

NLB Group Presentation

Q3 2021 Results

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Executive Summary

Well on track to achieve/exceed our 2021 guidance

Key Highlights

- Economic outlook for Slovenia and the region remains positive – on average 6%+ GDP growth expected for this year
- Further improving our digital capabilities
- Sustainability being a key pillar of everything we do
- Sale of KB Banja Luka
- Integration process of KB well underway
- Exploring opportunities for potential issuance of Tier 2 instrument to further strengthen and optimize capital and to benefit from current favourable market environment
- MB and SB proposed distribution of EUR 67,400,000.00, which is EUR 3.37 per share to be paid out on 24 December 2021 (subject to GM confirmation) – cumulative dividend paid in 2021 EUR 92.2 million

9M and Q3 2021 business results - Another good quarter

- Profit a.t. for nine months at 205.5 million. Recurring pre-provision profit is growing YoY and QoQ
- Loans to individuals up 9%YtD and to corporate 3% YtD
- Strong growth of net fee and commission income YoY
- Continuous cost discipline leading to stable costs QoQ
- Benign credit risk environment and successful workout approach resulted in release of impairments and provisions
- CoR guidance for 2021 revised from previous 20 – 40 bps to negative CoR, i.e. around – 20 bps
- Strong capital position enabling further growth and substantial dividend distribution



Key Developments



Key performance indicators of NLB Group

Increased profitability marked by continuous loan growth, increased fee and commission income, one off effects and negative cost of risk

NLB Group			
in EUR million / % / bps	1-9 2021	1-9 2020	Change YoY
Key Income Statement Data			
Net operating income	499.9	383.3	30%
Net interest income	302.3	224.5	35%
Net non-interest income	197.5	158.8	24%
Total costs	-297.2	-216.3	-37%
Result before impairments and provisions	202.7	167.0	21%
Impairments and provisions	25.2	-50.2	-
Result after tax	205.5	104.6	96%
Key Financial Indicators			
Return on equity after tax (ROE a.t.)	13.3%	8.1%	5.2 p.p.
Return on assets after tax (ROA a.t.)	1.3%	1.0%	0.4 p.p.
Net interest margin (on interest bearing assets)	2.07%	2.14%	-0.07 p.p.
Operational business margin ⁽ⁱ⁾	3.26%	3.34%	-0.08 p.p.
Cost to income ratio (CIR)	59.4%	56.4%	3.0 p.p.
NPL ratio (EBA def.) ⁽ⁱⁱ⁾	3.7%	4.5%	-0.8 p.p.
Cost of risk net (bps) ⁽ⁱⁱⁱ⁾	-50	84	-134

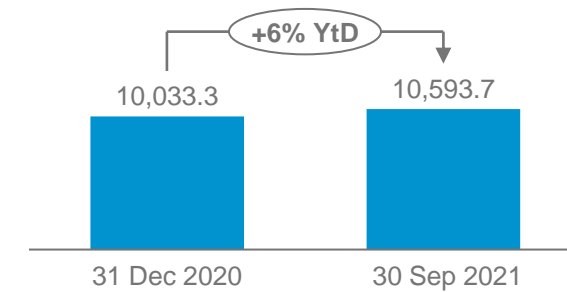
in EUR million / %	30 Sep 2021	31 Dec 2020	Change YtD
Key Financial Position Statement Data			
Total assets	21,296.9	19,565.9	9%
Gross loans to customers	10,593.7	10,033.3	6%
Net loans to customers	10,267.0	9,644.9	6%
Deposits from customers	17,248.6	16,397.2	5%
Equity (without non-controlling interests)	2,140.5	1,952.8	10%

⁽ⁱ⁾ Operational business net income annualized / average assets.

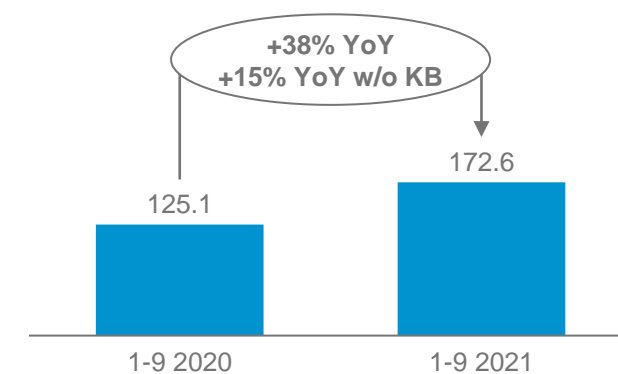
⁽ⁱⁱ⁾ NPL ratio as per EBA definition is calculated as follows: (i) Numerator: gross volume of non-performing loans and advances in Finrep 18 without loans held for sale, cash balances at central banks and other demand deposits; (ii) Denominator: gross volume of loans and advances in Finrep 18 without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

⁽ⁱⁱⁱ⁾ Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers.

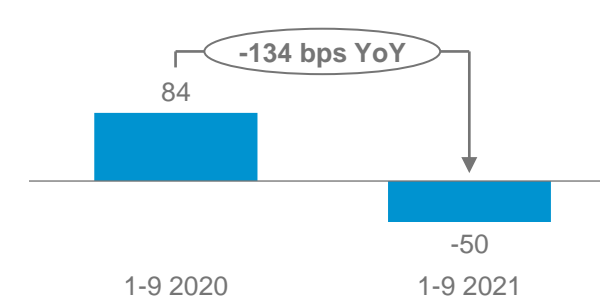
Gross loans to customers (in EURm)



Net fee and commission income (in EURm)



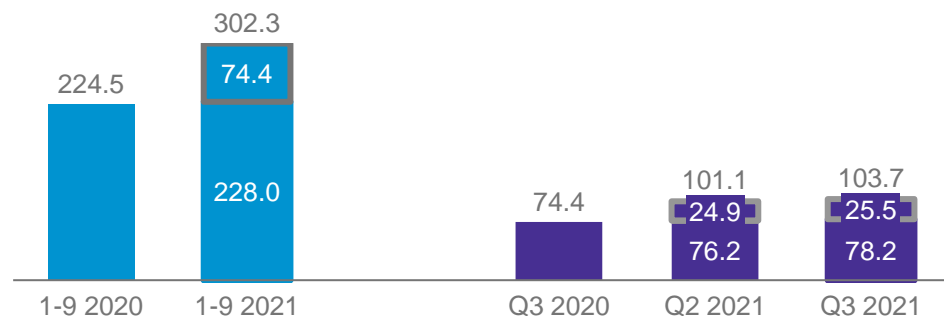
Cost of risk⁽¹⁾ (Group, bps)



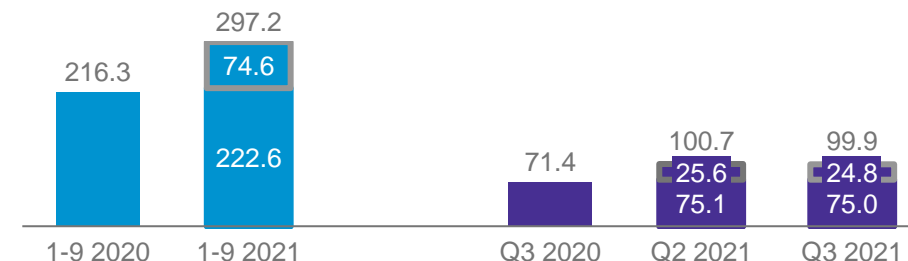
Revenues and Cost Dynamics

Strong recurring income momentum with stable costs and negative CoR

Net interest income (Group, EURm)

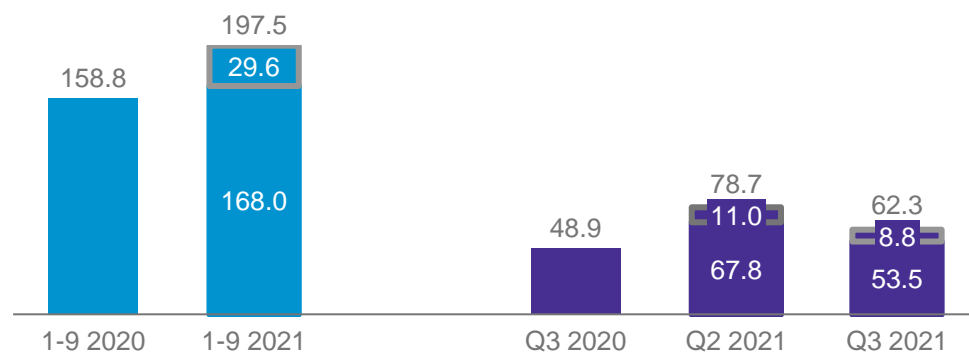


Costs (Group, EURm)

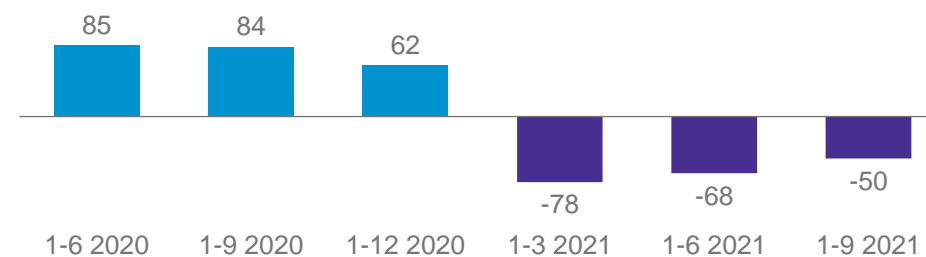


Net non-interest income (Group, EURm)

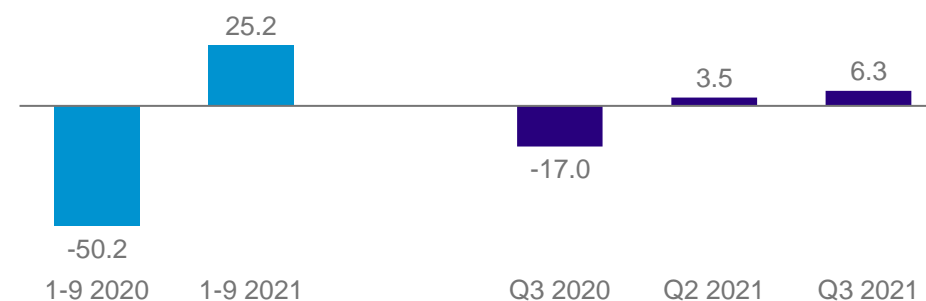
KB contribution



Cost of risk⁽¹⁾ (Group, bps)



Net impairments and provisions (Group, EURm)

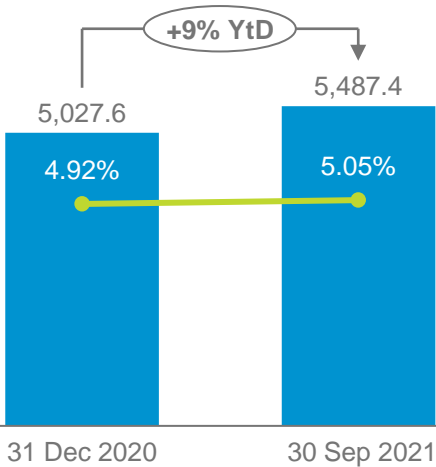


Note (1) Cost of risk = credit impairments and provisions (annualised level) / average net loans to customers;

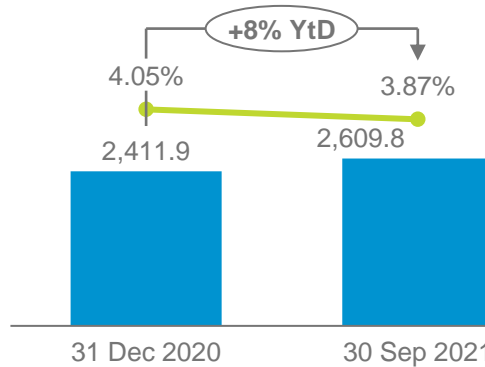
Loan Dynamics

Growth in loan demand from individuals continues across all markets

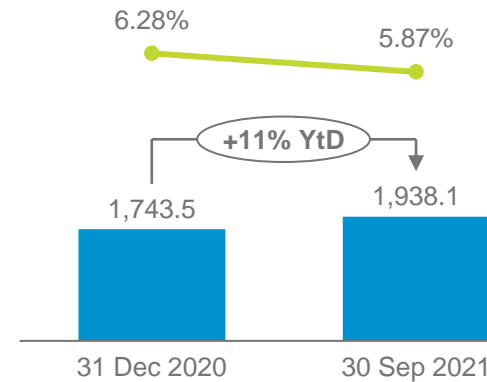
NLB Group



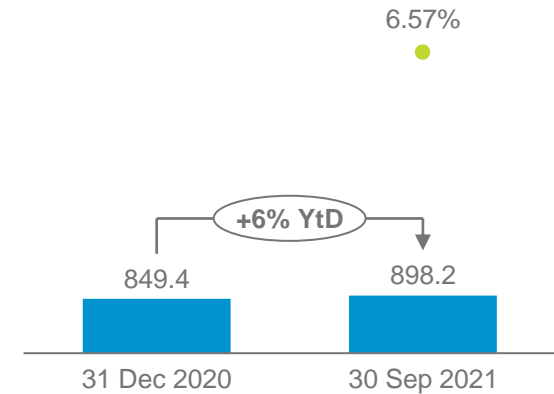
NLB d.d.⁽¹⁾



**Strategic foreign markets
w/o KB⁽¹⁾**

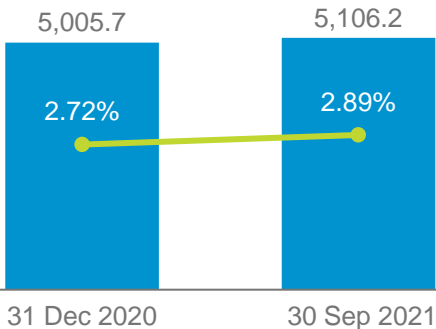


KB banks⁽¹⁾

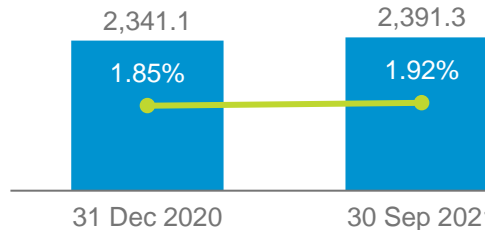


Gross loans to individuals

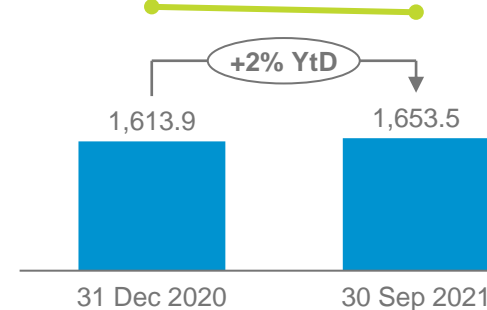
+2% YtD



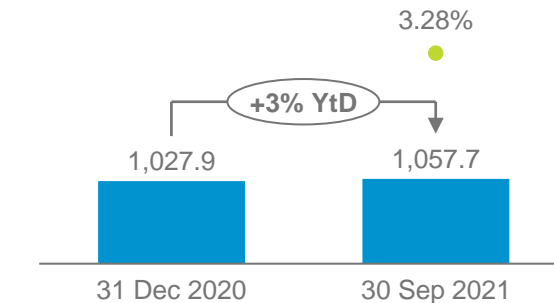
+2% YtD



4.11%



+3% YtD



Gross loans to corporate & state

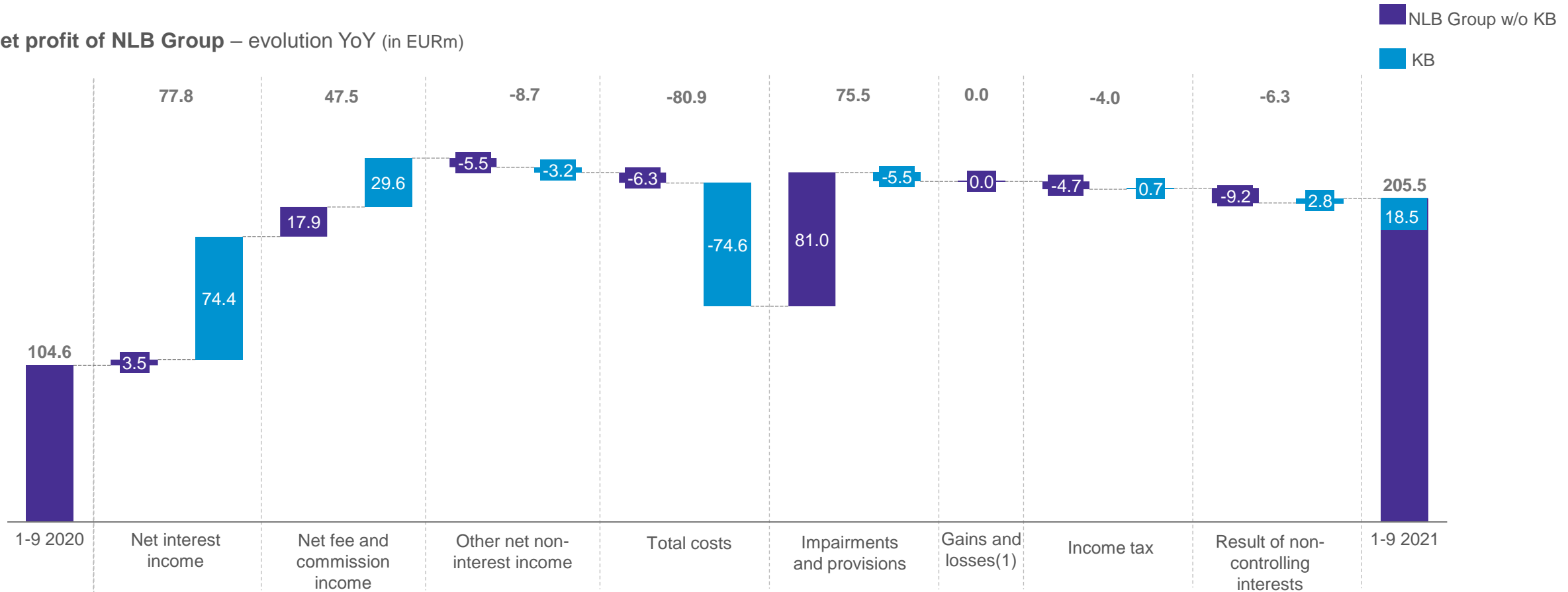
Gross loans Yields

Note: (1) On stand alone basis.

Resilient Operating Income Performance

Strong underlying results backed by contribution from KB, F&C income and release of impairments and provisions

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

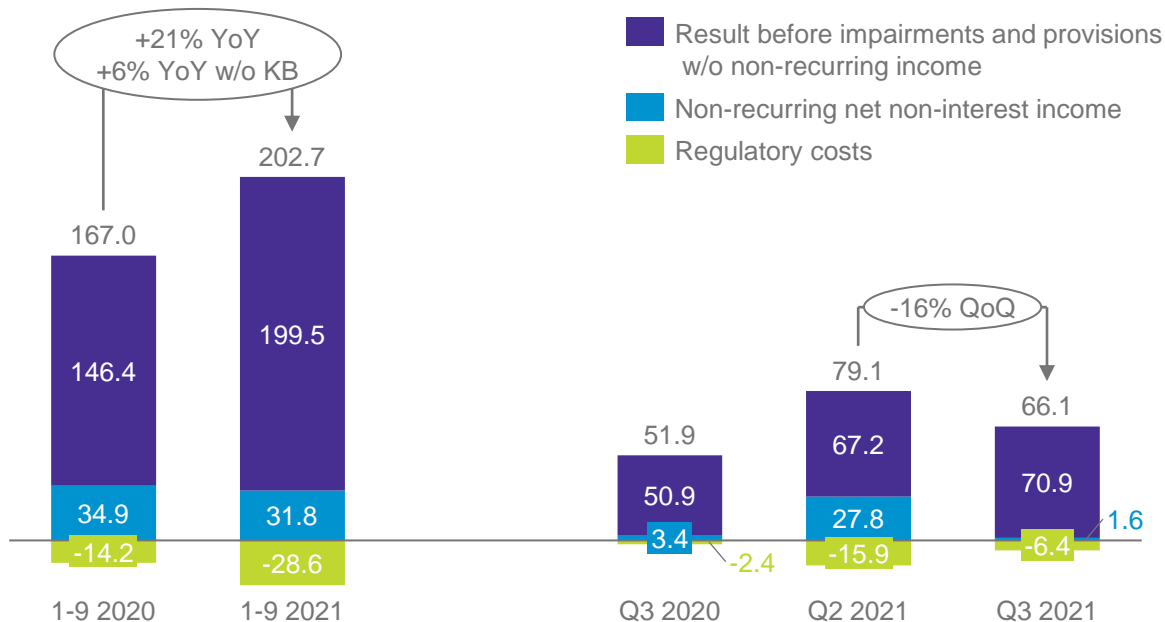


In 1-9 2021, NLB Group generated **EUR 205.5 million of profit after tax**, EUR 100.9 million higher YoY, o/w EUR 18.5 million from KB. Main reasons for increase are **contribution from KB** and **release of impairments and provisions** in the amount of EUR 25.2 million, mostly due to repayment of several exposures, improved credit ratings of certain clients, and changed parameters for forming collective impairments and provisions related to more favourable macroeconomic forecasts.

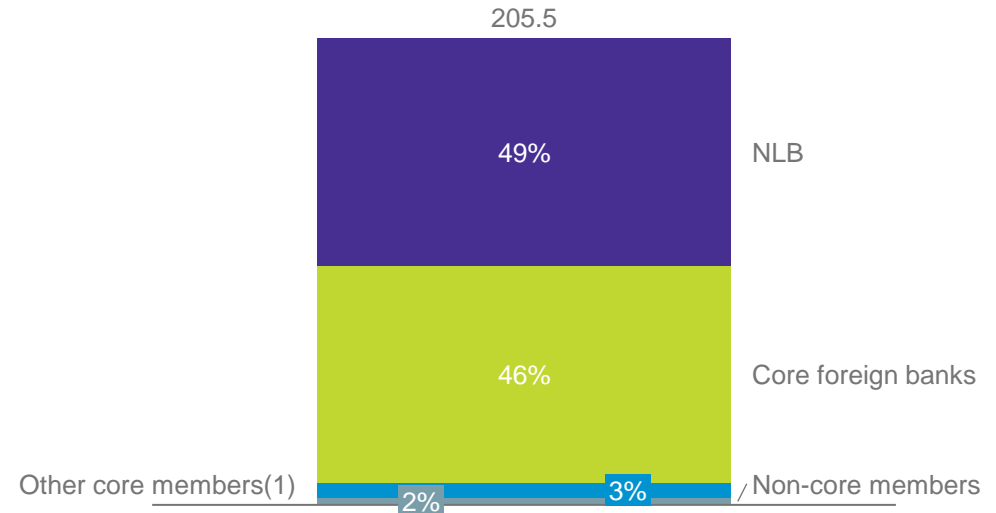
Income Statement

Recurring pre-provision profit is growing YoY and QoQ

Result before impairments and provisions (Group, EURm)



Contribution to the NLB Group consolidated result a.t. (EURm)



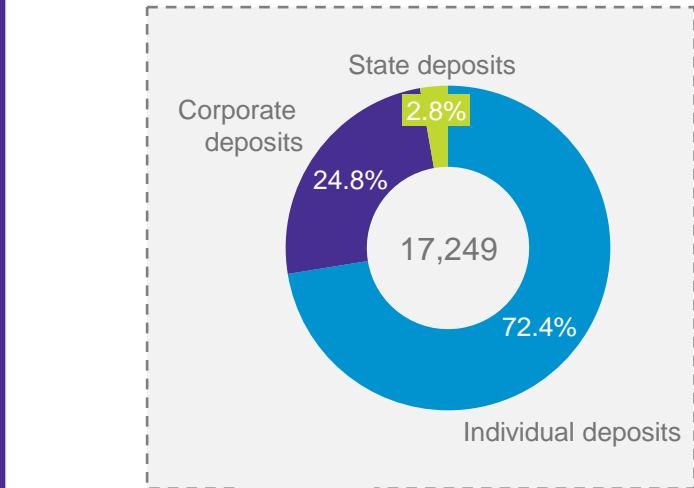
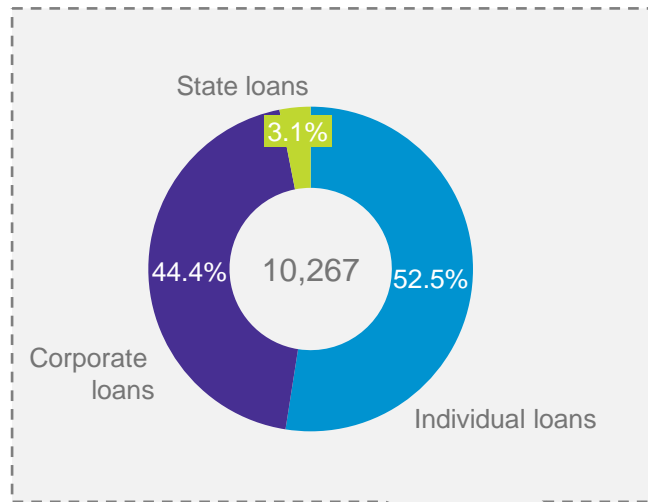
Result before impairments and provisions EUR 202.7 million, EUR 35.7 million higher YoY, EUR 9.5 million without KB contribution, as a result of:

- Stable net interest income without KB group contribution and impacted by excess liquidity which determined a consequent higher volume of cash and balances with central banks, with low or negative interest rates. Interest income higher YoY without Komercijalna Banka group contribution, based on higher volumes and increased market shares in the loan book compensating the reduction in interest rates.
- Payment of regulatory costs in the Bank (EUR 2.0 million for SRF and EUR 7.5 million for DGS) in Q2.
- In the period 1-9, non-recurring valuation income in the amount of EUR 14.7 million from repayment of exposure, classified as non-performing, and EUR 9.0 million other operation income from the settlement of legal dispute; comparable to 1-9 2020 level, with the sale of NLB Vita and debt securities.
- Net fee and commission income increased in all banks, in the Bank mostly due to repricing of packages, fee for high balances, higher net fees from asset management and bancassurance, and arrangement fees for organisation of syndicated loans.

