Financial Institutions

CREDIT OPINION
14 March 2025

Update

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**RATINGS**

**Nova Ljubljanska banka d.d.**

| | |
|---|---|
| Domicile | Ljubljana, Slovenia |
| Long Term CRR | A3 |
| Type | LT Counterparty Risk Rating - Fgn Curr |
| Outlook | Not Assigned |
| Long Term Debt | Baa1 |
| Type | Senior Unsecured - Dom Curr |
| Outlook | Positive |
| Long Term Deposit | A3 |
| Type | LT Bank Deposits - Fgn Curr |
| Outlook | Positive |

*Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.*


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# Nova Ljubljanska banka d.d.

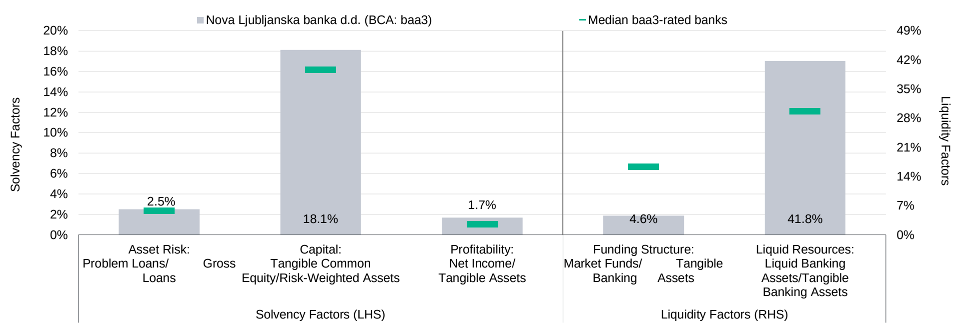
Update to credit analysis

## Summary


Nova Ljubljanska Banka d.d.'s (NLB) A3 long-term deposit and Baa1 senior unsecured ratings incorporate the bank's baa3 standalone Baseline Credit Assessment (BCA); the result of our Advanced Loss Given Failure (LGF) analysis, which leads to three notches of rating uplift for the bank's deposit rating and one notch of uplift for its senior unsecured rating and our assumption of moderate support from the Government of Slovenia (A3 positive) in case of need, which results in one additional notch of uplift for the senior unsecured rating.

NLB's baa3 BCA is supported by its strong profitability resulting from its market leadership in Slovenia and its extensive presence in South Eastern Europe (SEE), and its well preserved sound asset quality with low problem loans in both Slovenia and the SEE region, backed by full reserve coverage. The BCA further reflects our expectation, that, although NLB's capitalisation may moderate over time due to its growth ambitions and higher future dividends, it will remain in line with the bank's strategic targets to maintain its Common Equity Tier 1 (CET 1) ratio above 13%. Its defensive funding and liquidity profile, predominantly based on stable and granular retail deposits and ample liquid reserves, remains a key strength of NLB's BCA, though remaining vulnerabilities persist in its funding base due to its operations in the more unpredictable and riskier SEE markets.


Exhibit 1
**Rating Scorecard - Key financial ratios**




*Source: Moody's Financial Metrics*

## Credit strengths

» Improving asset quality with low levels of problem loans across all geographies and business segments

» Strong profitability, driven by its leading franchise in Slovenia and extensive presence in SEE, offering greater growth and margin potential

» Ample and stable deposit base, minimising market funding reliance and providing extensive liquidity reserves

## Credit challenges

» Significant operations in higher-risk SEE countries, yet effectively managed

» Strategic growth aspirations and higher dividends to moderate capital buffers

» Preserving solid asset quality amid SEE's uncertain macroeconomic environment

## Outlook

» The positive outlook on NLB's long term ratings reflects our view that the bank's improved financial profile could be sustained over 2025.

» The positive outlook on NLB's deposit ratings also reflects the positive outlook on Slovenia's sovereign debt rating, as these ratings could benefit from government support uplift if the sovereign rating were to be upgraded.

» The positive outlook on NLB's senior unsecured debt rating also reflects a potential reduction of loss severity for senior debt-holders if the bank maintains a sizeable and sustainable buffer of bail-in-able debt well above its minimum requirements for own funds and liabilities (MREL) over the outlook horizon, which could result in a higher rating uplift for this liability class under our LGF analysis.

## Factors that could lead to an upgrade

» NLB´s deposit ratings could be upgraded following an upgrade of its BCA or an upgrade of the sovereign rating.

» An upgrade of NLB's senior unsecured debt rating could result from an upgrade of its BCA in combination with a higher rating uplift from our LGF analysis, or coupled with an upgrade of the sovereign rating. With an unchanged baa3 BCA, the bank's senior unsecured debt rating could be upgraded following a higher rating uplift from our Advanced LGF analysis combined by an upgrade of the sovereign rating.

