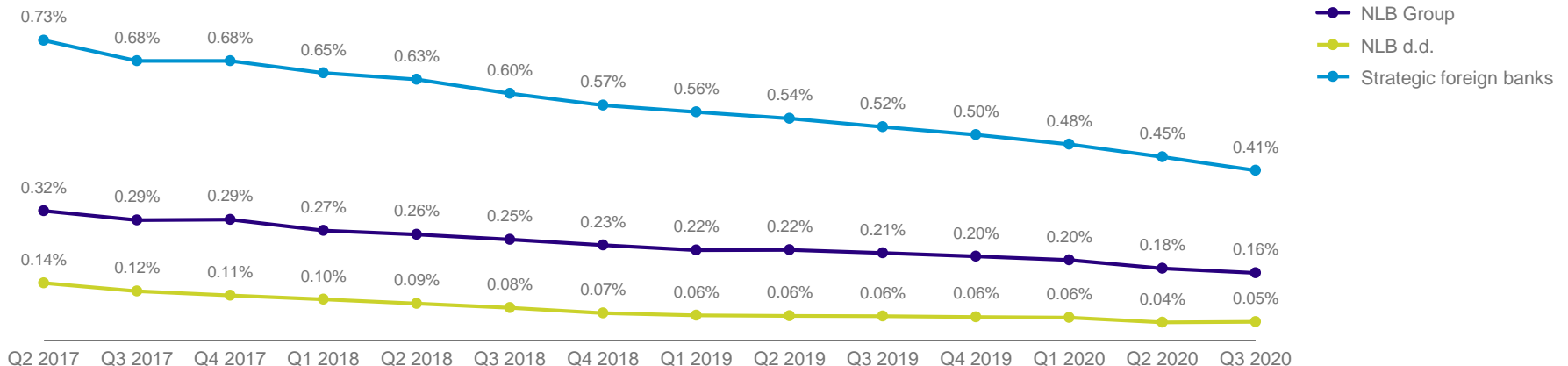
Deposits from customers by strategic member – contribution (EURm)



Deposit increased overall in the Group, despite low interest rate environment. 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 (%)*



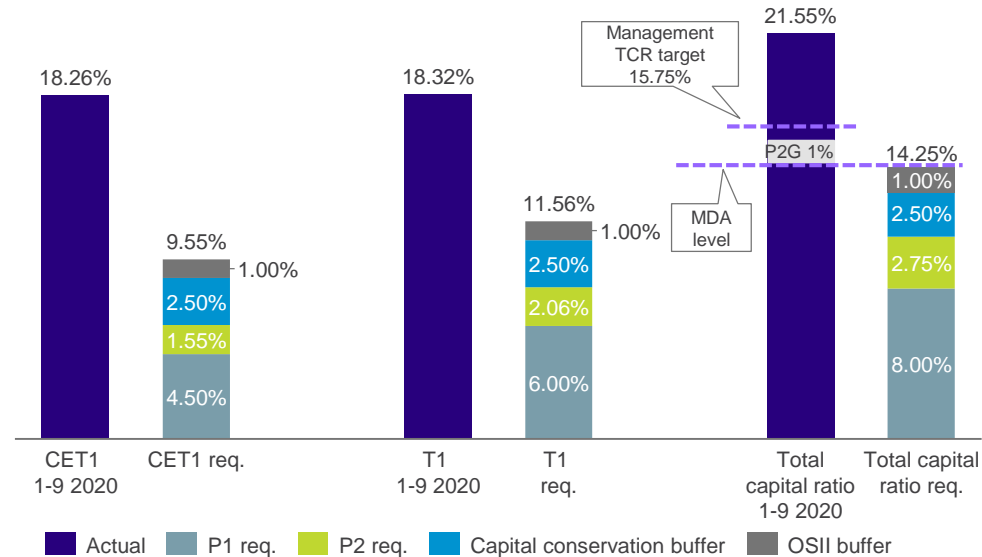
*Quarterly data for the stock of deposits from customers

Capital requirements

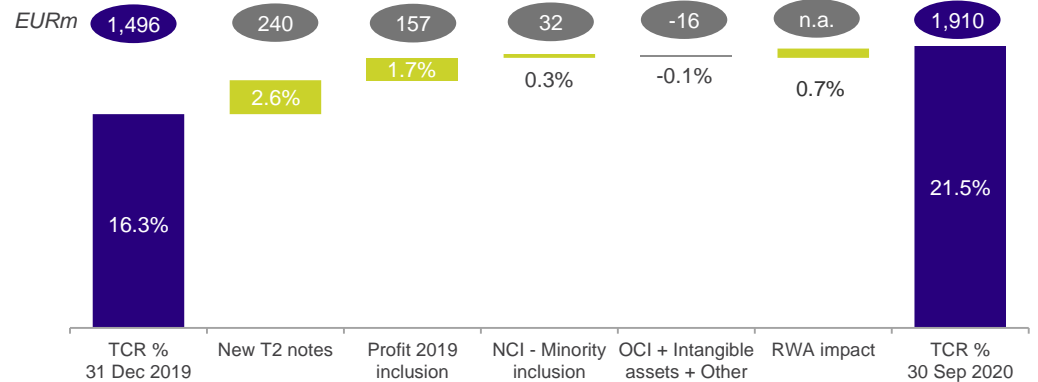
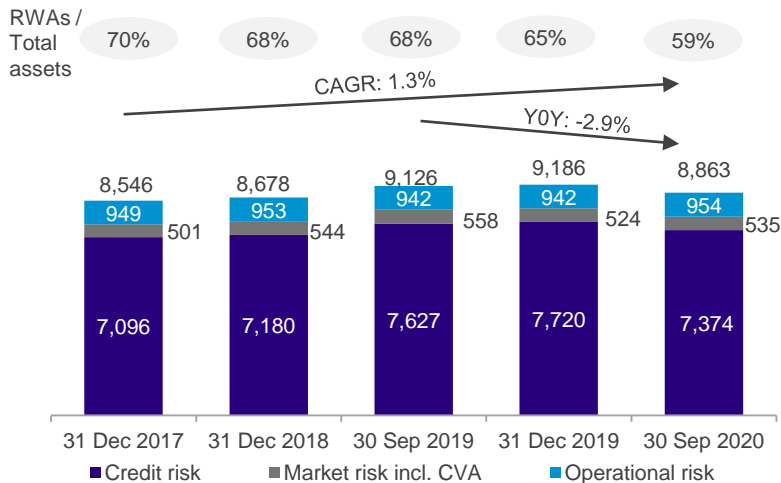
Capital position strengthened substantially with Tier2, 2019 profit retention, minority capital inclusion and RWA measures

- Capital position well above all regulatory requirements including P2G.
- Current management target stands at 15.75%. Current **TCR** 575 bps above management target.
- As of 1 January 2020, **Pillar 2 Requirement (P2R)** was lowered by 0.5 p.p. to 2.75% as a result of better overall SREP assessment.
- **RWA for credit risk** decreased 4.5% YtD mainly due to changes in the CRR regulation and effectiveness of MIGA guarantee for obligatory reserves in subsidiaries.

Total Capital Requirement (TCR) vs. Capital Position










RWA structure (in EUR million)





Asset Quality

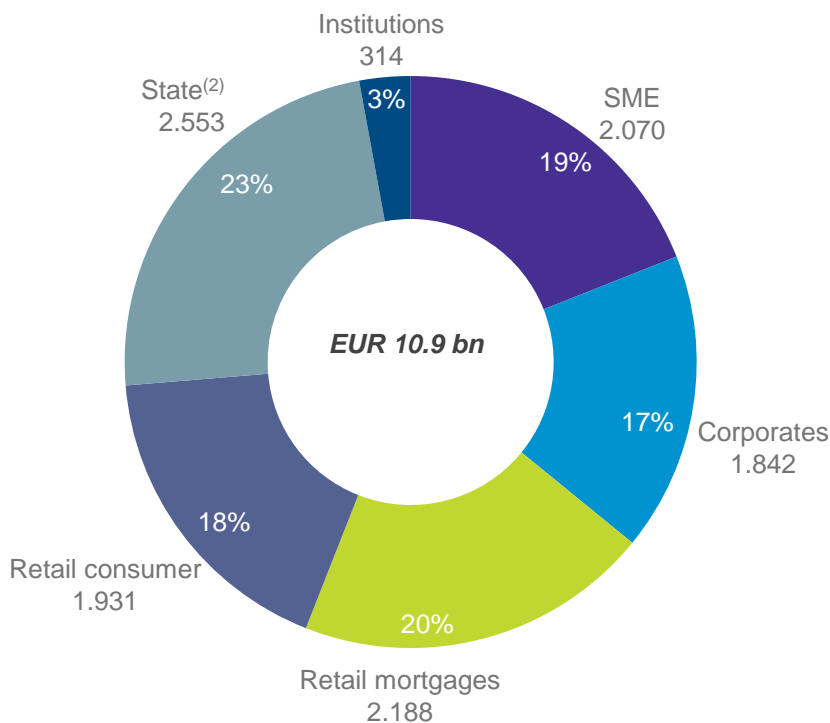
COVID-19 measures by country

	Moratorium	Dividend restriction	Capital measures	All combined measures (% of GDP)	Guarantee scheme
 Slovenia	Up to 12 months (applications until 30 November) Opt-in mode	YES	RWA reliefs Inclusion of prudently valued software in CET1	approx. EUR 3.7bn (8.3% of GDP)	EUR 2.2bn government loan guarantee scheme to provide liquidity to businesses
 North Macedonia	Selected cases for PI prolonged by 31.3.2021, moratoriums for LE ended. Opt-in mode	Strong recommendation not to distribute dividends	RWA reliefs	EUR 550m (5.5% of GDP)	EUR 10m state guarantee for commercial loans and for securing customs debt to support Start-ups and small and micro companies
 R. Srpska	Up to 6 months (applications until 31.12.2020) Opt-in mode	YES	The banks can temporarily use the capital conservation buffer (2.5%) if needed, so min OCR at 12%	EUR 400m (approx. 7% of GDP)	EUR 50m Guarantee Fund to support small business
 Federation BiH	Up to 6 months (applications until 31.12.2020) Opt-in mode	YES	The banks can temporarily use the capital conservation buffer (2.5%) if needed, so min OCR at 12%	EUR 1-1.5bn (approx. 7% of GDP)	EUR 50m Guarantee Fund (guarantee potential EUR 250m)
 Kosovo	Opt-in mode Up to 30 Sep were enabled conditional application for prolonged tenor up to 12 months	NO (Central bank consent for dividend payout needed)	NO	Currently 4.5% of GDP. Further measures expected, such as Macro-finance assistance from EC in amount of 100 mEUR	EUR 15m guarantee fund 50% guaranteed by the Kosovo Credit Guarantee Fund and 50% by the government
 Montenegro	6 Months moratoriums for PI who lost their job from March 2020 on and until 31.8.2021 for LE in sectors tourism, agro, fishery and forestry Opt-in mode	YES	NO	EUR 320m (7% of GDP) Prolonged subsidizing of sectors under risk (tourism, hospitality)	NO
 Serbia	Moratoriums over since September 2020	NO	NO	EUR 5.7 bn (12.2% of GDP)	EUR 2bn loan package, with 24% state guarantee (EUR 480m) In practice since Q2 2020

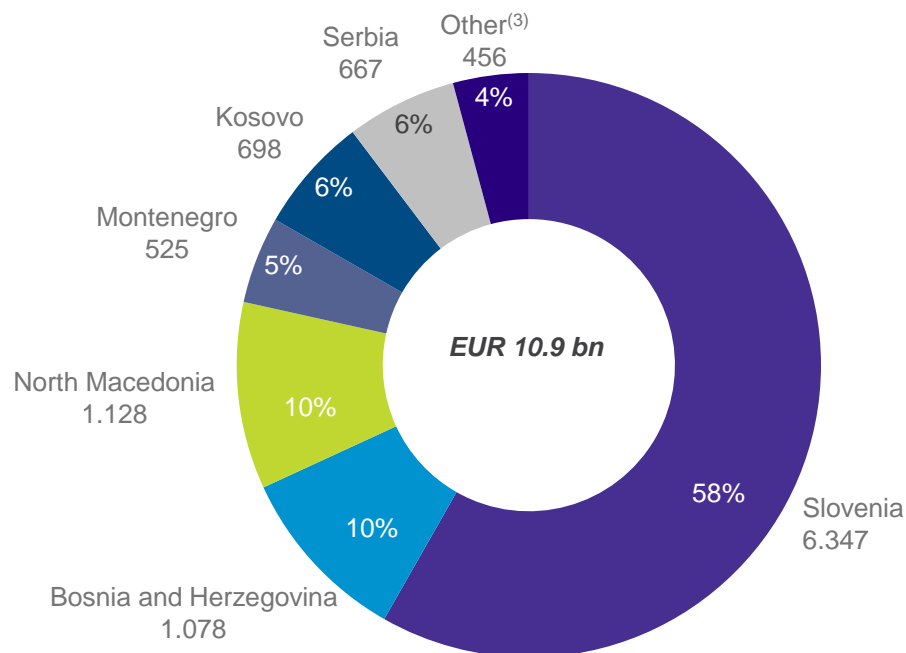
NLB Group Assets by segment and geography

Well diversified credit portfolio, with substantial retail exposure

Credit portfolio⁽¹⁾ by segment (Group, 30 Sep 2020, EURm)



Credit portfolio⁽¹⁾ by geography (Group, 30 Sep 2020, EURm)



Segmentation by industry & sectors

Limited exposure to sectors considered as sensitive

(Group, 30 Sep 2020, EUR thousands)

Corporate sector, industry structure	Performing loans	%
Accommodation and food service activities	97,486	2.7%
Act. of extraterritorial org. and bodies	0	0.0%
Administrative and support service activities	105,532	2.9%
Agriculture, forestry and fishing	154,621	4.3%
Arts, entertainment and recreation	12,855	0.4%
Construction industry	243,861	6.8%
Education	12,800	0.4%
Electricity, gas, steam and air condition	145,100	4.0%
Finance	113,049	3.2%
Human health and social work activities	23,137	0.6%
Information and communication	175,684	4.9%
Manufacturing	880,372	24.6%
Mining and quarrying	24,375	0.7%
Professional, scientific and techn. act.	83,100	2.3%
Public admin., defence, compulsory social.	125,107	3.5%
Real estate activities	163,006	4.5%
Services	13,538	0.4%
Transport and storage	531,018	14.8%
Water supply	28,282	0.8%
Wholesale and retail trade	652,578	18.2%
Other	144	0.0%
Total	3,585,644	100.0%

Accommodation and food service activities	Performing loans	%
Hotels and similar	65,459	1.8%
Restaurants and mobile food	21,375	0.6%
Others	9,537	0.3%
Accommodation	1,115	0.0%
Total accommodation and food service activities	97,486	2.7%

Main manufacturing activities	Performing loans	%
Manufacture of electric motors, generators and transform	36,162	1.0%
Manufacture of metal structures and parts of structures	24,359	0.7%
Manufacture of other parts and accessories for motor veh	22,668	0.6%
Casting of light metals	17,762	0.5%
Manufacture of batteries and accumulators	12,595	0.4%
Manufacture of electricity distribution and control apparatu	8,487	0.2%
Manufacture of other pumps and compressors	4,709	0.1%
Manufacture of fluid power equipment	3,699	0.1%
Total main manufacturing activities	130,441	3.6%

Main transport activities	Performing loans	%
Exposure to State Guarantee	363,464	10.1%
Land transport (freight and pipelines)	66,878	1.9%
Land transport (passenger)	26,257	0.7%
Postal services	17,226	0.5%
Air transport (all)	1,675	0.0%
Water transport (all)	1,593	0.0%
Total main transport activities	477,092	13.3%

Accommodation, Manufacturing (related to Car industry only) and Transport represents 9.53% (0.34bn EUR) of corporate exposure (excl. exposure to corporate client with state guarantee)

Portfolio COVID-19 response

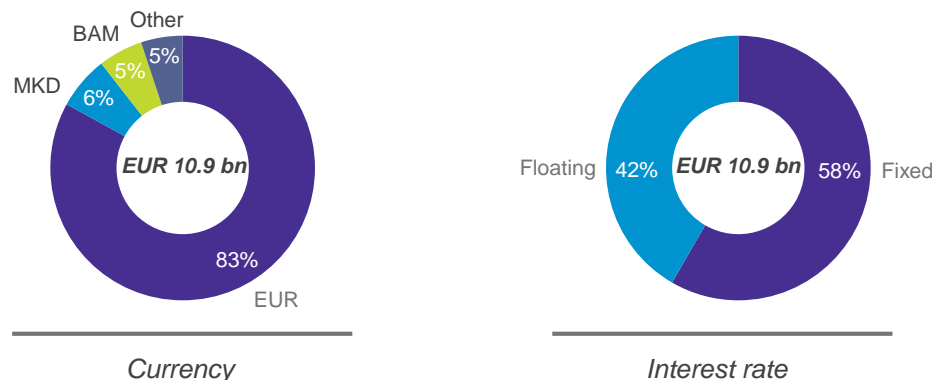
NLB Group member	Covid - 19 Moratorium						COVID - 19 New Financing					Total Covid-19 related transactions	
	Number of clients	Exposure	o/w EBA Compliant moratoria	o/w expired by 30 Sep. 2020	% of Exposure	% of Exposure (excl. expired moratoriums)	Numb. of clients	Exposure	o/w expired by 30 Sep. 2020	o/w subject to public guarantee schemes	% of Exposure	Exposure	o/w expired by 30 Sep. 2020
NLB d.d.	3,533	520,031.2	432,968.0	13,373.6	7.8%	7.6%	124.0	21,473.1	0.0	68.9	0.3%	541,504	13,374
NLB Banka, Skopje	81,616	373,864.7	302,003.5	4,805.5	30.6%	30.2%	40.0	30,057.4	0.0	0.0	2.5%	403,922	4,806
NLB Banka, Banja Luka	172	23,212.5	13,750.1	18,684.7	4.0%	0.8%	38.0	2,807.6	0.0	0.0	0.5%	26,020	18,685
NLB Banka, Sarajevo	1,482	36,408.8	36,408.8	30,732.7	6.8%	1.1%	0.0	0.0	0.0	0.0	0.0%	36,409	30,733
NLB Banka, Prishtina	6,151	263,191.7	0.0	193,306.4	34.5%	9.2%	0.0	0.0	0.0	0.0	0.0%	263,192	193,306
NLB Banka, Podgorica	7,932	177,821.8	173,991.6	169,754.5	38.7%	1.8%	17.0	1,870.0	0.0	0.0	0.4%	179,692	169,754
NLB Banka, Beograd	48,319	308,742.8	308,742.8	66,360.1	51.2%	40.2%	173.0	42,859.1	0.0	42,859.1	7.1%	351,602	66,360
NLB Leasing d.o.o. - v likv.	165	4,227.4	0.0	4,001.5	14.4%	0.8%	0.0	0.0	0.0	0.0	0.0%	4,227.4	4,001.5
NLB Group	149,370	1,707,500.9	1,267,864.7	501,018.9	15.7%	11.1%	392.0	99,067.2	0.0	42,928.0	0.9%	1,806,568.1	501,018.9

- On **NLB Group level EUR 1,708 million moratorium approved** so far, 52% to Non-financial corporations and 47% to Households.
- The amount represents 15.7% of total gross book.
- Of total EUR 1,708 million Covid-19 moratorium approved, EUR 501 million has already expired; while EUR 760.7 million will expire by the end of the year and EUR 445.7 million after 2020.
- In accordance with the Intervention Measure Act on Deferred Payments of Borrowers' Obligations (ZIUOPOK) in Slovenia, by the end of 3Q 2020 the Bank granted COVID-19 moratoriums in the total amount EUR 433.0 million, of which EUR 320.7 million to its corporate clients and EUR 112.2 million to its retail clients.
- **Moratoriums are granted for the period between 3 to 12 months**, subject to applicable government measure. Based on that banks in Strategic Foreign Markets have approved EUR 1,183.2 million of moratoriums, of which EUR 483.6 million expired by the end of 3Q 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 21.5 million in the Bank and close to EUR 77.6 million in other banking members of the Group. In addition the **new COVID-19 loans subject to public guarantee schemes** were granted in the amount of EUR 42.9 million by NLB Banka, Beograd. The Bank is only starting to approve the first exposures based on Slovenian public guarantee scheme.
- Intra-moratorium IFRS9 stage migration: individual review of corporates as well as expert-opinion-based portfolio assessment for retail lead to S1/S2 migration and contribute to provision increase in Q3 2020. In 1Q and again in Q3 2020 weaker macroeconomic assumptions were incorporated into IFRS9 provision calculation, which contributed to one-off increase of pool provisions on the two cut-off dates.

