

NLB Group Presentation

Q3 2022 Results



NLB Group

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Creating value for shareholders

Leading banking and financial group in SEE

NLB Group is the leading banking and financial group with headquarters and an exclusive strategic interest in **our home region – Southeast Europe.**

Universal banking model

NLB Group is comprised of eight banks and several companies for ancillary services, which support its clients through **retail, corporate, and investment banking.**

Systemically important banking institution in SEE

Our market position – **above 10% market share** on each market where we operate – puts us in comfortable position **where we can choose the most advantageous approach for growth.**

Value in imperfection

Operating in a geographical niche with fragmented smaller markets and limited attention from large global bank gives NLB Group the **opportunity to operate with economies of scale and scope.**

Recruiting the best talents

NLB Group is one of the most successful business entities in SEE region with attracting and retaining best talents.

Improving the quality of lives in SEE

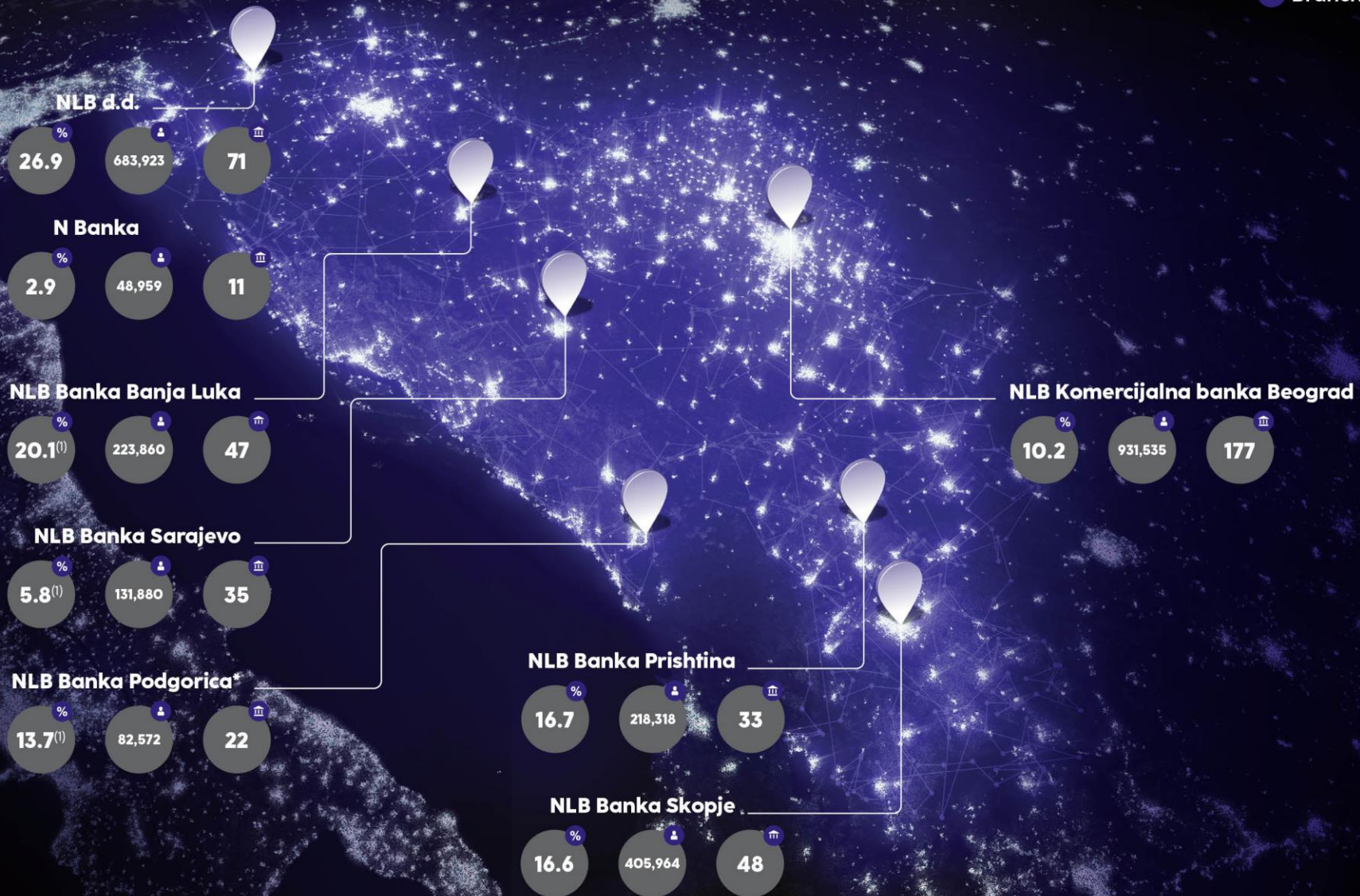
We understand the SEE region as we share common cultural and historical values and principles with its people. **For us, this region is not just a spot on the map – this is our home, and we want to see it thrive.**

This is our home

% Market share by total assets

👤 Customers

🏢 Branch offices



Executive Summary

Strong Q3 performance supported by loan growth, higher rates and successful NPL resolution

Q3 2022 Highlights

- Strong quarter in terms of recurring performance, with recurring net operating income growing 12% QoQ and pre-tax result by 55%
- Growth of NII and FCI on the back of volume growth and higher rates
- Lower costs QoQ, but expected to increase in Q4
- Another successful quarter in NPL resolution in most member banks
- Strong capital position ensuring capital return and continued growth:
 - second tranche of dividend in the amount of EUR 50 million proposed to the AGM (to be paid in December 2022)
 - AT1 issuance in the amount of EUR 82 million in September
- Leasing operations gaining momentum in Slovenia, Serbia and North Macedonia

Macro and General Overview

- Economic slowdown expected in H2 2022 and 2023, but no negative GDP growth forecasted for the region for 2023
- Labour market is expected to remain stable
- Significant inflationary pressures have been noticed across all cost categories consuming much of successful efficiency measures across the group
- Relatively low usage of natural gas in SEE economies
- Governmental measures to inflation and energy prices (including tax cuts, price caps, and subsidies) in key markets
- Local currencies remain stable


Macro Overview




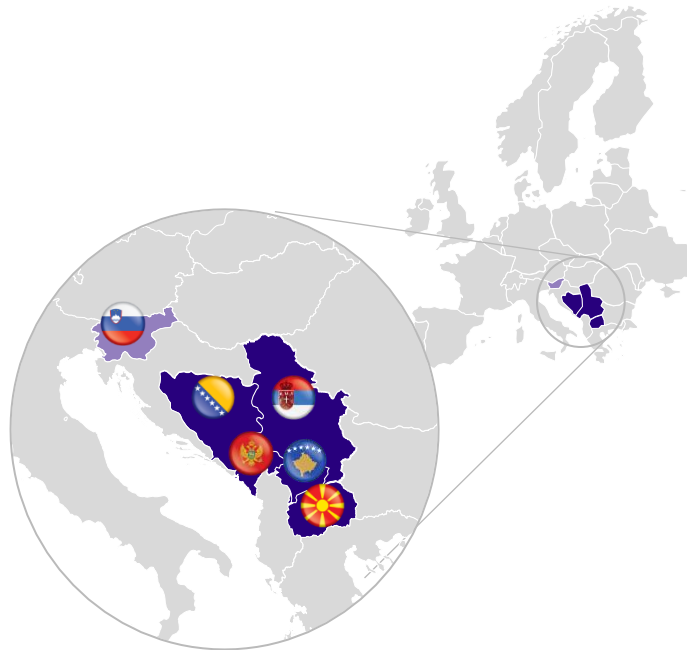
NLB Group – Macro overview


NLB d.d. & 7 subsidiary banks operate in Slovenia (EU member) & 5 SEE countries (convergence to EU)

Slovenia 	EUR
GDP (EURbn)	52.0
Population (m)	2.1
NBS loans as % of GDP ⁽¹⁾	47.3%
NBS deposits as % of GDP ⁽¹⁾	67.2%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A

Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	21.3
Population (m)	3.3
NBS loans as % of GDP ⁽¹⁾	51.8%
NBS deposits as % of GDP ⁽¹⁾	65.7%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	5.3
Population (m)	0.6
NBS loans as % of GDP ⁽¹⁾	66.5%
NBS deposits as % of GDP ⁽¹⁾	82.7%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	56.6
Population (m)	6.9
NBS loans as % of GDP ⁽¹⁾	45.5%
NBS deposits as % of GDP ⁽¹⁾	50.4%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	8.2
Population (m)	1.8
NBS loans as % of GDP ⁽¹⁾	49.5%
NBS deposits as % of GDP ⁽¹⁾	59.5%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	12.6
Population (m)	2.1
NBS loans as % of GDP ⁽¹⁾	52.2%
NBS deposits as % of GDP ⁽¹⁾	58.6%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

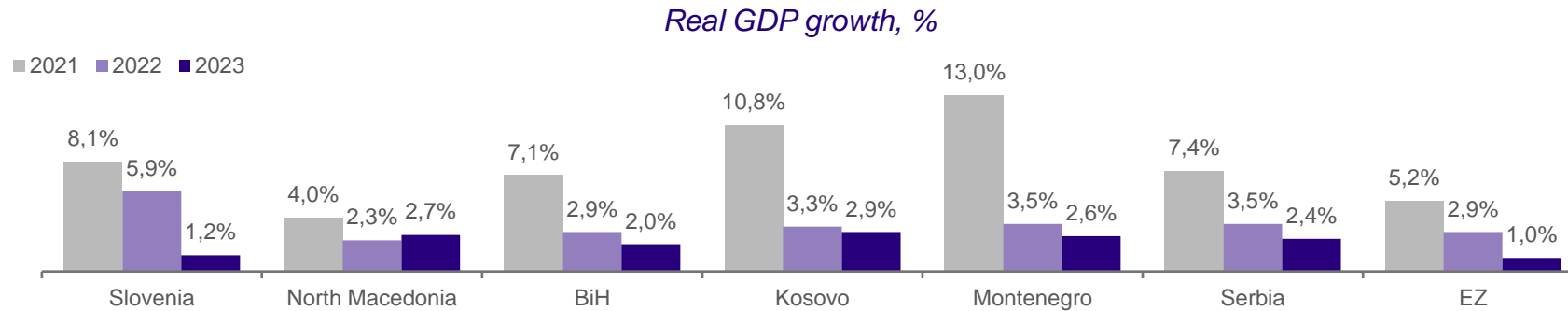


Source: Central banks, National Statistics Offices, FocusEconomics, NLB

Note: GDP volume for Q2 2022 annualized (1) Non-banking sector loans/deposits as % of GDP for Q2, annualized (2) Bosnia and Herzegovina is comprised of 2 entities, The Federation of Bosnia and Herzegovina and Republika Srpska; (3) Official currency is BAM – Bosnia-Herzegovina Convertible Mark, pegged to EUR.

Regional economic growth is slowing but is expected to stay above the Eurozone average

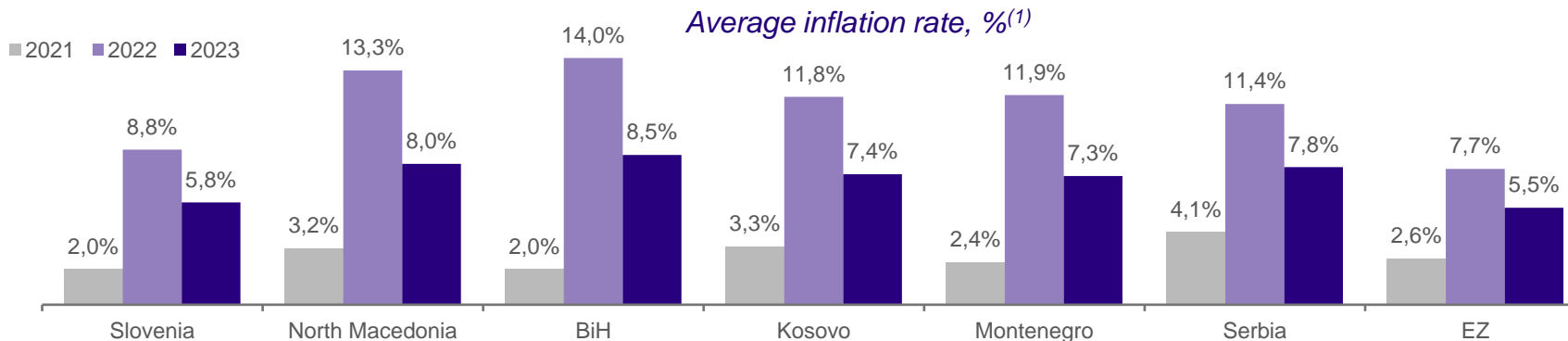
Real GDP growth rates in the SEE region above Eurozone average and are projected to stay that way even in the declining growth environment...



Based on the strong start into the year, economic growth in the SEE region was revised upwards for 2022, while supply side disruptions and inflation hit household consumption and investment activity worsen the outlook.

Sources: FocusEconomics, NLB Forecasts for 2022 and 2023.

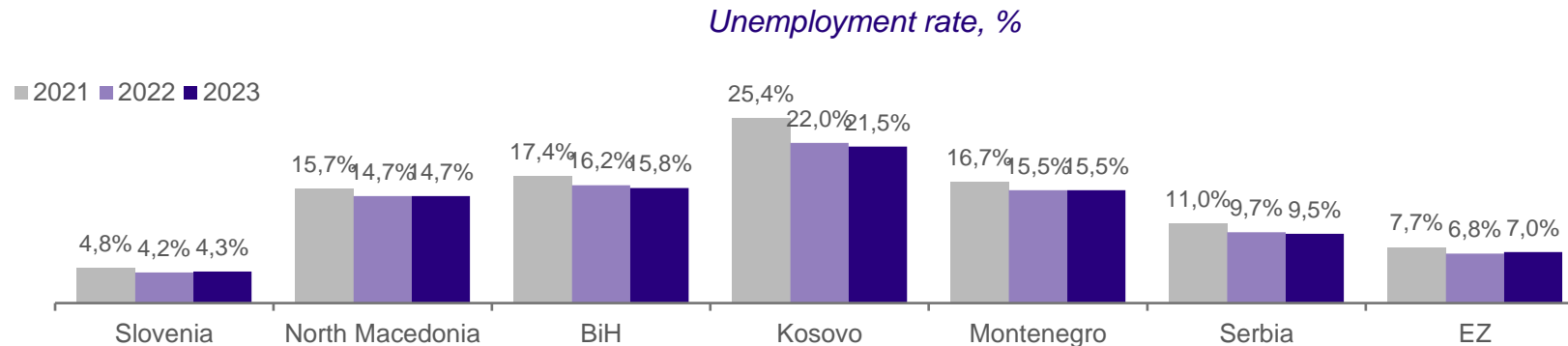
...while the inflation exceeds the Eurozone average and is expected to peak in Q3-Q4 2022.



Since the inflation is driven by surging energy and food prices, the SEE region is hit stronger due to relatively higher share of food and energy in disposable income.

Fiscal response in the region addressing rising cost-of-living

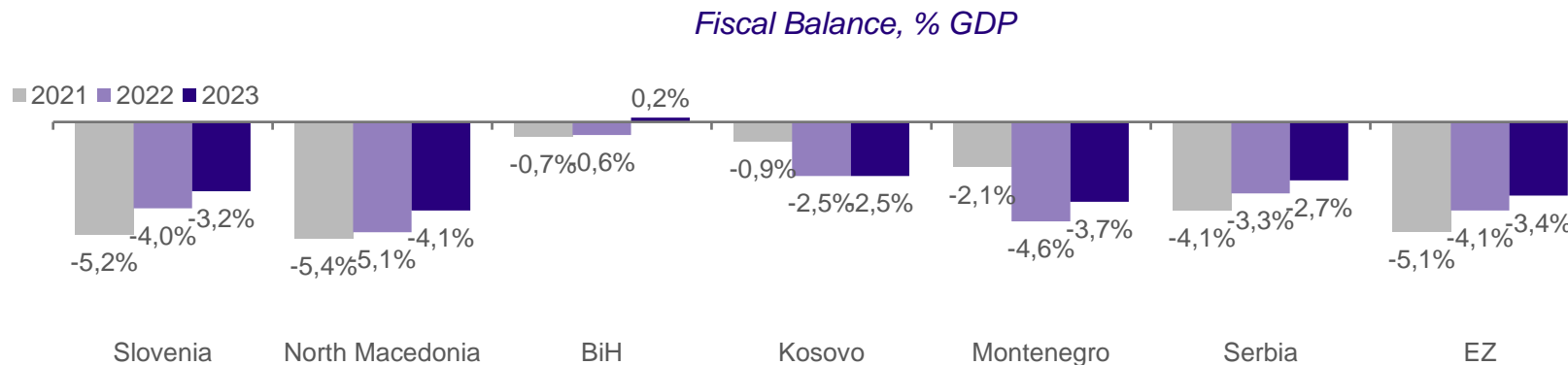
Labour market is expected to continue with recovery after the pandemic-induced crisis...



By mid-2022, **employment rate increased** in all of the countries of the **Group's region** and some of them reached historical highs of employment levels. All sectors, with services in particular, contributed to the labour market recovery. However some more recent data suggest that the labour market is cooling due to more widespread energy crisis effects.

Sources: FocusEconomics, NLB Forecasts for 2022 and 2023. Estimation for 2021 for Kosovo.

...while fiscal metrics will depend on the degree of fiscal policy efficiency and prudence in attempt to address issues related to rising-cost-of-living.

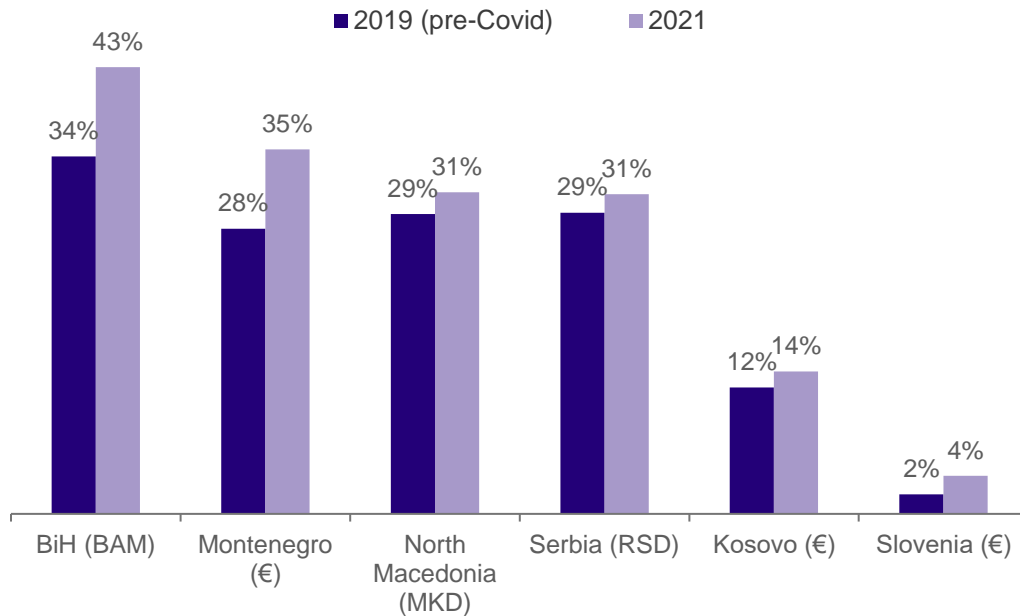


The growth recovery in 2021 seen fiscal revenues bouncing back in 2021, reducing **fiscal balance** deficits and **public debt**. Nevertheless, one year of growth was not enough time for countries to fully rebuild fiscal and debt buffers for the next shock stemming from the war in Ukraine and inflationary pressures. Therefore, governments in the Group's region entered 2022 with some limited room for manoeuvre. Still, **public debt** levels are **below the Euro area** across countries of the Group's region.

NLB operates in countries with prudent monetary policy and rising interest rates

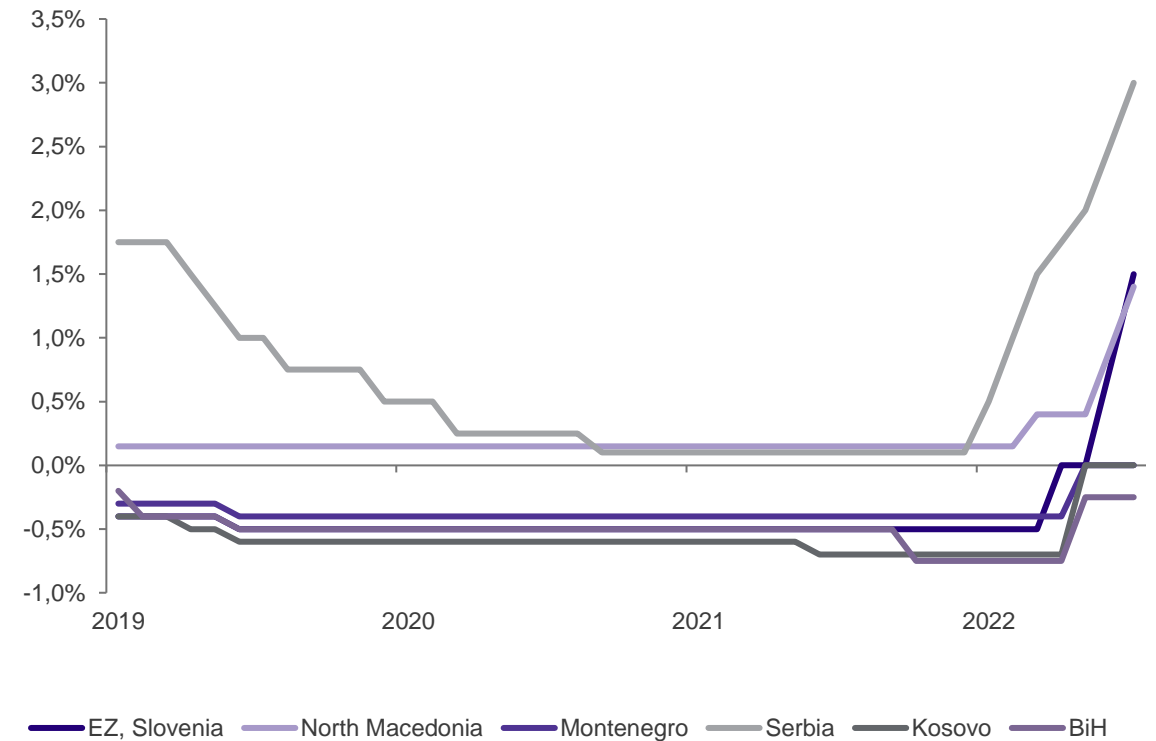
FX reserves as % of Nominal GDP

FX reserves, 2019 and 2021, % Nominal GDP



Central Bank interest rates evolution

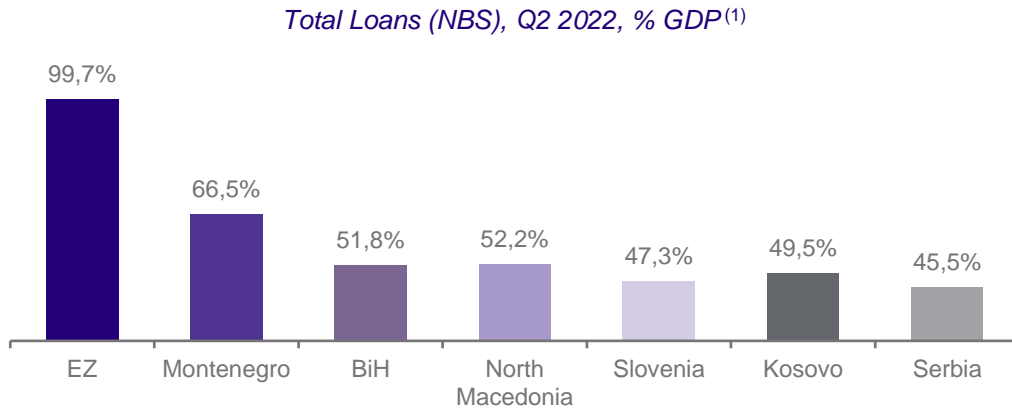
Deposit facility rate, 2019 (pre-Covid) – 2022⁽¹⁾, %



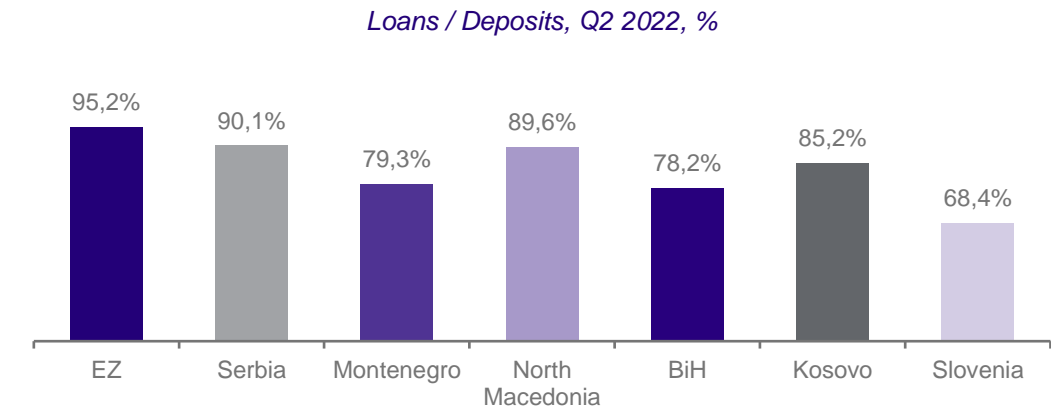
Source: FocusEconomics, World Bank, ECB, Central banks data
Note: (1) October 2022

Markets in which NLB operates have further growth potential

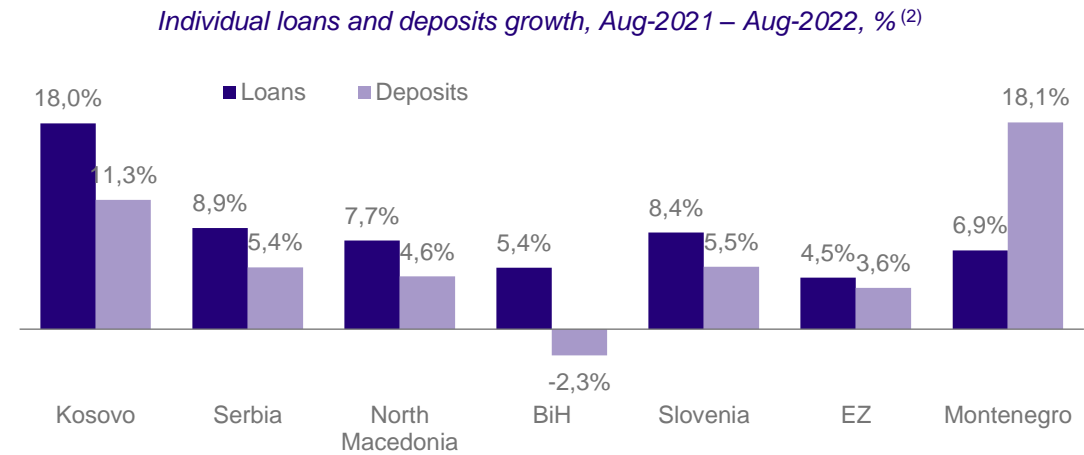
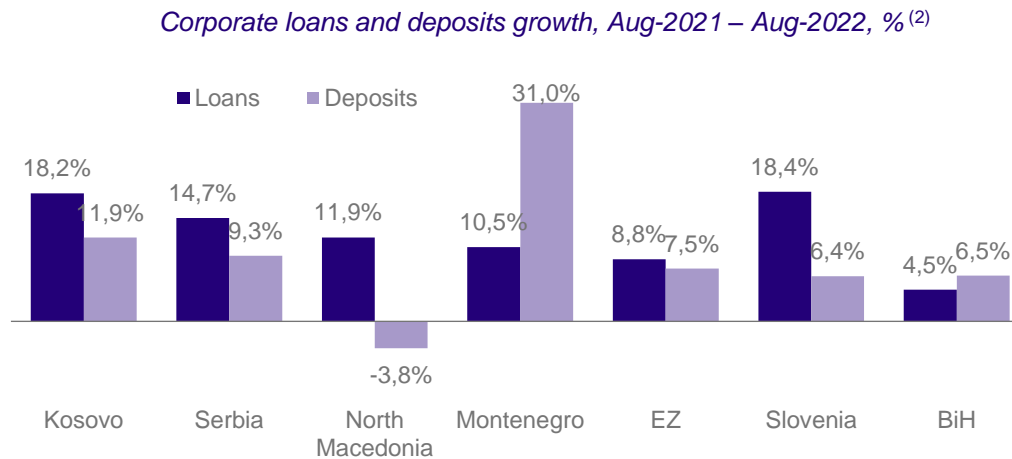
Low overall sector leverage...