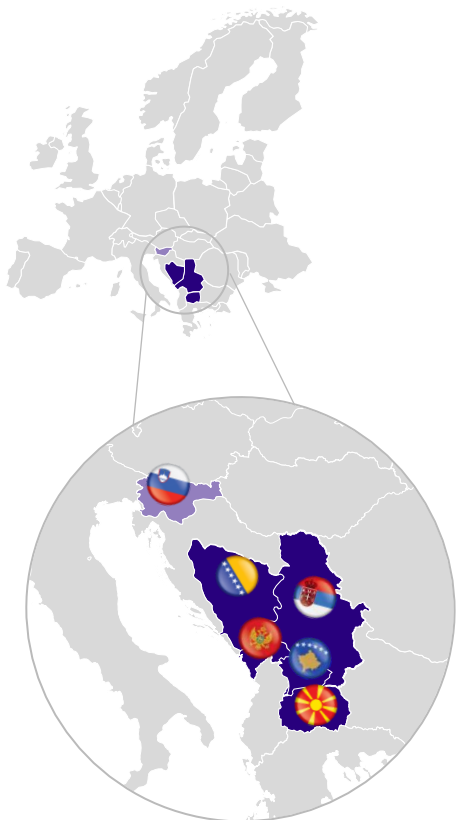
Balance Sheet Structure – NLB Group








Deposit driven balance sheet

(30 Sep 2021, in EURm)



NLB Group – strong market position in all countries



	Slovenia  NLB, Ljubljana	North Macedonia  NLB Banka, Skopje	Bosnia and Herzegovina  NLB Banka, Banja Luka KB, Banja Luka NLB Banka, Sarajevo			Kosovo  NLB Banka, Prishtina	Montenegro  NLB Banka, Podgorica KB, Podgorica		Serbia  NLB Banka, Beograd KB, Beograd		NLB Group 
	Data on stand-alone basis										Consolidated data
Result after tax (EURm)	105.9	29.8	13.1	0.4	7.4	18.8	10.1	-3.7	5.5	33.8	205.5
Total assets (EURm)	12,314	1,690	911	269	699	910	608	153	684	4,114	21,297
RoE a.t.	9.4%	16.2%	16.5%	1.6%	10.6%	23.2%	18.5%	-24.9%	9.5%	7.2%	13.3%
Net interest margin	1.30%	3.12%	2.42%	2.21%	2.83%	3.77%	4.06%	4.01%	3.42%	2.38%	2.07%
CIR (cost/income ratio)	60.8%	42.5%	44.1%	81.9%	56.1%	32.7%	57.3%	94.0%	74.1%	69.1%	59.4%
LTD net	53.0%	75.4%	63.2%	74.1%	78.1%	78.9%	80.5%	76.3%	116.0%	50.3%	59.5%
NPL ratio	1.7%	4.9%	1.5%	1.5%	3.7%	2.1%	4.6%	8.9%	1.6%	1.5%	2.6%
Branches (#)	79	47	47	19	36	34	19	9	28	190	290 ^(v)
Active clients (#)	674,300	405,876	219,877	47,773	128,432	217,287	69,695	27,834	142,364	878,289	1,857,831 ^(v)
Market share by total assets (%)	25.9%	16.7%	19.0% ^(ii,iv)	5.9% ^(i,iii)	5.1% ^(ii,iii)	16.5%	11.7% ^(iv)	3.0%	1.8% ⁽ⁱⁱⁱ⁾	9.9% ^(iv)	/



Note: Financial data as of September 2021.

*Consolidated data. Including non-core members and other activities and other core members.

i) Market share in the Republic of Srpska; (ii) Market share in the Federation of BiH; (iii) Data for market share as of 30 Jun 2021; (iv) Data for market share as of 31 August 2021; (v) Total number of branches and active clients for the Group does not include data for Komercijalna Banka group banks due to different definitions;



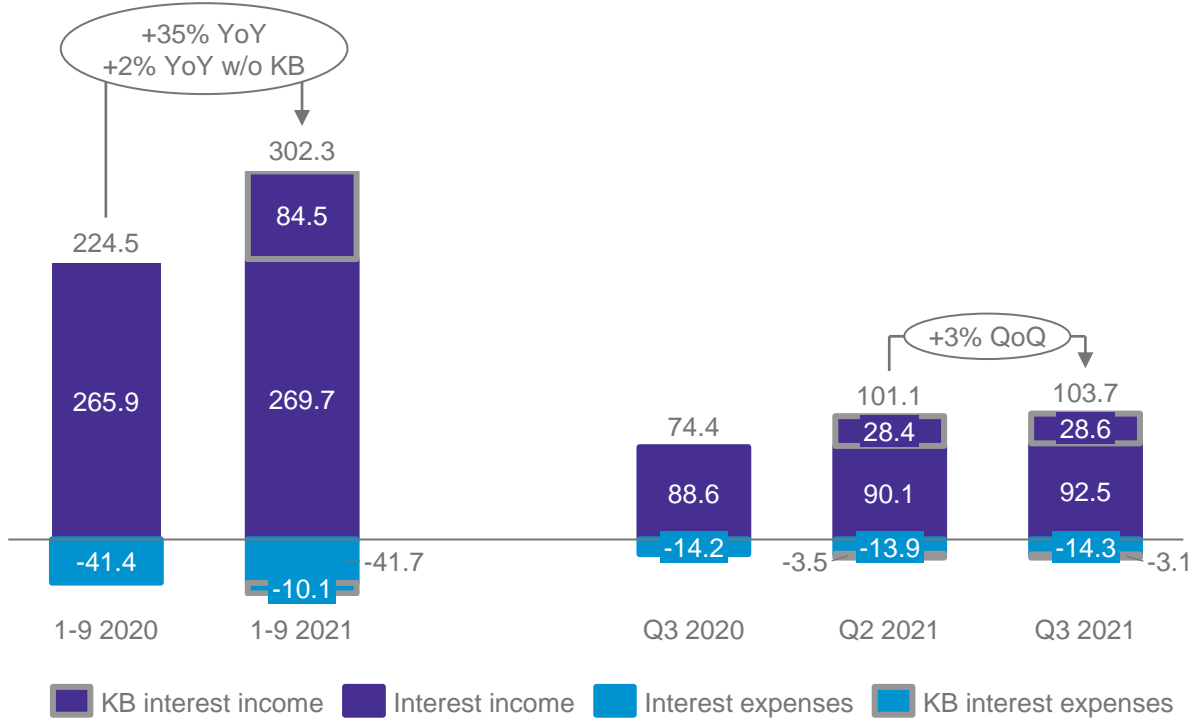
Business Performance



Net interest income

Higher net interest income YoY and QoQ on the back of volume growth

Net interest income of NLB Group (in EURm)

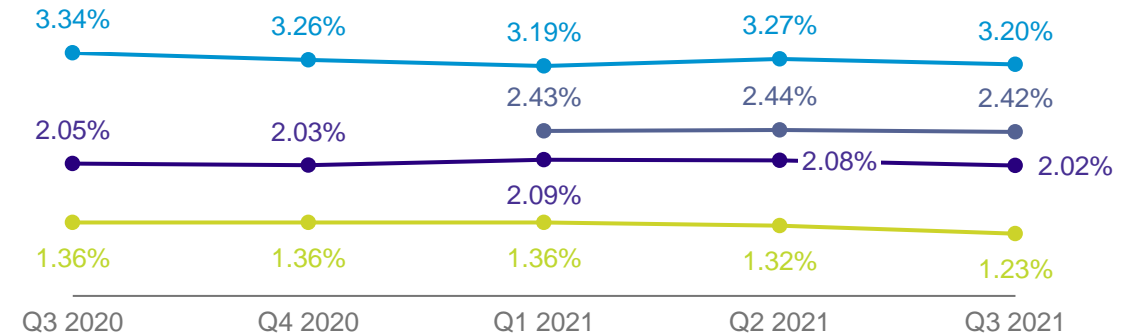


Higher interest income on the back of strong loan growth.

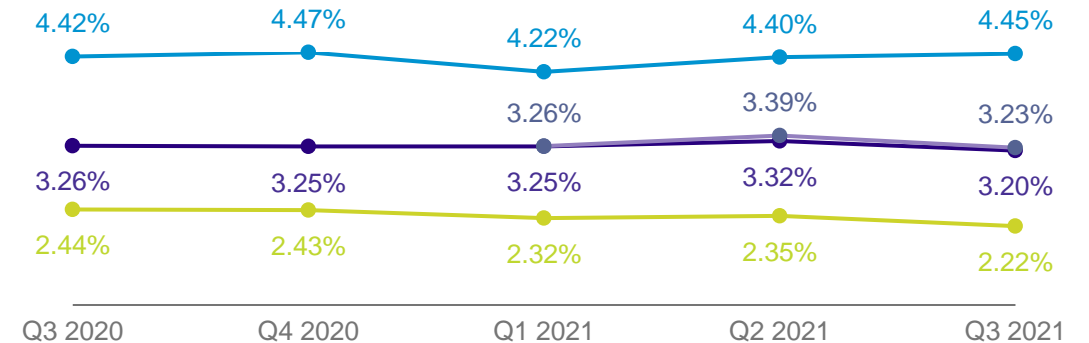
Higher interest expenses are related to higher cash volumes and balances with the central bank (bearing negative interest) and the subordinated Tier 2 instruments issued by the Bank.

Margins remain under pressure due to - lower yields from financial assets and higher cash volumes and central bank balances.

Net interest margin, quarterly (in %)



Operational business margin, quarterly (in %)



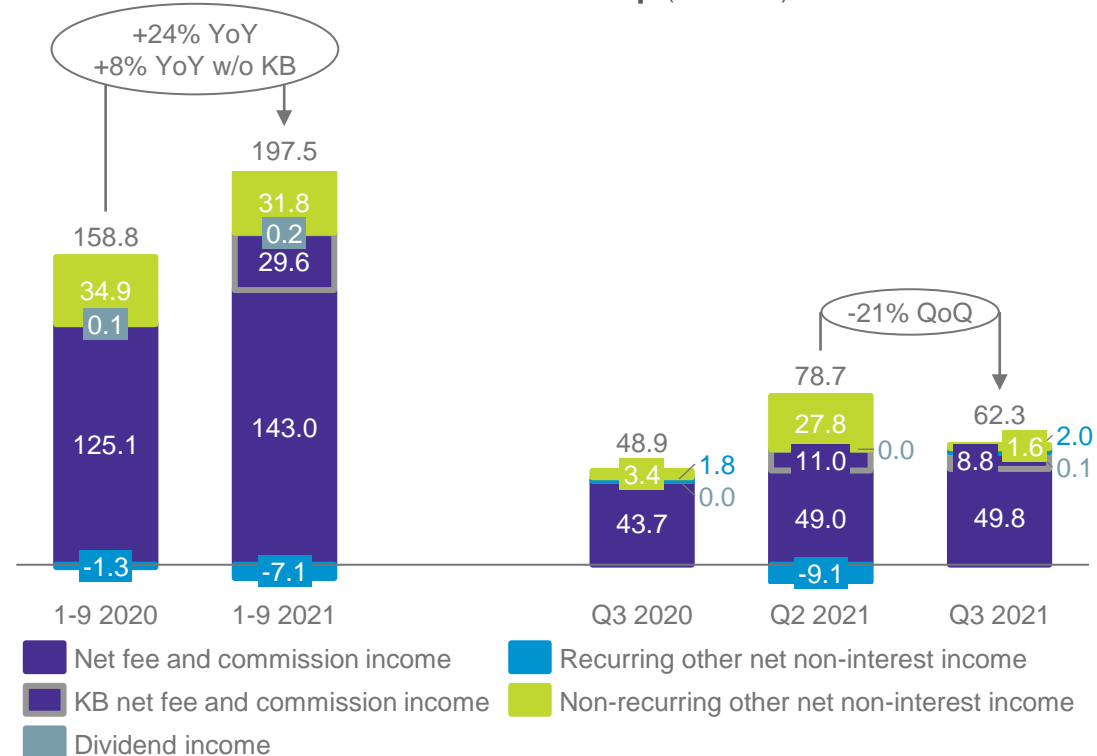
● NLB Group ● NLB ● SEE banks w/o KB ● KB banks

NIM and OBM for the Group for Q3 2021 stood at 2.10% and 3.30% if TLTRO-III secured borrowing effect is excluded; hence margins remain flat QoQ.

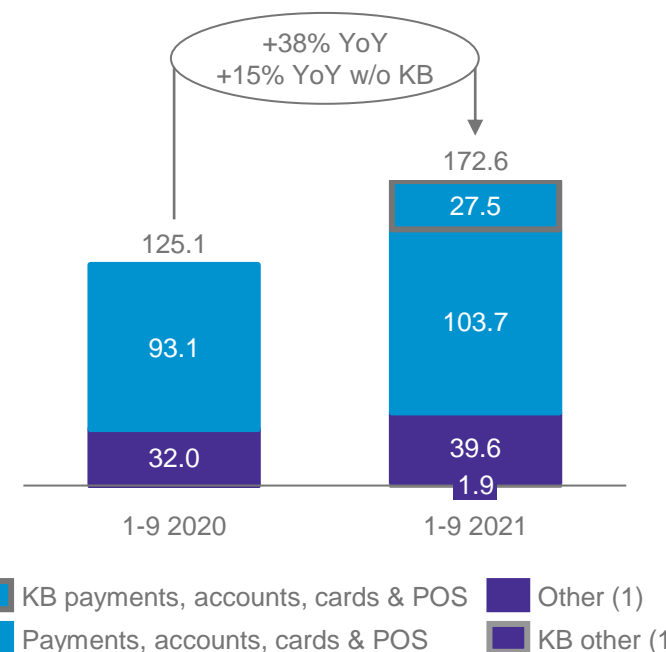
Net non-interest income

Economic recovery and private consumption boosting fee and commission income

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



Net fee and commission income (in EURm)



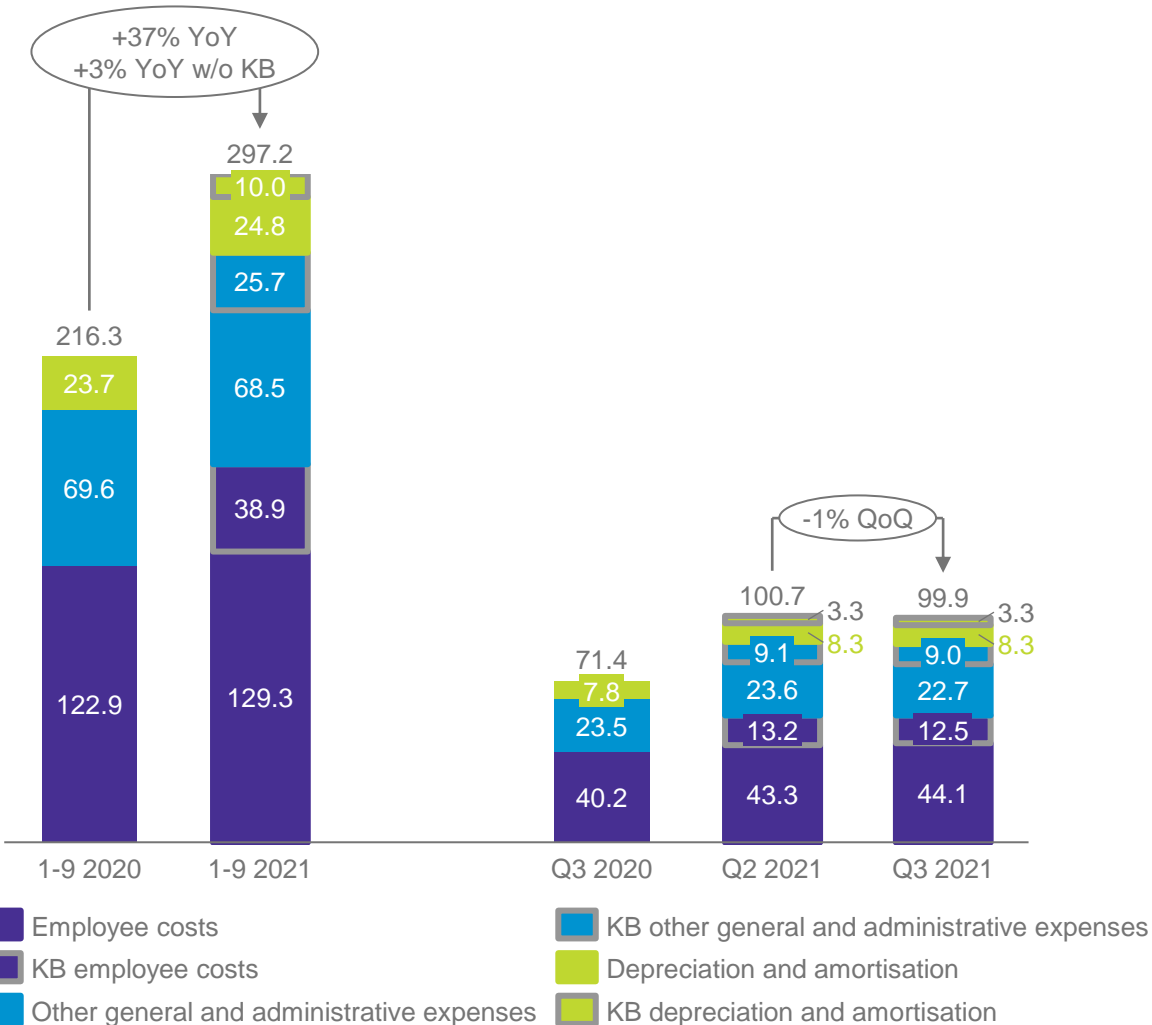
Growth in fee and commission income in all banks is related to:

- increased income from basic accounts, payment transaction and cards and ATM operations,
- fee for high balances in NLB (EUR 5.7 million),
- higher net fees from asset management (NLB Skladi YoY more than tripled net inflow, totalled EUR 151.7 million) bancassurance and arrangement fees for organisation of syndicated loans in NLB
- QoQ lower net fee and commission income in KB Beograd, due to relocation of some items from G&A costs to net fee and commission income (EUR 1.6 million).

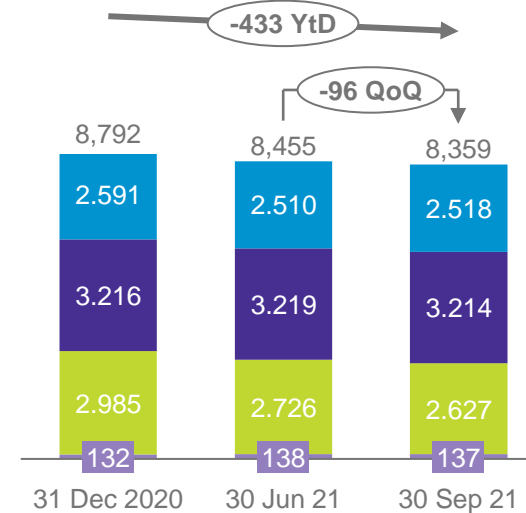
Continuous cost discipline

Cost containment remains one of our key focus areas

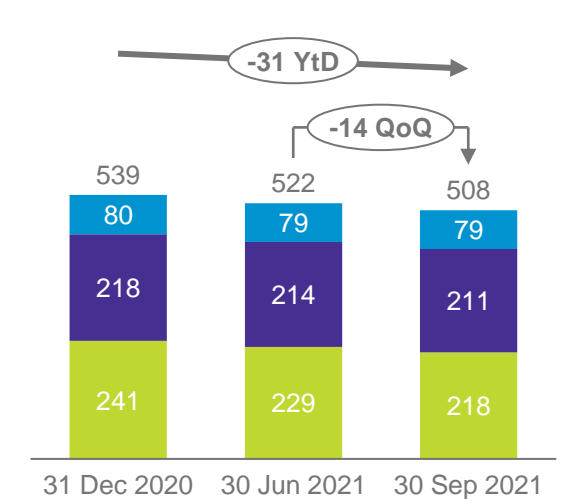
Total costs (in EURm)



of employees



of branches



■ NLB ■ SEE banks w/o KB ■ KB ■ other

Without KB group contribution the costs increased YoY for EUR 6.3 million due to an increase in all member banks in SEE. However, in the Bank and in the Non-core members the costs were EUR 2.0 million and EUR 1.5 million lower YoY, respectively.

Continuation of strategic initiatives on a Group level (channel strategy, digitalisation, paperless, lean process, branch network optimisation etc.) to optimize the sustainable cost base going forward.