Asset quality – NLB Group

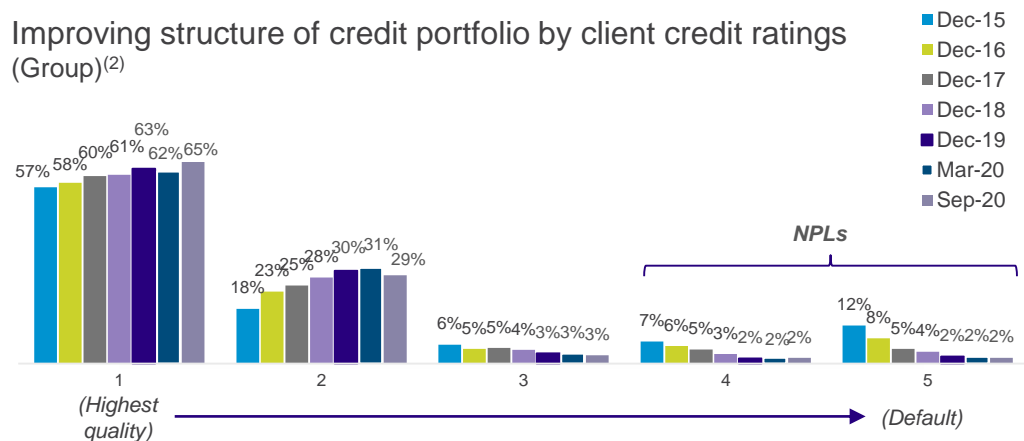
Diversified credit portfolio, focused on core markets and cautious risk taking

Credit portfolio⁽¹⁾ by currency and rate type (Group, 30 Sep 2020)



- **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 **further improvement of credit portfolio**
 - Intensive and proactive handling of problematic customers
 - Cautious lending policy
 - Early warning system for detecting increased credit risk
- The Group is **actively present** on the market, financing existing and new creditworthy clients.

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

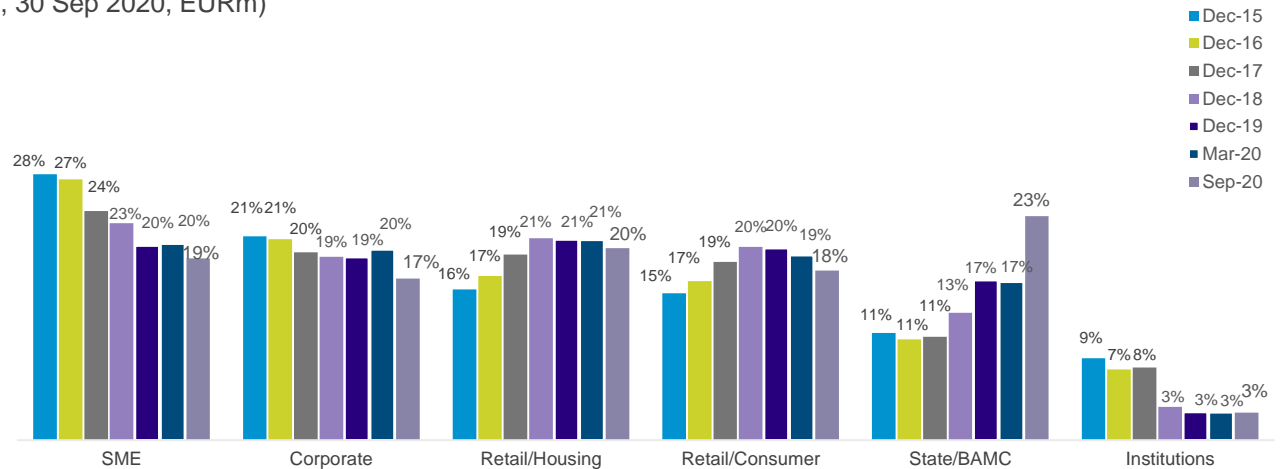
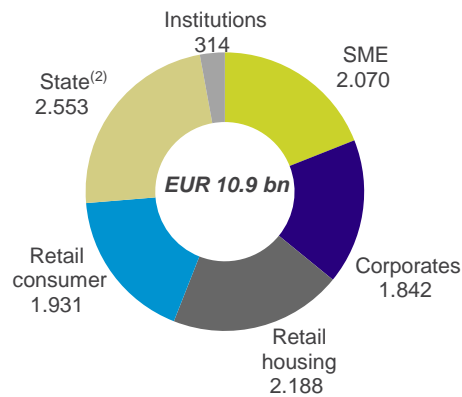


Note: (1) Credit portfolio also includes advances to banks and central banks; (2) Rating A, B and C are performing exposures. Rating A: investment grade clients with high financial stability; Rating B: clients with high ability to repay their obligations, a significant aggravation of the economic environment 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.

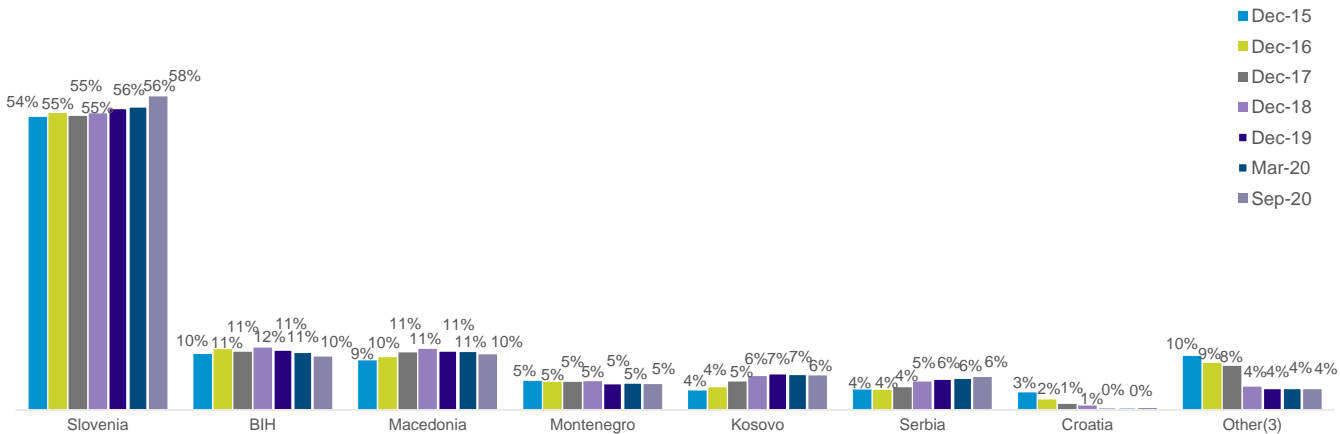
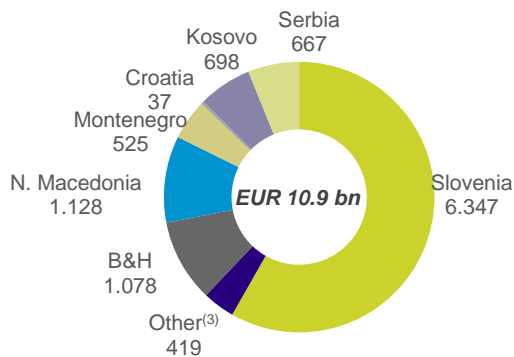
Asset quality – NLB Group

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

Credit portfolio⁽¹⁾ by segment (Group, 30 Sep 2020, EURm)



Credit portfolio⁽¹⁾ by geography (Group, 30 Sep 2020, EURm)



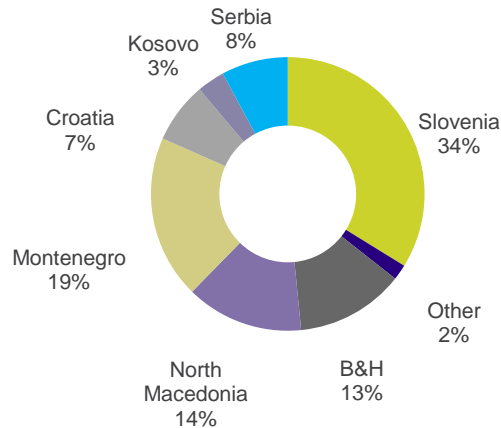
Source: Company information

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.

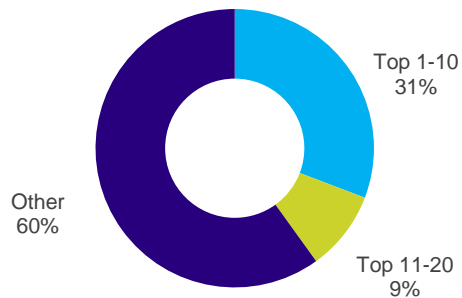
Asset quality – NLB Group

NPLs fully covered by provisions and collateral

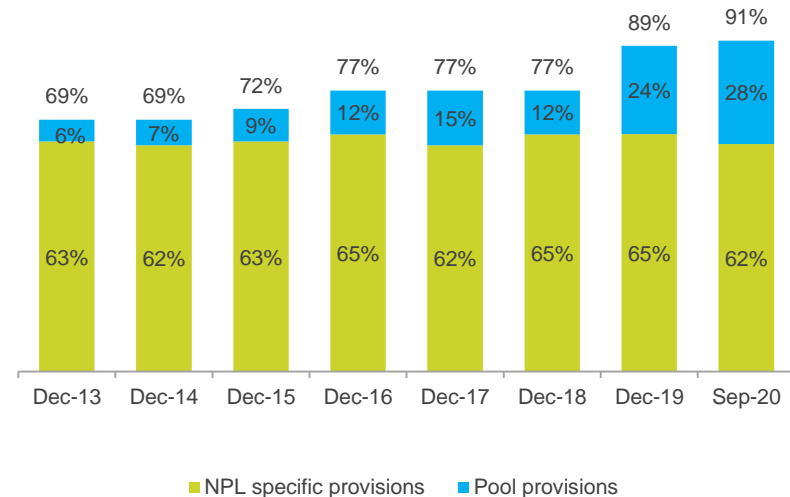
NPL by geography (Group, 30 Sep 2020)



Top 20 NPLs (Group, 30 Sep 2020)



NPL cash coverage⁽¹⁾ (Group, %)



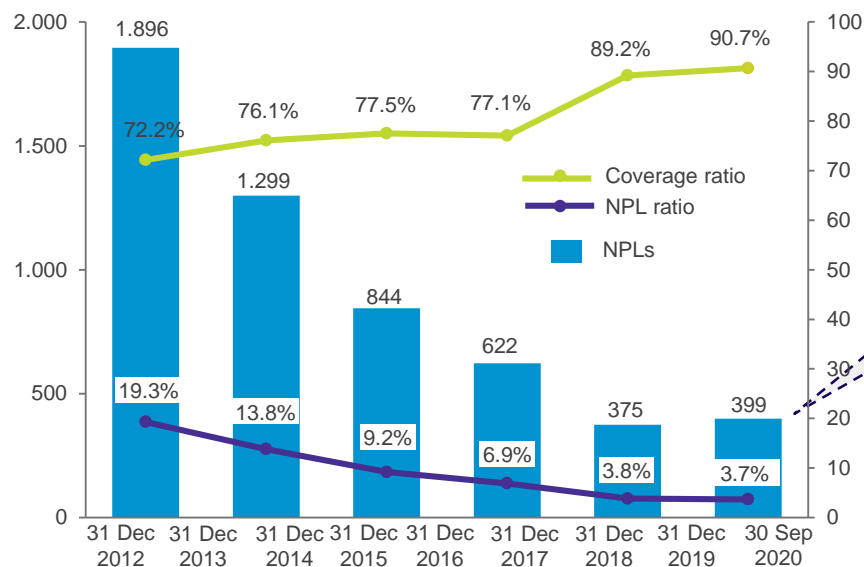
An important Group strength is the NPL cash coverage (CR1), which remains high at 90.7%. Further, the Group's NPL coverage ratio 2 stands at 62.3 %, which is well above the EU average as published by the EBA.

As such, it enables a further reduction in NPLs without any material losses.

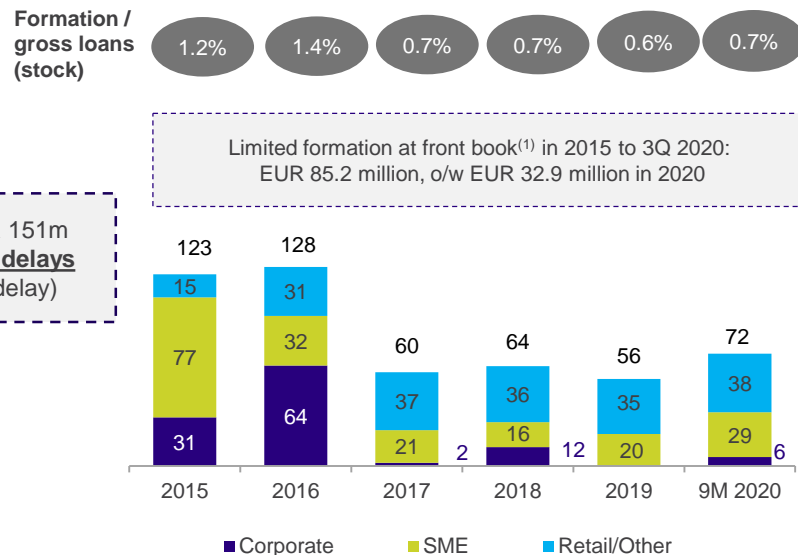
Asset quality – NLB Group

Stable NPL ratio, while NPL coverage ratio is increasing

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



Gross NPL formation very limited, but increasing this year (Group, EURm)



NPL stopped their multi-year declining trend, there are first signs for a deterioration of asset quality related to COVID-19 pandemic.

Top 10 NPL represent 31% of the entire NPL volume; the coverage with provisions remains high, limiting the potential losses.

NPL ratio decreased from 3.8% to 3.7% YtD, while **NPE ratio** also reduced by 0.2 p.p. YtD to 2.5%.



Source: Company information

Note: NPL was defined until December 2014 as loan exposure to D and E clients/claims and delays over 90 days from loans to A, B and C classified clients. Since customers with loans (in arrears over) with 90 days past due should be classified in non-performing grade (D or E), NPL definition changed and from 31.12.2014 include only D and E exposures; NPLs, NPL ratio and NPL cash coverage based on Credit portfolio;

(1) Refers to corporate loans issued since 2014 and retail loans issued since 2015.

