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Statement of Blaž Brodnjak, President of the Management Board of NLB d.d.

For us, south-eastern Europe is not just a spot on the map. This is our home. This is where we face challenges with ardour, joy, and energy. This is where we are preparing for anything that might cross our path.

What do you think of when you hear the word 'home'? If you ask me, I confess that I would probably first think about the green hills of north-eastern Slovenia, but I would soon realise that was not completely true. Neither for me nor for NLB Group, home is not just a spot on the map – home is where the people who mean most to us are, who make us feel good, full of energy, and who inspire and support us so that we can achieve our goals.

NLB Group wants to evoke such feelings in the entire region in which it operates, starting with our employees. Our employees and their knowledge, experience, and dedication are the key to the business success of our Group and consequently the region. That is why we intensively invest in their development and well-being and encourage them to exploit their potential and efficiently balance their professional and private lives.

More specifically, dedicated and motivated employees make it much easier for us to

achieve our social responsibility mission, particularly in the area of promoting entrepreneurship and the transfer of knowledge through mentorship.

In most countries in which we operate, we are considered a system-wise important banking and financial group, our brain and the sense of responsibility tell us to take care of financial literacy, while the heart, on the other hand, tells us to promote and support sports – particularly in young people – along with humanitarian projects and the protection of cultural heritage and the environment.

NLB Group is far more than just a financial group; it is not just numbers, a balance sheet, or financial results that create value for our stakeholders and contribute to economic development. We are people who know and understand the branch in which we operate, develop innovative products and services, feel with the environment and the region in which we live, and wish to contribute to improving the quality of life.



Blaž Brodnjak
President & CEO



Presentation of NLB Group

NLB Group is the largest banking and financial group in Slovenia, with strategic orientation in selected markets of SE Europe.

NLB Group

NLB Group is the largest banking and financial group in Slovenia

NLB Group is the largest banking and financial group in Slovenia, with strategic orientation in selected markets of SE Europe. It is present on markets with a population of 17 million in total. NLB Group consists of NLB d.d. as the parent company in Slovenia, six subsidiary banks in SE Europe, and several companies providing other services (asset management, insurance, real estate management, etc.). The Republic of Slovenia owns 25% + one share of the NLB. In 2019, the following were the key strategic areas of operation of the Group: Retail Banking in Slovenia, Corporate Banking in Slovenia, and Strategic Foreign Markets.

NLB Group provides financing by following the carefully drafted principles, guidelines, and procedures. NLB Group does not finance illegal activities, manufacturing and trade in weapons, political parties, political forums, and religious communities.

NLB Group is a system-wise important financial institution, and as such aware of its responsibilities. In addition to successful operations and sound financial results that contribute to the economic development, it also wishes to contribute to better quality of the life in the entire region.

“South-eastern Europe is our home. This is where the head and the heart of NLB Group are, and this is why we will put all our efforts into making this region successful. As a system-wise important player, we accept this challenge with pride and huge responsibility – towards the employees, the customers, and the environment in which we operate,” emphasised Blaž Brodnjak, President of the Management Board of the NLB.

Retail banking in Slovenia

The main pillar of the operations of NLB Group is Retail Banking, where the Bank has a leading position on the Slovenian market, offering comprehensive services. NLB d.d. in Slovenia excels by its strong presence and large accessibility for clients through its ramified network of 93 branch offices and 549 ATMs across Slovenia, and its Contact Centre operating 24 hours a day providing top quality services to customers. The Retail operations in Slovenia achieved excellent results in 2019 despite the many challenges on the NLB Groups' banking markets in 2019. The Bank has a social responsibility towards its clients, its employees, and the society in general, and carries out its important mission of improving the quality of life of all citizens.

Introduction



https://www.youtube.com/watch?v=rmPJBhWCPso&feature=emb_title

Socially responsible mission

NLB Group has an important socially responsible mission which it shows through its attitude towards all its stakeholders: its employees, clients, owners, and suppliers. In line with the Corporate Social Responsibility Policy at the level of NLB Group which was adopted at the end of 2018, the activities in the area of socially responsible projects and simplification of the process of monitoring and deciding about sponsorships and donations continued last year.

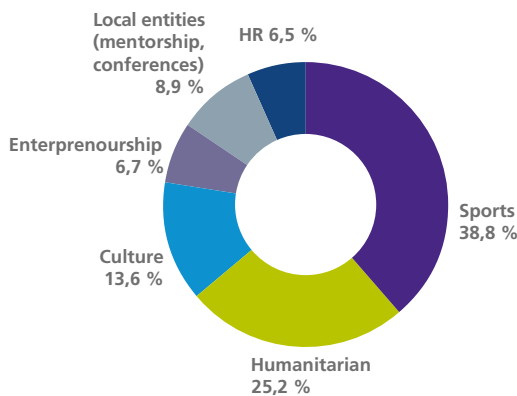
In addition to meeting the goal of business performance, NLB Group also strives to

improve the quality of life in the region, also through socially responsible projects. The key pillars of socially responsible operations of NLB Group are the care for its employees, compliance and integrity, promotion of entrepreneurship, mentorship, support to professional and youth sports, humanitarian activities, and the protection of cultural heritage and the environment. In 2019, NLB Group successfully completed 352 projects in various areas of social responsibility.

Humanitarian projects

In 2019, special attention was paid to the deaf and hard of hearing, and their equal inclusion into everyday life. The purpose of the NLB Group's project Theatre Interpreter is to enable the deaf to have access to the theatre arts. In the scope of this project, 12 Slovenian theatres signed the commitment to include at least one performance with a Slovenian sign language interpreter into their next year's programme. Furthermore, NLB Group adjusted its offer to this vulnerable group of people and has, since August 2019, enabled the deaf and hard of hearing to perform the basic banking services via the video call that has been upgraded with the presence of a sign language interpreter.

NLB Group also supports other vulnerable groups, helps children, and donates funds to hospitals. For 11 consecutive years, it has supported the NLB Wheel wheelchair basketball tournament, and in 2019 it also started supporting the handball team of the Paraplegics' Association of Slovenia. Old toltars were collected for a good cause and donated to the association Europa Donna, and funds were raised in the branch offices for new equipment for URI Soča.



Picture 1: The structure of projects by social responsibility areas in 2019 in NLB Group

Promoting entrepreneurship

With the financial and entrepreneurial workshops, NLB Group supported the programme 'My Company' under the auspices of the Institute for Promoting

Entrepreneurship among the Young which takes care of the development of the business among the young, and also helps detect the potential and create possibilities for independent life. NLB Banka Sarajevo supported the new cycle of lectures in the framework of the Entrepreneurial Academy. As the general sponsor, NLB Group supported the business forum Kopaonik in Serbia with around 1,300 participants – businessmen, representatives of the state institutions, and non-governmental institutions.

NLB Group expanded the financial literacy workshops and presented them not only to the children and the youth, as in the past years, but also organised them for the deaf and the hard of hearing, providing for the presence of the Slovenian sign language interpreter.

The well-being of employees at workplace

The foremost concern of NLB Group is the well-being of employees at the workplace. NLB d.d. is proud of the prestigious certificate “Top Employer” which it has received for the fourth consecutive year in 2019, making it one of the best employers in the world. The “Family Friendly Company” certificate enables the employees to efficiently balance their career goals and their family life. With the oldest training centre in Slovenia, it allows the employees to grow both personally and professionally. In addition to internal training, the employees of NLB Group are also able to gain knowledge at external training at home and abroad. In 2019, the NLB Family Day was organised for the first time; the employees’ response was very positive and the tradition of bank sports games of NLB Group continued. In Bosnia and Herzegovina NLB Banka Sarajevo became the second most successful employer in the financial sector and ranked among the top ten employers in the country. NLB Group also employs successful woman managers, one of them being the President

of the Management Board of NLB Banka Sarajevo Lidija Žigić. In 2019, she received the reward for the most successful manager in the banking industry for 2018 “Golden BAM” awarded by the editorial board of the financial and business magazine *Banke i Biznis* to the most successful banks in the region.

Support for the professional athletes

In 2019, NLB Group continued to support professional athletes. NLB d.d. was thus a proud sponsor of skiing, handball, football, table tennis, and sailing. NLB Banka Prishtina financially supported the men’s rugby championship and the chess tournaments at the local and national level. NLB Banka Podgorica combined the support to sports with the humanitarian activities and the project “Small steps changing the world for the better,” supporting the victories of the *Budučnost* basketball team by donating funds to the Montenegrin maternity hospitals.

Youth Sports

Special attention is also paid to young athletes in the framework of the Youth Sports project. In the digital era, NLB Group aims to encourage young people to do sports, learn how to win, but also how to lose with dignity. All over Slovenia, it encourages young recreational athletes to exercise and lead a healthy life. It financially supported 36 local sports clubs which train young enthusiastic players in football, handball, skiing, and table tennis. In addition to the financial support, it also organised workshops for the young players to teach them about finance. In the framework of the football qualifications for the 2020 European championship, it took 2,000 children included in the Youth Sports project to see the Slovenia vs. Poland match.

Environmental protection

NLB Group participated in the financing of the largest wind energy project in Kosovo, which will significantly increase the capacities for the production of green energy from renewable sources in the region of south-eastern Europe that will account for around 10% of the country’s energy capacity.

In 2019, NLB Banka rewarded the best projects in the area of organic food production and processing for the eighth consecutive year in the scope of the “NLB Organic” campaign. It supports family businesses and sustainable development, takes care of the environment, and people’s health. NLB Banka Sarajevo joined the cleaning campaign “Let’s clean the town in one day.”

NLB Group is currently preparing the ESG (Environmental Social and Governance) Strategy in which the corporate social responsibility activities will be upgraded with the activities related to the natural environment. In the framework of the privatisation process, the company undertook to implement the EBRD requirements relating to the environmental and social topics.

Protection of cultural heritage

In 2019, NLB d.d. continued with the organisation of exhibitions in the Avla Gallery and events in the area of culture and initiated the activities for the establishment of the Slovenian banking museum. NLB Banka Belgrade opened the exhibition of the works of fine arts created by the artists from the Artists’ House Pygmalion.

RESPONSIBILITY

ETHICS EDUCATION

CONFIDENCE

CODE OF CONDUCT

EQUALITY

SAFETY

CONFIDENCE

CORPORATE INTEGRITY

5.800+ EMPLOYEES
SAFETY

Compliance, responsibility,
and integrity

Chapter 1.

Compliance, responsibility, and integrity of NLB Group's operations

The Bank's long-term successful operations don't just require compliance with the economic laws and legal regulations comprising the legal framework within which the Bank is operating. NLB Group also considers its social responsibility, which is closely intertwined with ethics and integrity. In recent years, it has primarily put in the forefront the needs of our clients and employees. It is essential to be aware of the importance to ensure that the operations are within the limits of ethical standards, to provide adequate services to clients, as required, and to give them the right advice.

Responsibility

NLB Group wants clients to recognise it as a trustworthy, sincere, correct, discrete, and transparent financial institution, one that helps them ensure financial security and risk management. The clients and other stakeholders must also know the importance of ethical business and responsible conduct by the Bank.

In the framework of taking care of the employees, it pays great attention to the assurance of positive climate among the employees, ethical operations, equality of employees, prevention of any hostilities and violence against employees, and promotion of the freedom of speech. By ensuring employee satisfaction with work, it guarantees their personal satisfaction and thus better efficiency.

NLB Group wishes that the clients would recognise it as a trustworthy, sincere, correct, discrete, and transparent financial institution, helping them ensure financial security and risk management.

Measures against mobbing, and measures for improvement of the organisational culture

Prohibition of any form of mobbing, as well as practical examples and guidelines for the employees in the Bank, have been

included in the Code of Conduct of NLB Group, which is the basic document defining the desired and prohibited conduct in NLB d.d. and NLB Group. It has also established the Joint Committee for the Prevention of Harassment and Mobbing, consisting of the representative of the Bank, the Workers' Council and the representative trade unions. In 2019, it appointed four new authorised persons for the prevention of harassment and mobbing of employees whom the employees can contact in the case of suspected harassment and/or mobbing at workplace.

Confidence

With the purpose to ensure the dignity of employees and to provide a working environment in which no worker is exposed to maltreatment and sexual or other harassment by anybody, NLB has established a system for preventing all forms of mobbing. In 2019, a special commission for the renewal of anti-mobbing mechanisms in NLB d.d., composed of the representatives of the Bank, the NLB Workers' Council, and the NLB Trade Union, revised the Policy for Prevention of Harassment and Mobbing of Employees in Nova Ljubljanska banka d.d., the Rules on the Prevention of Harassment and Mobbing at Work in NLB d.d., and the Instructions for the Business Process Prevention of Harassment and Mobbing

at Work. By using these documents and the established procedures, the Bank also determines prohibited actions on a case-by-case basis and defines the procedure for their treatment and sanctioning of prohibited conduct.

Also, at the level of NLB Group, equal opportunities, justice, and promoting culture focused on performance are respected. The HR policies and practices are based on culture promoting equal opportunities and performance of employees. Discrimination is prohibited in the HR management practice. The relationship between employees and the management is founded on trust, support, and constant feedback. For cases of disagreement, the conflict resolution procedure is defined.

Employees participate in the Workers' Council and the Trade Union with which the Bank regularly cooperates at formal meetings and through consultations. The organisational climate, employment engagement, and organisational culture are of key importance, and therefore regularly measured; an action plan for improvements is also prepared. In most cases the Bank's HR practices are above the statutory minimum because the goal of the Group is to ensure that employees are highly motivated and included in the Bank's operations.

Code of Conduct of NLB Group

In the Code of Conduct of NLB Group, NLB Group prescribes its core values and principles of conduct, thus establishing uniform rules of conduct in the daily operations throughout NLB Group. In this way NLB Group expresses its expectations that all employees and external business partners of NLB d.d. and NLB Group members respect human rights, employee rights, and general standards of conduct defined in the said document.

Ethics

The Code of Conduct of NLB Group was already comprehensively revised in 2017. Through regular activities (risk identification, investigation of suspected misconduct, etc.), a regular review of appropriateness of its implementation is also carried out, which, considering the size of NLB Group, is at a high level. NLB Group verifies the implementation of the Code of Conduct (formerly the Code of Ethics and the Code of Corporate Compliance) by preventive checking of the compliance of the areas and processes, which also include risks of conduct (unethical behaviour, risks of internal and external fraud, conflict of interest risks, corruption risks, risks of violations in the field of information protection, and personal data protection, etc.) as typical risks of compliance and integrity.

NLB Group implements its standards of conduct by having established internal policies and procedures in order to prevent any breach of these standards, by carrying out regular training of employees and training of the target groups in the area of ethical conduct standards, and by performing regular assessments of risks in relation to outsourced providers and suppliers. Special procedures and channels for (anonymous) reporting suspected misconduct are established (including the internally accessible (NLB Net) and publicly accessible application Whistler at: whistler.nlb.si), as well as procedures and mechanisms for treating suspected misconduct and adopting corrective measures. Measures for the protection of informants (internal and external) have been implemented in the whole NLB Group.

Additionally, an internal survey in the area of ethics and compliance is carried out annually in NLB d.d. and in the core members of NLB Group. This survey is carried out to check the perception of the employees in relation to ethical conduct and compliance of operations, also in relation

to the situation as regards the perception of misconduct prevention. Based on the analysis of which the Bank's Management Board is informed, measures are drafted for the improvement of the situation, such as the implementation of target inspections of the areas of operation, special training, etc. In 2018, based on a survey on ethics and compliance, it was found that the culture of ethics and compliance was strengthening, therefore, NLB Group would continue to perform the activities aimed at increasing the awareness in this area.

The implementation of the Code of Conduct in NLB Group is also a part of regular self-assessment in NLB d.d. in the area of corporate integrity. One element of that is the assessment of ethical culture, the efficiency of the system of prevention of misconduct or report of suspected violations, management communication, the commitment of the Bank's management, corporate identity, etc. The Code of Conduct of NLB Group sets the standards and rules of conduct that apply to all employees, regardless of the job or location, as well as to the contractors acting on behalf of NLB Group. The Code defines the values and basic rules of ethical business conduct that are respected, encouraged, and expected in NLB Group. Its values and beliefs support its long-term goal to constantly improve the culture of daily operations in the countries in which NLB Group is present.

Protecting the privacy of bank clients

NLB Group demands that every employee, regardless of their job or location of work, as well as every other stakeholder of NLB Group, live in accordance with the highest standards of integrity. The key to achieving these standards is strong culture of compliance practiced by NLB Group, with due diligence of all employees in accordance with its policies, rules, and other internal documents, and in line with the relevant legislation and regulations in the

legal environments in which NLB Group operates.

Protection of the privacy of bank clients is one of the key rules of conduct laid down in the Code of Conduct of NLB Group. The Corporate Security Policy of NLB d.d. additionally defines the basic goals and principles of protecting people, facilities (business premises), information and assets of both the Bank and its clients. One of the fundamental goals of corporate security is to protect the data and information of NLB Group's clients, and thereby ensure privacy. With the implemented measures, the Bank ensures data confidentiality both as regard its own data processing, and when the data are processed by the contractors. One of the goals is also to ensure the legality of operations and the reputation of NLB d.d. This approach is also used by individual NLB Group members.

Safety

The risks arising from possible unauthorised access to data on clients, disclosure of data on clients, and lack of professionalism or inappropriate behaviour of bank employees are managed by controlling accesses to applications with data and using audit trails, and precise methodologies, procedures, and instructions for work.

Pursuant to the new EU rules in the area of personal data protection (i.e., the GDPR) which entered into force in 2018, the privacy of NLB d.d. clients and clients of individual NLB Group members is ensured by implementing the relevant measures, such as:

the need to know principle, which means an employee has the authorisation or the right of access only to those data and information that they need to perform their regular work tasks;

- regular verification/checking of the adequacy of the rights granted to access data;

- regular training and raising the awareness of employees about the importance of data and information protection and ethical conduct;
- established privacy zones in the Bank's branches;
- identifying potential data protection violations by employees;
- carrying out security checks on application support and the computer network in order to identify potential vulnerabilities that would undermine the confidentiality of data and information.

Fight against corruption and bribery

NLB Group has already emphasised the significance of the fight against corruption and bribery in the Code of Conduct of NLB Group by prescribing zero tolerance to such misconduct within the company. All forms of bribery and corruption must be rejected in NLB d.d. and NLB Group. Such forms of action are unfair, illegal and damage the countries in which the corruptive practices take place, and the society in general. This is prescribed by the Code of Conduct of NLB Group published on NLB d.d. website. NLB d.d. and NLB Group expect the same conduct from its clients, business partners and third parties. Therefore, all employees of NLB Group are subject to limitations in giving and accepting gifts, offering hospitality, and otherwise influencing the conduct of the employees. Specific measures for managing the risks associated therewith are also prescribed. They are laid down in the Policy on Conflict of Interest Management and Corruption Prevention of NLB d.d. and NLB Group.

Integrity

In accordance with the Corporate Governance Policy of NLB Group, the Standards for Compliance and Integrity also define obligations of NLB Group

members to adopt all internal acts of NLB d.d. on the prevention of corruption and conflicts of interest, and to comply with their obligations.

The members of the NLB implemented the new Policy on Conflict of Interest Management and Corruption Prevention of NLB d.d. and NLB Group in 2018. Due to clearer rules, additional awareness raising, established control mechanisms, and training in this field, represents a significant improvement in the implementation of respective activities.

Due to its regional presence, NLB Group is exposed to the risks of corruption in South-Eastern Europe. In the scope of the SOTIS/ECRA process (General Assessment of Integrity and Compliance Risks/Enterprise Compliance and Integrity Risk Assessment), which NLB Group carries out annually, the assessment of the corruption risk at the level of NLB d.d., at the level of the core NLB Group members and at the level of the whole NLB Group is also carried out. A special questionnaire is used for that purpose (model World Economic Forum: Good Practice Guidelines on Conducting Third-Party Due Diligence, Partnering Against Corruption Initiative - PACI).

In 2019, based on the SOTIS/ECRA assessments made, NLB Group did not detect any significant new risk in the area of fight against corruption and bribery. Nevertheless, in the scope of their regular tasks, the compliance functions also performed activities aimed at raising awareness and improving the risk culture in relation to this area. Moreover, the approach to the management of such risks in daily operations was also enhanced, for instance by implementing the assessment of such risks in relations with suppliers.

In the scope of fight against corruption and bribery, NLB Group performs several activities to manage the related risks. In 2019, regular annual training was organised

for all employees and management in NLB d.d. and NLB Group members in the field of corruption and conflicts of interest. Specific targeted training was also organised for target employee groups (sales network, managers, new employees) in the field of harmful practices, channels available for reporting suspected misconduct, corruption, conflicts of interests, and breaches of the Code of Conduct of NLB Group. The risk arising from conflicts of interest and corruption was assessed for outsourced providers and suppliers and other contractual partners of NLB d.d. and NLB Group. The necessary procedures and mechanisms for treating suspected misconduct and adopting corrective measures in the case of suspected misconduct have been established. For appropriate identification of such events, various channels are used for reporting suspected misconduct, published on the Intranet (NLB Net), in internal documents (including the Code of Conduct of NLB Group), and the internally and publicly accessible Whistler application for reporting suspected misconduct, which also enables anonymous reporting. NLB d.d. and NLB Group have implemented the planned measures to protect the informants (internal and external), and defined who adopts them and in what way, and how the protection of informants is ensured.

NLB INNOVATIVE ENTREPRENEURSHIP CENTRE

FINANCIAL ADVICE

KNOWLEDGE **ENTREPRENEURSHIP**

ACCESSIBILITY

CONSULTING

BUSINESS FORUM

PROFESSIONAL

ENTREPRENEURSHIP

MOBILE BANKERS

CONSULTING

Promotion of entrepreneurship and financial literacy

Chapter 2.

Promotion of entrepreneurship and financial literacy

NLB Group actively promotes and supports entrepreneurship. For the last five years, the NLB Innovative Entrepreneurship Centre (NLB IEC) has been directly creating and contributing to the improvement of the entrepreneurial climate in Slovenia and promoting the implementation of financial literacy programme among those interested in the form of financial mentorship for the young.

The NLB CIP is an example of good business practice and a positive business environment meeting point. With a free-of-charge lease of the business premises to small entrepreneurs, for the purpose of organising various events for the internal and external public, and digitalisation of time-saving banking services, NLB Group works for the benefit of the broader society. Thus, NLB Group implements its mission of joint efforts for development and improvement of the region for the present and the future generations.

In its everyday work and organisation of events, NLB IEC fulfils the social responsibility activity as part of the centre's regular actions and plans.

In 2019, NLB IEC hosted 143 educational and business events either organised by itself or in cooperation with different partners with a total of 6,140 participants.

The largest and the most popular social responsibility events in 2019 were:

- The Summer School of Cultural Management – in partnership with the School of Economics and Business of the University of Ljubljana,
- SEI Summer school for students – in cooperation with the US Embassy in Ljubljana,
- 3P - Pripravljeni na podjetniško pot (Ready for entrepreneurship) – in partnership with the Career centres of the University of Ljubljana and
- Falling Walls LAB – the Ljubljana University Incubator.

Personal financial advice

Throughout 2019, the NLB IEC hosted the workshops “Personal Financial Advice,” which represents the basic training for improving the financial literacy of people from different age target groups.

Among others, it also hosted the workshop for raising financial literacy among the deaf and hard of hearing organised for the Association of the Deaf and Hard of Hearing in cooperation of the sign language interpreter.



<https://www.youtube.com/watch?v=QsFRJPHTCMw&feature=youtu.be>

In 2019, NLB IEC organised many entrepreneurial events for young people, such as “Personal Financial Advice for the Young,” “Easy Finance,” and other workshops aimed at finding entrepreneurial ideas.

Mobile bankers prepared the presentation of the banking practices in Minicity Ljubljana for the parents and the children, and continued with the training of young athletes in the sports clubs in the framework of the Youth Sports project, the Rakek Table Tennis Club, the handball camp for the young in Izola and Pula, and the Junior skiing team. In addition to these projects, several traditional Financial Literacy workshops were carried out in elementary schools all over Slovenia. The financial literacy courses were also organised for the presidents of the clubs participating in the Youth Sports project.



<https://www.youtube.com/watch?v=ILWL8NhXaLM>

The “Easy Finance” workshop was organised for the secondary school students



Picture 2: Financial literacy programme for the deaf

in Celje upon the invitation of the Bank Association of Slovenia. The workshop was also carried out at the banking and personnel department of the Economics and Business secondary school Poljane, Ljubljana. In addition to these projects, NLB Group carried out several traditional Financial Literacy workshops in the secondary schools all over Slovenia. It provided financial literacy training for the students of the Economics and Business secondary school Koper which hosted students and teachers from different secondary schools from Poland, Hungary, Italy, Romania, and Bulgaria. The aim of the workshop in the English language was to present them the basic terms in the fields of financial literacy and entrepreneurship and their uses in everyday life. At the School of Economics in Ljubljana, hosting foreign students from Italy, Germany, France, and Spain, the business workshop

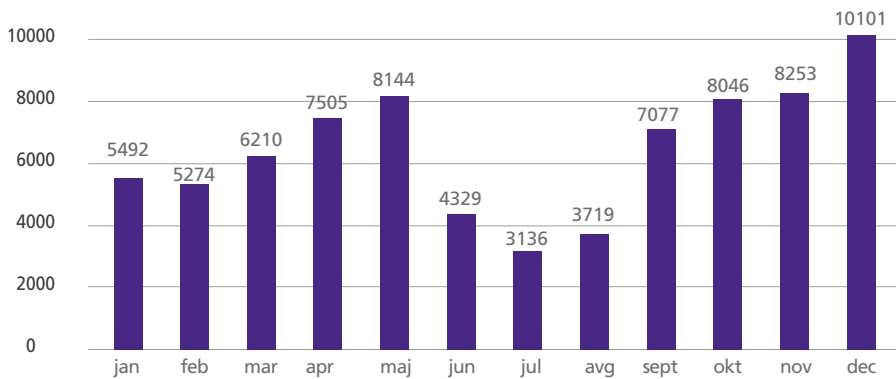
was organised with the aim of collecting business ideas and presenting the Canvas Business model, in which they learned the basics of how to enter the business world.

In 2019, NLB d.d. organised the first Personal Finance Academy for the students of the School of Economics and Business in Ljubljana. It was carried out in the form of two 4-hour sessions intended for the students – members of the Society of Accounting and Auditing Students at the School of Economics and Business. In addition to these projects, several traditional Financial Literacy workshops were carried at various faculties.

NLB Group participated as a guest at two round tables. At the invitation of the newspaper Finance, it attended the event at the Chrystal Palace in Ljubljana with the topic 'All There is to Know about Real



Picture 3: Moments of excitement and curiosity at Minicity Ljubljana



Picture 4: Number of visitors per month in 2019

Estate.’ At the Faculty of Economics and Informatics in Novo mesto, it participated in the discussion entitled ‘Business Challenges – from Business Idea to Profit.’

NLB Group started implementing the financial literacy workshops also in the companies in which we offer bonuses for the employees interested in crediting and insurance.

Increasing financial literacy of the youngest

Minicity Ljubljana is a well-visited and popular location for children of all age groups. The props in the playroom invite the children to research. In the Bank playroom, NLB Group offers an attractive programme for the youngest who like to explore the secrets of a safe deposit box and vault, and older children who enjoy



Picture 5: The young gain their first business experience in the JA Slovenia project

role-playing games most, particularly acting as bank consultants and customers coming to the bank to open an account and devise a savings plan. Parents often find it interesting to take part in most contents offered by the Bank playroom. On average, the activities in the Bank playroom are carried out three times a day. The frequency increases when school or kindergarten groups visit, during the weekend and during school holidays. The interest of schools and kindergartens in the Bank playroom programme increased in 2019.

Considering the visit statistics and implementation of the programme in the Bank playroom, it is estimated that more than 85% of all visitors to Ljubljana Minicity participated in this programme. The percentage is higher than the May and June average when the largest number of school and kindergarten groups visit Minicity.

Entrepreneurship among the young

In 2019, NLB Group joined the activities in the scope of the 'JA Slovenia' project, organised by the Institute for the promotion of entrepreneurship among the young. The Institute's goal is to promote entrepreneurship among the young by organising educational programmes on entrepreneurship - My Company. NLB Group hosted the presentation of student companies in the Ljubljana region and actively cooperated at their final event Student Company Trade Fair 2019. It made a donation to reward the winning student company 'Heavenly Yogurt,' and the winning project team participated at the global JA competition in France.

For the second consecutive year, NLB IEC hosted the students from the Secondary School of Wood Engineering Škofja Loka

who participate in the My Company project. NLB IEC organised two workshops for additional entrepreneurial skills and knowledge about personal finance for young people. Among other, the event also featured the opening of the exhibition of their products in the IEC Entrepreneurial gallery.



Picture 6: The exhibition of the company Pregelli d.o.o. in the EIC Entrepreneurial gallery

IEC Entrepreneurial gallery

In 2019, the NLB IEC Entrepreneurial gallery continued with a wide selection of exhibitors who create their innovative products using natural materials, handmade techniques, and lean on the rich cultural heritage. The opportunity to present their own exhibitions is offered to the entrepreneurs from all over Slovenia.

In 2019, the products of the company Pregelli d.o.o. were put on display. Their work concept is focused on the use of old stylised and discarded furniture that is no longer suitable for modern environments. They recycle it and transform it into pieces of art, thus making it suitable for placement into any environment, regardless of the style, colour and other preferences.



Organised 143 events with different contents were organised in cooperation with our partners



Provided financial literacy training for 495 pupils



Hosted 6,140 participants at various events



Prepared Easy Finance for 505 secondary school students
Presented financial advice to 370 students from the School of Economics and Business in Ljubljana



Recorded 489 registrations of companies and corporate consultations at the partner VEM point of the Chamber of Crafts and Small Business of Slovenia



Presented the basics of banking and money handling to around 60,000 children in Minicity



Hosted 15 exhibitors at the entrepreneurial gallery



Prepared financial advice for around 2000 pupils and students.



Carried out 14 workshops on personal financial advice for the young people and development of business ideas

QUALITY OF LIFE
SPORTS GAMES
FAMILY FRIENDLY ENTERPRISE
EDUCATION
FAMILY DAY
CONFIDENCE
HEALTHY BANK

5.800+ EMPLOYEES
TOP EMPLOYER

HEALTHY BANK

Chapter 3.

Care for employees

“We, at NLB again proved that we belong to the best employers in Slovenia, and this is not a coincidence. We constantly encourage employees to develop and upgrade their knowledge; therefore, it is our job to offer them various and high-quality trainings in different areas. Further challenges are waiting for us in the future as well, which shall request more flexibility in all areas, extending from more dynamic career paths, promoting mobility in NLB Group, a more flexible remuneration system to more flexible types of work. We believe that employees are devoted and successful if their work enables them to reconcile career with their family life. Therefore, we encourage employees to maintain this balance which is, after all, proved by our Family-friendly Company certificate. And with the Healthy Bank programme and the Bank Sports Club, we encourage employees to live a healthy and active lifestyle,” said Vesna Vodopivec, Director of the Human Resources and Organisation Development.

Ensuring the well-being of employees is the key NLB Group value, which is reflected in many activities and opportunities, and intended for all employees. The Group strives for high-quality and compliance with the standards of a modern learning organisation.

Regardless of various business circumstances and cultural differences, the whole NLB Group pays special attention to the education and training of its employees. NLB Group believes that various educational and training activities raise awareness of employees and encourage them. By employees acting in different areas, by connections between members of the banking group, by thinking out of the box, by personal development, and modification of behaviours the Group is changing its organisational culture.

Knowledge for all that follows

Employees of NLB undergo training mainly with the help of experts and transfer their

knowledge to other employees. Everyone is included in the process of knowledge transfer. Experts from individual areas act in the role of internal lecturers, mentors, and trainers. The offer of new knowledge for an awareness of one’s responsibility for own health, creation of work environment enabling high quality interpersonal relations, and encouraging participation in activities which strengthen health and satisfaction of employees are commitments followed by NLB Group in 2019 as well.

Consequently, in 2019 the Group received the Top Employer Certificate for a fourth year in a row. The independent international organisation Top Employers Institute granted NLB d.d. this recognised award again, which the companies earn by excellent HR practices and development programmes for all employees. In this way, it confirmed that NLB d.d. was intensively investing in the knowledge of all employees.