NLB Group Assets

Asset side of the balance sheet remains highly liquid

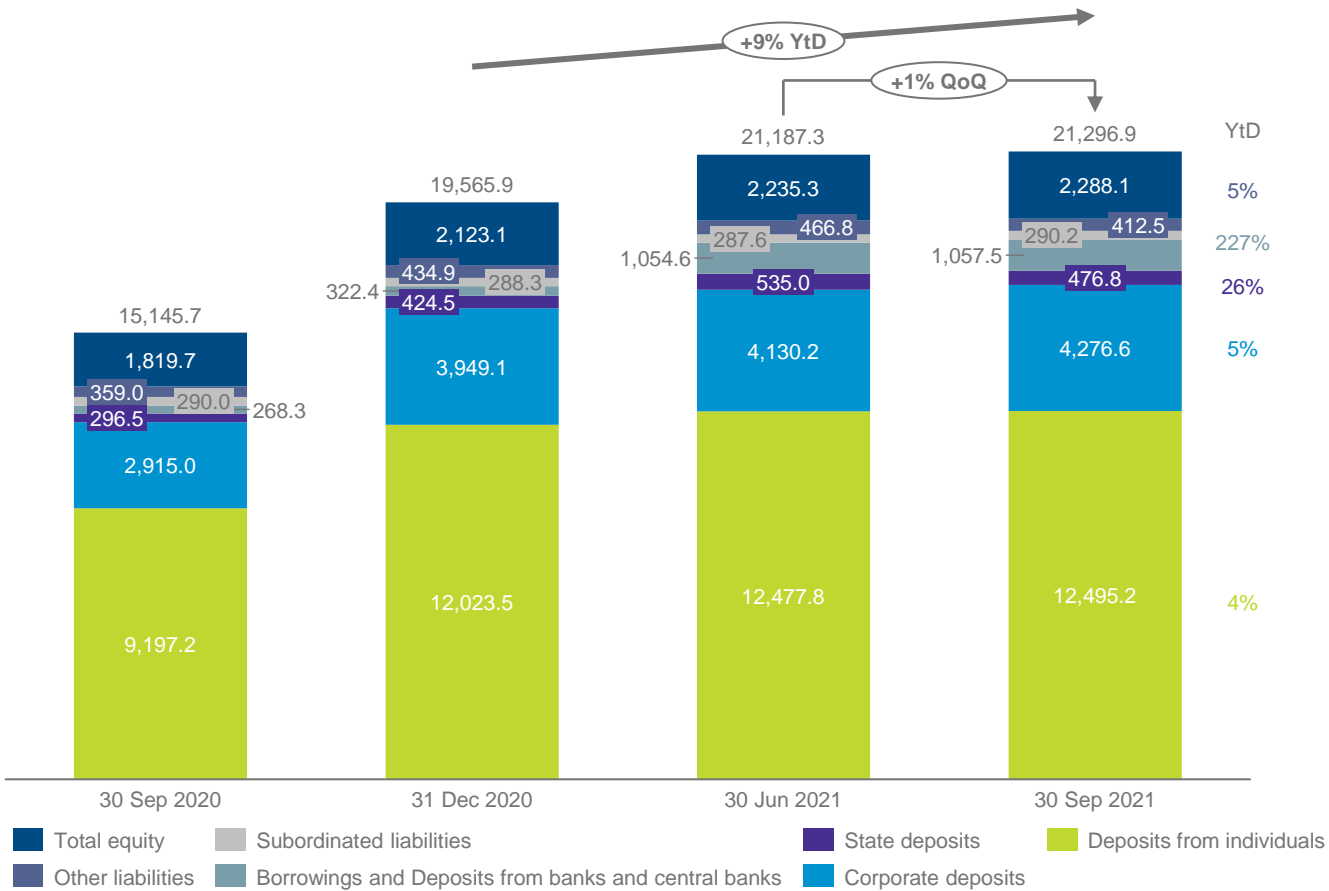
Total assets of NLB Group – structure (EURm)



NLB Group Liabilities and Equity

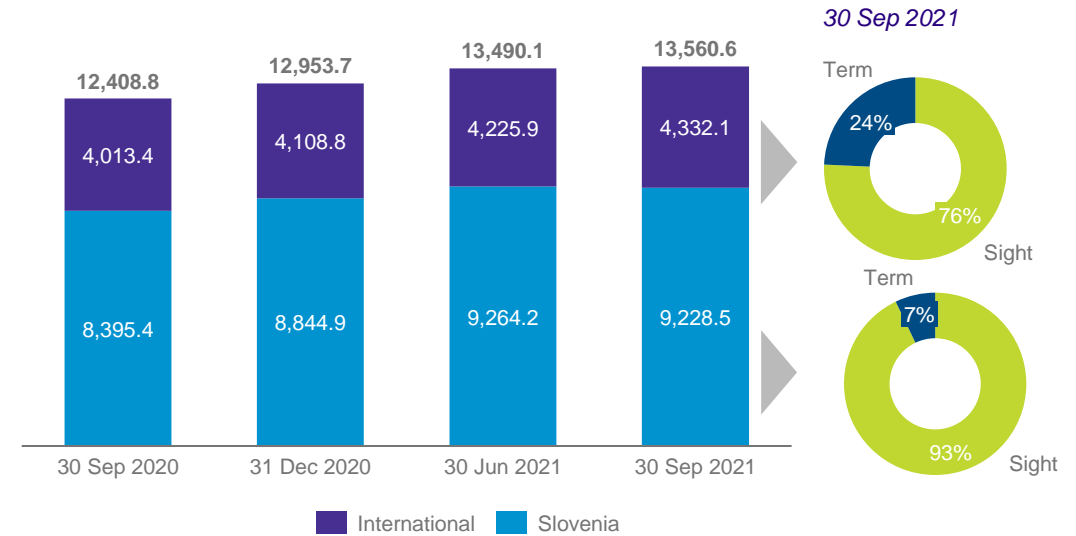
Retail deposit growth has abated in Q3 2021

Deposits accounting for 81% of funding (Group, EURm)

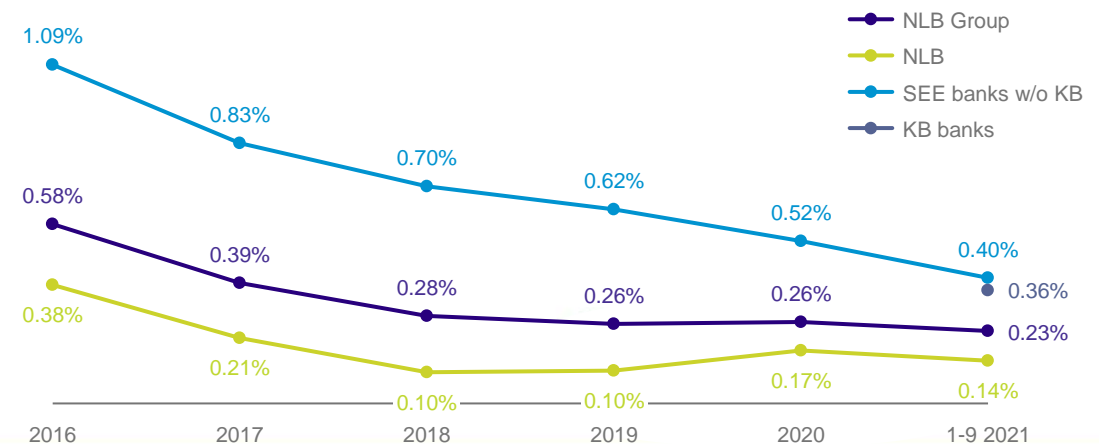


- Primarily deposit funded
- Participation in liquidity-providing operation by ECB (TLTRO III)
- Sight deposits prevailing

Deposit split (Group, EURm)

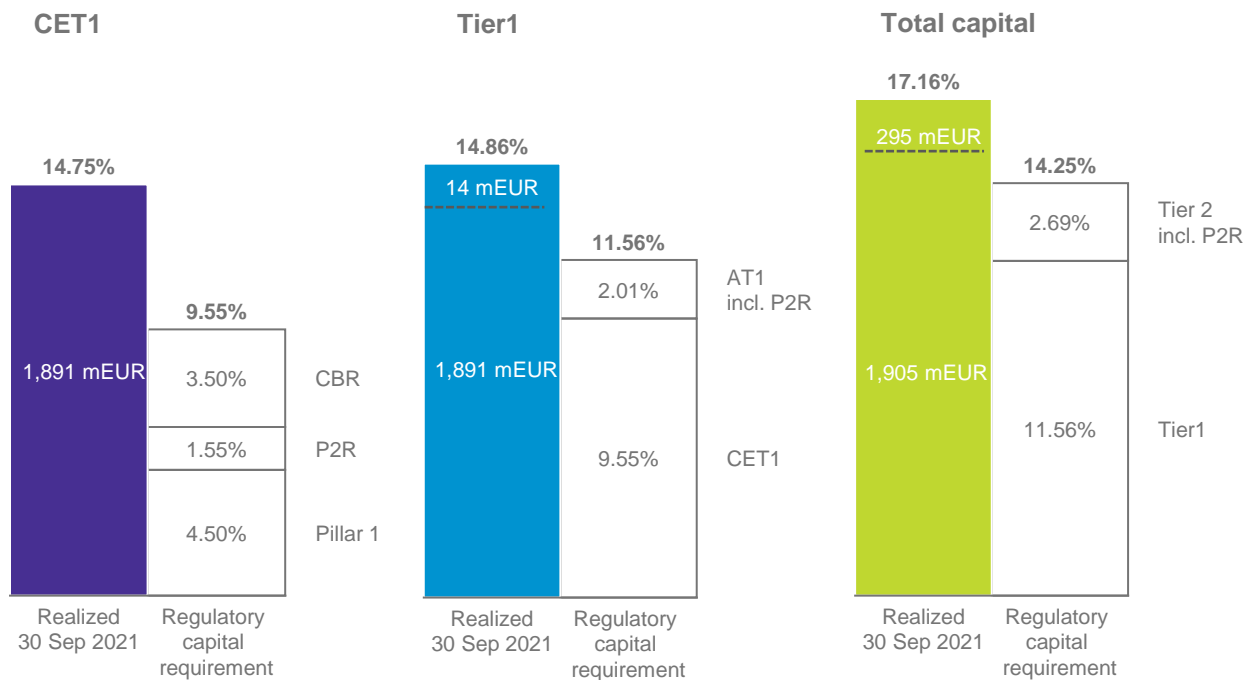


Average cost of funding (%)



Capital

Capital position enabling further growth and substantial dividend distribution



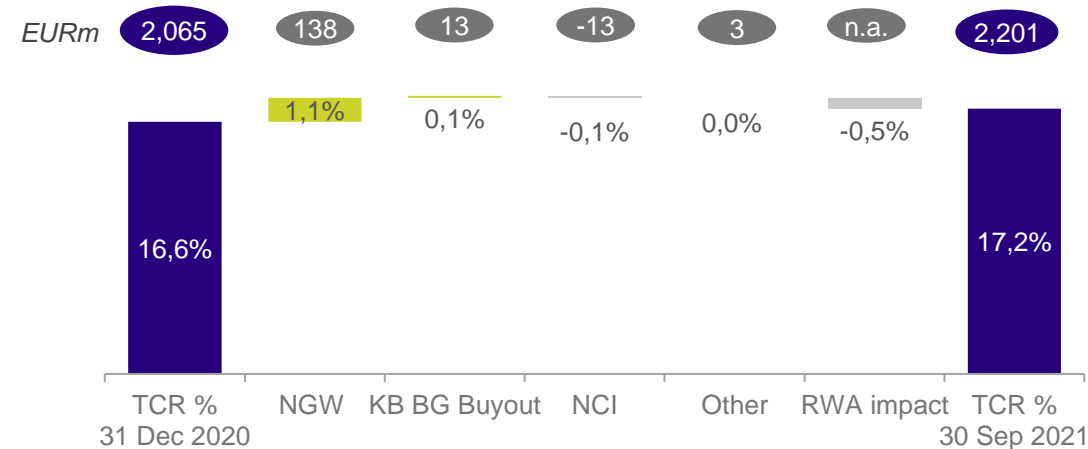
As of 30 September 2021, the **CET1** ratio stood at 14.7% (0.6 p.p. YtD increase) and the **Total capital ratio** for the Group stood at 17.2% (0.5 p.p. YtD increase). Increase in capital mainly due to inclusion of Negative Goodwill (EUR 137.9 million) in retained earnings.

The Overall Capital Requirement (OCR) is 14.25% for the Bank on a consolidated basis, consisting of:

- 10.75% TSCR (8% P1R and 2.75% 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



RWA structure

RWA optimization activities underway

RWA OPTIMIZATION ACTIONS:

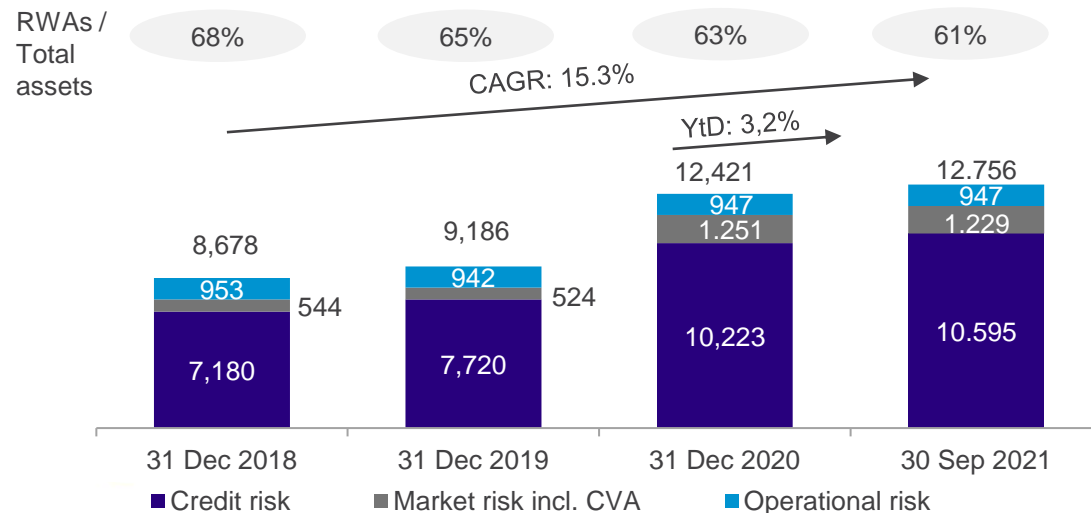
- Decrease in KB trading book;
- Banking book portfolio optimization;
- Credit risk optimization through further engagement with MIGA;
- Third country equivalence framework expected to be confirmed by EC for Bosnia and Herzegovina and Northern Macedonia.

RWA for credit risk increased EUR 403.3 million YtD: new production of retail and corporate loans, with investments in selected Tier 2 Instruments and investments in state bonds

As a result of **RWA optimization** actions some subsidiaries shifted part of their liquid assets from the central governments or CB to low risk weighted commercial banks (the largest RWA in Komercijalna Banka Beograd).

The decrease in **RWA for market risks** and credit value adjustments (CVA) (EUR 21.8 million) is mainly the result of decreased TDI risk in the amount of EUR 79.5 million (a consequence of closing position of Traded debt instruments in Komercijalna Banka Beograd). RWA on FX risk increased by EUR 57.6 million mainly due to more open positions in domestic currencies of non-euro subsidiary banks.

RWA structure (in EURm)



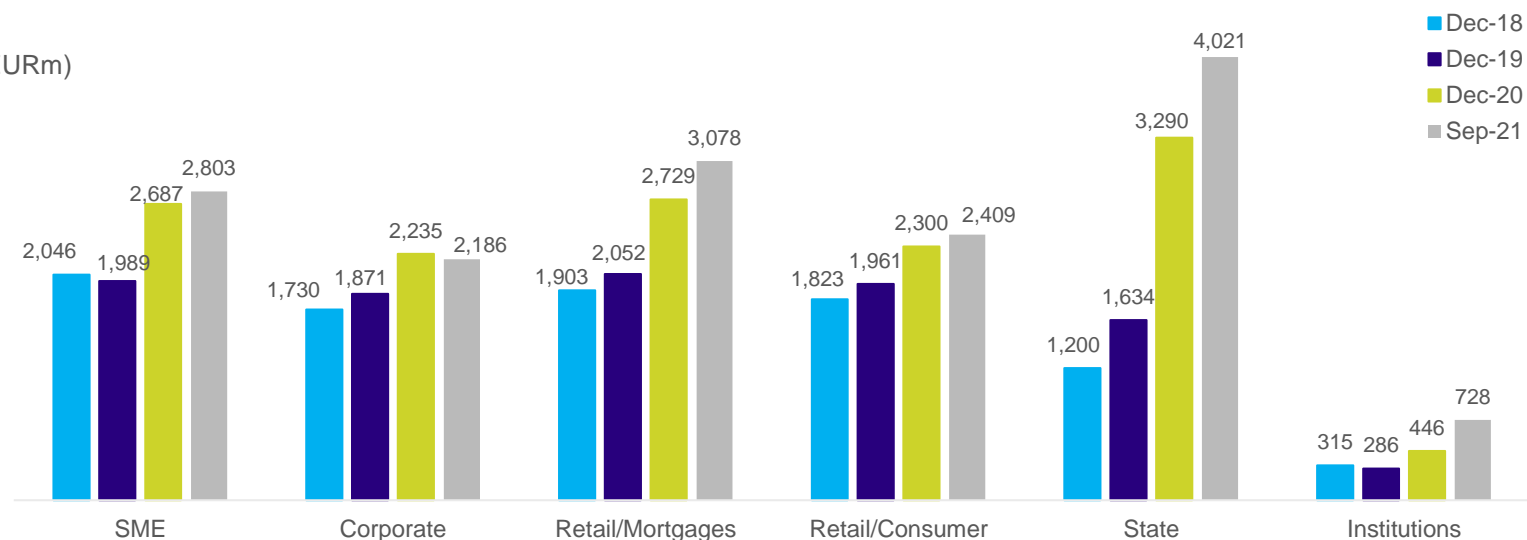
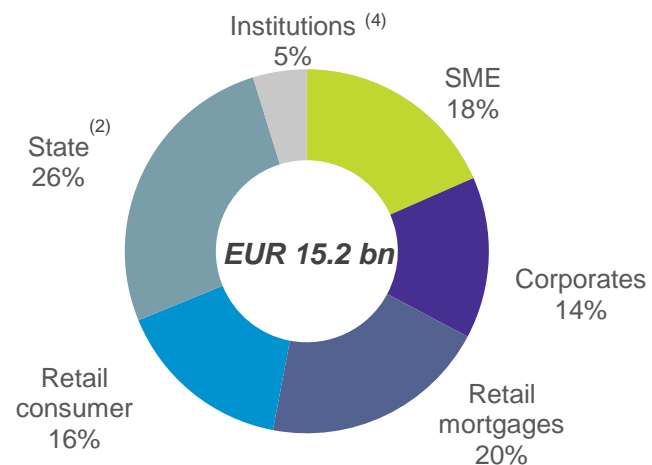


Asset Quality

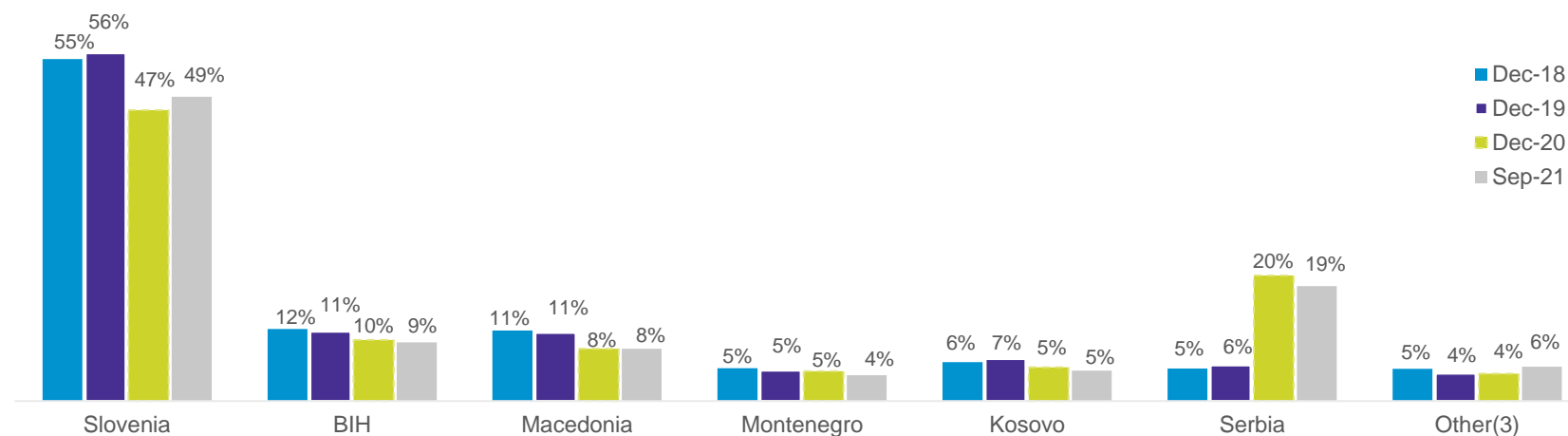
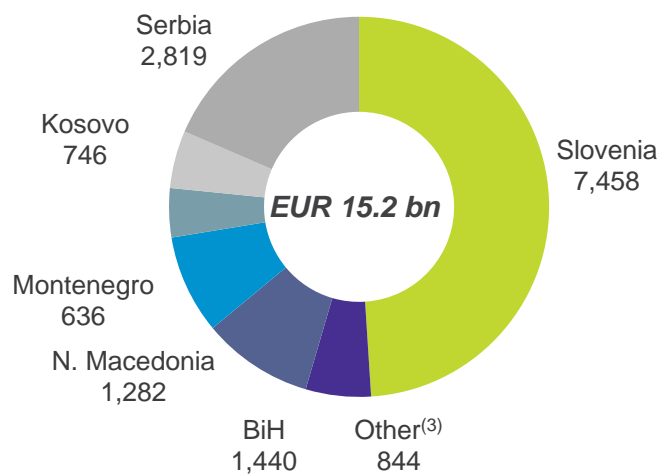
Asset Quality – NLB Group

Diversified credit portfolio, focused on core markets

Credit portfolio⁽¹⁾ by segment (Group, 30 Sep 2021, % and EURm)



Credit portfolio⁽¹⁾ by geography (Group, 30 Sep 2021, % and EURm)



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

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

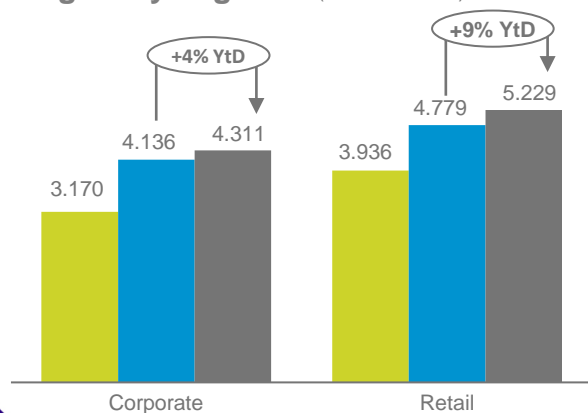
Asset Quality – NLB Group

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

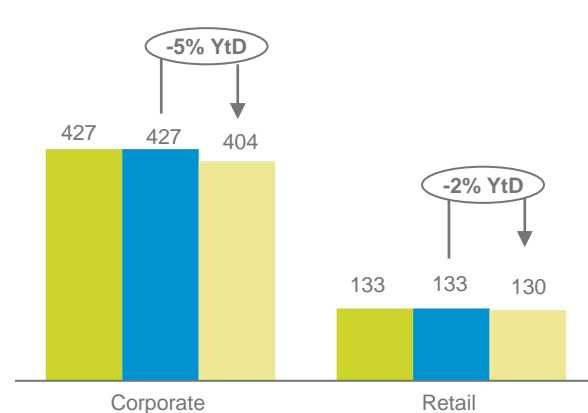
Credit portfolio⁽¹⁾ by Stage (Group, 30 Sep 2021, EURm)

	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	14,287.7	93.8%	1,636.8	534.5	3.5%	-25.6	402.2	2.6%	-73.5	61.5	0.4%	32.8	6.1%	232.5	57.8%
o/w Corporate	4,310.7	86.4%	175.0	404.5	8.1%	-22.3	273.4	5.5%	-85.2	42.5	1.0%	25.1	6.2%	158.1	57.8%
o/w Retail	5,228.7	95.3%	449.5	130.0	2.4%	-3.3	128.7	2.3%	11.5	17.5	0.3%	7.7	5.9%	74.2	57.7%
o/w State	4,020.6	100.0%	730.5	-	-	-	-	-	-	1.4	0.0%	-	-	-	-
o/w Institutions	727.6	100.0%	281.8	-	-	-	-	-	-	0.2	0.0%	-	-	-	-

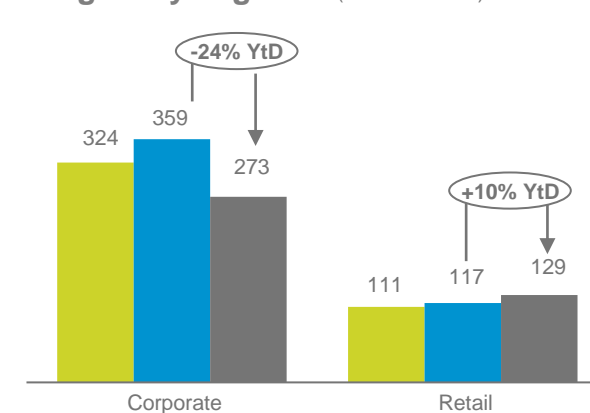
Stage 1 by segment (in EUR million)



Stage 2 by segment (in EUR million)



