Here we are a part of something bigger

NLB Group Annual Report 2024

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Report format
The Annual Report in PDF format represents its unofficial version. The Annual Report in European Single Electronic Format (ESEF) is pursuant to Commission Delegated Regulation (EU) 2019/815 and paragraph one of Article 134 of the Market in Financial Instruments Act (ZTFI-1) and represents its official version published on SEOnet.

Forward-looking statements
The expectations, forecasts and statements regarding future developments that are contained in this report are based on assumptions and are contingent on a number of factors that will come into play in the future. Consequently, the actual situation may turn out to be different.

With an in-depth understanding of customer's needs and business environment, NLB Group charts a path that ensures not only its long-term development, but also the development of wider economic environment in our home region, South-Eastern Europe. We invite you to explore the key achievements, financial performance, and strategic objectives of NLB Group in 2024.

OVERVIEW

NLB Group at a Glance

Total assets
EUR
28,035
million

Total capital
EUR
3,411
million

Total operating income
EUR
1,245
million

Number of active clients
more than
2.9
million

Employees
8,322

7
banks with
409
branches
5
leasing companies
3
asset management companies

Vision

The Group will look after the financial needs of its clients and improve the quality of life in its home region – South-Eastern Europe.

Strategic focus 2030

- In May 2024, the NLB Group launched its **NEW GROUP STRATEGY 2030**, which will ensure the long-term development of NLB Group and the broader economic environment in Southeastern Europe.
- Strategy 2030 foresees **THE DOUBLING OF NLB GROUP'S BALANCE SHEET, REVENUES, AND PROFIT BY 2030**.

Sustainable banking

16.0
2023

10.5
2024

- Sustainability is **integral to the new Group Strategy** and **embedded in business processes.**
- NLB Group is committed to the **Paris Agreement** with a **net-zero strategy** to reduce emissions in lending, investments, and operations.
- ESG Risk Rating: 10.5 (low risk), ranking us in the top 5th percentile of global banks and earning **Top Regional & Top Industry badges.**

Ratings

A3
2024

A3
2023

Investment grade rating from **Moody's** (A3 long-term deposit rating with positive outlook; as of 7 January 2025, solicited rating) and from **Standard & Poor's** (long-term credit rating at BBB with a stable outlook).

Note: Number of active clients in NLB Group banking members. Core financial members include seven banks with 409 branches, five leasing companies and three asset management companies.

Statement by the Management Board of NLB

Esteemed Stakeholders,

By now, you know us well. You know that our deepest commitment extends to continuously providing our customers with meaningful services and; between maintaining stability and fostering growth in the markets of our operations, as well as driving shareholder value and advancing their interests. You also know that we constantly strive to exceed expectations and that we do not shy away from seizing opportunities that lie beyond not yet discovered horizons. This was also the case for NLB Group in 2024.

In the preceding year, we clearly and confidently demonstrated our ambition that reaches beyond the known by introducing **NLB Group's new business strategy** for the following five-year period – a strategy designed to devote our Group and its talents to growth and development in a rapidly changing financial environment.

The strategy called **"New Horizons"** that was presented during the second NLB Investor Day in May stipulates that the Group's ambition remains to **create sustainable growth** to support individuals and businesses alike. It foresees the **doubling of the NLB Group's balance sheet** (to more than EUR 50 billion assets), **recurring revenues of more than EUR 2 billion, and a profit of more than EUR 1 billion by 2030**, combining organic growth with selected M&As in the targeted markets in South-Eastern Europe (SEE) – **our home region**.

The strategy focuses on growth across three pillars: Retail, Corporate and Investment Banking, and Payments, along with operating platform enhancement initiatives that enable their delivery. One of the most prominent ones includes **transitioning to a fully digital business model**, which includes leveraging advanced technologies such as artificial intelligence, cloud services, and data analytics.

We believe that with a thorough understanding of the business environment and a prudent consideration of the risks, the new business strategy paves a path that will continue to justify the trust of our shareholders – who will receive strong dividend payments – while at the same time fosters long-term development of the Group and, indirectly, also the wider economic environment and society in our home region.

Hedvika Usenik
Member

Andrej Lasič
Member

Archibald Kremser
Member

However, the development of such an ambitious business strategy has been supported by the strong business results and milestones we have achieved in recent years, including 2024. Global economic activity held up well in the first half of the year but moderated later; moreover, in the European Union especially gave way to an evolving interest rate environment, as well as structural changes such as digitalisation, decarbonisation, and demographic shifts. Economic growth, interest rate cuts, and the gradual disinflation trends contributed to **healthy credit activity** and demand for banking services in all client segments, product lines, and geographies, which positively impacted NLB Group's operations. All of this activity enabled the Group to **reach EUR 515 million of net income after tax**, further strengthening market shares

The June General Meeting that confirmed the first dividend pay-out also **confirmed rotations in the NLB's Supervisory Board**, as the mandates of three members expired in 2024. The General Meeting re-appointed Primož Karpe (later also confirmed as Chairman for the third time in a row) and appointed two new members, namely Natalia Olegovna Ansell and Luka Vesnaver. Also, in 2024, the NLB Workers' Council appointed Sergeja Kočar for another term as an employee representative in the Supervisory Board.

When it comes to expansion through mergers and acquisitions, NLB Group in 2024 marked **another milestone** in its development and the services and solutions it offers to its clients in the markets of SEE. The Group successfully **completed the transaction** and

within the NLB Group under the umbrella of NLB Skladi, Ljubljana the ownership of the Serbian asset management company KomBank Invest, Beograd was also transferred and renamed to **NLB Fondovi, Beograd**.

In line with its new strategy of pursuing selected M&As in the targeted markets, NLB also launched an all-cash voluntary **public takeover offer** aimed at acquiring control over **Addiko Bank AG** for all issued and outstanding Addiko Bank AG shares. As at 16 August 2024, the offer had not achieved sufficient acceptance declarations to reach the required acceptance threshold of at least 75% of the issued shares, and so it was not extended. NLB nevertheless remains committed to further business development and delivering its new business strategy, including possible other takeover opportunities.

Peter Andreas Burkhardt
Member

Antonio Argir
Member

Blaž Brodnjak
Chief Executive Officer

across SEE geographies, with all banking members reporting solid net earnings and **contributing 58.1% to the Group's after-tax result**.

The Group's robust performance in 2024 generated **substantial value for our shareholders**, as NLB honoured its commitment by **increasing its dividend payment** from the previous year's distribution **by 100%**, resulting in a combined **EUR 220 million pay-out** in two tranches. The amount represents a 40% pay-out ratio of the previous year's profit after tax. Furthermore, the Bank's outlook for 2025 continues to surpass even this percentage, while at the same time will strive to maintain the capacity for organic and/or M&A-driven growth.

became the sole shareholder of SLS HOLDCO, Ljubljana the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb, together forming **SLS Group**. This transaction not only enabled NLB to become the leading provider of leasing services on the Slovenian market, but also marks **NLB's re-entry** into the market of one of Slovenia's most important business partners, **Croatia**, after three decades.

The Group also strengthened its position in its home region by **expanding its asset management** into the North Macedonian market by NLB Skladi, Ljubljana acquiring Generali Investments, Skopje, later rebranded to **NLB Fondovi, Skopje**. Furthermore, to consolidate ownership of the asset management companies

Yet, in 2024, NLB was active not only on regional financial but also on international **capital markets**, successfully issuing EUR 300 million in 10NC5 subordinated Tier 2 notes in January to strengthen its capital position, and EUR 500 million in 6NC5 senior preferred notes in May for MREL purposes. The capital position remains rock solid and well above regulatory requirements, representing a firm foundation for further value accretive growth at a maintained and attractive dividend payout.

NLB's successful capital markets activity was also reflected in an **ever more positive recognition of the Bank** and **stronger confidence among professional stakeholders and rating agencies**. In June, therefore, **S&P** affirmed NLB's long-term credit rating BBB with a stable outlook, reflecting its expectation that NLB will maintain solid financial performance over the next 12–24 months, while prudently expanding across its core markets in Slovenia and SEE and integrating newly acquired banks and non-banks. Later, in September, Moody's indicated a low credit risk and strong financial health. To top off these recognitions, the Ljubljana Stock Exchange, which traditionally recognises excellence among listed companies in various categories, has in 2024 once again awarded NLB the title of **Prime Market Stock of the Year**.

In November, NLB Group also received a **new, significantly improved ESG Risk Rating of 10.5** by Morningstar Sustainalytics, reflecting a low risk of material financial impacts from ESG factors. The rating places NLB Group in the top 5th percentile of all banks assessed by the rating company.

We are proud that our sustainability performance has been acknowledged once again, as we recognise **sustainable practices as key drivers of our long-term business success**. The Group's commitment to sustainability extends across all its markets in SEE and three pillars: sustainable operations, sustainable finance, and contribution to society. As a systemically important financial institution in the region, NLB Group has set the goal to actively contribute to the sustainable transformation of the economy and society towards a greener, fairer, and more inclusive future. Therefore, the Group has integrated a sustainability perspective and **ESG factors into its new business strategy** and daily operations. Guided by the strategy, UN Principles for Responsible Banking, the Net Zero Banking Alliance, the Paris Agreement goals, and the United Nations' Sustainable Development Goals, NLB Group actively manages its sustainability-related impacts, and financially material risks and opportunities. These stem from climate change, human capital, corporate culture and governance, digitalisation, broader societal issues, and other important sustainability-related topics.

We are aware, however, that financial institutions also hold an important social function. Therefore, through **corporate social responsibility** activities, NLB Group also actively contributes to wider socio-economic development and an improved quality of life in our home region. This involves **supporting communities** with **donations** and **initiatives** such as NLB Youth Sports, **promoting financial literacy**, **endorsing sports and culture**, **aiding affected communities** when natural disasters hit, such as during October's devastating floods in Bosnia in Herzegovina, and **ensuring responsible relations with employees**. The latter was once again recognised in 2024 by the Top Employers Institute, which awarded NLB the prestigious **Top Employer certificate** for the 9th consecutive year. Additionally, the bank was once again, for the 13th consecutive year, awarded as a Family-Friendly Company with special recognition for promoting the culture of a family-friendly company in Slovenia.

All these achievements, strategically structured plans and ambitions keep us **firmly positioned for further growth** and development. Consequentially – and perhaps even more importantly – they also ensure our stability in supporting all the markets, societies and communities where we operate. More specifically, our dedication to South-Eastern Europe, our home region, goes beyond simply providing financial solutions and services. We are committed to fostering a thriving community where individuals and businesses identify new opportunities and explore new horizons. We know that **here we are a part of something bigger**.

Yours truly,
Mangement Board of NLB

Statement by the Chairman of the Supervisory Board of NLB

To Our Shareholders,

the period of 2008–2020 has marked an extended decade during which the average banking sector players globally (but even more so applicable for the European market) did not show much, if any, value creation. But then there has been last 3 to 4 years, when banks in general returned more capital to their shareholders than any other sector of the economy. The later happened both in terms of dividend yield and stock performance, with underlying profitability exceeding the cost of equity by very solid margin for the best performing peers. These were the outcomes which a neutral observer would quickly pin only to the rising rates, net interest margin expansion, and long overdue economic post-pandemic resurgence of the economies. But is that really a case? The fact is that banking valuations and still prevailing valuation gap to other industries highlight both, different regulatory playground and the need for a banking business model to evolve.

As the rates are now cut and the forward-looking yield curve flattens, the natural questions arise: Who will be the winners within the banking sector of the future? What's the right strategy to create shareholder value going forward and what has changed compared to period prior to outperformance? In seeking the answers, we could dwell deep into the cost of equity consideration, and even deeper into the underlying structure of the balance and off-balance sheet trends of the banks, based on which we could easily make a strong case that best performing banks of today look nothing like they did 10 years ago (and your NLB Group should qualify in this bucket, as it falls into very top decile of all the banks in the world who were able to move up five or more deciles in their return on tangible equity over 2013–2023 period[1]). Four operational metrics, along with avoiding risk, largely explain most of the outperformance of total shareholder return: revenue growth and its decomposition; better net interest margin management from lower cost deposit-gathering strategies or more efficient distribution and credit risk management; growing fee income (from expansion in wealth management, and other fee-heavy businesses) and of course cost efficiency, driven also by digitalisation.

While all these four elements are already core pillars of NLB Group's 2030 Strategy, your Supervisory Board is of the opinion that when it comes to the future, the rules of the game will predominantly evolve around two softer, yet crucial elements, and that's learning and persistence. In other words:

- Lazy bankers will lose to average ones
- Average ones will lose to focused ones
- Focused ones will lose to (positively) obsessed ones
- And the champions will obsess and focus over fundamentals, not trophies.

Primož Karpe
Chairman

1 McKinsey & Co: "The Global Banking Annual Review 2024: Attaining Escape Velocity," October 2024.

Excellence comes from perfecting the basics – and when talking about the basics, I'm referring to the bank operating model: to end-to-end process optimisation and subsequent digitalisation allowing scalability, to understanding the technology and investing into it to transform, to understanding the data and use it to serve the clients better and with more tailor-made solutions. Furthermore, to applying AI where it brings clear optimisation of costs and better understanding of the risks, as well as an increase of competitive advantage for the professionally curious ones. But all of that must materialise in bolder go-to-market steps and moves and even more focus on talent and culture, all with the purpose to serve the clients the way they will feel they are getting more than just "value for money" when using the services of the bank.

Least but not last, we are aware we need to understand "disruption" and "transition" of the future banking model equally well as those who sit behind the driving wheels of the largest digitally native banks of the today's world. By saying that, we should relentlessly study:

- The ways the people do digital today and the ways the people will do digital tomorrow (in all aspects of life: from how they "have fun," how "they communicate," to how they pursue "be well" initiatives). Having said that, these three categories respectively engage people in the digital world more than does digital banking, with the latter nevertheless being on the extremely high 4th place of all the digital activities the people engage in today[2].
- The giants of the banking future, so one day we'll also be able to stand on their shoulders.

NLB Group has adopted the 2030 Strategy with the clear mindset of transformation. You must agree it does not lack ambition. You also probably agree it is focused to unlock even more shareholder value, backed by higher dividend payout ratios and/or inorganic equity value creation. As the rate curve changes and net interest margin naturally shrinks, the strategy assumes to compensate that in volume growth, it assumes to compensate that in expansion into new markets (both organically and inorganically), it predicts tapping into the untapped revenue pools that exist already today, and it should concretely materialise into 16 new customer proposition offerings across the corporate, retail, and payments business verticals. On top of all that, the Strategy does not shy away from continued deep awareness of the whole scope of ESG responsibilities, as fully outlined in the Sustainability Statement of this Annual Report.

But to back our promise of the future, we need to invest, transformation-wise in both technology and talent. We need to invest into leadership and sustainability, we need to invest into knowledge and into persistence. Because by doing things with the right mindset and alongside the right direction, the future will eventually yield results through our valuation re-rating, in the erasing of perceived discounts vs. i.e. US banks, insurers, pure asset managers and other financial business models, embedding finance and financial decisions into every pore of today's trade, investment, and funding ecosystem.

This way we should enable ourselves to continue giving back to all our key constituencies to whom we remain committed to: To our shareholders, to our employees, to our wider society and of course, to our clients.

Yours truly,
Supervisory Board of NLB

2 PYMNTS Intelligence: "How the World Does Digital," 2024.

This is where our community thrives.

NLB Group

Result after tax	Total assets	Active clients
514.6 (in EUR millions)	28,035.4 (in EUR millions)	2,944,493

NLB, Ljubljana

Market share by total assets	Result after tax	Total assets	Active clients
31.3%	478.2 (in EUR millions)	16,975.1 (in EUR millions)	728,350

NLB Skladi, Ljubljana

Market share of AUM	Result after tax	Assets under management
40.7% in mutual funds	12.1 (in EUR millions)	3,048.6 (in EUR milliions)

NLB Lease&Go, leasing, Ljubljana

Market share by total assets	Result after tax	Total assets
11.3%(ii)	3.3 (in EUR millions)	349.0 (in EUR millions)

Summit Leasing Slovenija, Ljubljana

Market share by total assets	Result after tax	Total assets
27.9%(ii)	0.0(iii) (in EUR millions)	926.2(iii) (in EUR millions)

Mobil Leasing, Zagreb

Market share by total assets	Result after tax	Total assets
3.2%(ii)	1.7(iii) (in EUR millions)	126.4(iii) (in EUR millions)

NLB Banka, Sarajevo

Market share by total assets	Result after tax	Total assets	Active clients
6.0%(i)	14.4 (in EUR millions)	1,005.1 (in EUR millions)	132,887

NLB Banka, Podgorica

Market share by total assets	Result after tax	Total assets	Active clients
14.3%	27.7 (in EUR millions)	1,034.5 (in EUR millions)	96,093

NLB Banka, Banja Luka

Market share by total assets	Result after tax	Total assets	Active clients
20.9%	29.5 (in EUR millions)	1,172.1 (in EUR millions)	210,580

NLB Komercijalna Banka, Beograd

Market share by total assets	Result after tax	Total assets	Active clients
9.8%	140.5 (in EUR millions)	5,553.5 (in EUR millions)	1,062,590

NLB Fondovi, Beograd(v)

Market share of AUM	Result after tax	Assets under management
3.5% in mutual funds	-0.4 (in EUR millions)	58.0 (in EUR milliions)

NLB Lease&Go Leasing Beograd

Market share by total assets	Result after tax	Total assets
7.9%	0.2 (in EUR millions)	125.6 (in EUR millions)

NLB Banka, Prishtina

Market share by total assets	Result after tax	Total assets	Active clients
17.0%	37.0 (in EUR millions)	1,426.9 (in EUR millions)	242,986

NLB Banka, Skopje

Market share by total assets	Result after tax	Total assets	Active clients
15.9%	67.8 (in EUR millions)	2,158.8 (in EUR millions)	471,007

NLB Fondovi, Skopje(iv)

Market share of AUM	Result after tax	Assets under management
18.8% in mutual funds	0.1(iii) (in EUR millions)	66.4 (in EUR milliions)

NLB Lease&Go Skopje

Market share by total assets	Result after tax	Total assets
n.a.	-0.7 (in EUR millions)	23.1 (in EUR millions)

(i) Market share as at 30 September 2024.
(ii) Market share of leasing portfolio. Change in methodology in NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana: as of 31 December 2024, the leasing portfolio in banks is no longer included in the calculation.
(iii) Data in local financial statements. Result after tax for full-year 2024.
(iv) On 7 August 2024, Generali Investments, Skopje was renamed NLB Fondovi, Skopje.
(v) On 10 October 2024, KomBank Invest, Beograd was renamed NLB Fondovi, Beograd.

For further information on NLB Group subsidiaries, please refer to the chapter NLB Group Key Members.

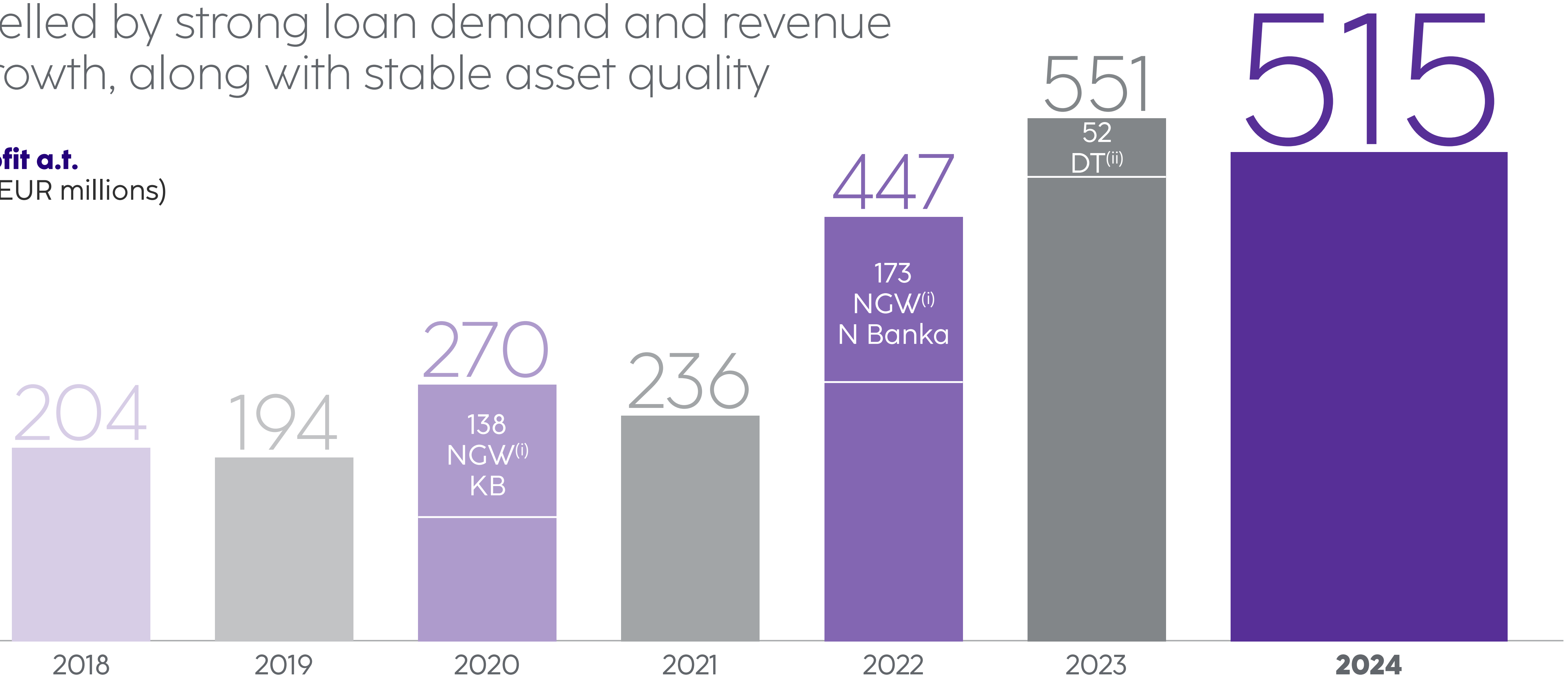
We connect with societies and their people like no other bank in the region.

The NLB Group is the only financial institution headquartered and focused on the SEE region. This is our home. We know the languages, customs and people, and we share a common history.

Key Highlights

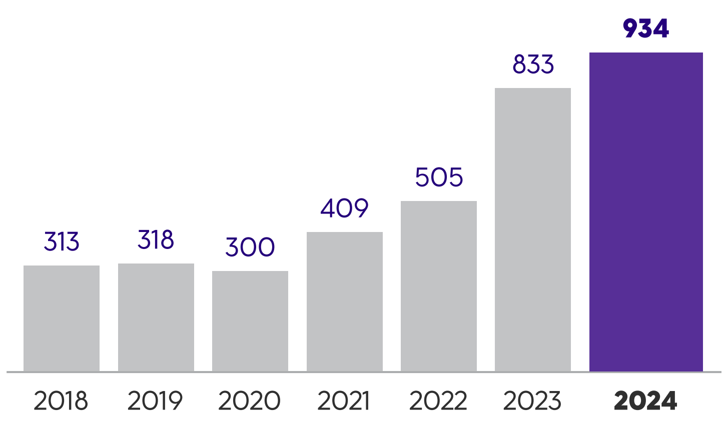
Robust normalised performance over five years, fuelled by strong loan demand and revenue growth, along with stable asset quality

Profit a.t.
(in EUR millions)

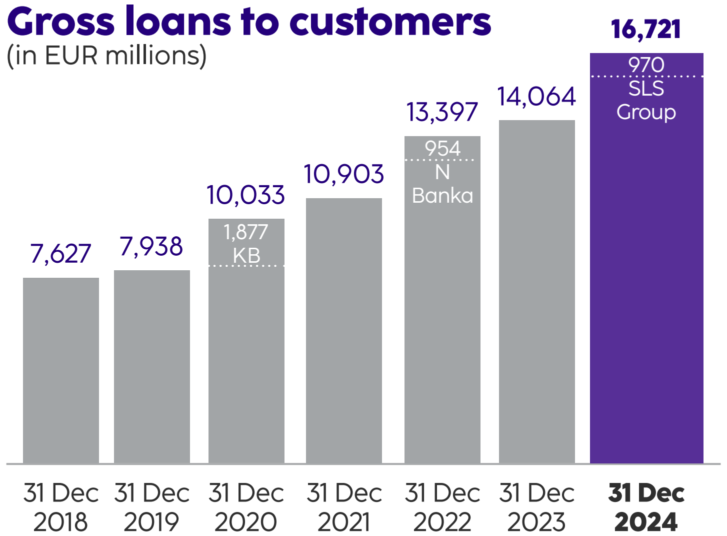


(i) NGW = negative goodwill = gains from bargain purchase
(ii) DT = deferred tax: increase of deferred tax assets and first recognition of deferred tax liability for withholding tax on dividends

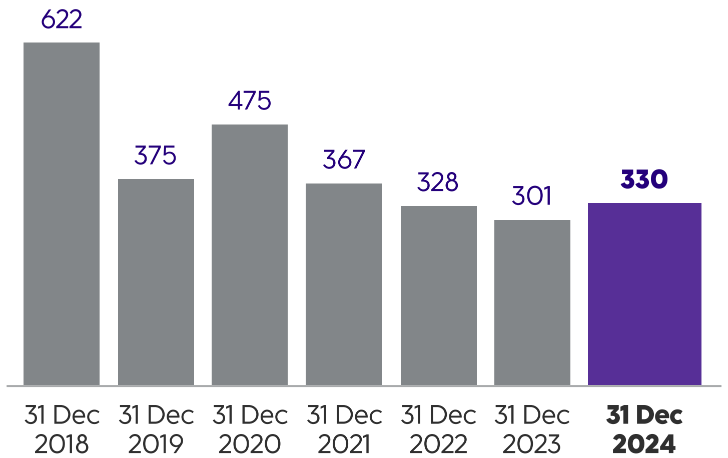
Net interest income
(in EUR millions)



Gross loans to customers
(in EUR millions)



Non-performing loans (NPLs)
(in EUR millions)



Capital

TCR

18.73%

vs. 15.50% requirement (incl. P2G)

Dividend pay-out in 2024

EUR 220 million

representing a 100% increase over the previous year's distribution

MREL

MREL ratio

37.47%

vs. 35.04% requirement

MREL funding (stock)

EUR 1,672.5 million

New MREL funding in 2024: EUR 800 million

Asset quality

cost of risk

14 bps

NPE ratio

1.1%

(EBA definition)

Environmental

EUR 439 million

of new sustainable financing, supporting the green transformation of our clients

Social

54%

increase of employee engagement (+28 p.p. vs baseline year 2015)

Governance

10.5 (low risk)

by Sustainalytics ESG Risk rating (improved by 5.5 points)

Key performance indicators

Table 1: Key financial indicators for NLB Group and NLB

	NLB Group			NLB		
	2024	2023	2022	2024	2023	2022
Income statement data (in EUR millions)						
Net interest income	934	833	505	432	373	177
Net non-interest income	311	260	294	378	266	189
Net non-interest income (BoS)	354	300	503	389	277	199
Net revenue	1,683	1,454	1,181	1,069	830	461
Total costs	−602	−502	−460	−312	−238	−208
Operating costs (BoS)	−642	−541	−496	−323	−249	−218
Result before impairments and provisions[i]	643	591	338	498	401	158
Impairments and provisions	−37	−14	−29	14	78	6
Gains less losses from capital investments in subsidiaries, associates, and joint ventures	3	1	1	–	–	–
Result before tax	608	578	483	512	479	164
Result of non-controlling interests	16	13	11	–	–	–
Result after tax	515	551	447	478	514	160
Financial position statement data (in EUR millions)						
Total assets	28,035	25,942	24,160	16,975	16,015	13,939
Gross loans to customers	16,721	14,064	13,397	8,816	7,277	6,157
Impairments and valuations of loans to customers	−358	−329	−324	−158	−121	−95
Net loans to customers	16,364	13,735	13,073	8,657	7,156	6,062
Financial assets	6,324	4,804	4,877	4,548	3,016	2,961
Deposits from customers	22,206	20,733	20,028	12,294	11,882	10,984
Equity	3,226	2,883	2,366	2,526	2,249	1,603
Non-controlling interests	72	65	57	–	–	–
Total off-balance sheet items	7,336	6,301	5,449	6,108	5,291	4,046
Key financial indicators						
a) Capital adequacy						
Total capital ratio	18.7%	20.3%	19.2%	24.4%	25.2%	25.6%
Tier 1 ratio	15.8%	16.9%	15.7%	19.6%	19.7%	19.1%
CET 1 ratio	15.3%	16.4%	15.1%	18.8%	18.8%	18.1%
Total RWA (in EUR millions)	18,216	15,337	14,653	11,153	9,207	7,833
RWA / Total assets	65.0%	59.1%	60.6%	65.7%	57.5%	56.2%
b) Asset quality						
NPL coverage ratio 1 (coverage of gross non-performing loans with impairments for all loans)	108.7%	110.0%	98.9%	107.2%	87.9%	86.1%
NPL coverage ratio 2 (coverage of gross non-performing loans with impairments for non-performing loans)	62.7%	64.6%	57.1%	70.4%	61.2%	58.1%
NPL coverage ratio (EBA definition)[ii]	63.5%	65.6%	58.1%	70.6%	61.4%	58.2%
NPL coverage ratio (EBA definition) (BoS)[iii]	63.5%	65.6%	58.1%	70.6%	61.4%	58.2%
NPL volume (in EUR millions)	330	301	328	148	138	111
NPL ratio (internal def.; NPL/ Total loans)	1.6%	1.5%	1.8%	1.4%	1.2%	1.1%
Net NPL ratio (internal def.; net NPL / Total net loans)	0.6%	0.5%	0.8%	0.4%	0.5%	0.5%
NPL ratio (EBA definition)[ii]	2.0%	2.1%	2.4%	1.6%	1.9%	1.7%
NPL ratio (EBA definition) (BoS)[iii]	1.6%	1.5%	1.8%	1.4%	1.2%	1.1%
NPE ratio (EBA definition)	1.1%	1.1%	1.3%	0.8%	0.9%	0.9%
NPE ratio (EBA definition) (BoS)[iv]	1.1%	1.1%	1.3%	0.8%	0.9%	0.9%
Received collaterals / NPL	55.9%	58.1%	61.0%	48.5%	58.7%	58.4%

	NLB Group			NLB		
	2024	2023	2022	2024	2023	2022
NPL Collateral received / NPL (EBA definition)	67.0%	45.6%	54.7%	61.3%	67.1%	75.6%
Credit impairments and provisions / RWA	0.1%	−0.1%	0.1%	0.3%	0.0%	0.2%
c) Profitability						
Net interest margin (BoS)(v)	3.5%	3.4%	2.2%	2.6%	2.5%	1.3%
Financial intermediation margin (BoS)	4.8%	4.6%	4.4%	5.0%	4.4%	2.9%
Operational business margin(vi)	5.0%	4.8%	3.6%	3.8%	3.7%	2.5%
ROE b.t.	19.1%	21.6%	20.6%	21.2%	26.0%	10.5%
ROA b.t.	2.3%	2.3%	2.1%	3.1%	3.3%	1.2%
ROE a.t.	16.5%	21.0%	19.9%	19.8%	27.9%	10.2%
ROA a.t.	1.9%	2.2%	1.9%	2.9%	3.5%	1.2%
d) Business costs						
Operating costs / Average total assets (BoS)	2.4%	2.2%	2.2%	2.0%	1.7%	1.7%
CIR(vii)	45.7%	45.9%	57.6%	34.5%	37.3%	56.8%
Total costs / RWA	3.3%	3.3%	3.1%	2.8%	2.6%	2.7%
Total costs / Total assets	2.1%	1.9%	1.9%	1.8%	1.5%	1.5%
e) Liquidity						
Liquidity assets / Short-term financial liabilities to non-banking sector	43.7%	51.9%	48.5%	54.7%	66.5%	61.8%
Liquidity assets / Average total assets	34.5%	41.0%	40.7%	40.0%	51.5%	49.8%
Liquidity Coverage Ratio (LCR)	197.2%	245.7%	220.3%	235.6%	299.7%	276.5%
Net stable funding ratio (NSFR)	167.6%	187.3%	183.0%	155.1%	175.0%	177.6%
f) Leverage ratio						
Leverage ratio	9.9%	9.6%	9.1%	12.4%	10.9%	10.3%
g) Other						
Market share in terms of total assets	–	–	–	31.3%	30.2%	27.6%
LTD	73.7%	66.2%	65.3%	70.4%	60.2%	55.2%
Total revenues / RWA	6.8%	7.1%	5.4%	7.3%	6.9%	4.7%
Key indicators per share						
Shareholders(viii)	–	–	–	4,649	3,457	3,025
Shares	–	–	–	20,000,000	20,000,000	20,000,000
The corresponding value of one share (in EUR)	–	–	–	10	10	10
Book value (in EUR)	157.1	139.9	114.1	122.1	108.3	75.9
Branches						
Number of branches	409	418	440	69	68	71
Employees						
Number of employees	8,322	7,982	8,228	2,523	2,554	2,418

	NLB Rating			NLB Outlook		
	2024	2023	2022	2024	2023	2022
International credit ratings						
S&P	BBB	BBB	BBB	Stable	Stable	Stable
Moody's	A3	A3	Baa1	Positive	Stable	Stable

(i) The result before impairments and provisions of NLB Group for the year 2022 does not include negative goodwill.
(ii) Loans and advances without loans and advances classified as held for sale, cash balances at central banks, and other demand deposits.
(iii) Loans and advances, including cash balances at CBs and other demand deposits.
(iv) The carrying amount of debt instruments measured at fair value through other comprehensive income (FVOCI) is increased by value adjustments due to impairments.
(v) Calculated on the basis of average total assets.
(vi) Calculated as Net income from operational business (NII - Tier 2 expenses + Net fee and commission income + Recurring net income from financial operations)/Average total assets.
(vii) Tax on the balance sheet excluded from a calculation from 2024 on.
(viii) As per the share register of Central Securities Clearing Corporation (KDD). The shares are listed on the Ljubljana Stock Exchange. The Bank of New York (the "GDR Depositary") represented in the share register of KDD as a single holder is not the beneficial owner of shares. It holds shares in its capacity as the depositary for the GDR holders. The GDRs representing shares are issued against the deposit of shares and are listed on the London Stock Exchange. Therefore, the number in the share register of KDD does not represent all final beneficial owners of the Bank shares. The rights under the deposited shares can be exercised by the GDR holders only through the GDR Depositary, and individual GDR holders do not have any direct right to either attend the general meeting of Bank's shareholders or to exercise any voting rights under the deposited shares.

Further details on the definition of certain indicators in this table are available in the chapter Alternative Performance Indicators.

Key Events

1

Issuance of Tier 2 Notes

Top Employer certificate

2

Apple Pay available to NLB customers

3

4

NLB Skladi, Ljubljana as Best Asset Management Company

5

New NLB Group Strategy 2030

Issuance of senior preferred notes

Acquisition of Generali Investments, Skopje

6

First tranche dividend payment

EUR 110 million

New NLB Supervisory Board appointments

New NLB website

7

Re-election of the Chairman of NLB Supervisory Board

Sponsorship of NLB Ljubljana Marathon

8

Regulatory approvals to acquire Summit Leasing

Generali Investments, Skopje rebranded to NLB Fondovi, Skopje

9

Acquisition of Summit Leasing and entering the Croatian market

10

NLB Group donations for flood relief in Bosnia and Herzegovina

KomBank Invest, Beograd renamed NLB Fondovi, Beograd

11

NLB awarded Prime Market Stock of the Year

12

Second tranche dividend payment

EUR 110 million

Improved ESG risk rating

10.5
LOW RISK
2024

New NLB Group website

January

- **Issuance of Tier 2 Notes:** The Bank issued 10NC5 subordinated Tier 2 notes in the amount of EUR 300 million (ISIN: XS2750306511). In parallel, the Bank conducted a liability management exercise (LME) repurchasing EUR 219.6 million of its two outstanding Tier 2 notes with approaching call dates.
- **Top Employer certificate:** The Top Employers Institute awarded the Bank the prestigious Top Employer certificate for the 9th consecutive year.

February

- **Apple Pay:** Apple Pay became available to NLB customers in Slovenia.

March

- **Notifications of major holdings change:** The shareholding of Schroders plc in the Bank changed from 5.12% to 4.98%.

April

- **NLB Skladi, Ljubljana declared the Best Asset Management Company over a three- and ten-year period:** The financial magazine Moje Finance awarded NLB Skladi, Ljubljana the Best Asset Management Company over a three- and ten-year period in the category Naj Skladi 2023.
- **Apple Pay:** Apple Pay became available to NLB customers in Montenegro.

May

- **Early redemption of notes:** The Bank executed an early redemption of subordinated Tier 2 notes in the aggregate nominal amount of EUR 45 million (ISIN: SI0022103855).
- **New NLB Group Strategy 2030:** The NLB Group revealed its new Group Strategy until 2030 at NLB Investor Day in Ljubljana on 9 May 2024.
- **Announcement of NLB's intention of Addiko Bank AG public takeover offer:** On 15 May, NLB announced its intention to launch an all-cash voluntary public takeover offer aimed at acquiring control over Addiko Bank AG for all issued and outstanding Addiko shares for a consideration of EUR 20.00 per Addiko Bank AG share on a cum dividend basis.
- **Issuance of senior preferred notes:** NLB issued senior preferred notes in the aggregate amount of EUR 500 million for MREL purposes (ISIN: XS2825558328).
- **Acquisition of Generali Investments, Skopje by NLB Skladi, Ljubljana:** NLB Skladi, Ljubljana has expanded into the North Macedonian market by acquiring Generali Investments, Skopje. The acquisition was completed after receiving all relevant approvals.
- **Award from the Slovenian Marketing Association:** NLB received the leading award from the Slovenian Marketing Association for Excellence in NLB Brand Management.

June

- **Addiko Bank AG public takeover offer:** On 7 June 2024, NLB published a voluntary public takeover offer to acquire control of Addiko Bank AG and publicly presented the offer at a webcast held on 10 June 2024.
- **Dividend payment:** The Bank paid the dividends (the first tranche) of EUR 110 million or EUR 5.5 gross per share.
- **Appointment of three members of the Supervisory Board:** The NLB General Meeting re-appointed Primož Karpe and two new members Natalia Olegovna Ansell and Luka Vesnaver.
- **New NLB website:** NLB successfully renovated its website (nlb.si).
- **Google Pay:** Google Pay became available to NLB customers in Kosovo.
- **Garmin Pay:** Garmin Pay became available to NLB customers in Slovenia.
- **The merger of NLB Leasing, Ljubljana – in liquidation with NLB Lease&Go, leasing, Ljubljana:** NLB Leasing, Ljubljana – in liquidation ceased to exist[3], its assets and liabilities were transferred to NLB Lease&Go, leasing, Ljubljana.
- **The merger of PRIVATINVEST, Ljubljana with NLB Real Estate, Ljubljana:** Company PRIVATINVEST, Ljubljana ceased to exist[4], and its assets and liabilities were transferred to NLB Real Estate, Ljubljana.

