



Building on advantages of our homecourt

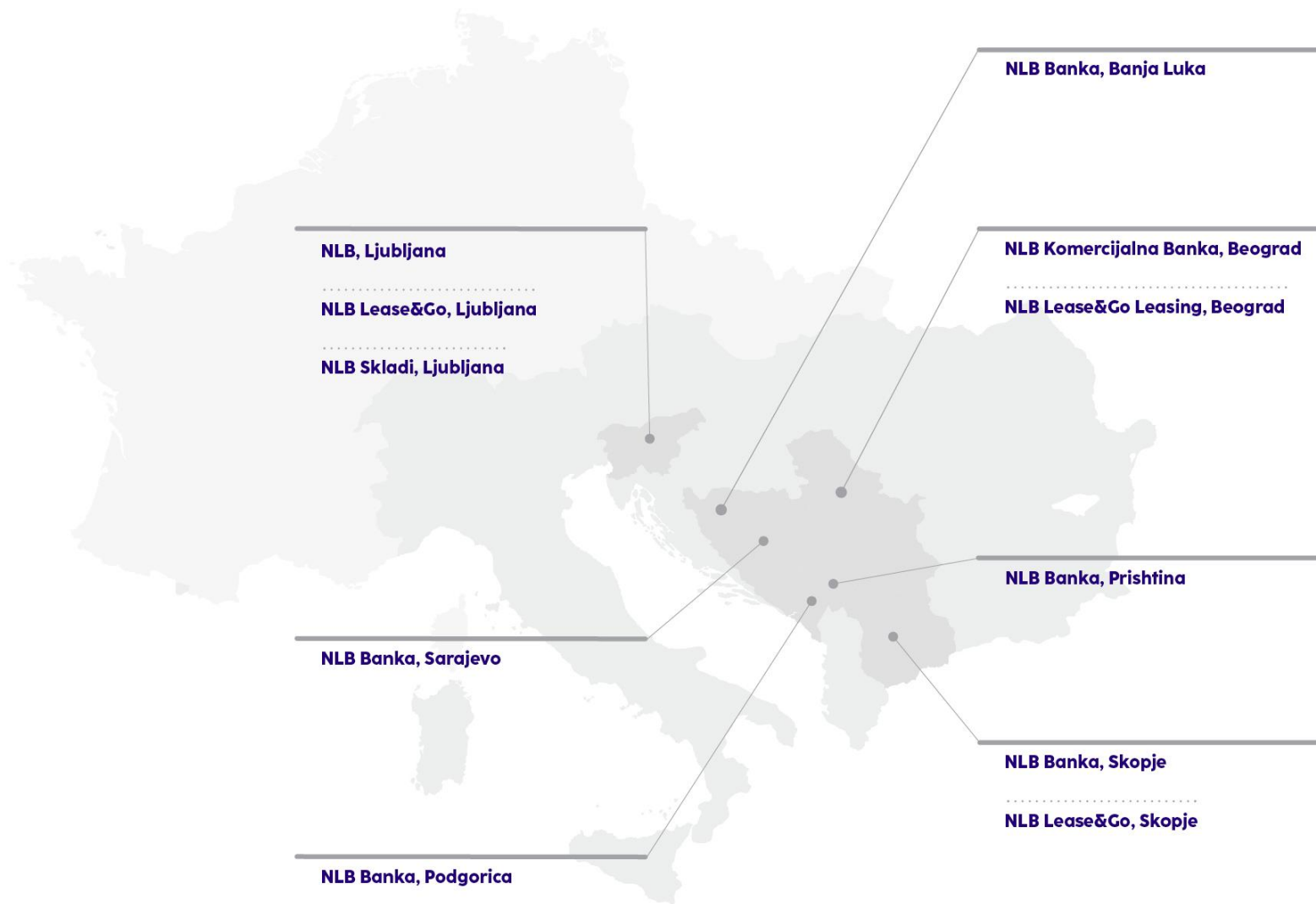
NLB Group Interim Report for the First Three Months of 2024

NLB

Contents

Key Member Overview	4
NLB Group at a Glance	5
Key Highlights	5
Key Figures	7
Key Financial Indicators	8
Key Events	9
Macroeconomic Environment	10
BUSINESS REPORT	13
Overview of Financial Performance	14
Income Statement	15
Statement of Financial Position	23
Liquidity, Capital and MREL	29
Liquidity position	29
Capital	30
Wholesale Funding Strategy and MREL	33
NLB Shareholders Structure	36
Segment Analysis	37
Retail Banking in Slovenia	38
Corporate and Investment Banking in Slovenia	41
Financial Markets in Slovenia	44
Strategic Foreign Markets	45
Non-Core Members	48
Risk Factors and Outlook	49
Risk factors	49
Outlook	52
Risk Management	54
Sustainability	61
Corporate Governance	62
Management Board	62
Supervisory Board	62
General Meeting	62
Events After 31 March 2024	63
Alternative Performance Indicators	64
Reconciliation of Financial Statements in Business and Financial Part of the Report	83
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF NLB GROUP AND NLB	85
Glossary of Terms and Definitions	124

We are building our success on the home court advantage.



Key Member Overview

	Slovenia			Serbia		N. Macedonia		BiH		Kosovo	Montenegro	
NLB Group	NLB, Ljubljana	NLB Lease&Go, Ljubljana	NLB Skladi, Ljubljana	NLB Komercijalna Banka, Beograd	NLB Lease&Go Leasing, Beograd	NLB Banka, Skopje	NLB Lease&Go, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	
Result after tax (million EUR)	140.0	93.9	1.2	2.8	36.9	0.1	14.3	-0.1	6.3	3.9	8.5	6.0
Total assets ⁽ⁱ⁾ (million EUR)	26,026	16,254	303	2,603	5,092	85	1,908	16	1,084	907	1,211	938
RoE a.t.	18.9%	16.4%	-	-	17.3%	-	19.9%	-	22.7%	16.0%	23.0%	19.7%
Net interest margin	3.73%	3.02%	-	-	4.84%	-	4.18%	-	3.67%	3.26%	4.27%	5.14%
CIR (cost/income ratio) ⁽ⁱⁱ⁾	41.7%	35.0%	-	-	41.7%	-	36.8%	-	36.9%	54.3%	29.3%	42.7%
LTD	67.7%	61.5%	-	-	70.5%	-	83.1%	-	65.0%	78.3%	85.9%	81.6%
NPL ratio	1.6%	1.3%	-	-	0.6%	-	2.9%	-	0.6%	2.0%	1.7%	3.0%
Branches (#)	408	68	-	-	163	-	48	-	41	34	33	21
Active clients (#)	2,851,554	720,213	-	-	1,043,900	-	409,937	-	213,489	132,891	238,089	93,035
Market share by total assets ⁽ⁱⁱⁱ⁾	-	30.8%	39.6% ^(v)	39.9%	9.9% ^(iv)	5.1% ^(v)	15.6%	n.a.	20.4% ^(v)	6.2% ^(v)	16.6%	14.2%

(i) Assets under management for NLB Skladi, Ljubljana.

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

(iii) Market share of assets under management in mutual funds for NLB Skladi, Ljubljana; market share of leasing portfolio in NLB Lease&Go, Ljubljana; market share in the Republic of Srpska for NLB Banka, Banja Luka; market share in the Federation of Bosnia and Herzegovina for NLB Banka, Sarajevo.

(iv) Data on market share as of 29 February 2024.

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

NLB Group at a Glance

Key Highlights

Financial Performance

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

- In the first three months of 2024, the Group generated EUR 140.0 million of **profit after tax**, a 17% YoY increase. However, the regular profit before impairments and provisions increased by 37% YoY.
- **Net interest income** rose by 30% YoY and stayed on the same level QoQ. The YoY rise in interest income was propelled by the robust combination of volume growth and margin. Due to the lower price elasticity of deposits, the deposit beta (the cumulative change of the average customer deposit interest rate compared to the cumulative change of the average ECB deposit facility rate) remains low at around 10% on the NLB Group level. **Net interest margin** rose by 0.59 p.p. YoY to 3.73%.
- The YtD increase in the Group's **gross loans to customers** by EUR 133.5 million can largely be attributed to a rise in gross loans to individuals (EUR 159.5 million or 2% YtD). However, YoY dynamics show a EUR 742.1 million rise in gross loans to customers, with a EUR 544.1 million or 8% rise attributed to individuals.
- The decrease in the deposit base of EUR 261.2 million YtD was marked by a reduction in the balance of corporate deposits, while the growth of deposits from individuals continued.
- An 8% YoY increase in the **net fee and commission income** benefitted from the favourable impact of economic activity and increased engagement in investment funds and bancassurance.
- **Total costs** grew by EUR 15.2 million or 13% YoY, with more than half (EUR 8.1 million) deriving from the tax on balance sheet.
- Net establishment of **impairments and provisions for credit risk** of EUR 4.4 million was primarily influenced by portfolio developments in the retail segment.

Business Overview

The leading player in SEE

- A robust and **sustainable universal business model** with an increased focus on digitalisation and ESG.
- Striving to be the **regional champion**.
- Higher **availability and use of digital channels** – a comprehensive range of 24/7 digital solutions offered to clients.
- The **strategic launch of leasing** is being concluded with the presence established in **three major markets of the Group** (Slovenia, Serbia and North Macedonia) and a very ambitious business plan is getting implemented.

Asset Quality

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

- A well-diversified, stable and robust **credit portfolio quality**. A substantial share of the retail segment and no large concentration in any specific industry or client segment.
- The portfolio quality remains very stable, with a dominant share of Stage 1 exposures. Low **NPEs** (EBA def.) of 1.1% with a very comfortable NPL coverage ratio 2 of 64.8%. The Group carefully monitors potentially vulnerable segments to detect any significant increase in credit risk at a very early stage.
- **The cost of risk** was positive (10 bps) as a result of portfolio developments in the retail segment, though remaining at a rather low level.

Capital, Liquidity & Funding

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

- **The capital position** remained very solid and exceeded all regulatory requirements (CET1 stood at 16.3%, Tier 1 at 16.9%, and TCR at 20.7%).
- The Bank issued EUR 300 million **subordinated Tier 2 notes** to optimise and strengthen its capital position.
- In 2023, the Bank issued its inaugural EUR 500 million **green senior preferred notes** to strengthen the MREL buffer. Through this issuance, the Group commits to positively contributing towards a low-carbon sustainable economy by supporting eligible green projects within our region's markets.
- **The liquidity position** of the Group remained very strong, with a high level of unencumbered liquid assets in total assets (39.1%).
- Group's **deposits from private individuals** represent the major and most stable funding source, with 81% of retail deposits and 67% of total deposits insured by deposit guarantee schemes. Despite the turbulent business environment, deposits from private individuals remained stable (a 1% YtD and 4% YoY growth), demonstrating strong client confidence in the Group.
- A very comfortable level of **LTD** at 67.7% gives the Group plenty of growth potential.

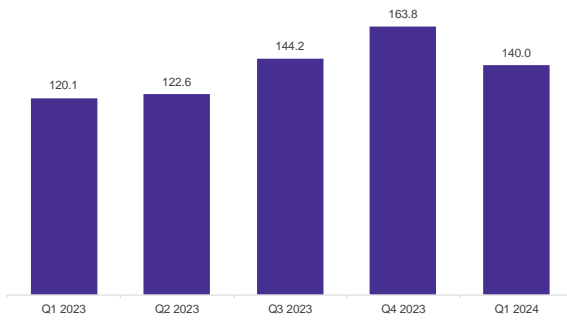
Outlook

Reaffirming the Outlook for 2024 with increased guidance for the regular income.

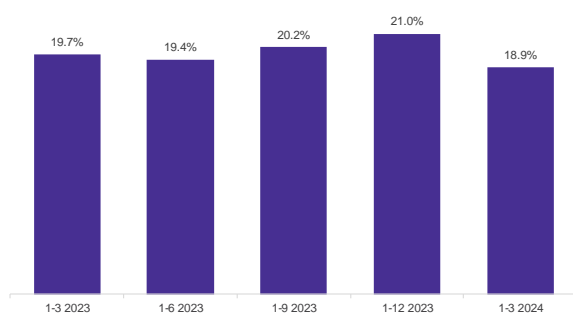
- In the first months of the year, the market expectations for the interest rates have materially altered, leading the Bank to **increase guidance for the Regular Income**. New expectations are now approximately EUR 100 million higher than previously, i.e. Regular Income in 2024 should be around EUR 1,200 million.
 - Increased guidance for the revenue, coupled with cost discipline has allowed for sharpened guidance for the cost-to-income ratio. The Bank now expects that **CIR** will be around 45% in both 2024 and 2025, a substantial improvement from the previous guidance of below 50%.
 - Dividend ambitions and expectations for the other key performance indicators will be presented with the new strategy for the year 2030 on the upcoming Investor Day on 9 May in Ljubljana.
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Key Figures

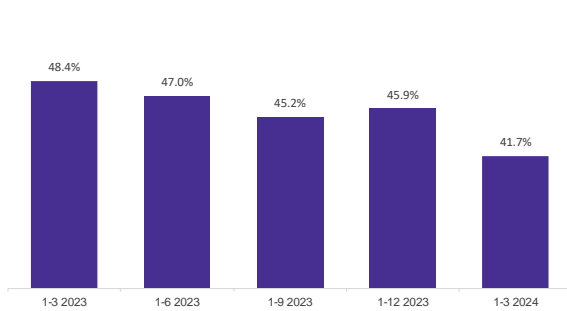
Profit a.t. - quarterly (in EUR millions)



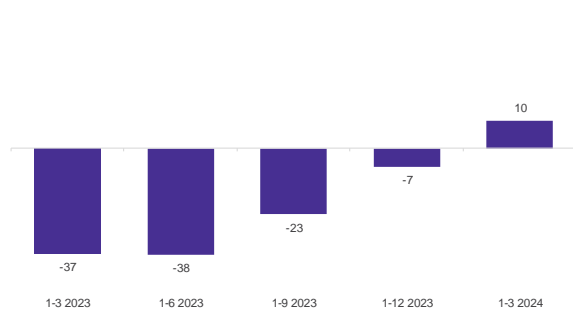
ROE a.t. (in %)



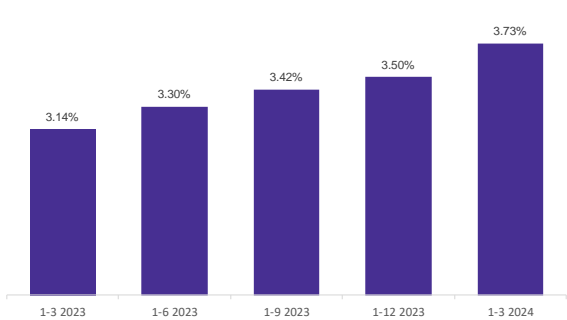
Cost to income ratio - CIR (in %)⁽ⁱ⁾



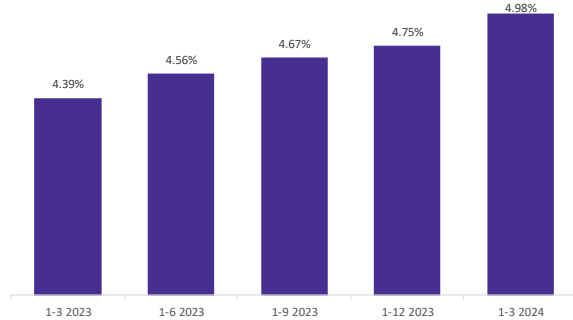
Cost of risk net (in bps)



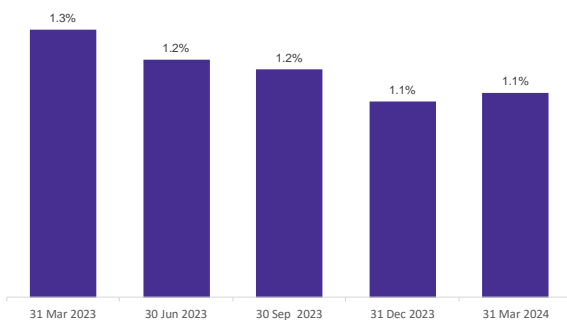
Net interest margin (in %)



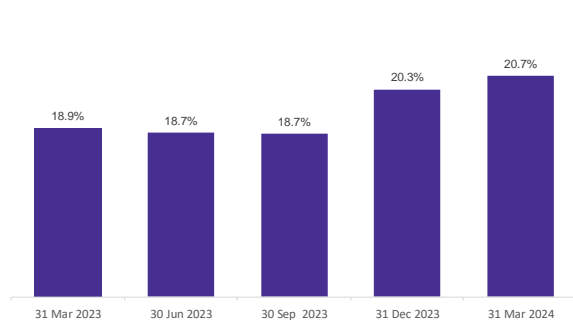
Operational business margin (in %)



NPE ratio - EBA def. (in %)



Total capital ratio (in %)



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

Key Financial Indicators

Table 1: Key Financial Indicators of NLB Group

in EUR millions / % / bps							
	1-3 2024	1-3 2023	Change YoY	Q1 2024	Q4 2023	Q1 2023	Change QoQ
Key Income Statement Data							
Net operating income	298.1	241.9	23%	298.1	292.5	241.9	2%
Net interest income	232.2	179.0	30%	232.2	231.9	179.0	0%
Net non-interest income	65.9	63.0	5%	65.9	60.6	63.0	9%
Total costs	-132.4	-117.1	-13%	-132.4	-140.2	-117.1	6%
Result before impairments and provisions	165.8	124.8	33%	165.8	152.3	124.8	9%
Impairments and provisions	-4.7	12.4	-	-4.7	-28.0	12.4	83%
Impairments and provisions for credit risk	-4.4	18.4	-	-4.4	-15.0	18.4	71%
Other impairments and provisions	-0.3	-6.0	95%	-0.3	-13.0	-6.0	98%
Result after tax	140.0	120.1	17%	140.0	163.8	120.1	-14%
Key Financial Indicators							
Return on equity after tax (ROE a.t.)	18.9%	19.7%	-0.8 p.p.				
Return on equity after tax (ROE a.t.) normalized ⁽ⁱ⁾	29.2%	25.9%	3.3 p.p.				
Return on assets after tax (ROA a.t.)	2.2%	2.0%	0.2 p.p.				
Net interest margin (on interest bearing assets)	3.73%	3.14%	0.59 p.p.				
Net interest margin (on total assets - BoS ratio)	3.60%	3.02%	0.58 p.p.				
Operational business margin ⁽ⁱⁱ⁾	4.98%	4.39%	0.59 p.p.				
Cost to income ratio (CIR) ⁽ⁱⁱⁱ⁾	41.7%	48.4%	-6.7 p.p.				
Cost of risk net (bps) ^(iv)	10	-37	47				
Key Financial Position Statement Data							
	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YTD	Change YoY		
Total assets	26,025.7	25,942.0	24,011.8	0%	8%		
Gross loans to customers	14,197.1	14,063.6	13,455.0	1%	6%		
Net loans to customers	13,859.9	13,734.6	13,137.7	1%	5%		
Deposits from customers	20,471.5	20,732.7	19,732.0	-1%	4%		
Equity (without non-controlling interests)	3,035.6	2,882.9	2,507.6	5%	21%		
Other Key Financial Indicators							
LTD ^(v)	67.7%	66.2%	66.6%	1.5 p.p.	1.1 p.p.		
Common Equity Tier 1 Ratio	16.3%	16.4%	14.8%	0.0 p.p.	1.5 p.p.		
Total capital ratio	20.7%	20.3%	18.9%	0.5 p.p.	1.8 p.p.		
Total risk exposure amount (RWA)	15,427.8	15,337.2	14,622.3	1%	6%		
NPL volume ^(vi)	306.6	300.5	320.1	2%	2%		
NPL coverage ratio 1 ^(vii)	110.5%	110.0%	99.3%	0.5 p.p.	11.2 p.p.		
NPL coverage ratio 2 ^(viii)	64.8%	64.6%	58.0%	0.2 p.p.	6.7 p.p.		
NPL ratio (internal def.) ^(ix)	1.6%	1.5%	1.7%	0.1 p.p.	-0.2 p.p.		
Net NPL ratio (internal def.) ^(x)	0.6%	0.5%	0.7%	0.0 p.p.	-0.2 p.p.		
NPL ratio (EBA def.) ^(xi)	2.2%	2.1%	2.4%	0.0 p.p.	-0.2 p.p.		
NPE ratio (EBA def.) ^(xii)	1.1%	1.1%	1.3%	0.0 p.p.	-0.1 p.p.		
Employees							
Number of employees	7,999	7,982	8,194	17	-195		
International credit ratings NLB							
	31 Mar 2024	31 Dec 2023	Outlook				
Standard & Poor's	BBB	BBB	Stable				
Moody's ^(xiii)	A3	A3	Stable				

(i) Result a.t. divided by Average risk adjusted capital. Average risk adjusted capital computed as Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution.

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

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

(iv) CoR = credit impairments and provisions (annualised level) / average net loans to customers. Credit impairments and provisions include impairments on loans from customers and provisions for off balance.

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

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

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

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

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

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

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

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

(xiii) Unsolicited rating.

Macroeconomic Environment

Macroeconomic Summary

The global economy is slowly gaining traction and adding to stabilisation as the eurozone and China slowly recover. In contrast, the shape of the US economy seems to have deteriorated compared to the previous quarters, as the pace of disinflation got interrupted by upticks in December and March, while the US job growth numbers appear to derive from part-time rather than full-time jobs. What seems to have reaccelerated the US inflation are oil prices and refiner margins, which picked up from December 2023 – sooner than the CB anticipated (this effect was more muted in the Euro area by lower natural gas prices). Generally, the global labour market remains relatively tight, while high rates continue to weigh on lending. In a move that could stir trade flows and garner unintended consequences, the EU decided in March of 2024 to hit Chinese electric vehicle imports with tariffs if its trade investigation confirms they receive unfair subsidies – of which the European Commission claims to have evidence. If China decides to retaliate, it will pressure consumers who depend on cheap Chinese imports to maintain their quality of life.

Eurozone

In Q4 of 2023, the household final consumption expenditure rose by 0.6% YoY (even if it fell by 0.2% YoY in Germany, the Euro area's leading economy, and for a fourth consecutive quarter too) and by 0.1% QoQ, indicating a slow rebound from the Q3's poor showing. The household saving rate tumbled to 11.5 in Q3 from 18.4 in Q2, but this occurred each year due to seasonal factors and was nonetheless a tad more than 1 p.p. higher than YoY. In fact, the Euro area households have always saved more than US households, and the gap has widened since the pandemic – on account of consumption, which the US consumer was more willing to fund since the pandemic. What is encouraging is the fact that the labour cost index subsided from 5.2% YoY in Q3 to 3.4% YoY in Q4 (averaging 4.5% in 2023, which compared with the HICP average of 5.4%, dragged real wages down), which indicates a decline in labour price pressures, also suggested by ECB's negotiated wages indicator which started subsiding in Q4 of 2023 from its Q3 peak. It seems that a significant part of these gains was translated into savings rather than consumption, as real wages remain below pre-pandemic level (according to the ECB), even more so than productivity, which in 2023 fell by 1.0% YoY. While foreign trade remained in contractionary territory for most of the year, exports seem to have reversed that trend in January amid the return of foreign demand, growing 1.3% YoY. Imports remain in contraction from February 2023 and have contracted by 16.1% YoY in January 2024, as domestic spending remains subdued.

In 2024, HICP inflation grew by 2.8% in January, by 2.6% in February and finished Q1 with 2.4% growth in March 2024, all compared to YoY, as food inflation finally dropped below 3.0%. Core inflation fell from 3.3% in January to 3.1% in February and 2.9% in March. Non-energy industrial goods have subsided from 2.0% in January to 1.1% in March, while services remain sticky at 4.0% since November 2023 and are the most significant contributor to total inflation. Energy prices maintained deflationary momentum despite losing their pace, while prices of unprocessed food also started deflating in March 2024. Industrial production has reverted into negative territory, contracting 6.7% YoY (with a similar pace as from August to November 2023) in January 2024, after it stagnated in December 2023 (+0.2% YoY). In January 2024, the total market production fell by 0.5% MoM due to decreased industrial production and trade volume, while construction production remained unchanged and services production grew. Retail trade volume decreased by 0.5% MoM and by 0.7% YoY in February 2024, maintaining a similar downward momentum from November 2023 in a way confirming a downbeat (despite improving during the quarter) consumer sentiment in Q1 of 2024. The ESI started the Q1 of 2024 with a reading of 96.1, which deteriorated slightly in February but finished the quarter strongly in March, improving to 96.3 and hence beating the Q4 average. The unemployment rate remained stable at 6.5% in January and February 2024. The composite PMI was revised upward to 50.3 in March, marking the highest level in ten months, a significant improvement from February's 49.2. This indicates a return to growth for the eurozone's private sector for the first time since May last year. Although the overall increase in business activity was modest, with manufacturing output declining at 46.1 (slightly down from 46.5 in February), the services sector showed improvement at 51.5 in March compared to 50.2.

The ECB has kept their communications and key rates unchanged during Q1 of 2024 as the CB is still concerned that wage growth could halt or prevent disinflation. As wage growth data for Q1 become available in April, President Lagarde commented that: "They will know a lot more in June". During their last meeting, they also made downward revisions to

inflation forecasts (due to lower electricity prices than their model assumed). The primary channel through which high rates affect the economy is suppressing lending to households and NFCs, as higher rates raise the interest burden on existing floating rate debt and incentivise deleveraging on consumption and investment. This effect can be first observed in the housing market, which declined by 1.1% YoY in 2023 after a decade of positive growth. Bond yields have generally moved upwards during the Q1 of 2024. 2Y yields went from 2.44% in January to 2.84% at the end of March, the 5Y went from 1.92% in January to 2.30% in March, and the 10Y went from 2.11% in January to 2.36% in March. The STOXX Europe 600 index saw its lowest point of the quarter on 17 January and exhibited a growing trend, growing by 7.14% inside the quarter.

The Euro area household loans growth rates have stabilised as they grew by 0.3% YoY in February and January 2024, the same pace that they finished 2023 with. Household debt to GDP ratio fell to its lowest since 2004 in the Q4 of 2023. Loans to NFC picked up slightly in December after a period of stagnation to grow slowly in 2024 – by 0.2% YoY in January and 0.4% YoY in February. Household deposits grew by 0.8% YoY in December 2023 and picked up the pace slightly in 2024, increasing by 1.0% YoY in January and by 1.3% YoY in February. They are gaining momentum from November 2023. NFC deposits likewise rebounded from H2 2023 lows but have not yet broken into positive territory, contracting by 0.5% YoY in December 2023, by 0.3% YoY in January 2024 and by 0.4% YoY in February 2024, while the stocks of NFC (peaked in December 2022) and especially household deposits remain historically high. The weakness in lending has muted economic growth. For instance, business investment in the eurozone has stagnated, and the high household savings rate appears to have weighed on consumption due to the pandemic (government support and inflated balance sheet). Weaker consumption also keeps a lid on the rather sticky prices of services. With disinflation continuing, interest rates have already begun to decline in housing loans, big NFC loans and household deposits (starting to turn bank funding costs downwards) while they grew in consumer loans and small NFC loans.

Slovenia and Markets of the NLB region

In Slovenia, economic growth slowed to 1.6% in 2023 (2022: +2.5%), as Q3's historic floods took a toll on the key auto industry. In particular, exports of goods and services fell in 2023 from 2022, and private consumption growth slowed to a decade low—barring 2020's pandemic-induced downturn. That said, a more substantial increase in fixed investment and a rebound in public spending prevented a steeper slowdown. Turning to 2024, the data looks more robust in Q1 as activity continues to normalise. In January, the unemployment rate fell to an over four-year low (3.1%) while in 2023, the unemployment rate was 3.7%. This, paired with a stagnant inflation rate in Q1 (+3.4% YoY), bodes well for private spending at the outset of 2024. Moreover, industrial output rebounded from Q4, expanding 7.0% MoM in January and 3.3% in February. Meanwhile, merchandise exports picked up in January–February 2024, growing 4.2% YoY, signalling a less downbeat external sector. Imports rose by 28.4% YoY in February, showcasing a return of demand for foreign goods, while retail trade slump intensified in the period January – February 2024 (contracting 3.8% YoY).

In Serbia, annual GDP growth accelerated in Q4 on the back of a broad-based improvement in domestic demand and stronger growth in exports. In Q1 of 2024, the economy continues to grow at a robust pace. Economic sentiment improved relative to Q4 2023 on more substantial confidence among the most productive sectors. Additionally, industrial production and retail sales grew at a brisker YoY pace in January–February compared with Q4. Moreover, merchandise exports rebounded in the same two-month period.

In North Macedonia, YoY GDP growth edged down to 0.9% in Q4 2023 from 1.0% in Q3. A sharper decline in investment drove the downtick. On the flip side, private consumption expanded at a faster pace, and both public spending and exports rebounded. So far, data for Q1 2024 suggests that domestic activity strengthened, as retail sales and industrial output rose faster in January–February compared with Q4. That said, the external sector seemingly weakened, as in January – February 2024, merchandise exports shrank YoY, and tourist arrivals softened relative to Q4 2023.

In Bosnia and Herzegovina, GDP growth decelerated to 1.7% YoY in Q4 from 1.9% in Q3. The slowdown was driven by softer expansions in private and public spending, as well as a contraction in total investment. Turning to Q1 of 2024, available data points to a further slowdown. Both retail sales and tourist arrivals expanded at a softer YoY clip in January and February 2024 relative to Q4. Moreover, in the same period, the downturn in merchandise exports intensified compared with Q4. In late March, the EU agreed to open membership negotiations with Bosnia and Herzegovina.

In Kosovo, GDP growth accelerated to 4.0% YoY in Q4 of 2023 from 3.1% in Q3. The improvement was driven by more substantial expansions in private consumption and exports. That said, investment grew at a slightly softer rate, and public spending shrank. Available data for Q1 is positive. Growth in tourist arrivals sped up to a 10-month high in January. Moreover, compared to Q4, inflation cooled in January–February and annual remittances inflows grew broadly steady, boding well for household spending. Meanwhile, merchandise exports fell slightly softer than in the prior quarter in the same two-month period, boding more positively for the external sector.

In Montenegro, the GDP growth slowed to 4.3% YoY in Q4 2023 from 6.6% in Q3. The main drivers of the moderation were a deceleration in exports and a softer increase in fixed investment. On the other hand, expansions in public and private consumption gained steam. Data for the Q1 of 2024 is mixed. The unemployment rate fell in January–February compared to Q4, while average annual growth in retail sales accelerated in the same two-month period from Q4—likely sustained by lower inflation. Moreover, economic sentiment remained upbeat in the quarter. However, merchandise exports slumped YoY at a faster average pace in January–February 2024 than in Q4 2023. Moreover, tourist arrivals fell, on average, in January–February from the same period of 2023, while industrial production broadly stagnated.

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

	GDP (growth rate in %)						Average inflation (in %, aop)						Unemployment rate (in %, aop)		
	YoY			QoQ			YoY			MoM			QoQ		
	Q4 2023	Q3 2023	Q2 2023	Q4 2023	Q3 2023	Q2 2023	Mar 2024	Feb 2024	Jan 2024	Mar 2024	Feb 2024	Jan 2024	Q4 2023	Q3 2023	Q2 2023
Euro area	0.1	0.0	0.6	0.0	-0.1	0.1	2.4	2.6	2.8	0.8	0.6	-0.4	6.5	6.6	6.5
Slovenia	2.2	1.3	1.7	1.1	0.0	1.1	3.4	3.4	3.4	0.6	0.6	-0.6	3.4	3.9	3.6
BiH	1.7	1.9	1.2	0.6	0.5	0.4	-	2.1	2.0	-	0.5	0.2	12.7	13.6	13.1
Montenegro	4.3	6.6	6.9	-	-	-	-	4.3	4.4	-	0.4	0.5	12.2	11.8	12.9
N. Macedonia	0.9	1.0	0.9	0.4	0.4	0.3	4.0	3.0	3.2	0.9	0.4	-0.3	13.0	12.9	13.1
Serbia	3.8	3.6	1.6	0.9	1.4	1.3	5.0	5.6	6.4	0.3	0.6	0.3	9.1	9.0	9.6
Kosovo	4.0	3.0	2.4	-	-	-	-	2.2	1.8	-	1.0	0.3	-	-	-

Source: Statistical offices, NLB ALM.

Note: Real GDP growth rates, seasonally adjusted; HICP inflation for Euro area and Slovenia.



Business Report

Overview of Financial Performance

The Group's profit after tax reached EUR 140.0 million, 17% higher YoY, mostly due to a favourable economic environment and high interest rates. A result of EUR 165.8 million was also recorded in the profit before impairments and provisions, marking a EUR 41.0 million YoY increase.