» NLB's BCA could be upgraded if the bank manages to maintain its robust solvency, namely preserving its low level of problem loans including strong reserve coverage, and keeping its capitalization and profitability in line with its strategic targets, while its funding and liquidity profile remains strong; or through a reduction of tail risks from weaker economic regions or an increase of its exposure to stronger operating environments.

## Factors that could lead to a downgrade

» A downgrade of NLB's ratings is currently unlikely but could be triggered by a downgrade of the bank's BCA, or as a result of fewer notches of rating uplift from our Advanced LGF analysis, following a substantial decline in the bank's outstanding bail-in-able debt.

» The bank's BCA could be downgraded following a significant joint erosion of its key solvency metrics or a material deterioration of its liquidity and funding profile.

» However, a downgrade of the bank's BCA would not necessarily lead to a downgrade of its deposit ratings, CRRs and CR Assessments, as it might be offset by a one-notch uplift for government support.

## Key indicators

Exhibit 2

**Nova Ljubljanska banka d.d. (Consolidated Financials) [1]**

| | 06-24 [2] | 12-23 [2] | 12-22 [2] | 12-21 [2] | 12-20 [2] | CAGR/Avg. [3] |
|---|---|---|---|---|---|---|
| Total Assets (EUR Million) | 26,613.7 | 25,942.0 | 24,160.2 | 21,577.5 | 19,565.9 | 9.2 [4] |
| Total Assets (USD Million) | 28,523.3 | 28,656.9 | 25,784.9 | 24,449.6 | 23,939.9 | 5.1 [4] |
| Tangible Common Equity (EUR Million) | 2,974.8 | 2,795.8 | 2,365.3 | 2,007.5 | 1,847.9 | 14.6 [4] |
| Tangible Common Equity (USD Million) | 3,188.2 | 3,088.4 | 2,524.4 | 2,274.8 | 2,261.0 | 10.3 [4] |
| Problem Loans / Gross Loans (%) | 2.1 | 2.1 | 2.5 | 3.4 | 4.4 | 2.9 [5] |
| Tangible Common Equity / Risk Weighted Assets (%) | 18.1 | 17.4 | 15.4 | 14.9 | 14.0 | 16.0 [6] |
| Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%) | 9.2 | 9.6 | 12.3 | 15.8 | 19.6 | 13.3 [5] |
| Net Interest Margin (%) | 3.5 | 3.4 | 2.2 | 2.0 | 1.9 | 2.6 [5] |
| PPI / Average RWA (%) | 4.0 | 4.0 | 2.3 | 1.9 | 2.0 | 2.8 [6] |
| Net Income / Tangible Assets (%) | 2.2 | 2.2 | 1.1 | 1.2 | 0.7 | 1.5 [5] |
| Cost / Income Ratio (%) | 48.3 | 47.5 | 60.3 | 64.5 | 59.6 | 56.0 [5] |
| Market Funds / Tangible Banking Assets (%) | 6.2 | 4.6 | 3.0 | 4.9 | 2.0 | 4.1 [5] |
| Liquid Banking Assets / Tangible Banking Assets (%) | 40.0 | 41.8 | 41.1 | 46.1 | 45.7 | 42.9 [5] |
| Gross Loans / Due to Customers (%) | 71.2 | 67.8 | 66.9 | 61.8 | 60.9 | 65.7 [5] |

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

*Sources: Moody's Ratings and company filings*

## Profile

Nova Ljubljanska Banka d.d. (NLB) is the main operating entity of NLB Group, Slovenia's leading banking group with a 31.3% market share by total assets as of year-end 2024. Its domestic presence was enhanced in 2022 by acquiring Sberbank banka d.d., later renamed N Banka d.d. Further, in August 2024, NLB obtained all regulatory approvals to complete the acquisition of Summit Leasing Slovenija d.o.o. (SLS), a leading provider of auto financing in Slovenia, with also operations in Croatia. This purchase was pivotal in NLB's strategy to expand its leasing operations into a core part of the group, with asset volumes exceeding €1.0 billion.

The Government of Slovenia remains NLB's largest shareholder, although it reduced its stake to 25% plus one share in line with its commitments to the European Commission as part of the restructuring program following NLB's bailout in 2013.

NLB's domestic franchise is complemented by its operations across South Eastern Europe (SEE) where the bank has a significant, 10% or more, market share in each of the countries where it is present. The acquisition of SLS not only facilitated NLB's foray into the Croatian market, the only market in SEE where it previously had no presence, but also marked its aspiration to evolve into a universal financial services provider in Croatia.