With the purpose of strengthening the culture of co-operation, NLB Group

intensively introduces mentorship, internal coaching, and an exchange of experience at the workplace. Besides that, it recognises and develops talents and their careers. Every year it improves and upgrades HR practices and, in this way, follows global trends. From the Top Employers Institute Report, it is evident that in 2019 NLB Group was particularly successful in the area of including employees in coaching and mentoring, as well as in organisation of target-oriented trainings for closed groups. Moreover, by applying the new IT human resources system, it will upgrade the key HR processes, such as management by objectives, selection of staff, onboarding of new employees, and development and training, which will considerably modernise the existing HR practices.

We constantly encourage employees to develop and upgrade their knowledge, therefore it is our job to offer them various and high-quality trainings in different areas. Further challenges are waiting for us in the future as well, which shall request more flexibility in all areas, extending from more dynamic career paths, promoting mobility in NLB Group, a more flexible remuneration system to more flexible types of work.

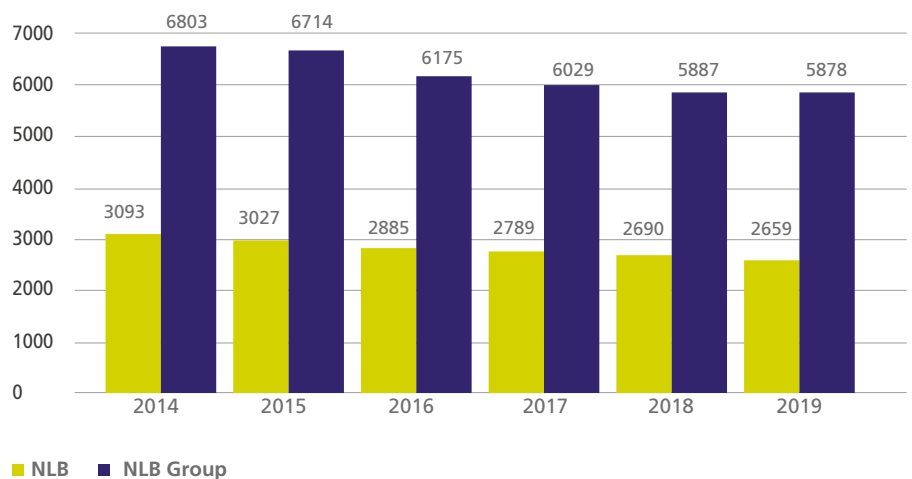


<https://youtube.com/watch?v=s8CGbkkzTG0>

NLB Group employees

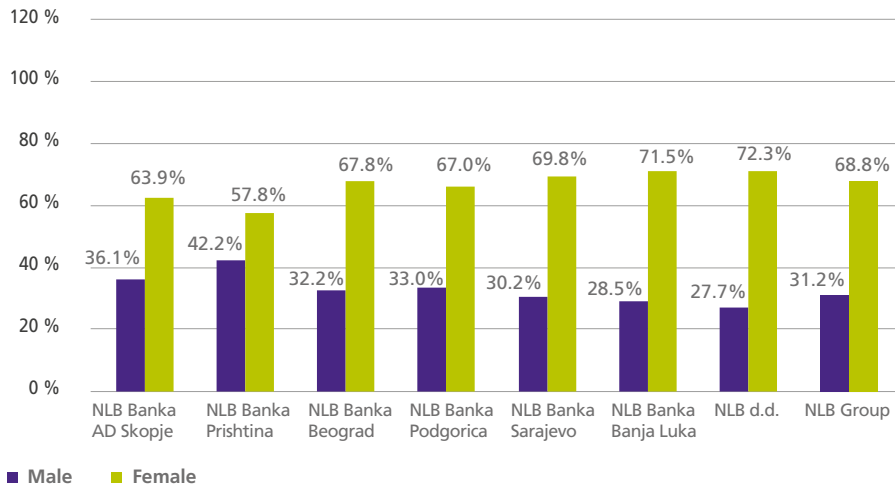
Number of employees in NLB Group

By development of information technology and encouraging automation and streamlining of work processes, NLB Group strives to gradually optimise the number of employees. In the last five years, thus the number of employees decreased by 13.6%, or 925 employees (434 NLB d.d.).



Employee structure in NLB Group by gender

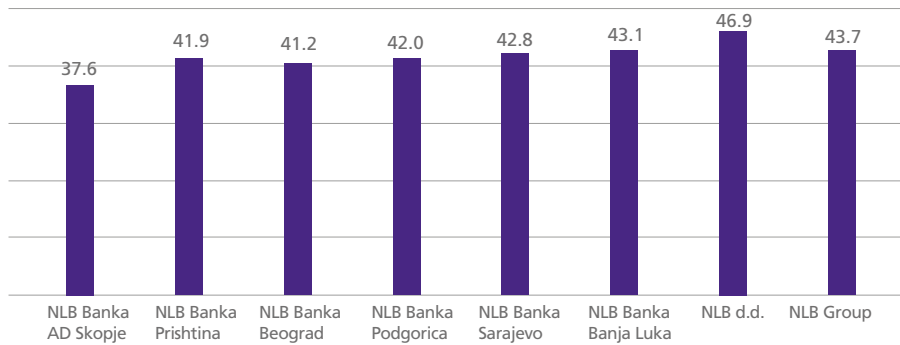
At the end of 2019, the percentage of men in strategic positions of NLB Group was 27.7% and remained the same as at the end of 2018.



Picture 7: Employee structure in NLB Group by gender at the end of 2019

Average employee age in NLB Group

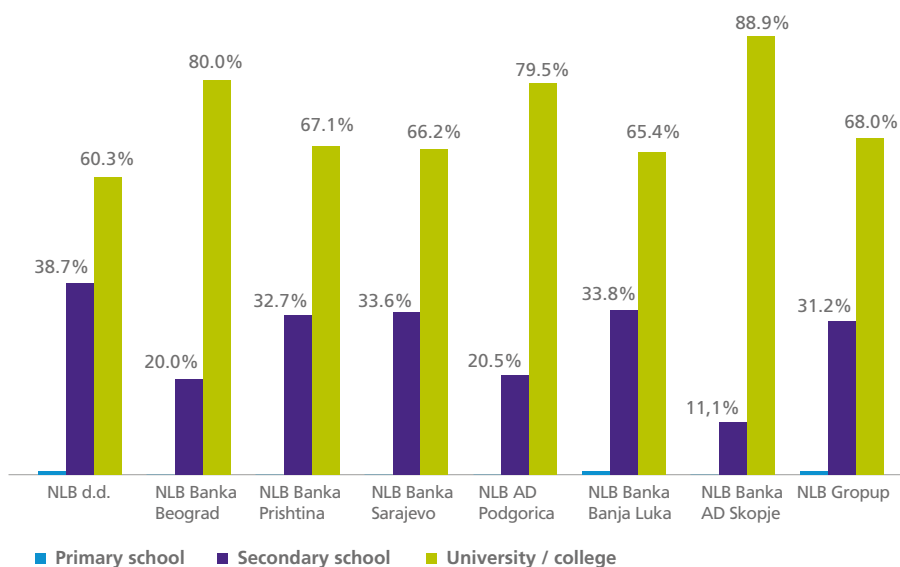
At the end of 2019, the average age of employees in NLB Group was 43.7 years and was the same as at the end of 2018.



Picture 8: Average age of employees in NLB Group members at the end of 2019

Structure of employees by education level in NLB Group

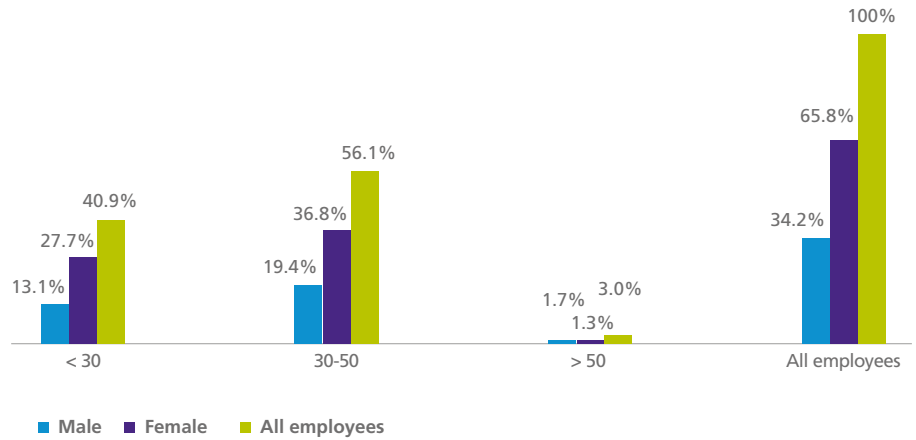
In NLB Group, 68% of the employees have a tertiary education level.



Picture 9: Structure of employees by education level in NLB Group

Structure of new employees in NLB Group by gender and age

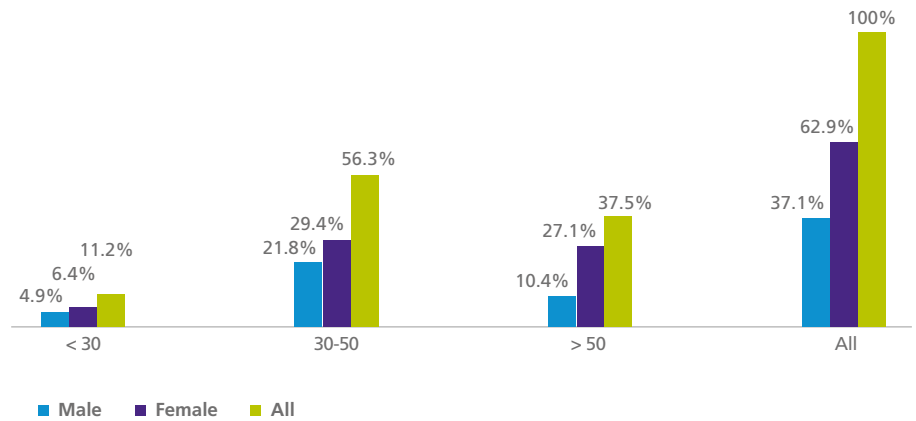
In 2019, NLB Group employed 465 new people, of which 40.9% were younger than 30 years, 56.1% were between 30 and 50 years old, and 3% were older than 50 years. Altogether, 34.2% of the newly employed were men and 65.8% women.



Picture 10: Structure of new employees in NLB Group by gender and age at the end of 2019

Structure of departures in NLB Group by gender and age

In 2019, 472 employees, of which 11.2% were younger than 30 years, departed NLB Group; 51.3% were between 30 and 50 years old; and 37.5% were older than 50 years. Among those who left 37.1% were men and 62.9% were women.

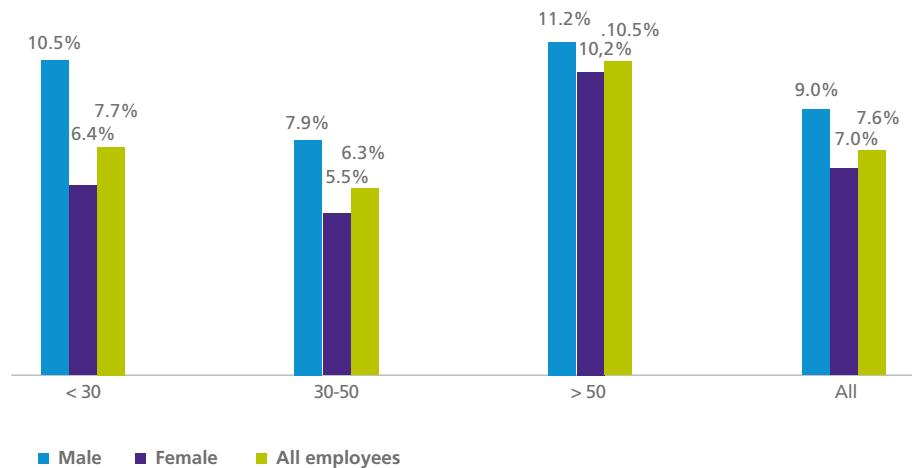


Picture 11: Structure of departures in NLB Group by gender and age at the end of 2019

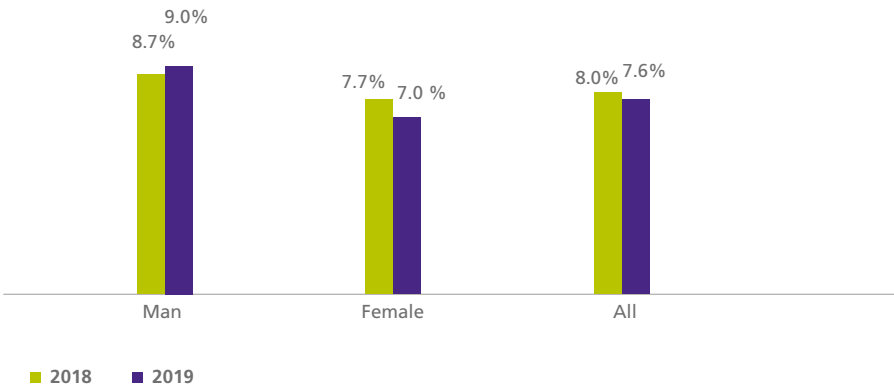
Structure of fluctuation of employees in NLB Group by gender and age at the end of 2019

In 2019, the fluctuation of employees in NLB Group was 7.6%, of which 9% among men and 7% among women.

In 2019, the level of fluctuation decreased by 0.4% compared to 2018.



Picture 12: Structure of fluctuation of employees in NLB Group by gender and age at the end of 2019



Picture 13: Fluctuation of employees in NLB Group in 2019 and 2018

5878
employees in NLB Group
at the end of 2019

43,7
was the average age of employees in NLB
Group at the end of 2019

68 %
In NLB Group of employees have
a tertiary education level

Development of employees in NLB Group

The purpose of development activities is to enable employees to achieve business goals and thereby meet their personal expectations, while acting with social responsibility to all stakeholders.

NLB Group utilises target-oriented education and training to systematically change its organisational culture, help develop new business practices, and strengthen the NLB trademark.

It organises and develops various trainings in the area of skills and expert knowledge. NLB Group endeavours to carry out most of the trainings internally. In 2019, altogether 13,258 employees attended standard training programmes, 28,948 employees received training through electronic channels, and 4,328 employees attended external trainings.

Internal providers are of key importance for transfer of knowledge and skills among employees

The majority of employees develop their potentials in the framework of internal trainings and internal providers are of key importance. NLB Group systematically develops its employees for the transfer of knowledge because they must be adequately qualified for such tasks.

In addition to classic ways of training, a lot of internal training is carried out at the workplace – by mentorship, coaching, exchange of experience with other co-workers, and by job rotation through other departments and bank members. All these are types of social learning. The Group is well aware of its efficiency; therefore, it specifically encourages these types of learning, and offers the possibility of development by internal coaching, and in 2019 it started to promote mentoring, as well. It provides mentors with appropriate training for this role and supports them with available tools.

Special attention is devoted to the newly employed and in the first year it organises training programmes for them.

NLB Group believes that in this way it also successfully spreads new acquaintances, strengthens co-operation, and establishes good interpersonal relations between employees.

Development of management skills

Employees at different management levels, ranging from talents for management to directors, participate in the development of management skills programme. Development of skills has a modular concept, where contents are substantially upgraded. During implementation of an individual module, a certain period must pass before theory is transferred into practice. Developmental needs of individuals are established through mentorship and coaching.

In order to stimulate and develop constructive managerial conduct, NLB Group started to develop common management brand. Its purpose is to define key management behaviours, which will clearly represent the NLB manager at all levels and in the whole Group. In 2019, workshops with managers and talents were carried out in all its members, where key management behaviours were defined. They were followed by designing the management brand as the common brand of the Group, which means that all managers in the Group will in the future develop in line with a certain range of behaviours.

Talent management

The two-year NLB talent development programme was concluded at the end of 2018, while in 2019 it was continued by individuals' development. Each of them set their developmental path through development discussions. In 2019, they also identified new talent groups in several

NLB Group members and prepared developmental plans for them.

Talents were included in different forms of training, within which they gained the required skills needed for future challenges. A special developmental programme (managers, experts, and young talents) was established for every group of talent, covering their special developmental and career needs and including different internal and external development activities. Altogether, 28 individuals from the entire set of NLB Group bank members were included in developmental programmes, and had the opportunity to learn creative thinking, strategic management, confident communication, mentorship skills, etc.

NLB Group promotes local and international career development

By systematic focusing on talents and other key employees, NLB Group would like to make it possible for their employees to follow the career development which they wish for, while at the same time also encourage them to gain experience and develop their career in other bank members. In addition to long-term assignment to work abroad, it also supports the short-term transfer of knowledge and rotations within the Group, by which it strengthens co-operation and the internal transfer of knowledge and skills. In 2019, it focused on the provision of development to all employees and the systematic development of managers and key experts and their successors.

Health and satisfaction of employees is very important

Only healthy and satisfied employees can be creative and effective. Due to our dynamic and modern lifestyle, employees are too often overburdened, exhausted, even burnt out. For timely identification and taking action in such situations, it is of key importance to raise awareness in the area

13.258

persons participated in internal lectures and workshops

28.948

successfully concluded e-learning courses in NLB Group

4.328

participations at external training courses



https://www.youtube.com/watch?v=QUnGS-KRH_s



of healthy lifestyle, which includes healthy mobility, eating, and psychophysical habits. Communication skills also form part of awareness-raising in the area of health.

Employees working in high-quality working environment are healthier and more motivated. Consequently, it can be expected that:

- costs related to illness and sick leave are decreased,
- sick leave is reduced,
- work disability is reduced,
- fluctuation of work force is reduced,
- quality of products and services is increased,
- there are more innovations in the organisation,
- productivity is increased,
- satisfaction of employees and customers is increased, and
- reputation of organisation is improved.

This is the reason why all NLB Group members carry out the health programme with a high level of diligence and endeavour to address all key elements of well-being: physical, emotional, and mental. In this way, all employees are encouraged to participate regularly in the programmes and various activities, which are organised, specifically:

- common NLB Sports Games which are organised by the Group twice a year,
- workshops on healthy life, health food, recreation, etc.,
- stress control in the workplace,
- attentiveness techniques,
- special sports events in all states where NLB Group is present,
- special medical examinations.

Recognisable as a family-friendly Group

The ability to balance work and family obligations has a significant impact on performance and commitment of employees. NLB Group is focused on provision of additional benefits for all employees and help them coordinate and organise family activities. Therefore, it encourages family-friendly measures in all bank members and organises various events, such as:

- NLB family days,
- day with Santa when children of employees get New Year presents,
- additional paid off days for care of a sick child,
- additional paid absence days on child's first school day or for their introduction to the kindergarten,
- special preventive medical examination, etc.

NLB Group is proud to have received the full Family-friendly Company Certificate, as well as the possibility that all its employees can use these bonuses.

NLB Family Day

In 2019, NLB Group, as a family-friendly company, organised for the first time the NLB Family Day on which all employees and their family members hung out for a pleasant event in Ptuj. Every visitor, even a highly demanding one, could find something for himself because various activities were organised – some were appropriate mainly for kids, while others were prepared with older family members in mind. The success of the first NLB Family Day was also confirmed by the high satisfaction of participants expressed in the survey carried out after the event.



Picture 14: The first NLB Family Day

Winter and summer school holidays

In 2019, NLB Group prepared winter and summer NLB Happy Holidays for school-age children of employees. In order to enable the youngest to enjoy in the activities which they love most, parents were offered the choice of the provider themselves and NLB Group co-financed the participation of children on selected holidays. Thus, NLB Group enabled 89 children to have active winter holidays, and 221 children to have even more beautiful memories of the summer holidays.

New Year's presentation of gifts to children of employees

In 2019, NLB Group presented New Year's gifts for more than 900 children of employees, together with a visit of Santa and theatre performance Dwarf's Muddle.

New Year decorating of branch offices

In 2019, employees competed for the best-decorated branch office and demonstrated their originality.



Picture 15: New Year's theatre performance and presentation of gifts to children of employees at NLB Group in Slovenia

310

children of employees at NLB d.d. attended holidays, co-financed by the company

902

children of employees at NLB Group in Slovenia were presented gifts by Santa



Picture 16: Scenes from NLB Group festive decorations in branch offices



Picture 17: PHoliday greetings of NLB Group employees in Slovenia

The NLB Bank Sports Club

At the end of 2019, the NLB Bank Sports Club counted more than 600 members whose membership enable them to attend many free-of-charge sports events in various areas, sport trainings, and numerous pleasant meetings.

Seventeen sports sections are organised within the Club: Atlantis, badminton, bowling, golf, fitness, cycling, basketball, futsal, table tennis, volleyball, hiking, swimming, skiing, chess, running, tennis, and sport climbing. Employees outside Ljubljana can join the NLB Bank Sports Club within sections Gorenjska, Podravsko-Pomurska, Savinjsko-Koroška, Dolenjska-Bela Krajina, and Primorska.

The 21st NLB Group Sports Games

In 2019, the 21st NLB Group Summer Sports Games were organised. Bankers from the whole NLB Group met on 25 May in Moravske Toplice to compete in futsal, basketball, beach volleyball, tennis, table tennis, chess, badminton, bowling, running, swimming, golf and, for the first time, also shooting. At the NLB Group Sports Games, employees did not only compete in sports disciplines, but could also race in NLB-ing – the unique final quiz on the knowledge of banking products of NLB Group and banking in general. The non-competitive part of the games included hiking and cycling, and Healthy Bank was with participants all day taking care of relaxation with yoga hours and motivating them to change their lifestyles by implementing measures.

In accordance with the mission and tradition of NLB Group, the Sports Games also have socially responsible element. The Group handed over a donation of EUR 4,000 to the Volunteer Fire Brigade Moravske Toplice, and fire fighters presented their work and equipment to participants and organised mini fire games.



Picture 18: Activities at the 21st Summer Sports Games of NLB Group



<https://youtu.be/pVx8MUbQs9I>



<https://youtu.be/tp10IV-hvww>



Picture 19: Winning atmosphere of NLB Group at the 27th Summer Sports Games of Slovenian Bankers

The 27th Sports Games of Slovenian Bankers

In 2019, NLB Group employees again participated in the Summer Sports Games of Slovenian Bankers, organised by the Slovenian Banking Trade Union. The 2019 Sports Games of Slovenian Bankers took place between 7 and 9 June at Zelena laguna, Poreč; 176 NLB Group employees participated, of which there were 129 competitors and 47 supporters. They competed in 11 disciplines: table tennis, chess, cross-country running, swimming, basketball, ninepins, volleyball, shooting, tennis, futsal, and cycling.

Among the Slovenian banks, the NLB team won 1st place overall, and thus successfully continued the three-year struggle to obtain the transitional cup into permanent possession. The NLB team won first place for the fifth consecutive year.

Participation at the Ljubljana Marathon

Almost 100 NLB Group runners participated under the joint application at the 24th Ljubljana Marathon, which took place on the last Sunday in October.

Most probably, there were a lot more NLB runners who applied to the Marathon through their own running clubs.

European Banking Winter Games – INTERBANCARIO 2019

At the end of January 2019, the 59th Winter European Banking Games were organised at the skiing centre Maria Alm in Austria. A diverse group of 918 competitors from 136 European banks and 12 countries gathered. For the first time, organisers also added ski boarding and night sprint runs to the competition programme.

The number of bank teams considerably fell from 2018, but the best teams stayed faithful to competition. The most numerous teams came from Italy, followed by Switzerland, Germany, and Austria. From Slovenia, 46 competitors participated in the games in five bank teams, among which the best were again competitors from NLB d.d.

The 18th International banking tournament Euro Golf Meeting Interbancario Europeo

At the end of May 2019, the NLB golf team participated at the 18th Euro Golf Meeting Interbancario Europeo in German Bad Griesbach.

In a fierce competition of 80 teams from financial institutions and banks from all over Europe, the NLB Group team successfully made it through to the finals and won a new historic victory.

Charity football tournament

The NLB football team participated in a charity football tournament for the second time in a row, which was organised by the auditing company PricewaterhouseCoopers (PWC) and the Football Association of Slovenia.

At the tournament, the NLB Group football players in a competition of 14 teams, ended up in third place. During charity tournament, funds were raised for the Paediatric Clinic in Ljubljana.

The NLB Pensioners' Society

In 2019, the programme of work of the Pensioners' Society of the NLB d.d. comprised 73 various organised co-financed activities which were attended by more than 3,000 participants. As much as 82% of the members came from the Ljubljana organisational unit, while the remaining 18% from units outside Ljubljana. Among the most visited and numerous activities was recreation – swimming in Portorož, hiking, and a meeting of the NLB pensioners.

In 2019, a novelty was introduced in the operation of the Society, namely information was sent to the older population by written notifications.

On average, more than seven different activities are organised every month, thanks to volunteers from the Society who perform these tasks with dedication.

Membership

The NLB Pensioners' Society has 2,204 members, of which the Central unit has 1,443 or 65% of the members, and the remaining dislocated units, 761 or 35% of the members. The number of members in the last two years in the Central unit Ljubljana has grown at a slower pace than in dislocated units.



Picture 20: 18th International banking tournament
Euro Golf Meeting Interbancario Europeo

Membership

84 %

members of the NLB Pensioners' Society are women and 16% are men

54 %

of pensioners are aged 63 to 75

4 members

members are 100 years old or more

127 members

members are older than 90 years

600 members

The NLB Sports Club has more than 600 members already

12 sports disciplines

Already the 21st Summer Sports Games of NLB Group were organised, in which employees were competing in 12 sports disciplines and helped the local community in a socially responsible manner

1. place

The NLB Group Sports team won 1st place overall at the 27th Summer Sports Games of Slovenian Bankers

1. place

NLB Group competitors won 1st place among 80 teams at the Euro Golf Meeting Interbancario Europe

As regards gender, 84% members of the Society are women and 16% are men.

More than 1,300 pensioners, which is a bit more than half of the members, are actively participating the programme activities of the Pensioners' Society. The majority of pensioners are in the age group between 63 and 75 years and represent more than 54% (1189 pensioners). A total of 127 members are than 90 years of age, which is an increase of 38% as compared to the last year. In the next five years, we can expect a further increase of this number, since more than 10% of members (196) are in the age group from 85 to 90 years.

Activities of the Society

a) Social activity

In the framework of the Seniors to Seniors Consultancy project, the NLB Pensioners' Society linked with the Home Care Institute Ljubljana. In March 2019, members older than 80 years, were sent a special letter explaining the "Home help" activity and offering help with access to the application and other detailed information, which is available to members every first Wednesday of the month.

The Society presented their members the European project 'Crosscare,' the holder of which is the Home Care Institute and which joins the services of social and health care. Within the project, which will run until August 2020, the Institute will provide home users with the following free-of-charge services: physiotherapy, occupational therapy, nursing care, and dietetics.

The NLB Pensioners' Society repaid 62 pensioners a certain amount of the costs which they had for medical examinations in self-pay outpatient clinics.

In 2019, the Society organised meetings of the NLB celebrating pensioners, which was attended by 79 celebrating members.

b) Culture

In 2019, the NLB Pensioners' Society carried out numerous activities in the area of culture. Altogether seven events were organised, three guided exhibitions, a visit to NUK, and three museum tours.

More than 115 Society members visited all exhibitions. The members of the Society who attended cultural events on their own were refunded half of the ticket price up to EUR 15 upon its presentation, once a year at most.

c) Recreation

The recreational programme of the NLB Pensioners' Society is prepared in such a way as to meet different wishes and needs of members. Thus, the Society organises various activities, ranging from whole day activities with organised transport to several hour activities, which are attended by members individually.

The organised activities, which were carried out in 2019 are: swimming in Portorož and hiking within the Mountaineering Section. Altogether, 711 people participated in the organised activities. The Society members can get cheaper admission tickets for swimming in Atlantis and Terme Krka pools, and these bonuses were used by 128 members.

d) Social events

In 2019, the NLB Pensioners' Society also organised various social meetings, such as meetings of pensioners and a celebration of St. Martin's Day.

e) Trips and excursions

In 2019, the Society organised numerous excursions, which were participated by 207 members of the Society, namely:

an excursion to Germany, an excursion following the paths of the Alexandrian Women, a short excursion to Kamnik including sightseeing and to the blooming Volčji potok arboretum in spring time.

f) Dislocated units

In 2019, the NLB Pensioners' Society was also active on the local level.

The Dolenjska Bela Krajina unit organised three excursions, the annual assembly of the Society, the autumn chestnut picnic, regular monthly hikes and numerous workshops for making crafts, which were attended by 199 members.

The Zasavje unit carried out regular monthly meetings and participated in local activities.

In 2019, the Prekmurje unit expanded its activities to repay a part of costs of self-pay health services, partial repayment of the costs of tickets for cultural events, one-day excursion, swimming at Terme Krka pools, and the chestnut picnic. It has 116 members.

The Koroška unit organised visit to the author's performance and a short film and a pre-New Year meeting for its members. Altogether 108 members attended these activities.

The Velenje unit organised excursion to Laško and post-New Year's meeting for its members.

Organisational activities**g) Relocation of the Society's office**

Since 1 June 2019, the office of the NLB Pensioners' Society has operated at a new location. NLB d.d. provided assistance to relocation with renewal of premises, furniture equipment, and the transport of archive materials.

h) Other activities

In 2019, the Society started activities for promotion of the Society among employees who will join it in the future.

- By compilation of museum material and writing memoirs, which will be published in Corporate biography and on the webpage of the museum, the Society co-operates with the Banking Museum in Slovenia project.
- It also actively co-operates with the Slovenian Federation of Pensioners' Societies, who have their membership all over Slovenia.

SPONSORSHIP
SPORT
NLB WHEEL
YOUTH SPORT VICTORY
VICTORY
SPORTS GAMES
MENTORSHIP
SPONSORSHIP

Chapter 4.

Support to sports



https://www.youtube.com/watch?v=RaCROkPwvWo&feature=emb_title

Professional sport

In 2019, NLB Group continued to support top Slovenian sportsmen who are among the greatest ambassadors of Slovenia around the world. As the Golden Sponsor of the Slovenian alpine skiing national team for the twentieth year in a row, the Bank proved to be their reliable supporter. It enabled the success story of Ilka Štuhec, whom it supported even in the time of recovery after injury. In the last four years, the Bank also sponsored other Slovenian sports associations. Since 2017, NLB Group has been the sponsor of the Slovenian football national team and official sponsor of the Slovenian Handball Federation. For the fourth year in a row, it has also supported the Slovenian Table Tennis Association and the Slovenian Sailing Association.

Youth Sports

Long-term support of NLB Group to sports, with a great emphasis to youth sports became in 2019 even stronger by financing the Youth Sports project. For the fifth year in a row, the Bank has supported this project to encourage responsible training in the area of youth sports, and at the same time strengthened long-term initiative to encourage young sports enthusiasts in all regions of Slovenia to exercise and lead a healthy life.

Commitment

Youth Sports is a project in the scope of which NLB Group supports sports clubs all over Slovenia that encourage young people to exercise and live an active life, and to make a dedicated and important contribution to the development of a healthy and responsible society. More specifically, the Group believes that it can help ensure a better tomorrow by connecting the local communities and educating young people. In 2019, the program of sports intended for the young, comprised almost 10,000 children.

In 2019, NLB Group decided that financial assets intended for the Youth Sports project should be evenly divided between all Slovenian regions. The selection included clubs of sport disciplines, which the Bank



Picture 21: NLB Group supports Slovenian professional sportsmen on their way to top-level results

“ . . . Because we know that victories are not from yesterday . . . ”



Picture 22: Financial literacy lessons at the summer camp of the Handball Club Celje Pivovarna Laško

“The purpose of the Youth Sports project is to encourage young people, who nowadays live more or less in a virtual world, to go back to nature, sports halls, and courts, to learn how to win – but also how to lose with dignity, stand up again, and fight even harder,” said Blaž Brodnjak, President of the Management Board of NLB d.d.

defines as the main pillars of socially responsible acting of NLB Group, and in which it is actively included in the area of professional sports.

In 2019, NLB Group financially supported 36 local sports clubs, which develop their young enthusiastic players in football, handball, skiing, table tennis, and sailing. In addition to financial support to young sportsmen, the Group also taught them through entertaining workshops about prudent management of finances and in this way helped them become good masters of their property, and in a manner adapted to the young equipped them with necessary financial knowledge for their safe future.

In life it is important that in good and in bad – and in all that follows – heartfelt supporters stand by us. Therefore, NLB Group makes it possible for young sport fans to visit football qualification matches for the European Championship 2020. In September 2019, it took almost 2,000 children from the Youth Sports project to Stožice in Ljubljana to see the football match between Slovenia and Poland.