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

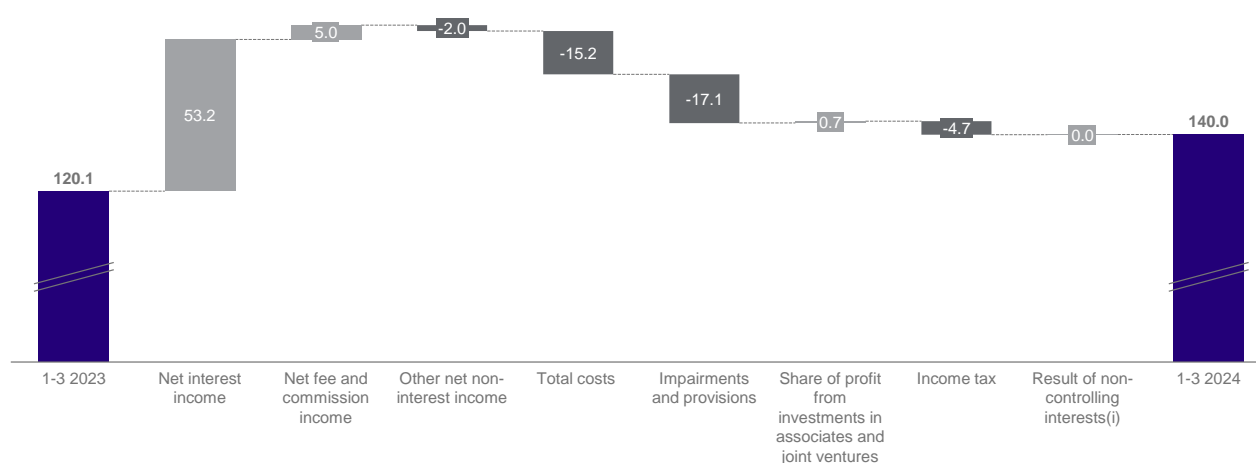
- The Group's gross loans to customers increased by EUR 742.1 million YoY, of which EUR 544.1 million were loans to individuals, despite the prevailing rising interest rate environment.
- The deposit base increased by EUR 739.5 million YoY, of which EUR 603.0 million were deposits from individuals and EUR 172.5 million from corporate clients.
- A healthy loan demand from individuals and higher interest rates on loans and central bank balances contributed to a higher interest income by 41%, while the elevated cost of funding and interest rates on deposits (positively impacting the volume of deposits, especially those from individuals) resulted in a 16% YoY increase in interest expenses. The deposit beta (the cumulative change of the average customer deposit interest rate compared with the cumulative change of the average ECB deposit facility rate) remains low at around 10% on the Group level. Consequently, the annual net interest margin improved by 0.59 p.p. YoY to 3.73%.
- There was an 8% YoY increase in the net fee and commission income, benefitting from the favourable impact of economic activity and increased engagement in investment funds and bancassurance.
- Total costs grew by EUR 15.2 million or 13% YoY, with more than half deriving from the tax on the balance sheet (amounting to EUR 8.1 million).
- The net establishment of impairments and provisions for credit risk of EUR 4.4 million was mainly driven by portfolio developments, mostly in the retail segment, and was partially neutralised by repayments of written-off receivables due to a favourable environment for NPL resolution.

Income Statement

Table 3: Income statement of NLB Group

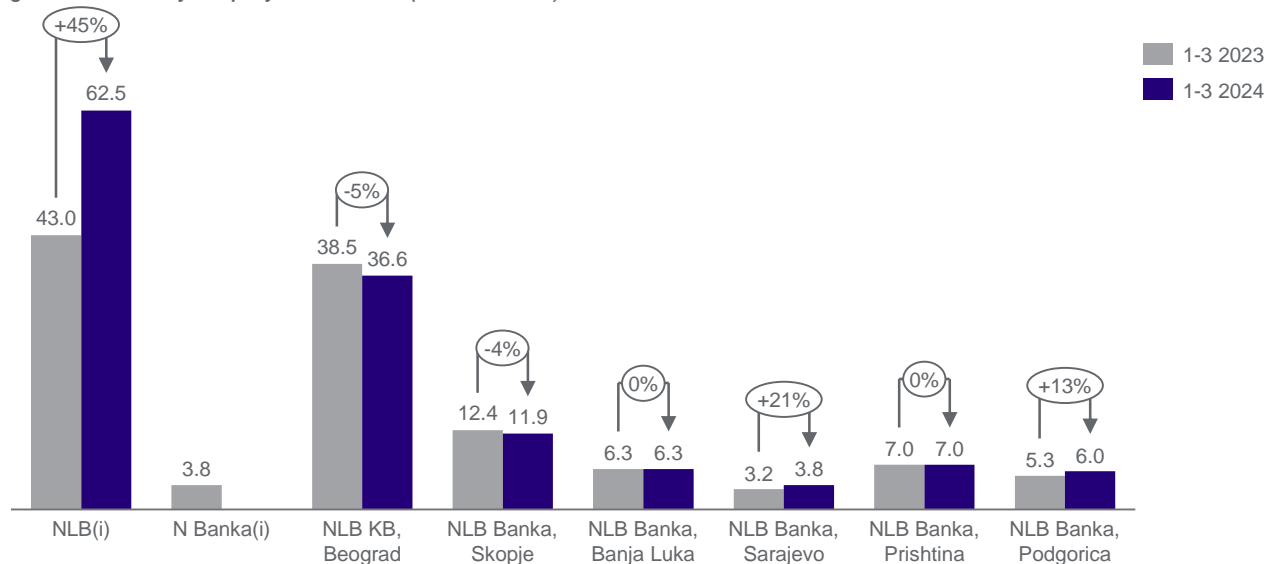
in EUR millions									
	1-3 2024	1-3 2023	Change YoY		Q1 2024	Q4 2023	Q1 2023	Change QoQ	
Net interest income	232.2	179.0	53.2	30%	232.2	231.9	179.0	0.3	0%
Net fee and commission income	71.1	66.1	5.0	8%	71.1	72.4	66.1	-1.3	-2%
Dividend income	0.0	0.0	0.0	-67%	0.0	0.0	0.0	0.0	-11%
Net income from financial transactions	9.8	8.9	0.9	10%	9.8	-2.3	8.9	12.1	-
Net other income	-15.0	-12.1	-2.9	-24%	-15.0	-9.5	-12.1	-5.5	-58%
Net non-interest income	65.9	63.0	3.0	5%	65.9	60.6	63.0	5.3	9%
Total net operating income	298.1	241.9	56.2	23%	298.1	292.5	241.9	5.6	2%
Employee costs	-72.2	-66.8	-5.5	-8%	-72.2	-74.7	-66.8	2.5	3%
Other general and administrative expenses	-47.1	-38.7	-8.4	-22%	-47.1	-51.8	-38.7	4.7	9%
Depreciation and amortisation	-13.1	-11.7	-1.4	-12%	-13.1	-13.7	-11.7	0.7	5%
Total costs	-132.4	-117.1	-15.2	-13%	-132.4	-140.2	-117.1	7.9	6%
Result before impairments and provisions	165.8	124.8	41.0	33%	165.8	152.3	124.8	13.5	9%
Impairments and provisions for credit risk	-4.4	18.4	-22.7	-	-4.4	-15.0	18.4	10.6	71%
Other impairments and provisions	-0.3	-6.0	5.7	95%	-0.3	-13.0	-6.0	12.7	98%
Impairments and provisions	-4.7	12.4	-17.1	-	-4.7	-28.0	12.4	23.4	83%
Share of profit from investments in associates and joint ventures	1.0	0.3	0.7	-	1.0	-0.2	0.3	1.2	-
Result before tax	162.1	137.5	24.5	18%	162.1	124.0	137.5	38.1	31%
Income tax	-18.7	-13.9	-4.7	-34%	-18.7	42.8	-13.9	-61.4	-
Result of non-controlling interests	3.4	3.4	0.0	-1%	3.4	3.0	3.4	0.4	12%
Result after tax	140.0	120.1	19.9	17%	140.0	163.8	120.1	-23.7	-14%

Figure 1: Profit after tax of NLB Group – evolution YoY (in EUR millions)



All banks recorded a profit and positively contributed to the Group's result. The most significant contribution of EUR 62.5 million came from NLB, followed by NLB Komercijalna Banka, Beograd, with EUR 36.6 million. The YoY contribution of NLB was higher, mostly due to elevated net interest income. The SEE banks contributed 51% to the Group result, with decreases recorded only in two banks, NLB Komercijalna Banka, Beograd and NLB Banka, Skopje. In both the reason lies with higher net release of impairments and provisions in Q1 2023, with additional non-recurring income in Q1 2023 in NLB Komercijalna Banka, Beograd.

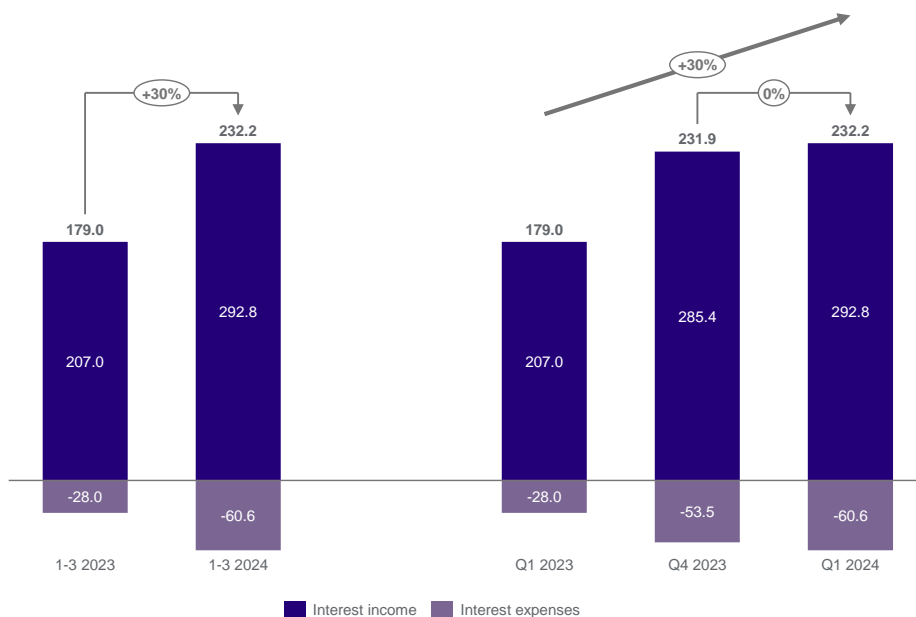
Figure 2: Profit a.t. by company – contribution (in EUR millions)



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

Net Interest Income

Figure 3: Net interest income of NLB Group (in EUR millions)



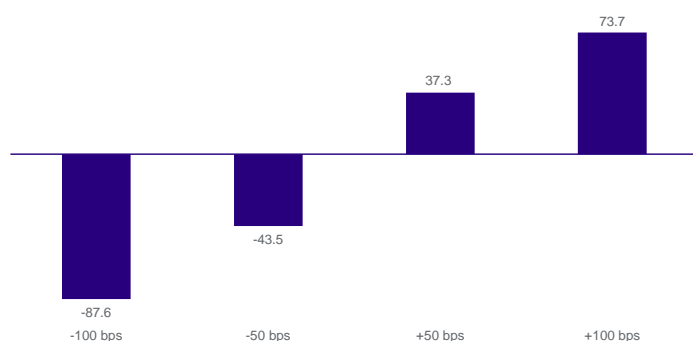
The Group's net interest income constituted 78% of the total net revenues (1-3 2023: 76%) and reached EUR 232.2 million.

A significant increase in the net interest income was recorded in all Group banking members, supported by loan volume growth from healthy demand for loans coupled with prevailing higher interest rates. The growth mainly came from loans to customers, with EUR 45.2 million (EUR 19.7 million allocated to individuals and EUR 25.6 million to corporate and state) and balances at banks and central banks amounting to EUR 21.9 million. At the same time, interest expenses increased due to higher expenses incurred from wholesale funding raised for the minimum requirement for own funds and eligible liabilities (MREL) and capital requirement (EUR 12.3 million), as well as higher expenses for customer deposits (EUR 15.7 million).

Higher interest income and interest expenses in the last quarter were also the result of further net interest income stabilisation with fair value hedges of issued NLB securities in the additional amount of EUR 570 million.

Profitability protection is one of the NLB Group's priorities. Net interest income sensitivity, simulated by a 100 bps immediate parallel downward shift in interest rates, yields a net interest income sensitivity of EUR -87.6 million, mostly driven by the cash and Euribor rate positions. Focus on stabilising net interest income includes on-going increased fixed interest rate loan production, active management of funding mix, liabilities hedging activities, and increasing duration and volume of BB securities portfolio.

Figure 4: NII sensitivity to various rate shocks (NLB Group, in EUR millions)



The cost of funding grew at a much slower pace than interest rates on assets. As a result, the Group's net interest margin improved by 0.59 p.p. to 3.73% YoY. Additionally, the operational business margin reached 4.98%, marking a 0.59 p.p. increase YoY, mainly due to the net interest income growth.

Figure 5: Net interest margin (quarterly data, in %)

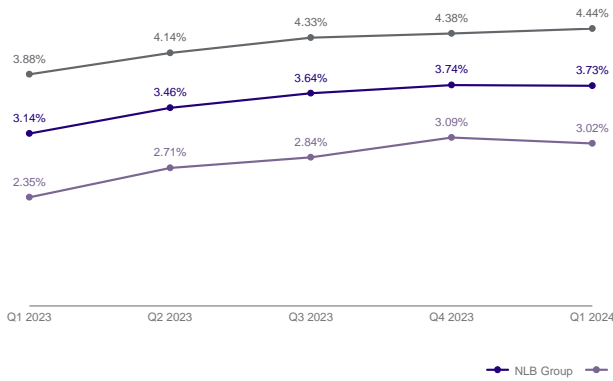
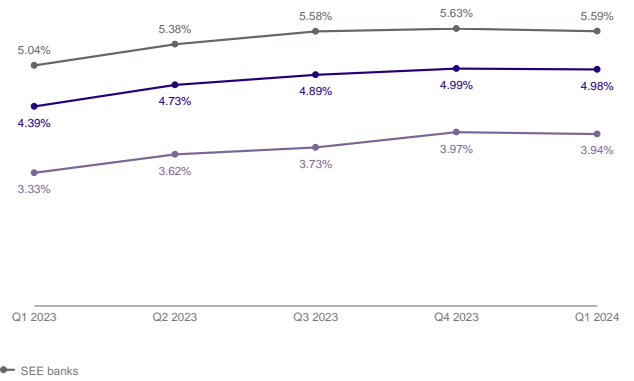


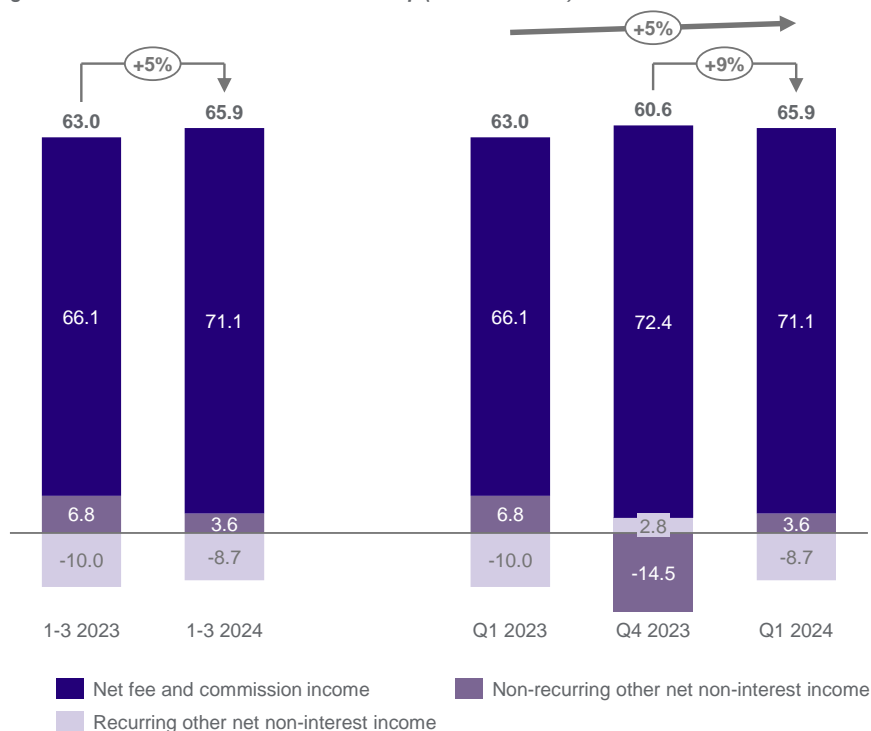
Figure 5: Operational business margin (quarterly data, in %)



● NLB Group ● NLB ● SEE banks

Net Non-Interest Income

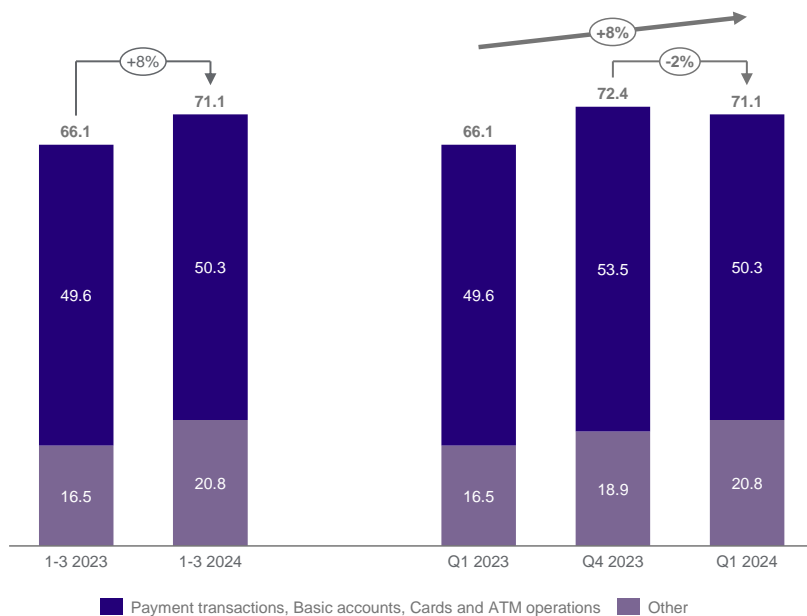
Figure 6: Net non-interest income of NLB Group (in EUR millions)



The Group experienced a 5% YoY increase in net non-interest income. While no significant non-recurring other net non-interest income was recorded in Q1 2023, the EUR 2.7 million recorded in Q1 2024 was attributable to income from financial transactions related to early redemption of Tier 2 notes. Recurring other net non-interest income was higher YoY as a result of lower accrual of one-off expenses for regulatory costs in NLB since there will be no payments in SRF this year, as the quota was already achieved (last year EUR 2.9 million accrual in SRF for NLB and N Banka).

The QoQ comparison shows the effect of the accrual of one-off expenses for regulatory costs in NLB, amounting to EUR 10.5 million for DGS. Additionally, positive effects were observed from the non-recurring part due to the aforementioned early redemption of Tier 2 notes. In contrast, in Q4 2023, non-recurring net non-interest income was negatively impacted by a EUR 15.3 million modification loss for interest rate regulation on housing loans in NLB Komercijalna Banka, Beograd and EUR 5.0 million donations paid for the post-flood reconstruction effort.

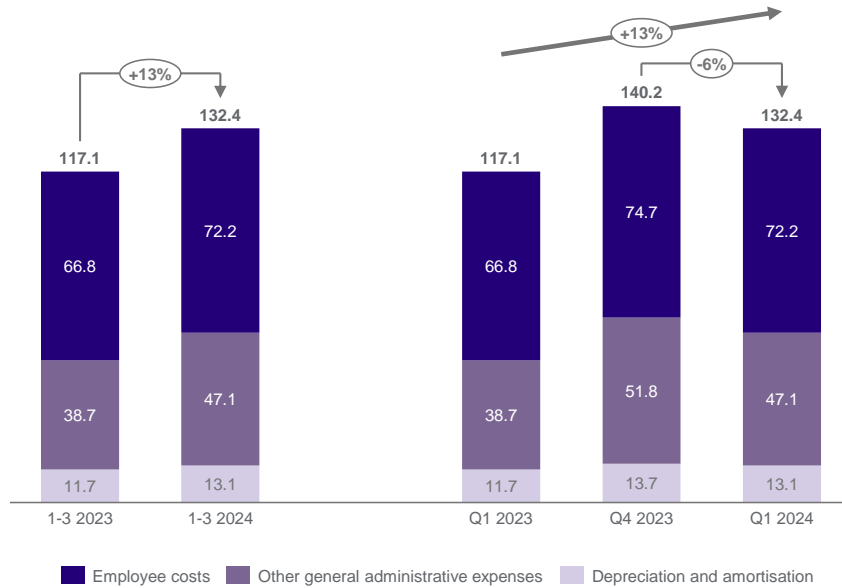
Figure 7: Net fee and commission income of NLB Group (in EUR millions)



Net fee and commission income, a significant component of net non-interest income, increased by 8% YoY. This growth can be attributed to the positive impact of heightened economic activity and consumption, resulting in increased fees across banking members and due to increased activity in investment funds and bancassurance. Notably, NLB Skladi recorded an exceptional sale of investment funds, with EUR 111.8 million gross inflows in Q1 2024, compared to EUR 54.0 million in the same period last year.

Total Costs

Figure 8: Total costs of NLB Group (in EUR millions)



Total costs increased by 13% YoY. The increase was noted in all banking members and was primarily driven by a EUR 5.5 million rise in employee costs and a EUR 8.4 million increase in other general and administrative expenses, having EUR 8.1 million attributed to the newly established tax on balance sheet.

However, on a QoQ basis, costs decreased by 6% due to the typical higher share of cost occurring in the final quarter, including year-end employee payments and higher IT and marketing costs (sponsorships). This year QoQ comparison of other general and administrative costs was additionally influenced by the abovementioned tax on balance sheet.

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

Figure 9: Number of employees

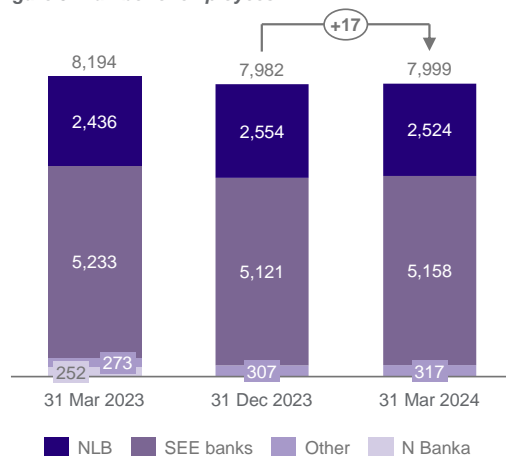
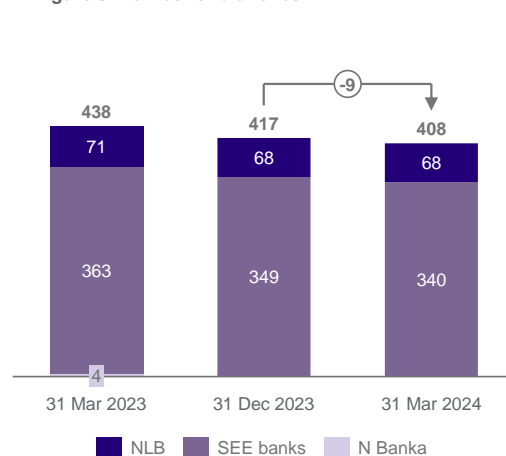


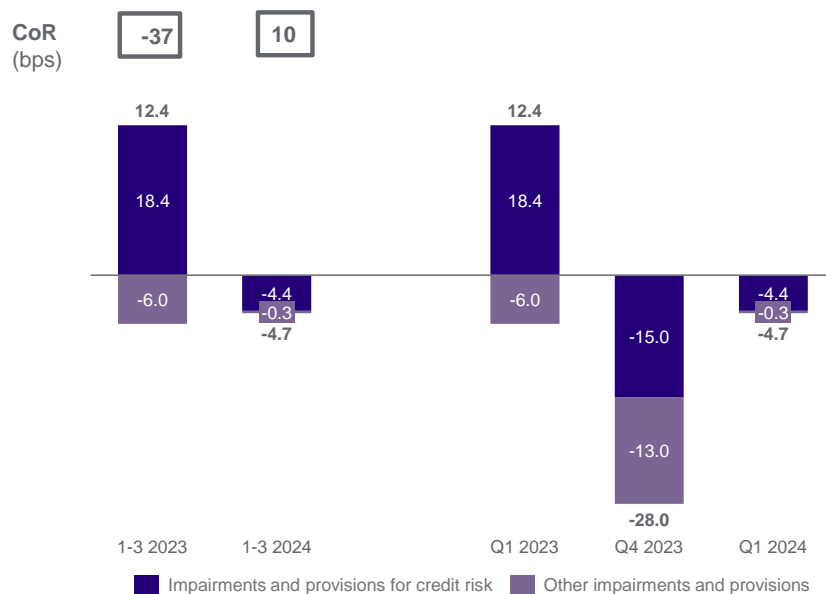
Figure 9: Number of branches



The Cost-to-Income Ratio (CIR) stood at 41.7% (excluding the tax on balance sheet from the calculation), representing a 6.7 p.p. reduction YoY. This improvement was driven by strong net operating income growth, which outpaced the increase in total costs.

Impairments and Provisions

Figure 10: NLB Group impairments and provisions (in EUR millions)



The Group net established EUR 4.4 million impairments and provisions for credit risk. The effects of establishment were mainly driven by the portfolio development, mostly in the retail segment, partially neutralised by repayments of written-off receivables due to a favourable NPLs resolution. CoR was positive and stood at 10 bps.

Income Tax

The effective tax rate (calculated as income tax divided by profit before tax) for the first quarter for NLB Group was 11.51%, and for NLB, 7.11%. A global minimum tax for multinationals, first applied in 2024, is included in income tax. The contribution rate, which also includes the tax on balance sheet (recognised in administrative expenses), for the first quarter of 2024 for NLB Group was 16.49 %, and for NLB, 15.09 %.

For further information, please refer to the [Note 4.13](#) in the financial part of the report.

Statement of Financial Position

Table 4: Statement of financial position of NLB Group

in EUR millions							
	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YtD		Change YoY	
ASSETS							
Cash, cash balances at central banks, and other demand deposits at banks	5,481.1	6,103.6	5,304.3	-622.4	-10%	176.8	3%
Loans to banks	416.3	547.6	329.1	-131.4	-24%	87.1	26%
Net loans to customers	13,859.9	13,734.6	13,137.7	125.3	1%	722.2	5%
Gross loans to customers	14,197.1	14,063.6	13,455.0	133.5	1%	742.1	6%
- Corporate	6,412.8	6,437.8	6,269.3	-25.0	0%	143.5	2%
- Individuals	7,394.8	7,235.3	6,850.7	159.5	2%	544.1	8%
- State	389.5	390.4	335.0	-1.0	0%	54.5	16%
Impairments and valuation of loans to customers	-337.2	-329.0	-317.3	-8.2	-3%	-19.9	-6%
Financial assets	5,485.9	4,803.7	4,582.5	682.2	4%	903.4	20%
- Trading book	15.0	15.8	19.3	-0.8	-5%	-4.3	-22%
- Non-trading book	5,470.9	4,787.9	4,563.3	683.1	4%	907.7	20%
Investments in subsidiaries, associates, and joint ventures	13.5	12.5	12.0	1.0	8%	1.5	12%
Property and equipment	276.0	278.0	252.1	-2.0	-1%	24.0	10%
Investment property	30.0	31.1	35.3	-1.1	-4%	-5.3	-15%
Intangible assets	60.5	62.1	56.9	-1.6	-3%	3.6	6%
Other assets	402.5	368.7	301.9	33.8	9%	100.6	33%
TOTAL ASSETS	26,025.7	25,942.0	24,011.8	83.7	0%	2,014.0	8%
LIABILITIES							
Deposits from customers	20,471.5	20,732.7	19,732.0	-261.2	-1%	739.5	4%
- Corporate	5,504.3	5,859.2	5,331.8	-354.9	-6%	172.5	3%
- Individuals	14,554.6	14,460.3	13,951.7	94.3	1%	603.0	4%
- State	412.6	413.2	448.5	-0.6	0%	-36.0	-8%
Deposits from banks and central banks	134.7	95.3	107.4	39.4	41%	27.3	25%
Borrowings	209.4	240.1	279.9	-30.7	-13%	-70.5	-25%
Subordinated debt securities	597.3	509.4	513.2	87.9	7%	84.1	16%
Other debt securities in issue	838.0	828.8	311.7	9.2	1%	526.3	169%
Other liabilities	674.7	587.6	499.6	87.1	5%	175.1	35%
Equity	3,035.6	2,882.9	2,507.6	152.7	5%	528.0	21%
Non-controlling interests	64.4	65.1	60.3	-0.7	-1%	4.2	7%
TOTAL LIABILITIES AND EQUITY	26,025.7	25,942.0	24,011.8	83.7	0%	2,014.0	8%

The Group's **total assets** amounted to EUR 26,025.7 million, with a minor increase YtD and a EUR 2,014.0 million increase YoY. The LTD ratio (net) was 67.7% at the Group level, a 1.1 p.p. YtD increase as deposit volume decreased and loan volume increased.

Figure 11: Total assets of NLB Group by the location of NLB Group entities (in %)

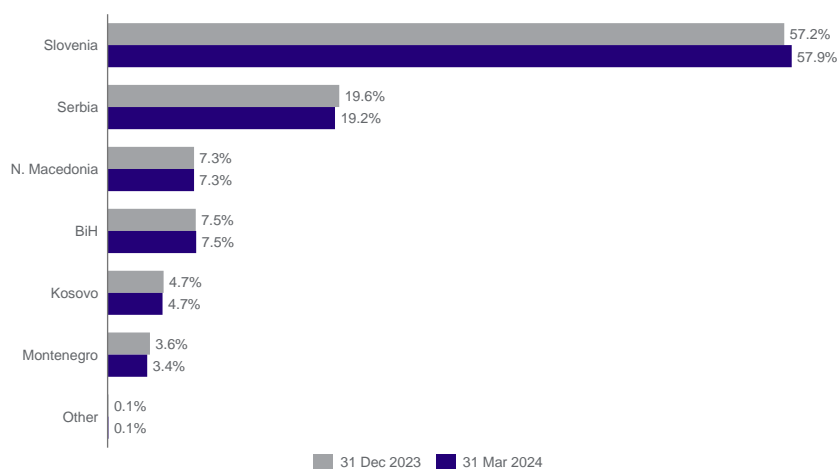
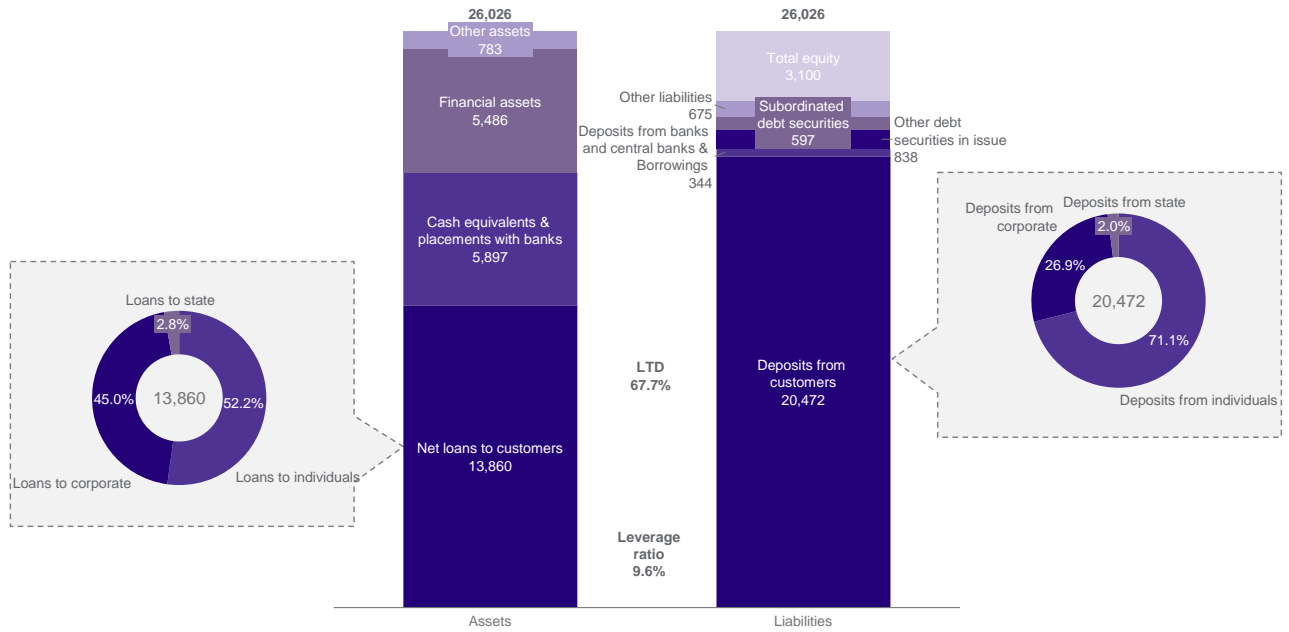


Figure 12: Balance sheet structure of NLB Group on 31 March 2024 (in EUR millions)

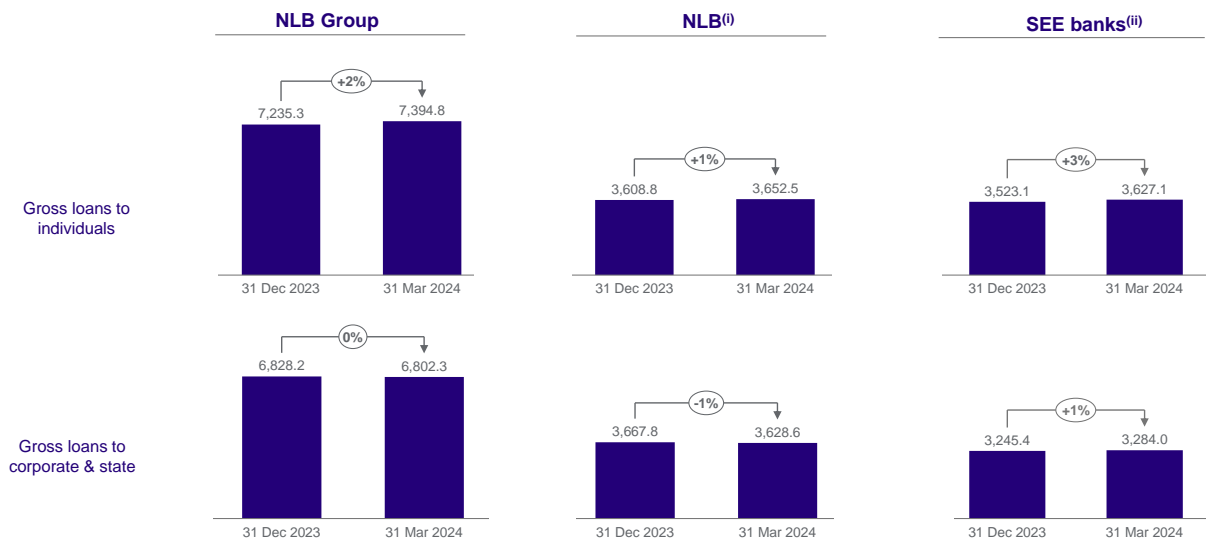


Loans to customers

The growth in **loan volume** has moderated with the rise in interest rates, resulting in an overall modest YtD growth. In Slovenia, the business environment remains less predictable, and corporate clients continue their business activities cautiously, while the increase in individual gross loans has still reflected a healthy demand.