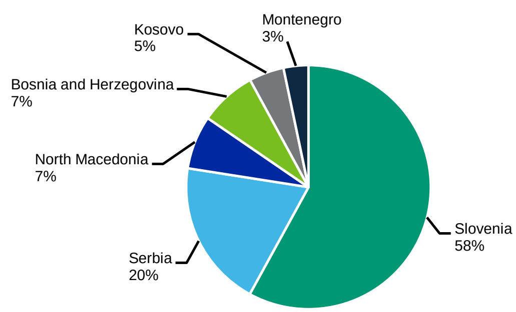
In a strategic direction unveiled in May 2024, NLB aims to achieve more than €50 billion in assets by 2023, from €26.6 billion as of June 2024, and more than €1.0 billion in net profit. This vision is set to reinforce NLB's status as the leading retail bank in SEE and establish it as the primary bank in the corporate banking sector in the region. NLB´s growth ambitions were underscored in June 2024 by a public takeover offer for Addiko Bank AG (Addiko), which however, was not successful.

## Detailed credit considerations

### NLB's weighted macro profile is Moderate considering its exposure in the SEE region

The SEE region offers NLB better overall growth opportunities than its domestic, relatively saturated market. However, such exposure also increases risk, given the weaker operating conditions in these less-developed markets. NLB's geographical diversification results in a Moderate macro profile, two notches weaker than that of Slovenia (Strong-). NLB's foreign operations accounted for 42% of its total assets as of June 2024.

Exhibit 3
**Geographical segmentation by total assets**
**As of June 2024**




*Source: Company filings*

### Enhancing asset quality across all regions and segments, though further improvements pose challenges

The baa3 score for Asset Risk assigned to NLB, one notch below the initial score, reflects the bank's exposure in the SEE region where asset quality is more prone to volatility due to the often more uncertain operating environment.

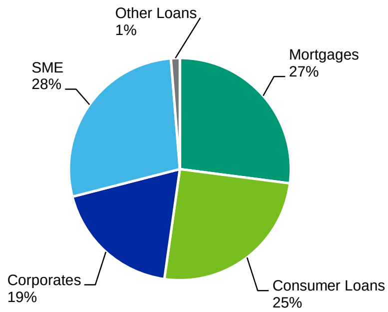
At the same time, we acknowledge NLB´s proven track record of improving asset quality across various geographies and sectors. As of year-end 2024, the group's non-performing loan (NPL) ratio stood at 2.0%, slightly down from 2.1% in 2023, supported by a robust loan loss reserve coverage at 108% of NPLs. The integration of SLS, primarily focused on the inherently riskier leasing segment, has not significantly affected NLB's NPL ratio, because of the relatively small size of SLS and the low default rates within the Slovenian leasing segment.

By year-end 2024, NLB's loan book remained strong, with retail loans over half the portfolio and a 1.7% NPL ratio. The corporate sector, including higher-risk SMEs, had a 2.4% NPL ratio. Construction and commercial real estate exposure remains moderate at 42% of Tier 1 capital, with a 3% default rate, supported by cautious loan-to-value ratios and higher share of projects being in the operational phase.

From 2020 to 2022, NLB's loan book grew 20% annually through organic growth and acquisitions. Growth slowed to 5% in 2023 due to rising interest rates, moderating unseasoned credit risks. In 2024, growth revived to 12% organically and 19% including the SLS integration, driven by increased credit demand and declining interest rates.

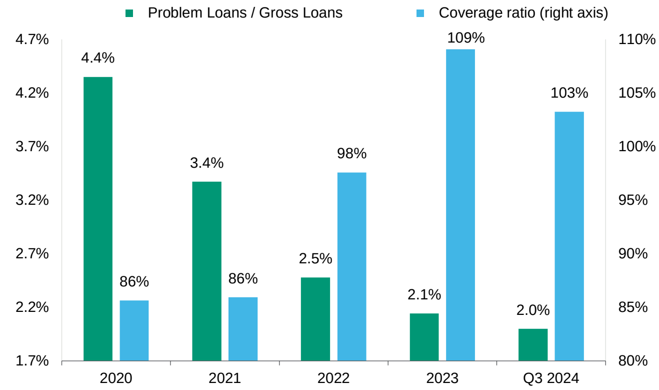
Stage 2 (S2) loans were effectively €333 million higher as of year-end 2024 compared to 2023 due to a recalibration in the staging approach for retail loans and the deterioration of the financial fundamentals for some large corporate exposures. Despite this, the S2 ratio stood at a modest 6.2%, reflecting the overall soundness of NLB´s loan portfolio.

Exhibit 4
**SLS integration increased the exposure to consumer loans and SME**
**As a percentage of gross loans and advances to customers, year-end 2024**




*Source: Company filings*

Exhibit 5
**NLB's asset quality and loss reserve levels improved significantly in recent years**




Coverage ratio = loan loss reserves/problem loans.
*Source: Moody´s Ratings*

## Capitalisation will moderate because of growth and higher dividends

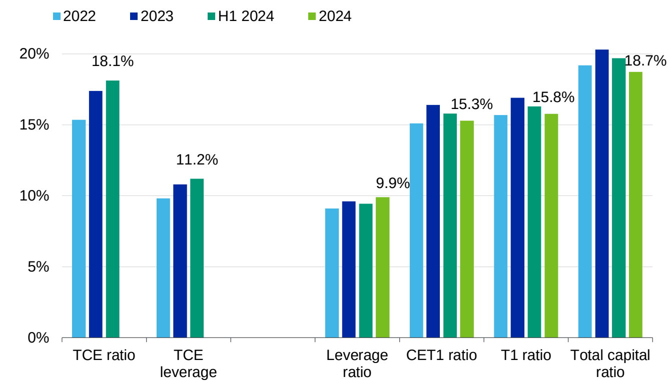
We assign a Capital score of baa2 to NLB, three notches below the initial score. We expect a moderation of capital due to a combination of organic and potentially inorganic expansion, the enactment of the final Basel III requirements and higher dividend distributions in the coming years.