...with liquid banking sectors...



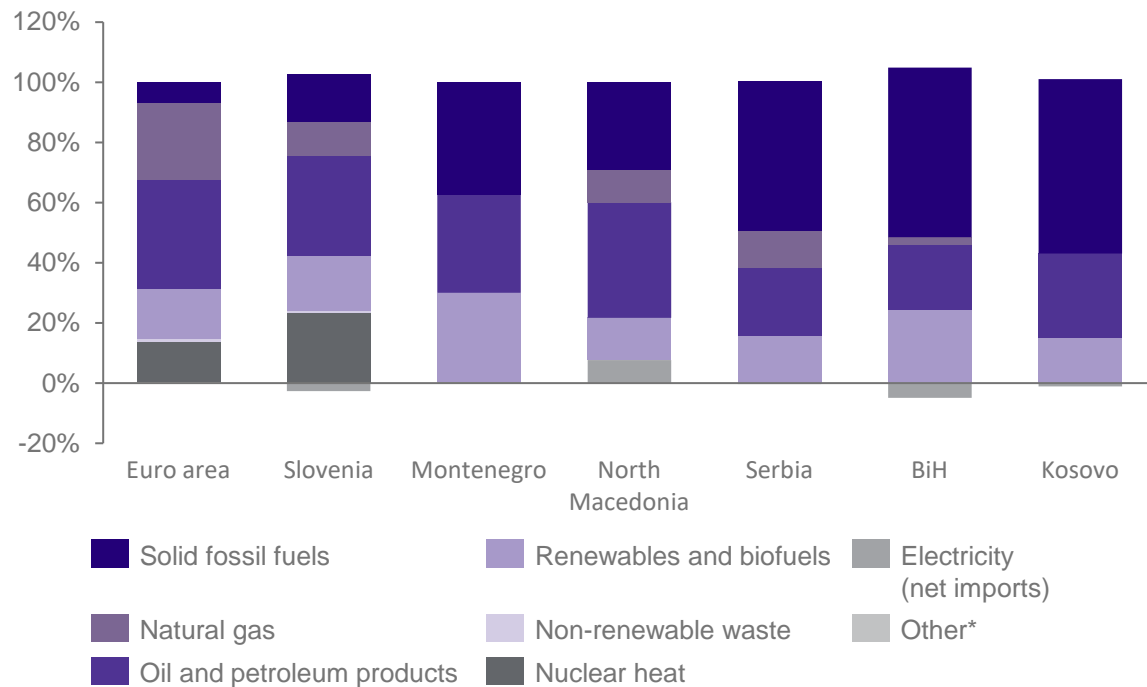
...and strong deposit growth supporting healthy loan growth rates



Relatively low usage of natural gas in SEE economies, local currencies stable

Low dependency on natural gas

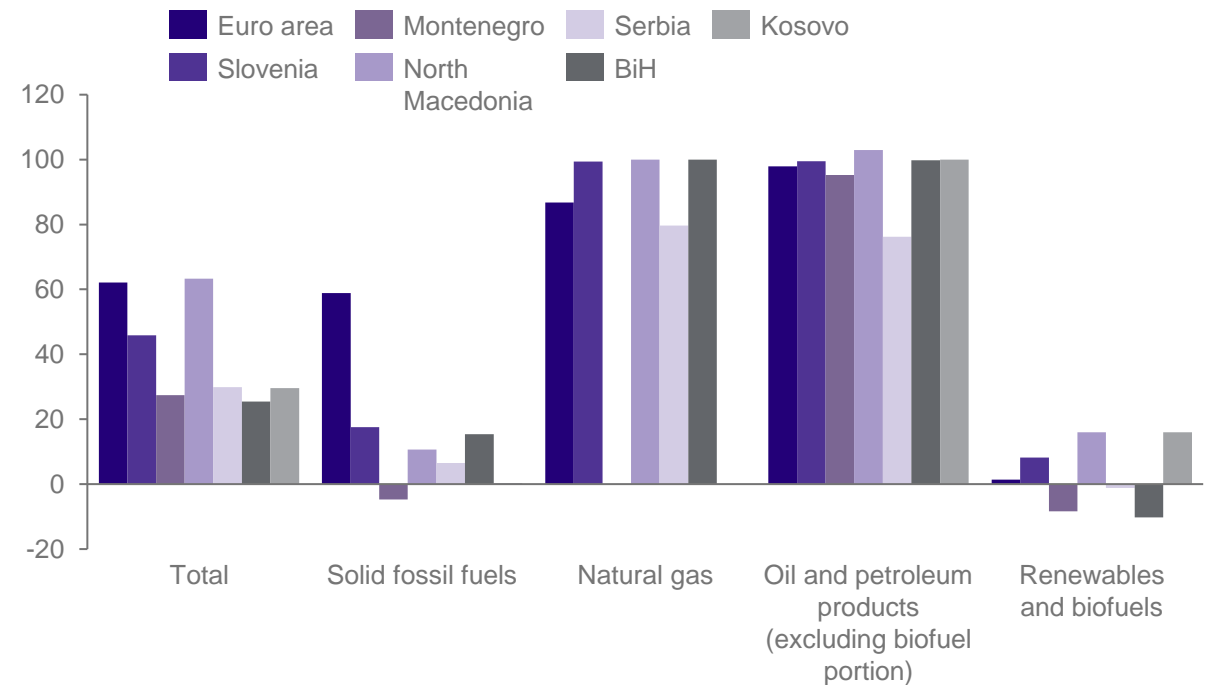
Energy mix of euro area and SEE region in 2020



Source: Eurostat.

Note: Combined share above (below) 100% means that the country is net exporter (importer) of electricity.

Energy import dependency in 2020 (%)



Source: Eurostat

Note: Natural gas data unavailable for Montenegro and Kosovo - no operational infrastructure; A negative share means that the country is a net exporter; If the share is more than 100%, the fuel is put in stocks.

Share of natural gas in the energy mix is low in the SEE region, as countries still heavily depend on solid fossil fuels.

The SEE region does not rely on natural gas as much as the euro area does, whereas the opposite is true for solid fossil fuels. Gas consumption in the Western Balkans currently stands at about 4 bcm per year, mainly in heating and combined heat and power systems in major towns in Serbia (imports approx. 80%), N. Macedonia (imports 100%), and BiH (imports 100%). N. Macedonia has been the most focused on phasing out coal with an initial target of 2027. The government seeks to expand the natural gas with a 160km Greece-N. Macedonia interconnector. In BiH, a 187 km Croatia-BiH gas interconnector is planned for operation in 2024. Serbia is the largest gas consumer in the region, with over 2.7 bcm annual consumption. It is mainly dependent on coal for power, and gas use is limited to combined heat and power systems and district heating systems.

Key Developments



Key performance indicators of NLB Group

Strong recurring performance and release of provisions

in EUR million / % / bps

	Q3 2022	Q2 2022	Q3 2021	Change YoY	Change QoQ
Key Income Statement Data					
Net operating income	205,6	183,6	166,0	24%	12%
Net interest income	126,7	118,6	103,7	22%	7%
Net non-interest income	78,9	65,0	62,3	27%	21%
o/w Net fee and commission income	70,5	69,1	58,6	20%	2%
Total costs	-113,9	-116,0	-99,9	14%	2%
Result before impairments and provisions	91,7	67,6	66,1	39%	36%
Impairments and provisions	10,0	-3,3	6,3	59%	-
Impairments and provisions for credit risk	9,8	1,6	3,3	195%	-
Other impairments and provisions	0,2	-4,9	2,9	-94%	-
Result after tax	90,8	55,5	65,7	38%	64%

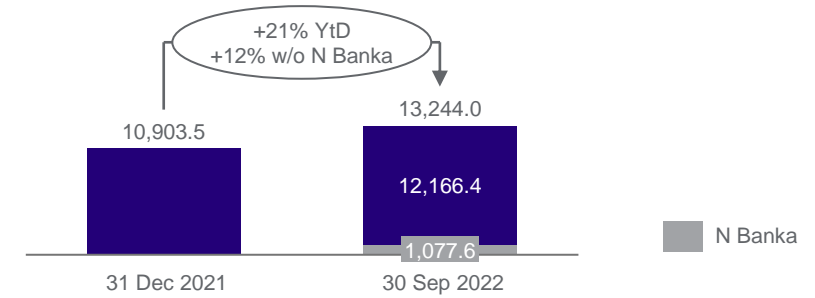
	1-9 2022	1-9 2021	Change YoY
Key Financial Indicators			
Return on equity after tax (ROE a.t.) ^(iv)	12,5%	13,3%	-0,9 p.p.
Return on assets after tax (ROA a.t.) ^(iv)	1,2%	1,3%	-0,1 p.p.
Net interest margin (on interest bearing assets)	2,17%	2,07%	0,10 p.p.
Operational business margin ⁽ⁱ⁾	3,46%	3,25%	0,21 p.p.
Cost to income ratio (CIR)	59,0%	59,4%	-0,4 p.p.
Cost of risk net (bps) ^(ii, iv)	-13	-50	37

	30 Sep 2022	31 Dec 2021	30 Sep 2021	Change YtD	Change QoQ
Key Financial Position Statement Data					
Total assets	23.497,8	21.577,5	21.296,9	9%	3%
Gross loans to customers	13.244,0	10.903,5	10.593,7	21%	2%
Net loans to customers	12.925,3	10.587,1	10.267,0	22%	2%
Deposits from customers	19.573,1	17.640,8	17.248,6	11%	2%
Equity (without non-controlling interests)	2.339,8	2.078,7	2.140,5	13%	7%

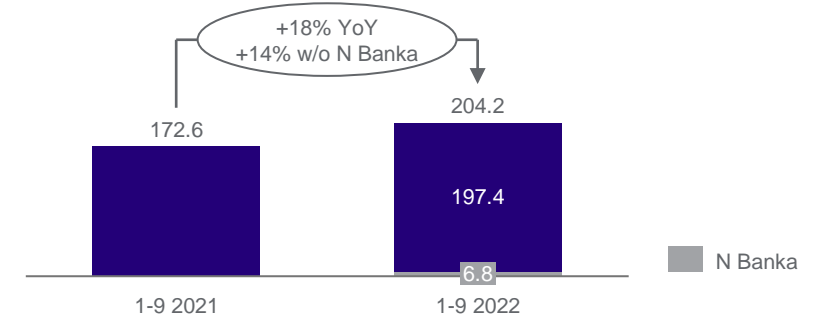
	30 Sep 2022	31 Dec 2021	30 Sep 2021	Change YoY	Change QoQ
Other Key Financial Indicators					
LTD ⁽ⁱⁱⁱ⁾	66,0%	60,0%	59,5%	6,5 p.p.	6,0 p.p.
Total capital ratio	16,6%	17,8%	17,2%	-0,6 p.p.	-1,2 p.p.
Total risk exposure amount (RWA)	14.283,7	12.667,4	12.824,4	11%	13%

	30 Sep 2022	31 Dec 2021	30 Sep 2021	Change YtD	Change QoQ
Employees					
Number of employees	8.265	8.185	8.359	80	-129

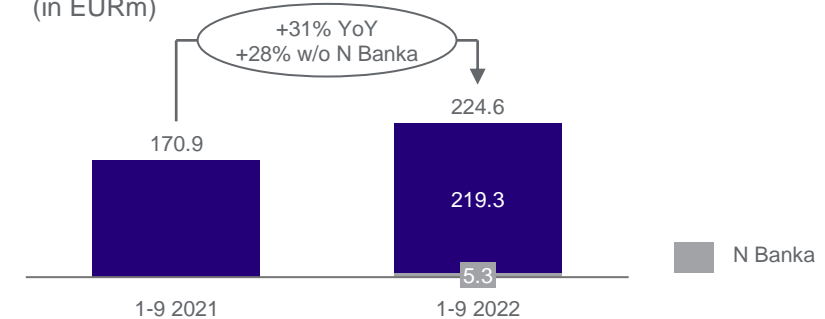
Gross loans to customers (in EURm)



Net fee and commission income (in EURm)



Recurring result before impairments and provisions (in EURm)

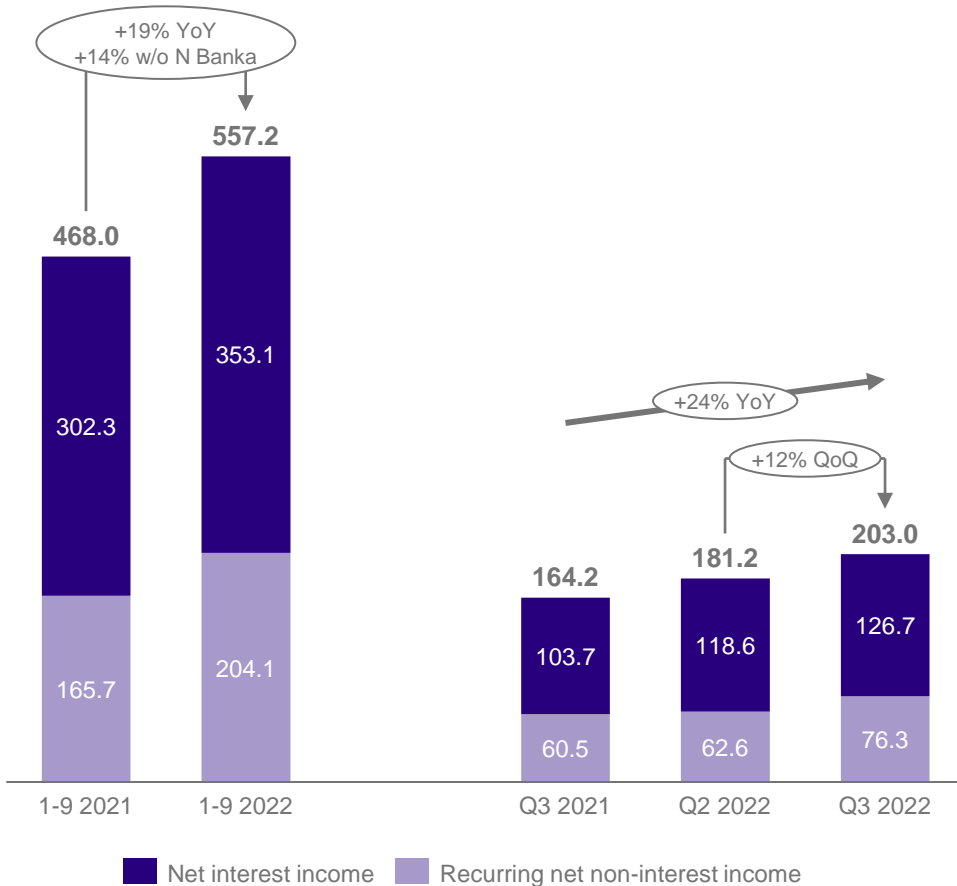


Revenues and Cost Dynamics

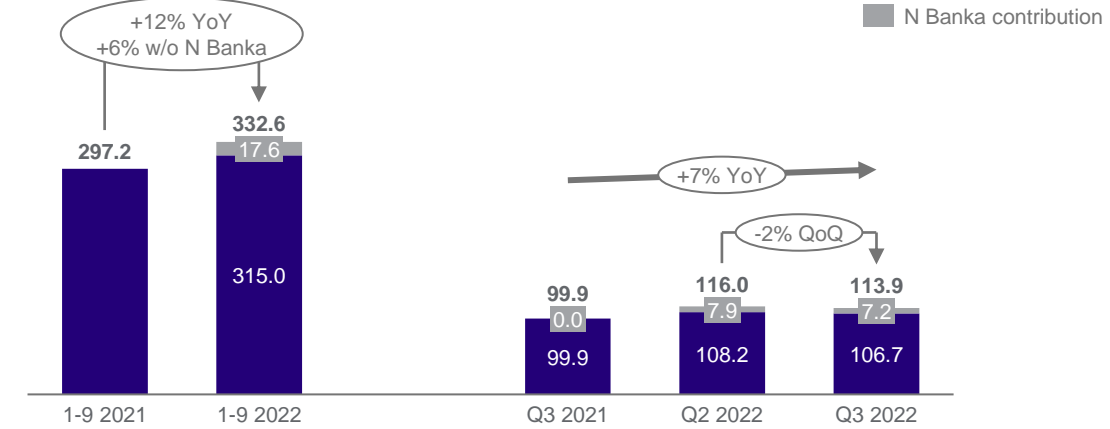
Strong recurring income momentum and still negative CoR

Recurring net operating income

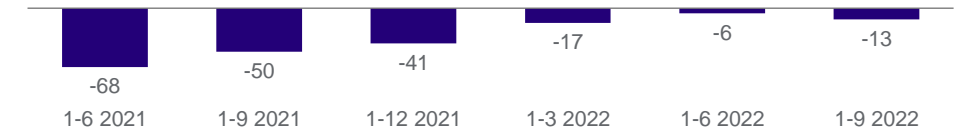
(in EUR million)



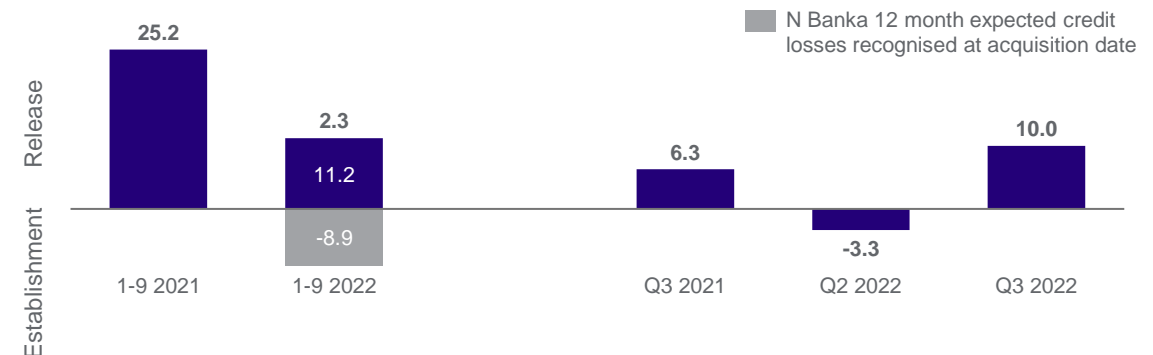
Costs (Group, EURm)



Cost of risk⁽ⁱ⁾ (Group, bps)



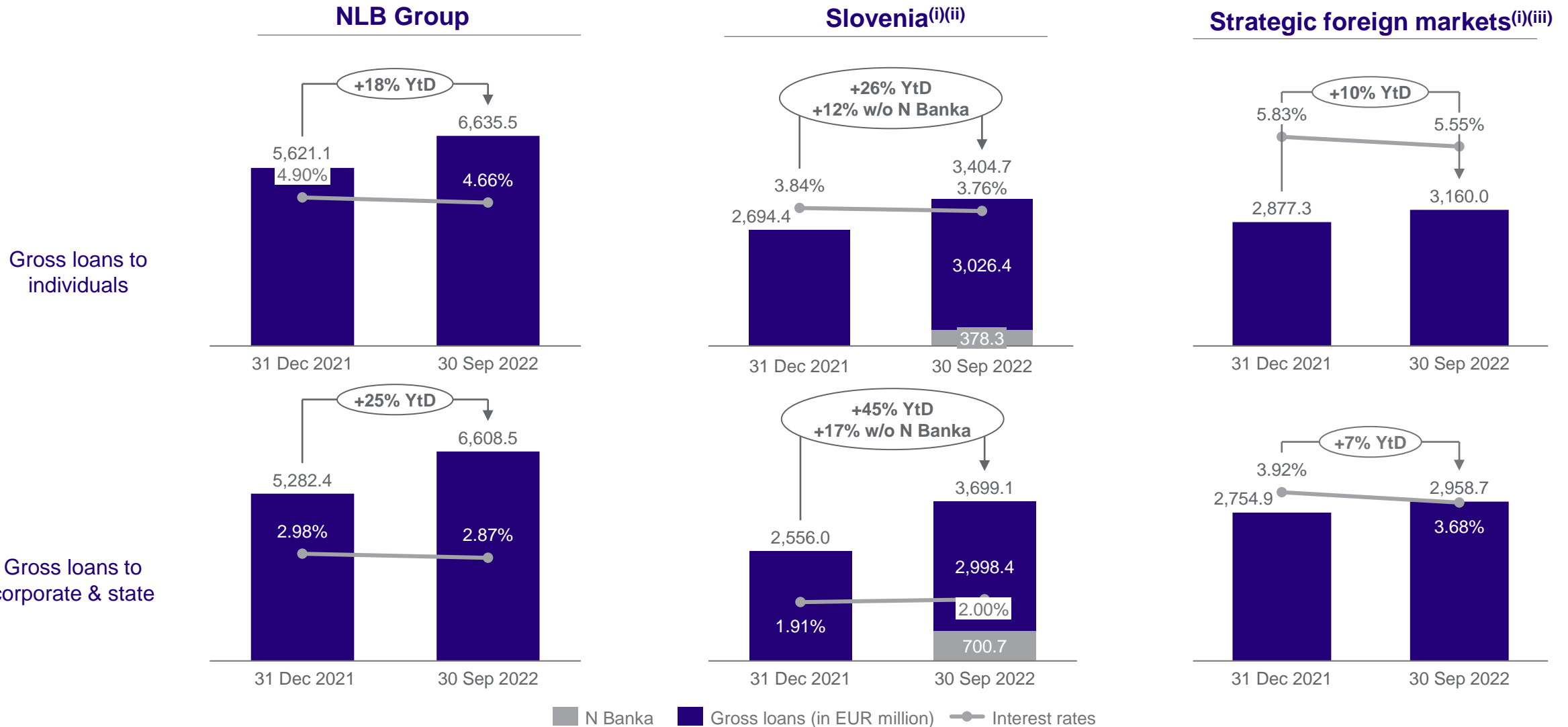
Net impairments and provisions (Group, EURm)



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

Loan dynamics

High loan growth across all markets and all segments

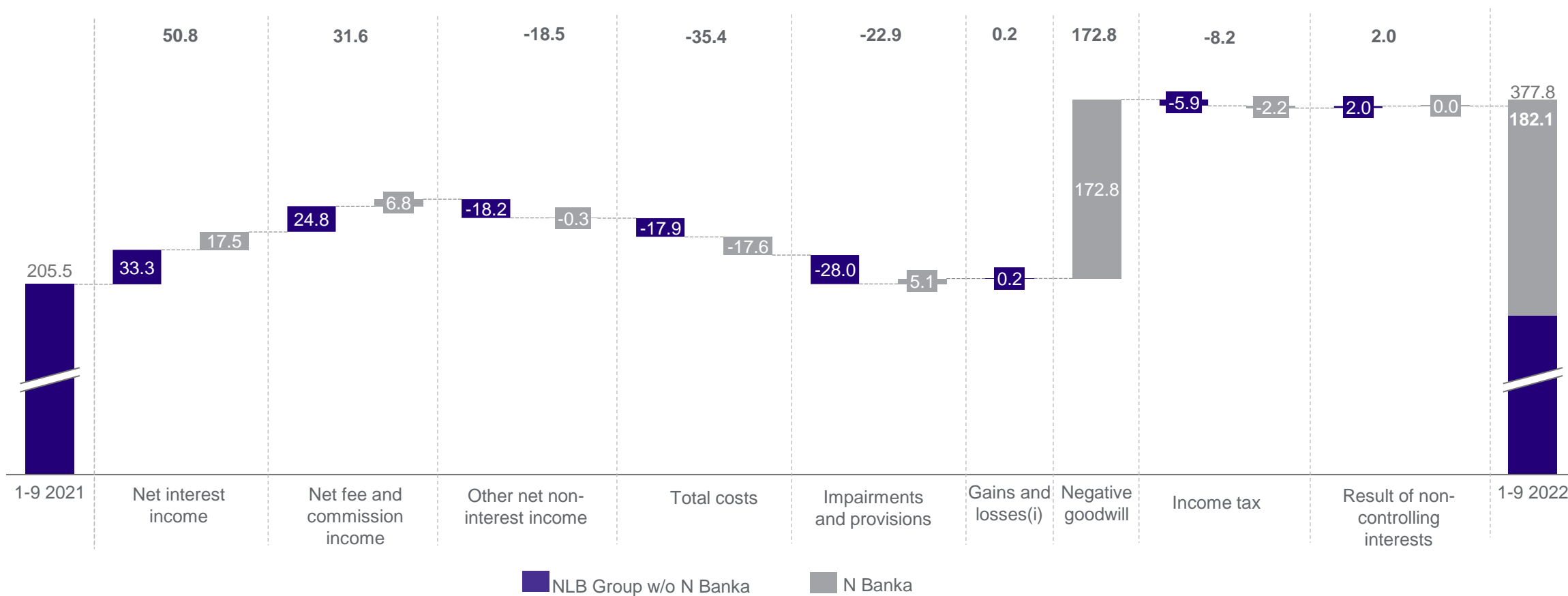


Note: (i) On stand alone basis; (ii) Includes NLB and N Banka; interest rates only for NLB; (iii) Includes only banks.