July

- **Re-election of the Chairman of NLB Supervisory Board:** The members of the NLB Supervisory Board re-elected Primož Karpe as their Chairman for the third time.
- **Improved Addiko Bank AG public takeover offer:** NLB announced the improved offer price for the voluntary public takeover offer aimed at acquiring control over Addiko Bank AG by increasing the Share Offer Price from EUR 20.00 to EUR 22.00 per Addiko share on a cum dividend basis. Following the announcement of the improvement of voluntary public takeover, the Bank published the addendum to the Offering Memorandum and revised Presentation on 22 July 2024.
- **Early redemption of notes:** The Bank executed the early redemption of NLB senior preferred notes in the aggregate nominal amount of EUR 300 million (ISIN: XS2498964209).
- **NLB as general sponsor of NLB Ljubljana Marathon:** NLB has taken on the role of general sponsor of the largest running event in SEE, now known as the NLB Ljubljana Marathon.

August

- **Regulatory approvals to acquire SLS HOLDCO, Ljubljana:** NLB obtained all required regulatory and supervisory approvals from the Croatian Financial Services Supervisory Agency (HANFA), the Slovenian Competition Protection Agency (AVK), and the ECB in relation to the completion of the transaction contemplated in the Sale and Purchase Agreement to acquire a 100% shareholding in SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb.
- **Results of Addiko Bank AG public takeover offer:** The public takeover offer aimed to acquire control over Addiko Bank AG did not obtain sufficient acceptance declarations.
- **NLB Fondovi, Skopje:** Asset management company Generali Investments, Skopje, was rebranded on 7 August 2024 to NLB Fondovi, Skopje.

September

- **Completion of the acquisition of the SLS Group and entering the Croatian market:** After obtaining all regulatory approvals in August, NLB completed the transaction on 11 September 2024 and became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and

3 The company was removed from the court register on 1 July 2024.
4 The company was removed from the court register on 1 July 2024.

its Croatian subsidiary Mobil Leasing, Zagreb, together forming the SLS Group.
- **Completion of the acquisition of KomBank Invest, Beograd by NLB Skladi, Ljubljana:** After obtaining regulatory approval, NLB Skladi, Ljubljana successfully completed the transaction on 19 September 2024 and with this, the NLB Group consolidates the ownership of the asset management companies under the umbrella of NLB Skladi, Ljubljana.
- **Beginning of a mandate of a Supervisory Board member:** On 30 September 2024, Luka Vesnaver took up his office as a member of the Supervisory Board of NLB, following the ECB's decision not to object to his appointment to the function, to which he was appointed at the 42nd General Meeting of NLB on 17 June 2024.

October
- **NLB Group donation to eliminate the consequences of the devastating floods in Bosnia and Herzegovina:** NLB Group donated EUR 1 million to help eliminate the consequences of the disastrous floods in Bosnia and Herzegovina that occurred in October. The donation was directed to humanitarian organisations – the Red Cross Society of Bosnia and Herzegovina and Pomozi.ba, to ensure that the aid reaches those most in need.
- **NLB Fondovi, Beograd:** KomBank Invest, Beograd was renamed NLB Fondovi, Beograd.

November
- **Beginning of a mandate of a Supervisory Board member:** On 8 November 2024, Natalia Olegovna Ansell took up her office as a member of the Supervisory Board of NLB, following the ECB's decision not to object to her appointment to the function, to which she was appointed at the 42nd General Meeting of NLB on 17 June 2024.
- **Prime Market Stock of the Year:** Ljubljana Stock Exchange awarded NLB for Prime Market Stock of the Year.
- **Garmin Pay:** Garmin Pay became available to NLB customers in Montenegro, North Macedonia, Bosnia and Herzegovina and Kosovo.
- **Early redemption of Tier 2 notes:** The Bank executed an early redemption of subordinated Tier 2 notes in the aggregate nominal amount of EUR 9.9 million (ISIN: XS2080776607).

December
- **NLB MUZA:** The Bankarium Museum has been renamed to NLB MUZA.
- **New NLB Group website:** NLB Group successfully renovated its website (nlbgroup.com).
- **Dividend payment:** The Bank paid the dividends (the second tranche) of EUR 110 million or EUR 5.5 gross per share.
- **Improvement of ESG risk rating:** NLB received an ESG risk rating of 10.5, reflecting a low risk of material financial impacts from ESG factors, placing NLB in the top 5th percentile of all banks assessed by Morningstar Sustainalytics.
- **Google Pay:** After migrating its card issuing to a new service provider in December, NLB Komercijalna Banka, Beograd introduced Google Pay to its customers.
- **Notifications of major holdings change:** Brandes Investment Partners, L.P. has increased its shareholding in the Bank above 5%, reaching 5.03%.

In a dynamic banking world, we seize opportunities. Our new business strategy foresees doubling the NLB Group's balance sheet (to more than EUR 50 billion assets), recurring revenues of more than EUR 2 billion and profit of more than EUR 1 billion by 2030.

We lead with vision and grow with purpose.

Shareholder Structure and Market Performance of NLB's Shares and GDRs

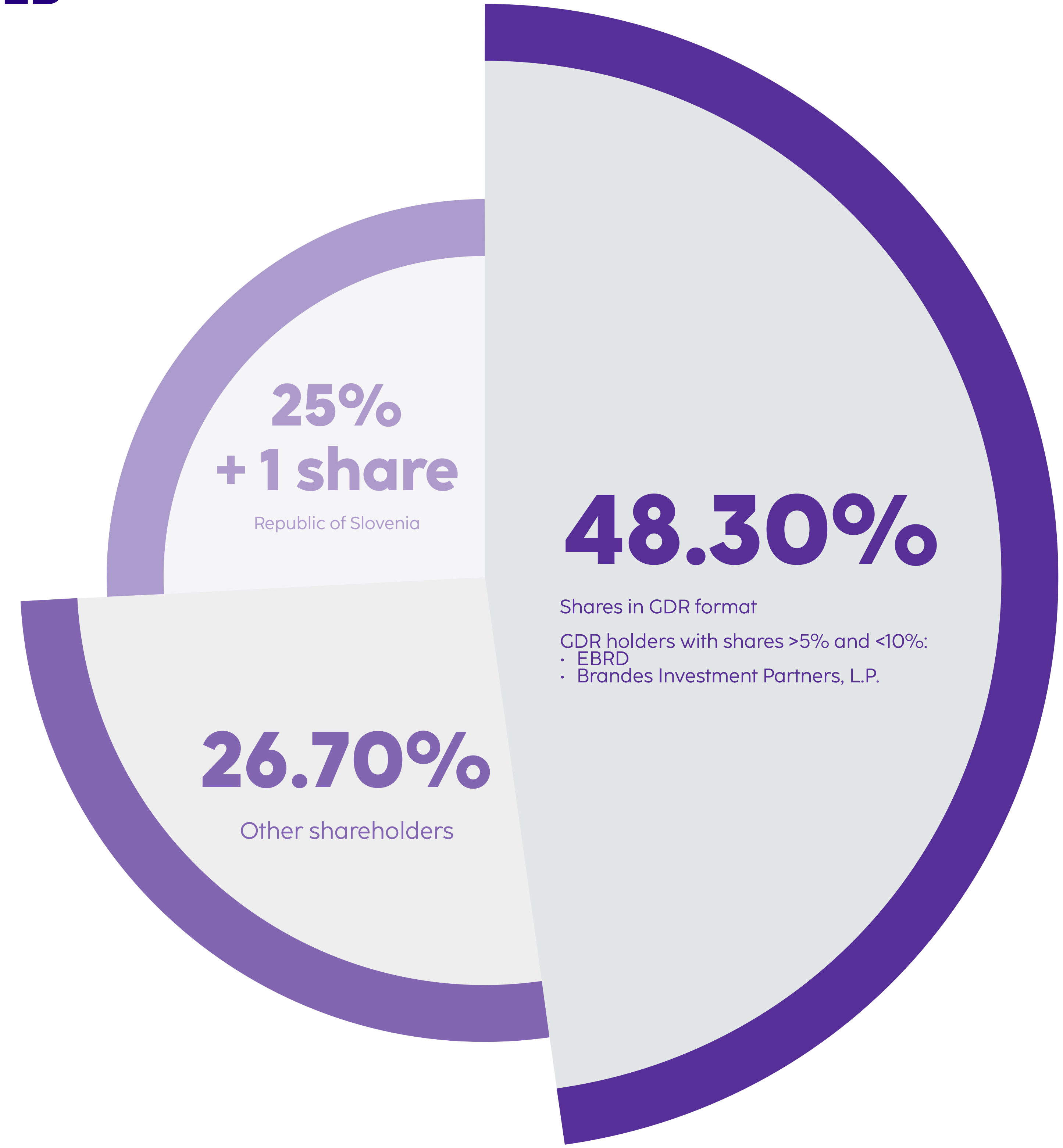
Shareholder structure of NLB

The Bank's shares are listed on the Prime Market sub-segment of the Ljubljana Stock Exchange (ISIN SI0021117344, Ljubljana Stock Exchange trading symbol: NLBR), and the GDRs representing shares are listed on the Main Market of the London Stock Exchange (ISIN: US66980N2036 and US66980N1046, London Stock Exchange GDR trading symbol: NLB and 55VX). Five GDRs represent one NLB share.

Table 2: NLB's main shareholders as at 31 December 2024[i]

Shareholder	Number of shares	Percentage of shares
Bank of New York on behalf of the GDR holders[ii, iii]	9,659,425	48.30
of which EBRD	/	>5 and <10
of which Brandes Investment Partners, L.P.[iv]	/	>5 and <10
Republic of Slovenia (RoS)	5,000,001	25.00
Other shareholders	5,340,574	26.70
Total	**20,000,000**	**100.00**

(i) This information is sourced from the NLB's shareholders' book that is accessible at the web services of CSD (Central Security Depository, Slovenian: KDD - Centralna klirinško depotna družba) and available to CSD members. The information on major holdings is based on self-declarations by individual holders pursuant to the applicable provisions of Slovenian legislation, which require that the holders of shares in a listed company notify the company whenever their direct and/or indirect holdings pass the set thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, or 75%. The table lists all self-declared major holders whose notifications have been received. In reliance on this obligation vested with the holders of major holdings, the Bank postulates that no other entities nor any natural person hold directly and/or indirectly ten or more percent of the Bank's shares.
(ii) The Bank of New York holds shares in its capacity as the depositary (the GDR Depositary) for the GDR holders and is not the beneficial owner of such shares. The GDR holders have the right to convert their GDRs into shares. The rights under the deposited shares can be exercised by the GDR holders only through the GDR Depositary, and individual GDR holders do not have any direct right to either attend the shareholders' meeting or exercise any voting rights under the deposited shares.
(iii) The information on GDR ownership is based on self-declarations by individual GDR holders as required pursuant to the applicable provisions of Slovenian law.
(iv) The information on GDR ownership is based on self-declarations made by Brandes Investment Partners, L.P. on 5 December 2024.



Market performance of NLB's shares and GDRs

The EURO STOXX 600 Index saw a steady rise in Q1, supported by robust performances in the technology and healthcare sectors, while in Q2, there was some volatility due to geopolitical tensions and fluctuating commodity prices. The index experienced a slight dip in July and August due to market corrections, but rebounded in September as investor confidence returned. In Q4, the index closed the year with a gain of approximately 8.9% YoY, reflecting the overall positive market sentiment and strong performances in the industrial and consumer goods sectors. The EURO STOXX Banks Index had an impressive year in 2024. In the first two quarters, the index benefitted from high capital ratios, more substantial earnings, and expectations of consolidation in the banking industry. The H1 saw significant gains as banks reported better-than-expected quarterly results. The momentum continued in H2, with the index climbing 21.4% over the year, marking its best performance since 2021. The banking sector was buoyed by still high interest rates and cost-cutting measures, which improved profitability.

Ljubljana Stock Exchange awarded NLB as

"Prime Market Stock of the Year"

The SBITOP Index grew throughout the year for the most part, driven by positive market sentiment and strong performances from key blue-chip companies. The index experienced only two meaningful falls, both in mid-July to the first part of August, as the beginning of the third quarter brought some volatility, which was influenced by broader market corrections and economic uncertainties.

A steady recovery ensued, supported by improved corporate earnings and investor confidence. In 2024, the index gained approximately 33.4% YoY.

Throughout 2024, the NLB stock experienced various fluctuations, reflecting broader market trends and company-specific developments. The stock started the year at around EUR 84.8 and steadily increased, reaching EUR 110 by the end of March. This increase was likely driven by positive market sentiment and strong quarterly earnings. During Q2, the stock continued its upward trend, peaking at EUR 126.5 in June. The period saw consistent growth, indicating investor confidence and favourable market conditions. In Q3, the stock experienced some volatility, while the highest price of the year, EUR 136, was recorded at the end of July. However, the stock saw a slight decline towards the end of the quarter, closing at EUR 120 in September. It showed resilience and recovery in Q4, closing the year at EUR 127.5, reflecting a positive end to the year despite some mid-quarter volatility, gaining more than 50% in value during the year compared to YoY.

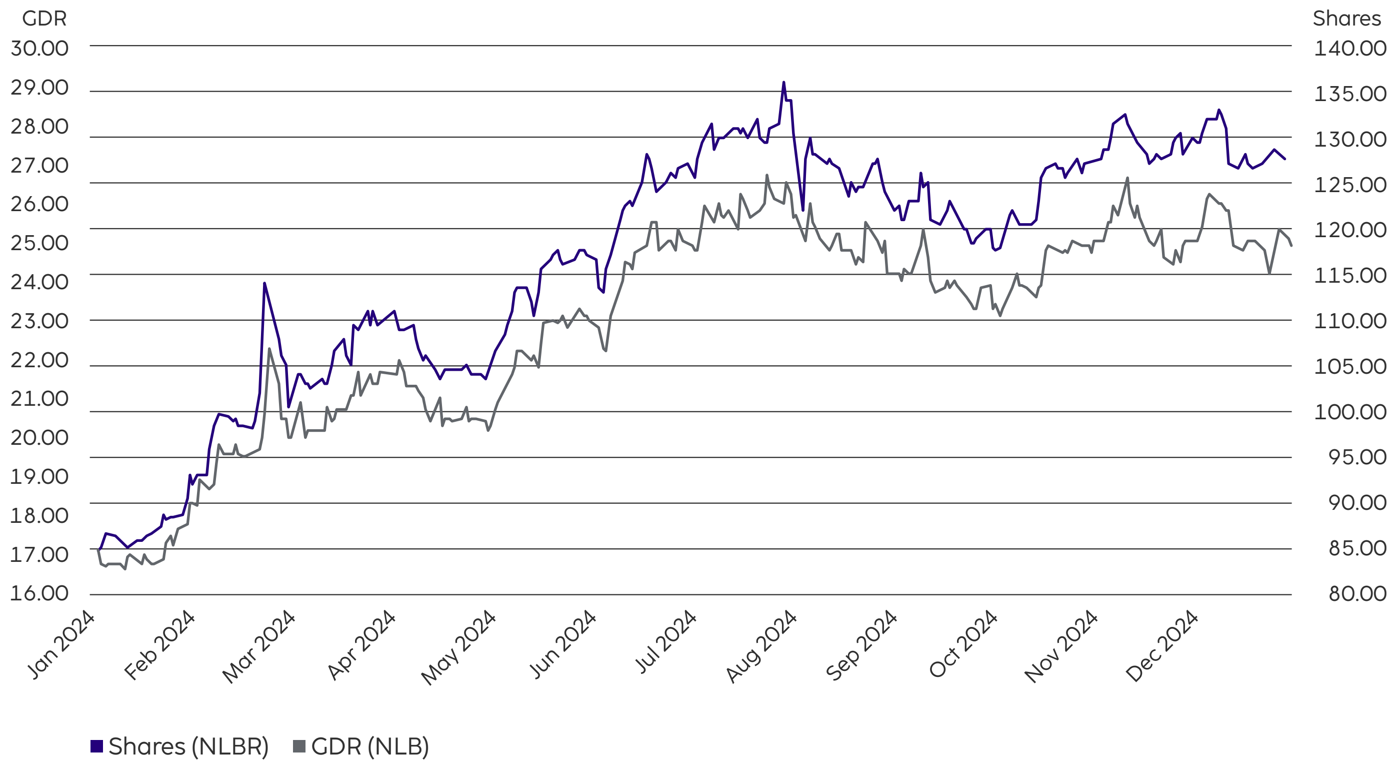
Share price growth

in 2024 above

50%

and more than 63% total return (including dividends)

Figure 1: NLB share price movements on the Ljubljana Stock Exchange and NLB GDR price movement on the London Stock Exchange (in EUR)



Source: Ljubljana Stock Exchange, Bloomberg.

NLB shares and GDRs

Table 3: NLB share information

Share information	31 Dec 2024
Total number of shares issued	20,000,000
Highest closing price (in 2024)	EUR 136.0
Lowest closing price (in 2024)	EUR 84.8
Closing price as at 30 December 2024(i)	EUR 127.5
NLB Group book value per share	EUR 157.1
NLB Group earnings per share (EPS)	EUR 25.7
Price/NLB Group book value (P/B)	0.81
Dividend per share (for the previous business year)	EUR 11.00
Market capitalisation(i)	EUR 2,550,000,000

(i) No market on 31 December 2024.

Indices

The Bank's shares are included in several indices: the SBITOP index, SBITOP TR index, and ADRIA prime index of the Ljubljana Stock Exchange, FTSE Frontier Index, MSCI Frontier, and MSCI Slovenia, S&P Eastern Europe BMI, S&P Emerging Frontier Super Composite BMI, S&P Extended Frontier 150, S&P Frontier BMI, S&P Frontier Ex-GCC BMI, S&P Slovenia BMI, as well as the STOXX All Europe Total Market, STOXX Balkan Total Market, STOXX Balkan Total Market ex-Greece & Turkey, STOXX EU Enlarged Total Market, STOXX Eastern Europe 300, STOXX Eastern Europe 300 Banks, STOXX Eastern Europe Large 100, STOXX Eastern Europe Total Market, STOXX Eastern Europe Total Market Small, STOXX Global Total Market, and STOXX Slovenia Total Market, among others.

Expanded analyst coverage

of NLB by Erste, Ipopema, and Capital AM on the equity side and Raiffeisen Bank International on the fixed income side

The Investor Relations function

The Bank participated in various forms of engagement, such as investor meetings, calls, conferences, and roadshows to meet the requirements of the Bank's ownership. Transparent communication with investors and analysts allowed for a dialogue on strategic developments, as well as on the financial performance of the Group. The Bank promoted greater awareness and understanding of operating businesses, developments, and events, which influence the performance of the Bank's share price. The performance of the Bank is covered by analysts from Deutsche Bank, Wood & Company, Citi, InterCapital, Raiffeisen Bank International, Erste, Ipopema, Capital AM, PKO BP, and Ilirika BPH.

Throughout 2024, the Bank participated in more than 18 conferences, roadshows, and organised a very successful Investor Day in Ljubljana. Representatives from the Bank met 170+ investors on 360+ investor interactions. Those meetings covered various topics, including governance (including remuneration), sustainability, digitalisation, strategy, and finance.

In 2024, the Bank obtained its second credit coverage from Raiffeisen Bank International, expanding analysts' coverage beyond equity research and helping the Bank with capital markets activities.

In addition, in December 2024, the Ljubljana Stock Exchange awarded Bank shares (ticker "NLBR") the "Prime Market Stock of the Year" accolade.

IR presentations, financial reports, and important information are available on the Bank's website in line with IR's Financial Calendar.

More than EUR EUR 1.2 million

in combined average regular trading volume per day (excluding block trades)

Macroeconomic Environment

The hope was that the euro area economy's growth would gain traction in 2024, but it stagnated instead. Household consumption was the main driver of growth. The hardship of its industrial sector never got a break in 2024, while wage growth remained elevated, helping to reaccelerate inflation in the final quarter.

The global and European economies

The U.S. dollar hit a two-year high versus the EUR and posted an annual gain against almost all major currencies, as the prospect that the FED would hold interest rates higher than peers led the U.S. currency to dominate rivals. The USD has received a boost by rising growth concerns elsewhere against the background of geopolitical risk. The EUR registered an approximate 6.2% yearly decline against the USD. Geopolitical tensions, demand fluctuations, and economic indicators shaped oil prices in 2024. Chinese demand growth was underwhelming, leading to periods of price depression. At the same time, conflicts in the Middle East, particularly between Israel and Hamas, and the broader regional instability caused temporary spikes in oil prices due to fears of supply disruptions. Strong global oil production growth and slower demand growth exerted downward pressure on prices.

In 2024, the U.S. economy experienced growth, driven primarily by consumer spending, which remained robust throughout the year, supported by a strong labour market and increased household incomes. Business investments increased significantly, particularly in technology and infrastructure. Fiscal policies and government spending also contributed positively, although concerns about the fiscal deficit remain. The U.S. saw a continued decline in inflation rates that enabled the FED to cut interest rates, which was accommodated by supply chain improvements (reduced bottlenecks) and the stabilisation of energy prices. Inflation re-accelerated towards the 3% YoY mark in Q4, partly driven by the low base effects from last year, particularly in energy and an increase in food prices.

In 2024, China's economic growth was driven by strong exports, high-tech investments, and stimulus measures that boosted economic activity, especially in Q4. Despite these positive factors, China faced challenges such as weak domestic demand and demographic issues. The manufacturing sector significantly contributed to a sizeable growth in industrial output. China's economic performance in 2024 provided stability and confidence to the global economy, reinforcing its role as a key driver of global growth.

However, the euro area economy was hoping for a rebound in 2024 that never materialised, with growth lingering below the 1% YoY mark in the first three quarters, but reaccelerated above that mark in Q4 to reach an average of 0.9% YoY in 2024, while inflation reaccelerated in Q4. Household consumption, aided by increasing government consumption, posed as the main driver of growth, even if it seemed a little pent-up by the not-too-optimistic consumer sentiment, which caused the retail trade to swing between mild contraction and soft growth in 2024. Therefore, the savings rate jumped by more than one p.p. during the first three quarters compared to YoY. Returning to GDP components, the gross fixed capital formation was in contraction in all four quarters, boding poorly for future growth. Exports started the year in contraction, but broke into positive territory in remaining quarters, while imports contracted in H1 and returned to growth in H2. Industrial production spent most of the year in contraction, as the euro area industry has been rapidly losing its competitiveness on the global market, leading to stagnation. While households saved more than in 2023, their investment rate diminished slightly, and their gross disposable income slowed down notably in Q2 and Q3 in QoQ terms. In 2024, the Middle East oil exports to Europe were down more than 20% YoY due to disruption in the Red Sea shipping lane. The gas transit deal between Russia and Ukraine expired on the last day of 2024, affecting Europe's energy prices.

The euro area economy is in danger of plunging even deeper into crisis, and the room for the ECB manoeuvres is diminishing rapidly. The economic engine is in danger of further stalling, the inflation trend is on a negative trajectory, and governments are wrestling with high deficits. Germany's recessionary economy hangs like a weight on the euro area.

1.6%

economic growth in Slovenia in 2024

Inflation in the euro area receded towards its 2% YoY goal, even dropping below the mandated target in September. However, inflation reaccelerated from then on, to the highest level in five months in December which mainly reflected higher service costs. Services appeared to be very sticky throughout the year, while food prices growth was slowing down for most of the H2 (but started to growth in December again). Core inflation was slower in coming down under the 3% YoY mark and stabilised at around 2.7% YoY in the last quarter. On average, prices grew by 2.4% YoY in 2024. Inflation in the euro area accelerated in November and December 2024, supporting the European Central Bank's gradual approach to reducing interest rates. The increase was primarily driven by energy costs, which climbed for the first time since July, as a large part of the increase comes from fuel price base effects. The boost was not surprising to the ECB, which has repeatedly warned that the path back to its 2% target will be bumpy, and that it only expects to hit that milestone toward year's-end sustainably. The ECB cut key interest rates four times (each by 25 bps), bringing the deposit facility rate to 3%, which is still seen as restricting economic activity at a time when the currency bloc failed to mount an economic recovery. However, concern about inflation in the services sector remains. The rate has been stuck at about 4% for over a year due to rising wages. The stickiness of services inflation means that the ECB will likely keep cutting interest rates only slowly as the economic outlook remains poor. The ECB's indicator for wage growth was nearing the 5% YoY growth mark in Q1 of 2024, and slowed by more than one p.p. in Q2. However, it accelerated by more than two p.p. in Q3. One of the primary drivers was the need to compensate for the high inflation rates experienced in previous years. The tight labour market gave workers and unions more negotiating leverage, leading to higher wage settlements. Also, as businesses (slowly) recovered and profitability improved, there was more room for wage increases. Some governments implemented policies to support wage growth, such as increasing minimum wages or encouraging sectoral agreements. The ECB is worried about the inability of the euro area economy to gain momentum while geopolitical risks remain elevated. Should Donald Trump enact tariffs, this would pressure international trade, which might cause China to (as was the case with steel) offer its products at lower prices, thus exporting its deflation to Europe.

In 2024, the FED worked to back its narrative of achieving an economic "soft landing" – avoiding a recession while guiding inflation towards the mandated goal in times of heightened geopolitical uncertainties and an elevated political risk due to presidential elections. The FED took significant steps to address economic challenges, mainly focusing on inflation and the labour market as it cut key interest rates three times yearly. It initiated its first rate cut in over four years in September 2024, reducing the federal funds rate by 0.5 p.p. This move was aimed at providing relief to borrowers and addressing a slowing labour market, while the second rate cut of 0.25 p.p. followed in November 2024, continuing the FED's efforts to support economic stability. The final rate cut of the year by another 0.25 p.p. arrived in December 2024 and brought the target range down to a range from 4.25% - 4.50%. Additionally, the CB was deflating its balance sheet, reducing its long-term treasury and MBS securities. These actions in combination were part of the FED's strategy to balance its dual mandate of maximum employment and price stability. Despite this, the FED signalled a slower pace of rate reductions in 2025, reflecting ongoing concerns about inflation and economic growth.

The economy in the Group's region

A widely expected rebound in growth of the euro area economy never materialised, having a subdued Slovenia as the only country in NLB Group's region to experience similar trends of development. At the same time, other countries were growing faster, with stronger (in comparison) household consumption being aided by government consumption, both being in most cases the driving factors of growth. It was a good year for the region, attracting foreign and domestic investment. However, it was a weak year for industrial sectors and exporters due to the weak rebound of the euro area economy as the most important regional trading partner. While Slovenia's exports performed reasonably well only in Q3 2024, they grew throughout the year in Serbia and in H1 in Kosovo but mostly contracted in other countries. Industrial production swung between soft growth and contraction during the year in most countries. At the beginning of the year, prices grew above the 5% YoY mark in Serbia. The downward trend in prices persisted in H1 thanks to slower growth in food prices and the contracting prices of energy – but prices reaccelerated in Q4 in most cases (predominantly due to food prices). Montenegro, Bosnia and Herzegovina, and Serbia exhibited the highest YoY growth rates in retail trade, hinting at more vital household consumption. At the same time, the economic sentiment at the end of the year surpassed its level from the year's opening, with retail and services confidence indicators improving the most among the sub-indicators. The unemployment rates in the region were subsiding throughout 2024, reaching historically low levels in most countries. Slovenia was the only country to register a deterioration (+1 p.p. from Q2 to Q3) as the rate rebounded to 4.4% in Q3 from its historical minimum. In Q4, it rose further to 5.0%, bringing the average rate for 2024 to 4.1%. In historical context, this is a tight labour market, but the first cracks started to appear in the second half of the year.

The 2024 was a year of stagnant growth and tight labour markets

In Slovenia, FDI flows slowed marginally YoY, reflecting the uncertainty regarding the relatively stagnant growth and calls for additional taxation. Despite the softer industrial momentum, the manufacturing sector attracted the most investments. In Bosnia and Herzegovina, the YoY change was even more minor, predominantly due to a slowdown in Q2. In North Macedonia, conversely, the FDI inflows sped up YoY, especially so in Q3, reflecting a favourable investment climate and growing investor confidence in the country's economic prospects. Similarly, in Serbia, FDI flows sped up compared to YoY, reflecting Serbia's strategic focus on diversifying its economy and enhancing its industrial base, as investments were focused on mining and construction, followed by IT and communications and the processing industry. In Kosovo, the FDI flows posted a marginal uptick compared to YoY, with real estate and leasing activities being the most significant beneficiaries.

A macroeconomic snapshot of NLB Group's region

The 2024 was a positive year for the region, driven by household and government consumption, while the stagnant euro area acted as a drag.

In **Serbia**, GDP growth in 2024 remained amongst the highest in the SEE region, albeit losing steam throughout the year, more than one p.p. from Q2 to Q3. This resembled the movement in household consumption which was very solid but grew at a slightly slower pace in Q3. It was, nonetheless, the main driving force of the economy, along with gross fixed capital formation, which grew throughout the year and even started approaching a double-digit annual growth in Q3, confirming the good work done in attracting investment. Government consumption also slowed its pace in Q3 (-2 p.p. QoQ). Growth changed little in Q4 (from Q3), bringing the rate for 2024 to 3.9% YoY. Exports picked up from Q1, while imports accelerated notably in Q3, well into double-digit growth. Inflation gradually came down from January until June. However, it rose again in July and stayed above the 4% mark for the rest of the year, following similar dynamics exhibited by food prices. Housing and electricity prices were slowing down for the whole year. Industrial production started the year strong, but fluctuated following the euro area's slow growth and expectations of a rebound that never materialised. Retail trade confirmed strong private consumption, but its growth slowed in Q3.

The economy in **Bosnia and Herzegovina** held a steady pace in 2024, propped by household and government consumption. There was a notable jump in the annual growth of gross capital formation in Q1, and the rate was close to double digits in Q2 and Q3. Exports contracted in H1, while imports were slow to gain pace. The inflation rate hovered above the 2% YoY growth mark until July. Then, it slowed to under the 1% mark, only to accelerate again in November and December due to food prices accelerating again (above levels exhibited at the beginning and mid-year). Industrial production was mainly in contraction (compared YoY) in 2024, while retail trade confirmed the resilient household consumption, growing vigorously in H1 but slowing down in H2.

The economy steadily gained pace in 2024 in **North Macedonia** thanks to strong governmental consumption, which grew throughout the year, exceeding the 13% YoY mark in Q3, while household consumption grew at a much softer pace during the year. Gross capital formation started the year strong, but stumbled in Q2 and in Q4. Exports contracted in the first three quarters of the year as did imports, only to a lesser degree. In Q4, growth accelerated further to bring the average for 2024 to 2.7% YoY. Inflation lingered in the 2.2%–4.3% YoY range, reaccelerating in H2 following the dynamics in food prices. Industrial production contracted in all quarters, following the disappointing growth of the euro area, while retail trade started the year slow but picked up in H2.

2.9%

economic growth in the Group's region in 2024

The **Slovenian** economy grew at a stagnant pace of 1.6% YoY in 2024, primarily relying on household (averaging to 1.6% YoY in 2024) and state consumption; the latter picked up notably in Q2 and subsided in Q3 and Q4 averaging to 8.5% YoY in 2024. While the gross capital formation accelerated from Q1 to Q2, it plummeted into a deep contraction in Q3 and improved slightly in Q4, contracting by 2.4% YoY in 2024. Exports were stagnant at best in H1 but picked up the pace in Q3 and Q4, while imports grew throughout the year. Inflation subsided below the 2% mark in June, slowing down to a halt in October and back to the 2% mark at year's end, as food prices reaccelerated again (and prices of energy broke back into growth from contraction). Industrial production mainly contracted in YoY terms in 2024, following a very soft demand from abroad, while retail trade switched between contraction and smooth growth which resulted in a 0.6% YoY contraction in 2024, hinting at not-too-confident domestic consumers.

The economy in **Montenegro** exhibited solid YoY growth propped by household consumption, but with a fading momentum as government expenditure slowed throughout the year. Gross fixed capital formation YoY growth was among the region's highest, while exports contracted throughout the year. Imports contracted in Q1 but turned to growth in the following two quarters. Inflation sped up from January to March, but began slowing down from June to October when it reaccelerated again. Industrial production contracted notably in Q2, to a much milder degree in Q3 and swung into expansion again in the last quarter of the year, finishing the year strong. Retail trade confirmed strong household consumption, growing throughout the year and finishing the year strong. The economy finished the Q4 in similar pace to the previous two quarters, bringing the average for 2024 to 3.2% YoY.

The GDP grew at a solid pace in **Kosovo**, led by the substantial household consumption that, however, started losing momentum through the year along with robust governmental consumption. Gross capital formation grew at a solid pace throughout the year, while net exports contracted. It started the year strong, but slowed into contraction in Q3. Inflation was already under control in January, but picked up slightly in H1 to slow down fast from August onwards. Industrial production mostly grew at a solid pace amid an occasional contraction, while retail trade grew strongly in Q1, contracted in Q2, and remained slow in Q3.

The banking system in the Group's region

2024 was a stellar year for regional banking sectors, as profits remained high and the countercyclical capital buffers helped the banking system's resilience, while promoting financial stability.

Table 4: Movement of key banking systems indicators[i] in the NLB Group region in 2024

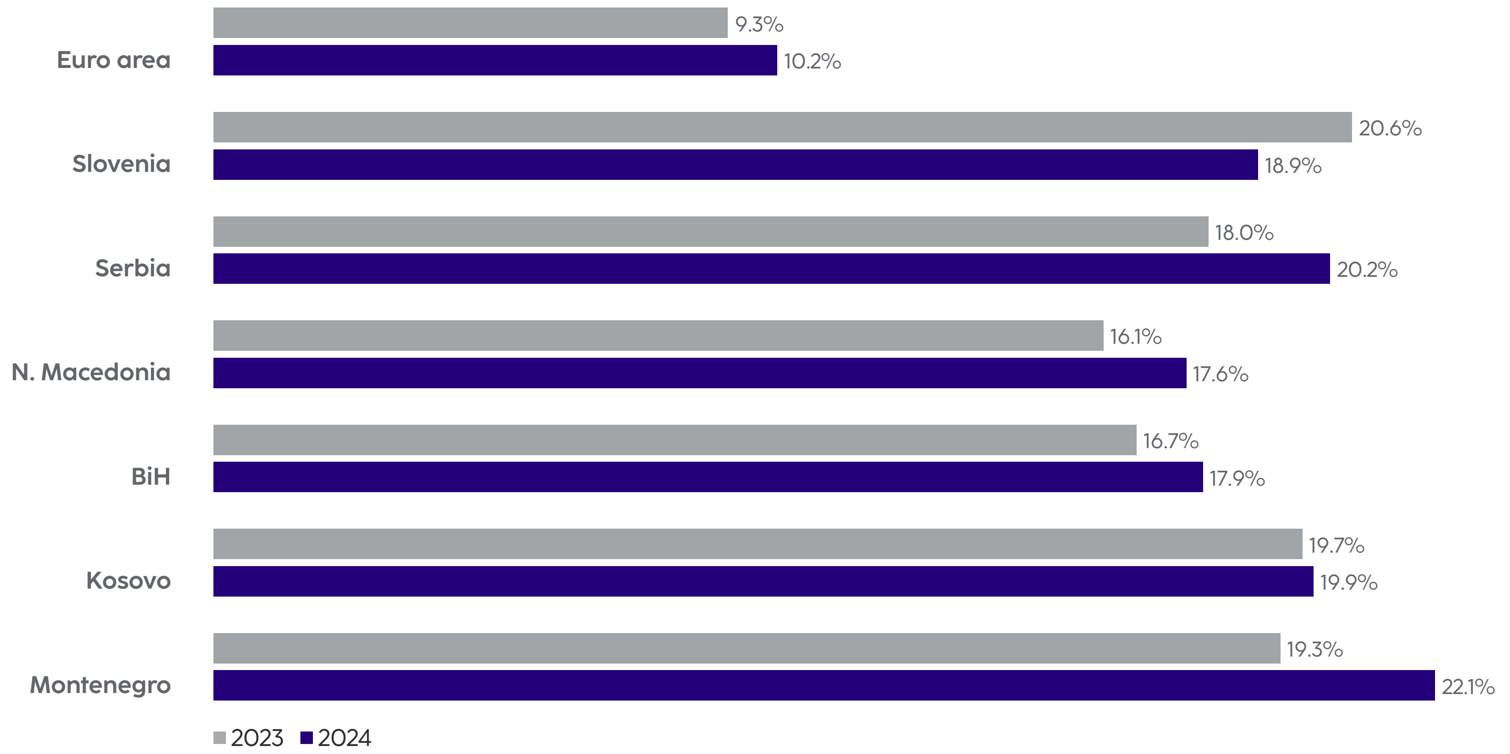
	Corporate loans		Household loans		Corporate deposits		Household deposits		Net interest margin		NPL		CAR	
	in EUR millions	Δ % YoY	in EUR millions	Δ % YoY	in EUR millions	Δ % YoY	in EUR millions	Δ % YoY	2023, in %	2024, in %	in %	Δ p.p. YoY	in %	Δ p.p. YoY
Slovenia	9,762	▼ -2.1	13,311	▲ 6.0	10,910	▼ -0.3	27,309	▲ 3.0	3.0	▲ 3.1	1.5	▲ 0.1	19.7[i]	▼ -0.7
Serbia	15,988	▲ 7.9	13,814	▲ 10.4	18,433	▲ 15.1	21,840	▲ 13.4	4.0	▲ 4.1	2.5	▼ -0.7	21.9[i]	▼ -0.3
N. Macedonia	3,940	▲ 13.9	4,057	▲ 8.8	2,866	▲ 9.2	6,454	▲ 13.8	3.5	▲ 3.6	2.7	▲ 0.1	18.9[i]	▲ 0.8
BiH	5,445	▲ 9.0	6,585	▲ 9.2	4,143	▲ 14.6	9,025	▲ 9.9	3.3	▲ 3.0[i]	3.5[i]	▼ -0.5	19.5[i]	▲ 0.2
Kosovo	3,475	▲ 15.8	2,325	▲ 22.6	2,299	▲ 13.9	4,623	▲ 13.9	3.2	▲ 2.5	1.9	▼ -0.1	16.2	▲ 2.5
Montenegro	1,678	▲ 14.9	2,028	▲ 17.0	2,142	▼ -2.7	2,981	▲ 9.2	4.7	▲ 3.7	4.0[i]	▼ -1.0	19.8[i]	▼ -0.9

(i) Data as of Q3 2024.
Source: Statistical offices, CBs, NLB.
Note: Net interest margin calculated on interest-bearing assets. Residential loans and deposits for Montenegro.