Meanwhile, growth of gross loans continued in SEE banks, accompanied by buoyant new production, especially of housing and consumer loans.

Figure 13: Gross loans to customers YtD dynamics (in EUR millions)



(i) On a stand-alone basis.

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

Figure 14: Interest rates for loans to customers (quarterly, in %)



(i) On a stand-alone basis.

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

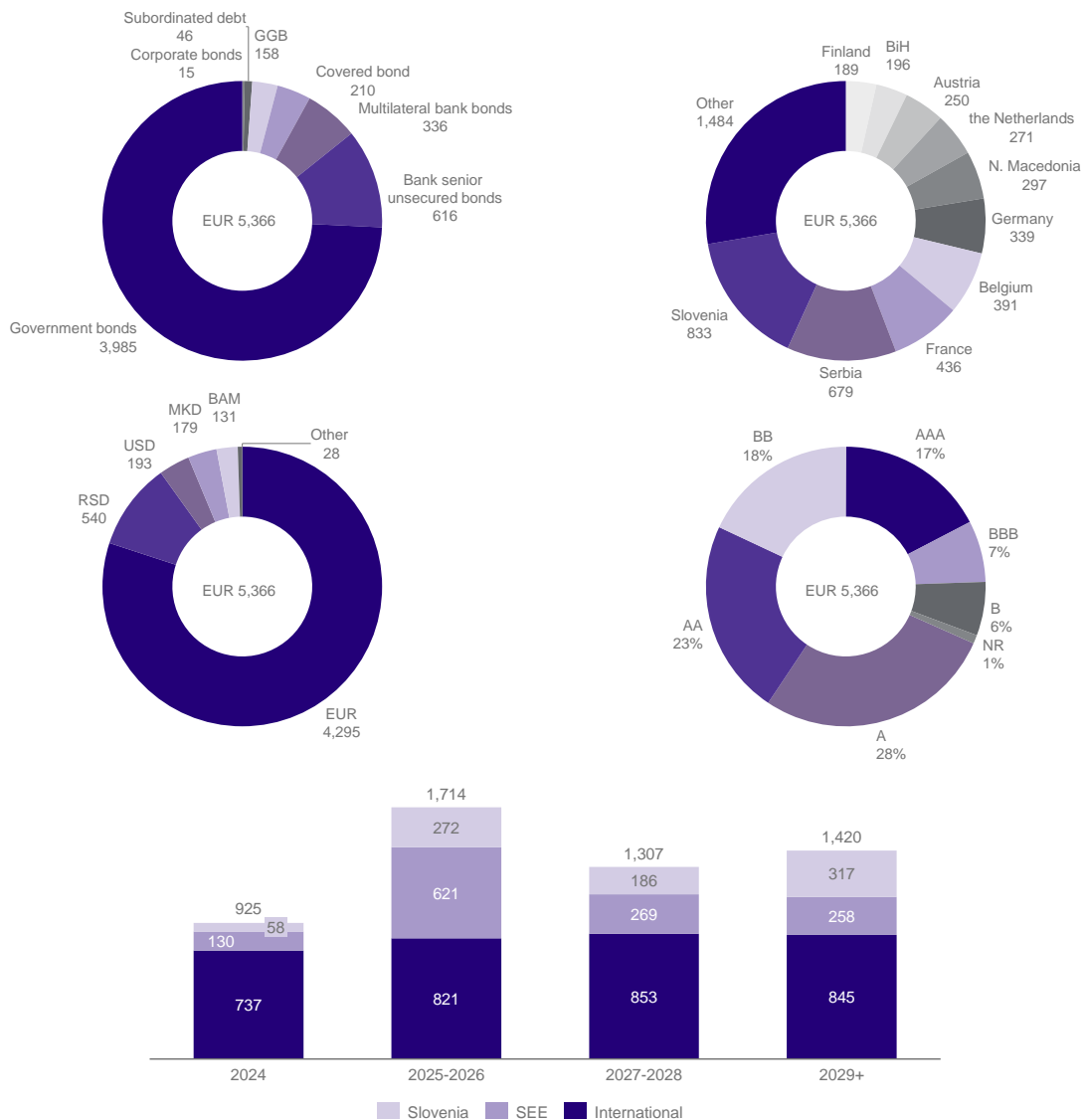
Financial Assets – Banking Book

The banking book debt securities portfolio increased YtD by EUR 679 million (book value), constituting 20.6% of the Group's total assets compared to 18.1% in 2023. At the end of Q1, the portfolio's average duration was 3.16 years (compared to 2.8 years in 2023), with an average yield of 2.28% in Q1, 0.61 p.p. higher than in the year 2023. The ESG portfolio represented 7.7% of the whole portfolio.

Two business models are implemented, dividing the portfolio into securities valued at fair value through other comprehensive income (FVOCI) and securities valued at amortised cost (AC). At the end of Q1, the FVOCI portfolio represented 46.15% of the total Group debt securities portfolio, remaining practically unchanged compared to end of 2023, with an average duration of 2.14 years. The negative valuation of FVOCI Group's debt securities portfolio during Q1 amounted to EUR 78 million (the net of hedge accounting effects and related deferred taxes).

The AC portfolio amounted to 53.85% of the total Group debt securities portfolio at the end of Q1, with an average duration of 4.04 years. Unrealised losses of AC Group's debt securities portfolio during Q1 amounted to EUR 85 million.

Figure 15: Banking book debt securities portfolio by asset class, geography, currency, rating and maturity profile as at 31 March 2024 (in EUR millions)



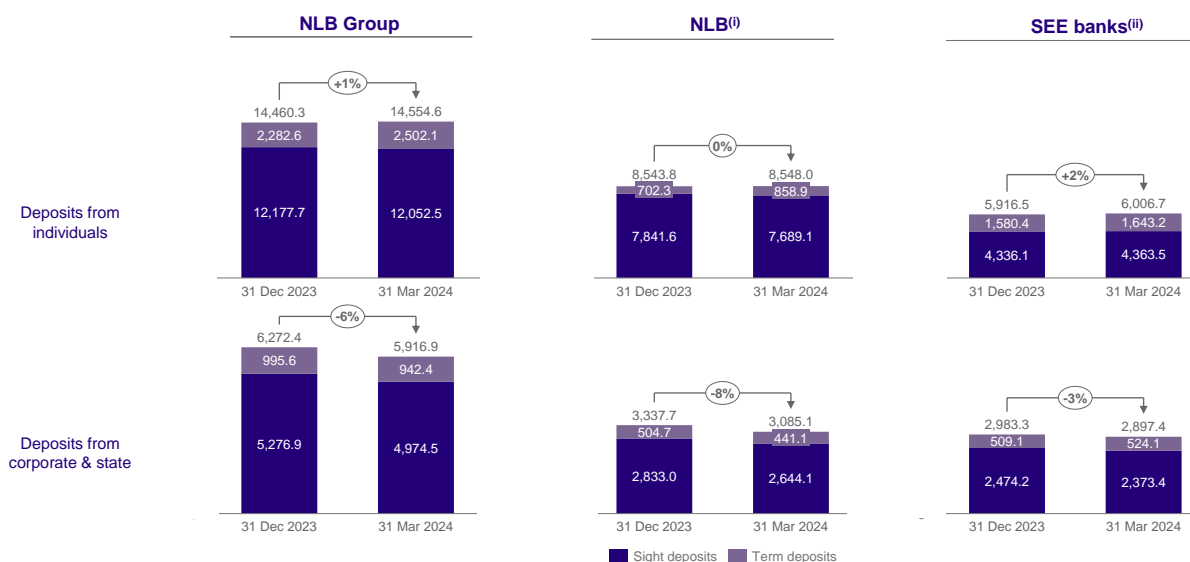
Deposits from customers

The **deposit base** of the Group decreased by 1% YtD due to a decline in corporate and state deposits, particularly notable in NLB, which experienced an 8% drop in the first quarter of the year. Generally noticeable downturn in corporate deposits was observed in the entire Slovenian banking system (3.9% drop in Q1 2024). Similarly, the corporate and state deposit base in SEE banks also contracted, with decreases observed across all banking members except NLB Banka, Banja Luka.

Deposits from individuals remained stable YtD in NLB and were influenced by the RoS first retail bond issue. Specifically, around EUR 80 million of individual deposits were transferred to the bond purchase. Additionally, clients' preferences have shifted towards higher-yielding financial products like investment funds and bancassurance, leading to a slowdown in deposit growth. Higher interest rates for term deposits led to high growth in the term deposit volume in Q1 2024 (EUR 157 million), with a shift from sight to term deposits. The share of term and savings accounts in the total deposits from individuals gradually rose to 49% at the end of March (compared to 44% as at 31 March 2023).

A stable growth of 2% was recorded in deposits from individuals in SEE banks, with an increase recorded in most of the bank members.

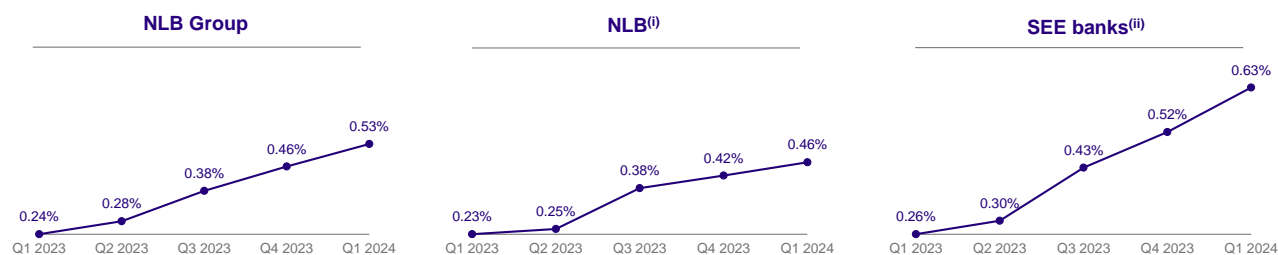
Figure 16: Deposits from customers YtD dynamics (in EUR millions)



(i) On a stand-alone basis.

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

Figure 17: Interest rates for deposits from customers (quarterly, in %)



(i) On a stand-alone basis.

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

Off-balance sheet items

Figure 18: NLB Group off-balance sheet items (in EUR millions)



Off-balance sheet items of the Group increased by 20% YoY and 6% YtD.

Major part of loan commitments represents loans (62%), with the rest divided between overdrafts and cards.

A higher volume of guarantees drove the guarantee fee income up by 5% YoY.

The increase in derivatives was mainly due to hedging of issued NLB securities with the aim of net interest income stabilisation (EUR 570 million in Q1 and EUR 1,020 million YoY).

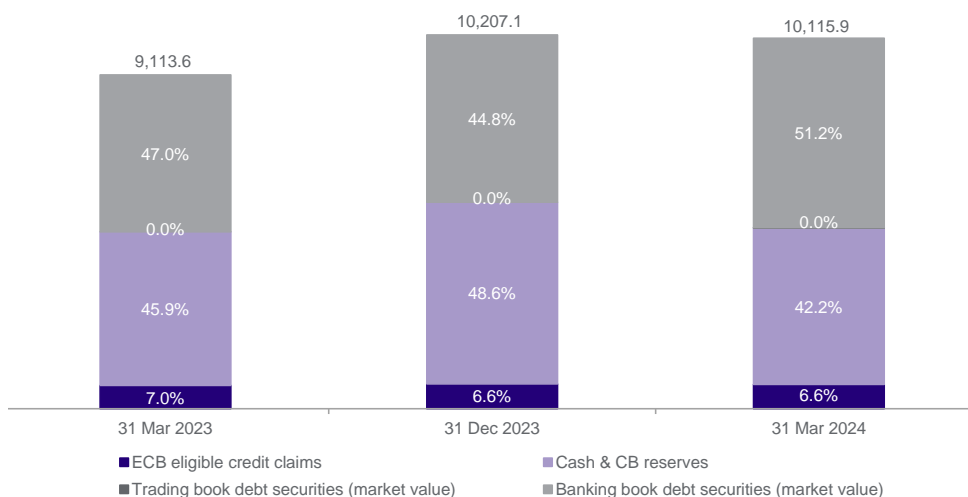
Liquidity, Capital and MREL

Liquidity position

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

In Q1, the Group's unencumbered liquidity reserves increased by 11% YoY, comprising of cash, balances with CB without minimum reserve requirement, the debt securities portfolio, and credit claims eligible for CB-secured funding operations. Among others, these liquidity reserves provided the basis for future strategic growth. The growth of unencumbered liquidity reserves can largely be attributed to the increase in CB reserves and banking book debt securities, while the values of other categories stayed at similar levels. Encumbered liquidity reserves, used for operational and regulatory purposes, decreased by 64% YoY to EUR 40.7 million (excluding obligatory reserves) and were excluded from the liquidity reserves portfolio.

Figure 19: Evolution of NLB Group unencumbered liquidity reserves (in EUR millions)



Capital

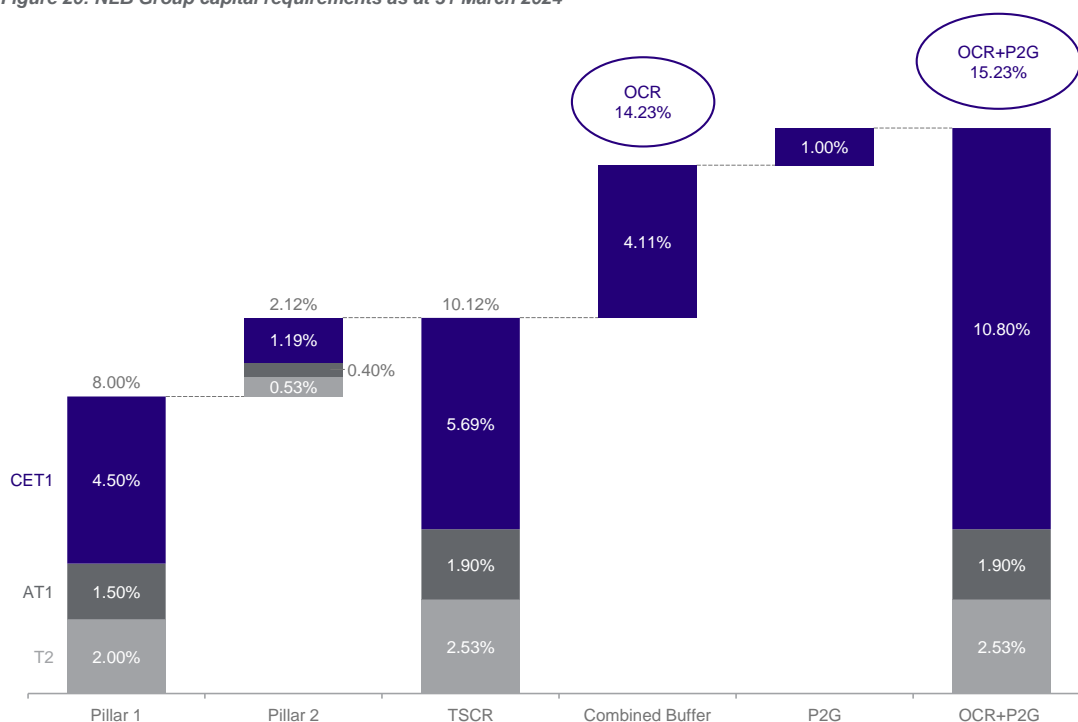
Capital Requirements

At the end of March 2024, the Bank's Overall Capital Requirement (OCR) on a consolidated basis was 14.23%, which is lower than at the end of year 2023. This requirement has two components:

- The Total SREP Capital Requirement (TSCR) is 10.12%, which includes 8.00% Pillar 1 and 2.12% Pillar 2 Requirements (P2R). As of 1 January 2024, the Pillar 2 Requirement decreased by 0.28 p.p. to 2.12% due to an improved overall SREP assessment.
- The second component is the Combined Buffer Requirement (CBR), which is 4.11%. The CBR consists of a 2.50% Capital Conservation Buffer, a 1.25% O-SII Buffer, a 0.26% Countercyclical Buffer¹ and a 0.10% Systemic Risk Buffer².

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

Figure 20: NLB Group capital requirements as at 31 March 2024



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

¹ The Bank of Slovenia has increased the countercyclical capital buffer for exposures in Slovenia from 0% to 0.5%. The Bank had to meet the required buffer from 31 December 2023 onwards.

² Starting from 1 January 2023, the Bank of Slovenia has made it mandatory for banks to maintain a systemic risk buffer for sectoral exposures. The required rates are 1.0% for all retail exposures to natural persons secured by residential real estate and 0.5% for all other exposures to natural persons.

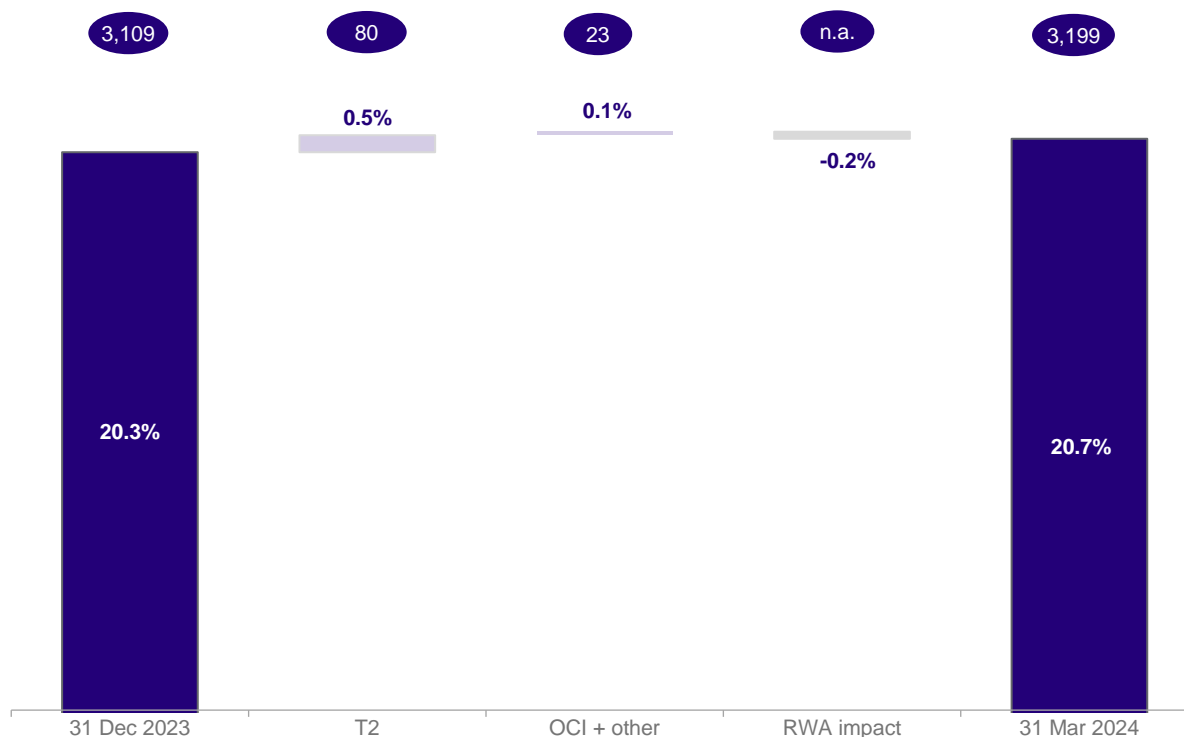
Capital Adequacy

Table 5: Capital realisation YtD and surplus over the regulatory requirement of NLB Group as of 31 March 2024

	in EUR millions			
	31 Mar 2024	31 Dec 2023	Change YtD	Surplus 31 Mar 2024
Common Equity Tier 1 capital	2,519	2,510	10	853
Tier 1 capital	2,607	2,598	10	648
Total capital	3,199	3,109	90	850
Total risk exposure amount (RWA)	15,428	15,337	91	
Common Equity Tier 1 Ratio	16.33%	16.36%	-0.03 p.p.	5.5 p.p.
Tier 1 Ratio	16.90%	16.94%	-0.04 p.p.	4.2 p.p.
Total Capital Ratio	20.74%	20.27%	0.47 p.p.	5.5 p.p.

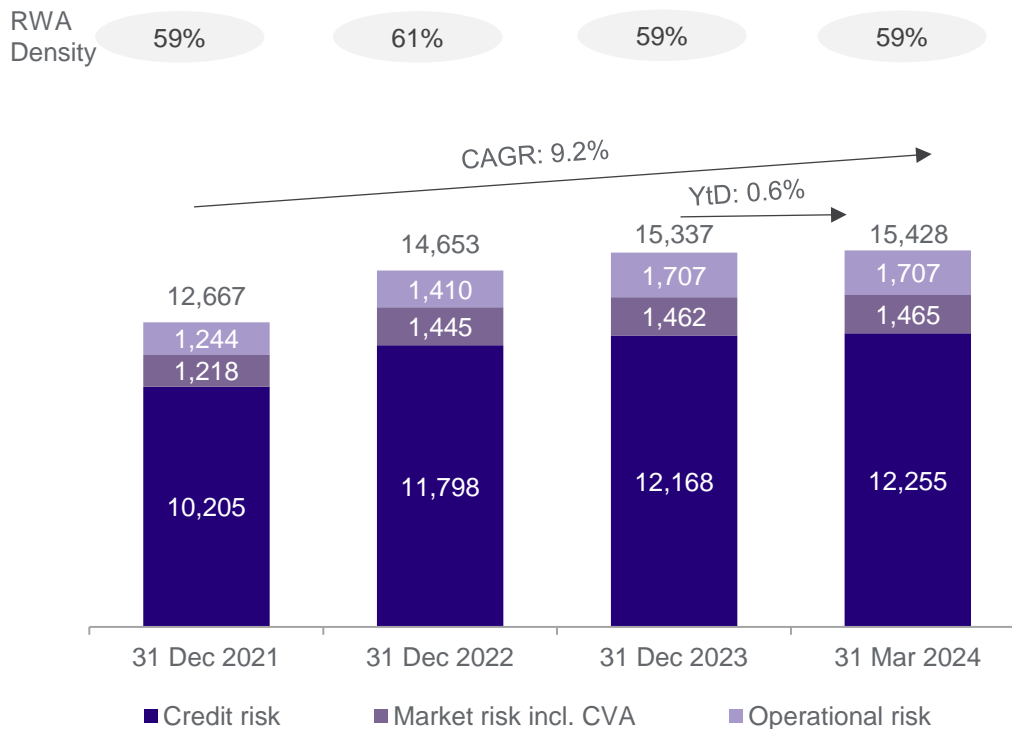
As at 31 March 2024, the TCR for the Group stood at 20.7% (or 0.5 p.p. increase YtD), and the CET1 ratio stood at 16.3%, well above requirements. The higher total capital adequacy derives from higher capital (EUR 90.2 million YtD), which compensated for the increase of the RWA (EUR 90.6 million YtD). The Group increased its capital mainly with an increased volume of T2 instruments (EUR 80.4 million) and EUR 12.7 million in revaluation adjustments.

Figure 21: Capital (in EUR millions) and capital ratios of NLB Group – YoY development



Total risk exposure dynamic

Figure 22: RWA structure (in EUR millions)



In the first three months of 2024, the RWA of the Group for credit risk increased by EUR 87.2 million due to lending activity, which was more predominant in the retail segment. New production in the corporate segment was partially offset by repayments provided by corporate clients in NLB. Additionally, RWA for high-risk exposures increased due to new project financing loans given, mostly in NLB and NLB Komercijalna Banka, Beograd, and withdrawals of project finance loans approved in the previous periods. However, the decrease in RWA for liquidity assets resulted from reduced exposures towards central governments and central banks, partially offset by higher RWA due to purchasing subordinated bonds.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) in the amount of EUR 3.4 million YtD during the first three months of 2024 was driven by higher RWA for FX risk of EUR 5.5 million (mainly due to more opened positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk of EUR 2.6 million, and lower RWA for TDI risk of EUR 4.8 million (due to closed net positions from IRS).

Wholesale Funding Strategy and MREL

Wholesale Funding

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

The Bank was active in capital markets, issuing 10NC5 Subordinated Tier 2 notes in January for MREL purposes and improving the capital position.

Table 6: Overview of outstanding NLB notes as at 31 March 2024

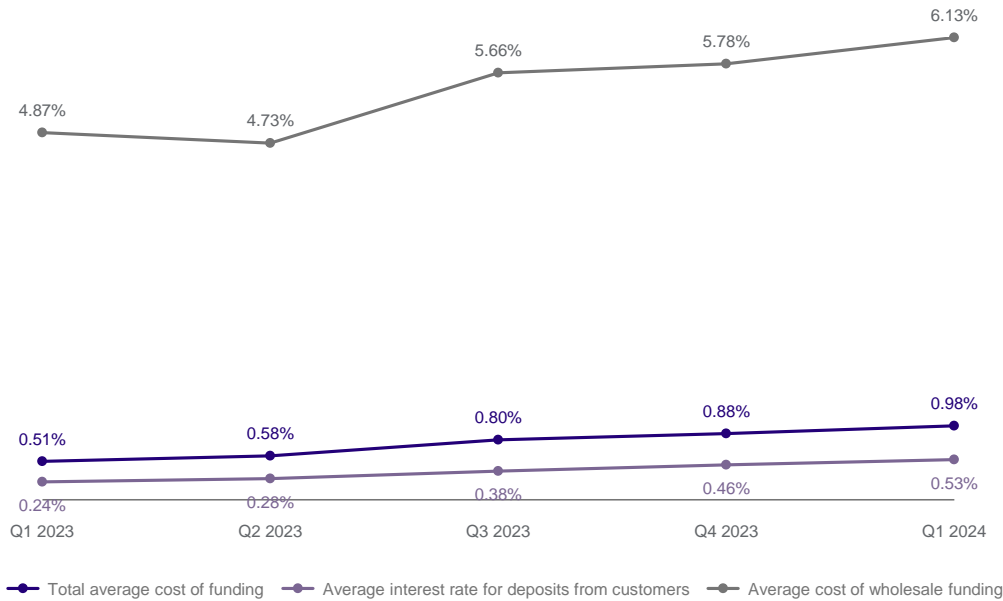
							in EUR millions
Type of bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value	
Senior Preferred	XS2641055012	27 June 2023	27 June 2027	27 June 2026	7.125% p.a.	500	
Senior Preferred	XS2498964209	19 July 2022	19 July 2025	19 July 2024	6.000% p.a.	300	
Total SP:						800	
Tier 2	XS2750306511	24 January 2024	24 January 2034	24 January 2029	6.875% p.a.	300	
Tier 2	XS2413677464	28 November 2022	28 November 2032	28 November 2027	10.750% p.a.	225	
Tier 2	XS2113139195	5 February 2020	5 February 2030	5 February 2025	3.400% p.a.	10.5 ⁽ⁱ⁾	(issued amount: 120)
Tier 2	XS2080776607	19 November 2019	19 November 2029	19 November 2024	3.650% p.a.	9.9 ⁽ⁱ⁾	(issued amount: 120)
Tier 2	SI0022103855	6 May 2019	6 May 2029	6 May 2024	4.200% p.a.	45 ⁽ⁱⁱ⁾	
Total Tier 2:						590.4	
Additional Tier 1	SI0022104275	23 September 2022	Perpetual	between 23 September 2027 and 23 March 2028	9.721% p.a.	82	
Total AT1:						82	
Total outstanding:						1,472.4	

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

(ii) Further information is available in the chapters [Events After 31 March 2024](#).

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

Figure 23: Average cost of funding (quarterly data)

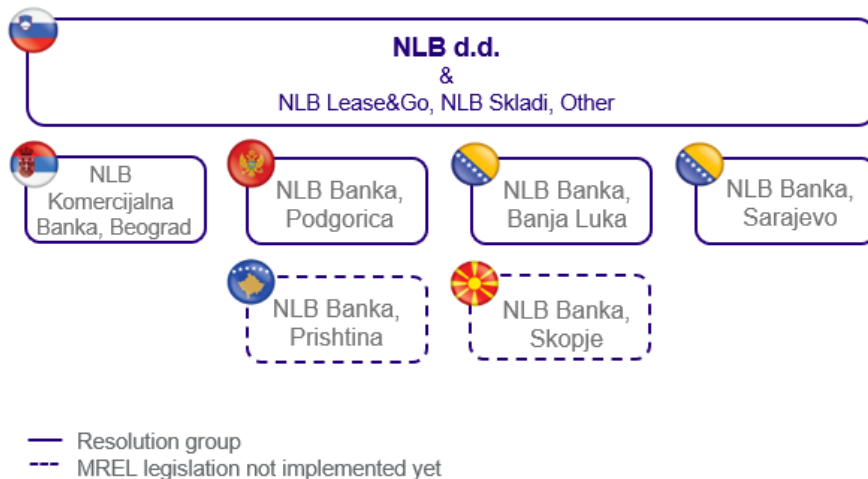


MREL compliance

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

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

Figure 24: Resolution groups within NLB Group



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

Table 7: Contribution to NLB Resolution Group's TREA

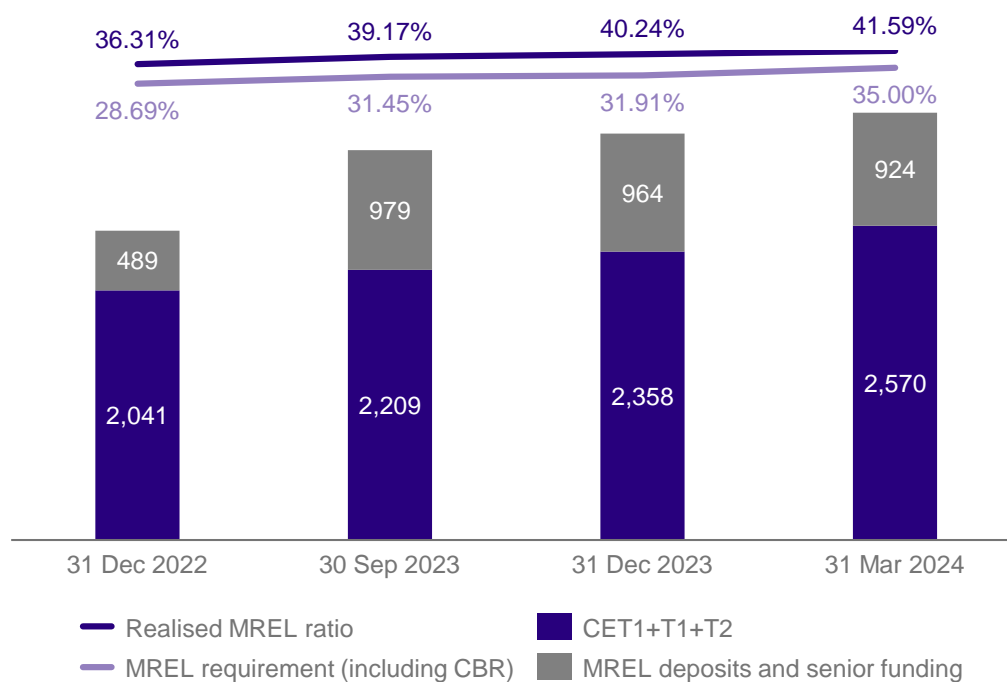
Entity	in EUR millions
	31 Mar 2024
NLB d.d.	7,985
NLB Lease&Go, Ljubljana	228
NLB Skladi, Ljubljana	57
Other	130
TREA total	8,400

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

- 30.66% of TREA + applicable CBR (4.34% on 31 March 2024),
- 10.69% of LRE.

On 31 March 2024, the MREL ratio amounted to 41.59% TREA and 20.66% LRE, which was well above the required level.

Figure 25: Evolution of MREL eligible funding (in EUR millions), MREL requirement and realised MREL ratio



NLB Shareholders Structure

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

Table 8: NLB's main shareholders as at 31 March 2024^{(i), (iv)}

Shareholder	Number of shares	Percentage of shares
Bank of New York Mellon on behalf of the GDR holders ⁽ⁱⁱ⁾	10,357,070	51.79
• of which European Bank for Reconstruction and Development (EBRD) ⁽ⁱⁱⁱ⁾	n.a.	>5 and <10
Republic of Slovenia (RoS)	5,000,001	25.00
Other shareholders	4,642,929	23.21
Total	20,000,000	100.00

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

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

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

(iv) Further information is available in the chapters [Key Events](#).

Segment Analysis

Core Segments³

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

Non-Core Segment

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

Table 9: Segments of NLB Group

	NLB Group	Core Segments				Non-Core Segment	
		Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Financial Markets in Slovenia	Strategic Foreign Markets	Other	Non-Core Members
Profit b.t. (in EUR millions)	162	61	32	2	82	-14	0
Contribution to Group's profit b.t.	100%	38%	20%	1%	50%	-9%	0%
Total assets (in EUR millions)	26,026	3,839	3,306	7,436	10,931	478	35
% of total assets	100%	15%	13%	29%	42%	2%	0%
CIR	41.7%	34.7%	35.0%	56.3%	43.2%	885.5%	/
Cost of risk (bps)	10	59	-33	/	13	/	/

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

³ N Banka is included as an independent legal entity in segment analysis for the year 2023 until 1 September 2023 when the legal and operational merger between N Banka and NLB was successfully completed.