Asset quality – NLB Group

92% of credit portfolio in Stage 1; high provision coverage

(EURm)	Credit portfolio								
	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
Total Credit portfolio	10,015.0	91,9%	1,067.3	483.3	4,4%	12.2	399.4	3,7%	24.7
o/w Corporate	3,231.8	82,6%	24.6	378.3	9,7%	11.0	301.1	7,7%	15.6
o/w Retail	3,916.1	95,1%	93.9	105.0	2,5%	1.3	98.3	2,4%	10.8
o/w State	2,552.6	100,0%	920.4	-	-	-	-	-	-1.7
o/w Institutions	314.5	100,0%	28.3	-	-	-	-	-	-

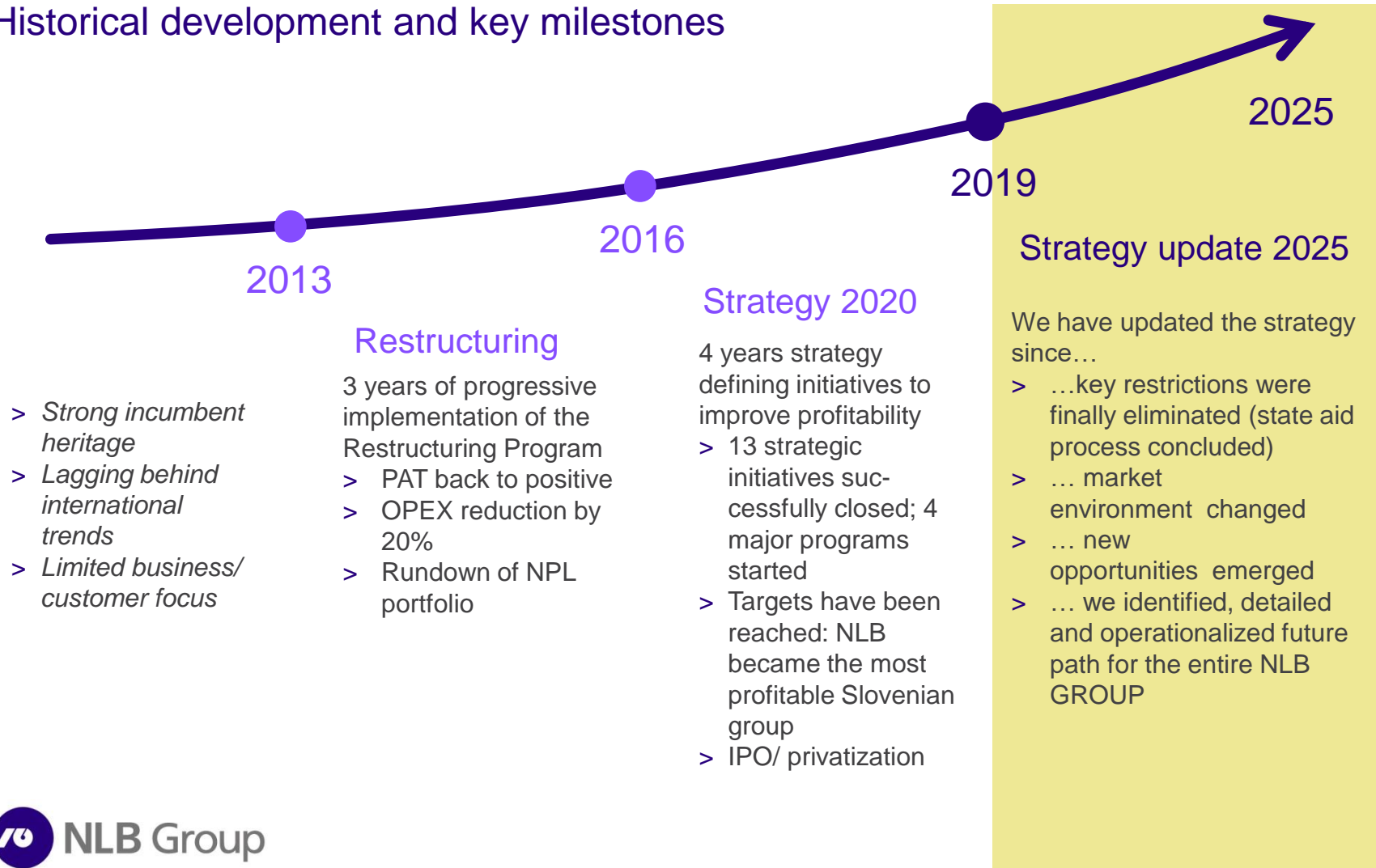
(EURm)	Provisions and FV changes for credit portfolio					
	Stage1		Stage2		Stage3+FVTPL	
	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provision & FV changes	Coverage with provisions & FV changes
Provisions & FV changes	67.7	0.68%	45.4	9.40%	248.86	62.31%
o/w Corporate	42.3	1.31%	35.9	9.49%	194.35	64.54%
o/w Retail	24.0	0.61%	9.5	9.07%	54.52	55.47%
o/w State	1.2	0.05%	-	-	-	-
o/w Institutions	0.2	0.06%	-	-	-	-



Strategy & IT

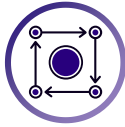
NLB went through difficult times – A new period is about to start

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**

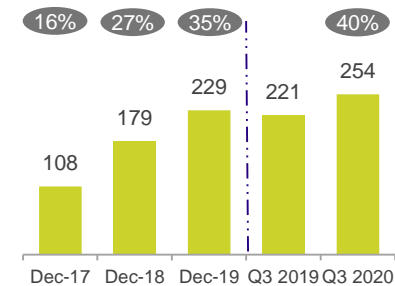


Top-ranked financial apps on Google Play

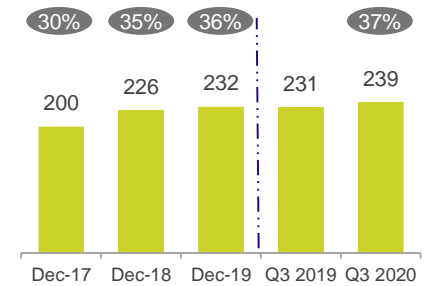


Demonstrated success in moving to digital

Mobile bank users⁽¹⁾ ('000s)

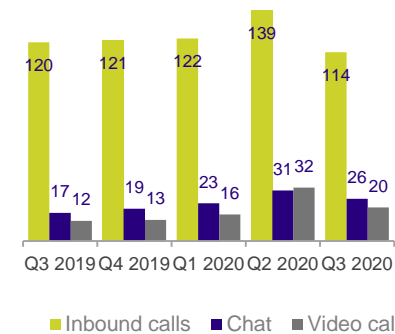


Online bank users⁽¹⁾ ('000s)

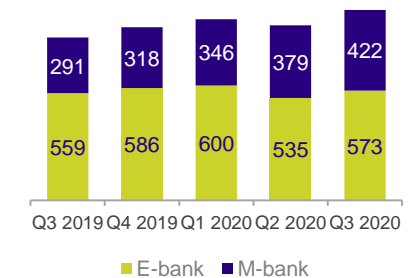


% Penetration of client base

Contact Centre contacts ('000s)

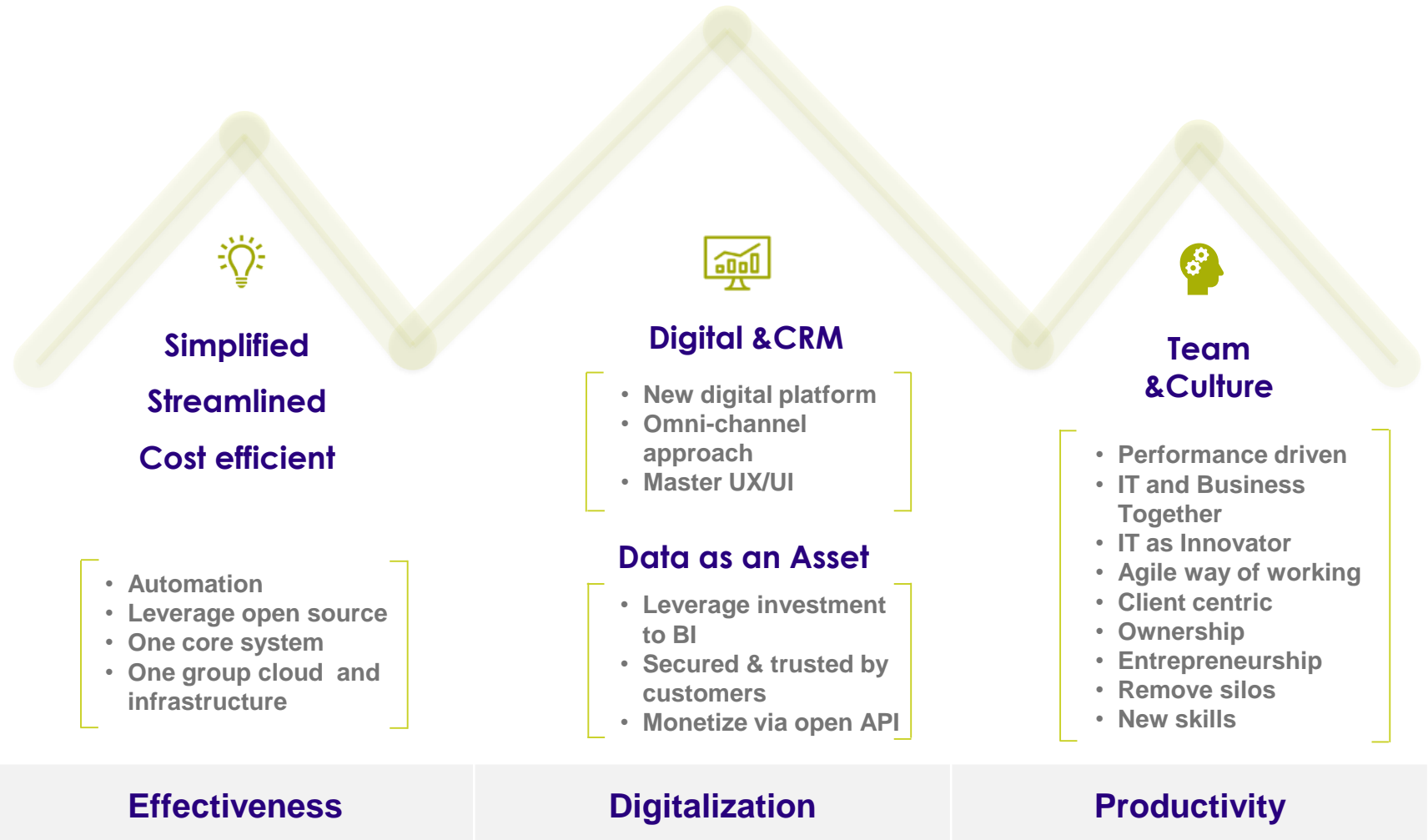


E- and M-bank transactions (in EURm)



Note: All figures are for Slovenia
(1) Individual users (Klikin and NLB Klik); (2) In 2017 ~30,000 inactive NLB Klik users systematically removed.

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



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





Outlook

Macro & business outlook

Macro outlook & risk factors affecting the business outlook

- The Eurozone economy is seen contracting by 8.5% in 2020. In Slovenia, the economy is expected to contract by 7.0% in 2020, while the output in the Group's region could on average contract by 6.2% in 2020.
- The economic momentum in the region where the Group operates has worsened due to COVID-19 pandemic that started at the end of Q1 2020. The governments in the region implemented different mitigation measures, with the aim of mitigating adverse negative impacts of the pandemic. A substantial drop in the economic activity, lower industrial production and consumer spending are expected to cause the economic slowdown and increased unemployment in the region.
- Based on the measures taken by the governments in Slovenia and other countries, the Group is granting an option of moratoriums on payment of obligations to all eligible borrowers due to COVID-19, which will not be treated as a trigger for a significant increase of the credit risk. All the clients requiring the moratorium are closely monitored as their financial situation and identification of credit deterioration will lead to a downgrade and will impact the IFRS 9 staging.
- Risk factors affecting the business outlook are (among others): the economies' sensitivity to a potential slowdown in the Euro area or globally, widening credit spreads, potential liquidity outflows, worsened interest rate outlook, regulatory and tax measures impacting the banks, and other geopolitical uncertainties.

Business outlook

- Similar trends in terms of **loan growth, revenues and margins** as in Q3 2020 are expected in Q4 2020. Severe worsening of economic and health situation related to the second wave of COVID-19 could negatively impact these trends.
- The Group is undertaking several strategic initiatives and measures for strategic cost optimization (channel strategy, digitalization, paperless, lean process, branch network optimization, real-estate rationalization, etc.). **Costs** are expected to stay flat in 2020 compared to 2019.
- Due to the impact of worsened macroeconomic environment in the first nine months of 2020, the Group made an adjustment to the expected credit losses in accordance with the new macro forecasts, resulting in an increase of cost of risk. Additionally, individual provisions were incorporated, arising from changed risk parameters due to the estimated impact of COVID-19 outbreak. The baseline expectation for **cost of risk** in 2020 is, based on the current understanding and anticipated consequences, ranging between 100 and 130 bps and as of now it is not expected to exceed 150bps, although this will depend on the length and severity of disruption in corporate operations and consumer spending.
- Besides, the economic slowdown is expected to have a negative impact on the existing **loan portfolio quality**, namely a potential increase of Stage 2 and Stage 3 exposures in the remainder of 2020. However, due to a very stable quality of the portfolio before the crisis, this impact should not be excessive.
- The recently adopted ECB measures allow the Group to benefit from the lower capital requirements, while due to the ECB recommendation on dividend distributions during the COVID-19 pandemic for the European banks, accompanied also with the BoS restriction on dividend distributions applicable for Slovenian banks, the Bank will not pay out any **dividends** in 2020. Once these restrictions cease to apply, the NLB would resume with dividend pay out in line with its capacity and regulatory requirements.

Appendixes

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Appendix 3: Financial statements	77



Appendix 1

Segment Analysis



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>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>Treasury activities</p> <p>Trading in financial instruments</p> <p>Asset and liabilities management (ALM)</p>	<p>Non-core members</p> <p>Real estate companies</p>	
	<ul style="list-style-type: none"> • Largest retail banking group in Slovenia by loans, deposits and number of branches • #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 6 independent, well capitalised and largely self-funded subsidiaries • 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 	
	Profit b.t.	36.3	18.9	45.5	26.0	-5.5
	Total assets	2,519	2,016	4,953	5,271	143
	% of total assets ⁽³⁾	17%	13%	33%	35%	1%
	CIR	65.4%	54.3%	50.4%	17.1%	253.4%
	Cost of risk (bp)	51	43	140	/	-145

(Sep 2020, in EURm)

Notes: (1) Retail Banking in Slovenia, which includes banking with individuals and asset management (NLB Skladi), as well as the contribution to the result of the associated company Bankart (in 1-9 2019 also of the joint venture NLB Vita and in 1-9 2020 realised gain on sale of the investment).; (2) 39% minority stake; (3) Other activities 2%.

NLB d.d., Ljubljana

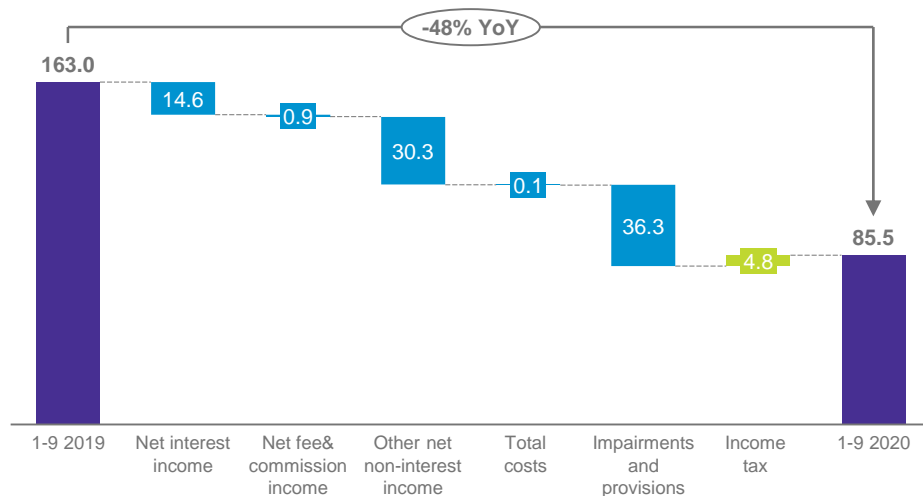
"on stand alone basis"

Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	8.3%	16.4%	-8.0 p.p.	
Interest margin	1.47%	1.88%	-0.4 p.p.	
CIR	55.8%	46.8%	9.0 p.p.	
Cost of risk net (bps) ⁽¹⁾	49	-45	94	
LTD net	54.2%	62.7%	-0.1	
Income statement	Realization		Change	
in EUR thousand	1-9 2020	1-9 2019	YoY	
Total net operating income	239,714	285,575	-45,861	-16%
Net interest income	104,357	118,987	-14,630	-12%
Net non-interest income	135,357	166,588	-31,231	-19%
o/w net fees and commissions	77,134	78,066	-932	-1%
Total costs	-133,670	-133,545	-125	0%
Employee costs	-77,178	-77,416	238	0%
Other general and administrative expenses	-42,979	-42,719	-260	-1%
Depreciation and amortization	-13,513	-13,410	-103	-1%
Result before impairments and provisions	106,044	152,030	-45,986	-30%
Impairments and provisions	-17,981	18,271	-36,252	-
Result after tax	85,517	162,980	-77,463	-48%
Number of employees	2,624	2,667	-43	-2%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	10,638,759	9,801,557	837,202	9%
Loans to customers (net)	4,553,973	4,589,170	-35,197	-1%
Loans to customers (gross)	4,697,487	4,718,049	-20,562	0%
Gross loans to corporate	2,143,691	2,154,467	-10,776	-1%
Gross loans to individuals	2,380,997	2,376,792	4,205	0%
Gross loans to state	172,799	186,790	-13,991	-7%
Financial assets	3,123,426	3,168,624	-45,198	-1%
Deposits from customers	8,405,567	7,760,737	644,830	8%
Deposits from corporate	1,750,028	1,674,873	75,155	4%
Deposits from individuals	6,529,647	5,984,982	544,665	9%
Deposits from state	125,892	100,882	25,010	24.8%
NPL volume	175,571	169,451	6,120	3.6%
NPL ratio (internal def.)	2.5%	2.8%	-0.3 p.p.	
Capital (according to local legislation)				
Total capital ratio	30.2%	22.6%	7.6 p.p.	
Overall capital requirement	14.3%	14.7%	-0.5 p.p.	

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



Lower income from dividends due to COVID-19 restrictions, partially neutralized by sale of NLB Vita and sale of debt securities. Established provisions had negative impact on result after tax.