Slovenia was the only country where NFC loans contracted, while in two countries of the region, they grew at double-digit rates, and while in two more, they clocked in right under that milestone. The decrease in corporate loans suggests potential challenges in the corporate sector, possibly due to economic uncertainties and strict lending criteria. Household loans grew strongly (the least in Slovenia) in the NLB Group's region, with double-digit growth rates in three countries, while one finished the year right under that mark. The healthy household loan and deposit growth indicated consumer confidence and economic stability.

In Slovenia, the variable interest rates for new corporate loans persisted above the 5% mark. From there, they started diminishing towards year-end to 4,3% in December. In contrast, interest rates for consumer loans went down only marginally, opening the year with 6.7% and stood at 6.4% in December, while real estate loans followed similar but a touch more intense dynamics, declining to 3.1% in December from 3.9% in January. In Serbia, a similar dynamic ensued in all three categories as during the year, corporate loan rates subsided by 0.8 p.p., consumer loans by 1.8 p.p., and real estate loans by almost 0.4 p.p. In North Macedonia, the corporate loan rates declined by 0.6 p.p. during the

Figure 2: ROE ratio in the euro area and NLB Group region

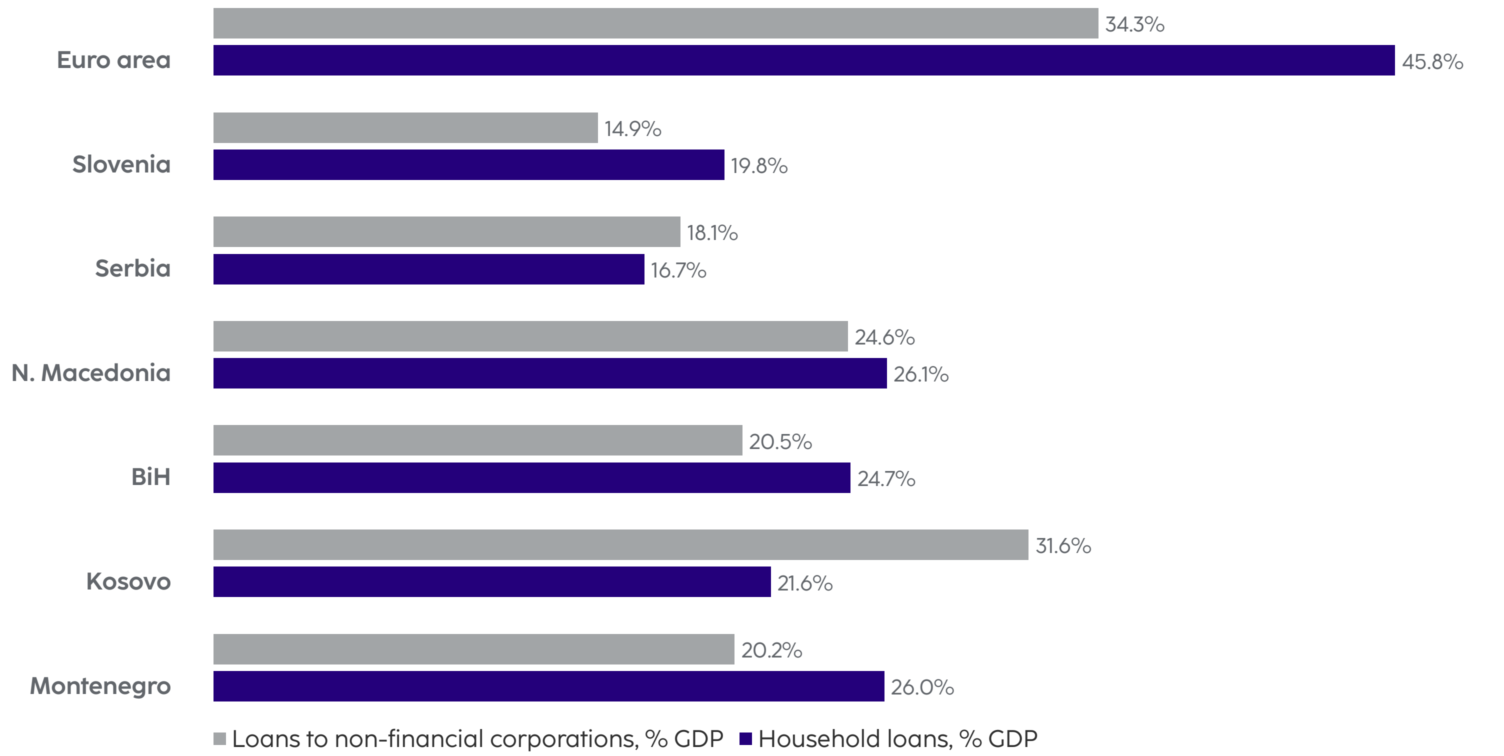


Source: ECB, National CBs.
Note: Return on average equity (ROAE) used for Bosnia and Herzegovina. Data for the euro area, Bosnia and Herzegovina and Montenegro are for Q3 2024.

year, while real estate loan interest rates decreased by 0.3 p.p. in the same comparison. However, rates for consumer loans went up by 0.15 p.p. from the start of the year. The situation differed in Bosnia and Herzegovina, where all rates went up during 2024, corporate by 0.3 p.p., real estate loans by 0.2 p.p., and 1.4 p.p. in consumer loans. In Kosovo, the rates for corporate loans decreased by 0.35 p.p., and by 0.75 p.p. in consumer loans, while in real estate, they fluctuated but stayed roughly the same. In Montenegro, corporate loan rates have decreased by 1.1. p.p., in consumer loans by approximately 1.0 p.p., and 0.6 p.p. in real estate loan rates during the course of the year.

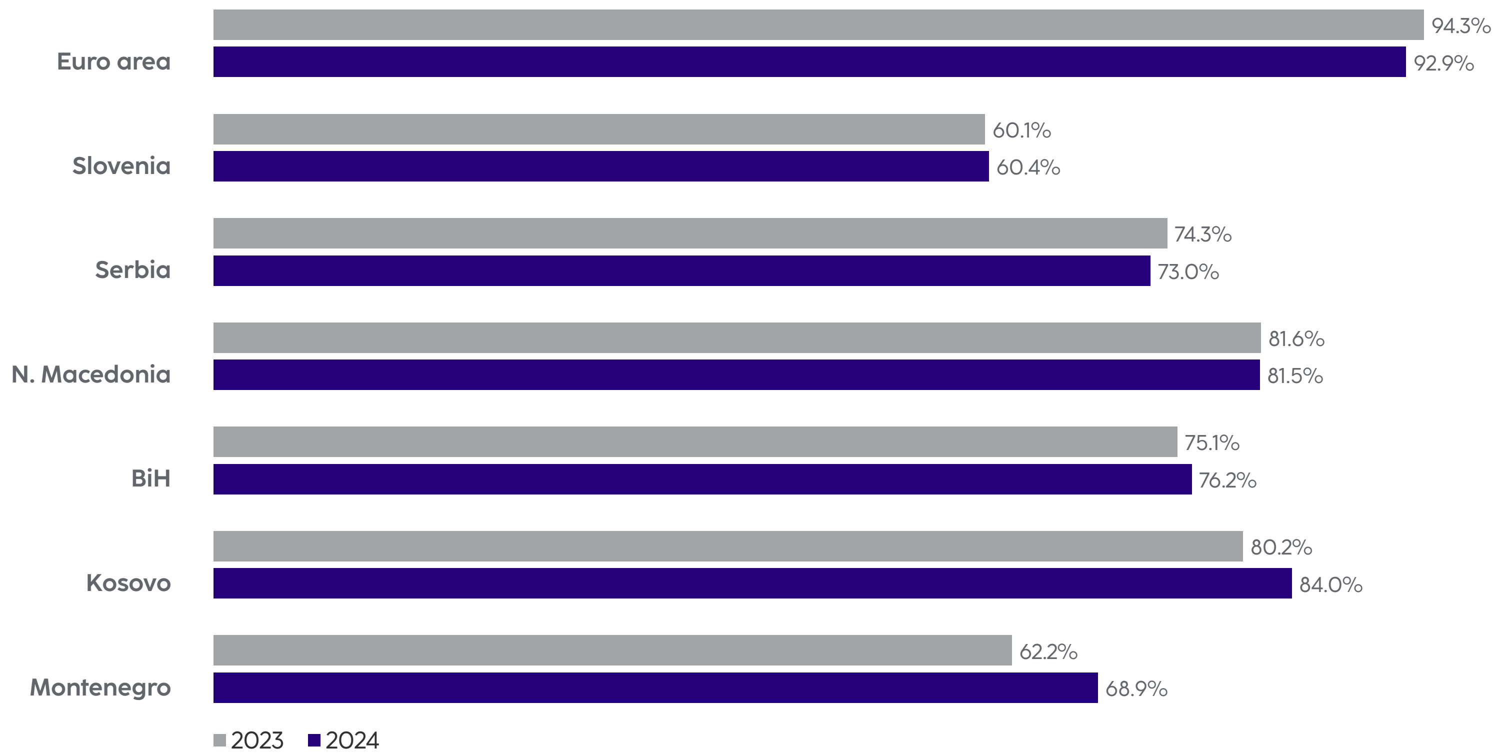
The decrease in NPLs in most countries indicates better asset quality and effective risk management. Historically high capital adequacy, with stable and solid liquidity and good credit portfolio quality, means that the banking system can support economic growth – particularly investment. Due to ECB lowering rates, subsequent decreases in net interest margin and ROE were anticipated but never really materialised, as both categories improved in 2024 in most countries of the NLB Group's region. There were fewer challenges (than anticipated) in maintaining profitability; hence, 2024 was a year to remember for banks. LTD ratios grew throughout the region, implying banks tried to maximise their profits by using their deposit base to generate higher income, albeit increasing credit risk and reducing liquidity at the same time.

Figure 3: Loans to non-financial corporations and household loans (% GDP) in the euro area and the NLB Group region in 2024



Source: National CBs, National Statistical Offices.
Note: Data from Q3 2024 for Bosnia and Herzegovina and Kosovo, Residential loans for Montenegro.

Figure 4: LTD ratio in the euro area and NLB Group region



Source: ECB, National CBs, NLB.

Regulatory Environment

The Group consistently monitors regulatory developments to maintain full compliance and adapt to new standards. By leveraging technology, strengthening internal controls, and fostering a culture of responsibility, the Bank reinforces its position as a reliable and forward-looking financial institution committed to meeting the challenges of an evolving regulatory environment and ensuring full compliance with the existing and new requirements. Disclosure of the most relevant changes in legislation and regulation that influence the Group is presented herein.

Regulatory environment in Slovenia

In 2024, significant regulatory developments at both the EU and Slovenian levels influenced the banking sector, prompting the Bank to adapt its operations and strengthen its compliance framework. These changes reflect the dynamic nature of the regulatory landscape and the Bank's commitment to maintaining the highest standards of compliance, governance, and risk management.

Finalisation of Basel III (CRR III/CRD VI)

The adoption of the revised Capital Requirements Regulation (CRR III) and Capital Requirements Directive (CRD VI) marked a significant milestone in the implementation of the final elements of Basel III within the EU. Effective as at January 2025, these regulations introduce enhancements to credit risk, market risk, operational risk, and capital adequacy frameworks. The Bank has proactively assessed the impact of these changes, updated its risk management systems, and initiated measures to ensure a smooth transition to the new requirements.

Instant Payments Regulation

In 2024, a new EU regulation on instant payments denominated in euro was adopted, making instant payments the standard across the EU. This framework aims to enhance affordability, security, and accessibility for all users. The changes will come into effect gradually, with staggered deadlines throughout 2025. The Bank is implementing the necessary measures and activities to ensure full compliance with these deadlines, aligning its payment systems and processes to meet regulatory expectations while enhancing the customer experience.

Digital Operational Resilience Act (DORA)

In December 2022, the Digital Operational Resilience Act (DORA) Regulation was published in the EU's *Official Journal* alongside the revised directive on the security of network and information systems (NIS2 Directive). In 2024, significant progress was made in the DORA regulatory framework by adopting Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS). These standards outline detailed requirements for ICT risk management, major incident reporting, testing of operational resilience, and oversight of third-party ICT service providers, further clarifying DORA's implementation ahead of its application in January 2025.

The Bank has taken significant steps to align with DORA's provisions, prioritising enhancements to its ICT risk management framework, refining incident reporting processes, and strengthening governance over third-party ICT service providers. These efforts ensure that the Bank is well-prepared to meet the regulation's requirements and can maintain the high standards of digital operational resilience.

ESG regulations

Sustainability remained a key priority in 2024, as several regulatory advancements shaped the ESG landscape:
- The Corporate Sustainability Due Diligence Directive (CSDDD) introduced requirements for identifying, mitigating, and addressing environmental and social risks in the value chain.
- The regulation on ESG Ratings established standards for transparency and reliability in ESG rating activities, enhancing comparability for stakeholders.
- Amendments to the Companies Act (ZGD-1M) incorporated EU sustainability reporting requirements under the CSRD, mandating companies to disclose sustainability information using the European Sustainability Reporting Standards (ESRS).

In line with these developments, the Group is publishing its sustainability statement, fully aligned with the CSRD framework, reflecting its commitment to transparency, accountability, and sustainable growth. Regular internal policies and process updates ensure the Group remains aligned with evolving ESG standards and regulatory expectations.

180 NLB /
107 NLB Group
number of changes in the regulatory environments with material effects, published in 2024

Anti-Money Laundering Directive VI (AMLD VI)

In 2024, the EU adopted the sixth Anti-Money Laundering Directive (AMLD VI), further harmonising measures to combat money laundering and terrorist financing across member states. This directive introduces stricter penalties for non-compliance, enhanced cross-border cooperation, and additional requirements for beneficial ownership transparency and risk-based due diligence.

Payment Services, Electronic Money Issuing Services, and the Payment Systems Act
In 2024, Slovenia adopted amendments to Payment Services, Electronic Money Issuing Services, and the Payment Systems Act (ZPlaSSIED-B) to align with evolving EU regulations. The updated act focuses on enhanced transparency, user protection, and operational security in payment systems. The Bank is analysing these amendments and will adapt its operations to ensure full compliance with the new requirements, further reinforcing its commitment to providing secure and transparent payment services.

Regulatory environment in the Group's region

The regulatory environment in the rest of the region where the Group operates was dominated by actions to ensure the stable functioning of financial systems.

In **Serbia**, the Law on Amendments and Supplements to the Law on Payments Services, implementing the PSD2, was adopted in July 2024, with an application date set for May 2025. This law aims to enhance competition and transparency in providing payment services, primarily by introducing a payment initiation service and account information service. It also strengthens customer protection and security while executing payment transactions and regulates the actions of payment service providers in case of suspected fraud and abuse. The obligations regarding strong customer authentication and communication standards between payment service providers, payers and payees, introduced by this law, are further detailed in the Decision on Technical Standards for Strong Customer Authentication and Common Secure Open Standards of Communication, which shall be applicable as at 1 January 2026. Additionally, the new Decision on Minimum Information System Management Standards for Financial Institutions has been adopted, with an application date as at 1 January 2026. This decision provides detailed regulations on managing ICT system risk – ICT incidents and their reporting and overall information security.

Drafts of the Law on Amendments and Supplements to the Law on Banks, and the Law on the Protection of Financial Service Consumers were also published. Novelties of the Law on Banks mainly focus on the internal control system, competencies, and organisation of the Bank's bodies, corporate governance, risk management and supervision authorities of the National Bank of Serbia (NBS). One of the main novelties is mystery shopping in the area of financial services, along with the possibility of audio recording of employees without their explicit consent during the supervision of the Bank.

Additionally, the Law on Amendments and Supplements to the Law on the Prevention of Money Laundering and Financing of Terrorism, and the Law on Amendments and Supplements to the Law on Freezing of Assets with the Aim of Preventing Terrorism and Proliferation of Weapons of Mass Destruction were adopted in November 2024. The most significant amendments relate to the definition of a beneficial owner, the obligation to assess the risk of financing the proliferation of weapons of mass destruction while conducting various actions, the requirement for a payee's payment service provider to reject payment transfers if it has not collected and verified the payer's data, restrictions on cash transactions, new obligations for banks to retain and provide certain data to the competent authorities upon request, and more.

In 2024, **North Macedonia** continued the process of harmonising its legislation with the Law on Payment Services and Payment Systems, along with related by-laws. Several new by-laws were adopted or amended in various areas related to this law and are in the process of implementation in the bank or already implemented.

Two new laws were adopted: the Law on Prospectus and Transparency Obligations of Issuers of Securities, which largely aligns with the European regulations (such as Directive 2004/109/EC of the European Parliament, and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market), and the Law on Financial Instruments, largely aligned with Directive 2014/65/EU on markets in financial instruments and Regulation (EU) No. 600/2014 on markets in financial instruments – MiFID II, as well as other EU directives. These laws were adopted with a delayed application period of 18 months from their entry into force. Also, many new by-laws related to these laws were adopted throughout the year.

The National Bank of the Republic of North Macedonia adopted several significant acts, including: the Decision on Amending and Supplementing the Decision on the Methodology for Credit Risk Management; the Decision on Amending and Supplementing the Decision on the Methodology for Determining Capital Adequacy; the Decision on Mandatory Reserve; the Decision on Amending the Decision on Determining the Requirements for Enhanced Authentication and General, Secure and Open Communication Standards; and the Guidelines for Consumers with Disabilities in the Banking Sector from the NBRNM. Additionally, a new Rulebook on the security of personal data processing with a prolonged application was adopted.

In the **Federation of Bosnia and Herzegovina**, the most important regulatory decision in 2024 was the adoption and implementation of the new AML/CFT Law. This regulation harmonises local legislation with elements of the 5th and 6th AML/CFT Directives, while incorporating certain local specifics such as the special risk assessment of clients, additional indicators of suspicious transactions, specific methods for determining and recording the beneficial owner, and more. In the same year, implementing acts related to this law were also adopted.

The implementation of the Financial Regulator's Guidelines related to ESG continued throughout 2024. In August 2024, the regulator published a draft of a new Decision for Managing the Information Systems in Banks. The draft proposes a clearer and more robust framework for managing information systems in banks, as well as detailed requirements for the supervision of information systems by the regulator. Banks provided comments on the draft, but the Decision has not yet been adopted.

Following the catastrophic floods in one part of Bosnia and Herzegovina, the regulator adopted "Specialist supervisory expectations regarding the treatment of banks and ensuring business continuity in emergency situations". The aim of these expectations is to ensure adequate business continuity plans (BCP) placed in banks for unforeseen events.

In November 2024, the regulator introduced a set of decisions related to the reporting on persons in a special relationship with the bank and maintaining mandatory reserves. The mentioned regulation is in the implementation, or has already been implemented by the bank.

To preserve the stability of the banking sector in the **Republic of Srpska**, several decisions on temporary measures have been made, among which the most important are a Decision on Temporary Measures for the Approval of Reliefs to Private Individuals for Settlement of Credit Obligations, and a Decision on Temporary Measures for the Approval of Reliefs to Legal Entities for Settlement of Credit Obligations. These measures aim to grant relief to bank clients by reprogramming or restructuring loans.

Moreover, the National Assembly of the Republic of Srpska has adopted the Law on Amendments to the Family Law (the amendments exclude "cash" from the property of minors that parents could dispose of with the prior consent of the guardianship authority), and the Law on Amendments to the Law on Foreign Exchange Operations. The latter includes: (i) allowing foreign exchange payments and disbursements of cash foreign currency to be made, not only between accounts of the same person, but also to the foreign exchange account of a close family member with the same or different bank; and (ii) the institute of syndicated loans, defining the procedure for payments and collections on behalf of participation in syndicated loans.

At the national level, the Parliamentary Assembly of Bosnia and Herzegovina has passed the Law on Preventing Money Laundering and Terrorist Financing, which introduces several updates, such as new terms like "virtual currency," "provider of services related to virtual currencies," "electronic money," and alignment of the definition of politically exposed persons (PEP) with EU regulations. The law also provides enhanced identification and monitoring measures for clients from high-risk countries, provisions on cash payment restrictions, and new reporting obligations to the Financial Intelligence Unit. The manner of cooperation between supervisory authorities is additionally regulated, and penalty provisions are defined more clearly and strictly.

In late November 2024, the **Kosovo** Assembly adopted a package of laws, including the updated Law on Banking and the Law on Payment Services. This legislative package will be effective in 2025.

Through the Banking Association, the bank actively participated and contributed to the amendment of these laws which impact banking processes. Following the enactment of the Payment and Services Law, within the SEPA (Single Euro Payment Area) project, which drives payment system upgrades in alignment with EU requirements, the Central Bank adopted several regulations which will come into force in 2025, 10 days after the law becomes effective.

In addition to SEPA-related regulations, the Central Bank of Kosovo has introduced several other regulations. The bank's main activities concerned the implementation of the requirements from the Regulation on Register of Banking Accounts, the Regulation on Directors and Senior Managers of Banks, the Regulation on Country and Transfer Risk Management Principles, the Regulation for the Prevention of Money Laundering and Financing of Terrorism, the Regulation on Information That Should Accompany Fund Transfers, Guidance on Policies and Procedures for the Effective Management of the Risk of AML/FT; QR code Standard, and more. It is also worth mentioning the ongoing efforts and activities by the bank and the banking sector to implement electronic/digital signatures.

In 2024, the main activities in **Montenegro** focused on implementing the Law on Prevention of Money Laundering and Terrorism Financing and relevant bylaws. The most important novelties introduced by the law include: the obligation for an authorised person to possess a license for the prevention of money laundering and terrorism financing; supervision over the Register of Beneficial Owners, as well as enabling the public to access the Register of Beneficial Owners (a certain data set); preventing clients from using falsified personal documents by prescribing the possibility for the obligee of the Law to use the Central Population Register; introduction of electronic and video-electronic identification of the client; strengthening of the supervision over the obligee of the law (direct and indirect supervision); establishment of the Register of Politically Exposed Persons, and the Register of Accounts and Safety Boxes to which the financial intelligence unit will have access; the obligation to appoint a member of the governing body – responsible for the implementation of the law; additional data needed when transferring funds; verification of PEP status for life insurance beneficiaries; exceptions to the confidentiality principle in relation to correspondent banks in the event of customer identification and verification; the amount of penalties in case of non-compliance with the provisions of the law up to EUR 1 million.

To integrate the Montenegrin financial system into the European Economic and Market Area, the Montenegrin Central Bank (MCB) adopted the Decision on the Requirements for Credit Transfers and Direct Debits in Euro within the SEPA, which requires certain adjustments to banks' operations. With the assistance from NLB, the bank is working on implementing these SEPA-related requirements.

An important amendment has also been made to the Decision on the Remuneration in Credit Institutions. By amending the Decision, the postponement applies only to employees whose variable remuneration on an annual basis exceeds the sum of EUR 30 thousand and 30% of fixed income on an annual basis. There is no deferral of remuneration for employees whose variable remuneration is equal to or below the stated thresholds.

Collaboration, dedication, and a shared vision drive business success. The Business Report provides a detailed analysis of the NLB Group's financial and operational performance, highlighting strategies, sustainability performance, achievements, and challenges, while addressing compliance, risk management, and key business updates.

BUSINESS REPORT

Strategy*

NLB Group introduced its new Group Strategy 2030 in May 2024. The new strategy equally balances revenue generation based on best practices (housing financing, bancassurance, consumer finance, trade finance, transition finance, and payments) and the transformation of NLB into the leading operating platform in the region through rigorous simplification and digitalisation, while maintaining its prudent risk practices.

The Group has continued implementing its medium-term strategy, protecting and strengthening its market position in its home region, actively participating in market growth and consolidation, and promoting the ESG agenda.

In May 2024, the Group introduced its new Group Strategy 2030, key performance indicators, and expected future development. With the new Group Strategy 2030, the Group responds to the changing banking environment and upcoming challenges and addresses new opportunities. The Group's ambition remains to create sustainable growth to support individuals, businesses, and society. Overall, the new strategy foresees the doubling of the NLB Group balance sheet to more than EUR 50 billion in assets, recurring revenues of more than EUR 2 billion, and a profit of more than EUR 1 billion by 2030 (combining organic growth with selected M&A) across the SEE region.

The Group focuses on the following four areas: prioritising customers' needs, delivering on its shareholders' expectations, ensuring stability, nurturing talent, and fostering culture. Firstly, the Group continuously focuses on enhancing the external and internal customers' user experience across all channels by providing best-in-class support, products, and solutions. It also focuses on providing all mass banking services and their seamless experience through digital platforms, using advanced technology to deliver fast, secure, and convenient solutions. Secondly, the Group is committed to delivering excellent returns to its shareholders, aiming to increase the pay-out ratio to 50–60% of the previous years' profit after tax throughout the period. The Group is also committed to ensuring stability by being a trustworthy partner and a systemic provider of client-relevant universal financial services across all SEE target markets, supporting the economy, the community, and sustainability, as well as promoting culture and sports. Additionally, the Group focuses on developing future employees by uplifting, enhancing, and renewing their skills.

The Strategy 2030 foresees doubling NLB Group's balance sheet, revenues, and profit by 2030

Figure 5: NLB Group's Strategy 2030 key focus

Prioritising customer's needs:
We will focus on enhancing our customers' user experience across all channels, providing best in class support, products and solutions in mortgages, bancassurance, consumer finance and sustainable financing, and increase digital penetration in our home region.

Ambitious growth across the SEE region:
NLB Group aims to double its balance sheet, revenues, and profit by 2030.

EUR >50 billion in total assets

EUR >2 billion of recurring revenues

EUR >1 billion profit

Ensuring stability:
By prudent risk management and strategic investments, we are safeguarding the financial welfare of the Group and broader economy, supporting Southeast Europe's development.

Delivering on our shareholders expectations:
NLB Group aims to increase the dividend pay-out ratio to 50-60% throughout the period.

Nurturing talent and fostering culture:
By uplifting, enhancing, and renewing their skills, we are developing employees of the future, ready to thrive in the face of tomorrow's challenges.

* **Incorporation by reference:** The reference is made to this chapter from the Sustainability Statement chapter **SBM-1 Strategy, business model, and value chain.**

Retail banking segment*

In the retail banking segment, the strategic goal by 2030 is to be the leading bank in SEE, to increase the number of customers to over 3 million and achieve more than 80% digital penetration. The Group's strategy is built on three lines of attack: better monetising its existing client base, doubling down on attractive sub-segments, and scaling its product verticals around key customer needs. At the same time, the Group will consciously include additional success markers, digitise its franchise, and move to a customer-centric delivery model with mobile as the core channel. The Group will move to an advisory-driven branch model, offering a market-leading customer experience on par with international best practices. The Group aims to positively contribute to the societies it serves, with a solid commitment to developing the market for investments and financial protection/insurance across the region.

Corporate and investment banking segment*

The Group aims to become the strategic banking partner for corporations across the SEE region, making it the leading local corporate and investment banking bank and achieving profitable growth across markets, while keeping close control of risk (with CoR lower than 50 bps). The Group's strategy is based on three lines of attack: being consistently better in its existing core, becoming the transition finance leader in the region while driving SME and trade finance, and remaining stewards of prudent risk management. To enable the strategy, the Group will innovate its operating model end-to-end by digitising and streamlining processes, especially in onboarding and underwriting. At the same time, the Group remains deeply committed to the region; accordingly, the Group Corporate and Investment Banking will position itself as the leader in transition finance in SEE by 2030 – leveraging NLB's balance sheet and providing attractive investment opportunities to outside investors.

Payments*

The Group's ambition in the field of payments is to support NLB's growth path towards becoming the leading bank in SEE with best practices across customer and operating models, introducing digital payment solutions, and driving the cash transition in the markets in which the Group operates. The Group's strategic goal in the field of payments is that by 2030, the share of mobile active users will exceed 80%. The Group's strategy builds on the solid basis of the existing payments strategy through three lines of attack: driving the regional cash transition, focusing on merchant acquiring, and developing new propositions. Payments will also positively contribute to the societies the Group serves – by actively driving the markets' cash transition. The Group will help the societies prosper, increase financial inclusion, and combat the shadow economy.

Further information on the Group Strategy 2030 is available on the NLB website.

* **Incorporation by reference:** The reference is made to this chapter from the Sustainability Statement chapter **SBM-1 Strategy, business model, and value chain.**

Funding Strategy, MREL Compliance, and Capital

Fostering strong client relationships is vital for maintaining a stable and growing deposit base. At the same time, wholesale funding focuses on meeting MREL requirements and optimising capital, which leads to increased average funding costs. Nonetheless, the overall funding costs remains low thanks to a reliable deposit base and the stability of sight deposit pricing, which remains unaffected by market fluctuations.

Deposit strategy

Deposits from customers represent the primary funding source for the NLB Group, and each bank within the Group has established processes that enable prudent strategic deposit management aligned with business targets and regulatory requirements. Regularly monitoring deposits and their structure enables timely reactions whenever necessary due to business or regulatory-related reasons. Following the disruptive 2020–2023 period, when NLB Group still maintained a healthy liquidity profile, year 2024 brought inflation stabilisation and a general decrease in interest rates. NLB Group's liquidity profile remained robust, with a slightly increased LTD ratio still cruising below 75% through 2024, thus representing a strong structural liquidity position that enables the realisation of investment opportunities as set in the adopted NLB Group Strategy.

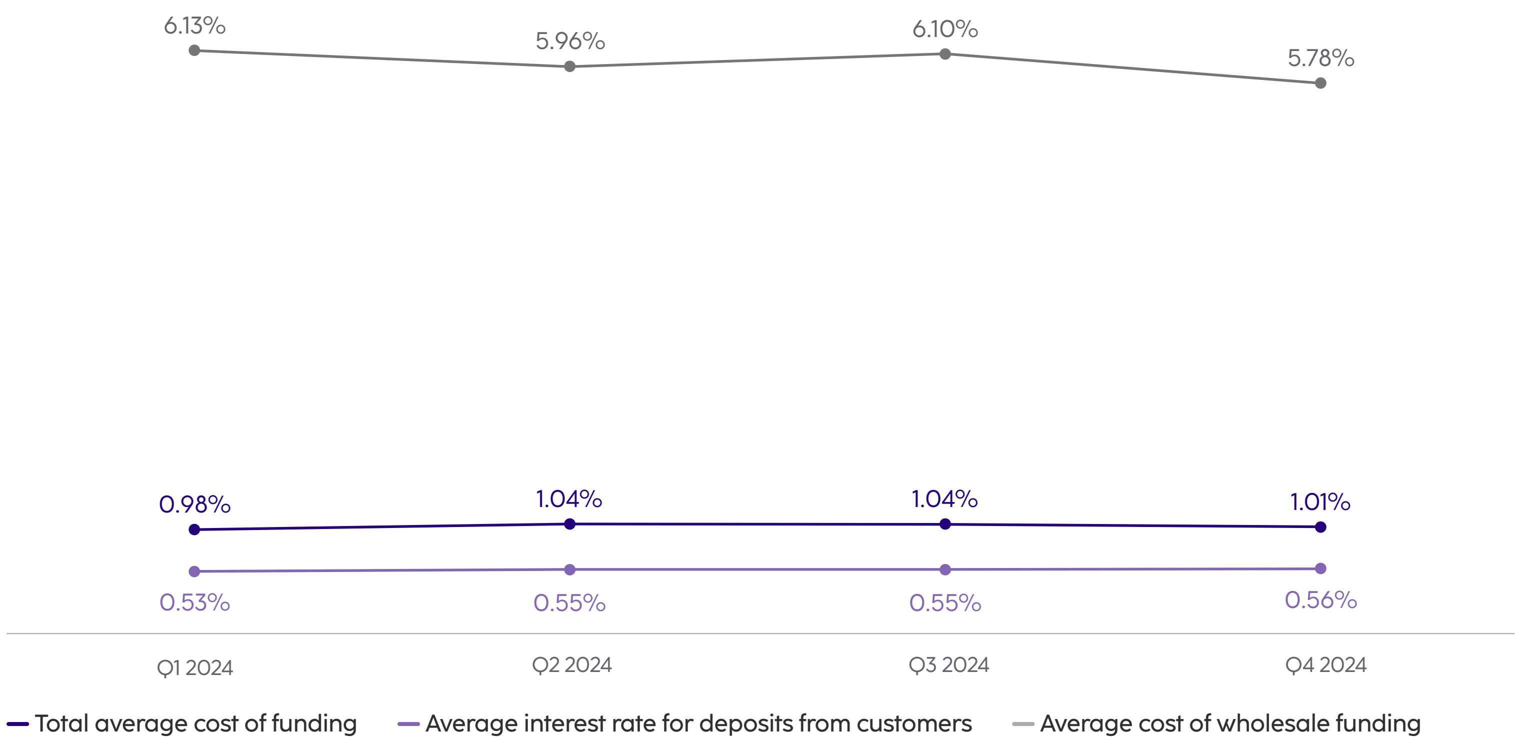
A strong market position, proactive client relationships, and a sound franchise name are crucial for maintaining a stable deposit base. The Group's fund pricing adheres to international standards, and effective deposit pricing plays a key role in prudent risk management and strategic decision-making. In 2024, the significance of agile deposit pricing and active client engagement was further emphasised in competitive markets. All Group banks defended their market positions, aligning with strategic objectives. By initiating the interest rates cutting cycle in 2024, the ECB also induced trend reversal on deposit markets, prompting NLB Group banks to gradually stabilise deposit interest rates to align with interest rates dynamics on the asset side in terms of business profitability.

NLB Group retail deposits represent a majority in the structure and are the most stable funding source, with around 80% insured by the Deposit Guarantee Scheme. Despite persistently competitive circumstances in deposit markets, Group retail deposits recorded strong single-digit growth in 2024. Sight deposits maintained structural dominance as they represented 82% of the Group's total retail deposits, signalling a stable deposit structure supporting planned business performance.

Corporate sector deposits represent around 30% of the NLB Group deposit base. Despite increased price levels, combined with uncertainties related to the economic outlook in recent years, the Group's corporate deposit base became stronger, grew at a notable pace, and remained structurally stable also in 2024 as well.

The overall cost of funding remains low thanks to a reliable deposit base and the stability of sight deposits.

Figure 6: Average cost of funding (quarterly data)



Wholesale funding and MREL

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

The Bank was active on international capital markets in 2024, issuing 10NC5 subordinated Tier 2 notes in January to improve the capital position and 6NC5 senior preferred notes in May for MREL purposes.

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

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

The NLB Resolution Group consists of NLB as the only banking member and other non-banking members, the latter representing 13% in TREA. The entities and their contribution to TREA of the NLB Resolution Group are presented in the table below.

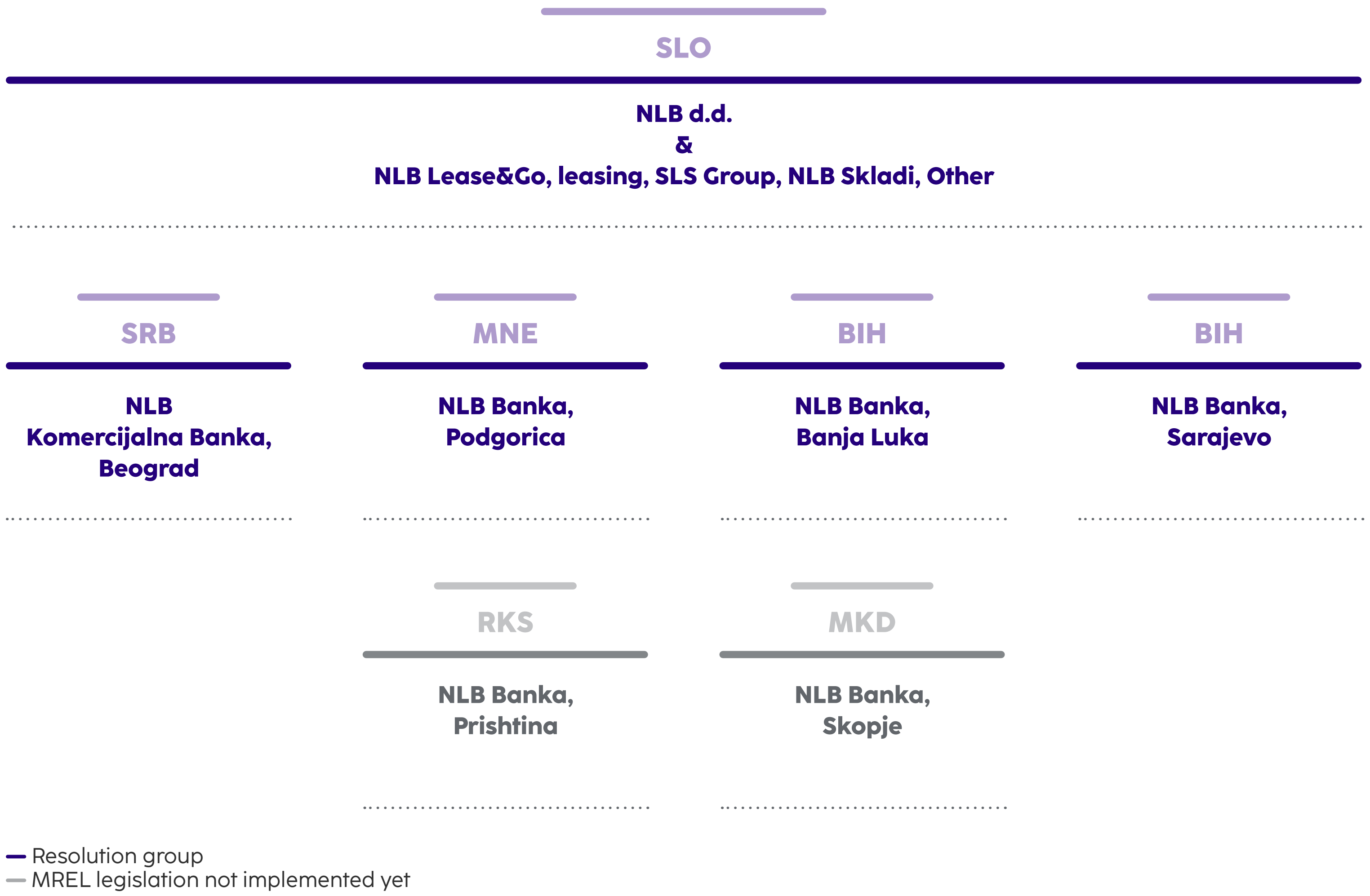
Table 5: Contribution to NLB Resolution Group's TREA

	in EUR millions
Entity	**31 Dec 2024**
NLB d.d.	8,782
SLS Group	830
NLB Lease&Go, leasing, Ljubljana	279
NLB Lease&Go Leasing Beograd	96
NLB Skladi, Ljubljana	66
Other	63
TREA total:	**10,115**

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

- 30.66% of TREA + applicable CBR (4.38% on 31 December 2024),
- 10.69% of LRE.