In 2019, NLB Group continued to support the Alpine youth skiing team of the Ski Association of Slovenia. Co-operating with junior skiers was upgraded with mentorship. In October 2019 – the savings month – the Group prepared for them training on the topic of financial literacy and offered them joint planning of their financial future. To each of the junior skiers, the Bank offered a personal mentor and banking expert who advises him, gives him support and is available to him for every financial question. For all that follows.



Picture 23: LB Group enabled the unforgettable football experience to more than 2,000 Slovenian young football players, included in the Youth Sports project

Within the Youth Sports project in 2019 NLB d.d. financially supported:

36

local sports clubs which systematically work with young athletes;

almost

10.000

children and teenagers from

more than

30

cities in Slovenia;

5

key sports, which are supported: football, handball, skiing, sailing, and table tennis.



Picture 24: Workshops of financial literacy for young sportsmen in the Innovative Entrepreneurship Centre

“... We encourage the development of potential ...”



Picture 26: NLB Group has been proudly supporting the international wheelchair basketball league NLB Wheel for 12 years



<https://4d.rtvsllo.si/arhiv/sport/174608689>

Athletes of the Paraplegics' Association of Slovenia

NLB Wheel

Team sports require team efforts to achieve good results – it is good to know that one can always rely on the teammates, trust them, and pursue the set goals with even more success. While some people take participation in various sports events for granted, many are not so lucky.

This is why NLB Group has been proudly supporting the international wheelchair basketball league NLB Wheel for 12 years. It provides support to help the basketball players exploit their potential and lets them know, with the team spirit in mind, that unity is strength.

At the final meeting of the NLB Wheel league in 2019 two wheelchair basketball players were drawn who received new basketball wheelchairs. The two lucky winners with the support of NLB Group with new basketball wheelchairs and their devotion to sport will be prepared for all that follows.

CHARITY

THEATRE INTERPRETER

CHARITY

HUMANITARIAN PROJECTS

LOCAL COMMUNITY

DONATIONS

NLB ORGANIC SERBIA

**DONATIONS TO MATERNITY
HOSPITALS**

Chapter 5.

Humanitarian activity



<https://youtu.be/W3pso83uASs>

NLB Group supports vulnerable groups, helps children, and donates funds to hospitals. For 12 consecutive years, it has supported the NLB Wheel wheelchair basketball tournament, and in 2019 it also started supporting the handball team of the Paraplegics' Association of Slovenia.



Picture 27: Strengthening co-operation of employees in NLB Group with the vulnerable group of deaf and hard of hearing brings new experience and findings about the meaning of communication

Help to vulnerable groups

Interpreter project

In 2019, NLB Group decided to support the project, intended for equal inclusion of the deaf into everyday life, Theatre Interpreter, which will enable the deaf to access theatre art. In 2019, 12 Slovenian theatres signed the commitment to include at least one performance with a Slovenian sign language interpreter into their next year's programme.

Implementation of the project was enabled with financial support of NLB Group. Furthermore, since August 2019, it made it possible for the deaf and hard of hearing to perform basic banking services via video call from the NLB Contact Centre, and with the help of a bank consultant and interpreter, get answers to their questions from the area of banking issues.

In the sense of charity and openness to various groups, the NLB Contact Centre celebrated its 25th anniversary in December 2019. In the scope of their work, employees in NLB Group often come across clients who do not hear. In order to make communication easier as much as possible the anniversary event was enriched by the presence of two interpreters of sign language used by the deaf. With their help, participants learned basic gestures of sign language, which will be of help in many situations.

Slojenčki project

At the end of 2019, instead for business gifts, NLB Group assigned financial assets rather for donation to the Slojenčki project.

The mission of the Slojenčki society is to enable as much as possible safe arrival to this world for all Slovenian babies. Maternity hospitals in Slovenia have teams of professional and devoted employees each day striving to provide the best care

of newborns. However, in some places the conditions for this are poor. The equipment is worn out and outdated. Due to a lack of finance, the purchase of modern medical technological equipment is often delayed. With collected funds, NLB Group will enable safer and nicer arrival of babies to this world and help Slovenian maternity hospitals on their way to become/remain modern healthcare institutions with equipment, care, and services in the area of medicine, which are at the level of maternity hospitals in the developed world.

In the framework of “Home is Where People Who Matter the Most Are” campaign in 2019, NLB Group started collecting donation contributions by means of donation boxes at branch offices for the Slojenčki society, which will receive this money together with donations from NLB after the completion of the campaign in 2020.

URI Soča

By handing over the donations to URI Soča, NLB Group pointed out the consequences of careless use of pyrotechnics. Playing with firecrackers can be dangerous, which is learnt through personal experience by too many children and teenagers. The Bank also believes that pyrotechnics are not necessary for a good party – namely, they can have severe consequences for both people and animals, which is why we have been supporting the “Firecrackers? No, thank you!” campaign for years. The symbolic handover of funds was also intended to warn against dangers that can arise from shooting with mortars and carbide, which is especially popular in the time of Easter and the 1st of May holidays. Their use can cause heavy injuries and consequences which can mark them and their families for their entire life.

“With the NLB’s donation the physical and occupational therapy section of the rehabilitation after amputation department purchased devices that will help patients improve their physical functions and



Picture 28: NLB Group collects charity funds, which will be delivered together with its donation to the Slojenčki society



Picture 29: By handing donations over to URI Soča NLB Group warns about consequences of careless use of pyrotechnics

strengthen their psychophysical condition. They will help patients towards successful rehabilitation and faster recovery and return to active life,” said Dr. Helena Burger, MD, Medical Director of URI Soča and head of the rehabilitation after amputation department upon receiving the donation.

With the donation to the department for rehabilitation after amputation in URI Soča in 2019, NLB Group wanted to upgrade the message and help those who speak of the dangers of pyrotechnics from own experience. The University Rehabilitation Institute Soča used funds collected in NLB Group branch offices to purchase new equipment for physical and occupational therapy.

“The NLB decided to donate funds to URI Soča because we wish to contribute to more efficient rehabilitation treatment of injuries caused by pyrotechnics. We are pleased that the clients in our branch offices helped us raise funds and thus expressed their support to the purpose, namely to reduce the use of pyrotechnics at celebrations or to ensure that they are used in a responsible manner,” said Blaž Brodnjak, President of the Management Board of NLB d.d. when handing over the donation.

Co-operation by receiving calls upon charity campaign of Red Cross

The NLB Contact Centre with its widespread activity of operations through numerous channels and accessibility 365 days a year is involved in many environments, families, and clients. Due to its role and mission, in 2019 it participated in various events with a charity note, expanding knowledge and benefits for the environment and within the Bank for employees of the NLB.

In the Slovenian Red Cross week, the NLB Contact Centre participated again in charity campaign and received calls from donors who donated funds for charity purposes.

The NLB Contact Centre participated in various events taking place at the NLB Innovative Entrepreneurship Centre through video call and in this way expanded knowledge and possibilities of co-operation with the Bank even without a visit to the bank branch office.



Picture 30: The NLB Contact Centre, with its accessibility 365 days a year, is involved in many environments, families, and clients

CULTURE

GALLERY AVLA

ART

BANKING MUSEUM

GALLERY AVLA

ART COLLECTION

UP TO DATE

Chapter 6.

Protection of cultural heritage

For a successful future, we need strong and deep roots. The roots of NLB Group go back to the year 1820, when Kranjska hranilnica was established as the second financial institution in the then state, and was later merged with Mestna hranilnica Ljubljanska.

In all these years a comprehensive banking heritage, in the form of work practices, banking technology, and bank instruments, as well as an art collection, has been compiled and maintained. This region is home to NLB Group, which is aware that cultural heritage is the pillar of identity to every nation. Therefore, it devotes a lot of attention to preservation of heritage.

The NLB heritage as part of national wealth of Slovenia

In 2018, the NLB museum collection of bank items and art collection were declared a national treasure of Slovenia. This fact places on NLB Group a great responsibility, including careful documentation and creation of conditions for preservation of heritage, as well as enabling accessibility for professional public to research collections and for the general public to view and enjoy it.

In 2019, NLB Group completed the Inventory Book of the Art Collection, which includes inventory of 2,254 fine arts of Slovenian modern age artists. In the Inventory Book of the NLB Museum Collection of Bank Items, the NLB up until now has collected slightly less than 500 examples which reveal the operations of various banking institutions, predecessors of the present bank, and key individuals who influenced the development of banking in Slovenia.

Digital exhibition of the NLB Art Collection

Works of art from the NLB Art Collection adorn business and public premises of NLB Group. A selection of the NLB Art Collection curated by Dr. Stane Bernik can be seen at the web address: <https://www.nlb.si/umetniska-zbirka>.

Works of art from the NLB Art Collection can be borrowed for setting up exhibitions in other museum institutions and besides that, they are accessible to professional public to research and study.

The NLB Avla Gallery

Until NLB Group finds more appropriate gallery space for a permanent exhibition of the NLB Art Collection, it will organise temporary exhibitions in the NLB Avla Gallery at Trg republike 2 in Ljubljana, where in 2019 four temporary exhibitions were organised, namely:

- Photographic exhibition “Hello to You Says You Know Who”
- Exhibition of posters: 60 years of Jazz festival Ljubljana posters
- Exhibition of graphics upon 95th anniversary of the artist's birth: Jože Ciuha – “The Times of Our Youth”
- Exhibition of works of art of the NLB Art Collection: Alenka Gerlovič

The Slovenian Banking Museum (being established)

NLB Group is preparing all that is necessary to open the only Slovenian Banking Museum in which items from the NLB Museum Collection and borrowed items from the area of banking, which are part of inventory of collections in other museums in Slovenia, will be put on display. The Slovenian Banking Museum will show the history of banking from the point of banking institutions and typical banking practice, with an emphasis on modern financial literacy lessons.

In the original premises of the oldest still functioning bank branch office of Mestna hranilnica Ljubljanska at Čopova 3 in Ljubljana, the Slovenian Banking Museum will presumably open its doors in November 2020..

Picture 31: Photographic exhibition
"Hello to You Says You Know Who"



Picture 32: Exhibition of posters: 60
years of Jazz festival Ljubljana posters



Picture 33: Exhibition of graphics upon
95th anniversary of the artist's birth:
Jože Ciuha – "The Times of Our Youth"



Picture 34: Exhibition of
works of art of the NLB Art
Collection: Alenka Gerlovič



NATURE

ENERGY

NLB ORGANIC

ENVIRONMENTAL PROTECTION

ENVIRONMENT

ENERGY

NLB ORGANIC

Environmental protection

Chapter 7.

Environmental protection

Power consumption

In 2019, power consumption was 12,338,373 kWh. The reason for the reduced consumption of electrical power is the diminished number of bank branch offices (in 2019 branch office Dalmatinova was closed), renovation of older branch offices, many technical improvements, the wise behaviour of employees, and wise use of electricity.

Water consumption

No data available.

Consideration of environmental protection in the purchasing procedures, presentation of the examples of good practice

NLB d.d. reduces the use of natural resources also through restructuring, business streamlining, and cost cutting. In all areas of the use of natural resources monitored by the company, the trend of decreasing consumption continued in 2019.

Paper consumption

In 2019, the NLB d.d. used 27.17 sheets of paper per employee per day. The reasons for the reduced use of paper are: reduction of the archives on paper owing to the IT development, introduction of e-signature, abolishment of paper statements, reduction of the number of bank branch offices, streamlining of work processes, streamlining of the organisational structure of the bank operations, installation of central multifunctional devices for printing, and other measures for reducing costs and streamlining the Bank's operations.

Renovation of bank branch offices

In 2019, four bank branch offices of NLB d.d. were renovated. In Velenje, Prevalje, and Lendava a comprehensive renovation was carried out, with the installation of energy-saving lights, a newer heating and cooling system with lower power consumption, and energy-saving electronic, audio, video, and computer devices. In Nova Gorica, a minor renovation was performed, with a wise consumption of power also being taken into account and a higher energy-efficiency of the buildings ensured.

BANJA LUKA

PODGORICA

SARAJEVO

LJUBLJANA

MENTORSHIP

CULTURE

SKOPJE

BELGRADE

PRISHTINA

ENVIRONMENT

Members of NLB Group

NLB Banka Beograd Annual Report on Corporate Social Responsibility



Mentorship

In 2019, NLB Banka Beograd continued its cooperation with the Faculty of Political Sciences of the Belgrade University on the implementation of the programme of practical work for students. Students from this faculty perform their practical work in the General Secretariat and Legal Affairs, participating in the tasks of corporate PR and internal communication.

The Faculty of Political Sciences (FPN) was founded in 1968 as the first education and science institution of its kind in the former Yugoslavia. It provides education and research programmes in the field of political science, international studies, journalism and communicology, social policy, and social work. There are 90 permanent lecturers at the Faculty, with regular visits by prominent foreign and domestic experts. At the postgraduate level, lectures are given in Serbian and English. Since the foundation of the Faculty, 8,100 students have graduated, 975 have obtained Mas, and 464 have obtained PhDs.

Well-Being of employees

This principle – taking care of our employees – is at the heart of creating a great place to work, where people are appreciated, engaged, productive, and thriving. That's why the Bank is increasingly investing in the employees' well-being.

Our priority task in the previous years was to enable our employees to respond to the rapidly changing banking market. The previous year was dedicated to developmental changes and activities to increase the level of engagement and strengthening the Bank's capacity in the areas of structure and human resources in general.

NLB Banka Belgrade continued to apply an individual approach, not only in relations with its customers, but also with its employees, which enabled it to identify the

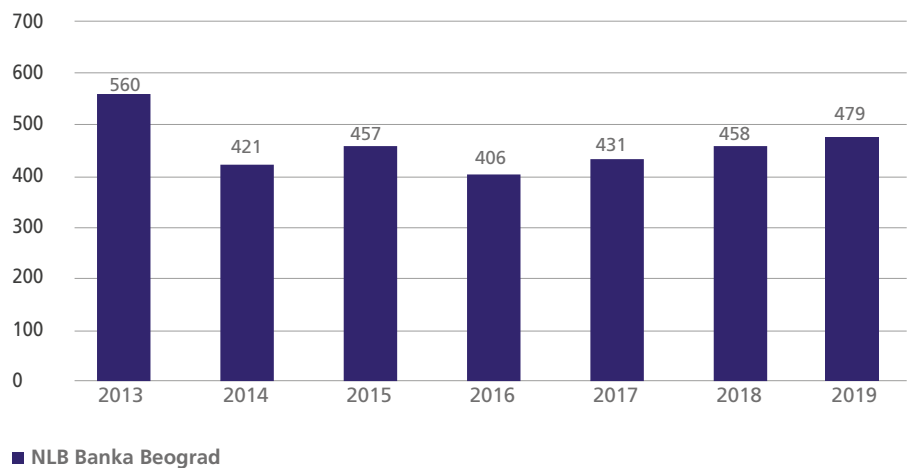
actual development needs of each employee. Performance monitoring through assessment system allows each manager to define clear objectives and set guidelines that are in line with the Bank's business strategy.

a) Investing in employees

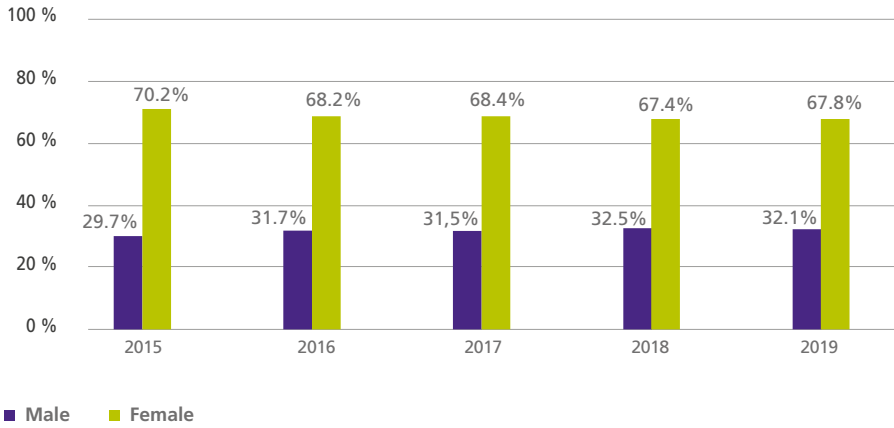
Understanding the natural process of learning, NLB Banka Beograd insists on a more effective use of flexible training, and above all individual channels such as on-the-job training and e-learning. The Bank strives to be a healthy bank and a family-friendly bank, providing different initiatives for its employees that allow for more flexible work in the Bank and taking care of their well-being.

b) Number of employees

After the period of reorganisation, the number of employees in NLB Banka Beograd has been steady. The Bank continues to streamline its work procedures and optimise its operations, which resulted in the number of employees decreasing by 19% over the period of six years.



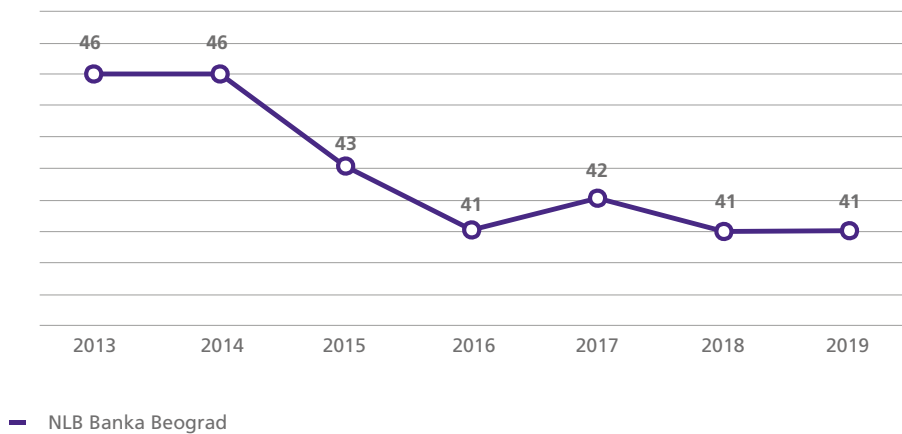
Picture 35: Number of employees in NLB Banka Beograd



c) Employee structure

In 2019, the structure of employees of NLB Banka Beograd did not change over the previous year. The Bank employed 67.85% women and 32.15% men.

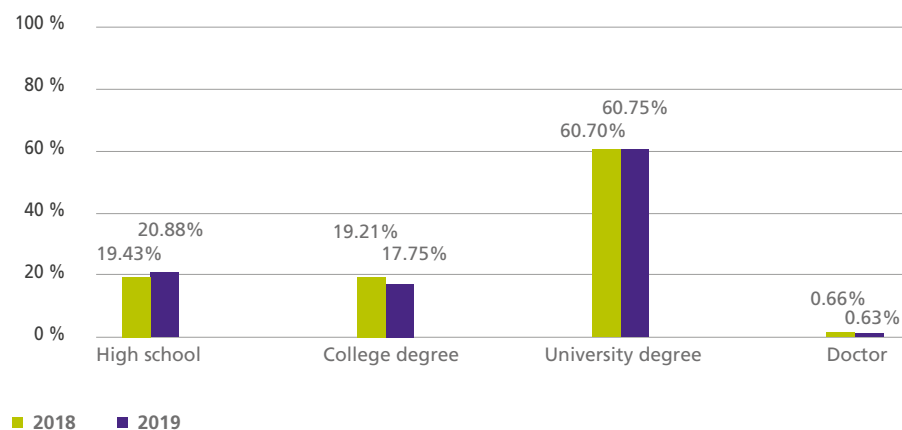
Picture 36: Employee structure



d) Average employee age in the Bank

The trend of decreasing age of employees in NLB Banka Beograd remained at the same level as it was in 2018. Compared to 2013, the average age of employees decreased by five years and was 41 in 2019. The reason for this reduction is continued restructuring and streamlining of the Bank's performance, as well as the employment of young people.

Picture 37: Structure of employees by education level in the Bank



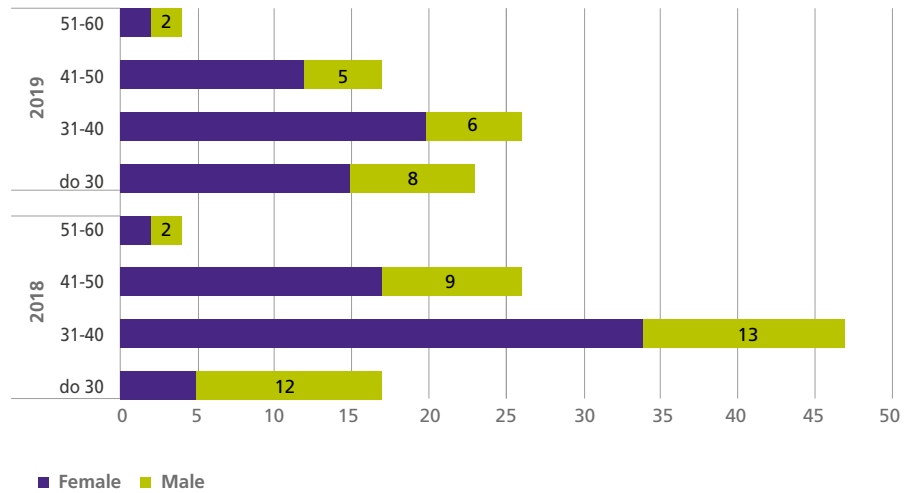
e) Structure of employees by education level in the Bank

The trend of changing the educational structure remained at a similar level in 2019 as it was in 2018. The share of employees with at least higher education remained at the same level as in the previous year, reaching 60.75%.

Picture 38: Employee structure by education level in %

f) Structure of new employees by gender

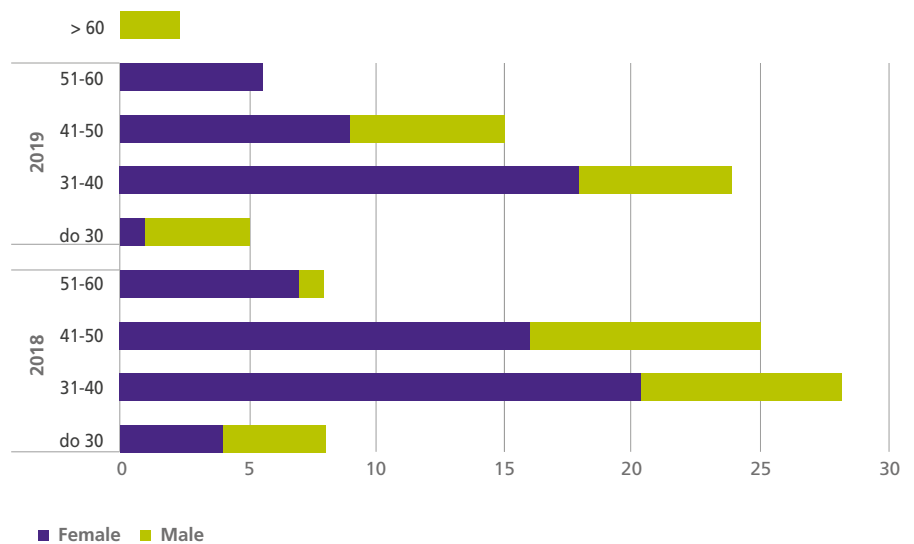
A total of 70 new people was employed by NLB Banka Beograd in 2019. Of those, 23 were younger than 30 years, 26 were between 30 and 40; 70% of the new employees were women and 30% were men.



Picture 39: Number of new employees in the NLB by gender

g) Employee departure structure by gender

A total of 51 people left the Bank in 2019, which is fewer than in the previous year. Of those, five were younger than 30 years, and 24 or 47% were aged between 30 and 40. Of those, 65% were women and 35% men. The number of departures slightly increased compared to 2017.



Picture 40: Employee departure structure by gender

h) Employee development

Education, training, and advancement of employees crucial for planned development of each individual. NLB Banka Beograd provides flexible learning opportunities based on individualised approach for each employee.

Employee development

98
Totals of trainings

240
Training days

283
Employees



Picture 41: NLB Banka Beograd pays special attention to healthy lifestyle

With such individualised approach, the Bank is searching for the hidden potential of each employee.

In 2019, it continued to implement individual development needs and by combining different learning channels.

The focus was on the development of both soft and hard skills, which was achieved with internal or external training courses.

i) Talent management

NLB Banka Beograd started a new talent identification process in 2019 for the new generation of talents. An internal assessment has been developed for the employees showing potential, in three main phases consisting of the psychological test, competence assessment, and language skills assessment. More than 90 employees went through this process, and 48 of them were confirmed for the next generation of talent pool. v.

j) Family-friendly company

Same as in previous years, NLB Banka Beograd again organised the NLB Family Day twice in 2019 for all its employees, which consisted of various internal activities in which the employees' children had the opportunity to experience a day in the Bank.

Employees can have a day off to accompany their children to school on their first school day and on info days.

In addition to those two new measures, the following measures are also available to the employees:

- Each employee's newborn baby is presented with a practical gift.
- Possibility of flexible working hours or paid leave when introducing children to kindergarten.
- Paid leave for family emergencies.
- New Year's gifts for children.

k) Employees' children receive gifts from Santa Claus

New Year's gifts for the little children of NLB Group employees is a special event organised every year, and a precious memory also for the parents.

In the beginning of December 2019, the children of the employees of NLB Banka Beograd were visited by Santa Claus and his helpers who distributed 400 gifts. Like every year, the children and their parents were taken to the fairytale world, an event they will remember. The children were thrilled to receive a basket full of presents and adults enjoyed watching happy and smiling children.

l) Healthy bank

The HR colleagues of NLB Banka Beograd introduced the Healthy Friday concept with the aim of promoting healthy life and delivering fruits to all employees.



Picture 42: Each employee of NLB Banka Beograd receives one additional day of paid leave, which they can use at any time during the current year

m) Celebrating employees' birthdays

In 2019, NLB Banka Beograd continued with the activities of celebrating the employees' birthdays. Each employee received an e-card for their birthday, and four times a year a birthday party is organised for all those who celebrated their birthdays in the previous quarter. Their birthday present is one additional day of paid leave, which they can use at any time during the current year.

Humanitarian projects

n) Volunteer activities: For a Greener Novi Sad

NLB Banka Beograd believes that time is a priceless gift. Therefore, it strives to give it to those who mean the most. Volunteering is not a choice, but an obligation to do something which will make a difference and create value for those who need it. The Bank's employees contribute their knowledge and above all their enthusiasm and free time to improve the quality of life in the communities in which the Bank operates. In order to do it more efficiently, it founded the NLB Volunteer Club.

At the initiative of the City of Novi Sad, NLB Banka Beograd took part in the campaign 'For a Greener Novi Sad' in 2019. Near the settlement of Ribarsko ostrvo, more than 40 employees of NLB Banka, together with the representatives from the municipality, planted seedlings, with the wish to contribute to the quality of air that the citizens of Novi Sad breathe, as well as to the beauty of this part of the city, which can now be proud of one more green oasis.

o) Getting a home by helping those with no home

At the end of 2019, NLB Banka Beograd started a campaign aimed at supporting one of the vulnerable categories of the population, namely the most marginalised ones, the homeless people. With each



Picture 43: NLB Banka Beograd helping to a new home. Because home is where the people who matter the most are

approved home loan, the bank allocated 10 thousand dinars to support to the institutions in Belgrade, Novi Sad, and Niš that take care of homeless people, with the aim of improving the users' quality of life.

According to the data of the Statistical Office of the Republic, almost 20 thousand people live in our country without an address, and the largest number of the homeless people in Serbia live in the Belgrade region. They found themselves on the street due to various reasons – divorce, migration, diseases, domestic violence, aging, and decrease in social solidarity.

NLB Banka has decided to confirm once more its commitment as a socially responsible company. On the one hand, the Bank approaches responsibly by supporting clients opting to purchase real estate, not only in the sense of financing, but also with professional advice through the entire process, and on the other hand, by assisting its clients to buy a home it also helps those who have no home.

NLB Group understands the business environment, customs and above all people of the south-western region. With dedication, knowledge and innovative solutions it takes excellent care of its clients and creates a better life, better future for us all. NLB Group loves its home and therefore strives for its development and improvement for the present and the future generations.



Video

<https://youtu.be/gLF0hEDLVUU>



Picture 44: The employees of NLB Banka Beograd participate in the charity campaign of Christmas tree decoration



Video

<https://youtu.be/gwQK9PrMV5Y>

p) UNICEF Fair Play Tournament

NLB Banka also continued to support the work of UNICEF in Serbia in 2019. Apart from the fact that it is a member of the Friends of UNICEF Club, consisting of dedicated individuals and representatives of a business organisation who create better conditions for the life of children in Serbia with solidarity and generosity, NLB Banka also took part in UNICEF's traditional Fair Play Tournament. At the tournament they collected funds for inclusive playgrounds for children with disabilities. NLB Banka Beograd women team played basketball at the UNICEF's Fair Play Tournament and, apart from playing for a humanitarian cause, they were also happy to win the gold cup.

q) Christmas tree decoration

NLB Banka Beograd participated in the traditional humanitarian activity of the Hyatt Hotel in which socially responsible companies compete in Christmas tree decoration, and the entire income from the activity is donated to a humanitarian cause. Hyatt Regency Belgrade organised this traditional activity for the twenty-third time. Thirteen companies showed the creativeness of their employees who decorated Christmas trees set up in the hall of the Hyatt Regency Belgrade hotel from 1 December 2019 to 9 January 2020. This year's theme of the Christmas tree decoration was 'It is the time we notice them.' The total amount collected from the participating companies, namely EUR 11,050, was donated to the NORBS+ Foundation, the official foundation of the National Organisation for Rare Diseases of Serbia, for the purchasing of necessary medical and technical devices to persons suffering from rare diseases. The activity does not end there. After the completion of the selection process, the Christmas tree decorations provided by the companies were donated to the Drop In for the Children of the Street, in order for them to experience, in the only place that feels safe for them, the magic of New Year and Christmas holidays.

r) The programme of local donations

In scope of the programme of local donations, NLB Banka Beograd supported the children dispensary in Čačak, in order to contribute to the efficiency of the employees' daily activities, and to improve the quality of work with the users of the dispensary services.

With the aim of improving the employees' working conditions, as well as the environment where the citizens of Sopot, Smederevo, and Kruševac receive medical treatment, we donated furniture, medical equipment, and air conditioners to hospitals in those cities and thus confirmed our commitment of a socially responsible company.

NLB Banka donated parts for the device for measuring children's urinary infections to the Clinical Centre of Niš. This solved the problem of the little patients having to travel to Belgrade or Novi Sad to be examined while the device was not in service.

In the scope of this programme, the Bank made donations to the kindergartens in Šabac and Novi Sad for purchasing the equipment to improve the children's safety, and some musical instruments to contribute to the quality of time they spend in the preschool.



Picture 45: NLB Group supporting the needs of the local environment in which it operates through the local donations programme

Art and cultural heritage

s) Continued promotion of young artists in the NLB Gallery

The NLB Gallery is among the most popular and well-known social responsibility projects of NLB Banka Beograd. It was opened on 29 June 2017 with the “Flower Power” exhibition of paintings by the Slovenian painter Majda Zorko, through which the cultural offer of New Belgrade was enriched by an additional place where “the art lives.” The idea of NLB Banka Beograd is to make this gallery the place of gathering for people who earn their living with art and for those who appreciate art. It is aware that an artist’s path is often difficult, and that the support by the business sector to art is of great significance, particularly when it comes to the kind of art that cannot have a mass audience due to its nature.

In the past two and half years, 15 exhibitions have been organised in NLB Gallery. After Majda Zorko, the following artists put up independent exhibitions: Dobrosav Bob Živković, one of the best known Serbian illustrators; young artists: Katarina Nedeljković, Anđela Micić, Kristina Pirković, Derđi Ačajji, and Ivana Živić; young painters: Milan Pantelić, Vladimir Petrović, Petar Mošić, Ivan Milenković and Andrej Konopek, as well as some students of art profiles from the “Tehnoart” high school whose graduation exhibition was organised in the NLB Gallery, who were thus given the opportunity to present themselves to the public.

Two exhibitions of works created in the art colonies organised by the Artists’ House Pygmalion were also organised. The NLB Gallery continues with the promotion of young artists, whom it wishes to help make the important steps at the beginning of their career:

The programme partner of NLB Banka Beograd is the Artists’ House Pygmalion, whose mastermind is the long-term art lover and patron Gorazd Čuk. Since 2019, the NLB Gallery has also had a proud honorary patron – the Embassy of the Republic of Slovenia.