Retail Banking in Slovenia

Highlights

- Significantly increased net interest income, primarily due to higher volumes and margins on client deposits.
- Continued with excellent new loan production of consumer loans.
- Implemented Apple Pay and push notifications in NLB Pay wallet.
- New functionalities added to NLB Klik.

Financial and Business Performance

Table 10: Key financials of Retail Banking in Slovenia segment

	in EUR millions consolidated							
	1-3 2024	1-3 2023	Change YoY		Q1 2024	Q4 2023	Q1 2023	Change QoQ
Net interest income	80.1	49.3	30.8	62%	80.1	79.7	49.3	0%
Net interest income from Assets ⁽ⁱ⁾	22.6	22.6	0.0	0%	22.6	21.8	22.6	3%
Net interest income from Liabilities ⁽ⁱ⁾	57.5	26.7	30.8	113%	57.5	57.9	26.7	-1%
Net non-interest income	20.2	21.1	-0.8	-4%	20.2	27.3	21.1	-26%
o/w Net fee and commission income	30.2	28.2	2.1	7%	30.2	29.7	28.2	2%
Total net operating income	100.3	70.4	29.9	42%	100.3	107.0	70.4	-6%
Total costs	-34.8	-35.9	1.1	3%	-34.8	-46.8	-35.9	26%
Result before impairments and provisions	65.5	34.5	31.0	90%	65.5	60.2	34.5	9%
Impairments and provisions	-5.5	-11.5	6.0	52%	-5.5	-10.4	-11.5	47%
Share of profit from investments in associates and joint ventures	1.0	0.3	0.7	-	1.0	-0.2	0.3	-
Result before tax	60.9	23.3	37.7	162%	60.9	49.5	23.3	23%
	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YtD	Change YoY			
Net loans to customers	3,744.9	3,694.2	3,607.8	50.7	1%	137.1	4%	
Gross loans to customers	3,817.3	3,760.8	3,665.8	56.6	2%	151.5	4%	
Housing loans	2,495.6	2,483.5	2,426.1	12.1	0%	69.5	3%	
Interest rate on housing loans ⁽ⁱⁱ⁾	3.26%	3.07%	2.93%	0.19 p.p.	0.33 p.p.			
Consumer loans	856.4	818.5	744.4	37.8	5%	111.9	15%	
Interest rate on consumer loans ⁽ⁱⁱ⁾	8.36%	8.14%	8.00%	0.22 p.p.	0.36 p.p.			
NLB Lease&Go, Ljubljana	108.7	98.2	76.0	10.6	11%	32.7	43%	
Other	356.7	360.6	419.2	-3.9	-1%	-62.6	-16%	
Deposits from customers	9,369.1	9,357.8	9,091.3	11.3	0%	277.7	3%	
Interest rate on deposits ⁽ⁱⁱ⁾	0.47%	0.32%	0.25%	0.15 p.p.	0.22 p.p.			
Non-performing loans (gross)	85.2	77.3	69.9	7.8	10%	15.2	24%	
	1-3 2024	1-3 2023	Change YoY					
Cost of risk (in bps)	59	26	33					
CIR	34.7%	51.0%	-16.3 p.p.					
Net interest margin ⁽ⁱⁱ⁾	4.89%	3.18%	1.71 p.p.					

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

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

Net interest income saw a substantial YoY increase of 62%, primarily attributed to higher volumes and the key ECB interest rate hikes that positively affected the segment's income from clients' deposits. The average interest rate on deposits increased by 22 bps YoY. The Bank offered more attractive interest rates for term deposits and savings accounts for individuals, which customers have positively received.

Net fee and commission income increased by 7% YoY, driven by the favourable impact of increased economic activity and consumption, alongside the increased fees from investment funds and bancassurance client engagement.

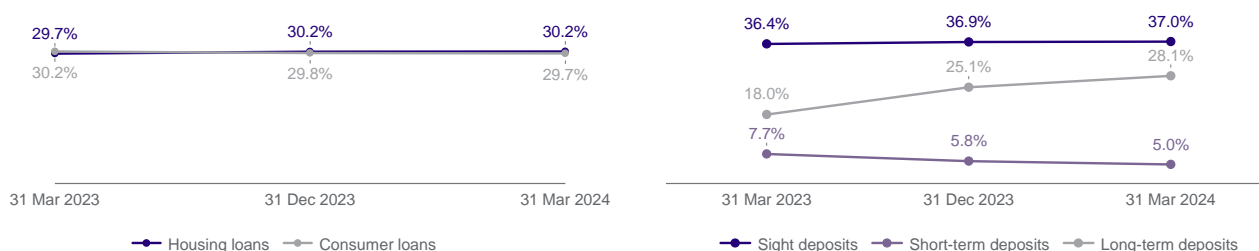
The segment's **total costs** increased YoY by 3% due to last year's inflation affecting the operating costs.

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

The market shares of the segment slightly increased, in retail lending to 29.5% (compared to 29.4% as at 31 March 2023), and in deposit-taking to 33.6% (compared to 33.4% as at 31 March 2023). The retail part of NLB Lease&Go, Ljubljana, continued its steady growth and recorded a 43% portfolio increase YoY.

The segments' **market share of housing and consumer loans** reached 30.2% and 29.7%, respectively, compared to 29.7% and 30.2% as at 31 March 2023. Additionally, the Bank has launched a housing loan campaign called "Your chance for a quick move", aiming to reward 100 young loan borrowers by reimbursing their three instalments of up to EUR 1,000.

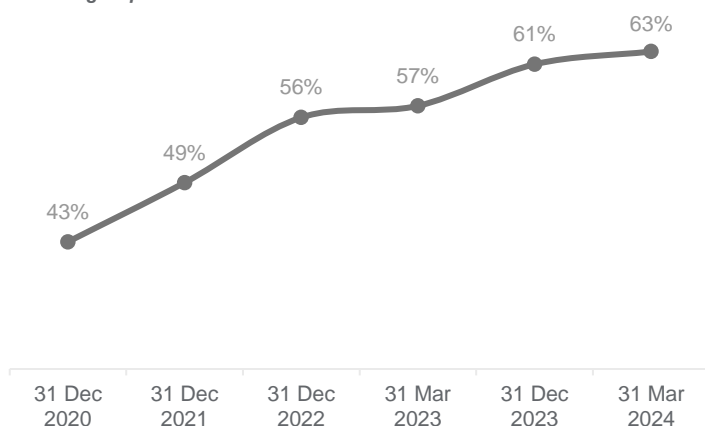
Figure 26: Market share of net loans to individuals and market share of deposits from individuals



The **deposit base** increased YoY but stayed at the same level YtD, partially due to the issuance of the RoS first retail bond, with approximately EUR 80 million of individual deposits being transferred to them. Additionally, clients' preferences have shifted towards higher-yielding financial products like investment funds and bancassurance, leading to a slowdown in deposit growth. The structure of deposits also changed following an interest rate increase in term deposits, leading to a shift to long-term deposits. The share of term deposits and savings accounts in the total deposits from individuals gradually rose to 49% at the end of March (compared to 48% at the end of the year).

The **transition to digital and self-service banking** is evident, as clients actively use the NLB Klik and ATMs as their primary channels for payment transactions. The NLB Klik, an omnichannel solution, has been enhanced with daily banking features such as credit card orders and changes to credit card limits. Moreover, NLB Klik experienced a 14% YoY increase in active digital users and a 5.6 p.p. rise in active digital penetration.

Figure 27: Digital penetration⁽ⁱ⁾



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

The **Contact Centre (CC)**, a 24/7 contact point for the Bank's clients, is also well-accepted as a virtual bank for contracting new products, as 11% of key retail product group sales were made through the CC in Q1 2024.

The Group's mobile wallet **NLB Pay** has undergone a major overhaul with the integration of Google Pay in June 2023. It has been transformed into an app that allows users to easily confirm their e-commerce purchases and Flik payments. Since the implementation of Apple Pay in March, the iOS users have been enjoying a full functionality range. The next upgrade for NLB Pay includes push notifications within the app, making it even more convenient to use.

NLB Skladi, Slovenia's largest asset management company and being also rewarded as the best asset management company in the last decade, maintains a high market share of 39.9%. In Q1 2024, the net inflows amounted to EUR 84.8 million, accounting for 58.6% of all net inflows in the market. Gross inflows in mutual funds for the same period reached EUR 111.8 million (EUR 54.0 million in Q1 2023). The company's total assets under management grew by 21% YoY to EUR 2,603.4 million, of which EUR 2,134.3 million consisted of mutual funds and EUR 472.2 million of the discretionary portfolio.

Corporate and Investment Banking in Slovenia

Highlight

- Net interest income increase driven by higher volumes and margins on client deposits.
- Strong market shares in loans, guarantees and deposits.
- An active role in raising awareness and supporting clients in ESG development and sustainable finance, resulting in an increased volume of sustainable financing.
- Growth in the trade finance business continues, allowing the Bank to preserve high market shares.

Financial and Business Performance

Table 11: Key financials of Corporate and Investment Banking in Slovenia segment

	in EUR millions consolidated							
	1-3 2024	1-3 2023	Change YoY		Q1 2024	Q4 2023	Q1 2023	Change QoQ
Net interest income	32.4	21.2	11.2	53%	32.4	32.1	21.2	11%
Net interest income from Assets ⁽ⁱ⁾	17.8	14.2	3.6	26%	17.8	17.4	14.2	23%
Net interest income from Liabilities ⁽ⁱ⁾	14.6	7.0	7.6	108%	14.6	14.6	7.0	0%
Net non-interest income	12.4	10.1	2.2	22%	12.4	9.8	10.1	26%
o/w Net fee and commission income	10.6	9.7	1.0	10%	10.6	9.6	9.7	10%
Total net operating income	44.7	31.3	13.4	43%	44.7	41.9	31.3	7%
Total costs	-15.7	-17.9	2.3	13%	-15.7	-18.6	-17.9	16%
Result before impairments and provisions	29.1	13.4	15.7	117%	29.1	23.3	13.4	25%
Impairments and provisions	2.7	4.4	-1.7	-38%	2.7	-0.7	4.4	-
Result before tax	31.8	17.9	14.0	78%	31.8	22.6	17.9	41%
	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YtD		Change YoY		
Net loans to customers	3,289.3	3,360.2	3,255.6	-70.9	-2%	33.7	1%	
Gross loans to customers	3,341.2	3,413.2	3,306.8	-72.0	-2%	34.3	1%	
Corporate	3,237.7	3,306.7	3,209.5	-69.0	-2%	28.3	1%	
Key/SME/Cross Border Corporates	2,966.0	3,049.5	3,020.7	-83.5	-3%	-54.7	-3%	
Interest rate on Key/SME/Cross Border Corporates loans ⁽ⁱⁱ⁾	5.21%	4.54%	3.74%	0.67 p.p.		1.47 p.p.		
Investment banking	0.1	0.1	0.1	0.0	-1%	0.0	-1%	
Restructuring and Workout	109.7	97.7	56.4	12.0	12%	53.3	95%	
NLB Lease&Go, Ljubljana	161.9	159.4	132.2	2.6	2%	29.7	22%	
State	102.4	105.6	97.2	-3.2	-3%	5.2	5%	
Interest rate on State loans ⁽ⁱⁱ⁾	6.06%	5.95%	6.88%	0.11 p.p.		-0.82 p.p.		
Deposits from customers	2,202.8	2,471.8	2,394.4	-269.0	-1%	-191.6	-8%	
Interest rate on deposits ⁽ⁱⁱ⁾	0.38%	0.28%	0.18%	0.10 p.p.		0.20 p.p.		
Non-performing loans (gross)	61.7	61.8	64.9	-0.1	0%	-3.2	-5%	
	1-3 2024	1-3 2023	Change YoY					
Cost of risk (in bps)	-33	-56	23					
CIR	35.0%	57.2%	-22.2 p.p.					
Net interest margin ⁽ⁱⁱ⁾	4.18%	2.91%	1.28 p.p.					

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

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

The Corporate and Investment Banking segment cooperates with almost 11,000 corporate clients and holds 25.7% of the market share in loans and 22.4% in deposits. The business's principal is customer centricity and a focus on actual client needs, with comprehensive and tailor-made financial solutions to support our economy.

The **net interest income** showed a substantial increase YoY of 53%, primarily due to the rise in loan volume and the key ECB rate hikes positively affecting the net interest income from clients' deposits. Deposit interest rates, being less sensitive to market rate volatility, demonstrated a higher segment income.

Net fee and commission income increased 10% YoY, mostly due to the fees from the RoS bond issue, brokerage services and guarantees.

The segment recorded 13% lower **costs** YoY as a result of higher costs in Q1 2023 associated with the integration process of N Banka.

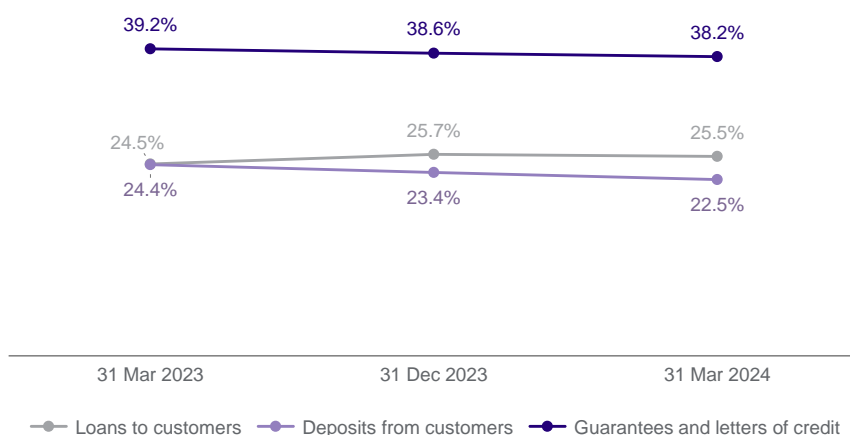
Impairments and provisions were net released in the amount of EUR 2.7 million due to the portfolio development and successful workout resolution.

The **volume of gross loans** increased by EUR 34.3 million YtD, with a EUR 29.7 million portfolio increase from the contribution of NLB Lease&Go, Ljubljana. The business environment remains less predictable, and corporate clients continue their business activities cautiously. Consequently, the production of new loans in Q1 2024 was lower, with EUR 154.0 million of new loans approved (compared to EUR 196.2 million in Q1 2023).

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

Generally noticeable downturn in corporate deposits is observed in the entire Slovenian banking system as well as in NLB, with the **volume of deposits** decreased by 8% YtD.

Figure 28: Market share in Corporate Banking in Slovenia



The Bank remains among the top Slovenian players in custodian services for both Slovenian and international clients. The total value of **assets under custody** increased YtD, mostly on domestic markets, and amounted to EUR 19.8 billion at the end of Q1 2024 (compared to EUR 18.6 billion as at 31 December 2023).

Sound growth in the **trade finance business** continues, with a market share of 38.2%. A strong focus was being given to Slovenian exporters and all different versions of invoice financing.

At the end of Q1 2024, the loan outstanding portfolio of **cross-border financing** reached EUR 402.6 million, with additionally approved and still unutilised loans amounting to EUR 106.7 million in the same period. A significant part of respective financing activities has been focused on green and sustainable projects within the home region while supporting other key industries such as telecommunications, energy and real estate. Outside the home, region activities are concentrated on Schuldschein loans, approved to big international investment-grade rated companies, mainly located in the Nordics and Western Europe. A further focus is being put into exploring options to enter international syndication deals, especially in the renewables universe.

The Bank executed clients' buy and sell orders of EUR 1.21 billion within the **brokerage services** in Q1 2024. In dealing with financial instruments, the Bank conducted foreign exchange spot deals amounting to EUR 588.9 million, and transactions involving derivatives reached EUR 66.4 million in Q1 2024.

The Bank has been actively involved in **financial advisory business**. In addition to mergers and acquisitions (M&A) and advisory business, it was engaged in the organisation of bond issues (as a sole lead manager or joint lead manager) in the nominal amount of EUR 567 million. NLB was also a joint lead manager and distributor of the RoS first retail bond in the nominal amount of EUR 258 million.

E-commerce merchants using payments via **NLB Klik** as a payment method have been migrated to a new payment method, Flik P2eM. NLB Smart POS, a new app solution primarily for the micro-segment and small businesses, has been upgraded with a POS slip print option and with the option to connect NLB Smart POS with a merchant's cash register.

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

Financial Markets in Slovenia

Highlights

- The Bank successfully issued subordinated Tier 2 notes in the amount of EUR 300 million.
- For the purpose of NII stabilisation, the Bank increased the investments in the banking book securities.
- A further diversification of banking book securities portfolio resulted in a higher portion of ESG debt securities.
- Negative ALM result in 2024 is a consequence of FTP policy adjustment which burdens the ALM result for surpluses of MREL and Tier 2 instruments above optimal level.

Financial and Business Performance

Table 12: Key Financials of Financial Markets in Slovenia segment

	in EUR millions consolidated							
	1-3 2024	1-3 2023	Change YoY		Q1 2024	Q4 2023	Q1 2023	Change QoQ
Net interest income	2.1	14.7	-12.6	-86%	2.1	3.6	14.7	-41%
Net interest income w/o ALM ⁽ⁱ⁾	7.7	6.5	1.1	17%	7.7	5.6	6.5	36%
o/w ALM	-5.5	8.2	-13.7	-	-5.5	-2.0	8.2	-173%
Net non-interest income	2.9	-0.9	3.8	-	2.9	3.9	-0.9	-24%
Total net operating income	5.1	13.8	-8.8	-63%	5.1	7.5	13.8	-32%
Total costs	-2.9	-2.3	-0.6	-26%	-2.9	-2.8	-2.3	-1%
Result before impairments and provisions	2.2	11.6	-9.4	-81%	2.2	4.7	11.6	-53%
Impairments and provisions	-0.5	4.3	-4.8	-	-0.5	0.0	4.3	-
Result before tax	1.7	15.9	-14.2	-89%	1.7	4.6	15.9	-63%
	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YtD		Change YoY		
Balances with Central banks	3,684.6	4,153.2	3,534.6	-468.6	-1%	149.9	4%	
Banking book securities	3,655.7	2,981.1	2,911.0	674.7	23%	744.7	26%	
Interest rate ⁽ⁱⁱ⁾	1.68%	1.17%	0.89%	0.51 p.p.		0.79 p.p.		
Borrowings	52.5	82.8	160.0	-30.2	-31%	-107.5	-64%	
Interest rate ⁽ⁱⁱ⁾	2.33%	1.66%	2.26%	0.67 p.p.		0.07 p.p.		
Subordinated liabilities (Tier 2)	597.3	509.4	513.2	87.9	17%	84.1	16%	
Interest rate ⁽ⁱⁱ⁾	7.64%	6.89%	6.74%	0.75 p.p.		0.90 p.p.		
Other debt securities in issue	838.0	828.8	311.7	9.2	1%	526.3	16%	
Interest rate ⁽ⁱⁱ⁾	6.84%	6.56%	6.12%	0.28 p.p.		0.72 p.p.		

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

(ii) Interest rates only for NLB.

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

The **net interest income** was EUR 12.6 million lower YoY and EUR 1.5 million lower QoQ due to ALM result being transferred to Retail Banking and Corporate and Investment Banking segments, and with 2024 additionally being burdened with costs of MREL and T2 instruments above optimal levels.

In January, the Bank successfully issued 10NC5 subordinated Tier 2 notes of EUR 300 million to optimise and strengthen its capital position. The Notes also count towards meeting the MREL requirement.

There was a decrease of EUR 468.6 million YtD in **balances with the central bank**, as they were transferred to **banking book securities**, resulting in a YtD increase of 674.6 million. This transformation was undertaken with the aim of stabilising net interest income in 2024.

Approximately 11% or EUR 391 million of the banking book securities portfolio consists of the ESG debt securities issued by governments, multilateral organisations or financial institutions, of which EUR 108 million were bought in 2024.

At the end of Q1, the duration of the Bank securities portfolio was 3.7 years, with an average yield of 1.68% in Q1 2024. The negative valuation of the FVOCI portfolio as at 31 March 2024 amounted to EUR 43 million (net of hedge accounting effects and related deferred taxes).

Strategic Foreign Markets

Highlights

- All subsidiary banks robustly profitable and earning Cost of Capital (CoC) with NLB Komercijalna Banka, Beograd contributing 51% to the segment's pre-tax profit.
- Double-digit jump in net interest income and increased net interest margin in all banking members.
- Robust consumer lending activity growth over the local markets' dynamics.
- Maintaining the deposit base from retail clients shows the overall confidence in the banking members.
- Remarkable growth of the leasing portfolio in Serbia.
- Continuous sustainable financing and operations improving the carbon footprint of the banks.
- Regional central banks' regulatory changes – new combined buffer capital requirements across the countries of the Group's operations.

Financial and Business Performance

Table 13: Key Financials of the Strategic Foreign Markets segment

in EUR millions consolidated								
	1-3 2024	1-3 2023	Change YoY		Q1 2024	Q4 2023	Q1 2023	Change QoQ
Net interest income	118.8	93.8	24.9	27%	118.8	115.7	93.8	3%
Interest income	137.7	102.5	35.3	34%	137.7	132.4	102.5	4%
Interest expense	-18.9	-8.6	-10.3	-120%	-18.9	-16.7	-8.6	-13%
Net non-interest income	29.2	33.8	-4.6	-13%	29.2	20.5	33.8	43%
o/w Net fee and commission income	30.8	28.6	2.2	8%	30.8	32.9	28.6	-7%
Total net operating income	148.0	127.6	20.4	16%	148.0	136.2	127.6	9%
Total costs	-63.9	-57.1	-6.8	-12%	-63.9	-71.8	-57.1	11%
Result before impairments and provisions	84.1	70.6	13.6	19%	84.1	64.4	70.6	31%
Impairments and provisions	-2.5	11.1	-13.6	-	-2.5	-14.4	11.1	82%
Result before tax	81.6	81.7	-0.1	0%	81.6	50.1	81.7	63%
o/w Result of minority shareholders	3.4	3.4	0.0	-1%	3.4	3.0	3.4	12%

	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YtD		Change YoY	
Net loans to customers	6,794.8	6,648.1	6,237.3	146.7	2%	557.6	9%
Gross loans to customers	6,992.1	6,839.8	6,424.6	152.2	2%	567.5	9%
Individuals	3,631.0	3,525.6	3,300.4	105.4	3%	330.6	10%
Interest rate on retail loans	7.06%	6.63%	6.30%	0.44 p.p.		0.76 p.p.	
Corporate	3,087.8	3,042.9	2,900.1	44.9	1%	187.7	6%
Interest rate on corporate loans	5.96%	5.37%	4.78%	0.59 p.p.		1.18 p.p.	
State	273.3	271.4	224.1	1.9	1%	49.2	23%
Interest rate on state loans	7.79%	7.13%	5.85%	0.66 p.p.		1.94 p.p.	
Deposits from customers	8,872.5	8,878.3	8,208.0	-5.8	0%	664.5	8%
Interest rate on deposits	0.63%	0.38%	0.26%	0.25 p.p.		0.37 p.p.	
Non-performing loans (gross)	134.6	134.0	154.2	0.6	0%	-19.6	-13%

	1-3 2024	1-3 2023	Change YoY
Cost of risk (in bps)	13	-72	86
CIR	43.2%	44.7%	-1.6 p.p.
Net interest margin	4.44%	3.88%	0.57 p.p.

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

The **market shares** by total assets of banking members exceed 10% in four out of six markets. Most of the Group members had higher growth in retail loans compared to the growth of the local banking sector. Amid the high-interest rate environment, pricing pressures, and regulatory changes, despite the economic slowdown, the banking members of the Group continued to grow, which resulted in strong Q1 2024 results.

Regardless of the still high interest rate environment, lower **loan demand** in some markets and regulatory interventions⁴, the segment saw a solid 8% YoY and 2% YtD increase in lending activities. The most significant increase in gross loans to customers was achieved by NLB Banka, Podgorica (14% YoY) and NLB Banka, Prishtina (12% YoY). High performance in new business production continued in the corporate and retail segments as several products and services were upgraded, which included streamlining and modernising their distribution network and improving their digital offering.

NLB Lease&Go Leasing, Beograd realised a remarkable growth in new leasing financing of EUR 18.6 million YtD by achieving the financial leasing market share in the country in new business volumes of 9.3%.

The higher interest rate environment and economic contraction affected customers' behaviour. The overall confidence remained strong in the banking members and the total **customer deposit** base increased by 8% YoY.

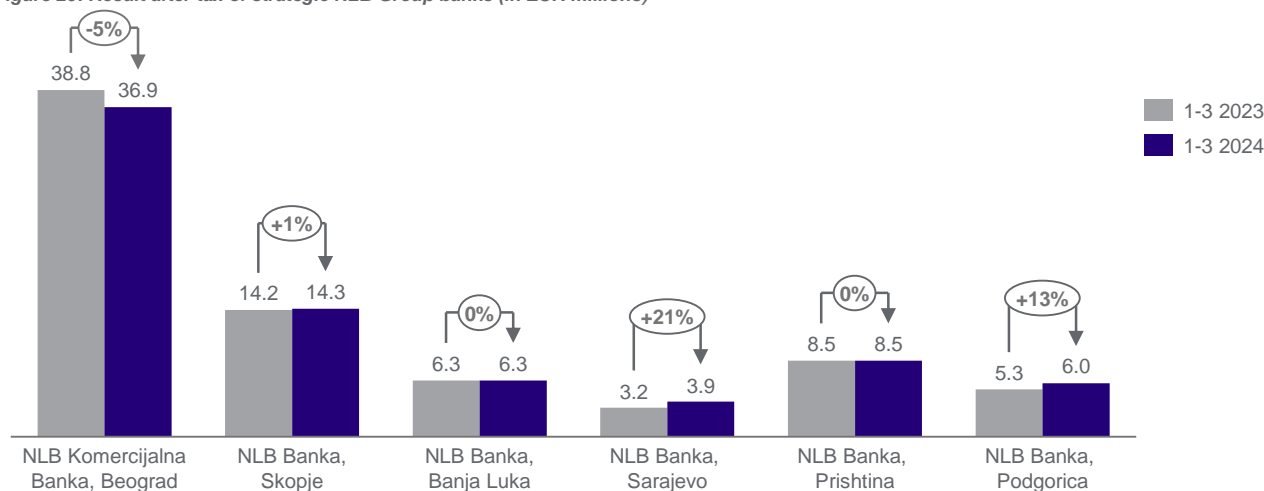
In the still high interest rate market environment, the **net interest income** increased by 27% YoY on the segment level due to higher volumes. All banking members recorded a double-digit increase in net interest income YoY, with the highest impact in an interest rate increase in NLB Komercijalna Banka, Beograd of EUR 12.5 million YoY.

Net fee and commission income increased by EUR 2.1 million due to the positive impact of increased economic activity and higher volumes of payments and card operations. The highest net non-interest income was recorded by NLB Banka, Banja Luka (21% YoY).

Total costs increased by EUR 6.8 million YoY due to higher operating costs resulting from still persistent inflationary pressures.

Impairments and provisions were net released in EUR 2.5 million due to successful NPL resolution.

Figure 29: Result after tax of strategic NLB Group banks (in EUR millions)⁽ⁱ⁾



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

Despite the strong pricing competitive pressure on interest rates on assets and liabilities, the banking members realised a **net interest margin** between 3.3% (NLB Banka, Sarajevo) and 5.1% (NLB Banka, Podgorica) in Q1 2024.

Retail Banking

The banking members realised robust new retail loan production YoY and YtD. The increase in the loan portfolio to individuals was seen in all banking members. New loan production significantly outperforms the local markets, especially in consumer loans. The gross loans to individuals marked 10% YoY growth and 3% YtD. The highest YoY increase was achieved by NLB Banka, Prishtina (20%), NLB Banka, Banja Luka (14%) and NLB Banka, Podgorica (12%).

⁴ Last year NBS introduced limitations on housing loans in Serbia up to EUR 200 thousand, which are still valid. According to new rules, the fixed part of variable interest rate for loans should not be more than 1.1% until 31 December 2024, and the upper limit for the fixed interest rate is 5.03%.

Most of the banks in the Group increased their market share in loans to individuals in various sub-segments from 10 to 30 bps YtD. Retail loans market share increased the most in NLB Banka, Podgorica, by 30 bps YtD. New production in ESG loans accelerated in Q1 2024 with the offering of various NLB Green Loans through partners – Eco mortgage loans through business partners, Eco home appliance loans, electric and hybrid vehicles, etc.

In deposit dynamics, the Group banks retained customer confidence as the total SEE bank deposits from individuals increased by 1.5% YtD and 7% YoY.

Corporate Banking

The banking members maintained a positive trend in approving new financing and attracting new corporate clients. The banks recorded a 4% YoY and a 1% YtD growth in the corporate segment, with the highest levels achieved in NLB Banka, Podgorica (14% YoY) and NLB Banka, Sarajevo (8% YoY). The banks continued sustainable financing by supporting green investments, focusing particularly on solar power plants and energy efficiency.

The SEE banks attracted corporate deposits by increasing the balances from corporates by 11% YoY.

Non-Core Members⁵

Highlights

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

Financial and Business Performance

Table 14: Key Financials of Non-Core Members

in EUR millions consolidated									
	1-3 2024	1-3 2023	Change YoY		Q1 2024	Q4 2023	Q1 2023	Change QoQ	
Net interest income	0.4	0.0	0.4	-	0.4	0.9	0.0	-53%	
Net non-interest income	0.4	-1.0	1.4	-	0.4	1.2	-1.0	-63%	
Total net operating income	0.8	-1.0	1.8	-	0.8	2.0	-1.0	-61%	
Total costs	-2.0	-2.9	0.9	30%	-2.0	-3.8	-2.9	47%	
Result before impairments and provisions	-1.2	-3.9	2.7	68%	-1.2	-1.8	-3.9	30%	
Impairments and provisions	1.1	0.5	0.6	12%	1.1	1.8	0.5	-33%	
Result before tax	-0.1	-3.4	3.3	97%	-0.1	0.1	-3.4	-	
	31 Mar 2024	31 Dec 2023	31 Mar 2023	Change YtD		Change YoY			
Segment assets	35.4	47.1	57.3	-11.7	-25%	-21.9	-38%		
Net loans to customers	10.4	10.9	12.7	-0.5	-3%	-2.3	-13%		
Gross loans to customers	26.0	28.6	33.4	-2.5	-9%	-7.4	-22%		
Investment property and property & equipment received for repayment of loans	9.6	20.1	37.2	-10.6	-52%	-27.6	-74%		
Other assets	15.4	16.0	7.4	-0.6	-4%	8.0	103%		
Non-performing loans (gross)	25.1	27.4	31.0	-2.3	-8%	-5.9	-19%		

The wind-down has remained the main objective of the non-core segment in all the non-core portfolios, followed by a reduction of the operating income. On 31 March 2024, the segment's total assets amounted to EUR 35.4 million.

⁵ REAM entities are from 2024 on the part of the Core segment.

Risk Factors and Outlook

Risk factors

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

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

During 2023, subdued economic growth or its gradual slowdown was experienced due to rising inflation, high interest rates, weaker external demand, and increased macroeconomic uncertainty. In 2024, the growth in the Group's region is expected to remain at a rather moderate level, though relatively high inflationary pressures and other uncertainties could suggest a further slowdown, affecting investment growth and private consumption.

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

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

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

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

With regards to litigation risk, in recent years, and even more so in recent periods, the Bank has seen a shift in the case law that is generally becoming more favourable to consumers, e.g. litigation cases related to loan processing fee in Serbia and Montenegro, loan insurance premium in Serbia and CHF litigations in Slovenia. In the latter case, we have noticed an increase in the number of proceedings against the Bank, which was expected. The current litigations against the Bank referring to CHF are less material, but the Bank is closely monitoring the latest developments.

The Group is subject to various regulations and laws relating to banking, insurance, and financial services. Consequently, it faces the risk of significant interventions by several regulatory and enforcement authorities in each jurisdiction in which it operates, including any changes in the tax treatment of banking business (e.g. application of VAT on card payment services in Bosnia and Herzegovina) and changes in interpretation of legislation (e.g. introduction of reimbursement of a proportional part of loan costs in the event of early repayment of consumer loans in Slovenia). A comparable materialisation level of such risks may also be expected in future periods.

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

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

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

During 2023, the Group reviewed the IFRS 9 provisioning by testing the relevant macroeconomic scenarios to accurately reflect the current circumstances and their future impacts. The Group established multiple scenarios (i.e., baseline, optimistic, and severe) for the Expected Credit Losses (ECL) calculation, aiming to create a unified projection of macroeconomic and financial variables for the Group, aligned with the Bank's consolidated view of the future of economic development in the SEE. The Group formed three probable scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of IFRS 9. These IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts.

The baseline scenario presents an expected forecast macroeconomic view for all the countries of the Group. This scenario is based on recent official and professional forecasts, with specific adjustments for individual countries of the Group. Key characteristics include no additional supply shocks, decreasing inflation due to increased ECB key rate and quantitative tightening, a slightly less tight labour market, GDP growth supported by declining interest rates and positive expectations, regional containment of political tensions, and limited spillover effects of financial system issues on the real economy.

The alternative scenarios are based on plausible drivers of economic development for the next three years. The optimistic scenario is supply- and demand-driven, with a mild winter and sufficient energy supplies easing price pressures in the Euro area. China's decision to abandon strict COVID restrictions supports the Euro area exports, which stimulates demand. A lower inflation leads to an optimistic financial market outlook, and the first year shows positive growth expectations, followed by additional ECB support and moderated growth potential in the following two years.

