

# NLB Group Presentation

FY 2022 Audited Results



**NLB Group**

# Disclaimer

This presentation has been prepared by Nova Ljubljanska banka d.d., Ljubljana (the "Company"). This presentation has been prepared solely for the purpose of informative presentation of the business conduct of the Company. This presentation has not been approved by any regulatory authority and does not constitute or form part of any offer to sell or issue or invitation to purchase, or any solicitation of any offer to purchase, any securities of the Company, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

This presentation should not be considered as a recommendation that any recipient of this presentation should purchase or sell any of the Companies financial instruments or groups of financial instruments or assets. This presentation does not include all necessary information, which should be considered by the recipient of this presentation when making a decision on purchasing any of the the Companies financial instruments or assets. Each recipient of this presentation contemplating purchasing any of the Companies financial instruments or assets should make its own independent investigation of the financial condition and affairs, and its own appraisal of the Companies creditworthiness. Any corporate body or natural person interested in investing into Companies financial instruments or assets should consult well-qualified professional financial experts and thus obtain additional information. The information and opinions contained in this presentation are provided as at the date of the presentation and are subject to change. No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this presentation, or on its completeness, accuracy or fairness.

The presentation has not been independently verified and no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of their respective parent or subsidiary undertakings or associated companies, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, as to, and no reliance should be placed for any purpose whatsoever on the truth, fullness, accuracy, completeness or fairness of the information or opinions contained in this presentation or any other information relating to the Company, its subsidiary undertakings or, associated companies or affiliates, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available and no responsibility or liability whatsoever is assumed by any such persons for any such information or opinions or for any errors or omissions or for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. The information in this presentation is subject to correction, completion and change without notice..

This presentation does not purport to contain all information that may be required to evaluate the Company. In giving this presentation, none of the Company or any of their respective parent or subsidiary undertakings or associated companies, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, or any other party undertakes or is under any obligation to amend, correct or update this presentation or to provide the recipient with access to any additional information that may arise in connection with it. None of the foregoing persons accepts any responsibility whatsoever for the contents of this presentation, and no representation or warranty, express or implied, is made by any such person in relation to the contents of this presentation. To the fullest extent permissible by law, such persons disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of this presentation. Recipients should not construe the contents of this presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters.

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. Third industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company have not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company reasonably believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of the Company. The manner of distributing this presentation may be restricted by law or regulation in certain countries, including (but not limited to) the United States, Canada, Australia or Japan. Persons into whose possession this presentation may come are required to inform themselves about and to observe such restrictions. By accepting this presentation, a recipient hereof agrees to be bound by the foregoing limitations.

NLB is regulated by The Bank of Slovenia i.e. "Banka Slovenije, Slovenska 35, 1505 Ljubljana, Slovenia" and by The Securities Market Agency i.e. "Agencija za trg vrednostnih papirjev, Poljanski nasip 6, 1000 Ljubljana, Slovenia.

**Creating value  
for shareholders**

**Leading  
banking and  
financial  
group in SEE**

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

**Universal  
banking  
model**

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

**Systemically  
important  
banking  
institution  
in SEE**

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

**Value in  
imperfection**

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

**Recruiting  
the best  
talents**

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

**Improving  
the quality of  
lives in SEE**

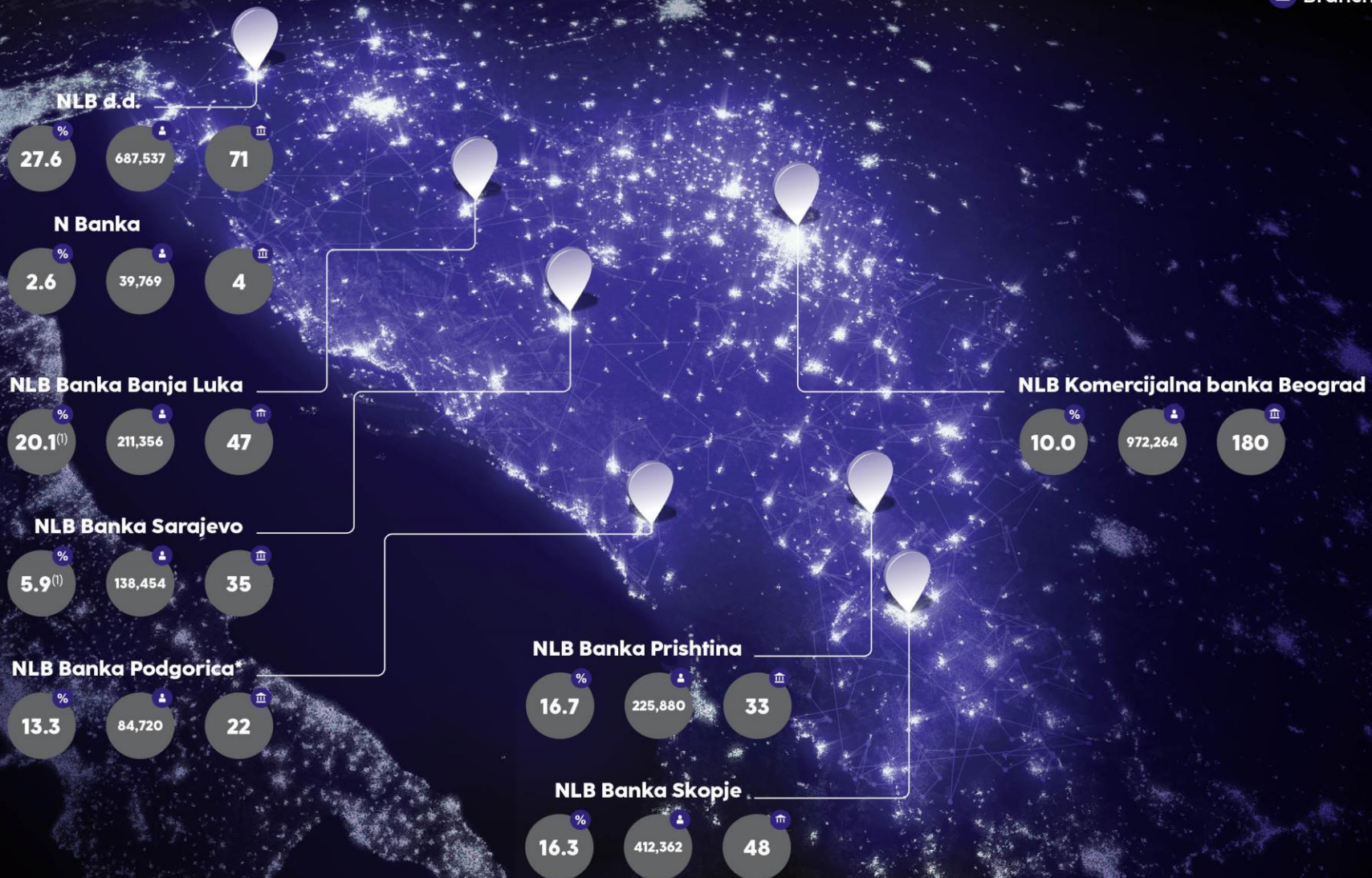
We understand the SEE region as we share common cultural and historical values and principles with its people. **For us, this region is not just a spot on the map – this is our home, and we want to see it thrive.**

# This is our home

% Market share by total assets

👤 Customers

🏠 Branch offices



Data on December 31, 2022.  
1 Data on September 30, 2022.  
Source: Q3 2022 Interim report

# Executive Summary

Strong Q4 and 2022 performance supported by loan growth, higher rates and N banka acquisition

## Q4 2022 Highlights

- Result before impairments and provisions reached EUR 107.2 million, up 17% Q0
- Net interest income up 20% to reach EUR 151.8 million
- Increased provisioning level, partially offset by another successful quarter in NPL resolution in most member banks
- Strong capital position ensuring capital return and continued growth:
  - second tranche of dividend in the amount of EUR 50 million paid in December 2022 (EUR 100 million paid in 2022)
  - AT1 issuance in the amount of EUR 82 million in September
  - T2 issuance in the amount of EUR 225 million in November
- Integration process of N Banka progressing as planned

## Events After the End of the 2022

- In February Moody's upgraded NLB to A3 from Baa1
- NLB Group has limited exposure to Credit Suisse, which mainly derives from NLB's investment in Credit Suisse bonds in the notional amount of EUR 9 million. Exposure was reduced by EUR 4 million in March 2023 after accepting the offer from Credit Suisse to repurchase its own bonds due on 7 June 2023. The Group realized minimum loss in amount lower than EUR 0.1 million.

## FY 2022 Highlights

- Record result after tax of EUR 446.9 million (89% increase YoY)
- Strong inflow of deposits and impressive loan growth
- Total net operating income reached EUR 798.5 million with both interest and F&C income increased substantially
- Costs are growing as a function of acquisitions and broad business environment but remain contained
- Further NPL reduction with solid asset quality and CoR at 14 bps
- Proven M&A track record: completed integration of NLB Komercijalna banka, Beograd and acquisition of N Banka
- S&P credit rating upgrade and 1st ESG Rating: 17.7. (Low risk) (Sustainalytics)
- Group's region GDP is expected to grow on average 1.3% which is at rates above Eurozone average. Based on macro and business outlook we are improving our 2023 guidance and have an ambitious 2025 outlook.


# Macro Overview




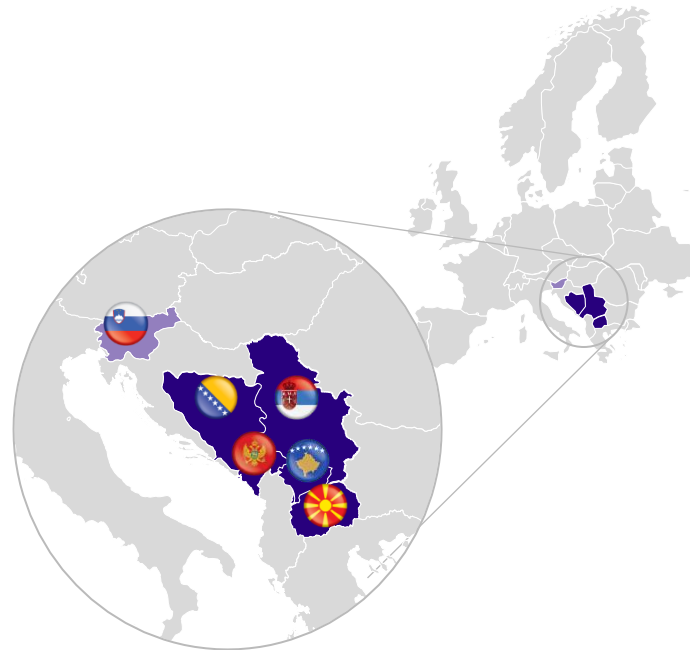
# NLB Group – Macro overview


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


Slovenia 	EUR
GDP (EURbn)	59.0
Population (m)	2.1
NBS loans as % of GDP <sup>(1)</sup>	46.9%
NBS deposits as % of GDP <sup>(1)</sup>	66.4%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A

Bosnia and Herzegovina <sup>(2)</sup> 	EUR <sup>(3)</sup>
GDP (EURbn)	23.2
Population (m)	3.5
NBS loans as % of GDP <sup>(1)</sup>	48.2%
NBS deposits as % of GDP <sup>(1)</sup>	63.5%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	5.8
Population (m)	0.6
NBS loans as % of GDP <sup>(1)</sup>	63.1%
NBS deposits as % of GDP <sup>(1)</sup>	88.0%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	60.4
Population (m)	6.8
NBS loans as % of GDP <sup>(1)</sup>	43.4%
NBS deposits as % of GDP <sup>(1)</sup>	50.8%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	8.9
Population (m)	1.8
NBS loans as % of GDP <sup>(1)</sup>	48.7%
NBS deposits as % of GDP <sup>(1)</sup>	61.7%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	12.4
Population (m)	2.1
NBS loans as % of GDP <sup>(1)</sup>	54.7%
NBS deposits as % of GDP <sup>(1)</sup>	62.8%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

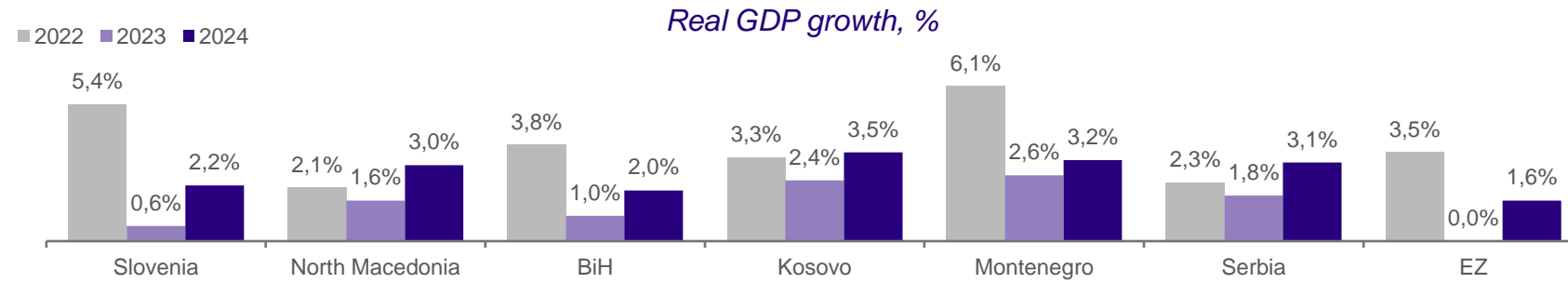


Source: Central banks, National Statistics Offices, FocusEconomics, NLB

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

# Regional economic growth has slowed but is expected to stay above the Eurozone

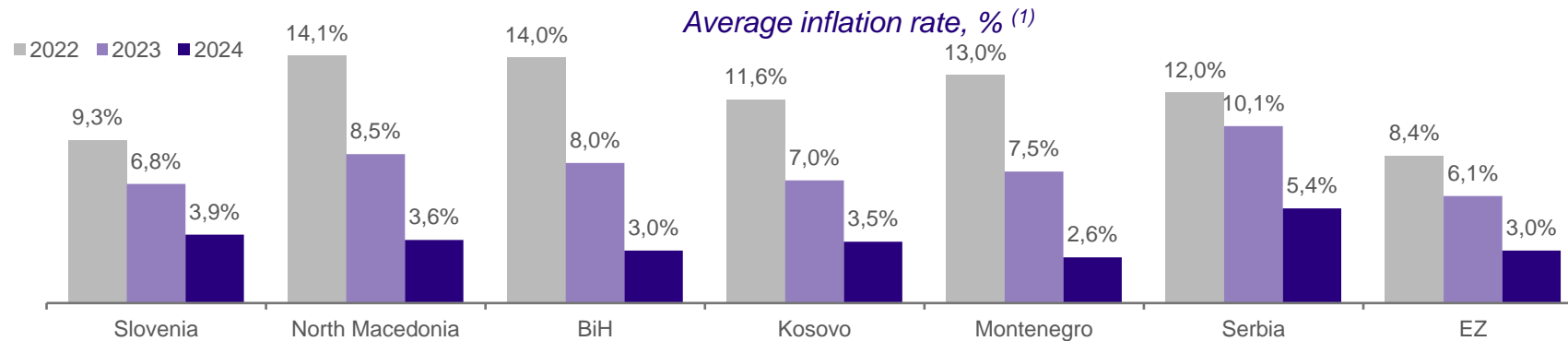
Group's region continued to grow, and is expected to grow at rates above Eurozone average, despite facing demanding macroeconomic environment...



The growth in H1 2022 was relatively robust while in H2 2022 growth rates cooled notably as economies faced more demanding conditions. **Private consumption** was the **main driver of growth** although **double-digit inflation** turned out as a significant factor that significantly **weighed on households' purchasing power** and consumption habits over the year.

Sources: FocusEconomics, Statistical offices, estimation for BiH and Kosovo for 2022, NLB Forecasts for 2023 and 2024.

...as high inflation, which is expected to ease in 2023, weighed on disposable incomes.



Inflation was predominantly driven by surging energy and food prices, thereby the Group's region was hit stronger due to relatively higher share of food and energy in disposable income.

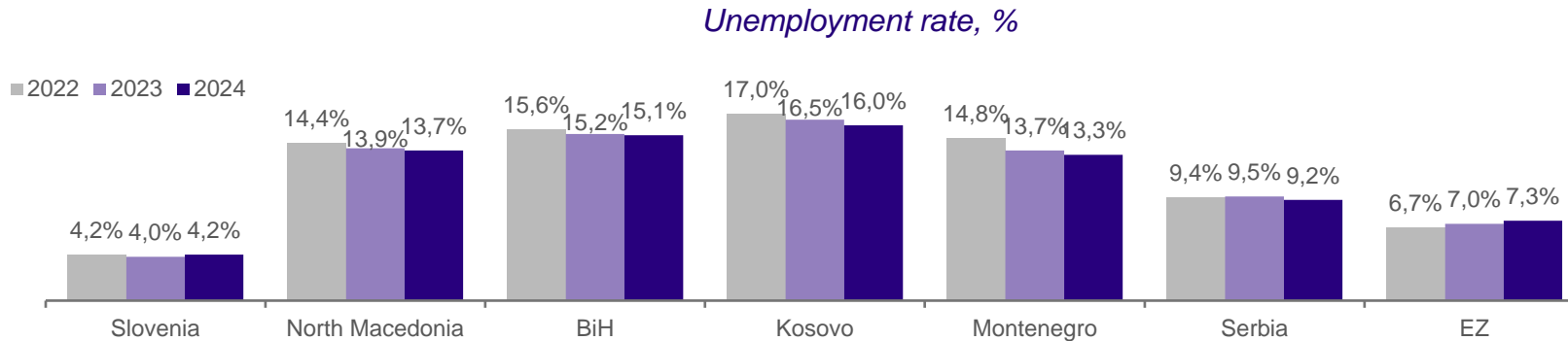
Sources: FocusEconomics, NLB Forecasts for 2023 and 2024

Note: (1) HICP for Slovenia, Kosovo and Eurozone, other CPI



# Regional economic growth has slowed but is expected to stay above the Eurozone

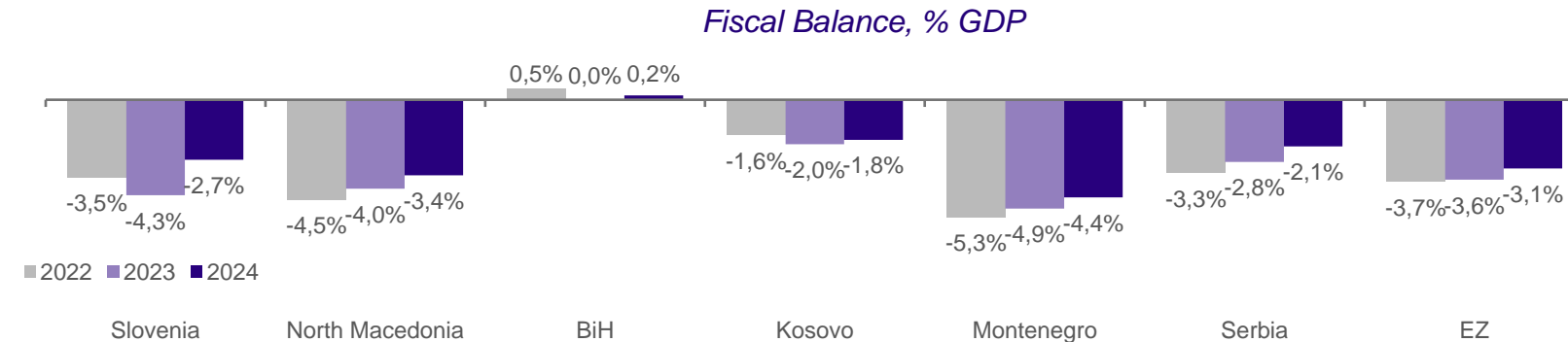
## Labour market is expected to continue with recovery after the pandemic-induced crisis...



By mid-2022, **employment rate increased** in all of the countries of the **Group's region** and some of them reached historical highs of employment levels. Nevertheless, in H2 2022 the labour market has started to cool, with employment slowing amid the high inflation and increased uncertainty.

Sources: FocusEconomics, estimation for Serbia, N. Macedonia, BiH, Kosovo and Montenegro for 2022, NLB Forecasts for 2023 and 2024.

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



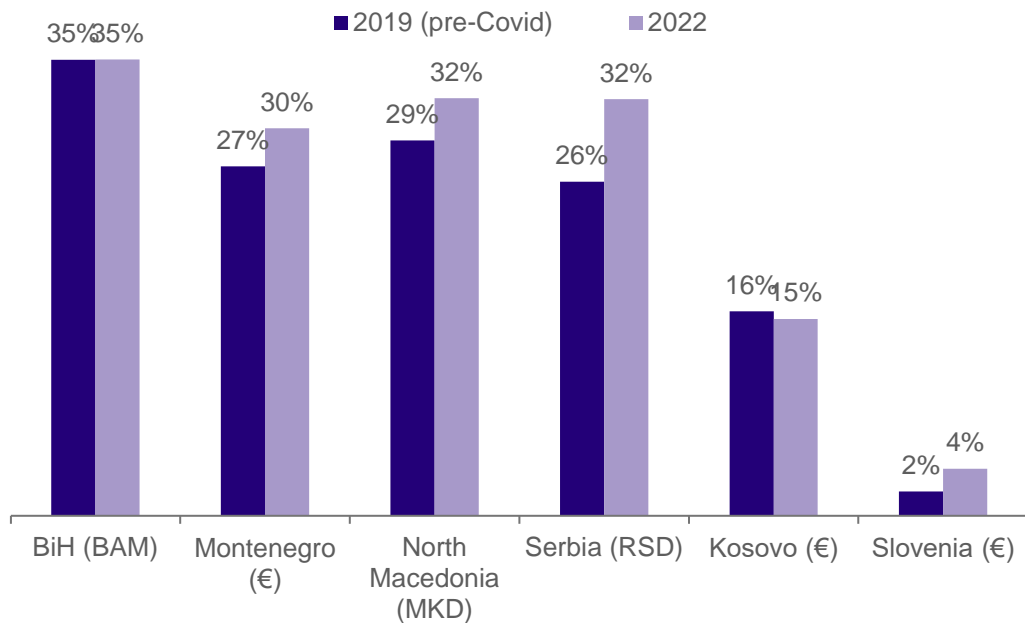
**Fiscal support measures** aimed at alleviating the impact of the increase in energy prices generated notable **fiscal costs**. **Public debt** levels are **below the Eurozone** across countries of the Group's region although pandemic- and cost-of-living crisis-related increases in debt-levels combined with tightening global financial conditions have reduced fiscal space and increased debt vulnerabilities.

Sources: FocusEconomics, estimation for EZ, Slovenia, Kosovo and Montenegro for 2022.