Picture 46: NLB Banka Beograd supports young artists to develop the kind of art that cannot have a mass audience due to its nature



Video

<https://youtu.be/1yNRCyZCCSg>



Picture 47: For the eighth consecutive year, NLB Banka Beograd carried out the unique NLB Organic project that supports the area of eco farming in 2019

Environmental protection

t) NLB Organic contest

In 2019, a record number of 73 projects were applied to the eighth NLB Organic contest and three best projects were awarded the amount of RSD 1,500,000 in total. The expert committee consisting of Professor Snežana Oljača, PhD, Professor Milan Adamović, PhD, and Vladimir Čaprić selected the following winning projects for 2019: “Storage of Organic Products” by Gordana Šokšić, “Digging Wells and Irrigation System” by Milosav Aćimović, and “Construction of Cold Storage for Keeping and Maintenance of Organic Products” by Milan Tasić.

As one of most active banks in the segment of agriculture support and in the area of social responsibility, NLB Banka Beograd initiated the NLB Organic project in 2012, i.e., a project which is one of most significant CSR activities of the Bank and with which it supports a specific field of agriculture – organic production.

Each year, NLB Banka Beograd rewards three projects selected by the expert commission with a monetary award in the total amount of RSD one and a half million. Entitled to participate are individual farmers with registered agricultural holdings who are certified or are in the process of obtaining certification for organic production. This also includes farmers who are included in the system of control through a group certificate and have a contract with production organiser. The number of applied projects increases each year and during the completed eight cycles, 428 projects were entered in the contest.

The significance of the NLB Organic Project is multiple. First, from the perspective of the participants themselves, monetary awards enable the winners to implement their plans and improve production. Furthermore, the promotion of their households in the contest creates new acquaintances and business partnerships, often assisting them in the improvement of their production and facilitating the placement of their organic products.

At the same time, given that the project generates significant interest of media houses, it is also significant from the point of view of promotion of organic production, which we support for several reasons. First, this is a kind of production that we consider the future of the Republic of Serbia. Second, this is the segment in which we can achieve competitiveness on the international market much easier than in mass production. Third, this is sustainable production that contributes to the preservation of the environment and human health.

Organic farmers chose a path which is really much more difficult in comparison with the conventional one, and we believe that they deserve the support of all relevant institutions so that they can provide healthier food for all of us and contribute to the preservation of Serbia’s very important resource – land not contaminated by chemical substances. Having in mind the fragmentation of estates, particularly in undeveloped areas, organic production gains additional significance because it is an opportunity for the most vulnerable population in the rural areas – small farmers, who have the opportunity to provide for the living of their families.

Video (the winning projects)



Video

<https://youtu.be/xUpA1jr18As>

<https://youtu.be/MSD3wz1zNpo>

<https://youtu.be/V7PnYZk304k>



Picture 48: The NLB Organic project is a window to the business world for eco farmers

u) Paper consumption

To contribute to the preservation of the environment, NLB Banka Beograd endeavours to constantly reduce the consumption of paper. Apart from having adjusted the office equipment to that objective (introduction of centralised printers, two-sided printing), we also contribute with the digitalisation of processes by eliminating the printing of files in certain phases of those processes.

This allowed the Bank to reduce paper consumption. Already in 2018, we reduced the consumption by almost 5% in comparison to the previous year, whereas in 2019 there was an increase of printing by only 3.6%, even though the increase in loan production was approximately 30%.

v) Electricity consumption

Business results and financial reports are important for all companies. Nevertheless, NLB Group believes that it is equally important to contribute to the quality of life in the region that is our home, and to preserve the environment in which we live. By advocating the sustainability and the protection of the environment, NLB Banka Beograd continued to cut electricity consumption, and we again recorded a decrease of electricity consumption by 8% in comparison to 2018.

w) Renovation of branch offices and procurement of new equipment

In 2019, NLB Banka Beograd continued with the renovation of branch offices. Along with the space arrangement, it equipped the Bank's business premises with LED lighting and high energy class devices that consume less energy. The new computer equipment procured by the Bank and the LCD monitors consuming up to 4 times less electricity than the older models, in addition to contributing to the quality of the employees' working environment, better efficiency and cost reduction, are also important in terms of consuming electricity from traditional sources.

NLB Banka Banja Luka Annual Report on Corporate Social Responsibility



NLB Banka Banja Luka has been one of the most successful banks in the Republic of Srpska and Bosnia and Herzegovina for many years. At the Golden BAM Bankers' Dinner held at the Holiday Hotel in Sarajevo, the most successful banks were presented with the prestigious Golden BAM Awards which were awarded by the "Banks and Business in BiH" Magazine for the 17th consecutive year on the basis of reports issued by independent auditors of the Supervisory Board for the previous year.

NLB Banka a.d. Banja Luka received two Golden BAM awards – for ROE – the highest return on equity and ROA – the highest return on assets.

The Bank's operations are aimed at meeting the needs of the clients, shareholders, and employees with responsibility towards the community.

In accordance with the Corporate Social Responsibility Policy, NLB Banka Banja Luka supported a number of activities in 2019 focusing on employees, clients, sports clubs and associations, cultural events, mentoring, as well as social responsibility towards the citizens in need through the support of humanitarian activities



Picture 49: Two "Zlatni BAM" (Golden BAM) Awards for NLB Banka Banja Luka



Picture 50: Members of the Supervisory Board of NLB d.d. visited the Bank in 2019



Picture 51: Board meeting and external training aimed at improvement of sales



Picture 52: Golden medal in sports shooting – NLB Sports games, Moravske Toplice



Picture 53: Participation in the 16th Banking Meeting in Teslić

Employees

As a caring mentor, NLB Group pays great attention to its employees, following its professional development and providing opportunities for improvement and development, development of competences, and professional guidance by experienced and dedicated mentors, as well as lifelong learning. Internal and external trainings are an opportunity not only for professional development, but also for building and developing team spirit.

Together with 1,000 employees from the entire NLB Group, NLB Banka Banja Luka teams participated in the 21st sports games in Moravske Toplice. In addition to participating in competitions, colleagues had the opportunity to get to know each other better in a fun way outside the work environment. Teams from NLB Banka Banja Luka competed in tennis, volleyball, bowling, badminton, jogging, and sports shooting. The mixed team in sports shooting confirmed its success from the last year despite much more competition and won a silver medal, and the team was especially proud of our colleague who was the best in men's competition and won the gold medal.

NLB Banka Banja Luka also participated in the sports games in Bosnia and Herzegovina – the 16th Banking Meeting, held in Teslić.

The Bank traditionally supported the activities of the NLB Banka Banja Luka Trade Union, especially during the New Year holidays. In 2019, it also supported the party for 164 children of its employees by organising a theatre show and giving holiday presents. In addition to these activities, the Trade Union Organisation supports employees in various emergency situations (birth of a child, death of a family member, treatment, etc.)

The employees of NLB Banka Banja Luka promote the values of a caring mentor in their free time and set an example for young people through recreational and professional sports.

Through the activities of sponsorships and donations, the volunteers of NLB Banka Banja Luka made their contribution by giving their free time to participate in the events, the realisation of sponsorships and donations, and volunteer actions.

In 2019, NLB Banka Banja Luka participated in refurbishing the music-therapy classroom at the Centre for Education, Upbringing and Vocational Rehabilitation of children with Hearing and Speech impairment. The number of children with certain disabilities, conditions, and needs is constantly growing. This is a challenge for the parents because these children can no longer go to regular preschools and are not yet enrolled in the school. The Centre has taken over a group of 42 children with disabilities who have been delayed from school this year, which are divided into the following groups: the group of deaf and hearing impaired children, the group of children with cochlear implant, the group of children with other speech and language disorders, disharmonic development, other developmental disorders/pervasive disorders, developmental dysphasia, and Down syndrome. All children receive appropriate support (group work and individual treatments).

This school year they also introduced music therapy for preschool groups and the therapist is currently working with children in a regular classroom that is inadequate for this purpose. There was some unused space in the Centre which was adapted for this purpose by the installation of good sound isolation, with the support of NLB Banka Banja Luka. After the completion of the works, instruments will be purchased from the Banks donation and all children will have an additional resource for rehabilitation.



Picture 54: Free time activities of the employees – Caring mentors



Picture 55: Wall painting during the music therapy classroom preparation

Picture 56: Afforestation initiative



Picture 57: Reception of NLB Group representatives with the Prime Minister in the Government of the Republic of Srpska and visit to Fagus Company

The NLB Banka Banja Luka team also contributed to the afforestation action, in which 4,000 spruce, black and white pine seedlings were planted. The Banking Association of Bosnia and Herzegovina has launched a joint afforestation action to raise awareness of the need for environmental protection and the promotion of volunteerism.

The plan is to plant about 9,700 seedlings by the end of the next year, equalling the number of currently employed people in the banking sector in BiH.

Representatives of NLB Banka Banja Luka participated in afforestation of the Skatavica area, Čelinac municipality, and additional work was done in the afforestation of the slopes of Mount Igman. In doing so, the employees have shown that this region is truly their home.

Clients and potential clients

Respecting its clients and following their needs, NLB Banka Banja Luka carefully plans its activities and product development, taking into account primarily the interests of its clients. To show gratitude for the commitment and loyalty, the Bank's management organises visits and invites clients to events that are important for the Bank.

a) Corporate clients

NLB Banka a.d. Banja Luka hosted a two-day visit of the presidents of the management boards of all NLB Group member banks to Banja Luka, during which a reception with the Prime Minister of the Republic of Srpska was organised, a tourist tour of the city, a visit to the Fagus company production facility, as well as panel discussion with corporate clients, together with city and government officials.

A panel discussion was held in the City Hall of the Banski Dvor, which was addressed by the Minister of Finance in the Government of Republic of Srpska, presenting a cross-section of the situation in the financial and banking sector in the Republic of Srpska.



Picture 58: Meeting of the clients and the presidents of the management boards of all NLB Group members at a panel discussion at the City Hall in Banja Luka

Panel discussion participants, Mayor of the City of Banja Luka, Igor Radojčić; Managing Director of M: tel a.d. Banja Luka, Marko Lopičić; President of the Chamber of Commerce of the Republic of Srpska, Borko Djurić; owner and director of Gold MG, Goran Mitrović; and CEO of NLB d.d, Blaž Brodnjak, presented the audience current projects, strategic directions, and plans for the future in the areas where there are opportunities to create a better environment for business development through collaboration and investment. NLB Group shows, by way of example, that looking at common economic interests, regardless of political boundaries, can make a significant contribution to creating better living conditions for all citizens and a more promising future for young generations.

The NLB Regional Business Forum on Human Resources and Successful Business was held at the “Holiday” Hotel in Sarajevo. This year’s forum brought together more than 250 participants, clients of NLB Banka a.d. Sarajevo, as well as representatives of all NLB Group members.

The presidents of the management boards of NLB Group members held a panel discussion on market specifics and challenges faced by the banks in the region in which the Group operates, and on how they respond to the challenging trend of labour migration and retention of quality staff.

The panel participants pointed out the need for companies to have good management, because there is good top management behind every successful business which constantly emphasises and respects the system of values on which the company rests, and is aware of the importance of motivation at work. The President of the Management Board of NLB Banka Banja Luka pointed out that we should not neglect the latest trends in the market of the Republic of Srpska and Bosnia and Herzegovina, where we see



Picture 59: Second NLB Regional Forum

Picture 60: Panel Discussion “Human Resources and Successful Business”



Picture 61: The Board of Directors of NLB Banka a.d. Banja Luka welcoming students of the Faculty of Economics



Picture 62: Celebrating World Savings Day in Branch offices of NLB Banka a.d. Banja Luka



Picture 63: NLB Banka a.d. Banja Luka supports financial literacy of children and educates them about saving. Learning about saving – Financial Literacy

an increasing number of young people leaving this country in the search of better conditions. The operations of NLB Banka Banja Luka and all NLB banks are proof that one can successfully operate in these areas as well, and that there are motives and opportunities for promotion and development of personnel. Investment in employees is an investment that ensures the growth and development of the company. Business depends on people and success requires dedicated individuals. The long-standing positive business of the Bank is the result of the extremely responsible attitude of the clients, both retail and corporate, of our shareholders, and especially the responsible attitude of the Bank's employees, and it is their merit that we achieved such a good result.

b) Students

As a company responsible for the new generations as well as for the planning of personnel recruitment, NLB Banka a.d. Banja Luka continued to cooperate with the Faculty of Economics of the University of Banja Luka by accepting fourth year students to practical work organised within the curriculum of the academic year 2019/2020.

Students attend practical work at the Bank throughout the academic year. Thus, they are able assess, in addition to acquiring specific knowledge and skills, the relevance of the acquired knowledge and the application of theoretical knowledge acquired at the Faculty of Economics.

During the internship, students are assigned their own mentor, who introduces them into the working process at the Bank and guides them through the internship period.

c) Children

Savings are the focus of public attention in late October and early November, when the World Savings Day is celebrated. During this period, preschool and primary school children visit banks to learn more about savings and about other areas of banking.

NLB Banka a.d. Banja Luka hosted children in its branch offices across the Republic of Srpska, donating savings boxes (Piggy banks) to them, and the Bank staff explained to them why it is important to save and how and what can be saved. The children showed splendid knowledge of saving and everyone had already started saving in their Piggy banks, some to buy a bicycle, some a motorbike when they grew up, and some to have pocket money when they go to the seaside.

NLB Banka a.d. Banja Luka supports financial literacy activities and actively participates in the engagement of educational institutions that organise visits for children to different institutions each year; through their educational work they learn about the areas important for their future life.

NLB Banka a.d. Banja Luka also supported activities to promote the birth rate and the work of the Foundation “Djeca nam se rađala” (may children be born) in 2019. The action of the Foundation, which began with a charity football match for veterans of the Crvena zvezda (Red Star) and Borac football clubs, was completely successful as several thousands of people gathered at the City Stadium in Banja Luka.

In order to promote the importance of natality, as well as to promote true family values, NLB Banka Banja Luka has joined the initiative of the Ministry of Family, Youth and Sports and supported the organisation of the manifestation named “Konferencija beba” (Conference of Children) in 13 cities of the Republic of Srpska.

The Conference is an event that has been held throughout the Republic of Srpska with the support of the Ministry since 2006. A total of 34 municipalities participated this year. This event has become traditional, and it is usually parents and their children who participate in this event; the children enjoy the music, and the cultural and entertainment program tailored to their age.



Picture 64: NLB Banka a.d. supports the foundation “Djeca nam se rađala” (may children be born)

Picture 65: NLB Banka a.d. Banja Luka at the Conference of children in 13 towns



Picture 66: The competitions and awards at the Conference of children were characterised by the colours of NLB Banka a.d. Banja Luka



Picture 67: NLB Group supports youth sports



Picture 68: NLB Banka a.d. Banja Luka is a proud supporter of the Handball Club Borac m:tel



Picture 69: NLB Banka a.d. Banja Luka provided financial support for the "Balls to Schools and Local Communities" campaign, thus helping the Foča Sports Federation to purchase balls



Picture 70: The ATP Challenger Srpska Open Tournament was sponsored by NLB Banke a.d. Banja Luka

Picture 71: Selection of the Top 10 Athletes of the Republic of Srpska in 2019



During the events, competitions are organised for children (baby games, diaper-changing, the oldest child is awarded as well as the youngest, the child with the most siblings and similar). The event is an opportunity for the Bank to associate with the citizens and strengthen its presence in the local environment. NLB Banka a.d. Banja Luka provided support through its banking products in the previous years. This year support was provided for 13 municipalities and towns.

In addition to gifts in balloons, savings boxes, beach balls, and other, the Bank also provided prizes for the participants.

d) Support to sports associations and sports events

In accordance with the orientation of NLB Group in the area of youth sports support, NLB Banka a.d. Banja Luka supported numerous sports events that encourage children and young people to engage in sports in 2019. The start of the year was traditionally reserved for street runs held throughout the Republic of Srpska. The traditional 26th "Prijedor 2019" International Street Run, was held in May and included a total of 30 different runs.

The runs were held under the motto "I love Prijedor" and started with a run for children with special needs, followed by the run of recreational athletes in both competitions as well as one in which the high school, elementary school, and preschool children competed.

This athletic run has been on the calendar of competitions of the Athletic Association of the Republic of Srpska and BiH, and for 16 years also in the programme of the European Athletic Association. At the same time, this sporting event is part of Prijedor City Day celebration.

Banja Luka is known as the city of handball because the Handball Club "Borac m:tel" is a former European champion and the winner of the IHF Cup, as well as a sports

team with the most trophies in the Republic of Srpska. Handball is the best ambassador of Banja Luka, the Republic of Srpska, and BiH, and the activity promoted by the club among 400 youths in schools contributes significantly to the promotion of sports and reputation in the city and beyond is also supported by NLB Banka a.d. Banja Luka.

The Youth Basketball Club "Borac" Banja Luka was founded in 1947 and has a tradition of more than 70 years. NLB Banka a.d. Banja Luka provides support to this youth club through sponsorship but also through donations for the refurbishing of the club's premises. The club launched a series of development activities and a basketball school was formed to bring together a large number of young fans of the sport. Thanks to the support of the city of Banja Luka, many basketball school students were exempted from paying monthly membership fees.

Promoting sports among young people attracts an increasing number of visitors to the sports halls, as well as the returning of fans to the Borik sports hall.

In 2019, the Foča Sports Federation organised the "Balls for Schools and Local Communities" campaign to provide as many different balls as possible (basketball, football, volleyball), as well as other sports items to the children in the local communities. NLB Banka a.d. Banja Luka provided financial support for the purchase of the balls.

In 2019 NLB Banka a.d. Banja Luka supported the Open Srpska 2019 Tournament. The 9-day event attracted many visitors. There were many competitors participating and thanks to a diversified programme, there were also many visitors. Throughout the nine days of the tournament, livestreaming and live scoring were done online, with RTRS broadcasting live finals and semi-finals.

"Glas Srpske" organised the 65th Selection of the Top 10 Athletes of the Republic of Srpska in 2019, at which the best athletes were selected. The ceremony crowns all sporting events throughout the year, giving an important impetus to the sports culture in the Republic of Srpska. The aim of the event is to promote sports and athletes in the Republic of Srpska.

As a traditional activity and event of the year, the evening of the announcement of the best athletes was attended by a large number of athletes, coaches, journalists, important business representatives, and state officials, and was followed, as every year, with live broadcasts in the media.

NLB Bank Banja Luka will continue to promote healthy living and sports activities among young people, including employees, through by supporting sports activities and events.

Picture 72: Fine Arts and Ecological Colony Bardača



Picture 73: Theatre shows and presents at the Children’s Theatre in Snješkovo



Picture 74: NLB Group was part of the New Year spirit in Banja Luka



Picture 75: The colleagues from NLB Banka a.d. Banja Luka participated in the afforestation of the Skatavica area in 2019



e) Culture and environment

During 2019, NLB Banka a.d. Banja Luka contributed to the preservation of cultural heritage and the promotion of culture by supporting visual, theatrical, and musical events.

The Public Institution “Centre for Culture and Sport” Srbac was the organiser of the 36th convocation of the international Bardača-Srbac Fine Arts and Ecological Colony, which was held in the protected Ramsar area of Bardača. The theme of this year’s Colony was “800 Years of the Autocephaly of the SOC,” which was discussed at the round table, and visual artists painted one thematic work of art each. In addition to the Srbac municipality, the organisers of the Colony were the Ministry of Education and Culture, PMF Banja Luka, and Radio Srbac. In the scope of the Colony, the Painting School is organised every year for the pupils and students of primary and secondary schools from Srbac and the surrounding municipalities, and the Head of the School was one of the academic painters, a participant in the Colony.

This year’s Colony also included the visit to the nearby Osovica Monastery and the campaign of cleaning up the illegal dump called ‘Let’s clean Bardača.’ Thus, the colony is a mail event aimed at preserving the cultural and ecological environment of this unique region.

In 2019, NLB Banka a.d. Banja Luka contributed funds to ensure that many children could enjoy winter and holiday time this year. The smiles, laughter, and happiness of the youngest at the premises of the RS Children’s Theatre, in the winter idyll “Snješkovo,” show that this activity is the best gift we could give them.

Hundreds of eager toddlers were greeted by Santa Claus, Saint Nicholas, the magician Merlin, and Snješko Bijelic who opened the doors to an area decorated with winter scenery, hundreds of lights, and decorations that turned the Children's Theatre into the most beautiful winter story in the city for 15 days.

As in the previous years, the entrance was free of charge, and every year "Snješkovo" is visited by around 10,000 children. The most important thing is for every child to enjoy and experience the winter magic in the best possible way.

Cultural and entertaining events at the occasion of the New Year holidays 2019/2020, as well as a rich entertainment and music program were organised by the City Administration and the Mayor of the City of Banja Luka, who organised this holiday celebration for the fellow citizens and the tourists who visit Banja Luka during this period. During the three-day period of concerts and cultural events, the image of NLB Group's campaign was displayed around the clock on the LED display next to the main stage, so that all passers-by and visitors could watch a new video promoting the values of NLB Group – Home is where the people who matter the most are.

NLB Banka a.d. Banja Luka contributed to the preservation of the natural environment. With the aim of raising awareness about the preservation of the environment and to promote volunteerism, the employees planted 2,000 seedlings in a joint afforestation action with other bank colleagues. NLB Banka a.d. Banja Luka representatives participated in the afforestation of the Skatavica area in the Čelinac Municipality.

f) Humanitarian activities

The most significant humanitarian activity of NLB Banka a.d. Banja Luka is the donation to the hospitals in Bijeljina and Zvornik. The representatives of the Bijeljina Branch visited and presented gifts to the children who were undergoing treatment in the paediatric departments of the two hospitals.

At the request of these two institutions, NLB Banka a.d. Banja Luka provided a donation of 10 TV sets, five for each of the hospitals in Bijeljina and Zvornik, thus making the stay of the youngest in the hospital as comfortable as possible. Through excellent cooperation with these two medical institutions and understanding of the needs of its fellow citizens, NLB Banka a.d. Banja Luka contributes to improve the quality of hospital treatment for the youngest patients.

The 10th anniversary of the donor evening "S ljubavlju hrabrim srcima" (With Love to Brave Hearts) was held at the Banski Dvor Cultural Centre in Banja Luka. The funds raised in this year's charity campaign were donated to the construction of the daycare centres for children with special needs in Trebinje and Banja Luka. The construction of the daycare centres for children with special needs is of great importance to their families who face many challenges. For the parents, the daycare centre is a significant support for their need to provide adequate care for their children before or after school, as well as during the holidays. Citizens have again proved charitable through a large number of calls and responses.

The team from NLB Banka a.d. Banja Luka visited the Foča Clinical Centre this year and handed over a donation of New Year's presents for all children undergoing treatment at their paediatric clinic.



Picture 76: Donation of TV sets to hospitals in Bijeljina and Zvornik



Picture 77: The humanitarian campaign "S ljubavlju hrabrim srcima" (With Love to Brave Hearts) again proved that the people of Banja Luka are compassionate and charitable



Picture 78: The New Year's presents for all children undergoing treatment at the Paediatric clinic Foča



Picture 79: Holiday spirit at the Dr Miroslav Zotović Institute for Rehabilitation

The Saint Nicholas Day event at the children's ward at the Dr Miroslav Zotović Institute for Rehabilitation showed again this year how much the staff of this institution is trying to provide for the children in rehabilitation to celebrate the holidays like other children can. NLB Banka a.d. Banja Luka donated presents to contribute to their efforts of ensuring a better quality of stay and work with those children.

By donating presents for children from socially disadvantaged families, NLB Banka a.d. Banja Luka has made it possible for the little ones to also experience the holiday spirit in 2019. With this donation, the Bank supported the action of the Social Work Centre Banja Luka to give the most vulnerable families a New Year's Eve show and donated presents for 50 children whose parents couldn't afford them.

A New Year's Eve event was held at the Jazavac City Theatre, where children were entertained by Santa Claus and the actors, who handed them the New Year's presents at the end of the show.

In this way, the Bank contributed to a better quality of support and capacity of the local community, and it is thus recognised as a socially responsible company that is there to help.

Elementary school "Knez Ivo od Semberije" Bijeljina is the second largest school in the RS by number of pupils, with about 1,650 pupils. Thanks to the donation of NLB Banka a.d. Banja Luka, a projector and a projection screen were purchased, and several computers were also donated to the school. NLB Group thus contributed to a better quality of education, as the teaching staff will be better able to present the teaching materials to pupils.



Picture 80: New Year's presents for children from socially disadvantaged families



Picture 82: Donacija računalnikov in projektorja Osnovni šoli Aleksa Šantić v Banja Luki



Picture 81: NLB Banka a.d. Banja Luka presented a donation of projectors and projection screens to improve the work of the teachers and provide better education for the pupils

With the donation of computers, a projector, and projection screens, NLB Banka a.d. Banja Luka supported the process of digitisation in teaching geography at the Elementary School “Aleksa Šantić” in Banja Luka. This elementary school is one of the schools selected by the Ministry of Education and Culture of the Government of the Republic of Srpska for the results achieved in educational work and high standards of teaching quality as an experimental school in which the geography lessons in the 2019/2020 school year will be upgraded with the help of a digital textbook.

To enable digital teaching and use of digital textbook in the geography classroom, the school needed the IT equipment that included a computer, a projector, and a projection screen.

By donating the required equipment, NLB Banka a.d. Banja Luka contributed to the modernisation of the teaching process, helped the school to continue to be a leader in recognising the pupils’ educational needs and facilitated better conditions for the new generations.

NLB Banka a.d. Banja Luka donated computers and other school equipment throughout 2019. It also donated security cameras and funds for the renovation of buildings to schools, kindergartens, and other premises of interest to local communities.

In accordance with the Corporate Social Responsibility Policy, NLB Banka Banja Luka continued its support to the local environment through various sponsorships and donations. The projects and activities were mainly initiated by different groups of clients, employees, and local communities, but also by the Bank itself. NLB Banka a.d. Banja Luka is pursuing the policy

to support the entire territory of the Republic of Srpska, acting at the regional and local levels and covering all segments in the process of approving sponsorships and donations during the year. All of its activities are in line with the values and strategy of NLB Group, and promote it as an institution that cares for the local communities in which it operates, provides better living conditions and proves that the region of south-eastern Europe is truly the home of NLB Group.

In the future, NLB Banka a.d. Banja Luka plans to pay more attention to promoting financial literacy among all customer segments. Its focus will remain on the segments that promote confidence, reliability, and accountability of the Bank and improve accessibility to its services.

NLB Banka a.d. Banja Luka pays special attention to corporate and social responsibility activities in all segments.

NLB Banka Podgorica Annual Report on Corporate Social Responsibility



As a member of NLB Group, NLB Banka a.d. Podgorica is aware of its role that goes beyond the financial sector. In its area of influence on the financial market, the Bank carries out its socially responsible activities through donations approved primarily to organisations of social importance (educational, health, public, institutions for persons with special needs, etc.), but also to organisations registered for direct community assistance and charity. In its relations with the employees, clients, the society as a whole, as well as stakeholders, the Bank's employees continuously strive to be good citizens.

NLB Banka a.d. Podgorica strives to be a caring mentor internally as well as externally. In 2019, it participated in various activities and in different segments.

Clients

a) NLB Business Forum: Women in business – The New Value of the Montenegrin Economy

NLB Banka a.d. supports its clients in the achievement of their business and life goals. Each year we celebrate the success and results of both clients and the Bank together at the traditional gatherings in December. In 2019, the Bank decided to mark the end of yet another successful year by organising a Business Forum entitled, “Women in Business, the New Value of the Montenegrin Economy,” which addressed the topics relevant to women's entrepreneurship in Montenegro.

By opening discussions about such an important topic in the Montenegrin society, the Bank gave its clients the opportunity to share their views and opinions on women entrepreneurship. The success of the forum was confirmed by high attendance, participation of prominent guests from the business world and representatives of foreign organisations and foundations. In addition to creating the room for a dialogue about the current social topic, the event was also a good opportunity for networking.



<https://www.youtube.com/watch?v=msyGqCiVTP0>



Picture 83: NLB Banka a.d. Podgorica organised a major NLB Business Forum entitled, “Women in Business, the New Value of the Montenegrin Economy”

Who See song “Slijedila je san,” composed specially for the Forum:



<https://www.youtube.com/channel/UCUIO9CinTZh3icrdN2oj9fQ>



Picture 84: NLB Banka a.d. Podgorica provides financial literacy content on its website www.nlb.me/stanovnistvo/savjeti

b) Financial Literacy – Personal and Business

As a financial mentor, NLB Banka a.d. Podgorica is committed to consulting in the area of financial literacy. It is providing its clients and other users who visit its webpage helpful tips on how to manage personal and business finances independently, reasonably borrow, plan their financial future, while at the same time explaining the numerous financial services it offers (loans, cards, e-banking, digital channels, cyber security, etc.). In addition to publishing the tips on the official website, the Bank distributes the tips to clients and other interested citizens (subscribers to its e-newsletters) through the email marketing platform (Mail chimp) and through the official profiles of the Bank on social networks (Facebook, Instagram, LinkedIn, Twitter, Viber).

c) The first step to a secure future

Also, in 2019 NLB Banka a.d. Podgorica traditionally supported the campaign “The First Step to a Secure Future” that the Central Bank of Montenegro implements in cooperation with commercial banks in Montenegro each year on 31 October – World Savings Day. The campaign under the slogan entailed a joint action to give savings books to children born in Montenegro between 31 October and 6 November 2019. NLB Banka a.d. Podgorica donated EUR 200 and CBMNE another EUR 200 to the children born during this period whose parents opened a savings book at the Bank.

The project has been organised for the sixteenth year in 2019. In the past years, 2,056 newborns have received their first savings through this campaign.

“The First Step to a Secure Future” campaign is one of the activities through which NLB Banka a.d. Podgorica influences the financial literacy of the Montenegrin society, emphasising the importance of savings, especially among the youngest.

d) NLB Pensioners Day

On the occasion of World Diabetes Day, NLB Banka a.d. Podgorica organised a Pensioners Day in November at the branches of Bank under the slogan “More for Your Health.”

With the aim of expressing gratitude for the trust and loyalty shown by the pensioners, as well as to remind them of the importance of health care, the Bank provided free blood glucose and blood pressure analysis in our branches in these cities in cooperation with the Ministry of Health and Health Centres in Podgorica, Nikšić, Bar, and Bijelo Polje. On this occasion, fruit and healthy drinks were provided, as well as health-related gifts. More than a hundred of our senior clients attended the events.



Picture 85: The World Diabetes Day organised in selected branch offices of NLB Banka a.d. Podgorica was focused on health



Picture 86: Many pensioners visited the NLB Pensioners Day on 19 November 2019



Picture 87: In the scope of the Breast Cancer Prevention Campaign called “The Time is now,” NLB Banka a.d. Podgorica organised an internal campaign on this topic za preprečevanje raka na dojki



Picture 88: NLB Photo caption: At the end of 2019, NLB Banka a.d. Podgorica organised the anti-smoking campaign in which the employees were encouraged to give up smoking

Employees

e) Breast Cancer Prevention Campaign: Love Your Breast

NLB Banka a.d. Podgorica takes special care of its employees because it believes that people are its most valuable resource. That is the why, year after year, the Bank proudly supports the Breast Cancer Prevention Campaign called “The Time is now.”

Regular preventive check-ups are an important part of the fight against this widespread illness, which is why, as part of the campaign, the Bank will also provide a free specialist and ultrasound examination to around 60 of the Bank’s employees in 2019, same as every year. Furthermore, its employees receive useful advice via email and the internal portal on healthy habits and the importance of prevention; also, posters and flyers showing how breast self-examination should be done properly were installed in women’s toilets.

The first integrated national-level campaign was launched seven years ago and in the past six years, 1,723 preventive examinations were performed, 18 lives were saved, all with one goal: to beat breast cancer.

f) Anti-smoking campaign: “Yesterday You Said Today”

In the scope of the Healthy Bank project, NLB Banka a.d. Podgorica introduced another campaign that promotes healthy lifestyle and encourages healthy habits among employees. It organised an internal, anti-smoking campaign under the slogan “Yesterday you said today.” The action was inspired by the newly adopted the Law on the Restriction of the Use of Tobacco Products, which among others prescribes a ban on smoking at the workplace and public space.