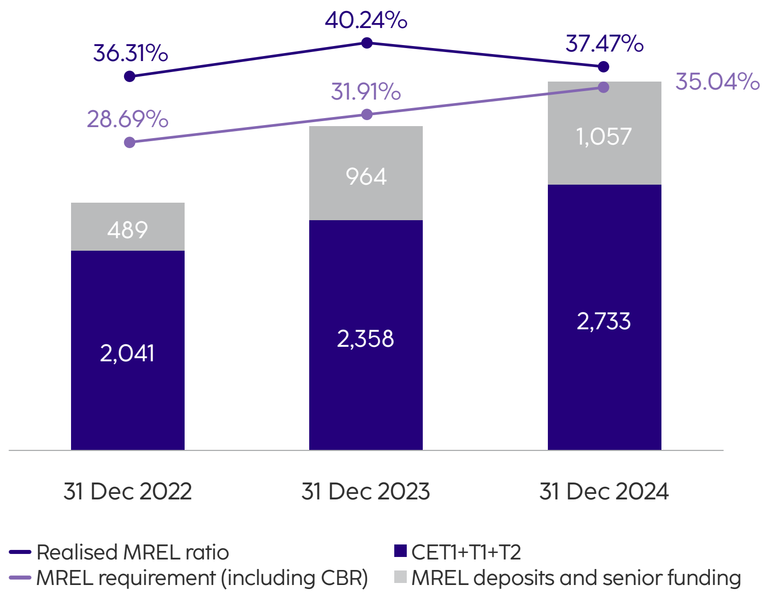
Figure 7: Resolution groups within NLB Group



On 31 December 2024, the MREL ratio amounted to 37.47% TREA and 21.43% LRE, which was well above the required level.

SEE banking members in Bosnia and Herzegovina, Serbia, and Montenegro are subject to local MREL requirements.

Figure 8: Evolution of MREL eligible funding (in EUR millions), MREL requirement and realised MREL ratio



Capital and capital adequacy

Capital requirements

The NLB ensures ongoing compliance with capital adequacy requirements set out by the applicable regulatory framework. These requirements are defined by the Supervisory Review and Evaluation Process (SREP) and are complemented by capital buffers to mitigate risks and enhance financial stability.

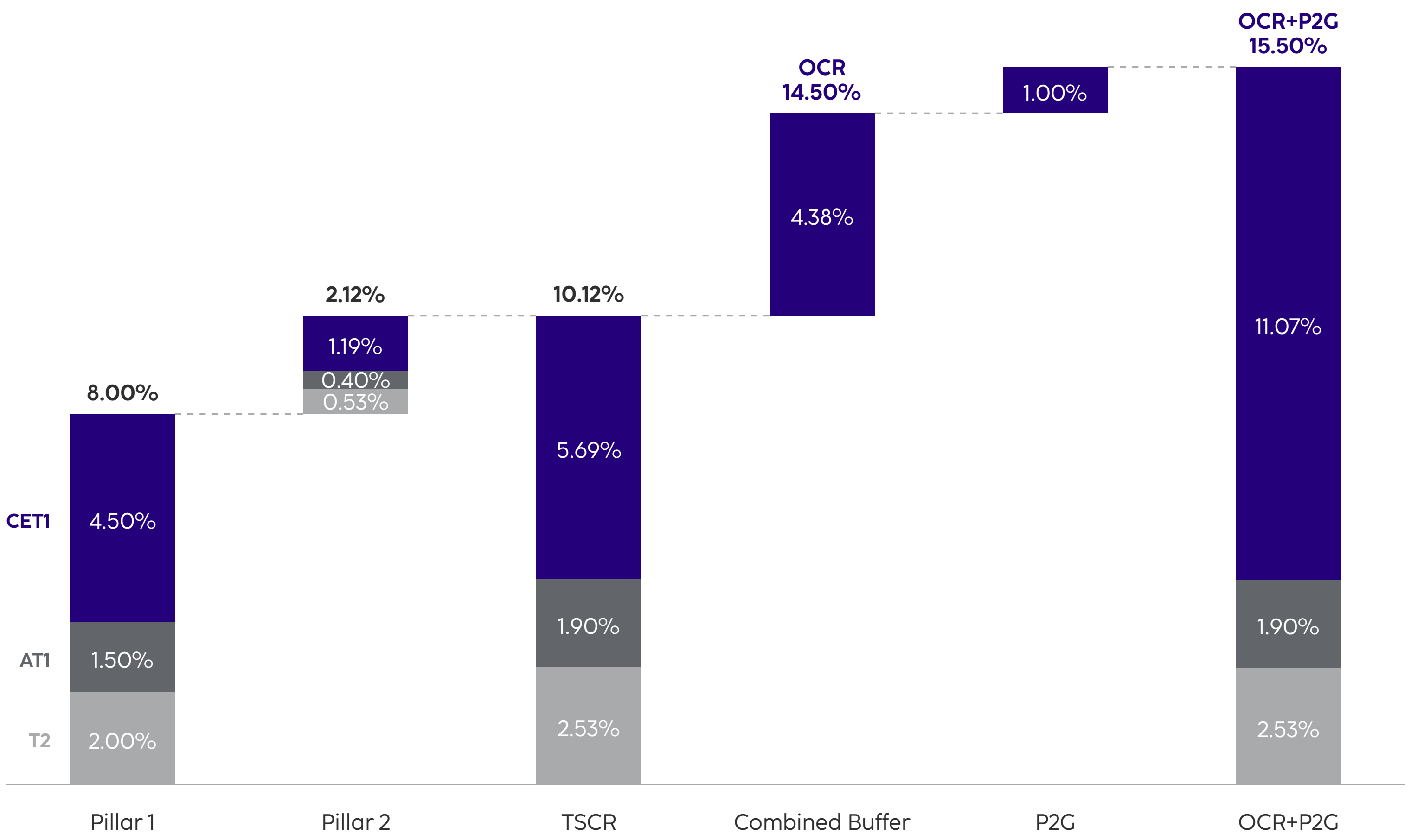
At the end of 2024, the Bank's Overall Capital Requirement (OCR) on a consolidated basis was 14.50%, which is slightly lower (by 0.01%) than at the end of 2023. However, the reduction in the SREP requirement by 0.28% was offset by an increase in the Countercyclical buffer by 0.26%. The OCR comprises:

Total SREP Capital Requirement (TSCR): 10.12%, which includes:
- 8.00% Pillar 1 requirements and
- 2.12% Pillar 2 requirements (P2R).

Combined Buffer Requirement (CBR): 4.38%, consisting of:
- 2.50% Capital Conservation Buffer,
- 1.25% O-SII Buffer,
- 0.52% Countercyclical Buffer (CCYB)[5] and
- 0.11% Systemic Risk Buffer[6].

In addition to the mandatory capital requirements, the regulator has recommended a Pillar 2 Guidance (P2G) at 1.0% of Common Equity Tier 1 (CET1), which the Group maintains as a safeguard against severe economic stress scenarios.

Figure 9: NLB Group capital requirements as at 31 December 2024



Key developments during the year

- Effective from 1 January 2024, NLB has lower capital requirements. On 1 December 2023, NLB received a new SREP decision on a consolidated basis for 2024. As per the decision, the Pillar 2 Requirement was reduced by 0.28 p.p. to 2.12%, reflecting an improved overall SREP assessment. At the end of 2024, the Pillar 2 requirement remains unchanged.
- The countercyclical capital buffer for the NLB Group was 0.52% (or 26 p.p. increase YoY), also affected by the CCYB buffers of the Group members (NLB, NLB Banka, Skopje, and NLB Banka, Prishtina in 2024).

Future changes in buffer rates

Effective 1 January 2025, changes to capital buffer rates in Slovenia will be implemented.
- The CCYB rate for exposures in Slovenia will increase from 0.5% to 1.0%.
- The sectoral systemic risk buffer for retail exposures to natural persons secured by residential real estate will be reduced from 1.0% to 0.5%.

In addition, the CCYB for the Group is expected to be higher due to the introduced CCYB in the Group members (NLB Banka, Skopje, and NLB Banka, Podgorica).

5 The Bank of Slovenia has increased the countercyclical capital buffer for exposures in Slovenia from 0% to 0.5%. The Bank had to meet the required buffer from 31 December 2023 onwards. The level of the countercyclical capital buffer for the NLB Group is also affected by the CCYB buffers of the Group members.
6 Starting from 1 January 2023, the Bank of Slovenia has made it mandatory for banks to maintain a systemic risk buffer for sectoral exposures. The required rates are 1.0% for all retail exposures to natural persons secured by residential real estate and 0.5% for all other exposures to natural persons.

Capital adequacy

As at 31 December 2024, the Group's TCR stood at 18.7% (or 1.5 p.p. decrease YoY), and the CET1 ratio stood at 15.3% (or 1.1 p.p. decrease YoY), which is well above requirements. The lower total capital adequacy derives from higher RWA (EUR 2,878.9 million YoY), although capital increased by EUR 302.1 million YoY. The Group increased its capital by partially including 2024 profit (EUR 257.0 million) and revaluation adjustments (EUR 56.5 million).

Table 6: Capital realisation YoY and surplus over the regulatory requirement of the NLB Group as of 31 December 2024

in EUR millions

	31 Dec 2024	31 Dec 2023	Change YoY	Surplus over OCR+P2G 31 Dec 2024
Common Equity Tier 1 capital	2,786	2,510	276	769
Tier 1 capital	2,872	2,598	275	510
Total capital	3,411	3,109	302	588
Total risk exposure amount (RWA)	18,216	15,337	2,879	
Common Equity Tier 1 Ratio	15.29%	16.36%	-1.07 p.p.	4.22 p.p.
Tier 1 Ratio	15.77%	16.94%	-1.17 p.p.	2.80 p.p.
Total Capital Ratio	18.73%	20.27%	-1.55 p.p.	3.23 p.p.

Figure 10: NLB Group capital (in EUR millions), realised total capital ratios and regulatory thresholds

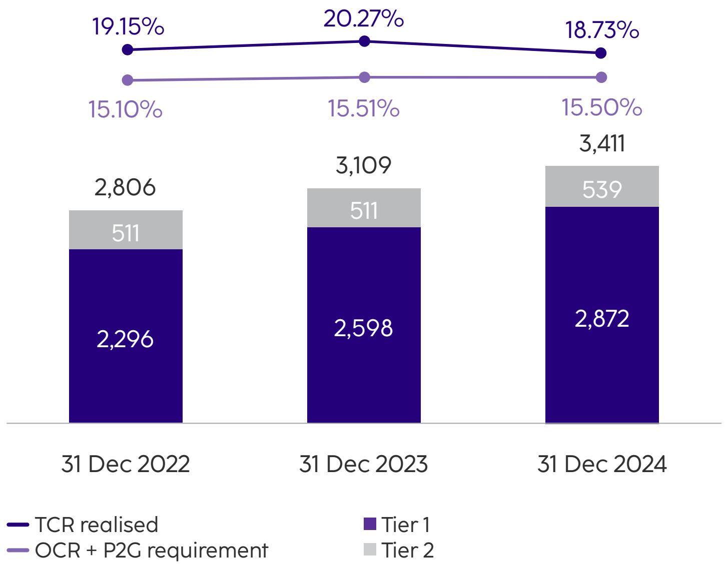


Figure 11: NLB Group CET1 (in EUR millions), realised CET1 ratio and regulatory requirement

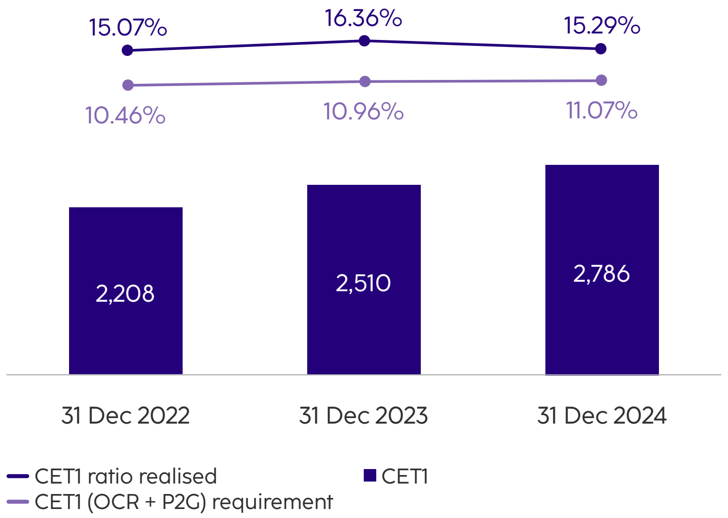
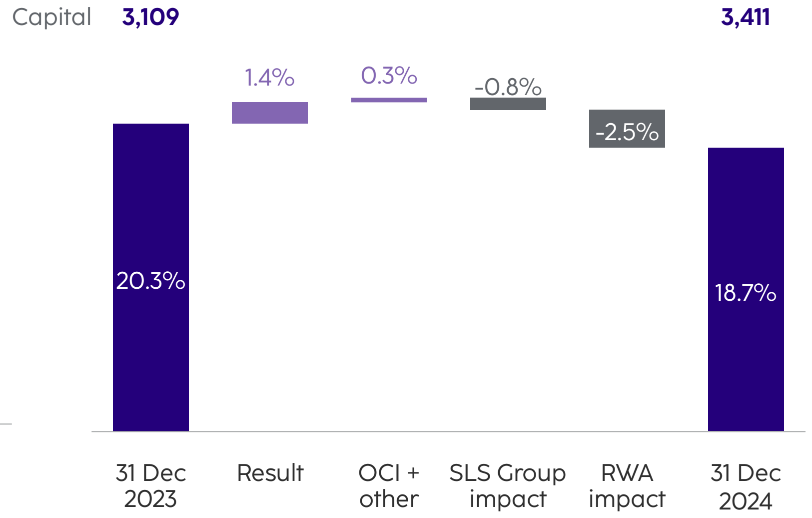


Figure 12: Capital (in EUR millions) and capital ratios of NLB Group – evolution YoY



Dividend payout

The total cumulative payout in the year amounted to EUR 220.0 million. The dividend payout was structured into two tranches. The first instalment of EUR 110.0 million was paid in June 2024, followed by a second instalment of the same amount, EUR 110.0 million, in December 2024.

Total risk exposure dynamic

In 2024 (YoY), the RWA of the Group for credit risk increased by EUR 2,340.3 million due to lending activity in the corporate and retail segments, of which the acquisition of the SLS Group companies contributed to a higher RWA by EUR +698.0 million. RWA for high-risk exposures increased due to new project financing loans and withdrawal of previously approved project finance loans. Furthermore, higher RWA for liquidity assets resulted from EUR-denominated placements with central banks and liquidity surpluses placed at commercial banks.

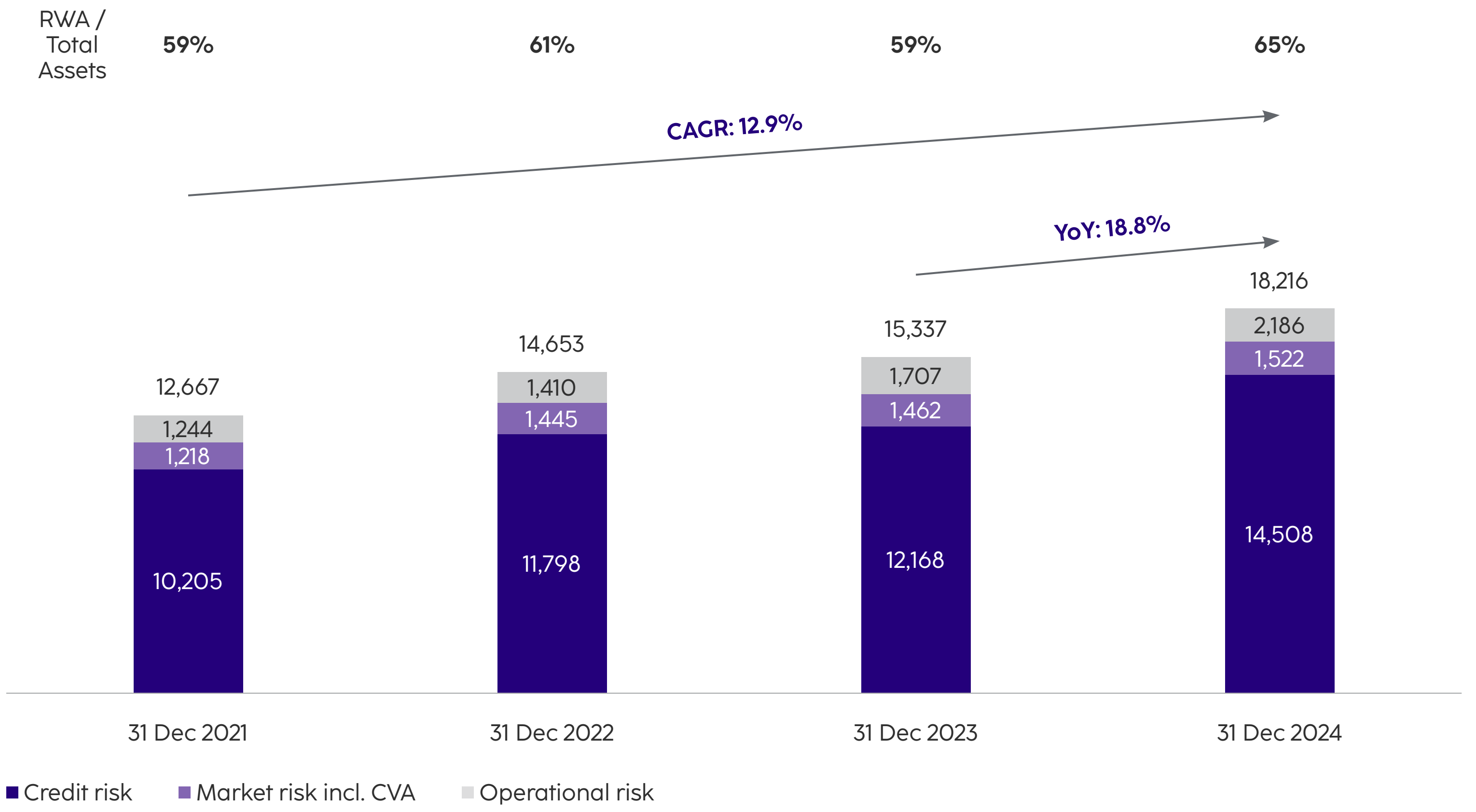
Starting from 1 January 2025, the calculation of RWA for credit risk is based on CRR3 regulation. NLB Group is using the Standardised approach; therefore, no materially significant changes in the calculated volumes are expected. Nevertheless, the cumulative result of the new regulation will lead to the increase in RWA, primarily due to increased credit conversion factor (CCF) for unused credit lines and the introduction of an FX lending multiplier for lending to private individuals in non-domestic currency. Partially, the increases will be compensated by more favourable risk weights for residential real-estate collateral.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) by EUR 59.8 million YoY was driven by a higher RWA for FX risk of EUR 58.6 million (mainly the result of more open positions in domestic currencies of non-euro subsidiary banks), and slightly higher RWA for CVA risk of EUR 2.4 million (calculating exposure value for derivative transactions subject to CRR risk based on OEM method).

The increase in the RWA for operational risks (EUR 478.9 million YoY) derived from the higher net interest and net fee and commission income, mainly from the NLB, NLB Komercijalna Banka, Beograd and Summit Leasing Slovenija, resulting in a higher three-year average of relevant income. There were no significant deviations from previous years in the other components used in the calculations.

Further information on capital and capital adequacy is available in the Financial Report of this Annual Report and in Pillar 3 Disclosures.

Figure 13: RWA structure (in EUR millions)



Risk Factors and Outlook

Risk factors

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

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

The growth of the euro area economy stagnated in 2024, while other countries in NLB Group's region were growing faster, with household consumption being the main driving factor of growth. Wage growth remained elevated, impacting to reaccelerate inflation. Lending growth, which was modest in the previous year due to increasing interest rate trends, peaked in 2024. Nevertheless, potentially high inflationary pressures, increased unemployment, lower-than-expected GDP growth, and geopolitical and other uncertainties could lead to a slowdown in private consumption and investment growth.

Credit risk usually increases considerably in times of an economic slowdown. During 2024, the Group's credit portfolio remained high-quality and well-diversified, with a stable rating structure and lower NPLs level. There was no large concentration in any selected industry sector. The latter is particularly important as geopolitical tensions, the green transition, and other macro developments could materially impact specific industry sectors. The Group monitored the macroeconomic and geopolitical circumstances closely and remained very prudent in identifying any increase in credit risk at a very early stage and proactive in NPL management.

Furthermore, unfavourable trends in the German automotive industry did not severely influence the Slovenian export-oriented industry. Having that in mind, the bank downgraded some selected clients in stage 2 and formed additional impairments, though the overall cost of risk remained at a relatively low level. The aforementioned adverse developments could affect the cost of risk and NPLs. Notwithstanding the established procedures in the Group's credit risk management, there can be no certainty that they will be sufficient to ensure the Group's credit portfolio quality or that the corresponding impairments will remain adequate.

The investment strategy of the Group, referring to the Group's bond portfolio kept for liquidity purposes, adapts to the expected market trends in accordance with the set risk appetite. Investment activity continued with a balanced approach to finding attractive market opportunities while pursuing a well-managed credit spread, interest rate risk, and capital consumption. Geopolitical uncertainties impacted the volatility in the financial markets, particularly shifts in credit spreads, interest rates and foreign exchange rate fluctuations. The Group closely monitors its prominent bond portfolio positions, mostly sovereigns, and carefully manages them by incorporating adequate early warning systems to limit the potential sensitivity of regulatory capital.

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

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

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

The Group is subject to various regulations and laws relating to banking, insurance, and financial services. Respectively, it faces the risk of significant interventions by several regulatory and enforcement authorities in each jurisdiction in which it operates, including changes in the tax treatment of banking business and changes in the interpretation of legislation.

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

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

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

In H1 2024, the Group regularly reviewed the IFRS 9 provisioning by testing the relevant macroeconomic scenarios to adequately reflect the current circumstances and their future impacts. The Group established multiple scenarios (i.e., baseline, optimistic, and severe) for the Expected Credit Losses (ECL) calculation, aiming to create a unified projection of the macroeconomic and financial variables for the Group, aligned with the Bank's consolidated view of the future of economic development in the SEE. The Group formed three possible scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of the IFRS 9. These IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts.

The baseline scenario presents a forecasted macroeconomic view for all the countries of the Group. This scenario is based on recent official and professional forecasts, with specific adjustments for individual countries of the Group. Key characteristics include decreasing inflation as the energy-related impact on goods and services prices abates, a slightly less tight labour market, GDP growth supported by declining interest rates, and strong private consumption due to real wage growth, a resilient labour market and positive expectations, industry and export activity pick-up, and the limited spillover effects of financial system issues/major trading partners' growth slowdown on the real economy.

The alternative scenarios are based on the plausible drivers of economic development over the next three years. The optimistic alternative scenario demonstrates supply-driven positive developments. Supply chains adapt swiftly and support an optimistic economic stance – keeping a lid on inflation pressures. Labour skill mismatches are addressed through targeted training programs. Automation and technology adoption create new job opportunities, offsetting any displacement. In the short term, financing conditions ease, and business confidence rebounds. Consumer spending picks up, contributing to overall growth. The ECB considers both demand and supply factors when setting interest rates. In this scenario, the ECB maintains a dovish stance, easing aggressively until the inflation rebounds towards the ECB target.

The severe alternative scenario paints a picture of bleak economic developments, where supply constraints, geopolitical tensions, technological shifts, and labour market disruption hinder economic recovery. Moreover, high public debt diverts funds from productive investments. Policymakers must navigate these challenges to ensure stability and sustainable growth. This adverse scenario results in a prolonged global recession, with growth falling well below the levels needed to achieve sustainable development goals in the mid-term. The ECB carefully considers demand and supply factors when setting interest rates to prevent abrupt economic shifts.

The Bank considers these scenarios when calculating expected credit losses in the context of IFRS 9. On this basis, the Group revised scenario weights in H1 2024. The assigned weights were 20%–60%–20% (alternative scenarios receiving 20% each, and the baseline scenario 60%).

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

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

Outlook

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

GDP growth in the euro area should accelerate in 2025. Private spending will gain traction on lower inflation, and fixed investment is set to rebound due to looser financing conditions. Higher U.S. tariffs pose a downside risk, along with a sustained weakness in Germany's industrial sector. Still, high long-term interest rates could pose a problem for new investments (especially in industry) and governmental borrowing. In Slovenia, economic growth in the coming years will be supported by private consumption underpinned by high employment, real income growth, and gradually improving consumer confidence. Public investment is expected to improve due to the increased use of EU funds. Export demand is likely to increase as the economies of Slovenia's main trading partners recover. Predominantly negative risks accompany the growth forecast, while those on the inflation side are slightly tilted to the upside. The domestic economic environment remains subject to structural challenges, which are, among other things, related to low past investment activity, pressures on export competitiveness, and an unfavourable demographic picture. The unemployment rate is forecast to rise marginally in 2025 and remain low for the remaining years, suggesting a tight labour market. Economic growth in the NLB Group's region is forecast to improve in 2025 compared to 2024. Private and public spending should accelerate. Moreover, exports are expected to rebound due to stronger EU demand. Cooling inflation and looser monetary conditions will boost household spending, while exports will accelerate on sturdier EU demand. That said, public spending growth could ease fiscal consolidation efforts, and looser financing conditions will underpin a sharper rise in fixed investment. The NLB Group's region is growing by 2.9% YoY in 2024, and is expected to grow by 3.3% in 2025, and 3.4% in 2026. The ECB is seen cutting rates by about 100 bps by the end of 2025; however, the FED's policy stance is a key factor to watch.

Table 7: Movement of key macroeconomic indicators in the euro area and the NLB Group region

	GDP (real growth in %)					Average inflation (in %)					Unemployment rate (in %)				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Euro area	0.4	0.9	1.2	1.4	1.5	5.4	2.4	2.2	2.0	2.0	6.5	6.4	6.6	6.5	6.3
Slovenia	2.1	1.6	2.3	2.6	2.6	7.2	2.0	2.5	2.2	2.0	3.7	4.1	4.0	4.0	3.9
Serbia	3.8	3.9	4.2	4.2	4.0	12.1	4.7	3.7	3.2	3.0	9.5	8.6	8.3	8.1	7.9
N. Macedonia	1.0	2.7	3.1	3.2	3.2	9.4	3.5	2.8	2.4	2.2	13.1	12.4	12.1	11.5	11.0
BiH	1.9	2.5	2.7	3.0	3.1	6.1	1.7	2.0	1.9	1.9	13.2	12.7	12.3	11.8	11.7
Kosovo	3.3	4.5	4.0	4.0	3.9	4.9	1.6	2.0	2.1	2.0	11.0	10.5	10.0	9.5	9.2
Montenegro	6.3	3.2	3.4	3.3	3.4	8.6	3.3	3.2	2.6	2.5	13.1	11.5	10.7	10.3	10.0

Note: NLB Forecasts are highlighted in grey.
Source: Statistical offices, Focus Economics.

The financial performance in 2024 provided a solid base for the Group to deliver on its guidance, with some key indicators exceeding initial expectations. Recurring income surpassed the forecasted EUR 1,200 million, reaching EUR 1,246 million, supported by robust organic loan growth of 12%, which exceeded the initial "high single-digit" target. The Cost-to-Income Ratio (CIR) was in line with our guidance at 45.7%, reflecting the seasonality of year-end bonuses, strategic investments, and other one-off costs. In contrast, the cost of risk remained below the forecasted 20 bps, landing at 14 bps for the year. The RoE a.t. of 16.5% and normalised RoE of 25.5% further highlight the Bank's ability to generate value for shareholders. The Bank paid the second tranche of dividends, approved at the 43rd General Meeting on 9 December 2024. The total distribution of EUR 220 million, which amounts to EUR 11 gross per share, represents 40% of the 2023 profit and underscores the Bank's commitment to meeting its established targets.

Looking ahead to 2025, recurring income is expected to stabilise at around EUR 1,200 million. This forecast reflects a balanced approach to maintaining profitability amidst a forecasted lower interest rate environment. Despite these headwinds, the Group remains committed to disciplined cost management. The CIR is projected to transitionally increase in 2025 (expected to be at approximately 48%), influenced by the integration of SLS Group, coupled with ongoing strategic investments into the acceleration of mobile/digital-first transformation, and in 2030 the targeting of at least 90% of new production of standard transactions through end-to-end digital solutions. These efforts aim to enhance the Group's operational capacity and position it for sustained growth in the medium term.

The cost of risk in 2025 is expected to normalise between 30 and 50 bps, reflecting a prudent but proactive approach to risk management in a dynamic lending environment. Loan growth is expected to remain robust at high single-digit levels, driven by the Group's strategic focus on core market expansion while preserving sound asset quality. This sustained growth in lending activity is supported by relatively higher GDP growth rates and lower indebtedness across both retail and corporate segments in the region. The continued momentum in loan growth is anticipated to enhance revenue generation while maintaining a well-diversified and balanced loan portfolio.

For 2026, the Group projects recurring income to exceed EUR 1,300 million, reflecting the benefits of strategic initiatives and improved operational efficiencies driving the CIR below 48%, and realising the benefits from continued investments in technology and digitalisation efforts. The cost of risk is expected to remain within the 30–50 bps range, maintaining the Group's conservative risk posture. Loan growth is forecasted to sustain its high single-digit trajectory, accentuating the Bank's ability to support economic activity while delivering consistent financial performance.

Shareholder returns will remain a priority, with dividend payouts expected at 50% of 2024's profit, presumably in two trenches in 2025, and reaching 50–60% of the 2025's profit by 2026. The RoE a.t. is projected to stabilise at approximately 15%, while the normalised RoE should remain above 20%, underscoring the Group's strong capital generation capabilities and resilience in achieving its strategic objectives outlined in Strategy 2030. The provided guidance collectively reinforces the Group's commitment to delivering sustainable value to investors and maintaining its leadership position in the market.

Table 8: Market performance and outlook for the period 2025-2026

	Last Communicated Outlook for 2025	Revised Outlook for 2025	Outlook for 2026
Recurring income	~ EUR 1,200 million	~ EUR 1,200 million	> EUR 1,300 million
CIR	~ 48%	~ 48%	Below 48%
Cost of risk	30–50 bps	30–50 bps	30–50 bps
Loan growth	High single–digit	High single–digit	High single–digit
Dividends	More than 40% of 2024 profit	50% of 2024 profit	50–60% of 2025 profit
ROE a.t. ROE a.t. normalised(i)	~ 15% > 20%	~ 15% > 20%	~ 15% > 20%
M&A potential	M&A capacity of up to EUR 4 billion RWA(ii)	M&A capacity of up to EUR 4 billion RWA(ii)	

(i) ROE a.t. normalised = result a.t. divided by the average risk-adjusted capital. An average risk-adjusted capital is calculated as a Tier 1 requirement of average RWA reduced by minority shareholder capital contribution.
(ii) Assisted with the combination of capital from issuing AT1 notes and a temporary reduction of the dividend payments.

In May 2024, the Group launched its new Group Strategy 2030, outlining key performance indicators and expected future development.

Table 9: NLB Group's Strategy 2030 key financial indicators

	Realisation on 31 Dec 2024	Impact ambition 2030
Recurring income	EUR 1,246 million	> EUR 2,000 million
Recurring profit	~ EUR 550 million	> EUR 1,000 million
CIR	45.7%	< 45%
ROE a.t.	16.5%	> 15% (1–2 p.p. upside from strategic plays)
ROE a.t. normalised	25.5%	> 20%
RTSR[(i)]	63.44%	> Banking peer group
Payout ratio	40% of 2023 profit	towards 50–60%
P/B	0.8x	> 1
Tier 1 capital ratio	15.8%	~ 15%
CET1 ratio	15.3%	> 13%
Cost of risk	14 bps	30–50 bps

(i) Banking peer group: UniCredit, OTP, RBI (Raiffeisen Bank International), Erste Group, Intesa, Addiko. Performance measured for the full year 2024.

Further information on the Group Strategy 2030 is available on the NLB website.

NLB is systemically important and the most reputable Slovenian bank, managing 70% of the cash, 40% of the payments, and nearly 40% of all the assets in the country.

We are more than just a bank – we are one of the driving forces behind the region's economy.

Overview of Financial Performance

The financial year concluded with a strong profit after tax result of EUR 514.6 million, with the profit before impairments and provisions up a respectable 9% YoY (EUR 51.2 million). Profit after tax was, however, still down EUR 36.1 million or a 7% decline compared to the previous year, which was positively influenced by the booking of deferred tax, increase of deferred tax assets (EUR 61.9 million) and first recognition of deferred tax liability for withholding tax on dividends (EUR 9.6 million). The year 2024 also showed a moderate, but still positive cost of risk of 14 bps (2023 still had a negative cost of risk).

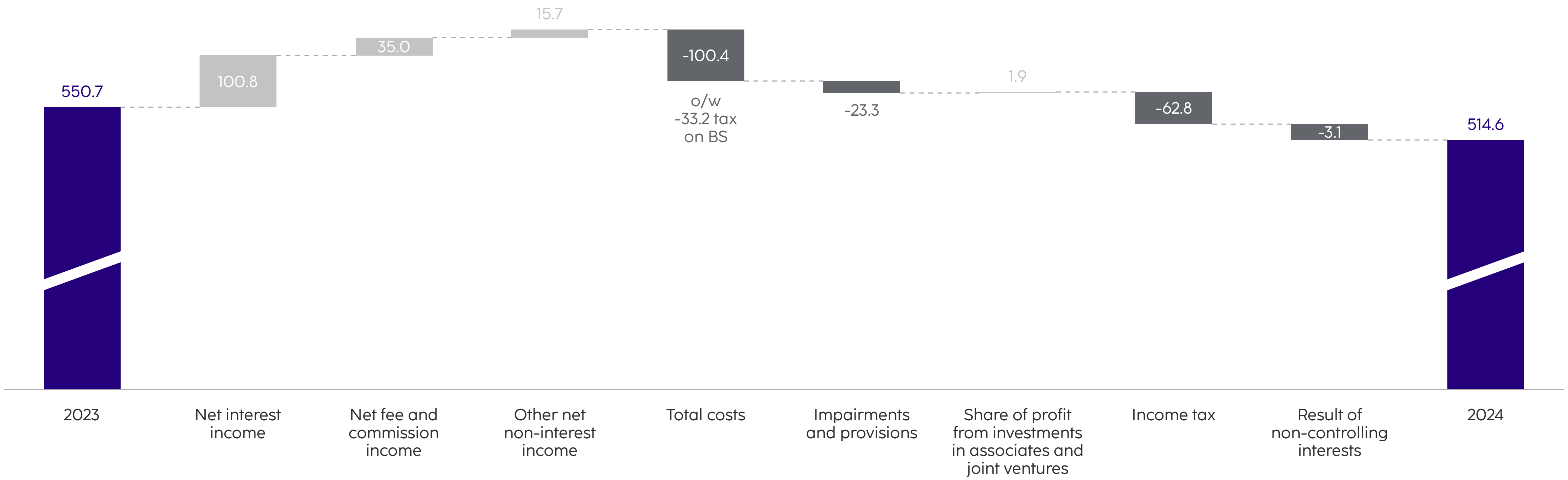
The following key drivers influenced the Group's performance in the year 2024:

- The Group achieved exceptional YoY organic growth in gross loans to customers of EUR 1,687.4 million, driven by healthy demand, with an additional EUR 970.4 million growth deriving from the acquisition of SLS Group.
- Although interest rates began to decrease in the second half of the year, the Group successfully grew its deposit base by EUR 1,473.6 million YoY, with EUR 1,051.7 million from individuals and EUR 445.4 million from corporates.
- A 12% YoY increase in net interest income was driven by healthy loan demand, the effects of favourable interest rates on loans, and higher income from securities. Despite declining interest rates in the second half of the year, the annual net interest margin improved YoY by 0.14 p.p. to 3.64%, mostly due to strategic M&A activities, which offset the decline from banking operations.
- Net interest income sensitivity simulated by a 100-bps immediate parallel downward shift in interest rates, yields to EUR -70.7 million or -2.47% of T1 capital, driven mainly by the cash (EUR -17.1 million) and floating rate loan positions (EUR -63.3 million).
- Net fee and commission income grew by 13% YoY as it benefitted from strong economic activity, increased engagement in investment funds and bancassurance, and renegotiated conditions with the service providers.
- Total costs of the Group in 2024 amounted to EUR 602.2 million. Excluding EUR 33.2 million of the tax on the balance sheet, the costs grew by EUR 67.2 million, of which approximately EUR 45 million or 9% was the result of like-for-like cost increases (i.e., normalising for tax on the balance sheet introduced in 2024, SLS Group integration, and some other smaller one-offs).
- The Group closely monitored the macroeconomic and geopolitical circumstances, remaining very prudent in identifying any increase in credit risk at a very early stage and proactive in NPL management. Furthermore, unfavourable trends in the German automotive industry did not severely influence the Slovenian export-oriented industry – considering that the Bank downgraded certain clients in Stage 2 and formed additional impairments. Nevertheless, the cost of risk remained at a relatively low level and confidently within the guidance, with 14 bps. Net established impairments and provisions for credit risk in 2024 amounted to EUR 20.6 million. The established impairments derive from portfolio development, new financing, and any portfolio deterioration. In contrast, material repayments of written-off receivables and changes in models contributed to a lower total impact.
- Other impairments and provisions were net established in the amount of EUR 16.9 million. The vast majority were established mainly in the last quarter due to provisions for legal risk (of which EUR 4.0 million in NLB and EUR 3.8 million in NLB Komercijalna Banka, Beograd) and restructuring provisions (mostly in Slovenia, EUR 2.5 million in NLB and EUR 1.4 million in Slovenian leasing companies).
- The effective tax rate (calculated as income tax divided by profit before tax) for the year 2024 for the NLB Group was 13%, and for NLB, 7%. The effective tax rate of NLB was significantly influenced by non-taxable income, which consisted mostly of received dividends and the release of impairments of equity investments in subsidiary banks. The overall contribution rate, which includes income tax and the tax on the balance sheet for the year 2024 for the NLB Group was 18% and for NLB 13%.
- A sound financial position was confirmed by a robust Total Capital Ratio (TCR) of 18.7%, well above requirements.
- The multi-year declining trend of the non-performing credit portfolio stock stopped, as the growth of new NPLs slightly exceeded repayments and recovery of existing NPLs. Additionally, new NPLs from the acquired SLS Group were recognised. The combination of a slight increase in the non-performing credit portfolio stock and credit growth of a high-quality portfolio resulted in the decrease of gross NPL ratio (EBA def.) from 2.1% to 2.0% YoY. The NPE ratio (EBA def.) remained almost unchanged at the previous year-end level and stood at 1.1%.
- Unencumbered liquidity reserves portfolio amounted to EUR 9,287.5 million (33.2% of total assets).