Retail Banking in Slovenia

in EUR million
consolidated

Retail Banking in Slovenia

	1-9 2020	1-9 2019	Change YoY		Q3 2020	Q2 2020	Q3 2019	Change QoQ
Net interest income	61.9	65.6	-3.7	-6%	20.3	20.4	21.4	-1%
Net non-interest income	66.5	56.9	9.6	17%	21.5	26.5	21.7	-19%
o/w Net fee and commission income	61.1	61.1	0.0	0%	21.4	20.4	21.2	5%
Total net operating income	128.5	122.5	6.0	5%	41.7	46.8	43.1	-11%
Total costs	-84.0	-84.2	0.1	0%	-27.9	-27.6	-29.0	-1%
Result before impairments and provisions	44.4	38.3	6.1	16%	13.8	19.3	14.2	-28%
Impairments and provisions	-9.0	-2.9	-6.2	-	-3.4	-1.1	-1.1	-
Net gains from investments in subsidiaries, associates, and JVs ¹	0.9	4.2	-3.3	-78%	0.5	0.2	1.6	125%
Result before tax	36.3	39.6	-3.3	-8%	10.9	18.4	14.8	-41%

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Change YtD		Change YoY		Change QoQ
Net loans to customers	2,386.4	2,322.0	2,385.1	2,347.5	1.2	0%	38.9	2%	3%
Gross loans to customers	2,418.4	2,350.5	2,410.2	2,375.3	8.1	0%	43.1	2%	3%
Housing loans	1,487.8	1,450.7	1,425.0	1,401.9	62.7	4%	85.8	6%	3%
Interest rate on housing loans	2.52%	2.52%	2.54%	2.55%	-0.02 p.p.		-0.03 p.p.		0.00 p.p.
Consumer loans	663.0	661.5	688.3	682.2	-25.3	-4%	-19.2	-3%	0%
Interest rate on consumer loans	6.39%	6.32%	6.33%	6.32%	0.06 p.p.		0.07 p.p.		0.07 p.p.
Other	264.1	238.3	296.9	291.1	-32.8	-11%	-27.0	-9%	11%
Deposits from customers	7,040.1	7,005.8	6,456.2	6,320.0	583.9	9%	720.0	11%	0%
Interest rate on deposits	0.05%	0.05%	0.05%	0.05%	0.00 p.p.		0.00 p.p.		0.00 p.p.
Non-performing loans (gross)	45.8	43.0	40.8	43.3	5.0	12%	2.6	6%	7%

	1-9 2020	1-9 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	51	17	34
CIR	65.4%	68.7%	-3.3 p.p.
Interest margin	1.80%	2.07%	-0.27 p.p.

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

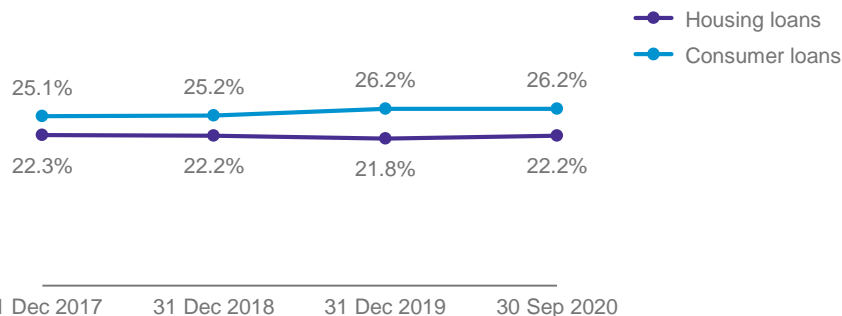
- The segment's **profit before tax** amounted to EUR 36.3 million, an 8% decrease YoY; this decrease is mostly related to higher credit impairments and provisions and lower deposit margin from deposits, which was partially compensated by sales effects from NLB Vita.
- Net interest income** was 6% lower YoY. Due to overliquidity of the Bank, the policy to de-stimulate the deposit collection triggered the retail deposits margin after transfer price (FTP) reduction in the amount of EUR 6.1 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 H1 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 Q3 2020 amounted to EUR 62.5 million and was higher than in previous two quarters (EUR 34.7 million in Q2 and EUR 51.5 million in Q1) as result of several activities marketing campaigns, individualised preapproved loan campaigns, process improvements), however still lower than in Q3 2019 (EUR 96.0 million). The YtD decline in the balance of consumer loans (EUR 25.2 million) is largely due to a lower production of new consumer loans in Q1 and Q2 2020, while the last quarter has seen 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 27 million YtD). Housing loans recorded an increase in the portfolio (EUR 62.7 million YtD and EUR 85.8 million YoY), also as a result of a more attractive offer for clients and intensive marketing campaigns.
- The segment recorded the **net non-interest income** of EUR 66.5 million, EUR 9.6 million (17%) increase YoY, due to the sale of NLB Vita in the amount of EUR 11.0 million.
- Net impairments and provisions** were established in the amount of EUR 9.0 million due to additional credit impairments and provisions related to COVID-19 outbreak.
- Deposits from customers** increased by EUR 720 million (11%) YoY (EUR 583.9 million or 9% YtD). In the last two months of Q3 2020 the deposit inflow from private individuals has stabilized.
- Exposures subject to COVID-19 moratorium were concluded in the amount of EUR 114.3 million (4.6% of the total retail exposure).

⁽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.

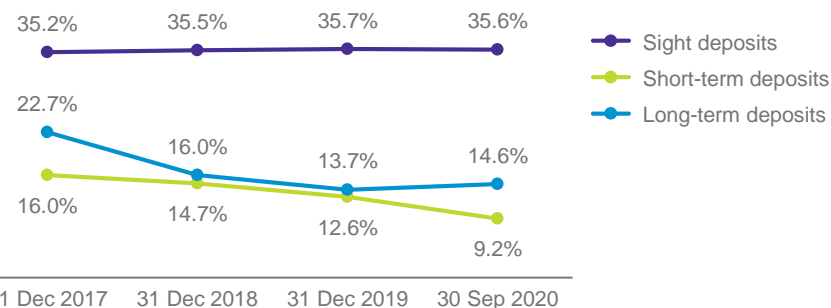
Retail banking in Slovenia

High and stable market shares across products

Market share of net loans to individuals in Slovenia

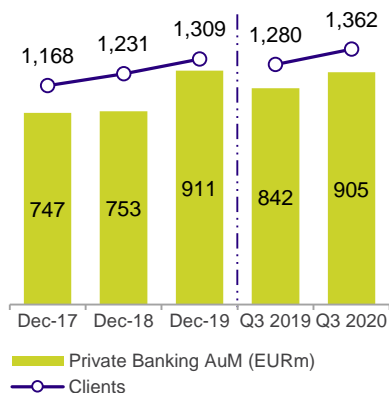


Market share of deposits from individuals in Slovenia

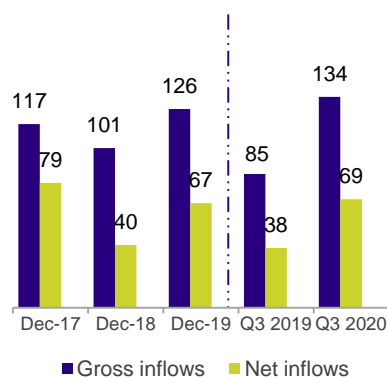


Upside from fee generating products

NLB Private banking offering



NLB Skladi inflows (EURm)



- Further extending set of products and services offered to clients using digital channels. As the only bank in Slovenia enabling 24/7 opening of personal account with video call to NLB Contact Centre and as the first bank on the market also digital signing of documents in m-bank.
- #1 player in Private Banking⁽¹⁾
 - Limited competition and strong cross-selling capabilities with Bankassurance and asset management
- # 1 player in Slovenian asset management⁽²⁾
 - AuM of 1,488.3 EURm as of 30 September 2020 including investments in mutual funds and discretionary portfolios
 - Market share of NLB Skladi at mutual funds in Slovenia equals 33.9% as of 30 September 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

	1-9 2020	1-9 2019	Change YoY		Q3 2020	Q2 2020	Q3 2019	Change QoQ	
Net interest income	25.6	28.4	-2.7	-10%	7.8	8.5	8.7	-9%	
Net non-interest income	30.5	33.4	-2.8	-9%	9.8	9.8	8.9	0%	
o/w Net fee and commission income	24.8	24.6	0.1	1%	8.7	7.4	8.5	17%	
Total net operating income	56.2	61.7	-5.6	-9%	17.6	18.4	17.6	-4%	
Total costs	-30.5	-31.6	1.1	3%	-10.1	-10.0	-10.8	-1%	
Result before impairments and provisions	25.6	30.1	-4.5	-15%	7.5	8.4	6.8	-11%	
Impairments and provisions	-6.8	17.8	-24.6	-	2.5	0.4	14.9	-	
Result before tax	18.9	47.9	-29.1	-61%	10.0	8.8	21.7	14%	
	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Change YtD		Change YoY		Change QoQ
Net loans to customers	2,022.0	2,053.8	2,049.6	2,031.2	-27.6	-1%	-9.2	0%	-2%
Gross loans to customers	2,130.6	2,168.2	2,150.9	2,179.5	-20.3	-1%	-48.9	-2%	-2%
Corporate	1,969.9	2,005.3	1,976.8	1,998.8	-7.0	0%	-28.9	-1%	-2%
Key/SME Corporates	1,802.0	1,842.0	1,819.3	1,779.0	-17.4	-1%	23.0	1%	-2%
Interest rate on Key/SME Corporates loans	1.79%	1.81%	1.82%	1.83%	-0.03 p.p.		-0.04 p.p.		-0.02 p.p.
Investment banking	0.2	0.2	0.1	0.1	0.1	57%	0.1	57%	-
Restructuring and Workout	156.0	162.2	157.4	219.7	-1.4	-1%	-63.7	-29%	-4%
NLB Lease&Go, Ljubljana	11.7	0.8	-	-	11.7	-	11.7	-	-
State	160.3	162.5	173.6	180.3	-13.4	-8%	-20.1	-11%	-1%
Interest rate on State loans	2.18%	2.45%	1.88%	1.98%	0.30 p.p.		0.20 p.p.		-0.27 p.p.
Deposits from customers	1,354.1	1,248.5	1,299.1	1,014.5	55.0	4%	339.6	33%	8%
Interest rate on deposits	0.06%	0.06%	0.07%	0.07%	-0.01 p.p.		-0.01 p.p.		0.00 p.p.
Non-performing loans (gross)	129.7	136.0	128.7	188.2	1.1	1%	-58.5	-31%	-5%

	1-9 2020	1-9 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	43	-116	159
CIR	54.3%	51.2%	3.1 p.p.
Interest margin	1.94%	2.25%	-0.31 p.p.

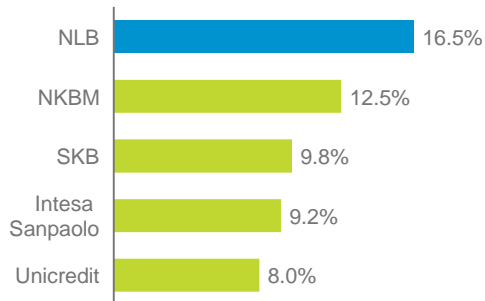
⁽¹⁾ Cost of risk for 2019 is adjusted to new methodology.

- The segment's **profit before tax** was EUR 18.9 million, EUR 29.1 million lower YoY. The decrease is mostly due to credit impairments and provisions related to COVID-19 outbreak.
- Net interest income** decreased by EUR 2.7 million YoY, due to lower volumes of gross loans to customers (EUR 48.9 million YoY) as well as lower interest rates on loans. Key and SME clients recorded a growth in gross loans (EUR 23.0 million), while gross loans in the Restructuring and Workout and gross loans to state recorded a decrease YoY (EUR 63.7 million and EUR 20.1 million respectively). YtD the volume of gross loans in the segment decreased by 1%. New COVID-19-related financing to companies was recorded in the amount of EUR 21.5 million (without public guarantee schemes, as legislation harmonisation process was just concluded).
- Net fee and commission income** stayed on the same level YoY.
- Total costs** decreased by EUR 1.1 million (3%) YoY.
- Net impairments and provisions** were established in the amount of EUR 6.8 million due to additional credit impairments and provisions related to COVID-19 outbreak.
- The **Investment Banking and Custody** recorded non-interest income in the amount of EUR 7.5 million and increased by EUR 0.6 million YoY. The total income growth is the result of a larger volume of transactions and higher margins. The total value of assets under custody increased to EUR 15.3 billion (2019 YE: EUR 14.4 billion).
- Exposures subject to COVID-19 moratorium were concluded in the amount of EUR 409.9 million (21.4% of the total corporate exposure).

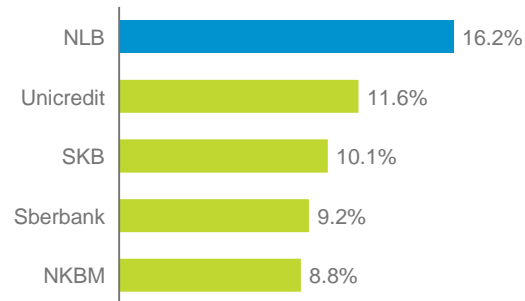
Corporate banking in Slovenia

High market shares across products⁽¹⁾

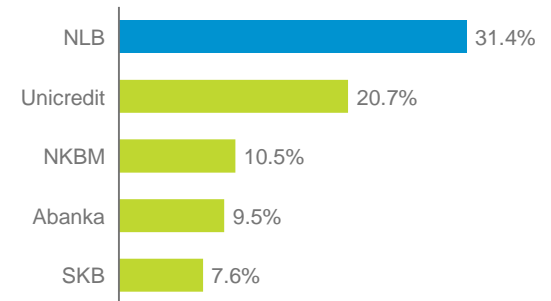
#1 in corporate and state loans



#1 in corporate and state deposits



#1 in guarantees and letters of credit



- Largest bank in the country with high capacity to lend to and service large clients serving over 9,000 corporate clients as of 30 September 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

13.5 k⁽²⁾

POS terminals

36.7% market share⁽²⁾

in merchant acquiring

EUR 15.3 bn

assets under custody

Source: Bank of Slovenia, Company information

Note: (1) Data as per 30 Jun 2020 (latest available); (2) As of 30 September 2020;

Strategic foreign markets

in EUR million
consolidated

Strategic Foreign Markets

	1-9 2020	1-9 2019	Change YoY		Q3 2020	Q2 2020	Q3 2019	Change QoQ
Net interest income	119.1	117.6	1.6	1%	40.6	38.7	39.7	5%
Net non-interest income	39.4	39.1	0.3	1%	14.2	12.2	14.5	16%
o/w Net fee and commission income	39.4	40.5	-1.1	-3%	13.8	12.3	14.7	13%
Total net operating income	158.6	156.7	1.9	1%	54.8	50.9	54.3	8%
Total costs	-79.9	-78.7	-1.1	-1%	-26.5	-25.8	-26.9	-3%
Result before impairments and provisions	78.7	77.9	0.8	1%	28.2	25.2	27.4	12%
Impairments and provisions	-33.2	-6.0	-27.2	-	-15.4	-3.8	1.1	-
Result before tax	45.5	72.0	-26.4	-37%	12.8	21.3	28.5	-40%
o/w Result of minority shareholders	4.2	6.2	-2.0	-33%	1.0	2.0	2.4	-52%

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Change YtD		Change YoY		Change QoQ
Net loans to customers	3,199.5	3,165.3	3,024.6	2,907.9	174.9	6%	291.7	10%	1%
Gross loans to customers	3,352.7	3,314.4	3,162.1	3,059.9	190.6	6%	292.8	10%	1%
Individuals	1,711.0	1,658.2	1,603.8	1,555.2	107.1	7%	155.8	10%	3%
<i>Interest rate on retail loans</i>	6.34%	6.39%	6.71%	6.76%	-0.37 p.p.		-0.42 p.p.		-0.05 p.p.
Corporate	1,528.6	1,540.6	1,470.3	1,414.7	58.3	4%	113.9	8%	-1%
<i>Interest rate on corporate loans</i>	4.19%	4.21%	4.49%	4.54%	-0.30 p.p.		-0.36 p.p.		-0.02 p.p.
State	113.1	115.6	88.0	90.0	25.2	29%	23.2	26%	-2%
<i>Interest rate on state loans</i>	3.63%	3.12%	4.00%	4.12%	-0.38 p.p.		-0.50 p.p.		0.50 p.p.
Deposits from customers	4,013.4	3,935.0	3,856.7	3,698.6	156.8	4%	314.8	9%	2%
<i>Interest rate on deposits</i>	0.44%	0.46%	0.53%	0.54%	-0.08 p.p.		-0.09 p.p.		-0.02 p.p.
Non-performing loans (gross)	130.8	126.3	111.6	132.6	19.2	17%	-1.8	-1%	4%







	1-9 2020	1-9 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	140	3	137
CIR	50.4%	50.3%	0.1 p.p.
Interest margin	3.35%	3.63%	-0.28 p.p.

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

- The segment's **profit before tax** was EUR 45.5 million, 37% lower YoY, mainly due to impairments and provisions (EUR 33.2 million), to a large extent related to COVID-19 outbreak. The result before impairments and provisions was 1% higher.
- **Net interest income** increased by EUR 1.6 million (1%) YoY due to higher volumes (gross loans to customers 10% higher YoY), despite the falling trend of interest margins.
- **Net non-interest income** increased slightly by EUR 0.3 million or 1% YoY, while net fee and commission income decreased by EUR 1.1 million or 3% YoY, due to COVID-19 negative impact on card operations and payment transactions.
- **Total costs** increased slightly by EUR 1.1 million or 1% YoY.
- **Net impairments and provisions** in the amount of EUR 33.2 million, mostly related to COVID-19 outbreak.
- **Gross loans to customers** increased by EUR 190.6 million (6%) YtD due to increase in gross loans in all the subsidiary banks; the largest YtD increases were recorded in NLB Banka, Beograd (EUR 62.7 million), NLB Banka, Skopje (EUR 42.9 million), NLB Banka, Podgorica (EUR 35.0 million), and NLB Banka, Prishtina (EUR 30.6 million).
- In the Strategic Foreign Markets, various moratorium schemes were implemented (opt-in, opt-out), the total amount of moratorium outstanding was EUR 1,183.2 million. Moratorium maturity is 3-6 months.