The campaign that aimed to raise awareness about the harmful effects of smoking on the overall health, appearance, and physical and mental strength of employees was implemented in the last quarter of 2019. The employees who were



Picture 89: The colleagues from NLB banka a.d. Podgorica performed splendidly at the 2019 sports games in Moravske Toplice



Picture 90: Thanks to the colleague Dušan Kaludjerović NLB Banka a.d. Podgorica conquered Kilimanjaro in 2019

the most persistent, three of them were able to get rid of this bad habit, we rewarded with gifts (gym and pool vouchers) handed publicly at the joint New Year's celebration for employees in front of a large number of colleagues.

g) Voluntary out-of-hospital health insurance

NLB Banka a.d. Podgorica has shown its care of the employees' health and responsible attitude towards them by signing a contract with Lovćen insurance company, through which all employees are provided with the possibility of free treatment up to the amount of EUR 1,000 per year. In this way, employees can undertake free-of-charge health checks, specialist examinations, diagnostics, and laboratory tests up to a specified amount. In addition to the check-up, this sum also covers for drug therapy at listed healthcare institutions, and a certain extent medical technical aids, ambulatory surgery, homeopathy, and acupuncture.

The Bank thus proved that it is dedicated to its team and that it continuously improves working conditions and care for the quality of life of its employees.

h) NLB Group Sports Games

In 2019, the 21st NLB Group Sports Games took place once again in Moravske Toplice, Slovenia – at a proven location to entertain, socialise and strengthen team and sports spirit. A large number of employees have participated in competitive and non-competitive disciplines. NLB Banka a.d. Podgorica is proud of the results of its employees who won medals.

The sports games provided yet another rich experience for the employees. They learned something new about themselves and their colleagues, and most of all about the importance of team play and fair competition that lead to a goal and is based on befriending teammates and

strengthening relationships. Before the beginning of the sports games, NLB Banka a.d. Podgorica organised joint exercising and tennis sessions for all participants in the sports games.

i) On top of Kilimanjaro

Zahvaljujoč kolegu Dušanu Kaludjeroviću je tabor z logotipom NLB Banke a.d. Podgorica uspešno prišel na vrh gore Kilimandžaro (5895 m) v Afriki. Banka je Dušana in druge člane športnega alpinističnega kluba SOKO iz Cetineja podpirala pri več odpravah, ki so se uspešno končale. Da bi bila mednarodna odprava 2019 na Kilimanjaro čim bolj učinkovita, so se člani kluba zelo potrudili, da so splezali na najvišje vrhove v Rusiji in Evropi, na Prokletijah, v Albaniji, Bolgariji, pa tudi na najvišji vrh v Dolomitih, Avstraliji, Grčiji in na številne druge.

Education

j) Practical work at NLB Banka a.d. Podgorica within the American Chamber of Commerce internship program

Investing in the knowledge and skills of young staff and financial literacy are among the strategic commitments of NLB Group. In cooperation with the American Chamber of Commerce, NLB Banka a.d. Podgorica provided four professional development positions in 2019 in the framework of the internship program for the students of the final year. The duration of the internship was three months, the interns worked on a part-time basis and acquired skills, working skills in professional development in the HR Department, the Legal Affairs Department and in the General Secretariat (two positions).

The Bank supported the concept of dual education because it believes that through the synergy of theory and practice, young people are best prepared to enter the business world and their professional life – which for most begins after graduation.

k) Musical Instruments for the School of Elementary Music Education in Bar

At the opening of the refurbished NLB branch in Bar, NLB Banka a.d. Podgorica donated a piano to the School for Elementary Music Education "Petar II Petrović Njegoš" in Bar.

At the opening of the refurbished branch, the students of this music school, accompanied by their professors, have shown their skill in playing different musical instruments and created a pleasant atmosphere. By supporting art schools, NLB Group supports culture and emphasises its importance for the local community development, thus setting an example for the business community to undertake similar actions.



Picture 92: In cooperation with the American Chamber of Commerce, NLB Banka a.d. Podgorica provided four positions in the banking environment for the students of the final year

Environmental protection

l) Bicycle parking

In 2019, NLB Banka a.d. Podgorica took concrete measures to take care of the natural environment. It set up bicycle parking spaces in front of most of its branches and motivated our employees to use bicycles to come to work. It also organised a mini photographic contest in which employees were invited to send photos that could inspire other colleagues to switch to this alternative mode of transportation. The best photo was rewarded with a EUR 50 voucher for a bike shop.

With similar socially responsible actions, the Bank encourages healthy lifestyle and reminds of the importance of protecting the environment and saving natural resources.

m) New seedlings for two parks in Podgorica

The greening of the parks in Podgorica has been organised by the Džada Film Festival for the second consecutive year in 2019. NLB Banka a.d. Podgorica joined the greening campaign by planting trees in two city parks in Podgorica. Together with its



Picture 91: At the opening of the refurbished NLB branch in Bar, NLB Banka a.d. Podgorica made a donation to the local music school

Picture 93: The colleagues and partners of NLB Banka a.d. Podgorica helped plant trees in two parks in Podgorica

other partners, it planted 14 new seedlings of deciduous and evergreen trees.

Planting a tree is the greatest gift the citizens can give to the city and their fellow citizens, and its canopy will provide the best protection against heat during the summer in Podgorica.

The Bank also encourages others to take similar actions. The aim is not only to make the city a better and more enjoyable place to live, but also to have a long-term impact on the environment.

Humanitarian activities

n) Let's Paint Love

In 2019, NLB Banka a.d. Podgorica supported the project "Let's Paint Love" implemented by NGO Kult Montenegro with preschool children and children with special needs. More than 3,000 toddlers from preschools and institutions for children with disabilities participated in this art competition.

The project supports children who show artistic aspirations and encourages socialisation and nurturing of healthy values among the youngest. The project conclusion was marked by various events in all cities. During the event children bands played some of the most famous children's songs, children's soloists, choirs, and rhythmic and folklore groups from the above-mentioned cities, soloists from preschool institutions, and the Association participated in the art competition. The events were an opportunity to reward the best works of art. The best 70 works (10 from each city) were rewarded and the chosen 12 works will be used for the design of the 2020 annual calendar.

The project "Let's Paint Love" was sponsored by the Ministry of Education and the Institute for Education, as it supported in practice the Strategy for Early and Preschool Education, as well as the Strategy for Inclusive Education of Disabled Children.

o) Diplomatic Bazaar

In December 2019, NLB Banka a.d. Podgorica supported the implementation of a humanitarian diplomatic bazaar organised by the International Women's Club of Montenegro in cooperation with the embassies in Montenegro. In addition to the sale of original products characteristic of the exhibitor's country, a lottery was organised at the bazaar, through which additional donation funds were collected.

NLB Banka a.d. For this lottery NLB Banka a.d. Podgorica provided 10 gift payment cards with a deposit of 20 euros per card. The funds collected with the sale of lottery tickets was contributed to a donation fund.

The funds raised were donated to the following institutions:

- PI Komanski Most, Podgorica
- JPU "EKO Bajka," Pljevlja
- Happy Paws, NGO Podgorica
- Don Bosco Centre for Education
- Slobodan Skerovic High School
- Primary school and kindergarten Bajo Jojić – Andrijevica

Over the last few years, the Christmas diplomatic bazaar has become an important event for collecting charity contributions for many institutions, organisations and individuals in Montenegro.

p) Thanksgiving – a donor initiative for the Equestrian Sports Club Budućnost

As a member of the American Chamber of Commerce in Montenegro, NLB Banka a.d. Podgorica has supported the humanitarian project organised by this association to celebrate Thanksgiving.

In 2019, the Corporate Social Responsibility Committee of AmCham decided to give a donation to the Equestrian Sports Club "Budućnost," which provides rehabilitation activities and education for people with intellectual disabilities, with autism spectrum disorders, multiple disorders, developmental disorders, and children who are delayed in psychomotor development or have cerebral palsy, and psychosocial difficulties. The Club cooperates with the Resource Centre "1. junij" from Podgorica and the Day-Care Centres of Igalo, Cetinje, Pljevlja, and Nikšić.

Therapy involves activities supervised by a mental health professional, with the support of a professionally trained horse.

Health protection

q) Small steps change the world for the better

For the fourth time in 2019, NLB Banka a.d. Podgorica organised the campaign "Small Steps Change the World for the Better." In the past it has provided funds for the purchase of necessary devices and instruments for the maternity wards across Montenegro in cooperation with the citizens, associates, and clients.

In 2019, the campaign was carried out in cooperation with the Basketball Club Budućnost Voli which the Bank supports as the Golden Sponsor for the season 2019/2020. For each point scored on the domestic court at Aba League and Euro Cup matches, the Bank allocated EUR 10 to Montenegrin maternity wards. The funds raised in this campaign will be handed over to the selected maternity ward after the end of the 2019/2020 season.

In the framework of this campaign, NLB Banka a.d. Podgorica has so far supported maternity wards in Nikšić, Bijelo Polje, Berane, and Podgorica. The maternity ward that will receive the support for 2019 will be selected on the recommendation of the Ministry of Health.

Activity short movies: Kratki filmi o dejavnosti:



<https://www.youtube.com/watch?v=ow-e-6a013g>; <https://www.youtube.com/watch?v=keW-C36VKc0>; <https://www.youtube.com/watch?v=tZFDa79hMlk>;

<https://www.youtube.com/watch?v=tZFDa79hMlk>; <https://www.youtube.com/watch?v=19BX4cgOkA8>



Picture 94: The Royal Championship tennis tournament with the support of NLB Banka a.d. Podgorica was inspired by charity in 2019



<https://www.youtube.com/watch?v=lx1BS4JaYtA>

r) Charity match "Together for Great Victories."

In 2019, NLB Banka a.d. Podgorica supported the Royal Championship tennis tournament as the main sponsor. The event was marked by a humanitarian match between the representatives of the Bank and Lovćen Insurance, which aimed to raise funds for the procurement of incubators for the Department of Newborns, Clinical Hospital Centre of Montenegro.

The humanitarian match between NLB Banka CEO Marko Popović and Lovćen Insurance CEO Matjaz Božić was followed by a donor cocktail and auction of tennis items used during the match.

A large number of employees from the companies, clients, and business partners accepted the invitation to donate to this noble cause. More than EUR 10,000 was raised from those who donated to the campaign "Together for Great Victories," to the account opened by NLB Banka a.d. Podgorica for this purpose.

The Bank and the insurance company Lovćen provided the remaining amount required for the purchase of the incubator worth EUR 16,000. The incubator will be officially delivered to the Clinical Centre of Montenegro in the beginning of 2020.

Culture

s) Džada Film Fest

NLB Banka a.d. Podgorica recognises the importance of film for the development of each individual and society as a whole. It therefore supports the efforts to make film a part of everyday life in the local environment. In 2019, the Bank sponsored the Džada Film Festival, which took place from 10 to 16 June on the streets and squares of Podgorica. The International Feature Film Festival was sponsored for the first time and NLB Banka a.d. Podgorica was its first sponsor.

The Džada Film Festival was granted the status of an international film festival for the first time in 2019. Six films participated in the open competition for the best debut film and were shown to the audience of the capital for the first time at the Radosav Ljumović National Library. The festival provided an opportunity for the local, as well as international authors to present their debut films and win awards for Best Debut Feature Film and Best Director.

NLB Banka a.d. Podgorica recognised the importance of this event which affirms film art and culture, and therefore supported the festival as the sponsor of the prize fund. In both categories the Bank provided a cash prize of 1,000 EUR.



NLB banka a.d. Podgorica is pleased to have supported the initiative for the development of Montenegrin cinema. The Bank used the film festival to promote socialising of its employees by organising group visits to see the cult films at several locations.

t) Kotor Festival of Children’s Theatre
Supporting cultural events is one of the key strategic pillars of NLB Group’s social responsibility. The Kotor Festival of Children’s Theatre is one of the festivals that bring the arts and culture closer to the children. NLB Banka a.d. Podgorica recognised the great significance of the festival with an almost 30-year tradition for Montenegro and the broader social environment. Therefore, as a “friend of the festival” it supported it in 2019. It featured a rich programme with a variety of theatre, educational, and entertaining contents for children and adults, and was held at various locations in the old town of Kotor in July 2019. Kotor Children’s Theatre Festival has been proclaimed a cultural event of exceptional national importance by the Ministry of Culture of Montenegro and promotes cultural life year after year.



Picture 95: The final evening of the Džada 2019 Film Festival sponsored by NLB Banka a.d. Podgorica



NLB Banka a.d. Podgorica also shared the charms of the Kotor Children’s Theatre Festival with our followers on social networks, rewarding them with tickets for the most watched programmes

u) Lake Fest music festival
For the last nine years, the music festival on Lake Nikšić Krupac brings together many well-known names and bands from the local and regional, as well as worldwide rock scene. During the nine years of its existence, the festival has gained credibility both among younger and more experienced audiences who nurture and preserve rock music. The festival has become a recognisable music brand of the city of Nikšić and Montenegro.

Picture 96: As a “friend of the festival,” NLB Banka a.d. Podgorica supported the promotion of art and culture among the youngest population of Montenegro

Also, in 2019, NLB Banka a.d. Podgorica sponsored the festival and so contributed to the popularisation of the rock music scene in Montenegro.

The Bank organised various activities to enable its clients and followers on social networks to visit the concerts. It also procured tickets for its employees and used the event as an opportunity for teambuilding in a different atmosphere, with the music and fun of the rock festival.

Its social media followers were also given a chance to enjoy Lake Fest. In order to experience the festival in the right way, the Bank gave out gift ticket packages for all three festival nights, as well as gift tents for the winners, so that they could be completely immersed in the atmosphere of the Lake Fest, which is well known for its camp on Lake Krupac.

Sports

v) Basketball Club Budućnost Voli

NLB Banka a.d. Podgorica has been a part of the winning team of BC Budućnost Voli for many years. In October 2019, it signed a partnership agreement with this basketball club and became the club's Gold sponsor for the 2019/2020 season. Cooperation with BC Budućnost Voli, which the Bank renews every year, confirms its active engagement in supporting the development of Montenegrin sports, top athletes, and young talents.

We support the results of the Blue team, but we also jointly organise socially responsible actions. By the end of 2019, every basket scored by Budućnost Voli team on the home court was rewarded with a donation of EUR 10 for Montenegrin maternity hospitals.

The funds collected in this campaign were delivered to the maternity hospital recommended by the Ministry of Health.

Sponsorship short movie:



<https://www.youtube.com/watch?v=c0yerOzKN9g>

w) NLB Royal Cup 2019

As is tradition, in 2019 the Bank again supported the professional ITF women's tennis tournament "NLB Royal Cup 2019" as a general sponsor. The tournament was held on the tennis courts of the tennis club "AS" in September.

During this year's Royal Cup the Bank organised the tennis school, with a professional instructor from TK "AS" for the children of the Bank's employees aged 5 to 14. The tennis school was organised in October.

We enriched the program of the tennis tournament with a humanitarian match, between NLB Banka CEO Mark Popović and Lovćen Insurance CEO Matjaž Božić, who aimed to collect donations for the procurement of incubators for the KBC's Newborn Unit, Podgorica.

Sponsorship short movie:



<https://www.youtube.com/watch?v=lx1BS4JaYtA;>

x) Football Club Breznica Pljevlja

In 2019 NLB Banka a.d. Podgorica supported the Breznica Football Club from Pljevlja with a donation for the organisation of numerous sports events including participation in the UEFA Champions League Qualification for Women.

The Bank recognises the importance of sports, especially among young people, and shares the values of this football club which has made great efforts to promote football and healthy lifestyles, equally among boys and girls for years.

The Football Club Breznica used the received donation to purchase sports equipment for boys who won second place at the Goražde International Tournament.

y) Youth Football Club Grbalj

In 2019, NLB Banka a.d. Podgorica signed a cooperation agreement with the Youth Football Club "Grbalj," a first league player of the Montenegrin football league from the municipality of Kotor. By signing the contract, the Bank formalised the cooperation for the current season, which made NLB Bank one of the sponsors of Youth Football Club Grbalj.

Support for the development of Montenegrin sports, especially team sports, is one of the Bank's strategic commitments. NLB Banka a.d. Podgorica is very proud of its support for



Picture 97: In 2019, NLB Banka a.d. Podgorica organised a unique chess school for children in cooperation with the chess school Diagonale

sports and healthy lifestyle, and especially that it is able to support, together with the business community of Kotor and Grbalj, their biggest sports brand, FC Grbalj.

By supporting various segments of society, including professional and youth sports, NLB Group strives to become a leader in corporate social responsibility, in the south and in the north of the country, and through its actions contributes to raising the quality of life in the community in which it operates – for its customers and for all citizen

Sponsorship short movie:



<https://www.youtube.com/watch?v=h1swQ058iJA>

z) Chess School – Diagonale

NLB Banka a.d. Podgorica is aware that, in addition to physical activity, developing cognitive skills is equally important for the children. One of the best ways to develop a healthy mind is to play chess. Engaging in this activity helps children in mathematics, as well as in reading, developing logic, critical thinking and creativity, developing intelligence, facilitating the process of planning, and anticipating and solving complex problems.

So, in 2019, the Bank included chess among the disciplines it supports.

In cooperation with the Diagonal Chess Club, the Bank organised a chess school for children aged 5 to 15. The children of its employees, clients, and followers on the social networks were given the chance to attend this school.

The success of the activity is confirmed by the good response and great importance of the projects organised and supported by the Bank, which is recognised by the people. The chess school for children is yet another proof of this.

In addition to the above activities, NLB Banka a.d. Podgorica also supported the following projects and organisations in 2019:

- Police Trade Union – Sports meetings of police trade unions from the surrounding area
- Embassy of the Federal Republic of Germany – Manifestation marking the Day of German Unity
- Slovenian Embassy – celebration
- Student Association of the Academy of Cetinje – study visit of the students of the Faculty of Visual Arts to the Marina Abramović exhibition at the Museum
- Otrant-Olympic Ulcinj Football Club

In 2019, NLB Banka a.d. Podgorica participated in the activities which:

- support the financial education of its clients and broader public;
- increase awareness of sports and health by promoting sports among the youth, and by supporting our basketball team and the tennis tournament;
- promote environmental protection;
- support humanitarian organisations and give donations for a better quality of life;
- ozaveščanje o pomenu projektov, ki jih podpira;
- oblikovanje podobe skrbnega mentorja.

The goals of its CSR activities were:

- creating better conditions for the functioning of the society;
- coverage of different areas of social activity, according to its heterogeneous structure;
- raising awareness of the significance of the projects it supports;
- creating an image of a caring mentor.

Through different activities the Bank promotes everything we do every day. It promotes our values, and emphasises the importance of taking care of the clients and the community in which we operate, and all the employees of NLB Banka a.d. Podgorica who constantly invest a lot of efforts and energy to make the clients satisfied.

NLB Banka Prishtina Annual Report on Corporate Social Responsibility



Social responsibility of an organisation is its active and voluntary contribution with the purpose of improving social, economic, and environmental conditions, and also improving its competitive position. From this point of view, NLB Banka sh.a. Prishtina, which is socially responsible, continuously builds its credibility, enriches its image, and makes its brand more powerful by contributing to the significant long-term profitability and to the improvement of financial performance, development of employee skills, the increase of credibility, and customer preference.

The Bank operates in Kosovo as part of NLB Group. It has an important mission in the area of social responsibility in the environment in which it operates, in addition to achieving good financial results, it also contributes to a better quality of life for all citizens. It is responsible towards its shareholders, employees, clients, and the society as a whole.

It is aware and pays special attention to gaining new knowledge and lifelong learning, being aware of the rapid social changes, technical and scientific evolution, where learning has already become a way of life, and not just preparation for life.

It helps young people on their way to become financially independent by providing various lectures and preparing them to act responsibly for a more successful future.

It continues to support sports and art and is particularly proud of our traditional participation in many humanitarian projects that it supports together with its clients and employees.



Picture 98: In 2019 NLB Banka sh.a. Prishtina provided internship for the students of RIINVEST College and AAB College



Picture 99: NLB Banka sh.a. Prishtina shared its knowledge about financial management with young pupils

Customers

a) Helping clients

NLB Banka sh.a. Prishtina managed to win the trust of its clients with responsible work. It is always trying to give advice based on knowledge, expertise, and experience to help them prepare for everything that follows.

With the development of modern banking, investment, and insurance services, the Bank offers its clients services that are appropriate to their financial reality to help them overcome the challenges and make the right solution to cope with the future.

b) Provision of internship and the possibility to perform practical work/Signed agreements with the faculties for cooperation in the field of internship-practical work

NLB Banka sh.a. Prishtina is a modern institution that aims to continuously reform its HR policies. In the pursuit of this philosophy, the Bank continues to strive to be an open institution and at the same time a good model for the best! As a place where experience and knowledge are shared among employees, it strives to be more than just a bank. Therefore, it actively supports the building of future and shaping of the students' careers. Moreover, it enables the students to make a better connection between theory and practice.

For the purpose of professional training and practical work, the Bank entered into a cooperation agreement with RIINVEST College and AAB College in 2019 for the admission of students for internships, as well as individual agreements based on student requests. All institutions in the country have recognised the Bank for its contribution. During the reporting period, 190 students completed internships at NLB Banka sh.a. Prishtina, with a minimum duration of two weeks and a maximum of six months.

c) Services for the citizens –

Open house for the young

In 2019, NLB Banka sh.a. Prishtina organised discussions with the fourth graders from the

elementary school “Xhemail Mustafa” in Prishtina. They discussed different topics such as work, the importance of money handling, saving, bank functions, etc. It thus carried out the activities of improving financial literacy as one of the key strategic pillars of NLB Group’s social responsibility.

Humanitarian solidarity with citizens

d) Building a house for Hajrullahu Family in Gjilan

In the context of corporate social responsibility, as well as the desire and willingness to help and improve the difficult living conditions, NLB Banka sh.a. Prishtina joined the project of the Buçaj Corporation in 2019. It joined the project in cooperation with Argeta, who founded the # Houses4Kosovo foundation for the construction of houses for families in need. On this occasion, thanks to a donation from the Bank and the land donated by the Gjilan Municipal Assembly, the family of Remzi Hajrullahu from Gjilan got a new home.



Picture 100: NLB Banka sh.a. Prishtina cooperated in the construction of a home for the Kosovo family Hajrullahu



Picture 101: Photo caption: NLB Banka sh.a. Prishtina made a donation to support the work of the Special Education School – Resource Centre “Përparimi”

e) Special Education School – Resource Centre “Përparimi” in Prishtina

The “Përparimi” school centre is the only institution providing education for children with special needs in Kosovo, including children with intellectual disabilities who cannot be included in the regular public education system. NLB Banka sh.a. Prishtina provided five AAC devices (ipad and Proloquo2go software) and other school material for children to support the work of the school.



Picture 102: NLB Banka sh.a. Prishtina donated New Year’s presents for the children of the PEMA Association

f) PEMA Association for the Care of Children with Disabilities in Ferizaj

To be closer to the children with special needs and to bring them joy at the end of the year, NLB Banka sh. a. Prishtina donated 100 presents for underaged children in the PEMA Disability Association in Ferizaj in 2019.



Picture 103: Thanks to the donation of NLB Banka sh.a. Prishtina, learning at the "Gjergj Fishta" Elementary School in Prishtina has become more 'modern' and more fun



Picture 104: On the initiative of the employees of NLB Banka sh. a. Prishtina, 106 pupils from different schools in Kosovo received new school bags and school equipment



Picture 105: The pupils of the "Ismail Luma" Primary School in Lipjan/Lipljan were happy to receive new computer equipment

The PEMA Association, together with the children of the association, showed their appreciation by organising theatrical performances where the representatives of the Bank were invited.

g) "Gjergj Fishta" Elementary School in Prishtina

NLB Banka sh.a. Prishtina donated 10 computers to "Gjergj Fishta" Elementary School in Prishtina in 2019. Similar donations will also be made to many other schools in order to improve the information technology infrastructure in schools, and to provide good conditions for students to learn necessary IT skills on the labour market.

h) Donation of school equipment for children in need

At the beginning of the 2019/2020 school year, the employees of NLB Banka sh.a. Prishtina took the initiative to collect donations for the purchase of school equipment for children in need. A lot of employees and the Bank as a whole, joined the initiative. A total of 106 fully packed school bags with everything the students need in one school year were purchased with the collected funds. They were distributed in nine primary schools in different regions of Kosovo, respectively in the regions with the worst economic situation.

The contribution of the Bank and its employees put smiles on the children's faces.

i) The "Ismail Luma" Primary School in the municipality Lipjan/Lipljan

NLB Banka sh.a. Prishtina donated 10 computers to "Ismail Luma" Primary School in Lipjan/Lipljan municipality in 2019. With this activity, the Bank actively implements the mission of NLB Group which strives for the development and improvement of the region of south-eastern Europe for the present and future generations.

j) Action for Mothers and Children

The Action for Mothers and Children organised the traditional annual "Let's Dance for Mothers and Children" event

with the aim to help Kosovo's mothers and children in need. For the fifth consecutive year, NLB Banka sh. a. Prishtina participated in the charity event, which was held on 24 October 2019 at Sheshi 21 in Prishtina.

Same as every year, the purpose of this event was to raise funds to be used by the Action for Mothers and Children Foundation to support various health programmes, provide medical supplies, additional services for babies who need specialised medical treatment, for expectant mothers, and for families in general.

k) Humanitarian mini-marathon "Santa Run"

Same as in the previous years, NLB Banka sh.a. Prishtina again contributed to the humanitarian mini marathon the "Santa Run," which was held on 15/12/2019 in Zahir Pajaziti Square in Prishtina. A similar run is organised in many countries of the world; in Kosovo it was held for the fourth time in a row.

The purpose of this event is to help families in need with the money collected by the sale of the costumes. In 2019, sufficient funds were collected through this project to provide food and gifts at the end of year for 500 families in need in Kosovo.

l) Marking the day of people with Down Syndrome

Besides being the first day of spring, 21 March is also the World Down Syndrome Day. NLB Banka sh.a. Prishtina organised an activity to support the persons with this syndrome on that day in 2019. The key purpose of the action was to pull down the many barriers faced by this community, as well as to raise awareness of the community in which the Bank operates.

The purpose of the campaign "Buy a Flower, I Will Give You Love" was to continue with the efforts of being the voice of this community in supporting the people with Down's syndrome in the exercising of their rights to service, support, education, employment, and equal treatment.



Picture 106: NLB Banka sh.a. Prishtina supported the charity event "Dancing for Mothers and Children" for the fifth consecutive year in 2019



Picture 107: NLB Banka sh.a. Prishtina participated in the humanitarian mini marathon Santa Run also in 2019



Picture 108: On the occasion of the World Down Syndrome Day, NLB Banka sh.a. Prishtina organised the humanitarian campaign "Buy a Flower, I Will Give You Love."



Picture 109: The Bank organised a training on the topic of post-traumatic stress management for its employees

The funds collected with the sale of flowers contributed by NLB Banka sh.a. Prishtina were donated to the Down Organisation in the city of Istog.

m) For the victims and survivors of the earthquake that hit Albania

Together with other banks in Kosovo, NLB Banka sh.a. Prishtina provided financial aid in solidarity with the victims and survivors of the earthquake that hit Albania through the Kosovo Banking Association.

Employees

In order to protect the health of its employees, NLB Banka sh.a. Prishtina employs various methods of communication to raise the employees' awareness of a healthy lifestyle. In 2019, the Bank signed a contract with the company Scardian for the provision of health insurance for its employees. The Bank pays the premiums, and each employee also has the option to insure immediate family members by paying the premium from their own salaries.

The Bank also provides financial support to sports and recreational activities for its employees on a regular basis in order to promote healthy living.

NLB Banka sh.a. Prishtina puts great emphasis on open communication and a stimulating work environment. Same as the past years, it organised the "Open House" event in which the Bank's Management Board also participated. It lasted for two days, and the employees were encouraged to meet the members of the Management Board in the office during the official business hours, without notice and informally, or to contact them by phone or email and discuss different issues.



Picture 110: A total of 300 employees of NLB Banka sh.a. Prishtina participated in internal trainings covering the topics of ethics, motivation, self-motivation, and efficient communication

n) Training on the topic of Post-traumatic stress management

Special attention was paid to employee well-being. The Bank organised two external trainings with the renowned psychotherapist Dr. Enver Cesko on the topic of post-traumatic stress management.

o) Internal trainings

Throughout 2019, the Human Resources and Organisation Department organised trainings covering the topics of ethics, motivation, self-motivation, and efficient communication in the workplace. About 300 participants were able to take some time off from their daily routine, to relax and to think about different matters.

Awards

p) Recipient of the "Taxpayer of 2019" Award from the Kosovo Chamber of Commerce

The main driver of positive economic processes in Kosovo and the creation of welfare in the country is the private sector. The Kosovo Chamber of Commerce presented the "Taxpayer of 2019" Award to NLB Banka sh.a. Prishtina. In addition to this award, the awards for the best exporter and the best employer of 2019 were also presented.

The President of the Republic of Kosovo, Mr. Hashim Thaqi thanked NLB Banka sh.a. Prishtina for its contribution to economic development by presenting it the "Taxpayer of the Year 2019" Award, which was accepted by Mr. Albert Lumezi, President of the Management Board.

q) Innovation leader

At the Conference held in Dubrovnik on 2 October, Mastercard Direct Services presented to NLB Banka sh.a. Prishtina the "MCDS Market Shaker Award" for launching the NLB Pay – digital wallet, a mobile phone application that supports all Mastercard cards.



Picture 111: The President of the Republic of Kosovo, Mr. Hashim Thaqi thanked NLB Banka sh.a. Prishtina for its contribution to economic development by presenting it the "Taxpayer of the Year 2019" Award

Picture 112: Awards as proof of the leading role of NLB Group in the area of innovations on the south-eastern European markets

Trainings (per participants):

17

Trainings/Seminars of the Kosovo Banking Association

2198

Internal trainings

234

Other (conference, accounting association of Kosovo, the tax authority, etc.)



Picture 113: EBRD awarded NLB Banka sh.a. Prishtina for its successful operations in Kosovo

“This award is given to NLB Banka because they are leaders in innovation in Kosovo for the successful launch of NLB Pay, the first digital wallet in Kosovo, exclusively with Mastercard, thank you for enabling MDES in Kosovo and being a main driver of innovation in the market,” said the representatives of Mastercard Direct Services.

r) EBRD Award

The European Bank for Reconstruction and Development (EBRD) once again awarded NLB Banka sh.a. Prishtina in 2019 for its performance in 2018. The award was presented in the scope of the EBRD’s Trade Facilitation Programme (TFP). The award was presented at the EBRD Annual Meeting and Business Forum in Sarajevo, during the TFP Information Session and Awards Ceremony on the occasion of the 28th Annual Meeting of the EBRD – 8-9 May 2019.

The bank joined the TFP two years ago and has become an important partner of the EBRD in the region and has been the most active issuing Bank in Kosovo for two years in a row.

By providing the Trade Facilitation Programme, EBRD covers the political and commercial risk of trade finance instruments issued by NLB Banka sh.a. Prishtina to facilitate foreign trade finance activities. Boryana Ivanova Mustafa, Head of TPD Division from NLB Banka sh.a. Prishtina said: “NLB Banka sh.a. Prishtina is honoured to have once again received the 2018 Award for the most active issuing bank. The TFP Program, enables the Banks’ clients to gain expertise in new markets and to build relationships with their counterparts around the world. We thank the TFP team for their professional support and excellent cooperation and look forward to further fruitful partnership with EBRD. EBRD is active in many sectors of the economy, and its strategic priorities in the country aim to promote inclusion, green economy, economic resilience, and regional integration. The majority of the Bank’s investment is in the private sector.”

Environmental protection

With the approval of lending policies and procedures, NLB Banka sh.a. Prishtina



has prevented the financing of the clients’ projects that could present the risk of polluting the environment. It also adheres to the criteria regarding the credit lines which the Bank obtains from the international financial institutions.

s) To love and protect nature

On the occasion of Earth Day, NLB Banka sh.a. Prishtina donated 40 trees to the municipality of Kacanik in 2019.

t) Support to green energy at Kosovo

On 17 December 2019, NLB Group and the renowned international financial institutions EBRD and the Erste Bank Group signed a syndicated loan in the amount of EUR 115 million for the financing of the largest wind energy project in Kosovo at the solemn event in Prishtina. This is a successful case of cross-border financing which was only made possible after the privatisation of the Bank, when the commitments made to the European Commission no longer applied. We undertook this project of cross-border financing, as an important business opportunity that helps us contribute to the increase of revenues, with great zest and in cooperation with the local members of the Group, in this case NLB Banka sh.a. Prishtina.