The severe, supply- and demand-driven scenario depicts sluggish economic growth due to lower consumer purchasing power, geopolitical disruption, and elevated inflation. The Group home countries experience near-zero real economic growth, leading to substantial upward shocks in financial markets. Political tensions persist, causing supply disruptions, and the inflation remains higher than expected, resulting in increased long-term inflation expectations. GDP growth remains low as the ECB implements a restrictive monetary policy. Despite a slow increase in the unemployment rate, many industries still face a tight labour market. The financial system stabilises, allowing the ECB to focus on taming inflation. The Bank considers these scenarios in calculating expected credit losses in the context of IFRS 9.

On this basis, the Group revised scenario weights in H1 2023. The weights that were assigned were 20%–60%–20% (alternative scenarios receiving 20% each, and the baseline scenario 60%), with minor changes in some entities to reflect the likelihood of relevant future economic conditions in their environment. A regular yearly revision of IFRS 9 provisioning will be conducted in H1 2024.

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

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

Outlook

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

In Slovenia, the economy will gain momentum this year from 2023's flood-induced slowdown, buoyed by reconstruction efforts and inflows of EU relief funds. Rebounding exports of goods and services and more robust private spending will further propel the economy to shift into a higher gear. Skilled-labour shortages and potential energy price spikes are downside risks. We see GDP expanding by 1.9% in 2024 and 2.5% in 2025. While banks have benefited from higher interest rates in 2023, elevated rates started to weigh on demand in NLB Group's region (in some countries more than in others). However, loan potential in 2024 should improve as rate cuts are on the horizon and the disinflation process continues. Most economies of the NLB Group's region are seen expanding at faster clips thanks to private consumption. Additional spillover from the wars in Ukraine and Gaza and increased ethno-nationalist tensions pose downside risks. The Group's region is expected to grow by 2.5% in 2024 and 3.1% in 2025.

Table 15: Movement of key macroeconomic indicators in the euro area and the NLB Group region

	GDP					Average inflation					Unemployment rate				
	(real growth in %)					(in %)					(in %)				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Euro area	3.4	0.4	0.6	1.5	1.6	8.4	5.4	2.5	2.2	2.0	6.8	6.5	6.7	6.7	6.5
Slovenia	2.5	1.6	1.9	2.5	3.0	9.3	7.2	3.1	2.5	2.2	4.0	3.7	4.2	4.2	4.0
Serbia	2.5	2.5	2.9	3.4	3.4	12.0	12.1	5.8	3.7	3.0	9.6	9.5	9.0	8.8	8.6
N. Macedonia	2.2	1.0	2.6	3.2	3.2	14.1	9.4	4.0	2.6	1.8	14.4	13.1	12.7	12.4	12.2
BiH	4.2	1.6	2.5	3.0	3.0	14.0	6.1	2.9	2.4	1.9	15.4	13.2	12.5	12.0	11.5
Kosovo	4.3	3.3	3.7	4.0	4.0	11.6	4.9	2.8	2.7	2.5	12.6	11.0	10.5	10.0	9.5
Montenegro	6.4	5.1	3.3	3.2	3.3	13.0	8.6	3.8	2.8	2.4	14.7	13.1	13.0	12.7	12.5

Note: NLB Forecasts are highlighted in grey.

Source: Statistical offices, Focus Economics.

The position of the Group is strong, and the performance throughout all of the year 2023 in many of the item lines exceeded the plans and previous guidance. The Group is herewith presenting the guidance for the full year 2024 and 2025. The outlook for 2024 does not include effects from the announced acquisition of Summit Leasing, which is expected to close before the end of 2024 and thus without material effects for 2024. The Group will announce the new business strategy and vision for 2030 on the Investor Day on 9 May in Ljubljana. The strategy will, among others, outline shareholders' returns going forward in line with the improved earnings outlook.

The previous outlook for 2024 incorporated a reasonable amount of prudence, most notable on the still prevailing market view that interest rates by the end of 2024 will be lowered by some 150 bps. As those market expectations have at the beginning of this year materially shifted (to a less rapid and smaller decline of interest rates), this has led the bank to increase regular income guidance by approximately EUR 100 million, to around EUR 1,200 million.

Increased guidance for the revenue, coupled with cost discipline has allowed for sharpened guidance for the cost-to-income ratio. The Bank now expects that CIR will be around 45% in both 2024 and 2025, a substantial improvement from the previous guidance of below 50%.

The Bank is reaffirming other publicly communicated key performance indicators with an increased level of confidence.

In 2024, the Bank is considering issuing senior preferred notes in the benchmark size, subject to market conditions. The issuance will enable the Bank to meet MREL requirements comfortably.

Dividend ambitions and expectations for the other key performance indicators will be presented with the new strategy for the year 2030 on the upcoming Investor Day in Ljubljana. Strong capital ratios (factoring in also preliminary and still unconfirmed calculation of capital consumption due to "Basel III Endgame") with substantial buffers to the requirements and expectations that the business performance will continue with the same trends form a solid foundation for attractive shareholder returns, coupled with a conservative risk approach.

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

	Last Outlook for 2024	Revised Outlook for 2024	Revised Outlook for 2025
Regular income	> EUR 1,100 million	~ EUR 1,200 million	~ EUR 1,200 million
CIR	< 50%	~ 45%	~ 45%
Cost of risk	20-40 bps	20-40 bps	30-50 bps
Loan growth	Mid single-digit	Mid single-digit	High single-digit
Dividends	EUR 220 million (40% of 2023 profit)	EUR 220 million (40% of 2023 profit)	More than 40% of 2024 profit
ROE a.t.	~ 15%	~ 15%	~ 15%
ROE a.t. normalised ⁽ⁱ⁾	> 20%	> 20%	> 20%
M&A potential			M&A capacity of up to EUR 4 billion RWA ⁽ⁱⁱ⁾

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

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

Risk Management

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

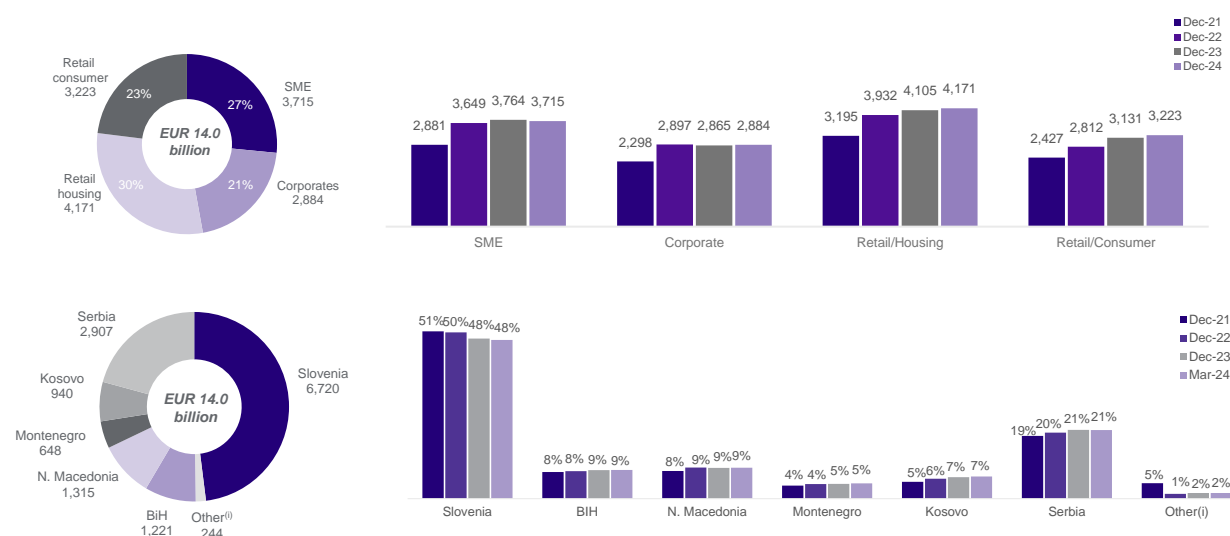
Risk Management in the Group manages, assesses, and monitors risks within the Bank as the main entity in Slovenia and the competence centre for all banking subsidiaries and leasing companies. Management and control of risks are performed through a clear organisational structure with clearly defined roles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

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

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

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

Figure 30: NLB Group structure of the corporate and retail credit portfolio (gross loans) by segment and geography (in EUR millions)



(i) The largest part represents EU members.

The current structure of the credit portfolio (gross loans) consists of 37.5% retail clients, 14.6% large corporate clients, and 18.9% SMEs and micro companies, while the remainder of the portfolio consists of other liquid assets. The credit portfolio remains well diversified and no significant concentration exists in any specific industry or client segment. The share of the retail portfolio in the whole credit portfolio is quite substantial, with the segment of mortgage loans prevailing. Moderate organic loan growth is expected in 2024. Most of the loan portfolio refers to the euro currency, while the rest originates from the local currencies of the SEE banking members.

Table 17: Overview of NLB Group corporate loan portfolio by industry as at 31 March 2024

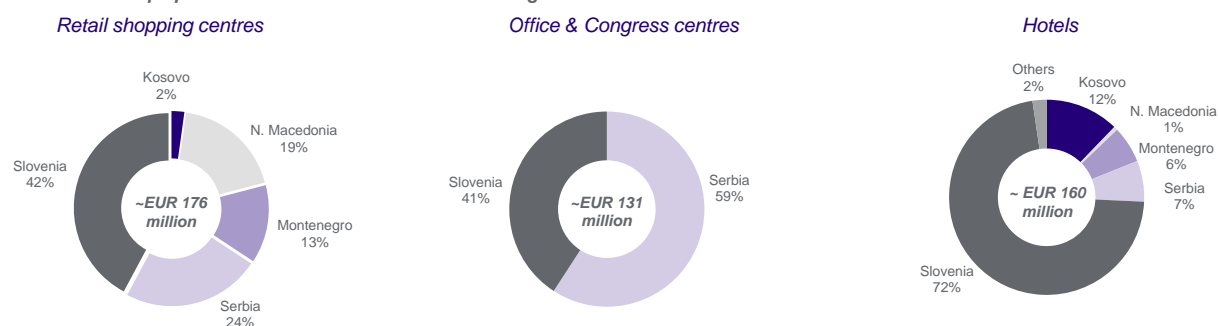
Credit portfolio		in EUR thousands		
Corporate sector by industry	NLB Group	%	Δ Q1 2024	
Accommodation and food service activities	188,970	3%	-9,859	
Act. of extraterritorial org. and bodies	8	0%	5	
Administrative and support service activities	113,180	2%	1,869	
Agriculture, forestry and fishing	343,486	5%	-1,195	
Arts, entertainment and recreation	19,114	0%	-917	
Construction industry	553,171	8%	-3,768	
Education	15,223	0%	268	
Electricity, gas, steam and air conditioning	510,238	8%	-33,062	
Finance	149,382	2%	5,014	
Human health and social work activities	41,927	1%	4,556	
Information and communication	261,573	4%	-30,048	
Manufacturing	1,536,106	23%	11,248	
Mining and quarrying	45,875	1%	-196	
Professional, scientific and techn. act.	221,681	3%	-13,191	
Public admin., defence, compulsory social.	193,143	3%	-6,363	
Real estate activities	367,222	6%	-10,198	
Services	14,262	0%	312	
Transport and storage	605,402	9%	-13,639	
Water supply	59,746	1%	2,604	
Wholesale and retail trade	1,359,025	21%	68,776	
Other	769	0%	-2,025	
Total Corporate sector	6,599,504	100%	-29,810	

Credit portfolio		in EUR thousands		
Main manufacturing activities	NLB Group	%	Δ Q1 2024	
Manufacture of food products	268,515	4%	-13,490	
Manufacture of fabricated metal products, except machinery and equipment	184,680	3%	-8,666	
Manufacture of electrical equipment	176,221	3%	-14,566	
Manufacture of basic metals	158,769	2%	2,755	
Manufacture of other non-metallic mineral products	110,536	2%	12,605	
Manufacture of motor vehicles, trailers and semi-trailers	93,808	1%	7,834	
Manufacture of machinery and equipment n.e.c.	91,551	1%	12,116	
Manufacture of rubber and plastic products	75,447	1%	616	
Other manufacturing activities	376,579	6%	12,045	
Total manufacturing activities	1,536,106	23%	11,248	

Credit portfolio		in EUR thousands		
Main wholesale and retail trade activities	NLB Group	%	Δ Q1 2024	
Wholesale trade, except of motor vehicles and motorcycles	765,852	12%	47,416	
Retail trade, except of motor vehicles and motorcycles	443,692	7%	15,439	
Wholesale and retail trade and repair of motor vehicles and motorcycles	149,481	2%	5,921	
Total wholesale and retail trade	1,359,025	21%	68,776	

Companies' financing also includes financing of real estate activities (projects), which represent a smaller part of the portfolio. Projects are carefully monitored throughout each phase of construction. For income-producing CRE companies in the operating phase, the DSCR is between 1.2 and 1.4, and the LTV is, on average, lower than 60%; a sufficient reserve and repayment to the Bank is not threatened. For most approved loans, an amortisation repayment structure was backed against the background of concluded long-term rental contracts (offices and shopping malls segment). In the development phase, the Bank requires a minimum of 25% of equity and a pre-lease/pre-sale of 30% for offices, 60% for shopping malls and 20% for residential real estate before first disbursement. The Bank finances projects sponsored by investors with proven track records. In this portfolio, occupancy rates and rent deterioration have not been observed.

Figure 31: NLB Group specific Commercial Real-estate financing as at 31 March 2024



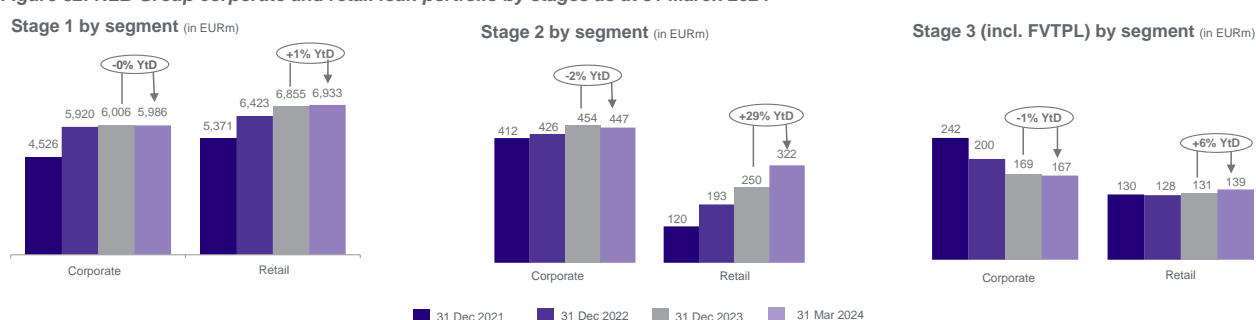
At the end of Q1 2024, the most specific Commercial Real-estate financing is in the operational phase (99% of Retail shopping centres, 87% of Hotels and 81% of Office and Congress centres).

Despite the challenging macroeconomic environment, the Group's asset quality remains robust. The majority of the Group's loan portfolio is classified as Stage 1 (94.5%), a relatively small portion as Stage 2 (3.9%), and Stage 3 (1.6%). The loans in stages 1 to 3 are measured at amortised cost, while the remaining minor part (0.002%) represents fair value through profit or loss (FVTPL).

Table 18: NLB Group loan portfolio by stages as at 31 March 2024 (in EUR millions)

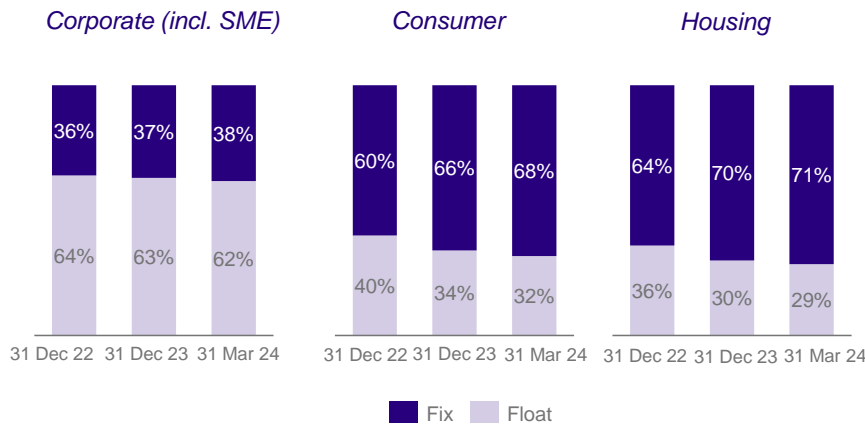
	in EUR millions														
	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage 1			Stage 2			Stage 3 & FVTPL			Stage 1		Stage 2		Stage 3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	18,619.7	94.5%	-619.5	769.3	3.9%	65.2	306.6	1.6%	6.0	95.1	0.5%	45.0	5.9%	198.5	64.8%
o/w Corporate	5,985.7	90.7%	-19.9	446.8	6.8%	-7.5	167.1	2.5%	-2.4	50.3	0.8%	17.7	4.0%	106.9	64.0%
o/w Retail	6,933.5	93.8%	-78.7	321.9	4.4%	72.3	139.4	1.9%	8.4	42.3	0.6%	27.3	8.5%	91.5	65.7%
o/w State	5,347.1	100.0%	-580.9	0.0	0.0%	0.0	0.0	0.0%	0.0	2.3	0.0%	0.0	0.5%	0.0	93.2%
o/w Institutions	353.4	99.8%	-97.4	0.6	0.2%	0.3	0.1	0.0%	0.0	0.1	0.0%	0.0	0.0%	0.1	76.6%

Figure 32: NLB Group corporate and retail loan portfolio by stages as at 31 March 2024



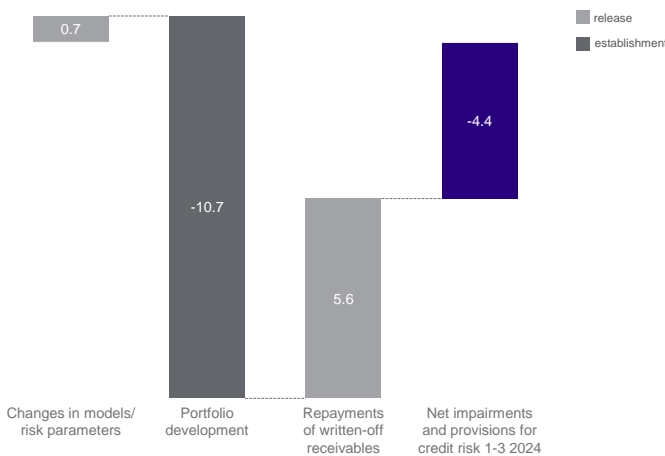
The portfolio quality remains stable, with increasing Stage 1 exposures, mainly in the retail segment, and a relatively low percentage of NPLs. The percentage of Stage 1 loan portfolio slightly decreased compared to 31 December 2023. It still remained relatively high at 93.8% in the retail segment, while in the corporate segment, despite the not so favourable economic conditions, it improved to the level of 90.7%, resulting from a cautious lending policy. The Stage 2 allocation slightly increased in the retail segment, but the increase remains negligible compared to the entire portfolio volume.

Figure 33: NLB Group corporate and retail loan portfolio (in %) by interest rates as at 31 March 2024



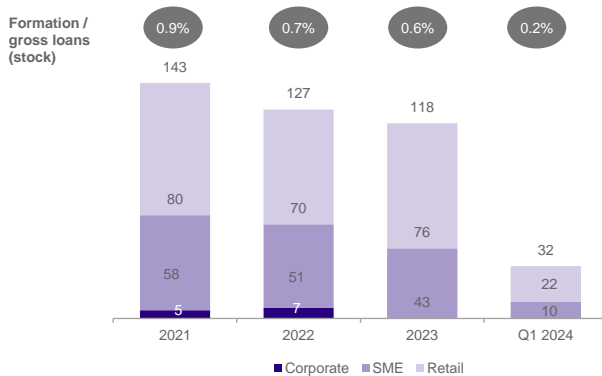
Approximately 55.1% of the Group corporate and retail loan portfolio is linked to a fixed interest rate, and the rest to a floating rate (mainly the Euribor reference rate). Floating interest rates dominate the corporate segment. In the retail segment, 70.1% of the retail loan portfolio is linked to a fixed interest rate and 71.5% on housing loans, which limits the sensitivity of the retail sector to increasing reference rates.

Figure 34: NLB Group cumulative net new impairments and provisions for credit risk (in EUR millions)



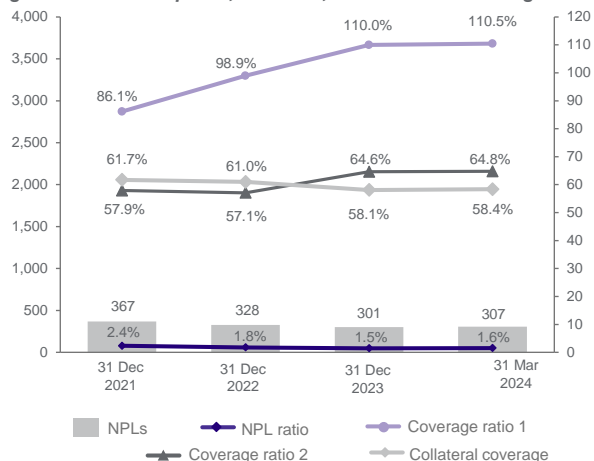
In the first three months of 2024, CoR was positive at 10 bps as a result of additional provisions due to portfolio development (EUR 10.7 million), while the repayment of written-off receivables (EUR 5.6 million) and changes in risk parameters (EUR 0.7 million) contributed positively to its net overall effects. The macroeconomic situation across the region might be further impacted by high inflation and rather low GDP growth. They might have some adverse impact on the cost of risk in the next period, but it should not be excessive.

Figure 35: NLB Group gross NPL formation (in EUR millions)



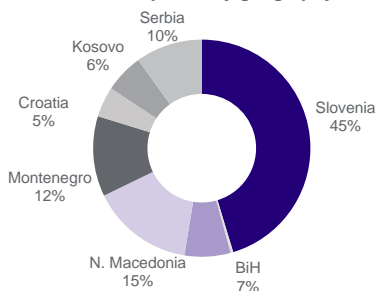
Macroeconomic uncertainty caused by subdued economic growth, inflation, and increased level of interest rates resulted in a moderately low cumulative new NPL formation of EUR 31.7 million in the first three months, representing 0.2% of the total loan portfolio. Nevertheless, the Group's credit portfolio remains of high quality, whereby the Group follows cautious lending standards and has effective early warning systems in place.

Figure 36: NLB Group NPL, NPL ratio, NPL collateral coverage and coverage ratio⁽ⁱ⁾



(i) By internal definition.

Figure 37: NLB Group NPL by geography



Precisely set targets in the Group's NPL Strategy and various proactive workout approaches facilitated the management of the non-performing portfolio. The Group's approach to NPL management strongly emphasises restructuring and using other active NPL management tools, such as the sale or foreclosure of collateral, the sale of claims and pledged assets. In Q1 2024, the multi-year declining trend of the non-performing credit portfolio stock stopped, primarily in retail clients from Slovenia, as the growth of new NPLs exceeded repayments and recovery of existing NPLs. The non-performing credit portfolio stock in the Group slightly increased since the end of 2023 to EUR 306.6 million (compared to EUR 300.5 million on 31 December 2023). However, EUR 133 million of NPLs had no delays. The combined effects of a slight increase in the NPL portfolio and a decrease in the higher quality loan portfolio due to the changed structure of liquid assets resulted in 1.6% of NPLs. The internationally more comparable NPE ratio, based on the EBA methodology, stood at 1.1%. The Group's indicator gross NPL ratio, defined by the EBA, is stable and amounted to 2.2% at the end of Q1 2024.

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

The Group monitors the macroeconomic and geopolitical circumstances closely and communicates with key clients to identify any changes in business circumstances. On the other hand, slowdown caused by weaker external demand, still elevated inflation, and more significant uncertainty may limit the credit capabilities in the retail segment or weigh on lower

investment growth. The Group has strengthened the established early warning systems to enable early identification of SICR.

An important Group's strength is the NPL coverage ratio 1 (coverage of gross NPLs with impairments for all loans), which remains high at 110.5%. Furthermore, the Group's NPL coverage ratio 2 (coverage of gross NPLs with impairments for NPL) improved in Q1 and stood at 64.8%, well above the EU average published by the EBA (compared to 42.3% for December 2023). Furthermore, NPLs are also covered by collaterals, which serve as a secondary source of NPL repayments. At the end of Q1, collateral coverage amounts to 58.4%, which, together with impairments, represents the total NPL coverage in the amount of 168.8%. As such, it enables a further reduction in NPLs without significantly influencing the cost of risk in the coming years.

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

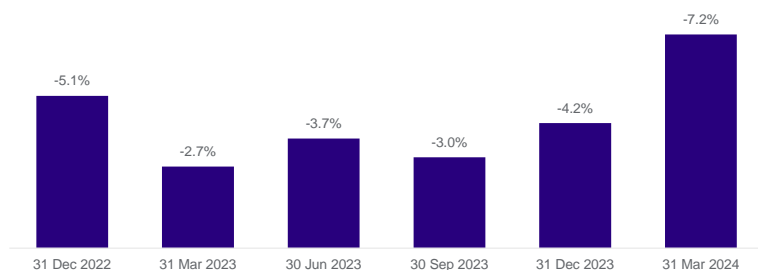
The liquidity position of the Group remains stable. Geopolitical uncertainties and corresponding banking system developments did not cause any material outflows. The Group holds a very strong liquidity position at the Group and individual subsidiary bank level, which is well above the risk appetite with the Liquidity Coverage Ratio (LCR) of 251.2% (297.9% in NLB) and unencumbered eligible reserves in the amount of EUR 10,173.6 million (EUR 7,805.3 million in NLB), mainly in the form of placements at the ECB and prime debt securities. Significant attention is given to the structure and concentration of liquidity reserves by incorporating early warning systems. The main funding base of the Group at the Group and individual subsidiary bank level predominately entails customer deposits, namely in the retail segment, representing a very stable and constantly growing base. A very comfortable level of LTD at 67.7% gives the Group the potential for further customer loan placements.

The Group's net open FX position from the transactional risk is low. At the end of Q1 2024, it stood at 0.68% of capital. On the other hand, structural FX positions, recognised in the other comprehensive income (OCI) on the consolidated basis, arising from investments into the Group's non-euro subsidiaries, impact the Group's RWA for market risk.

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

The exposure to interest rate risk is measured in terms of impact on capital (EVE) and net interest income (NII sensitivity). The Group applies different scenarios when assessing the EVE and NII sensitivity. From the EVE perspective, the estimated capital sensitivity equals -7.16% of the Group's T1 capital (+200 bps scenario). Given that market interest rates are expected to decrease, the Group is focusing on stabilising and reducing NII sensitivity. For this purpose, the Group has started activities to stabilise net interest income in the longer term, which resulted in an increase of the EVE indicator, which remains within the risk appetite limits.

Figure 38: NLB Group's EVE evolution



The majority of the EUR 5,493 million loan portfolio linked to Euribor includes loans with 6M Euribor (52%), followed by 3M Euribor (32%), 1M Euribor (12%) and 12M Euribor (4%).

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

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

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

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

Sustainability

In Q1 2024, the Group published the [NLB Group Sustainability Report 2023](#), and continued to implement ESG (environmental, social and human rights, and governance) considerations in its business strategy, risk management framework and internal governance across three pillars: sustainable operations, sustainable finance, and contribution to society. In doing so, the Group follows legislation, guidelines from the ECB, EBA, UNEP FI, EBRD and best banking practices and is intensively preparing to implement the CSRD and the forthcoming ESRS standards, which will be transposed into the Slovenian legislation later in 2024. In line with the recommendations by UNEP FI, the Group continues to set priorities and concrete objectives in its impact areas. The Group took part in several sustainability-related capacity-building events in the region and conducted activities to further upgrade the sustainability-related culture among employees.

Sustainable finance

- Following its ambition for a climate positive future and as a UNEP FI - Net Zero Banking Alliance member, the Group published the [Net-Zero Disclosure Report](#) in December 2023. Therefore, in Q1 2024, the Group continued with measures to reduce its emissions associated with financing activities and is further committed to supporting clients in transitioning to a low-carbon economy and society.
- Q1 realisation from the corporate and retail green finance range of products is aligned with the annual business targets and the commitment to mobilise EUR 1.9 billion of sustainable (green) financing by 2030.
- The identified eligible loan pool at the end of Q1 is in line with the [NLB Green Bond Framework](#) (issuance of EUR 500 million in June 2023). The first annual allocation and impact report is expected to be published in June.
- After setting the targets for reducing financed emissions in the first four carbon-intensive sectors (power generation, iron and steel, commercial real estate, residential real estate), the Group continues its net-zero journey. In Q1 2024, the Group demonstrated progress in developing its comprehensive Net Zero Business Strategy (operational and portfolio), aiming to reach net-zero emissions by 2050 or sooner. Among others, the Group established a new Climate Change Committee and robust governance structure, which ensures that effective governance, strategic oversight and regular monitoring of NLB Group's net zero decarbonisation plans are entrusted to the highest executive.
- In line with its strategic orientations and annual plans in risk management, the Group continued with the appropriate implementation of ESG risks in the risk management framework, the decision-making process at strategic and operational levels, including implementation in the credit process and customer/project due diligence. Regular training courses for the Group employees were provided to enhance awareness of the ESG risks and their appropriate treatment.

Sustainable operations

- After adopting the new sustainability policy and rules for sustainability management, the Group continued with the implementation of mechanisms, measures and activities to further strengthen responsible governance of integration and ESG integration in key business processes group-wide.
- The Group continued to be an active ambassador of [Chapter Zero Slovenia initiative](#), which enables members of the Supervisory and Management Boards of the Group's members to strengthen their competencies to address climate change in the Group's business model properly.
- The Group has started to develop an operational net-zero strategy and continued to reduce its emissions by optimising energy and resource consumption and reducing paper consumption through digitalisation and automation of processes.
- In January, NLB received the international certificate Top Employer for the 9th year. Moreover, the Group launched a series of internal sessions on diversity, continued with regular training sessions on general and sustainability-related topics, and carried out several other activities to ensure diversity, equity, inclusion, engagement and well-being of employees, gender equality, and positive organisational culture.

Contribution to society

The Group follows its primary strategic guideline for the Group's CSR activities and continues to contribute to the UN Sustainable Development Goals. Besides several contributions to local communities, sports, culture, and education, the Group launched the [NLB Frame of Help](#) project for the fourth time. This year's project focuses on the social aspects of ESG and seeks innovative companies and projects that improve and enrich our society and tackle societal challenges throughout the region. NLB will provide winners with a monetary award that will contribute to further development of their projects.

Corporate Governance

Management Board

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

The composition of the Management Board has remained unchanged since May 2022. It is as follows: Blaž Brodnjak as President & CEO, Archibald Kremser as Deputy CEO and Chief Financial Officer (CFO), Andreas Burkhardt as Chief Risk Officer (CRO), Hedvika Usenik as Chief Marketing Officer (CMO), responsible for Retail Banking and Private Banking, Antonio Argir responsible for Group Governance, Payments and Innovations and Andrej Lasič as CMO, responsible for Corporate and Investment Banking.

Supervisory Board

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

The composition of the Supervisory Board was as follows: Primož Karpe – Chairman, Shrenik Dhirajlal Davda – Deputy Chairman, David Eric Simon, Verica Trstenjak, Islam Osama Zekry, Mark William Lane Richards, Cvetka Selšek, André-Marc Prudent-Toccanier (all of them shareholders' representatives), and Sergeja Kočar and Tadeja Žbontar Rems (as employees' representatives).

In Q1 2024, the Supervisory Board took note of the NLB Group Unaudited Financial Results 2023. It also took note of the newly adopted Sustainability Policy of the NLB and NLB Group. The Supervisory Board members informed each other on the content of the statements of independence of the NLB Supervisory Board members, took note of the annual self-assessment report (2023), and approved the Action Plan.

General Meeting

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

No General Meeting of Shareholders was summoned nor held in Q1 2024.

Events After 31 March 2024

On 2 April, the Bank announced the redemption of NLB subordinated notes in the aggregate nominal amount of EUR 45 million, issued on 6 May 2019 and with maturity on 6 May 2029 (ISIN: SI0022103855). The early redemption was executed on 6 May 2024.

On 30 April, the Bank convened Annual General Meeting of NLB d.d., to take place on 17 June 2024, with dividend payment proposal of EUR 220 million in 2024.