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

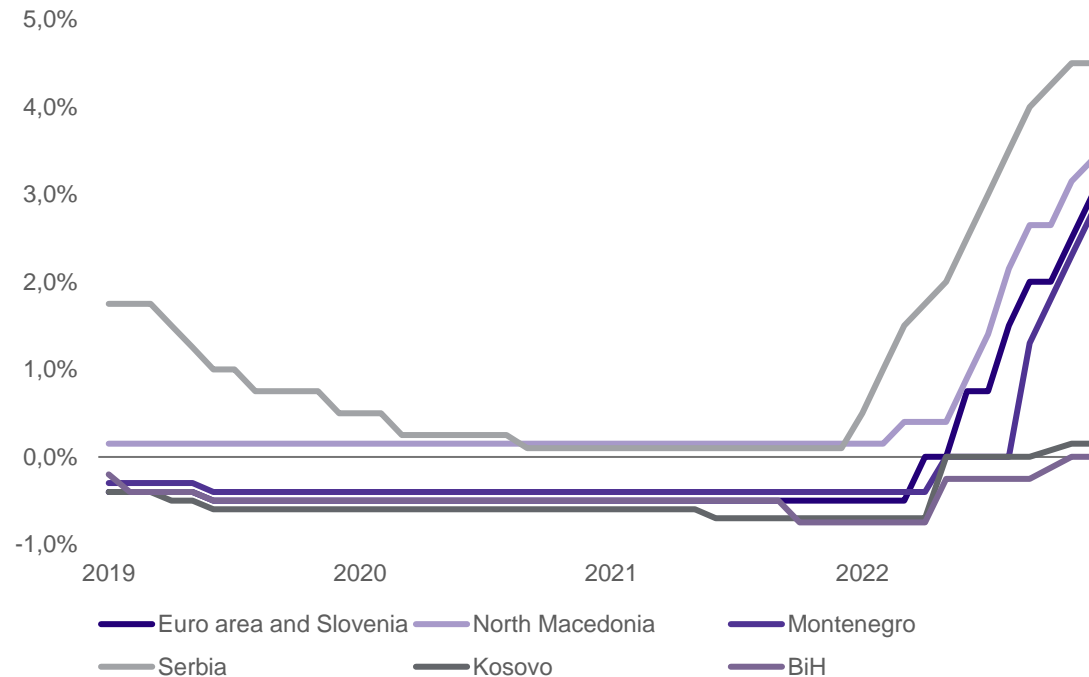
## International reserves as % of GDP

International reserves, 2019 and 2022, % GDP



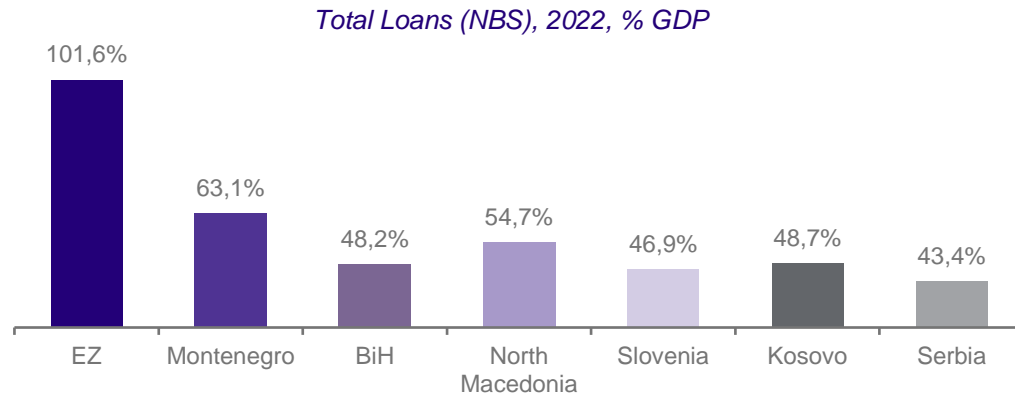
## Central Bank interest rates evolution

Deposit facility rate, 2019 (pre-Covid) – March 2023, %

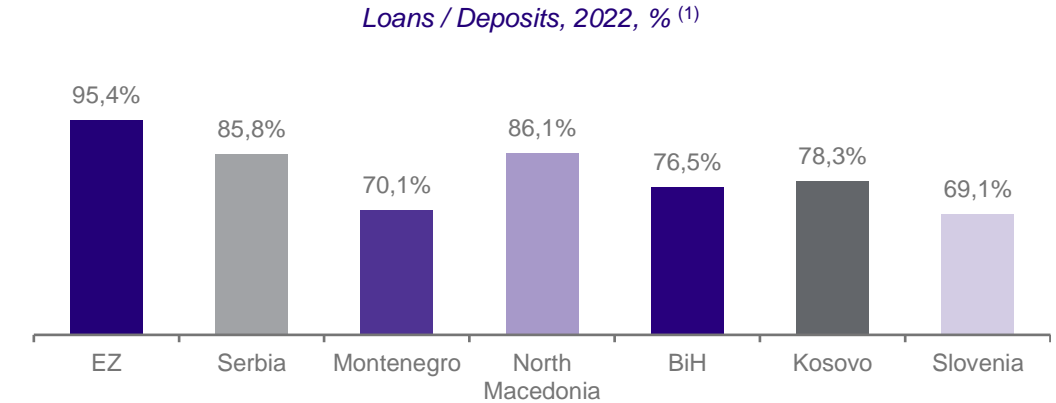


# Markets in which NLB operates have further growth potential

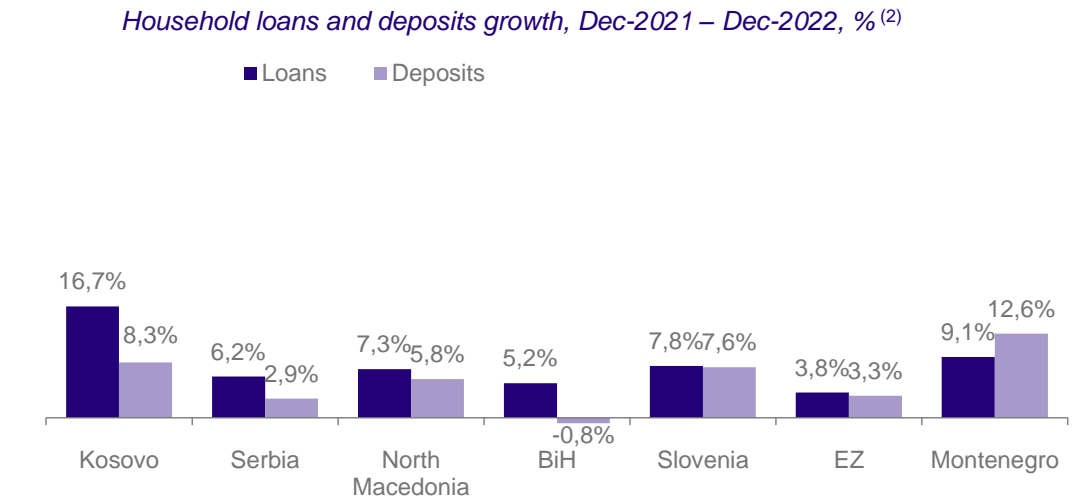
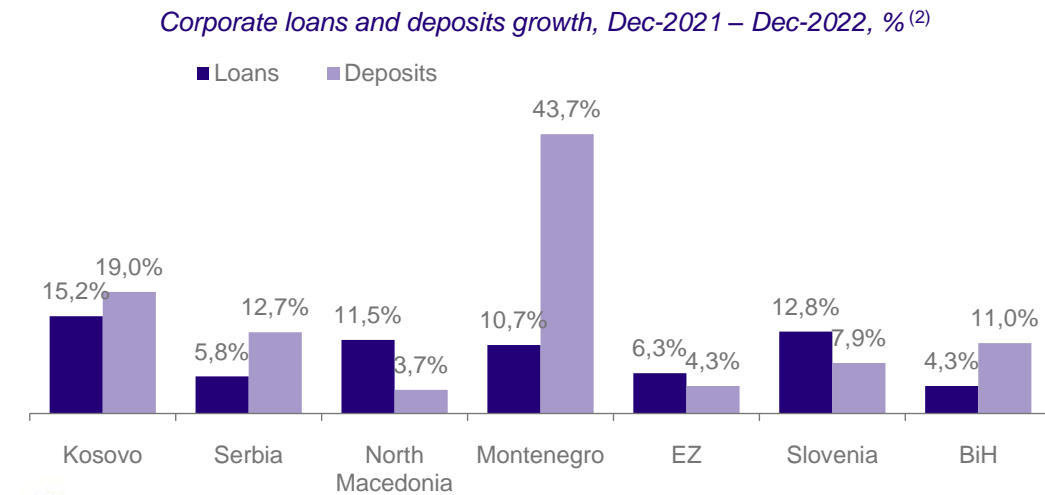
## Low overall sector leverage...



## ...with liquid banking sectors...



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



Source: National Central Banks, ECB

Note: NBS – Non Banking Sector; (1) Q3 2022 data for EZ, Slovenia and BiH, and November 2022 data for Serbia; (2) YoY data, residential loans and deposits data for Montenegro

# Key Developments

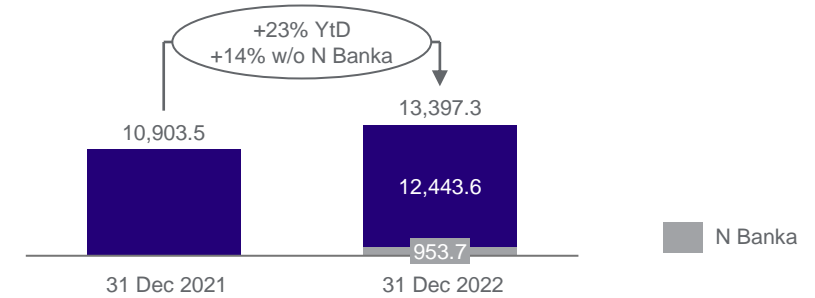


# Key performance indicators of NLB Group

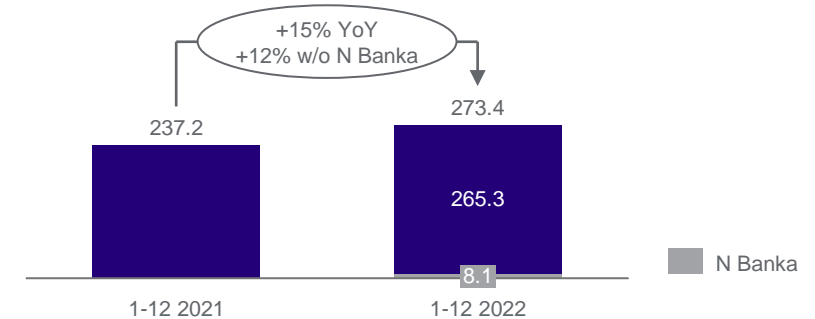
## Strong recurring performance

	in EUR millions / % / bps						
	1-12 2022	1-12 2021	Change YoY	Q4 2022	Q3 2022	Q4 2021	Change QoQ
<b>Key Income Statement Data</b>							
Net operating income	798.5	666.9	20%	234.9	205.6	167.0	14%
Net interest income	504.9	409.4	23%	151.8	126.7	107.0	20%
Net non-interest income	293.6	257.6	14%	83.0	78.9	60.0	5%
o/w Net fee and commission income	273.4	237.2	15%	69.2	70.5	64.6	-2%
Total costs	-460.3	-415.4	-11%	-127.7	-113.9	-118.2	-12%
Result before impairments and provisions	338.3	251.5	34%	107.2	91.7	48.8	17%
Impairments and provisions	-28.9	8.8	-	-31.2	10.0	-16.5	-
Impairments and provisions for credit risk	-17.5	35.8	-	-25.0	9.8	1.8	-
Other impairments and provisions	-11.4	-27.1	58%	-6.3	0.2	-18.3	-
Negative goodwill	172.9	0.0	-	0.1	0.0	0.0	-
Result after tax	446.9	236.4	89%	69.1	90.8	30.9	-24%
<b>Key Financial Indicators</b>							
ROE a.t.	19.9%	11.4%	8.5 p.p.				
ROE a.t. w/o NGW	12.2%	11.4%	0.8 p.p.				
ROA a.t.	1.9%	1.1%	0.8 p.p.				
ROA a.t. w/o NGW	1.2%	1.1%	0.0 p.p.				
Net interest margin (on interest bearing assets)	2.30%	2.07%	0.23 p.p.				
Operational business margin <sup>(i)</sup>	3.57%	3.28%	0.29 p.p.				
Cost to income ratio (CIR)	57.6%	62.3%	-4.6 p.p.				
Cost of risk net (bps) <sup>(ii, iv)</sup>	14	-41	55				
	<b>31 Dec 2022</b>	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>	<b>Change YtD</b>	<b>Change QoQ</b>		
<b>Key Financial Position Statement Data</b>							
Total assets	24,160.2	23,497.8	21,577.5	2%	3%		
Gross loans to customers	13,397.3	13,244.0	10,903.5	23%	1%		
Net loans to customers	13,073.0	12,925.3	10,587.1	23%	1%		
Deposits from customers	20,027.7	19,573.1	17,640.8	14%	2%		
Equity (w without non-controlling interests)	2,365.6	2,339.8	2,078.7	14%	1%		
<b>Other Key Financial Indicators</b>							
LTD <sup>(iii)</sup>	65.3%	66.0%	60.0%	5.3 p.p.	-0.8 p.p.		
Total capital ratio	19.2%	16.6%	17.8%	1.4 p.p.	2.6 p.p.		
Total risk exposure amount (RWA)	14,653.1	14,283.7	12,667.4	16%	3%		
<b>Employees</b>							
Number of employees	8,228	8,265	8,185	43	-37		

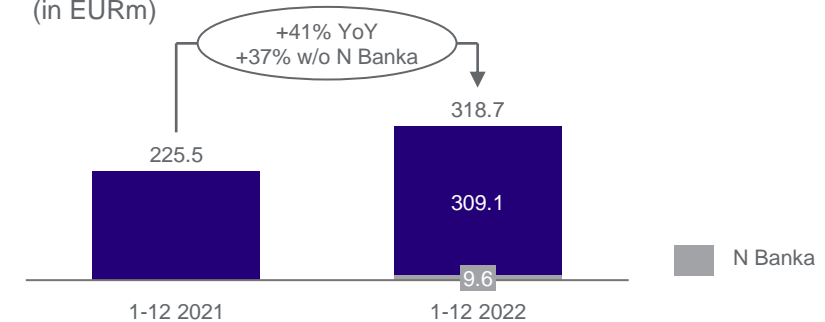
### Gross loans to customers (in EURm)



### Net fee and commission income (in EURm)



### Recurring result before impairments and provisions (in EURm)



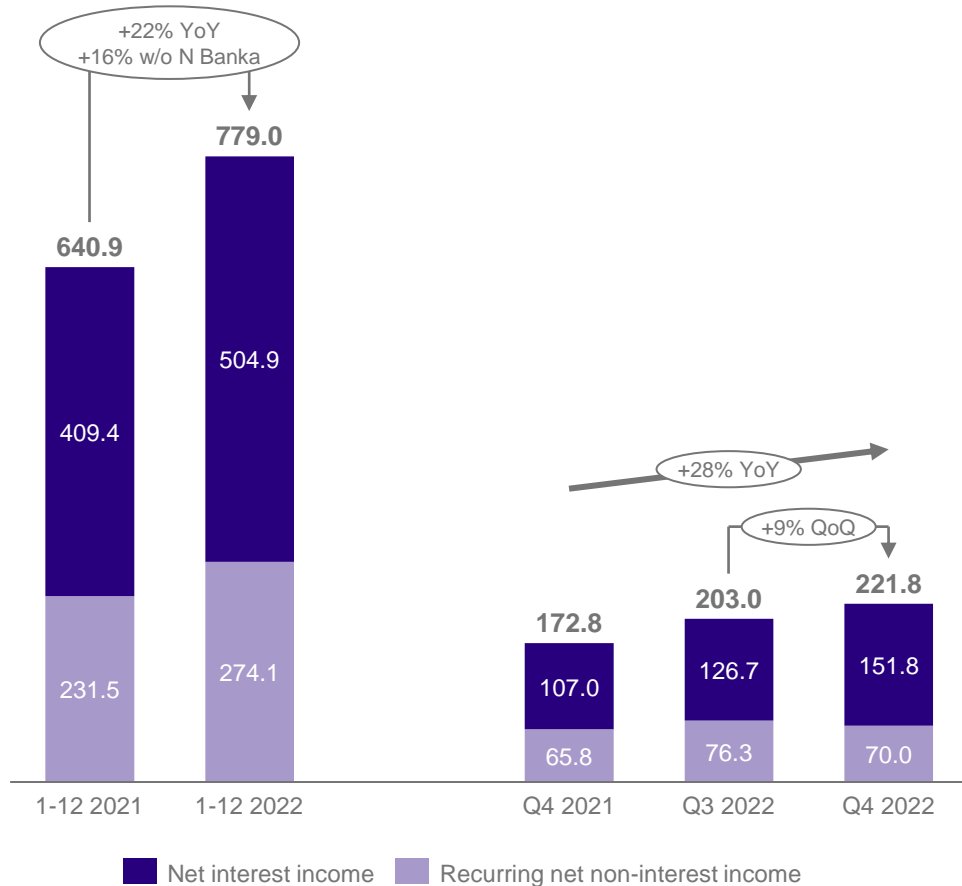
Notes: (i) Operational business margin = Operational business net income annualized / average assets. (ii) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers.

(iii) LTD = Net loans to customers / deposits from customers.

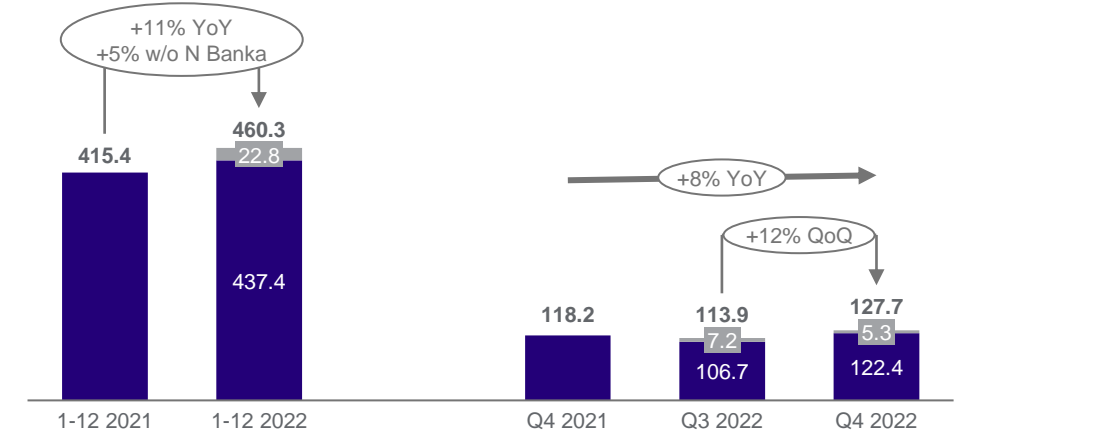
# Revenues and Cost Dynamics

Strong recurring income momentum, increasing costs and new provisions related to the overall economic situation

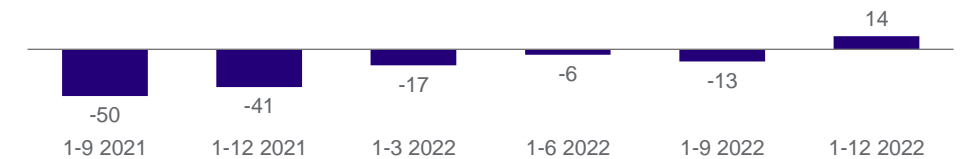
Recurring net operating income (in EUR million)



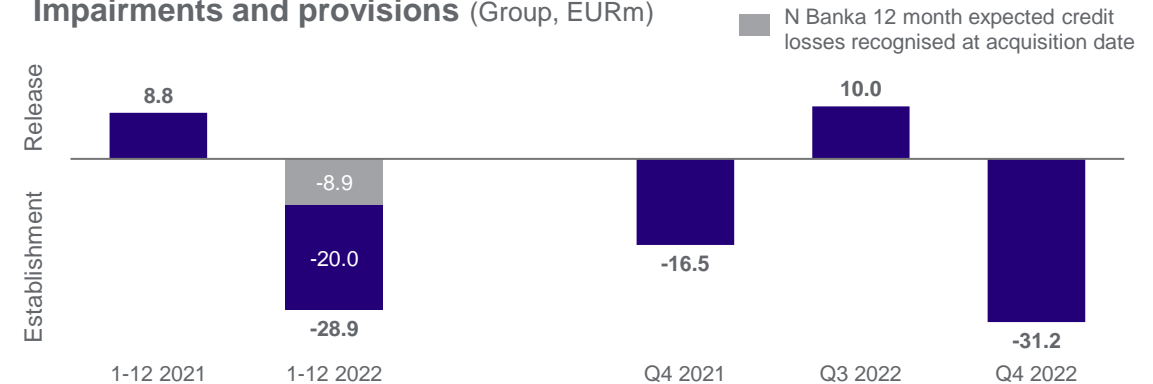
Costs (Group, EURm)



Cost of risk<sup>(i)</sup> (Group, bps)



Impairments and provisions (Group, EURm)

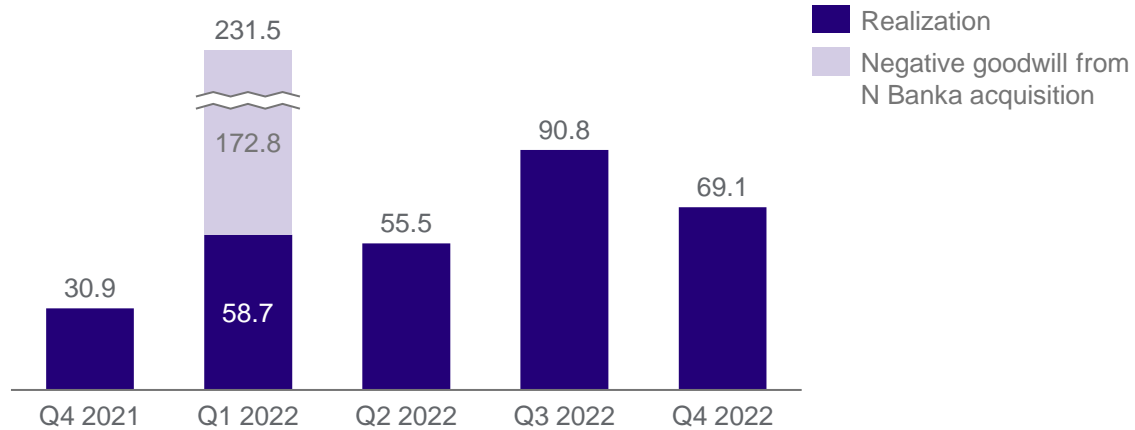


Note: (i) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers; for CoR 2022 calculation effects of EUR 8.9 million of 12-month expected credit losses recognised at acquisition date for performing portfolio for N Banka not annualized.

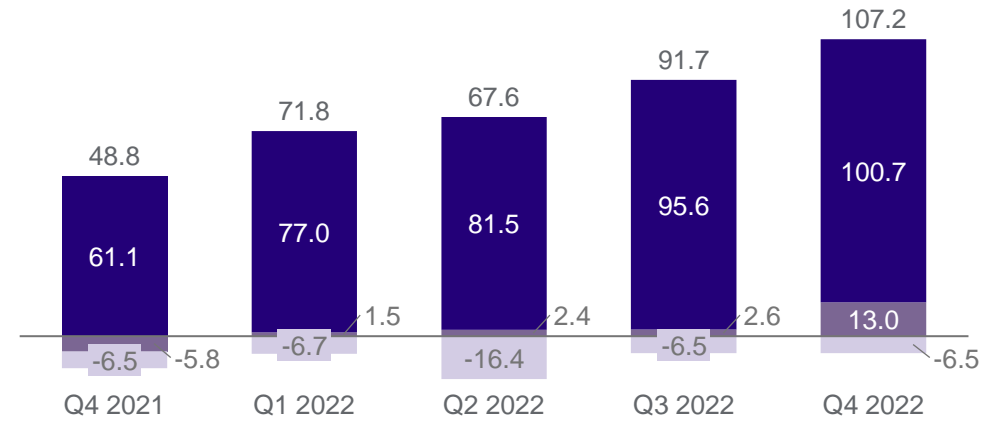
# Profitability

## Strong recurring profitability with increasing contribution from Serbian market

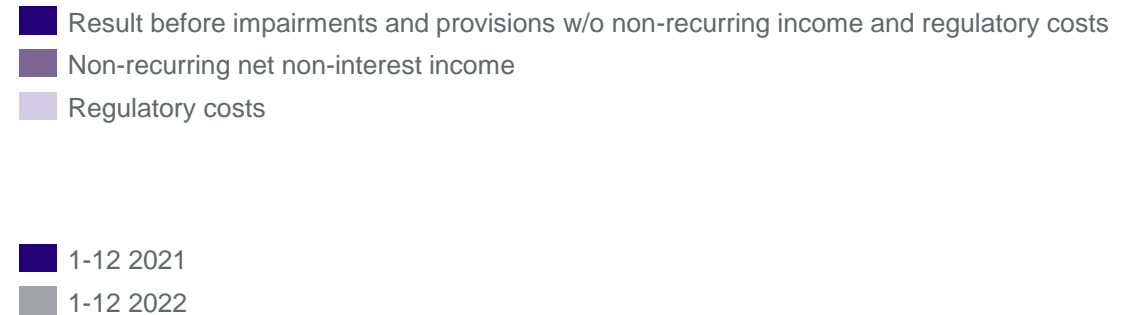
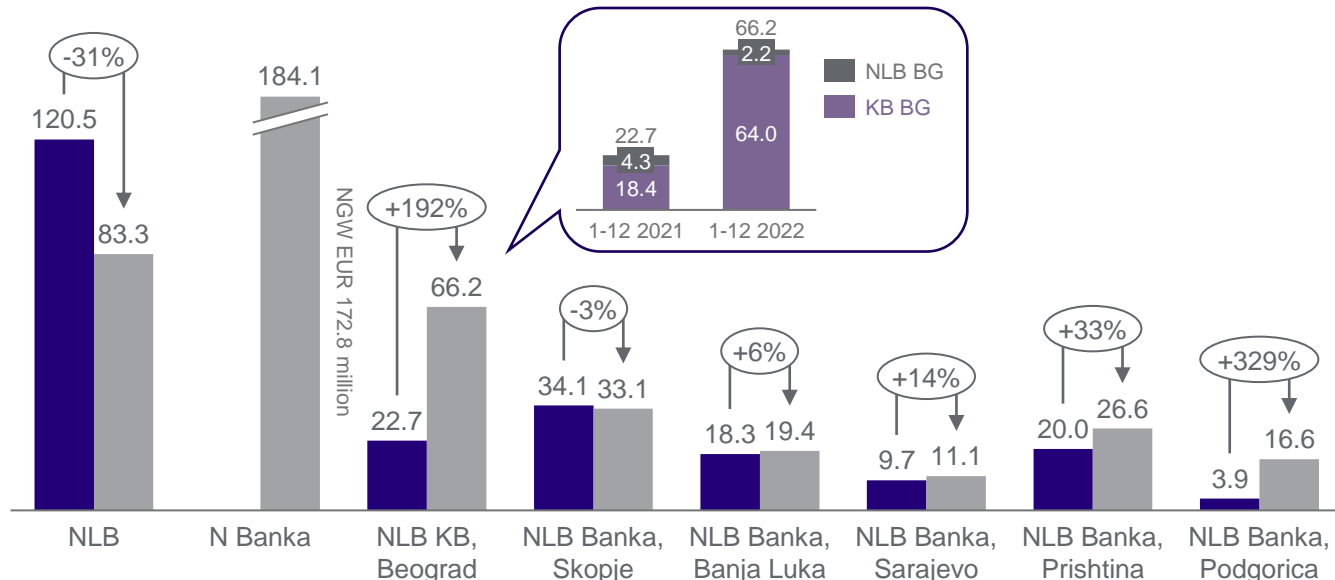
Profit a.t. – quarterly evolution (EUR million)



Result before impairments and provisions by quarters (in EUR million)