Kosovo produces most of their electricity using lignite; soon, it will be able to increase

the share of green energy from renewable sources, in this case the wind. NLB Group will finance the project of constructing and operation of 27 wind turbines which will be a significant contribution to the protection of the environment in the country. The first wind power plant will be built in Bajgora, a village in the Kosovska Mitrovica municipality, and it will significantly improve the supply of electricity, representing about 10% of total energy capacity of the country and reducing the level of air pollution, as well as contributing significantly to the preservation of a clean environment.

“We are very proud to see NLB Group as the largest banking group in the region cooperating with the EBRD and the Erste Bank Group in the financing of a project that represents an important step in the production of clean energy from renewable sources in Kosovo,” said Albert Lumezi, President of the Board of Directors of NLB Banka sh.a. Prishtina upon the signature.

“Such projects bring out the importance of the combination of know-how and rich experience of NLB Group with in-depth knowledge of the local environment that the members of our Group possess,” said Aleš Anžlovar, Director of the Advising about the Appropriate Source Structure and Cross-Border Financing in NLB Group.

Sports activities

u) Wheelchair Basketball Tournament

On 5 October 2019 the Wheelchair Basketball Tournament was organised at the Sports Hall “Bashkim Selishta” in Gjilan, where several teams from Kosovo participated. The tournament was organised by Handikos and was financially supported by NLB Banka sh.a. Prishtina.

Organising such tournaments has a positive impact on people with special needs and offers the opportunity for socialisation and presentation of their abilities and talents. By combining physical activity and the sense of belonging to the group and the



Picture 114: Also in Kosovo, NLB Group supports the activities of the vulnerable segments of the society and supports their inclusion into the society



Picture 115: NLB The team from NLB Banka sh.a. Prishtina won the 2019 traditional bowling tournament organised by Asseco SE & Banks



Picture 116: The team from NLB Banka sh.a. Prishtina participated at the traditional charity football tournament John McCain, organised by the American Chamber of Commerce in Kosovo



Picture 117: The team from NLB Banka sh.a. Prishtina won the 2019 traditional bowling tournament organised by Asseco SE & Banks



Picture 118: NLB Banka sh.a. Prishtina celebrated the Europe Day by organising a simultaneous chess competition



Picture 119: NLB Banka sh.a. Prishtina supports the participation of the Prishtina Chess Club at the 35th European Chess Championship



Picture 120: KKosovo's representative in basketball participated in the pre-qualifying match with the support of NLB Banka sh.a. Prishtina



Picture 121: NLB Banka sh.a. Prishtina was a supporting member of the Basketball Championship – Streetball Kosovo 2019



Picture 122: NLB Banka sh.a. Prishtina supported Kosovo's first men's Rugby championship



Picture 123: Summer Sports Games of NLB Group

society, this tournament has a great impact on the awareness of the society in general.

v) The charity football tournament of the American Chamber of Commerce

In 2019, the American Chamber of Commerce organised the traditional John McCain charity football tournament, which in addition to philanthropic goals also aims to honour the friendship between the United States of America (US) and Kosovo. The team from NLB Banka sh.a. Prishtina was also among the 18 teams that participated in this annual sports event, contributing financial assistance to individuals or organisations in need through the American Chamber of Commerce Foundation. The funds raised from the tournament were dedicated to supporting people in need of emergency medical assistance.

The winner of this tournament was the team of NLB Banka sh.a. Prishtina.

w) Traditional bowling tournament organised by Asseco SE & Banks

NLB Banka sh.a. Prishtina won the 2019 traditional bowling tournament organised by Asseco SE & Banks. A total of 16 teams participated in the tournament and the Bank's team won.

x) Simultaneous chess competition in honour of Europe Day

The chess competition in honour of Europe Day was organised at the Grand Hotel in Prishtina. There were at least 20 chess players participating in the tournament who were challenged by the international chess master, Mr. Bogdan Podlesnik from Slovenia, also a Member of the Management Board of NLB Banka sh.a. Prishtina, and Bedri Sadiku from Prishtina.

Culture

y) Supporting the publication of the book Martin Krpan - Diplomat and Military
NLB Banka sh.a. Prishtina supported the publication of the book *Martin Krpan – Diplomat and Military*, written by the Slovenian Ambassador to Skopje Milan Jazbec. He is author, co-author, editor, and co-editor of more than 37 titles published in many world languages.

Recapturing a story from the Slovenian literary heritage, Jazbec carries a character like Martin Krpan under an analytical and essayistic light, reminding us that human courage to face collective evil remains one of the permanent and unchanging inspirations of the global civilisation.



Picture 124: NLB Banka sh.a. Prishtina supported the publication of the book by Milan Jazbec

NLB Banka Sarajevo Annual Report on Corporate Social Responsibility



NLB Banka d.d., Sarajevo acts responsibly towards its clients, employees, society, and the environment. The activities in the area of social responsibility are carried out in accordance with its mission, vision, and goals, which are to be a responsible banking partner taking care of its employees and protection of compliance and integrity, promotion of entrepreneurship, increasing financial literacy and mentorship, and supporting professional and youth sports.

NLB Banka d.d. Sarajevo continuously adapts all its products and services to suit the clients' needs, whilst holding an open door for great opportunities for the self-development of its employees, and supporting the society towards a greater sustainability.

Our achievements in 2019 truly show that we are ready for whatever may come.

Employees

As an employer that supports its employees and cares for corporate and social responsibility, NLB Banka d.d., Sarajevo implemented several means to increase employee satisfaction and motivation in 2019. One of the main activities in this area was building the brand of Top Employer in 2019 through professional education of talents within the Bank, whilst providing online learning for all employees on a regular basis.

The care for employees was also exercised through the activities related to the improvement of working conditions by refurbishing the business premises, paid health examinations, and check-ups for employees and supporting the pensioners of the Bank by sponsoring their annual general meeting, as the Bank believes that they are the ambassadors of its corporate culture and positive promoters of its work.



Picture 125: Activities of NLB Banka d.d., Sarajevo in the area of professional education of talents



Picture 126: B2B RUN event in Sarajevo



Picture 127: Moravske Toplice team building event

In 2019, special attention was paid to the inclusion of employees in sports events with a goal of building the team spirit, which is why the events such as B2B RUN were held in Sarajevo, in which the Bank actively participated.

Furthermore, several teambuilding activities were organised during NLB Group Banking games held in Moravske Toplice, where the employees of NLB Banka d.d. Sarajevo communicated and lived the corporate values internally, while promoting healthy living and recreation. A group of employees participated in the NLB Sports games in Moravske Toplice competing or supporting athletes in several sports categories.

a) Clients and potential clients

Caring for its clients, NLB Banka d.d., Sarajevo carefully monitors the needs of all client groups taking it into consideration when planning its activities and development of products. As a financial institution, it offers the entrepreneurs complete banking services and financial advisory services. In order to be close to its clients and provide support the local economy developments, the Bank sponsored several economy fairs in Mostar, Tešanj, Gračanica, and Sarajevo. The most significant support was given to the Sarajevo Wine Weekend event where the Bank was a Gold sponsor, and which attracted 35 wine producers from the regions. This opened many new opportunities for further business cooperation. Apart from this, the Bank was sponsor of Orea Art Market, supporting the young entrepreneurs.

In 2019, NLB Banka d.d. Sarajevo also organised a well-covered business forum at which it created the networking platform for the entire country.



<https://www.youtube.com/watch?v=6OW6vnRc0xs>



Picture 128: Support to the economy fairs

Picture 129: NLB Business Forum

It presented to its current and potential clients the digitalisation services related to the products and services the Bank offers in the area of mobile and electronic banking, emphasising the time saved for performing banking services by the clients, namely with the promotion of NLB Pay.

In 2019, a new building of NLB Banka d.d. Sarajevo was opened, including a centre for Corporate clients, in order to enhance its relationship with the corporate clients and provide the services in the most convenient and efficient way for the clients, as well as for the Bank.

The Entrepreneurship Academy was organised for the current and potential clients in the cities of Mostar, Sarajevo, Tuzla and Bihać. It was organised in cooperation with the EFSE and the consulting company Deloitte. It was intended for the Bank's clients as support to their financial, employment, and strategic goals, and to educate them about those concepts.



https://www.youtube.com/watch?v=wHo7jO_fQJA



Picture 130: NLB Pay promotion event

Picture 131: NLB Corporate Centre in Sarajevo



Picture 132: EFSE Academy supported by NLB Banka d.d. Sarajevo

Picture 133: DRIVE conference in Sarajevo



Picture 134: Student Economic Forum in Tuzla



Picture 135: Promoting the savings habits in children through the promotion of NLB Novčić



Picture 136: Provision of scholarship in encouragement on better education and employment opportunities

Employment initiatives and financial literacy

In 2019, NLB Banka d.d. Sarajevo participated in the DRIVE conference in Sarajevo, organised by posao.ba in the area of human resources, aimed at encouraging potential students to get to know the Bank as a potential top employer.

As a part of promoting employment, NLB Banka d.d. Sarajevo was a sponsor of the Student Economic Forum in Tuzla in 2019, organised by the Faculty of Economics in Tuzla. It supported the educational activities and presented the Bank as a top employer.

In 2019, a financial literacy project for elementary schools called 'NLB Novčić' was implemented with the aim of encouraging learning about the importance of saving at a young age. The goal of the activity was to visit elementary schools in the Sarajevo Canton and present savings products and services for young people in NLB Banka d.d. Sarajevo. On the occasion of the World Savings Day, the Bank traditionally organised a literary contest for children in which it selected and rewarded the top three works with a savings account in the Bank and a cash reward for the school from which the best work came.

In 2019 NLB Banka d.d. Sarajevo sponsored the Hastor Foundation that provides scholarships to elementary and high school students acting responsibly towards children, as well the University of Mostar by providing scholarships for students.



Picture 138: NLB Banka d.d. Sarajevo supports professional, semi-professional, and youth sports



Picture 139: Ladies & Gentlemen Event in Sarajevo and Tuzla



Picture 137: NLB Banka d.d. Sarajevo supports eco-friendly organisations Let's Do It Tuzla and Sarajevo

Support to sports

In 2019 NLB Banka d.d. Sarajevo continued to support top national and local athletes in Bosnia and Herzegovina who are the best ambassadors of the country in their travels and games. It sponsored professional and semi-professional sports teams in football, volleyball, handball, tennis, swimming in the cities of Sarajevo, Mostar, Gradačac, Tuzla, Široki Brijeg, etc.

The Bank among other sponsored the Football Club Sarajevo, Football Club Željezničar, Football Club Zvijezda, HKK Široki, OKK Sloboda, Handball Club Konjuh, Handball Club Gračanica, Sportski savez Tuzle, Basketball Club Koš, Tennis Head, Athletic Club Atletički Novi Grad, and so on.

Culture and natural environment

NLB Banka d.d. Sarajevo continuously strives to strengthen the awareness about the importance of culture and the preservation of heritage. In 2019, it supported Narodno pozorište Tuzla in the scope of the event organised by Altermedia Ladies & Gentlemen. The aim was to increase its visibility and responsibility in the area of cultural development in the country among the target population.

The Bank strives to raise the awareness about the rational use of resources and importance of preservation of the environment, which is why it supports the events and organisations whose mission is related to the ecological activities and protection of nature. Several campaigns were supported in cooperation with “Let’s Do It Tuzla and Sarajevo” in 2019, particularly in the area of cleaning waste in those areas and similar.

Humanitarian activities

As a part of humanitarian activities, NLB Banka d.d. Sarajevo undertook several socially responsible actions and initiatives in 2019 in the form of donations to various organisations:

- Udruženje distrofičara Tuzla
- Klub specijalnih sportova Tuzla
- Rotary Club
- Diplomatic Bazaar by Slovenian Embassy
- Renovation to elementary school in Sapna
- Sportski klub Delfin
- Medical treatment for Zlatan Đukić
- Medical treatment for Mak Hasić
- Clinic in Tuzla
- Student scholarship as part of the Top employment project
- Foundation Junuzović
- Plava poliklinika

As one of the top Banks in Bosnia and Herzegovina, NLB Banka d.d. Sarajevo maintains a high level of corporate and social responsibility by supporting activities in all segments. All of the activities undertaken in 2019 were in accordance with the values and strategies of NLB Group, taking into consideration the regional and segment criteria in the process of selection, whilst continuously promoting the Bank as an institution caring for local communities.

In the future, the Bank will continue to focus evenly on the segments promoting trust, reliability, and responsibility, it will improve access to its products and services, as well as organise financial literacy courses and mentorship. The region of south-eastern Europe is the home of NLB Group, which is why the Bank has to act in a responsible manner towards its clients, employees, and the society as a whole. Home is where the people who matter the most are.

NLB Banka Skopje Annual Report on Corporate Social Responsibility



Caring about the common good is one of the highest priorities in the value system of NLB Banka Skopje and an integral part of its strategy. The Bank pays special attention to social responsibility and the protection of the interests of all interested parties.

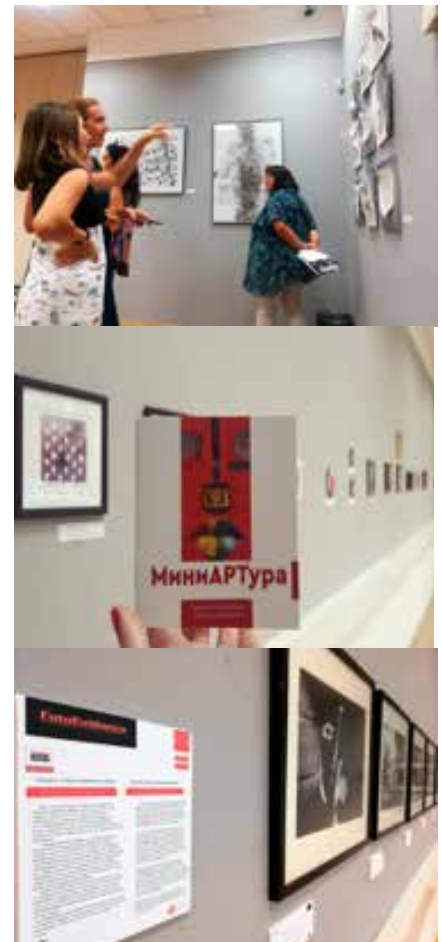
By supporting projects in the fields of culture, sports, science, education, the environment, and the well-being of children, it strives to contribute to the improvement of the overall quality of life of individuals, families, institutions, and organisations in the wider environment.

In accordance with the Group's Corporate Social Responsibility Strategy, the Corporate Social Responsibility of NLB Banka Skopje was implemented through the following activities in 2019:

Culture

a) A total of 14 exhibits of artists and different organisations were organised by donating the NLB Gallery

For the 10th consecutive year, NLB Banka Skopje enabled artists and different organisation to exhibit at the NLB Gallery free of charge in 2019. It hosts about 14 exhibits per year helping artists to promote events in the media and invites the employees and clients to these events. They have grown into being anticipated cultural happenings in Macedonia. In 2014, NLB Banka Skopje won the National Award for Best Socially Responsible Practices for the efforts invested in the promoting art and developing the NLB Gallery. Since then, it has grown and kept the established reputation of the best gallery in the country. In 2019, the exhibitions were mainly organised by prominent artists from Macedonia and abroad.



Picture 140: NLB Banka Skopje hosts about 14 exhibitions in its NLB Gallery each year



Picture 141: In 2019, NLB Banka Skopje supported the traditional Festival called “10 Days of the Krushevo Republic”



Picture 142: NLB Banka Skopje supported the 59th Ohrid Summer Festival

b) Support for the Slovenian association “France Prešeren” – Skopje

In 2019, NLB Banka Skopje sponsored the choir of the association with the same name, which has existed within the Slovenian association “France Prešeren” for 25 years. Each year, the choir organises a series of local and international performances in the surrounding countries and beyond, and the Bank traditionally supports the activity of the association and the work of the choir.

c) Sponsoring the International guitar festival Krushevo, Macedonia

For the third time in a row, NLB Banka Skopje sponsored the jubilee – 10th P.S. Guitar Fest – International guitar festival Krushevo, Macedonia, the only one of its kind in the region. In the past, many renowned guitarists from all over the world participated in the festival.

d) Event on Independence Day in Slovenia organised by the Embassy of the Republic of Slovenia to the Republic of North Macedonia

On 24 June 2019, the Embassy of the Republic of Slovenia in Skopje organised the event to celebrate Independence Day in the Republic of Slovenia. The event is a significant promotion of the Republic of Slovenia and the sponsors of the event, as well as socially responsible companies coming from Slovenia.

e) Festival “10 Days of the Krushevo Republic”

The event “10 Days of the Krushevo Republic” is a traditional event that takes place every year marking the Ilinden Uprising, and consists of several different events. The Krushevo festival was held from 1 to 10 August, where NLB Banka Skopje was present and took care of the appropriate visibility during the 10-day event.

f) Support for the singing group “Armanj Pirifanj - Gordi Vlasi”

On 28 September 2019, the singing group “Armanj Pirifanj-Gordi Vlasi” from Skopje organised the 2nd International Vlach Songs and Dance Festival entitled, “The Songs Connect Us.” NLB Banka Skopje also joined the event as a sponsor.

g) Ohrid Summer Festival 2019

The globally known Ohrid Summer Festival was held in Ohrid for the 59th time in 2019. There were 40 festival days that offered a rich programme with well-known music performers, theatre performances, and others cultural activities. The Ohrid Summer Festival is one of the oldest and most respected festivals in the family of the European Festival Association. NLB Banka Skopje was present and took care of the appropriate visibility during the festival days

h) “Intermezzo Desert Sound Festival”

The Intermezzo Café from Skopje is the organiser of the “Intermezzo Desert Sound Festival,” which took place from August 29 to October 5, 2019. The event supported by NLB Banka Skopje offered a rich programme with globally famous DJs.

i) Gala premiere of the film “Willow” of the award-winning artist Milcho Manchevski

In 2019, NLB Banka Skopje supported the organisation of the gala premiere of “Willow,” the latest film by award-winning artist Milcho Manchevski. The film saw its world premiere this fall at one of the world’s most prestigious festivals in Rome, while the Macedonian red carpet premiere took place at the Philharmonic’s new facility on 1 November 2019. As a socially responsible company supporting the events that enrich the cultural program, we sponsored the organisation and implementation of the gala premiere in Skopje.



Picture 143: “This is my most complex but potentially most popular film ever,” said director Milcho Manchevski about his latest film “Willow.” The premiere of the film in North Macedonia was supported by NLB Banka Skopje



Picture 144: In 2019, NLB Banka Skopje supported the work of the Philharmonic Orchestra

j) Philharmonic Orchestra

The Philharmonic Orchestra is the only institution that promotes and performs symphonic music in North Macedonia. It promotes classical music at regular concerts, bringing this kind of music to various types of audience. As a socially responsible company supporting events and institutions that enrich the cultural program in the city of Skopje, NLB Banka Skopje sponsored the organisation and implementation of the 2019-2020 concert season of the RNM Philharmonic.

Charity projects

k) The “Godparent” project by “Open the Windows”

“Open the Windows” is the only organisation in the country and the Western Balkans fully committed to promoting assistive technology and digital inclusion. Guided by the vision of a “world of equal and active people,” the organisation is continuously working to stimulate and facilitate the active involvement of all people in society through assistive technology. The centre is visited by people with different types of disabilities (physical, visual and hearing impairments, intellectual disability, autism, combined difficulties and learning difficulties). “Open the Windows” is launching this project entitled, “Godparent” in 2019, aiming to provide continuous free support to all users. With its donation made in 2019, NLB Banka Skopje joined the project to support assistive technology and digital inclusion of people with different types of disabilities.

l) Donation for the Department of Haematology and Oncology at the University Clinic for Paediatric Disease in Skopje

In the period from 25 September 2019 to 25 October 2019 NLB Banka Skopje organised a promotional campaign “NLB Savings Month” with the following topic: Savings and Astronomy.

During the month of savings, a thematic drawing contest was organised, giving all children the opportunity to bring drawings to any branch office of the Bank, and thus participate in the contest. As a socially responsible company, NLB Banka Skopje supports the activities aimed at protecting children’s health and improving the conditions at the University Clinic for Paediatric Disease. It therefore donated MKD 200 for each collected drawing within the saving month for the procurement of new beds and the necessary equipment for the Department of Haematology and Oncology at the University Clinic for Paediatric Disease in Skopje.

m) NLB Banka joined the event “PAY IT FORWARD” organised by Inner Wheel Club Skopje Europea and autism MK/Autism Awareness MK. The goal of the worldwide PAY IT FORWARD movement is to encourage more than 10 million acts of kindness. Together with the organiser of the event Inner Wheel Club Skopje Europea and autism MK/Autism Awareness MK, NLB Banka Skopje celebrated charity, respect, and the acceptance of differences in April 2019, as well as raised awareness about autism.

n) Donation of Christmas gifts to the Association for Emancipation, Solidarity and Equality of Women. In 2019, the employees of NLB Banka Skopje organised a donation of personalised Christmas gifts specially designed for the children of women who are victims of domestic violence, under the auspices of the Association for Emancipation, Solidarity, and Equality of Women.



Picture 146: During the savings month, NLB Banka Skopje made a donation to the University Clinic for Paediatric Disease in Skopje



Picture 147: In 2019, NLB Banka Skopje joined the “PAY IT FORWARD” campaign



Picture 145: The employees of NLB Banka Skopje presented gifts to women and children of the Association for Emancipation, Solidarity, and Equality of Women

Promoting entrepreneurship

o) Sponsorship of FMCG Summit 2019

NLB Banka Skopje sponsored the FMCG Summit 2019, organised by InStore.mk. InStore is a regional medium covering the territory of North Macedonia, Slovenia, Croatia, Serbia, and Bosnia and Herzegovina.

The event was attended by the representatives of manufacturers; importers and distributors; large store chains, small local merchants, and traditional shops; as well as other corporate representatives. Summit topics included all aspects of the FMCG (fast moving consumer goods), namely sales, distribution, logistics, retailing, software technology solutions, and so on.



Picture 148: Sponsorship of FMCG Summit 2019

p) Sponsorship of the Macedonia Summit 2025

The eighth "Macedonia Summit 2025" was held from 13 to 15 November 2019. The summit is a leading regional platform for sharing knowledge, connecting businesses, and inspiring innovation and change in Southeast Europe.

This year, the organisers invited over 50 prominent speakers and attracted an audience of more than 400 managers, executives, and entrepreneurs. The main focus was on the following topics: innovation and their impact on reducing environmental and air pollution, the future of jobs and skills, global economic and geopolitical trends, and opportunities for financing small and medium-sized enterprises. NLB Banka Skopje sponsored the organisation and implementation of the Macedonia Summit 2019 because it is a socially responsible company supporting events that connect businesses and share knowledge.



Picture 149: NLB Banka Skopje supports events that promote the connections within the business sector and exchange of know-how, such as Macedonia Summit 2019

q) Sponsorship of Balkan Pre-Entrepreneurs Summit

In September 2019, NLB Banka Skopje sponsored the Balkan Pre-Entrepreneurs Summit organised by Creative hub. It participated in the panel discussion and joined more than 30 globally renowned speakers and more than 250 guests at the event. It emphasised the importance of the Bank for the support and financing of newly established businesses, and the promotion of entrepreneurial spirit in order to achieve economic growth and development both in the country and in the region.



Picture 150: NLB Banka Skopje participated at the Balkan Pre-Entrepreneurs Summit 2019



Picture 151: The National Business Forum Skopje 2019 was supported by NLB Banka Skopje

r) Sponsorship of the National Business forum Skopje 2019

In December 2019 NLB banka Skopje supported the National Business Forum by presenting the topic European Funds and Programmes for Economic Development of the Republic of North Macedonia.

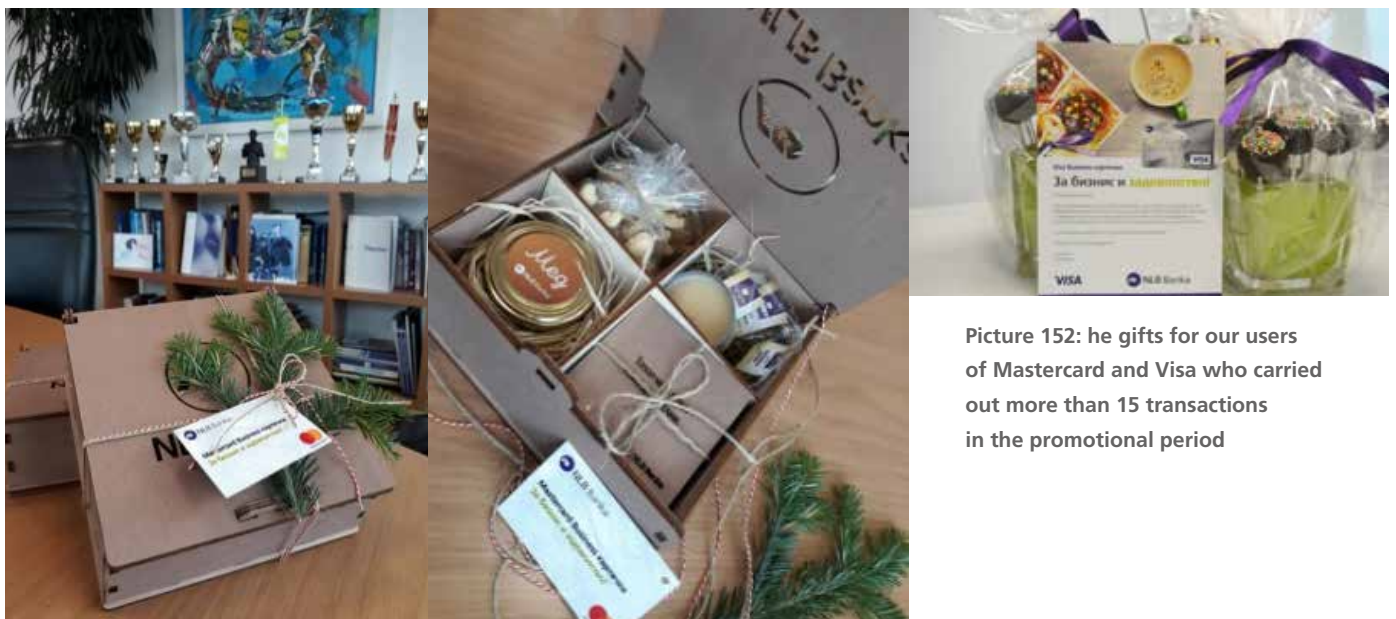
Sports

s) The Association of Vlach Businessmen from Macedonia "Mandra"

In the period from 18 to 20 January 2019, the Macedonian Association of Vlach Businessmen "Mandra" from Skopje traditionally organised the 10th jubilee international football tournament "Toše Proeski." It was also supported by NLB Banka Skopje.

t) Peter Vilfan Basketball Summer Camp

The traditional Peter Vilfan Basketball Summer Camp was held for the 26th time this summer in Strunjan, Slovenia. The camp is the oldest and the best basketball



Picture 152: he gifts for our users of Mastercard and Visa who carried out more than 15 transactions in the promotional period

camp with over 7,500 children participating so far. NLB Banka Skopje sponsored the participation of two children from North Macedonia whose parents were unable to finance the 7-day camp.

u) Handball camp Renato Vugrinec

The handball player Renato Vugrinec organised a joint handball camp for children in the period from 28 June to 3 July 2019 in Ohrid. The program was intended for children from the most vulnerable social groups. To help and support the organisation of the camp, NLB Banka Skopje provided sponsorship to the organiser of the camp.

v) Aeronautical Federation of Macedonia (VFM)

The Aeronautical Federation of Macedonia (VFM) hosted the 16th World Paragliding Championship in the cross-country discipline. The event took place in Krushevo and the Pelagonija region from 5 to 18 August 2019. North Macedonia hosted this

prestigious world championship for the first time, and NLB Banka Skopje was a proud sponsor of the event.

w) Handball club Vardar

NLB Banka Skopje je bila v letu 2019 že drugo leto ponosni sponzor rokometnega kluba Vardar.

x) Gostivar Basketball Club

NLB Banka Skopje also became a sponsor of the basketball club Gostivar in 2019.

y) Ski centre "Panorama" Krushevo

The Ski centre "Panorama" Krushevo project involves the installation of several structures that form an "Adventure Park," namely: sledding, a zip-line, mountain-biking, adventure trolleys, sports archery, etc. The project will enrich the programme offered to tourists in the country and contribute to the development of eco-tourism. In order to support the development of tourism, NLB Banka Skopje granted an annual sponsorship to

the Ski centre "Panorama" and a donation for the construction of the zip-line.

z) Judicial Commission of the Basketball Federation of Northern Macedonia

NLB Banka Skopje supported the work of the Judicial Commission of the Basketball Federation of Northern Macedonia and the implementation of the sports events planned by the Federation for 2020.

aa) Krushevo Festival 2019

NLB Banka Skopje supported the third outdoor festival in Krushevo as a general sponsor in 2019. The event was marked by high-adrenaline adventures and unforgettable fun in the natural beauty and the fresh air of the Krushevo surroundings. Exciting paragliding flights, hiking adventures, canoeing, and many more sporting activities were organised in the scope of the event. The Bank used the opportunity to present the awards to 10 employees who achieved the best results in the loan granting campaign, and to enable



Picture 153: NLB Banka Skopje sponsored the 16th World Paragliding Championship in the cross-country discipline



Picture 154: NLB Banka Skopje enjoying the success of the handball club Vardar as a sponsor



Picture 155: NLB Banka Skopje supported the development of tourism in North Macedonia by making a donation to the Ski centre "Panorama" Krushevo

its employees to socialise at various music events and recreational trips.

ab) Volleyball Federation of Macedonia

NLB Banka Skopje gave a donation to the Volleyball Federation of Macedonia for the sports season 2019/2020. It also participated in the Senior European Men's Championship, which was held in Slovenia from 13 to 29 September 2019. During these matches, Macedonia's team played in the group in Ljubljana, with host Slovenia, then Russia, Belarus, Finland, and Turkey.

ac) Gostivar Basketball Club

The Basketball Club Gostivar achieved great results in 2019 and ranks high in the Macedonian league. To promote the NLB brand and to support local sports, NLB Banka Skopje made a financial donation to the club.

ad) Handball club Prolet 62

NLB Banka Skopje donated to the Handball club Prolet 62 for the competitions in the sports season 2019/2020.

ae) Football club GFK Tikvesh 1930, Kavadarci

NLB Banka Skopje donated to the Football club GFK Tikvesh 1930, Kavadarci for the competitions in the sports season 2019/2020.

af) Skier Stavre Jada

Stavre Jada is the best Macedonian Nordic skier, Macedonia's flag bearer at the 2018 Winter Olympics, and participant in many biathlon and ski competitions.

NLB Banka Skopje donated with the aim of supporting the young athlete and skiing, as well as sports in Macedonia in general.

Mentorship – For a Better Future

ag) NASA Space apps challenge

In October 2019, NLB Banka Skopje sponsored the organisation of the Space Tech Convention, which includes the NASA Space Apps Challenge and NASA's Space Kids Challenge. It is the first convention organised by the space industry in the region of south-eastern Europe. Over 30 representatives of companies



Picture 156: NLB Banka Skopje supported the third outdoor festival in Krushevo

from the USA, Canada, Western Europe (the Netherlands, France, Germany, Italy, Hungary, Austria), and Asia (South Korea and Hong Kong) who are suppliers of space industry met with the Macedonian companies in Skopje in order to present how companies from the real sector and smaller countries can be involved in this highly profitable industry, as well as to identify potential partners and associates. This event was also intended for the presentation of domestic talents. Convention participants included the representatives of NASA, Planet, Airbus Defense and Space, Azimut Space, Thales, Sapienza Consulting, Tachyon Aerospace, Contec, SkyLabs, and others.

NLB Banka Skopje is a socially responsible company that supports events in the area of technology development, businesses and innovations, and sponsored logistical support for organising the NASA Space Apps Challenge. The Bank provided the premises of NLB Gallery for the organisation of this computer event.