Alternative Performance Indicators

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

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

in EUR millions					
NLB Group					
	1-3 2024	1-12 2023	1-9 2023	1-6 2023	1-3 2023
Numerator					
Credit impairments and provisions ⁽ⁱ⁾	13.5	-8.8	-31.2	-49.8	-48.7
Denominator					
Average net loans to customers ⁽ⁱⁱ⁾	13,775.1	13,432.3	13,334.3	13,213.9	13,087.6
Cost of risk (bps)	10	-7	-23	-38	-37

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

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

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

in EUR millions					
NLB Group					NLB
	1-3 2024	1-12 2023	1-9 2023	1-6 2023	1-3 2023
Numerator					
Total costs	124.3	501.9	361.6	240.7	117.1
Denominator					
Total net operating income	298.1	1,093.3	800.8	511.7	241.9
Cost to income ratio (CIR)	41.7%	45.9%	45.2%	47.0%	48.4%
					35.0 %

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

in EUR millions						
	NLB Komercijalna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica
	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024
Numerator						
Total cost	29.2	9.2	5.0	5.3	4.3	5.5
Denominator						
Total net operating income	69.9	25.0	13.5	9.8	14.7	12.9
Cost to income ratio (CIR)	41.7%	36.8%	36.9%	54.3%	29.3%	42.7%

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

in EUR millions					
NLB Group					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest expenses ⁽ⁱ⁾	219.7	194.1	173.8	123.2	107.6
Denominator					
Average interest bearing liabilities ⁽ⁱⁱ⁾	22,361.8	22,083.7	21,828.0	21,097.3	21,060.6
Total average cost of funding (quarterly)	0.98%	0.88%	0.80%	0.58%	0.51%

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

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

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

in EUR millions					
NLB Group					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest expenses from w holesale funding ⁽ⁱ⁾	107.8	96.9	94.4	62.9	58.8
Denominator					
Average w holesale funding ⁽ⁱⁱ⁾	1,756.9	1,674.7	1,665.8	1,329.1	1,205.7
Average costs of wholesale funding (quarterly)	6.13%	5.78%	5.66%	4.73%	4.87%

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

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

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

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

in EUR millions					
NLB Group					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest income loans to customers ⁽ⁱ⁾	838.2	815.5	783.7	711.3	661.7
Denominator					
Average loans to customers ⁽ⁱⁱ⁾	14,108.0	14,059.7	13,888.8	13,638.7	13,408.7
Average interest rate for loans to customers (quarterly)	5.94%	5.80%	5.64%	5.22%	4.93%

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

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

in EUR millions					
NLB					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest income loans to customers ⁽ⁱ⁾	377.4	373.2	333.3	277.8	261.3
Denominator					
Average loans to customers ⁽ⁱⁱ⁾	7,193.6	7,249.4	6,673.4	6,224.1	6,124.8
Average interest rate for loans to customers (quarterly)	5.25%	5.15%	4.99%	4.46%	4.27%

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

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

in EUR millions					
SEE Banks ⁽ⁱⁱⁱ⁾					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest income loans to customers ⁽ⁱ⁾	451.2	434.3	415.5	384.4	353.3
Denominator					
Average loans to customers ⁽ⁱⁱ⁾	6,825.1	6,711.0	6,621.2	6,488.0	6,312.4
Average interest rate for loans to customers (quarterly)	6.61%	6.47%	6.28%	5.92%	5.60%

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

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

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

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

in EUR millions					
NLB Group					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest expenses on deposits from customers ⁽ⁱ⁾	110.0	94.7	77.2	55.4	47.1
Denominator					
Average deposits from customers ⁽ⁱⁱ⁾	20,604.9	20,409.0	20,162.2	19,768.1	19,854.9
Average interest rate for deposits from customers (quarterly)	0.53%	0.46%	0.38%	0.28%	0.24%

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

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

in EUR millions					
NLB					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest expenses on deposits from customers ⁽ⁱ⁾	54.4	49.7	42.4	27.2	25.4
Denominator					
Average deposits from customers ⁽ⁱⁱ⁾	11,773.5	11,714.4	11,294.3	10,881.6	10,930.6
Average interest rate for deposits from customers (quarterly)	0.46%	0.42%	0.38%	0.25%	0.23%

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

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

in EUR millions					
SEE Banks ⁽ⁱⁱⁱ⁾					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Interest expenses on deposits from customers ⁽ⁱ⁾	56.2	45.6	37.1	24.6	21.6
Denominator					
Average deposits from customers ⁽ⁱⁱ⁾	8,900.5	8,734.8	8,544.1	8,291.4	8,220.5
Average interest rate for deposits from customers (quarterly)	0.63%	0.52%	0.43%	0.30%	0.26%

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

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

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

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

	in %, bps		
NLB Group			
2024			
	Q2 2022	Q1 2024	Δ (in bps)
Numerator			
Interest rate on deposits from customers ⁽ⁱ⁾	0.09%	0.53%	44
Denominator			
ECB deposit facility interest rate ⁽ⁱⁱ⁾	-0.5%	4.0%	450
Deposit beta			10%

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

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

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

IFRS 9 classification into stages for loan portfolio:

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

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

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

The loan portfolio includes loans to banks, loans to other customers, loans mandatorily measured at FVTPL and balances with central banks and other banks. The majority of the loan portfolio is classified into IFRS 9 stages. The remaining minor part (0.002 per cent at the end of Q1 2024) represents FVTPL. The classification into stages is calculated on the internal data source, by which the Group measures the loan portfolio quality, and is also published in the Business Report of Annual and Interim Reports.

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 1	18,619.7	19,239.2
Denominator		
Total gross loans	19,695.6	20,243.9
IFRS 9 classification into Stage 1	94.5%	95.0%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 2	769.3	704.1
Denominator		
Total gross loans	19,695.6	20,243.9
IFRS 9 classification into Stage 2	3.9%	3.5%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC + FVTPL) loans in Stage 3	306.6	300.5
Denominator		
Total gross loans	19,695.6	20,243.9
IFRS 9 classification into Stage 3	1.6%	1.5%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 1 to Corporates	5,985.7	6,005.6
Denominator		
Total gross loans to Corporates	6,599.5	6,629.3
Corporates - IFRS 9 classification into Stage 1	90.7%	90.6%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 2 to Corporates	446.8	454.3
Denominator		
Total gross loans to Corporates	6,599.5	6,629.3
Corporates - IFRS 9 classification into Stage 2	6.8%	6.9%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC & FVTPL) loans in Stage 3 to Corporates	167.1	169.4
Denominator		
Total gross loans to Corporates	6,599.5	6,629.3
Corporates - IFRS 9 classification into Stage 3	2.5%	2.6%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 1 to Retail	6,933.5	6,854.7
Denominator		
Total gross loans to Retail	7,394.8	7,235.3
Retail - IFRS 9 classification into Stage 1	93.8%	94.7%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 2 to Retail	321.9	249.6
Denominator		
Total gross loans to Retail	7,394.8	7,235.3
Retail - IFRS 9 classification into Stage 2	4.4%	3.4%

in EUR millions		
NLB Group		
	31 Mar 2024	31 Dec 2023
Numerator		
Total (AC) loans in Stage 3 to Retail	139.4	131.0
Denominator		
Total gross loans to Retail	7,394.8	7,235.3
Retail - IFRS 9 classification into Stage 3	1.9%	1.8%

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

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

	NLB Group					NLB	in EUR millions
	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Mar 2024	
Numerator							
Stock of HQLA	7,197.2	7,011.7	6,687.7	6,505.1	6,131.6	6,064.6	
Denominator							
Net liquidity outflow	2,865.6	2,853.9	2,799.8	2,657.4	2,651.4	2,035.5	
LCR⁽ⁱ⁾	251.2%	245.7%	238.9%	244.8%	231.3%	297.9%	

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

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

	NLB Group					NLB	in EUR millions
	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Mar 2024	
Numerator							
Available stable funding	21,717.8	21,868.5	21,155.5	20,872.4	20,217.8	13,320.8	
Denominator							
Required stable funding	11,902.6	11,677.6	11,499.2	11,347.4	11,109.1	7,739.2	
NSFR	182.5%	187.3%	184.0%	183.9%	182.0%	172.1%	

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

in EUR millions				
	NLB Group			NLB
	31 Mar 2024	31 Dec 2023	31 Mar 2023	31 Mar 2024
Numerator				
Net loans to customers	13,859.9	13,734.6	13,137.7	7,155.7
Denominator				
Deposits from customers	20,471.5	20,732.7	19,732.0	11,633.1
Net loan to deposit ratio (LTD)	67.7%	66.2%	66.6%	61.5%

in EUR millions						
	NLB Komerijalna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica
	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024
Numerator						
Net loans to customers	2,842.9	1,236.6	568.2	586.5	865.6	614.3
Denominator						
Deposits from customers	4,032.7	1,487.4	874.4	748.6	1,007.9	753.1
Net loan to deposit ratio (LTD)	70.5%	83.1%	65.0%	78.3%	85.9%	81.6%

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

in EUR millions						
	NLB Group			NLB		
	31 Mar 2024	2023	2022	31 Mar 2024	2023	2022
Numerator						
Tier I	2,607.4	2,597.8	2,295.7	1,816.0	1,816.6	1,496.7
Denominator						
Total Leverage Ratio exposure measure	27,028.8	26,927.7	25,240.5	16,871.4	16,637.0	14,553.0
Leverage ratio	9.6%	9.6%	9.1%	10.8%	10.9%	10.3%

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

in EUR millions					
NLB Group					
	1-3 2024	1-12 2023	1-9 2023	1-6 2023	1-3 2023
Numerator					
Net interest income ⁽ⁱ⁾	933.9	833.3	804.1	766.2	725.8
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	25,011.7	23,782.7	23,524.9	23,219.3	23,106.7
Net interest margin on interest-bearing assets	3.73%	3.50%	3.42%	3.30%	3.14%

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

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

in EUR millions							
	NLB	NLB Komerzialna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica
	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024
Numerator							
Net interest income ⁽ⁱ⁾	447.4	232.9	78.8	37.1	28.7	51.4	46.1
Denominator							
Average interest bearing assets ⁽ⁱⁱ⁾	14,826.4	4,811.4	1,885.6	1,012.1	880.9	1,203.8	898.3
Net interest margin on interest-bearing assets	3.02%	4.84%	4.18%	3.67%	3.26%	4.27%	5.14%

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

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

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

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

in EUR millions					
NLB Group					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Net interest income ⁽ⁱ⁾	933.9	920.0	878.7	806.2	725.8
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	25,011.7	24,582.1	24,127.6	23,301.0	23,106.7
Net interest margin on interest-bearing assets (quarterly)	3.73%	3.74%	3.64%	3.46%	3.14%

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

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

in EUR million					
NLB					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Net interest income ⁽ⁱ⁾	447.4	450.2	394.5	345.9	297.7
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	14,826.4	14,570.3	13,870.2	12,745.4	12,670.0
Net interest margin on interest-bearing assets (quarterly)	3.02 %	3.09%	2.84%	2.71%	2.35%

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

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

in EUR millions					
SEE Banks ⁽ⁱⁱⁱ⁾					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Net interest income ⁽ⁱ⁾	475.0	456.9	439.9	410.6	380.3
Denominator					
Average interest bearing assets ⁽ⁱⁱ⁾	10,692.1	10,426.6	10,159.5	9,915.6	9,811.1
Net interest margin on interest-bearing assets (quarterly)	4.44%	4.38%	4.33%	4.14%	3.88%

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

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

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

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

in EUR millions		
NLB Group		
	1-3 2024	1-3 2023
Numerator		
Net interest income ⁽ⁱ⁾	933.9	725.8
Denominator		
Average total assets ⁽ⁱⁱ⁾	25,972.0	24,049.9
Net interest margin on total assets	3.60%	3.02%

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

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

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

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

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

The calculations presented below are based on internal data sources.

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

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

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

in EUR millions				
NLB Group				
	31 Mar 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Numerator				
Total Non-Performing Loans	306.6	300.5	328.3	367.4
Denominator				
Total gross loans	19,695.6	20,243.9	18,403.9	15,541.8
NPL per cent.	1.6%	1.5%	1.8%	2.4%

in EUR millions							
	NLB, Ljubljana	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	NLB, Komercijalna Banka, Beograd
	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024
Numerator							
Total Non-Performing Loans	144.9	46.6	5.4	15.6	17.5	22.9	25.6
Denominator							
Total gross loans	11,113.3	1,608.5	831.1	770.5	1,042.4	771.8	3,983.0
NPL per cent.	1.3%	2.9%	0.6%	2.0%	1.7%	3.0%	0.6%

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

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

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

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

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

in EUR millions				
NLB Group				
	31 Mar 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Numerator				
Net volume of non-performing loans	108.0	106.4	140.9	154.5
Denominator				
Total Net Loans	19,356.9	19,913.3	18,079.1	15,225.4
Net NPL ratio per cent. (% Net NPL)	0.6%	0.5%	0.8%	1.0%

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

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

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

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

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

in EUR thousands						
NLB Group						
	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Numerator						
Interest risk in banking book – EVE	-186,661.0	-108,489.1	-69,389.2	-83,353.2	-61,615.8	-110,452.4
Denominator						
Equity (Tier I)	2,607,376.0	2,589,612.0	2,281,260.0	2,269,153.0	2,254,020.0	2,166,333.0
EVE as % of Equity	-7.2%	-4.2%	-3.0%	-3.7%	-2.7%	-5.1%

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

in EUR millions					
NLB Group					
	1-3 2024	1-12 2023	1-9 2023	1-6 2023	1-3 2023
Numerator					
Operational business net income ⁽ⁱ⁾	1,292.5	1,174.7	1,141.8	1,100.2	1,054.7
Denominator					
Average total assets ⁽ⁱⁱ⁾	25,972.0	24,706.3	24,448.2	24,147.9	24,049.9
OBM (cumulative)	4.98%	4.75%	4.67%	4.56%	4.39%

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

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

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

in EUR millions					
NLB Group					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Operational business net income ⁽ⁱ⁾	1,292.5	1,272.4	1,223.6	1,145.3	1,054.7
Denominator					
Average total assets ⁽ⁱⁱ⁾	25,972.0	25,494.3	25,037.1	24,211.9	24,049.9
OBM (quarterly)	4.98%	4.99%	4.89%	4.73%	4.39%

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

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

in EUR millions					
NLB					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Operational business net income ⁽ⁱ⁾	637.5	629.2	559.6	511.6	462.7
Denominator					
Average total assets ⁽ⁱⁱ⁾	16,159.7	15,831.9	14,995.9	14,130.3	13,914.7
OBM (quarterly)	3.94%	3.97%	3.73%	3.62%	3.33%

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

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

in EUR millions					
SEE banks ⁽ⁱⁱⁱ⁾					
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Numerator					
Operational business net income ⁽ⁱ⁾	620.3	610.7	592.1	556.4	516.8
Denominator					
Average total assets ⁽ⁱⁱ⁾	11,101.8	10,850.6	10,603.8	10,347.8	10,247.0
OBM (quarterly)	5.59%	5.63%	5.58%	5.38%	5.04%

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

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

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

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

						in EUR millions
NLB Group					NLB	
	1-3 2024	1-12 2023	1-9 2023	1-6 2023	1-3 2023	1-3 2024
Numerator						
Result after tax ⁽ⁱ⁾	560.1	550.7	515.9	485.4	480.6	375.5
Denominator						
Average equity ⁽ⁱⁱ⁾	2,959.9	2,623.0	2,558.9	2,499.2	2,436.5	2,289.3
ROE a.t.	18.9%	21.0%	20.2%	19.4%	19.7%	16.4%

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

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

							in EUR millions
	NLB Komerijalna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	
	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024	1-3 2024	
Numerator							
Result after tax ⁽ⁱ⁾	147.6	57.3	25.1	15.7	34.1	23.9	
Denominator							
Average equity ⁽ⁱⁱ⁾	851.5	287.7	110.6	98.3	148.2	121.1	
ROE a.t.	17.3%	19.9%	22.7%	16.0%	23.0%	19.7%	

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

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

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

			in EUR millions
NLB Group			
	1-3 2024	1-3 2023	
Numerator			
Result after tax ⁽ⁱ⁾	560.1	480.6	
Denominator			
Average average risk adjusted capital ⁽ⁱⁱ⁾	1,916.3	1,853.0	
ROE a.t.	29.2 %	25.9%	

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

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

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

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

in EUR millions		
NLB Group		
	1-3 2024	1-3 2023
Numerator		
Result after tax ⁽ⁱ⁾	560.1	480.6
Denominator		
Average total assets ⁽ⁱⁱ⁾	25,972.0	24,049.9
ROA a.t.	2.2%	2.0%

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

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

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

							in EUR millions
NLB Group							NLB
	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	31 Mar 2024
Numerator							
Total capital (Own funds)	3,199.4	3,109.2	2,791.4	2,780.1	2,765.2	2,806.4	2,403.9
Denominator							
Total risk exposure Amount (Total RWA)	15,427.8	15,337.2	14,919.0	14,838.4	14,622.3	14,653.1	9,292.1
Total capital ratio	20.7%	20.3%	18.7%	18.7%	18.9%	19.2%	25.9%

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

Table 19: Unaudited Condensed Income Statement of NLB Group for period ended 31 March 2024

Business report	in EUR millions	Financial report	in EUR thousands	Notes
Net interest income	232.2	Interest and similar income	292,767	4.1.
		Interest and similar expenses	(60,577)	4.1.
Net fee and commission income	71.1	Fee and commission income	100,119	4.3.
		Fee and commission expenses	(29,021)	4.3.
Dividend income	0.0	Dividend income	16	4.2.
		Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	2,044	4.4.
		Gains less losses from financial assets and liabilities held for trading	2,493	4.5.
Net income from financial transactions	9.8	Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	1,581	4.6.
		Gains less losses from financial liabilities measured at fair value through profit or loss	(914)	
		Fair value adjustments in hedge accounting	649	
		Foreign exchange translation gains less losses	3,945	
		Gains less losses from modification of financial assets	(25)	
		Gains less losses on derecognition of non-financial assets	262	
		Other net operating income	2,196	4.7.
Net other income	(15.0)	Cash contributions to resolution funds and deposit guarantee schemes	(17,738)	4.9.
		Gains less losses from non-current assets held for sale	326	
		Net gains or losses on derecognition of investments in subsidiaries, associates and joint ventures	-	
Net non-interest income	65.9		65,933	
Total net operating income	298.1		298,123	
Employee costs	(72.2)	Administrative expenses	(119,297)	4.8.
Other general and administrative expenses	(47.1)			
Depreciation and amortisation	(13.1)	Depreciation and amortisation	(13,059)	4.10.
Total costs	(132.4)		(132,356)	
Result before impairments and provisions	165.8		165,767	
Impairments and provisions for credit risk	(4.4)	Provisions for credit losses	(146)	4.11.
		Impairment of financial assets	(4,214)	4.12.
Other impairments and provisions	(0.3)	Provisions for other liabilities and charges	(297)	4.11.
		Impairment of non-financial assets	(3)	4.12.
Impairments and provisions	(4.7)		(4,660)	
Gains less losses from capital investment in subsidiaries, associates, and joint ventures	1.0	Share of profit from investments in associates and joint ventures (accounted for using the equity method)	962	
Result before tax	162.1	Profit before income tax	162,069	
Income tax	(18.7)	Income tax	(18,655)	4.13.
Result of non-controlling interests	3.4	Attributable to non-controlling interests	3,393	
Result after tax	140.0	Attributable to owners of the parent	140,021	

Table 20: Unaudited Condensed Statement of Financial Position of NLB Group as at 31 March 2024

Business report	in EUR millions	Financial report	in EUR thousands	Notes
ASSETS				
Cash, cash balances at central banks, and other demand deposits at banks	5,481.1	Cash, cash balances at central banks, and other demand deposits at banks	5,481,137	5.1.
Loans to banks	416.3	Financial assets measured at amortised cost - loans and advances to banks	416,255	5.5.b)
Net loans to customers	13,859.9	Financial assets measured at amortised cost - loans and advances to customers	13,859,873	5.5.c)
Financial assets	5,485.9		5,485,900	
- Trading book	15.0	Financial assets held for trading	14,867	5.2.a)
		Non-trading financial assets mandatorily at fair value through profit or loss - part (w ithout loans)	14,743	5.3.a)
- Non-trading book	5,470.9	Financial assets measured at fair value through other comprehensive income	2,566,328	5.4.
		Financial assets measured at amortised cost - debt securities	2,889,962	5.5.a)
Investments in subsidiaries, associates, and joint ventures	13.5	Investments in associates and joint ventures	13,482	
Property and equipment	276.0	Property and equipment	276,045	5.7.
Investment property	30.0	Investment property	30,013	5.8.
Intangible assets	60.5	Intangible assets	60,532	
		Financial assets measured at amortised cost - other financial assets	184,678	5.5.d)
		Derivatives - hedge accounting	49,134	
Other assets	402.5	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(11,492)	
		Current income tax assets	31	
		Deferred income tax assets	118,395	5.13.
		Other assets	57,424	5.9.
		Non-current assets held for sale	4,321	5.6.
TOTAL ASSETS	26,025.7	Total assets	26,025,728	
LIABILITIES				
Deposits from customers	20,471.5	Financial liabilities measured at amortised cost - due to customers	20,471,515	5.11.
Deposits from banks and central banks	134.7	Financial liabilities measured at amortised cost - deposits from banks and central banks	134,731	5.11.
		Financial liabilities measured at amortised cost - borrow ings from banks and central banks	107,834	5.11.
Borrow ings	209.4	Financial liabilities measured at amortised cost - borrow ings from other customers	101,589	5.11.
Subordinated debt securities	597.3	Financial liabilities measured at amortised cost - debt securities issue	1,435,302	5.11.
Other debt securities in issue	838.0			
		Financial liabilities held for trading	14,174	5.2.b)
		Financial liabilities measured at fair value through profit or loss	5,398	5.3.b)
Other liabilities	674.7	Financial liabilities measured at amortised cost - other financial liabilities	420,797	5.11.c)
		Derivatives - hedge accounting	3,045	
		Provisions	110,630	5.12.
		Current income tax liabilities	38,295	
		Deferred income tax liabilities	13,260	5.13.
		Other liabilities	69,134	5.15.
Equity	3,035.6	Equity and reserves attributable to ow ners of the parent	3,035,599	
Non-controlling interests	64.4	Non-controlling interests	64,425	
TOTAL LIABILITIES AND EQUITY	26,025.7	Total liabilities and equity	26,025,728	



Unaudited Condensed Interim Financial Statements of NLB Group and NLB

as at 31 March 2024

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

Contents

Condensed income statement for the period ended 31 March	87
Condensed statement of other comprehensive income for the period ended 31 March	88
Condensed statement of financial position as at 31 March and as at 31 December	89
Condensed statement of changes in equity for the period ended 31 March	91
Condensed statement of cash flows for the period ended 31 March	92
Notes to the condensed interim financial statements	93
1. General information	93
2. Summary of significant accounting policies	93
2.1. Statement of compliance	93
2.2. Accounting policies	93
3. Changes in the composition of the NLB Group	94
4. Notes to the condensed income statement	95
4.1. Interest income and expenses	95
4.2. Dividend income	95
4.3. Fee and commission income and expenses	96
4.4. Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	96
4.5. Gains less losses from financial assets and liabilities held for trading	96
4.6. Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	97
4.7. Other net operating income	97
4.8. Administrative expenses	97
4.9. Cash contributions to resolution funds and deposit guarantee schemes	97
4.10. Depreciation and amortisation	98
4.11. Provisions	98
4.12. Impairment charge	98
4.13. Income tax	99
5. Notes to the condensed statement of financial position	99
5.1. Cash, cash balances at central banks and other demand deposits at banks	99
5.2. Financial instruments held for trading	99
5.3. Non-trading financial instruments mandatorily at fair value through profit or loss	100
5.4. Financial assets measured at fair value through other comprehensive income	100
5.5. Financial assets measured at amortised cost	100
5.6. Non-current assets held for sale	101
5.7. Property and equipment	101
5.8. Investment property	101
5.9. Other assets	102
5.10. Movements in allowance for the impairment of financial assets	102
5.11. Financial liabilities measured at amortised cost	104
5.12. Provisions	105
5.13. Deferred income tax	106
5.14. Income tax relating to components of other comprehensive income	106
5.15. Other liabilities	107
5.16. Other equity instruments issued	107
5.17. Book value per share	107
5.18. Capital adequacy ratio	108
5.19. Off-balance sheet liabilities	109
5.20. Fair value hierarchy of financial and non-financial assets and liabilities	109
6. Analysis by segment for NLB Group	117
7. Related-party transactions	119
8. Subsidiaries	122
9. Events after the end of the reporting period	123

Condensed income statement for the period ended 31 March

		in EUR thousands			
	Notes	NLB Group		NLB	
		3 months ended		3 months ended	
		March 2024	March 2023	March 2024	March 2023
		unaudited	unaudited	unaudited	unaudited
Interest income calculated using the effective interest method		277,565	201,350	150,304	92,746
Other interest and similar income		15,202	5,659	8,587	2,714
Interest and similar income	4.1.	292,767	207,009	158,891	95,460
Interest expenses calculated using the effective interest method		(54,436)	(26,621)	(41,377)	(20,749)
Other interest and similar expenses		(6,141)	(1,419)	(6,263)	(1,311)
Interest and similar expenses	4.1.	(60,577)	(28,040)	(47,640)	(22,060)
Net interest income		232,190	178,969	111,251	73,400
Dividend income	4.2.	16	49	29,531	8,414
Fee and commission income	4.3.	100,119	91,685	45,300	39,549
Fee and commission expenses	4.3.	(29,021)	(25,580)	(10,648)	(8,634)
Net fee and commission income		71,098	66,105	34,652	30,915
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	4.4.	2,044	(781)	2,582	(788)
Gains less losses from financial assets and liabilities held for trading	4.5.	2,493	5,929	1,250	1,490
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	4.6.	1,581	577	1,578	478
Gains less losses from financial liabilities measured at fair value through profit or loss		(914)	(283)	(459)	(144)
Fair value adjustments in hedge accounting		649	(64)	609	(43)
Foreign exchange translation gains less losses		3,945	3,654	779	2,217
Gains less losses on derecognition of non-financial assets		262	(794)	5	22
Other net operating income	4.7.	2,196	2,206	1,315	1,694
Administrative expenses	4.8.	(119,297)	(105,458)	(62,909)	(49,090)
Cash contributions to resolution funds and deposit guarantee schemes	4.9.	(17,738)	(18,182)	(10,559)	(9,713)
Depreciation and amortisation	4.10.	(13,059)	(11,654)	(5,642)	(4,182)
Gains less losses from modification of financial assets		(25)	(138)	-	-
Provisions for credit losses	4.11.	(146)	2,183	581	1,074
Provisions for other liabilities and charges	4.11.	(297)	(5,927)	-	(5,741)
Impairment of financial assets	4.12.	(4,214)	16,187	(3,808)	3,625
Impairment of non-financial assets	4.12.	(3)	(38)	-	-
Share of profit from investments in associates and joint ventures (accounted for using the equity method)		962	307	-	-
Gains less losses from non-current assets held for sale		326	4,673	315	188
Profit before income tax		162,069	137,520	101,071	53,816
Income tax	4.13.	(18,655)	(13,942)	(7,190)	(2,576)
Profit for the period		143,414	123,578	93,881	51,240
Attributable to owners of the parent		140,021	120,141	93,881	51,240
Attributable to non-controlling interests		3,393	3,437	-	-
Earnings per share (in EUR per share)		7.00	6.01	4.69	2.56
Diluted earnings per share (in EUR per share)		7.00	6.01	4.69	2.56

Condensed statement of other comprehensive income for the period ended 31 March

in EUR thousands					
	Notes	NLB Group		NLB	
		3 months ended		3 months ended	
		March 2024	March 2023	March 2024	March 2023
		unaudited	unaudited	unaudited	unaudited
Net profit for the period after tax		143,414	123,578	93,881	51,240
Other comprehensive income after tax		12,631	21,956	4,036	9,201
<i>Items that will not be reclassified to income statement</i>					
Fair value changes of equity instruments measured at fair value through other comprehensive income		2,915	1,483	294	284
Income tax relating to components of other comprehensive income	5.14.	(401)	(220)	(65)	(54)
<i>Items that have been or may be reclassified subsequently to income statement</i>					
Foreign currency translation		879	1,843	-	-
Translation gains/(losses) taken to equity		879	1,843	-	-
Debt instruments measured at fair value through other comprehensive income		11,283	19,484	4,881	7,805
Valuation gains/(losses) taken to equity		10,464	23,970	4,485	11,638
Transferred to income statement		819	(4,486)	396	(3,833)
Income tax relating to components of other comprehensive income	5.14.	(2,045)	(634)	(1,074)	1,166
Total other comprehensive income for the period after tax		156,045	145,534	97,917	60,441
Attributable to owners of the parent		152,749	142,003	97,917	60,441
Attributable to non-controlling interests		3,296	3,531	-	-

Condensed statement of financial position as at 31 March and as at 31 December

	in EUR thousands				
	Notes	NLB Group		NLB	
		31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
		unaudited	audited	unaudited	audited
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	5,481,137	6,103,561	3,824,858	4,318,032
Financial assets held for trading	5.2.a)	14,867	15,718	18,629	17,957
Non-trading financial assets mandatorily at fair value through profit or loss	5.3.a)	14,743	14,175	19,012	16,643
Financial assets measured at fair value through other comprehensive income	5.4.	2,566,328	2,251,556	1,456,490	1,023,012
Financial assets measured at amortised cost					
- debt securities	5.5.a)	2,889,962	2,522,229	2,207,475	1,966,169
- loans and advances to banks	5.5.b)	416,255	547,640	162,796	149,011
- loans and advances to customers	5.5.c)	13,859,873	13,734,601	7,147,816	7,148,283
- other financial assets	5.5.d)	184,678	165,962	140,244	101,596
Derivatives - hedge accounting		49,134	47,614	49,134	47,614
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(11,492)	(10,207)	(13,083)	(12,514)
Investments in subsidiaries		-	-	975,757	975,757
Investments in associates and joint ventures		13,482	12,519	4,823	4,823
Tangible assets					
Property and equipment	5.7.	276,045	278,034	84,667	85,970
Investment property	5.8.	30,013	31,116	7,122	7,640
Intangible assets		60,532	62,117	36,551	37,379
Current income tax assets		31	42	-	-
Deferred income tax assets	5.13.	118,395	111,305	108,369	109,449
Other assets	5.9.	57,424	49,154	20,223	13,907
Non-current assets held for sale	5.6.	4,321	4,849	3,565	4,048
Total assets		26,025,728	25,941,985	16,254,448	16,014,776
Financial liabilities held for trading	5.2.b)	14,174	13,217	15,904	17,510
Financial liabilities measured at fair value through profit or loss	5.3.b)	5,398	4,482	3,653	3,210
Financial liabilities measured at amortised cost					
- deposits from banks and central banks	5.11.	134,731	95,283	297,075	147,002
- borrowings from banks and central banks	5.11.	107,834	140,419	128,210	82,797
- due to customers	5.11.	20,471,515	20,732,722	11,633,097	11,881,563
- borrowings from other customers	5.11.	101,589	99,718	-	-
- debt securities issued	5.11.	1,435,302	1,338,235	1,435,302	1,338,235
- other financial liabilities	5.11.c)	420,797	357,116	287,295	198,020
Derivatives - hedge accounting		3,045	3,540	1,675	1,420
Provisions	5.12.	110,630	113,305	45,794	48,456
Current income tax liabilities		38,295	35,879	19,454	14,762
Deferred income tax liabilities	5.13.	13,260	1,426	-	-
Other liabilities	5.15.	69,134	58,653	39,621	32,350
Total liabilities		22,925,704	22,993,995	13,907,080	13,765,325
Equity and reserves attributable to owners of the parent					
Share capital		200,000	200,000	200,000	200,000
Share premium		871,378	871,378	871,378	871,378
Other equity instruments	5.16.	86,160	84,178	86,160	84,178
Accumulated other comprehensive income		(63,390)	(76,118)	(32,280)	(36,316)
Profit reserves		13,522	13,522	13,522	13,522
Retained earnings		1,927,929	1,789,890	1,208,588	1,116,689
		3,035,599	2,882,850	2,347,368	2,249,451
Non-controlling interests		64,425	65,140	-	-
Total equity		3,100,024	2,947,990	2,347,368	2,249,451
Total liabilities and equity		26,025,728	25,941,985	16,254,448	16,014,776

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



Peter Andreas Burkhardt
Member



Antonio Argir
Member



Blaž Brodnjak
Chief executive officer



Hedvika Usenik
Member



Andrej Lasič
Member



Archibald Kremser
Member

Ljubljana, 8 May 2024

Condensed statement of changes in equity for the period ended 31 March

in EUR thousands											
NLB Group	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income			Profit reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
				Fair value reserve of financial assets measured at FVOCI	Foreign currency translation reserve	Other					
Note	5.16.										
Balance as at 1 Jan 2024	200,000	871,378	84,178	(60,019)	(14,588)	(1,511)	13,522	1,789,890	2,882,850	65,140	2,947,990
- Net profit for the period	-	-	-	-	-	-	-	140,021	140,021	3,393	143,414
- Other comprehensive income	-	-	-	11,778	950	-	-	-	12,728	(97)	12,631
Total comprehensive income after tax	-	-	-	11,778	950	-	-	140,021	152,749	3,296	156,045
Dividends	-	-	-	-	-	-	-	-	-	(4,011)	(4,011)
Other	-	-	1,982	-	-	-	-	(1,982)	-	-	-
Balance as at 31 Mar 2024	200,000	871,378	86,160	(48,241)	(13,638)	(1,511)	13,522	1,927,929	3,035,599	64,425	3,100,024

in EUR thousands											
NLB Group	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income			Profit reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
				Fair value reserve of financial assets measured at FVOCI	Foreign currency translation reserve	Other					
Note	5.16.										
Balance as at 1 Jan 2023	200,000	871,378	84,184	(142,909)	(16,485)	(1,194)	13,522	1,357,089	2,365,585	56,740	2,422,325
- Net profit for the period	-	-	-	-	-	-	-	120,141	120,141	3,437	123,578
- Other comprehensive income	-	-	-	20,066	1,796	-	-	-	21,862	94	21,956
Total comprehensive income after tax	-	-	-	20,066	1,796	-	-	120,141	142,003	3,531	145,534
Transactions with non-controlling interests	-	-	-	-	-	-	-	8	8	(8)	-
Other	-	-	1,965	-	-	-	-	(1,965)	-	-	-
Balance as at 31 Mar 2023	200,000	871,378	86,149	(122,843)	(14,689)	(1,194)	13,522	1,475,273	2,507,596	60,263	2,567,859

in EUR thousands									
NLB	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income		Profit reserves	Retained earnings	Total equity	
				Fair value reserve of financial assets measured at FVOCI	Other				
Note	5.16.								
Balance as at 1 Jan 2024	200,000	871,378	84,178	(35,111)	(1,205)	13,522	1,116,689	2,249,451	
- Net profit for the period	-	-	-	-	-	-	93,881	93,881	
- Other comprehensive income	-	-	-	4,036	-	-	-	4,036	
Total comprehensive income after tax	-	-	-	4,036	-	-	93,881	97,917	
Other	-	-	1,982	-	-	-	(1,982)	-	
Balance as at 31 Mar 2024	200,000	871,378	86,160	(31,075)	(1,205)	13,522	1,208,588	2,347,368	

in EUR thousands									
NLB	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income		Profit reserves	Retained earnings	Total equity	
				Fair value reserve of financial assets measured at FVOCI	Other				
Note	5.16.								
Balance as at 1 Jan 2023	200,000	871,378	84,184	(79,743)	(1,934)	13,522	515,463	1,602,870	
- Net profit for the period	-	-	-	-	-	-	51,240	51,240	
- Other comprehensive income	-	-	-	9,201	-	-	-	9,201	
Total comprehensive income after tax	-	-	-	9,201	-	-	51,240	60,441	
Other	-	-	1,965	-	-	-	(1,965)	-	
Balance as at 31 Mar 2023	200,000	871,378	86,149	(70,542)	(1,934)	13,522	564,738	1,663,311	