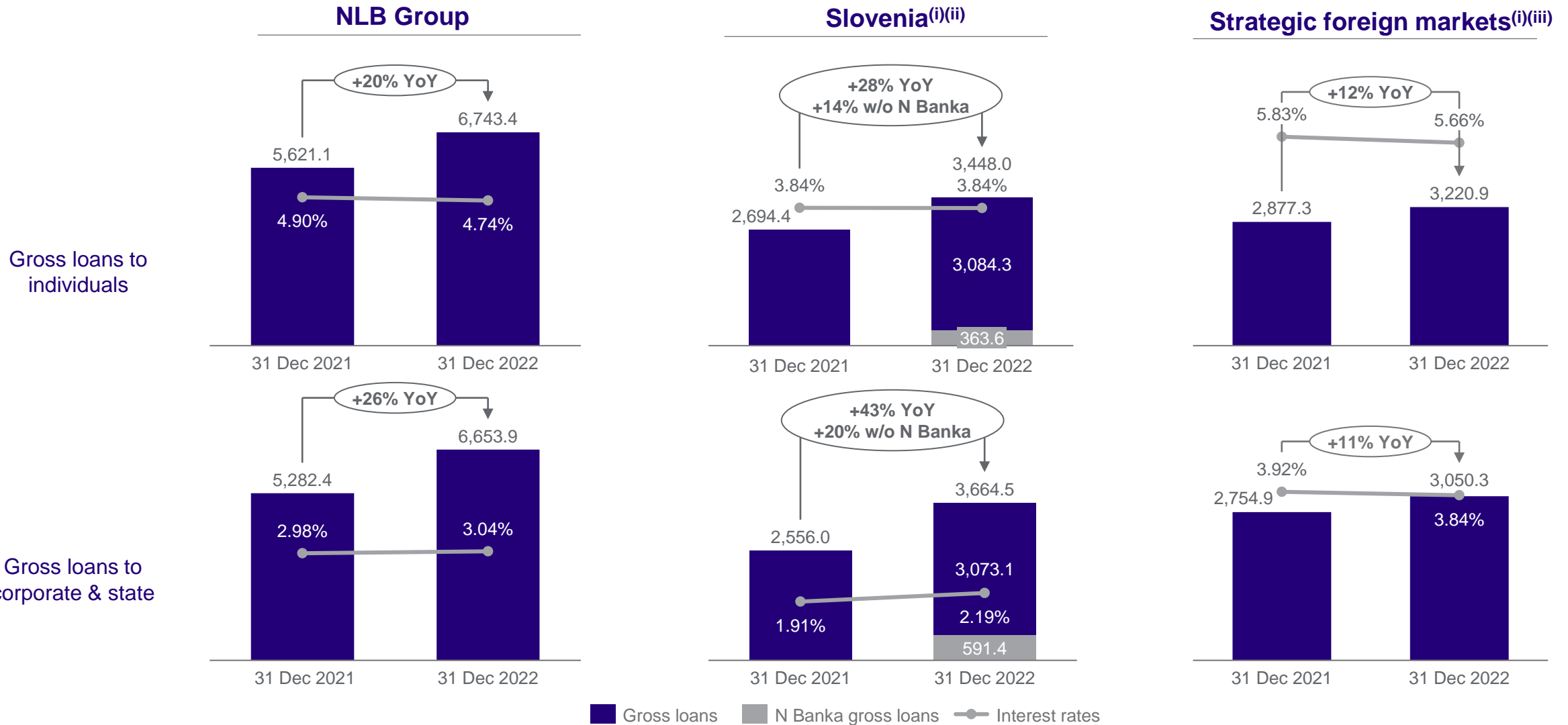


Profit a.t. by company – contribution (EUR million)



# Loan dynamics

Very strong loan growth across all markets and all segments



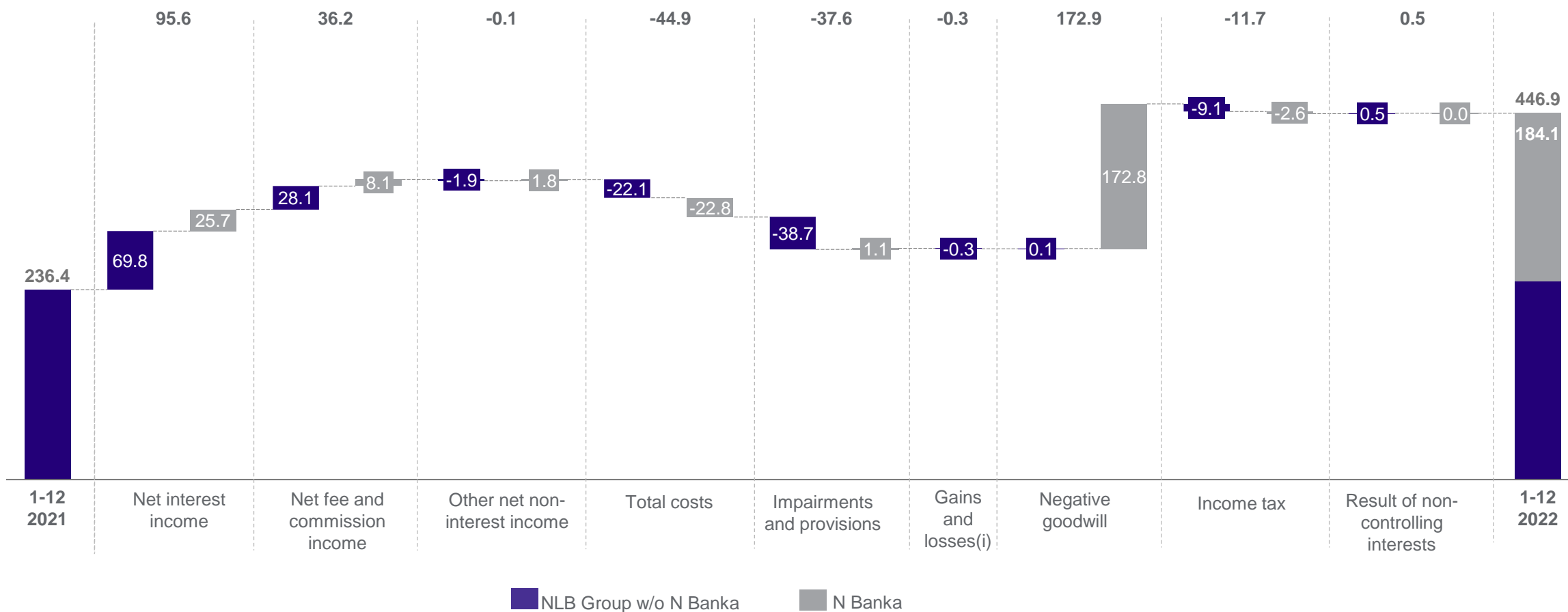
Note: (i) On stand alone basis; (ii) Includes NLB and N Banka; interest rates only for NLB; (iii) Includes only banks.



# Resilient Operating Income Performance

Result reflects strong underlying performance and contribution from N Banka

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

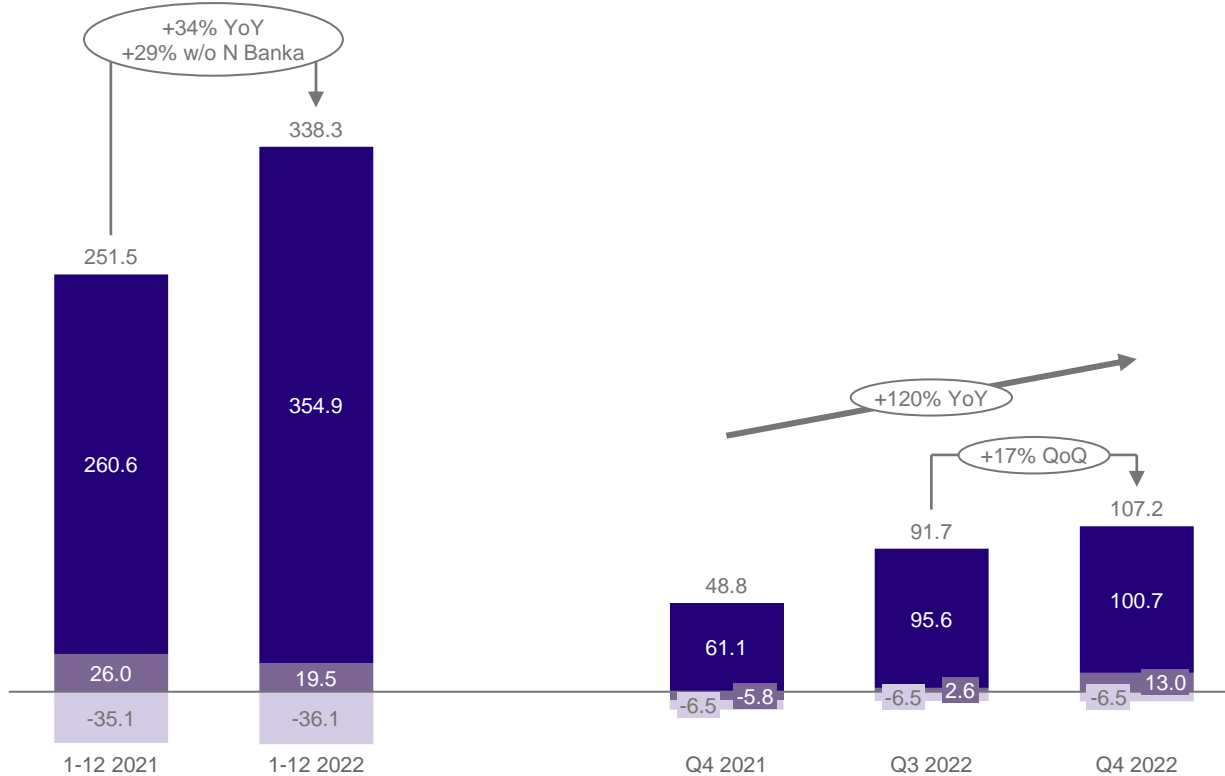


Strong performance of the NLB Group in year 2022 led to a **profit a.t. of EUR 446.9 million**, including one-off effects from the acquisition of N Banka. Noteworthy, in 2022 recurring profit before impairments and provisions grew 37% YoY excluding N Banka contribution.

# Income Statement

## Strong operational performance increasing resilience of the NLB Group

### Result before impairments and provisions (Group, EURm)



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

Result before impairments and provisions amounted to EUR 338.3 million, higher QoQ and YoY, even w/o N Banka contribution. Recurring pre-provision profit was also growing in QoQ and YoY. Main drivers of yearly dynamics in recurring pre-provision profit:

- net interest income increased across all markets due to loan growth and increasing interest rates: EUR 69.8 million YoY (excluding N Banka)
- net fee and commission income increased 12% YoY (excluding N Banka); increase in all markets, mostly in Slovenia due to higher fees from cards, payments, investment funds and bancassurance products

partly offset by:

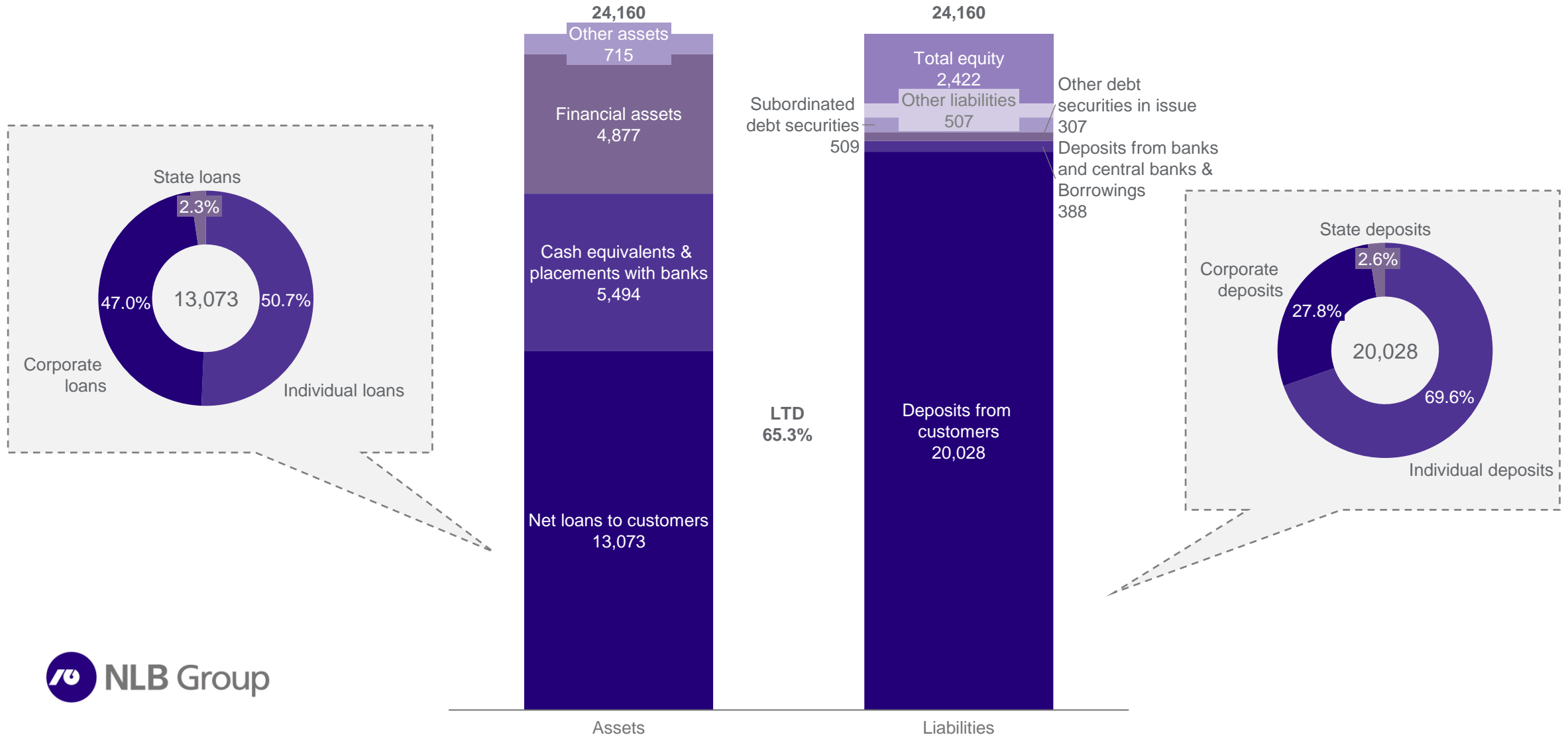
- increased employee costs and general and administrative expenses, mostly driven by inflation.

No major one-offs influencing net non-interest income were recorded in 2022, just various smaller, in the total amount of EUR 19.5 million, with majority occurred in Q4 (e.g. volatility of financial markets, exchange rate differences, valuation of real estates).

# NLB Group's Balance sheet structure

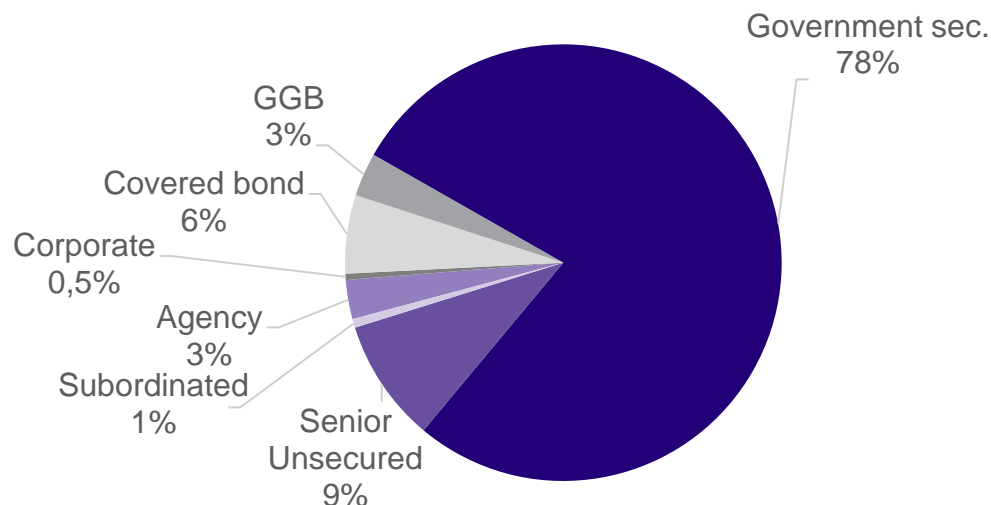
## Deposit (predominately from individuals) driven balance sheet

Balance sheet structure (31 Dec 2022, in EURm)

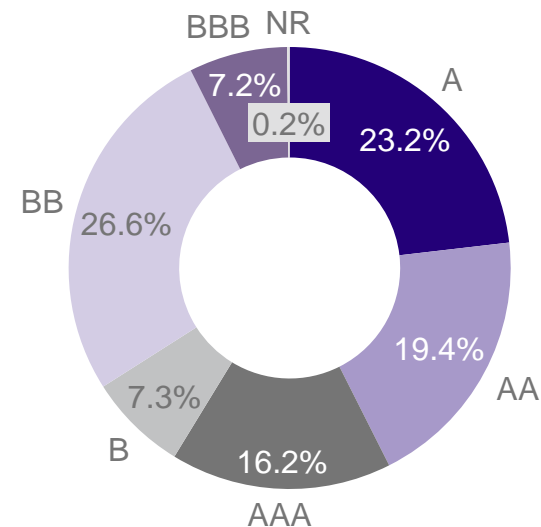


# Minimal risk from diversified securities portfolio with short duration, coupled with ample cash buffers and large percentage of covered customer deposits

BB securities by asset class (NLB Group 31 Dec 2022)



BB securities by rating (NLB Group, 31 Dec 2022)



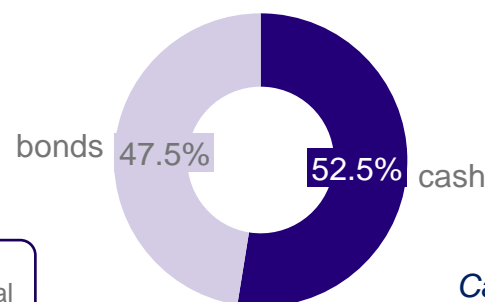
## BB portfolio

NLB Group, 31 December 2022 (EURm, years)

	Amount	Duration	Losses
FVOCI	2,839	2.02	(158)
AC	1,918	3.76	(168) <sup>(1)</sup>
Total		2.72	

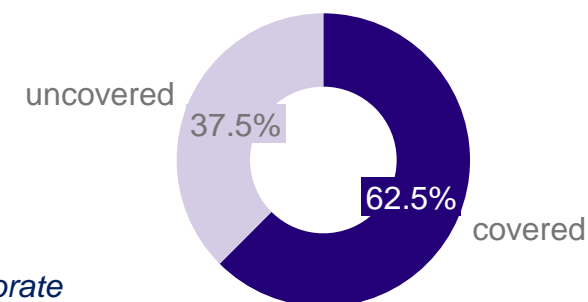
## Cash vs bonds

(NLB Group, 31 Dec 2022)



## Customer deposits

(NLB Group, 31 Dec 2022)



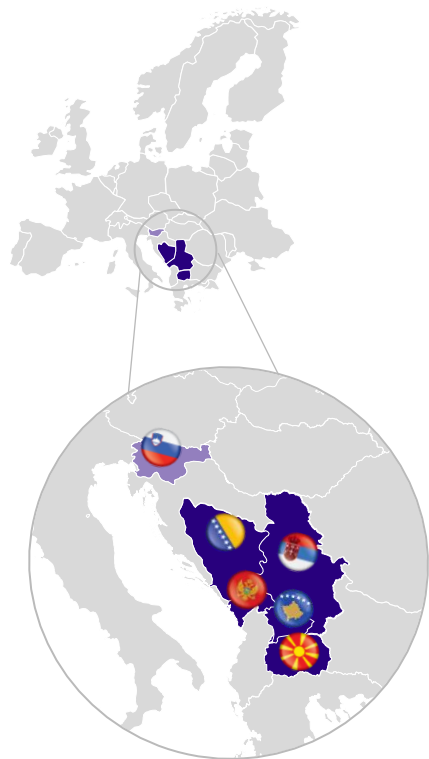
Cash vs corporate deposits ratio is 90.27%.










6% of regulatory capital

Note: (1) Financial instruments not measured at fair value in financial statements are not managed on a fair value basis. For respective instruments fair values are calculated for disclosure purposes only and do not impact NLB Group statement of financial position or income statement.

# Performance indicators across SEE countries



	Slovenia 		Serbia 	North Macedonia 	Bosnia and Herzegovina 		Kosovo 	Montenegro 	
	NLB, Ljubljana	N Banka, Ljubljana	NLB Komerčijalna Banka, Beograd <sup>(ii)</sup>	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	NLB Group Consolidated data
	Data on stand-alone basis								
Result after tax (EURm)	159.6	11.1	66.0	37.9	19.3	11.4	32.4	16.6	446.9
Total assets (EURm)	13,939	1,293	4,670	1,848	995	838	1,084	852	24,160
RoE a.t.	10.2%	-	9.6%	15.0%	20.2%	12.5%	29.2%	16.7%	19.9%
Net interest margin	1.48%	2.03%	3.00%	3.15%	2.58%	2.62%	4.07%	4.02%	2.30%
CIR (cost/income ratio)	56.8%	64.3%	56.6%	41.9%	44.9%	57.8%	29.7%	54.3%	57.6%
LTD net	55.2%	104.5%	70.1%	80.1%	65.7%	77.4%	82.8%	76.8%	65.3%
NPL ratio	1.1%	1.9%	1.0%	3.6%	1.1%	2.3%	1.7%	4.6%	1.8%
Branches (#)	71	4	180	48	47	35	33	22	440
Active clients (#) <sup>(i)</sup>	687,537	39,769	972,264	412,362	211,356	138,454	225,880	84,720	2,772,342
Market share by total assets (%)	27.6%	2.6%	10.0%	16.3%	20.1%	5.9%	16.7%	13.3%	/
	as at 31 Dec 2022	as at 31 Dec 2022	as at 31 Dec 2022	as at 31 Dec 2022	as at 30 Sep 2022	as at 30 Sep 2022	as at 31 Dec 2022	as at 31 Dec 2022	

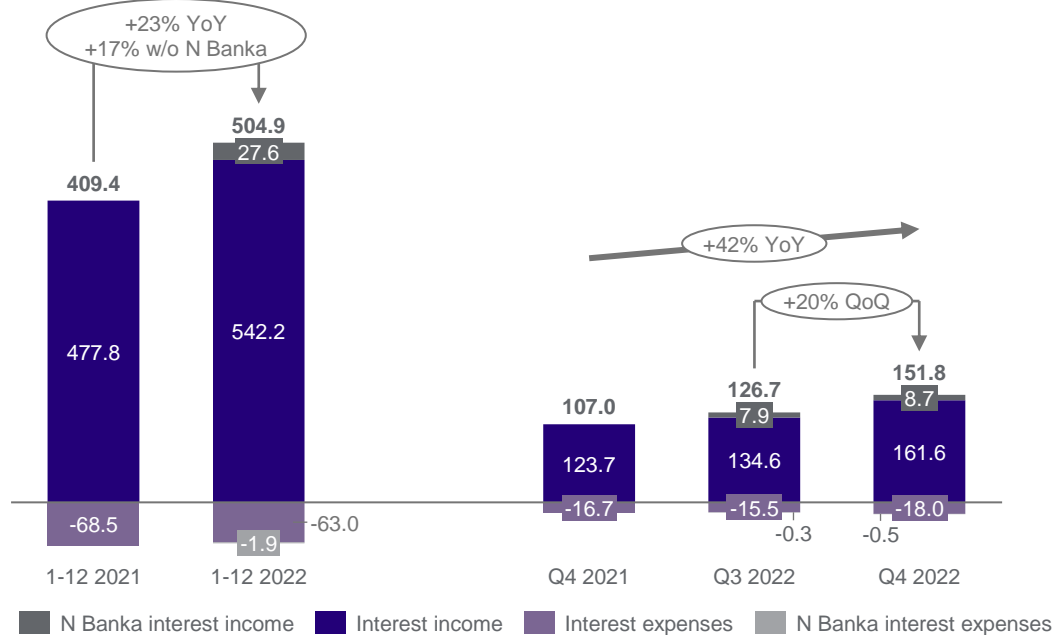
# Business Performance



# Net interest income

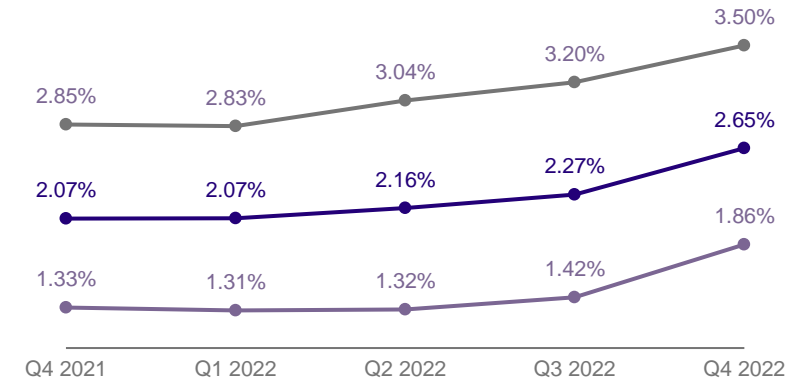
Strong loan growth with increasing rates contributed to significant NII growth

Net interest income of NLB Group (in EURm)

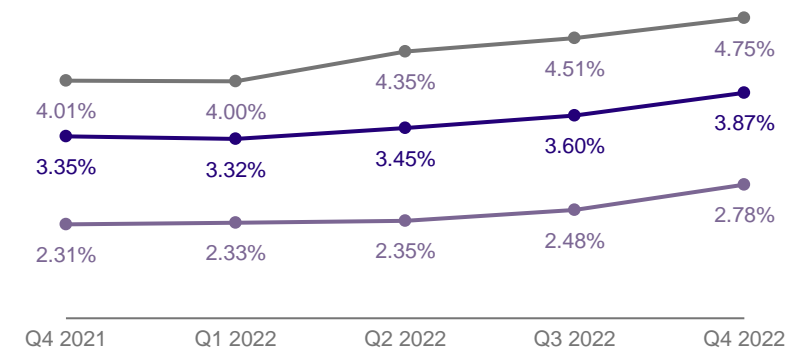


- Higher interest income YoY:
  - higher volume of loans, increase of key ECB and reference interest rates
  - repricing of new loan production as a response to the rising inflation environment
- Lower interest expenses YoY predominantly due to lower deposit interest rates in SEE banks. Interest expenses visibly influenced by MREL wholesale funding, i.e., Senior Preferred notes in July 2022 and subordinated Tier 2 notes in November (EUR 8.8 million in H2)
- On QoQ basis the interest income was higher mostly due to higher interest rates, while interest expenses were higher due to new funding.