Picture 157: NLB Banka Skopje sponsored the first Space Tech Convention

ah) NLB Savings Month

NLB Banka Skopje traditionally organises in its branches educational visits for many schools and kindergartens in North Macedonia with the NLB characters Tibi and Shtuki. The aim of the project is to prepare and educate children about the importance of savings. The Bank is trying to visit as many elementary schools as possible so that most of the children between 6 and 9 years old can have the opportunity to learn about the importance of savings. Additionally, the Bank donated educational books on this year's topic "Savings and Astronomy" to the rewarded children in 2019



Picture 158: NLB Banka Skopje traditionally organises financial literacy courses for children in the savings month

ai) Financial Literacy Days

In 2019, NLB Banka Skopje participated in the opening of the "Financial Literacy Days," organised by the National Bank and other regulatory financial institutions from the Republic of North Macedonia.



Picture 159: In 2019, NLB Banka Skopje presented itself Financial Literacy Days



Picture 160: The team from NLB Banka Skopje participated at the 2019 Skopje Marathon in which it traditionally achieves good results.



Picture 161: Thanks to its employees, NLB Banka Skopje conquered the highest peak in Europe

Picture 162: NLB Banka Skopje puts special emphasis on caring about its employees

Employees

aj) Sport for employees

In November 2019, NLB Banka Skopje sponsored the participation of its employee at the World Championships in bowling in Indonesia, which he attended as the only representative from Macedonia. More than 100 countries took part in the championship. He has been a top ranked player for several years at bowling tournaments in our country, and one of the few who regularly (once a month) participates in tournaments and championships abroad.

Due to the excellent results that the employees of NLB Banka Skopje achieved in previous years at the Skopje Marathon, the team participated at the 2019 Skopje Marathon as an excellent teambuilding opportunity, and to raise awareness of the importance of sports and team spirit.

ak) Skopje Run

Due to excellent results of the employees of NLB Banka Skopje in the last five years at the Skopje run, the Bank sponsored the participation of its team in this traditional event. The run took place on 6 October 2019 and was, as is tradition, organised by the Sports Union of Skopje in association with the Agency of Youth and Sports.

al) Business Run

NLB Banka Skopje sponsored the participation of its employees also in 2019, because of the excellent results of the Bank's participants achieved last year, when they took second place in the competition with 70 registered teams.

am) Climbing Elbrus, the highest peak in Europe

NLB Banka Skopje supports its employees to do amazing things. That's why it sponsored two employees who climbed the highest peak in Europe, Elbrus.

an) Other activities for the employees

NLB Banka Skopje takes care of its employees, and so organises a lot of trips

and sports activities to reward them. In 2019, it organised a trip to Budapest to visit a music concert, and participation in the Ohrid Sport Games and the International Sports Games.

Health

On the 2019 World Arthritis Day, NLB Banka Skopje organised free visits to specialist doctors from the University Rheumatology Clinic on topics related to rheumatoid and musculoskeletal disorders.

Charity

ao) Amateur Humanitarian ski race

The Ski Team from NLB Banka Skopje participated in the 17th consecutive Amateur Humanitarian ski competition which took place at Mavrovo in February 2019. All funds raised under the motto, “Skiing for Warm Clothing and Food,” were donated to the NGO “Svetulka,” a participant and a partner of the Citizens’ Initiative, “Retweeted Meal.”

Events

ap) NLB Saving day

October is savings month. For the eighth consecutive time, NLB Banka Skopje organised NLB’s Saving Day for the children of our employees and their classes in 2019. With this educational event, it officially opened NLB’s Savings Month. On this occasion, it invited children to the NLB Gallery and organised a fun and educational programme on the topic “We are Exploring the Universe with Our Mascots Tibi and Stuki!”

aq) New Year’s event with Santa Claus

There is no New Year’s holiday without Santa and presents. Therefore, NLB Banka Skopje again organised this extremely important event for the children of its employees in 2019. On the small stage at the Philharmonic, the children enjoyed a New Year’s play, took pictures with Santa Claus, and each of them received



Picture 163: NLB Banka Skopje supports and promotes a healthy lifestyle among its employees



Picture 165: A team from NLB Banka Skopje participated in the 17th Amateur Humanitarian Ski Competition with a charity initiative



Picture 166: The 2019 NLB Savings Day full of space and smiles



Picture 167: NLB Banka Skopje created a special holiday atmosphere for the children of its employees

a Christmas bag, while their parents exchanged New Year's greetings. In the Philharmonic's luxurious hall, the festive ambience was filled with warm tea, coffee, and muffins, so the attendance felt comfortable and in the company of their children and enjoyed this special afternoon.

Employee development

Throughout 2019, NLB Banka Skopje organised and delivered 266 internal and external training courses with a total of 22,545 hours, which is 23.6 average hours of training per employee. They were carried out either online or in a classroom.

ar) Talent management

In 2019, one of the main focuses of NLB Banka Skopje was on the implementation of the talent management strategy. In coordination with HR BL, the identification and calibration processes were improved and implemented through the following activities:

- The nine boxes method completed for all employees in the Bank;
- Talent assessment centre – Assessment of work competencies and behaviours through simulations of tasks and work challenges;
- Hogan Configure – A standardised online assessment to determine the level of desired competencies for NLB talents;
- Standardised English Language Testing (European Language Scale).

as) Straightening the leadership skills

As a part of the ongoing activities for developing and supporting the organisational culture, NLB Banka Skopje organised the following trainings for the Management Board and other managers: "7 Habits of Highly Effective People," "Data Science Training for Top Management in Banking" (tailor-made management briefing), "The Leadership Brain: Understand, Connect, and Achieve More," as well as few educational programmes for certain managers: "The Zafirovski Executive Development Programme" by the Kellogg School of Management, Northwestern University, USA; General Management Programme by IEDC Bled School of Management, MBA Master studies, etc.

It also continued with the development of the NLB Leadership brand concept at the Group level, and based on the activities undertaken in the previous years, it defined the final list of desired behaviours and competencies that the future leaders of NLB Banka Skopje should possess.

at) HR cafe

Moreover, in 2019 NLB Banka Skopje initiated a practice of a HR meeting with line managers for supporting their work in the form of an "HR cafe" where HR topics from the current business activities were discussed.



Picture 168: Good relationships are crucial for a pleasant and efficient working environment. NLB Banka Skopje therefore pays a lot of attention to the organisation of various team building activities.

au) Teambuilding

In 2019, NLB Banka Skopje organised team building activities for 230 employees at several locations in the country.

av) "NLB Sales Academy"

In 2019, NLB Banka Skopje implemented a few modules from the structured educational program "NLB Sales Academy," namely: Cashier basics; Regulation & Guidelines; Advanced Communication Skills; Advanced Sales Skills; International Payment Operations; Personal Loans; and Legal Entities Loans.

aw) NLB Work-Life Support

NLB Banka Skopje launched a new practice – NLB Work-Life Support programme, which covers a series of after-work events for supporting the employees and their families on topics related to private life in various areas (mental and physical health, career development, food & diet, sports & recreation, arts). The programme is usually prepared by the employees or external experts with unique skills. In 2019, three workshops were carried out:

- "Career Counselling Workshop for Parents of Teenagers,"
- "Stress Management as a Precondition for Physical, Mental and Emotional Health,"
- "Photography Workshop for Beginners."

ax) Employer Brand

One of the principal HR activities of NLB Banka Skopje in 2019 was the strengthening the employer brand through public presentations of the work conditions, career opportunities, and employee benefits in several employment mediation events and social media:

Sharing employer brand videos of NLB Banka Skopje, with actual employees as presenters:

"Why do I work for NLB?"



– https://www.youtube.com/watch?v=Kovd_ed9BBQ

"This is why we use NLB mKlik"



<https://www.youtube.com/watch?v=c0c2C5AwXoA>

"Paying with Visa cards through NLB Pay"



<https://www.youtube.com/watch?v=MQ6hfKl9b7o>

Participation in the first Regional (North Macedonia, Bosnia and Herzegovina, Croatia, Serbia) online career and educational fair in October 2019, which attracted more than 15,000 visitors.

NLB Skladi Annual Report on Corporate Social Responsibility



In 2019, NLB Skladi implemented social responsibility in the following areas:

Educating the public

The company participated in the Financial School for Teenagers project where one of the asset managers strengthened the financial literacy of young listeners and informed them of the possibility of stock exchange investments.

Environmental awareness

In cooperation with the organisation Golovec Trails, it organised the work campaign at Golovec where they arranged a new cycling trail. Mountain biking enthusiasts can now enjoy safe downhill rides on this new trail.

When purchasing promotional material, great attention was paid to minimising the pollution of the natural environment. The preferred choice is materials that can be recycled and local providers.

The share fund 'NLB Skladi – Družbeno odgovorni razviti trgi' invests in the companies with above-average positive attitude towards the environmental, and social governance aspects.

NLB Vita

Annual Report on Corporate Social Responsibility



As every year, NLB Vita, življenjska zavarovalnica, paid large attention to socially responsible projects in 2019, supporting the events in different ways that are attended by the target client segments. Below, we highlight the projects in the area of culture, a sporting event, and events for children in which we participated.

Culture

Programme for children and youth in Cankarjev dom

Cankarjev dom as the central Slovenian cultural institution offers a wide range of cultural and artistic education events. In 2019, the life insurance company NLB Vita continued to support the cultural and educational programme. Children could enjoy the “My First Subscription,” “the Ivan Subscription” was available to the young, while the “Cankar Subscription” was offered to the secondary school and university students. Different generations are joined in the Liffe after Liffe Subscription. The subscriptions are for shows and adjusted concerts accompanied by creative workshops. Young people will also meet artists after the events.



Picture 169: Also in 2019, NLB Vita supported children and youth programmes at Cankarjev dom

Charity campaigns

Donation of the ultrasound device to the Postojna maternity hospital

NLB Vita understands the lack of funds for new equipment in Slovenian maternity hospitals, and is aware of the importance of the socially responsible activities aimed at providing the most sophisticated equipment to them and ensuring that they remain the most state-of-the-art healthcare institutions in the world. The life insurance company NLB Vita supports life, and in 2019 it therefore, donated a new ultrasound device to the maternity hospital Postojna, to further improve the health of pregnant women and the newborn babies. Since December is the month of gifts and small attentions, the company donated 200 warm shirts to mothers and their babies born in the Postojna maternity hospital during the holiday period.

Medical Students Society

In 2019, NLB Vita also supported the activities of the Medical Students Society – the “Think about Your Heart” project in which they carry out preventive campaigns for the protection of the cardiovascular system and promotion of a healthy lifestyle. The project comprises the campaign “A Circle of Health,” workshops on cardiovascular diseases for secondary school and gymnasium students, lectures and congresses, and education about cardiovascular diseases



Picture 170: thanks to NLB Vita, the Postojna maternity hospital has a new ultrasound device as of 2019

Sports events

Charity run “Hop to the Castle”

By supporting the event, “Hop to the Castle,” the life insurance company NLB Vita takes care of the preservation of health and well-being while at the same time supporting charity. It participated in the charity run “Hop to the Castle” which was organised for the third time in 2019 by the Paediatric Clinic Ljubljana. The collected funds were intended for the purchase of the device for continuous monitoring of cardio and respiratory functions. Both adults and children participated in the charity run.



Picture 171: In 2019, NLB Vita joined the charity run for the children of the Paediatric Clinic Ljubljana

Ljubljana Marathon

In 2019, NLB Vita supported the Ljubljana Marathon and provided T-shirts for all participants in children's runs. Primary and secondary school are pupils participating in the event in increasing numbers, as this is an attractive event. By encouraging young people to participate in sports, NLB Vita supports a healthy lifestyle and exercising of young people, thus taking care of a healthy lifestyle among the young.



Picture 172: In 2019, NLB Vita also supported the popular Ljubljana Marathon

Events for children

NLB Vita's Lion Party at the Ljubljana ZOO

In 2019, the life insurance company NLB Vita organised an interesting, fun and exciting day in the Ljubljana ZOO for the eleventh time. This event was characterised by lions – sea and land, from Africa, since they helped renovate the pool for the sea lions. The animation for the children was provided by Sten Vilar with the dancers, the participants could attend a puppet show about friendship called, "Berto the Pirate," and one about the respect for nature, called, "This Beautiful Earth," they could have fun with various water experiments from the House of Experiments, learn about the skills of the sea lions, learn that water is a true weight lifter, and find out everything about deep sea divers. They could make fictional

sea lions, have their faces painted, paint on T-shirts, compete in the NLB Vita sprint and find out how fast they are in comparison to the animals. On the day of the event, the children could use all of the trampolines and elastic jumps free of charge, they could play in the inflatable castle and ride a train, and there were free ice cream and delicious crepes prepared for them. By supporting and cooperating with the Ljubljana ZOO, NLB Vita helps raise the awareness of the public about the extraordinary abilities of animals and preservation of the environment, with which we contribute to the preservation of nature and animals in their natural environment.



Picture 173: The eleventh NLB Vita Ljubljana ZOO day was characterised by lions

ENVIRONMENTAL COMPLIANCE

SAFETY IN THE WORKPLACE

ECONOMIC PERFORMANCE

TRAINING

HEALTH

WATER

ENERGY

DIVERSITY

EQUAL OPPORTUNITY

EMISSIONS

GRI Standards

NLB Group sustainable reporting adjusted with GRI standards
Report for 2019

GRI subject	GRI disclosure	Value	Comment
GRI 201 – Economic performance	201-1: Direct economic value generated and distributed		In the Annual financial report of the NLB Group for 2019
	A Direct economic value generated and distributed (EVG&D) based on deferrals, including the basic component for the organisation's global operations as listed below. If the information is presented based on financial assets, the report should also include an explanation of this decision, in addition to the following basic components:		In the Annual financial report of the NLB Group for 2019
	B Direct economic value generated: revenues;		In the Annual financial report of the NLB Group for 2019
	C Direct economic value distributed: cost of operation, salaries and compensations for employees, payments to capital providers, payments to governments by country and investments into the community;		In the Annual financial report of the NLB Group for 2019
	D Economic value retained: 'Direct economic value generated' minus 'economic value distributed'.		In the Annual financial report of the NLB Group for 2019
	E Where this is important, report the EVG&D separately for the state, region or market, and the criteria used to define the importance.		In the Annual financial report of the NLB Group for 2019
Economic	202-2: Proportion of senior management hired from the local community		
	A Percentage of senior management at significant locations of operation that are hired from the local community.	94% Republic of Slovenia 100 % Republic of Serbia 100 % Republic of Kosovo 100 % Federation of Bosnia and Herzegovina 97% Montenegro 100 % Republic of Srpska (Bosnia and Herzegovina) 100 % Republic of North Macedonia	The recruitment procedure: In the event that NLB evaluates that the pool of talents does not provide a suitable candidate for the vacant senior management position, NLB prepares the tender invitation. The invitation is published on the Bank's website and on the premises of the National Employment Office. Among the registered candidates there are several selection interviews and selection tests carried out. Fit & Proper rating is also involved. The selected candidates are employed at the bank for an indefinite period with 6 months' probation period.
	B The definition used for 'senior management'		Senior management: General Managers directly subordinated to Management Board (B-1), the directors that are subordinated to B-2 level General Managers, other employees, who have an individual contract of employment (Advisor, Deputy Director, Head of Unit)
	C The organization's geographical definition of 'local'.	Slovenia, Serbia, Kosovo, Bosnia and Herzegovina, Montenegro, Republic of Srpska, North Macedonia	Republic of Slovenia and locations of NLB Group Members
	D The definition used for 'significant locations of operation'.		Significant NLB Group Members
GRI 202 – Presence in the market			

Economic	GRI 205 – Prevention of corruption	205-2: Communication and training about anti-corruption policies and procedures		
		A Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.	NLB Management Board: 4 members (100%), NLB Supervisory Board: 8 members (100%) NLB Group: MB and SB: 119 members (91%).	Members of the NLB Supervisory Board were acquainted with this topic in the context of specialized education in the field of risk of compliance and integrity, within which the risks of corruption and internal regulation of the area were presented on May 24th 2018. NLB Group: NLB Group core members are committed to the same procedures as NLB dd (special anti-corruption trainings and policies), non-core members are informed and trained during the adoption process of the document NLB Group code of conduct. The members of MB and SB are informed: 100% for NLBdd members, rest of them are external members
		B Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.	NLB: 2.748 (100%) of current employees NLB Group: 5.535 (100%) of current employees	NLB Group core members are committed to the same procedures as NLB dd (special anti-corruption trainings and policies), non-core members are informed and trained during the adoption process of the document NLB Group code of conduct. The members of MB and SB are informed: 100% for NLBdd members, rest of them are external members
		D Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.	NLB Management Board: 4 members (100%), NLB Supervisory Board: 8 members (100%) NLB Group: MB and SB: 105 members (70%).	NLB: Members of the NLB Supervisory Board were acquainted with this topic in the context of specialized education in the field of risk of compliance and integrity, within which the risks of corruption and internal regulation of the area were presented on September 5th 2018. NLB Group: NLB Group core members are committed to the same procedures as NLB dd (special anti-corruption trainings and policies), non-core members are informed and trained during the adoption process of the document NLB Group code of conduct. The members of MB and SB are informed: 100% for NLBdd members, rest of them are external members
		E Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	NLB d d: In 2018 Successfully finished training: 2323 employees, which is 85% of all employees (including long sick leave, maternity leave etc.). NLB Group: In 2018 Successfully finished training: 4590 employees, which is 83% of all employees (including long sick leave, maternity leave etc.).	NLB d d: Anticorruption training is obligatory for all employees. NLB Group: NLB Group core members are committed to the same procedures as NLB dd (special anti-corruption trainings and policies), non-core members are informed and trained during the adoption process of the document NLB Group code of conduct. The members of MB and SB are informed: 100% for NLBdd members, rest of them are external members.

GRI subject	GRI disclosure	Value	Comment
Economic	<p>205-3: Confirmed incidents of corruption and actions taken</p>		<p>This means incidents of corruption (which is meant to include bribery, fraud or money laundering) and actions taken</p>
	<p>A Total number and nature of confirmed incidents of corruption.</p>	<p>NLB d.d: 3 confirmed incidents of corruption; bribery for granting a loan.</p> <p>NLB Group: 3 confirmed incidents of corruption; bribery for granting a loan</p>	
	<p>B Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p>	<p>NLB: 3 NLB Group: 3</p>	
	<p>C Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p>	<p>NLB: 0 NLB Group: 0</p>	
	<p>D Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	<p>NLB: 0 NLB Group: 0</p>	

GRI subject	GRI disclosure	Value	Comment
Environmental	GRI 301 – Materials	NLB d.d. 17 A4 pages of paper per employee per working day	
		NLB Banja Luka 40.28 pages of paper per employee per working day.	NLB d.d.: Data is related to used A4 paper per employee per working day. The number of pages has been constantly reduced. Compared to 2018, the amount of paper used decreased again (from 30.07 pages to 27.17 pages in 2019).
		NLB Banka Skopje; 46.33 pages of paper per employee per working day	
		NLB Banka Beograd: 35.26 pages per employee per working day	
		NLB Banka Sarajevo -non-renewable resources 3t of fuel oil -renewable resources paper 67.6 pages per employee per working day.	NLB Banja Luka: we do not use recycled paper in the process of production.
		NLB Banka Podgorica –	
		NLB Banka Prishtina –	
		NLB d.d. -	
		NLB Banja Luka -	
		NLB Banka Skopje-	
	301 – 3 Processed products and their packaging materials	NLB Banka Beograd: 200 kg NLB Banka Sarajevo: - NLB Banka Podgorica – NLB Banka Prishtina	NLB Banka Beograd: PVC packaging
	GRI 302 – Energy	302-1: Energy consumption within the organization electricity consumption in kWh	
		NLB d.d. 12,338,373 NLB Banja Luka 171263,56 Hiting: 52022.41 NLB Banka Skopje 4,2 mil NLB Banka Beograd: 1,841,000 NLB Banka Sarajevo: 1,263,240 electricity 6,060,000 steam NLB Banka Podgorica. NLB Banka Priština –	NLB d.d. In 2019 we continued with the reduction of electricity consumption, which is 1.01% lower than in the year 2018.

GRI subject	GRI disclosure	Value	Comment
Environmental	GRI 302 – Energija	302-4 Reduction of energy consumption - type of energy included in the reduction (electricity, heating, cooling, steam). Describe whether the reduction of energy consumption has been estimated or directly measured. If an estimate or modelling has been used, the organisation has to disclose the methods used.	NLB - NLB Banja Luka: Cost monitoring, regular checking of electrical installations and improvement of the entire network. NLB Banka Skopje – NLB Banka Beograd – NLB Banka Sarajevo: The costs of energy in Sarajevo were reduced by 1,800 KM a month after moving to the Koševo facility. The savings in the facility in Tuzla are around 20% at a monthly level after installing lighting of a new generation in the renovated premises, and other steps. NLB Banka Podgorica. NLB Banka Priština –
			NLB Banka Sarajevo: 1.800 KM a month
Environmental	GRI 303 Water	302-5 Reduction of needs for energy for products and services	NLB d.d. - NLB Banja Luka: Turning off equipment (funcoil, computers, pumps, etc.) outside business hours and on free days. NLB Banka Skopje – NLB Banka Beograd – NLB Banka Sarajevo – NLB Banka Podgorica – NLB Banka Priština –
			303 – 1 water use (total amount of water – is this an estimate or a measured amount) From which source the total amount of water was obtained (surface waters, including the water from swamps, rivers, lakes and oceans; underground water; rainwater directly collected and stored by the organisation; wastewater from another organisation; municipal water reserves or other public or private public utility service).
Environmental	GRI 303 Water	303 – 2 Which source of water is significantly influenced by the use of water Is the source defined at a national or international level in a protected area Value or importance of the water source for local communities and the autochthonous population	NLB d.d. - NLB Banja Luka In all its branch offices uses public municipal waterworks
			NLB d.d. – NLB Banja Luka: 43 public municipal waterworks NLB Banka Skopje – NLB Banka Beograd – NLB Banka Sarajevo –

GRI subject	GRI disclosure	Value	Comment	
Environmental	GRI 305 - Emissions	305-1: Direct GHG Emissions	NLB d.d. produced 685.83 tonnes of CO2 from fuel consumption (treasury vehicles and official vehicles)	
		305 - 6 Emission substances that affect the ozone layer	NLB Banka Sarajevo: Freon 410 used in cooling systems	
	GRI 306 - Effluents and Waste	306-2: Waste by type and disposal method	NLB d.d.: - NLB Banja Luka: - papir 29,051 t - steklo - mešani odpadki - komunalni odpadki - računalniška oprema: 1,86 t - akumulatorji, baterije: NLB Banka Skopje - NLB Banka Beograd: - papir 3,2 t - računalniška oprema: 8,74t NLB Banka Sarajevo - papir 85% - računalniška oprema: 85% - kartuše, tonerji 85% NLB Banka Podgorica - NLB Banka Priština -	NLB d.d.: Odpadke predeluje najeta družba za ravnanje z odpadki. NLB Banja Luka: Banka prodaja vozila - papir: arhivski material banka prodaja podjetju, ki se ukvarja z reciklažo papirja in kartona - steklo: se ne reciklira - mešani odpadki: se ne reciklirajo - komunalni odpadki: 35 t - računalniška oprema: Prodaja opreme podjetju, ki se ukvarja z recikliranjem odpadkov - akumulatorji, baterije: Po zamenjavi baterij za UPS se z izvajalcem dogovori odkup starih baterij za UPS
	GRI 307 - Environmental Compliance	307-1: Non-compliance with environmental laws and regulations	NLB d.d.: received no fines or penalties regarding failure to comply with environmental laws. NLB Banja Luka: All legal requirements for waste disposal are observed NLB Banka Skopje: there is no fines or penalties regarding failure to comply with environmental laws. NLB Banka Beograd - NLB Banka Sarajevo: The organisation had no cases of non-compliance with environmental laws and/or regulations NLB Banka Podgorica - NLB Banka Priština - I	
GRI 308 - Assessment of supplier's impact on the environment		NLB d.d. - NLB Banka Banja Luka - NLB Banka Skopje - NLB Banka Beograd - NLB Banka Sarajevo: 5% (hygiene maintenance service, printing services, etc.) NLB Banka Podgorica. NLB Banka Priština - I		

GRI subject	GRI disclosure	Value	Comment		
Social	GRI 401 – Recruitment	401-1: New employee hires and employee turnover			
		a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.	<p>NLB: In total 194 new employees in 2019.</p> <p>NLB Group: In total 465 new employees in 2019 (significant group members)</p>	<p>NLB: In total 194 new employees in 2019. 68 (35%) were younger than 30 years, 121 (62.4%) were between 30 and 50, and 5 (2.6%) employees were older than 50.</p> <p>94% were employed from Republic of Slovenia</p> <p>NLB Group: In total 465 new employees in 2019. 190 (40.9%) were younger than 30 years, 261 (56.1%) were between 30 and 50, 8% and 14 (3%) employees were older than 50</p> <p>97.6% of new hires were hired from local community. 34.2% were men and 65.8% were women.</p>	
		B Total number and rate of employee turnover during the reporting period, by age group, gender and region.	<p>NLB: In total 225 employees departed from NLB d.d. in 2019.</p> <p>NLB Group: In total 472 employees departed from NLB Group in 2019</p>	<p>NLB: In total 225 employees departed from NLB d.d. in 2019. 17 (7.6%) were younger than 30, 91 (40.4%) were in the age between 30 and 50, 117 (52%) employees were older than 50 years old.</p> <p>NLB Group: In total, 472 employees departed from NLB in 2019 53 (11.2%) were younger than 30, 242 (51.3%) were in the age between 30 and 50, 177 (37.5) were older than 50 years old.</p> <p>37.1% were men and 62,9% were women.</p>	
		401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees		Promote and protect the rights, obligations and responsibilities arising from the employment relationship are regulated by laws, collective agreements and internal regulations. All employees have rights as they are determined by law, collective agreements and internal regulations.	
		401-3: Parental leave			
		a. Total number of employees that were entitled to parental leave,	NLB Group: 276 employees	NLB Group: (229 female, 47 male)	
		b. Total number of employees that took parental leave,	NLB Group: 276 employees	NLB Group: (229 female, 47 male)	
		c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	NLB Group: 220 employees	NLB Group: (174 female, 46 male)	
		d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work.	NLB Group: 230 employees	NLB Group: (185 female, 45 male)	

GRI subject	GRI disclosure	Value	Comment	
Social	GRI 401 – Recruitment	e. Return to work and retention rates of employees that took parental leave.	99%	NLB Group: (99% female, 99% male)
	GRI 402 – Relationship workforce/management	402-1: Minimum notice periods regarding operational changes		NLB Group: The way of cooperation with the Labour unions and the Worker's council is fixed by collective agreements, the Act of workers and management and the Agreement on cooperation between Worker's council and employer. Deadlines for informing the Unions and the Worker's council is in a minimum of 30 days. In NLB Bank Belgrade and NLB Bank Banja Luka there is no minimum time defined with the agreement, but in the light of good cooperation any organizational changes that affect larger number of employees, are communicated in advance with the Trade Union representatives.
	GRI 403 – Health and safety in the workplace	403-1: Workers representation in formal joint management-worker health and safety committees	NLB Group 4 weeks in minimum prior to implementation of new operational changes with significant impact	
		a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.	In NLB Bank Belgrade, NLB Bank Banja Luka and NLB Banka AD Skopje there is no minimum time defined with the agreement concerning health and safety.	
		403-4: Health and safety topics covered in formal agreements with trade unions		
		a. Whether formal agreements (either local or global) with trade unions cover health and safety.	NLB Group: Trade Union agreement Workplace Risk Assessment Document The health and safety law	
		b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.	NLB Group: 100%	
		404-1: Average hours of training per year per employee		
		Average hours of training that the organization's employees have undertaken during the reporting period.	NLB Group: 34.6 hours per employee in the 2019	NLB Group: In 2019 13.258 employees participated in internal lectures and workshops and 4.328 employees participated on external training courses
	GRI 404 – Training and education	404-2: Programs for upgrading employee skills and transition assistance programs		
	Type and scope of programs implemented and assistance provided to upgrade employee skills.	NLB Group: Internal education (lectures and workshops), e-trainings, external training courses, courses for new employees	Every 3-month Human Resources department publish the list of all trainings and education programs for the next period. It includes 30 different education programs at average	
	b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	NLB Group Provided for all employees in the case of termination of employment in the case of structural downsizing		

GRI subject	GRI disclosure	Value	Comment
GRI 404 – Training and education	404-3: Percentage of employees receiving regular performance and career development reviews	NLB Group: 97%	
	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	(3% lack is due to Maternity leave, long-term absence, or new employees who weren't present sufficient time of the period to be graded)	NLB Group: The aim of the organization was that all employees receive a regular performance and career development review.
GRI 405 – Diversity and equal opportunity	405-1: Diversity of governance bodies and employees		
	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:		Kot organe vodenja v organizaciji štejemo upravo in nadzorni svet NLB Skupine
	Gender;	NLB Group: 25 % female 75% male	NLB Group: Management Boards in significant NLB Group members have 22 members, 20 male and 2 females; Supervisory Boards in significant NLB Group members have 46 members, 31 male and 15 females.
	Age group: under 30 years old, 31-50 years old, over 51 years old;	NLB Group: Under 30 years 0 31-50 years old 67.6 % Over 51 years old 32.4 %	
	b. Percentage of each of the following diversity categories	NLB Group: Under 30 years 9 % 31-50 years old 55.6 % Over 51 years old 35.4 %	
	405 – 2 Comparison of the base salary depending on the gender of employees		
	405-2A Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.		NLB d.d. and significant NLB Group Members
	405-2B The definition used for significant locations of operation		
GRI 406 – Non-discrimination	406-1: Incidents of discrimination and corrective actions taken		NLB has a policy of zero tolerance to any form of discrimination and violence.
	a. Total number of incidents of discrimination during the reporting period.	3	In reporting period we had 3 incidents of discrimination. Two of them are from December 2019 and are still in the process. One of the incidents has been resolved in July 2019 and there have not been any signs of mobbing or discrimination.

Social

FREEDOM OF EXPRESSION

SOCIAL AND ENVIRONMENTAL POLICY

BUSINESS MODEL

PURCHASING POLICY

HR STRATEGY

ORGANISATIONAL CULTURE

HR STRATEGY

PERFORMANCE

INDICATORS

ENVIRONMENT

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Introduction

In accordance with Article 70c of the Companies Act, since 2017 the NLB Group has also reported on special provisions regarding companies that are subject to public interest in accordance with which it is obliged to include in its business report the Non-financial Statement.

The report must contain information on environmental issues, social and personnel issues, information on respect for human rights and information on the fight against corruption and bribery.

In accordance with the request of the Companies Act, the report was divided into six key chapters:

- Description of the company's business model
- Social responsibility of the NLB Group
- Environmental issues
- Social and personnel issues
- Respect for human rights
- Promoting freedom of expression on Internet and elsewhere

All six substantive chapters present operations of the NLB Group in the area of the requested issues. In line with Article 70c of the Companies Act, each substantive chapter presents:

- Formal bases on the basis of which the NLB Group monitors the matters which have to be presented in the report. Formal bases are constituted by descriptions of the company's policies and internal or external rules, instructions or regulations as well as other written procedures, instructions or rules regarding substantive issues, including implementation of due diligence procedures.
- Results of policies or internal and external rules, instructions or regulations, and formal bases on the basis of which the NLB Group monitors the matters which have to be presented in the report (findings reached by the Bank on the basis of monitoring the implementation).
- Main risks in relation to the above stated issues related to activities of the NLB Group, including business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks.
- Key non-financial performance indicators relevant to individual activities.
- How in addition to monitoring these issues in the NLB d.d. they are monitored in other members in the NLB Group as well.

The report has been prepared through the coordination of various specialised divisions of the Bank, which also collected data for the NLB Group through their business lines.

Persons responsible for the report in the NLB Group by area:

- Description of the NLB Group business model: Ivan Radnai, Director of Strategy and Development
- Social responsibility of the NLB Group: Andrej Krajner, Director of Communications.
- Environmental issues of the NLB Group: Andraž Kramer, Director of Procurement and CREM.
- Social and personnel issues of the NLB Group: Vesna Vodopivec, Director of Human Resources and Organisation Development.
- Respect for human rights in the NLB Group: Rok Praprotnik, Director of Compliance and Integrity, Nada Drobnič, Director of NLB Contact Centre.
- Issues related to the Promoting freedom of expression on Internet and elsewhere, Director of Communications.

Pursuant to ZGD-1J, the Non-financial Statement of the NLB Group for 2019 will be part of the Annual Report on the Socially Responsible Policy of the NLB Group for 2019.