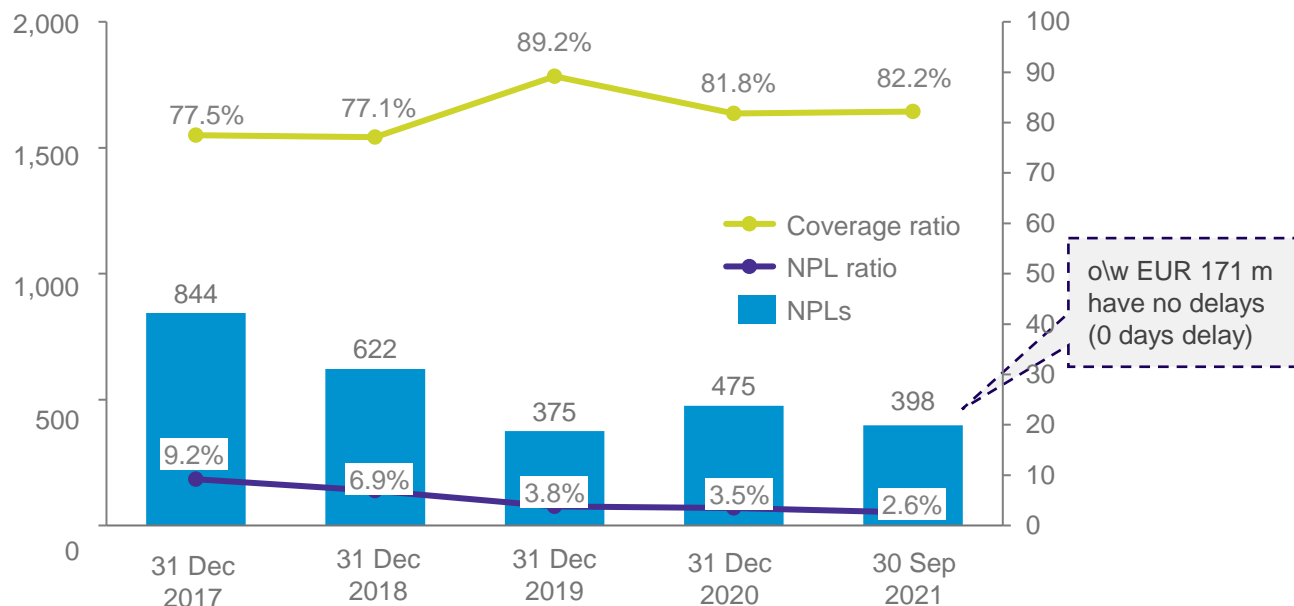
Stage 3 by segment (in EUR million)



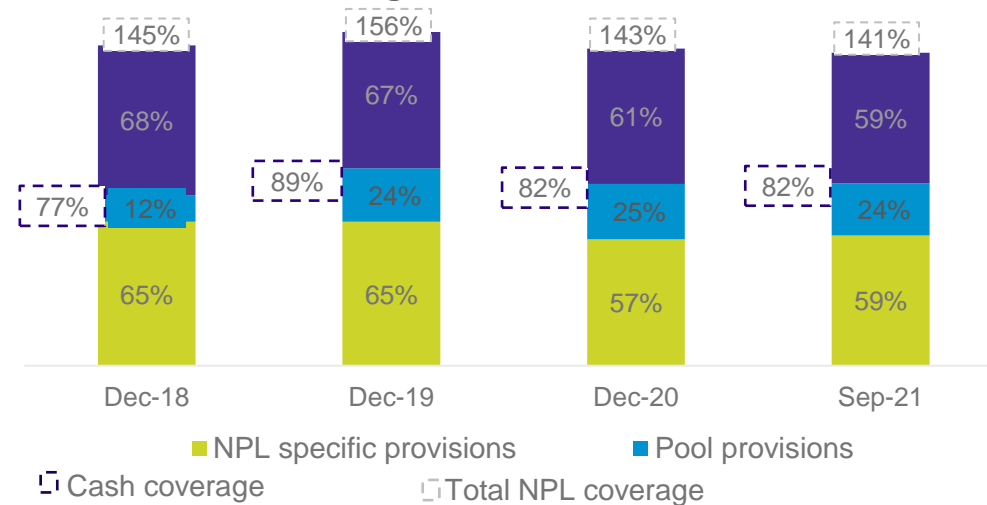
Asset Quality – NLB Group

NPLs are decreasing and are fully covered by provisions and collateral

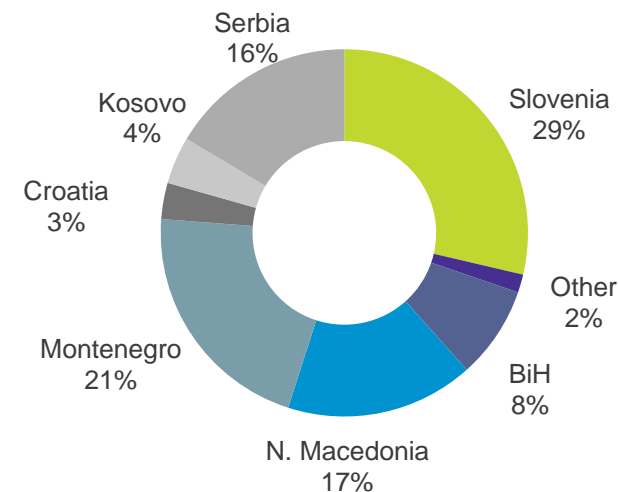
Gross NPL ratio within the planned framework (Group, EURm)



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



NPL by geography (Group, 30 Sep 2021)



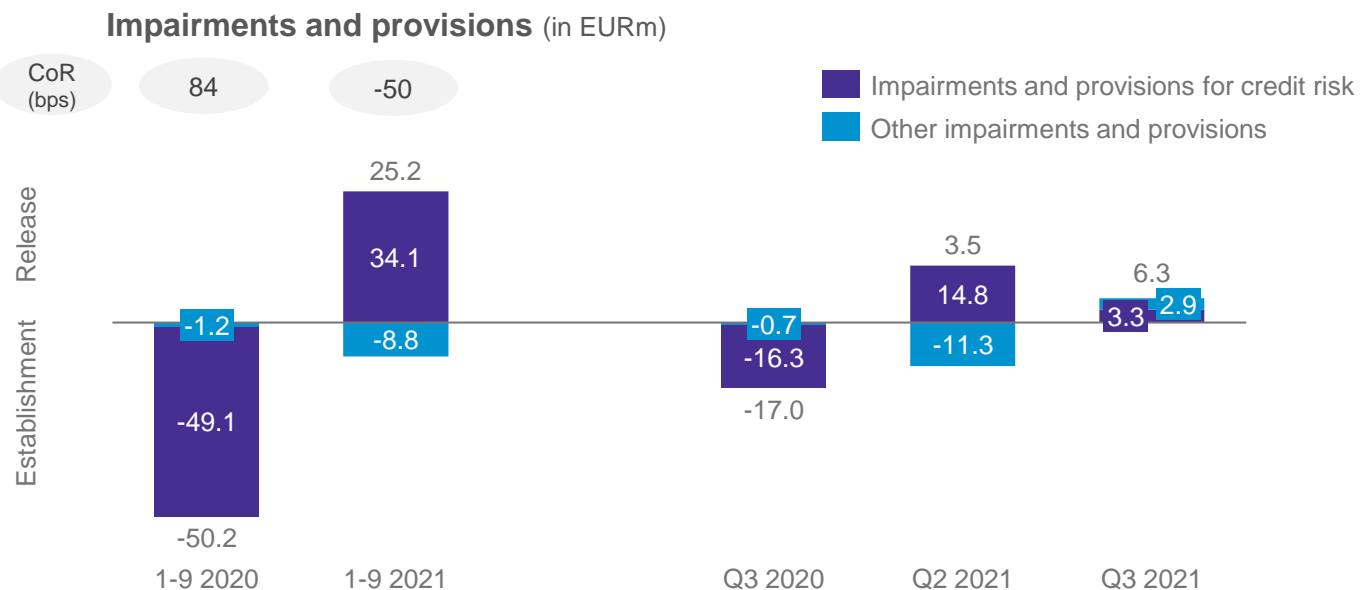
- The Group's decisive approach to NPL management puts a strong emphasis on restructuring and use of other active NPL management tools. In 2021 visible results with NPLs decreasing, mostly due to repayments, sale of claims and cured clients.
- **NPL ratio** decreased by 0.9 p.p to the level of 2.6%, while **NPE ratio** reduced by 0.4 p.p. to 1.9%, while **coverage ratio** (CR1) remained stable at 82.2%. Further, the Group's NPL coverage ratio (CR2) stands at 58.7%, which is above the EU average as published by the EBA (44.3 % for Q2 2021).
- NPL cash coverage with NPL specific provisions improved in 2021 mainly due to repayments of some restructured NPL exposures, while reduction in pool provisions is a result of more favourable macroeconomic forecasts used in the provisioning scenarios.

Source: Company information

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

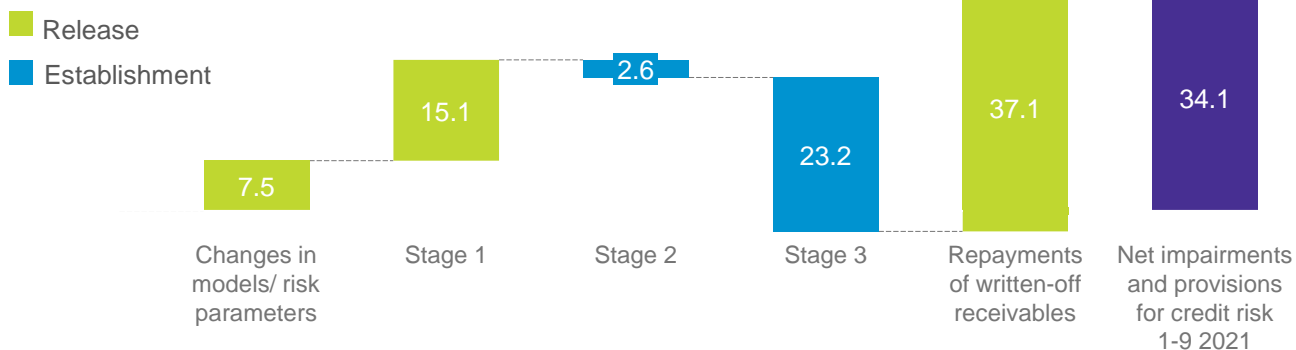
Release of Impairments and Provisions

Benign credit risk environment and successful workout influencing further reduction of CoR guidance (new guidance set at around minus 20bps)



- Positive impact of the release of impairments and provisions for credit risk (EUR 34.1 million in first three quarters of 2021)
- Other impairments and provisions include EUR 7.7 million of restructuring provisions and EUR 5.4 million provisions for legal risk in Komercijalna Banka, Beograd, and EUR 4.5 million released provisions for legal risk due to successfully closed legal procedure in Komercijalna Banka, Beograd
- Cost of risk negative -50 bps

Net new impairments and provisions for credit risk (1-9 2021, in EUR million)

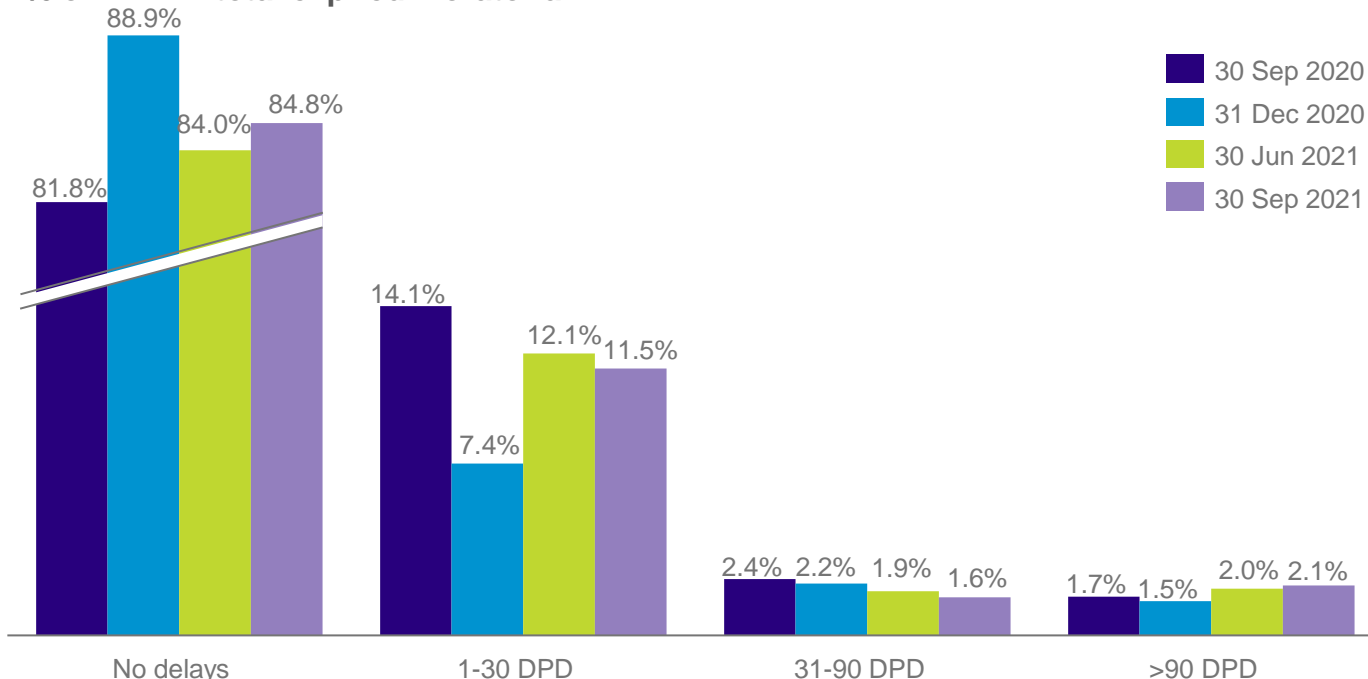


- In 1-9 2021 net release of impairments and provisions of EUR 34.1 million triggered by:
 - partial repayments of written off receivables
 - improved macroeconomic outlook compared to 2021 (improved risk parameters)
- Provisions by stages are established by the inflow of asset into each stage:
 - net release of provisions in Stage 1 due to improved credit quality, repayments and increased collateral coverage, which outweighed the increase due to new financing
 - provisions in Stage 2 and 3 are established for clients where deterioration of credit quality was detected.

Decisive and Supportive Response to COVID-19

EUR 76 million moratoria still outstanding, majority will expire by YE 2021. Post-moratoria portfolio quality trends continued to be positive

% of DPD in total expired moratoria



Expired moratorium overview

- NLB Group granted EUR 1,892.8 million COVID related moratoria, while 96% of those the moratoria expired by end of September 2021.
- 84.8% of exposure with expired moratoria have no delays, while the % of those with delays exceeding 90 days amounts to 2.1%. The delay structure is changing due to repayments and inflow of newly expired moratoria, nevertheless the % of delays remains stable.

Duration of outstanding moratoriums

	> 3 months		
	<= 3 months	<= 6 months	> 6 months
Percentage of non-expired exposure	72.1%	14.7%	13.3%

Stage distribution of non-expired exposure

	Non-financial	Households
Stage 1	44.9%	63.6%
Stage 2	14.9%	21.8%
Stage 3	40.2%	14.5%

Non-expired moratorium overview

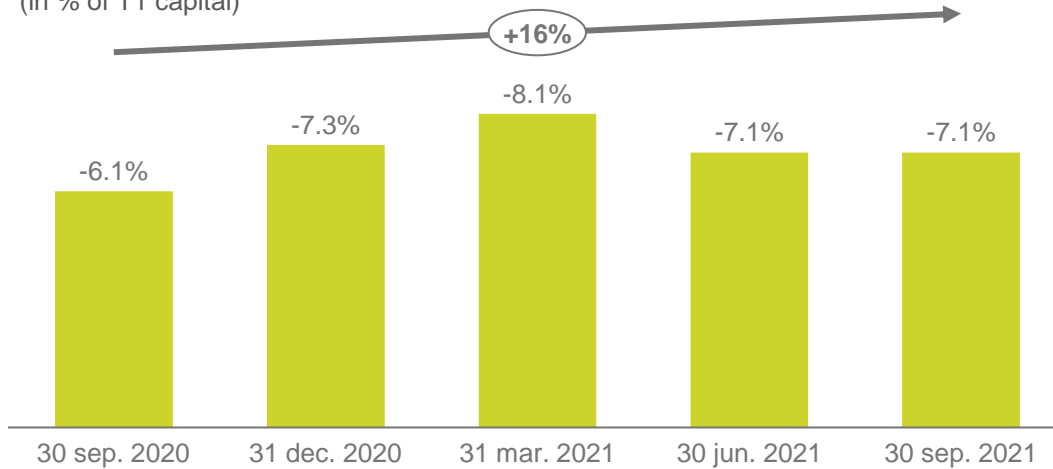
- Duration of remaining moratoriums is very short – more than 72% will expire by the YE 2021.
- NLB is very prudent in identifying any increase in credit risk, in Households segment 21.8% of remaining moratoria was transferred to Stage 2 and 14.5% to Stage 3, in Non-financial corporation 40.2% is already in Stage 3.

Exposure to market risk in the banking book

Exposure to interest rate risk – NLB Group maintains moderate exposure to interest rate risk

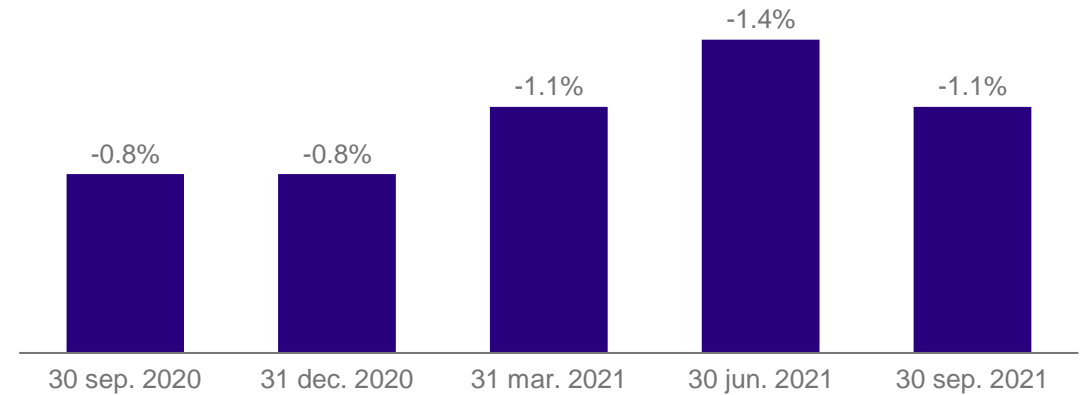
Evolution of NLB Group's EVE (+200 b.p.)

(in % of T1 capital)



Evolution of NLB Group's NII sensitivity (- 50/100 b.p.)

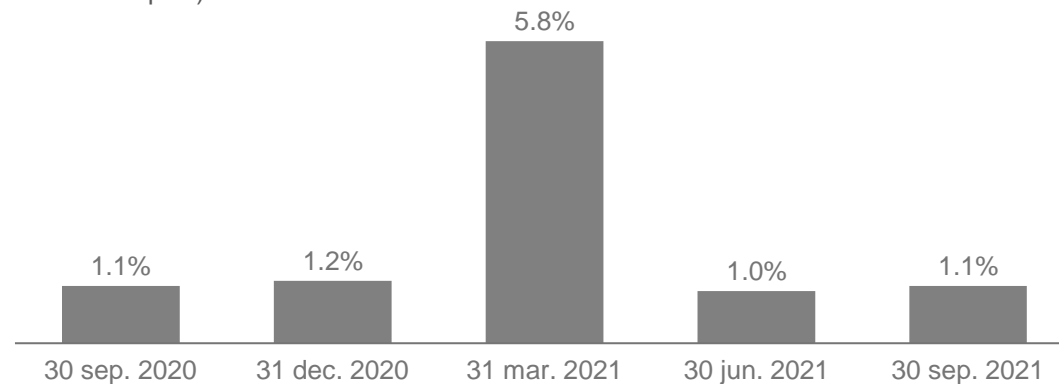
(in % of T1 capital)



Exposure to FX risk – NLB Group maintains low FX exposure

Evolution of NLB Group's open FX position

(in % of T1 capital)



- **Exposure to market risk** in the banking book is low to moderate.
- Exposure to interest rate risk in the banking book arises mainly from loans with fixed interest rate and investments in debt securities.
- NLB Group carefully manages this risk by allocating core deposits and, to a lesser extent, by plain vanilla derivatives.
- NLB Group has no trading positions.

FX position as of 31st March 2021 was temporary and related to the purchase of a minority stake in Komercijalna banka.



ESG & Digital



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

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

Key Milestones:

▪ General

- **NLB Group Sustainability Framework published** and available at: <https://www.nlb.si/sustainability>

▪ Environment & Social

- **Establishment of the ESMS** (Environmental and Social Management System), in NLB d.d. and six banking subsidiaries based on the contractual agreements with MIGA and EBRD.
- Transparency exercise kicked aimed at **an extensive impact analysis of its portfolios** in alignment with the **UNEP FI Principles of Responsible Banking**. The impact analysis together with materiality assessment and target setting is in its final phase and will be finished by Dec 2021.
- As of second half 2021 particular focus on **financing renewable energy and energy efficiency projects**. Product specification for **solar power plant financing solutions** for retail and business banking clients in Slovenia confirmed.
- **NLB Group Carbon footprint measurement and reporting policy confirmed**. GHG emissions measurements for Scope 1 and 2 will be carried out in the following months, with the goal to report emissions of the Group as of 31.12.2021.
 - In 2022 a report on the Group's own Scope 1 and Scope 2 => with the target: carbon neutrality in bank's own operations well before 2050.
 - In 2023 a report on Scope 1, Scope 2 and Scope 3, including bank's lending and investment activities (Scope 3, Category 15) => target is aligned with the Paris Agreement and will support the transition towards a net-zero economy by 2050.
- **NLB Group Sustainability training program published** and is being carried out throughout the NLB Group.
- **Preparations for Taxonomy** started, with ESG Data Requirement Catalogue as the first step.

▪ Governance

- **NLB Group Sustainability Committee formed**, with Rules of Procedure ready. Key purpose of the Committee is integration of ESG factors to the NLB Group business model, issuing opinions, recommendations, managing initiatives and taking relevant decisions when needed.
- **ESG Coordinators appointed in the NLB Group** to act as a single point of contact for all Sustainability and ESG related issues and tasks in the NLB Group member.
- **Integration of ESG together with upgraded risk-related internal documents for NLB d.d. and NLB Group** (Lending Policy for Non-Financial Companies, Environmental and Social Transaction Categorization Methodology Framework, Policy Environmental and Social Transaction Categorization Framework, Manual MIGA Performance Standards in NLB Group, MIGA E&S Process Instructions in NLB Group).
- **ESG related HR reinforcement** (Risk stream and Sustainability Team).

Group Sustainability Implementation Roadmap, primarily fully-functional by year end

Sustainability implementation focus	Task	Target
UN PRB	Step 1: Impact Analysis (materiality matrix included)	Dec 2021
UN PRB	Step 2: Target Setting & Implementation (5-year targets for 8 sustainability pillars included)	Dec 2021
Sustainability Corporate Governance	Establishment of the NLB Sustainability Corporate Governance model	Dec 2021
Business Strategy	Upgrading business strategy with UN SDGs and ESG factors orientation	2022
ESG disclosures and reporting	Implementation of ESG-related disclosures and reporting requirements	2022
Sustainable/Green Product Portfolio – Retail	<ul style="list-style-type: none"> ➤ Development and implementation of new digital/green package for young clients ➤ Further upgrade of „Green housing loan“ ➤ Additional reducing of paper documentation, proactively encouraging the use of digital channels ➤ Humanitarian organizations exempt from paying commission 	2022
Sustainable/Green Product Portfolio – Corporate	<ul style="list-style-type: none"> ➤ Development and implementation of „Sustainable loan for legal entities“ ➤ Proactively encouraging the use of digital channels 	2022
EU Taxonomy	First reporting under Article 8 of Taxonomy	Q1 2022
UN PRB	Step 3: Reporting and accountability	Feb 2022
Climate-risk stress tests	ECB stress tests requirements presented, examination of data requirements is underway	Q2 2022
NLB Group Carbon footprint	Carbon Footprint Report published in next Sustainability Report	Apr 2022
EBRD	EBRD E&S requirements implementation	Apr 2023
Climate-related and environmental risk management – Global Risk	Implementation of requirements defined in ECB Guide on climate-related and environmental risks into NLB Group Risk Management Framework	Dec 2023

*Please be informed, that tasks stipulated in previous version have been completed and/or are incorporated in our regular activities (ESG Risk management framework established, activities ongoing; Investments in sustainable/green securities based on comparable price over ordinary ones, available limits and policies ongoing).