EUR 514.6 million

of net profit

Figure 14: Profit after tax of NLB Group – evolution YoY (in EUR millions)



The Group's recurring profit before impairments and provisions grew by EUR 37.2 million or 6% YoY, totalling EUR 643.5 million. In Q1 2024, the result before impairments and provisions was negatively affected by the accrual of a one-time yearly payment of regulatory costs in NLB (EUR 10.5 million under the Deposit Guarantee Scheme (DGS)). Conversely, the early redemption of Tier 2 notes positively affected the result (EUR 2.7 million). Additionally, in Q4, a EUR 3.9 million modification loss due to interest rate regulation on housing loans in NLB Komercijalna Banka, Beograd, burdened the non-recurring net non-interest income.

EUR 642.6 million

of profit before impairments and provisions

EUR 1,224.8 million

of total net operating income

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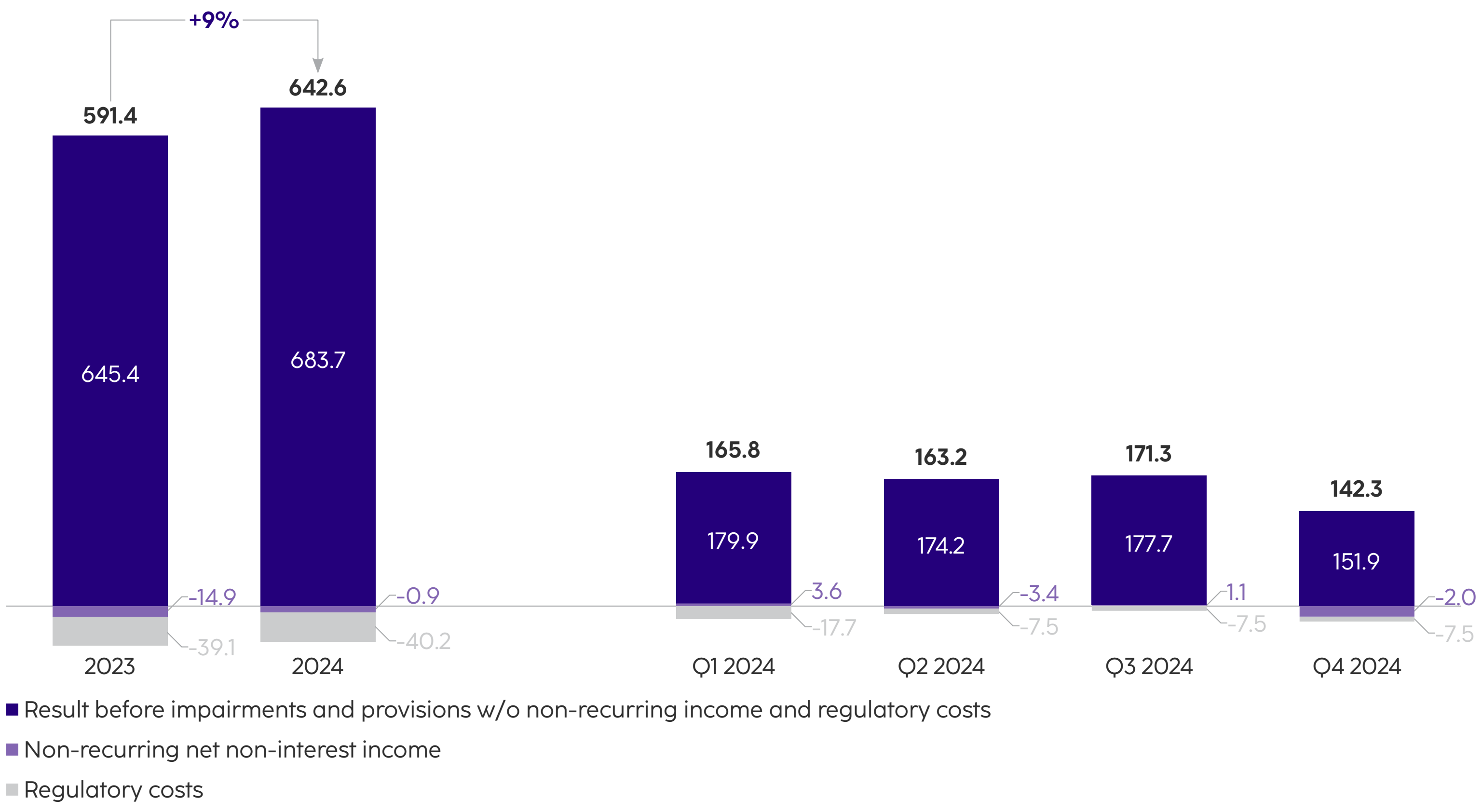
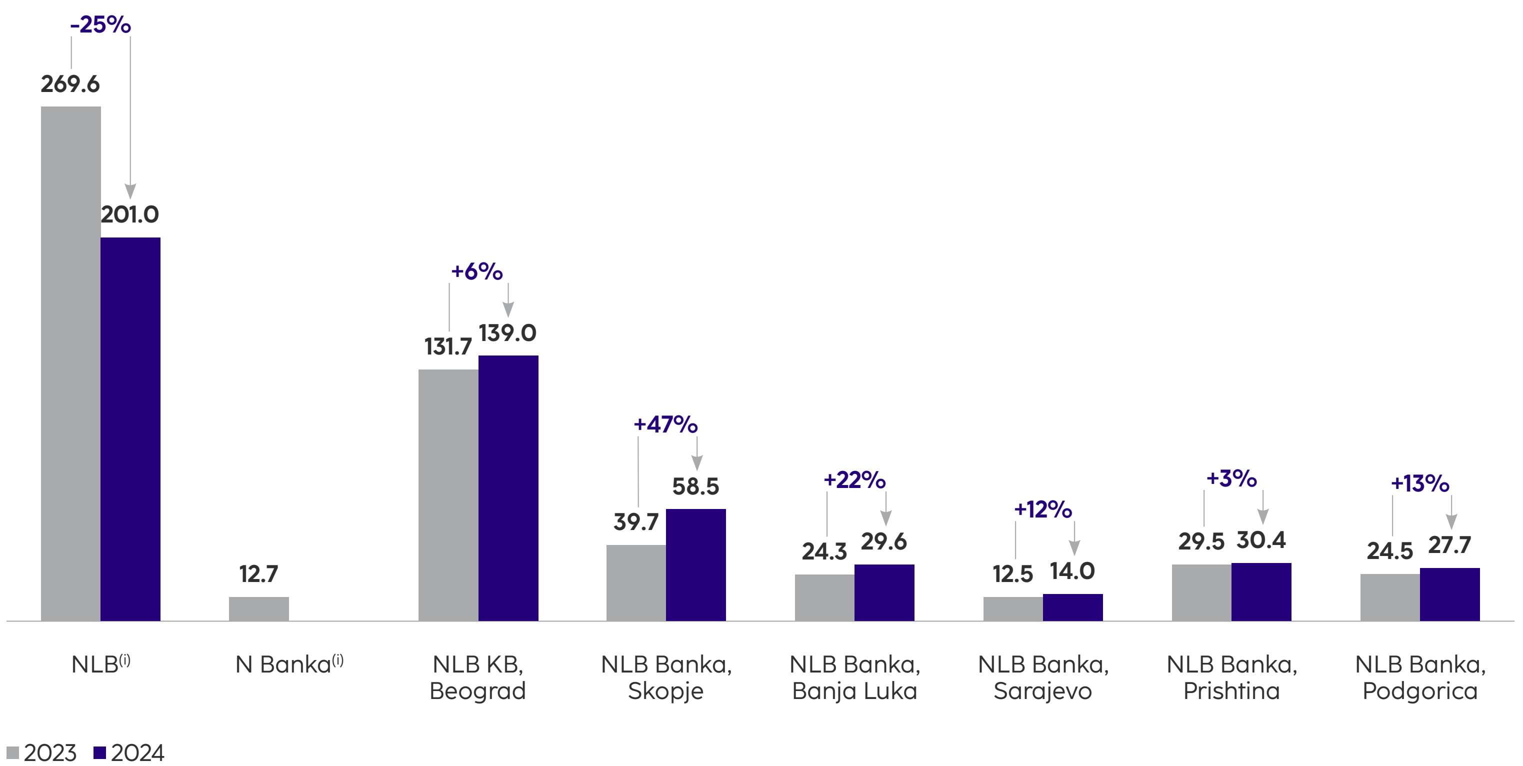
Figure 15: Result before impairments and provisions of NLB Group (in EUR millions)



All banks recorded a profit on a standalone basis and positively contributed to the Group's result. The largest contribution again came from NLB, followed by NLB Komercijalna Banka, Beograd. The YoY decrease in NLB was mostly attributed to the booking of deferred tax assets in 2023 and the establishment of provisions in 2024. The SEE banks contributed 58.1% to the Group result, with all bank reporting growth. For more information on bank operations, see the chapter NLB Group Key Members.

Figure 16: Profit a.t. by company – contribution (in EUR millions)



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

Income statement

Table 10: Income statement of NLB Group

in EUR millions

	2024	2023	Change YoY		Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	934.2	833.3	100.8	▲ 12%	240.0	233.7	228.3	232.2
Net fee and commission income	312.9	278.0	35.0	▲ 13%	81.0	81.9	78.9	71.1
Dividend income	0.1	0.2	−0.1	▼ −31%	0.0	0.1	0.0	0.0
Net income from financial transactions	24.1	17.3	6.8	▲ 39%	2.8	8.5	3.0	9.8
Net other income	−26.5	−35.4	9.0	▲ 25%	−3.0	−4.2	−4.3	−15.0
Net non-interest income	310.6	260.0	50.7	▲ 19%	80.8	86.2	77.7	65.9
Total net operating income	**1,244.8**	**1,093.3**	**151.5**	**▲ 14%**	**320.8**	**320.0**	**305.9**	**298.1**
Employee costs	−322.2	−282.2	−40.0	▼ −14%	−95.7	−77.0	−77.3	−72.2
Other general and administrative expenses	−188.6	−170.5	−18.2	▼ −11%	−58.3	−47.8	−43.6	−39.0
Tax on balance sheet	−33.2	0.0	−33.2	0%	−8.6	−8.3	−8.1	−8.1
Depreciation and amortisation	−58.2	−49.2	−9.0	▼ −18%	−15.9	−15.6	−13.6	−13.1
Total costs	−602.2	−501.9	−100.4	▼ −20%	−178.5	−148.7	−142.7	−132.4
Result before impairments and provisions	**642.6**	**591.4**	**51.2**	**▲ 9%**	**142.3**	**171.3**	**163.2**	**165.8**
Impairments and provisions for credit risk	−20.6	11.8	−32.4	–	−32.9	0.6	16.0	−4.4
Other impairments and provisions	−16.9	−25.9	9.0	▲ 35%	−12.4	−3.2	−1.0	−0.3
Impairments and provisions	−37.4	−14.1	−23.3	▼ −166%	−45.3	−2.6	15.1	−4.7
Share of profit from investments in associates and joint ventures	3.0	1.1	1.9	▲ 179%	0.7	0.6	0.7	1.0
Result before tax	**608.1**	**578.4**	**29.7**	**▲ 5%**	**97.8**	**169.3**	**179.0**	**162.1**
Income tax	−77.9	−15.1	−62.8	–	−7.3	−30.1	−21.8	−18.7
Result of non-controlling interests	15.7	12.6	3.1	▲ 24%	3.4	3.7	5.2	3.4
Result after tax	**514.6**	**550.7**	**−36.1**	**▼ −7%**	**87.0**	**135.5**	**152.0**	**140.0**

Net interest income

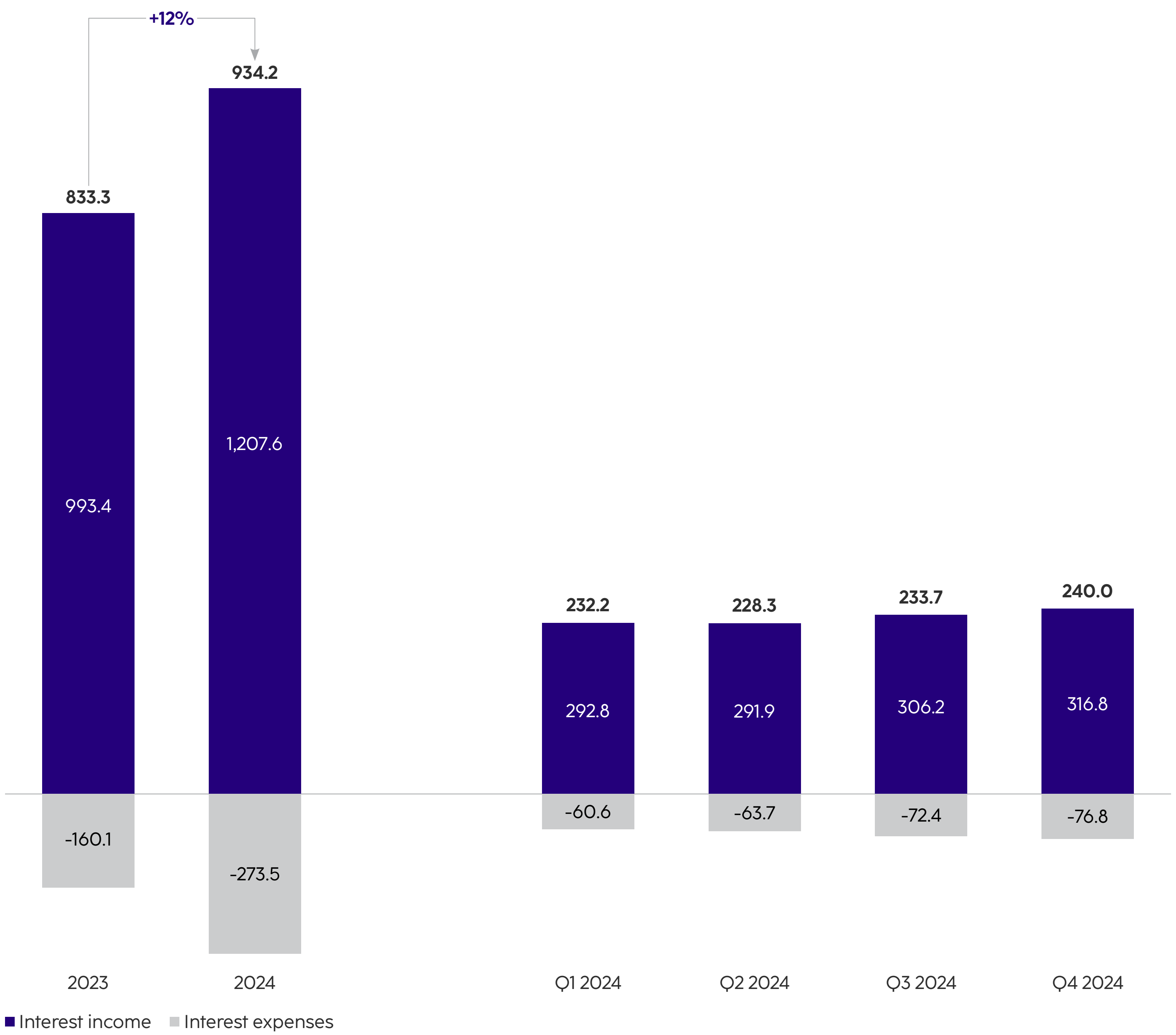
The Group's net interest income increased by 12% and reached EUR 934.2 million, accounting for 75% of total net revenues, consistent with the same period last year. Without the contribution from SLS Group (EUR 11.0 million), the growth of the net interest income would be 1 p.p. lower.

All the Group banking members reported increased net interest income, driven by loan volume growth from healthy demand for loans and higher interest rates. The growth mainly came from loans to customers (EUR 140.8 million, with EUR 77.2 million to individuals and EUR 63.6 million to corporate and state) and securities (EUR 64.3 million). At the same time, interest expenses increased due to higher expenses incurred from MREL-eligible wholesale funding (EUR 37.7 million) and higher expenses for customer deposits (EUR 46.8 million).

In the last quarter of the year, the Group successfully compensated the drop of interest rates with mitigation measures and important contribution from the acquired SLS Group loan portfolio (EUR 11.0 million).

Profitability stabilisation is one of the NLB Group's priorities. To protect future interest income from a declining interest rate environment, the Bank hedged issued securities in the additional amount of EUR 1,070.0 million in 2024. Assuming interest rate dynamics are in line with market expectations, these hedges should positively impact the net interest income in the coming years.

Figure 17: Net interest income of NLB Group (in EUR millions)



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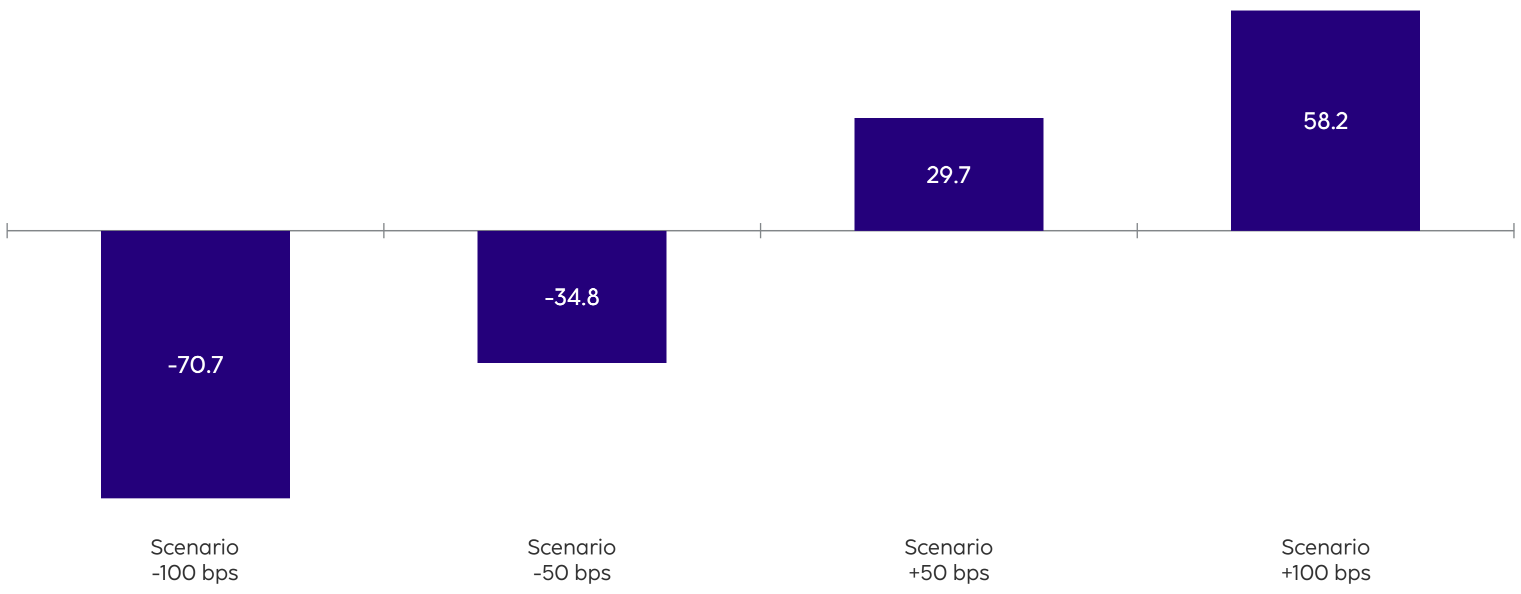
The net interest income sensitivity, simulated by a 100-bps immediate parallel downward shift in interest rates, yielded a net interest income sensitivity of EUR -70.7 million or -2.47% of T1 capital, driven mainly by the cash (EUR -17.1 million) and floating rate loan positions (EUR -63.3 million). The focus on stabilising the net interest income includes ongoing increased fixed interest rate loan stock, active management of the funding mix, liabilities hedging activities, and increasing duration and volume of the banking book securities portfolio. In 2024, NII sensitivity improved by EUR 30.7 million or 145 bps (from -3.92% to -2.47% relative to T1 capital, or EUR 30.7 million to a level of EUR 70.7 million in case of -100-bps parallel shift). NLB Group significantly reduced the NII sensitivity in 2024 by increasing the volume of fixed interest rate loans (EUR 2,853 million) and new interest rate hedges (EUR 1,070 million), while reducing the central bank balances (EUR 2,368 million), and increasing of investments in high-quality debt securities (EUR 1,509 million).

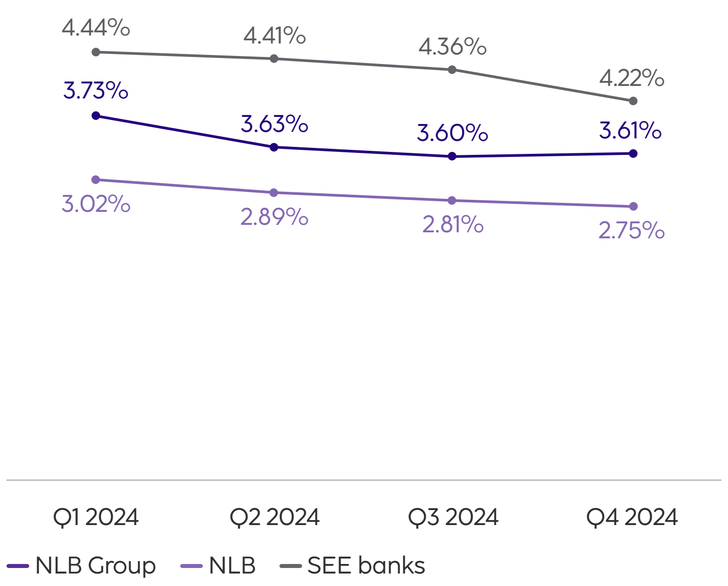
Figure 18: NII sensitivity to various rate shocks of NLB Group (in EUR millions)



The Group's annual net interest margin and operational business margin increased, by 0.14 p.p. YoY to 3.64%, and by 0.21 p.p. to 4.97%. However, the growth in these margins was affected by the monetary easing, marked by four consecutive ECB key interest rate cuts from June onwards. The decline on a Group level was effectively mitigated by replacing less profitable central bank balances with a more lucrative loan portfolio acquired from the SLS Group. Margins were declining in the last quarter in NLB and the SEE banks, which is a function of the declining rates.

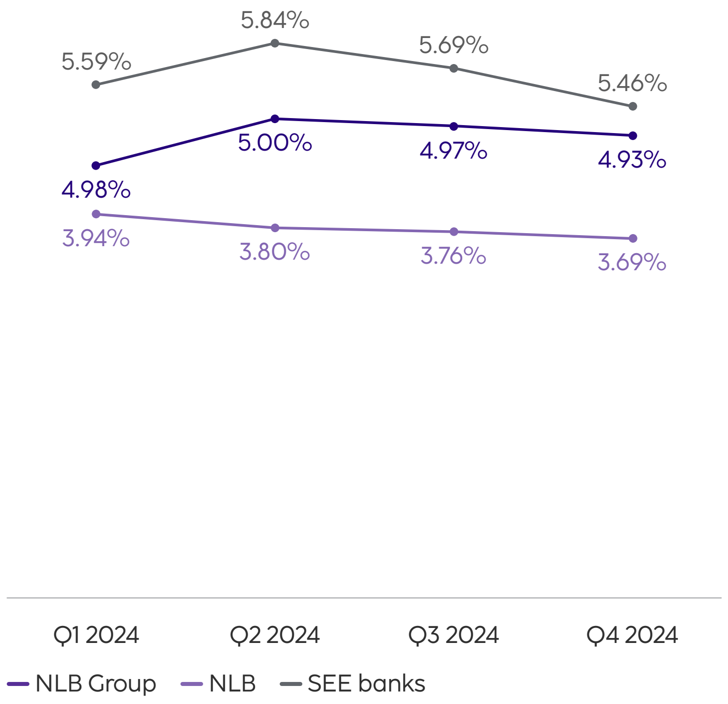
The net interest rates are expected to decrease further as the central bank and Euribor rates decline. Due to the balance sheet management activities that have significantly reduced the Group's net interest income sensitivity, the pace of the net interest margin decline should nevertheless be considerably slower than the pace of the increase during the ECB's hiking cycle.

Figure 19: Net interest margin (quarterly data, in %)(i)



(i) Calculated based on average interest-bearing assets.

Figure 20: Operational business margin (quarterly data, in %)(i)

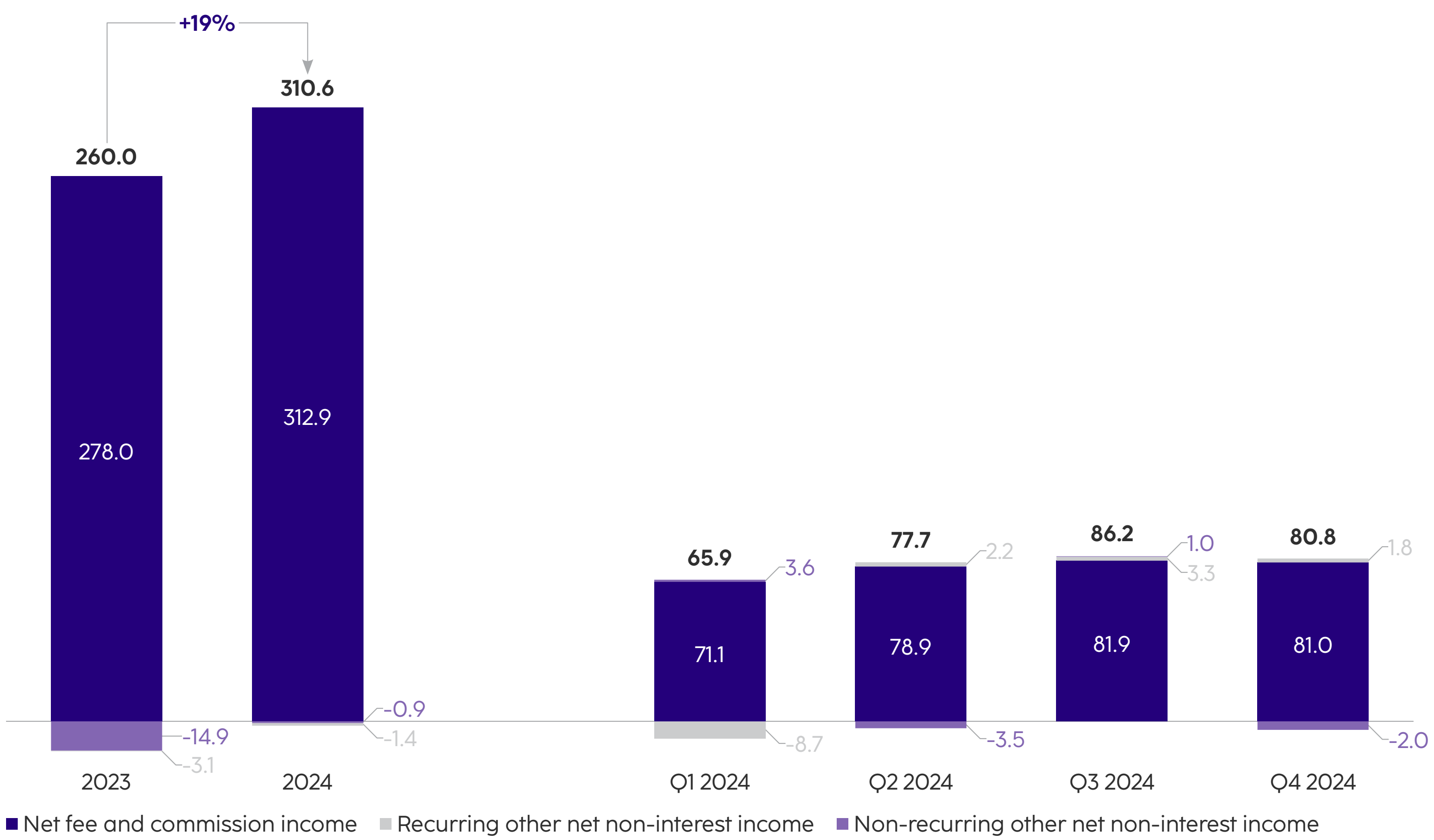


(i) Calculated based on average interest-bearing assets.

Net non-interest income

The overall YoY increase in the net non-interest income derives from higher net fee and commission income. The non-recurring net non-interest income was positively influenced by the early redemption of Tier 2 notes (EUR 2.7 million) in Q1, but negatively affected on the account of the modification loss recorded for interest rate regulation on housing loans in NLB Komercijalna Banka, Beograd in Q4 (EUR 3.9 million in 2024, compared to EUR 15.3 million in 2023). Regulatory charges, a part of recurring other net non-interest income, were higher by EUR 1.1 million YoY due to a higher deposit base, mostly occurring in Q1 as a result of the accrual of one-off expenses in Slovenia.

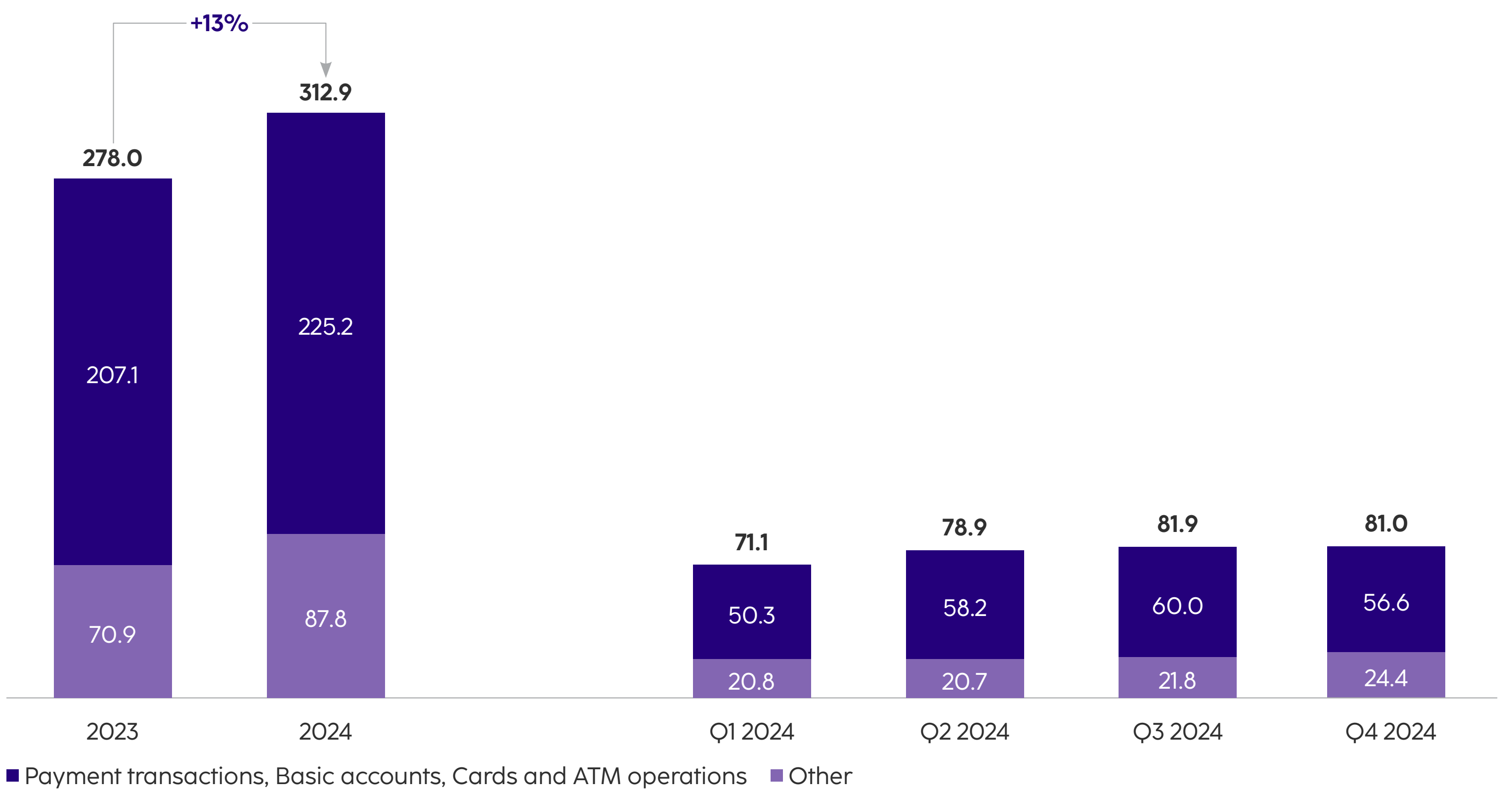
Figure 21: Net non-interest income of NLB Group (in EUR millions)



Net fee and commission income, a significant component of the net non-interest income, increased by 13% YoY. This growth can be attributed to the positive impact of heightened economic activity and consumption, resulting in higher fees across banking members, renegotiated conditions with the service providers, and increased activities in investment funds and bancassurance. Notably, NLB Skladi, Ljubljana, recorded an exceptional sale of investment funds, with EUR 395.4 million gross inflows in 2024, reflecting over a 50% YoY increase.

The decline in the last quarter derives mainly from a one-off in NLB Komercijalna Banka, Beograd, due to an adjustment of receivables related to card operations (around EUR 2 million) and some minor positive accrued revenues in the third quarter.

Figure 22: Net fee and commission income of NLB Group (in EUR millions)



Total costs

Total costs of the Group in 2024 amounted to EUR 602.2 million. By excluding EUR 33.2 million of the tax on the balance sheet, the costs grew by EUR 67.2 million, of which approximately EUR 45 million or 9% is the result of like-for-like cost increases (i.e., normalising for the tax on the balance sheet introduced in 2024, the SLS integration, and some other smaller one-offs). This elevated cost dynamic is a reflection of the strong inflationary pressures of 2024 in HR (around EUR 30 million increase, of which EUR 23 million in banks, the rest across other core businesses) with the remainder mostly in continued investments into improvement of branches and IT environment. The considerable HR cost dynamic in the core banking operations is a function of effects of repricing and variable compensation (EUR 31 million) more than offsetting effects of headcount reductions, amounting to around EUR -8 million. It is clear that this tension will continue to put pressure on costs in 2025, although measures to address headcount efficiencies will be substantially increased.

Total costs increased mostly in the fourth quarter, by EUR 29.8 million, of which the majority (approximately EUR 24 million) is seasonal (approximately EUR 10 million in regular general and administrative costs seasonality and EUR 14 million of variable compensation given very strong financial performance). A smaller part is related to labour cost inflation (approximately EUR 2 million or 3% QoQ). As SLS Group was acquired in September, Q4 showed a full cost effect, being EUR 2.3 million higher QoQ.

The Cost-to-Income Ratio (CIR - excluding the tax on the balance sheet from the calculation) declined by 0.2 p.p. YoY to 45.7%.