Description of the NLB Group business model

The NLB Group (the Group) is the largest banking and financial group in Slovenia with strategic focus in selected markets of SE Europe. It is present on markets with a population of around 17 million in total. The Group consists of NLB (the Bank) as the parent company in Slovenia, six subsidiary banks in SE Europe and several companies providing other services (asset management, insurance, real estate management etc.) and a limited number of non-core companies, which are in the process of controlled liquidation. The Bank is 25% owned by the Republic of Slovenia. The key strategic areas of operations of the Group in 2019 continued to be Retail Banking in Slovenia, Corporate Banking in Slovenia and Strategic Foreign Markets. In financing the Group follows carefully drafted principles, guidelines and procedures. The Group does not finance activities including illegal activities; production and trade in weapons, political parties, political forums and religious communities.

Retail Banking in Slovenia

Retail banking remains the solid anchor of the Bank, proven by the leading market position on the Slovenian market, offering comprehensive financial products and services. The Bank is notable for its vast and ramified network of 93 branch offices and 549 ATMs and 24/7 Contact Centre providing high-performance and high-quality services for all its clients. In 2019, Retail reached good results in spite of the difficult situation on the Slovenian market. The Bank is socially accountable to its clients, employees, environment and society at large with an important CSR mission to contribute to better quality of life of all citizens.

Corporate Banking in Slovenia

In the area of Corporate Banking in Slovenia, the Bank has a leading position as the key advisor to Slovenian companies. The Bank's strategic focus remained the development of relevant solutions through a genuine understanding of the clients' needs. With this developing partnership relationship, the Bank is a reliable partner to all corporate segments. The Bank offers a full spectrum of financial services to its clients, as well as capital markets advisory services, and continues to provide support by using traditional, electronic and mobile banking solutions.

Strategic Foreign Markets

The Strategic Foreign Markets of the Group are the following five countries of Western Balkans/SE Europe: Bosnia and Herzegovina, Serbia, Montenegro, Republic of Kosovo and Northern Macedonia, which are the home markets of six subsidiary banks. Those are noted for professional services, profitable operations, high capitalisation and self-funding, high reputation and recognition for up-to-date and flexible products and distribution channels. This puts them in a good position to benefit from the high growth rates present in the region. Four banks have a more than 10% market share in their markets. All subsidiaries follow the strategy of organic growth on the local market with reasonable networking at the level of the Group. Apart from the retail network in Slovenia the Group's vast network on the SE European markets consists of 225 branches and services 1,17 million active clients.

Non-Core Subsidiaries

The Group is still undergoing a gradual controlled wind-down of non-core part of Group's operations. This process is taking various measures recognized as the best fit

for each case from the sale process of the company, portfolio and individual assets to restructuring of receivables, simple collection or closing the subsidiaries in the liquidation process.

Social responsibility of the NLB Group

2018 saw the revision of the Policy of social and environmental responsibility of the NLB Group which has been already implemented by NLB d.d. The NLB Group has an important socially responsible mission. In addition to the good performance of the Bank, the latter also wishes to contribute to a higher quality of life of the wider society.

Results of policies and internal or external rules, instructions or regulations (findings reached by the Bank on the basis of monitoring the implementation)

Regular annual reporting on the implementation of social and environmental policy in the whole NLB Group has been established.

In 2016, NLB d.d. also started to monitor the Social and Environmental Policy in the way socially responsible conduct is presented by GRI standards. Each year we shall try to monitor more standards, also those that are not obligatory in line with standardisation.

Main risks in relation to the above stated issues related to activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

The key risks in relation to social and environmental responsibility of the NLB

Group arise from the social, political, geographical and economic diversities of the region in which the NLB Group operates.

Key non-financial performance indicators relevant to individual activities

The NLB Group is responsible to its clients, employees and the social environment, and wishes to become their responsible and diligent mentor. The Bank pays special attention to knowledge and lifelong learning. The key pillars of the socially-responsible operations of the NLB Group are care for its employees and protection of lawfulness and integrity, as well as promotion of entrepreneurship, increasing financial literacy and mentorship, humanitarian activities, support to professional and youth sports, and protection of cultural heritage.

Social and environmental policy in the core members of the NLB Group

Already in 2011, all NLB Group member banks adopted their Social and Environmental Policy following the example of NLB d.d., and in their operations they act in accordance with the local banking legislation and environmental requirements, which is annually reviewed and revised. In 2019, the revised Policy of social and environmental responsibility of the NLB Group was introduced in all core members of the NLB Group.

¹Including also branch office which was closed as of 1 January, 2020

²As at 30/11/2019

Environmental issues

Results of policies and internal or external rules, instructions or regulations (findings reached by the Bank on the basis of monitoring the implementation)

The NLB has established regular annual reporting on implementation of social and environmental policy. Each year, we try to include more environmental policy contents in monitoring and reporting environmental issues and to include sustainable strategy in the Bank's operations.

Since 2016, NLB d.d. has also monitored the Social and Environmental Policy in the way socially responsible conduct is presented by GRI standards.

Main risks in relation to the above stated issues related to activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

The key risk in the area of environmental issues is to determine proper ratio between reducing the cost of the Bank's operations and providing sustainable ordering of renewable and non-renewable natural sources and the purchasing policy of the Bank.

Key non-financial performance indicators relevant to individual activities

The NLB employees are aware of their responsibility to the environment. Banking activity in itself does not represent any large threat to the environment. Nevertheless, management of waste and natural sources must be responsible and this fact as well as the environmental impacts have to be increasingly taken into account in the purchase policy.

Management of waste, paper, water, emissions, fuel

NLB d.d. strictly follows the environmental legislation and requirements which in greater detail define the management of waste, emissions and waste fuels. The main regulations defining the area of waste management in Slovenia are the Environmental Protection Act, Public Utilities Act, Decree on Waste Management (Official Gazette of the RS, No 34/08), Regulation (EC) No 1013/2006 on shipments of waste (OJ L 190, 12.7.2006, p. 1) and Decree on the implementation of the Regulation (EC) No 1013/06 on shipments of waste (Official Gazette of the RS, No 71/07).

Results of policies and internal or external rules, instructions or regulations (findings reached by the Bank on the basis of monitoring the implementation)

All NLB d.d. premises are equipped with waste collection points where the employees separate wasted themselves (packaging, municipal waste and paper).

Main risks in relation to the above stated issues related to activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

The risk in the case of non-separating waste is payment of a fine (a fine is paid by both the NLB d.d. and the President of the Management Board of NLB d.d.).

Key non-financial performance indicators relevant to individual activities

The objective in the area of waste, paper and emissions management is further respect of legislation and appropriate handling of waste and emissions

Building and vehicle fleet management**Results of policies and internal or external rules, instructions or regulations (findings reached by the Bank on the basis of monitoring the implementation)**

NLB d.d. strictly follows environmental legislation and requirements which in greater detail define the management of waste, emissions and waste fuels.

Main risks in relation to the above stated issues related to activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

The NLB d.d. faces no environmental risk in the area of building management. The environmental legislation and environmental requirements are followed upon renovation.

Key non-financial performance indicators relevant to individual activities

When renovating business premises and replacing machine installations, heat pumps and other environmentally friendly devices are installed (e.g. led lamps).

The key goal of the NLB in this area is to omit the use of devices that are tied to the use of fossil fuels (especially fuel oil).

Purchasing policy

The formal basis of the NLB's purchasing policy is the contract with the supplier. With the supplier of electric energy an agreement was concluded on 100 % share of electric energy obtained from RES and CHP, which is defined in the contract with the supplier on the basis of the law.

Results of policies and internal or external rules, instructions or regulations (findings reached by the Bank on the basis of monitoring the implementation)

The supplier of electric energy has to state the source of the supplied electric energy and attach the certificate on liquidation of the relevant number of certificates on electric energy source to show that a 100 % share of the supplied electric energy was obtained from RES (renewable energy sources) and CHP (co-generation of heat and power).

NLB d.d. and Avant Car have signed a contract on shared use of electric vehicles (mostly for rides in Ljubljana and its vicinity). In this way, the use of fossil fuel vehicles will be reduced partly. In 2019 the NLB d.d. employees made 20,325 km (in Ljubljana and its vicinity) using electric cars, thus reducing the use of fossil fuel vehicles. There are no environmental risks in this area and no written bases/rules/instructions/laws or methodology; there are also no goals defined for this area.

Main risks in relation to the above stated issues related to activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

There are no environmental risks.

Key non-financial performance indicators relevant to individual activities

The key goal of the NLB d.d. in this area of purchasing policy is to omit the use of devices that are tied to the use of fossil fuels (especially fuel oil).

Social and personnel issues

The main goal of the HR policy of the NLB Group is to invest in a systematic development of employees and permanently follow modern approaches to HR management. Further, HR development must be a systematic and target-oriented process, based on HR methodologies and procedures, as the Group can develop efficient and committed employees through targeted investment in its staff.

The NLB Group adopted a common HR strategy, which clearly defines the key HR processes in order to provide support to the operations and organisation development. The business performance of the NLB Group is also based on a modern and permanent approach to HR management through the performance management procedure which is being systematically introduced in all banks.

Results of policies, and internal and external regulations, instructions and rules (the Bank's findings based on implementation monitoring)

The NLB Group pays much attention to all major HR issues to be covered by a modern HR function:

- job planning and talent hunting,
- employee onboarding,
- talent management,
- key personnel management,
- employee training and development,
- management development,
- performance management aimed at measuring and rewarding performance at work,
- succession planning and career development,
- remuneration system, and the system of bonuses and benefits,
- as well as development of the Bank's corporate culture.

HR development in the Group is based on a common model of competencies, developed for all job profiles. In the assessment of competencies, the personal development plan of the employees also includes individual deficiencies identified in the area of the requested competencies. Competencies are regularly assessed, especially for all managers, talents, successors and certain key employees. The catalogue of skills has an important role in employee development, as it serves as the basis for planning different development activities.

As HR development starts on the day of arrival of the new employee to the Group, we redesigned the employee onboarding process so as to establish systematic transfer of information and contents which every new employee must be acquainted with. The onboarding process is extremely important, as appropriate and effective integration of a new employee largely affects their motivation, commitment and consequently their performance at work. Education, training and upskilling with a mentor are the key activities supporting the planned development of an individual employee and are primarily carried out by using internal experts. In the NLB Group, the development process is harmonised with the mission, vision and goals, as well as other parts of the HR system. The Group pay special attention to this, which is evident from the amount of funds allocated, which grows every year.

The Group's strategy is also to develop and use internal experts to carry out internal training. Consequently, organisation and implementation of internal training and upskilling (hereinafter: internal training) has priority over other types of training. The programme includes development of competencies, expert knowledge and functional skills. Investing in the future required skills of the employees is a prerequisite for high work efficiency and performance of the Group in the future. With the talent management strategy in

the NLB Group, we would like to identify the employees with a high potential to assume demanding positions. The skills, knowledge and experience needed for successful future performance are obtained through a combination of ways – intensive development schemes for different groups of talents and internal career changes, rotations within the Group with regard to the developed expertise and hiring on the external market for those skills, knowledge and experience that would be impossible or take too long to develop internally.

Talents are included in different forms of training, where they gain the required skills needed for future challenges. A special development programme (managers, experts and young talents) is established for every group of talents, covering their special development and career needs. The development programmes include talents from all banks, who thus have the opportunity to learn creative thinking, strategic management, confident communication and mentorship skills. To improve team work and integrate the employees in the work environment, all banks conduct a corporate climate survey every second year. The purpose of the survey is to identify actual opinions of the employees and their satisfaction as well as to create appropriate activities to improve the climate. Employee feedback is of exceptional importance for introducing changes and improvements. The progress is seen in the increasing employee responsiveness. The corporate climate is a consequence of the corporate culture. For the purpose of establishing the causes and areas where we can implement activities to improve the corporate climate and commitment, we also started exploring our corporate culture.

All banks carry out prior preventive medical examination, targeted periodic preventive medical examinations and other targeted preventive medical examinations. For many years, the NLB has demonstrated its socially responsible attitude to the employees

through systematic training in the area of well-being. Our everyday stress levels and workloads are constantly growing, and it is important to cooperate to establish how to find enough time to improve the employees' well-being. As the NLB is the largest banking group in the region, it tries to harmonise the best practices in its members by using minimal HR standards and aligned HR strategies.

Main risks in relation to the above stated issues related to the activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

The risks in the area of HR management are managed by investing into training and development of the staff, appropriate staff planning, selection and remuneration of the staff. Undesirable fluctuation is controlled by succession planning, employee rotation, mentorship, knowledge transfer and talent management strategy. The Group introduced performance management, development interviews with the employees and appropriate development plans. The efficiency of the performance management process is reviewed annually in all banks and, if necessary, appropriate measures are taken. The selection procedure is transparent and in compliance with the local legislation. All grounds for the implementation of the Policy for Prevention of Harassment and Mobbing of Employees have been adopted.

The key risk indicators in the HR area are measures twice annually.

Key non-financial performance indicators relevant to individual activities

For the purpose of establishing the causes and areas where we can implement

additional activities to improve the corporate climate and commitment, we started exploring the corporate culture in all banks. The key indicators are the share of retained key staff, the share of absenteeism, the share of fluctuation and the share of committed employees. The indicators of investment in employee development are also important. They also include the share of employees participating in education and training and the number of hours of training per employee. Indicators of the share of implemented development plans, especially in the area of talent management and career plans.

The KPI in 2020 will include contents related to the adopted HR strategy and the three adopted projects that will support efficient operation of other important projects at the Bank.

These projects are:

- operational excellence;
- human talent development (an upgrade of the existing personnel strategy that will improve the ability of employees by creating the best possible environment for hiring and talent retention in the region for the desired competence sets);
- common sense culture (placing clients at the centre, focusing on an ongoing development of competence through orientation on an entrepreneurial mindset, cooperation and result-oriented approach so that the efficiency could be improved within the organisation).

Respect for human rights

Measures against mobbing and measures for improvement of organisational culture

Zero tolerance and prohibition of any form of mobbing, as well as practical examples and guidelines for the employees have already been included in the Code of Conduct of the NLB Group, which is the basic document defining the desired and prohibited conduct in NLB d.d. and the NLB Group.

With the purpose to ensure the dignity of employees and to provide a working environment in which no worker is exposed to maltreatment and sexual or other harassment by anybody performing tasks for NLB d.d., the latter has established a system for preventing all forms of mobbing. This year, the system of mobbing prevention was revised. A special commission for the renewal of anti-mobbing mechanisms in NLB d.d., composed of the representatives of the Bank, the NLB Workers' Council and the NLB Trade Union, revised the Policy for Prevention of Harassment and Mobbing of Employees in Nova Ljubljanska banka d.d., the Rules on the Prevention of Harassment and Mobbing at Work in NLB d.d. and the Instructions for the business process Prevention of harassment and mobbing at work. By using these documents and the established procedures, the Bank also determines prohibited actions on case-by-case basis and defines the procedure for their treatment and sanctioning of prohibited conduct.

For this purpose, the Bank has appointed the officer for the prevention of harassment and mobbing at work and established the Joint Committee for the Prevention of Harassment and Mobbing, consisting of the representative of the Bank, the Workers' Council and the representative trade unions.

The key goal of the NLB d.d. is to prevent mobbing and any harassment of employees and to ensure a workplace which successfully prevents this so that no employee will be exposed to sexual or other harassment or maltreatment by anybody in the company.

The goal of the NLB d.d. is written in the policy of preventing mobbing as ensuring the dignity of employees and providing working environment in which no worker is exposed to maltreatment and sexual or other harassment by anybody implementing the tasks for the NLB d.d.

Also at the level of the NLB Group, equal opportunities, justice and promoting culture focused on performance are respected. The HR policies and practices are based on culture promoting equal opportunities and performance of employees. Discrimination is prohibited in the HR management practice. The relationship between employees and the management is founded on trust, support and constant feed-back. For cases of disagreement, the conflict resolution procedure is defined.

Employees participate in the Workers' Council and the Trade Union with which the Bank regularly cooperates at formal meetings and through consultations. The organisational climate/employment engagement and organisational culture are of key importance and, therefore, regular measurements are carried out and also an action plan for improvements is prepared. In most cases personnel practice of the Bank is above legislative minimum because the goal of the Bank is to ensure that employees are highly motivated and included in the Bank's operations. In addition to penalty in the case of non-fulfilment of legislative requirements the employees are considered to be the key to success. This is the reason why the Bank regularly monitors engagement of employees and the organisational culture and regularly checks the personnel practice.

Code of Conduct of the NLB Group

In the Code of Conduct of the NLB Group, the NLB Group prescribes its core values and principles of conduct, thus establishing uniform rules of conduct in the daily operations throughout the NLB Group. In this way the NLB Group expresses its expectations that all employees and external business partners of NLB d.d. and NLB Group members respect human rights, employee rights and general standards of conduct defined in the Code of Conduct of the NLB Group.

The Code of Conduct of the NLB Group was already comprehensively revised in 2017. Through regular activities (risk identification, investigation of suspected misconduct etc.), a regular review of appropriateness of its implementation is also carried out, which, considering the size of the NLB Group, is at a high level. The implementation of the Code of Conduct (formerly the Code of Ethics and the Code of Corporate Compliance) is verified by preventive checking of the compliance of the areas and processes, which also include risks of conduct (unethical behaviour, risks of internal and external fraud, conflict of interest risks, corruption risks, risks of violations in the field of information protection and personal data protection, etc.) as typical risks of compliance and integrity.

The NLB Group implements its standards of conduct by having established internal policies and procedures in order to prevent any breach of these standards, by carrying out regular training of employees and training of the target groups in the area of ethical conduct standards, and by performing regular assessments of risks in relation to outsourced providers and suppliers. Special procedures and channels for (anonymous) reporting suspected misconduct are established (including the internally accessible (NLB Net) and publicly accessible application Whistler at: whistler.nlb.si), as well as procedures

and mechanisms for treating suspected misconduct and adopting corrective measures. Measures for the protection of informants (internal and external) have been implemented in the whole NLB Group.

Additionally, an internal survey in the area of ethics and compliance is carried out annually in the core members of the NLB Group. This survey is carried out to check the perception of the Bank's employees in relation to ethical conduct and compliance of operations, also in relation to the situation as regards the perception of misconduct prevention. Based on the analysis of which the Bank's Management Board is informed, measures are drafted for the improvement of the situation, such as the implementation of target inspections of the areas of operation, special training, etc. In 2018, it was found based on the survey on ethics and compliance that the culture of ethics and compliance was strengthening, therefore, the NLB Group will continue to perform the activities aimed at increasing the awareness in this area.

The implementation of the Code of Conduct in the NLB Group is also a part of regular assessment in NLB d.d. in the area of corporate identity, and one element of that is the assessment of ethical culture, the efficiency of the system of prevention of misconduct or report of suspected violations, the tone at the top, the commitment of the Bank's management, corporate identity, etc. The Code of Conduct of the NLB Group sets the standards and rules of conduct that apply to all employees, regardless of the job or location, as well as to the contractors acting on behalf of the NLB Group.

The Code defines the values and basic rules of ethical business conduct that are respected, encouraged and expected in the NLB Group. Our values and beliefs support our long-term goal which is to constantly improve the culture of our daily operations in the countries in which the NLB Group is present.

The NLB Group demands that every employee, regardless of their job or location of work, as well as every other stakeholder of the NLB Group, live in accordance with the highest standards of integrity in everything they do. The key for achieving these standards is strong culture of compliance practised by the NLB Group, with due diligence of all employees in accordance with its policies, rules and other internal acts and in line with the relevant legislation and regulations in the legal environments in which the NLB Group operates.

Respect for human rights as regards products and services for clients

The aim of the NLB Group is to focus banking business on the prevention of human rights abuse by introducing business procedures that specifically define how this is done. The NLB studies and guarantees the respect for human rights in banking operations through comprehensive business processes and methodologies for risk assessment. AML regulations for the identification and monitoring of PEP are applied to relations with private customers.

The provision of financial services is also linked to human rights issues and the efforts to make a positive contribution to exercising of human rights – as a financial intermediary for economic activities in general and by offering investment opportunities that contribute to sustainable development (microfinance).

Ensuring the financing of certain products and services can lead to negative impacts on human rights; for example, the impact on the survival of local communities or infrastructure projects.

The key non-financial performance indicator is to ensure continuous attention in dealing with clients and to check if they operate under jurisdiction characterised by political instability, weak governance, suppression of minority groups, when the

Bank is considering financing business activities in a conflict (war) zone, the development of financial products for vulnerable segments of clients, or when doing business with the corporate sector where the respect for human rights is known to be a problem.

All NLB Group members respect human rights. The clients are informed of all the products and services of the Bank in a transparent manner in accordance with the applicable regulations and decisions of the Bank of Slovenia. The Bank does not offer products and services that could have negative impacts on human rights. The transparency of products and services and employee behaviour is in line with the Code of Conduct. The employees in banks possessing better knowledge of products and services of the Bank better manage and advise clients before selling products. This increases customer satisfaction and reliability.

The members of the NLB Group manage supervision risks in accordance with the instructions and take into account the requirements of NLB d.d. Employees in certain fields of expertise and in the area of information protection are provided training. The Code of Ethics of Employees is respected, with zero tolerance for information leak. Systematic growth of sales culture is ensured through training, planning and upgrading of sales communications and management. The key indicator of performance involves determining the needs of clients for a specific product and service, which is very important for ensuring client satisfaction and satisfying the needs of clients.

Protection of the privacy of the clients and employees

Protection of the privacy of the clients and employees is one of the key rules of conduct laid down in the Code of Conduct of the NLB Group. Additionally, the Corporate Security Policy of the NLB

defines the basic goals and principles of protecting people, facilities (business premises), information and assets of both the Bank and its clients. One of the key or fundamental goals of corporate security is to ensure protection of the data and information of our clients and employees, and thereby ensure their privacy. With the implemented measures, the Bank ensures data confidentiality both as regard its own data processing and when the data are processed by contracted processors. One of the goals is also to ensure the legality of operations and the reputation of NLB d.d. This approach is also used by the NLB Group members.

NLB d.d. manages risks arising from possible unauthorised access to data on clients, disclosure of data on clients to unauthorised person and lack of professionalism or inappropriate behaviour of bank employees by controlling accesses to applications with data and using audit trails, and precise methodologies, procedures and instructions for work, and regular training and raising the awareness of employees about the importance of data and information protection.

Issues related to the fight against corruption and bribery

The NLB Group already emphasised the awareness of the significance of fight against corruption and bribery in the Code of Conduct of the NLB Group, which prescribes that the NLB Group has zero tolerance to such misconduct. All forms of bribery and corruption must be rejected in NLB d.d. and the NLB Group. These forms of action are unfair, illegal and damage the countries in which the corruptive practices take place, and the society in general. We are bound to do so by the Code of Conduct of the NLB Group published on NLB d.d. website. NLB d.d. and the NLB Group expect the same from our clients, business partners and third parties. Therefore, all employees of the NLB Group are subject to limitations in giving and accepting

gifts, offering hospitality and otherwise influencing the conduct of the employees of the NLB Group. Specific measures for managing the risks associated therewith are also prescribed. They are laid down in the Policy on Conflict of Interest Management and Corruption Prevention of NLB d.d. and the NLB Group.

In accordance with the Corporate Governance Policy of the NLB Group, the Standards for Compliance and Integrity also define obligations of the NLB Group members to adopt all internal acts of NLB d.d. on the prevention of corruption and conflicts of interest, and to comply with their obligations.

In 2018, the NLB Group members implemented the new Policy on Conflict of Interest Management and Corruption Prevention of NLB d.d. and the NLB Group, which, due to clearer rules, additional awareness raising, established control mechanisms and training in this field, represents a significant improvement in the implementation of respective activities.

Due to its regional presence, the NLB Group is exposed to the risks of corruption in South-Eastern Europe. In the scope of the SOTIS/ECRA process (General assessment of integrity and compliance risks/Enterprise Compliance and integrity Risk Assessment), which the NLB Group carries out annually, the assessment of the corruption risk at the level of NLB d.d., at the level of the core NLB Group members and at the level of the whole NLB Group is also carried out. A special questionnaire is used for that purpose (model World Economic Forum: Good Practice Guidelines on Conducting Third-Party Due Diligence, Partnering Against Corruption Initiative - PACI).

Based on the SOTIS/ECRA assessments made, in 2018 the NLB Group did not detect any significant new risk in the area of fight against corruption and bribery.

Nevertheless, in the scope of their regular tasks, the compliance functions performed activities aimed at raising awareness and improving the risk culture also in relation to this area. Moreover, the approach to the management of such risks in daily operations was also enhanced, for instance by implementing the assessment of such risks in relations with suppliers.

In the scope of fight against corruption and bribery, the NLB Group performs several activities to manage the related risks.

In 2018, regular annual training was organised for all employees and management in NLB d.d. and the NLB Group members in the field of corruption and conflicts of interest. Specific targeted training was also organised for target employee groups (sales network, managers, new employees) in the field of harmful practices, channels available for reporting suspected misconduct, corruption, conflicts of interests and breaches of the Code of Conduct of the NLB Group. The risk arising from conflicts of interest and corruption is assessed for outsourced providers and suppliers and other contractual partners of NLB d.d. and the NLB Group. The necessary procedures and mechanisms for treating suspected misconduct and adopting corrective measures in the case of suspected misconduct have been established. For appropriate identification of such events, various channels are used for reporting suspected misconduct, published on the Intranet (NLB Net), in internal documents (including the Code of Conduct of the NLB Group), and the internally and publicly accessible Whistler application for reporting suspected misconduct (also enabling anonymous reporting). NLB d.d. and the NLB Group have implemented the planned measures to protect the informants (internal and external), and defined who adopts them and in what way, and how the protection of informants is ensured.

Client complaint management system

In accordance with the laws governing the provision of banking and financial services, NLB d.d. has in place a system of internal two-stage complaint procedure and a selected provider of out-of-court resolution of consumer disputes. The NLB provides clients with information on internal complaint procedure and out-of-court settlement of consumer disputes (IRPS) which includes explanations on the method of handling client complaints.

The employees in the NLB respect the client's experience with individual events arising from contractual relationships and the performance of our services, and we consider claims as opportunities for improvement. The client's opinion/complaint is taken into account in NLB d.d. and recorded regardless of whether it is positive or negative. The objectives pursued by NLB d.d. in handling client complaints are to quickly, efficiently and professionally resolve complaints at all stages of complaint handling, to resolve similar claims of clients in a uniform manner, to record complaints in a way that allows for substantive analysis in order to improve products, processes or other client experience (transparency, quality of handling, relationship, etc.) and to develop proposals for improvements in order to prevent the occurrence of a number of similar errors and the consequences of the client's negative experience.

Complaint management system in the NLB Group

The NLB Group follows the same complaint management objectives as those applicable to NLB d.d. To this end, the Minimum Standards for BL Sales in the

NLB Group also include the minimum standards for complaint management in the banking members of the NLB Group, namely:

- Written instructions for complaint management
- Two-level complaint management (centralised unit in charge of the substantive custody of the handling of complaints in the Bank and acting as content administrator for complaint management as the second-level complaint handling body).
- Recording of complaints and preparation of the annual report on client complaints.

All members of the NLB Group have implemented the minimum standards.

Practice has shown that **the clients of the banking members of the NLB Group also addressed some complaints to NLB d.d., Ljubljana**. A clear process of handling such complains has therefore been set up. The client is informed that NLB d.d. cannot handle such complaint because it is related to the relationship between the client and the banking member of the NLB Group which is an independent legal entity. They are also informed that their complaint would be redirected to the banking member that would respond to the complaint. The complaint is then forwarded to the relevant banking member of the NLB Group which is also asked to keep us informed of the resolution of the complaint so that we can monitor the method of handling such complaints also in practice.

Promoting freedom of expression on Internet and elsewhere

Freedom of expression is one of the fundamental human rights that NLB d.d. strongly encourages – both among the employees and in relations with our clients and other stakeholders, both on digital platforms and in personal communication.

Intranet NLB d.d. (NLB Net) thus enables publication of information and news about the developments concerning the Bank and in the Bank, commenting, asking questions, liking and giving ideas and making proposals, to which a special web page, “City of Ideas” (Mesto idej), is dedicated. Each organisational unit has its own Intranet web page, on which the employees actively cooperate in the designing of the contents and respond to them. Two way communication is strictly encouraged, and it is taken care that questions are responded by relevant answers. There is also a special web page for the Trade Union and the Workers’ Council, which actively organise the web page and participate in the communication by making comments. In 2018 we continued with live stream addresses by the president of the Management Board, a form of open communication named the Open House of President of the Management Board. It is a live stream, during which the President of the Management Board briefly summarises the current events in the Bank, and then answers questions that are posted by employees either through NLB Net or through the e-mail address created specifically for this purpose.

NLB d.d. encourages clients to send their opinion on their experience with the Bank, which they can do through several channels: by e-mail, via the website and social networks (Facebook, Instagram), as well as directly by a call or video call to the NLB Contact Centre, and in area branches and branch offices.

Results of policies and internal or external rules, instructions or regulations (findings reached by the Bank on the basis of monitoring the implementation)

We find that the number of comments under the publications on the NLB Net is increasing, as well as the cooperation of employees in different prize games and surveys, in which they are asked about their opinions, proposals on the banking services, events and other issues in the Bank.

Main risks in relation to the above stated issues related to activities of the company, including its business relations, products or services, when this is appropriate and proportionate, which might cause serious detrimental effects, and the methods employed by the company to manage these risks

There is a risk of internal information leakage, but it is actively managed. In the case of price-sensitive information, there are strict instructions (Rules on the Supervision over the Implementation of Personal Transactions in the Provision of Investment Services and Transactions in NLB d.d.), which are in compliance with the regulations and best practice in this area. The employees are also constantly reminded of the importance of handling internal information with caution by being provided regular news and obligatory training.

Key non-financial performance indicators relevant to individual activities

The employees are satisfied with the possibility of expressing their views and comments, since open communication contributes to a better atmosphere, trust and openness.

Promoting freedom of expression in the NLB Group

In 2017 all members of the NLB Group established their intranets following the example of NLB d.d. Thus, comments and questions can be expressed in all members of the NLB Group. In addition, a common platform of the NLB Group – NLB Group Net was established in 2017, featuring the most topical news from all markets where the NLB Group operates. Freedom of comment and thus freedom of expression is provided on this platform as well.

The NLB Group members also encourage their clients to give their opinion on their experience with the Bank through channels and in the way as described above.

NLB d.d.,
Ljubljana, 2. 4. 2020

NLB Supervisory Board



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Chairman of the
Supervisory Board

NLB Management Board



Andreas Burkhardt
Member of the
Management Board



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Ljubljana, April 2020

NLB WHEEL

YOUTH SPORT
FAMILY FRIENDLY ENTERPRISE

EDUCATION
ENTREPRENEURSHIP

CHARITY

SPONSORSHIP

DONATIONS TO MATERNITY HOSPITALS

FAMILY DAY

MENTORSHIP

CARE FOR EMPLOYEES

CHARITY

HEALTHY BANK

SAFETY

STABILITY

ETHICS

NLB ORGANIC

ART

SOCIAL RESPONSIBILITY

FINANCIAL LITERACY

ETHICS

YOUTH SPORT

SPORT

TOP EMPLOYER
CARE FOR EMPLOYEES
CULTURAL HERITAGE

QUALITY OF LIFE

NLB INNOVATIVE ENTREPRENEURSHIP CENTRE

KNOWLEDGE

ENVIRONMENT

HEALTH

HEALTHY BANK

CSR

TOP EMPLOYER

NLB WHEEL
YOUTH SPORT

SAFETY

FLEXIBILITY

BUSINESS FORUM

EDUCATION

MENTORSHIP

TOP EMPLOYER

ACCESSIBILITY

ART

SPORT

CULTURE

FAMILY FRIENDLY ENTERPRISE

SOCIAL RESPONSIBILITY

ENVIRONMENTAL PROTECTION

HEALTH NLB ORGANIC

THEATRE INTERPRETER

FAMILY FRIENDLY ENTERPRISE

SPONSORSHIP
VLAGANJE V RAZVOJ
FINANCIAL ADVICE

SAFETY
CHARITY

SPORT

EDUCATION

CSR

SPONSORSHIP

SPORTS GAMES

LOCAL COMMUNITY

FAMILY DAY

DONATIONS

SPORT

THEATRE INTERPRETER

CARE FOR EMPLOYEES

ART

ENVIRONMENT

EXHIBITIONS

CULTURE

CSR

CULTURE

PROFESSIONAL

EXCELLENCE

CARE FOR EMPLOYEES

FAMILY FRIENDLY ENTERPRISE