Track record of innovation

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 **Flick 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)

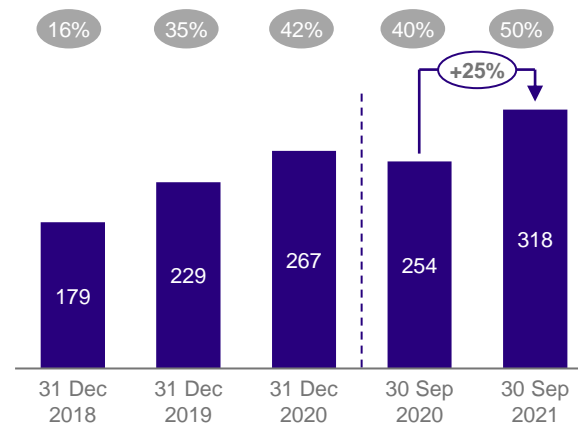


First Slovenian bank to offer **card management** functionalities and biometric recognition to **confirm online purchases** in **mobile wallet**

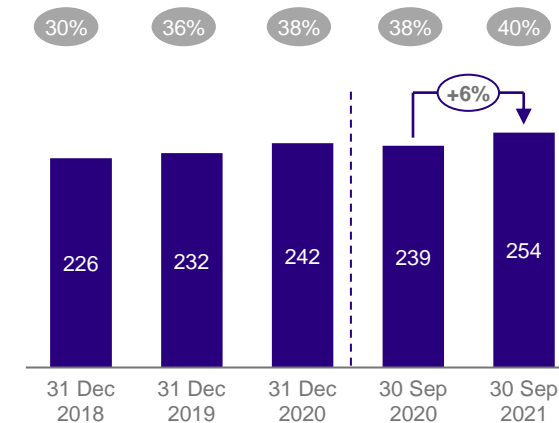


Demonstrated success in moving to digital

Mobile bank users⁽¹⁾ ('000s)



Online bank users⁽¹⁾ ('000s)

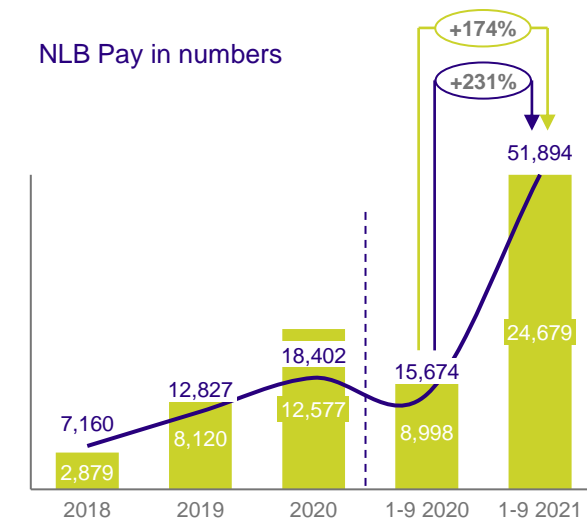


% Penetration of client base

E-commerce purchases (EURm)



NLB Pay in numbers



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

Note: All figures are for Slovenia; (1) Individual users (Klikin and NLB Klik)

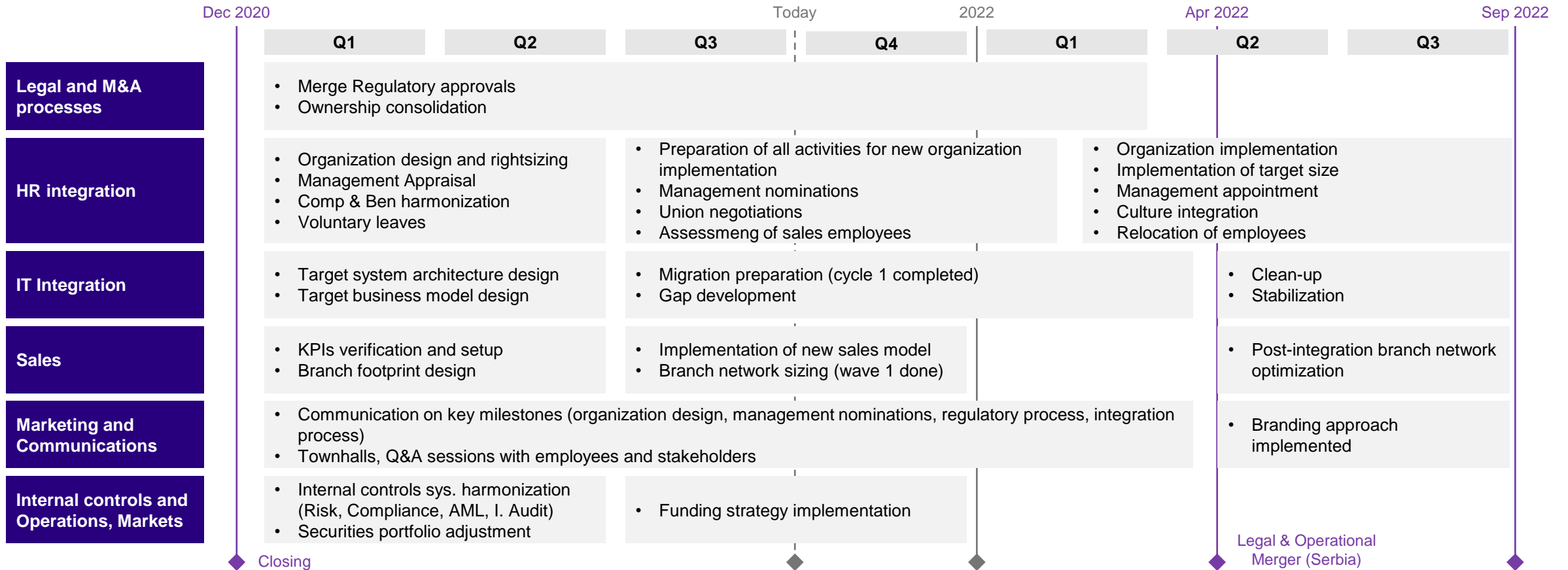


KB Integration



Overview of planned Integration in Serbia by May 2022

Synergies to be fully achieved by the end of 2023





KB integration: Running on track, full speed ahead

All critical activities are closely monitored and reporting no significant delays

Legal and M&A processes

- > A number of important documents were adopted:
 - **IFRS Audit reports** for both banks for H1 2021 (prepared by PKF for KB and by EY for NLB)
 - **Capital conversion ratio** report on June 30, 2021 (prepared by KPMG)
 - **Audit of status change** of the merger of NLB with KB on June 30, 2021 (prepared by BDO)
 - **Joint report** of Board of Directors on the status change of the merger of NLB to KB
- > Merger Regulatory approvals – **activities are ongoing in accordance with the plan**, and the documentation is being prepared for submission of application to NBS for merger approval by mid of January 2022.
- > Preparation of the draft of the **Merger Agreement was finalised in Q3**.
- > General assembly for both banks is planned for December 2021 where report on share valuation, and draft of merger agreement will be approved

HR integration

- > **1st wave of HR optimization (Voluntary leaves program)** in KB BG carried out in May 2021. Target reduction 380 FTEs by EoY 2021 (2/3 already finalized by the end of June 2021).
- > **Management selection process is ongoing**, and will be finalized by the end of 2021 for B-1 and end of Feb 2022 for B-2.
- > **New organization design is adopted by Steerco in October 2021**. New organizational structure adopted. Expected to modernize and optimize management structure. Full implementation is planned 2 months after the merger date. Significant reduction in the number of management positions, and elimination of unnecessary layers of management.
- > **Internal assessment for managers in sales segment started**. For all colleges from both banks on the position of Branch manager and Segment managers, (cca 300) internal assessment will be performed as a part of HR optimization

IT Integration

- > All defined IT activities on critical path are progressing according to the plan:
 - Data migration stream** completed the first migration cycle with promising result. Majority of reported deficiencies from the first cycle should be resolved in second cycle, that is currently being performed.
 - IT Infrastructure stream** delivered successfully dedicated environment for data migration tests as well as for DWH and new AML tool. Preparation of environment for user acceptance test is ongoing with no risk of delay.
 - IT Security stream** completed implementation of new group tool for security event monitoring.
 - DWH stream** is approaching key milestone, i.e. deployment of base model including all ETL procedures into production.
 - Gap stream** already managed to resolved all product related gaps.
- > All crucial vendors are fully engaged and already contracted or in outsourcing process with NBS.



KB integration: Fully on track

All activities well on track, unleashing unidentified solo potential in Serbia

Sales

- Main **KPIs** identified and currently consolidated through local budgeting projections
- **Branch network footprint:** As per end of September 2021, the combined network of KB BG and NLB BG counts 218 branches.

Out of 3 waves of branch closures, reducing number of branches to 169, **the first wave was finalized in Q3 21**, and 13 branches were closed in accordance with planned deadlines, with a negligible number of client complaints and strong retention measures.

Two more waves are planned:
 - 2nd (Q1/Q2 22): closing 35 branches
 - 3rd (post-merger): closing 14 branches
- New bank tariffs were adopted and implemented in KB as of 01.10.2021

Marketing and Communications

- **Welcome package** has been introduced (new customers, cash loan, housing loan, free ATM withdrawal within NLB group) and is still on air with dedicated product campaigns for housing loans.
- **New Brand concept has been agreed (NLB Komercijalna Banka) and rebranding process** has been **initiated** with the aim to be fully ready to apply new brand as of merger date
- **Internal communication** is well ongoing, and follows all key milestones:
 - Status update of the Project is regularly delivered via Bank's IntraNet, monthly newsletter and e-mail
 - Specialized branch for mortgage lending,
 - Branches optimization,
 - Tariff adjustments, etc.

Key sales achievements of Komercijalna Banka Beograd – Highly satisfactory results in Retail and Corporate segments








Highlights for Q3 2021

Retail

- Total **loan production** reached **316 EURm** (24% increase in monthly averages compared to FY20)
- Total **loan production exceeded production** realized in the same period **of the previous year by 62 EURm**, (+24% YoY)
 - Total production of **cash loans** equals **162 EURm** (63 EURm, 64% YoY)
 - Total production of **housing loans** equals **60 EURm** (14 EURm, 30% YoY)
- **Retail loan portfolio increased steadily** throughout the year, and at the end of Q3 amounted to 982 EURm (62 EURm increase compared to EOY20)
- Finally, **Net Retail Income increased** by 3.3 EURm, 5.3% YoY






The most important activities

				
Business network optimization	Tariff improvement of Kombank	Optimization of credit process	New digital service: KomBank Pay	Renewal of the ATM network

Corporate

- **Loans portfolio recorded growth** in Corporate segment in amount of **38.5 EURm** (6% growth), of which in SME segment **56.6 EURm** (36% growth YtD)
- **New production of loans** continuously grow in 2021. New production in Corporate function in 2021 (as of Jan.-Sept.) is **16.1%** higher compared to the same period last year (abs. **+47.1 EURm**). Only in Q3 new loan production is 56,3% higher compared to Q3 previous year
- **LoG and LoC business** recorded **20.3% income growth** compared to the same period last year. Total fees growth in Corporate segment is 8% YtD
- **Off-balance portfolio grew** by 14.9 EURm (18.8% growth YtD) in Corporate segment and by 14.5 EURm in SME segment.
- **Deposits recorded 6.5% growth** in comparison to beginning of the year.

The most important activities

				
Optimization of credit process	Product offering enhancements	Overall stream processes streamlining	Tariff optimization of Kombank	Special tariff alignment

Integration costs expected to be fully covered with expected synergies by the end of 2023



More than half of integration spend expected to be realized by the end of 2021 (excl. BL)

Integration costs (EURm) by market

	Budgeted Integration costs	Realisation until 30.9.2021	Realization Forecast End of 2021*		Estimated final total integration spend for the project
			EUR m	% of budgeted costs	
NLB d.d.	3.0	0.78	1.4	46.7%	2.8
Belgrade	29.0	1.9	14.8	51.0%	27.4
Banja Luka	3.9	0.1	0.1	3.3%	0.1
Podgorica	4.0	0.78	3.4	85.0%	3.4
TOTAL	40.0	3.6	19.7	54.3%**	33.7

28.9 mEUR (24.2 mEUR excl. BL) of run-rate synergies expected to kick in by the end of 2023

Synergies (EURm) by market

		Initial est. Run-rate 2023	New est. Run rate 2023 (bottom-up)	Current realisation
Belgrade	Cost	19.3	19.7	0
	Revenue (funding)	1.3	2.3	0.4
	Total	20.6	22.0	0.4
Banja Luka	Total	4.7	n/a	n/a
Podgorica	Total	3.6	3.8	0.3
TOTAL		28.9/24.2	25.8	0.7

Forecasted YE 2021 costs reflect the following circumstances:

- Banja Luka integration cancelled. KB BL divestment in process. SPA with BPŠ signed on 27.10. Current spend to be considered as sunk costs
- Podgorica integration to be finalized by 12.11. Integration costs in total estimated to reach 3.4 mEUR. 0.6 mEUR less than planned.
- Belgrade integration to be realized as anticipated, until April 2022. Main difference between 30.9.2021 and YE 2021 comes from HR provisioning for severance packages.

According to current planning, full synergy potential to be reached by the end of 2023

- Belgrade by the end of 2023
- Podgorica by the end of 2021

Due to divestment of KB Banja Luka, synergy estimation is no longer applicable

Merger process in Montenegro developing according to plan with no obstacle identified



Legal merger of both banks scheduled for 12 November 2021

Legal and M&A processes

- **On 2nd of September 2021 Central Bank of Montenegro (CBM) has issued formal approval for KB and NLB merger.** CBM has stated that all legal requirements for the merger have been fulfilled.
- **Merger Agreement between NLB and KB was signed on 12.10.2021.** Legal merger of both banks is on 12.11.2021.

HR integration

- **Voluntary leaves program** in KB PG was carried out in Q3 2021. Targeted headcount optimization was already achieved
- **Management selection process** is in final phase for both B-1 and B-2 managers.
- **Final organization design proposal** was adopted on BoD NLB PG on 22.10.2021.

IT Integration

- **Initial migration was performed on 26-27 of July 2021.** Users from the banks checked and reported some identified problems.
- **1st Control Migration was performed on 20-21 of September.** Asseco reported high success rate of migrated data. Bug fixing was continued.
- **2 dress rehearsal cycles completed;** after the 2nd dress rehearsal results have been estimated as satisfying and merger date to be confirmed on Group Steering on 2.11.2021.

Retail, Corporate and Sales Channels

- **New branch network will add 3 former KB branches:** Budva, Kotor and Podgorica (Capital Plaza)
- **Ongoing intensive communication with clients** in order to provide them with clear information regarding bank operations during the cutover weekend
- **Continuous service of KB cards is ensured** until their replacement with NLB cards in branches

Marketing and Communications

- **New branches will undergo NLB branding during the cutover weekend**
- **All the benefits from Welcome campaign** were communicated to clients via personal letters and offers.
- **Additional support is ensured for the call center** during the cutover weekend and stabilization period.

BOO, Risk, Compliance and Internal Audit

- **KB PG has been aligned Alignments with NLB Group standards by end of H1 2021:**
 - Risk
 - Compliance
 - Internal Audit
 - AML



Outlook

Outlook

1-9 2021

2021

2023

Regular income	EUR 468.0 million	Exceeding EUR 600 million	Exceeding EUR 700 million
Costs	EUR 297.2 million ⁽¹⁾	Initial increase in cost base in the year 2021, costs projected around EUR 430 million including integration costs.	Costs below EUR 400 million
CoR	-50 bps	Around -20 bps ⁽²⁾	30 - 50 bps ⁽³⁾
Loan growth	6% YtD	Mid-single digit loan growth	High single-digit CAGR 2021-2023
Dividend	EUR 12.0 million (additional EUR 12.8 million paid out in October)	EUR 92.2 million	> EUR 300 million ⁽⁴⁾
ROE	13.3% (a.t.)	> 10% ⁽⁵⁾	> 10% (ROE norm ⁽⁶⁾ > 12%)

Notes: (1) Including integration costs; (2) Initial target: 70-90 bps, updated target in H1 report: 20-40 bps; (3) Initial target: 40-60 bps; (4) Cumulative in the period 2021-2023; (5) Initial target: high single digit. (6) ROE normalized = Result a.t. w/o minority shareholder profit divided by consumed capital. Consumed capital computed as 13.06% of average RWA reduced for minority shareholder capital contribution.



Appendix 1:

Business Performance

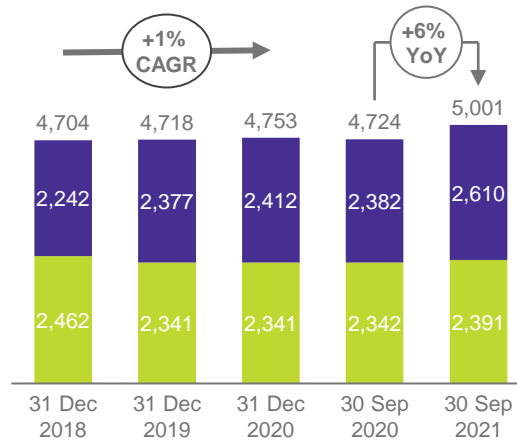
Interest income drivers – NLB d.d. ⁽¹⁾

Gross Loans

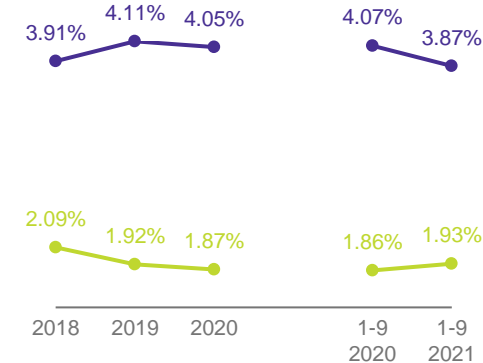
- Loan volume growth to individuals is much higher than to corporate. The latter is under pressure due to intense competition and very low interest rates consequently.
- Income from individuals is under pressure due to declining interest rates.

■ Individuals ■ Corporate & state

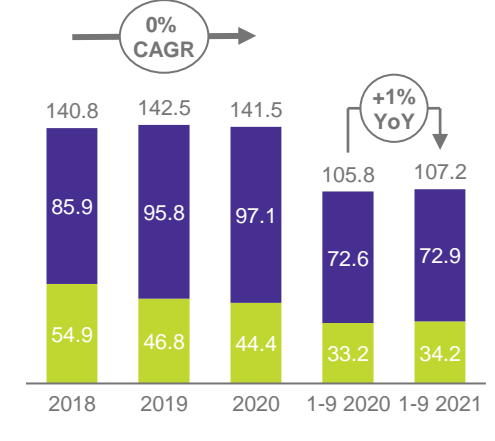
Drivers Volume (in EUR million)



Yields and rates



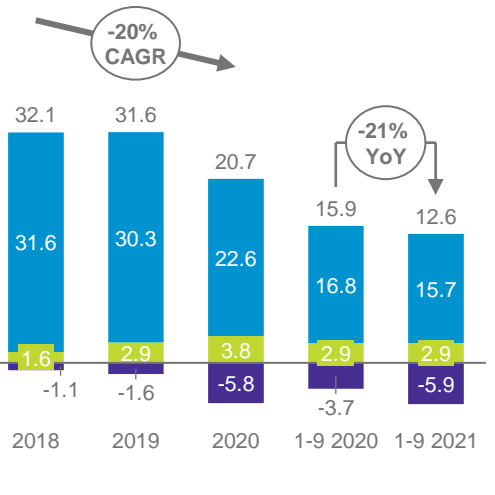
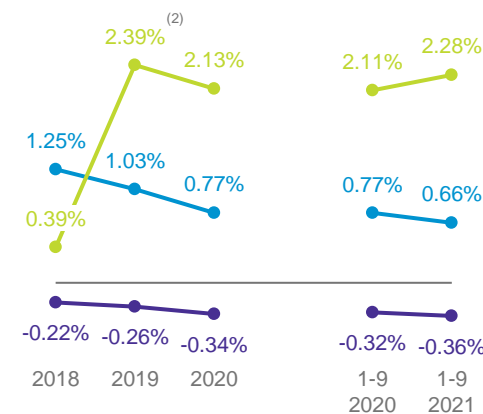
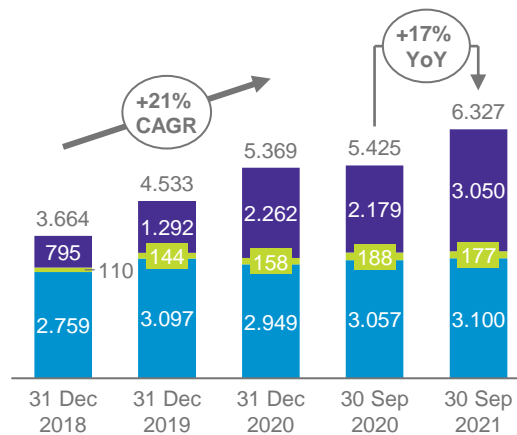
Interest income (in EUR million)



Liquid Assets

- Liquid asset portfolio is increasing due to constant inflow of deposits from customers and TLTRO debt which are hard to be invested into loans to customers in the whole amount due to intense competition.
- In line with the expansionary monetary policy, ECB policy rate as well as government bond market interest rates for CB placements are mostly in negative territory, driving interest income from liquid asset portfolio down.

■ Cash and balances with Central Bank ■ Loans and advances to banks ■ Banking book



Note: (1) On stand alone basis; (2) Growth of interest rate due to issued subordinated loans to subsidiaries.

Interest expense drivers – NLB d.d.⁽¹⁾

Deposits

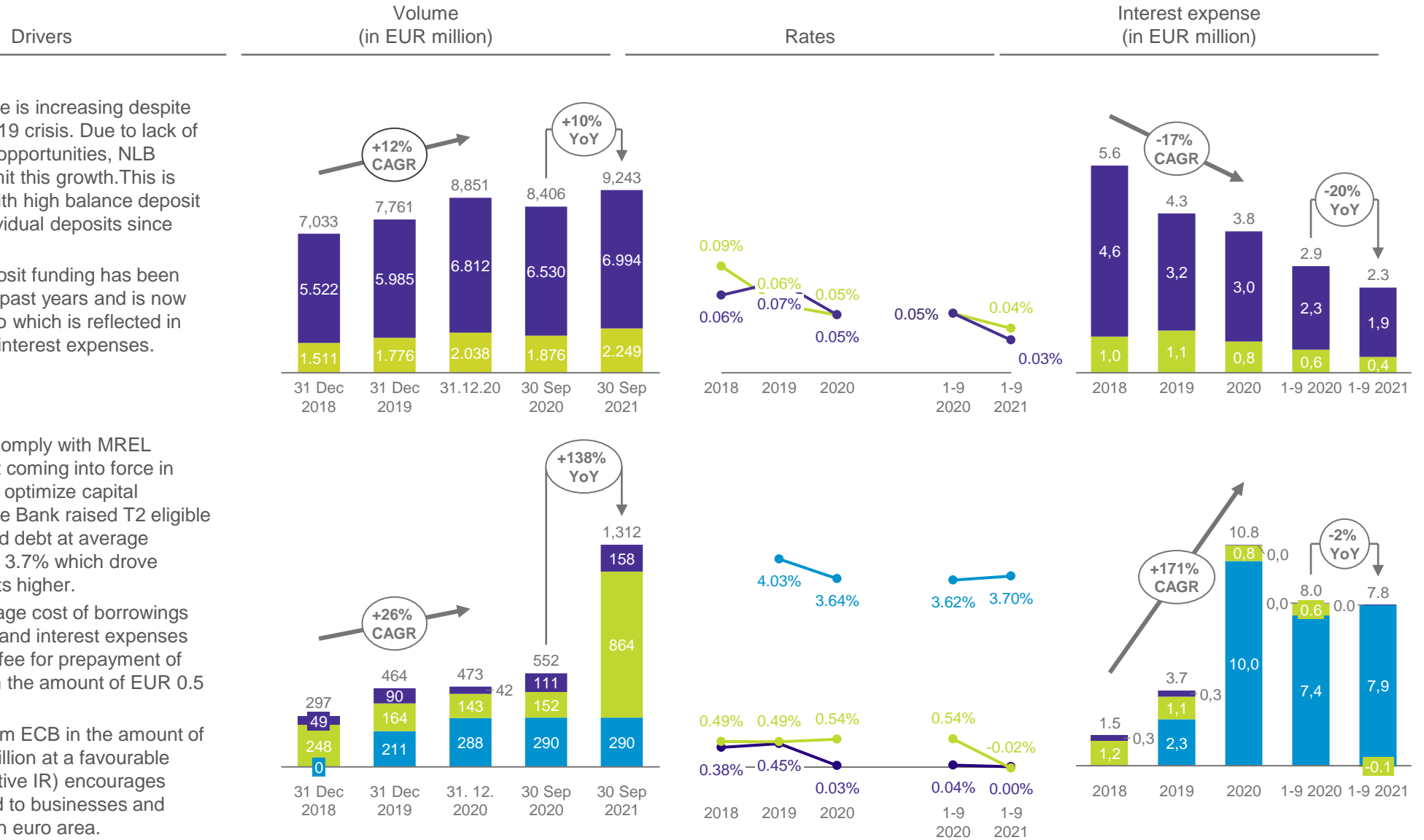
- Deposit base is increasing despite the COVID-19 crisis. Due to lack of investment opportunities, NLB strives to limit this growth. This is managed with high balance deposit fee (for individual deposits since April 2021).
- Cost of deposit funding has been declining in past years and is now close to zero which is reflected in decreasing interest expenses.