By June 2024, NLB's Moody's-adjusted TCE/RWA ratio reached 18.1% (latest available), reflecting strong capital formation. The bank's return on RWA was 2.9% in 2024 after 3.5% in 2023, despite expansion and dividends. With an additional €110 million in dividends from its 2023 earnings, paid in June 2024, NLB distributed 40% of its 2024 profit, plus the 90 basis points adverse RWA impact from integrating SLS, we expect NLB's TCE/RWA to stabilize at around 15%.

NLB's '2030 strategy' outlines a target payout ratio of 50% to 60%, which represents an increase compared to the average of around 40% in recent years, but this will not prevent the bank from pursuing its growth ambitions. While the public takeover offer for Addiko was unsuccessful, NLB maintains a strong appetite for strategic value-generating acquisitions in the region. According to the bank's guidance, its excess capital could be deployed to add around €4.0 billion of RWA, which would reduce its TCE/RWA by around 300 basis points (bps).

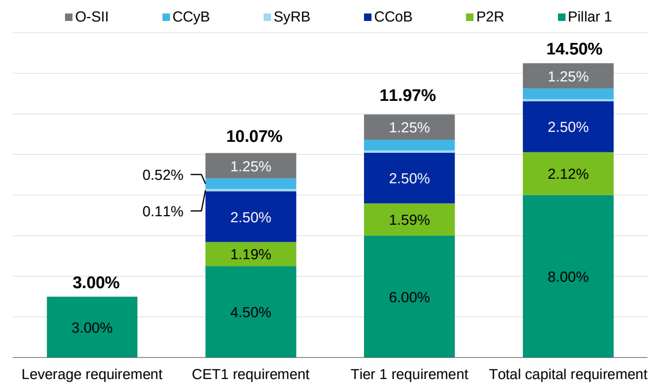
NLB's '2030 strategy' targets a CET1 ratio above 13.0%. By year-end 2024, post-SLS integration, NLB's CET1 ratio was 15.3%, down 110 basis points from 2023 but still 420 basis points above the regulatory minimum. The total capital ratio was 18.7%, including €535 million in Tier 2 notes.

Exhibit 6
**NLB has sizeable capital buffers over the regulatory requirements**
**As a percentage of RWA**




TCE = Tangible common equity (our calculation).
*Sources: Company filings and Moody's Ratings*

Exhibit 7
**NLB's capital requirements**
**As of year-end 2024**




O-SIIB = Other systemically important institutions buffer; CCyB = Countercyclical capital buffer; SyRB= Systemic risk buffer; CCoB = Capital conservation buffer; P2R = Pillar 2 requirement.
*Source: Company filings*

## Good profitability, driven by high interest margins

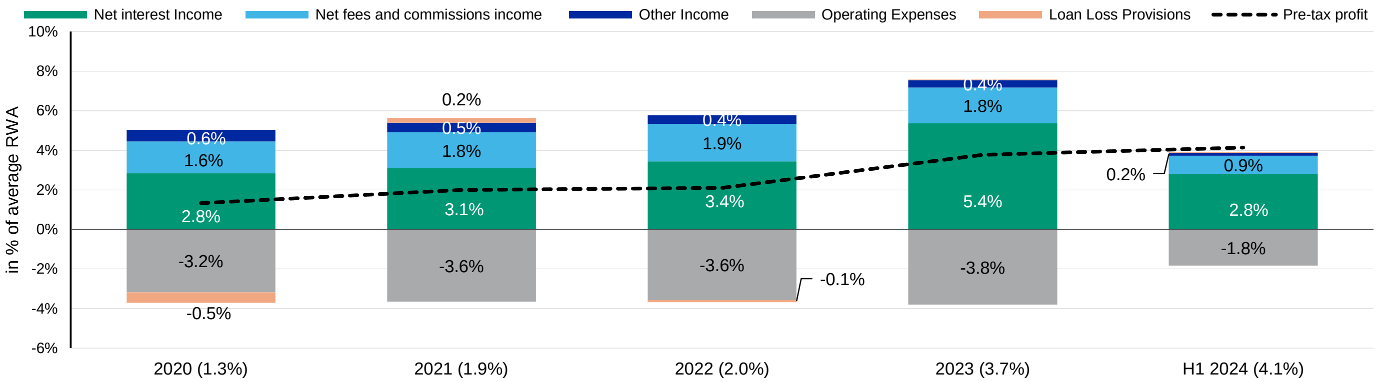
We assign a Profitability score of baa1, in line with NLB's initial score. This reflects our view that the bank's profitability will remain broadly stable over the next 12 to 18 months, while somewhat normalising from very strong years at higher interest rate levels, due to a reduced sensitivity to declining interest rates, alongside contained risk and funding costs. On 6 March 2025, the European Central Bank (ECB) cut its key interest rates by another 25 bps.