Net interest margin, quarterly (in %)



Operational business margin, quarterly (in %)

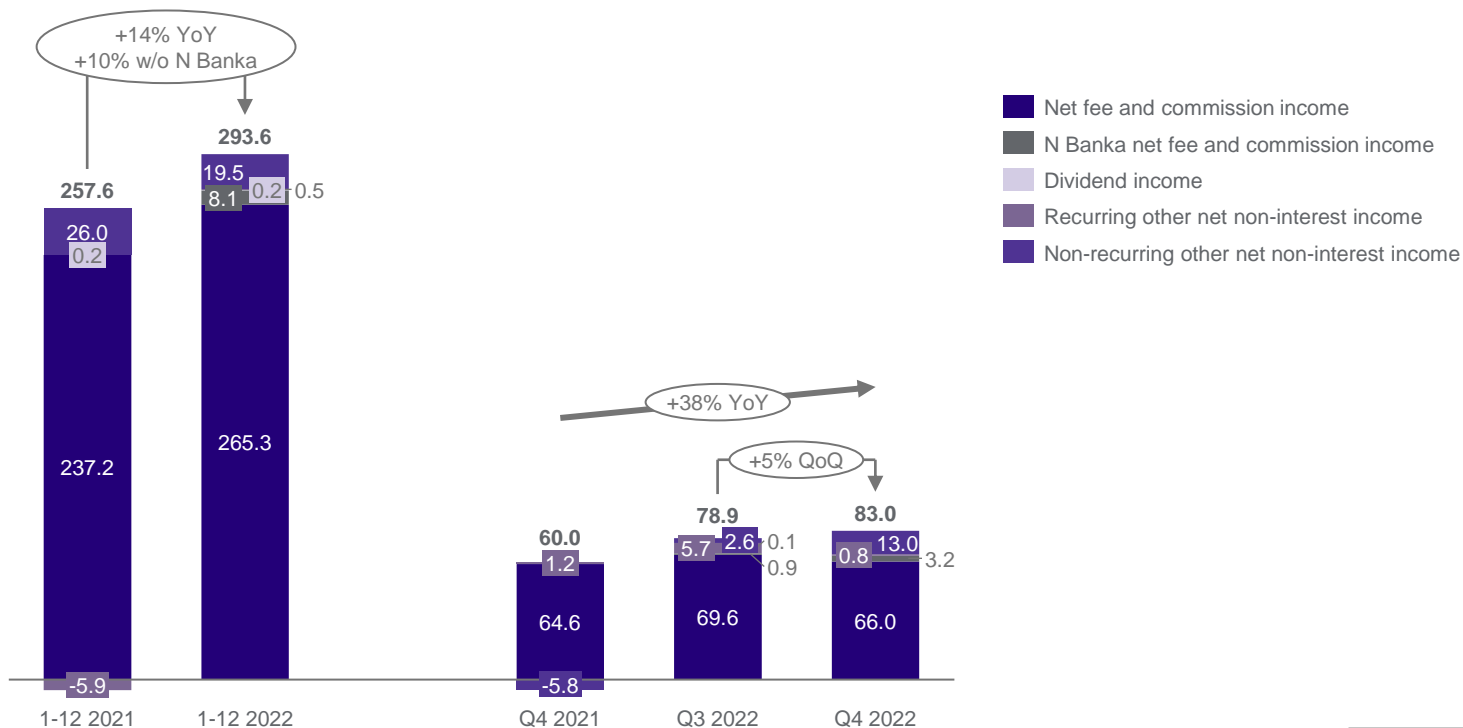


The annual net interest margin of the Group was 2.30% (0.23 p.p. increase YoY), while quarterly interest margin in Q4 of 2.65% (0.38 p.p. increase QoQ), due to the net interest income growth. The annual operational business margin was 3.57% in 2022 (increased 0.29 p.p. YoY), due to net interest income and net fee and commission income growth. The quarterly increase of operational business margin was solely due to the net interest income growth and reached 3.87% in Q4.

# Net non-interest income

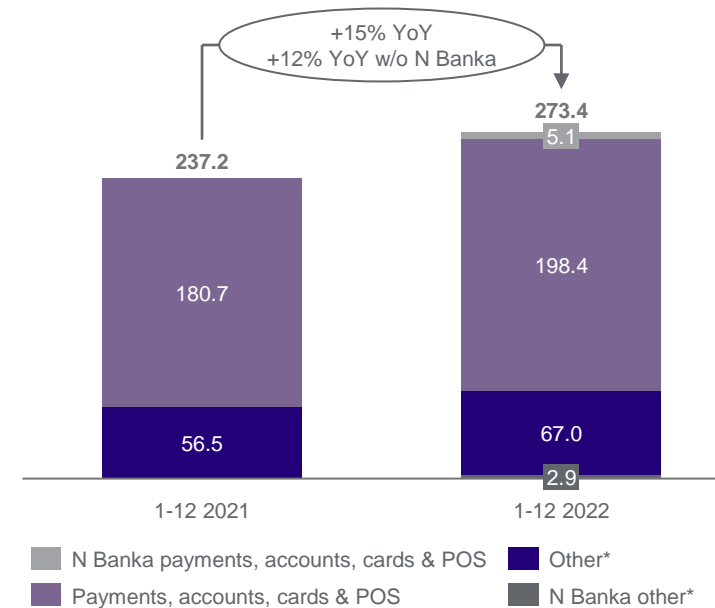
Despite some headwinds continued strong growth of F&C income

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



- Net non-interest income higher YoY, mostly net fee and commission income.
- No major one-offs in the current year, just various smaller, in total amount of EUR 19.5 million with majority occurring in Q4 (e.g. volatility of financial markets, exchange rate differences, valuation of real estates), while 2021 result was strongly affected by several larger one-off events.

Net fee and commission income (in EURm)



\*Other includes investment funds, guarantees, investment banking, insurance products and other services.

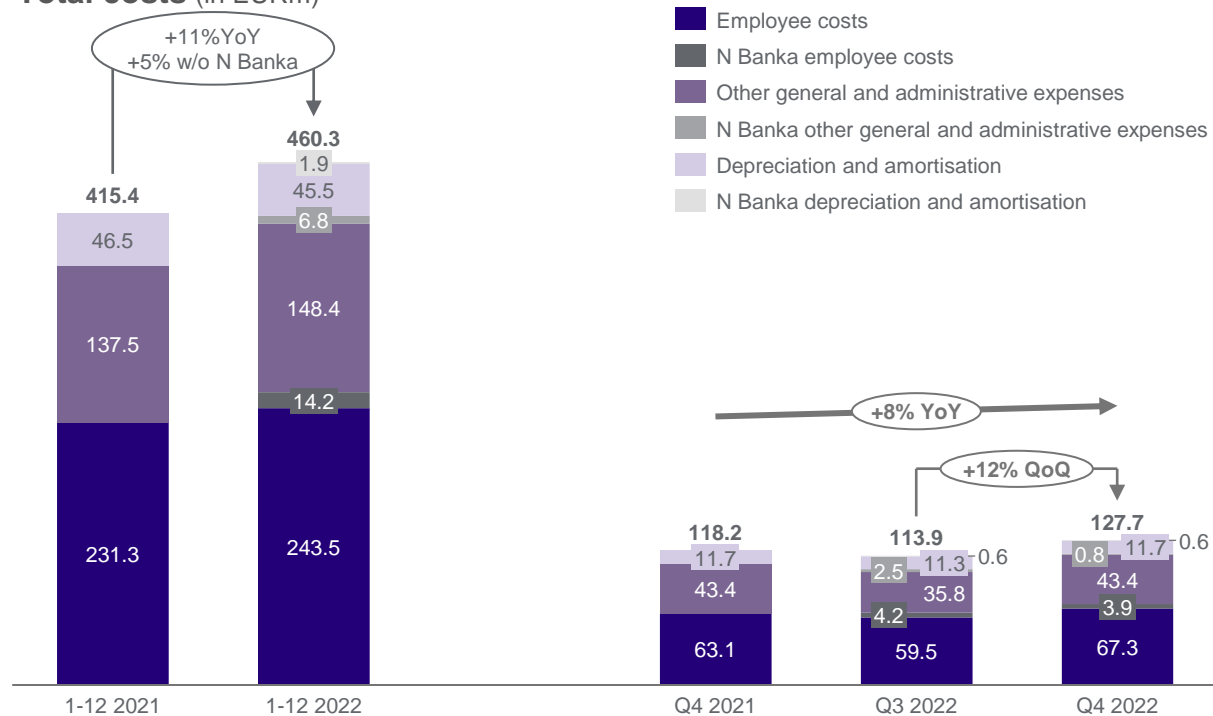
- Higher fees from card and payment services.
- Higher net fees from asset management and bancassurance.
- From Q3 onwards, two important effects on net fee and commissions were observed, the cancellation of the high balance deposit fees and the Serbian central bank decision to contain retail fees for a limited period.



# Costs

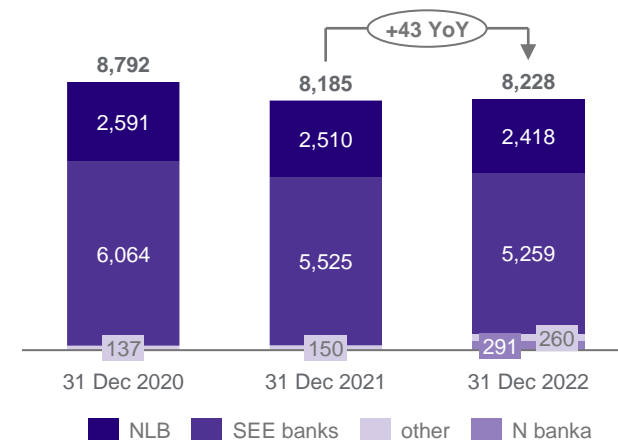
## Inflation and integration process affecting costs

Total costs (in EURm)

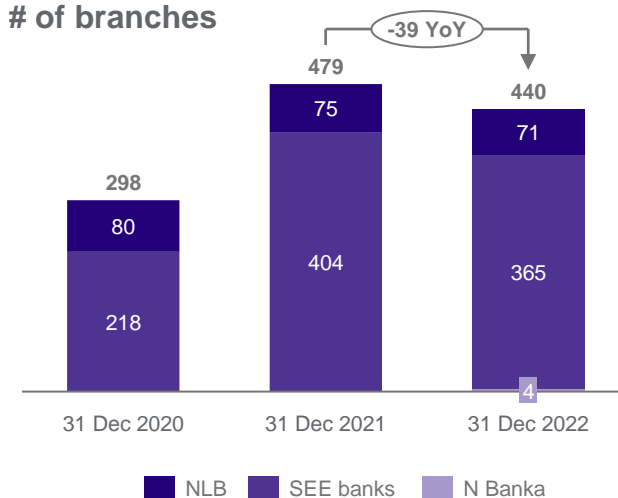


- Increased costs in most of the Group banking members. The Group is affected by inflation and rising employee, material, and energy costs, but is successfully keeping all major cost categories under control.
- The largest YoY increases were recorded on employee costs (EUR 12.2 million without N Banka contribution) and general and administrative expenses (EUR 10.9 million without N Banka contribution) with increasing marketing costs, especially in the Bank related to the acquisition of N Banka and merger of the Group banks in Serbia (NLB Banka, Beograd and Komercijalna Banka, Beograd), electricity costs (EUR 4.3 million higher YoY), and software maintenance (EUR 2.7 million due to N Banka acquisition).
- The last quarter was stronger on costs, which can be attributed to normal, seasonal trends.
- Distribution of costs throughout the year was regular, with higher share occurring in the last quarter of the year (28% of total costs in current and previous year).

# of employees



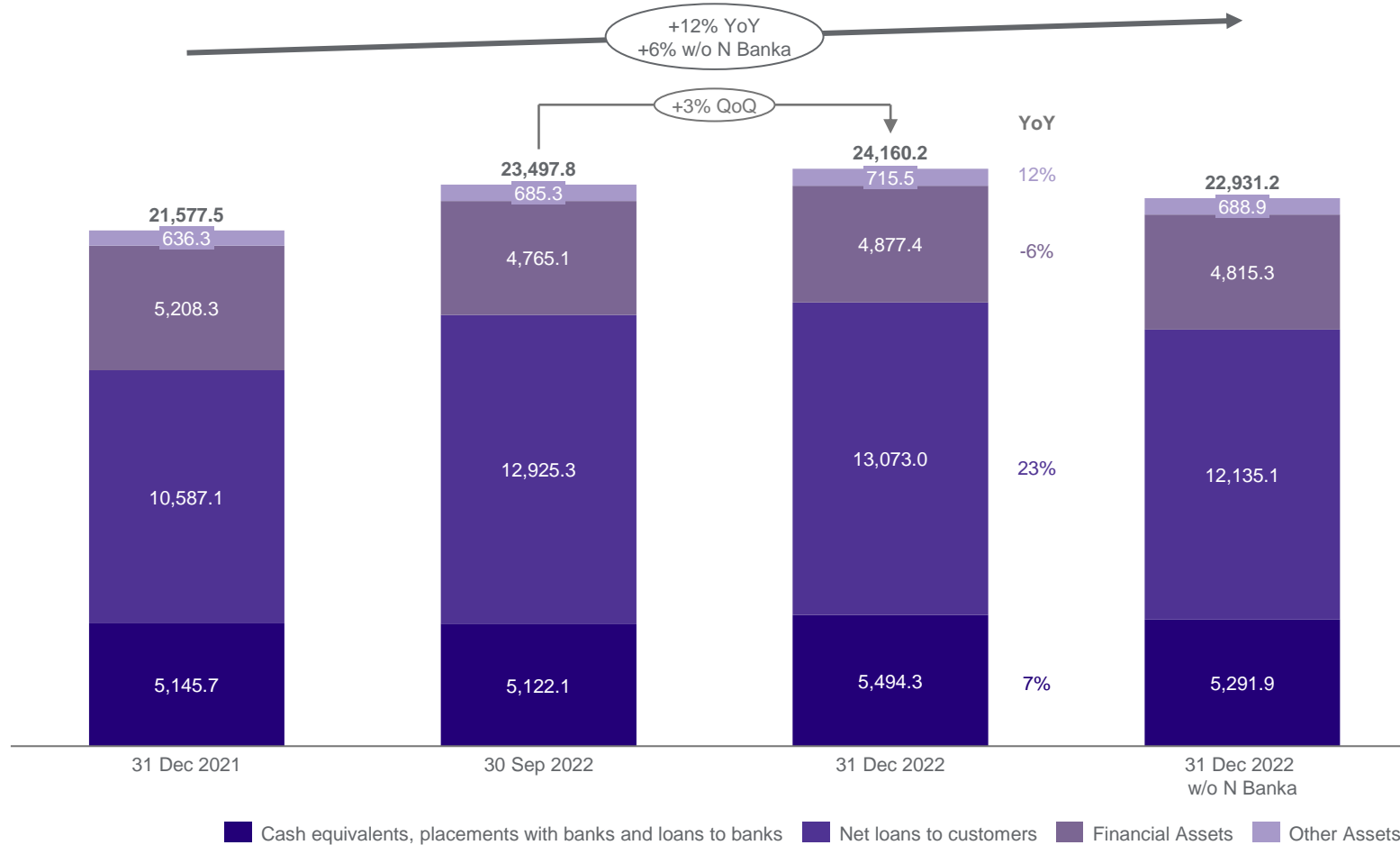
# of branches



# NLB Group Assets

Total asset growth fueled by 23% YoY growth in net loans to customers

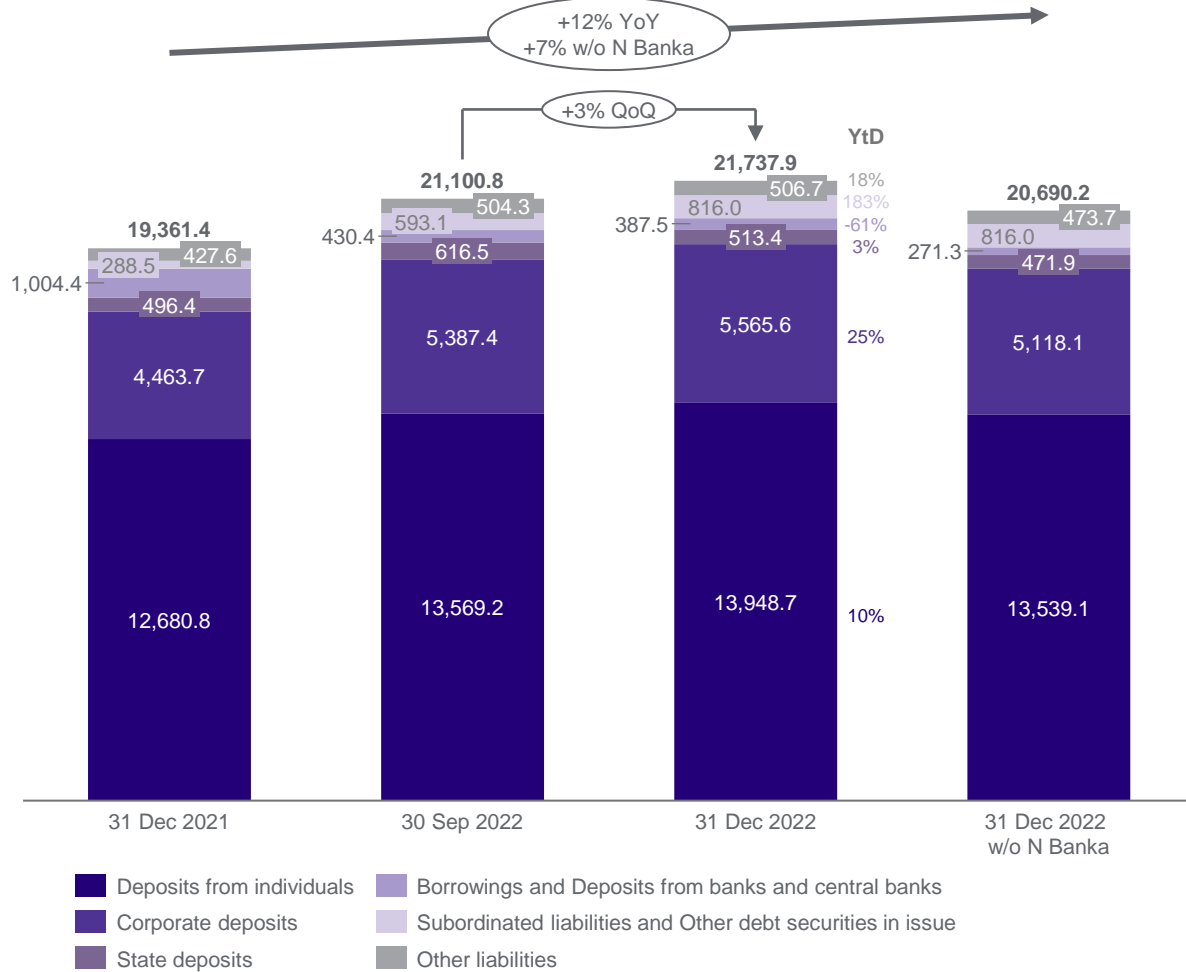
Total assets of NLB Group – structure (EURm)



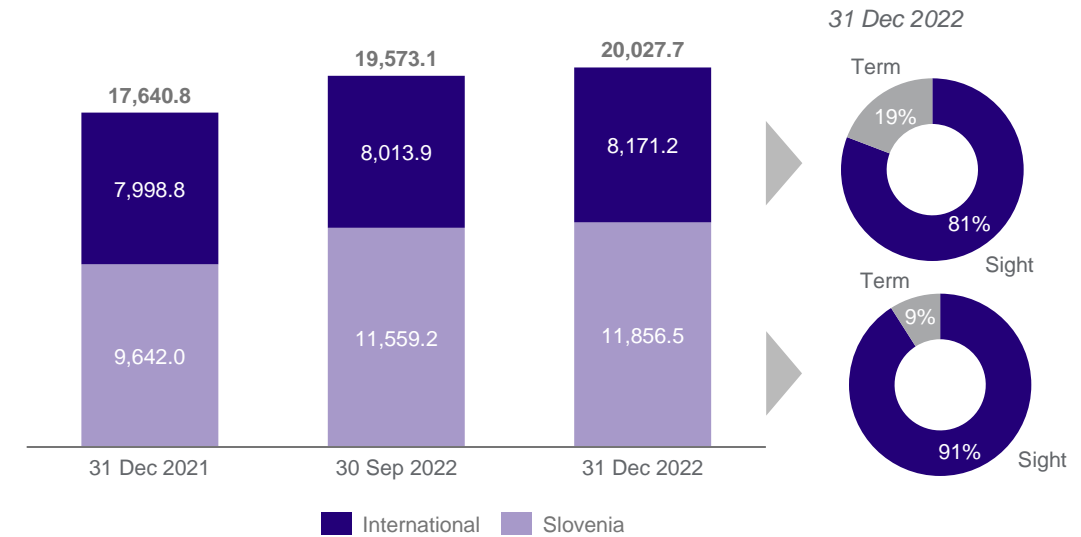
# NLB Group Funding Structure

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

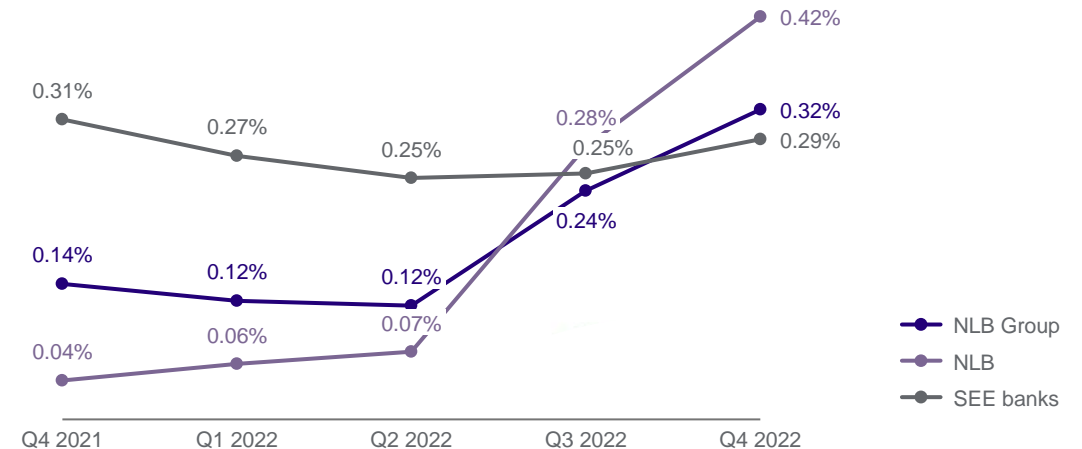
Funding structure of the NLB Group (Group, EURm)



Deposit split (Group, EURm)



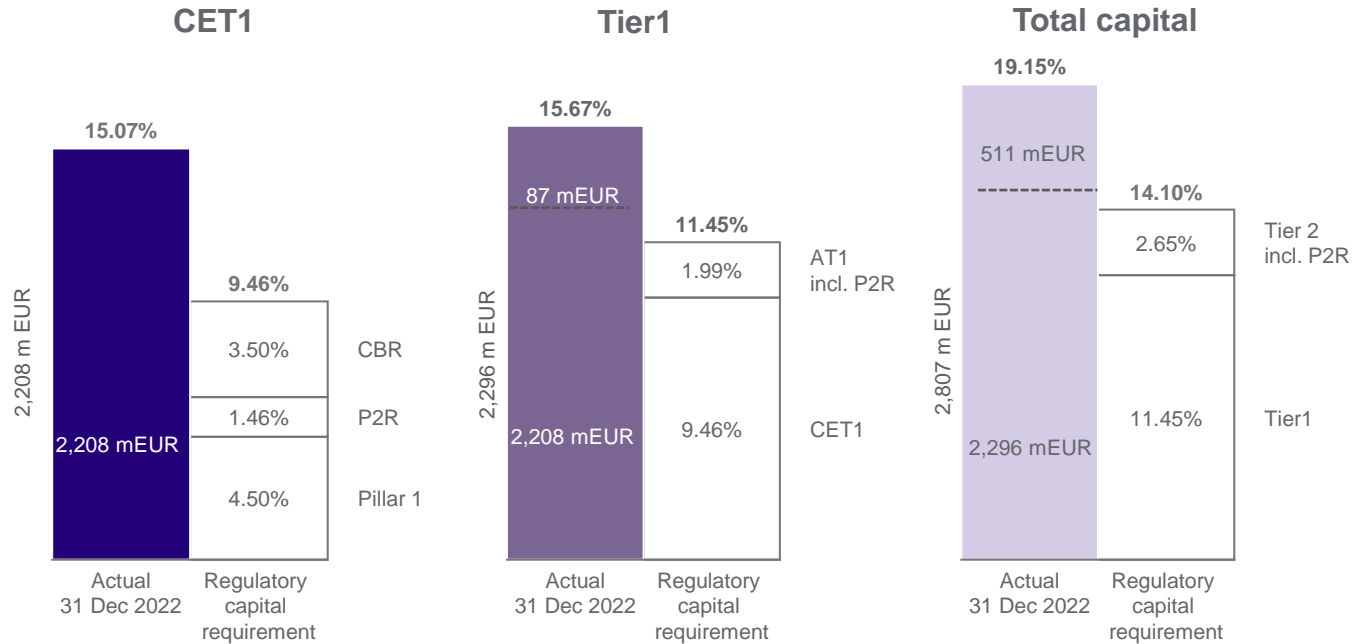
Increasing average cost of funding on a Group level (quarterly data)



- Primarily deposit funded with sight deposits prevailing
- Group's average cost of funding in Q4 increased to 0.32 % from 0.12% in Q1

# Capital

## Capital position enabling growth and substantial dividend distribution

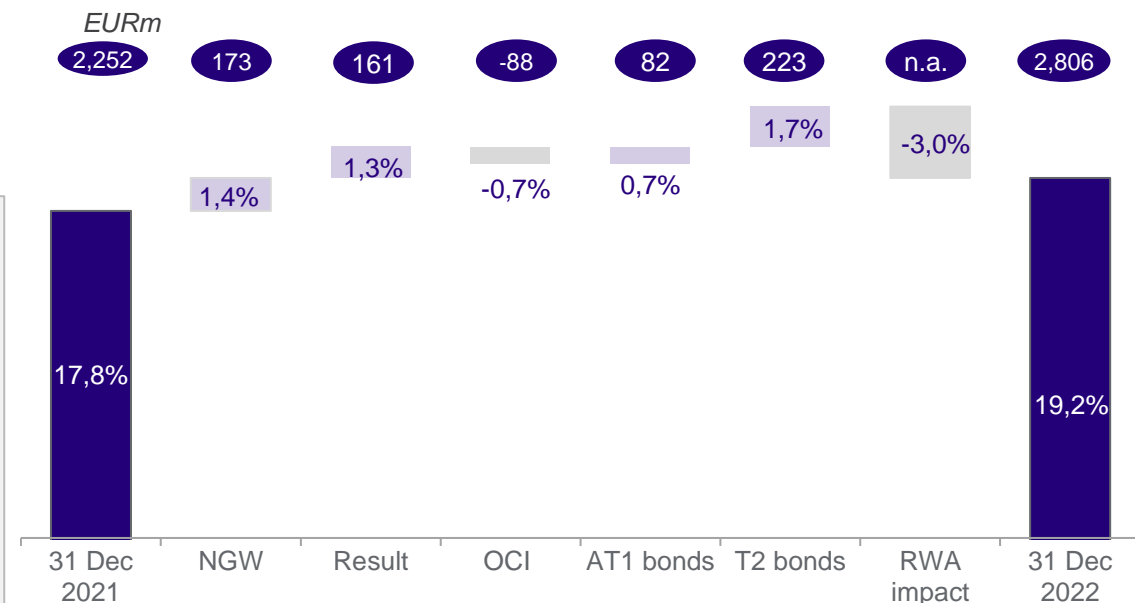


**The Overall Capital Requirement (OCR) is 14.10%** for the Bank on a consolidated basis, consisting of:

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

Pillar 2 Guidance is set at 1.00%.