■ Individuals ■ Corporate & state

Wholesale Funding

- In order to comply with MREL requirement coming into force in 2022 and to optimize capital structure, the Bank raised T2 eligible subordinated debt at average interest rate 3.7% which drove funding costs higher.
- Rising average cost of borrowings from banks and interest expenses due to paid fee for prepayment of SID loans in the amount of EUR 0.5 million.
- TLTROs from ECB in the amount of EUR 750 million at a favourable costs (negative IR) encourages them to lend to businesses and customers in euro area.

■ Deposits from banks ■ Borrowing from banks ■ Subordinated liabilities



Note: (1) On stand alone basis.

Interest income drivers – Strategic foreign banks w/o KB⁽¹⁾

Gross Loans

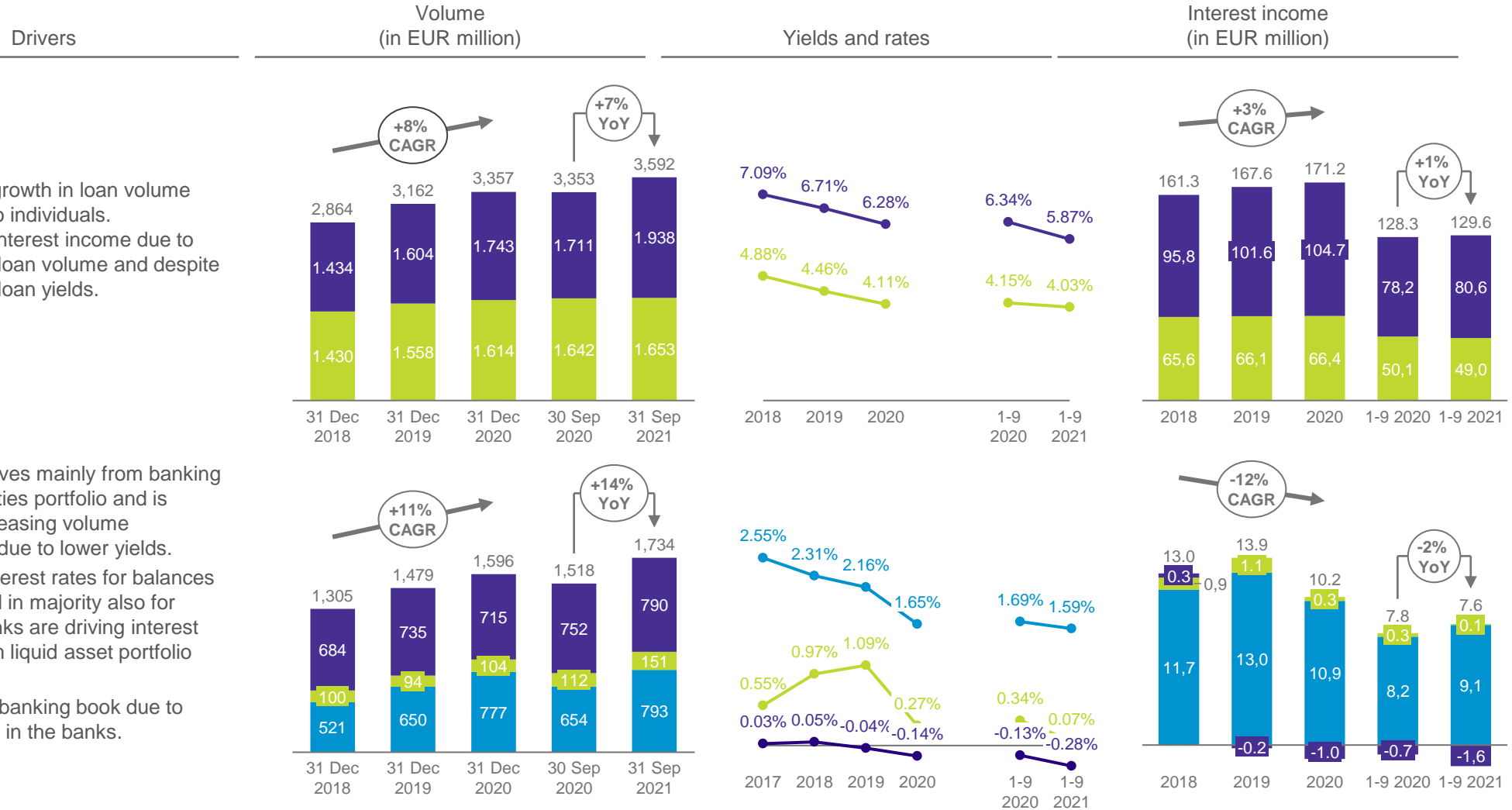
- Continued growth in loan volume especially to individuals.
- Increasing interest income due to increase of loan volume and despite decreasing loan yields.

■ Individuals ■ Corporate & state

Liquid Assets

- Income derives mainly from banking book securities portfolio and is despite increasing volume decreasing due to lower yields.
- Negative interest rates for balances with CB and in majority also for loans to banks are driving interest income from liquid asset portfolio down.
- Increase of banking book due to overliquidity in the banks.

■ Cash and balances with Central Bank ■ Loans and advances to banks ■ Banking book



Note: (1) On stand alone basis.

Interest expenses drivers – Strategic foreign banks w/o KB⁽¹⁾

Drivers

Deposits

- Continued growth in deposit volumes, therefore increase of liquid assets.
- Sight deposits with lower interest rates prevailing.
- Decrease in interest expenses due to decrease in deposit rates.

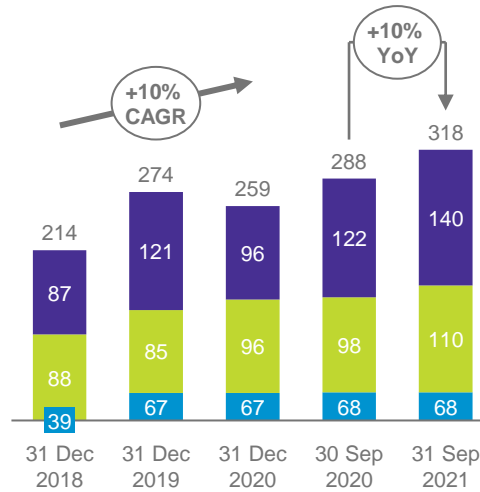
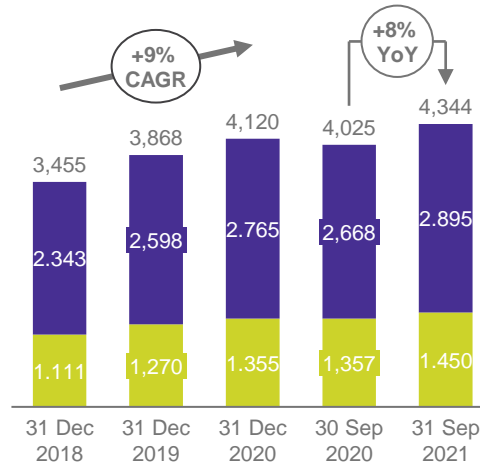
■ Individuals ■ Corporate & state

Wholesale Funding

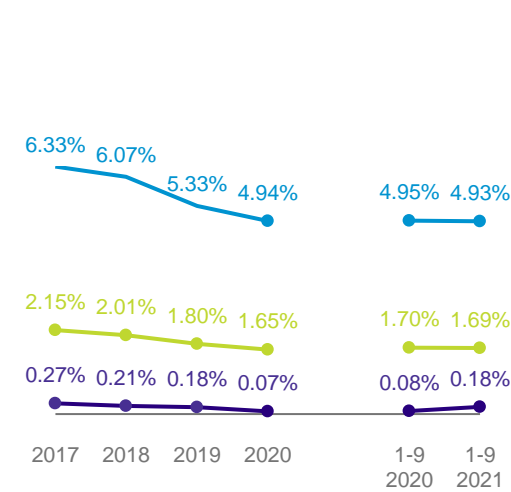
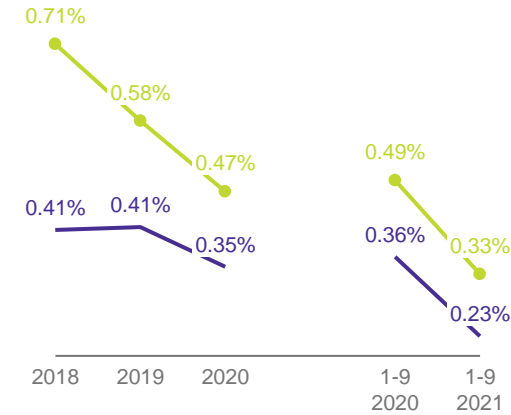
- Most of wholesale funding for managing of structural liquidity and optimization of capital structure.

■ Deposits from banks ■ Borrowings ■ Subordinated debt

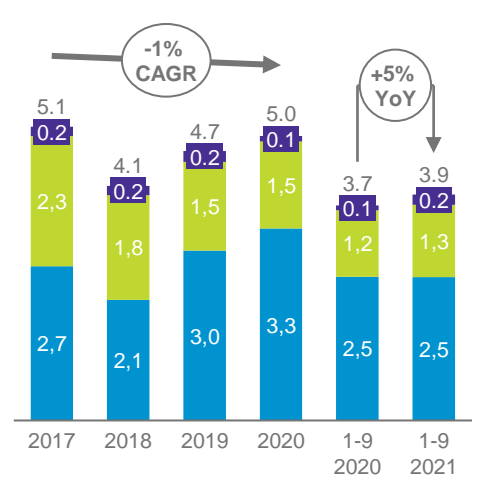
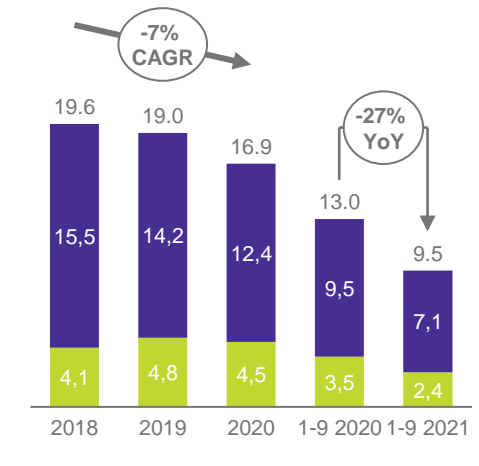
Volume (in EUR million)



Yields and rates

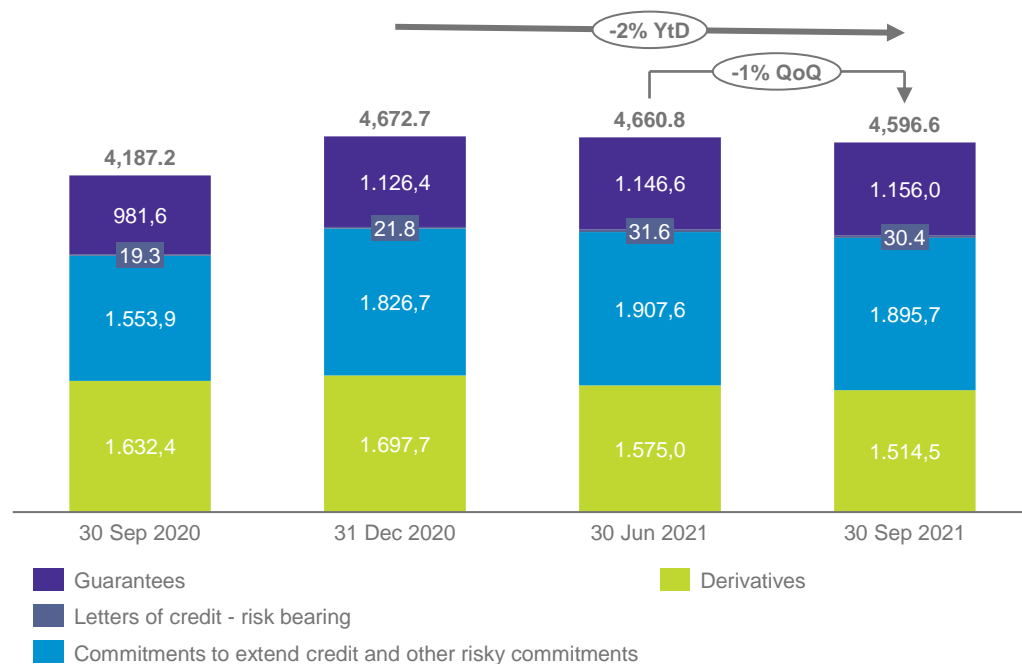


Interest expense (in EUR million)



Off-balance sheet items

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



Commitments to extend credit and other risky commitments

in EUR million	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020
Loans	792.6	814.9	789.3	788.3
Overdrafts Retail	308.1	327.7	306.8	298.2
Overdrafts Corporate	196.0	198.1	199.9	200.9
Cards	314.2	310.1	302.0	298.7
Komercijalna Banka Group	335.1	294.2	308.4	0.0
Other	-50.2	-37.0	-80.0	-32.0
Total	1,895.8	1,907.9	1,826.4	1,554.1

- Majority in loans are from Corporate (98% on 30 September 2021)
- Majority in cards are from Retail (89% on 30 September 2021)
- Other include also inter company relations

Derivatives

in EUR million	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020
FX derivatives with customers	113.7	161.4	228.1	140.0
o/w NLB	124.6	191.0	206.2	148.7
Interest rate derivatives with customers	729.6	718.4	841.3	870.7
o/w NLB	715.1	708.5	844.7	870.7
FX derivatives - hedging (NLB)	53.4	74.3	13.5	16.9
Interest rate derivatives - hedging (NLB)	572.9	574.8	575.0	564.6
Options (NLB)	44.9	46.1	39.8	40.3
Total	1,514.5	1,575.0	1,697.7	1,632.4

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. Both interest rate derivatives and FX derivatives have declined in last year. Mainly due to lack of interest from clients in the current IR environment which prefer fixed rate loan or open IR position over derivative hedging. Exception were Interest rate options which slightly increased.

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 business segments

	Retail banking in Slovenia	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	<p>Retail Micro NLB Skladi Bankart⁽¹⁾ NLB Lease&Go (retail clients)</p>	<p>Key corporates SME corporates Cross Border corporates Investment banking and custody Restructuring&workout NLB Lease&Go (corporate clients)</p>	<p>NLB Banka, Skopje NLB Banka, Banja Luka NLB Banka, Sarajevo NLB Banka, Prishtina NLB Banka, Podgorica NLB Banka, Beograd Komercijalna Banka, Beograd Komercijalna Banka, Banja Luka Komercijalna Banka, Podgorica Kombank INvest, Beograd</p>	<p>Treasury activities Trading in financial instruments Asset and liabilities management (ALM)</p>	<p>REAM Leasing (except NLB Lease&Go) NLB Srbija NLB Crna Gora</p>
	<ul style="list-style-type: none"> Largest retail banking group in Slovenia by loans and deposits. #1 in private banking and asset management Focused on upgrading customer digital experience and satisfaction 	<ul style="list-style-type: none"> Market leader in corporate banking with focus on advisory and long-term strategic partnerships Market leader in Investment Banking and Custody services Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia Strong trade finance operations and other fee-based business Market leader at FX and interest rate hedges 	<ul style="list-style-type: none"> Leading SEE franchise with nine subsidiary banks and one investment fund company The only international banking group with exclusive focus on the SEE region 	<ul style="list-style-type: none"> Maintaining stable funding base Management of well diversified liquidity reserves Managing interest rate positions with responsive pricing policy 	<ul style="list-style-type: none"> Assets booked non-core subsidiaries funded via NLB Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets
(Sep 2021, in EURm)					
Pre-provision result	40.7	47.8	108.4	12.0	-1.6
Result b.t.	37.5	70.8	110.1	12.4	0.9
Total assets	2,721	2,161	9,833	6,127	112
% of total assets	13%	10%	46%	29%	1%
CIR	67.1%	40.3%	60.0%	32.8%	125.9%
Cost of risk (bp)	22	-145	-31	/	-879

Notes: (1) 39% minority stake; (2) Other activities 2%.

Retail Banking in Slovenia

in EUR million
consolidated

Retail Banking in Slovenia

	1-9 2021	1-9 2020	Change YoY		Q3 2021	Q2 2021	Q3 2020	Change QoQ	
Net interest income	58.9	61.9	-3.1	-5%	20.2	19.7	20.3	3%	
Net interest income from Assets ⁽¹⁾	61.1	58.4	2.7	5%	21.1	20.4	19.6	3%	
Net interest income from Liabilities ⁽¹⁾	-2.2	3.5	-5.7	-	-0.9	-0.7	0.6	-18%	
Net non-interest income	64.7	66.5	-1.9	-3%	25.3	16.7	21.5	51%	
o/w Net fee and commission income	70.4	61.1	9.3	15%	24.5	24.0	21.4	2%	
Total net operating income	123.6	128.5	-4.9	-4%	45.5	36.4	41.7	25%	
Total costs	-82.9	-84.0	1.2	1%	-27.7	-28.5	-27.9	3%	
Result before impairments and provisions	40.7	44.4	-3.7	-8%	17.8	7.8	13.8	127%	
Impairments and provisions	-4.2	-9.0	4.8	54%	-1.5	-3.4	-3.4	56%	
Net gains from investments in subsidiaries, associates, and JVs ¹	0.9	0.9	0.0	5%	0.5	0.3	0.5	79%	
Result before tax	37.5	36.3	1.1	3%	16.8	4.8	10.9	-	

	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020	Change YtD		Change YoY		Change QoQ
Net loans to customers	2,637.8	2,534.9	2,415.4	2,386.4	222.5	9%	251.5	11%	4%
Gross loans to customers	2,675.4	2,570.6	2,450.7	2,418.4	224.7	9%	257.0	11%	4%
Housing loans	1,740.1	1,666.8	1,534.7	1,487.8	205.4	13%	252.3	17%	4%
Interest rate on housing loans	2.37%	2.40%	2.51%	2.52%	-0.14 p.p.		-0.15 p.p.		-0.03 p.p.
Consumer loans	642.1	643.0	651.7	663.0	-9.6	-1%	-20.9	-3%	0%
Interest rate on consumer loans	6.69%	6.66%	6.43%	6.39%	0.26 p.p.		0.30 p.p.		0.03 p.p.
Other	293.2	260.7	264.3	264.1	28.8	11%	29.1	11%	12%
Deposits from customers	7,608.2	7,644.9	7,356.8	7,040.1	251.4	3%	568.2	8%	0%
Interest rate on deposits	0.03%	0.03%	0.04%	0.05%	-0.01 p.p.		-0.02 p.p.		0.00 p.p.
Non-performing loans (gross)	57.8	54.8	52.4	45.8	5.4	10%	12.0	26%	6%

	1-9 2021	1-9 2020	Change YoY
Cost of risk (in bps)	22	51	-29
CIR	67.1%	65.4%	1.7 p.p.
Interest margin	1.55%	1.80%	-0.25 p.p.

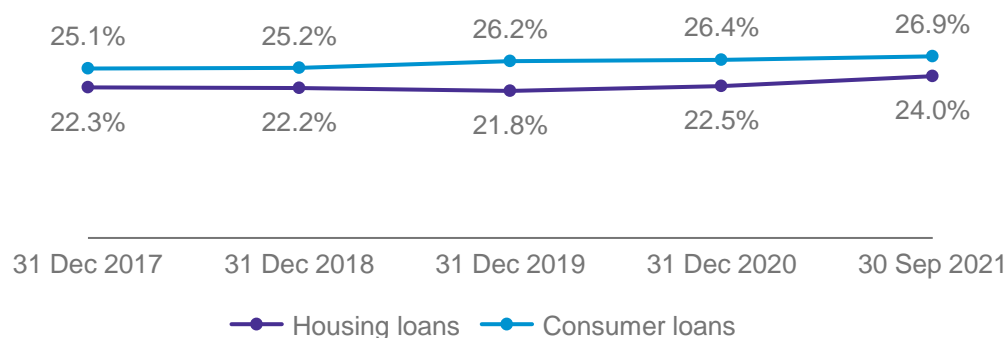
⁽¹⁾ Net interest income from assets and liabilities with the use of FTP.

- Reduction of the **retail deposits margin** after transfer price (FTP) in the amount of EUR 5.7 million YoY.
- The **interest income** from loans to individuals EUR 2.7 million higher YoY; higher volume of housing loans and higher interest margins on consumer loans, due to higher volumes of new production and higher share of loans with a risk premium and quick loans in the portfolio; lower volumes on overdrafts had a negative impact on the interest income.
- Lower **net non-interest income**, EUR 1.9 million (3%) YoY, due to gains made from the sale of the joint venture NLB Vita in Q2 2020.
- Higher **net fee and commission income** (EUR 9.3 million or 15%) related mostly to package repricing and higher net fees from the asset management (high net inflows in mutual funds of NLB Skladi, EUR 151.7 million) and bancassurance. In April, the Bank started charging a fee for high balances for individuals to restrain the deposit inflow, divert extra liquidity to other financial products (mutual funds, investments) and compensate for the negative interest rates charged for the balances at the central bank; the retail segment in total collected EUR 0.9 million of such fees in the period 1-9 2021 (EUR 0.2 million in 1-9 2020), of which EUR 0.4 million from individuals.
- Net impairments and provisions** were established in the amount of EUR 4.2 million, due to changes in risk parameters.
- The production of **new housing loans** was still high in Q3 (EUR 143.5 million), with EUR 405.8 million of new loans approved in 2021 (1-9 2020: EUR 202.3 million).
- Deposits from customers** increased by EUR 251.4 million (3%) YtD and EUR 568.2 million (8%) YoY, with a stable balance retained in Q3 2021 (a decrease in deposits from individuals and an increase in deposits from micro companies).
- As of 30 September, exposures subject to the COVID-19 moratorium equal EUR 13.8 million (0.24% of the total retail exposure).