Resilient Operating Income Performance

Result reflects strong underlying performance and contribution from N Banka

Net profit of NLB Group – evolution YoY (in EURm)

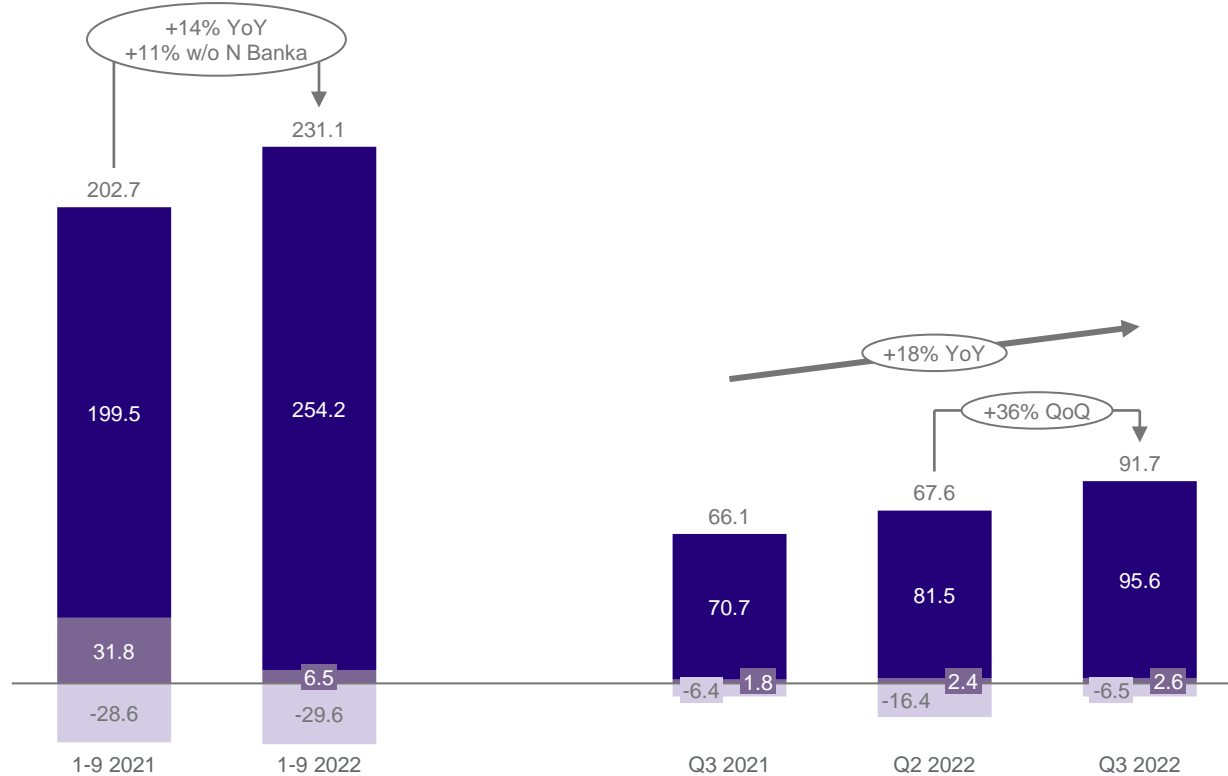


Strong performance of the NLB Group in 1-9 2022 led to a **profit of EUR 377.8 million**, including one-off effects from the acquisition of N Banka. Noteworthy, in 1-9 recurring profit before impairments and provisions grew 28% YoY excluding N Banka contribution.

Income Statement

Recurring pre-provision profit is growing QoQ and YoY

Result before impairments and provisions (Group, EURm)



- Result before impairments and provisions w/o non-recurring income and regulatory costs
- Non-recurring net non-interest income
- Regulatory costs

Result before impairments and provisions EUR 231.1 million, higher QoQ and YoY, even w/o N Banka contribution, with recurring pre-provision profit growing QoQ and YoY. Main drivers of 1-9 dynamics:

- net interest income increased across all markets due to loan growth: EUR 33.3 million YoY (excluding N Banka)
- net fee and commission income increased 14% YoY (excluding N Banka); increase in all markets, mostly in Slovenia due to higher fees from investment funds and bancassurance products, high balance deposit fee, higher fees from card and payment services, and advisory services,

partly offset by:

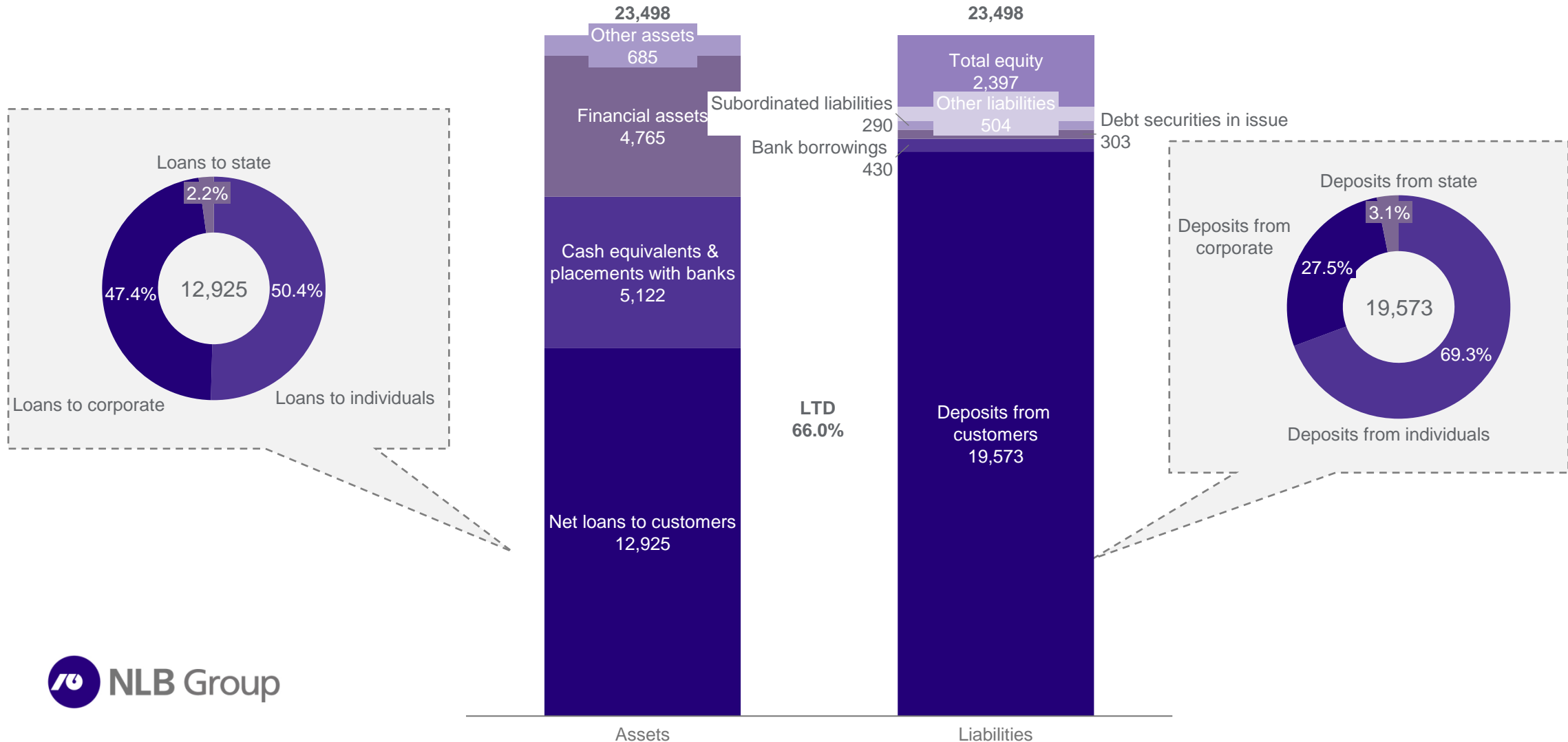
- increased employee costs and general and administrative expenses.

Also, there were no larger non-recurring items in 1-9 2022, while in 1-9 2021 material positive impact from one-off items in the amount of EUR 23.8 million contributed substantially to pre-provision profit.

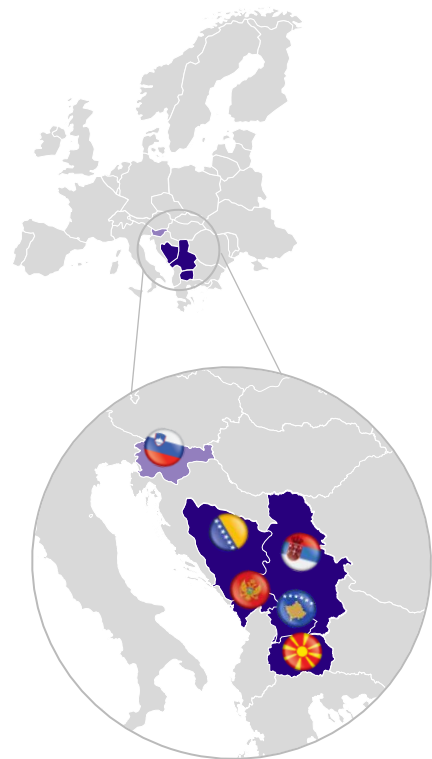
NLB Group's Balance sheet structure








Deposit (predominately retail) driven balance sheet

Balance sheet structure (30 Sep 2022, in EURm)



Performance indicators across SEE countries



	Slovenia 		Serbia 	North Macedonia 	Bosnia and Herzegovina 		Kosovo 	Montenegro 	
	NLB, Ljubljana	N Banka, Ljubljana	NLB Komercijalna Banka, Beograd ⁽ⁱⁱ⁾	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	NLB Group
	Data on stand-alone basis								Consolidated data
Result after tax (EURm)	94.2	9.3	43.0	30.0	13.0	8.8	24.6	14.7	377.8
Total assets (EURm)	13,358	1,423	4,607	1,756	963	808	1,035	834	23,498
RoE a.t.	8.2%	-	8.5%	16.0%	18.1%	12.9%	29.6%	20.1%	12.5%
Net interest margin	1.36%	1.89%	2.80%	3.06%	2.48%	2.60%	4.11%	3.97%	2.17%
CIR (cost/income ratio)	59.0%	73.3%	60.5%	42.5%	44.9%	57.4%	29.7%	50.0%	59.0%
LTD net	55.9%	109.7%	67.8%	81.0%	66.0%	78.8%	87.2%	77.7%	66.0%
NPL ratio	1.2%	1.6%	1.1%	4.0%	1.4%	2.5%	1.7%	4.9%	2.0%
Branches (#)	71	11	177	48	47	35	33	22	444
Active clients (#) ⁽ⁱ⁾	683,923	48,959	931,535	405,964	223,860	131,880	218,318	82,572	1,746,517
Market share by total assets (%)	26.9%	2.9%	10.2%	16.6%	20.1%	5.8%	16.7%	13.7%	/
	as at 30 Sep 2022	as at 30 Sep 2022	as at 30 Sep 2022	as at 30 Sep 2022	as at 30 Jun 2022	as at 30 Jun 2022	as at 30 Sep 2022	as at 30 Sep 2022	

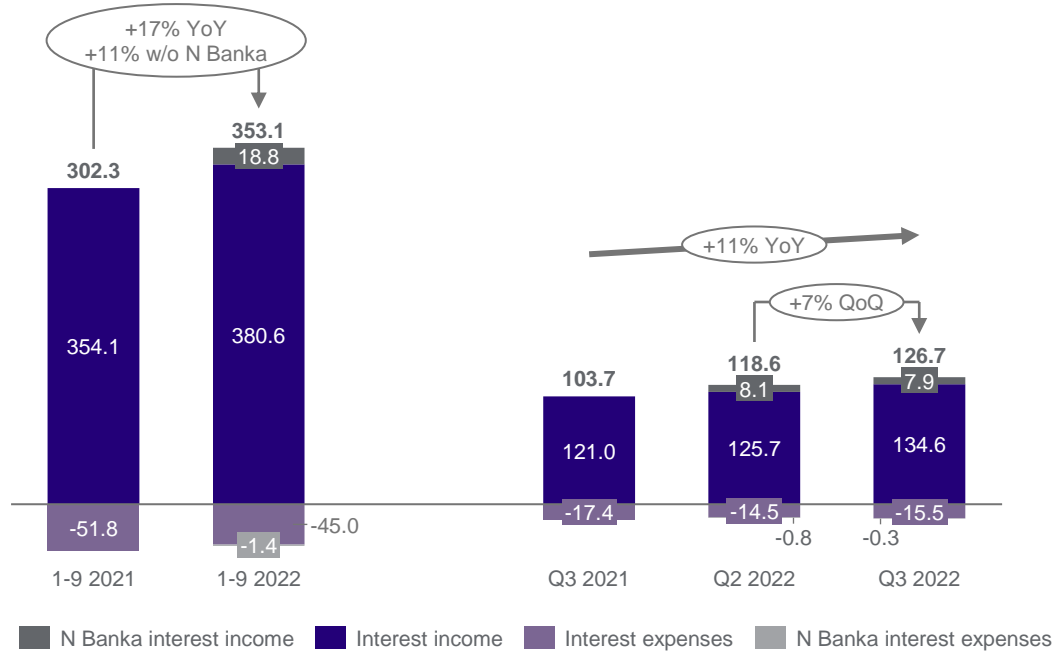
Business Performance



Net interest income

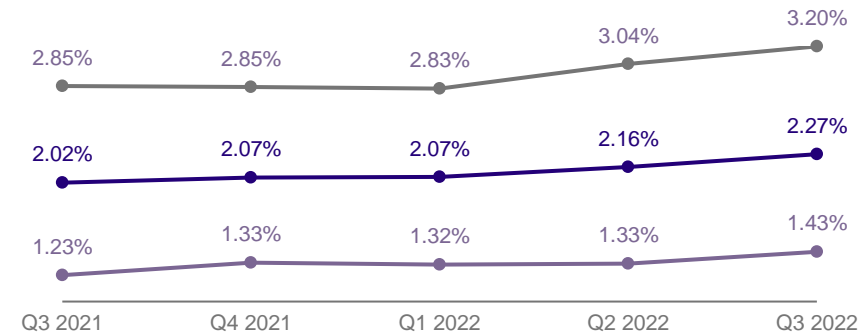
Strong loan growth contributed to significant NII growth, also margins are improving

Net interest income of NLB Group (in EURm)

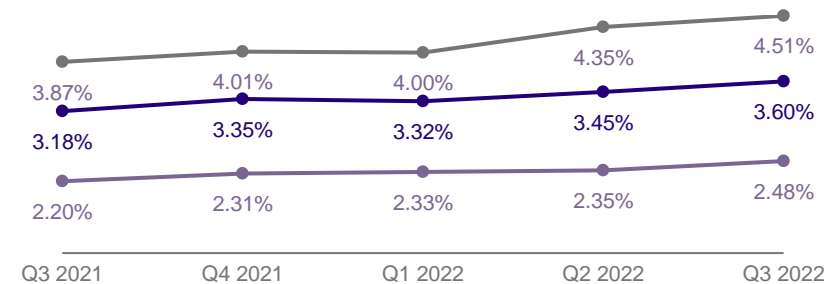


- Higher interest income due to high loan growth and also increasing rates.
- Lower interest expenses YoY:
 - ECB's TLTRO financing at a very favourable interest rate of -1% p.a. was repaid in June and a senior preferred bond was issued in July 2022
 - average funding cost still relatively low due to the funding structure, with large share of customers deposits
- On the QoQ basis the net interest income was higher mostly due to higher volume of loans, however key ECB interest rate increases in 2022 also led to higher income from balances at central bank and higher interest rates on new loans.

Net interest margin, quarterly (in %)



Operational business margin, quarterly (in %)

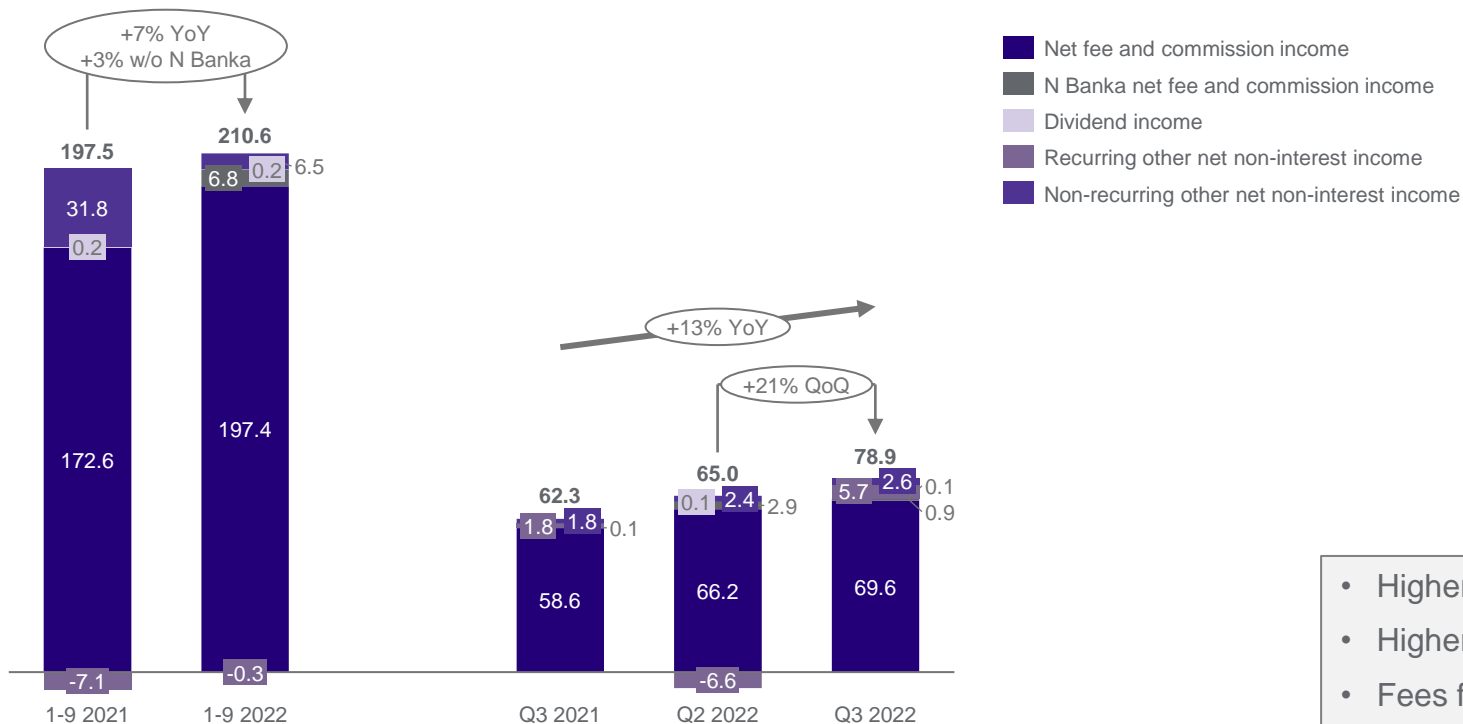


The net interest margin of the Group was 2.27% in Q3, 0.11 p.p. higher QoQ and 0.24 p.p. YoY, mostly due to volume growth and gradual repricing of the new loan production. The operational business margin of 3.60% increased 0.15 p.p. QoQ and 0.42 p.p. YoY, due to higher operating business net income growth (backed by the net fee and commission growth) compared to the net interest income growth.

Net non-interest income

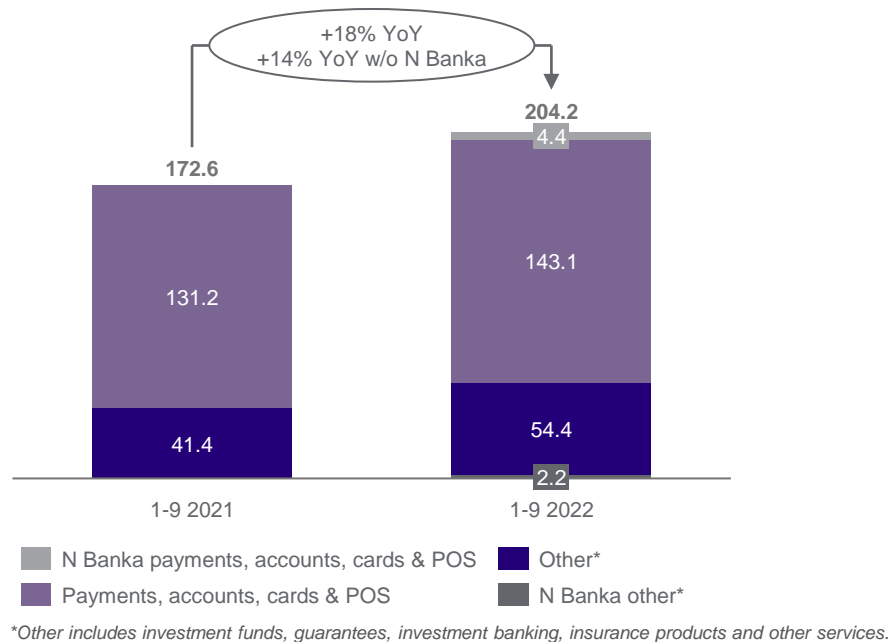
Despite some headwinds continued strong growth of F&C income

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



- Net non-interest income higher YoY, despite substantial non-recurring income in 1-9 2021 (non-recurring valuation income in the amount of EUR 14.8 million from the repayment of exposure classified as non-performing, and EUR 9.0 million of other operation income from the settlement of a legal dispute).

Net fee and commission income (in EURm)

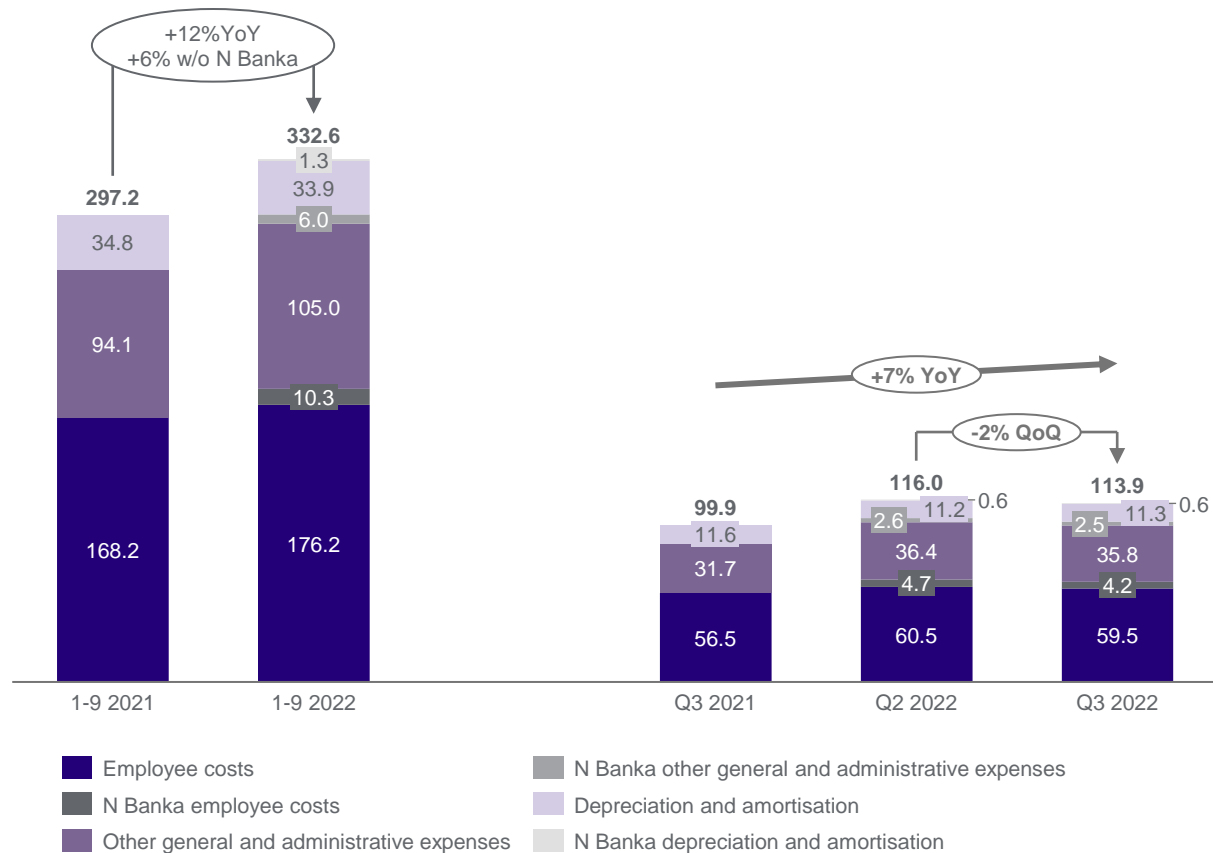


- Higher net fees from asset management and bancassurance.
- Higher fees from card and payment services.
- Fees for advisory services in NLB.
- Abolishment of high balance deposit fee from August on lowers the fee income by app. EUR 1 million monthly – to be compensated with the income from the central bank balances.
- In Q3 the Serbian central bank issued the initiative to contain retail fees for a limited period.