### TCR evolution YtD

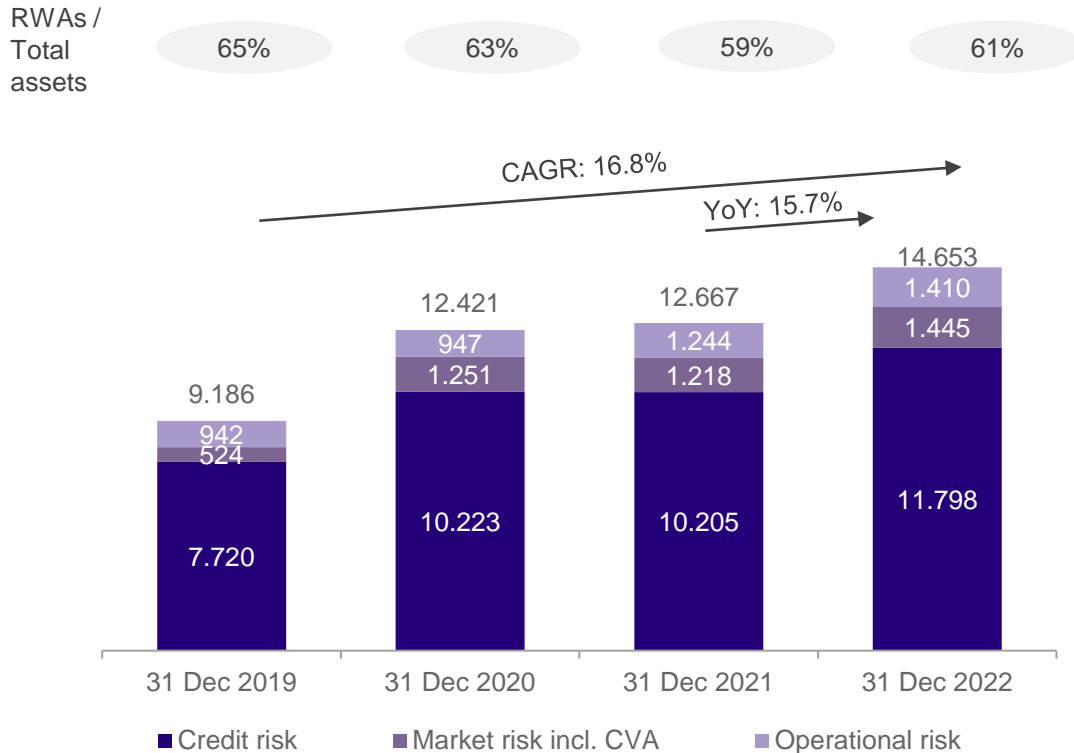


- As at 31 December 2022, the **TCR** for the Group stood at 19.2% (or 1.4 p.p. increase YoY), and the **CET1 ratio** stood at 15.1% (0.4 p.p. YoY decrease).
- The higher total capital adequacy derives from higher capital (EUR 553.9 million YoY), which compensated the increase of the RWA (EUR 1,985.7 million YoY).
- The Group increased the capital with the inclusion of negative goodwill from the acquisition of N Banka in retained earnings (EUR 172.8 million), a partial inclusion of 2022 profit (EUR 161.5 million), Additional Tier 1 notes issued in September (EUR 82 million) and subordinated Tier 2 notes issued in November (EUR 222.9 million).
- In accordance with CRR 'Quick fix' from June 2020, temporary treatment of FVOCI for sovereign securities was implemented by the Group in September 2022, which increased the capital by EUR 61.6 million (i.e., accumulated other comprehensive income amounted EUR -98.5 million instead of EUR -160.1 million).

# RWA structure

## Prudent RWA management to improve capital ratios

RWA structure (in EURm)



**RWA for credit risk** increased by EUR 1,592.7 million, where EUR 747.1 million of the increase relates to acquisition of N Banka. The remaining part of RWA increase in the amount of EUR 845.6 million was mainly the consequence of ramping up lending activity in all NLB Group banks, the most in NLB and NLB Komercijalna Banka, Beograd.

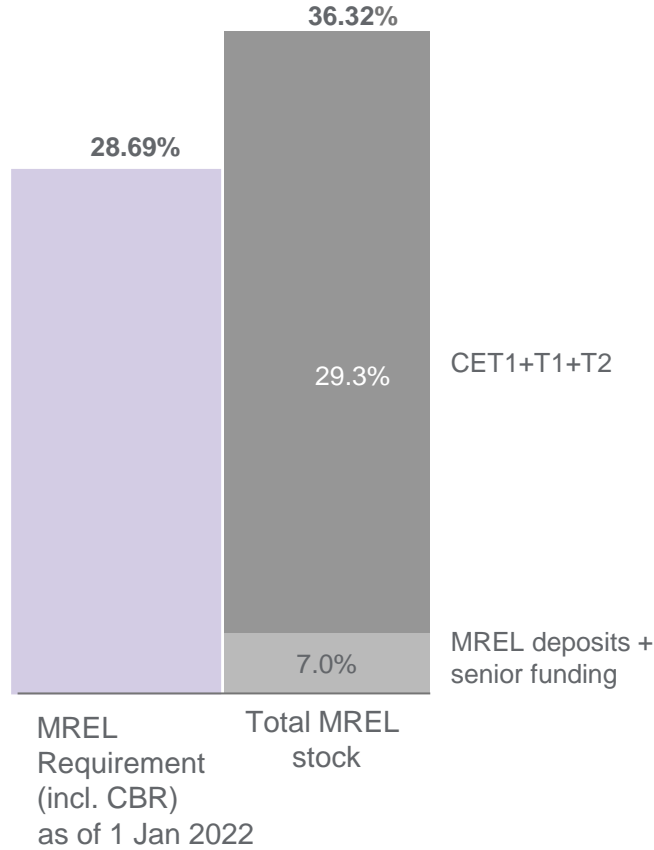
The increase in **RWAs for market risks and CVA** (Credit Value Adjustments) in the amount of EUR 226.9 million YoY is the result of higher RWA for FX risk in the amount of EUR 139.4 million (mainly the result of more opened positions in domestic currencies of non-euro subsidiary banks), higher RWA for CVA risk in the amount of EUR 73.8 million and higher RWA for TDI (Traded Debt Instruments) risk in the amount of EUR 13.7 million (a consequence of new derivatives).

The increase in the **RWA for operational risks** (EUR 166.1 million YoY) derives from the higher three-year average of relevant income, as defined in Article 316 of CRR, which represents the basis for the calculation. The main reason for the increase was a generally higher income base in most Group members and the acquisition of N Banka.

# NLB Wholesale Funding

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

MREL Stock in % (as at 31 Dec. 2022)



**Outstanding bonds:**

Type of the Bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value
Tier 2	SI0022103855	6 May 2019	6 May 2029	6 May 2024	4.2% p.a.	EUR 45m
Tier 2	XS2080776607	19 November 19	19 November 2029	19 November 2024	3.65% p.a.	EUR 120m
Tier 2	XS2113139195	5 February 2020	5 February 2030	5 February 2025	3.40% p.a.	EUR 120m
Senior Preferred	XS2498964209	19 July 2022	19 July 2025	19 July 2024	6.0% p.a.	EUR 300m
Additional Tier 1	SI0022104275	23 September 22	Perpetual	between 23 September 2027 and 23 March 2028	9.721% p.a.	EUR 82m
Tier 2	XS2413677464	28 November 2022	28 November 2032	28 November 2027	10.750% p.a.	EUR 225m

Total outstanding of the bonds 892 EUR million (T2: 510 EUR million, SP: 300 EUR million and AT1: 82 EUR million).

**Funding plan in 2023:**

New Senior Preferred bond issuance envisaged (subject to market conditions). This will lead to the Bank meeting MREL needs becoming binding as of Jan 1 2024.

**MREL requirement:**

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

**NLB Resolution Group**

TREA (in EUR m)	as at Q4 2022
NLB d.d., Ljubljana	6,679
NLB Lease&Go, leasing, d.o.o, Ljubljana	146
NLB Skladi d.o.o., Ljubljana	53
Other & non-strategic	91
<b>Total</b>	<b>6,968</b>

# Asset Quality

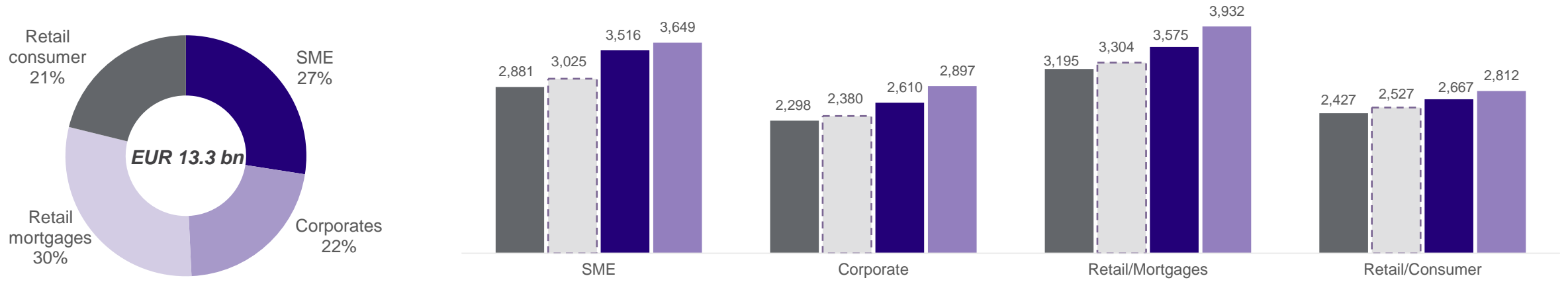


# Asset Quality – NLB Group

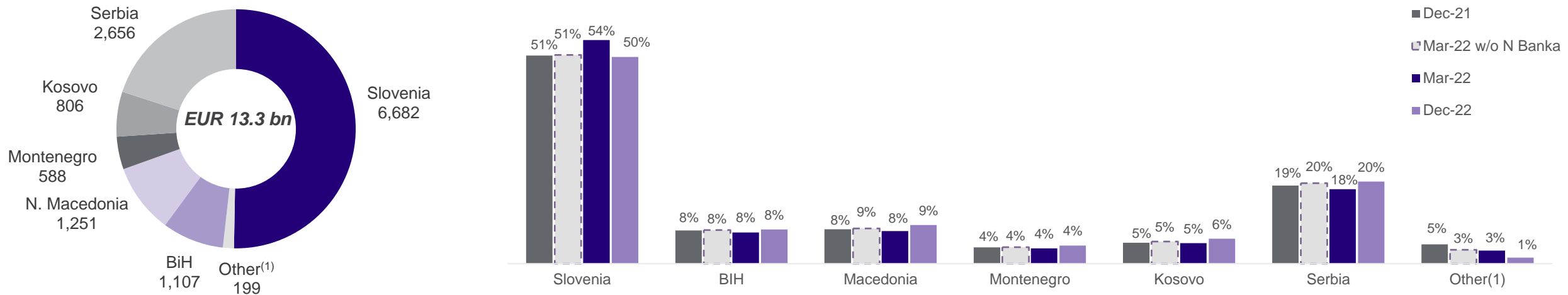
Diversified corporate and retail credit portfolio, focused on core markets

■ Dec-21  
 □ Mar-22 w/o N Banka  
 ■ Mar-22  
 ■ Dec-22

Corporate and retail credit portfolio by segment (Group, 31 Dec 2022, % and EURm)



Corporate and retail credit portfolio by geography (Group, 31 Dec 2022, % and EURm)





# NLB Group Asset Quality

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

## Corporate credit portfolio (Group, 31 Dec 2022, in EURm)

Credit portfolio			in EUR thousand		
Corporate sector by industry	NLB Group	%	Δ 4Q 2022	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Accommodation and food service activities	216,690	3%	-3,555	60,381	4,909
Act. of extraterritorial org. and bodies	6	0%	6	-2	-2
Administrative and support service activities	79,791	1%	-54,699	-28,353	-33,461
Agriculture, forestry and fishing	326,234	5%	6,219	15,496	14,705
Arts, entertainment and recreation	23,655	0%	-429	986	-4,282
Construction industry	569,750	9%	2,233	135,107	97,862
Education	13,882	0%	-417	601	-676
Electricity, gas, steam and air conditioning	550,538	8%	54,310	232,368	180,804
Finance	224,680	3%	56,333	104,454	93,312
Human health and social work activities	46,837	1%	2,111	8,916	2,266
Information and communication	314,930	5%	57	70,841	63,464
Manufacturing	1,458,850	22%	-22,142	367,733	197,865
Mining and quarrying	54,210	1%	-966	3,822	-575
Professional, scientific and techn. act.	187,128	3%	-19,490	11,761	-59,812
Public admin., defence, compulsory social.	188,698	3%	13,214	16,342	15,502
Real estate activities	312,815	5%	11,489	61,548	20,222
Services	16,752	0%	1,785	4,767	-637
Transport and storage	629,511	10%	-10,072	56,229	28,704
Water supply	51,376	1%	-10,922	7,501	-1,717
Wholesale and retail trade	1,277,971	20%	-21,668	234,878	157,130
Other	1,307	0%	-3,983	762	615
<b>Total Corporate sector</b>	<b>6,545,612</b>	<b>100%</b>	<b>-587</b>	<b>1,366,135</b>	<b>776,199</b>

- Credit portfolio remains well diversified. Industries with largest exposures include a broad range of diverse activities.
- In Q4 NLB Group increased lending to some companies from electricity, gas, steam, and a related financial holding, which are connected mainly to the new energy law in the Republic of Slovenia.
- The Bank is very cautious when financing the sectors with possible negative effects resulting from RU/UA crisis, therefore cautious selection of best clients in the region with favourable prospects is exercised.

# NLB Group Asset Quality

## Industry diversification in manufacturing and trade

### Corporate credit portfolio (Group, 31 Dec 2022, in EUR million)

Corporate sector by industry	Credit portfolio		in EUR thousand		
	NLB Group	%	Δ 4Q 2022	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Manufacturing	1,458,850	22%	-22,142	367,733	197,865



Main manufacturing activities	Credit portfolio		in EUR thousand		
	NLB Group	%	Δ 4Q 2022	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Manufacture of fabricated metal products, except machinery and equipment	190,863	3%	-8,335	40,443	12,716
Manufacture of food products	224,328	3%	7,482	50,361	40,882
Manufacture of basic metals	145,790	2%	-11,968	-7,347	-17,799
Manufacture of electrical equipment	202,670	3%	-6,760	108,412	70,385
Manufacture of other non-metallic mineral products	107,060	2%	-1,137	42,678	25,057
Manufacture of rubber and plastic products	73,186	1%	-1,583	15,943	5,272
Manufacture of machinery and equipment n.e.c.	73,543	1%	6,196	22,599	17,642
Manufacture of motor vehicles, trailers and semi-trailers	70,682	1%	-3,435	22,577	20,810
Other manufacturing activities	370,727	6%	-2,604	72,066	22,899
<b>Total manufacturing activities</b>	<b>1,458,850</b>	<b>22%</b>	<b>-22,142</b>	<b>367,733</b>	<b>197,865</b>

Corporate sector by industry	Credit portfolio		in EUR thousand		
	NLB Group	%	Δ 4Q 2022	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Wholesale and retail trade	1,277,971	20%	-21,668	234,878	157,130



Main wholesale and retail trade activities	Credit portfolio		in EUR thousand		
	NLB Group	%	Δ 4Q 2022	Δ YtD 2022	Δ YtD 2022 w/o N Banka
Wholesale trade, except of motor vehicles and motorcycles	732,096	11%	17,229	154,366	104,349
Retail trade, except of motor vehicles and motorcycles	421,237	6%	-43,021	69,184	49,298
Wholesale and retail trade and repair of motor vehicles and motorcycles	124,638	2%	4,125	11,328	3,483
<b>Total wholesale and retail trade</b>	<b>1,277,971</b>	<b>20%</b>	<b>-21,668</b>	<b>234,878</b>	<b>157,130</b>

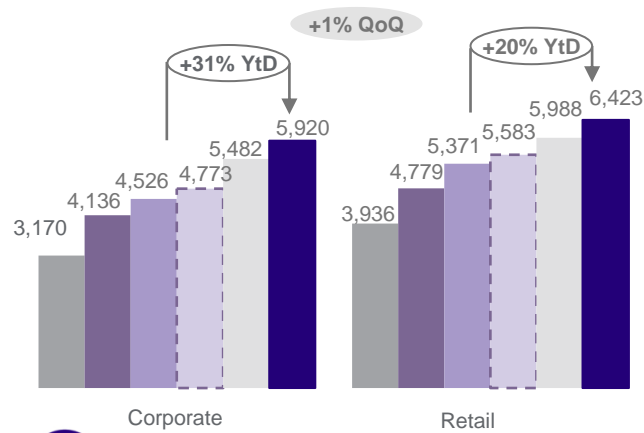
# NLB Group Asset Quality

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

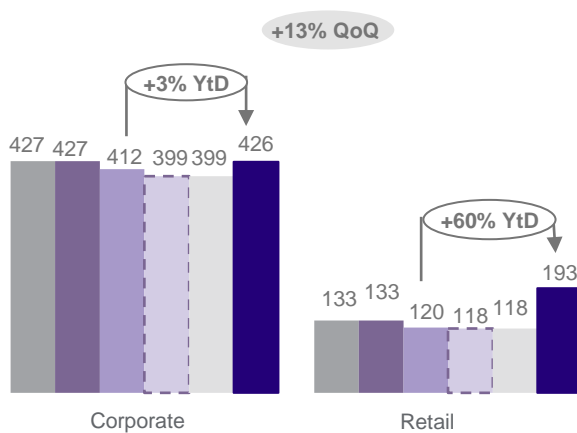
Credit portfolio <sup>(1)</sup> by stages (Group, 31 Dec 2022, in EURm)

in EUR million															
	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
<b>Total NLB Group</b>	<b>17.457,5</b>	<b>94,9%</b>	<b>2.819,6</b>	<b>618,3</b>	<b>3,4%</b>	<b>85,9</b>	<b>328,1</b>	<b>1,8%</b>	<b>-43,4</b>	<b>92,5</b>	<b>0,5%</b>	<b>45,0</b>	<b>7,3%</b>	<b>187,4</b>	<b>57,1%</b>
o/w Corporate	5.920,1	90,4%	1.394,5	425,7	6,5%	13,5	199,9	3,1%	-41,9	59,3	1,0%	31,1	7,3%	110,6	55,3%
o/w Retail	6.423,0	95,2%	1.051,9	192,6	2,9%	72,4	128,0	1,9%	-1,7	31,3	0,5%	13,9	7,2%	76,6	59,8%
o/w State	4.745,6	100,0%	543,2	-	-	-	0,1	0,0%	0,1	1,8	0,0%	-	-	0,1	99,1%
o/w Institutions	368,9	100,0%	-170,0	-	-	-	0,1	0,0%	0,1	0,1	0,0%	-	-	0,1	96,3%

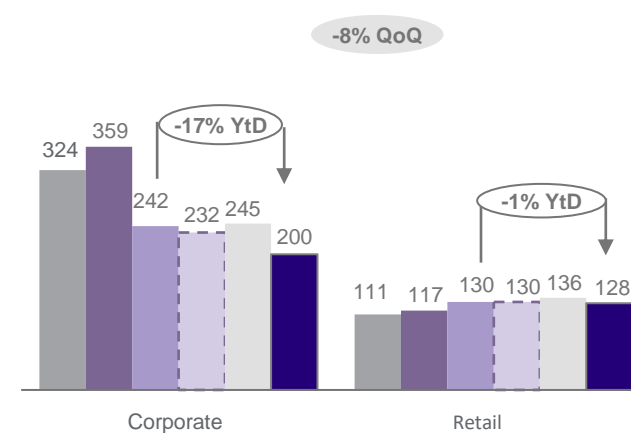
Stage 1 by segment (in EURm)



Stage 2 by segment (in EURm)



Stage 3 (incl. FVTPL) by segment (in EURm)



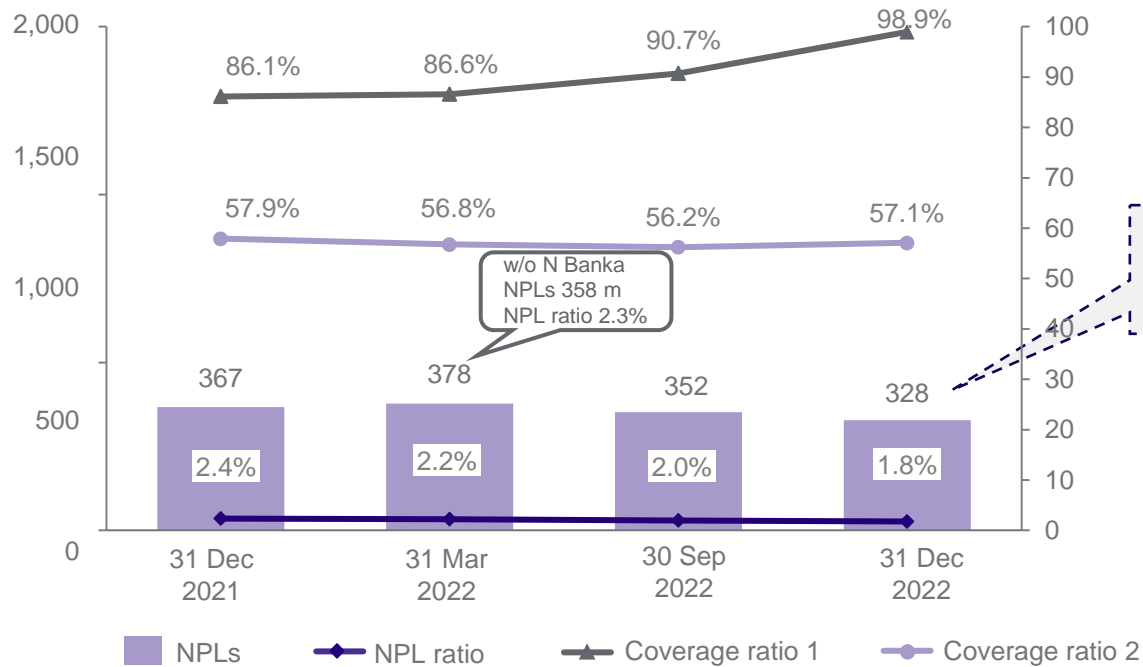
■ 31 Dec 2020 w/o KB ■ 31 Dec 2020 ■ 31 Dec 2021 ■ 31 Mar 2022 w/o N Banka ■ 31 Mar 2022 ■ 31 Dec 2022

Note: 1) Credit portfolio also includes advances to banks and central banks; (2) State includes exposures to central banks

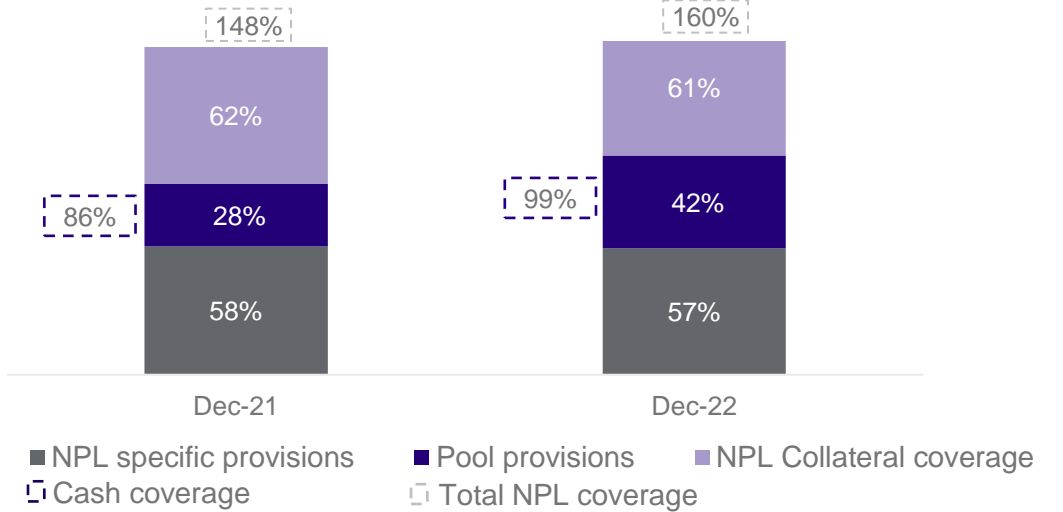
# Asset Quality – NLB Group

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

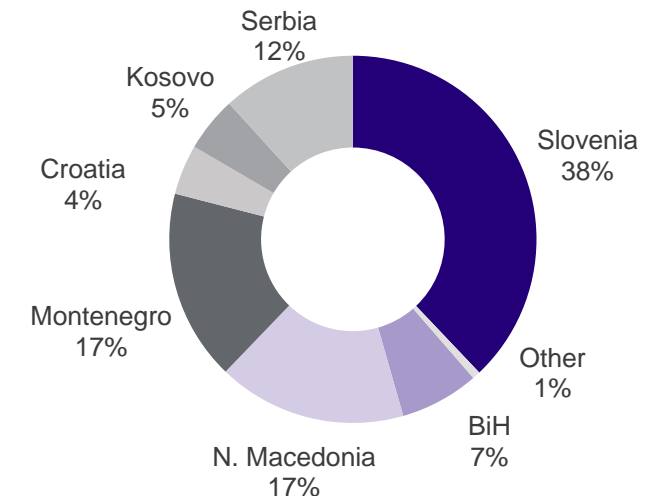
Gross NPL ratio within the planned framework (Group, EURm)



NPL cash and collateral coverage<sup>(1)</sup> (Group, %)



NPL by geography (Group, 31 Dec 2022)

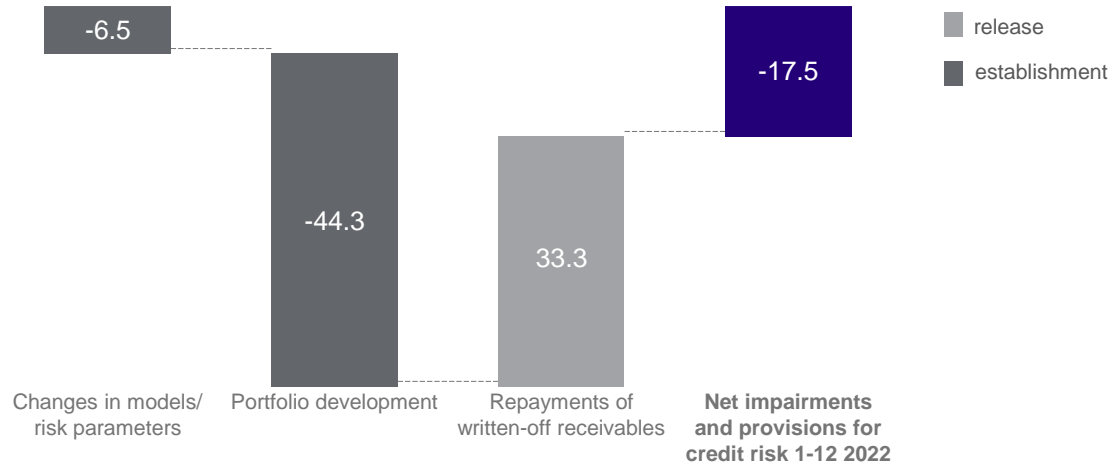


- In Q1 NPLs increased as a new NPLs from the acquired N Banka were recognized. Otherwise, favourable NPL movements were recognized, mostly due to repayments and recovery of NPLs.
- **NPL ratio YoY** decreased by 0.6 p.p to the level of 1.8%, **NPE ratio** reduced by 0.4 p.p. to 1.3%, while **coverage ratio** (CR1) increased to 98.9%. Further, the Group's NPL coverage ratio (CR2) stands at 57.1%, which is above the EU average as published by the EBA (44.1 % for Q3 2022).