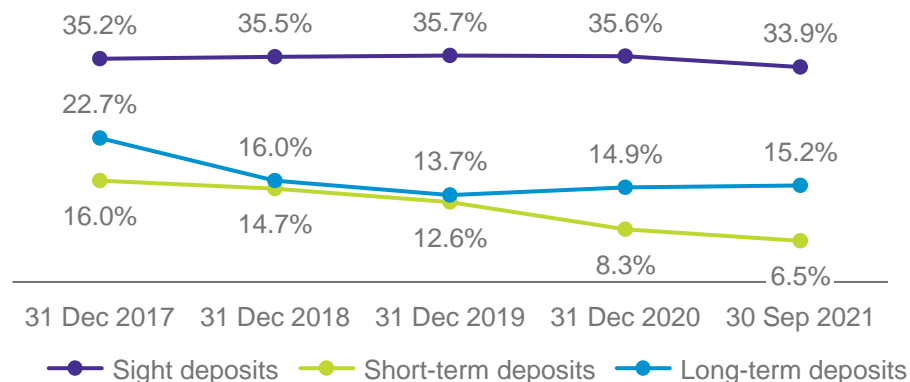
Retail banking in Slovenia

High and stable market shares across products

Market share of net loans to individuals in Slovenia

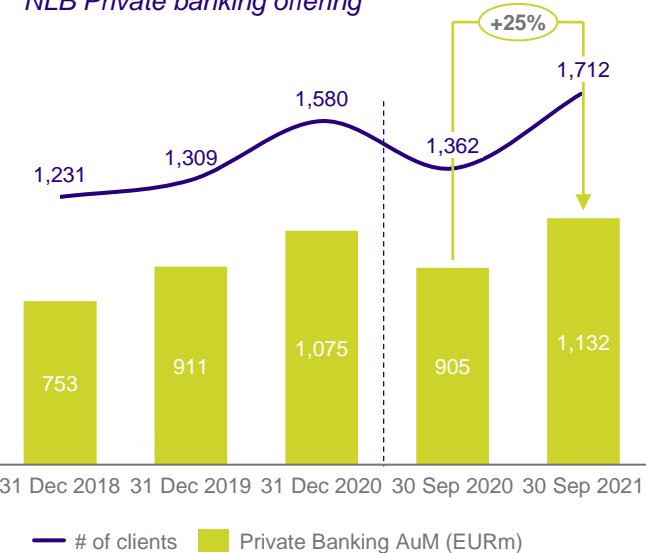


Market share of deposits from individuals in Slovenia

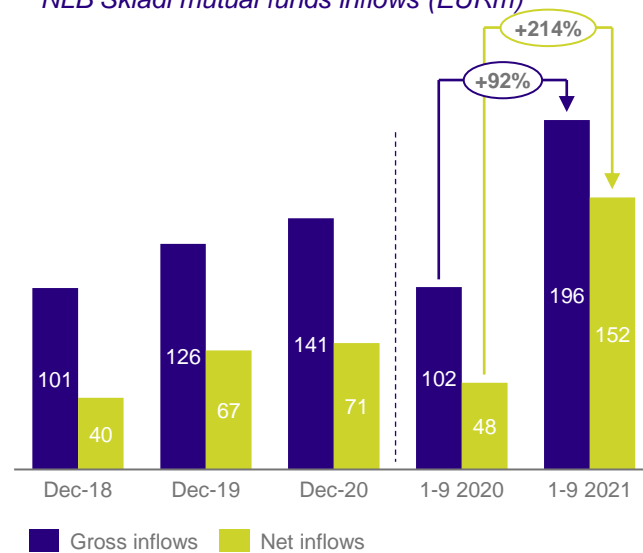


Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- Further extending set of products and services offered to clients using digital channels, among them also Contact Centre becoming a true sales channel.
- #1 player in Private Banking⁽¹⁾
 - Leading position being strengthened by reaching an important milestone of over EUR 1 billion of assets under management.
- # 1 player in Slovenian asset management⁽²⁾
 - AuM of 1,983.3 EURm as of 30 September 2021 including investments in mutual funds and discretionary portfolios
 - Market share of NLB Skladi at mutual funds in Slovenia equals 37.2% as of 30 September 2021
- Bankassurance business
 - Life: selling Vita insurance products
 - Non-life: beside Vita insurance products also partnership with #2 non-life company Generali

Corporate and Investment banking in Slovenia

in EUR million
consolidated

Corporate and Investment Banking in Slovenia

	1-9 2021	1-9 2020	Change YoY		Q3 2021	Q2 2021	Q3 2020	Change QoQ	
Net interest income	26.5	25.6	0.9	3%	8.6	8.9	7.8	-4%	
Net interest income from Assets ⁽¹⁾	30.4	27.2	3.2	12%	10.0	10.3	8.5	-3%	
Net interest income from Liabilities ⁽¹⁾	-3.9	-1.6	-2.3	-145%	-1.4	-1.3	-0.8	-3%	
Net non-interest income	53.5	30.5	22.9	75%	9.8	31.9	9.8	-69%	
o/w Net fee and commission income	29.4	24.8	4.6	18%	9.7	10.2	8.7	-5%	
Total net operating income	80.0	56.2	23.8	42%	18.4	40.8	17.6	-55%	
Total costs	-32.2	-30.5	-1.7	-5%	-10.8	-11.0	-10.1	2%	
Result before impairments and provisions	47.8	25.6	22.1	86%	7.6	29.8	7.5	-74%	
Impairments and provisions	23.1	-6.8	29.8	-	7.0	5.1	2.5	39%	
Result before tax	70.8	18.9	52.0	-	14.6	34.9	10.0	-58%	

	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020	Change YtD		Change YoY		Change QoQ
Net loans to customers	2,171.0	2,153.2	2,047.1	2,022.0	123.9	6%	149.0	7%	1%
Gross loans to customers	2,230.0	2,244.9	2,167.5	2,130.6	62.5	3%	99.5	5%	-1%
Corporate	2,096.1	2,100.5	2,006.4	1,969.9	89.7	4%	126.2	6%	0%
Key/SME/Cross Border Corporates	1,963.5	1,940.6	1,827.6	1,802.0	136.0	7%	161.5	9%	1%
Interest rate on Key/SME/Cross Border Corporates loans	1.80%	1.82%	1.79%	1.79%	0.01 p.p.		0.01 p.p.		-0.02 p.p.
Investment banking	0.1	0.1	0.2	0.2	-0.1	-38%	-0.1	-38%	0%
Restructuring and Workout	85.2	123.5	160.8	156.0	-75.6	-47%	-70.8	-48%	-31%
NLB Lease&Go	47.3	36.3	17.8	11.7	29.5	165%	35.6	-	30%
State	133.6	144.1	160.7	160.3	-27.0	-17%	-26.6	-17%	-7%
Interest rate on State loans	2.17%	2.45%	2.20%	2.18%	-0.03 p.p.		-0.01 p.p.		-0.28 p.p.
Deposits from customers	1,620.2	1,618.9	1,487.4	1,354.1	132.7	9%	266.1	20%	0%
Interest rate on deposits	0.03%	0.04%	0.06%	0.06%	-0.03 p.p.		-0.03 p.p.		-0.01 p.p.
Non-performing loans (gross)	76.1	111.8	156.0	129.7	-79.9	-51%	-53.6	-41%	-32%

	1-9 2021	1-9 2020	Change YoY
Cost of risk (in bps)	-145	43	-189
CIR	40.3%	54.3%	-14.1 p.p.
Interest margin	1.79%	1.94%	-0.15 p.p.

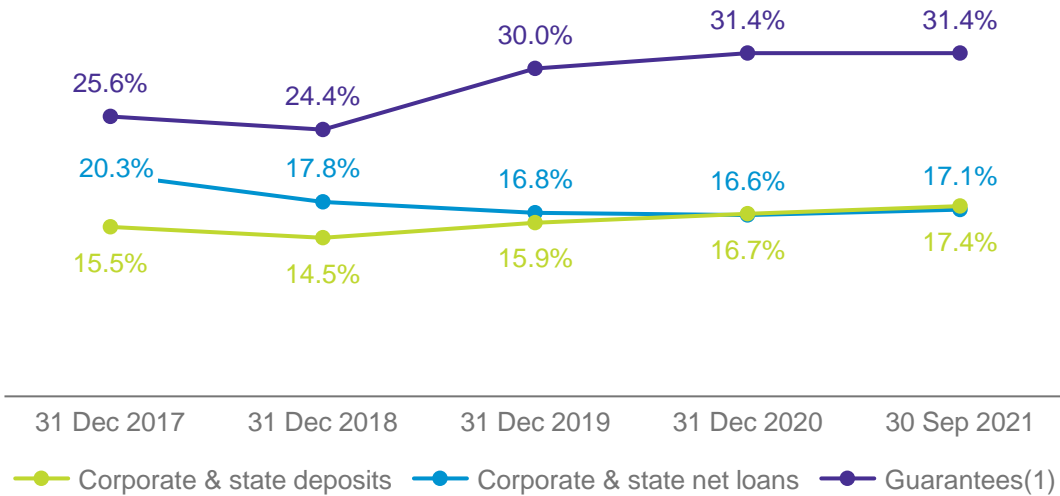
⁽¹⁾ Net interest income from assets and liabilities with the use of FTP.

- Reduction of the **deposits margin** after transfer price (FTP) in the amount of EUR 2.3 million YoY.
- The **interest income** from loans to corporate and state was EUR 3.2 million higher YoY, of which EUR 0.9 million from corporate part of NLB Lease&Go..
- Non-recurring net non-interest** valuation income in the amount of EUR 12.9 million from repayment of exposure, classified as non-performing, and EUR 8.6 million other operation income from the settlement of legal dispute.
- Higher **net fee and commission income** YoY, mostly due to a higher fee for high balances on customers assets (EUR 4.8 million in 1-9 2021, EUR 2.6 million higher YoY) and arrangement fees for organization of syndicated loans (cca EUR 1 million).
- Total costs** increased YoY, due to higher IT costs (licences) and employee costs.
- Net impairments and provisions** were released in the amount of EUR 23.1 million due to the repayment of several exposures, changes in credit ratings, and changed parameters for collective impairments and provisions related to more favourable macroeconomic forecasts.
- The volume of **loans to corporate** increased by EUR 89.7 million YtD, mostly due to newly approved syndicated loans and increased volumes in the Cross-border Corporates and NLB Lease&Go.
- The **Investment Banking and Custody** recorded non-interest income in the amount of EUR 8.9 million and increased by EUR 1.4 million YoY, due to arrangement fees for organization of syndicated loans. The total value of assets under custody increased YoY (30 September 2020: EUR 15.3 billion) but decreased YtD (2020 YE: EUR 16.2 billion) and amounted to EUR 15.5 billion).
- Exposures subject to non-expired COVID-19 moratoriums in the segment of Non-financial corporations amounted to EUR 50.0 million as at 30 September 2021. Apart from moratoriums, the Bank has provided additional liquidity by granting new loans to creditworthy clients to help them with the specific situation due to COVID-19 in the amount of EUR 29.2 million.

Corporate & Investment Banking in Slovenia

High market shares across products

Market shares - evolution and position on the market



- Largest bank in the country with high capacity to lend to and service large clients serving over 9,000 corporate clients as of 30 September 2021.
- Cross-border financing is becoming more and more important.
- Digital transformation is bringing new opportunities for addressing customers and adaptation of sales channels.
- Competitive advantage in SME market due to largest branch network fueled the growth in Mid Corporate and Small Enterprises.
- Leading Slovenian bank in the field of trade finance with products that support the export economy.
- Investment Banking being successful organizer of syndicated loans, and organizer of issuance of instruments on debt capital markets.

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

12,774

POS terminals

35.9% market share
in merchant acquiring

EUR 16.1 bn
assets under custody



Strategic Foreign Markets

in EUR million
consolidated

Strategic Foreign Markets

	1-9 2021	1-9 2020	Change YoY			Q3 2021	Q2 2021	Q3 2020	Change QoQ
					o/w KB contribution				
Net interest income	198.1	119.1	79.0	74.5	66%	68.1	66.7	40.6	2%
Interest income	223.6	137.0	86.5	84.7	63%	76.0	75.5	46.4	1%
Interest expense	-25.5	-17.9	-7.6	-10.2	-42%	-8.0	-8.7	-5.8	9%
Net non-interest income	72.9	39.4	33.5	26.4	85%	24.2	27.2	14.2	-11%
o/w Net fee and commission income	73.0	39.4	33.6	29.5	85%	24.3	25.5	13.8	-5%
Total net operating income	271.0	158.6	112.4	100.9	71%	92.2	93.9	54.8	-2%
Total costs	-162.6	-79.9	-82.7	-74.8	-104%	-54.7	-55.6	-26.5	2%
Result before impairments and provisions	108.4	78.7	29.7	26.1	38%	37.5	38.3	28.2	-2%
Impairments and provisions	1.7	-33.2	34.8	-5.5	-	-0.3	0.1	-15.4	-
Negative goodwill (KB)		0.0							
Result before tax	110.1	45.5	64.6	20.6	142%	37.2	38.4	12.8	-3%
o/w Result of minority shareholders	10.5	4.2	6.3	2.8	153%	3.9	2.9	1.0	35%

	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020	Change YtD		Change YoY		Change QoQ
Net loans to customers	5,361.8	5,281.9	5,052.4	3,199.5	309.4	6%	2,162.2	68%	2%
Gross loans to customers	5,547.5	5,460.3	5,234.8	3,352.7	312.7	6%	2,194.8	65%	2%
Individuals	2,836.4	2,756.1	2,592.9	1,711.0	243.5	9%	1,125.4	66%	3%
Interest rate on retail loans	6.10%	5.94%	6.28%	6.34%	-0.18 p.p.		-0.24 p.p.		0.16 p.p.
Corporate	2,538.0	2,519.4	2,443.7	1,528.6	94.2	4%	1,009.4	66%	1%
Interest rate on corporate loans	3.76%	4.04%	4.15%	4.19%	-0.39 p.p.		-0.43 p.p.		-0.28 p.p.
State	173.2	184.8	198.1	113.1	-25.0	-13%	60.0	53%	-6%
Interest rate on state loans	3.38%	3.40%	3.53%	3.63%	-0.14 p.p.		-0.24 p.p.		-0.01 p.p.
Deposits from customers	8,020.1	7,878.8	7,552.2	4,013.4	467.8	6%	4,006.6	100%	2%
Interest rate on deposits	0.31%	0.34%	0.43%	0.44%	-0.11 p.p.		-0.13 p.p.		-0.02 p.p.
Non-performing loans (gross)	199.5	198.6	195.0	130.8	4.4	2%	68.7	52%	0%

	1-9 2021	1-9 2020	Change YoY
Cost of risk (in bps)	-31	140	-171
CIR	60.0%	50.4%	9.6 p.p.
Interest margin	2.87%	3.35%	-0.49 p.p.

- Higher **net interest income** without Komercijalna Banka group contribution was higher YoY (EUR 4.5 million) due to higher volumes despite a lower interest margin.
- Net fee and commission income** and total costs increased YoY in all bank members.
- Net release of **impairments and provisions for credit risk** in the amount of EUR 1.7 million, mainly due to successful resolution of NPLs in almost all banking members of the Group.
- Additionally EUR 4.5 million provisions were released due to the successfully closed legal procedure in Komercijalna Banka, Beograd. Restructuring provisions (EUR 7.7 million) and provisions for legal risks (EUR 5.4 million) in Komercijalna Banka, Beograd almost neutralized the positive developments in the segment of the total impairments and provisions.
- Gross loans to customers** increased by EUR 312.7 million (6%) YtD, with the most material increase in housing loans. The increase of the loan portfolio is visible in most of the member banks; the largest increases were recorded in Komercijalna Banka, Beograd (EUR 99.4 million) and NLB Banka, Skopje (EUR 61.4 million), while Komercijalna Banka, Banja Luka and Komercijalna Banka, Podgorica saw a decrease (EUR 14.3 million and EUR 6.6 million, respectively).
- Deposits from customers** increased by EUR 467.8 million YtD, which was recorded in all member banks, except NLB Banka, Beograd.
- Various moratorium schemes were implemented (opt-in, opt-out), the amount of exposures with the remaining non-expired moratorium at the end of Q3 is EUR 18.0 million. Furthermore, additional liquidity was approved by granting new loans to help with the specific situation due to the COVID-19 crisis with an outstanding loan balance of EUR 177.8 million.

Financial Markets in Slovenia

in million EUR
consolidated

Financial Markets in Slovenia

	1-9 2021	1-9 2020	Change YoY		Q3 2021	Q2 2021	Q3 2020	Change QoQ	
Net interest income	18.1	16.9	1.2	7%	6.3	5.7	5.6	11%	
o/w ALM ⁽¹⁾	11.2	12.1	-0.9	-8%	5.0	2.9	3.7	73%	
Net non-interest income	-0.2	16.0	-16.2	-	0.5	0.0	0.6	-	
Total net operating income	17.9	32.9	-15.0	-46%	6.8	5.7	6.2	19%	
Total costs	-5.9	-5.6	-0.2	-4%	-1.9	-2.0	-2.0	6%	
Result before impairments and provisions	12.0	27.3	-15.3	-56%	4.9	3.7	4.1	33%	
Impairments and provisions	0.4	-1.3	1.7	-	0.3	0.8	-1.3	-66%	
Result before tax	12.4	26.0	-13.6	-52%	5.1	4.4	2.8	16%	

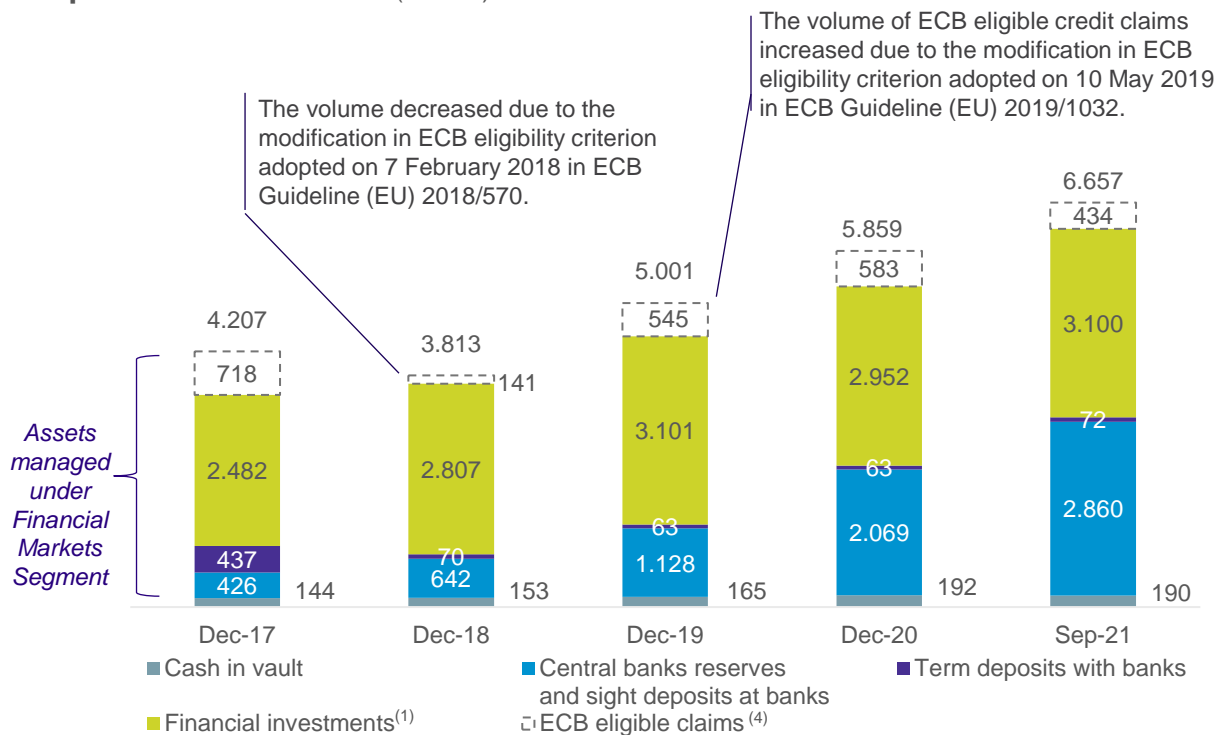
	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020	Change YtD		Change YoY		Change QoQ
Balances with Central banks	2,758.1	2,656.0	1,998.1	1,931.1	760.1	38%	827.0	43%	4%
Banking book securities	3,100.5	3,335.5	2,945.8	3,054.1	154.7	5%	46.4	2%	-7%
<i>Interest rate on banking book securities</i>	<i>0.66%</i>	<i>0.65%</i>	<i>0.77%</i>	<i>0.77%</i>	<i>-0.11 p.p.</i>		<i>-0.11 p.p.</i>		<i>0.01 p.p.</i>
Wholesale funding	863.6	866.3	143.5	151.4	720.2	-	712.2	-	0%
<i>Interest rate on wholesale funding</i>	<i>-0.02%</i>	<i>1.00%</i>	<i>0.54%</i>	<i>0.55%</i>	<i>-0.56 p.p.</i>		<i>-0.57 p.p.</i>		<i>-1.02 p.p.</i>
Subordinated liabilities	290.2	287.6	288.3	290.0	1.9	1%	0.2	0%	1%
<i>Interest rate on subordinated liabilities</i>	<i>3.70%</i>	<i>3.69%</i>	<i>3.64%</i>	<i>3.62%</i>	<i>0.06 p.p.</i>		<i>0.08 p.p.</i>		<i>0.01 p.p.</i>

⁽¹⁾ Net interest income from assets and liabilities with the use of FTP.

- **Net interest income** was EUR 1.2 million (7%) higher YoY, mostly due to changed FTP policy which partially transferred the costs of placing the excess liquidity from treasury to retail and corporate segment to de-stimulate the deposit collection. Otherwise, the revenues from treasury activities are YoY lower due to significantly lower reinvestment yields of banking book securities and excess liquidity, additionally reflected in negative effect from higher placements with the central bank at negative interest rates.
- Lower **net non-interest income**, EUR 16.2 million YoY, due to one-off effect from the sale of debt securities, which positively impacted 1-9 2020 performance.
- Increase in **balances with central banks** (EUR 760.1 million YtD) mostly due to participation in the ECB's liquidity providing operation TLTRO-III, where the obtained funds were temporarily placed on the account with central bank and increased **banking book securities** by EUR 154.7 million or 5%.
- **Wholesale funding** amount increased due to TLTRO-III secured borrowing, which was also the predominant reason for significant decrease of the interest rate on wholesale funding.

Financial markets in Slovenia

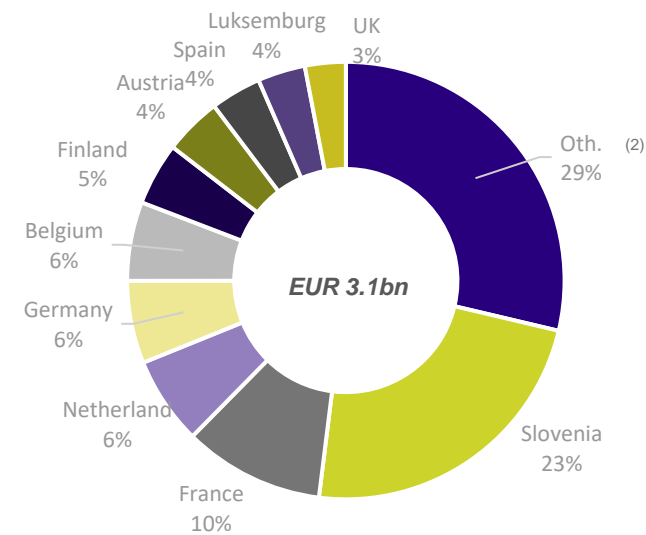
Liquid assets evolution (EURm)



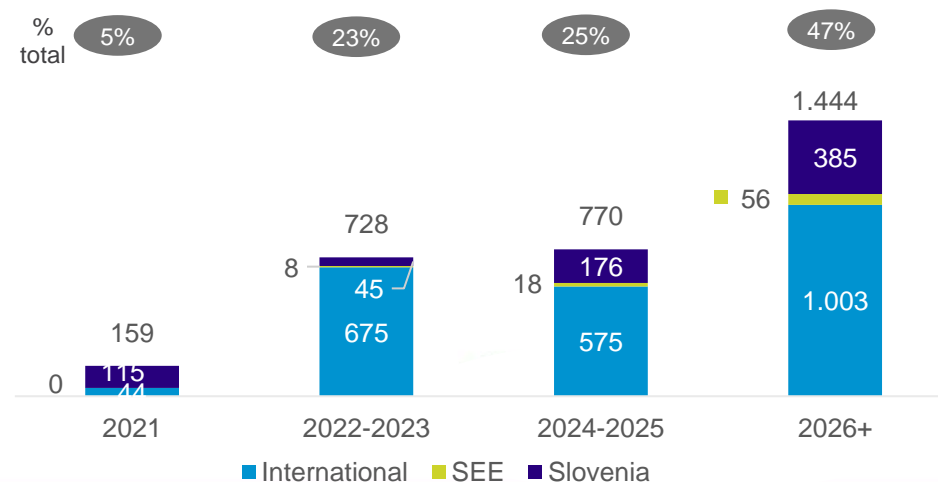
Well positioned and funded division

- Strong liquidity buffer provides solid base for future core growth consisting of liquid assets which are not encumbered for operational or regulatory purposes
- Banking book securities portfolio is well diversified in terms of asset class and geography to minimize concentration risk, and is invested predominantly in high quality issuers on prudent tenors
- Liquidity ratios (as of 30 Sep 2021): LCR 328% (NLB d.d.) and 272% (NLB Group); NSFR (preliminary) 174% (NLB d.d.) and 188% (NLB Group).