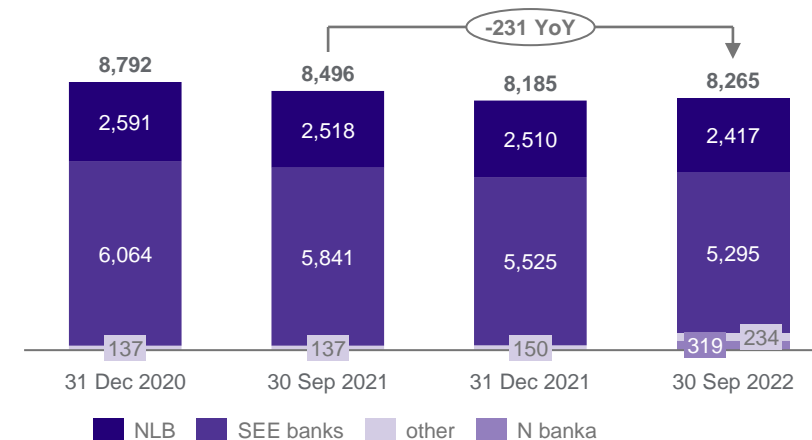
Costs

Inflation and integration affecting costs

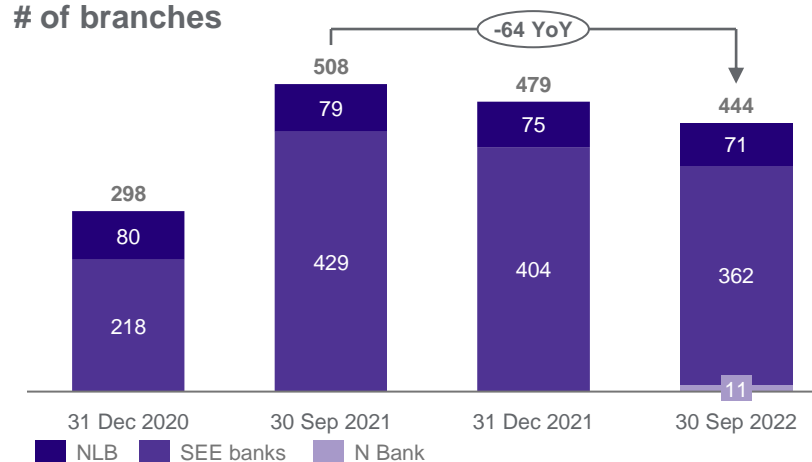
Total costs (in EURm)



of employees



of branches

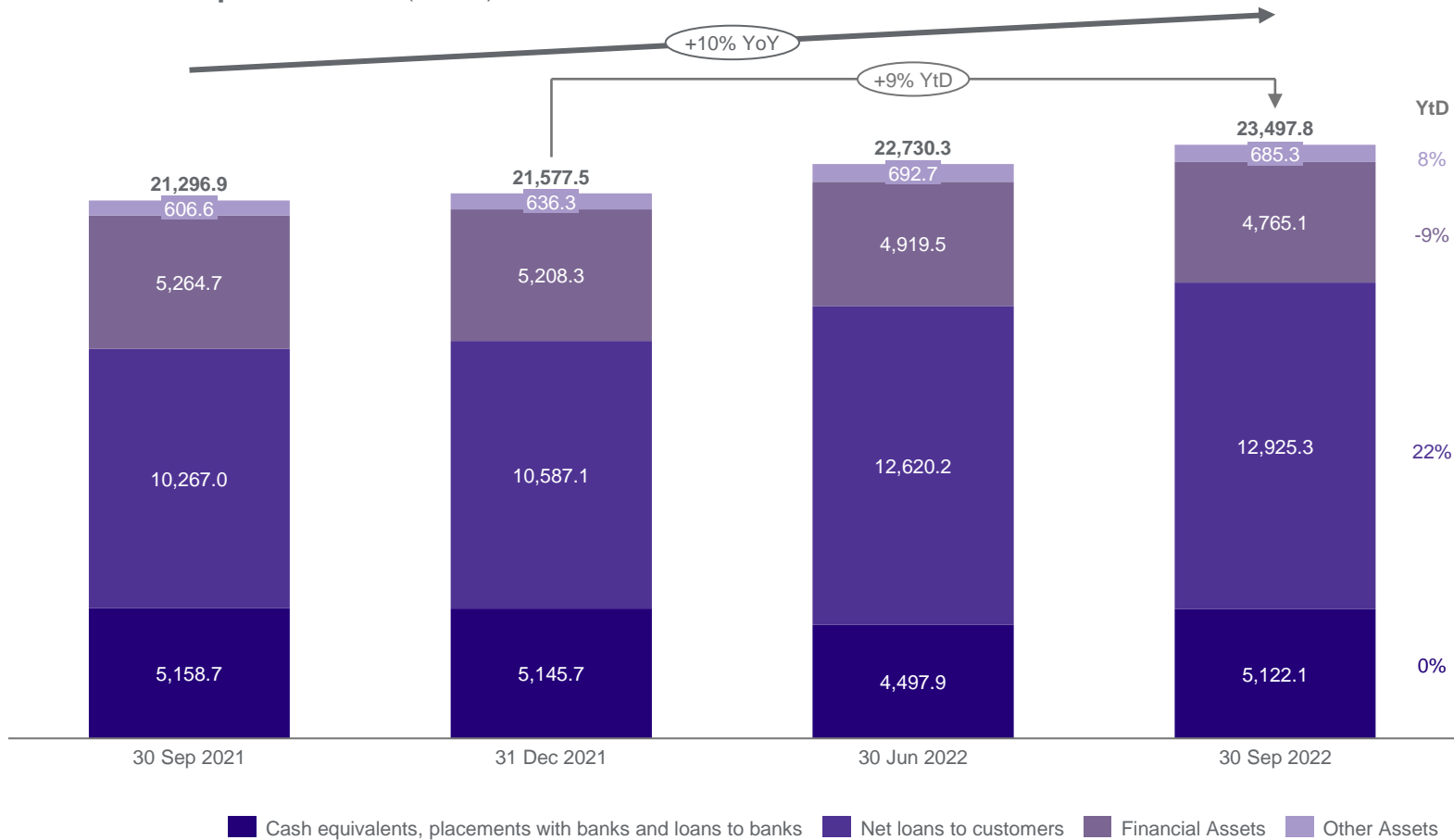


- Excluding N Banka costs increased EUR 17.9 million (6%) YoY due to an increase in the Bank and in most of the Group SEE banking members.
- The Group is affected by the inflation and rising employee, material, and energy costs, but has successfully kept them under control.
- QoQ dynamics was positive with 2% lower costs mostly due to lower employee and other general and administrative costs.

NLB Group Assets

Asset side of the balance sheet remains highly liquid

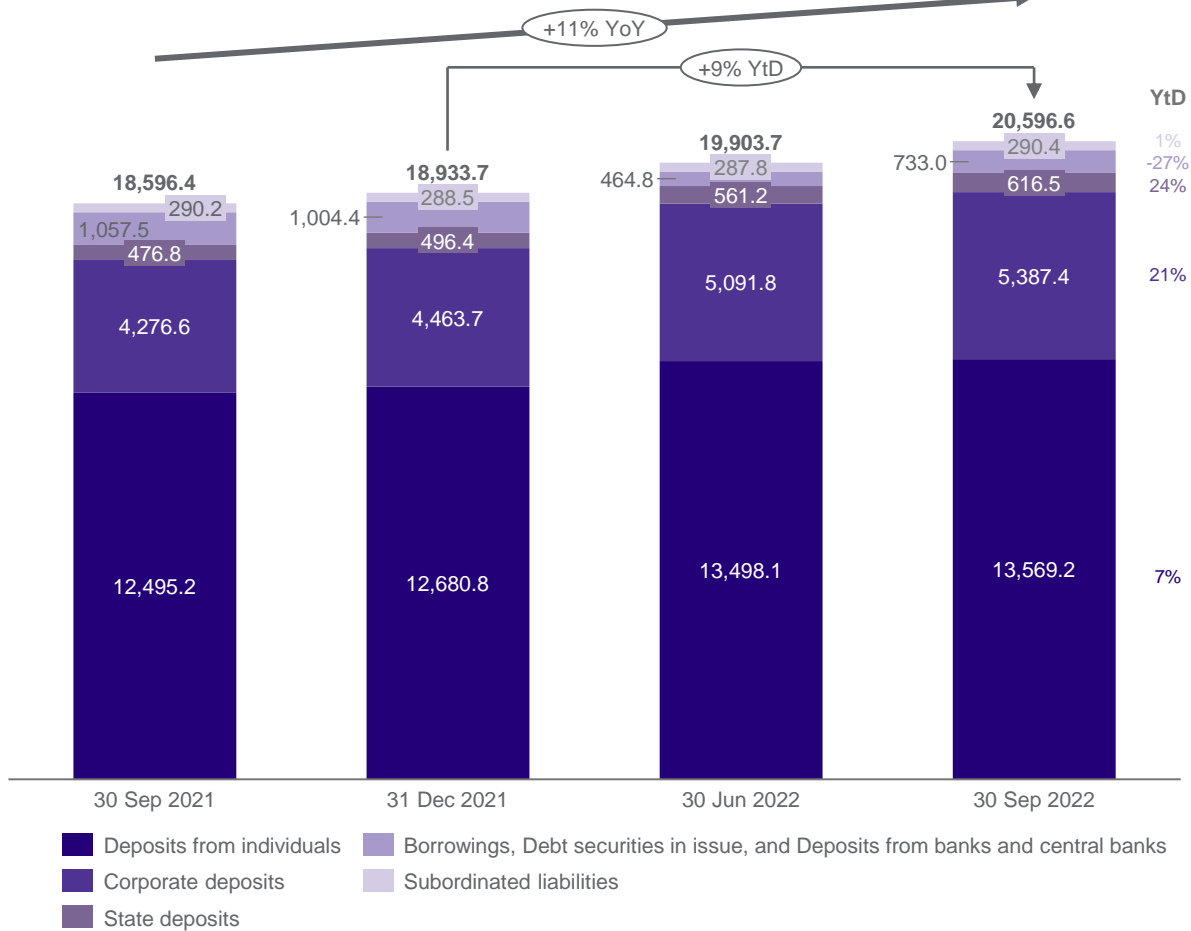
Total assets of NLB Group – structure (EURm)



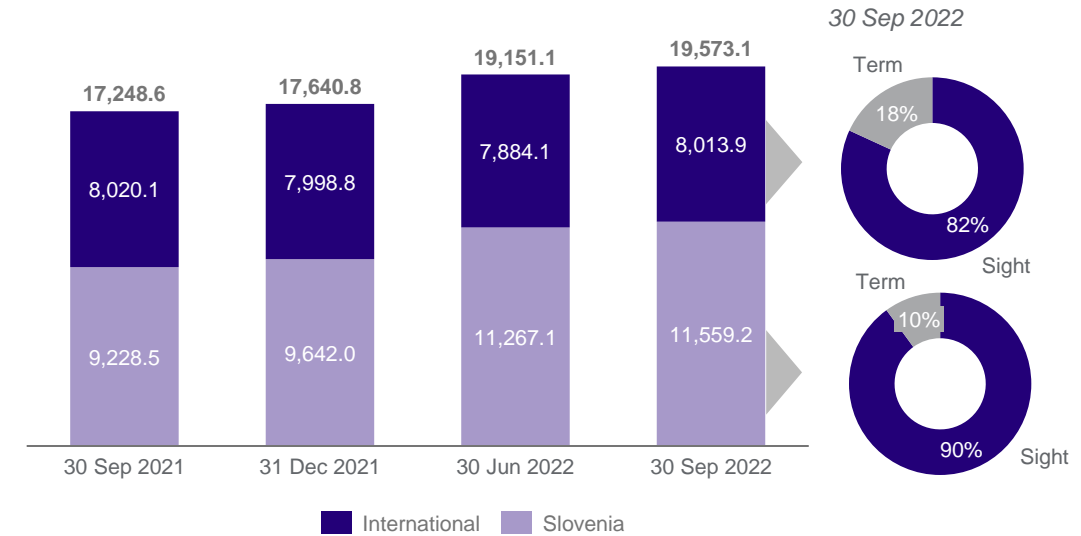
NLB Group Funding Structure

Average cost of funding remains low, but increasing due to wholesale funding, driven by MREL requirement

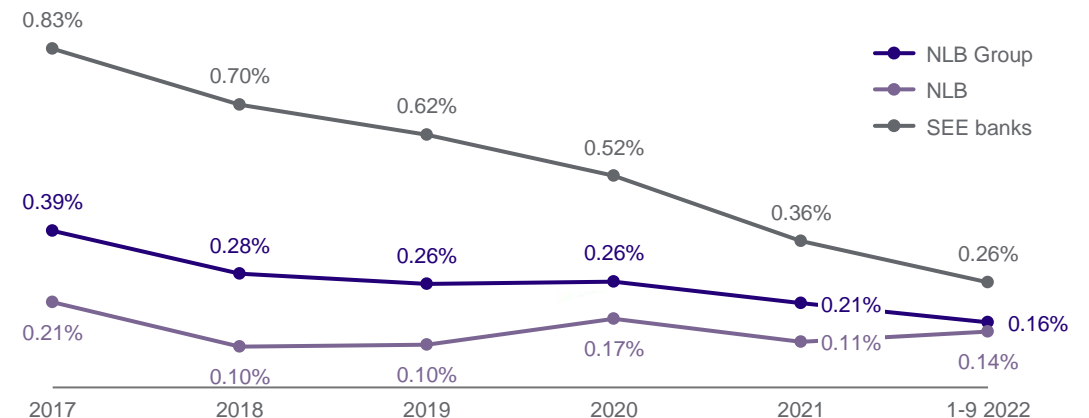
Funding structure of the NLB Group (Group, EURm)



Deposit split (Group, EURm)



Decreasing average cost of funding on a Group level (%)⁽ⁱ⁾

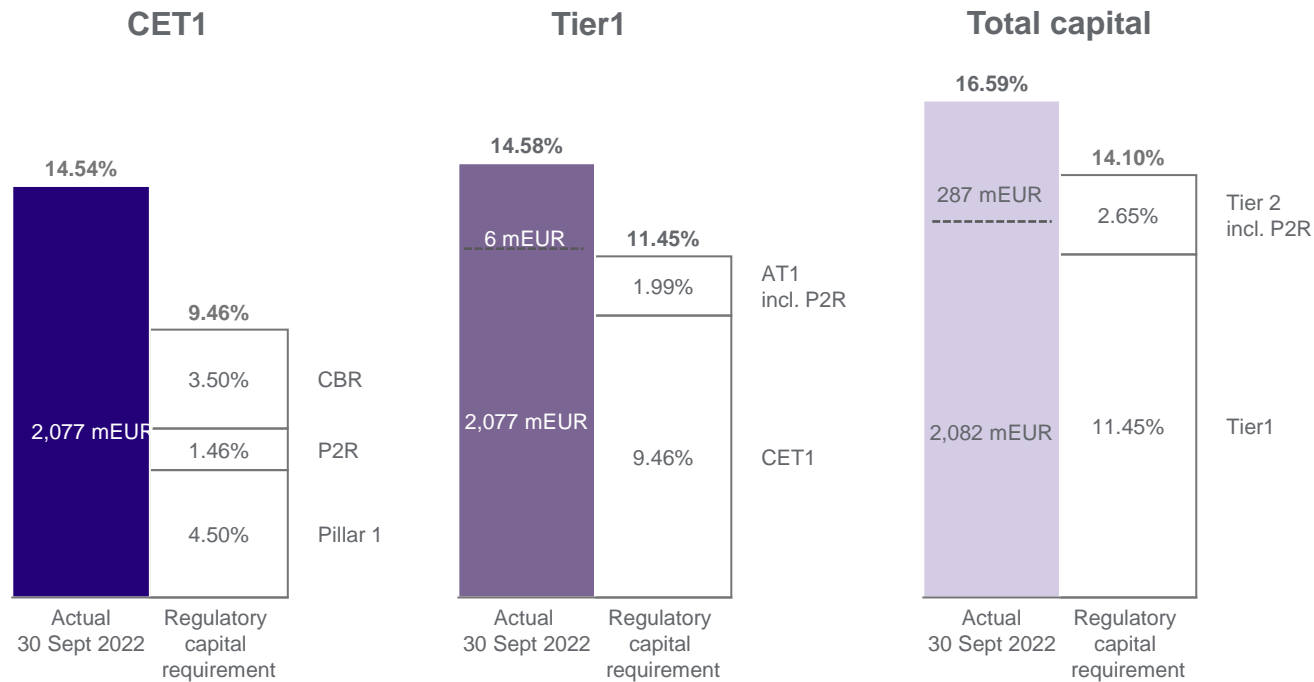


- Primarily deposit funded with sight deposits prevailing
- Average cost of funding in Q3 increased to 0.23 % from 0.11% in Q2

Note: (i) SEE banks include KB from 2021 on.

Capital

Capital position enabling growth and substantial dividend distribution

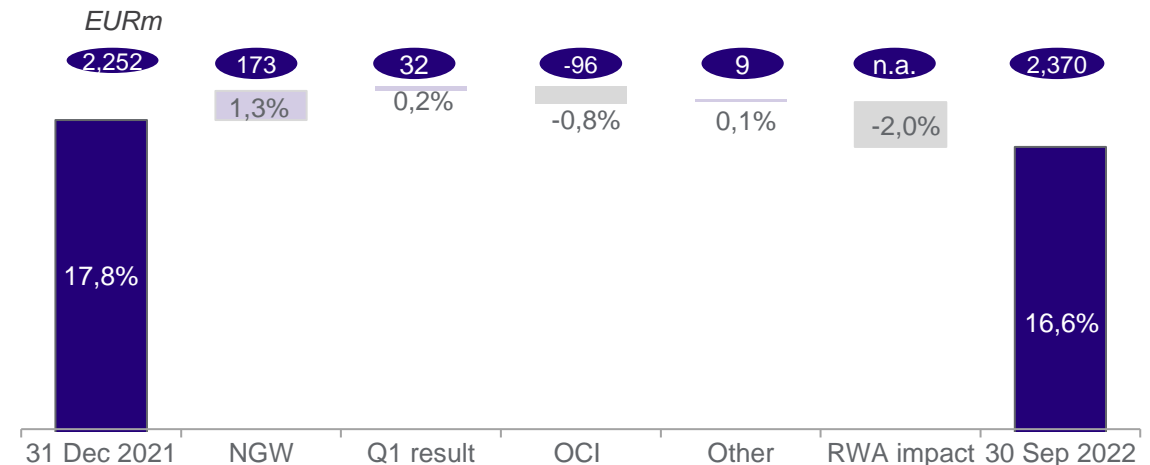


The Overall Capital Requirement (OCR) is 14.10% for the Bank on a consolidated basis, consisting of:

- 10.60% TSCR (8% P1R and 2.60% P2R); and
- 3.5% CBR (2.5% Capital Conservation Buffer, 1% O-SII Buffer and 0% Countercyclical Buffer).

Pillar 2 Guidance is set at 1.00%.

TCR evolution YtD

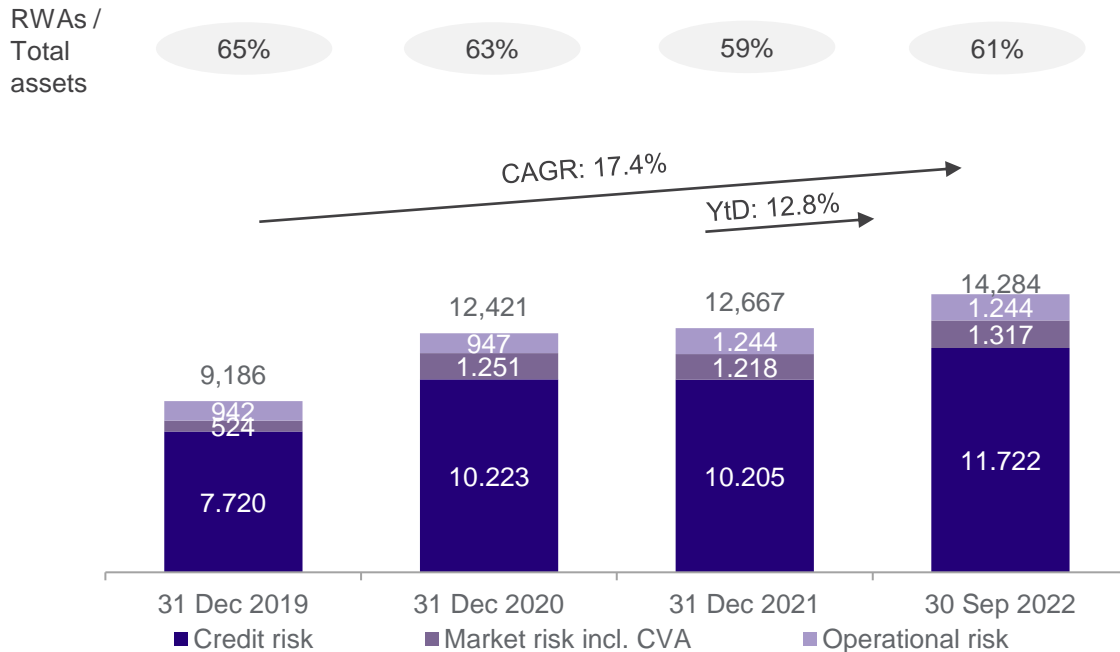


As at 30 September 2022, the **TCR** for the Group stood at 16.6% (or 1.2 p.p. lower than as at 31 December 2021), and the **CET1 ratio** for the Group stood at 14.5% (0.9 p.p. lower than as at 31 December 2021). The lower total capital adequacy derives from higher RWA (EUR 1,616.3 million compared to 2021 YE) which was not compensated by higher capital (EUR 117.1 million compared to 2021 YE). The capital is higher mainly due to the inclusion of negative goodwill from acquisition of N Banka in retained earnings in the amount of EUR 172.8 million and a partial inclusion of Q1 2022 profit in the amount of EUR 32.2 million, which compensated the negative revaluation adjustments on FVOCI securities (EUR -96.3 million compared to the end of 2021). In accordance with CRR 'Quick fix', temporary treatment of FV OCI for sovereign securities was implemented in September 2022, which increased capital by EUR 60.6 million (i.e., Accumulated other comprehensive income amounted EUR -106.4 million instead of EUR -167.0 million).

RWA structure

Prudent RWA management to improve capital ratios

RWA structure (in EURm)



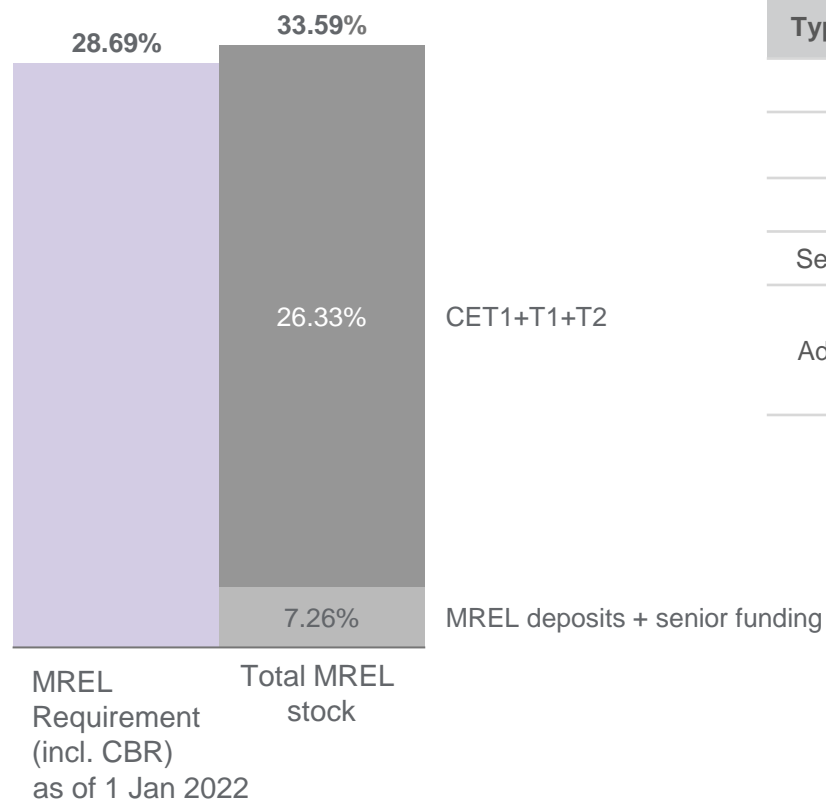
RWA for credit risk increased by EUR 1,517 million, where EUR 858.9 million of the increase relates to N Banka. The remaining part of RWA increase in the amount of EUR 558.4 million was mainly the consequence of increased lending activity in all the banks in the Group, mostly in the Bank and NLB Komercijalna Banka, Beograd. Higher RWAs for high-risk exposures is the result of a new loan given to a venture capital company, new loans for project financing as well as drawing of loans for project financing granted in the previous year. RWA growth was partially mitigated by assuring CRR eligibility for real estate collaterals from Bosnia and Herzegovina, Serbia and Macedonia. Furthermore, RWA decrease was observed for liquidity assets due to a lower exposure to the Serbian central bank and maturity of some Serbian bonds; both in NLB Komercijalna Banka, Beograd. The lower exposure to institutions also resulted in a reduced RWA in almost all Group banks, the most in NLB Komercijalna Banka, Beograd, NLB Banka Banja Luka and NLB Banka Podgorica. The repayments as well as the upgrade of some clients contributed to a lower RWA for the exposures in default.