In 2024, NLB reported a net profit of €530 million, corresponding to a 1.9% return on assets, down from 2.2% in 2023. Operating income rose by 14%, offsetting integration costs for SLS, a €33 million balance sheet tax, and higher staff costs. NLB aims to keep operating costs at around 48% of revenues for the next two years, up from 46% in 2024. Over half of the net profit came from NLB's subsidiaries in the SEE region, which were all profitable. The group reported a net interest margin of 3.64% as of year-end 2024, from 3.5% a year earlier. This is one of the highest in Europe (EU27 average: 1.7% as of September 2024 - latest available).

Despite a significant provisioning volume in the fourth quarter, driven primarily by increased risk from automotive component manufacturers, the total cost of risk for the entire 2024 remained low at 14 basis points. Going forward, NLB projects a more normalised level of 30 to 50 bps effective cost of risk for 2025 and 2026.

We expect NLB's net interest income (NII) to remain stable over the next 12-18 months, supported by high loan growth in 2025 due to positive economic trends in Slovenia and the SEE region. Anticipating lower interest rates, NLB reduced NII sensitivity by lengthening balance sheet duration, increasing fixed-rate loans, shifting to government bonds, and using interest rate hedges. SLS integration should boost earnings from 2025, driven by quick synergies and higher yields in the leasing business.

Exhibit 8
**NLB's earnings will remain broadly stable, well supported by its SEE operations**




Pre-tax profit as a percentage of average RWA for the first half of 2024 is annualised.
*Source: Moody´s Ratings*

## Ample and stable deposit base, limiting market funding to regulatory needs

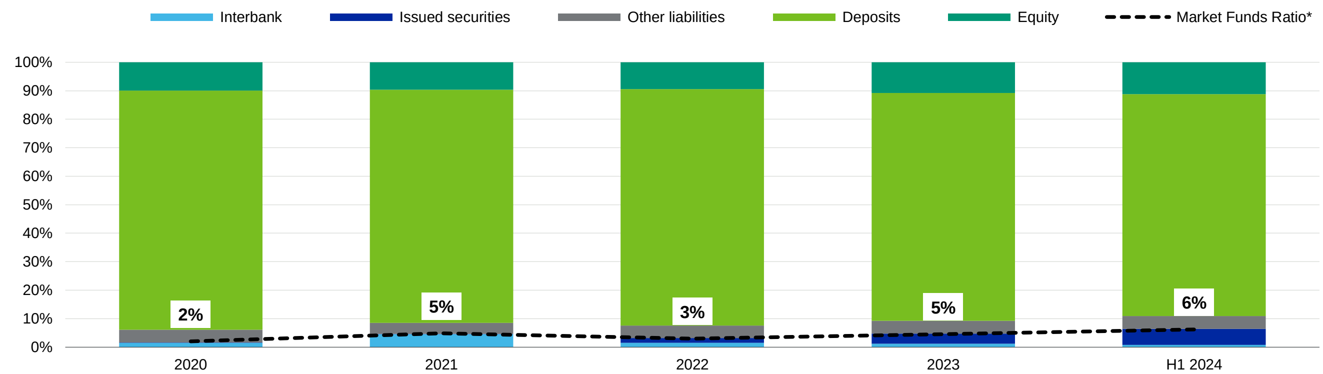
We have adjusted NLB's Funding score downward by two notches to baa2 due to expected higher market funding needs at the consolidated level as foreign subsidiaries will have to meet their minimum requirement for own funds and eligible liabilities (MREL), and a higher share of confidence-sensitive corporate and sight deposits, particularly in riskier SEE markets. The SLS onboarding has not significantly affected NLB's funding profile.

NLB´s market funding were around 5% of its total assets as of year-end 2024, and consisted almost exclusively of securities issued to fulfill the bank's MREL needs. NLB's resolution strategy employs a Multiple Point of Entry (MPE) model. Under this framework, each foreign subsidiary is required to issue loss-absorbing liabilities directly to the market[1].

Starting January 2024, NLB's Slovenian resolution group had an MREL requirement of 35.0% of RWA, including a 4.4% combined buffer requirement. By year-end 2024, NLB's MREL was 37.5%, now incorporating SLS's RWA, bolstered by a €500 million senior unsecured issuance in January 2025 (2.7% of RWA). Foreign subsidiaries will seek market funds to meet MREL, likely increasing the group's market funding dependence.