SEE banks continuing solid performance

- ✓ 1% growth of net interest income YoY, despite the decreasing trend of interest margins
- ✓ 1% growth of net non-interest income YoY, negative impact of COVID-19 on net fee and commission income already normalizing
- ✓ 2% growth of result before impairments and provisions
- ✓ Growing credit portfolio in all markets, with aggregate deposits balance 4% increase YtD

	NLB Banka Skopje		NLB Banka Banja Luka		NLB Banka Sarajevo		NLB Banka Prishtina		NLB Banka Podgorica		NLB Banka Beograd		Total core banks ⁽¹⁾		
															
B/S (EURm)	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019	Δ
Total assets	1,526	1,462	789	773	644	638	833	801	540	548	715	614	5,047	4,837	4%
Net loans to customers	954	915	426	412	405	399	564	540	377	346	474	412	3,200	3,025	6%
Deposits from customers	1,232	1,176	621	618	521	515	706	685	420	437	524	437	4,025	3,868	4%
P&L (EURm)	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	Δ
NII ⁽²⁾	36.2	36.8	13.7	14.1	13.5	13.5	24.3	23.0	15.3	14.9	16.1	15.3	119.1	117.6	1%
NNII ⁽²⁾	12.1	11.7	8.6	8.6	6.6	7.2	4.6	5.0	2.9	4.2	4.6	2.4	39.4	39.1	1%
Total Costs	-19.6	-19.8	-10.2	-9.9	-10.9	-10.6	-9.1	-9.4	-10.0	-9.7	-14.5	-14.7	-74.3	-74.1	0%
Result before imp.&prov.	28.8	28.6	12.2	12.7	9.1	10.1	19.8	18.6	8.2	9.5	6.2	3.0	84.3	82.6	2%
Result a.t.	15.2	24.4	7.7	13.9	4.5	7.3	10.8	14.8	1.2	6.0	4.3	2.7	43.7	69.2	-37%
Ratios	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019	1-9 2020	1-9 2019			
RoE a.t.	9.3%	16.2%	11.2%	21.6%	7.2%	12.1%	16.0%	25.9%	2.4%	11.9%	7.7%	5.3%			
Net interest margin ⁽³⁾	3.36%	3.69%	2.43%	2.56%	2.95%	2.99%	4.02%	4.41%	4.10%	4.27%	3.39%	4.11%			
CIR	40.5%	40.9%	45.6%	43.8%	54.6%	51.1%	31.4%	33.6%	54.8%	50.4%	70.1%	82.9%			
LTD net	77.4%	76.7%	68.6%	66.3%	77.7%	76.8%	79.8%	81.8%	89.9%	73.5%	90.3%	105.5%			



Source: Company information

Note: (1) Calculated as simple sums for each item; (2) NII: Net interest income; NNII: Net non-interest income; (3) Calculated on the basis of interest bearing assets;

NLB Banka, Skopje

NLB Banka AD Skopje

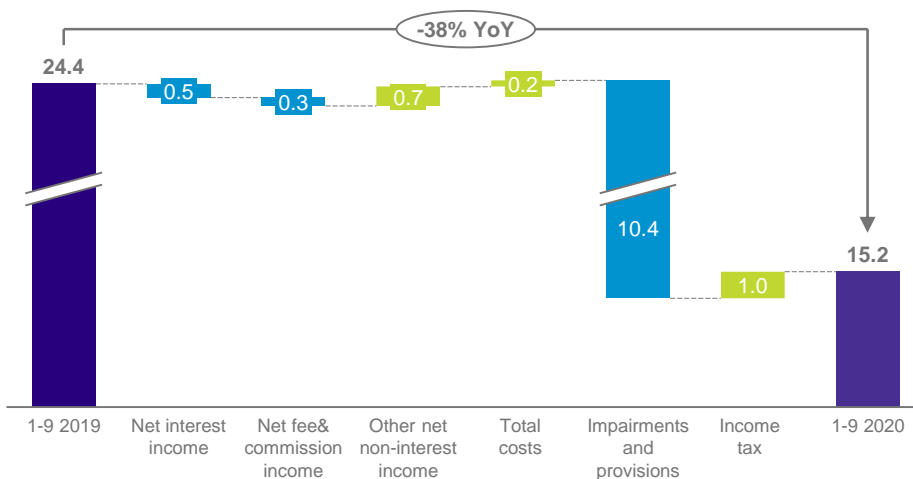
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Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	9.3%	16.2%	-6.8 p.p.	
Interest margin	3.36%	3.69%	-0.3 p.p.	
CIR	40.5%	40.9%	-0.4 p.p.	
Cost of risk net (bps) ⁽¹⁾	166	11	154	
LTD net	77.4%	76.7%	0.7 p.p.	
Income statement	Realization		Change	
in EUR thousand	1-9 2020	1-9 2019	YoY	
Total net operating income	48,351	48,449	-98	-0.2%
Net interest income	36,240	36,767	-527	-1.4%
Net non-interest income	12,111	11,682	429	3.7%
o/w net fees and commissions	10,654	10,973	-319	-2.9%
Total costs	-19,578	-19,816	238	1.2%
Employee costs	-10,342	-10,296	-46	-0.4%
Other general and administrative expenses	-6,180	-6,669	489	7.3%
Depreciation and amortization	-3,056	-2,851	-205	-7.2%
Result before impairments and provisions	28,773	28,633	140	0.5%
Impairments and provisions	-11,885	-1,462	-10,423	-
Result after tax	15,182	24,447	-9,265	-37.9%
Number of employees	867	878	-11	-1.3%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	1,525,678	1,462,306	63,372	4.3%
Loans to customers (net)	953,736	915,149	38,587	4.2%
Loans to customers (gross)	1,012,122	969,213	42,909	4.4%
Gross loans to corporate	380,414	393,137	-12,723	-3.2%
Gross loans to individuals	612,519	573,826	38,693	6.7%
Gross loans to state	19,189	2,250	16,939	-
Financial assets	266,785	242,360	24,425	10.1%
Deposits from customers	1,232,000	1,175,612	56,388	4.8%
Deposits from corporate	331,355	314,598	16,757	5.3%
Deposits from individuals	889,515	854,135	35,380	4.1%
Deposits from state	11,130	6,879	4,251	61.8%
NPL volume	55,432	48,311	7,121	14.7%
NPL ratio (internal def.)	4.6%	4.2%	0.4 p.p.	
Capital (according to local legislation)				
Total capital ratio	16.4%	16.4%	0.0 p.p.	
Overall capital requirement	15.0%	15.0%	0.0 p.p.	

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



In the first nine months of 2020 the bank succeeded to realize a result before impairments and provisions on the same level YoY in the amount of EUR 28.8 million. The volume of gross loans to customers and the volume of deposits from customers increased, marking a 16.1% growth of housing loans YoY. Volume of NPLs increased, NPL share in all loans was 4.6%.

NLB Banka, Banja Luka

NLB Banka A.D., Banja Luka

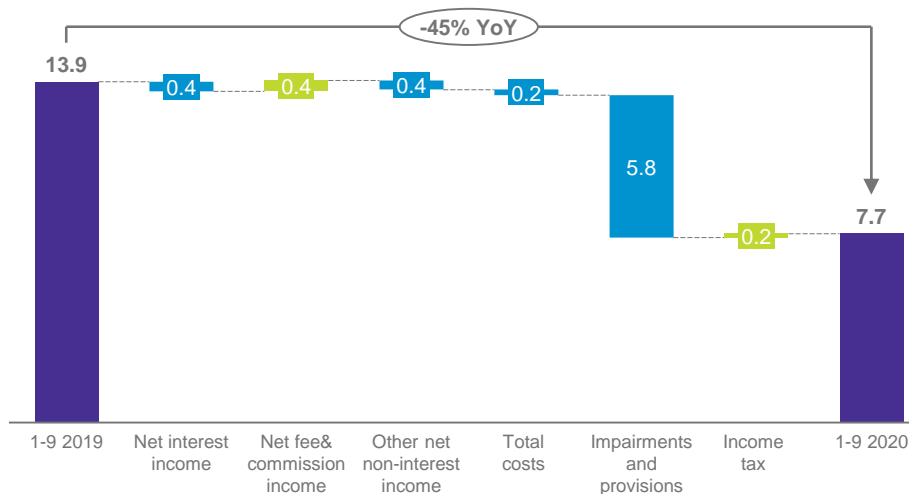
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Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	11.2%	21.6%	-10.4 p.p.	
Interest margin	2.43%	2.56%	-0.1 p.p.	
CIR	45.6%	43.8%	1.7 p.p.	
Cost of risk net (bps) ⁽¹⁾	111	-87	198	
LTD net	68.6%	66.3%	2.3 p.p.	
Income statement	Realization		Change	
	1-9 2020	1-9 2019	YoY	
in EUR thousand				
Total net operating income	22,318	22,634	-316	-1.4%
Net interest income	13,682	14,072	-390	-2.8%
Net non-interest income	8,636	8,562	74	0.9%
o/w net fees and commissions	8,561	8,116	445	5.5%
Total costs	-10,166	-9,925	-241	-2.4%
Employee costs	-6,417	-6,179	-238	-3.9%
Other general and administrative expenses	-2,705	-2,731	26	1.0%
Depreciation and amortization	-1,044	-1,015	-29	-2.9%
Result before impairments and provisions	12,152	12,709	-557	-4.4%
Impairments and provisions	-3,451	2,354	-5,805	-
Result after tax	7,708	13,903	-6,195	-44.6%
Number of employees	483	488	-5	-1.0%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	788,581	773,410	15,171	2.0%
Loans to customers (net)	425,954	411,739	14,215	3.5%
Loans to customers (gross)	444,212	426,844	17,369	4.1%
Gross loans to corporate	172,019	173,476	-1,456	-0.8%
Gross loans to individuals	216,023	200,454	15,569	7.8%
Gross loans to state	56,170	52,914	3,256	6.2%
Financial assets	174,296	148,104	26,192	17.7%
Deposits from customers	620,746	618,095	2,651	0.4%
Deposits from corporate	137,028	145,915	-8,887	-6.1%
Deposits from individuals	447,937	435,123	12,814	2.9%
Deposits from state	35,781	37,057	-1,276	-3.4%
NPL volume	11,650	7,620	4,030	52.9%
NPL ratio (internal def.)	2.0%	1.3%	0.7 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)



Eventhough financial results for the first nine months of 2020 were influenced by higher impairments and provisions for credit risk (due to new Banking Agency Decision – effect EUR - 1.2m) and by COVID-19 pandemic consequences, the bank succeeded to realize total operating income of EUR 22 million, almost on the same level YoY. The volume of gross loans to customers increased by 4% YtD, by marking double digit growth of 12%YoY in the housing segment. Despite pandemic a 5% growth YoY on net fees and commissions was realized.

NLB Banka, Sarajevo

NLB Banka d.d., Sarajevo

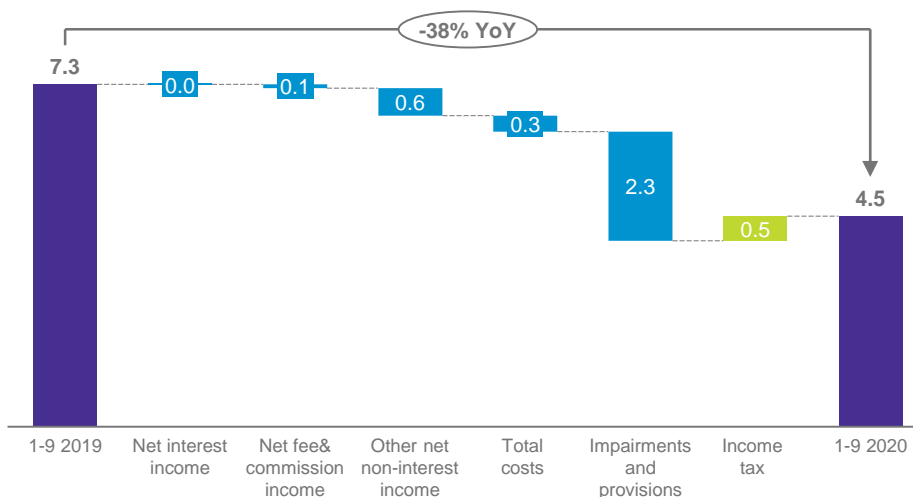
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Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	7.2%	12.1%	-4.9 p.p.	
Interest margin	2.95%	2.99%	0.0 p.p.	
CIR	54.6%	51.1%	3.4 p.p.	
Cost of risk net (bps) ⁽¹⁾	133	42	90	
LTD net	77.7%	76.8%	0.9 p.p.	
Income statement	Realization		Change	
in EUR thousand	1-9 2020	1-9 2019	YoY	
Total net operating income	20,049	20,717	-668	-3.2%
Net interest income	13,485	13,488	-3	0.0%
Net non-interest income	6,564	7,229	-665	-9.2%
o/w net fees and commissions	6,403	6,481	-78	-1.2%
Total costs	-10,937	-10,593	-344	-3.2%
Employee costs	-5,945	-6,172	227	3.7%
Other general and administrative expenses	-3,626	-3,378	-248	-7.3%
Depreciation and amortization	-1,366	-1,043	-323	-31.0%
Result before impairments and provisions	9,112	10,124	-1,012	-10.0%
Impairments and provisions	-4,009	-1,676	-2,333	-139.2%
Result after tax	4,503	7,318	-2,815	-38.5%
Number of employees	443	449	-6	-1.3%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	643,971	637,739	6,232	1.0%
Loans to customers (net)	404,912	399,299	5,613	1.4%
Loans to customers (gross)	422,310	420,236	2,074	0.5%
Gross loans to corporate	184,289	189,476	-5,187	-2.7%
Gross loans to individuals	232,488	226,355	6,133	2.7%
Gross loans to state	5,533	4,405	1,128	25.6%
Financial assets	64,635	50,054	14,581	29.1%
Deposits from customers	521,415	515,230	6,185	1.2%
Deposits from corporate	128,902	134,566	-5,664	-4.2%
Deposits from individuals	303,784	300,051	3,733	1.2%
Deposits from state	88,729	80,613	8,116	10.1%
NPL volume	21,344	18,582	2,762	14.9%
NPL ratio (internal def.)	3.9%	3.3%	0.6 p.p.	
Capital (according to local legislation)				
Total capital ratio	16.0%	16.0%	0.0 p.p.	
Overall capital requirement	14.5%	14.5%	0.0 p.p.	

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



In the first nine months of 2020 the bank realized net interest income on the same level YoY, however the result after tax was impacted by COVID-19 pandemic, in terms of lower total net operating income and higher impairments on loans. The volume of gross loans to individuals slightly increased by achieving double digit growth of 17% in housing loans segment YtD.

NLB Banka, Prishtina

NLB Banka sh.a., Prishtine

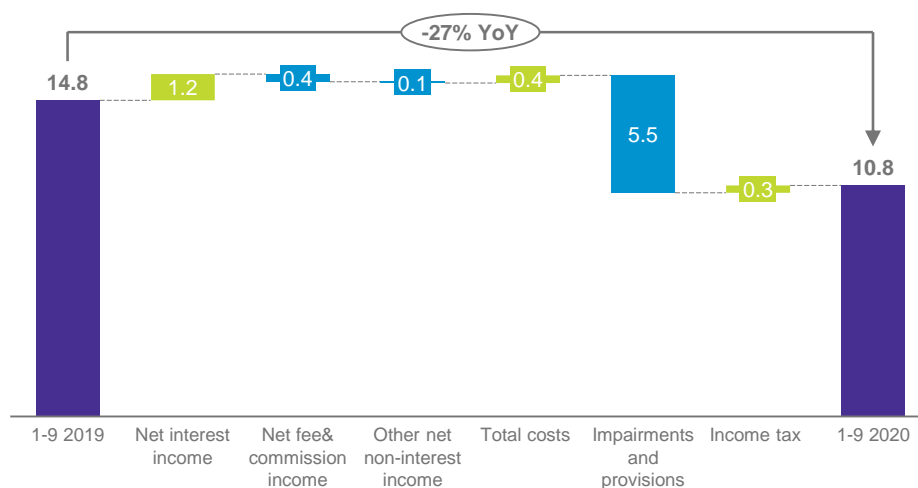
"on stand alone basis"

Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	16.0%	25.9%	-9.9 p.p.	
Interest margin	4.02%	4.41%	-0.4 p.p.	
CIR	31.4%	33.6%	-2.2 p.p.	
Cost of risk net (bps) ⁽¹⁾	180	28	153	
LTD net	79.8%	81.8%	-2.0 p.p.	
Income statement	Realization		Change	
in EUR thousand	1-9 2020	1-9 2019	YoY	
Total net operating income	28,882	28,069	813	2.9%
Net interest income	24,271	23,034	1,237	5.4%
Net non-interest income	4,611	5,035	-424	-8.4%
o/w net fees and commissions	5,557	5,913	-356	-6.0%
Total costs	-9,078	-9,441	363	3.8%
Employee costs	-4,634	-4,685	51	1.1%
Other general and administrative expenses	-2,929	-3,414	485	14.2%
Depreciation and amortization	-1,515	-1,342	-173	-12.9%
Result before impairments and provisions	19,804	18,628	1,176	6.3%
Impairments and provisions	-7,561	-2,049	-5,512	-
Result after tax	10,833	14,830	-3,997	-27.0%
Number of employees	463	472	-9	-1.9%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	833,469	801,085	32,384	4.0%
Loans to customers (net)	563,805	540,073	23,732	4.4%
Loans to customers (gross)	597,659	567,103	30,556	5.4%
Gross loans to corporate	380,434	359,414	21,020	5.8%
Gross loans to individuals	217,183	207,689	9,494	4.6%
Gross loans to state	42	0	42	-
Financial assets	68,121	77,977	-9,856	-12.6%
Deposits from customers	706,499	685,385	21,114	3.1%
Deposits from corporate	188,589	196,818	-8,229	-4.2%
Deposits from individuals	503,798	476,546	27,252	5.7%
Deposits from state	14,112	12,021	2,091	17.4%
NPL volume	13,064	10,939	2,125	19.4%
NPL ratio (internal def.)	1.7%	1.5%	0.2 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)



In the first nine months of 2020 the bank realized a profit before impairment and provisions of EUR 19.8 million, 6% higher YoY; result after tax is lower YoY as a result of additional credit impairments and provisions due to COVID-19 pandemic.