The increase in **RWAs for market risks and CVA** (Credit Value Adjustments) in the amount of EUR 99.1 million YtD is the result of higher RWA for CVA risk in the amount of EUR 77.1 million (a consequence of an adjustment of calculating exposure in the CVA calculation due to the change of a methodology from a mark to market method to the original exposure method – OEM, and due to the conclusion of longer term and higher size of derivatives by NLB d.d.) and higher RWA for FX risk in the amount of EUR 20.6 million.

NLB Wholesale Funding

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

MREL Stock in % (as at 30 Sep 2022)



Outstanding bonds:

Type of the Bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value
Tier 2	SI0022103855	6 May 2019	6 May 2029	6 May 2024	4.2% p.a.	EUR 45m
Tier 2	XS2080776607	19 November 19	19 November 2029	19 November 2024	3.65% p.a.	EUR 120m
Tier 2	XS2113139195	5 February 2020	5 February 2030	5 February 2025	3.40% p.a.	EUR 120m
Senior Preferred	XS2498964209	19 July 2022	19 July 2025	19 July 2024	6.0% p.a.	EUR 300m
Additional Tier 1	SI0022104275	23 September 22	Perpetual	between 23 September 2027 and 23 March 2028	9.721% p.a.	EUR 82m

Funding plan in 2022/early 2023:

New Senior Preferred and/or Tier 2 bond issuance (subject to market conditions) – combined amount of new issuances for 2022/2023 envisaged at EUR600m. This will lead to the Bank meeting MREL needs becoming binding as of Jan 1 2024.

MREL requirement:

- 25.19% TREA (excluding CBR, currently at 3.5%) as of 1 January 2022
- 31.38% TREA (excluding CBR) as of 1 January 2024

NLB Resolution Group

TREA (in EUR m)	as at Q3 2022
NLB d.d., Ljubljana	6,453
NLB Lease&Go, leasing, d.o.o, Ljubljana	128
NLB Skladi d.o.o., Ljubljana	47
TARA HOTEL d.o.o., Budva	16
NLB Interfinanz AG, in Liquidation	14
NLB Srbija d.o.o., Beograd	14
Other	67
Total	6,738

Asset Quality

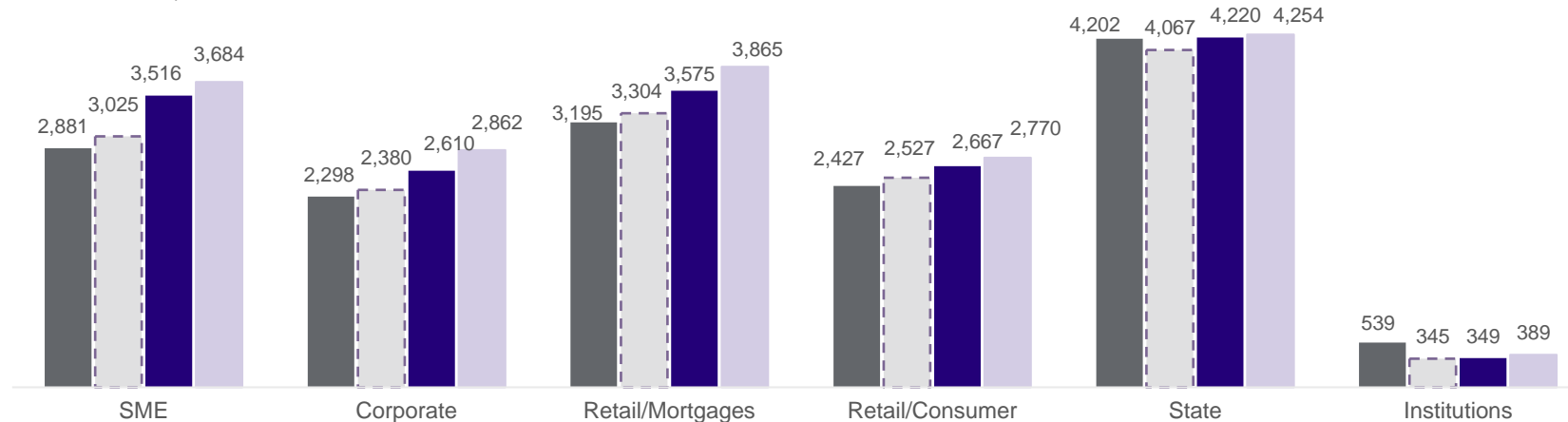
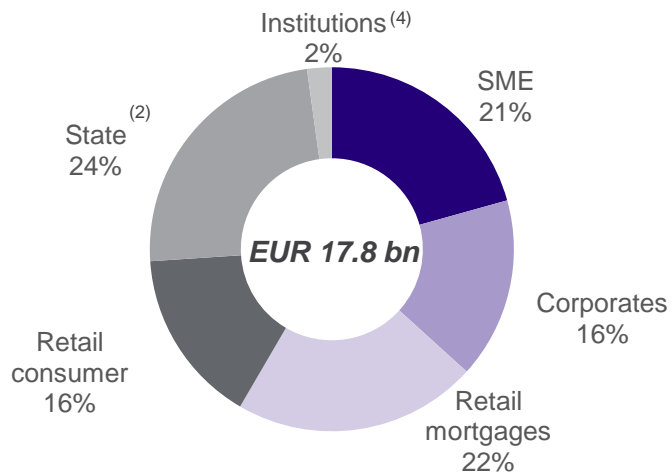


Asset Quality – NLB Group

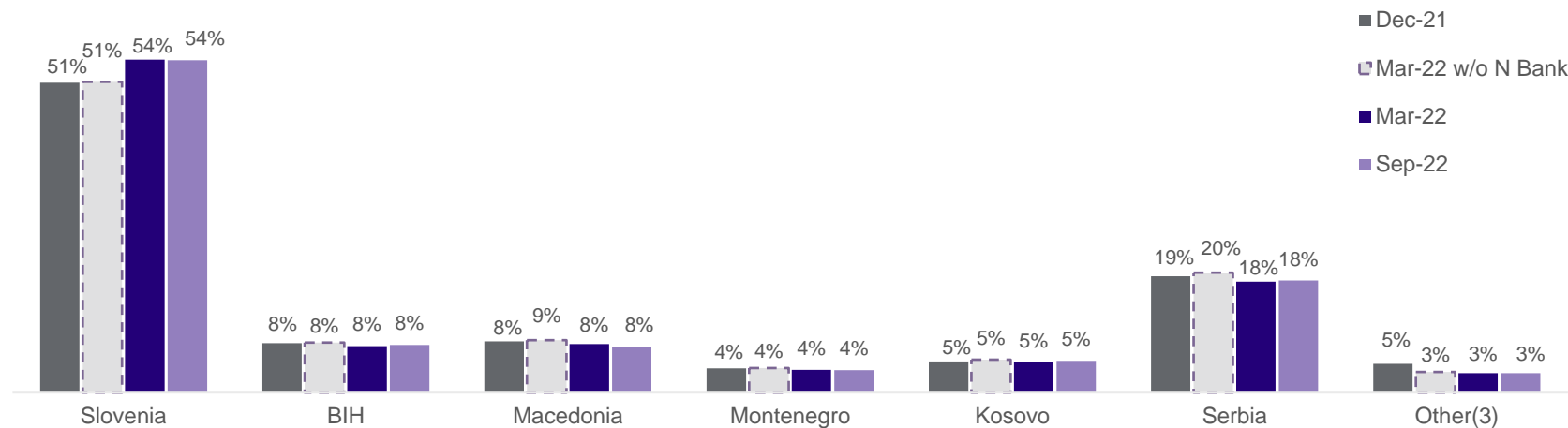
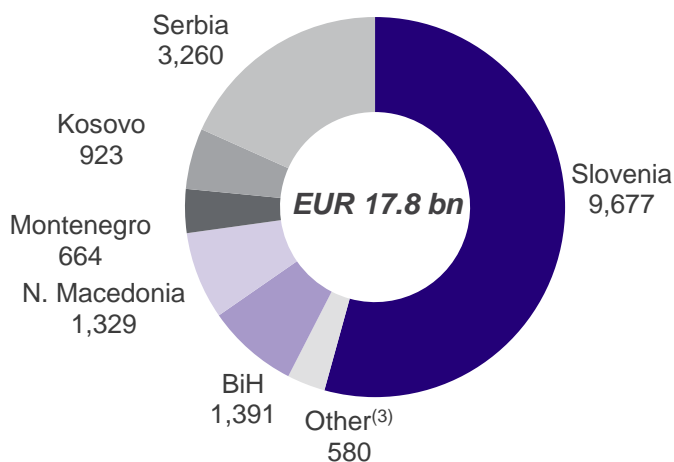
Diversified credit portfolio, focused on core markets

■ Dec-21
 ▨ Mar-22 w/o N Banka
 ■ Mar-22
 ■ Sep-22

Credit portfolio⁽¹⁾ by segment (Group, 30 Sep 2022, % and EURm)



Credit portfolio⁽¹⁾ by geography (Group, 30 Sep 2022, % and EURm)



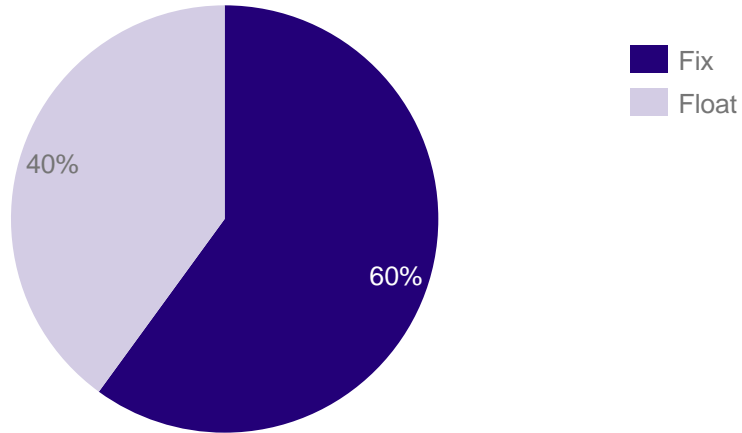
Source: Company information; Note: (1) Credit portfolio also includes advances to banks and central banks; (2) State includes exposures to central banks; (3) The largest part represent EU members.

(4) Institutions include Deposit-taking corporations except the central bank (mainly commercial banks) and Financial auxiliaries

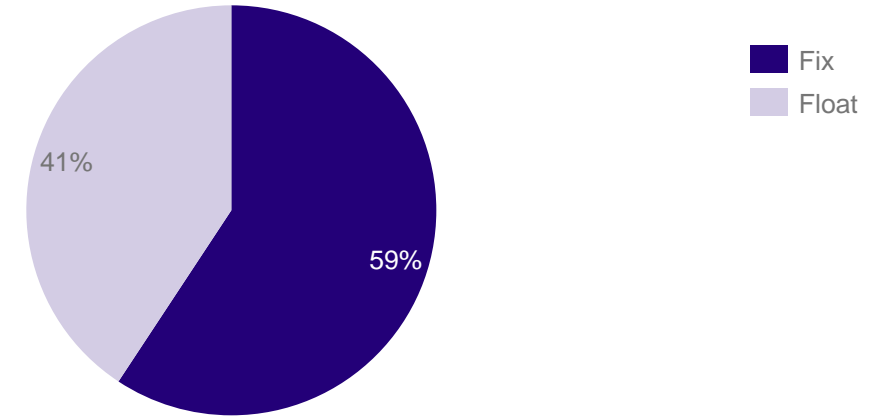
Asset Quality – NLB Group

Loan portfolio split by interest rates

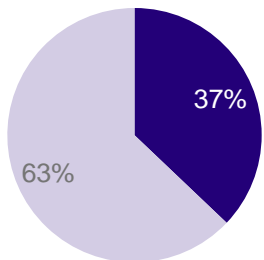
Portfolio split by interest rates (Group, 30 Sep 2022)



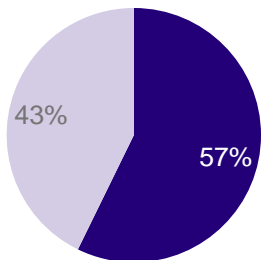
Portfolio split by interest rates (NLB d.d., 30 Sep 2022)



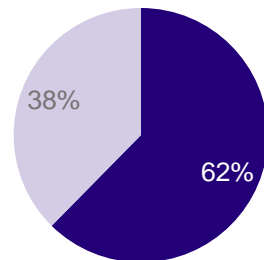
Corporate (incl. SME)
(Group, 30 Sep 2022)



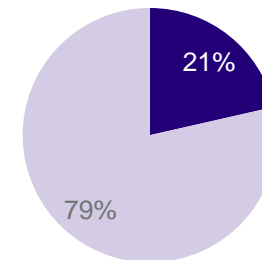
Consumer
(Group, 30 Sep 2022)



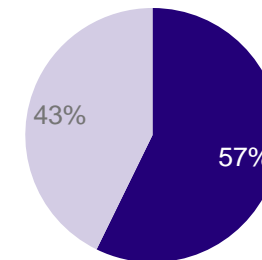
Housing
(Group, 30 Sep 2022)



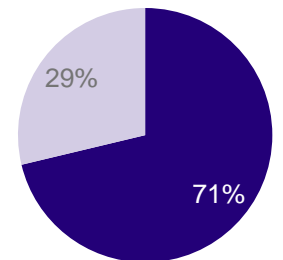
Corporate (incl. SME)
(NLB d.d., 30 Sep 2022)



Consumer
(NLB d.d., 30 Sep 2022)



Housing
(NLB d.d., 30 Sep 2022)



NLB Group Asset Quality

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

Corporate credit portfolio⁽¹⁾ (Group, 30 Sep 2022, in EURm)

Credit portfolio			in EUR thousand	
Corporate sector by industry	NLB Group	%	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Accommodation and food service activities	220,245	3%	63,935	7,564
Act. of extraterritorial org. and bodies	0	0%	-8	-8
Administrative and support service activities	134,490	2%	26,346	-8,606
Agriculture, forestry and fishing	320,015	5%	9,277	8,433
Arts, entertainment and recreation	24,084	0%	1,415	-4,070
Construction industry	567,517	9%	132,874	88,900
Education	14,300	0%	1,018	-356
Electricity, gas, steam and air conditioning	496,229	8%	178,058	120,478
Finance	168,346	3%	48,121	36,796
Human health and social work activities	44,726	1%	6,805	-119
Information and communication	314,873	5%	70,784	62,241
Manufacturing	1,480,992	23%	389,875	201,727
Mining and quarrying	55,176	1%	4,788	257
Professional, scientific and techn. act.	206,618	3%	31,252	-45,457
Public admin., defence, compulsory social.	175,485	3%	3,128	2,257
Real estate activities	301,326	5%	50,058	6,957
Services	14,967	0%	2,982	-2,717
Transport and storage	639,583	10%	66,301	36,677
Water supply	62,298	1%	18,423	3,220
Wholesale and retail trade	1,299,639	20%	256,545	151,684
Other	5,289	0%	4,745	1,507
Total Corporate sector	6,546,199	100%	1,366,722	667,363

Credit portfolio			in EUR thousand	
Main manufacturing activities	NLB Group	%	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Manufacture of fabricated metal products, except machinery and equipment	199,198	3%	48,778	19,754
Manufacture of food products	216,846	3%	42,879	31,660
Manufacture of basic metals	157,758	2%	4,621	-6,295
Manufacture of electrical equipment	209,430	3%	115,172	71,478
Manufacture of other non-metallic mineral products	108,197	2%	43,815	23,516
Manufacture of rubber and plastic products	74,769	1%	17,526	7,424
Manufacture of machinery and equipment n.e.c.	67,347	1%	16,403	10,582
Manufacture of motor vehicles, trailers and semi-trailers	74,116	1%	26,012	24,114
Other manufacturing activities	373,330	6%	74,669	19,494
Total manufacturing activities	1,480,992	23%	389,875	201,727

Credit portfolio			in EUR thousand	
Main wholesale and retail trade activities	NLB Group	%	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Wholesale trade, except of motor vehicles and motorcycles	714,867	11%	137,137	81,881
Retail trade, except of motor vehicles and motorcycles	464,259	7%	112,205	71,046
Wholesale and retail trade and repair of motor vehicles and motorcycles	120,513	2%	7,203	-1,243
Total wholesale and retail trade	1,299,639	20%	256,545	151,684



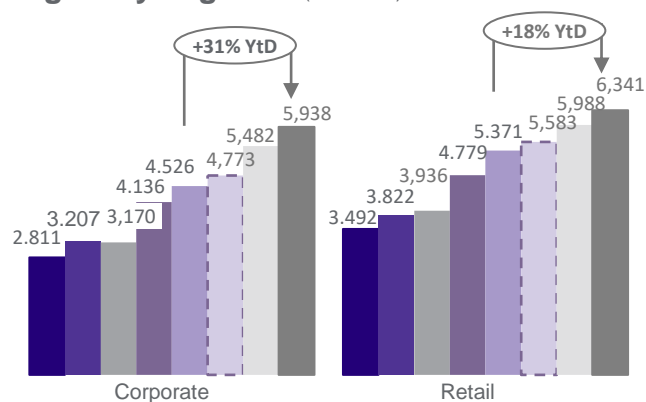
NLB Group Asset Quality

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

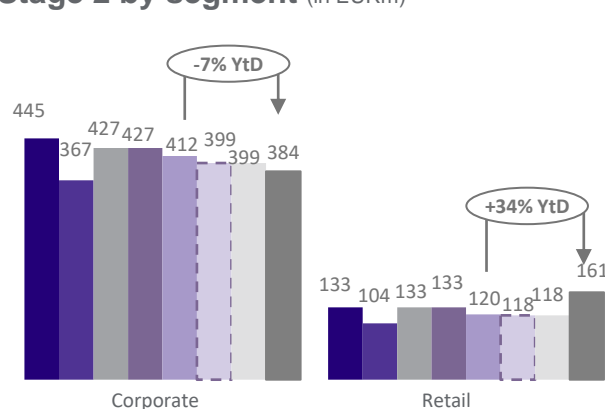
Loan portfolio by stages (Group, 30 Sep 2022, in EURm)

	in EUR million														
	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	16,923.0	94.9%	2,285.0	545.0	3.1%	12.6	357.1	2.0%	-14.3	80.2	0.5%	42.3	7.8%	197.2	55.2%
o/w Corporate	5,938.3	90.7%	1,412.7	384.1	5.9%	-28.1	223.8	3.4%	-17.9	51.6	0.9%	29.9	7.8%	119.7	53.5%
o/w Retail	6,341.4	95.6%	970.3	160.9	2.4%	40.7	133.2	2.0%	3.5	27.2	0.4%	12.4	7.7%	77.4	58.1%
o/w State	4,254.1	100.0%	51.7	-	-	-	-	-	-	1.2	0.0%	-	-	-	-
o/w Institutions	389.2	100.0%	-149.7	-	-	-	0.1	-	0.1	0.1	0.0%	-	-	0.1	98.9%

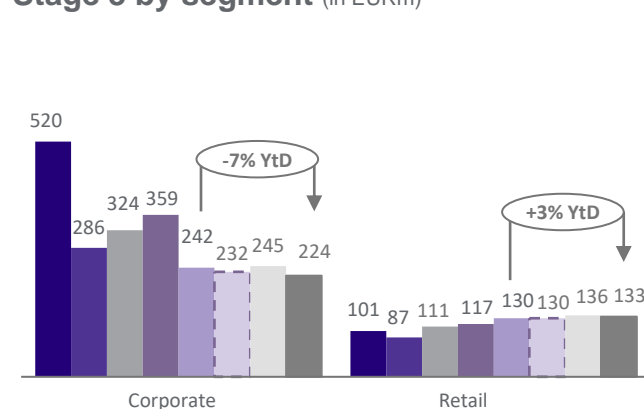
Stage 1 by segment (in EURm)



Stage 2 by segment (in EURm)



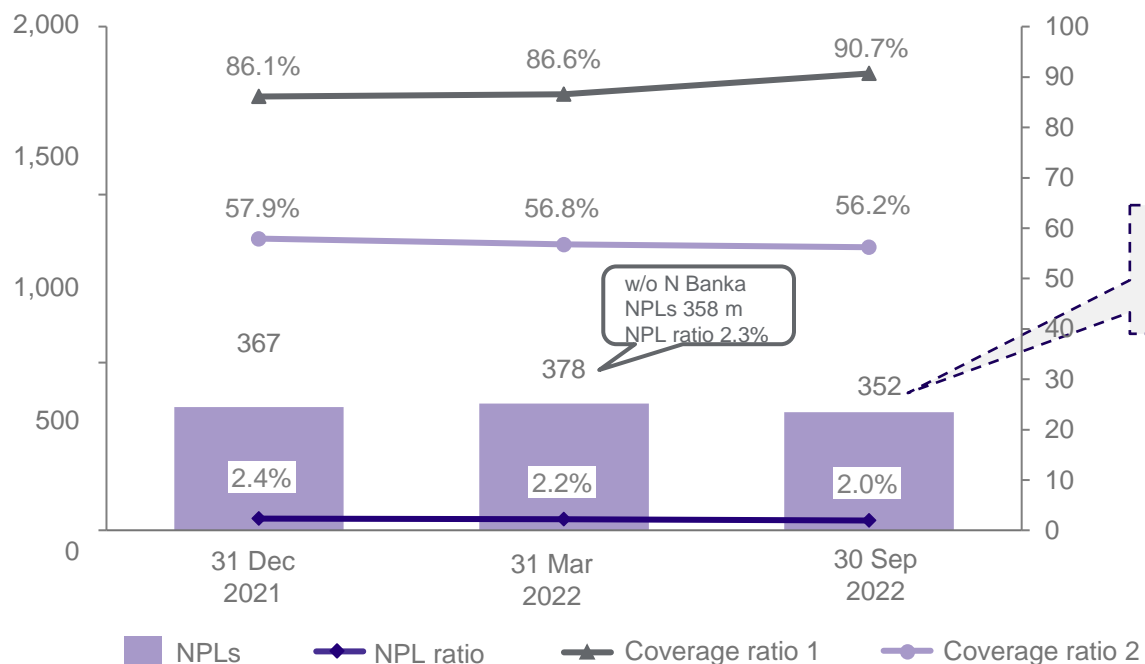
Stage 3 by segment (in EURm)



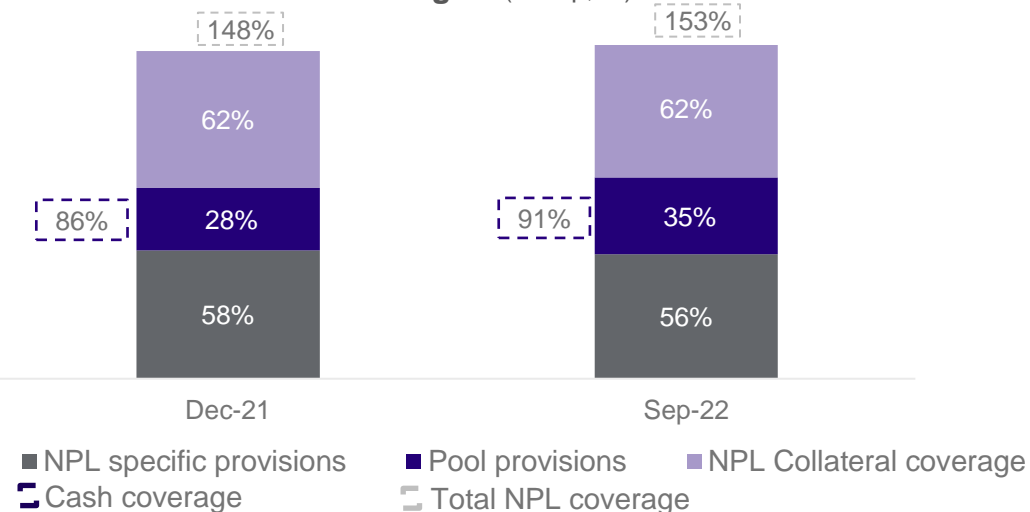
Asset Quality – NLB Group

NPL ratio decreased. NPLs are fully covered by provisions and collateral

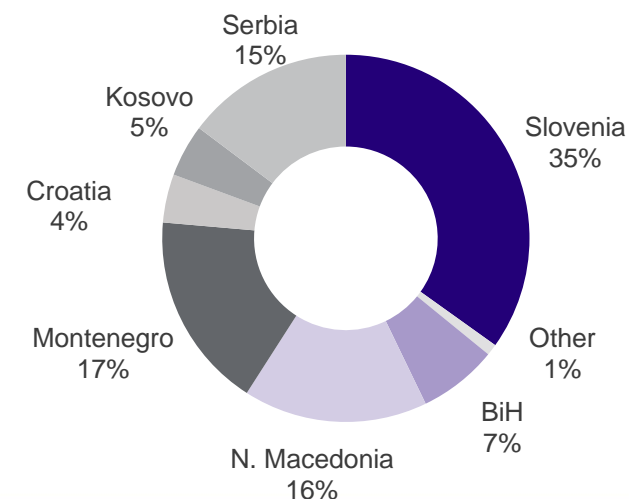
Gross NPL ratio within the planned framework (Group, EURm)



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



NPL by geography (Group, 30 Sep 2022)

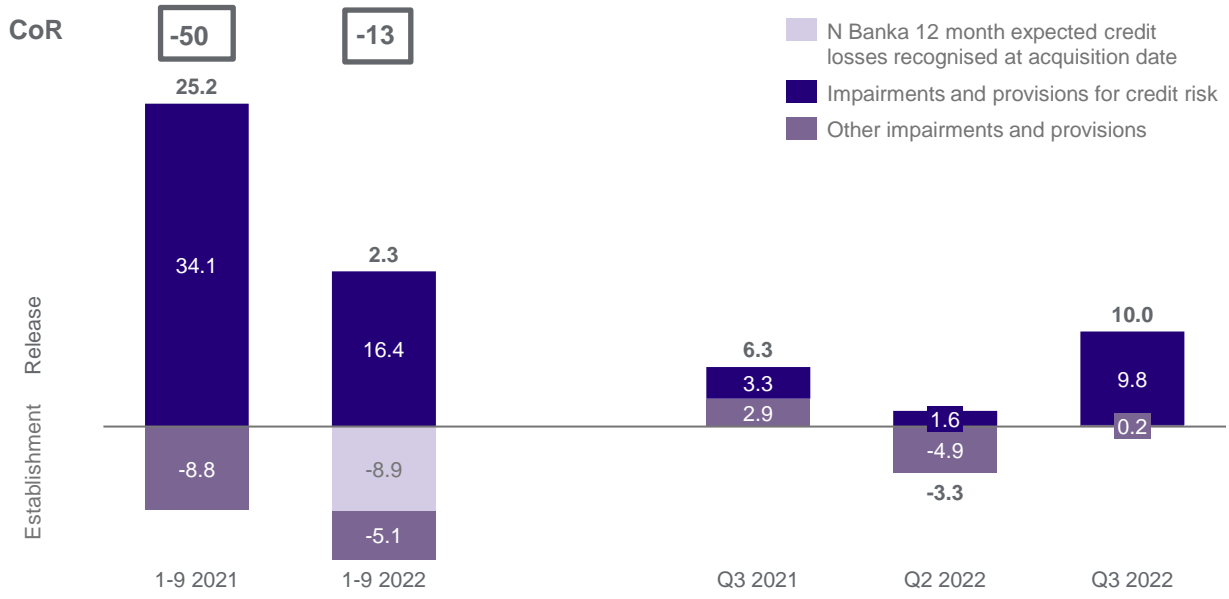


- The Group's decisive approach to NPL management puts a strong emphasis on restructuring and use of other active NPL management tools. In Q1 NPLs increased as a new NPLs from the acquired N Banka were recognized. Otherwise, favourable NPL movement, mostly due to repayments.
- NPL ratio** decreased by 0.4 p.p to the level of 2.0%, **NPE ratio** reduced by 0.2 p.p. to 1.5%, while **coverage ratio** (CR1) increased to 90.7%. Further, the Group's NPL coverage ratio (CR2) stands at 56.2%, which is above the EU average as published by the EBA (43.8 % for Q2 2022).