NLB benefits from a large customer deposit base, resulting in a sustained low loan-to-deposit (LTD) ratio; at 74% as of year-end 2024. The group's SEE operations are self-funded, with LTD ratios ranging from 73% in Serbia to 88% in Kosovo. Over two-thirds of NLB's customer deposits are stable household funds, of which 80% covered by deposit guarantee schemes, minimising the risk of rapid withdrawals. However, the group remains somewhat reliant on short-term funding and more confidence-sensitive corporate deposits (28% of total customer deposits), posing some risk of funding base volatility, especially given NLB's presence in markets with greater flight risks due to their more volatile operating conditions.

Exhibit 9
**NLB benefits from a deposit-based funding profile**




*Market funds ratio = Market funds/tangible banking assets.
*Source: Moody's Ratings*

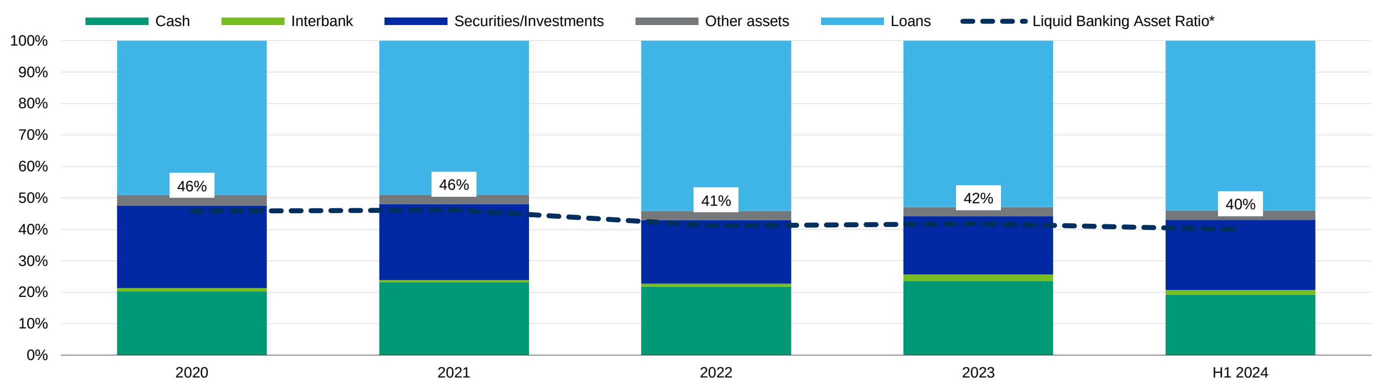
## Large and cash-rich liquidity pool, which will shrink moderately

We assign a baa2 Liquid Resources score, one notch below NLB´s initial score, which reflects our expectation that liquid resources will decline from the current very high levels following a sustained loan growth in the next 12-18 months.

By year-end 2024, NLB held liquid assets exceeding 30% of its total assets, with about half in cash and central bank deposits, and the rest mainly in government bonds. NLB's LCR was 197% and NSFR was 161%, both well above the 100% regulatory minimum. On a standalone basis, NLB's LCR and NSFR were 236% and 149%, respectively.

In a declining interest rates environment, we foresee an increased demand for credit, and NLB to capitalise on this by reallocating some of its liquid resources toward higher-yielding customer loans.

Exhibit 10
**The integration of SLS in the second half of 2024 thinned NLB's liquid reserves only slightly**



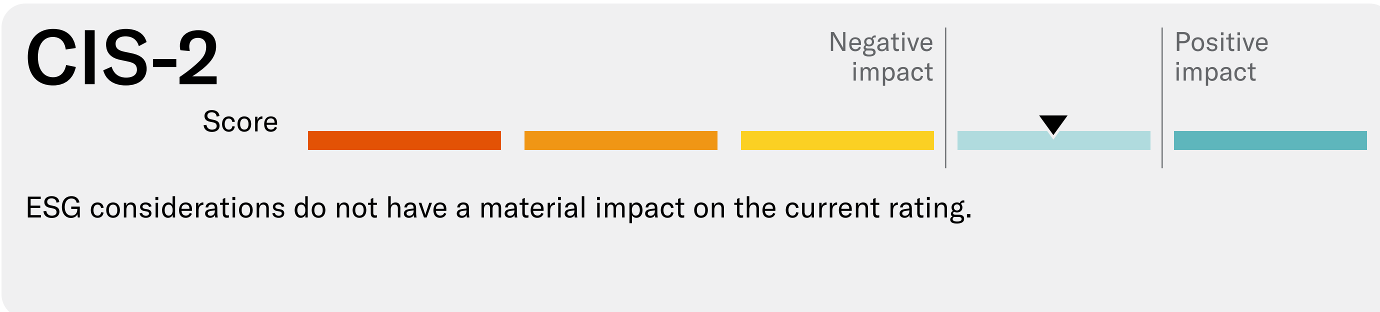

*Liquid banking assets ratio = Liquid assets/tangible banking assets.
*Source: Moody's Ratings*