Condensed statement of cash flows for the period ended 31 March

		in EUR thousands			
		NLB Group		NLB	
		3 months ended		3 months ended	
		March	March	March	March
		2024	2023	2024	2023
		unaudited	unaudited	unaudited	unaudited
		Notes			
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		292,847	220,171	154,296	93,181
Interest paid		(21,584)	(14,493)	(23,600)	(13,045)
Dividends received		14	37	28,987	11
Fee and commission receipts		101,655	93,086	45,118	39,001
Fee and commission payments		(29,923)	(26,441)	(11,320)	(9,267)
Realised gains from financial assets and financial liabilities not at fair value through profit or loss		184	7	-	-
Net gains/(losses) from financial assets and liabilities held for trading		5,747	5,432	472	139
Payments to employees and suppliers		(126,970)	(110,651)	(66,146)	(49,593)
Other receipts		5,617	5,001	3,333	4,702
Other payments		(10,745)	(7,461)	(2,375)	(1,256)
Income tax (paid)/received		(12,466)	(6,827)	(1,092)	-
Cash flows from operating activities before changes in operating assets and liabilities		204,376	157,861	127,673	63,873
(Increases)/decreases in operating assets		(428,660)	370,154	(466,231)	122,927
Net (increase)/decrease in trading assets		(2,996)	200	(2,996)	200
Net (increase)/decrease in non-trading financial assets mandatorily at fair value through profit or loss		982	120	(700)	(40)
Net (increase)/decrease in financial assets measured at fair value through other comprehensive income		(310,063)	381,912	(430,197)	168,681
Net (increase)/decrease in loans and receivables measured at amortised cost		(116,208)	(10,746)	(32,570)	(44,452)
Net (increase)/decrease in other assets		(375)	(1,332)	232	(1,462)
Increases/(decreases) in operating liabilities		(198,976)	(319,353)	35,773	(100,971)
Net increase/(decrease) in deposits and borrowings measured at amortised cost		(200,796)	(319,153)	35,245	(102,119)
Net increase/(decrease) in other liabilities		1,820	(200)	528	1,148
Net cash flows from operating activities		(423,260)	208,662	(302,785)	85,829
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from investing activities		169,831	116,113	28,495	43,815
Proceeds from sale of property, equipment, and investment property		1,852	595	705	83
Proceeds from non-current assets held for sale		879	10,856	798	550
Proceeds from maturity/disposals of debt securities measured at amortised cost		167,100	104,662	26,992	43,182
Payments from investing activities		(556,008)	(189,869)	(280,001)	(129,620)
Purchase of property, equipment, and investment property		(7,526)	(5,067)	(3,679)	(1,626)
Purchase of intangible assets		(6,589)	(4,971)	(4,990)	(3,715)
Purchase of debt securities measured at amortised cost		(541,893)	(179,831)	(271,332)	(124,279)
Net cash flows from investing activities		(386,177)	(73,756)	(251,506)	(85,805)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from financing activities		298,611	-	298,611	-
Issuance of subordinated bonds	5.11.b)	298,611	-	298,611	-
Payments from financing activities		(221,567)	(2,312)	(216,133)	(260)
Dividends paid		(3,933)	(221)	-	-
Repayments of subordinated debt	5.11.b)	(215,759)	-	(215,759)	-
Lease payments		(1,875)	(2,091)	(374)	(260)
Net cash flows from financing activities		77,044	(2,312)	82,478	(260)
Effects of exchange rate changes on cash and cash equivalents		1,001	361	(1,415)	(573)
Net increase/(decrease) in cash and cash equivalents		(732,393)	132,594	(471,813)	(236)
Cash and cash equivalents at beginning of period		6,637,139	5,500,222	4,323,499	3,494,435
Cash and cash equivalents at end of period		5,905,747	5,633,177	3,850,271	3,493,626

		in EUR thousands			
		NLB Group		NLB	
		31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
		unaudited	audited	unaudited	audited
		Notes			
Cash and cash equivalents comprise:					
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	5,482,368	6,104,851	3,825,271	4,318,499
Loans and advances to banks with original maturity up to 3 months		397,076	506,266	25,000	5,000
Debt securities measured at fair value through other comprehensive income with original maturity up to 3 months		26,303	26,022	-	-
Total		5,905,747	6,637,139	3,850,271	4,323,499

Notes to the condensed interim financial statements

1. General information

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

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

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

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

2. Summary of significant accounting policies

2.1. Statement of compliance

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

2.2. Accounting policies

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

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

- IAS 1 (amendment and deferral of effective date) – 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current' (effective for annual periods beginning on or after 1 January 2024);
- IAS 1 (amendment) – 'Presentation of Financial Statements: Non-current Liabilities with Covenants' (effective for annual periods beginning on or after 1 January 2024);
- IFRS 16 (amendment) – 'Leases: Lease Liability in a Sale and Leaseback' (effective for annual periods beginning on or after 1 January 2024).

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

- IAS 7 (amendment) – 'Statement of Cash Flows' and IFRS 7 – 'Financial Instruments: Disclosures: Supplier Finance Arrangements' (effective for annual periods beginning on or after 1 January 2024);
- IAS 21 (amendment) – 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (effective for annual periods beginning on or after 1 January 2025).

3. Changes in the composition of the NLB Group

Changes in the period ended 31 March 2024

Other changes:

- In January 2024, according to the new NLB Group Governance Policy, three real estate companies S-REAM d.o.o., Ljubljana, REAM d.o.o., Beograd and REAM d.o.o., Podgorica were transferred from non-core members to core members.

Changes in year 2023

Capital changes:

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

Other changes:

- In April 2023, after merging with REAM d.o.o., Beograd, subsidiary SPV 2 d.o.o., Beograd ceased to exist. All its assets and liabilities were transferred to REAM d.o.o., Beograd which become after merger its universal legal successor.
- In May 2023, NLB Group sold its subsidiary Tara Hotel d.o.o. Budva.
- In July 2023, a purchase agreement was signed for the sale of NLB Group's subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji. The transfer of the ownership was entered into Register of Companies on 13 September 2023.
- In August 2023, NLB received an authorisation of the ECB for the merger of the N Banka. On 1 September 2023, with entry of the merger in the Register of Companies, the process of legal merger of N Banka with NLB was closed. As at the date of the merger, N Banka ceased to exist as an independent legal entity, and NLB as a universal successor, took over all of its rights and obligations.
- In September 2023, NLB Leasing d.o.o., Beograd – u likvidaciji was liquidated. In accordance with the court order, the company was removed from the court register.
- In September 2023, after cross boarder merging with S-REAM d.o.o., Ljubljana, subsidiary REAM d.o.o, Zagreb ceased to exist. All its assets and liabilities were transferred to S-REAM d.o.o., Ljubljana, which become after merger its universal legal successor.
- On 30 November 2023, NLB concluded a purchase agreement for the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., the parent company of Summit Leasing Slovenija d.o.o. and its subsidiaries from funds managed by affiliates of Apollo Global Management, Inc. and the European Bank for Reconstruction and Development. The purchase price for the mentioned deal is equal to the book value of Summit Leasing with an additional small mark-up. Completion of the transaction depends on obtaining regulatory approvals and approvals from competent authorities/institutions for the protection of competition and is expected in the second half of 2024.

4. Notes to the condensed income statement

4.1. Interest income and expenses

Analysis by type of assets and liabilities

in EUR thousands						
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Interest and similar income						
<i>Interest income calculated using the effective interest method</i>	277,565	201,350	38%	150,304	92,746	62%
Loans and advances to customers at amortised cost	201,618	159,977	26%	93,730	64,550	45%
Securities measured at amortised cost	17,211	5,852	194%	10,427	3,703	182%
Financial assets measured at fair value through other comprehensive income	10,715	10,142	6%	2,870	2,525	14%
Loans and advances to banks measured at amortised cost	5,509	4,239	30%	2,360	2,639	-11%
Deposits with banks and central banks	42,512	21,140	101%	40,917	19,329	112%
<i>Other interest and similar income</i>	15,202	5,659	169%	8,587	2,714	-
Financial assets held for trading	1,541	1,081	43%	1,768	1,241	42%
Non-trading financial assets mandatorily at fair value through profit or loss	11	12	-8%	110	83	33%
Derivatives - hedge accounting	6,839	1,390	-	6,709	1,390	-
Finance leases	6,811	3,176	114%	-	-	-
Total	292,767	207,009	41%	158,891	95,460	66%
Interest and similar expenses						
<i>Interest expenses calculated using the effective interest method</i>	54,436	26,621	104%	41,377	20,749	99%
Due to customers	27,346	11,625	135%	13,533	6,266	116%
Borrowings from banks and central banks	655	372	76%	676	171	-
Borrowings from other customers	578	309	87%	-	-	-
Subordinated liabilities	10,918	8,475	29%	10,918	8,475	29%
Debt securities issued	13,663	4,530	-	13,663	4,530	-
Deposits from banks and central banks	1,052	833	26%	2,537	1,058	140%
Lease liabilities	224	125	79%	50	19	163%
Negative interest	-	352	-	-	230	-
<i>Other interest and similar expenses</i>	6,141	1,419	-	6,263	1,311	-
Derivatives - hedge accounting	4,511	302	-	4,511	290	-
Financial liabilities held for trading	1,437	852	69%	1,659	928	79%
Interest expense on defined employee benefits	186	176	6%	88	88	0%
Other	7	89	-92%	5	5	0%
Total	60,577	28,040	116%	47,640	22,060	116%
Net interest income	232,190	178,969	30%	111,251	73,400	52%

4.2. Dividend income

in EUR thousands						
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Financial assets measured at fair value through other comprehensive income	2	36	-94%	-	-	-
Investments in subsidiaries	-	-	-	29,517	8,401	-
Non-trading financial assets mandatorily at fair value through profit or loss	14	13	8%	14	13	8%
Total	16	49	-67%	29,531	8,414	-

4.3. Fee and commission income and expenses

in EUR thousands						
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Fee and commission income						
<i>Fee and commission income relating to financial instruments not at fair value through profit or loss</i>						
Credit cards and ATMs	30,829	27,359	13%	12,506	10,939	14%
Customer transaction accounts	23,980	22,385	7%	13,690	13,306	3%
<i>Other fee and commission income</i>						
Payments	20,613	22,108	-7%	6,303	5,748	10%
Investment funds	10,252	7,737	33%	3,274	2,187	50%
Investment banking	3,902	3,116	25%	3,257	2,345	39%
Agency of insurance products	3,970	2,869	38%	2,901	2,267	28%
Other services	2,023	1,848	9%	707	604	17%
Total fee and commission income from contracts with customers	95,569	87,422	9%	42,638	37,396	14%
Guarantees	4,550	4,263	7%	2,662	2,153	24%
Total	100,119	91,685	9%	45,300	39,549	15%
Fee and commission expenses						
<i>Fee and commission expenses relating to financial instruments not at fair value through profit or loss</i>						
Credit cards and ATMs	22,030	18,926	16%	8,451	6,822	24%
<i>Other fee and commission expenses</i>						
Payments	2,935	3,198	-8%	340	279	22%
Insurance for holders of personal accounts and golden cards	468	533	-12%	318	309	3%
Investment banking	2,189	1,647	33%	981	733	34%
Guarantees	434	359	21%	422	339	24%
Other services	965	917	5%	136	152	-11%
Total	29,021	25,580	13%	10,648	8,634	23%
Net fee and commission income	71,098	66,105	8%	34,652	30,915	12%

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

in EUR thousands				
	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
Debt instruments measured at fair value through other comprehensive income	(838)	(781)	(131)	(788)
Debt instruments measured at amortised cost	169	-	-	-
Financial liabilities measured at amortised cost	2,713	-	2,713	-
Total	2,044	(781)	2,582	(788)

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

in EUR thousands				
	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
Foreign exchange trading	7,325	6,733	1,682	1,306
Debt instruments	82	63	81	14
Derivatives	(4,914)	(867)	(513)	170
Total	2,493	5,929	1,250	1,490

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

	in EUR thousands				
	NLB Group			NLB	
	3 months ended			3 months ended	
	March 2024	March 2023		March 2024	March 2023
Equity securities	1,556	562		1,550	329
Debt securities	25	15		-	-
Loans and advances to customers	-	-		28	149
Total	1,581	577		1,578	478

4.7. Other net operating income

	in EUR thousands					
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Other operating income						
Income from non-banking services	2,225	1,809	23%	1,697	1,625	4%
Rental income from investment property	350	376	-7%	73	79	-8%
Revaluation of investment property to fair value	-	55	-	-	-	-
Sale of investment property	205	-	-	174	-	-
Other operating income	1,488	1,241	20%	979	823	19%
Total	4,268	3,481	23%	2,923	2,527	16%
Other operating expenses						
Donations	213	218	-2%	204	484	-58%
Other operating expenses	1,859	1,057	76%	1,404	349	-
Total	2,072	1,275	63%	1,608	833	93%
Other net operating income	2,196	2,206	0%	1,315	1,694	-22%

4.8. Administrative expenses

	in EUR thousands					
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Employee costs	72,243	66,763	8%	36,088	30,656	18%
Other general and administrative expenses	47,054	38,695	22%	26,821	18,434	45%
Total	119,297	105,458	13%	62,909	49,090	28%

On 1 January 2024 tax on banks' balance sheet was introduced in Slovenia for a period of five years. Expenses related to tax on banks' balance sheet in the NLB Group and NLB in the first three months ended 31 March 2024, amounted to EUR 8,064 thousand and are included in the line item 'Other general and administrative expenses.'

4.9. Cash contributions to resolution funds and deposit guarantee schemes

	in EUR thousands					
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Cash contributions to deposit guarantee schemes	17,687	15,075	17%	10,559	7,614	39%
Cash contributions to resolution funds	51	3,107	-98%	-	2,099	-
Total	17,738	18,182	-2%	10,559	9,713	9%

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

4.10. Depreciation and amortisation

	in EUR thousands					
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Amortisation of intangible assets	4,449	3,752	19%	2,497	1,390	80%
Depreciation of property and equipment:						
- own property and equipment	6,941	5,855	19%	2,755	2,548	8%
- right-of-use assets	1,669	2,047	-18%	390	244	60%
Total	13,059	11,654	12%	5,642	4,182	35%

4.11. Provisions

	in EUR thousands			
	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
Provisions for credit losses	146	(2,183)	(581)	(1,074)
Guarantees and commitments	146	(2,183)	(581)	(1,074)
Provisions for other liabilities and charges	297	5,927	-	5,741
Provisions for legal risks	297	(3,394)	-	(3,559)
Other provisions	-	9,321	-	9,300
Total	443	3,744	(581)	4,667

4.12. Impairment charge

	in EUR thousands			
	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
Impairment of financial assets				
Cash balances at central banks, and other demand deposits at banks	(62)	26	(54)	17
Loans and advances to customers measured at amortised cost (note 5.10.a)	3,272	(10,010)	3,488	632
Loans and advances to banks measured at amortised cost (note 5.10.a)	(32)	14	(10)	69
Debt securities measured at fair value through other comprehensive income (note 5.10.b)	(19)	(5,267)	265	(4,621)
Debt securities measured at amortised cost (note 5.10.b)	1,119	286	252	94
Other financial assets measured at amortised cost (note 5.10.a)	(64)	(1,236)	(133)	184
Total impairment of financial assets	4,214	(16,187)	3,808	(3,625)
Impairment of other assets				
Other assets	3	38	-	-
Total	3	38	-	-
Total impairment of non-financial assets	3	38	-	-
Total impairment	4,217	(16,149)	3,808	(3,625)

4.13. Income tax

	in EUR thousands					
	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Current tax	15,235	11,977	27%	6,146	1,414	-
Global minimum tax	1,103	-	-	1,103	-	-
Deferred tax (note 5.13.)	2,317	1,965	18%	(59)	1,162	-
Total	18,655	13,942	34%	7,190	2,576	179%
Effective tax rate in % (income tax/profit before income tax)	11.51	10.14	14%	7.11	4.79	49%

NLB's current tax in the first three months ended 31 March 2024 includes EUR 673 thousand withholding tax suffered in other countries for which no tax credit was available in Slovenia (2023: EUR 55 thousand). The main part of this amount in the first three months ended 31 March 2024, is withholding tax on distributed dividends.

NLB Group became subject to global minimum top-up tax from 1 January 2024. NLB will be liable to pay the top-up tax concerning subsidiaries in non-EU jurisdictions that have a statutory tax rate below 15% and have not enacted the new legislation on Global minimum tax in domestic legislation. NLB Group recognised current tax expenses of EUR 1,103 thousand related to the top-up-tax in the first three months ended 31 March 2024, based on the first estimates for the year 2024.

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

5. Notes to the condensed statement of financial position

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

	in EUR thousand					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Balances and obligatory reserves with central banks	4,955,898	5,435,460	-9%	3,629,799	4,077,399	-11%
Cash	400,381	470,902	-15%	156,024	181,735	-14%
Demand deposits at banks	126,089	198,489	-36%	39,448	59,365	-34%
	5,482,368	6,104,851	-10%	3,825,271	4,318,499	-11%
Allowance for impairment	(1,231)	(1,290)	5%	(413)	(467)	12%
Total	5,481,137	6,103,561	-10%	3,824,858	4,318,032	-11%

5.2. Financial instruments held for trading

a) Financial assets held for trading

	in EUR thousand					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Derivatives, excluding hedging instruments						
Swap contracts	11,846	13,867	-15%	15,609	16,135	-3%
Options	1,221	1,249	-2%	1,221	1,249	-2%
Forward contracts	273	602	-55%	272	573	-53%
Total derivatives	13,340	15,718	-15%	17,102	17,957	-5%
Securities						
Bonds	1,527	-	-	1,527	-	-
Total securities	1,527	-	-	1,527	-	-
Total	14,867	15,718	-5%	18,629	17,957	4%

b) Financial liabilities held for trading

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Derivatives, excluding hedging instruments						
Swap contracts	12,217	11,139	10%	13,949	15,440	-10%
Options	1,533	1,573	-3%	1,533	1,573	-3%
Forward contracts	424	505	-16%	422	497	-15%
Total	14,174	13,217	7%	15,904	17,510	-9%

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

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

in EUR thousands						
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Assets						
Shares	6,903	6,300	10%	6,903	6,300	10%
Investments funds	4,311	2,658	62%	4,205	2,558	64%
Bonds	3,529	5,217	-32%	-	-	-
Loans and advances to companies	-	-	-	7,904	7,785	2%
Total	14,743	14,175	4%	19,012	16,643	14%

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

in EUR thousands						
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Liabilities						
Loans and advances to companies	-	-	-	1,218	1,234	-1%
Other financial liabilities	5,398	4,482	20%	2,435	1,976	23%
Total	5,398	4,482	20%	3,653	3,210	14%

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

Analysis by type

in EUR thousands						
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Bonds	2,107,830	1,836,604	15%	1,395,269	962,084	45%
Shares	29,181	26,467	10%	303	303	0%
National Resolution Fund	60,918	60,625	0%	60,918	60,625	0%
Treasury bills	342,096	301,838	13%	-	-	-
Commercial bills	26,303	26,022	1%	-	-	-
Total	2,566,328	2,251,556	14%	1,456,490	1,023,012	42%
Allowance for impairment (note 5.10.b)	(7,306)	(7,329)	0%	(2,713)	(2,448)	-11%

5.5. Financial assets measured at amortised cost

Analysis by type

in EUR thousands						
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Debt securities	2,889,962	2,522,229	15%	2,207,475	1,966,169	12%
Loans and advances to banks	416,255	547,640	-24%	162,796	149,011	9%
Loans and advances to customers	13,859,873	13,734,601	1%	7,147,816	7,148,283	0%
Other financial assets	184,678	165,962	11%	140,244	101,596	38%
Total	17,350,768	16,970,432	2%	9,658,331	9,365,059	3%

a) Debt securities

in EUR thousands						
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Government	2,160,751	1,898,725	14%	1,481,904	1,347,161	10%
Companies	90,017	79,679	13%	82,781	72,458	14%
Banks	627,982	536,096	17%	627,982	536,096	17%
Financial organisations	17,860	13,251	35%	17,860	13,251	35%
	2,896,610	2,527,751	15%	2,210,527	1,968,966	12%
Allowance for impairment (note 5.10.b)	(6,648)	(5,522)	-20%	(3,052)	(2,797)	-9%
Total	2,889,962	2,522,229	15%	2,207,475	1,966,169	12%

b) Loans and advances to banks

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Loans	422	623	-32%	116,743	119,914	-3%
Time deposits	227,936	249,765	-9%	46,018	25,865	78%
Reverse sale and repurchase agreements	187,891	294,069	-36%	-	-	-
Purchased receivables	279	3,482	-92%	279	3,482	-92%
	416,528	547,939	-24%	163,040	149,261	9%
Allowance for impairment (note 5.10.a)	(273)	(299)	9%	(244)	(250)	2%
Total	416,255	547,640	-24%	162,796	149,011	9%

c) Loans and advances to customers

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Loans	13,189,724	13,117,311	1%	6,925,815	6,946,199	0%
Overdrafts	486,456	449,145	8%	261,344	236,792	10%
Finance lease receivables	362,826	337,610	7%	-	-	-
Credit card business	152,634	154,664	-1%	82,368	82,457	0%
Called guarantees	5,110	4,498	14%	2,620	2,403	9%
	14,196,750	14,063,228	1%	7,272,147	7,267,851	0%
Allowance for impairment (note 5.10.a)	(336,877)	(328,627)	-3%	(124,331)	(119,568)	-4%
Total	13,859,873	13,734,601	1%	7,147,816	7,148,283	0%

d) Other financial assets

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Receivables in the course of settlement and other temporary accounts	36,629	43,608	-16%	17,317	20,207	-14%
Credit card receivables	63,597	54,748	16%	55,455	42,753	30%
Debtors	10,482	9,265	13%	1,294	2,013	-36%
Fees and commissions	10,415	9,734	7%	1,442	2,924	-51%
Receivables to brokerage firms and others for the sale of securities and custody services	4,224	-	-	4,223	-	-
Accrued income	7,453	7,171	4%	8,013	6,247	28%
Prepayments	6,794	2,176	-	-	-	-
Other financial assets	58,205	50,065	16%	53,939	29,066	86%
	197,799	176,767	12%	141,683	103,210	37%
Allowance for impairment (note 5.10.a)	(13,121)	(10,805)	-21%	(1,439)	(1,614)	11%
Total	184,678	165,962	11%	140,244	101,596	38%

5.6. Non-current assets held for sale

As at 31 March 2024 'Non-current assets held for sale' includes business premises and assets received as collateral that are in the process of being sold and amounts to EUR 4,321 thousand (31 December 2023: EUR 4,849 thousand) in the NLB Group and EUR 3,565 thousand (31 December 2023: EUR 4,048 thousand) in NLB.

5.7. Property and equipment**Analysis by type**

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Own property and equipment	246,811	249,920	-1%	78,853	80,240	-2%
Right-of-use assets	29,234	28,114	4%	5,814	5,730	1%
Total	276,045	278,034	-1%	84,667	85,970	-2%

5.8. Investment property

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Buildings	29,609	30,711	-4%	6,979	7,496	-7%
Land	404	405	0%	143	144	-1%
Total	30,013	31,116	-4%	7,122	7,640	-7%

5.9. Other assets

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Assets, received as collateral	27,629	27,637	0%	3,129	3,129	0%
Deferred expenses	21,349	12,313	73%	13,676	6,915	98%
Inventories	5,236	5,825	-10%	2,870	2,943	-2%
Claim for taxes and other dues	1,058	1,599	-34%	167	531	-69%
Prepayments	2,152	1,780	21%	381	389	-2%
Total	57,424	49,154	17%	20,223	13,907	45%

5.10. Movements in allowance for the impairment of financial assets

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

	in EUR thousands								
	NLB Group								
	Loans and advances to banks			Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired		12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	213	86		90,755	44,829	193,043	624	40	10,141
Effects of translation of foreign operations to presentation currency	2	-		33	5	(496)	(2)	2	(2)
Transfers	-	-		9,217	(9,069)	(148)	2	20	(22)
Increases/(Decreases) (note 4.12.)	(33)	1		(5,954)	9,664	5,814	132	(15)	(135)
Write-offs	-	-		(4)	(5)	(7,653)	(6)	(3)	(164)
Changes in models/risk parameters (note 4.12.)	-	-		(361)	(323)	(37)	-	-	-
Foreign exchange and other movements	-	4		7	(10)	7,570	110	5	2,394
Balance as at 31 Mar 2024	182	91		93,693	45,091	198,093	860	49	12,212
Repayments of written-off receivables (note 4.12.)	-	-		-	-	5,531	-	-	46

	in EUR thousands								
	NLB Group								
	Loans and advances to banks			Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired		12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2023	161	108		91,225	45,812	186,961	1,246	38	7,750
Effects of translation of foreign operations to presentation currency	(1)	-		58	26	(70)	2	1	2
Transfers	-	-		8,426	(7,029)	(1,397)	23	(5)	(18)
Increases/(Decreases) (note 4.12.)	15	(1)		(7,974)	1,059	3,224	(573)	8	(597)
Write-offs	-	-		-	(1)	(8,792)	(7)	(2)	(229)
Changes in models/risk parameters (note 4.12.)	-	-		(56)	(14)	-	-	-	-
Foreign exchange and other movements	(2)	-		25	4	5,500	104	(4)	1,479
Balance as at 31 Mar 2023	173	107		91,704	39,857	185,426	795	36	8,387
Repayments of written-off receivables (note 4.12.)	-	-		-	-	6,249	-	-	74

	in EUR thousands								
	NLB								
	Loans and advances to banks			Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired		12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	164	86		21,555	14,042	83,971	98	2	1,514
Transfers	-	-		5,161	(5,908)	747	-	15	(15)
Increases/(Decreases) (note 4.12.)	(11)	1		(5,157)	5,953	3,951	42	(10)	(162)
Write-offs	-	-		-	(4)	(1,006)	(1)	-	(48)
Foreign exchange and other movements	-	4		(22)	(14)	1,062	-	-	4
Balance as at 31 Mar 2024	153	91		21,537	14,069	88,725	139	7	1,293
Repayments of written-off receivables (note 4.12.)	-	-		-	-	1,259	-	-	3

	in EUR thousands								
	NLB								
	Loans and advances to banks			Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired		12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2023	216	-		21,041	8,185	64,186	203	2	808
Transfers	-	-		2,371	(2,354)	(17)	1	(1)	-
Increases/(Decreases) (note 4.12.)	69	-		(3,329)	2,266	4,215	(115)	-	299
Write-offs	-	-		-	-	(2,760)	(2)	-	(138)
Foreign exchange and other movements	-	-		(5)	(1)	325	-	-	(8)
Balance as at 31 Mar 2023	285	-		20,078	8,096	65,949	87	1	961
Repayments of written-off receivables (note 4.12.)	-	-		-	-	2,520	-	-	-

b) Movements in allowance for the impairment of debt securities

in EUR thousands					
	NLB Group				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	4,946	576	6,475	56	798
Effects of translation of foreign operations to presentation currency	-	1	(2)	(2)	-
Changes in models/risk parameters (note 4.12.)	1,221	(102)	(16)	(3)	-
Foreign exchange and other movements	5	1	-	-	-
Balance as at 31 Mar 2024	6,172	476	6,457	51	798

in EUR thousands					
	NLB Group				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2023	3,519	265	9,029	70	6,777
Effects of translation of foreign operations to presentation currency	(1)	1	5	-	-
Increases/(Decreases) (note 4.12.)	311	(25)	(780)	(4)	(4,483)
Write-offs	-	-	-	-	(1,537)
Foreign exchange and other movements	(1)	-	1	-	41
Balance as at 31 Mar 2023	3,828	241	8,255	66	798

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

in EUR thousands					
	NLB				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	2,624	173	1,650	-	798
Changes in models/risk parameters (note 4.12.)	276	(24)	265	-	-
Foreign exchange and other movements	2	1	-	-	-
Balance as at 31 Mar 2024	2,902	150	1,915	-	798

in EUR thousands					
	NLB				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2023	1,990	-	2,022	-	6,777
Increases/(Decreases) (note 4.12.)	94	-	(138)	-	(4,483)
Write-offs	-	-	-	-	(1,537)
Foreign exchange and other movements	(1)	-	-	-	41
Balance as at 31 Mar 2023	2,083	-	1,884	-	798

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

5.11. Financial liabilities measured at amortised cost

Analysis by type

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Deposits from banks and central banks	134,731	95,283	41%	297,075	147,002	102%
- Deposits on demand	73,171	75,756	-3%	248,691	127,726	95%
- Other deposits	61,560	19,527	-	48,384	19,276	151%
Borrowings from banks and central banks	107,834	140,419	-23%	128,210	82,797	55%
Due to customers	20,471,515	20,732,722	-1%	11,633,097	11,881,563	-2%
- Deposits on demand	17,027,023	17,454,515	-2%	10,333,129	10,674,541	-3%
- Other deposits	3,444,492	3,278,207	5%	1,299,968	1,207,022	8%
Borrowings from other customers	101,589	99,718	2%	-	-	-
Debt securities issued	1,435,302	1,338,235	7%	1,435,302	1,338,235	7%
Other financial liabilities	420,797	357,116	18%	287,295	198,020	45%
Total	22,671,768	22,763,493	0%	13,780,979	13,647,617	1%

a) Debt securities issued

					in EUR thousands			
					NLB Group and NLB			
					31 Mar 2024		31 Dec 2023	
	Currency	Due date	Interest rate		Carrying amount	Nominal value	Carrying amount	Nominal value
Subordinated bonds								
	EUR	6.5.2029	4.20% to 6.5.2024, thereafter 5Y MS + 4.159% p.a.		46,467	45,000	45,980	45,000
	EUR	19.11.2029	3.65% to 19.11.2024, thereafter 5Y MS + 3.833% p.a.		9,973	9,900	119,781	120,000
	EUR	5.2.2030	3.40% to 5.2.2025, thereafter 5Y MS + 3.658% p.a.		10,512	10,500	123,176	120,000
	EUR	28.11.2032	10.75% to 28.11.2027, thereafter 5Y MS + 8.298% p.a.		226,837	225,000	220,458	225,000
	EUR	24.1.2034	6.875% to 24.1.2029, thereafter 5Y MS + 4.230% p.a.		303,500	300,000	-	-
Total Subordinated bonds					597,289	590,400	509,395	510,000
Senior Preferred notes								
	EUR	19.7.2025	6% to 19.7.2024, thereafter 1Y MS + 4.835% p.a.		310,564	300,000	307,507	300,000
	EUR	27.6.2027	7.125% to 27.7.2026, thereafter 1Y MS + 3.606% p.a.		527,449	500,000	521,333	500,000
Total Senior Preferred notes					838,013	800,000	828,840	800,000
Total Debt securities issued					1,435,302	1,390,400	1,338,235	1,310,000

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

b) Movement of debt securities issued

NLB Group and NLB	in EUR thousand			
	Subordinated bonds		Senior Preferred notes	
	2024	2023	2024	2023
Balance as at 1 Jan	509,395	508,778	828,840	307,212
Cash flow items:	78,127	(4,080)	-	-
- new issued	298,611	-	-	-
- repayments	(215,759)	-	-	-
- repayments of interest	(4,725)	(4,080)	-	-
Non-Cash flow items:	9,767	8,476	9,173	4,529
- accrued interest	10,919	8,476	13,674	4,529
- other	(1,152)	-	(4,501)	-
Balance as at 31 Mar	597,289	513,174	838,013	311,741

c) Other financial liabilities

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Items in the course of payment	122,387	93,425	31%	64,362	17,957	-
Debit or credit card payables	121,614	113,398	7%	105,955	90,495	17%
Lease liabilities	29,867	28,944	3%	5,893	5,793	2%
Accrued expenses	47,957	35,628	35%	29,592	17,065	73%
Liabilities to brokerage firms and others for securities purchase and custody services	24,647	288	-	24,513	268	-
Suppliers	11,880	22,872	-48%	7,065	16,614	-57%
Fees and commissions	198	1,242	-84%	83	1,133	-93%
Other financial liabilities	62,247	61,319	2%	49,832	48,695	2%
Total	420,797	357,116	18%	287,295	198,020	45%

5.12. Provisions

a) Analysis by type

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Provisions for guarantees and commitments	32,718	32,548	1%	17,360	17,941	-3%
Stage 1	18,849	18,429	2%	7,280	7,653	-5%
Stage 2	2,097	1,655	27%	266	319	-17%
Stage 3	11,772	12,464	-6%	9,814	9,969	-2%
Employee benefit provisions	18,320	17,892	2%	12,005	11,795	2%
Provisions for legal risks	44,402	44,833	-1%	6,219	6,219	0%
Restructuring provisions	10,390	12,592	-17%	5,547	7,198	-23%
Other provisions	4,800	5,440	-12%	4,663	5,303	-12%
Total	110,630	113,305	-2%	45,794	48,456	-5%

b) Movements in provisions for guarantees and commitments

	in EUR thousands		
	NLB Group		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	18,429	1,655	12,464
Effects of translation of foreign operations to presentation currency	2	(3)	3
Transfers	209	(108)	(101)
Increases/(Decreases) (note 4.11.)	201	555	(594)
Changes in models/risk parameters (note 4.11.)	(14)	(2)	-
Foreign exchange and other movements	22	-	-
Balance as at 31 Mar 2024	18,849	2,097	11,772

	in EUR thousands		
	NLB Group		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2023	18,826	1,953	16,830
Effects of translation of foreign operations to presentation currency	6	2	4
Transfers	128	11	(139)
Increases/(Decreases) (note 4.11.)	(649)	(77)	(1,457)
Foreign exchange and other movements	(22)	-	1
Balance as at 31 Mar 2023	18,289	1,889	15,239

	in EUR thousands		
	NLB		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	7,653	319	9,969
Transfers	173	(77)	(96)
Increases/(Decreases) (note 4.11.)	(546)	24	(59)
Balance as at 31 Mar 2024	7,280	266	9,814

	in EUR thousands		
	NLB		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2023	8,156	378	11,765
Transfers	96	(10)	(86)
Increases/(Decreases) (note 4.11.)	(245)	(166)	(663)
Balance as at 31 Mar 2023	8,007	202	11,016

5.13. Deferred income tax

	in EUR thousands			
	NLB Group		NLB	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Deferred income tax assets				
Valuation of financial instruments and capital investments	58,190	59,640	54,383	55,098
Impairment of financial assets	10,695	9,704	1,267	1,153
Provisions for liabilities and charges	8,721	9,047	1,671	1,856
Depreciation and valuation of non-financial assets	4,048	4,141	123	123
Fair value adjustments of financial instruments measured at amortised cost	1,890	1,940	1,362	1,412
Tax losses	54,248	54,069	54,248	54,069
Other	358	248	-	-
Total deferred income tax assets	138,150	138,789	113,054	113,711
Deferred income tax liabilities				
Valuation of financial instruments	7,959	7,218	3,922	3,556
Depreciation and valuation of non-financial assets	1,359	1,304	167	168
Impairment of financial assets	3,996	3,589	596	538
Fair value adjustments of financial assets measured at amortised cost	7,692	6,651	-	-
Undistributed profit of subsidiaries	11,558	9,626	-	-
Other	451	522	-	-
Total deferred income tax liabilities	33,015	28,910	4,685	4,262
Net deferred income tax assets	118,395	111,305	108,369	109,449
Net deferred income tax liabilities	(13,260)	(1,426)	-	-

	in EUR thousands			
	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
Included in the income statement	(2,317)	(1,965)	59	(1,162)
- valuation of financial instruments and capital investments	206	422	-	93
- impairment of financial assets	618	(1,563)	114	(1,145)
- provisions for liabilities and charges	(333)	(334)	(185)	(102)
- depreciation and valuation of non-financial assets	(154)	(222)	1	(8)
- fair value adjustments of financial assets measured at amortised cost	(1,082)	(332)	(50)	-
- tax losses	179	-	179	-
- undistributed profit of subsidiaries	(1,932)	-	-	-
- other	181	64	-	-
Included in other comprehensive income	(2,446)	(854)	(1,139)	1,112
- valuation and impairment of financial assets measured at fair value through other comprehensive income	(2,446)	(854)	(1,139)	1,112

As at 31 March 2024, NLB recognised EUR 113,054 thousand deferred tax assets (31 December 2023: EUR 113,711 thousand). Unrecognised deferred tax assets in NLB amount to EUR 121,372 thousand (31 December 2023: EUR 127,686 thousand) and relates to unrecognised deferred tax assets from tax losses (no deadlines by which uncovered tax losses must be utilized).