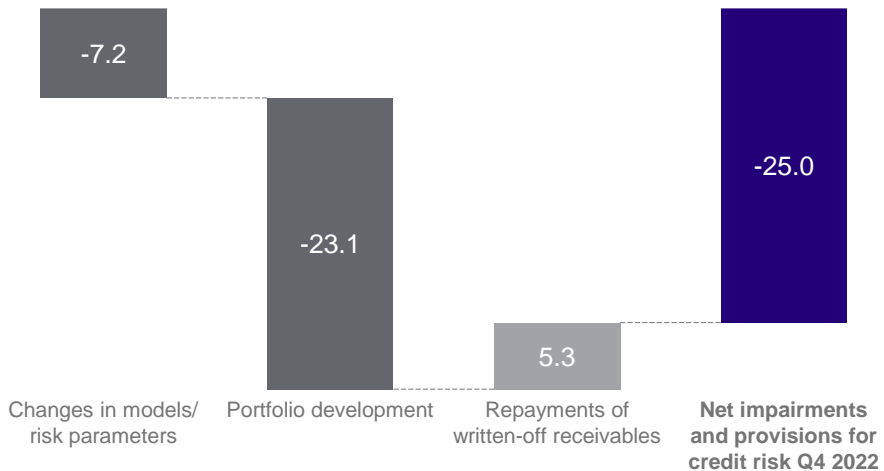
Note: (1) Cash coverage calculated including both individual and pool provisions.

# Asset Quality – NLB Group

**Net new impairments and provisions for credit risk (P&L effect)**  
(1-12 2022, in EUR million)



**Net new impairments and provisions for credit risk (P&L effect)**  
(Q4 2022, in EUR million)

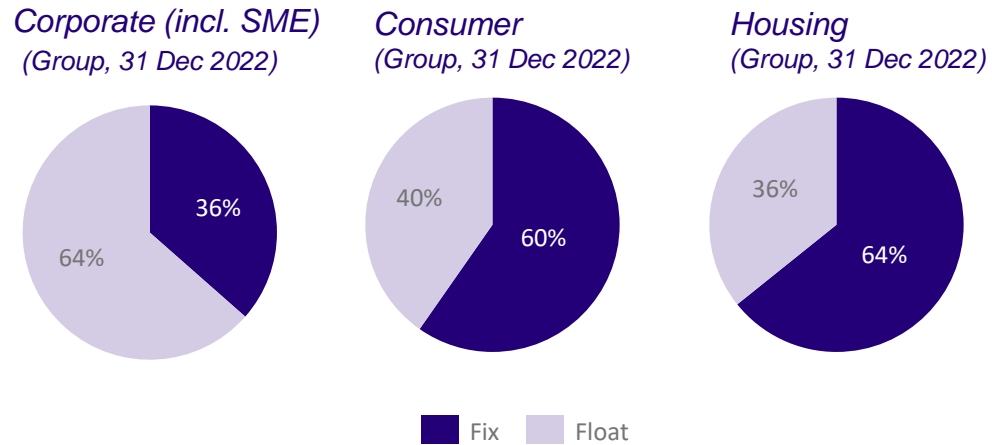


- New impairments and provisions for credit risk in 1-12 2022 were established of EUR 17.5 million, in Q4 additional EUR 25.0 million formed. Cost of Risk in 2022 was 14 bps.
- Model/parameter changes in Q4 were additionally introduced due to less favorable macroeconomic forecasts in some markets of NLB Group.
- The Portfolio development of net EUR -23.1 million in Q4 is to 40% influenced by additional provisions in retail segment, and the remaining part by provisions on a number of corporate clients (of which 3/4 are concentrated on 10 clients). The majority of items, especially with corporate clients, are caused by one-time effects, therefore not indicating an overall negative trend.
- Repayments of written-off receivables contributed to lower net impairments by EUR 33.3 millions in 2022 (EUR 5.3 millions in Q4).

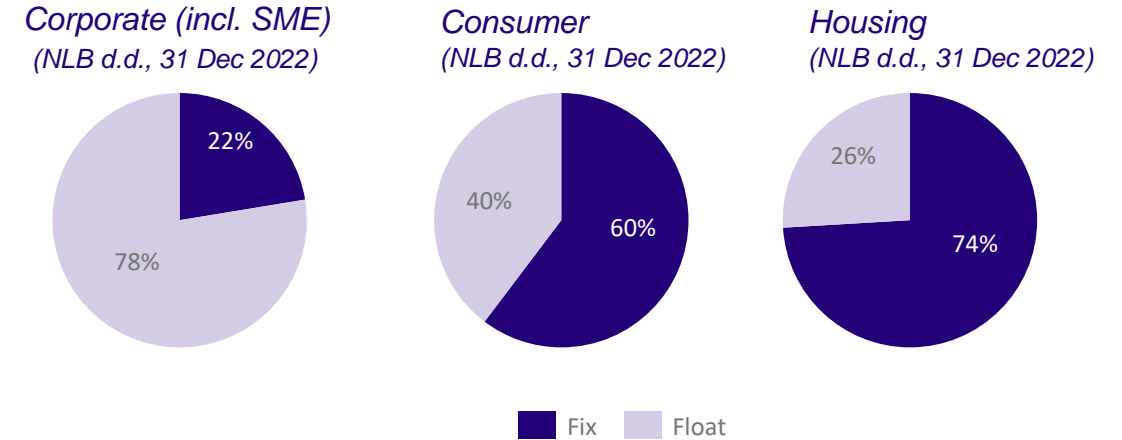
# Asset Quality – NLB Group

## Corporate and retail credit portfolio **split by interest rates**

Corporate and retail portfolio of NLB Group



Corporate and retail portfolio of NLB d.d. <sup>(1)</sup>



Transfer from variable to fixed interest rates a general trend in 2022, especially in the Housing loans segment.

# Structure of loan portfolio by type of interest rate

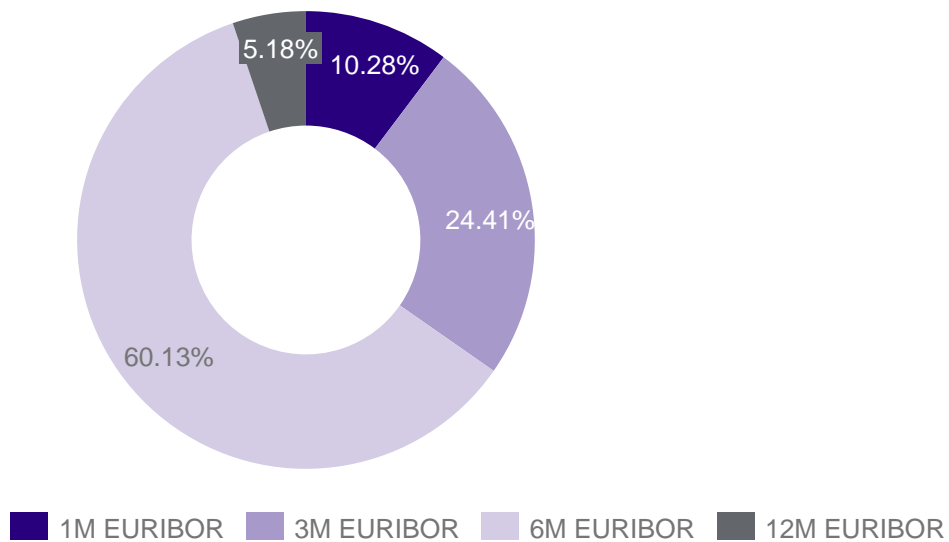
## Net interest income sensitivity to higher rates remains intact

### Structure of loan portfolio by type of interest rate

as of December 2022, in EURm

EURIBOR 5,794

Loan portfolio by type of EURIBOR (Group, 31 Dec 2022)



	Applied avg. EURIBOR Dec 2022	EURIBOR as of 31 Dec 2022
--	-------------------------------------	------------------------------

1M EURIBOR	1.73%	1.88%
3M EURIBOR	1.77%	2.13%
6M EURIBOR	2.12%	2.69%
12M EURIBOR	0.37%	3.29%

Repricing of Euribor follows contract date (in majority of cases) or fixed date of repricing for all contracts.

NIi sensitivity to a +100bps sudden interest rate shock corresponds to EUR +63,8 million EUR in one year (constant balance sheet assumption).

# ESG & Digital





# NLB's Integration of Sustainability and ESG factors in its Business Model – 2022 results



PRINCIPLES FOR RESPONSIBLE BANKING

Through the Principles, NLB takes decisive action to align its core strategy, decision-making, lending and investment with the UN Sustainable Development Goals.

## Environmental

- New commitment to **UNEP FI Zero Banking Alliance**; and start of development of comprehensive NLB Group **Net Zero Strategy by the end of 2023**, with the goal to transition all operational and attributable GHG emissions from our lending and investment portfolios to align with pathways to net-zero by 2050, or sooner
- **Sustainable corporate financing: + 160** mio EUR
- Continuation of **EU Taxonomy implementation, preparation to upcoming CSRD, ESRS**
- **Carbon Footprint Measurement for 2022** in progress: Scope 1 and Scope 2 all categories; Scope 3 partially (to be fully implemented for 2023 measurement)<sup>2</sup>
- **70%** of all electricity used by NLB Group purchased from **zero carbon** energy source
- Providing clients **new sustainable products** for their green transition: loan to increase energy efficiency of business buildings & loan for reducing carbon footprint, green partner loan product for retail and legal entities
- Treasury – **ESG bonds: 191** mio EUR (4% of the portfolio, vs. 2% at EOY 2021)

## Social

- **Improved Employee Engagement**; Top Employer award (8th year in the row)
- **Improved Customer Experience** and Net Promoter Score (NPS)
- NLB Group **Human Rights Policy**
- EBRD program **Women In Business** in Montenegro
- Several initiatives to improve **digital and financial education** of clients, young and seniors
- 1<sup>st</sup> NLB Group **Sustainability Day** for employees
- 2<sup>nd</sup> Regional Sustainability Project **Frame of Help**

## Governance

- **NLB Group Sustainability Committee** (5 sessions);
- Designated ESG Coordinators in each NLB Group entity
- **ESMS** - Environmental and Social Management System in place
- Continuation of **Climate/ESG Risk Management** and implementation of ESG factors in lending process
- Comprehensive **ESG KPIs matrix** introduced group-wide
- Reporting: **UNEP FI-PRB, EBRD, GRI**; new in 2022: **TCFD**
- **Share of women** in management positions: **56 %**

MORNINGSTAR | SUSTAINALYTICS

ESG RATING<sup>1</sup>

17.7 Low Risk

TOP 15% Banks

## Key targets by 2030

- 2023
  - **NLB Group Net Zero Strategy** Implementation - to align lending and investment portfolios with net-zero emissions by 2050
  - Preparation to full **CSRD implementation**
  - **Green Bond Framework**
  - Additional **ESG Ratings**
- 2025
  - Paper usage decrease by 50% (vs. 2019)
  - Share of digital users: 55%
- 2030
  - **Sustainable corporate financing: 785** mio EUR or more
  - **100% electricity** used by NLB Group from **zero-carbon resources**
  - Entire NLB fleet run by electric energy and **CO2 neutral**



# State-of-the art services & channels

The pioneer of banking innovation in Slovenia



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



First Slovenian bank sending cards' PIN via SMS



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



First Slovenian bank to launch **chat and video call functionalities** and the only bank with **multichannel 24/7 support**



Only bank with **fully mobile express loan capabilities** (Consumer & SME)



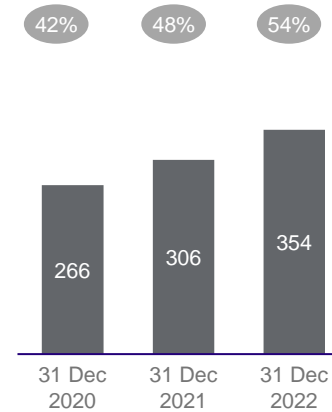
First Slovenian bank to offer **card management functionalities** and biometric recognition to **confirm online purchases in mobile wallet**



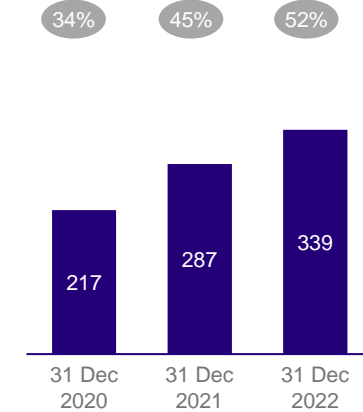
First Slovenian bank issuing **digital only debit cards**

## Demonstrated success in digital activation

Digital users<sup>(1)</sup> ('000s)

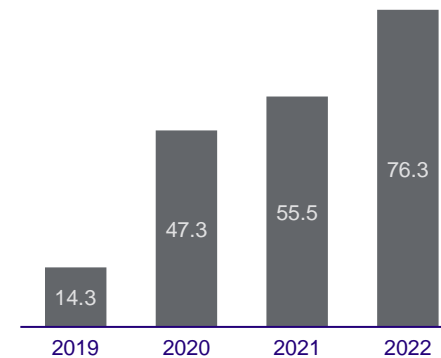


Mobile bank users<sup>(2)</sup> ('000s)

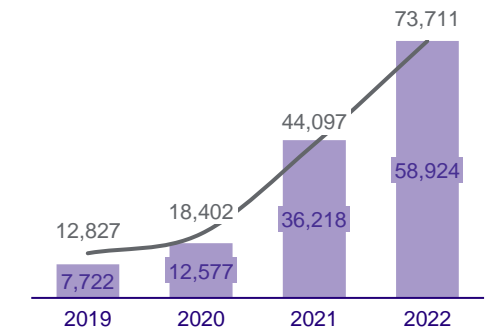


% Penetration of active client base

E-commerce purchases (EURm)



M-Wallet NLB Pay in numbers



— # of users ■ Volume of transactions (in '000 EUR)

# N Banka Integration



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

## Highlights of integration process

### Legal and M&A process

- We expect to complete ECB application with audited financial statements of both banks by end of April
- Draft of ECB application thoroughly discussed with the regulator in several integrations and now fully aligned
- We expect no further content changes of ECB application
- Detailed step plan developed - legal merger to happen on September 1st and operational merger during weekend prior to September 4th

### Clients

- Client churn stabilized by implementation of counter measures, yet technically client numbers decrease due to clean up
- Retail guidelines developed and implemented: they contain guidance on clients transfer and gradual implementation of limitations to products, envisaged to come to a halt at least two months prior to integration
- Joint Corporate and SME clients are serviced in close collaboration between N Banka and NLB to ensure best possible customer experience, new lending is largely provided by NLB now
- Client usage of and feedback on Branch/KIOSKS closely monitored; two Kiosks closed in March, further two Kiosks closed beginning of April
- Four N Banka branches will be largely upgraded to meet NLB standards shortly after the operational merger

### Employees

- Operational stabilization of N Banka achieved through several structural initiatives
- Realization of synergies supported by established voluntary leave program and progressing as planned – as of now around 50 agreements signed by employees
- First colleagues already switched from N Banka to NLB in areas like Front Office, Compliance, Organization etc.
- More than 100 employees of N Banka either already signed a contract to join NLB or are in the selection process

### Marketing & Communication

- N Banka marketing function has been insourced to NLB
- Communication initiatives between N Banka and NLB on key activities (sports sponsorships, donations etc.) are coordinated
- Comprehensive communication approach towards clients is developed to continue and increase client engagement. Key communication milestones are set
- We are currently preparing comprehensive content package for pre-merger and merger communication, to ensure client are well coordinated around all changes in services impacted by integration process

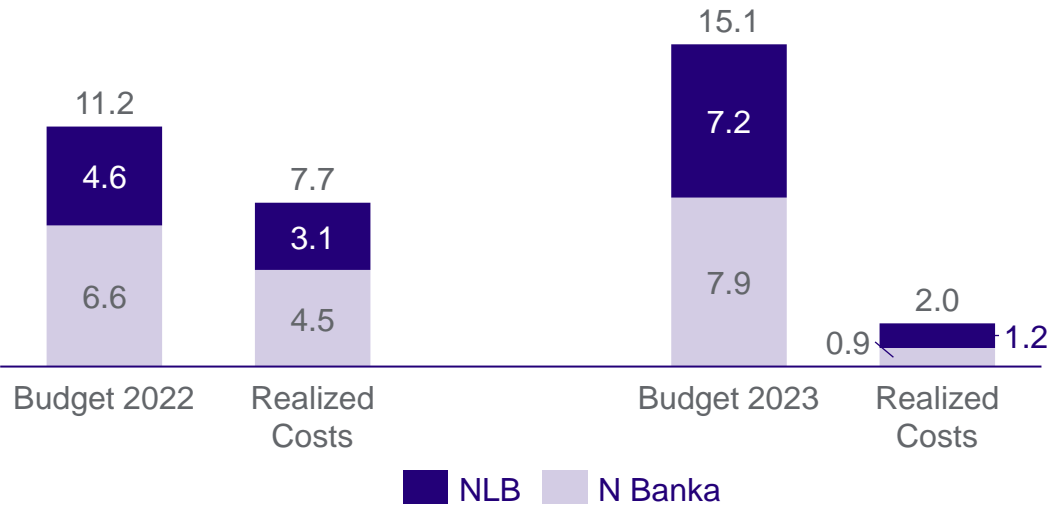
### Integration Progress

- Test Run 1 (March) overall successful, first insights gained, corrections initiated and to be verified in following test runs
- Vendors fully onboarded to support testing and cutover process
- Initial version of Cut-over plan designed and agreed with all relevant stakeholders, will be tested and refined during three Dress Rehearsals scheduled for June, July and August
- For cards anticipated cut-over (migration of data only necessary for card printing) scheduled for early July to allow shipping of new cards to clients

Total integration cost will be covered by synergies by the end of 2025, budget realization so far in line with budget plan

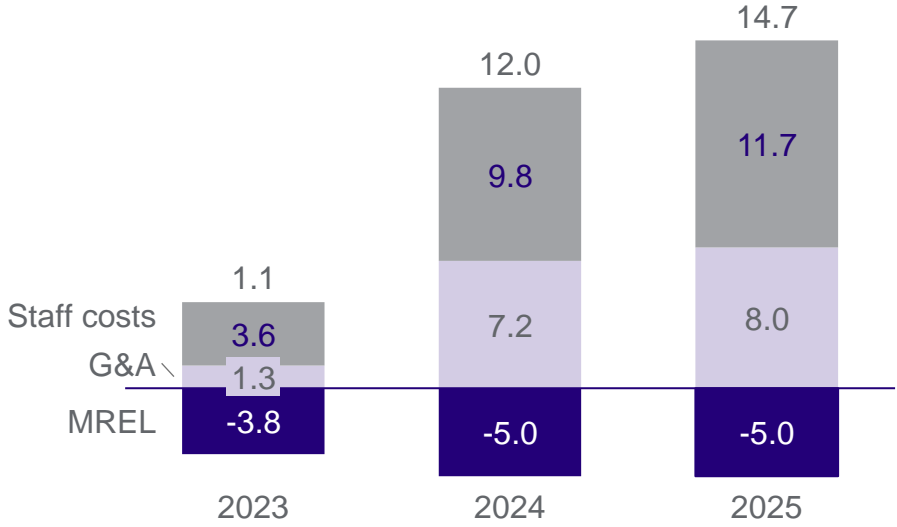
### Integration Budget & Synergies

Integration budget & realization (in EUR million, incl. VAT)



- Realized costs in 2022 significantly below budget, mainly due to 1.2 million of HR provisions, where NLB and N Banka finally decided to allocate those to 2023; furthermore, certain services were partially delivered and invoiced in 2023 instead of 2022
- This in turn, will increase the budget for 2023 respectively, so total budget is expected to remain at 26.3 million EUR

Accumulated Synergies (FYE, in EUR million)

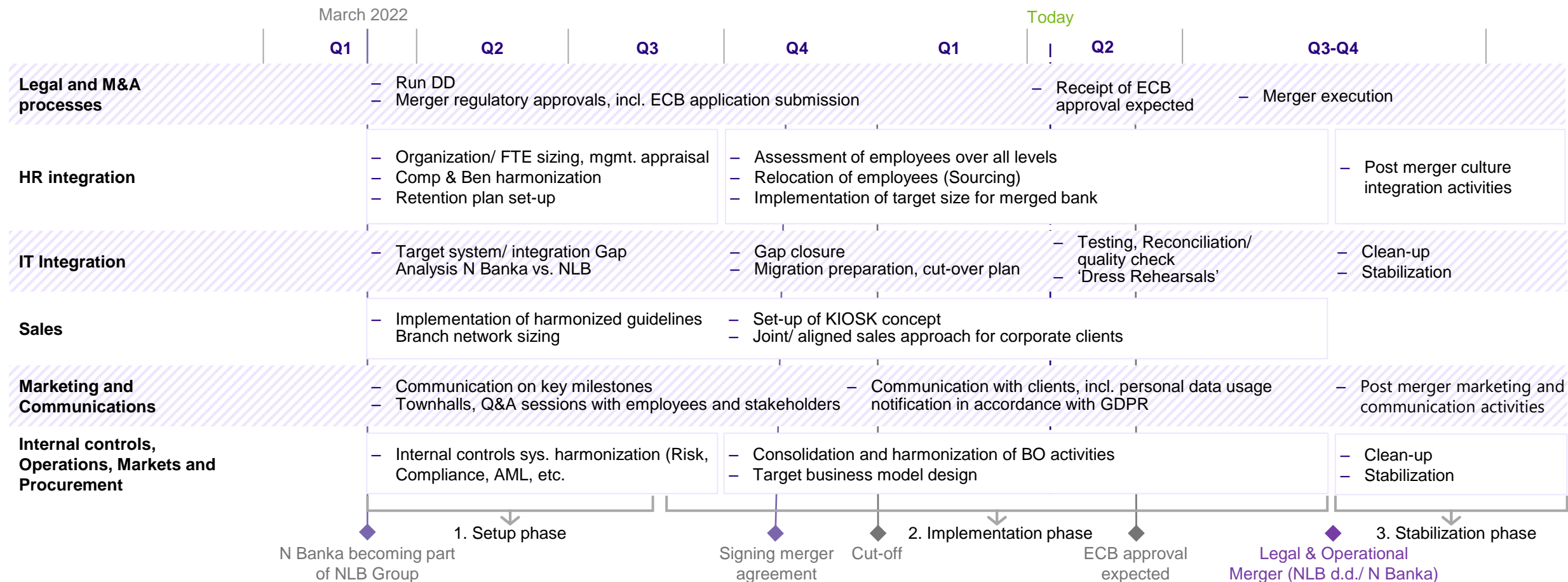


- Full synergy potential to be reached in 2025 (yearly run-rate of EUR 14.7 million)
- Limited synergies in 2023 due to merger in September, yet approx. 25% of run-rate synergies expected to kick-in already due to reduction of staff and G&A costs
- Due to consolidation of N Banka approx. EUR 125 million of additional MREL funding is needed and is considered as dis-synergy, amounting to approx. EUR 5 million p.a..

# Overall progress confirms timeline – focus in Q2 2023 very much on Test Runs and Dress Rehearsals preparation



## H/I integration timeline



# Outlook



# Outlook

	Last Guidance for 2022	Actual 2022 Performance	Last Guidance for 2023	Revised Guidance for 2023	Last Outlook for 2025	Revised Outlook for 2025
Regular income	~ EUR 750 million	EUR 779 million	> EUR 850 million	~ EUR 900 million		> EUR 1 billion
Costs	~ EUR 460 million	EUR 460 million	~ EUR 490 million	~ EUR 490 million		Flat on 2023 level or below
Cost of risk	Below 30 bps	14 bps	30-50 bps	30-50 bps		30-50 bps
Loan growth	Low-double digit organic growth <sup>(2)</sup>	14% <sup>(2)</sup> (23% with N Banka)	Mid-single digit	Mid-single digit		High-single digit
Dividend	EUR 100 million	EUR 100 million	EUR 110 million	EUR 110 million	EUR 500 million (2022-2025)	EUR 500 million (2022-2025)
ROE a.t.	~ 10% w/o NGW, (ROE normalized <sup>(1)</sup> : 12% w/o NGW)	20%, 12% w/o NGW (ROE normalized <sup>(1)</sup> : 16% w/o NGW)	> 10%, (ROE normalized <sup>(1)</sup> : > 12%)	~11%, (ROE normalized <sup>(1)</sup> : ~14%)	> 12%	> 13%, (ROE normalized <sup>(1)</sup> : > 17%)
Regular profit					> EUR 300 million	~ EUR 400 million
Contribution from Serbian market					EUR 100 million	> EUR 100 million
M&A potential					Tactical M&A capacity of EUR 1.5 billion RWA	Tactical M&A capacity of EUR 2 billion RWA

Notes:

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

(2) Without N Banka.