# ESG considerations

## Nova Ljubljanska banka d.d.'s ESG credit impact score is CIS-2

Exhibit 11

**ESG credit impact score**

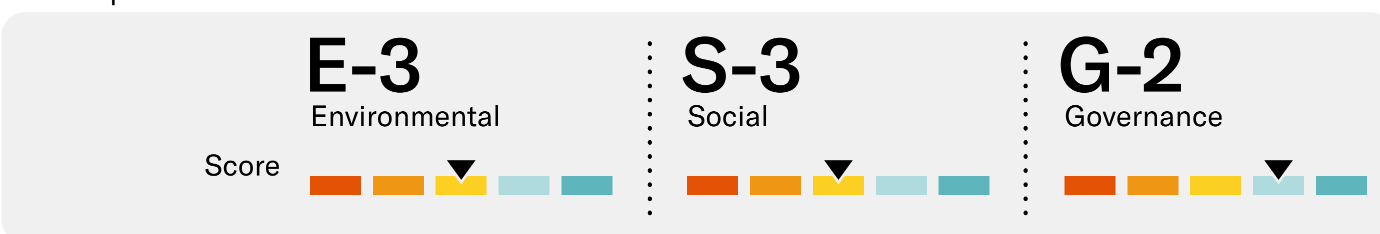



*Source: Moody's Ratings*

NLB's ESG Credit Impact Score **CIS-2** indicates that ESG considerations do not have a material impact on the current rating.

Exhibit 12

**ESG issuer profile scores**




*Source: Moody's Ratings*

### Environmental

NLB faces moderate exposure to environmental risks because of its portfolio exposure to carbon transition risk as the largest bank in Slovenia and widely diversified operations in South Eastern Europe. In line with its peers, NLB faces mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, NLB engages in optimising its loan portfolio towards less carbon intensive assets.

### Social

NLB faces moderate industrywide social risks related to customer relations, in particular regulatory risks, litigation exposure, and high compliance standards in its geographically dispersed operations. These risks are mitigated by the bank's developed policies and procedures as well as its focus on investing continuously in digitalisation to improve customer experience and promote customers' financial education, thereby reaching an ample range of demographic groups. NLB's high cyber and personal data risks are mitigated by its sound IT framework.

### Governance

NLB faces low governance risks, and its risk management, policies and procedures are in line with industry practices and are suitable for the bank's risk appetite. NLB has strengthened its risk management, policies and procedures in recent years and delivered a track record on strategic and financial targets. Additionally, NLB benefits from a diversified supervisory board comprised of independent directors.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Support and structural considerations

### Loss Given Failure (LGF) analysis

NLB is subject to the EU Bank Recovery and Resolution Directive (BRRD), which is an operational resolution regime. Thus, we apply our advanced Loss Given Failure (LGF) analysis. In accordance with the Slovenian legislation, we also take into account full depositor preference, whereby junior deposits are fully preferred over senior debt creditors. All the other assumptions are in line with our standard ones.

Our analysis focuses on the domestic resolution perimeter of NLB because of the multiple-point-of-entry setup of the group for resolution purposes.

Using historical data as of June 2024, but incorporating the bank´s €500 million senior unsecured issuance carried out in January 2025 and the earlier redemption of an €300 million bond of the same seniority, as well as the integration of SLS, our LGF analysis indicates:

» an extremely low loss-given-failure for NLB's deposits, resulting in a three-notch uplift from the bank's baa3 Adjusted BCA.

» a very low loss-given-failure for the bank's senior unsecured debt which would result in two notches uplift from the bank's baa3 Adjusted BCA. However, we assign one notch of uplift instead, taking into account the substantial stock of senior unsecured debt volumes relative to the bank's balance sheet size, which will be callable in the next 12 - 18 months and if not refinanced, would reduce the volume of outstanding loss-absorbing debt such that it increases the loss severity for the instrument class.

### Government support considerations

We assume a moderate probability of government support for NLB because of its status as the country's largest commercial bank with a 31.3% share of total banking assets as of year-end 2024.

As a result of our government support assumption, NLB's senior unsecured debt rating benefits from one notch of uplift, while there is no uplift to the bank's deposit ratings because the rating outcome before support considerations is on par with the A3 long-term rating of the Government of Slovenia.