Note: (1) Cash coverage calculated including both individual and pool provisions.

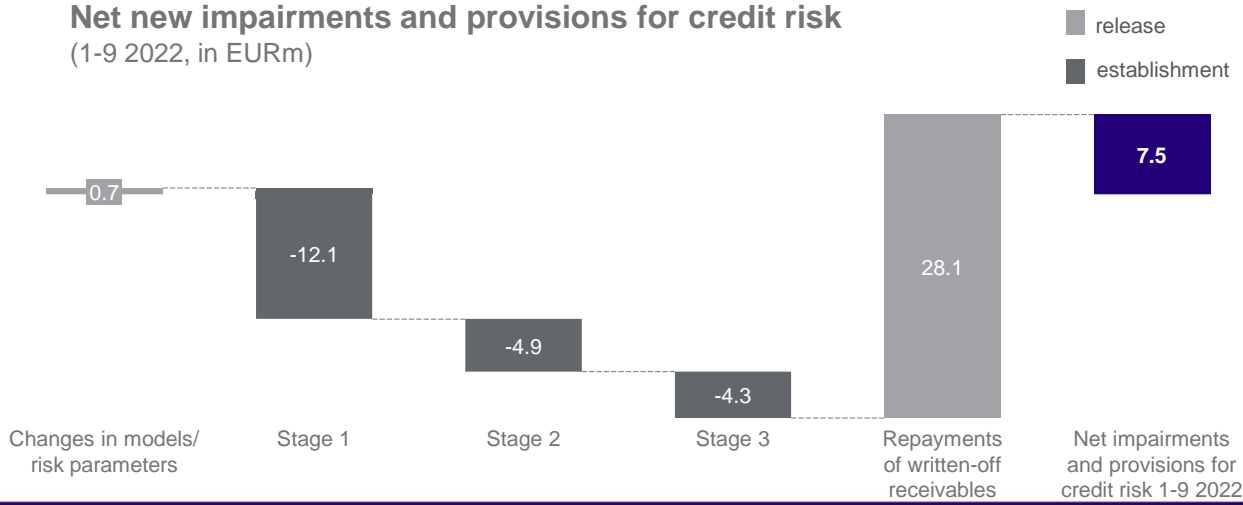
Impairments and provisions

Cost of risk (-13 bps) remains negative, backed by positive contribution due to successful NPL resolution in most of NLB Group members.



- In Q3 2022 net impairments and provisions for credit risk were released in the amount of EUR 9.8 million, mainly driven by releases from resolved NPLs (more than EUR 10.5 million) and written-off receivables (more than EUR 8.5 million).
- Cost of risk was negative in period 1-9 2022, -13 bps.

Net new impairments and provisions for credit risk (1-9 2022, in EURm)



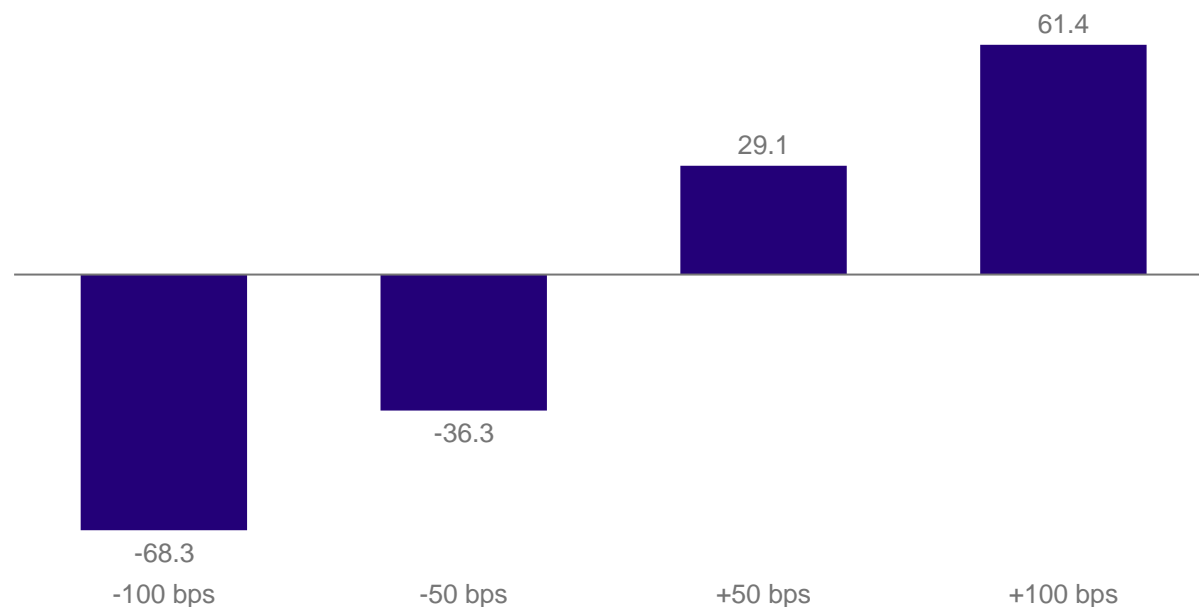
- Model / parameter changes increase of provisions. In 1-9 2022 release of EUR 0.7 million compared to EUR 4.3 million release in H1. In Q3 2022 additional provision were established due to less favourable macroeconomic forecasts for Slovenia which led to deterioration of risk parameters and additional provisioning, while other markets are still within the expected model range.
- Stage 1 provisions increase due to growth of loan portfolio.
- Stage 2 provisions increase due to growth of portfolio in retail and stable in corporate.
- Stage 3 provisions result of net new NPLs and NPL recovery.
- Repayments of written-off receivables very high due to favourable environment for NPLs resolution.

Note: 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).

NII sensitivity to interest rate shifts – NLB Group

Estimated impact on NII in the next 12 months to parallel interest rate shifts

NII sensitivity to -100 bps, -50 bps, +50 bps, +100 bps
(Group, EURm)



EURIBOR sensitive positions with positive impact on NII as of 30 September 2022 (EURm)

Member	EURIBOR sensitive
<i>Slovenia (NLB d.d. & N Banka)</i>	3,882
<i>NLB Banka, Podgorica</i>	264
<i>NLB Banka, Banja Luka</i>	79
<i>NLB Banka, Skopje</i>	118
<i>NLB Banka, Sarajevo</i>	331
<i>NLB Banka, Prishtina</i>	12
<i>NLB Komercijalna Banka, Beograd</i>	1,082
TOTAL	5,768

NLB Group has some additional variable positions linked also to other local indices, therefore based on current structure of portfolio 100 bps parallel increase in interest rates corresponds to additional EUR 61.4 million in net interest income per year.

ESG & Digital



NLB's Dive Towards a Higher Integration of Sustainability in its Business Model

- **Key priority is to address the topic of sustainable development**, to accelerate the integration of ESG factors and the upcoming EU regulation and all related changes that affect its business model.

Key Milestones:

▪ General

- In May, **NLB joined UNEP FI Net zero Banking Alliance**
- **NLB Group Sustainability Report 2021 published** and available at: https://www.nlb.si/sustainability_report_2021.pdf
- **NLB Group Sustainability Framework published** and available at: <https://www.nlb.si/sustainability>
- **NLB Group Sustainability training program published** and is being carried out throughout the NLB Group.

▪ Environment & Social

- **Establishment of the ESMS** (Environmental and Social Management System), in NLB d.d. and six banking subsidiaries based on the contractual agreements with MIGA and EBRD.
- **1st self-assessment reporting** (together with **impact analysis, materiality assessment and target setting**) in line with **UNEP FI Principles of Responsible Banking**, available in NLB Group Sustainability report 2021.
 - Received **positive feedback from UNEP FI PRB on our successful reporting**.
- In H1 2022 a package in financing **renewable energy and energy efficiency projects** was launched:
 - **Green loan for financing of energy efficiency of business buildings.**
 - **Loan for reducing carbon footprint** includes **energy efficiency, circular economy & sustainable agriculture.**
 - **Digital card only** product for our retail and corporate clients.
- **1st NLB Group Carbon footprint measurement (operational) performed** and available in NLB Group Sustainability report 2021.
 - For the year 2022 a report on Scope 1, Scope 2 and Scope 3, including bank's lending and investment activities (Scope 3, Category 15) => target to be aligned with the Paris Agreement and will support the transition towards a net-zero economy by 2050.
- **EU Taxonomy** application is under way, with the 1st reporting published in the NLB Group Sustainability report 2021.

▪ Governance

- **NLB Group Sustainability Committee** established in December 2021, with 4 sessions until end of Q3 2022 carried out and continues with its work.
- **ESG Coordinators appointed in the NLB Group** to act as a single point of contact for all Sustainability and ESG related issues and tasks in the NLB Group member.
- Interim status report on the implementation of requirements based on **ECB Guide on climate-related and environmental risks**, submitted to ECB. It is expected that further deep dives on the NLB's practices will be conducted in the context of the full supervisory review in 2022.
- **Integration of ESG together with upgraded risk-related internal documents for NLB d.d. and NLB Group** is under way (Lending Policy for Non-Financial Companies, Environmental and Social Transaction Categorization Methodology Framework, Policy Environmental and Social Transaction Categorization Framework, Manual MIGA Performance Standards in NLB Group, MIGA E&S Process Instructions in NLB Group).

NLB Group Sustainability implementation roadmap

Sustainability implementation focus	Task/Target	Deadline	Status
Sustainability Governance	<ul style="list-style-type: none"> Further development & upgrade of corporate sustainability governance. 	2022	Ongoing
Carbon emissions measurement	<ul style="list-style-type: none"> Upgrade of 2nd NLB Group Carbon footprint report with additional Scope 3 categories. 	2H2022	Ongoing
ESG data collection	<ul style="list-style-type: none"> Establishing data collection channels (automatization & digitalization). 	2H2022	Ongoing
Sustainable fleet management	<ul style="list-style-type: none"> NLB Group Sustainable Car Fleet Management and Company Car Policy adopted and implemented. 	2H2022	Ongoing
Responsible procurement	<ul style="list-style-type: none"> Upgrade of standards for procurement with the ESG content in the NLB Group. Upgrade of the questionnaire for the annual evaluation of suppliers with broadened ESG content. 	2H2022	Ongoing
CSR	<ul style="list-style-type: none"> Renewal of CSR Policy and implementation in NLB Group (strong focus on UN SDG). 	2H2022	Ongoing
ESG Score and Rating	<ul style="list-style-type: none"> Continuing preparations for obtaining first ESG rating. 	2H2022	Ongoing
Sustainability financing products development	<ul style="list-style-type: none"> <u>Completed</u>: Development and launch of two financing products for legal entities (loan to increase energy efficiency of business buildings & loan for reducing carbon footprint). Launch of Green partner loan product for retail and legal entities. 	2H2022	Ongoing
Green bond issuance	<ul style="list-style-type: none"> Green bond framework development. 	2H2022	Ongoing
EBRD E&S requirements	<ul style="list-style-type: none"> Implementation of EBRD environmental & social performance requirements. 	2H2022	Ongoing
ESG KPIs system	<ul style="list-style-type: none"> Preparation of KPIs matrix (GRI requirements and regulatory demands), which will serve as input to further upgrade of sustainability reporting. 	2H2022	Ongoing
Human Rights	<ul style="list-style-type: none"> Development of NLB Group Human Rights Policy. 	2H2022	Ongoing
ESG Risk Management	<ul style="list-style-type: none"> Continuing the implementation of ESG risks into RM framework in line with ECB requirements and based on best practice. Continuing the implementation of ESG factors within loan approval process and development of methodologies for ESG risk assessment on the level of sector, client and transaction. 	2H2022	Ongoing
Net-Zero Business Strategy	<ul style="list-style-type: none"> Development of Net-Zero business strategy aligned with NZBA requirements and disclosers. 	Q3 2023	Ongoing
EU Taxonomy	<ul style="list-style-type: none"> Continuation of implementation of Green EU Taxonomy 	Ongoing according to regulatory deadlines.	Ongoing

State-of-the art services & channels

The pioneer of banking innovation in Slovenia



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



First Slovenian bank sending cards' PIN via SMS



First Slovenian bank implementing **Flik P2M (Person to Merchant)** at all POSes



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)



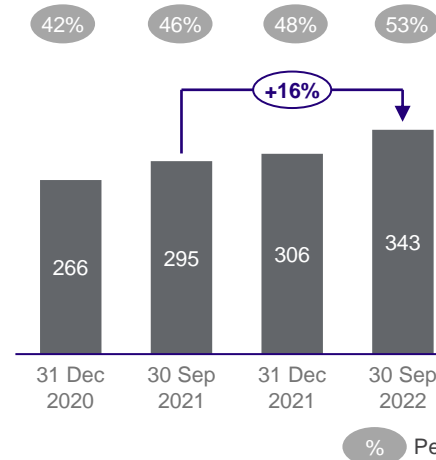
First Slovenian bank to offer **card management functionalities** and biometric recognition to **confirm online purchases in mobile wallet**



First Slovenian bank issuing **digital only debit cards**

Demonstrated success in digital activation

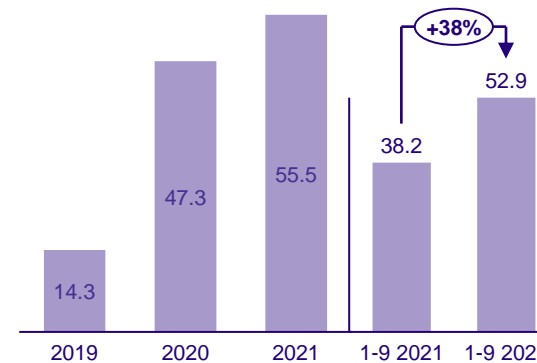
Digital users⁽¹⁾ ('000s)



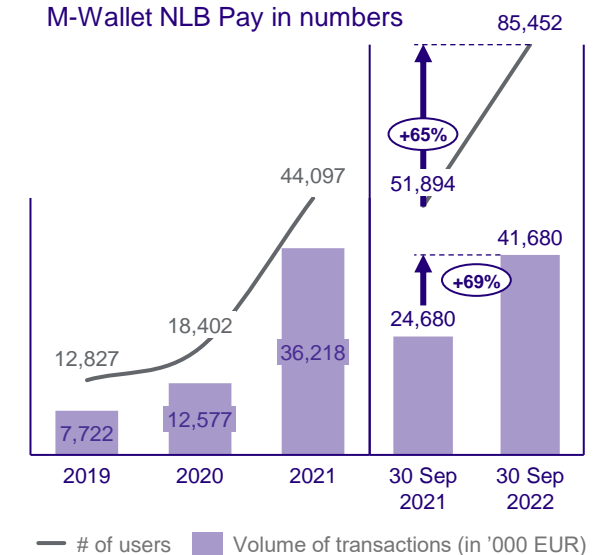
Mobile bank users⁽²⁾ ('000s)



E-commerce purchases (EURm)



M-Wallet NLB Pay in numbers



N Banka Integration



Integration of N Banka into NLB on track, targeting completion of legal and technical merger in September 2023

Highlights of integration process

Legal and M&A process

- Submission of draft application to ECB by mid November to enter dialogue
- Ongoing coordination with relevant bodies (incl JST, BoS) to keep them involved and ensure support
- Legal and operational merger planned for September 2023

Clients

- Implemented counter measures brought the initially observed client churn to a low level
- 8 N Banka branches have been integrated into existing NLB branches (“Kiosks”), providing full scale services to N Banka clients
- Increased service offering to Retail clients, including free access to NLB group’s ATM network and favorable conditions for opening accounts in NLB
- Collaborative approach for corporate clients to ensure best possible customer experience offering full scope of NLB products and services

Employees

- Retention measures to keep engaged key staff for running N Banka and mastering the integration in place
- Comprehensive HR plan established, based on target sizing for the combined entity
- Fair and transparent approach towards all N Banka employees defined. Targeted communication started.

Marketing & Communication

- Control over communication established
- Rebranding completed
- Transfer of sponsorships completed
- First joint campaigns (Stronger Together 1.0, sports)
- Kiosks as communication tool to make the integration tangible for N Banka clients and the public

Harmonization & Integration

- Harmonization with NLB Group standards finalized in September
- Insourcing of HR, Internal Audit and Compliance successfully implemented
- All-embracing integration master-plan (including IT, identification of critical path etc.) developed and approved
- Major risks identified and mitigation plans developed

Run rate synergies of > EUR 14 million from 2025 on expected, total integration cost will be covered by synergies by the end of 2025

Integration Budget & Synergies

Integration costs (in EUR million, incl. VAT)

Entity	Integration costs	
	2022	2023
NLB d.d.	4.3	7.1
N Banka d.d.	6.9	8.1
Total	11.2	15.2

- Realized costs so far amount to EUR 875 thousand, in line with the budget plan
- Integration is expected to be completed by the 1 September 2023
- Integration costs include significant amounts attributed to HR transformation which underpins NLB taking full social responsibility while aiming for a proper sizing of the combined entity

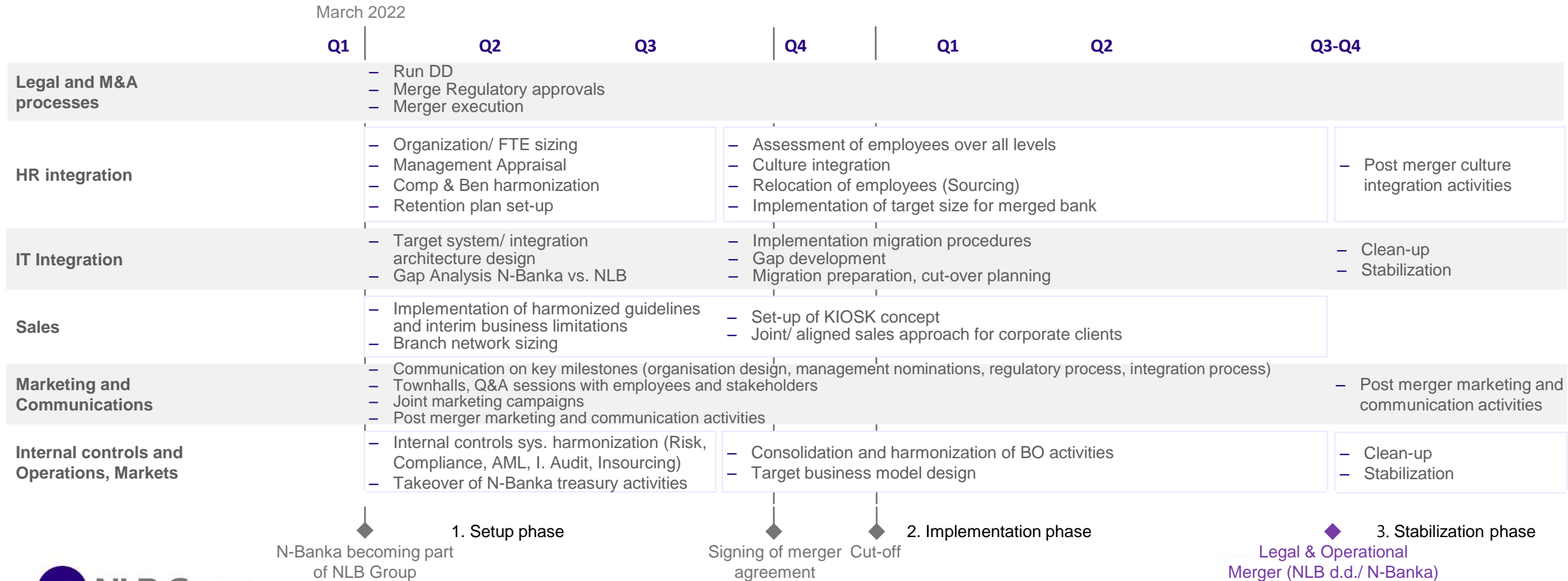
Synergies (in EUR million)

Entity	Synergies (FYE)		
	2023	2024	2025 and onwards
Cost synergies	4.9	17.0	19.7
MREL dis-synergies	-3.8	-5.0	-5.0
Total	1.1	12.0	14.7

- Full synergy potential to be reached by the end of 2025
- Limited synergies in 2023 due to merger in September, yet approx. 25% of run-rate synergies expected to kick-in already due to reduction of staff and G&A costs
- Synergies include additionally needed funding (MREL eligible) of approx. EUR 125 million at estimated requested yield of 7% p.a. (swap rate + 4% CS), for calculation only the CS has been applied

Merger approach allows for high business and IT value – integration including stabilization activities expected to be finalized in Q4 2023

H/I integration timeline



Expansion of the Group's leasing activities



NLB Lease&Go

Complementing NLB Group's product offering

NLB Group is on the path of **significantly growing leasing operations on 3 of its core markets** with a goal of becoming one of the leading leasing companies in the region and to become the most innovative leasing company in financing movables and mobility management - by creating simple solutions and providing premium user experience.

NLB d.d.

Clear governance structure with 2 NLB's board members supervising NLB Lease&Go Slovenia (defined responsibilities, KPIs,...), alignment with NLB Group's standards: comprehensive supervision over risk appetite and risk management, oversight of compliance function and internal audit. Internal trainings, transaction monitoring and separate reporting line were established



NLB Lease&Go Slovenia

fully operational

Targeted ownership structure:
51% NLB Lease&Go Slovenia
49% local banks

NLB Lease&Go, Serbia
pending regulatory approval
for governance bodies

**NLB Liz&Go, North
Macedonia**
entity established

NLB Lease&Go

Key differentiation areas

Funding

Leasing operations to be fully funded by NLB Group's banking entities



Proven Excellence in Distribution

utilizing vendors and direct (leasing) sale, banking network and intermediaries, complemented by innovative digital channels.