Figure 23: Total costs of NLB Group (in EUR millions)

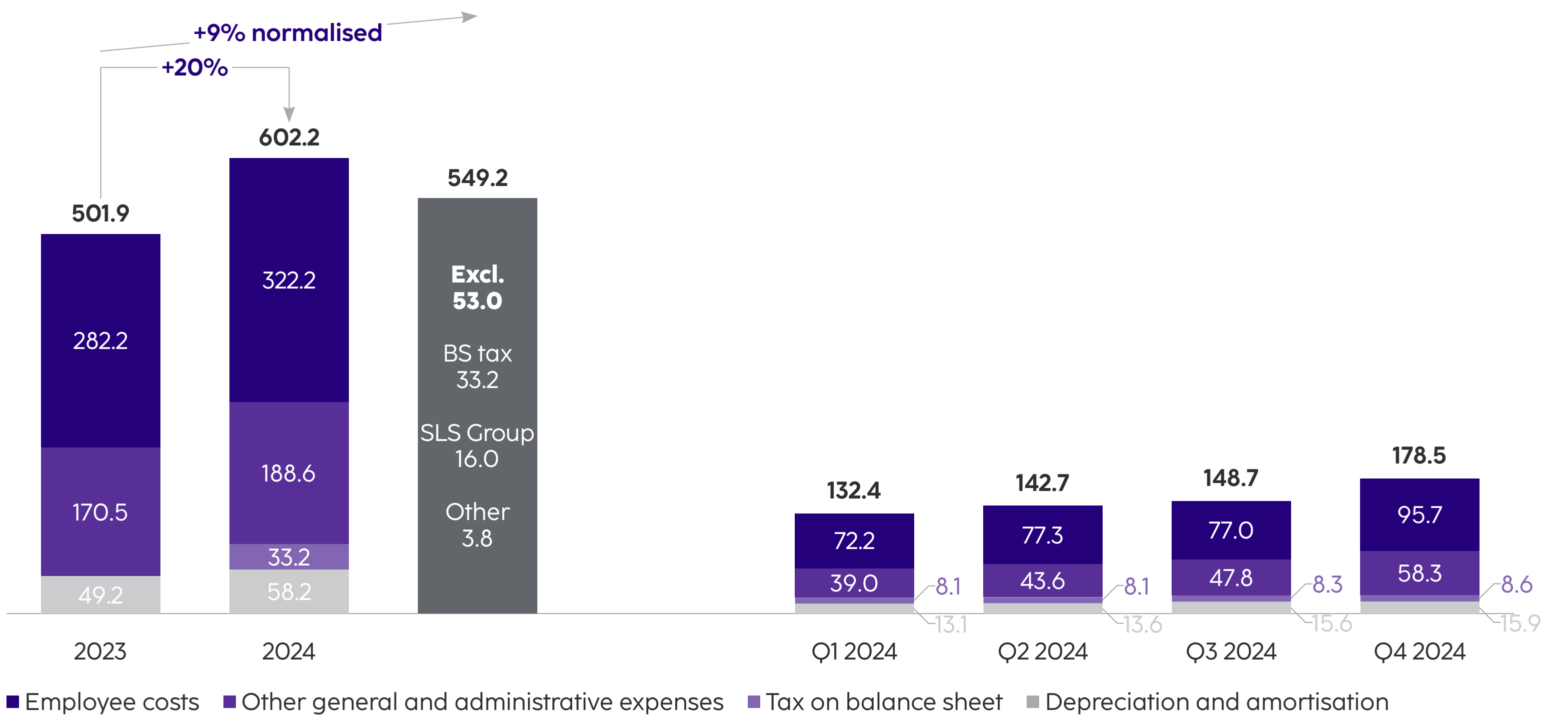


Figure 24: Number of employees

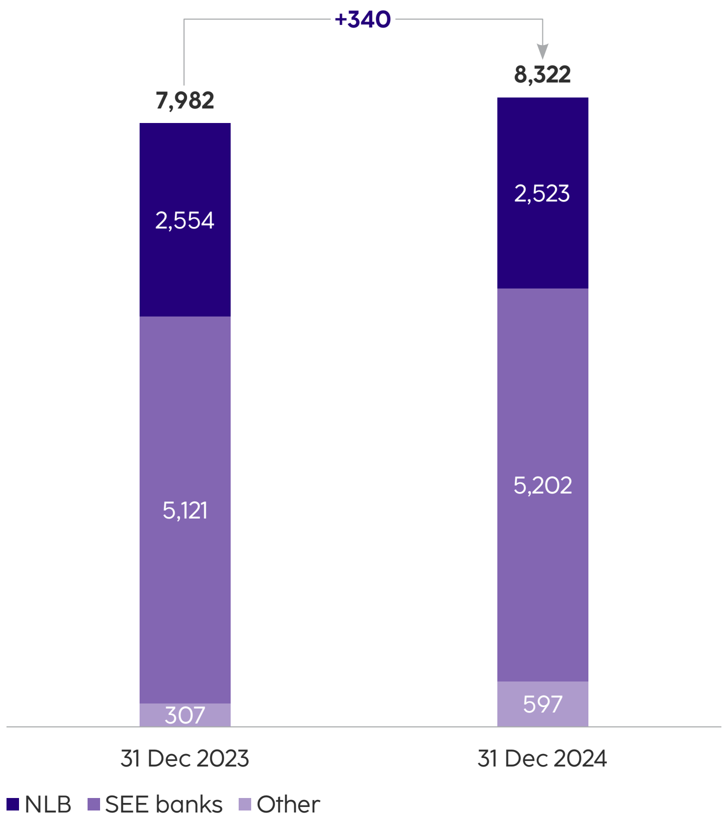
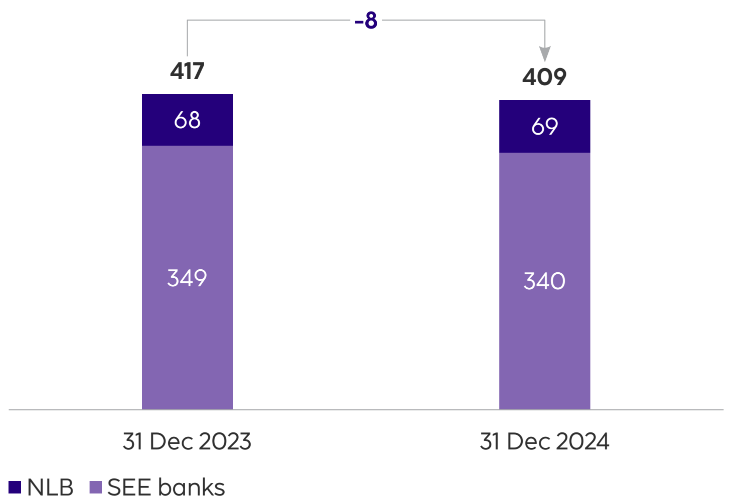


Figure 25: Number of branches



Impairments and provisions

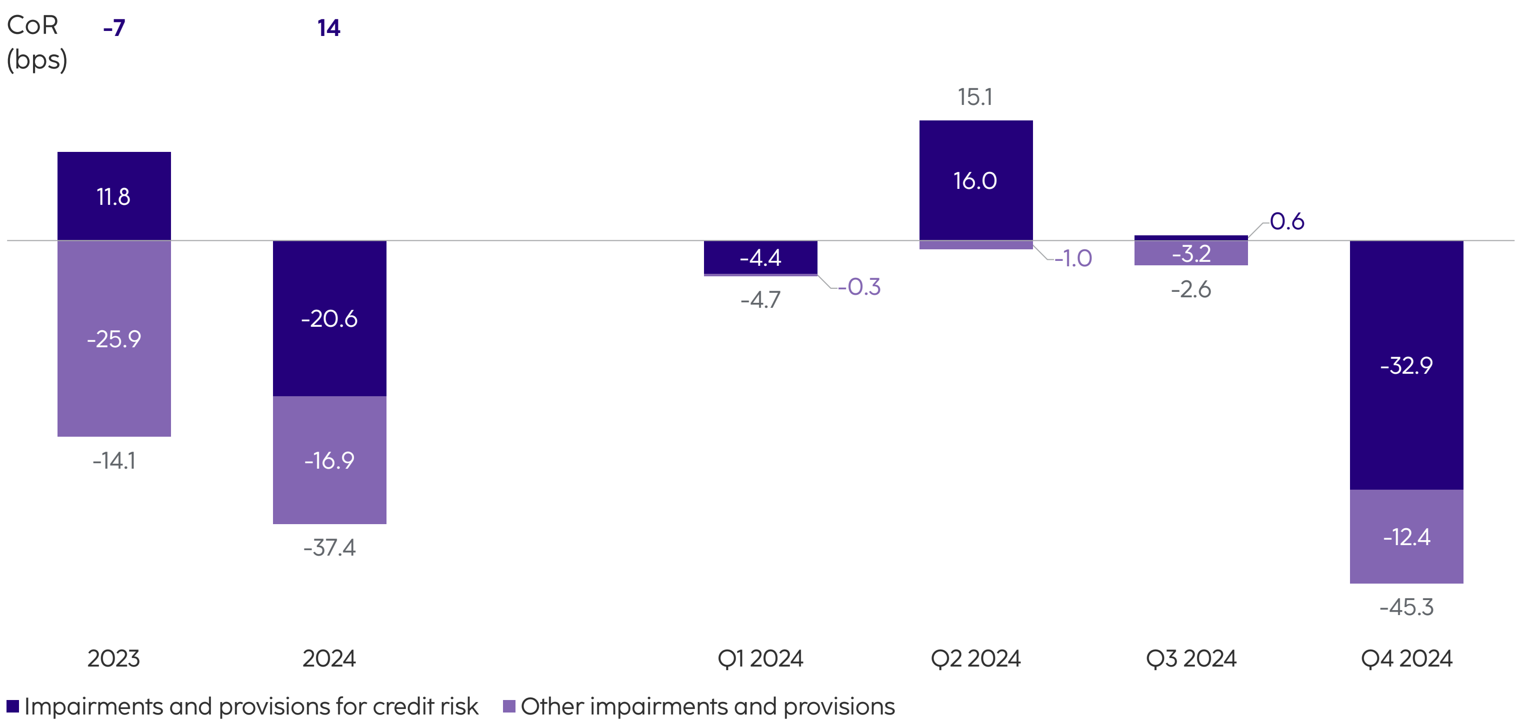
The Group monitored the macroeconomic and geopolitical circumstances closely, remaining very prudent in identifying any increase in credit risk at a very early stage, and proactive in NPL management. Furthermore, unfavourable trends in the German automotive industry did not severely influence the Slovenian export-oriented industry. Still, the Bank downgraded certain clients in Stage 2 and formed additional impairments. Nevertheless, the cost of risk remained at a relatively low level, at 14 bps.

Impairments and provisions for credit risk were established mainly in Q4 in the amount of EUR 32.9 million. The established impairments derived from additional provisions of EUR 35.6 million for portfolio development, mostly in the corporate segment (new financing, transfer to Stage 2 and Stage 3), repayments of written-off receivables in the amount of EUR 10.7 million due to a favourable environment for NPL resolution, and additional impairments and provisions in the amount of EUR 7.9 million related to the change in models/risk parameters in NLB.

The Group net established impairments and provisions for credit risk in the amount of EUR 20.6 million in 2024. The established impairments derive from portfolio development, new financing and any portfolio deterioration. In contrast, material repayments of written-off receivables and changes in models contributed to a lower total impact. Further information is available in the chapter Risk Management.

Other impairments and provisions were net established in the amount of EUR 16.9 million. The vast majority were established mainly in the last quarter due to provisions for legal risk (mainly in NLB and in NLB Komercijalna Banka, Beograd), and restructuring provisions (mostly in Slovenia, EUR 2.5 million in NLB and EUR 1.4 million in Slovenian leasing companies).

Figure 26: Impairments and provisions of NLB Group (in EUR millions)



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Income tax

The effective tax rate (calculated as income tax divided by profit before tax) for the year 2024 for NLB Group was 13%, and for NLB, 7%. The effective tax rate of NLB was importantly influenced by non-taxable income, which mainly consisted of received dividends and the release of impairments of equity investments in subsidiary banks. In addition, tax losses carry-forward decreased by 50% of the taxable base. The effective tax rate of NLB, excluding non-taxable dividends and non-taxable reversal of equity investments, amounts to 14% at NLB, and at the Group level 14% (also excluding non-taxable interest from state securities, according to the local tax legislations).

In the year 2024, several changes related to taxes occurred. Based on the Reconstruction, Development, and Provision of the Financial Resources Act, the tax rate for corporate income tax in Slovenia was increased from 19% to 22% for the years 2024 to 2028. Based on the same law, the tax on balance sheet was introduced for 2024–2028 in Slovenia. Tax on the balance sheet is recognised in other general and administrative expenses and included in the contribution rate. For 2024, the tax on the balance sheet amounted to EUR 33.2 million.

Based on the OECD Pillar 2 Model Rules and the related EU Directive, the global minimum top-up-tax was introduced in the year 2024. NLB Group is liable to pay the top-up tax for the group members in jurisdictions where the effective tax rate, calculated by the rules related to the global minimum top-up tax, is below 15%. NLB, as the parent company, recognised a global minimum top-up-tax in the amount of EUR 3.9 million related to subsidiaries in Bosnia and Herzegovina, and Kosovo, where the statutory corporate income tax rate is 10%. North Macedonia, where a 10% statutory corporate income tax also applies, introduced a domestic top-up tax. Therefore, NLB Banka, Skopje recognised a EUR 2.2 million top-up tax.

The overall contribution rate related to profit before tax, which includes income tax and the tax on the balance sheet for the year 2024 for the NLB Group was 18% and for NLB 13%. Until 2028, when tax measures due to the flood in 2023 are effective, the overall contribution rate is expected to be slightly less or around 20% on NLB Group. From 2029, the effective tax/contribution rate related to profit before tax is expected to be around 14% for NLB and 18% for NLB Group.

Table 11: Effective tax and contribution rates

in EUR millions

	NLB 2024	NLB 2023	NLB Group 2024	NLB Group 2023
Profit before tax	**512**	**479**	**608**	**578**
Non-taxable income	**-266**	**-236**	**-44**	**0**
Non-taxable dividends received	-212	-138	0	0
Non-taxable reversal of equity investments	-54	-98	0	0
Non-taxable interest from state debt securities	0	0	-44	-40
Taxable income	**246**	**243**	**564**	**538**
Adjustments	-138	-145	-260	-232
Utilisation of tax loss carry forward	-123	-115	-126	-117
Other adjustments(i)	-15	-30	-134	-115
Tax base	**108**	**98**	**304**	**306**
Corporate income tax (at 22%)	**24**	**18**	**67**	**58**
Withholding tax (mainly dividends) & other	11	8	10	8
Global minimum top-up-tax	4		6	
Recognition and increase of DTAs	-6	-62	-7	-62
Non-recognised deferred tax assets on current loss and other	1	0	2	11
Total tax	**34**	**-36**	**78**	**15**
Effective tax rate related to profit before tax	**7%**	**-7%**	**13%**	**3%**
Effective tax rate related to taxable income(ii)	**14%**	**11%**	**14%**	**12%**
Tax on balance sheet	33		33	
Donations to state and municipalities		9		9
Contribution (total tax, balance sheet tax and donations)(ii)	**67**	**35**	**111**	**75**
Overall contribution rate related to profit before tax(ii)	**13%**	**7%**	**18%**	**13%**
Overall contribution rate related to taxable income(ii)	**27%**	**14%**	**20%**	**14%**

(i) Effect of different tax rates in other countries is included in other adjustments.
(ii) One-off events related to recognition of DTA's and non-recognised DTA in 2023 are excluded from the calculation of effective tax rate related to taxable income, contribution, and related rates.

Statement of financial position

Table 12: Statement of financial position of NLB Group

in EUR millions

	31 Dec 2024	31 Dec 2023	Change YoY		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
ASSETS								
Cash, cash balances at central banks, and other demand deposits at banks	4,039.6	6,103.6	-2,064.0	-34%	4,039.6	4,137.9	5,116.3	5,481.1
Loans to banks	458.9	547.6	-88.7	-16%	458.9	433.4	410.7	416.3
Net loans to customers	16,363.6	13,734.6	2,629.0	19%	16,363.6	15,739.3	14,399.3	13,859.9
Gross loans to customers	16,721.4	14,063.6	2,657.8	19%	16,721.4	16,071.4	14,726.7	14,197.1
- Corporate	7,471.2	6,437.8	1,033.4	16%	7,471.2	7,156.6	6,703.6	6,412.8
- Individuals	8,735.0	7,235.3	1,499.7	21%	8,735.0	8,469.1	7,632.5	7,394.8
- State	515.2	390.4	124.8	32%	515.2	445.7	390.6	389.5
Impairments and valuation of loans to customers	-357.8	-329.0	-28.8	-9%	-357.8	-332.0	-327.4	-337.2
Financial assets	6,324.5	4,803.7	1,520.8	32%	6,324.5	6,106.9	5,919.9	5,485.9
- Trading book	19.6	15.8	3.8	24%	19.6	15.8	14.6	15.0
- Non-trading book	6,304.9	4,787.9	1,517.0	32%	6,304.9	6,091.1	5,905.3	5,470.9
Investments in subsidiaries, associates, and joint ventures	14.7	12.5	2.1	17%	14.7	13.9	12.3	13.5
Property and equipment	310.0	278.0	32.0	12%	310.0	300.0	280.9	276.0
Investment property	26.1	31.1	-5.0	-16%	26.1	24.6	25.8	30.0
Intangible assets	100.5	62.1	38.4	62%	100.5	86.9	64.9	60.5
Other assets	397.4	368.7	28.7	8%	397.4	400.5	383.6	402.5
TOTAL ASSETS	**28,035.4**	**25,942.0**	**2,093.4**	**8%**	**28,035.4**	**27,243.4**	**26,613.7**	**26,025.7**
LIABILITIES								
Deposits from customers	22,206.3	20,732.7	1,473.6	7%	22,206.3	21,373.9	20,693.8	20,471.5
- Corporate	6,304.6	5,859.2	445.4	8%	6,304.6	5,894.0	5,356.8	5,504.3
- Individuals	15,512.0	14,460.3	1,051.7	7%	15,512.0	15,074.3	14,899.9	14,554.6
- State	389.7	413.2	-23.5	-6%	389.7	405.6	437.1	412.6
Deposits from banks and central banks	136.0	95.3	40.7	43%	136.0	139.5	94.3	134.7
Borrowings	225.1	240.1	-15.0	-6%	225.1	210.1	218.8	209.4
Subordinated debt securities	560.1	509.4	50.7	10%	560.1	583.4	558.7	597.3
Other debt securities in issue	1,048.8	828.8	220.0	27%	1,048.8	1,034.8	1,315.3	838.0
Other liabilities	560.9	587.6	-26.7	-5%	560.9	590.9	586.8	674.7
Equity	3,226.0	2,882.9	343.1	12%	3,226.0	3,242.1	3,081.3	3,035.6
Non-controlling interests	72.1	65.1	6.9	11%	72.1	68.7	64.7	64.4
TOTAL LIABILITIES AND EQUITY	**28,035.4**	**25,942.0**	**2,093.4**	**8%**	**28,035.4**	**27,243.4**	**26,613.7**	**26,025.7**

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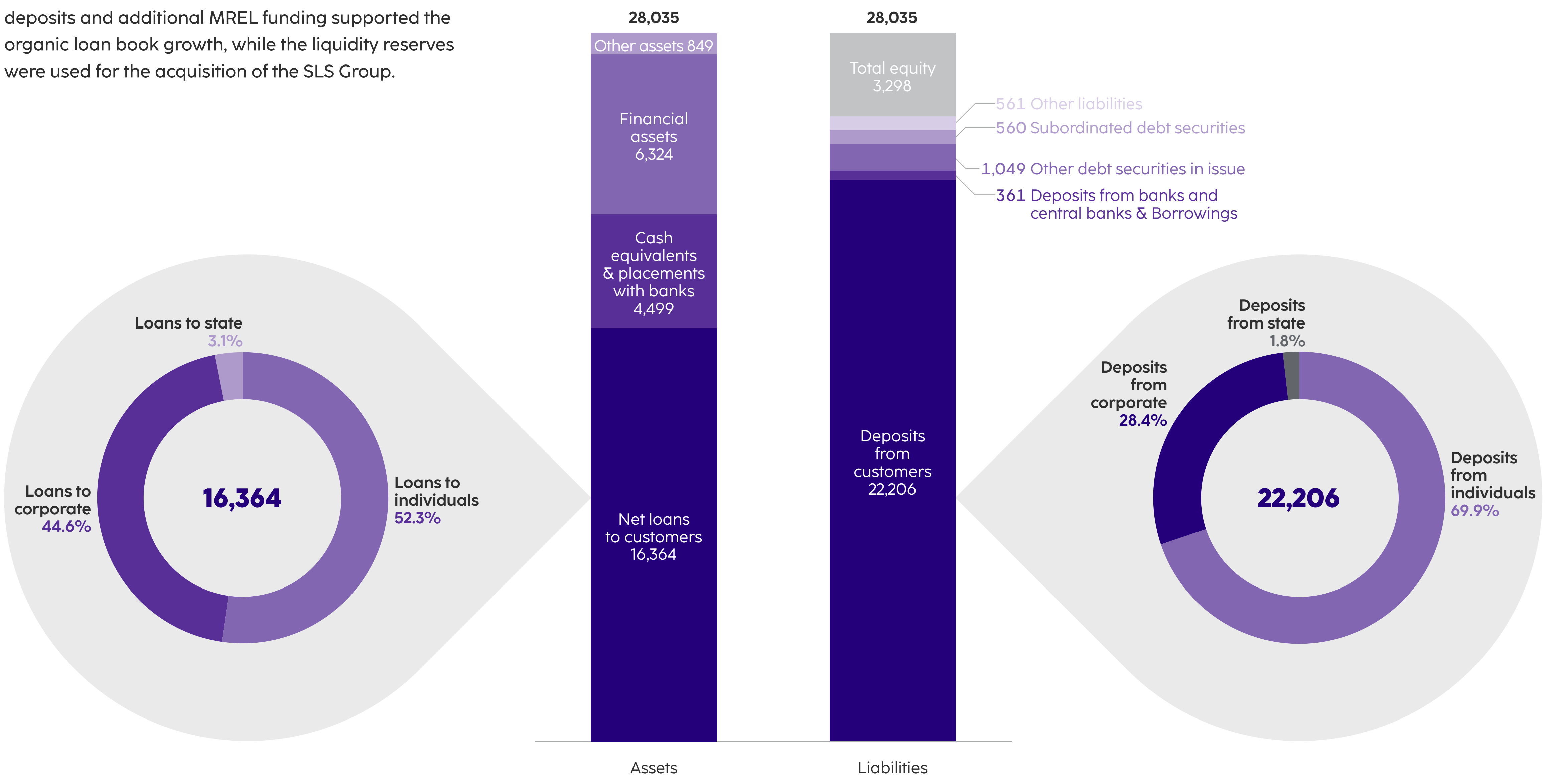
The Group's balance sheet volume reached EUR 28,035.4 million at the end of the year, reflecting a EUR 2,093.4 million YoY increase. Growth in the customer's deposits and additional MREL funding supported the organic loan book growth, while the liquidity reserves were used for the acquisition of the SLS Group.

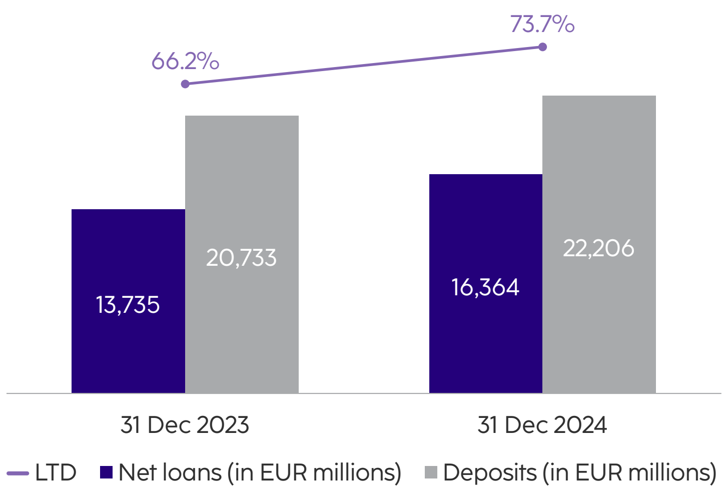
Figure 27: Balance sheet structure of the NLB Group on 31 December 2024 (in EUR millions)



The LTD ratio (net) increased by 7.4 p.p. YoY to 73.7% at the Group level. The increase was driven by the acquisition of SLS Group, which led to a higher growth in net loans compared to the deposits.

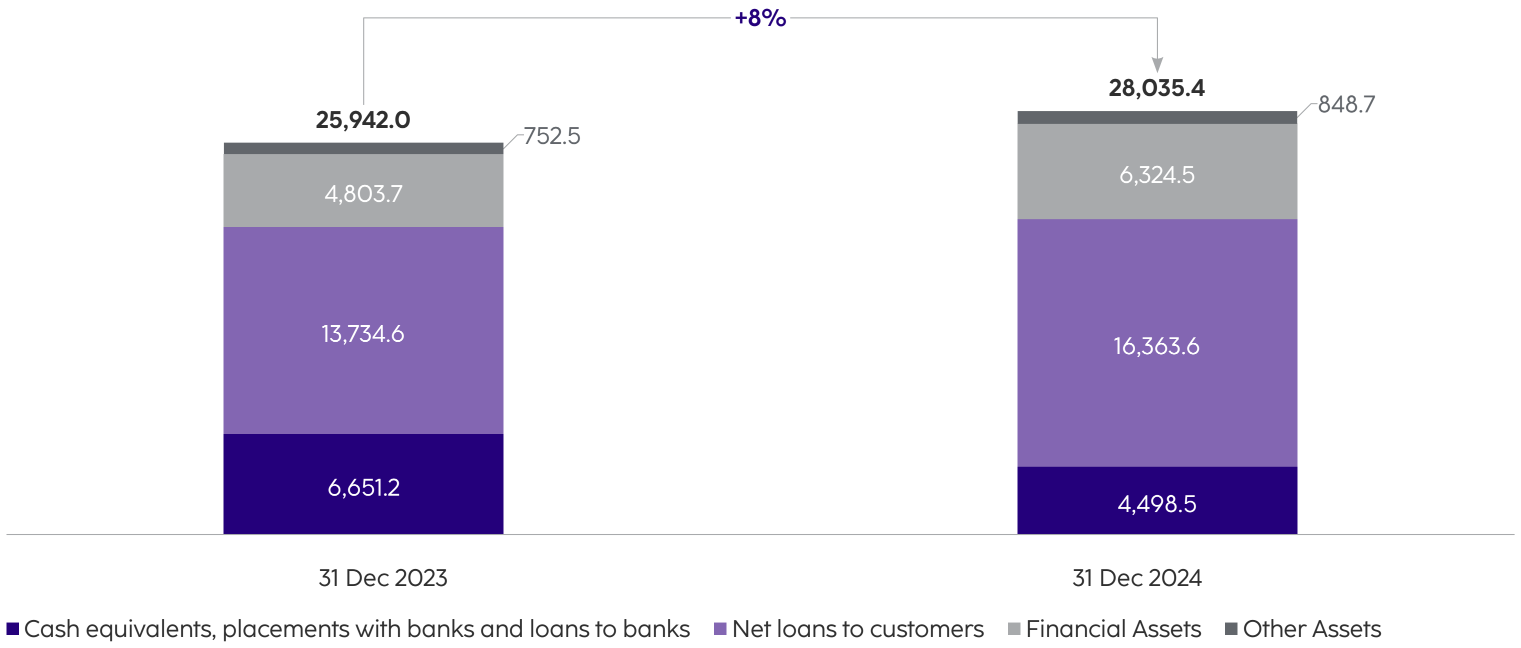
The leverage ratio, which takes into account both on-balance sheet and off-balance sheet items, increased by 0.23 p.p. YoY to 9.9% at the Group level. The increase was driven by higher on-balance exposures to retail and corporates.

Figure 28: NLB Group's LTD ratio movement



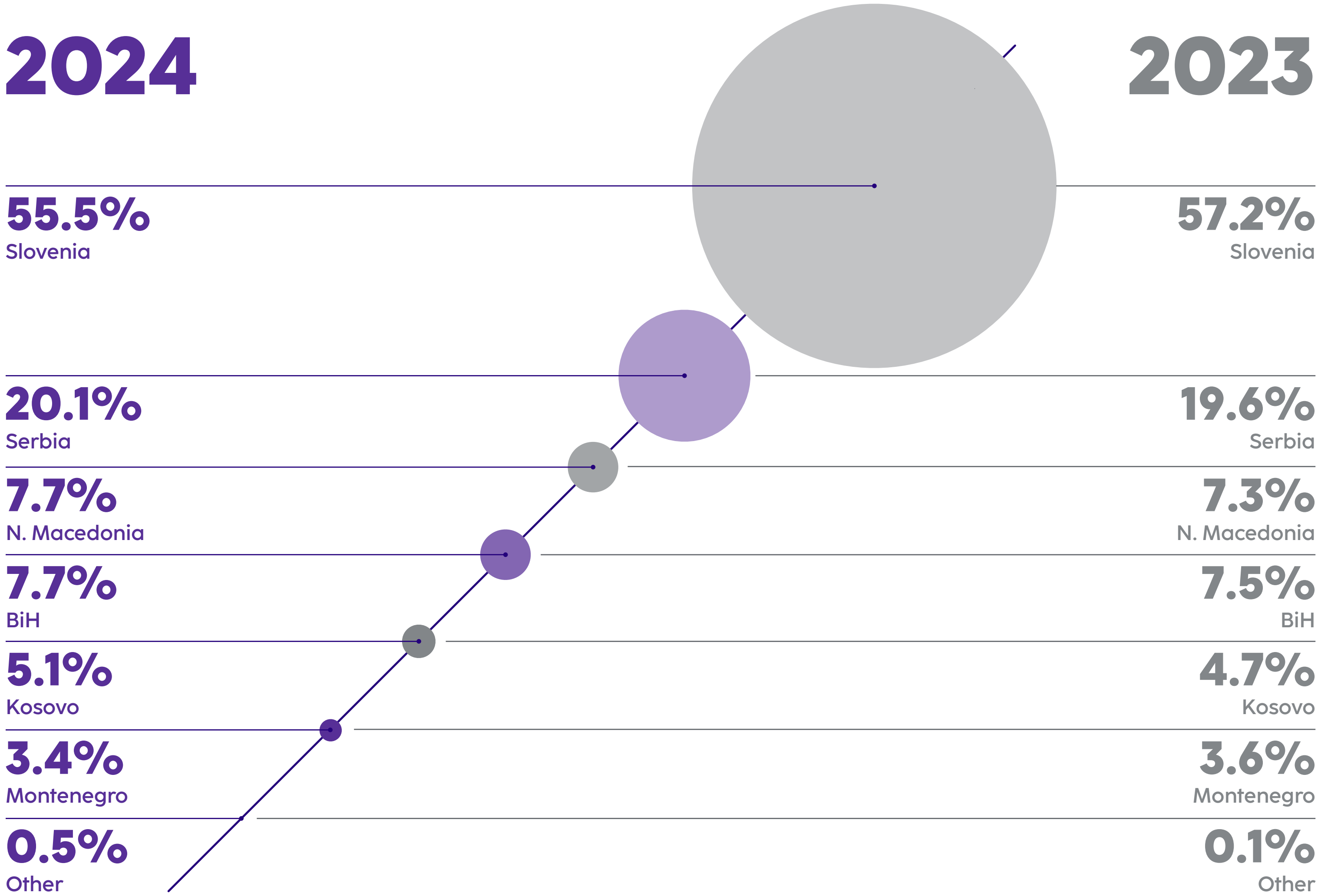
Assets

Figure 29: Total assets of NLB Group – structure (in EUR millions)



The distribution of total assets between countries was similar to the previous year, with growth in the SEE members outpacing the growth in Slovenia. 55.5% of the total assets related to the Group members were located in Slovenia and 20.1% in Serbia.

Figure 30: Total assets of NLB Group by country (year-end, in %)(i)



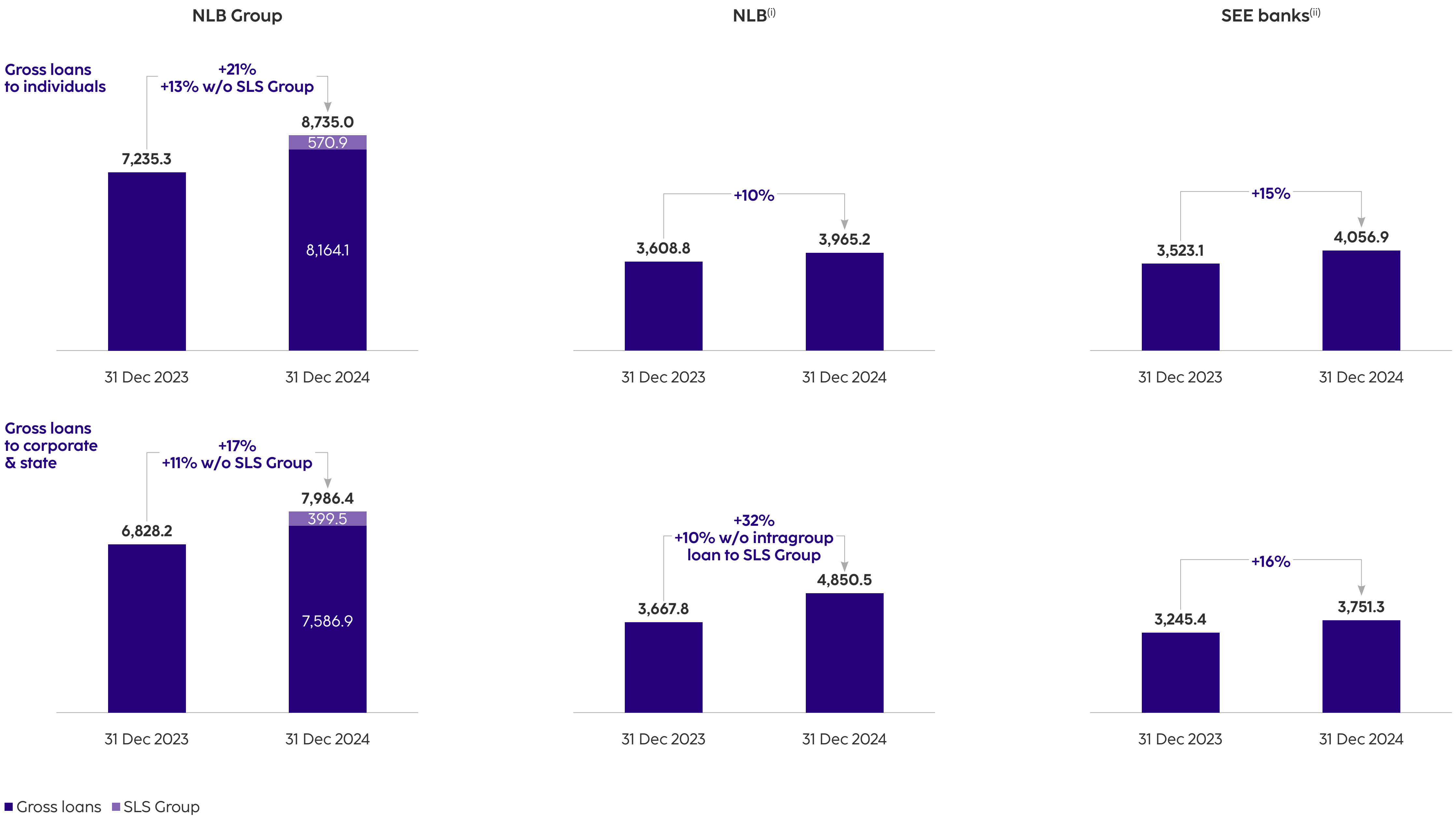
(i) The geographical analysis includes a breakdown of items with respect to the country in which individual NLB Group members are located.

Growth of **lending** in 2024 was very strong. In addition to a EUR 970.4 million YoY increase in gross loans from the SLS Group, the NLB Group achieved a 12% organic loan growth, expanding from EUR 14,063.6 million to EUR 15,751.0 million. Notably, high growth was recorded in NLB and SEE banks in both segments, individuals and corporate and state.

NLB recorded a 10% growth in gross loans to individuals, with stronger growth in the second half of the year. The new loan production was impressive, with over EUR 500 million in housing and consumer loans approved in 2024, reflecting a YoY increase of 30% and 38%, respectively. Corporate and state loans grew by 10%, excluding the intragroup loan to the newly acquired Summit Leasing Slovenija, Ljubljana.

In SEE banks, the 16% increase was recorded in loans to corporate and state, with especially strong growth in the last quarter in all bank members. The growth of the individual loans was similar, 15%.

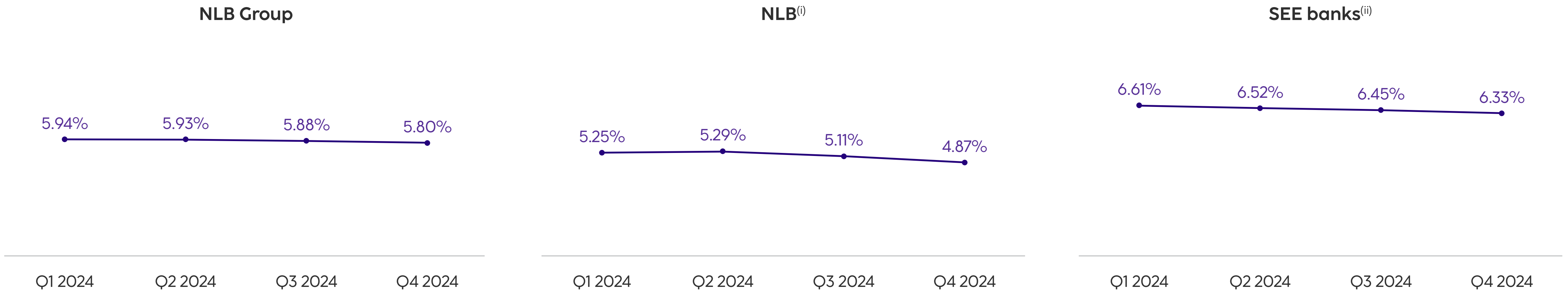
Figure 31: NLB Group gross loans to customers dynamics (in EUR millions)



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

Following the ECB's key interest rate cuts, quarterly interest rates for loans to customers began to decline in NLB and the SEE banks. However, on NLB Group level, this decline was partly mitigated due to higher yielding SLS Group portfolio.

Figure 32: Interest rates for loans to customers (quarterly, in %)



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

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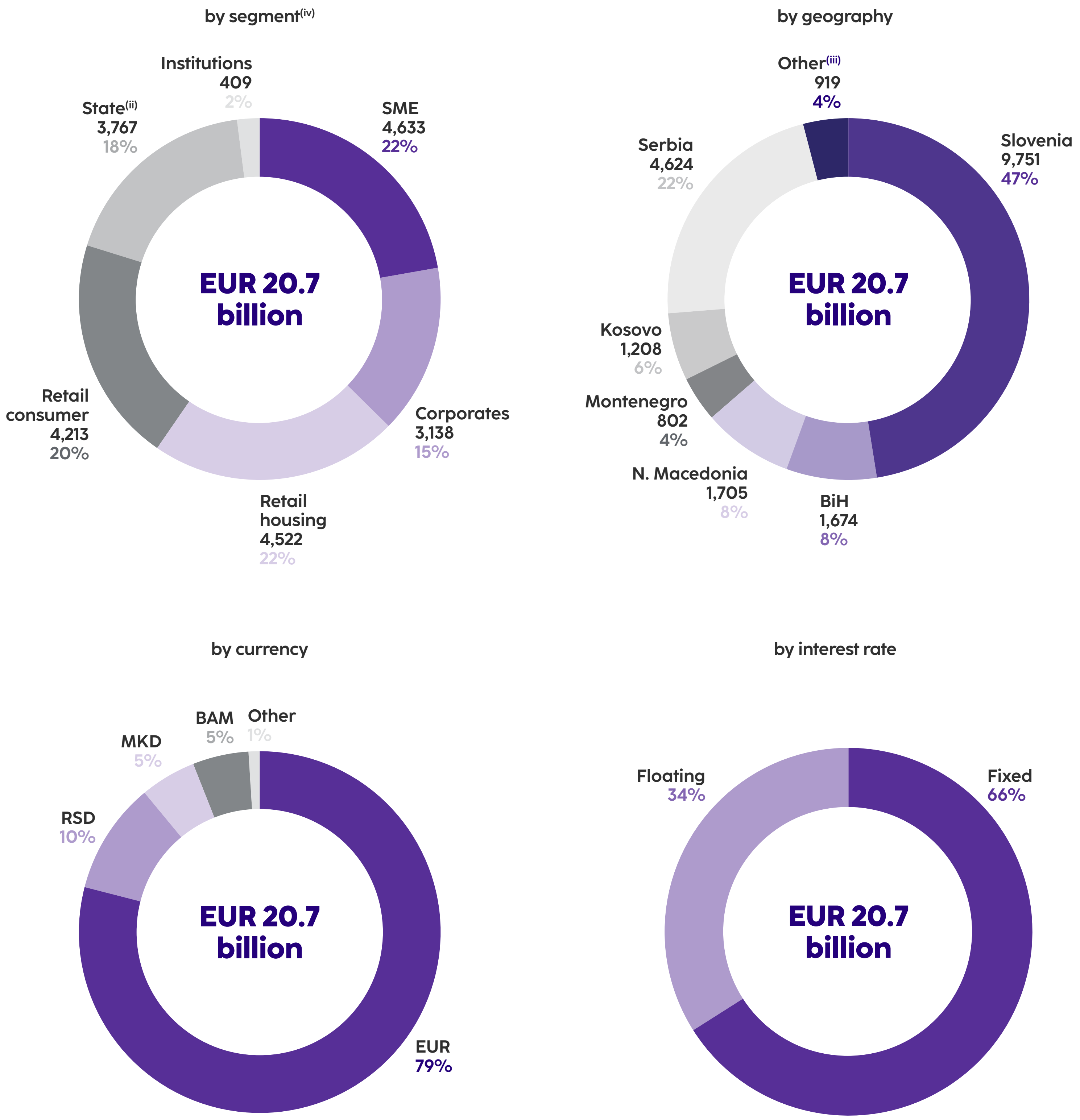
Despite significant portfolio growth in all NLB Group banks in the 2024, and the acquisition of the SLS Group, the loan portfolio remained well-diversified, and there was no large concentration in any specific industry or client segment. Consumer loans and leasing growth were noticed in the retail portfolio, however housing loans prevailed. Most of the loan portfolio is in the euro currency, while the rest in local currencies of the Group banking members. Looking at the type of interest rate, almost 66% of the loan portfolio was linked to a fixed interest rate, and the rest mainly to the Euribor reference rate.

Figure 33: Loan portfolio(i) by segment, geography, currency, and interest rate type (in EUR millions)



(i) The loan portfolio also includes account balances, required reserves at CBs, and demand deposits at banks.
(ii) State includes exposures to CBs.
(iii) The largest part represents EU members.
(iv) Segmentation following the company size defined in the Companies Act of an individual country in the region.