## Methodology and scorecard

### About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the outcome of our scorecard may significantly differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard outcome and the individual scores are discussed in Rating Committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 13
**Rating Factors**

| Macro Factors | | |
|---|---|---|
| **Weighted Macro Profile** | **Moderate** | **100%** |

| Factor | Historic Ratio | Initial Score | Expected Trend | Assigned Score | Key driver #1 | Key driver #2 |
|---|---|---|---|---|---|---|
| Solvency | | | | | | |
| Asset Risk | | | | | | |
| Problem Loans / Gross Loans | 2.5% | baa2 | ↔ | baa3 | Expected trend | Sector diversification |
| Capital | | | | | | |
| Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in) | 18.1% | a2 | ↓↓ | baa2 | Expected trend | |
| Profitability | | | | | | |
| Net Income / Tangible Assets | 1.7% | baa1 | ↔ | baa1 | Return on assets | Expected trend |
| Combined Solvency Score | | baa1 | | baa2 | | |
| Liquidity | | | | | | |
| Funding Structure | | | | | | |
| Market Funds / Tangible Banking Assets | 4.6% | a3 | ↓↓ | baa2 | Deposit quality | Expected trend |
| Liquid Resources | | | | | | |
| Liquid Banking Assets / Tangible Banking Assets | 41.8% | baa1 | ↓ | baa2 | Stock of liquid assets | Expected trend |
| Combined Liquidity Score | | a3 | | baa2 | | |
| Financial Profile | | | | baa2 | | |
| Qualitative Adjustments | | | | Adjustment | | |
| Business Diversification | | | | 0 | | |
| Opacity and Complexity | | | | 0 | | |
| Corporate Behavior | | | | 0 | | |
| Total Qualitative Adjustments | | | | 0 | | |
| Sovereign or Affiliate constraint | | | | A3 | | |
| BCA Scorecard-indicated Outcome - Range | | | | baa1 - baa3 | | |
| Assigned BCA | | | | baa3 | | |
| Affiliate Support notching | | | | 0 | | |
| Adjusted BCA | | | | baa3 | | |

| Balance Sheet | in-scope (EUR Million) | % in-scope | at-failure (EUR Million) | % at-failure |
|---|---|---|---|---|
| Other liabilities | 2,448 | 14.7% | 3,456 | 20.8% |
| Deposits | 11,744 | 70.7% | 10,546 | 63.5% |
| Preferred deposits | 8,691 | 52.3% | 8,256 | 49.7% |
| Junior deposits | 3,053 | 18.4% | 2,290 | 13.8% |
| Senior unsecured bank debt | 1,300 | 7.8% | 1,500 | 9.0% |
| Dated subordinated bank debt | 545 | 3.3% | 535 | 3.2% |
| Preference shares (bank) | 82 | 0.5% | 82 | 0.5% |
| Equity | 499 | 3.0% | 499 | 3.0% |
| Total Tangible Banking Assets | 16,618 | 100.0% | 16,618 | 100.0% |

| Debt Class | De Jure waterfall | | De Facto waterfall | | Notching | | LGF Notching Guidance vs. Adjusted BCA | Assigned LGF notching | Additional Notching | Preliminary Rating Assessment |
|---|---|---|---|---|---|---|---|---|---|---|
| | Instrument volume + subordination | Sub-ordination | Instrument volume + subordination | Sub-ordination | De Jure | De Facto | | | | |
| Counterparty Risk Rating | 29.5% | 29.5% | 29.5% | 29.5% | 3 | 3 | 3 | 3 | 0 | a3 |
| Counterparty Risk Assessment | 29.5% | 29.5% | 29.5% | 29.5% | 3 | 3 | 3 | 3 | 0 | a3 (cr) |
| Deposits | 29.5% | 6.7% | 29.5% | 15.7% | 2 | 3 | 3 | 3 | 0 | a3 |
| Senior unsecured bank debt | 29.5% | 6.7% | 15.7% | 6.7% | 2 | 2 | 2 | 1 | 0 | baa2 |

| Instrument Class | Loss Given Failure notching | Additional notching | Preliminary Rating Assessment | Government Support notching | Local Currency Rating | Foreign Currency Rating |
|---|---|---|---|---|---|---|
| Counterparty Risk Rating | 3 | 0 | a3 | 0 | A3 | A3 |
| Counterparty Risk Assessment | 3 | 0 | a3 (cr) | 0 | A3(cr) | |
| Deposits | 3 | 0 | a3 | 0 | A3 | A3 |
| Senior unsecured bank debt | 1 | 0 | baa2 | 1 | Baa1 | |

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
*Source: Moody's Ratings*

## Ratings

Exhibit 14

| Category | Moody's Rating |
|---|---|
| **NOVA LJUBLJANSKA BANKA D.D.** | |
| Outlook | Positive |
| Counterparty Risk Rating | A3/P-2 |
| Bank Deposits | A3/P-2 |
| Baseline Credit Assessment | baa3 |
| Adjusted Baseline Credit Assessment | baa3 |
| Counterparty Risk Assessment | A3(cr)/P-2(cr) |
| Senior Unsecured -Dom Curr | Baa1 |

*Source: Moody's Ratings*

## Endnotes

1 Exceptions are the subsidiaries in Kosovo and North Macedonia, which have not yet implemented an MREL legislation.

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