Pillar of Future Growth

Organic growth, coupled with potential M&As



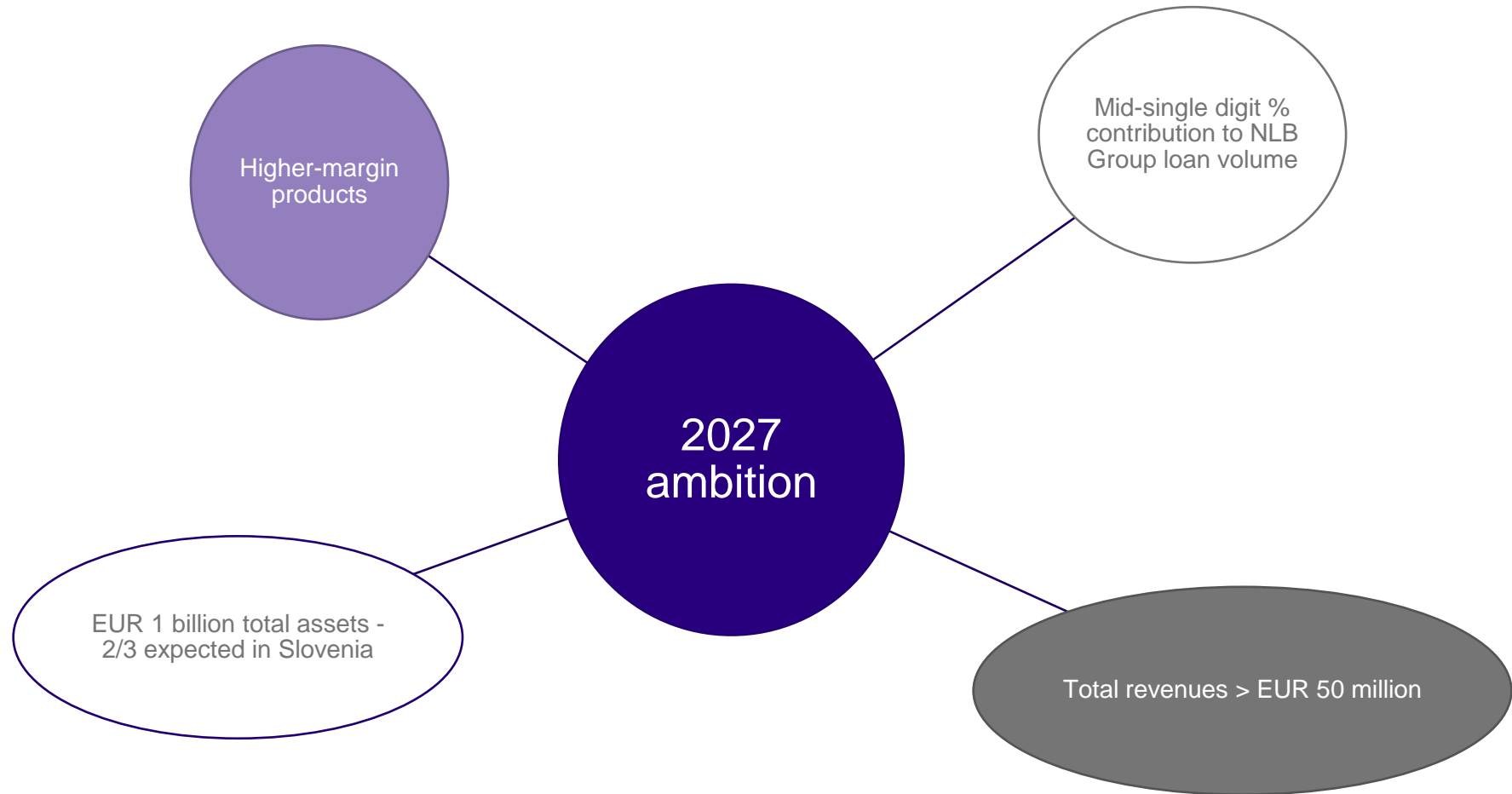
Digitalization

NLB LG app: significantly shortened time to yes (improved user experience), roll-out to vendors – enabling higher penetration in higher-margin segments



NLB Lease&Go

to significantly contribute to Group's product offering and income



Outlook



Outlook

	Performance in 1-9 2022	2022 ⁽³⁾	2023
Regular income	EUR 557.2 million	~ EUR 750 million	> EUR 850 million
Costs ⁽⁶⁾	EUR 332.6 million ⁽¹⁾	~ 460 million	~ 490 million
Cost of risk	-13 bps	Below 30 bps ⁽⁴⁾	30-50 bps
Loan growth	21% (12% w/o N Banka)	Low double-digit organic growth	Mid single-digit loan growth
Dividend	EUR 50 million	EUR 100 million ⁽⁵⁾	EUR 110 million
ROE a.t.		~ 10%	> 10%
ROE normalized ⁽²⁾	12.5%	12%	> 12%

Notes:

(1) Including integration costs;

(2) ROE normalized = Result a.t. w/o minority shareholder profit divided by consumed capital. Consumed capital computed as 13.06% of average RWA reduced for minority shareholder capital contribution;

(3) If legal remedies against the adopted law in February 2022 concerning loan agreements in Swiss francs concluded by banks operating in Slovenia (including NLB) and individuals are unsuccessful, the Bank estimated a negative pre-tax effect on the operations of NLB and NLB Group should not exceed EUR 70 - 75 million (not more than EUR 100 million if N Banka is included);

(4) Includes 8 bps of technical adjustment due to N Banka and excludes potential incremental major disruption(s).

(5) EUR 50 million already paid-out; the second instalment expected to be paid-out by the end of the year.

(6) Costs including N banka/restructuring

A stylized world map with a blue and white network overlay and white location pins. The map is centered on the Atlantic Ocean, with North and South America visible on the left and Europe and Africa on the right. The network consists of numerous white nodes connected by thin blue lines, creating a complex web across the continents. Several white location pins are placed at various points on the map, including North America, Europe, and Africa. The background is a dark, textured blue, suggesting a night sky or a digital space.

Appendices

Appendix 1: Business Performance 53

Appendix 2: Segment Analysis 56

Appendix 3: Financial Statements 66

Appendix 1:

Business Performance

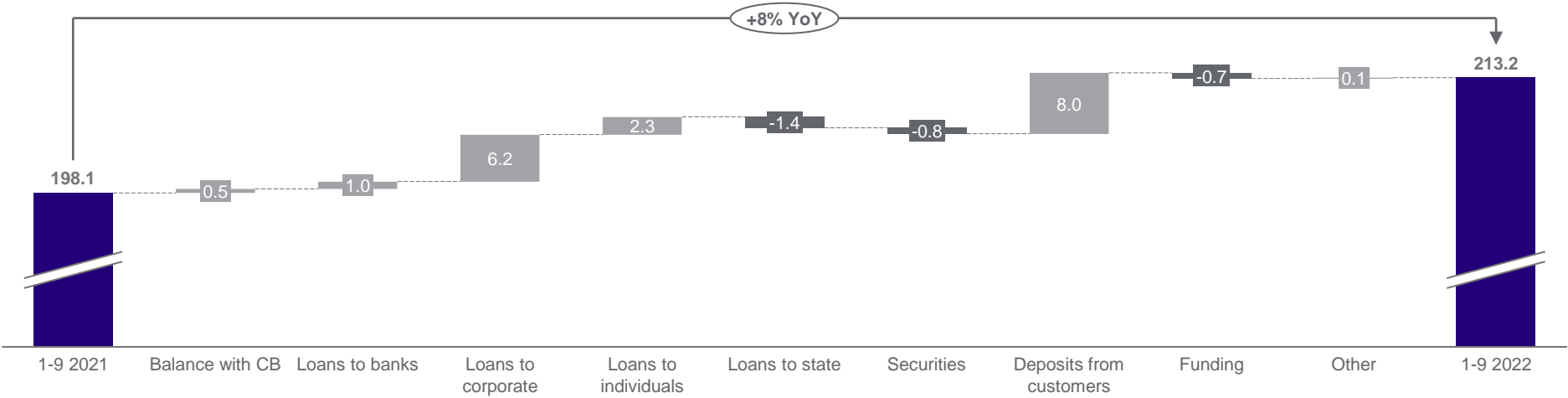


Net interest income evolution

Net interest income evolution - NLB

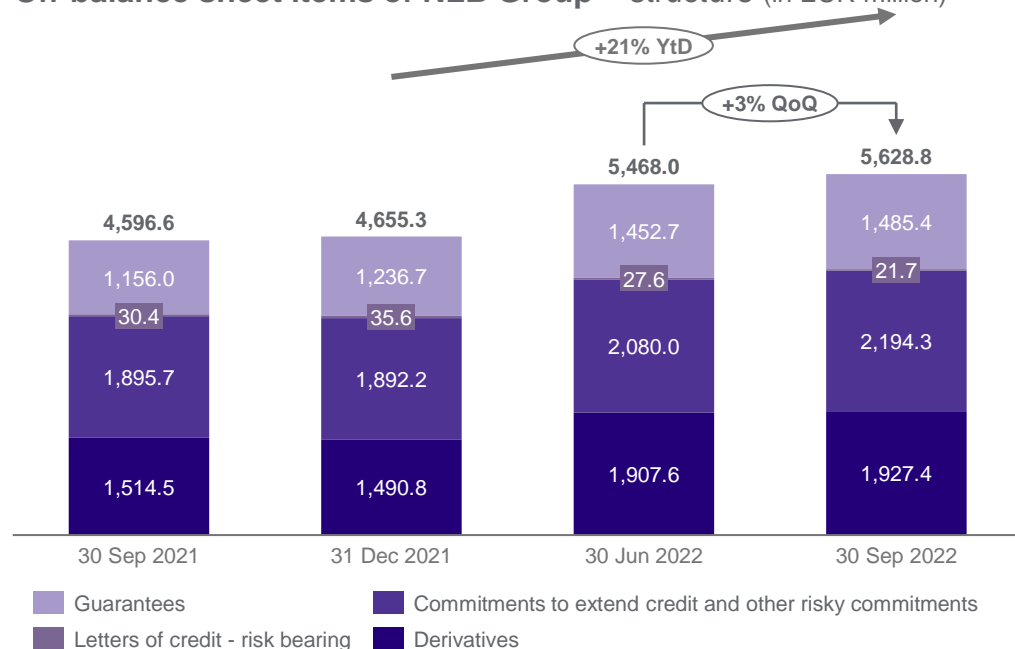


Net interest income evolution – SEE banks



Off-balance sheet items

Off-balance sheet items of NLB Group – structure (in EUR million)



Commitments to extend credit and other risky commitments

	in EUR million		
	30 Sep 2022	31 Dec 2021	30 Sep 2021
Loans	893.7	712.3	793.0
Overdrafts Retail	325.4	310.5	307.6
Overdrafts Corporate	227.3	216.1	196.3
Cards	328.4	311.0	314.6
NLB Komercijalna Banka, Beograd *	266.9	335.9	335.1
N Banka	190.6		
Other (Lease&Go, ...)	21.4	21.2	16.9
Inter Company	-59.4	-14.8	-67.7
Total	2,194.3	1,892.1	1,895.7

* In 30 Sep 2021 included Komercijalna Banka, Banja Luka and Komercijalna Banka, Podgorica

- Majority in loans are from Corporate (98% on 30 September 2022)
- Majority in cards are from Retail (89% on 30 September 2022)
- Other include also inter company relations

Derivatives

	in EUR million		
	30 Sep 2022	31 Dec 2021	30 Sep 2021
FX derivatives w with customers	213.5	87.4	113.7
o/w NLB stand alone	259.7	102.5	124.6
Interest rate derivatives w with customers	751.1	701.3	729.6
o/w NLB stand alone	873.8	694.7	715.1
FX derivatives - hedging (NLB stand alone)	110.1	87.9	53.4
Interest rate derivatives - hedging (NLB stand alone)	645.7	573.3	572.9
Options (NLB stand alone)	62.0	40.8	44.9
Derivatives (N Banka contribution)	145.3		
Total	1,927.6	1,490.8	1,514.5

Majority of NLB Group derivatives are concluded by NLB either for hedging of the banking book or for trading with customers. With acquisition of N Banka customer derivatives increased for EUR 380 million.

Business with customers

- Customers are mainly using plain vanilla FX and Interest rate derivatives for hedging of their business model. Aside increase due to impact of N Banka customer derivatives on NLB slightly increased in first quarter, mainly due to increased volatility on FX, though clients still prefer fixed rate loan or open IR position over derivative hedging.

Hedging

- NLB is concluding interest rate swaps in line with fair value hedge accounting rules. Micro and macro hedges are used for hedging of fixed rate loan portfolio and micro Interest rate swaps are used for the purpose of securities hedging. In last year no new hedges were concluded due to sufficient risk appetite and negative effect of swap.
- FX swaps used for short term liquidity hedging increased in last year mainly due to placement of foreign currency.

Appendix 2:

Segment Analysis



NLB Group key business segments

	Retail banking in Slovenia	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	Retail (NLB & N Banka) Micro (NLB & N Banka) NLB Skladi Bankart⁽¹⁾ NLB Lease&Go, Ljubljana (retail clients)	NLB & N Banka: - Key corporates - SME corporates - Cross Border corporates - Investment banking and custody - Restructuring&workout NLB Lease&Go, Ljubljana (corporate clients)	NLB Banka, Skopje NLB Banka, Banja Luka NLB Banka, Sarajevo NLB Banka, Prishtina NLB Banka, Podgorica NLB Komercijalna Banka, Beograd Kombank INvest, Beograd NLB DigIT, Beograd NLB Liz&Go, Skopje	NLB & N Banka: - Treasury activities - Trading in financial instruments - Asset and liabilities management (ALM)	REAM Leasing (except NLB Lease&Go) NLB Srbija NLB Crna Gora
	<ul style="list-style-type: none"> Largest retail banking group in Slovenia by loans and deposits #1 in private banking and asset management Focused on upgrading customer digital experience and satisfaction 	<ul style="list-style-type: none"> Market leader in corporate banking with focus on advisory and long-term strategic partnerships Market leader in Investment Banking and Custody services Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia Strong trade finance operations and other fee-based business Market leader at FX and interest rate hedges 	<ul style="list-style-type: none"> Leading SEE franchise with six subsidiary banks^(3, 4, 5) and one investment fund company The only international banking group with exclusive focus on the SEE region 	<ul style="list-style-type: none"> Maintaining stable funding base Management of well diversified liquidity reserves Managing interest rate positions with responsive pricing policy 	<ul style="list-style-type: none"> Assets booked non-core subsidiaries funded via NLB Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets
(Sep 2022, in EUR million)					
Pre-provision result	48.2	33.0	139.5	22.0	-6.1
Result b.t.	38.6	51.9	142.2	21.7	-5.2
Total assets	3,632	3,395	9,838	6,207	74
% of total assets⁽²⁾	15%	14%	42%	26%	0%
CIR	67.4%	57.6%	54.2%	23.7%	335.1%
Cost of risk (bp)	44	-84	-17	/	/

Notes: (1) 39% minority stake; (2) Other activities 1%; (3) Merger of NLB Banka, Podgorica and KB Podgorica on 12 November 2021; (4) Sale of KB Banja Luka on 9 December 2021; (5) Merger of NLB banka Beograd and Komercijalna banka to NLB Komercijalna banka, at the end of April 2022.

Retail Banking in Slovenia

in EUR million consolidated									
	1-9 2022	1-9 2021	Change YoY o/w N Banka contribution			Q3 2022	Q2 2022	Q3 2021	Change QoQ
Net interest income	70.7	58.9	11.8	6.7	20%	27.1	22.9	20.2	19%
Net interest income from Assets ⁽ⁱ⁾	72.6	61.1	11.5	5.8	19%	24.3	25.0	21.1	-3%
Net interest income from Liabilities ⁽ⁱ⁾	-1.9	-2.2	0.3	0.9	14%	2.8	-2.2	-0.9	-
Net non-interest income	77.4	64.7	12.7	4.7	20%	30.7	20.6	25.3	49%
o/w Net fee and commission income	84.6	70.4	14.2	4.7	20%	29.9	28.1	24.5	7%
Total net operating income	148.1	123.6	24.5	11.4	20%	57.8	43.4	45.5	33%
Total costs	-99.9	-82.9	-17.0	-10.5	-20%	-35.1	-35.4	-27.7	1%
Result before impairments and provisions	48.2	40.7	7.5	1.0	19%	22.7	8.0	17.8	183%
Impairments and provisions	-10.8	-4.2	-6.6	0.7	-15%	-5.0	-3.9	-1.5	-2%
Net gains from investments in subsidiaries, associates, and JVs ¹	1.1	0.9	0.2		22%	-0.4	1.0	0.5	-
Result before tax	38.6	37.5	1.1	1.6	3%	17.3	5.0	16.8	-

	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021	Change YtD		Change YoY		Change QoQ
Net loans to customers	3,548.1	3,434.7	2,731.6	2,637.8	816.6	30%	910.3	35%	3%
Gross loans to customers	3,597.2	3,481.5	2,769.7	2,675.4	827.5	30%	921.9	34%	3%
Housing loans	2,132.5	2,037.5	1,815.5	1,740.1	317.0	17%	392.4	23%	5%
Interest rate on housing loans	2.26%	2.24%	2.34%	2.37%	-0.08 p.p.		-0.11 p.p.		0.02 p.p.
Consumer loans	636.8	635.3	635.6	642.1	1.2	0%	-5.4	-1%	0%
Interest rate on consumer loans	6.97%	6.92%	6.70%	6.69%	0.27 p.p.		0.28 p.p.		0.05 p.p.
N Banka, Ljubljana	465.6	481.1							-3%
NLB Lease&Go, Ljubljana	63.1	56.4	40.4	31.2	22.8	56%	32.0	103%	12%
Other	299.3	271.2	278.2	262.0	21.0	8%	37.3	14%	10%
Deposits from customers	8,780.6	8,747.4	7,703.6	7,608.2	1,077.0	14%	1,172.4	15%	0%
Interest rate on deposits ⁽ⁱⁱ⁾	0.04%	0.03%	0.03%	0.03%	0.01 p.p.		0.01 p.p.		0.01 p.p.
N Banka, Ljubljana	510.7	519.8							-2%
Non-performing loans (gross)	66.9	67.1	58.1	57.8	8.9	15%	9.1	16%	0%

	1-9 2022	1-9 2021	Change YoY
Cost of risk (in bps)	44	22	22
CIR	67.4%	67.1%	0.4 p.p.
Interest margin ⁽ⁱⁱ⁾	1.54%	1.55%	-0.01 p.p.

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

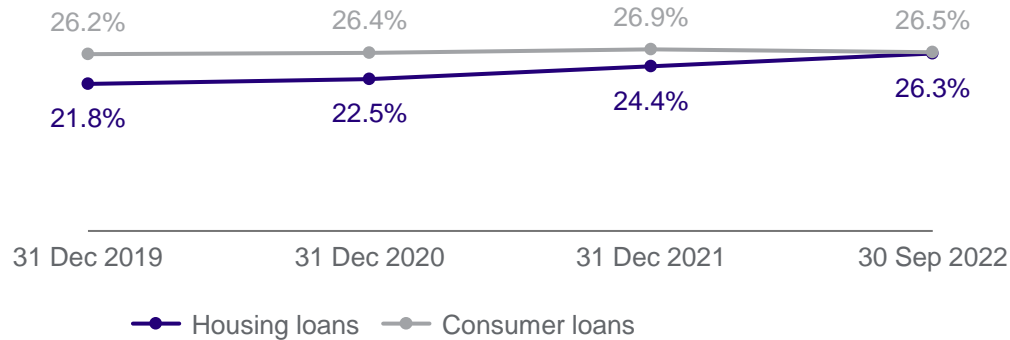
⁽ⁱⁱ⁾ Interest rates only for NLB.

- **Net interest income** was EUR 11.8 million higher YoY, of which EUR 6.7 million was contributed by N Banka. The interest income of the retail segment increased mostly due to higher volume of housing loans and overdrafts, however the interest rates also started to increase due to the key ECB interest rate increase. The high production of new housing loans continued, with EUR 622.0 million of new loans approved in 1-9 (EUR 600.2 million without N Banka; 1-9 2021: EUR 406.4 million) and resulted in the increase of the portfolio. The consumer lending stayed at the same level YtD, with EUR 197.6 million newly approved consumer loans in 1-9 (EUR 187.0 million without N Banka; 1-9 2021: EUR 174.1 million). The portfolio of overdrafts and cards recorded a YtD increase due to seasonal components and also YoY, due to higher consumption and attractive new products. In Q3, the net interest income also increased due to changes in financial markets (higher interests for balances at central banks).
- **Net non-interest income** increased YoY due to fee and commission income growth of EUR 14.2 million, with N Banka contributing EUR 4.7 million. The growth derived from all categories, higher fees from the asset management and bancassurance, the income from high balance fee, and lower card expenses. From August on, the high balance deposit fee was cancelled, which has an influence on the fee income for approximately EUR 0.2 million each month, but is compensated with the interest income from the central bank balances.
- Higher **costs** by EUR 6.5 million without N Banka's contribution, mostly due to higher operating costs resulting from inflationary pressures.
- **Net impairments and provisions** were established due to a higher new production of loans, changes in risk parameters/models and weights reflecting higher risk due to inflationary pressures and increasing interest rates.
- **Deposits from customers** increased by EUR 1,077.0 million YtD and EUR 1,172.4 million YoY, of which N Banka contributed EUR 510.7 million. Most of the increase occurred in H1, when in addition to the seasonal effect (payment of holiday allowances), the precautionary savings of households may also have contributed to this, due to the uncertainty of rising prices and the expected impact on their financial situation in the future.

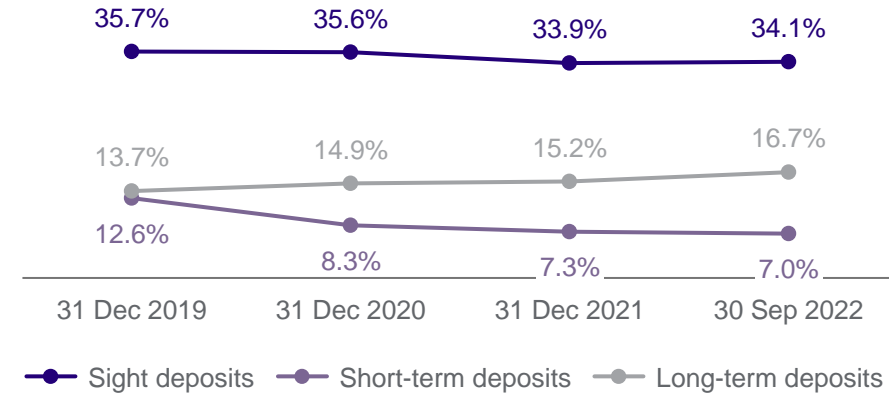
Retail banking in Slovenia

High and stable market shares across products

Market share of net loans to individuals in Slovenia

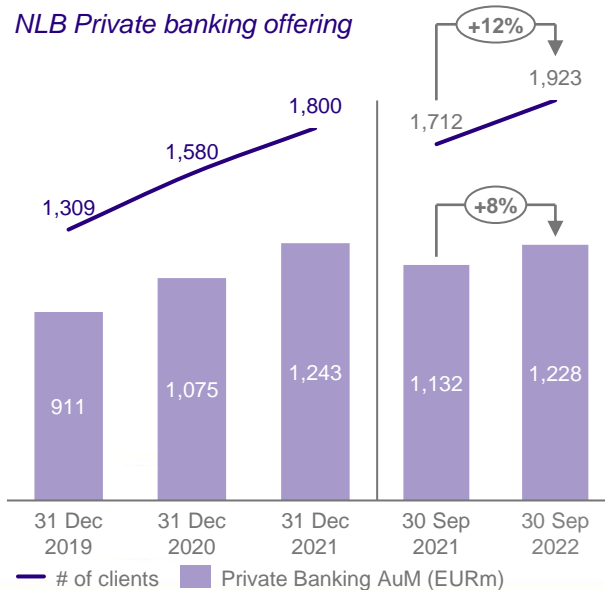


Market share of deposits from individuals in Slovenia

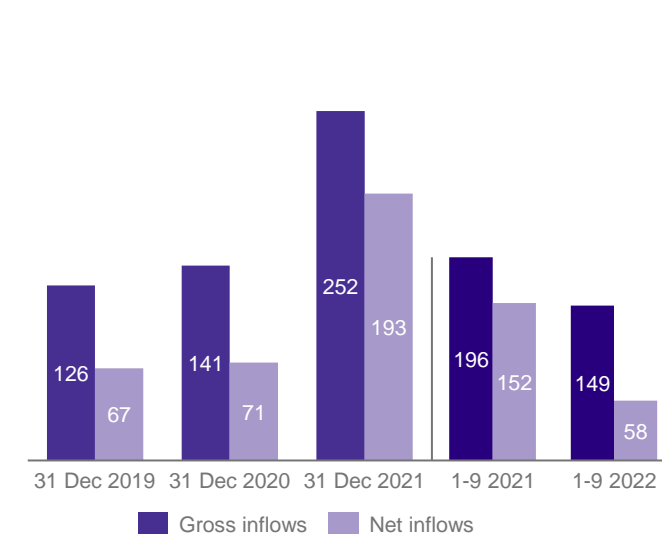


Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- The Bank's market share in housing loans is still increasing, which is the result of an impressive record production of new housing loans in 1-9 2022.
- More ESG products were added to the offer (Green Housing loan, Green partner loan, Green partner cooperation, Housing loan with energy certificate)
- #1 player in Private Banking⁽¹⁾
 - Leading position being strengthened with reaching over EUR 1.2 billion of assets under management.
- # 1 player in Slovenian asset management⁽²⁾
 - AuM of 1,883.5 EURm as of 30 September 2022 including investments in mutual funds and discretionary portfolios
 - Market share of NLB Skladi at mutual funds in Slovenia increased to 38.2% as of 30 September 2022, despite demanding global circumstances affecting net inflows.

Corporate and Investment banking in Slovenia

in EUR million consolidated									
	1-9 2022	1-9 2021	Change YoY			Q3 2022	Q2 2022	Q3 2021	Change QoQ
			o/w N Banka contribution						
Net interest income	36.9	26.5	10.5	4.2	39%	14.9	11.8	8.6	28%
Net interest income from Assets ⁽ⁱ⁾	40.4	30.4	10.0	4.0	33%	14.5	13.8	10.0	6%
Net interest income from Liabilities ⁽ⁱ⁾	-3.4	-3.9	0.4	0.2	11%	0.4	-1.9	-1.4	-
Net non-interest income	40.8	53.5	-12.7	2.5	-24%	12.9	14.6	9.8	-1%
o/w Net fee and commission income	34.1	29.4	4.7	2.4	16%	11.2	11.6	9.7	-3%
Total net operating income	77.7	80.0	-2.3	6.7	-3%	27.8	26.4	18.4	5%
Total costs	-44.8	-32.2	-12.6	-7.5	-39%	-16.2	-16.0	-10.8	-1%
Result before impairments and provisions	33.0	47.8	-14.8	-0.8	-3%	11.6	10.4	7.6	1%
Impairments and provisions	18.9	23.1	-4.2	7.7	-18%	6.2	8.7	7.0	-2%
Result before tax	51.9	70.8	-19.0	7.0	-2%	17.7	19.1	14.6	-7%

	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021	Change YtD		Change YoY		Change QoQ
Net loans to customers	3,400.8	3,255.4	2,332.4	2,171.0	1,068.4	46%	1,229.7	57%	4%
Gross loans to customers	3,450.5	3,313.1	2,390.7	2,230.0	1,059.9	44%	1,220.5	55%	4%
Corporate	3,305.0	3,164.4	2,258.5	2,096.1	1,046.5	46%	1,208.9	56%	4%
Key/SME/Cross Border Corporates	2,551.7	2,413.3	2,110.6	1,963.5	441.1	21%	588.2	30%	6%
Interest rate on Key/SME/Cross Border Corporates loans	1.77%	1.73%	1.79%	1.80%	-0.02 p.p.		-0.03 p.p.		0.04 p.p.
Investment banking	0.1	0.1	0.1	0.1	0.0	-4%	0.0	-4%	0%
Restructuring and Workout	66.2	80.8	88.2	85.2	-22.0	-23%	-18.9	-22%	-16%
N Banka	581.3	577.3							1%
NLB Lease&Go	105.6	92.8	59.6	47.3	46.1	77%	58.3	123%	14%
State	145.3	148.5	131.9	133.6	13.4	10%	11.7	9%	-3%
Interest rate on State loans	2.52%	2.82%	2.07%	2.17%	0.45 p.p.		0.35 p.p.		-0.30 p.p.
Deposits from customers	2,739.1	2,499.2	1,938.2	1,620.2	800.9	41%	1,118.9	69%	10%
Interest rate on deposits ⁽ⁱⁱ⁾	0.05%	0.04%	0.03%	0.03%	0.02 p.p.		0.02 p.p.		0.01 p.p.
N Banka, Ljubljana	465.9	461.6							1%
Non-performing loans (gross)	68.7	79.2	72.5	76.1	-3.9	-5%	-7.4	-1%	-1%

	1-9 2022	1-9 2021	Change YoY
Cost of risk (in bps)	-84	-145	61
CIR	57.6%	40.3%	17.3 p.p.
Interest margin ⁽ⁱⁱ⁾	1.72%	1.79%	-0.07 p.p.