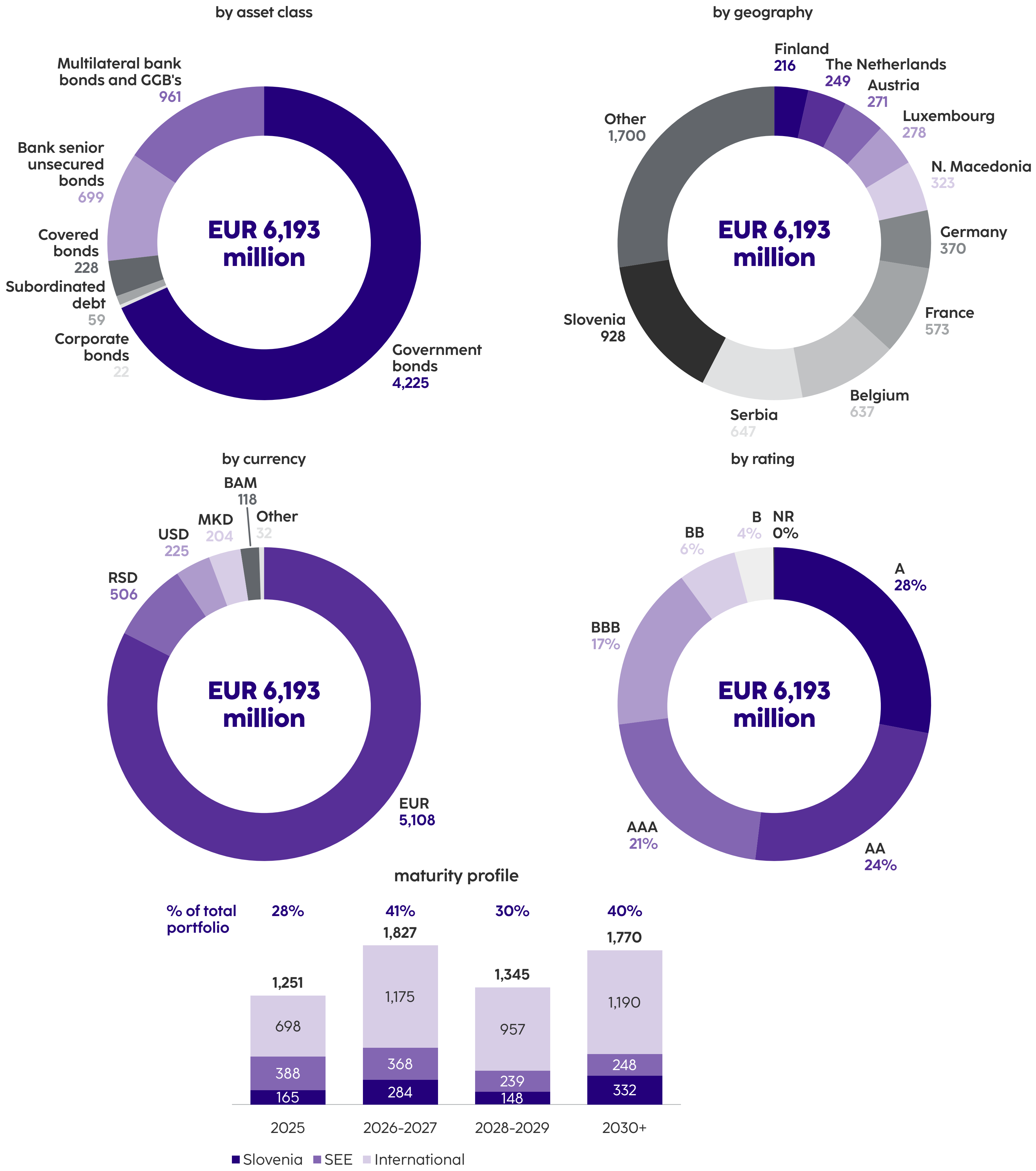
The **banking book debt securities portfolio** increased by EUR 1,506 million (book value) YtD, constituting 22.1% of the Group's total assets, compared to 18.1% in 2023. This increase was intentional to manage NII sensitivity in the declining rate environment. At the end of 2024, the portfolio's average duration was 3.6 years (up from 2.8 years in 2023), with an average yield of 2.49% in 2024, reflecting an increase of 0.82 p.p. from the previous year. The ESG portfolio expanded in 2024 and now represents 10.8% of the entire portfolio. Additional information is available in the Sustainability Statement of this Annual Report.

Two business models are implemented, dividing the portfolio into securities valued at fair value through other comprehensive income (FVOCI) and securities valued at amortised cost (AC). In managing NII sensitivity, the FVOCI portfolio declined by 6.34 p.p. in 2024, accounting for 39.84% of the total Group debt securities portfolio at year-end, with an average duration of 2.1 years. The negative valuation of the Group's FVOCI debt securities portfolio during 2024 amounted to EUR 30 million (the net of hedge accounting effects and related deferred taxes).

The AC portfolio amounted to 60.16% of the total Group debt securities portfolio at the end of 2024, with an average duration of 4.6 years. Unrealised losses of the Group's AC debt securities portfolio during 2024 amounted to EUR 18 million.

Information on **intangible assets** and their contribution to value creation within the Group is available in the chapter Strategy, and further in the Financial Report of this Annual Report.

Figure 34: Banking book debt securities portfolio by asset class, geography, currency, rating[7], and maturity profile as at 31 December 2024 (in EUR millions)



7 92% of non-investment grade securities relate to NLB Group's markets, i.e. exposures to Bosnia and Herzegovina, North Macedonia, etc.

Liquidity position

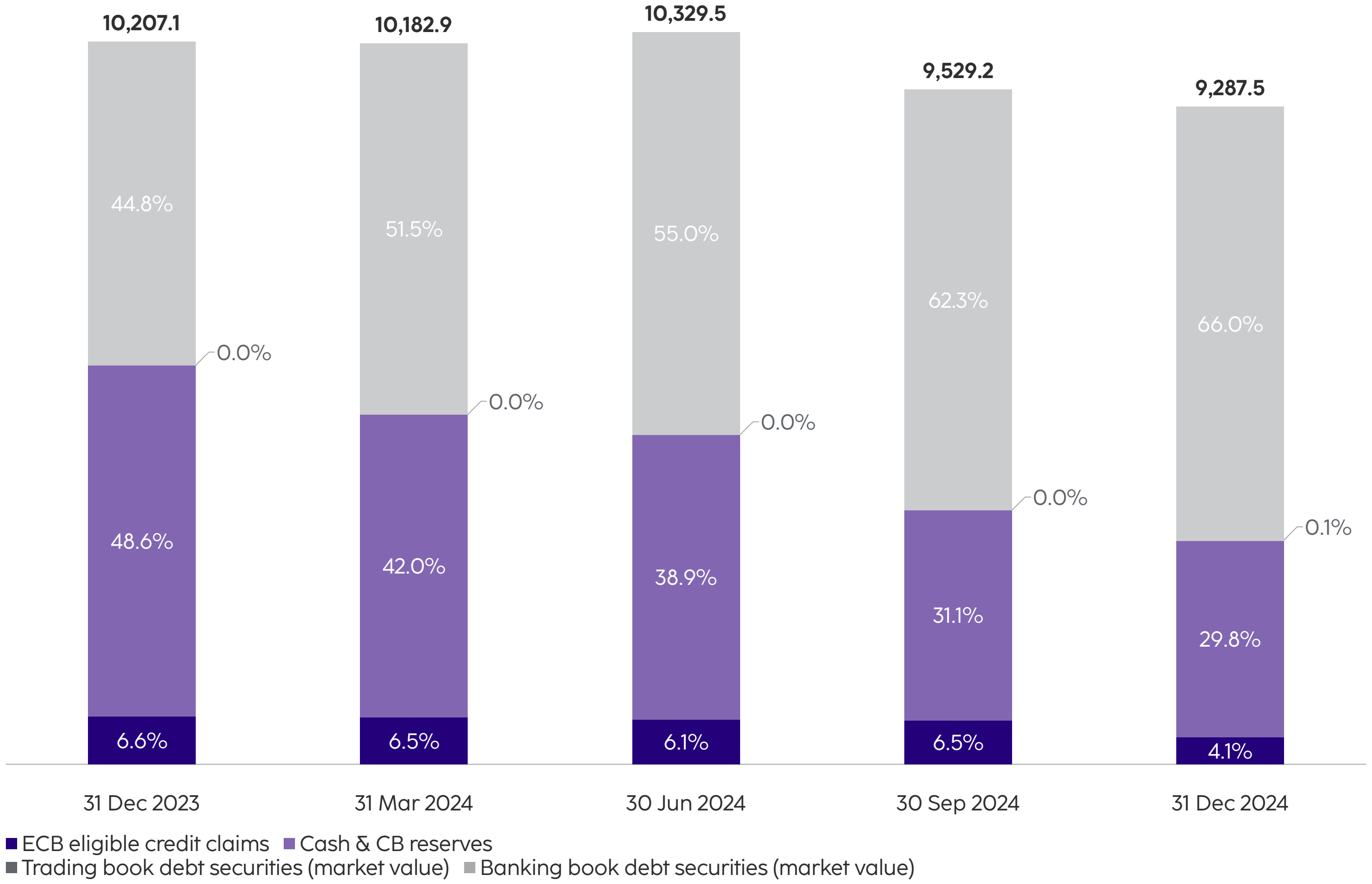
The Group's liquidity remains strong, with a high level of unencumbered liquidity reserves in total assets (33.2%) reflected in the LCR ratio of 197.2%, compared to 245.7% at the end of 2023. The Group holds a comfortable liquidity position, with liquidity ratios well above the risk appetite limit at the Group and individual banking member levels.

The Group's unencumbered liquidity reserves consist of cash, balances at central banks excluding the minimum reserve requirement, the debt securities portfolio, and credit claims eligible for CB-secured funding operations. Among others, these liquidity reserves provide the basis for future strategic growth.

In 2024, the Group's unencumbered liquidity reserves decreased by 9.0% YoY. The decline was primarily due to a reduction in Cash & CB reserves, mostly resulting from the acquisition of the SLS Group, with funds being transferred to the loan portfolio. At the same time, banking book debt securities increased, while values in other categories remained stable.

Encumbered liquidity reserves, used for operational and regulatory purposes, increased by 0.5% YoY to EUR 41.7 million (excluding obligatory reserves) and were excluded from the liquidity reserves portfolio.

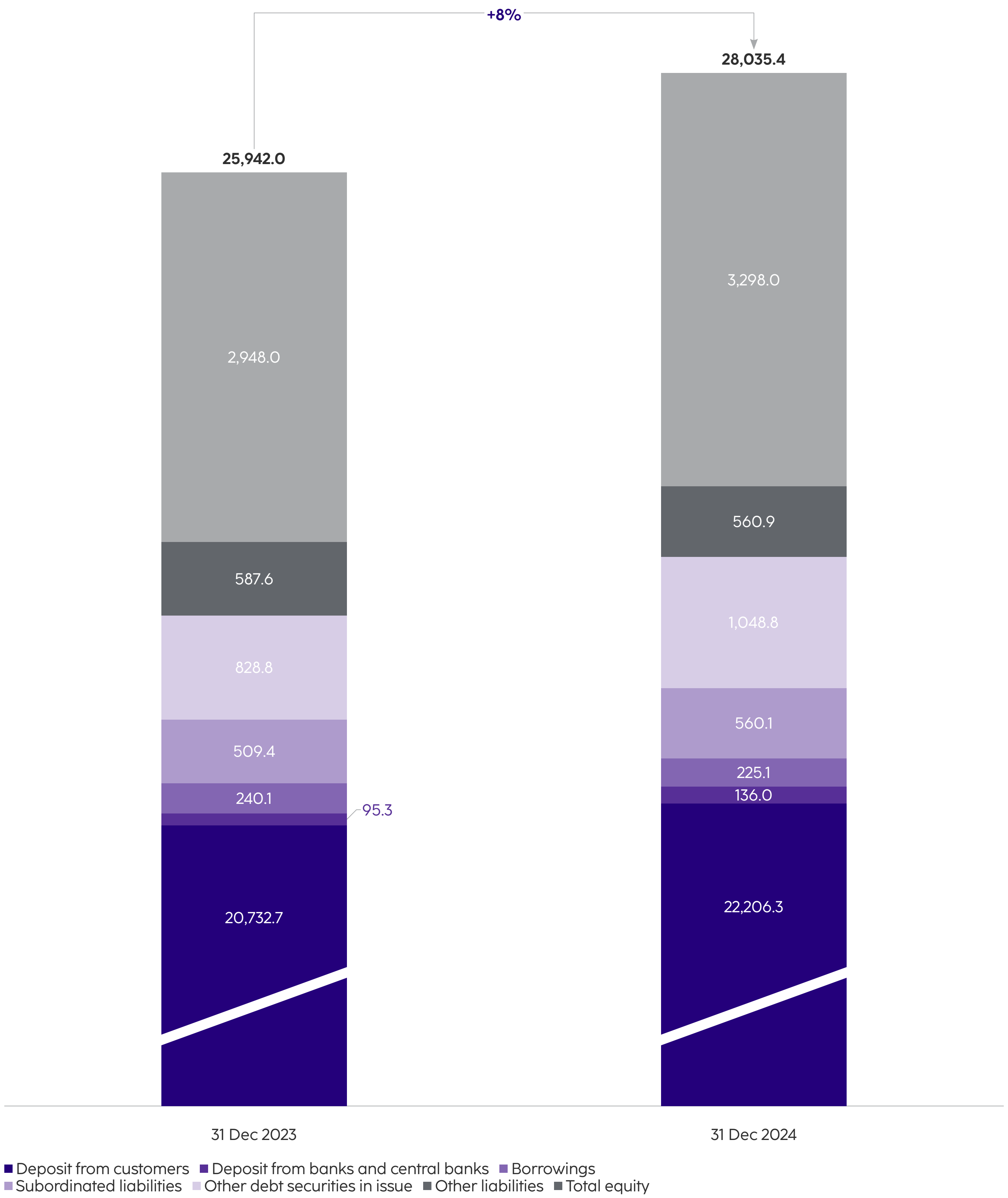
Figure 35: Evolution of NLB Group unencumbered liquidity reserves (in EUR millions)



Liabilities

The total liabilities of the Group increased and amounted to EUR 24,737.3 million, with an additional EUR 3,298.0 of total equity. The Group's funding base was dominated by customer **deposits**, accounting for 79%. Sight deposits prevailed; however, due to increased interest rates and attractive offers on term deposits – as a response to market conditions – the share of term deposits continued to grow in the first half of 2024, reaching 18% by the year-end (compared to 16% at the end of 2023). The majority of customer deposits came from individuals, accounting for 70%, the same as at the end of 2023.

Figure 36: Total liabilities of NLB Group – structure (in EUR millions)



Deposits from customers increased by 7% YoY. The largest increase of 15% was recorded in corporate and state deposits at the SEE banks due to the region's improved economic situation, especially in the second half of the year. The Bank's corporate and state deposit base remained stable, supported by an upswing in the second half of the year.

Moreover, deposits from individuals grew across all Group member banks. In the SEE banks, deposits increased by 11%, with steady growth throughout the year. NLB recorded a 5% growth in deposits from individuals. The volume of term deposits in NLB increased by EUR 163.6 million in 2024 as clients shifted from sight to term deposits starting in Q3 2023. Most of these term deposits matured in the last quarter of 2024, and due to declining interest rates, not all were renewed.

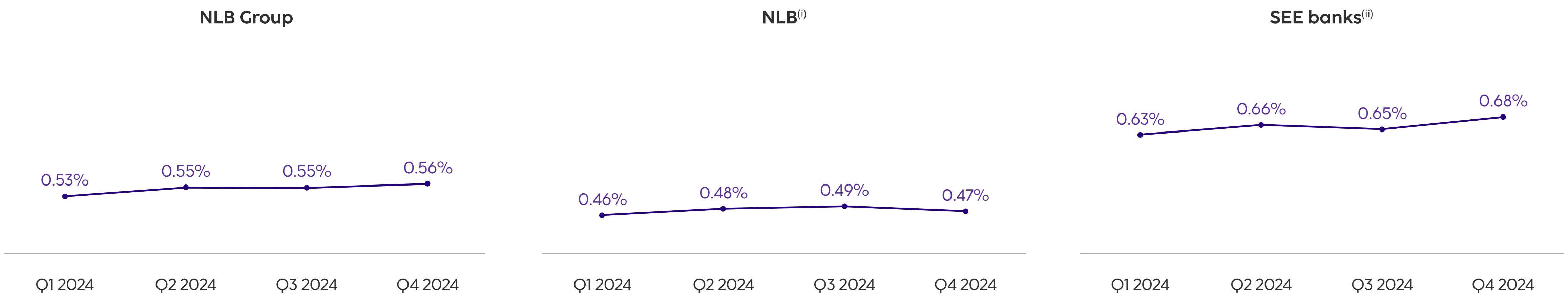
Instead, these funds were either allocated to alternative investments (e.g., mutual funds) or transferred to savings accounts. Consequently, the share of term and savings accounts in total deposits from individuals gradually rose to 51% (or EUR 4,537.5 million) by the year-end, compared to 48% (or EUR 4,061.9 million) on 31 December 2023. For more information on the average cost of funding, please refer to the chapter Funding Strategy, MREL Compliance, and Capital.

Figure 37: NLB Group deposits from customers dynamics (in EUR millions)

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

The ECB key interest rate cuts were reflected in the decrease in interest rates on deposits from customers in the Bank. However, some SEE banks increased the interest rates on deposits in the last quarter, particularly in December, to attract additional funding to support the loan portfolio growth.

Figure 38: Interest rates for deposits from customers (quarterly, in %)



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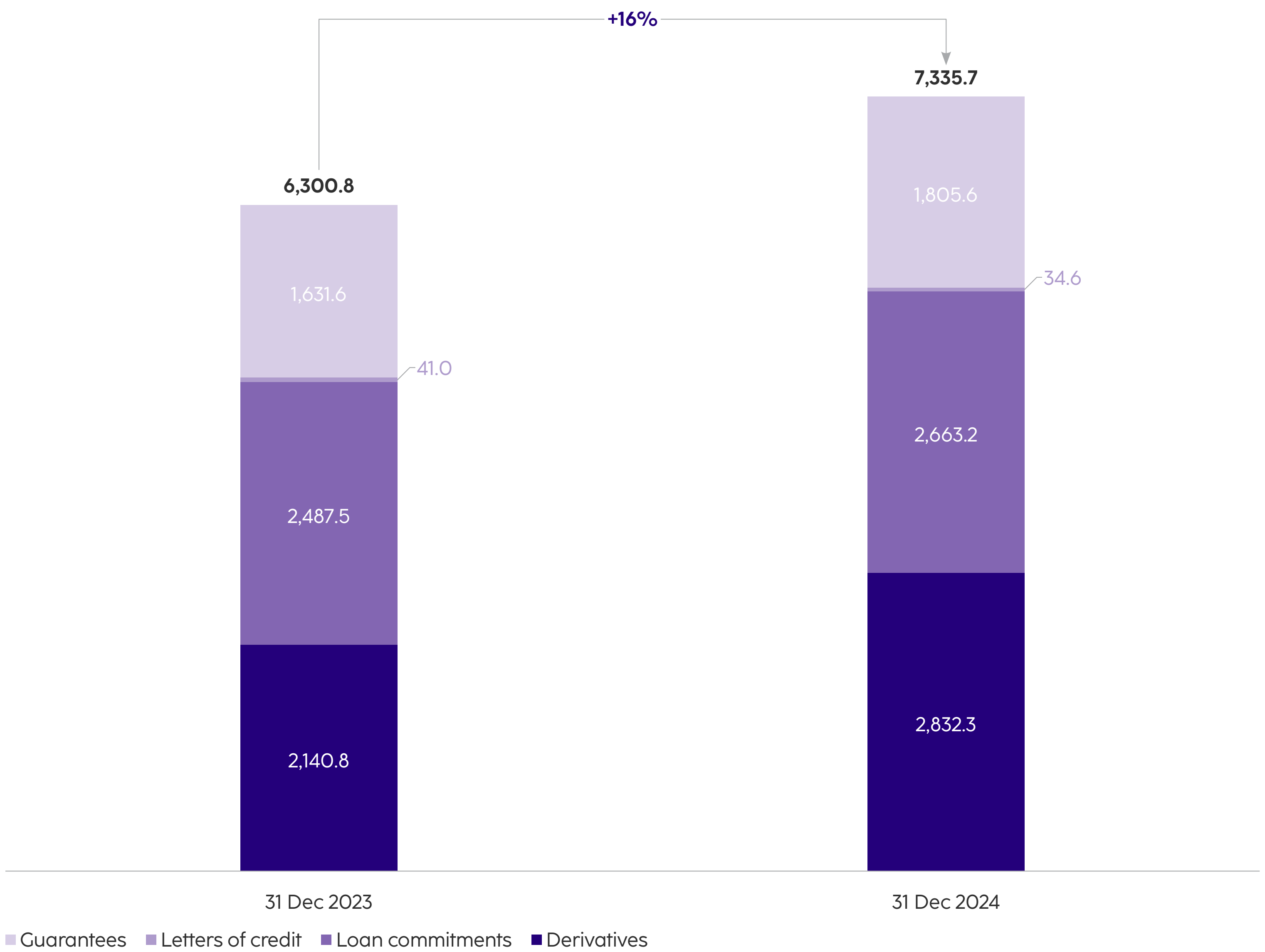
Off-balance sheet items

The Group's off-balance sheet items, primarily consisting of guarantees (25%), loan commitments (36%), and derivatives (39%), increased to EUR 7,335.7 million by the end of 2024. This growth was largely driven by increase in derivatives, mainly due to the hedging of issued NLB securities aimed at NII stabilisation (EUR 1.070 million in 2024).

The share of guarantees in off-balance sheet items remained stable, while the share of loan commitments – mainly divided between loans (56%), overdrafts (17% retail and 9% corporate), and cards (16%) – declined.

Figure 39: Off-balance sheet items of NLB Group (in EUR millions)



We provide comprehensive banking and financial solutions – in one place.

We put our customers first by providing extensive, innovative and simple services – from banking products to investments, leasing and insurance. After nearly 30 years, we re-entered the Croatian market, becoming the only bank offering at least one form of financing across all the markets of a former common country.

Segment Analysis*

Core Segments*

- **Retail Banking in Slovenia** covers individuals and micro companies, asset management (NLB Skladi, Ljubljana), and part of NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana operating with retail clients; as well as part of the result of the associated company Bankart.

- **Corporate and Investment Banking in Slovenia** covers Key Corporate Clients, SMEs, Cross-Border Corporate Financing, Investment Banking and Custody, Trade finance, Restructuring and Workout, and part of NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana operating with corporate clients.

- **Financial Markets in Slovenia** include treasury activities and trading with financial instruments while also presenting the results of asset and liability management (ALM).

- **Strategic Foreign Markets** consist of strategic banks in the Group operating in strategic markets (Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro), as well as the investment companies NLB Fondovi, Skopje and NLB Fondovi, Beograd[8], NLB DigIT, Beograd, and the leasing companies NLB Lease&Go Skopje, NLB Lease&Go Leasing Beograd, and Mobil Leasing, Zagreb.

- **Other** activities include categories, whose operating results cannot be allocated to specific segments (including newly established tax on the balance sheet), as well as the NLB Cultural Heritage Management Institute, and also Real Estate entities from 2024 (the latter were previously in the non-core segment).

Non-Core Segment*

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

Table 13: Segments of NLB Group

	NLB Group	Core Segments					Non-Core Segment
		Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Financial Markets in Slovenia	Strategic Foreign Markets	Other	Non-Core Members
Profit b.t. (in EUR millions)	608	247	95	-14	338	-54	-4
Contribution to Group's profit b.t.	100%	41%	16%	-2%	56%	-9%	-1%
Total assets (in EUR millions)	28,035	4,763	3,911	6,391	12,455	487	29
% of total assets	100%	17%	14%	23%	44%	2%	0%
CIR(i)	45.7%	39.2%	42.5%	/	46.1%	/	/
Cost of risk (bps)	14	68	20	/	-17	/	/

(i) Tax on the balance sheet excluded from the NLB Group calculation.

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

8 On 10 October 2024, KomBank Invest, Beograd was renamed NLB Fondovi, Beograd.
* The reference is made to this chapter from the Sustainability Statement chapter SBM-1 Strategy, business model, and value chain, the Table 13 excluded.

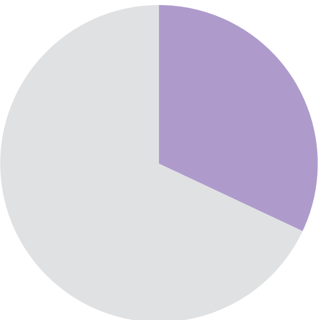
Retail Banking in Slovenia

The Bank's customer-focused approach has been key to its performance, strongly emphasising delivering innovative products and services tailored to client needs. Digital transformation remains central to the Group's strategy and reflects technological innovation. With significant growth in loans and asset management, the Bank remains committed to delivering excellence and enhancing user experience. The Bank retained its leadership in bancassurance, leveraging exclusive partnerships with major insurance providers to achieve strong business volumes. Strategic leasing operations expanded services for individuals and micro-clients, supported by branches' expert advisory teams. Operational excellence was also marked by the Contact Centre's 30th anniversary and branch network, which focuses on high-demand areas and integrating ESG components. These initiatives solidify the Bank's market leadership, customer focus, and commitment to innovation and sustainability.

Figure 40: Contribution to NLB Group

41%

Result b.t.



35%

Net interest income

40%

Net non-interest income

Financial and business performance

Table 14: Performance of the Retail Banking in Slovenia segment

in EUR millions consolidated

	2024	2023	Change YoY	
Net interest income	325.2	264.7	60.5	▲ 23%
Net interest income from Assets[i]	109.8	87.2	22.6	▲ 26%
Net interest income from Liabilities[i]	215.4	177.5	38.0	▲ 21%
Net non-interest income	123.1	102.3	20.8	▲ 20%
o/w Net fee and commission income	130.1	114.1	16.0	▲ 14%
Total net operating income	**448.3**	**367.0**	**81.3**	**▲ 22%**
Total costs	−175.9	−153.8	−22.0	▼ −14%
Result before impairments and provisions	**272.5**	**213.2**	**59.3**	**▲ 28%**
Impairments and provisions	−28.1	−32.6	4.5	▲ 14%
Share of profit from investments in associates and joint ventures	3.0	1.1	1.9	▲ 179%
Result before tax	**247.3**	**181.7**	**65.7**	**▲ 36%**

	31 Dec 2024	31 Dec 2023	Change YoY	
Net loans to customers	4,622.0	3,694.2	927.8	▲ 25%
Gross loans to customers	4,709.3	3,760.8	948.5	▲ 25%
Housing loans	2,678.8	2,483.5	195.4	▲ 8%
Interest rate on housing loans[ii]	3.14%	3.07%	0.07 p.p.	
Consumer loans	963.5	818.5	145.0	▲ 18%
Interest rate on consumer loans[ii]	8.31%	8.14%	0.17 p.p.	
Summit Leasing Slovenija	549.1		549.1	–
NLB Lease&Go, leasing, Ljubljana	132.7	98.2	34.5	▲ 35%
Other	385.2	360.6	24.6	▲ 7%
Deposits from customers	9,849.6	9,357.8	491.7	▲ 5%
Interest rate on deposits[ii]	0.49%	0.32%	0.17 p.p.	
Non-performing loans (gross)	95.7	77.3	18.4	▲ 24%

	2024	2023	Change YoY
Cost of risk (in bps)	68	56	12
CIR	39.2%	41.9%	-2.7 p.p.
Net interest margin[ii]	4.71%	4.17%	0.53 p.p.

(i) Net interest income from assets and liabilities using Fund Transfer Pricing (FTP).
(ii) The segment's net interest margin is calculated as the ratio between annualised net interest income (i) and the sum of average interest-bearing assets and liabilities divided by 2.

31.2% and 30.6% market shares in housing loans and consumer loans

Net interest income saw a 23% YoY increase, primarily due to higher volumes (including from the leasing acquisition) and the relatively high key ECB interest rate, which positively affected the segment's income from clients' deposits. The average interest rate on deposits increased by 17 bps YoY. In the last quarter of 2023, the Bank offered more attractive interest rates for term deposits and savings accounts for individuals, which customers perceived positively. Most of these deposits matured in the last quarter of 2024. Given the decline in interest rates, not all were renewed. Instead, these funds were either placed in alternative investments (e.g., mutual funds) or transferred to savings accounts.

Net fee and commission income increased by 14% YoY, driven by the significant growth of fees from investment funds, higher bancassurance client engagement, repricing of accounts and packages fees, and renegotiated conditions with the service providers in card operations.

The segment's **total costs** increased by 14% YoY, primarily due to higher employee costs and the inclusion of the retail part of Summit Leasing Slovenija, Ljubljana, in the segment.

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

The **segment's loan portfolio** increased by EUR 948.5 million YoY, with EUR 549.1 million attributed to Summit Leasing Slovenija, Ljubljana. Additionally, the retail part of NLB Lease&Go, leasing, Ljubljana, continued its robust growth, recording a 35% YoY portfolio increase.

Housing and consumer lending recorded strong YoY growth, increasing 8% and 18%, respectively. As a result, the segments' market shares of housing and consumer loans increased and reached 31.2% and 30.6%, respectively, compared to 30.2% and 29.8% as at 31 December 2023. In 2024, the Bank relaunched a successful edition of a housing loan campaign called, "Your Chance for a Quick Move," in which 100 young borrowers were rewarded by reimbursing three of their instalments of up to EUR 1,000. A new mortgage loan offer was introduced, including a property appraisal and an energy performance certificate with no approval fees. This initiative underscores the Bank's commitment to sustainability while simplifying the process for an improved customer experience, which resulted in boosting up the sales of green lending.

The **new loan production** was robust, with over EUR 500 million in housing and consumer loans approved in 2024, reflecting a YoY increase of 30% and 38%, respectively. Consequently, the market shares of the new production of housing and consumer loans in 2024 was also strong, at 36.6% and 33.6%, respectively, compared to 33.3% and 29.8% in 2023.

The **market shares of the segment** recorded an increase in retail lending to 30.4% (compared to 29.5% as at 31 December 2023) and in deposit-taking to 34.3% (compared to 33.5% as at 31 December 2023). The market share of short-term deposits remained relatively low, as clients prefer the very popular savings account (which is part of sight deposits) over traditional short-term deposits.

More than EUR 1 billion in new loans

Customer experience is our priority

The Bank's **product and service development** is primarily driven by the requirements and expectations of its clients. In addition, the Bank tailors its offer to suit specific segments and devises processes to support its clients' life situations. The sales approach and the offer are uniquely tailored to each segment, serving as the foundation for the Bank's initiatives and business models. To enhance user experience, the Bank is broadening its spectrum of services to cater to an array of diverse segments. During the year, the Bank also optimised accounts, and package offers to provide a clearer offering for customers.

The Bank tracks **customer satisfaction** using two key indicators: the Customer Satisfaction Index (CSI) which measures overall satisfaction, and the transactional Net Promoter Score (tNPS) which assesses satisfaction after interaction with the Bank (after obtaining a new product or service). The tNPS has shown consistent,

Figure 41: Market share of net loans to individuals and market share of deposits from individuals

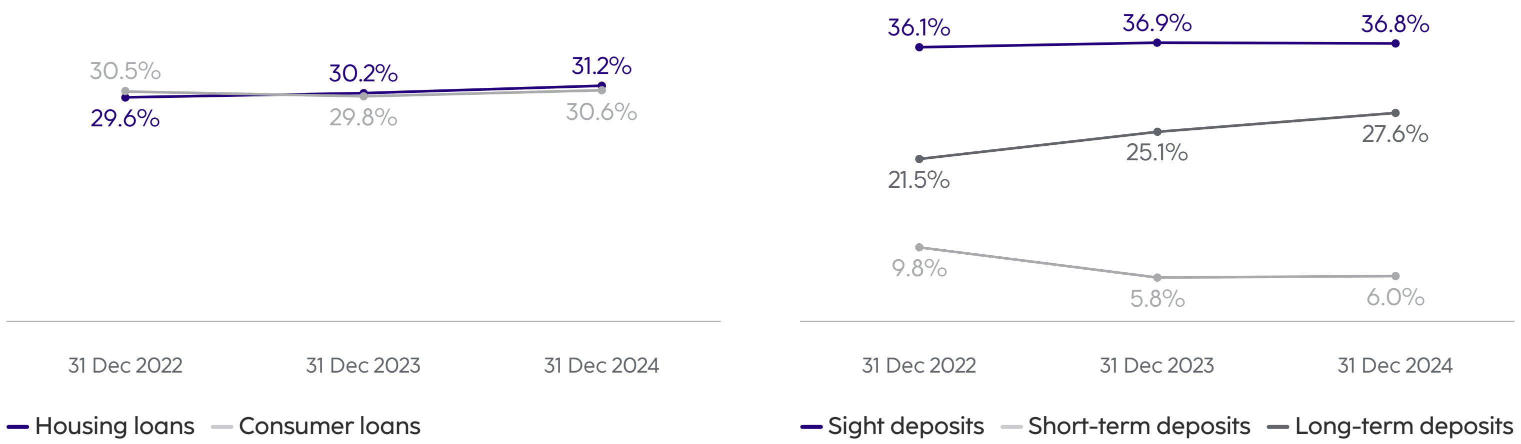


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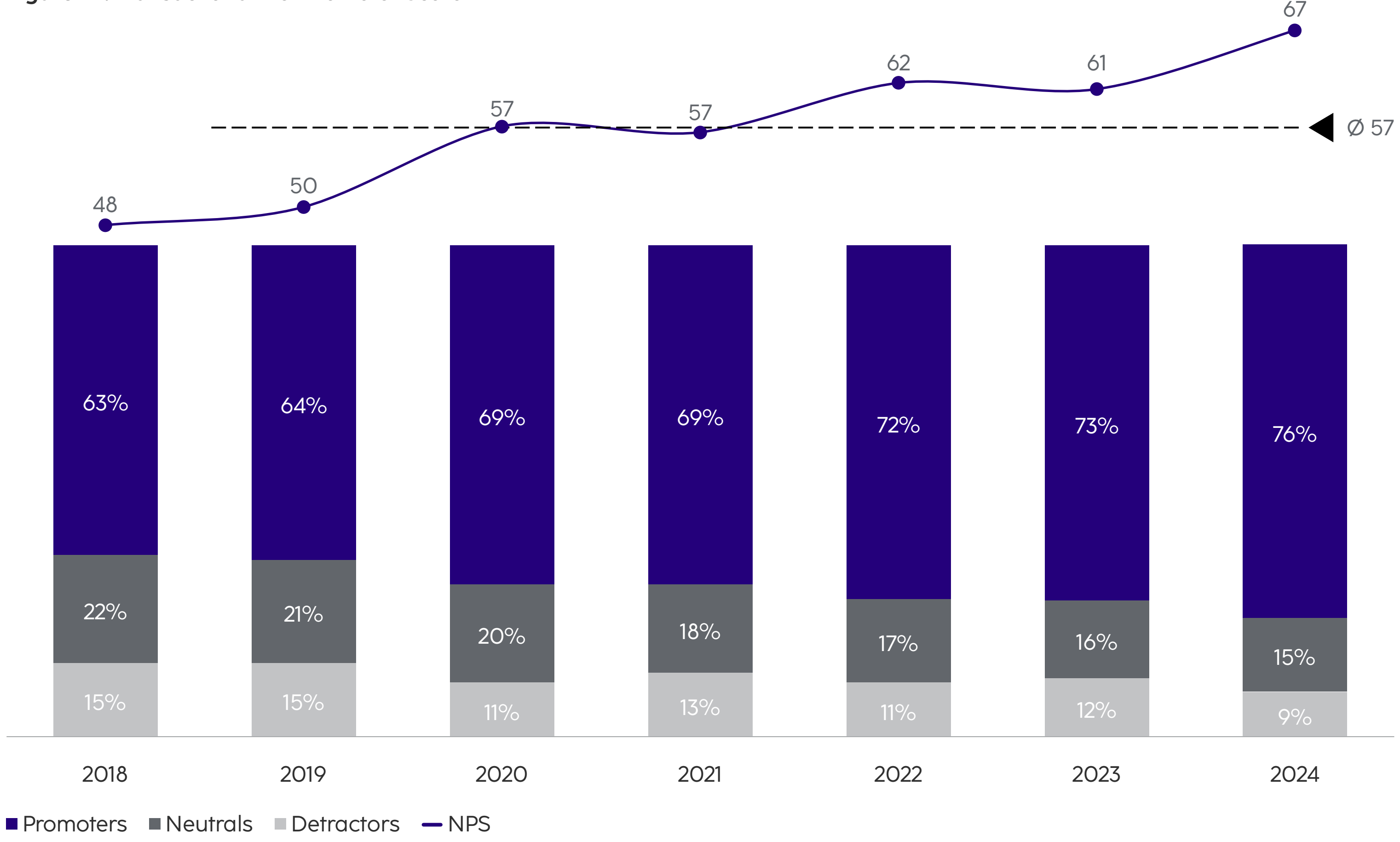
Figure 42: Transactional Net Promoter Score[i]



(i) Source: Enterprise Feedback Management tNPS (measuring satisfaction after completion of service or obtaining new product).

stable growth over the years and has increased by 6 i.p. YoY, reaching 67. The tNPS also indicates a stable level of satisfaction (the benchmark for the financial sector in 2024 is 55 based on the SurveyMonkey global benchmark), influenced mainly by strong satisfaction with advisory services.

The Customer Satisfaction Index indicator in Valicon's Client Satisfaction Survey (CSS) measures long-term client relationships. In 2024, the Bank's client satisfaction improved across all dimensions, surpassing the competition by 4 i.p. The Bank's advisors remain a key advantage, both in branches and in the Contact Centre.

Regaining position as

#1 Digital Bank

The E-laborat study further confirms the highest satisfaction increase happened in digital channels. According to their recent independent market evaluation, the Bank has reclaimed its position as the **best-ranking digital bank** among comparable banks in Slovenia.