NLB Banka, Podgorica

NLB Banka a.d., Podgorica

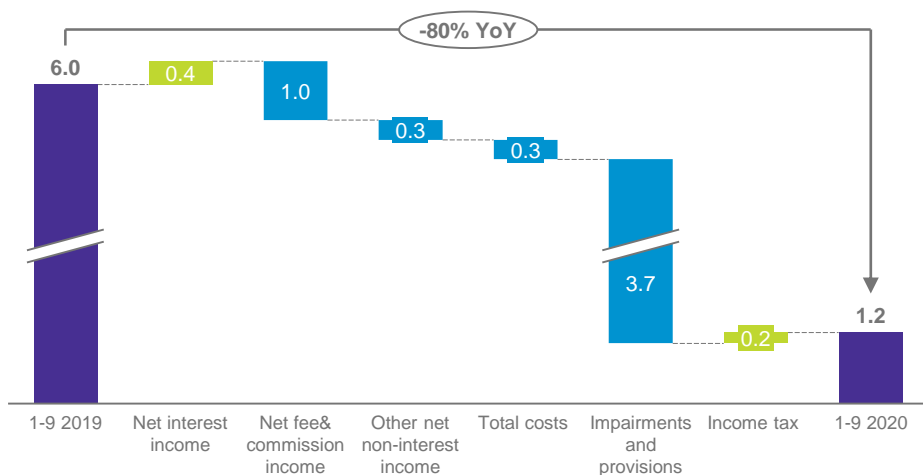
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Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	2.4%	11.9%	-9.5 p.p.	
Interest margin	4.10%	4.27%	-0.2 p.p.	
CIR	54.8%	50.4%	4.4 p.p.	
Cost of risk net (bps) ⁽¹⁾	147	-29	177	
LTD net	89.9%	73.5%	16.4 p.p.	
Income statement	Realization		Change	
in EUR thousand	1-9 2020	1-9 2019	YoY	
Total net operating income	18,211	19,147	-936	-4.9%
Net interest income	15,327	14,932	395	2.6%
Net non-interest income	2,884	4,215	-1,331	-31.6%
o/w net fees and commissions	3,761	4,756	-995	-20.9%
Total costs	-9,980	-9,652	-328	-3.4%
Employee costs	-5,268	-5,443	175	3.2%
Other general and administrative expenses	-3,658	-3,060	-598	-19.5%
Depreciation and amortization	-1,054	-1,149	95	8.3%
Result before impairments and provisions	8,231	9,495	-1,264	-13.3%
Impairments and provisions	-6,597	-2,864	-3,733	-130.3%
Result after tax	1,203	6,021	-4,818	-80.0%
Number of employees	305	296	9	3.0%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	540,391	548,483	-8,092	-1.5%
Loans to customers (net)	377,435	346,299	31,136	9.0%
Loans to customers (gross)	394,174	359,180	34,994	9.7%
Gross loans to corporate	114,415	100,961	13,454	13.3%
Gross loans to individuals	247,577	231,506	16,071	6.9%
Gross loans to state	32,182	26,713	5,469	20.5%
Financial assets	26,510	57,339	-30,829	-53.8%
Deposits from customers	419,909	436,545	-16,636	-3.8%
Deposits from corporate	132,006	135,396	-3,390	-2.5%
Deposits from individuals	270,732	283,091	-12,359	-4.4%
Deposits from state	17,171	18,058	-887	-4.9%
NPL volume	22,046	18,129	3,917	21.6%
NPL ratio (internal def.)	4.7%	4.0%	0.7 p.p.	
Capital (according to local legislation)				
Total capital ratio	16.0%	15.0%	1.1 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 3%, however has finished the first nine months of 2020 with result after tax EUR 4.8 million lower YoY as a result of additional provisions for legal disputes in the amount of EUR 2.1 million in March and COVID-19 pandemic. The volume of gross loans to customers increased YtD in all segments by marking double digit growth of 11% in the housing segment YtD. Volume of NPLs increased by 22% YtD.

NLB Banka, Beograd

NLB Banka a.d., Beograd

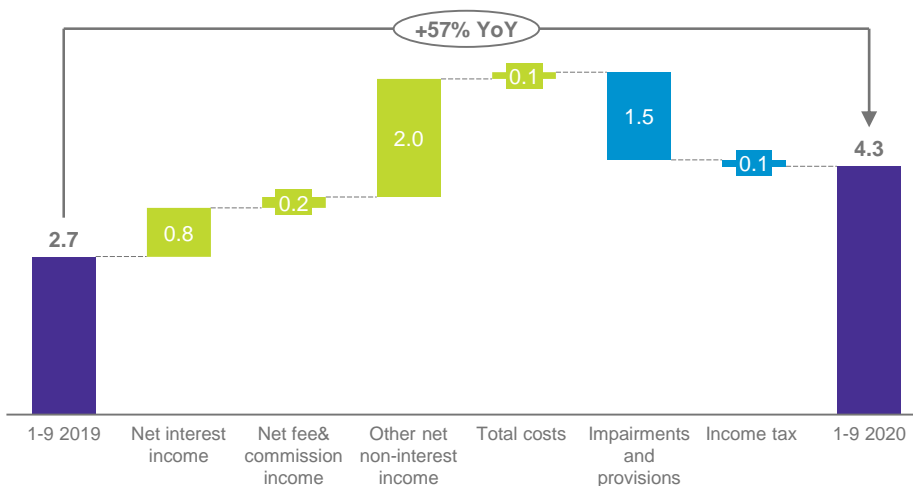
"on stand alone basis"

Key financial indicators	Realization		Change	
	1-9 2020	1-9 2019	YoY	
ROE a.t.	7.7%	5.3%	2.5 p.p.	
Interest margin	3.39%	4.11%	-0.7 p.p.	
CIR	70.1%	82.9%	-12.8 p.p.	
Cost of risk net (bps) ⁽¹⁾	61	6	55	
LTD net	90.3%	105.5%	-15.1 p.p.	
Income statement	Realization		Change	
in EUR thousand	1-9 2020	1-9 2019	YoY	
Total net operating income	20,748	17,684	3,064	17.3%
Net interest income	16,130	15,290	840	5.5%
Net non-interest income	4,618	2,394	2,224	92.9%
o/w net fees and commissions	4,457	4,267	190	4.5%
Total costs	-14,541	-14,652	111	0.8%
Employee costs	-8,042	-7,671	-371	-4.8%
Other general and administrative expenses	-4,462	-4,888	426	8.7%
Depreciation and amortization	-2,037	-2,093	56	2.7%
Result before impairments and provisions	6,207	3,032	3,175	104.7%
Impairments and provisions	-1,823	-313	-1,510	-
Result after tax	4,275	2,719	1,556	57.2%
Number of employees	493	476	17	3.6%

⁽¹⁾ Calculated as credit impairments and provisions over average net loans to customers.

Balance sheet	Realization		Change	
	30 Sep 2020	31 Dec 2019	YtD	
in EUR thousand				
Total assets	714,691	614,268	100,423	16.3%
Loans to customers (net)	473,689	412,046	61,643	15.0%
Loans to customers (gross)	482,211	419,521	62,690	14.9%
Gross loans to corporate	297,024	253,842	43,182	17.0%
Gross loans to individuals	185,179	164,003	21,176	12.9%
Gross loans to state	8	1,676	-1,668	-99.5%
Financial assets	52,992	74,781	-21,789	-29.1%
Deposits from customers	524,306	437,268	87,038	19.9%
Deposits from corporate	268,786	186,376	82,410	44.2%
Deposits from individuals	251,812	249,021	2,791	1.1%
Deposits from state	3,708	1,871	1,837	98.2%
NPL volume	7,274	8,004	-730	-9.1%
NPL ratio (internal def.)	1.1%	1.6%	-0.4 p.p.	
Capital (according to local legislation)				
Total capital ratio	18.6%	19.5%	-0.8 p.p.	
Overall capital requirement	15.5%	15.5%	0.0 p.p.	

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



The bank ended the first nine months of 2020 with profit before impairments and provisions of EUR 6.2 million, 105% up YoY. Result after tax in the amount of EUR 4.3 million, 57% higher YoY. Gross loans to individuals grew by 13% YtD and corporate 17% YtD, mostly from loans with state guarantee to SMEs.

Financial markets in Slovenia

in million EUR
consolidated

Financial Markets in Slovenia

	1-9 2020	1-9 2019	Change YoY		Q3 2020	Q2 2020	Q3 2019	Change QoQ	
Net interest income	16.9	25.2	-8.3	-33%	5.6	4.7	9.3	18%	
Net non-interest income	16.0	1.8	14.2	-	0.6	14.3	0.3	-96%	
Total net operating income	32.9	26.9	5.9	22%	6.2	19.0	9.6	-68%	
Total costs	-5.6	-5.2	-0.4	-9%	-2.0	-1.7	-1.6	-18%	
Result before impairments and provisions	27.3	21.8	5.5	25%	4.1	17.3	7.9	-76%	
Impairments and provisions	-1.3	-0.5	-0.8	-163%	-1.3	0.0	0.0	-	
Result before tax	26.0	21.3	4.7	22%	2.8	17.3	7.9	-84%	

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Change YtD		Change YoY		Change QoQ
Balances with Central banks	1,931.1	1,991.0	1,044.1	468.8	887.0	85%	1,462.3	-	-3%
Banking book securities	3,054.1	2,774.0	3,093.6	3,053.1	-39.5	-1%	1.0	0%	10%
<i>Interest rate on banking book securities</i>	<i>0.77%</i>	<i>0.78%</i>	<i>1.03%</i>	<i>1.04%</i>	<i>-0.26 p.p.</i>		<i>-0.27 p.p.</i>		<i>-0.01 p.p.</i>
Wholesale funding	151.4	152.5	161.6	170.6	-10.2	-6%	-19.2	-11%	-1%
<i>Interest rate on wholesale funding</i>	<i>0.55%</i>	<i>0.56%</i>	<i>0.50%</i>	<i>0.48%</i>	<i>0.05 p.p.</i>		<i>0.07 p.p.</i>		<i>-0.01 p.p.</i>
Subordinated liabilities	290.0	287.4	210.6	90.3	79.5	38%	199.8	-	0.0
<i>Interest rate on subordinated liabilities</i>	<i>3.62%</i>	<i>3.56%</i>	<i>4.03%</i>	<i>4.22%</i>	<i>-0.41 p.p.</i>		<i>-0.60 p.p.</i>		<i>0.06 p.p.</i>

- **Net interest income** was EUR 8.3 million (33%) lower YoY, due to the maturities and sale of high yielding securities (as a consequence of higher risk perceived during the COVID-19 pandemic), mostly in Q2 2020, that were already reinvested at lower yields in Q3 2020.
- Higher **net non-interest income**, EUR 14.2 million YoY, mainly due to the sale of high yielding securities in H1 2020 in order to lower the high exposure toward some issuers or reduce the high risk exposures. Total effect on the income statement from the sold securities amounted to EUR 17.1 million.
- Increase in **balances with central banks** (EUR 1,462.3 million YoY and EUR 887.0 million YtD), while **banking book securities** decreased substantially in Q2 2020 (sale following COVID-19 crisis). The excess liquidity was reinvested in Q3 2020 and therefore the balance of banking book securities resulted in a minor 1% decrease YtD (EUR 39.5 million).

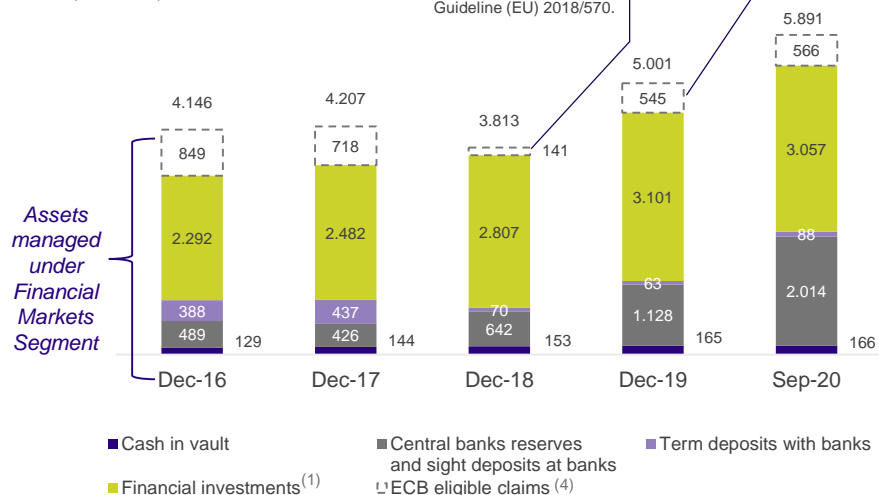
Financial markets in Slovenia

Strong liquidity position

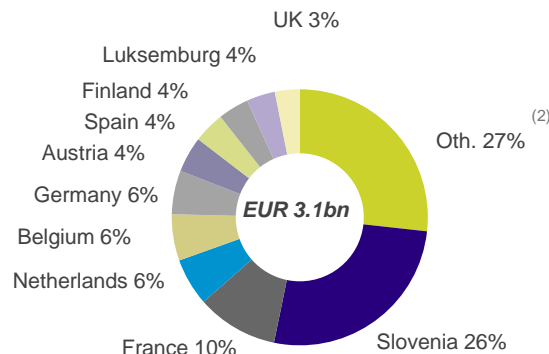
Liquid assets evolution (EURm)

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.



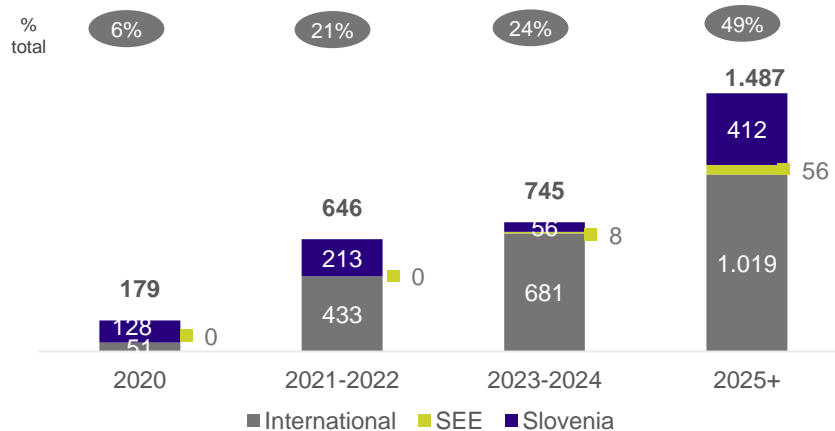
Well diversified banking book by geography (30 Sep 2020)



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 30 Sep 2020): LCR 352% (NLB d.d.) and 303% (NLB Group); NSFR (preliminary) 169% (NLB d.d.) and 165% (NLB Group)

Maturity profile of banking book securities⁽³⁾ (30 Sep 2020, EURm)



Note: Numbers refer to NLB d.d. only; (1) Incl. trading and banking book securities; (2) Includes other European countries and Russian federation; (3) Including DARS bonds; (4) Loans booked under segment Corporate Banking Slovenia.

Non-core members

in EUR million
consolidated

Non-Core Members

	1-9 2020	1-9 2019	Change YoY		Q3 2020	Q2 2020	Q3 2019	Change QoQ	
Net interest income	0.9	2.2	-1.2	-57%	0.2	0.3	0.6	-28%	
Net non-interest income	2.9	6.8	-4.0	-58%	0.9	0.9	2.2	4%	
Total net operating income	3.8	9.0	-5.2	-58%	1.2	1.2	2.9	-4%	
Total costs	-9.7	-10.3	0.6	5%	-3.2	-3.1	-3.5	-6%	
Result before impairments and provisions	-5.9	-1.3	-4.6	-	-2.0	-1.8	-0.6	-13%	
Impairments and provisions	0.4	1.3	-1.0	-73%	0.5	0.1	0.3	-	
Result before tax	-5.5	0.1	-5.6	-	-1.6	-1.7	-0.3	10%	

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Change YtD		Change YoY		Change QoQ
Segment assets	143.3	150.5	169.5	192.9	-26.1	-15%	-49.5	-26%	-5%
Net loans to customers	52.6	58.4	67.4	83.8	-14.9	-22%	-31.2	-37%	-10%
Gross loans to customers	120.7	128.5	137.2	164.7	-16.5	-12%	-44.0	-27%	-6%
Investment property and property & equipment received for repayment of loans	73.1	74.5	75.6	81.1	-2.4	-3%	-8.0	-10%	-2%
Other assets	17.6	17.6	26.5	27.9	-8.8	-33%	-10.3	-37%	0%
Non-performing loans (gross)	92.9	95.9	93.6	112.2	-0.8	-1%	-19.3	-17%	-3%

	1-9 2020	1-9 2019	Change YoY
Cost of risk (in bps) ⁽¹⁾	-145	-245	101
CIR	253.4%	113.9%	139.6 p.p.

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

- A substantial decrease in the **total assets** of the segment YoY (EUR 49.5 million) which is in line with the divestment strategy of the non-core segment, hence EUR 5.2 million decrease of the **net operating income**.
- Lower **net non-interest income** also due to positive effect from contractual penalty (EUR 1.3 million) in Q1 2019.
- The segment recorded a EUR 5.5 million of **loss before tax**.

Other

in EUR million
consolidated

	Other							
	1-9 2020	1-9 2019	Change YoY		Q3 2020	Q2 2020	Q3 2019	Change QoQ
Total net operating income	5.4	11.9	-6.5	-55%	2.8	0.4	1.6	-
Total costs	-8.5	-8.5	0.0	-1%	-2.6	-2.7	-2.9	1%
Result before impairments and provisions	-3.1	3.4	-6.6	-	0.2	-2.3	-1.3	-
Impairments and provisions	-0.3	-0.1	-0.2	-	0.1	-0.5	0.0	-
Result before tax	-3.4	3.4	-6.8	-	0.3	-2.8	-1.3	-

- The segment Other recorded EUR 3.4 million of **loss before tax**, EUR 6.8 million decrease YoY, due to positive effect of shares revaluation in 2019 (EUR 6.3 million).
- EUR 8.5 million of **total costs**, related mostly to IT, cash transport, external realization, and costs regarding vacant business premises.