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

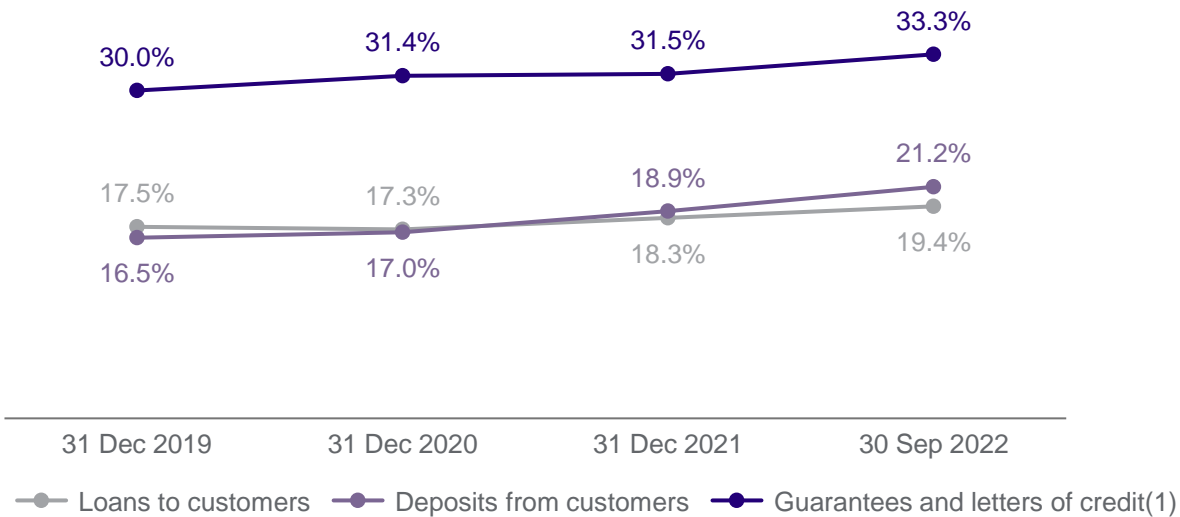
⁽ⁱⁱ⁾ Interest rates only for NLB.

- **Net interest income** was EUR 6.2 million higher YoY without N Banka's contribution. The interest income from loans in the Key, SME and Cross-Border Corporates in the Bank was EUR 3.2 million higher YoY, mostly due to higher volumes in all sub-segments (EUR 441.1 million YtD growth): however, the interest rates also started to increase due to the key ECB interest rate hikes. In Q3, the net interest income also increased due to changes in financial markets (higher interests for deposits at central banks).
- **Net fee and commission income** recorded an EUR 2.3 million increase YoY without N Banka's contribution, mostly due to higher income from high balance fee. However, it was abolished from August on and influences fee income for approximately EUR 0.8 million each month but is compensated with the net interest income from the central bank balances.
- **Total costs** increased EUR 5.0 million YoY without N Banka's contribution, mostly due to higher operating costs due to inflationary pressures.
- **Net impairments and provisions** were released in the amount of EUR 18.9 million, mostly due to repayments of previously written-off receivables, which offset the establishment of impairments and provisions due to higher exposures, changes in risk parameters/models and weights.
- The total value of assets under custody in **Investment Banking and Custody** decreased YoY (30 September 2021: EUR 16.1 billion) and YtD (31 December 2021: EUR 15.9 billion) and amounted to EUR 15.5 billion.

Corporate & Investment Banking in Slovenia

High market shares across products

Market shares - evolution and position on the market



- The largest bank in Slovenia with a high lending and servicing capacity for more than 10,000 corporate clients, focus on SME segment.
- ESG products were included in the loan offer, new large transactions with ESG component were concluded in 1-9 2022.
- Cross-border financing is becoming increasingly important.
- New cross-sell potential with leasing financing added to the offer.
- Leading Slovenian bank with increasing market share in the field of trade finance with products that support the export economy.
- As the leading bank in the Slovenian market for the organization of syndicated loans, the Bank continues to successfully support and finance the expansion of Slovenian companies in the region.
- Investment Banking being also successful organizer of issuance of instruments on debt capital markets.

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

EUR 676 million
of syndicated loans arranged

EUR 15.5 bn
assets under custody

Strategic Foreign Markets

in EUR million consolidated								
	1-9 2022	1-9 2021	Change YoY		Q3 2022	Q2 2022	Q3 2021	Change QoQ
Net interest income	213.2	198.1	15.1	8%	76.1	70.8	68.1	8%
Interest income	231.4	223.6	7.9	4%	82.0	76.6	76.0	7%
Interest expense	-18.2	-25.5	7.2	28%	-5.9	-5.8	-8.0	-1%
Net non-interest income	91.7	72.9	18.8	26%	34.2	29.7	24.2	15%
o/w Net fee and commission income	86.5	73.0	13.5	18%	29.7	29.7	24.3	0%
Total net operating income	304.9	271.0	33.9	13%	110.3	100.5	92.2	10%
Total costs	-165.4	-162.6	-2.8	-2%	-55.6	-56.4	-54.7	1%
Result before impairments and provisions	139.5	108.4	31.1	29%	54.7	44.0	37.5	24%
Impairments and provisions	2.7	1.7	1.0	63%	1.8	-2.3	-0.3	-
Result before tax	142.2	110.1	32.1	29%	56.5	41.7	37.2	35%
o/w Result of minority shareholders	8.5	10.5	-2.0	-19%	0.1	4.3	3.9	-9%

	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021	Change YTD	Change YoY	Change QoQ
Net loans to customers	5,930.2	5,885.2	5,441.9	5,361.8	488.3	9%	1%
Gross loans to customers	6,118.7	6,074.9	5,632.2	5,547.5	486.5	9%	1%
Individuals	3,160.0	3,087.1	2,877.3	2,836.4	282.8	10%	2%
Interest rate on retail loans ⁽ⁱ⁾	5.55%	5.53%	5.83%	6.10%	-0.28 p.p.		0.02 p.p.
Corporate	2,832.4	2,864.7	2,613.5	2,538.0	218.9	8%	-1%
Interest rate on corporate loans ⁽ⁱ⁾	3.68%	3.60%	3.96%	3.76%	-0.27 p.p.		0.09 p.p.
State	126.3	123.2	141.4	173.2	-15.1	-1%	2%
Interest rate on state loans ⁽ⁱ⁾	3.48%	3.59%	3.35%	3.38%	0.13 p.p.		-0.11 p.p.
Deposits from customers	8,013.9	7,884.1	7,998.8	8,020.1	15.1	0%	2%
Interest rate on deposits ⁽ⁱ⁾	0.17%	0.17%	0.29%	0.31%	-0.12 p.p.		-0.01 p.p.
Non-performing loans (gross)	170.1	178.9	191.7	199.5	-21.7	-1%	-5%

	1-9 2022	1-9 2021	Change YoY
Cost of risk (in bps)	-17	-31	14
CIR	54.2%	60.0%	-5.8 p.p.
Interest margin ⁽ⁱ⁾	3.02%	2.87%	0.16 p.p.

(i) Changed methodology.

- **Net interest income** was higher YoY (EUR 15.1 million), with an increase recorded in all banking members, due to higher volumes in all of them and despite a lower interest margin in most of the banking members. Important contribution derives from adjustment of interest rates for deposits which resulted in lower interest expenses by EUR 7.2 million YoY.
- **Net non-interest income** increased by EUR 18.8 million YoY, of which net fee and commission income EUR 13.5 million. The largest increase was recorded in NLB Komercijalna Banka, Beograd due to repricing of services in Q2, but the substantial growth did not continue in Q3, since the Serbian central bank issued the initiative to lower price for retail services by 30%.
- **Total costs** have increased YoY in all banking members, due to the increase in operating costs (energy).
- A net release of **impairments and provisions** in the amount of EUR 2.7 million, mainly due to impacts arising from successful NPL resolution and despite additional impairments and provisions for reorganization in NLB Komercijalna Banka, Beograd (EUR 4.6 million).
- **Gross loans to customers** increased by EUR 486.5 million (9%) YtD, with a little higher growth to individuals (10%) than to corporate (8%). The increase of the loan portfolio is visible in all of the banking members. New loan production continued its enviable growth, with EUR 262.4 million, EUR 624.8 million and EUR 1,312.4 million newly approved housing, consumer and corporate loans in nine months of 2022, respectively.
- **Deposits from customers** recorded a minor growth of EUR 15.1 million YtD.

Financial Markets in Slovenia

in EUR million consolidated

			Change YoY			Q3 2022	Q2 2022	Q3 2021	Change QoQ
	1-9 2022	1-9 2021	o/w N Banka contribution						
Net interest income	30.8	18.1	12.8	4.7	71%	7.9	12.6	6.3	-31%
o/w ALM ⁽ⁱ⁾	19.0	11.2	7.8	3.5	70%	4.1	8.4	5.0	-51%
Net non-interest income	-2.0	-0.2	-1.7	-0.2	-	-0.3	-0.6	0.5	52%
Total net operating income	28.9	17.9	11.0	4.6	62%	7.7	12.0	6.8	-36%
Total costs	-6.9	-5.9	-1.0	-0.1	-1%	-2.2	-2.5	-1.9	11%
Result before impairments and provisions	22.0	12.0	10.0	4.5	83%	5.5	9.5	4.9	-43%
Impairments and provisions	-0.4	0.4	-0.7	5.6	-	7.2	-6.0	0.3	-
Result before tax	21.7	12.4	9.3	10.1	75%	12.6	3.5	5.1	-

	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021	Change YtD	Change YoY	Change QoQ
Balances with Central banks	3,071.5	2,443.2	2,982.2	2,758.1	89.2	3%	26%
Banking book securities	3,001.7	3,168.7	2,977.5	3,100.5	24.3	1%	-5%
Interest rate on banking book securities ⁽ⁱⁱ⁾	0.73%	0.72%	0.68%	0.66%	0.05 p.p.	0.07 p.p.	0.01 p.p.
Wholesale funding	205.5	216.0	873.5	863.6	-668.0	-76%	-5%
Interest rate on wholesale funding ⁽ⁱⁱ⁾	-0.78%	-0.83%	-0.46%	-0.02%	-0.32 p.p.	-0.76 p.p.	0.05 p.p.
Subordinated liabilities	290.4	287.8	288.5	290.2	1.9	1%	1%
Interest rate on subordinated liabilities ⁽ⁱⁱ⁾	3.70%	3.69%	3.70%	3.70%	0.00 p.p.	0.00 p.p.	0.01 p.p.

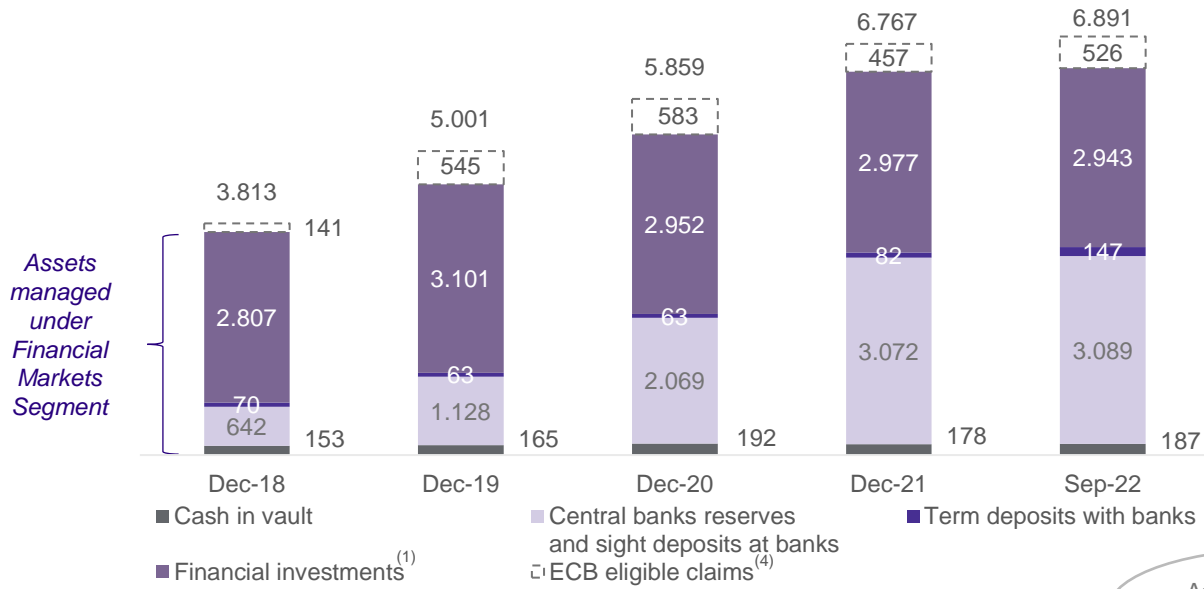
⁽ⁱ⁾ Net interest income from assets and liabilities with the use of FTP.

⁽ⁱⁱ⁾ Interest rates only for NLB.

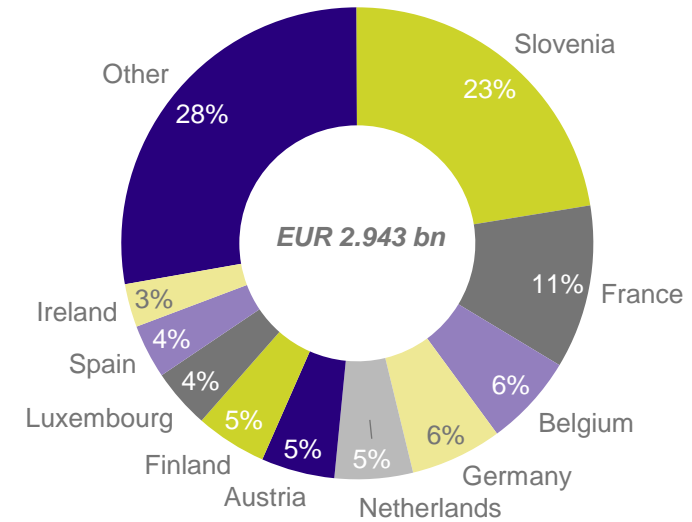
- **Net interest income** was EUR 12.8 million higher YoY, of which EUR 4.7 million from N Banka. Excluding N Banka, net interest income increased primarily due to changed FTP policy which in H1 partially transferred the costs of placing the excess liquidity from treasury to retail and corporate segment to de-stimulate deposit collection.
- Lower **net non-interest income**, EUR 1.7 million YoY, mostly due to negative effect from securities divestments and higher premium for RWA optimization measures.
- Increases in **balances with central banks** (EUR 89.2 million YtD), due to piling up of non-banking members deposits outweighing the early prepayments of **wholesale funding**. Increase in the **banking book securities** (EUR 24.3 million YtD) mostly because of N Banka acquisition (EUR 47.2 million).
- Wholesale funding amount decreased by EUR 668.0 million YtD mainly due to early prepayment of TLTRO (EUR 750 million) and certain credit lines (EUR 70 million) in H1.

Financial markets in Slovenia

Liquid assets evolution (EURm)



Well diversified banking book by geography (30 Sep 2022)

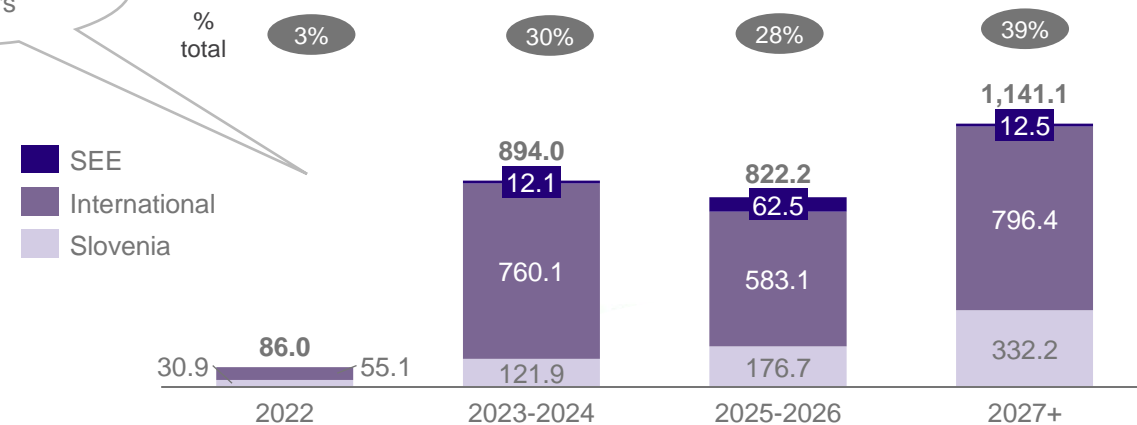


Well positioned and funded division

- 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 2022): LCR 260% (NLB d.d.) and 219% (NLB Group); NSFR (preliminary) 172% (NLB d.d.) and 178% (NLB Group).

Average maturity 3.81 years

Maturity profile of banking book securities⁽³⁾ (30 Sep 2022, EURm)



Note: Numbers refer to NLB d.d. and N Banka; (1) Incl. trading and banking book securities (book value); (2) Includes other European countries, USA, Canada, Kazakhstan, Israel and Russian Federation; (3) Including state guaranteed bonds; (4) Loans booked under segment Corporate Banking Slovenia.

Non-Core Members

in EUR million consolidated

	1-9 2022	1-9 2021	Change YoY		Q3 2022	Q2 2022	Q3 2021	Change QoQ
Net interest income	0.2	1.2	-1.0	-82%	0.1	0.0	0.8	200%
Net non-interest income	2.4	5.1	-2.7	-54%	0.4	1.2	2.2	-63%
Total net operating income	2.6	6.3	-3.7	-59%	0.5	1.2	3.0	-56%
Total costs	-8.7	-7.9	-0.8	-10%	-3.2	-3.0	-2.6	-6%
Result before impairments and provisions	-6.1	-1.6	-4.5	-	-2.6	-1.7	0.5	-51%
Impairments and provisions	0.9	2.5	-1.6	-63%	-0.1	0.4	0.8	-
Result before tax	-5.2	0.9	-6.1	-	-2.7	-1.3	1.2	-103%

	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021	Change YtD		Change YoY	
Segment assets	74.1	89.9	95.9	111.8	-21.8	-23%	-37.8	-34%
Net loans to customers	19.5	20.5	24.3	31.6	-4.8	-20%	-12.1	-38%
Gross loans to customers	50.7	50.3	53.9	76.0	-3.1	-6%	-25.3	-33%
Investment property and property & equipment received for repayment of loans	47.5	61.8	65.6	66.2	-18.2	-28%	-18.7	-28%
Other assets	7.1	7.6	6.0	14.0	1.2	19%	-6.9	-49%
Non-performing loans (gross)	46.6	44.8	45.0	62.0	1.6	4%	-15.4	-25%

- The segment recorded EUR 5.2 million of loss before tax and also a decrease of the total assets of the segment YtD (EUR 21.8 million), which is in line with the divestment strategy.
- Impairments and provisions were net released in the amount of EUR 0.9 million, mostly due to successful collection of previously written-off receivables.

Other

in EUR million consolidated

	1-9 2022	1-9 2021	Change YoY		Q3 2022	Q2 2022	Q3 2021	Change QoQ
Total net operating income	6.4	4.5	1.9	42%	3.1	1.8	1.1	75%
Total costs	-11.9	-9.0	-2.9	-32%	-3.1	-4.4	-3.3	30%
Result before impairments and provisions	-5.6	-4.5	-1.0	-22%	0.0	-2.7	-2.2	99%
Impairments and provisions	-9.0	1.8	-10.9	-	0.0	-0.1	0.1	76%
Negative goodwill (N Banka)	172.8							
Result before tax	158.2	-2.7	160.9	-	-0.1	-2.8	-2.1	98%

- Negative goodwill from N Banka acquisition in the amount of EUR 172.8 million attributable to this segment.
- EUR 11.9 million of total costs (EUR 2.9 million higher YoY); costs related mostly to IT, cash transport, external realization, and costs, regarding vacant business premises.
- Net impairments and provisions established in the amount of EUR 9.0 million, of which EUR 8.9 million 12-month expected credit losses recognised at acquisition date for performing portfolio for N Banka.

Appendix 3:

Financial Statements



NLB Group Income Statement

(EURm)	1-9 2022	1-9 2021	YoY	Q3 2022	Q2 2022	Q3 2021	QoQ
Interest and similar income	399,4	354,1	13%	142,6	133,8	121,0	7%
Interest and similar expense	-46,3	-51,8	11%	-15,8	-15,3	-17,4	-4%
Net interest income	353,1	302,3	17%	126,7	118,6	103,7	7%
Fee and commission income	284,0	242,7	17%	99,4	95,9	87,3	4%
Fee and commission expense	-79,8	-70,1	-14%	-28,9	-26,8	-28,8	-8%
Net fee and commission income	204,2	172,6	18%	70,5	69,1	58,6	2%
Dividend income	0,2	0,2	13%	0,1	0,1	0,1	70%
Net income from financial transactions	24,0	33,4	-28%	10,3	8,5	7,4	22%
Other operating income	-17,8	-8,7	-105%	-2,0	-12,7	-3,8	84%
Total net operating income	563,7	499,9	13%	205,6	183,6	166,0	12%
Employee costs	-186,4	-168,2	-11%	-63,7	-65,2	-56,5	2%
Other general and administrative expenses	-111,0	-94,1	-18%	-38,3	-39,0	-31,7	2%
Depreciation and amortisation	-35,2	-34,8	-1%	-11,9	-11,8	-11,6	0%
Total costs	-332,6	-297,2	-12%	-113,9	-116,0	-99,9	2%
Result before impairments and provisions	231,1	202,7	14%	91,7	67,6	66,1	36%
Impairments and provisions for credit risk	7,5	34,1	-78%	9,8	1,6	3,3	-
Other impairments and provisions	-5,1	-8,8	42%	0,2	-4,9	2,9	-
Gains less losses from capital investments in subsidiaries, associates and joint ventures	1,1	0,9	22%	-0,4	1,0	0,5	-
Negative goodwill	172,8	-	-	-	-	-	-
Result before tax	407,4	228,9	78%	101,3	65,2	72,9	55%
Income tax	-21,1	-12,9	-63%	-10,4	-5,4	-3,3	-92%
Result of non-controlling interests	8,5	10,5	-19%	0,1	4,3	3,9	-97%
Result after tax attributable to owners of the parent	377,8	205,5	84%	90,8	55,5	65,7	64%

NLB Group Statement of Financial Position

(EURm)	30 Sep 2022	31 Dec 2021	YtD
ASSETS			
Cash and balances with Central Banks and other demand deposits at banks	4.911,4	5.005,1	-2%
Financial instruments	4.765,1	5.208,3	-9%
<i>o/w Trading Book</i>	21,3	7,7	178%
<i>o/w Non-trading Book</i>	4.743,8	5.200,6	-9%
Loans and advances to banks (net)	210,7	140,7	50%
<i>o/w gross loans</i>	211,0	140,9	50%
<i>o/w impairments</i>	-0,3	-0,2	-37%
Loans and advances to customers	12.925,3	10.587,1	22%
<i>o/w gross loans</i>	13.244,0	10.903,5	21%
- Corporates	6.321,7	4.996,0	27%
- State	286,9	286,3	0%
- Individuals	6.635,5	5.621,1	18%
<i>o/w impairments and valuation</i>	-318,7	-316,3	-1%
Investments in associates and JV	11,9	11,5	3%
Goodwill	3,5	3,5	0%
Other intangible assets	51,7	55,5	-7%
Property, plant and equipment	255,8	247,0	4%
Investment property	37,4	47,6	-22%
Other assets	325,0	271,1	20%
Total Assets	23.497,8	21.577,5	9%

(EURm)	30 Sep 2022	31 Dec 2021	YtD
LIABILITIES & EQUITY			
Deposits from banks and central banks	108,3	71,8	51%
Deposits from customers	19.573,1	17.640,8	11%
- Corporates	5.387,4	4.463,7	21%
- State	616,5	496,4	24%
- Individuals	13.569,2	12.680,8	7%
Borrowings	322,0	932,6	-65%
Debt securities in issue	302,6	-	-
Subordinated liabilities	290,4	288,5	1%
Other liabilities	504,3	427,6	18%
Total Liabilities	21.100,8	19.361,4	9%
Shareholders' equity	2.339,8	2.078,7	13%
Non Controlling Interests	57,2	137,4	-58%
Total Equity	2.397,0	2.216,1	8%
Total Liabilities & Equity	23.497,8	21.577,5	9%