The background of the page is a dark, textured map of the world. Overlaid on the map is a complex network of glowing blue lines and nodes, resembling a data or communication network. Several white, teardrop-shaped location pins are scattered across the map, primarily concentrated in the North American and European regions.

## Appendices

Appendix 1: Business Performance 50

Appendix 2: Segment Analysis 53

Appendix 3: Financial Statements 63

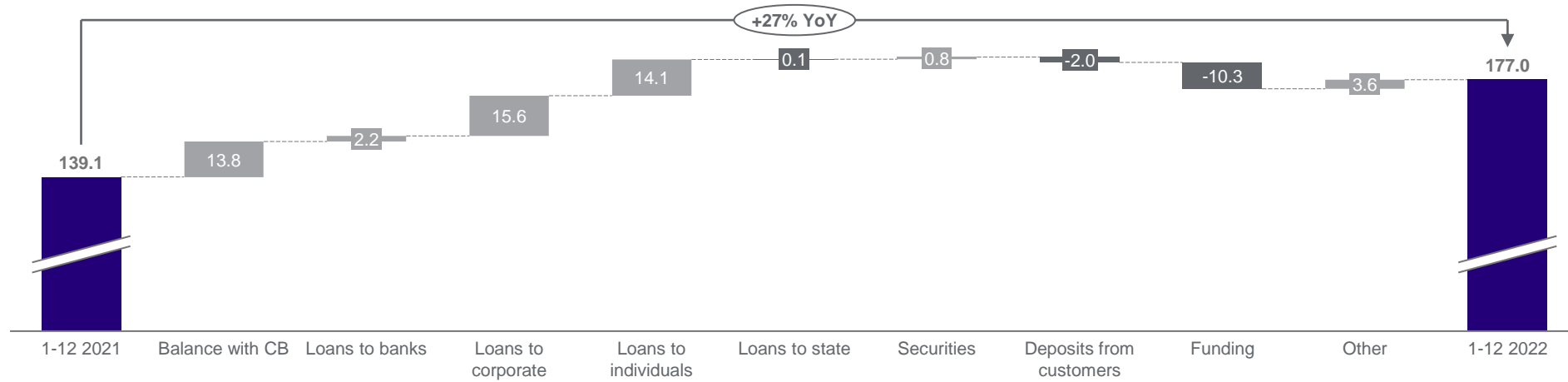
Appendix 1:

# Business Performance

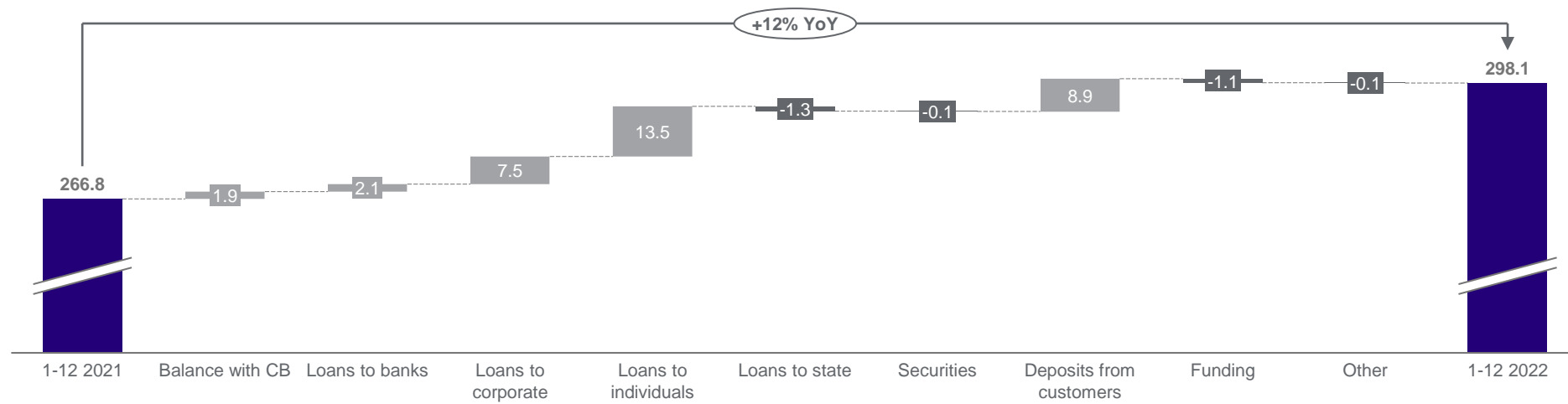


# Net interest income evolution

## Net interest income evolution - NLB

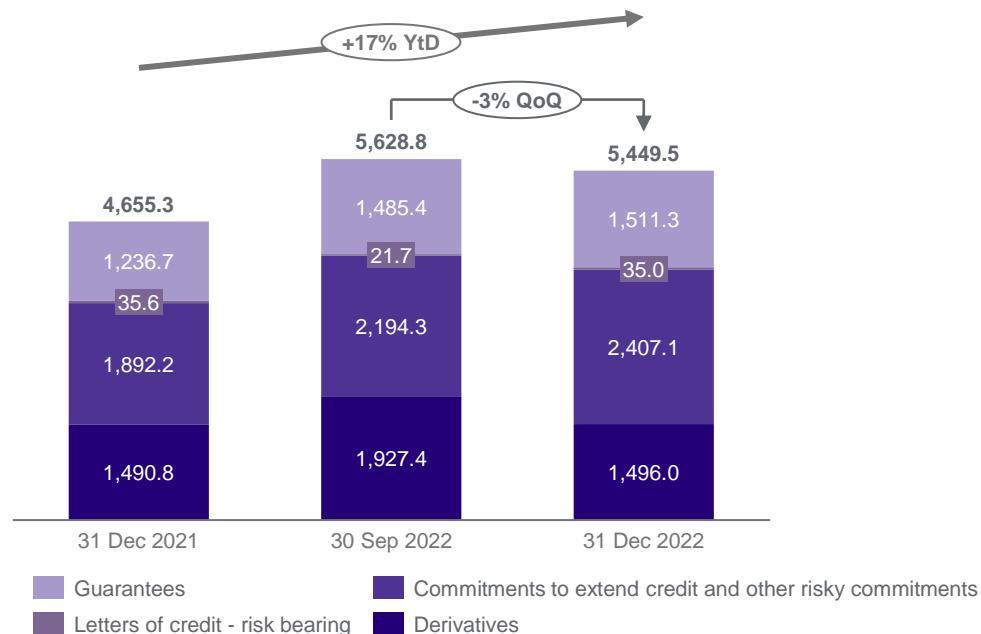


## Net interest income evolution – SEE banks



# Off-balance sheet items

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



## Commitments to extend credit and other risky commitments

in EUR million

	31 Dec 2022	30 Sep 2022	31 Dec 2021
Loans	1,033.9	893.7	712.3
Overdrafts Retail	330.8	325.4	310.5
Overdrafts Corporate	243.1	227.3	216.1
Cards	327.8	328.4	311.0
Komercijalna Banka Beograd *	310.2	266.9	335.9
N Banka	180.4	190.6	
Other (Lease&Go, ...)	16.7	21.4	21.2
Inter Company	-35.9	-59.4	-14.8
<b>Total</b>	<b>2,407.1</b>	<b>2,194.3</b>	<b>1,892.1</b>

- Majority in loans are from Corporate (99% at YE 2022)
- Majority in cards are from Retail (89% at YE 2022)
- Other include also inter company relations

## Derivatives

in EUR million

	31 Dec 2022	30 Sep 2022	31 Dec 2021
FX derivatives w ith customers	215.5	213.5	87.4
o/w NLB stand alone	317.3	259.7	102.5
Interest rate derivatives w ith customers	396.1	751.1	701.3
o/w NLB stand alone	467.6	873.8	694.7
FX derivatives - hedging (NLB stand alone)	108.4	110.1	87.9
Interest rate derivatives - hedging (NLB stand alone)	644.5	645.7	573.3
Options (NLB stand alone)	60.7	62.0	40.8
Derivatives (N Banka contribution)	71.1	145.3	
<b>Total</b>	<b>1,496.2</b>	<b>1,927.6</b>	<b>1,490.8</b>

Majority of NLB Group derivatives are concluded by NLB either for hedging of the banking book or for trading with customers.

## Business with customers

- Customers are mainly using plain vanilla FX and Interest rate derivatives for hedging of their business model. In september we observed decrease in interest rate derivatives due to some larger maturities in NLB d.d. as well in Nbank, which were not replaced, since clients still prefer fixed rate loan or open IR position over derivative hedging.

## Hedging

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

Appendix 2:

# Segment Analysis



# NLB Group key business segments

	Retail banking in Slovenia	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	<b>Retail (NLB &amp; N Banka)</b> <b>Micro (NLB &amp; N Banka)</b> <b>NLB Skladi</b> <b>Bankart<sup>(1)</sup></b> <b>NLB Lease&amp;Go, Ljubljana</b> (retail clients)	<b>NLB &amp; N Banka:</b> - Key corporates - SME corporates - Cross Border corporates - Investment banking and custody - Restructuring&workout <b>NLB Lease&amp;Go, Ljubljana</b> (corporate clients)	NLB Banka, Skopje NLB Banka, Banja Luka NLB Banka, Sarajevo NLB Banka, Prishtina NLB Banka, Podgorica NLB Komercijalna Banka, Beograd Kombank INvest, Beograd NLB DigIT, Beograd NLB Lease&Go, Skopje NLB Lease&Go Leasing, Beograd	<b>NLB &amp; N Banka:</b> - Treasury activities - Trading in financial instruments - Asset and liabilities management (ALM)	<b>REAM</b> <b>NLB Srbija</b> <b>NLB Crna Gora</b> Leasing enteties in liquidation
	<ul style="list-style-type: none"> <li>Largest retail banking group in Slovenia by loans and deposits</li> <li>#1 in private banking and asset management</li> <li>Focused on upgrading customer digital experience and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Market leader in corporate banking with focus on advisory and long-term strategic partnerships</li> <li>Market leader in Investment Banking and Custody services</li> <li>Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia</li> <li>Strong trade finance operations and other fee-based business</li> <li>Market leader at FX and interest rate hedges</li> </ul>	<ul style="list-style-type: none"> <li>Leading SEE franchise with six subsidiary banks<sup>(3)</sup> and one investment fund company</li> <li>The only international banking group with exclusive focus on the SEE region</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining stable funding base</li> <li>Management of well diversified liquidity reserves</li> <li>Managing interest rate positions with responsive pricing policy</li> </ul>	<ul style="list-style-type: none"> <li>Assets booked non-core subsidiaries funded via NLB</li> <li>Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets</li> </ul>
<i>(Dec 2022, in EUR million)</i>					
<b>Pre-provision result</b>	67.4	40.1	199.4	37.2	-7.9
<b>Result b.t.</b>	46.8	52.3	187.1	33.8	-8.7
<b>Total assets</b>	3,677	3,372	10,179	6,514	62
<b>% of total assets<sup>(2)</sup></b>	15%	14%	42%	27%	0%
<b>CIR</b>	68.1%	61.9%	53.4%	20.2%	268.4%
<b>Cost of risk (bp)</b>	58	-42	7	/	/

Notes: (1) 39% minority stake; (2) Other activities 1%; (3) Merger of NLB banka Beograd and Komercijalna banka to NLB Komercijalna banka, at the end of April 2022.

# Retail Banking in Slovenia

in EUR millions consolidated									
	1-12 2022	1-12 2021	Change YoY			Q4 2022	Q3 2022	Q4 2021	Change QoQ
			o/w N Banka contribution						
Net interest income	104.8	79.5	25.3	9.3	32%	34.1	27.1	20.7	26%
Net interest income from Assets <sup>(i)</sup>	95.8	82.7	13.1	8.0	16%	23.2	24.3	21.6	-5%
Net interest income from Liabilities <sup>(i)</sup>	9.1	-3.1	12.2	1.3	-	10.9	2.8	-1.0	-
Net non-interest income	106.7	91.5	15.2	6.4	17%	29.3	30.7	26.8	-5%
o/w Net fee and commission income	113.2	96.6	16.7	6.4	17%	28.7	29.9	26.2	-4%
<b>Total net operating income</b>	<b>211.5</b>	<b>171.0</b>	<b>40.4</b>	<b>15.7</b>	<b>24%</b>	<b>63.4</b>	<b>57.8</b>	<b>47.5</b>	<b>10%</b>
Total costs	-144.0	-116.5	-27.5	-16.3	-24%	-44.2	-35.1	-33.6	-2%
<b>Result before impairments and provisions</b>	<b>67.4</b>	<b>54.5</b>	<b>12.9</b>	<b>-0.6</b>	<b>24%</b>	<b>19.2</b>	<b>22.7</b>	<b>13.9</b>	<b>-15%</b>
Impairments and provisions	-21.4	-6.7	-14.8	-3.3	-	-10.7	-5.0	-2.5	-114%
Net gains from investments in subsidiaries, associates, and JVs'	0.8	1.1	-0.3		-36%	-0.4	-0.4	0.2	14%
<b>Result before tax</b>	<b>46.8</b>	<b>49.0</b>	<b>-2.2</b>	<b>-3.8</b>	<b>-4%</b>	<b>8.2</b>	<b>17.3</b>	<b>11.5</b>	<b>-53%</b>

	31 Dec 2022	30 Sep 2022	31 Dec 2021	Change YoY		Change QoQ
Net loans to customers	3,586.5	3,548.1	2,731.6	855.0	31%	1%
Gross loans to customers	3,641.0	3,597.2	2,769.7	871.3	31%	1%
Housing loans	2,173.9	2,132.5	1,815.5	358.4	20%	2%
Interest rate on housing loans	2.35%	2.26%	2.34%	0.01 p.p.		0.09 p.p.
Consumer loans	640.9	636.8	635.6	5.3	1%	1%
Interest rate on consumer loans	7.11%	6.97%	6.70%	0.41 p.p.		0.14 p.p.
N Banka, Ljubljana	446.1	465.6				-4%
NLB Lease&Go, Ljubljana	69.0	63.1	40.4	28.6	71%	9%
Other	311.1	299.3	278.2	32.8	12%	4%
Deposits from customers	9,085.8	8,780.6	7,703.6	1,382.1	18%	3%
Interest rate on deposits <sup>(ii)</sup>	0.05%	0.04%	0.03%	0.02 p.p.		0.01 p.p.
N Banka, Ljubljana	502.0	510.7				-2%
Non-performing loans (gross)	67.7	66.9	58.1	9.6	17%	1%

	1-12 2022	1-12 2021	Change YoY
Cost of risk (in bps)	58	26	32
CIR	68.1%	68.1%	0.0 p.p.
Interest margin <sup>(ii)</sup>	1.70%	1.55%	0.15 p.p.

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

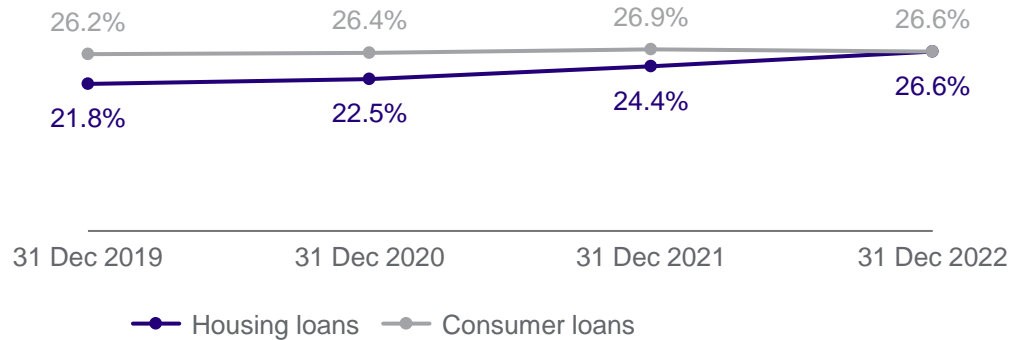
<sup>(ii)</sup> Interest rates only for NLB.

- The net interest income from loans to individuals was EUR 25.3 million higher YoY (EUR 9.3 contributed by N Banka), due to the higher volume of housing loans and overdrafts and the key ECB interest rate increase in the second half of the year that also impacted higher net interest income after use of FTP on clients' deposits.
- Higher net non-interest income in the amount of EUR 15.2 million YoY was due to EUR 16.7 million higher net fee and commission income, of which EUR 6.4 million came from N Banka. The growth derived from all categories, in large part from card business, due to higher volume and active cost management, but also from payments, asset management, bancassurance products, and the income from the high balance deposit fee.
- Higher costs by EUR 11.3 million without N Banka's contribution, mostly due to higher operating costs resulting from inflationary pressures.
- Net impairments and provisions were established in the amount of EUR 21.4 million, due to increase of loan volume and changes in risk parameters as a response to worsened macroeconomic projections.
- The high production of new housing loans in the Bank continued (EUR 726.6 million in 2022) and resulted in the increase of the portfolio by 20% YoY. However, the new production stabilised in the last quarter due to an increased interest rate environment.
- Retail part of NLB Lease&Go, Ljubljana successfully continued with a steady growth pace and concluded approximately EUR 47 million new deals (of which in 97% subject of financing was passenger vehicle, while in remaining 3% light commercial vehicles were largely presented).
- The deposits base increased by EUR 1,382.1 million (18%) YoY, with EUR 502.0 million from N Banka, as a result of precautionary savings of households, due to the uncertainty of rising prices and the expected impact on their financial situation in the future.

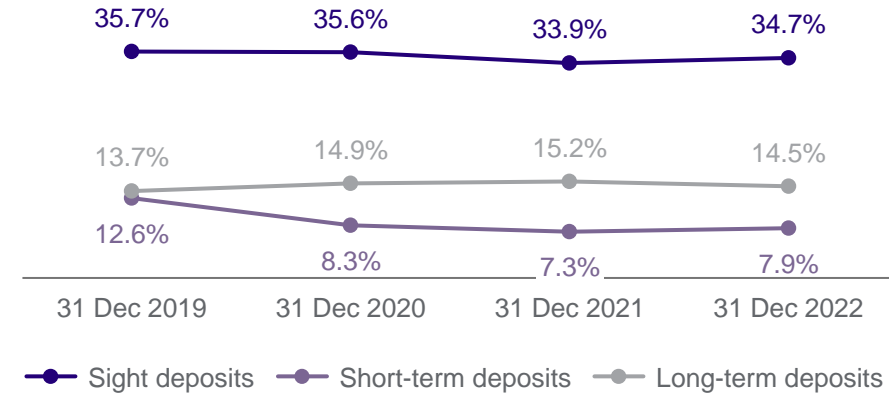
# Retail banking in Slovenia

## High and stable market shares across products

Market share of net loans to individuals in Slovenia

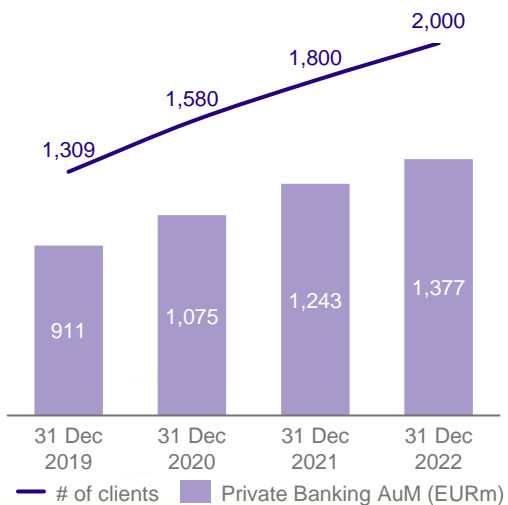


Market share of deposits from individuals in Slovenia

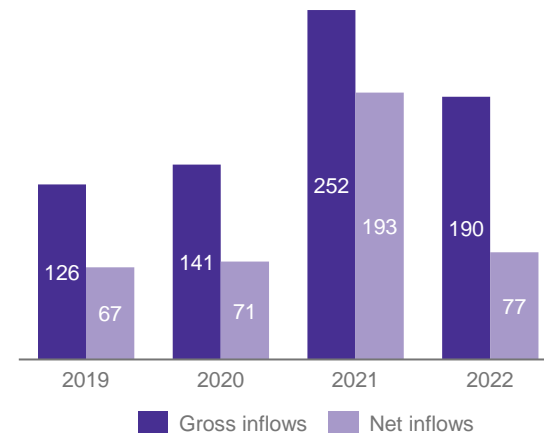


### Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- The Bank's market share in housing loans is still increasing, which is the result of an impressive record production of new housing loans in 2022.
- More ESG products were added to the offer (Green Housing loan, Green partner loan, Green partner cooperation, Housing loan with energy certificate)
- #1 player in Private Banking<sup>(1)</sup>
  - Leading position being strengthened with over EUR 1.3 billion of assets under management.
- # 1 player in Slovenian asset management<sup>(2)</sup>
  - AuM of 1,966.5 EURm as of 31 December 2022 including investments in mutual funds and discretionary portfolios
  - Market share of NLB Skladi at mutual funds in Slovenia increased to 39.1% as of 31 December 2022, despite demanding global circumstances affecting net inflows, nevertheless the company was ranked first among its peers in Slovenia, accounting for 55.2% of all net inflows in the market.



# Corporate and Investment banking in Slovenia

in EUR millions consolidated

	1-12 2022	1-12 2021	Change YoY			Q4 2022	Q3 2022	Q4 2021	Change QoQ
			o/w N Banka contribution						
Net interest income	52.9	35.7	17.2	5.5	48%	16.0	14.9	9.2	7%
Net interest income from Assets <sup>(i)</sup>	53.7	41.1	12.6	5.1	31%	13.3	14.5	10.7	-9%
Net interest income from Liabilities <sup>(i)</sup>	-0.8	-5.4	4.6	0.4	86%	2.7	0.4	-1.5	-
Net non-interest income	52.3	65.8	-13.5	3.3	-2%	11.5	12.9	12.3	-11%
o/w Net fee and commission income	43.6	38.9	4.7	3.2	12%	9.5	11.2	9.5	-16%
<b>Total net operating income</b>	<b>105.2</b>	<b>101.5</b>	<b>3.7</b>	<b>8.7</b>	<b>4%</b>	<b>27.5</b>	<b>27.8</b>	<b>21.5</b>	<b>-1%</b>
Total costs	-65.1	-45.1	-20.0	-12.9	-4%	-20.3	-16.2	-12.9	-25%
<b>Result before impairments and provisions</b>	<b>40.1</b>	<b>56.4</b>	<b>-16.3</b>	<b>-4.2</b>	<b>-29%</b>	<b>7.1</b>	<b>11.6</b>	<b>8.6</b>	<b>-38%</b>
Impairments and provisions	12.2	30.5	-18.3	4.6	-6%	-6.8	6.2	7.4	-
<b>Result before tax</b>	<b>52.3</b>	<b>86.8</b>	<b>-34.6</b>	<b>0.4</b>	<b>-40%</b>	<b>0.4</b>	<b>17.7</b>	<b>16.0</b>	<b>-9%</b>

	31 Dec 2022	30 Sep 2022	31 Dec 2021		Change YoY	Change QoQ
Net loans to customers	3,370.1	3,400.8	2,332.4	1,037.7	44%	-1%
Gross loans to customers	3,424.6	3,450.5	2,390.7	1,033.9	43%	-1%
Corporate	3,311.5	3,305.0	2,258.5	1,052.9	47%	0%
Key/SME/Cross Border Corporates	2,623.2	2,551.7	2,110.6	512.5	24%	3%
Interest rate on Key/SME/Cross Border Corporates loans	1.95%	1.77%	1.79%	0.16 p.p.		0.18 p.p.
Investment banking	0.1	0.1	0.1	0.0	-4%	0%
Restructuring and Workout	60.8	66.2	88.2	-27.5	-31%	-8%
N Banka	506.7	581.3				-13%
NLB Lease&Go, Ljubljana	120.7	105.6	59.6	61.1	103%	14%
State	112.9	145.3	131.9	-19.0	-14%	-23%
Interest rate on State loans	2.59%	2.52%	2.07%	0.52 p.p.		0.07 p.p.
Deposits from customers	2,731.0	2,739.1	1,938.2	792.8	41%	0%
Interest rate on deposits <sup>(ii)</sup>	0.07%	0.05%	0.03%	0.04 p.p.		0.02 p.p.
N Banka, Ljubljana	396.5	465.9				-13%
Non-performing loans (gross)	67.6	68.7	72.5	-4.9	-7%	-2%

	1-12 2022	1-12 2021	Change YoY
Cost of risk (in bps)	-42	-141	99
CIR	61.9%	44.4%	17.4 p.p.
Interest margin <sup>(iii)</sup>	1.80%	1.76%	0.05 p.p.