Appendix 2:


Macro Overview

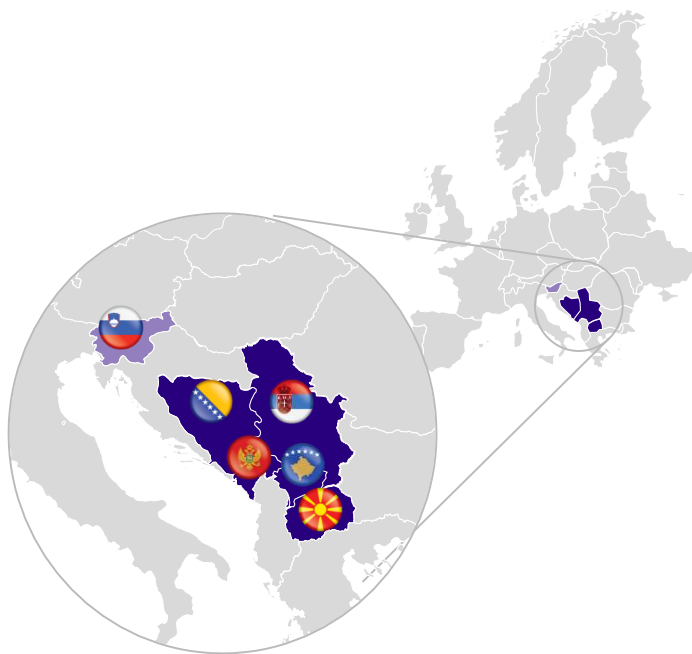
NLB Group – Macro overview


NLB d.d. & 6 subsidiary banks operate in Slovenia (EU member) & 5 SEE countries (convergence to EU)

Slovenia 	EUR
GDP (EURbn)	47.0
Real GDP growth (%)	-2.6
Population (m)	2.1
Household indebtedness ⁽¹⁾	22.5%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A


Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	17.8
Real GDP growth (%)	-0.5
Population (m)	3.3
Household indebtedness ⁽¹⁾	28.3%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	4.7
Real GDP growth (%)	-0.2
Population (m)	0.6
Household indebtedness ⁽¹⁾	29.4%
Credit ratings (S&P / Moody's / Fitch)	B+ / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	52.1
Real GDP growth (%)	4.7
Population (m)	7.0
Household indebtedness ⁽¹⁾	21.3%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba3 / BB+

Kosovo 	EUR
GDP (EURbn)	6.9
Real GDP growth (%)	2.1
Population (m)	1.8
Household indebtedness ⁽¹⁾	16.1%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	11.0
Real GDP growth (%)	-1.3
Population (m)	2.1
Household indebtedness ⁽¹⁾	25.9%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

Macro Overview

Economic data

- The COVID-19 pandemic caused unprecedented contraction in H1 2020.
- The output in the Group's region could on average contract 6.4% in 2020.
- Worsening of the pandemic and reinstatement of lockdowns are major downside risks to the outlook and the obstacle preventing sustainable recovery. Protracted economic weakness in Q1 2021 is possible.

Fiscal data

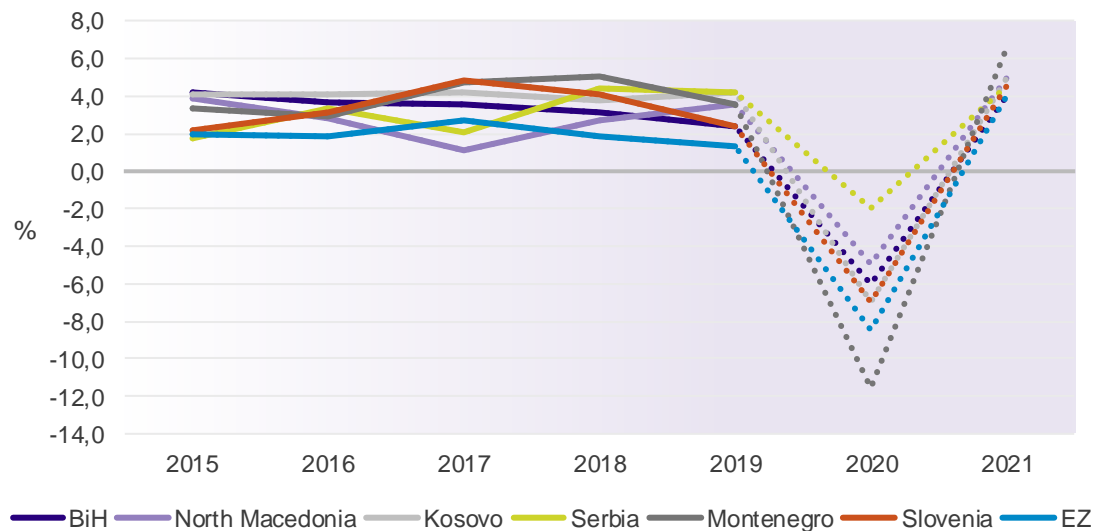
- Fiscal measures are meant to cushion the overall impact of the COVID-19. Nevertheless, higher spending on fiscal measures weigh on fiscal balances and public debt levels.
- Countries are in different positions regarding the free fiscal space for addressing overall economic implications of the pandemic.

Monetary data

- Policymakers stick to liquidity and monetary stimulus measures, in order to support financial sector resilience and lending. Measures are aimed at addressing liquidity strains in key funding markets and preventing market fragmentation.
- Credit growth and growth in deposits are affected by the COVID-19 outbreak. Diverging dynamics between countries in the Group's region in this regard.

Macro Overview – Economic data

Real GDP growth, %



KEY FINDINGS:

Highest contraction of economic growth in 2020 is expected in **Montenegro** (-11.5%), followed by **Kosovo** (-7.0%) and **Slovenia** (-7.0%). The economic growth in the **Group's region** could contract by around -6.4% due to the COVID-19 outbreak.

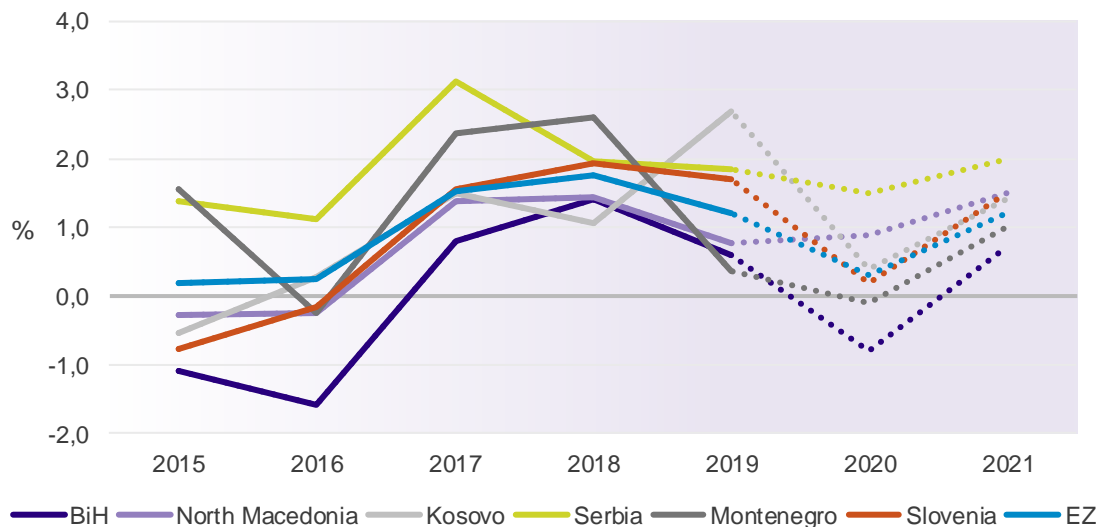
Key downside risks to the outlook are worsening of the pandemic and reinstatement of rigorous containment measures constraining private consumption, investment, trade and travel.

Real GDP growth, %	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	4.3	3.6	3.6	3.2	2.4	-6.0	4.0
North Macedonia	3.9	2.8	1.1	2.7	3.6	-5.0	5.0
Kosovo	4.1	4.1	4.2	3.8	4.2	-7.0	5.0
Serbia	1.8	3.3	2.0	4.4	4.2	-2.0	4.5
Montenegro	3.4	2.9	4.7	5.1	3.6	-11.5	6.5
Slovenia	2.2	3.1	4.8	4.1	2.4	-7.0	4.5
Eurozone	1.9	1.8	2.7	1.9	1.3	-8.5	4.0

Sources: FocusEconomics, NLB Forecasts for 2020 and 2021

Macro Overview – Economic data

Average inflation rate, %



KEY FINDINGS:

Disinflationary pressures in the **Eurozone** caused by temporary factors.

Low inflationary environment due to lower domestic demand. Severe demand shock and falling energy prices pushed inflation into negative territory in several countries of the Group's region.

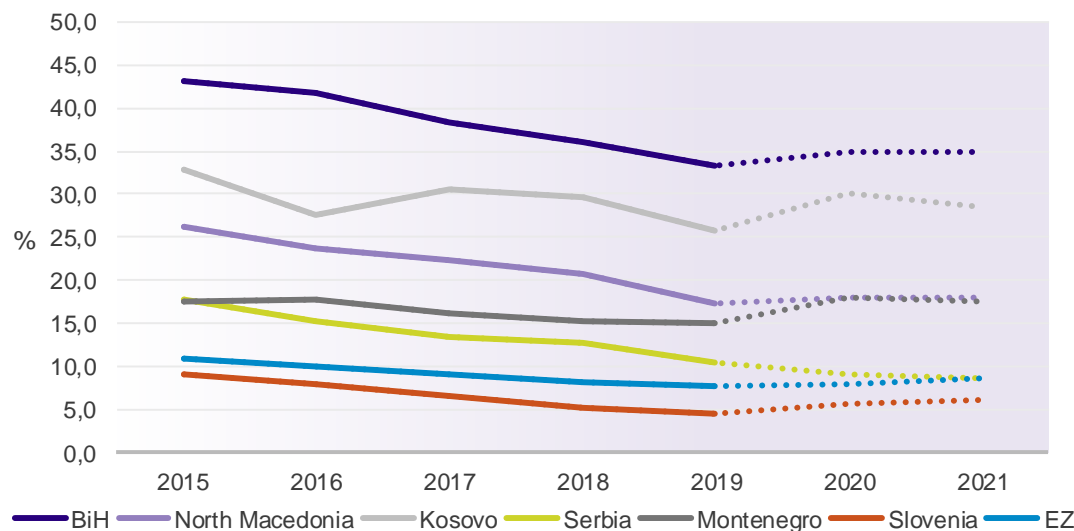
Average inflation rate, %	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	-1.1	-1.6	0.8	1.4	0.6	-0.8	0.7
North Macedonia	-0.3	-0.2	1.4	1.4	0.8	0.9	1.5
Kosovo	-0.5	0.3	1.5	1.1	2.7	0.4	1.4
Serbia	1.4	1.1	3.1	2.0	1.9	1.5	2.0
Montenegro	1.6	-0.3	2.4	2.6	0.4	-0.1	1.0
Slovenia	-0.8	-0.2	1.6	1.9	1.7	0.2	1.5
Eurozone	0.2	0.2	1.5	1.8	1.2	0.3	1.2

Sources: FocusEconomics, NLB Forecasts for 2020 and 2021

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

Macro Overview – Economic data

Unemployment rate, %



KEY FINDINGS:

The COVID-19 shock has a moderate effect on **unemployment** as deeper labour market effects have been prevented by different job retention measures. Nevertheless, the unemployment is expected to increase.

The real impact on the labour market is not entirely clear due to job retention measures and lower active labour market participation.

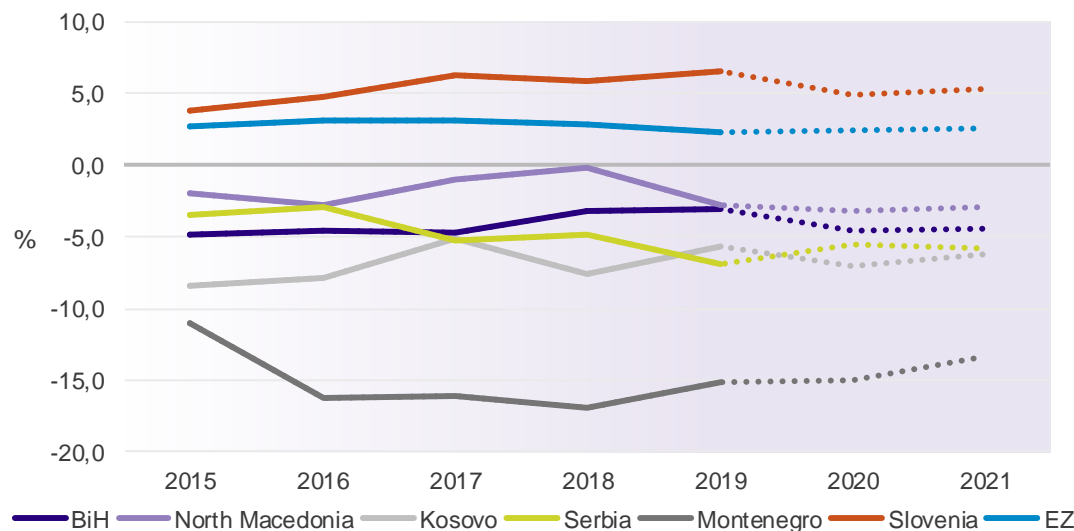
Unemployment rate, %	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	43.2	41.7	38.4	36.0	33.3	35.0	35.0
North Macedonia	26.1	23.7	22.4	20.7	17.3	18.0	18.0
Kosovo	32.9	27.5	30.5	29.6	25.7	30.0	28.5
Serbia	17.7	15.3	13.5	12.7	10.4	9.0	8.5
Montenegro	17.6	17.7	16.1	15.2	15.1	18.0	17.5
Slovenia	9.0	8.0	6.6	5.1	4.5	5.5	6.0
Eurozone	10.9	10.0	9.1	8.2	7.6	8.0	8.5

Sources: FocusEconomics, NLB Forecasts for 2020 and 2021

Note: Registered unemployment data used for BiH

Macro Overview – Economic data

Current account, % GDP



KEY FINDINGS:

Current accounts are set to deteriorate in the Group's region in 2020.

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.

Trade deficits and surpluses are being affected on imports as well as exports sides. In the Group's region, trade deficits are financed by remittances, FDIs and external debt.

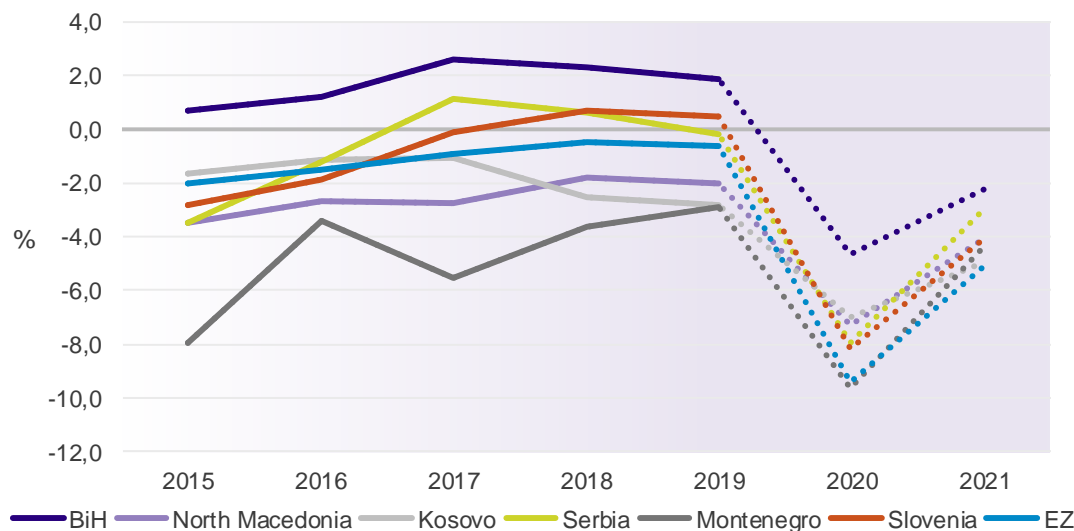
Current Account, % GDP	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	-4.9	-4.6	-4.7	-3.3	-3.0	-4.6	-4.4
North Macedonia	-2.0	-2.9	-1.0	-0.1	-2.8	-3.2	-2.9
Kosovo	-8.5	-7.9	-5.2	-7.6	-5.7	-7.1	-6.2
Serbia	-3.5	-2.9	-5.2	-4.8	-6.9	-5.6	-5.7
Montenegro	-11.0	-16.2	-16.1	-17.0	-15.2	-15.0	-13.4
Slovenia	3.8	4.8	6.2	5.9	6.6	4.9	5.3
Eurozone	2.8	3.1	3.1	2.9	2.3	2.4	2.6

Sources: FocusEconomics

Note: Consensus Forecasts for 2020 and 2021

Macro Overview – Fiscal data

Fiscal Balance, % GDP



KEY FINDINGS:

Higher public spending on **fiscal measures**, aimed at cushioning the COVID-19 outbreak overall implications and decrease in government revenues are set to increase **fiscal deficits**.

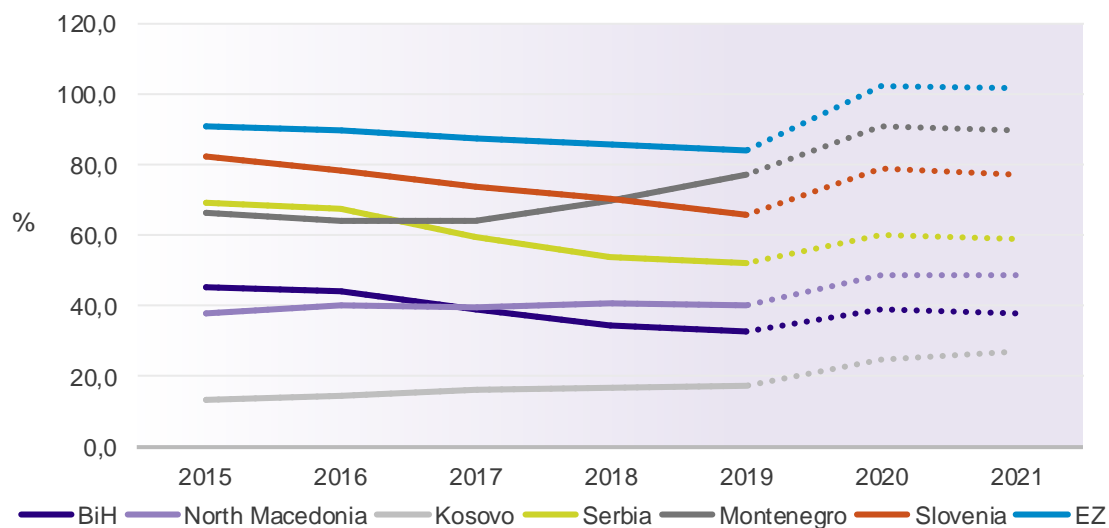
Fiscal balance, % GDP	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	0.7	1.2	2.6	2.3	1.9	-4.7	-2.3
North Macedonia	-3.5	-2.7	-2.7	-1.8	-2.0	-7.3	-4.1
Kosovo	-1.6	-1.1	-1.1	-2.6	-2.9	-7.0	-4.9
Serbia	-3.5	-1.2	1.1	0.6	-0.2	-7.9	-3.0
Montenegro	-8.0	-3.4	-5.5	-3.6	-2.9	-9.6	-4.3
Slovenia	-2.8	-1.9	-0.1	0.7	0.5	-8.2	-4.1
Eurozone	-2.0	-1.5	-0.9	-0.5	-0.6	-9.4	-5.1

Sources: FocusEconomics

Note: Consensus Forecasts for 2020 and 2021

Macro Overview – Fiscal data

Public Debt, % GDP



KEY FINDINGS:

Public debts are set to increase in the entire Group's region, because measures aimed at cushioning COVID-19 implications are financed by the governments budgets and borrowing.