5.14. Income tax relating to components of other comprehensive income

	in EUR thousands					
	NLB Group			NLB		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
3 months ended March 2024						
Financial assets measured at fair value through other comprehensive income	14,198	(2,446)	11,752	5,175	(1,139)	4,036
Total	14,198	(2,446)	11,752	5,175	(1,139)	4,036

	in EUR thousands					
	NLB Group			NLB		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
3 months ended March 2023						
Financial assets measured at fair value through other comprehensive income	20,967	(854)	20,113	8,089	1,112	9,201
Total	20,967	(854)	20,113	8,089	1,112	9,201

5.15. Other liabilities

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Accrued salaries	30,528	28,228	8%	19,796	19,461	2%
Unused annual leave	7,586	7,657	-1%	2,760	2,761	0%
Taxes payable	13,088	7,015	87%	11,823	4,895	142%
Deferred income	11,278	11,376	-1%	4,217	4,376	-4%
Payments received in advance	6,654	4,377	52%	1,025	857	20%
Total	69,134	58,653	18%	39,621	32,350	22%

5.16. Other equity instruments issued

On 23 September 2022, NLB issued subordinated notes intended to qualify as Additional Tier 1 Instruments in the aggregate nominal amount of EUR 82 million. The notes have no scheduled maturity date. The issuer has the option for early redemption of the notes in the period between 23 September 2027 and 23 March 2028, and on each distribution payment date after 23 March 2028. Until 23 March 2028, the interest on the principal of the notes will accrue at the interest rate of 9.721% per annum, and for each subsequent 5-year period, will accrue at the applicable interest rate, which shall be reset prior to the commencement of each such period (5Y MS + 7.20% per annum). The coupon payments are discretionary and non-cumulative. The notes terms provide for a temporary write-down in the event that the Common Equity Tier 1 ratio of NLB Group and/or NLB drop(s) below 5.125%. The issue price was equal to 100% of the nominal amount of the notes. The ISIN code of the notes is SI0022104275. Carrying amount as of 31 March 2024 is EUR 86,160 thousand (31 December 2023: EUR 84,178 thousand).

5.17. Book value per share

	in EUR thousands			
	NLB Group		NLB	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Total equity attributable to owners of the parents	3,035,599	2,882,850	2,347,368	2,249,451
Other equity instruments (note 5.16.)	86,160	84,178	86,160	84,178
Total equity attributable to owners of the parents excluding other equity instruments issued	2,949,439	2,798,672	2,261,208	2,165,273
Number of shares (in thousands)	20,000	20,000	20,000	20,000
Book value per share (in EUR)	147.5	139.9	113.1	108.3

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

5.18. Capital adequacy ratio

	in EUR thousands			
	NLB Group		NLB	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Paid-up capital instruments	200,000	200,000	200,000	200,000
Share premium	871,378	871,378	871,378	871,378
Retained earnings - from previous years	1,560,778	1,235,363	760,253	602,402
Profit eligible - from current year	-	327,398	-	159,833
Accumulated other comprehensive income	(62,940)	(75,662)	(32,280)	(36,316)
Other reserves	13,522	13,522	13,522	13,522
Minority interest	29,009	28,798	-	-
Prudential filters: Additional Valuation Adjustments (AVA)	(2,610)	(2,295)	(1,502)	(1,067)
(-) Goodwill	(3,529)	(3,529)	-	-
(-) Other intangible assets	(37,436)	(37,153)	(21,542)	(20,846)
(-) Deferred tax assets	(45,977)	(47,002)	(54,249)	(54,069)
(-) Insufficient coverage for non-performing exposures	(1,981)	(907)	(988)	(246)
(-) Deduction item related to credit impairments and provisions not included in capital	(723)	-	(613)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	2,519,491	2,509,911	1,733,979	1,734,591
Capital instruments eligible as AT1 Capital	82,000	82,000	82,000	82,000
Minority interest	5,885	5,907	-	-
Additional Tier 1 capital	87,885	87,907	82,000	82,000
TIER 1 CAPITAL	2,607,376	2,597,818	1,815,979	1,816,591
Capital instruments and subordinated loans eligible as Tier 2 capital	587,916	507,516	587,916	507,516
Minority interest	4,114	3,874	-	-
TIER 2 CAPITAL	592,030	511,390	587,916	507,516
TOTAL CAPITAL	3,199,406	3,109,208	2,403,895	2,324,107
RWA for credit risk	12,255,328	12,168,121	7,535,577	7,449,829
RWA for market risks	1,448,450	1,447,713	814,263	818,113
RWA for credit valuation adjustment risk	16,863	14,200	18,313	15,613
RWA for operational risk	1,707,128	1,707,128	923,943	923,943
TOTAL RISK EXPOSURE AMOUNT (RWA)	15,427,769	15,337,162	9,292,096	9,207,498
Common Equity Tier 1 Ratio	16.3%	16.4%	18.7%	18.8%
Tier 1 Ratio	16.9%	16.9%	19.5%	19.7%
Total Capital Ratio	20.7%	20.3%	25.9%	25.2%

As at 31 March 2024, the total capital ratio (TCR) for the NLB Group stood at 20.7% (or 0.5% p.p. increase compared to the end of 2023) and the CET1 ratio for the NLB Group stood at 16.3% (or 0.1% p.p. decrease compared to the end of 2023) well above requirements. The higher total capital adequacy derives from higher capital (EUR 90.2 million compared to the end of 2023), which compensated for the increase of the RWA (EUR 90.6 million compared to the end of 2023). The NLB Group increased its capital mainly with an increased volume of T2 instruments (EUR 80.4 million) and EUR 12.7 million in revaluation adjustments.

The total capital does not include a part of the 2023 result in the amount of EUR 220 million, which is envisaged to be paid as the dividend in 2024. Therefore, there will be no effect on the capital once the dividends are paid.

In the first three months of 2024, the RWA of the NLB Group for credit risk increased by EUR 87.2 million due to lending activity, which was more predominant in the retail segment. New production at corporates was partially offset by repayments provided by corporate clients in the Bank. Additionally, RWA for high-risk exposures increased due to new project financing loans given, mostly in the Bank and NLB Komercijalna banka a.d. Beograd, and withdrawals of project finance loans approved in the previous periods. However, RWA for liquidity assets decreased mainly in NLB Komercijalna banka a.d. Beograd due to the maturity of some Serbian bonds and the lower amount denominated in EUR placed at the settlement account of the central bank. The RWA was also reduced due to lower exposure to the central bank in Kosovo and the maturity of Kosovo bonds, bonds of Republika Srpska and Uzbekistan bonds. This reduction was partially offset by higher RWA for equity exposures from purchasing subordinated bank bonds.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) in the amount of EUR 3.4 million compared to the end of 2023 was the result of higher RWA for FX risk of EUR 5.5 million (mainly the result of more opened positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk of EUR 2.6 million, and lower RWA for Traded Debt Instruments risk of EUR 4.8 million (due to closed net positions from IRS).

5.19. Off-balance sheet liabilities

	in EUR thousands					
	NLB Group			NLB		
	31 Mar 2024	31 Dec 2023	Change	31 Mar 2024	31 Dec 2023	Change
Loan commitments	2,405,963	2,469,800	-3%	1,804,581	1,822,847	-1%
Non-financial guarantees	970,733	963,321	1%	634,446	625,095	1%
Financial guarantees	680,308	668,292	2%	384,900	398,282	-3%
Letters of credit	31,805	41,026	-22%	400	10,446	-96%
Other	15,958	17,653	-10%	8,111	7,904	3%
	4,104,767	4,160,092	-1%	2,832,438	2,864,574	-1%
Provisions (note 5.12.)	(32,718)	(32,548)	-1%	(17,360)	(17,941)	3%
Total	4,072,049	4,127,544	-1%	2,815,078	2,846,633	-1%

In addition to the instruments presented in the table above, NLB Group and NLB have also some low-risk off-balance sheet items, for which a 0% credit conversion factor is applied in accordance with the Capital Requirements Regulation (credit and other lines which can be irrevocably cancelled by a bank). As at 31 March 2024, these items at the NLB Group level amount to EUR 956,727 thousand (31 December 2023: EUR 915,450 thousand), and at the NLB level EUR 420,553 thousand (31 December 2023: EUR 412,330 thousand).

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

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

The fair value hierarchy comprises the following levels:

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

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

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

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

31 Mar 2024	in EUR thousands							
	NLB Group				NLB			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets								
Financial instruments held for trading	1,527	13,314	26	14,867	1,527	17,076	26	18,629
<i>Debt instruments</i>	1,527	-	-	1,527	1,527	-	-	1,527
<i>Derivatives</i>	-	13,314	26	13,340	-	17,076	26	17,102
Derivatives - hedge accounting	-	49,134	-	49,134	-	49,134	-	49,134
Financial assets measured at fair value through other comprehensive income	1,952,759	612,282	1,287	2,566,328	1,388,780	67,407	303	1,456,490
<i>Debt instruments</i>	1,952,513	523,716	-	2,476,229	1,388,780	6,489	-	1,395,269
<i>Equity instruments</i>	246	88,566	1,287	90,099	-	60,918	303	61,221
Non-trading financial assets mandatorily at fair value through profit or loss	3,635	-	11,108	14,743	-	-	19,012	19,012
<i>Debt instruments</i>	3,529	-	-	3,529	-	-	-	-
<i>Equity instruments</i>	106	-	11,108	11,214	-	-	11,108	11,108
<i>Loans</i>	-	-	-	-	-	-	7,904	7,904
Financial liabilities								
Financial instruments held for trading	-	14,174	-	14,174	-	15,904	-	15,904
<i>Derivatives</i>	-	14,174	-	14,174	-	15,904	-	15,904
Derivatives - hedge accounting	-	3,045	-	3,045	-	1,675	-	1,675
Financial liabilities measured at fair value through profit or loss	-	5,398	-	5,398	-	2,435	1,218	3,653
Non-financial assets								
Investment properties	-	10,066	19,947	30,013	-	7,122	-	7,122
Non-current assets held for sale	-	3,565	756	4,321	-	3,565	-	3,565

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

b) Significant transfers of financial instruments between levels of valuation

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

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

For the three months ended 31 March 2024 and 2023, neither NLB Group nor NLB had any significant transfers between levels of valuation of financial instruments measured at fair value in financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Movements of financial assets and liabilities at Level 3

in EUR thousands					
	Financial instruments held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at fair value through profit or loss		Total financial assets
	Derivatives	Debt instruments	Equity instruments	Equity instruments	
NLB Group					
Balance as at 1 Jan 2024	20	70	1,286	8,858	10,234
Effects of translation of foreign operations to presentation currency	-	-	1	-	1
Valuation:					
- through profit or loss	6	-	-	1,410	1,416
Exchange differences	-	-	-	140	140
Increases	-	-	-	700	700
Decreases	-	(70)	-	-	(70)
Balance as at 31 Mar 2024	26	-	1,287	11,108	12,421

in EUR thousands					
	Financial instruments held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at fair value through profit or loss		Total financial assets
	Derivatives	Debt instruments	Equity instruments	Equity instruments	
NLB Group					
Balance as at 1 Jan 2023	17	2,236	1,256	7,519	11,028
Effects of translation of foreign operations to presentation currency	-	-	3	-	3
Valuation:					
- through profit or loss	3	-	-	428	431
- recognised in other comprehensive income	-	5,768	(1)	-	5,767
Exchange differences	-	20	-	(98)	(78)
Increases	-	-	-	150	150
Decreases	-	(6,350)	-	-	(6,350)
Transfers to Level 3	-	(1,537)	-	-	(1,537)
Balance as at 31 Mar 2023	20	137	1,258	7,999	9,414

in EUR thousands							
	Financial instruments held for trading	Financial assets measured at fair value through OCI		Non-trading financial assets mandatorily at fair value through profit or loss		Total financial assets	Financial liabilities measured at fair value through profit or loss
	Derivatives	Debt instruments	Equity instruments	Equity instruments	Loans and advances		Loans and other financial liabilities
NLB							
Balance as at 1 Jan 2024	20	-	303	8,858	7,785	16,966	1,234
Valuation:							
- through profit or loss	6	-	-	1,410	12	1,428	(16)
Exchange differences	-	-	-	140	-	140	-
Increases	-	-	-	700	110	810	-
Decreases	-	-	-	-	(3)	(3)	-
Balance as at 31 March 2024	26	-	303	11,108	7,904	19,341	1,218

in EUR thousands							
	Financial instruments held for trading	Financial assets measured at fair value through OCI		Non-trading financial assets mandatorily at fair value through profit or loss		Total financial assets	Financial liabilities measured at fair value through profit or loss
	Derivatives	Debt instruments	Equity instruments	Equity instruments	Loans and advances		Loans and other financial liabilities
NLB							
Balance as at 1 Jan 2023	17	2,026	269	7,519	7,892	19,509	1,786
Valuation:							
- through profit or loss	3	-	-	428	107	497	(41)
- recognised in other comprehensive income	-	5,768	-	-	-	5,768	-
Exchange differences	-	20	-	(98)	-	(78)	-
Increases	-	-	-	150	83	233	-
Decreases	-	(6,277)	-	-	(117)	(6,394)	-
Transfers to Level 3	-	(1,537)	-	-	-	(1,537)	-
Balance as at 31 Mar 2023	20	-	269	7,999	7,965	17,998	1,745

In the three months ended 31 March 2024 and 2023, NLB Group and NLB recognised the following unrealised gains or losses for financial instruments that were at Level 3 as at 31 March:

				in EUR thousands			
3 months ended 31 Mar 2024				NLB Group			
	Financial assets held for trading	Financial assets measured at fair value through OCI		Non-trading financial assets mandatorily at fair value through profit or loss			
	Derivatives	Debt instruments	Equity instruments	Equity instruments			
Items of Income statement							
Gains less losses from financial assets and liabilities held for trading	6	-	-				
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	-	-			1,410	
Foreign exchange translation gains less losses	-	-	-			140	

				in EUR thousands			
3 months ended 31 Mar 2023				NLB Group			
	Financial assets held for trading	Financial assets measured at fair value through OCI		Non-trading financial assets mandatorily at fair value through profit or loss			
	Derivatives	Debt instruments	Equity instruments	Equity instruments			
Items of Income statement							
Gains less losses from financial assets and liabilities held for trading	3	-	-				
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	-	-			428	
Foreign exchange translation gains less losses	-	-	-			(98)	
Item of Other comprehensive income							
Financial assets measured at fair value through other comprehensive income	-	-	(1)				

				in EUR thousands			
3 months ended 31 Mar 2024				NLB			
	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss			
	Derivatives	Equity instruments	Loans and advances	Loans and other financial liabilities			
Items of Income statement							
Gains less losses from financial assets and liabilities held for trading	6	-	-				
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	1,410	12			16	
Foreign exchange translation gains less losses	-	140	-			-	

				in EUR thousands			
3 months ended 31 Mar 2023				NLB			
	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss			
	Derivatives	Equity instruments	Loans and advances	Loans and other financial liabilities			
Items of Income statement							
Gains less losses from financial assets and liabilities held for trading	3	-	-				
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	428	107			41	
Foreign exchange translation gains less losses	-	(98)	-			-	

Movements of non-financial assets at Level 3

				in EUR thousands			
NLB Group	Investment property		Non-current assets held for sale				
	2024	2023	2024	2023			
Balance as at 1 Jan	20,189	23,447	801	11,201			
Effects of translation of foreign operations to presentation currency	33	36	2	7			
Additions	-	86	22	-			
Disposals	(275)	(444)	(69)	(5,989)			
Balance as at 31 Mar	19,947	23,125	756	5,219			

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

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

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

in EUR thousands								
	NLB Group				NLB			
	31 Mar 2024		31 Dec 2023		31 Mar 2024		31 Dec 2023	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at amortised cost								
- debt securities	2,889,962	2,805,363	2,522,229	2,440,596	2,207,475	2,126,391	1,966,169	1,889,481
- loans and advances to banks	416,255	416,064	547,640	547,555	162,796	162,796	149,011	149,011
- loans and advances to customers	13,859,873	13,275,526	13,734,601	13,256,192	7,147,816	6,816,201	7,148,283	6,895,232
- other financial assets	184,678	184,678	165,962	165,962	140,244	140,244	101,596	101,596
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	134,731	134,578	95,283	95,657	297,075	297,013	147,002	147,379
- borrowings from banks and central banks	107,834	96,024	140,419	134,020	128,210	117,090	82,797	75,152
- due to customers	20,471,515	20,489,976	20,732,722	20,746,603	11,633,097	11,646,771	11,881,563	11,892,641
- borrowings from other customers	101,589	102,888	99,718	101,649	-	-	-	-
- debt securities issued	1,435,302	1,516,498	1,338,235	1,363,301	1,435,302	1,516,498	1,338,235	1,363,301
- other financial liabilities	420,797	420,797	357,116	357,116	287,295	287,295	198,020	198,020

Loans and advances to banks

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

Loans and advances to customers

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

Deposits and borrowings from customers

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

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

Debt securities measured at amortised cost and debt securities issued

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

Loan commitments

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

Other financial assets and liabilities

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

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

in EUR thousands								
31 Mar 2024	NLB Group				NLB			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at amortised cost								
- debt securities	2,229,283	568,844	7,236	2,805,363	2,016,385	110,006	-	2,126,391
- loans and advances to banks	-	416,064	-	416,064	-	162,796	-	162,796
- loans and advances to customers	-	-	13,275,526	13,275,526	-	-	6,816,201	6,816,201
- other financial assets	-	-	184,678	184,678	-	-	140,244	140,244
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	-	134,578	-	134,578	-	297,013	-	297,013
- borrowings from banks and central banks	-	96,024	-	96,024	-	117,090	-	117,090
- due to customers	-	20,489,976	-	20,489,976	-	11,646,771	-	11,646,771
- borrowings from other customers	-	-	102,888	102,888	-	-	-	-
- debt securities issued	1,516,498	-	-	1,516,498	1,516,498	-	-	1,516,498
- other financial liabilities	-	-	420,797	420,797	-	-	287,295	287,295

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

6. Analysis by segment for NLB Group

a) Segments⁶

in EUR thousands								
3 months ended 31 March 2024	NLB Group							
	Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Strategic Foreign Markets	Financial Markets in Slovenia	Non-Core Members	Other activities	Unallocated	Total
Total net income	100,308	44,745	147,998	5,065	794	1,771	-	300,681
Net income from external customers	62,427	60,538	154,193	17,194	636	3,135	-	298,123
Intersegment net income	37,881	(15,793)	(6,195)	(12,129)	158	(1,364)	-	2,558
Net interest income	80,064	32,380	118,785	2,134	357	(1,530)	-	232,190
Net interest income from external customers	43,217	54,341	120,006	14,669	231	(274)	-	232,190
Intersegment net interest income	36,847	(21,961)	(1,221)	(12,535)	126	(1,256)	-	-
Administrative expenses	(31,957)	(14,039)	(56,696)	(2,677)	(1,912)	(14,365)	-	(121,646)
Depreciation and amortisation	(2,856)	(1,619)	(7,181)	(177)	(117)	(1,318)	-	(13,268)
Reportable segment profit/(loss) before impairment and provision charge	65,495	29,087	84,121	2,211	(1,235)	(13,912)	-	165,767
Other net gains/(losses) from equity instruments in associates and joint ventures	962	-	-	-	-	-	-	962
Impairment and provisions charge	(5,518)	2,743	(2,542)	(491)	1,138	10	-	(4,660)
Profit/(loss) before income tax	60,939	31,830	81,579	1,720	(97)	(13,902)	-	162,069
Owners of the parent	60,939	31,830	78,186	1,720	(97)	(13,902)	-	158,676
Non-controlling interests	-	-	3,393	-	-	-	-	3,393
Income tax	-	-	-	-	-	-	(18,655)	(18,655)
Profit for the year								140,021
31 Mar 2024								
Reportable segment assets	3,825,388	3,306,082	10,931,382	7,436,387	35,376	477,631	-	26,012,246
Investments in associates and joint ventures	13,482	-	-	-	-	-	-	13,482
Reportable segment liabilities	9,389,128	2,261,479	9,306,816	1,660,221	2,582	305,478	-	22,925,704

in EUR thousands								
3 months ended 31 March 2023	NLB Group							
	Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Strategic Foreign Markets	Financial Markets in Slovenia	Non-Core Members	Other activities	Unallocated	Total
Total net income	70,393	31,329	127,619	13,824	(1,001)	1,718	-	243,882
Net income from external customers	56,374	42,137	128,979	13,778	(1,021)	1,673	-	241,920
Intersegment net income	14,019	(10,808)	(1,360)	46	20	45	-	1,962
Net interest income	49,311	21,200	93,847	14,724	(8)	(105)	-	178,969
Net interest income from external customers	36,024	33,442	95,200	14,368	60	(125)	-	178,969
Intersegment net interest income	13,287	(12,242)	(1,353)	356	(68)	20	-	-
Administrative expenses	(33,239)	(16,641)	(50,237)	(2,106)	(2,796)	(2,772)	-	(107,791)
Depreciation and amortisation	(2,687)	(1,273)	(6,823)	(152)	(107)	(241)	-	(11,283)
Reportable segment profit/(loss) before impairment and provision charge	34,467	13,415	70,559	11,566	(3,904)	(1,295)	-	124,808
Other net gains/(losses) from equity instruments in associates and joint ventures	307	-	-	-	-	-	-	307
Impairment and provisions charge	(11,523)	4,449	11,098	4,334	515	3,532	-	12,405
Profit/(loss) before income tax	23,251	17,864	81,657	15,900	(3,389)	2,237	-	137,520
Owners of the parent	23,251	17,864	78,220	15,900	(3,389)	2,237	-	134,083
Non-controlling interests	-	-	3,437	-	-	-	-	3,437
Income tax	-	-	-	-	-	-	(13,942)	(13,942)
Profit for the year								120,141
31 Dec 2023								
Reportable segment assets	3,778,767	3,376,370	11,058,835	7,232,457	47,097	435,940	-	25,929,466
Investments in associates and joint ventures	12,519	-	-	-	-	-	-	12,519
Reportable segment liabilities	9,381,016	2,512,801	9,329,079	1,540,000	3,419	227,680	-	22,993,995

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

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

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

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

The core segments are the following:

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

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

NLB Group is primarily a financial group, and net interest income represents the majority of its net revenues. NLB Group's main indicator of a segment's efficiency is net profit before tax.

No revenues were generated from transactions with a single external customer that would amount to 10% or more of NLB Group's revenues.

b) Geographical information

NLB Group	in EUR thousands							
	Revenues		Net income		Non-current assets		Total assets	
	3 months ended		3 months ended		31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
	March 2024	March 2023	March 2024	March 2023				
Slovenia	209,283	153,552	143,598	114,276	159,502	160,574	15,061,584	14,851,067
South East Europe	183,559	145,191	154,250	127,611	220,560	223,185	10,945,700	11,072,317
Bosnia and Herzegovina	28,370	23,159	23,871	19,650	38,488	38,861	1,951,779	1,934,891
Croatia	-	-	1	(414)	-	-	1,176	1,194
Kosovo	18,659	15,569	14,969	12,994	14,103	13,810	1,210,856	1,229,426
Montenegro	15,860	13,134	14,159	10,480	23,070	23,163	871,137	928,913
North Macedonia	31,408	26,080	25,669	21,712	33,241	34,276	1,903,624	1,895,297
Serbia	89,262	67,249	75,581	63,189	111,658	113,075	5,007,128	5,082,596
Western Europe	60	-	275	33	10	27	18,444	18,601
Germany	-	-	17	41	10	27	768	552
Switzerland	60	-	258	(8)	-	-	17,676	18,049
Total	392,902	298,743	298,123	241,920	380,072	383,786	26,025,728	25,941,985

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

7. Related-party transactions

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

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

in EUR thousands								
	Management Board and other key management personnel		Family members of the Management Board and other key management personnel		Companies in which members of the Management Board, key management personnel, or their family members have control, joint control or a significant influence		Supervisory Board	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
NLB Group								
Loans and deposits issued	1,843	1,855	523	444	-	-	21	24
Deposits received	2,430	2,367	1,048	1,153	342	272	452	417
Other financial liabilities	-	1	-	-	11	12	-	-
Other financial liabilities measured at fair value through profit or loss	2,435	2,075	-	-	-	-	-	-
Other operating liabilities	11,066	11,066	-	-	-	-	-	-
Guarantees issued and loan commitments	295	287	80	64	-	-	13	14
NLB								
Loans and deposits issued	1,842	1,854	523	444	-	-	21	24
Deposits received	2,421	2,357	1,048	1,153	342	272	452	417
Other financial liabilities	-	1	-	-	11	12	-	-
Other financial liabilities measured at fair value through profit or loss	2,435	1,975	-	-	-	-	-	-
Other operating liabilities	11,080	11,080	-	-	-	-	-	-
Guarantees issued and loan commitments	295	279	80	64	-	-	13	14
	3 months ended		3 months ended		3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023	March 2024	March 2023	March 2024	March 2023
NLB Group								
Interest income	15	13	6	4	-	-	-	1
Interest expenses	(9)	(5)	(2)	(1)	-	-	(1)	(1)
Fee income	5	4	2	1	1	1	-	1
Other income	3	2	-	-	-	-	-	-
Other expenses	-	-	-	-	(28)	(20)	-	-
NLB								
Interest income	15	13	6	4	-	-	-	1
Interest expenses	(9)	(5)	(2)	(1)	-	-	(1)	(1)
Fee income	5	4	2	1	1	1	-	1
Other income	3	2	-	-	-	-	-	-
Other expenses	-	-	-	-	(28)	(20)	-	-

Key management compensation – payments in the period

in EUR thousands				
	Management Board		Other key management personnel	
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
NLB Group and NLB				
Short-term benefits	895	784	1,814	1,729
Cost refunds	2	2	28	28
Long-term bonuses	-	-	-	-
- severance pay	-	-	181	120
- other benefits	4	5	47	41
- variable part of payments	-	-	-	10
Total	901	791	2,070	1,928

Short-term benefits include:

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

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

Related-party transactions with subsidiaries, associates and joint ventures

in EUR thousands					
	NLB Group				
	Associates		Joint ventures		
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	
Loans and deposits issued	14	10	-	-	
Deposits received	6,146	6,168	1,397	1,451	
Other financial assets	3	7	-	1	
Other financial liabilities	670	1,460	-	-	
Guarantees issued and loan commitments	26	30	-	-	
	3 months ended		3 months ended		
	March	March	March	March	
	2024	2023	2024	2023	
Interest income	-	14	-	1	
Interest expenses	-	-	(11)	(7)	
Fee income	1	1	-	-	
Fee expenses	(3,386)	(2,634)	-	-	
Other income	10	12	1	1	
Other expenses	(125)	(71)	-	-	

in EUR thousands						
	NLB					
	Subsidiaries		Associates		Joint ventures	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Loans and deposits issued	536,183	480,446	14	10	-	-
Loans and deposits received	311,919	104,949	6,146	6,168	396	395
Derivatives						
Fair value	3,402	54	-	-	-	-
Contractual amount	309,064	298,290	-	-	-	-
Other financial assets	1,873	2,058	3	7	-	-
Other financial liabilities	3,136	4,615	275	1,340	-	-
Guarantees issued and loan commitments	99,308	87,094	26	30	-	-
Received loan commitments and financial guarantees	10,903	10,741	-	-	-	-
	3 months ended		3 months ended		3 months ended	
	March	March	March	March	March	March
	2024	2023	2024	2023	2024	2023
Interest income	6,729	4,529	-	14	-	1
Interest expenses	(2,406)	(1,263)	-	-	-	-
Fee income	3,501	2,434	1	1	-	-
Fee expenses	(1)	-	(2,529)	(1,872)	-	-
Other income	474	545	10	12	-	-
Other expenses	(1,144)	(1,289)	(125)	(71)	-	-
Gains less losses from financial assets and liabilities held for trading	(3,739)	1,450	-	-	-	-
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	28	148	-	-	-	-

Related-party transactions with major shareholder with significant influence

Shareholder	in EUR thousands			
	NLB Group		NLB	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Loans and deposits issued	13,662	13,384	13,662	13,384
Investments in securities	679,252	577,529	657,472	516,926
Other financial assets	2,215	65	2,215	65
Other financial liabilities	123	20	123	20
Guarantees issued and loan commitments	1,461	1,466	1,461	1,466
	3 months ended		3 months ended	
	March 2024	March 2023	March 2024	March 2023
Interest income	2,275	2,260	2,063	2,074
Interest expenses	-	(21)	-	(21)
Fee income	522	163	522	163
Fee expenses	(5)	(4)	(5)	(4)
Other income	64	79	64	79
Other expenses	(1)	(2)	(1)	(2)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	-	(609)	-	(609)

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

	in EUR thousands			
	Amount of significant transactions concluded during the period		Number of significant transactions concluded during the period	
	3 months ended	12 months ended	3 months ended	12 months ended
NLB Group and NLB	March 2024	December 2023	March 2024	December 2023
Guarantees issued and loan commitments	-	50,000	-	1

NLB Group and NLB	in EUR thousands			
	Balance of all significant transactions at end of the period		Number of significant transactions at end of the period	
	Mar 2024	31 Dec 2023	Mar 2024	31 Dec 2023
Loans	384,504	406,005	7	10
Debt securities measured at amortised cost	64,448	64,132	1	1
Borrowings, deposits and business accounts	46,494	30,399	1	3
Guarantees issued and loan commitments	152,500	152,500	2	2

NLB Group and NLB	in EUR thousands	
	Effects in the income statement during the period	
	3 months ended	
	March 2024	March 2023
Interest income from loans	4,668	3,798
Fees and commissions income	-	17
Interest income from debt securities measured at amortised cost and net valuation effects from hedge accounting	238	-
Interest expenses from borrowings, deposits, and business accounts	-	493

8. Subsidiaries

NLB Group's subsidiaries as at 31 March 2024:

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

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

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

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

****100% ownership of S-REAM d.o.o., Ljubljana.

NLB Group's subsidiaries as at 31 December 2023:

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

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

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

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

9. Events after the end of the reporting period

Early redemption of subordinated notes

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

Glossary of Terms and Definitions

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

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

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