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

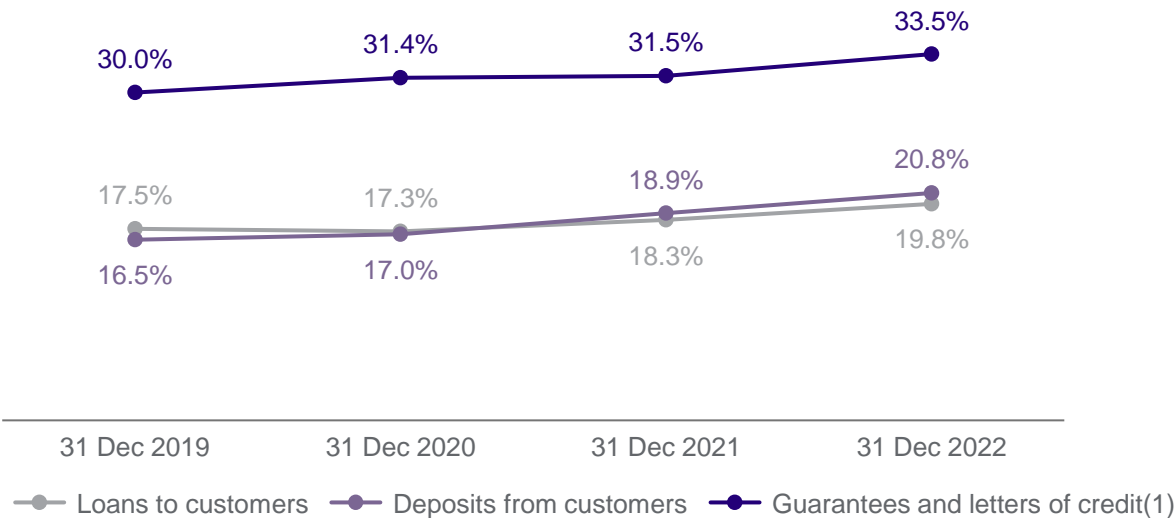
<sup>(ii)</sup> Interest rates only for NLB.

- The interest income from loans to corporate and state was EUR 7.5 million higher YoY without N Banka's contribution. The interest margin from loans in the Key, SME and Cross-Border Corporates in the Bank was EUR 5.2 million higher YoY, mostly due to higher volumes in all sub-segments. However, the interest rates also started to increase due to the key ECB interest rate hikes which impacted both, loans and deposits.
- Higher net fee and commission income YoY, mostly due to higher income from cards, payment transactions, and guarantees. A high balance deposit fee was cancelled from August on and influences fee income by approximately EUR 0.8 million each month, but was compensated with the net interest income after the user of FTP on clients' deposits.
- Higher costs by EUR 7.1 million without N Banka's contribution, mostly due to higher operating costs resulting from inflationary pressures.
- Net impairments and provisions were released in the amount of EUR 12.2 million, mostly due to repayments of previously written-off receivables, which offset the establishment of impairments and provisions due to higher exposures and changes in risk parameters as a response to worsened macroeconomic projections.
- The volume of deposits increased for EUR 792.8 million YoY, of which EUR 396.5 million contributed N Banka, due to various reasons, i.e., the increase of balances in investment and pension funds, and inflows from takeovers on the market.
- The total value of assets under custody increased YoY and amounted to EUR 16.4 billion (31 December 2021: EUR 15.9 billion).

# Corporate & Investment Banking in Slovenia

## High market shares across products

Market share in Corporate Banking in Slovenia – evolution and position on the market



- The largest bank in Slovenia with a high lending and servicing capacity for more than 10,000 corporate clients, strong focus on SME segment.
- Approved over EUR 1.5 billion of new financing volume to corporate and state clients, which generated increase in stock loan volume by 21.9% YoY, and further strengthened loan stock market share to 19.8% (31 December 2021: 18.3%).
- The market share of deposits also increased and reached 19.4% at the end of the year (31 December 2021: 18.9%).
- Further improved leading position in trade finance products, where in 2022 market share grew to 33.5% in the business of guarantees and letters of credit (including guarantee lines) (31 December 2021: 31.5%).
- As mandated lead arranger organized syndicated facilities in total annual amount of EUR 961.1 million.
- Arranged the issuance of both long-term and short-term instruments in the total amount of EUR 621.7 million on debt capital markets.
- Further expanded cross border financing activities and increased portfolio up to EUR 500 million financing volume.
- New large transactions with ESG component were concluded in 2022.
- Among top Slovenian players in custodian services, total value of assets under custody on 31 December 2022 was EUR 16.4 billion.
- New cross-sell potential with leasing financing added to the offer.

# Strategic Foreign Markets

in EUR millions consolidated

	1-12 2022	1-12 2021	Change YoY		Q4 2022	Q3 2022	Q4 2021	Change QoQ
Net interest income	298.0	266.8	31.2	12%	84.8	76.1	68.7	13%
Interest income	322.8	299.6	23.2	8%	91.4	82.0	76.1	11%
Interest expense	-24.8	-32.8	8.1	25%	-6.5	-5.9	-7.4	-12%
Net non-interest income	129.5	95.1	34.3	36%	37.8	34.2	22.2	13%
o/w Net fee and commission income	118.7	101.6	17.2	17%	32.2	29.7	28.5	9%
<b>Total net operating income</b>	<b>427.5</b>	<b>361.9</b>	<b>65.6</b>	<b>18%</b>	<b>122.6</b>	<b>110.3</b>	<b>90.9</b>	<b>11%</b>
Total costs	-228.1	-227.9	-0.2	0%	-62.8	-55.6	-65.4	-13%
<b>Result before impairments and provisions</b>	<b>199.4</b>	<b>134.0</b>	<b>65.4</b>	<b>49%</b>	<b>59.8</b>	<b>54.7</b>	<b>25.6</b>	<b>9%</b>
Impairments and provisions	-12.3	-20.8	8.5	41%	-15.0	1.8	-22.4	-
Negative goodwill (NLB Lease&GO Leasing, Beograd)	0.1	0.0	0.1	-	0.1	-	-	-
<b>Result before tax</b>	<b>187.1</b>	<b>113.2</b>	<b>73.9</b>	<b>65%</b>	<b>44.9</b>	<b>56.5</b>	<b>3.2</b>	<b>-20%</b>
o/w Result of minority shareholders	11.0	11.5	-0.5	-4%	2.4	0.1	1.0	-

	31 Dec 2022	30 Sep 2022	31 Dec 2021	Change YoY		Change QoQ
Net loans to customers	6,077.5	5,930.2	5,441.9	635.7	12%	2%
Gross loans to customers	6,271.4	6,118.7	5,632.2	639.2	11%	2%
Individuals	3,221.0	3,160.0	2,877.3	343.7	12%	2%
<i>Interest rate on retail loans<sup>(i)</sup></i>	5.66%	5.55%	5.83%	-0.18 p.p.	-	0.10 p.p.
Corporate	2,869.0	2,832.4	2,613.5	255.4	10%	1%
<i>Interest rate on corporate loans<sup>(i)</sup></i>	3.84%	3.68%	3.96%	-0.11 p.p.	-	0.16 p.p.
State	181.4	126.3	141.4	40.0	28%	44%
<i>Interest rate on state loans<sup>(i)</sup></i>	3.65%	3.48%	3.35%	0.30 p.p.	-	0.17 p.p.
Deposits from customers	8,171.2	8,013.9	7,998.8	172.4	2%	2%
<i>Interest rate on deposits<sup>(i)</sup></i>	0.17%	0.17%	0.29%	-0.12 p.p.	-	0.00 p.p.
Non-performing loans (gross)	160.6	170.1	191.7	-31.1	-16%	-3%

	1-12 2022	1-12 2021	Change YoY
Cost of risk (in bps)	7	-11	19
CIR	53.4%	63.0%	-9.6 p.p.
Interest margin <sup>(i)</sup>	3.14%	2.86%	0.29 p.p.

- Net interest income increased by EUR 31.2 million (12%) YoY, due to the high increase of loan volumes.
- Net non-interest income increased EUR 34.3 million YoY, of which net fee and commission income EUR 17.2 million. The largest increase was recorded in NLB Komercijalna Banka, Beograd due to the repricing of services in Q2, but the growth did not continue in Q3, since the Serbian central bank decided to contain retail fees for a limited period.
- Total costs stayed on the same level YoY.
- Net impairments and provisions were established in the amount of EUR 12.3 million, mainly due to impacts arising from successful NPL resolution, and despite additional provisions for reorganisation in NLB Komercijalna Banka, Beograd (EUR 4.6 million).
- Gross loans to customers increased by EUR 639.2 million (11%) YoY, with slightly higher growth to individuals (12%) than to corporate (10%). The increase of the loan portfolio was visible in all of the banking members. New loan production continued its enviable growth, especially in consumer loans.
- Deposits from customers recorded only 2% YoY growth, due to outflows in Q1 as a response to the Ukraine war and its influence on prices and consumer behaviour, while slow growth was perceived in the remaining year in most members, with further outflow in the second half of the year in the Serbian market, mostly due to attractive offers with higher interest rates from competitors.

# Financial Markets in Slovenia

in EUR millions consolidated

	Change YoY				Q4 2022	Q3 2022	Q4 2021	Change QoQ	
	1-12 2022	1-12 2021	o/w N Banka contribution						
Net interest income	47.3	26.4	20.9	8.9	79%	16.5	7.9	8.3	101%
o/w ALM <sup>(i)</sup>	31.1	17.1	14.0	7.6	82%	12.1	4.1	5.9	196%
Net non-interest income	-0.7	-2.3	1.6	-0.2	69%	1.3	-0.3	-2.1	-
<b>Total net operating income</b>	<b>46.6</b>	<b>24.1</b>	<b>22.5</b>	<b>8.7</b>	<b>93%</b>	<b>17.7</b>	<b>7.7</b>	<b>6.3</b>	<b>131%</b>
Total costs	-9.4	-8.6	-0.8	-0.2	-9%	-2.6	-2.2	-2.8	-11%
<b>Result before impairments and provisions</b>	<b>37.2</b>	<b>15.5</b>	<b>21.7</b>	<b>8.6</b>	<b>140%</b>	<b>15.2</b>	<b>5.5</b>	<b>3.5</b>	<b>173%</b>
Impairments and provisions	-3.4	0.3	-3.7	2.6	-	-3.0	7.2	0.0	-
<b>Result before tax</b>	<b>33.8</b>	<b>15.8</b>	<b>18.0</b>	<b>11.2</b>	<b>114%</b>	<b>12.2</b>	<b>12.6</b>	<b>3.4</b>	<b>-4%</b>

	31 Dec 2022	30 Sep 2022	31 Dec 2021	Change YoY	Change QoQ
Balances with Central banks	3,373.7	3,071.5	2,982.2	391.4	13%
Banking book securities	2,993.3	3,001.7	2,977.5	15.9	1%
Interest rate <sup>(ii)</sup>	0.74%	0.73%	0.68%	0.06 p.p.	0.01 p.p.
Borrowings	160.5	205.5	873.5	-713.0	-81%
Interest rate <sup>(ii)</sup>	-0.72%	-0.78%	-0.46%	-0.26 p.p.	0.06 p.p.
Subordinated liabilities (Tier 2)	508.8	290.4	288.5	220.3	76%
Interest rate <sup>(ii)</sup>	4.16%	3.70%	3.70%	0.46 p.p.	0.46 p.p.
Other debt securities in issue	307.2	302.7	307.2	-	2%
Interest rate <sup>(ii)</sup>	6.00%	5.95%	6.00 p.p.	0.05 p.p.	

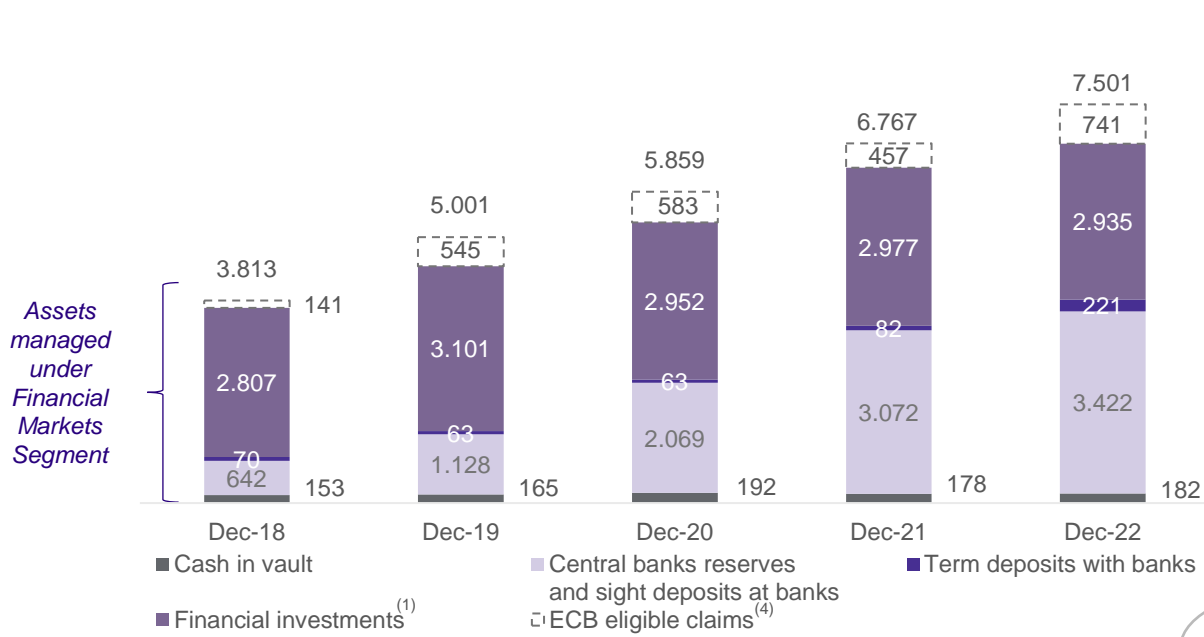
<sup>(i)</sup> Net interest income from assets and liabilities with the use of FTP.

<sup>(ii)</sup> Interest rates only for NLB.

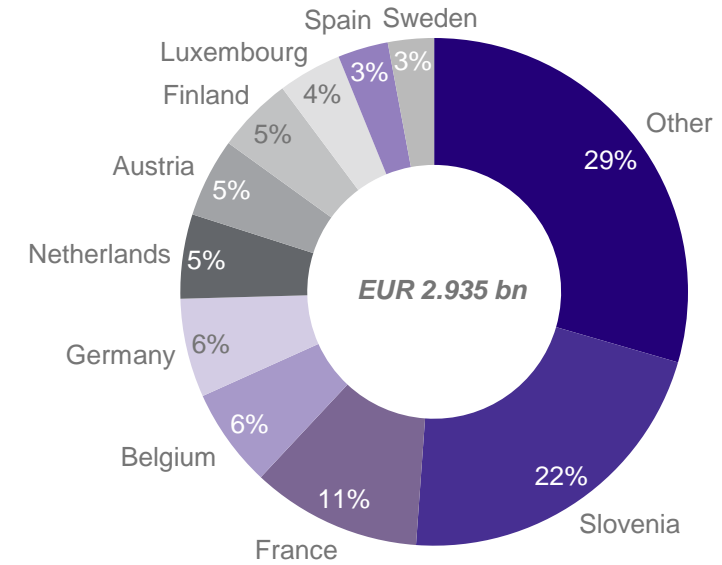
- Net interest income was EUR 20.9 million (79%) higher YoY, of which EUR 8.9 million was due to the N Banka contribution. Excluding N Banka, net interest income increased primarily due to the changed FTP policy, which in H1 partially transferred the costs of placing the excess liquidity from treasury to retail and the corporate segment to de-stimulate the deposit collection, while in H2 net interest income growth was driven by higher yields on treasury investments.
- Net non-interest income was negative, mostly due to the negative effect from securities divestments and higher premium for RWA optimisation measures.
- There was an increase in balances with central banks (EUR 391.4 million YoY), due to the piling up of non-banking sector deposits and issues of new bonds for MREL purposes outweighing the early prepayments of wholesale funding.
- For meeting MREL requirement, the Bank issued new EUR 300 million Senior Preferred notes in July 2022. In contrast, the subordinated Tier 2 debt increased by EUR 220 million due to the subordinated Tier 2 notes issuance on the international market in Q4 2022 (the Bank holding four outstanding subordinated notes). Borrowings decreased by EUR 713.0 million YoY mainly due to early prepayment of TLTRO (EUR 750 million) and certain credit lines (EUR 70 million) in H1.

# Financial markets in Slovenia

## Liquid assets evolution (EURm)



## Well diversified banking book by geography (31 Dec 2022)

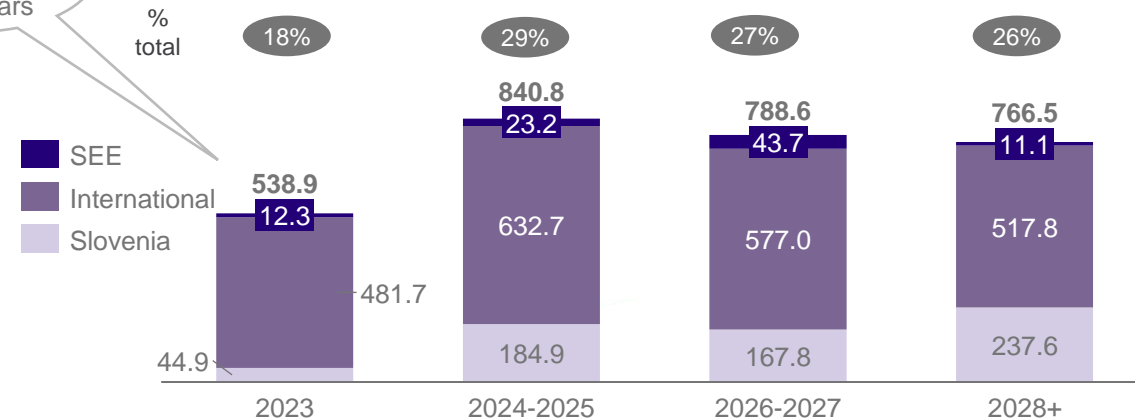


### Well positioned and funded division

- Strong liquidity buffer provides solid base for future core growth consisting of liquid assets which are not encumbered for operational or regulatory purposes
- Banking book securities portfolio is well diversified in terms of asset class and geography to minimize concentration risk, and is invested predominantly in high quality issuers on prudent tenors
- Liquidity ratios (as of 31 Dec 2022): LCR 277% (NLB d.d.) and 220% (NLB Group); NSFR 178% (NLB d.d.) and 183% (NLB Group).

Average maturity 3.64 years

## Maturity profile of banking book securities<sup>(3)</sup> (31 Dec 2022, EURm)



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

# Non-Core Members

in EUR millions consolidated								
	1-12 2022	1-12 2021	Change YoY		Q4 2022	Q3 2022	Q4 2021	Change QoQ
Net interest income	0.3	1.3	-1.1	-86%	0.1	0.1	0.1	-48%
Net non-interest income	4.4	5.9	-1.5	-25%	2.0	0.4	0.8	-
<b>Total net operating income</b>	<b>4.7</b>	<b>7.2</b>	<b>-2.5</b>	<b>-35%</b>	<b>2.1</b>	<b>0.5</b>	<b>0.9</b>	<b>-</b>
Total costs	-12.6	-11.4	-1.2	-11%	-3.9	-3.2	-3.4	-23%
<b>Result before impairments and provisions</b>	<b>-7.9</b>	<b>-4.1</b>	<b>-3.8</b>	<b>-91%</b>	<b>-1.8</b>	<b>-2.6</b>	<b>-2.5</b>	<b>31%</b>
Impairments and provisions	-0.8	5.4	-6.2	-	-1.7	-0.1	2.9	-
<b>Result before tax</b>	<b>-8.7</b>	<b>1.3</b>	<b>-10.0</b>	<b>-</b>	<b>-3.5</b>	<b>-2.7</b>	<b>0.4</b>	<b>-30%</b>

	31 Dec 2022	30 Sep 2022	31 Dec 2021	Change YoY		Change QoQ
<b>Segment assets</b>	<b>61.5</b>	<b>74.1</b>	<b>95.9</b>	<b>-34.4</b>	<b>-36%</b>	<b>-17%</b>
Net loans to customers	13.8	19.5	24.3	-10.5	-43%	-29%
Gross loans to customers	35.4	50.7	53.9	-18.4	-34%	-30%
Investment property and property & equipment received for repayment of loans	39.6	47.5	65.6	-26.0	-40%	-16%
Other assets	8.1	7.1	6.0	2.1	36%	14%
Non-performing loans (gross)	32.3	46.6	45.0	-12.8	-28%	-31%

- The segment recorded a EUR 8.7 million loss before tax.
- A decrease of the total assets of the segment YoY (EUR 34.4 million) was in line with the divestment strategy of the non-core segment.

# Other

in EUR millions consolidated								
	1-12 2022	1-12 2021	Change YoY		Q4 2022	Q3 2022	Q4 2021	Change QoQ
Total net operating income	10.0	6.1	3.9	64%	3.7	3.1	1.7	19%
Total costs	-7.9	-10.9	2.9	27%	4.0	-3.1	-1.9	-
<b>Result before impairments and provisions</b>	<b>2.1</b>	<b>-4.8</b>	<b>6.8</b>	<b>-</b>	<b>7.7</b>	<b>0.0</b>	<b>-0.2</b>	<b>-</b>
Impairments and provisions	-3.1	0.0	-3.1	-	6.0	0.0	-1.8	-
Negative goodwill (N Banka)	172.8							
<b>Result before tax</b>	<b>171.8</b>	<b>-4.7</b>	<b>176.5</b>	<b>-</b>	<b>13.6</b>	<b>-0.1</b>	<b>-2.0</b>	<b>-</b>

- Negative goodwill from N Banka acquisition in the amount of EUR 172.8 million attributable to this segment.
- EUR 7.9 million of total costs (EUR 2.9 million higher YoY); costs related mostly to IT, cash transport, external realization, and costs, regarding vacant business premises.

Appendix 3:

# Financial Statements



# NLB Group Income Statement

(EURm)	1-12 2022	1-12 2021	YoY	Q4 2022	Q3 2022	Q4 2021	QoQ
Interest and similar income	569.8	477.8	19%	170.4	142.6	123.7	20%
Interest and similar expense	-64.9	-68.5	5%	-18.5	-15.8	-16.7	-17%
Net interest income	504.9	409.4	23%	151.8	126.7	107.0	20%
Fee and commission income	381.6	332.6	15%	97.6	99.4	89.9	-2%
Fee and commission expense	-108.2	-95.4	-13%	-28.5	-28.9	-25.3	1%
Net fee and commission income	273.4	237.2	15%	69.2	70.5	64.6	-2%
Dividend income	0.2	0.2	9%	0.0	0.1	0.0	-62%
Net income from financial transactions	36.6	38.4	-5%	12.6	10.3	5.0	23%
Other operating income	-16.6	-18.3	9%	1.2	-2.0	-9.6	-
<b>Total net operating income</b>	<b>798.5</b>	<b>666.9</b>	<b>20%</b>	<b>234.9</b>	<b>205.6</b>	<b>167.0</b>	<b>14%</b>
Employee costs	-257.7	-231.3	-11%	-71.2	-63.7	-63.1	-12%
Other general and administrative expenses	-155.2	-137.5	-13%	-44.2	-38.3	-43.4	-15%
Depreciation and amortisation	-47.4	-46.5	-2%	-12.2	-11.9	-11.7	-3%
<b>Total costs</b>	<b>-460.3</b>	<b>-415.4</b>	<b>-11%</b>	<b>-127.7</b>	<b>-113.9</b>	<b>-118.2</b>	<b>-12%</b>
<b>Result before impairments and provisions</b>	<b>338.3</b>	<b>251.5</b>	<b>34%</b>	<b>107.2</b>	<b>91.7</b>	<b>48.8</b>	<b>17%</b>
Impairments and provisions for credit risk	-17.5	35.8	-	-25.0	9.8	1.8	-
Other impairments and provisions	-11.4	-27.1	58%	-6.3	0.2	-18.3	-
Gains less losses from capital investments in subsidiaries, associates and joint ventures	0.8	1.1	-30%	-0.4	-0.4	0.2	14%
Negative goodwill	172.9	0.0	-	0.1	0.0	0.0	-
<b>Result before tax</b>	<b>483.1</b>	<b>261.4</b>	<b>85%</b>	<b>75.7</b>	<b>101.3</b>	<b>32.5</b>	<b>-25%</b>
Income tax	-25.2	-13.5	-86%	-4.2	-10.4	-0.6	60%
Result of non-controlling interests	11.0	11.5	-4%	2.4	0.1	1.0	-
<b>Result after tax attributable to owners of the parent</b>	<b>446.9</b>	<b>236.4</b>	<b>89%</b>	<b>69.1</b>	<b>90.8</b>	<b>30.9</b>	<b>-24%</b>



# NLB Group Statement of Financial Position

(EURm)	31 Dec 2022	31 Dec 2021	YtD
<b>ASSETS</b>			
Cash and balances with Central Banks and other demand deposits at banks	5,271.4	5,005.1	5%
Financial instruments	4,877.4	5,208.3	-6%
<i>o/w Trading Book</i>	21.6	7.7	181%
<i>o/w Non-trading Book</i>	4,855.8	5,200.6	-7%
Loans and advances to banks (net)	223.0	140.7	58%
<i>o/w gross loans</i>	223.2	140.9	58%
<i>o/w impairments</i>	-0.3	-0.2	-36%
Loans and advances to customers	13,073.0	10,587.1	23%
<i>o/w gross loans</i>	13,397.3	10,903.5	23%
- Corporates	6,345.7	4,996.0	27%
- State	308.2	286.3	8%
- Individuals	6,743.4	5,621.1	20%
<i>o/w impairments and valuation</i>	-324.4	-316.3	-3%
Investments in associates and JV	11.7	11.5	1%
Goodwill	3.5	3.5	0%
Other intangible assets	54.7	55.5	-2%
Property, plant and equipment	251.3	247.0	2%
Investment property	35.6	47.6	-25%
Other assets	358.6	271.1	32%
<b>Total Assets</b>	<b>24,160.2</b>	<b>21,577.5</b>	<b>12%</b>

(EURm)	31 Dec 2022	31 Dec 2021	YtD
<b>LIABILITIES &amp; EQUITY</b>			
Deposits from banks and central banks	106.4	71.8	48%
Deposits from customers	20,027.7	17,640.8	14%
- Corporates	5,565.6	4,463.7	25%
- State	513.4	496.4	3%
- Individuals	13,948.7	12,680.8	10%
Borrowings	281.1	932.6	-70%
Subordinated debt securities	508.8	288.5	76%
Other debt securities in issue	307.2	-	-
Other liabilities	506.7	427.6	18%
<b>Total Liabilities</b>	<b>21,737.9</b>	<b>19,361.4</b>	<b>12%</b>
Shareholders' equity	2,365.6	2,078.7	14%
Non Controlling Interests	56.7	137.4	-59%
<b>Total Equity</b>	<b>2,422.3</b>	<b>2,216.1</b>	<b>9%</b>
<b>Total Liabilities &amp; Equity</b>	<b>24,160.2</b>	<b>21,577.5</b>	<b>12%</b>