Countries in the Group's region differ substantially regarding the public debt level, which put them in different positions regarding the free fiscal space for addressing the overall costs of the COVID-19 pandemic.

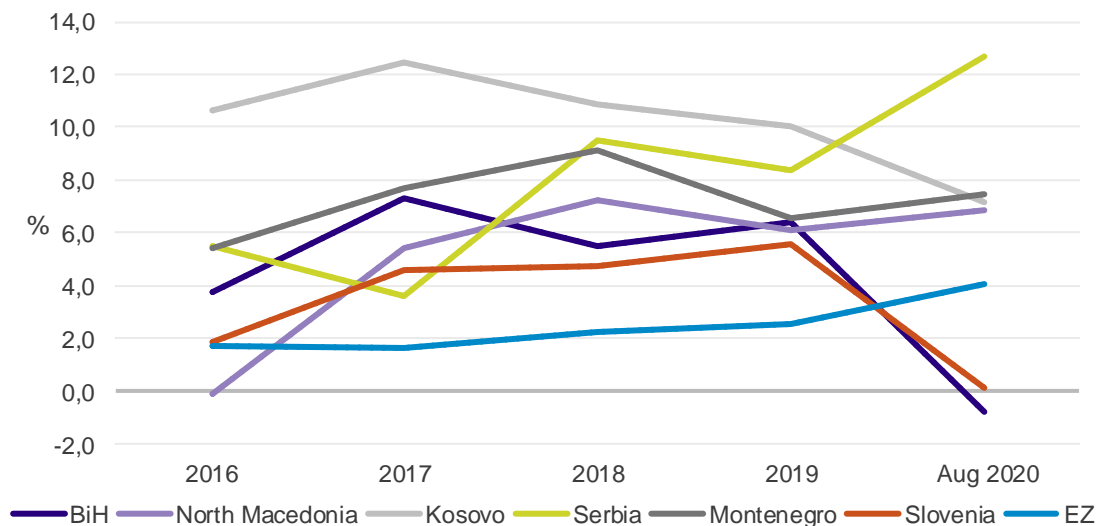
Public debt, % GDP	2015	2016	2017	2018	2019	2020	2021
Bosnia and Herzegovina	45.5	44.1	39.2	34.3	32.8	38.7	37.8
North Macedonia	38.1	39.9	39.4	40.6	40.2	48.8	48.5
Kosovo	13.1	14.4	16.2	16.9	17.5	24.6	27.2
Serbia	69.5	67.6	59.3	53.7	52.0	60.4	59.1
Montenegro	66.2	64.4	64.2	70.1	77.2	91.1	89.9
Slovenia	82.6	78.5	74.1	70.3	65.6	79.2	77.5
Eurozone	90.9	90.1	87.7	85.8	84.0	102.4	101.9

Sources: FocusEconomics

Note: Consensus Forecasts for 2020 and 2021

Macro Overview – Monetary data

Loans growth (NFC + Households), %



KEY FINDINGS:

Levels of **credit growth have been affected by the COVID-19 outbreak**. However, there are significant differences between countries in the Group's region.

In August 2020, **BiH** (-0.8%) experienced the most severe drop in credit growth while **Serbia** (12.6%) recorded an increase. Credit growth in **Slovenia** and **BiH** was below the Eurozone level in August 2020.

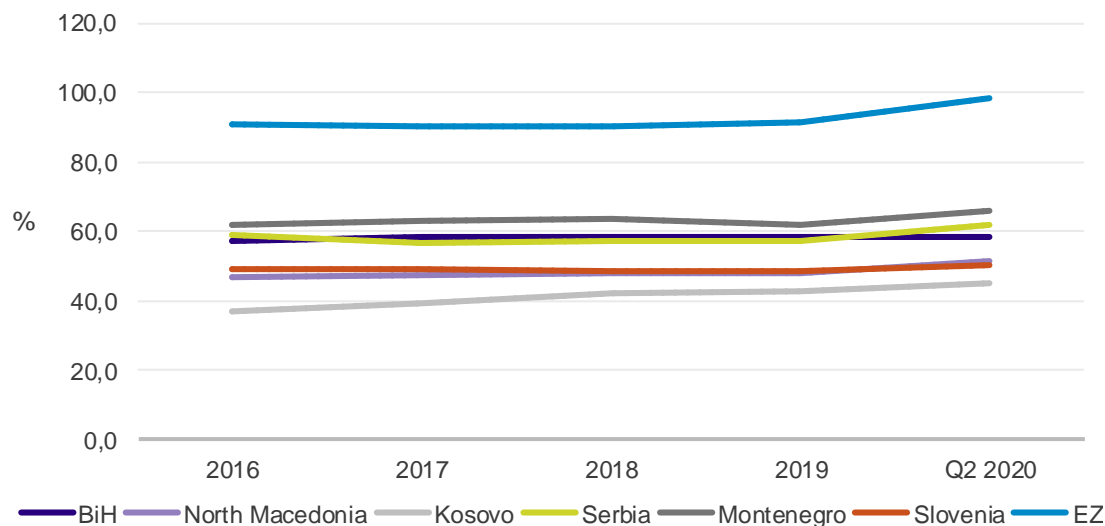
Loan growth (NFC + Households), %

	2015	2016	2017	2018	2019	Aug 2020
Bosnia and Herzegovina	2.4	3.8	7.3	5.5	6.4	-0.8
North Macedonia	9.6	-0.1	5.4	7.2	6.1	6.9
Kosovo	7.3	10.6	12.4	10.9	10.0	7.2
Serbia	3.3	5.5	3.6	9.5	8.4	12.6
Montenegro	2.5	5.4	7.7	9.1	6.6	7.4
Slovenia	-5.1	1.8	4.6	4.7	5.6	0.1
Eurozone	0.8	1.7	1.7	2.2	2.6	4.1

Sources: National Central Banks, ECB, Own calculations

Macro Overview – Monetary data

Total Loans (NBS), % GDP



KEY FINDINGS:

Loan to GDP ratios have been largely affected by economic implications of COVID-19 outbreak. Entire Group's region is below Eurozone average, boding well for growth potential.

A marginal decrease in loan to GDP ratio in Q2 2020 in **BiH**, while in other Group's region countries loan to GDP ratio increased.

In **Slovenia**, the negative trend went from stabilization to growth in Q2 2020 mainly due to the decrease in GDP. In **Kosovo**, the share of loans in GDP continues to increase steadily, but it is still the lowest among peers.

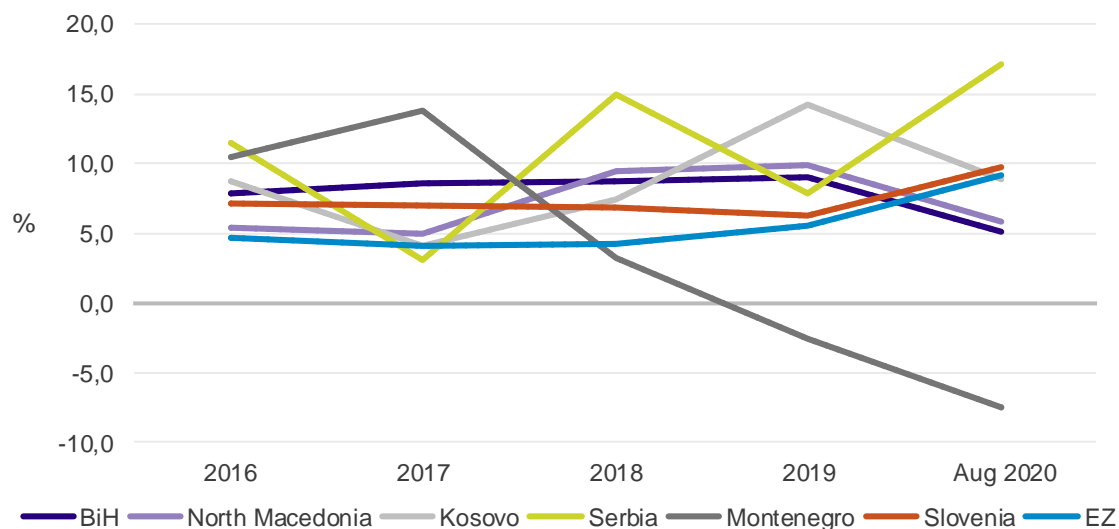
Total Loans as % of GDP	2015	2016	2017	2018	2019	Q2 2020
Bosnia and Herzegovina	58.9	57.3	58.3	58.2	58.6	58.5
North Macedonia	49.8	47.0	47.4	48.1	48.2	51.2
Kosovo	34.9	37.1	39.2	41.9	42.5	44.9
Serbia	57.5	58.7	56.8	57.0	57.5	61.8
Montenegro	67.8	62.1	63.2	63.6	62.1	66.0
Slovenia	52.3	49.4	49.3	48.5	48.7	50.3
Eurozone	91.4	90.9	90.1	90.5	91.6	98.5

Sources: National Central Banks, ECB, Own calculations

Note: Eurozone Total loans includes only NFC + Households loans

Macro Overview – Monetary data

Deposits growth (NFC + Households), %



KEY FINDINGS:

Substantial differences in deposit growth between countries in the Group's region. **Serbia** (17.1%) leads the deposit growth in August 2020, while **BiH** (5.1%), **North Macedonia** (5.7%) and **Kosovo** (8.9%) experienced a decrease in deposit growth. The growth is still strong, however.

In **Montenegro**, the growth is substantially below the Eurozone level. The deposit growth was influenced also by the exclusion of deposits from Invest Bank and Atlas Bank due to their bankruptcy proceedings.

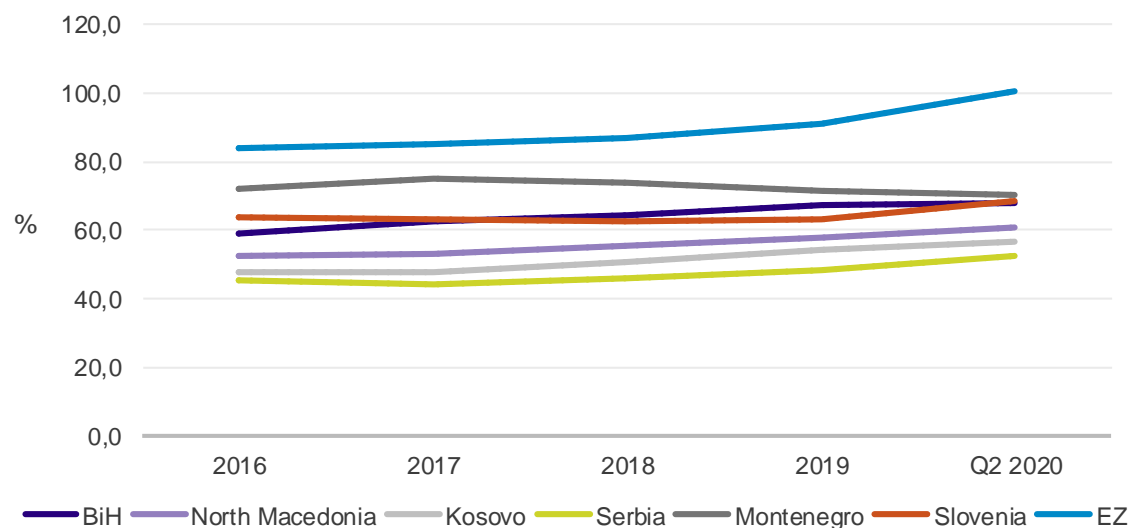
Deposit growth (NFC + Households), %

	2015	2016	2017	2018	2019	Aug 2020
Bosnia and Herzegovina	8.2	7.8	8.6	8.7	9.0	5.1
North Macedonia	6.4	5.4	5.0	9.5	9.8	5.7
Kosovo	7.4	8.7	4.1	7.3	14.3	8.9
Serbia	7.1	11.5	3.1	14.9	7.8	17.1
Montenegro	11.8	10.5	13.7	3.2	-2.5	-7.6
Slovenia	5.6	7.1	6.9	6.8	6.3	9.8
Eurozone	3.0	4.6	4.1	4.2	5.5	9.2

Sources: National Central Banks, ECB, Own calculations

Macro Overview – Monetary data

Total Deposits (NBS), % GDP



KEY FINDINGS:

In Q2 2020, deposits to GDP ratio grew in the Group's region with the exception of **Montenegro**, with the ratio nevertheless above its peers in the Group's region.

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

Total Deposits as % of GDP	2015	2016	2017	2018	2019	Q2 2020
Bosnia and Herzegovina	57.5	59.0	62.6	64.5	67.2	67.7
North Macedonia	53.4	52.5	53.2	55.7	57.5	60.8
Kosovo	46.1	47.5	47.8	50.6	54.0	56.4
Serbia	42.7	45.1	44.3	46.1	48.3	52.2
Montenegro	72.4	72.2	74.8	74.1	71.4	70.5
Slovenia	65.5	63.7	63.4	62.5	63.3	68.7
Eurozone	82.1	84.0	85.3	87.1	91.1	100.9

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



Appendix 3

Financial statements

NLB Group Income Statement

(EURm)	1-9 2020	1-9 2019	YoY	Q3 2020	Q2 2020	Q3 2019	QoQ
Interest and similar income	265.9	272.7	-3%	88.6	86.7	91.4	2%
Interest and similar expense	-41.4	-33.9	-22%	-14.2	-14.0	-11.6	-1%
Net interest income	224.5	238.8	-6%	74.4	72.7	79.8	2%
Fee and commission income	171.7	173.7	-1%	60.6	53.3	61.9	14%
Fee and commission expense	-46.6	-46.9	1%	-16.9	-14.2	-17.3	-19%
Net fee and commission income	125.1	126.9	-1%	43.7	39.0	44.6	12%
Dividend income	0.1	0.2	-46%	0.0	0.1	0.0	-82%
Net income from financial transactions	30.0	28.0	7%	5.7	20.5	5.1	-72%
Other operating income	3.6	-6.5	-	-0.5	3.9	-1.2	-
Total net operating income	383.3	387.4	-1%	123.3	136.2	128.3	-9%
Employee costs	-122.9	-123.2	0%	-40.2	-39.8	-41.8	-1%
Other general and administrative expenses	-69.6	-70.5	1%	-23.5	-22.5	-24.2	-4%
Depreciation and amortisation	-23.7	-23.3	-2%	-7.8	-7.9	-7.9	0%
Total costs	-216.3	-217.0	0%	-71.4	-70.2	-73.9	-2%
Result before impairments and provisions	167.0	170.3	-2%	51.9	66.0	54.4	-21%
Impairments and provisions for credit risk	-49.1	15.6	-	-16.3	-4.6	16.4	-
Other impairments and provisions	-1.2	-5.9	80%	-0.7	-0.3	-1.1	-181%
Gains less losses from capital investments in subsidiaries, associates and joint ventures	0.9	4.2	-78%	0.5	0.2	1.6	125%
Result before Tax	117,7	184.2	-36%	35,4	61,3	71.2	-42%
Income tax expense	-8.9	-15.8	43%	-3.4	-3.9	-0.9	13%
Non Controlling Interests	4.2	6.2	-33%	1.0	2.0	2.4	-52%
Net Profit / (Loss) Attributable to Shareholders	104.6	162.2	-36%	31.0	55.4	67.9	-44%

NLB Group Statement of Financial Position

(EURm)	30 Sep 2020	31 Dec 2019	YtD
ASSETS			
Cash and balances with Central Banks and other demand deposits at banks	3,010.9	2,101.3	43%
Financial instruments	3,783.8	3,829.7	-1%
<i>o/w Trading Book</i>	16.8	24.0	-30%
<i>o/w Non-trading Book</i>	3,767.0	3,805.7	-1%
Loans and advances to banks (net)	112.5	93.4	20%
<i>o/w gross loans</i>	112.7	93.5	20%
<i>o/w impairments</i>	-0.1	-0.1	-19%
Loans and advances to customers	7,749.0	7,604.7	2%
<i>o/w gross loans</i>	8,111.1	7,938.3	2%
- Corporates	3,702.4	3,646.3	2%
- State	289.3	278.6	4%
- Individuals	4,119.4	4,013.5	3%
<i>o/w impairments and valuation</i>	-362.1	-333.6	-9%
Investments in associates and JV	7.7	7.5	3%
Goodwill	3.5	3.5	0%
Other intangible assets	33.9	36.0	-6%
Property, plant and equipment	186.4	195.6	-5%
Investment property	53.6	52.3	2%
Other assets	204.2	250.0	-18%
Total Assets	15,145.7	14,174.1	7%
LIABILITIES & EQUITY			
Deposits from banks and central banks	49.7	42.8	16%
Deposits from customers	12,408.8	11,612.3	7%
- Corporates	2,915.0	2,772.0	5%
- State	296.5	257.4	15%
- Individuals	9,197.2	8,582.9	7%
Borrowings	218.6	234.8	-7%
Subordinated liabilities	290.0	210.6	38%
Other liabilities	359.0	342.6	5%
Total Liabilities	13,326.0	12,443.2	7%
Shareholders' Equity	1,770.8	1,685.9	5%
Non Controlling Interests	48.9	45.0	9%
Total Equity	1,819.7	1,730.9	5%
Total Liabilities & Equity	15,145.7	14,174.1	7%