Well diversified banking book by geography (30 Sep 2021)



Maturity profile of banking book securities⁽³⁾ (30 Sep 2021, EURm)



Non-Core Members

in EUR millions
consolidated

Non-Core Members

	1-9 2021	1-9 2020	Change YoY		Q3 2021	Q2 2021	Q3 2020	Change QoQ
Net interest income	1.2	0.9	0.2	26%	0.8	0.1	0.2	-
Net non-interest income	5.1	2.9	2.2	77%	2.2	2.2	0.9	-1%
Total net operating income	6.3	3.8	2.5	65%	3.0	2.4	1.2	28%
Total costs	-7.9	-9.7	1.8	18%	-2.6	-2.8	-3.2	9%
Result before impairments and provisions	-1.6	-5.9	4.3	72%	0.5	-0.4	-2.0	-
Impairments and provisions	2.5	0.4	2.1	-	0.8	1.0	0.5	-23%
Result before tax	0.9	-5.5	6.4	-	1.2	0.5	-1.6	127%

	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020	Change YtD		Change YoY		Change QoQ
Segment assets	111.8	116.7	131.2	143.3	-19.4	-15%	-31.5	-22%	-4%
Net loans to customers	31.6	34.8	45.0	52.6	-13.4	-30%	-20.9	-40%	-9%
Gross loans to customers	76.0	79.3	95.0	120.7	-19.0	-20%	-44.7	-37%	-4%
Investment property and property & equipment received for repayment of loans	66.2	67.0	70.2	73.1	-4.0	-6%	-7.0	-10%	-1%
Other assets	14.0	14.9	16.0	17.6	-1.9	-12%	-3.6	-20%	-6%
Non-performing loans (gross)	62.0	62.7	71.3	92.9	-9.3	-13%	-30.9	-33%	-1%

	1-9 2021	1-9 2020	Change YoY
Cost of risk (in bps)	-879	-145	-734
CIR	125.9%	253.4%	-127.5 p.p.

- A decrease of the **total assets** of the segment YtD (EUR 19.4 million) in line with the divestment strategy.
- Increase of **net operating income**, of which due to EUR 0.4 million positive effect attributable to the segment from the settlement of legal dispute.
- The segment recorded a EUR 0.9 million of **profit before tax**.

Other

in EUR millions
consolidated

Other

	1-9 2021	1-9 2020	Change YoY		Q3 2021	Q2 2021	Q3 2020	Change QoQ
Total net operating income	4.5	4.9	-0.5	-10%	1.1	1.9	2.4	-41%
Total costs	-9.0	-8.5	-0.5	-6%	-3.5	-1.9	-2.6	-83%
Result before impairments and provisions	-4.5	-3.5	-1.0	-29%	-2.3	0.0	-0.2	-
Impairments and provisions	1.8	-0.3	2.1	-	0.1	-0.1	0.1	-
Result before tax	-2.7	-3.8	1.1	29%	-2.2	-0.1	-0.1	-

- Lower **total net operating income** due to decrease of income from vault, real estate management and management fees.
- EUR 4.5 million of **total costs** (EUR 1.0 million higher YoY), related mostly to IT, cash transport, external realization, and costs, regarding vacant business premises.
- **Net impairments and provisions** released in the amount of EUR 1.8 million, due to successful closure of legal procedure in Q1.



Appendix 3:

Macro Overview

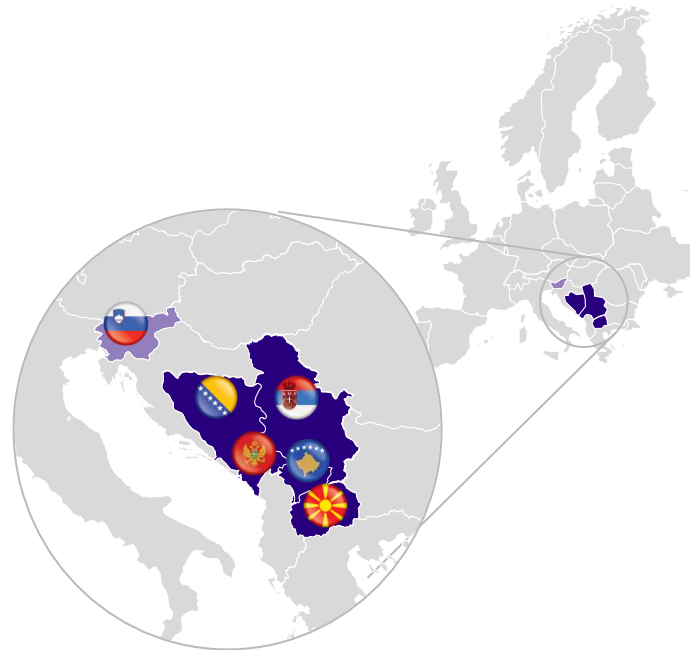
NLB Group – Macro overview

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

Slovenia 	EUR
GDP (EURbn)	49.4
Population (m)	2.1
NBS loans as % of GDP ⁽¹⁾	48.3%
NBS deposits as % of GDP ⁽¹⁾	72.2%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A

Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	18.1
Population (m)	3.3
NBS loans as % of GDP ⁽¹⁾	58.4%
NBS deposits as % of GDP ⁽¹⁾	74.0%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	4.4
Population (m)	0.6
NBS loans as % of GDP ⁽¹⁾	75.8%
NBS deposits as % of GDP ⁽¹⁾	82.1%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	49.1
Population (m)	6.9
NBS loans as % of GDP ⁽¹⁾	47.1%
NBS deposits as % of GDP ⁽¹⁾	54.1%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	7.2
Population (m)	1.8
NBS loans as % of GDP ⁽¹⁾	47.5%
NBS deposits as % of GDP ⁽¹⁾	62.0%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

North Macedonia 	MKD
GDP (EURbn)	11.3
Population (m)	2.1
NBS loans as % of GDP ⁽¹⁾	52.9%
NBS deposits as % of GDP ⁽¹⁾	63.7%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+

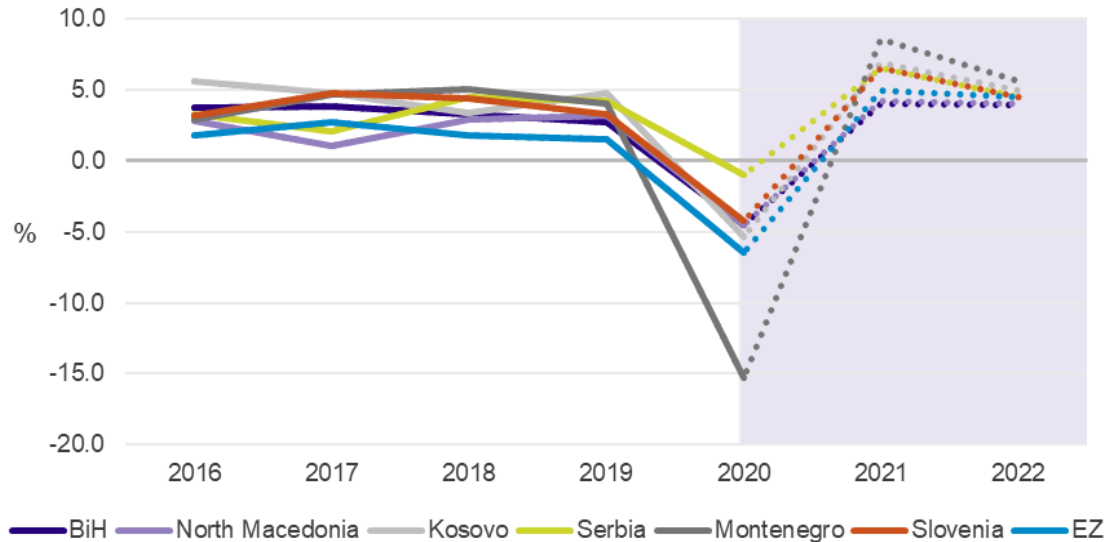


Source: Central banks, National Statistics Offices, FocusEconomics, NLB

Note: GDP volume for Q2 2021 annualised; (1) Non-banking sector loans /deposits as % of GDP for Q2 2021, annualised; (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.

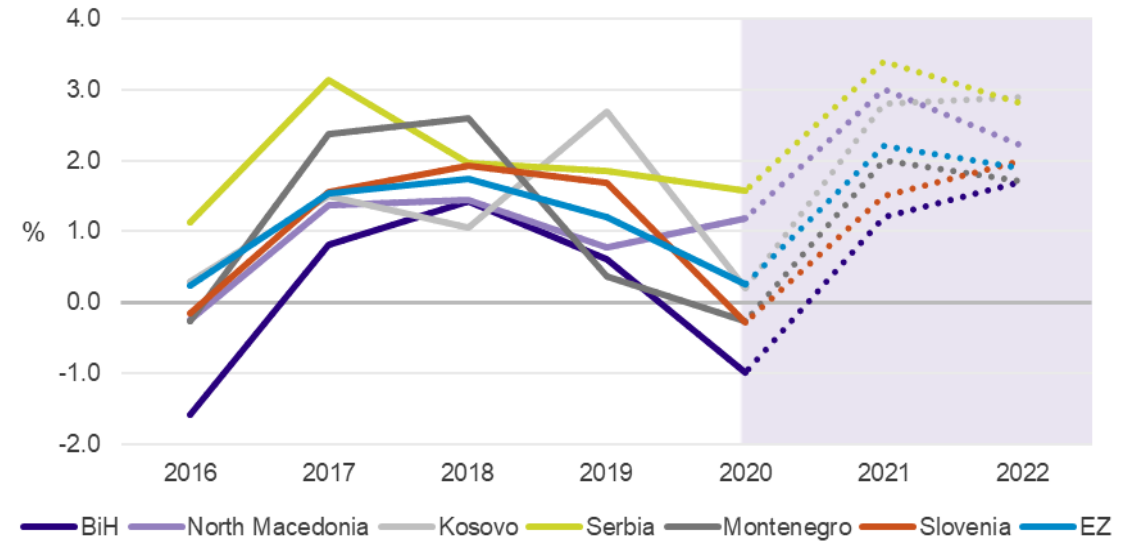
Macro Overview – Economic data

Real GDP growth, %



Sources: FocusEconomics, NLB Forecasts for 2021 and 2022

Average inflation rate, %



Sources: FocusEconomics, NLB Forecasts for 2021 and 2022

Note: HICP for Slovenia, Kosovo and Eurozone, other CPI

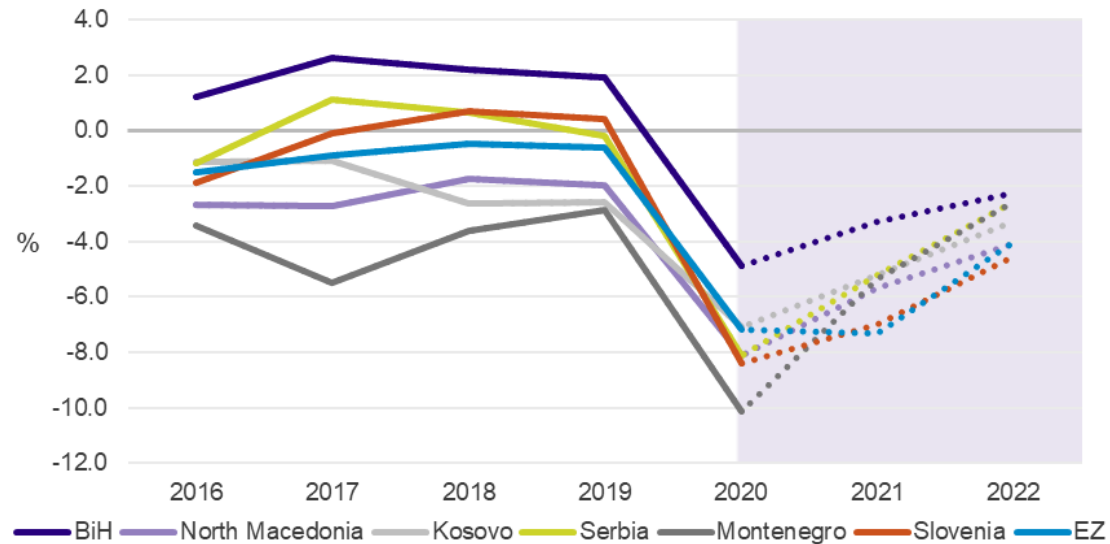
KEY FINDINGS:

As restrictions on economies were lifted, countries of the **Group's region** recorded a robust recovery with **GDP** growing **14.3% YoY** in Q2 2021. The recovery was fuelled by domestic demand, export growth on the back of firming external demand and a gradual improvement in tourist arrivals.

Inflation picked up since the beginning of the year in countries of the Group's region but due to the **same factors as in other countries all over the world**, i.e. rising oil and commodity prices, supply-chain bottlenecks, input shortages and overall supply-demand issues resulting from the uneven recovery of economic sectors after last year's pandemic-induced downturn.

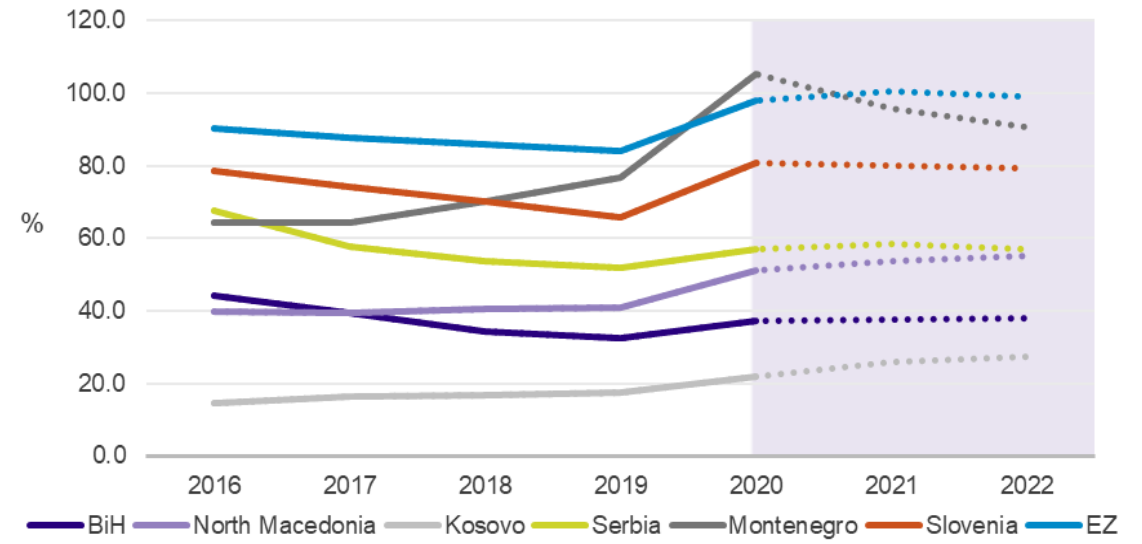
Macro Overview – Fiscal data

Fiscal Balance, % GDP



Sources: FocusEconomics
Note: Consensus Forecasts for 2021 and 2022

Public Debt, % GDP



Sources: FocusEconomics
Note: Consensus Forecasts for 2021 and 2022

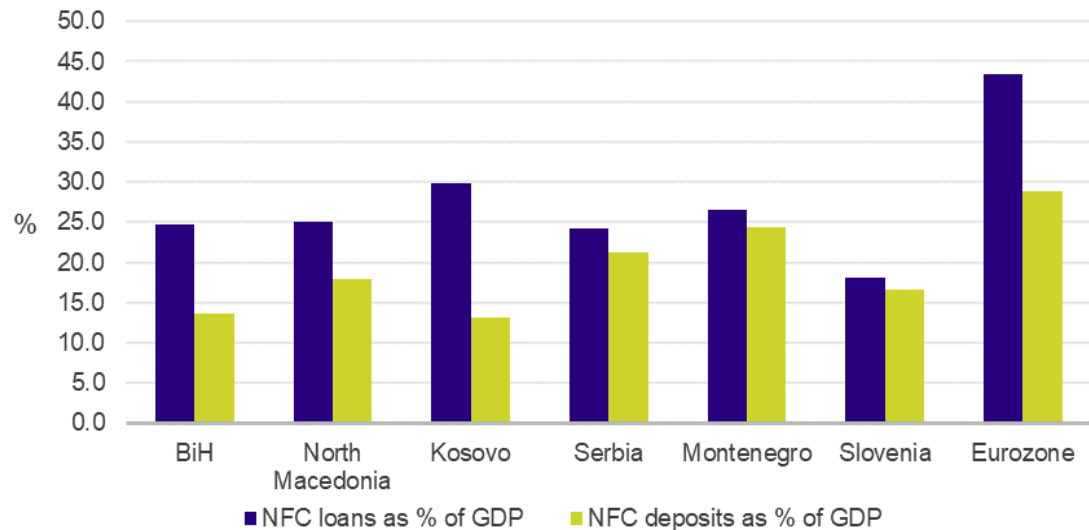
KEY FINDINGS:

Public debts remain at elevated levels in 2021 after the increase in 2020 resulting from fiscal measures adopted to mitigate the economic and social impact of the pandemic-induced crisis. In general, public debts of countries in the Group's region are below the Euro area level.

Fiscal balances are expected to improve as fiscal revenues recover with the recovery in economic activity.

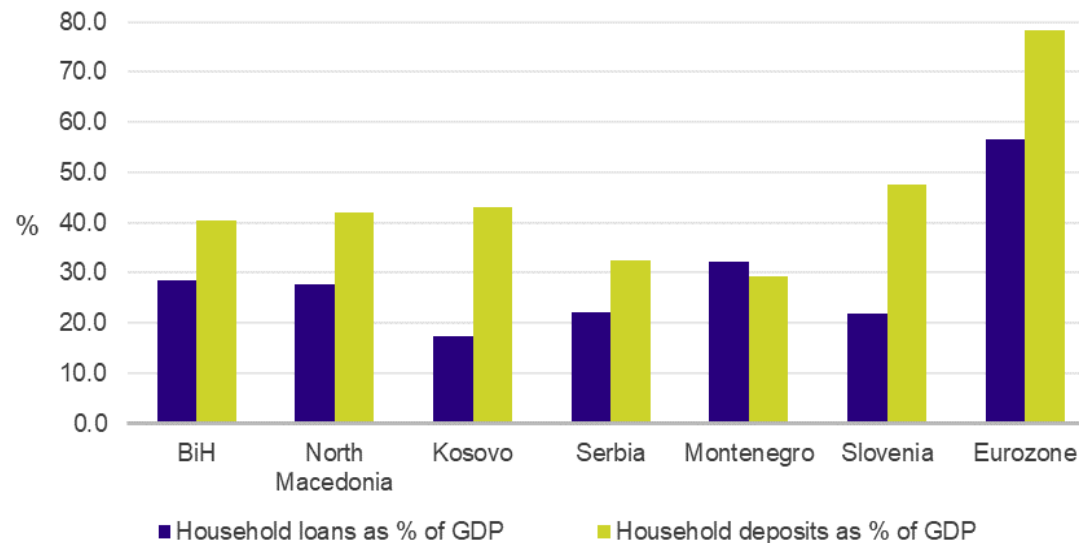
Macro Overview – Monetary data

NFC loans and deposits, % GDP



Sources: National Central Banks, ECB, Own calculations
 Note: Q2 2021 annualised data; residential deposits and loans for Montenegro

Household loans and deposits, % GDP



Sources: National Central Banks, ECB, Own calculations
 Note: Q2 2021 annualised data; residential deposits and loans for Montenegro

KEY FINDINGS:

Loans to non-financial corporations and households' loans as a percentage of GDP show that the whole Group has **the potential for further growth**, especially when compared to the levels in the Euro area.

Economic recovery in the Group's region reflected in encouraging credit activity with **loans to NBS growing 5.3% YoY** in August. The inflow of deposits continued with **NBS deposits growing 12.0% YoY** in the same month.



Appendix 4:

Financial Statements

NLB Group **Income Statement**

(EURm)	1-9 2021	1-9 2020	YoY	Q3 2021	Q2 2021	Q3 2020	QoQ
Interest and similar income	354.1	265.9	33%	121.0	118.5	88.6	2%
Interest and similar expense	-51.8	-41.4	-25%	-17.4	-17.4	-14.2	0%
Net interest income	302.3	224.5	35%	103.7	101.1	74.4	3%
Fee and commission income	242.7	171.7	41%	87.3	81.5	60.6	7%
Fee and commission expense	-70.1	-46.6	-51%	-28.8	-21.6	-16.9	-33%
Net fee and commission income	172.6	125.1	38%	58.6	59.9	43.7	-2%
Dividend income	0.2	0.1	72%	0.1	0.0	0.0	182%
Net income from financial transactions	33.4	30.0	11%	7.4	20.8	5.7	-64%
Other operating income	-8.7	3.6	-	-3.8	-2.0	-0.5	-86%
Total net operating income	499.9	383.3	30%	166.0	179.9	123.3	-8%
Employee costs	-168.2	-122.9	-37%	-56.5	-56.5	-40.2	0%
Other general and administrative expenses	-94.1	-69.6	-35%	-31.7	-32.6	-23.5	3%
Depreciation and amortisation	-34.8	-23.7	-47%	-11.6	-11.6	-7.8	0%
Total costs	-297.2	-216.3	-37%	-99.9	-100.7	-71.4	1%
Result before impairments and provisions	202.7	167.0	21%	66.1	79.1	51.9	-16%
Impairments and provisions for credit risk	34.1	-49.1	-	3.3	14.8	-16.3	-77%
Other impairments and provisions	-8.8	-1.2	-	2.9	-11.3	-0.7	-
Gains less losses from capital investments in subsidiaries, associates and joint ventures	0.9	0.9	5%	0.5	0.3	0.5	79%
Result before tax	228.9	117.7	94%	72.9	82.9	35.4	-12%
Income tax	-12.9	-8.9	-45%	-3.3	-4.8	-3.4	31%
Result of non-controlling interests	10.5	4.2	153%	3.9	2.9	1.0	35%
Result after tax attributable to owners of the parent	205.5	104.6	96%	65.7	75.2	31.0	-13%

NLB Group Statement of Financial Position

(EURm)	30 Sep 2021	31 Dec 2020	YtD
ASSETS			
Cash and balances with Central Banks and other demand deposits at banks	4,947.0	3,961.8	25%
Financial instruments	5,264.7	5,119.5	3%
<i>o/w Trading Book</i>	10.5	84.9	-88%
<i>o/w Non-trading Book</i>	5,254.2	5,034.7	4%
Loans and advances to banks (net)	211.7	197.0	7%
<i>o/w gross loans</i>	211.8	197.1	7%
<i>o/w impairments</i>	-0.2	-0.1	-8%
Loans and advances to customers	10,267.0	9,644.9	6%
<i>o/w gross loans</i>	10,593.7	10,033.3	6%
- Corporates	4,783.9	4,631.7	3%
- State	322.3	374.0	-14%
- Individuals	5,487.4	5,027.6	9%
<i>o/w impairments and valuation</i>	-326.7	-388.4	16%
Investments in associates and JV	8.5	8.0	6%
Goodwill	3.5	3.5	0%
Other intangible assets	49.4	58.1	-15%
Property, plant and equipment	242.1	249.1	-3%
Investment property	54.1	54.8	-1%
Other assets	249.0	268.9	-7%
Total Assets	21,296.9	19,565.9	9%

(EURm)	31 Sep 2021	31 Dec 2020	YtD
LIABILITIES & EQUITY			
Deposits from banks and central banks	82.0	72.6	13%
Deposits from customers	17,248.6	16,397.2	5%
- Corporates	4,276.6	3,949.1	8%
- State	476.8	424.5	12%
- Individuals	12,495.2	12,023.5	4%
Borrowings	975.6	249.8	-
Subordinated liabilities	290.2	288.3	1%
Other liabilities	412.5	434.9	-5%
Total Liabilities	19,008.9	17,442.8	9%
Shareholders' equity	2,140.5	1,952.8	10%
Non Controlling Interests	147.6	170.3	-13%
Total Equity	2,288.1	2,123.0	8%
Total Liabilities & Equity	21,296.9	19,565.9	9%