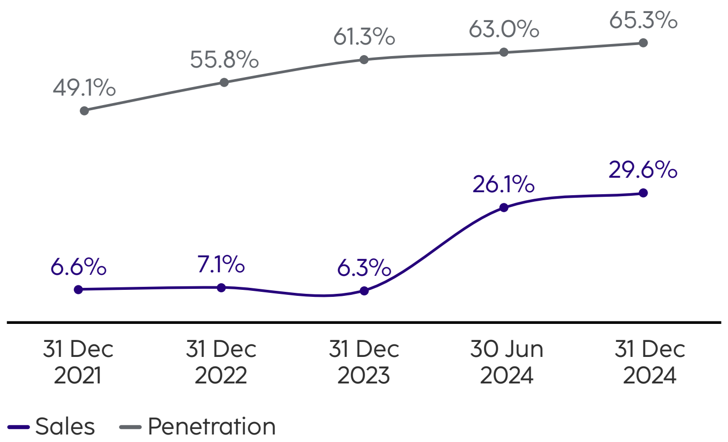
Available to our clients

The **digital bank NLB Klik** is an omnichannel solution which offers a broad range of banking functionalities. Its usage is primarily driven by its mobile application, recently recognised as the market's best mobile bank of 2024. Customers' digital activity is reflected in growing digital penetration, total digital sales share, and strong engagement levels.

The Bank witnessed an increase in digital users of 7% YoY, with active digital penetration of 4 p.p. YoY, and a significant boost in digital sales of 23.3 p.p. YoY. Digital sales growth was supported by the launch of new automated processes for daily banking products – especially credit card limits and overdrafts, which are considered less complex – and by differentiated pricing with discounted approval costs for loans concluded through NLB Klik.

Digital engagement, measured by the average number of logins per active digital user (21 logins), grew rapidly in 2024, moving the Bank towards CE digitally more advanced banks.

Figure 43: Digital sales[i] and digital penetration[ii]



(i) Share of the volume of digitally sold products in the total volume of sales for comparable products.
(ii) Share of active digital users in # of clients with an active transactional account.

The Bank aims to optimise its **branch network** by closing less profitable offices and opening new ones in more densely populated areas or locations where it currently has no presence. After a long period, a new branch office has been opened, while at the same time renovations of the existing offices ensure improved accessibility for people with impairments.

Employees in the Bank's branch offices assist clients daily in transitioning to digital and cashless transactions, enabling faster and more independent future operations. This allows employees to better utilise their expertise and to focus on advisory roles for more complex products, as branches increasingly serve as hubs for affluent customers. As the first step in improving the user experience for these clients, the Bank launched the Premium Plus 24/7 customer service line, providing round-the-clock assistance. To further value clients' precious time, an appointment booking option was introduced that allows them to schedule branch visits or video calls at their convenience.

The **micro segment** presents a rather challenging segment, as it intertwines the characteristics of private individuals and legal entities. The Bank strongly emphasises the micro business segment, recognising its potential for growth and innovation. By providing dedicated advisory and support, effective processes, and tailored offers, the Bank aims to empower micro businesses to navigate challenges, seize opportunities, and thrive. The Bank's efforts are committed to fostering a supportive and dynamic environment for micro businesses.

Further strengthening position of Top Retail banking institution in Slovenia

In 2024, the **Contact Centre** (CC) marked a significant milestone – 30 years of successful operation as the Bank's 24/7 customer support hub. During this time, the CC has proved flexible and responsive to clients' evolving needs and has become a well-known service for the Bank's customers.

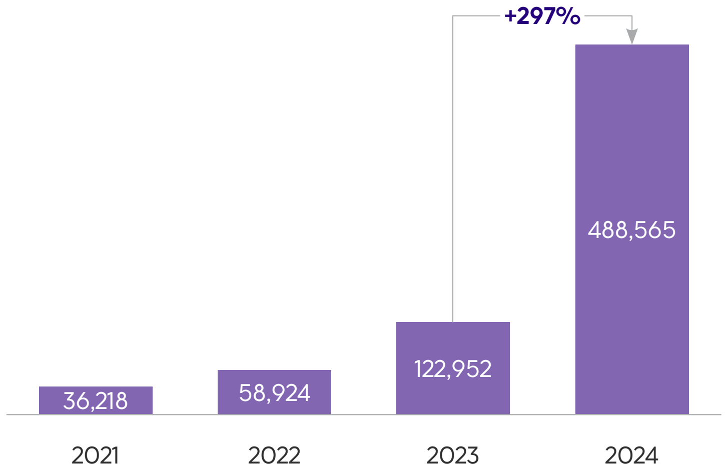
With the implementation of the first chatbot on the Bank's website, the automation of simple inquiries continues, enabling highly qualified advisors to focus on finding the best solutions for more complex needs. Improving the customer experience at every stage of the Bank's service development is an advantage in further developing the CC as the virtual bank and specialist for customer care.

In 2024, the CC expanded support for micro businesses and significantly strengthened fraud prevention. Communication via video call enabled CC to facilitate 10.9% of key retail product group sales. Furthermore, good Bank practices are shared and expanded in the Group's banks.

With one of the largest **ATM** networks in the country, the Bank will also introduce a **Cash Deposit System** (CDS) machine to enhance cash service for legal entities, with pilot use already underway.

Digitalisation of payments redirects clients to non-cash business, with the convenient Group's mobile wallet **NLB Pay** solution integrating the most used wallets Google Pay, Apple Pay, and Garmin Pay. The app allows users to easily confirm their e-commerce purchases and Flik payments. Further optimisation was achieved by transferring SMS purchase alerts to push notifications within the NLB Pay app, making it even more convenient for clients.

Figure 44: NLB Pay volume of transactions (in EUR thousands)



In **acquiring business**, the Bank is running cooperation with selected partners to acquire new merchants, focusing on micro segment merchants. Another important solution is the Group's mobile POS terminal solution, the **NLB Smart POS**, which is most suitable for small businesses, enabling them to provide simple, fast, and safe services. Several marketing campaigns were also successfully presented in cooperation with selected merchants, focusing on pushing the acquiring card instalments and payments with cards by using NLB Pay.

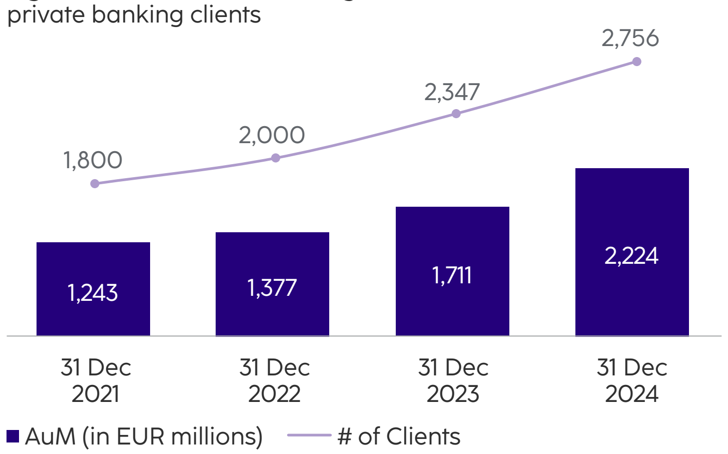
Added value for our clients

Private banking is a leading banking provider for this segment in the market and an integral part of the Bank's offering. The Bank provides comprehensive

Significant progress in digital sales

wealth management, combining banking and financial products, and a full spectrum of advisory services. Products and services are carefully selected and tailored to meet the unique needs of clients, which is a base expanded by 17% YoY. A substantial 30% YoY growth in assets under management was recorded, which doubled in just four years, and reflects a successful approach, new product introductions, and improved internal processes.

Figure 45: Assets under management and the number of private banking clients

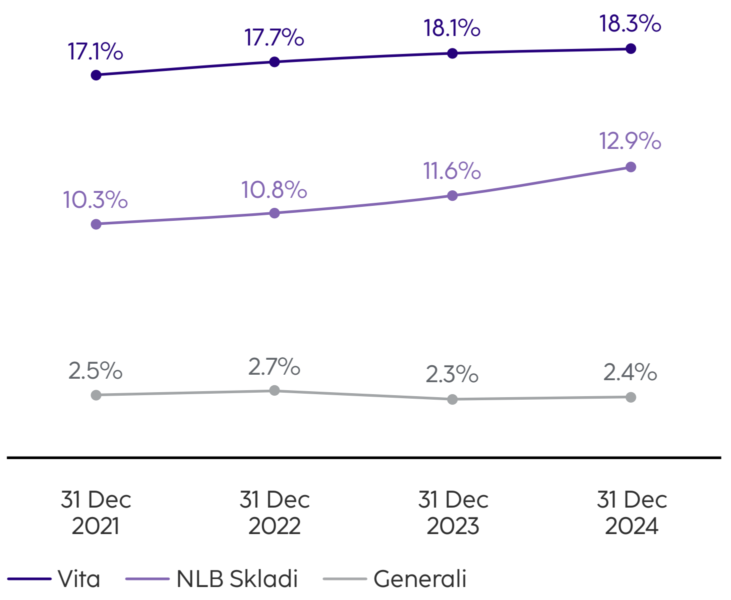


NLB Skladi, Ljubljana, Slovenia's largest asset management company, achieved two milestones in 2024: surpassing EUR 3 billion in assets under management and generating EUR 286.1 million in annual net inflows, which accounted for 55% of all net inflows in the market. Annual gross inflows in mutual funds reached EUR 395.4 million, compared to EUR 260.9 million in 2023. The market share of assets under management in mutual funds reached 40.7%. The total assets under management grew by 29.1% YoY, reaching EUR 3,047.7 million, with EUR 2,544.8 million from mutual funds and EUR 502.9 million from the discretionary portfolio. NLB Skladi, Ljubljana, has introduced a new service, the management of alternative investment funds. It has also completed the acquisition of Generali Investments, Skopje (which was later rebranded to NLB Fondovi, Skopje), and transferred the ownership of the Serbian asset management company KomBank Invest, Beograd (which was later rebranded to NLB Fondovi, Beograd).

Leading the market in Asset management and Bancassurance

The Bank has been the largest **bancassurance** provider on the market for several years. To its long-term partners, the insurance companies Vita, življenjska zavarovalnica, Generali Zavarovalnica, and Zavarovalnica Triglav, Zavarovalnica Sava was added as a provider of property insurance products. Vita's model of exclusive distribution of life insurance products resulted in excellent overall insurance premium volumes.

Figure 46: Active clients' penetration of ancillary business

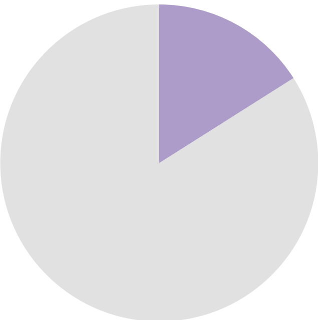


In cooperation with **NLB Lease&Go, leasing, Ljubljana**, the Bank expanded its range of financial services to private individuals and the micro segment. Expert advice and high-quality financial services are available within branch offices, where clients can choose the best leasing solution tailored to their needs and select car insurance, all provided by licenced advisors.

Corporate and Investment Banking in Slovenia

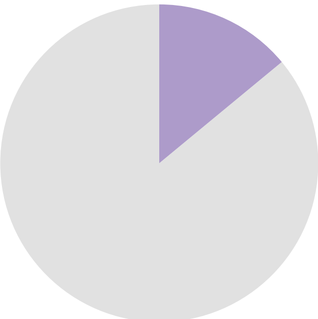
The Bank reaffirmed its position as a leading and systemic player in its home region. It supports corporate clients with daily banking and tailor-made comprehensive solutions, including trade finance, corporate finance, and cross-border financing. The Bank also strongly emphasises sustainability in all its operations.

Figure 47: Contribution to NLB Group



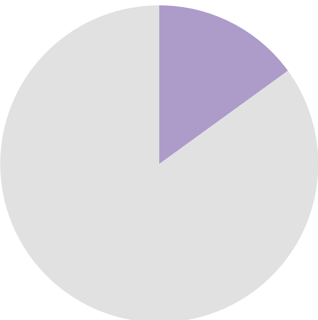
16%

Result b.t.



14%

Net interest income



15%

Net non-interest income

Financial and business performance

Table 15: Performance of the Corporate and Investment Banking in Slovenia segment

in EUR millions consolidated

	2024	2023	Change YoY	
Net interest income	131.7	106.5	25.3	▲ 24%
Net interest income from Assets[i]	81.6	62.2	19.4	▲ 31%
Net interest income from Liabilities[i]	50.1	44.3	5.8	▲ 13%
Net non-interest income	47.1	42.7	4.4	▲ 10%
o/w Net fee and commission income	41.1	40.2	0.9	▲ 2%
Total net operating income	**178.8**	**149.2**	**29.6**	▲ 20%
Total costs	−76.0	−70.2	−5.9	▼ −8%
Result before impairments and provisions	**102.8**	**79.0**	**23.8**	▲ 30%
Impairments and provisions	−7.6	7.9	−15.5	–
Result before tax	**95.2**	**86.9**	**8.3**	▲ 10%

	31 Dec 2024	31 Dec 2023	Change YoY	
Net loans to customers	3,871.8	3,360.2	511.6	▲ 15%
Gross loans to customers	3,946.4	3,413.2	533.2	▲ 16%
Corporate	3,749.1	3,306.7	442.4	▲ 13%
Key/SME/Cross Border Corporates	3,250.0	3,049.5	200.4	▲ 7%
Interest rate on Key/SME/Cross Border Corporates loans[ii]	*5.07%*	*4.54%*	*0.53 p.p.*	
Investment banking	0.1	0.1	0.0	▼ −15%
Restructuring and Workout	108.2	97.7	10.5	▲ 11%
Summit Leasing Slovenija	203.8		203.8	–
NLB Lease&Go, leasing, Ljubljana	187.1	159.4	27.7	▲ 17 %
State	196.1	105.6	90.5	▲ 86%
Interest rate on State loans[ii]	*5.60%*	*5.95%*	*−0.35 p.p.*	
Deposits from customers	2,392.0	2,471.8	−79.8	▼ −3%
Interest rate on deposits[ii]	*0.37%*	*0.28%*	*0.09 p.p.*	
Non-performing loans (gross)	79.9	61.8	18.0	▲ 29%

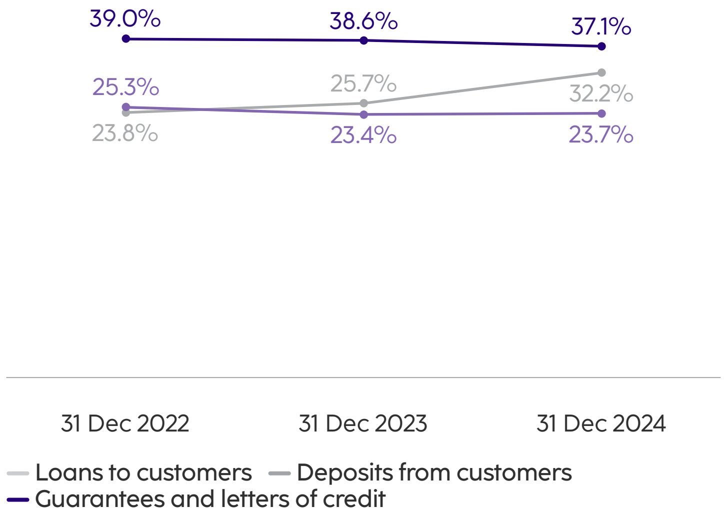
	2024	2023	Change YoY
Cost of risk (in bps)	20	−36	56
CIR	42.5%	47.1%	-4.5 p.p.
Net interest margin[ii]	4.11%	3.55%	0.56 p.p.

(i) Net interest income from assets and liabilities using FTP.
(ii) The segment's net interest margin is calculated as the ratio between annualised net interest income (i) and the sum of average interest-bearing assets and liabilities divided by 2.

32.2%
market share in loans to customers

In the Corporate and Investment Banking segment, the Bank maintains its long-standing tradition and commitment to sustainable and long-term business relationships. Serving over 11,000 corporate clients, it holds a market share of 32.2% in loans and 23.7% in deposits. The business's principal revolves around customer centricity and addressing clients' actual needs. The Bank provides extensive and customised financial solutions to support the broader economy.

Figure 48: Market share in Corporate Banking in Slovenia



Net interest income increased substantially by 24% YoY, driven primarily by the rise in loan volume and the relatively high key ECB rate, which positively impacted the net interest income from clients' deposits. Deposit interest rates, being less sensitive to interest rate volatility, also contributed to higher segment income.

The **volume of gross loans** grew by EUR 533.2 million YoY, with nearly half related to the acquired corporate part of Summit Leasing Slovenija, Ljubljana's loan portfolio. The organic growth was mainly recorded in the Key and Cross-Border segments.

Following a significant decline in **deposits** during the first half of the year, a rebound occurred in the second half, resulting in an overall 3% decrease.

Net fee and commission income increased by 2% YoY, primarily due to the fees from the RoS bond issue, brokerage services, and guarantees.

Total costs rose by 8%, mainly driven by higher employee costs and the inclusion of the corporate part of Summit Leasing Slovenija, Ljubljana, in the segment.

Impairments and provisions were net established in the amount of EUR 7.6 million due to changes in risk parameters and portfolio development.

Comprehensive solution offering

As a key and important systemic player in the financial market, the Bank raises awareness and supports clients in the **region's development in ESG and sustainable finance** through proactive advisory services. In this way, it increases its share in financing the green transformation of companies in Slovenia and the wider region. The Bank primarily finances renewable energy sources, electrical distribution networks, sustainable construction and building renovations, and sustainable mobility.

Strong focus on
green financing

Cross-border activities saw substantial development in 2024. The cross-border outstanding loan portfolio reached EUR 595.1 million, with an additional approved and still unutilised loans of EUR 126.8 million. A significant portion of this financing focused on green and sustainable projects in the home region, supporting other key industries such as telecommunications, energy, and real estate. Outside the home region, activities are concentrated on Schuldschein loans, granted to large international investment-grade rated companies that are mainly in Central and Western Europe. Additionally, the Bank is exploring options to engage in international syndication deals in the transition finance universe.

The **trade finance business** remained stable, with a high market share of 37.1% for the guarantee business and a slightly higher share in documentary transactions. Besides supporting all major infrastructure projects in Slovenia and the region, the Bank's guarantee is recognised as the most requested and accepted instrument for securing all types of risks in trade, economy, and construction worldwide, which is reflected in approximately 10% annual growth in volume and income. Through all types of letters of credit, which are also structured to enable financing, the Bank reduces payment and performance risks for exporters and importers. A strong focus has been given to all different versions of receivables and payment financing, where the Bank is expanding its product range with interfactoring and thus maximising synergies among the NLB Group members.

37.1%
market share in guarantees and letters of credit

The Bank remains one of the top Slovenian players in **custodian services** for Slovenian and international clients. At the end of the year, the total value of assets under custody on domestic and foreign markets stood at EUR 13.1 billion compared to EUR 18.6 billion as of 31 December 2023. This change follows the transfer of a client portfolio to an account with the Slovenian CSD, as required by the EU regulation, after several years of successful cooperation.

In 2024, **brokerage services** experienced substantial YoY growth, where the Bank executed client buy and sell orders of EUR 2.56 billion, reflecting an increase of 107% compared to the previous year. In dealing with financial instruments, foreign exchange spot deals amounted to EUR 1.796 billion, while transactions involving derivatives reached EUR 256.7 million.

Overview
MB Statement
SB Statement
Key Highlights

Business Report
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Risk Factors & Outlook
Performance Overview
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NLB Group Key Members
Risk Management

Sustainability Statement

Financial Report

17%
annual growth in NLB Lease&Go, leasing, Ljubljana corporate portfolio

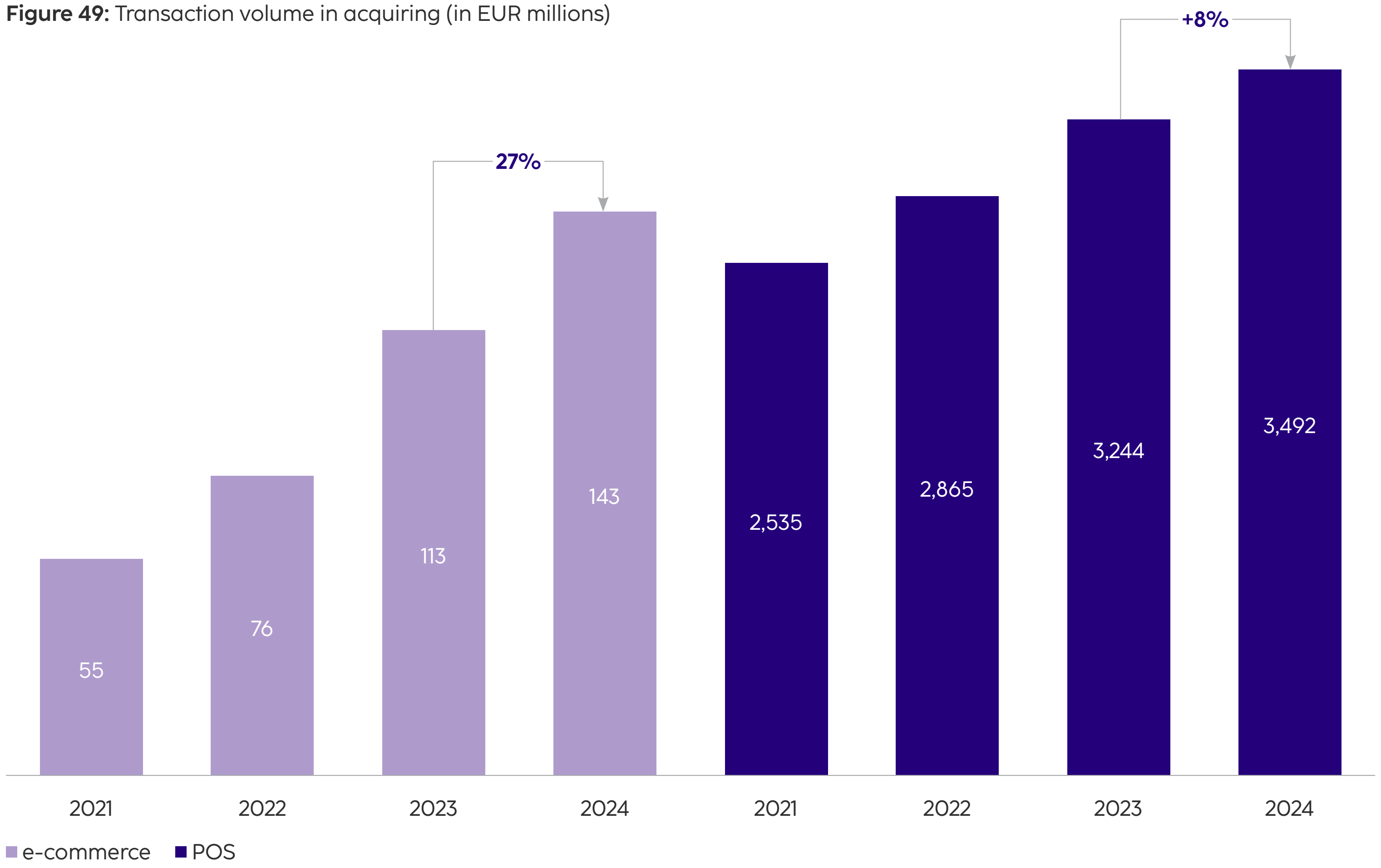
The Bank has been actively engaged in **financial advisory** sector, which includes M&A and advisory business, the organisation of syndicated loans, and bond issuance. It acted as a sole mandated lead arranger for syndicated loans of EUR 112.6 million, with NLB participation amounting to EUR 50.8 million. Additionally, the Bank played a key role in organising bond issuances, acting as a sole lead manager or joint lead manager for bonds in the nominal amount of EUR 1.188 billion. NLB was also a joint lead manager and distributor of the RoS's first retail bond in the nominal amount of EUR 258 million.

Intermediary business for **NLB Lease&Go, leasing, Ljubljana** remained a focus of the Bank's commercial activities, with the goal of providing clients with the best possible financing solutions for vehicles and equipment. The **acquisition of Summit Leasing Slovenija, Ljubljana**, resulted in the leasing portfolio in this segment expanding notably in Q3 2024, which strengthened the focus on leasing activities.

The main focus in **acquiring business** was on retention and gaining market share. Several initiatives were launched to increase usage and onboard new classic/ NLB Smart POS and E-Comm users. The NLB Smart POS marketing campaign, offering a two-month free trial period, successfully ended in December 2024 with merchants adopting a NLB Smart POS. Additionally, a pilot cooperation with Lab4Pay (Elly POS), particularly with Billy POS for new merchant onboarding, has been introduced. An evaluation of this partnership model will be conducted in January 2025 to determine the next steps.

There were also commercial achievements in 2024, particularly well-received marketing campaigns in cooperation with selected partners, focusing on

Figure 49: Transaction volume in acquiring (in EUR millions)



acquiring card instalments and payments with cards via NLB Pay.

In 2024, NLB upgraded its card offerings with the option for digitalisation via Apple Pay and Garmin Pay, following the introduction of Google Pay in 2023. The Bank started replacing traditional SMS notifications with modern push notifications in the NLB Pay mobile wallet.

The Bank was the leading bank in introducing instant payments in Slovenia and remains the only bank enabling m-bank users to automatically send out transactions as instant payments – every day of the year in Slovenia and the SEPA area.

As the first banking group in the SEE, the Group enables services arising from the SWIFT Global Payment Initiative, an international payments service enabling banks to transfer money faster and more safely worldwide. At the same time, it enables full tracking of payment orders and monitoring of related costs.

NLB is the **bank of choice** for most corporate clients in Slovenia

Financial Markets in Slovenia

The segment focused on the Group's operations in international financial markets, including ALM, treasury functions, correspondent banking, and wholesale funding. Throughout the period, there was a strong focus on managing liquidity reserves prudently amid the evolving interest rate environment, alongside efforts to stabilise net interest income (NII). The Bank actively participated in international capital markets, issuing EUR 300 million in Tier 2 notes and EUR 500 million in senior preferred notes. Correspondent banking played a key role in facilitating international transactions and supporting the Group's global operations.

The **trading and treasury** result reached EUR 33 million (of which net interest income EUR 29.8 million and net non-interest income EUR 3.2 million), reflecting a YoY increase of 27.9% (after FTP). This growth was driven by a larger securities portfolio and more efficient reinvestment of maturing assets, and focusing on optimising risk-return metrics.

The Bank successfully issued 10NC5 subordinated Tier 2 notes of EUR 300 million in January to optimise and strengthen its capital position and 6NC5 senior preferred notes of EUR 500 million in May. Both issuances also count towards meeting the MREL requirement.

Financial and business[9] performance

Table 16: Performance of the Financial Markets in Slovenia segment

in EUR millions consolidated

	2024	2023	Change YoY	
Net interest income	−4.1	37.8	−41.8	–
Net interest income w/o ALM(i)	29.8	23.1	6.7	▲ 29%
o/w ALM(iii)	−33.9	14.6	−48.5	–
Net non-interest income	3.2	2.7	0.6	▲ 21%
Total net operating income	**−0.8**	**40.4**	**−41.3**	**–**
Total costs	−12.9	−9.9	−3.0	▼ −30%
Result before impairments and provisions	**−13.7**	**30.5**	**−44.2**	**–**
Impairments and provisions	−0.7	4.8	−5.5	–
Result before tax	**−14.4**	**35.3**	**−49.7**	**–**

	31 Dec 2024	31 Dec 2023	Change YoY	
Balances with Central banks	1,772.3	4,153.2	−2,380.9	▼ −57%
Banking book securities	4,499.0	2,981.1	1,517.9	▲ 51%
Interest rate(ii)	*2.03%*	*1.17%*	*0.86 p.p.*	
Borrowings	51.1	82.8	−31.7	▼ −38%
Interest rate(ii)	*2.23%*	*1.66%*	*0.57 p.p.*	
Subordinated liabilities (Tier 2)	560.1	509.4	50.7	▲ 10%
Interest rate(ii)	*8.33%*	*6.89%*	*1.44 p.p.*	
Other debt securities in issue	1,048.8	828.8	220.0	▲ 27%
Interest rate(ii)	*6.27%*	*6.56%*	*-0.29 p.p.*	

(i) Net interest income from assets and liabilities of trading and treasury after using FTP.
(ii) NLB interest rates.
(iii) ALM result in 2023 and 2024 is not comparable due to changed methodology in treatment of costs related to MREL and Tier 2 instruments.

2
notes issuances on international capital markets (Tier 2 and SP notes)

Balances with the central bank decreased by EUR 2,380.9 million YoY, as they were partially transferred to banking book securities, resulting in a YoY increase of EUR 1,517.9 million. This transformation was undertaken to stabilise net interest income in 2024. Additionally decrease of central bank balances was caused by acquisition and refinancing of the SLS Group.

57%
government securities in the banking book debt securities portfolio

9 This business overview includes the operations of the Group's ALM, due to more comprehensive presentation of the operations on the Group level.

The Group's ALM

The Group's ALM process strategically manages the Group's balance sheet concerning the interest rate, currency, and liquidity risk, considering the macroeconomic environment and developments in the financial markets. Monitoring and managing the Group's exposure to market risk is decentralised, with uniform guidelines and limits for each type of risk for individual Group members.

Capital, liquidity, and interest rate risks management with an active presence on capital markets

From the interest rate risk perspective, the surplus liquidity position of the Group was used for targeted actions to stabilise net interest income, contributed to further growth of fixed interest rate loans, mostly housing loans, and investments in high-quality debt securities. In terms of funding, the non-banking sector deposits continued to increase, mainly in the form of term deposits.

The Group manages its positions and stabilises its interest margin through pricing policy adjustments, whereas to manage interest rate risk exposure, the Group actively adjusts the average duration of liquidity reserves and keeps outstanding "plain vanilla" derivatives. Active profitability management has been supported by a highly disciplined deposit pricing policy, enabling the response to a highly competitive loan market all over the Group's strategic markets.

Liquidity management

The Group's liquidity management focuses on ensuring a sufficient level of liquidity reserves to settle all due liabilities, minimising the cost of maintaining liquidity, and optimising the structure of liquidity reserves. The Group has developed a comprehensive liquidity contingency plan (LCP) to ensure an appropriate level of liquidity for different situations, including emergencies and crisis conditions.

For settling due liabilities, the Group uses its liquid assets, which are comprised of liquidity reserves (see the subchapter Liquidity position in the chapter Overview of Financial Performance) and other liquid assets. The latter includes funds held on accounts with other banks and money market placements, which are treated as inflows according to the LCR calculation. Each Group member manages its liquid assets independently.

4.2 years
the average duration of the banking book debt securities portfolio

Wholesale funding

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

The Bank maintains a regular presence on international capital markets and has a broad investor base, which is important for securing favourable funding terms. In 2024, the Bank was active on international capital markets by issuing 10NC5 subordinated Tier 2 notes in January to improve the capital position and 6NC5 senior preferred notes in May for MREL purposes. In parallel with the issuance of Tier 2 notes, the Bank conducted a liability management exercise (LME), repurchasing EUR 219.6 million of its two outstanding Tier 2 notes with approaching call dates. In 2024, the Bank also exercised call options of some of MREL eligible instruments and Tier 2 instrument.

Additionally, NLB Group banking members from SEE obtained funding from international financial institutions in a total of EUR 37 million to support their clients, mostly with green financing.

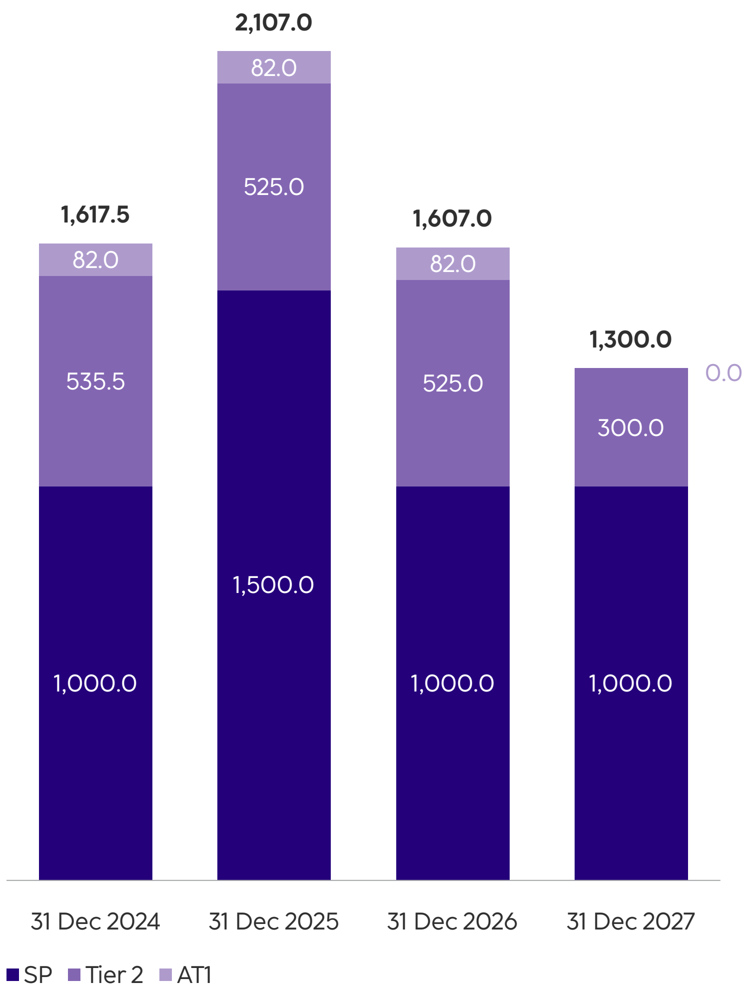
Table 17: Overview of outstanding NLB notes as at 31 December 2024[i]

in EUR millions

Type of bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value
Senior Preferred	XS2825558328	29 May 2024	29 May 2030	29 May 2029	4.500% p.a.	500
Senior Preferred	XS2641055012	27 Jun 2023	27 Jun 2027	27 Jun 2026	7.125% p.a.	500
					Total SP:	1,000
Tier 2	XS2750306511	24 Jan 2024	24 Jan 2034	24 Jan 2029	6.875% p.a.	300
Tier 2	XS2413677464	28 Nov 2022	28 Nov 2032	28 Nov 2027	10.750% p.a.	225
Tier 2[i]	XS2113139195	5 Feb 2020	5 Feb 2030	5 Feb 2025	3.400% p.a.	10.5[i] (issued amount: 120)
					Total Tier 2:	535.5
Additional Tier 1	SI0022104275	23 Sep 2022	Perpetual	between 23 Sep 2027 and 23 Mar 2028	9.721% p.a.	82
					Total AT1:	82
					Total outstanding:	1,617.5[i]

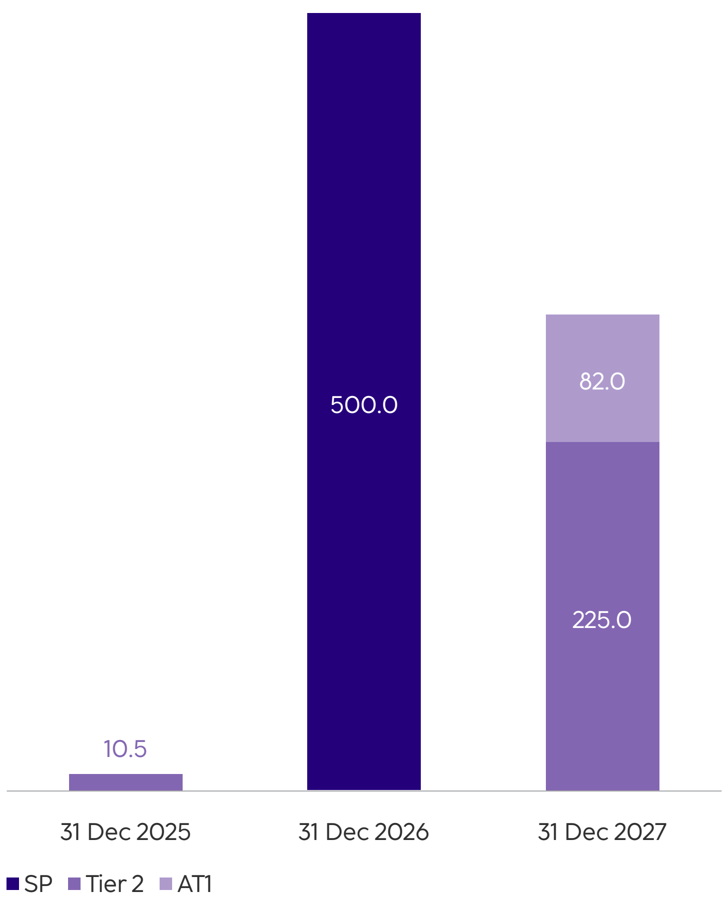
(i) Further information is available in the chapter Events After the End of the 2024 Financial Year.

Figure 50: Volume of outstanding NLB notes (in EUR millions)



Note: Including issued SP notes of EUR 500 million (in January 2025). Maturity envisaged on call date.

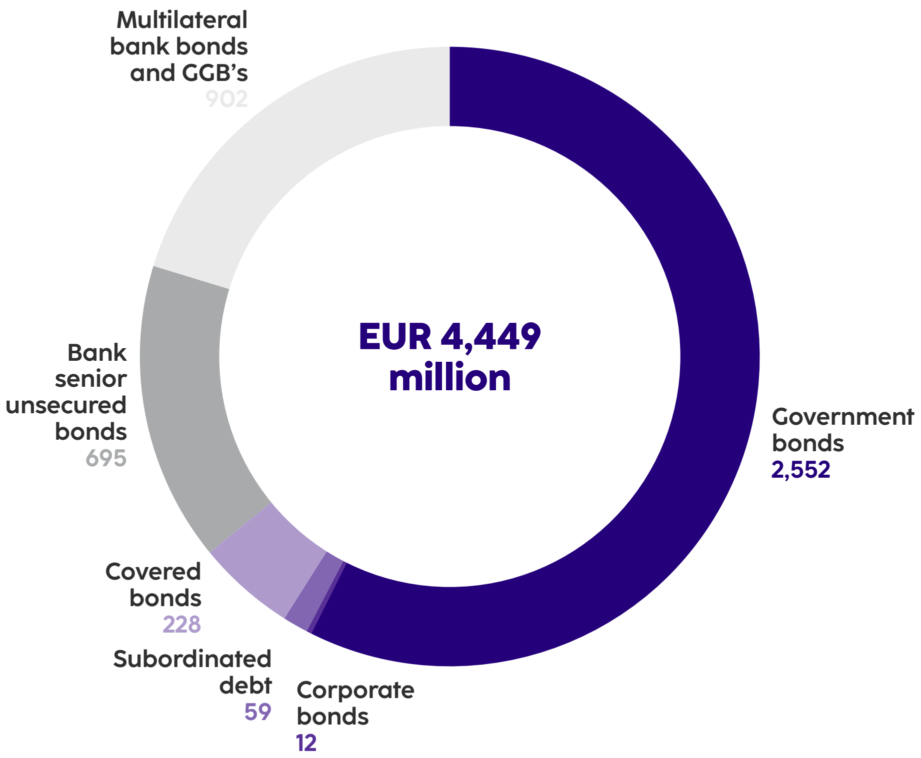
Figure 51: Refinancing needs from matured NLB notes (in EUR millions)

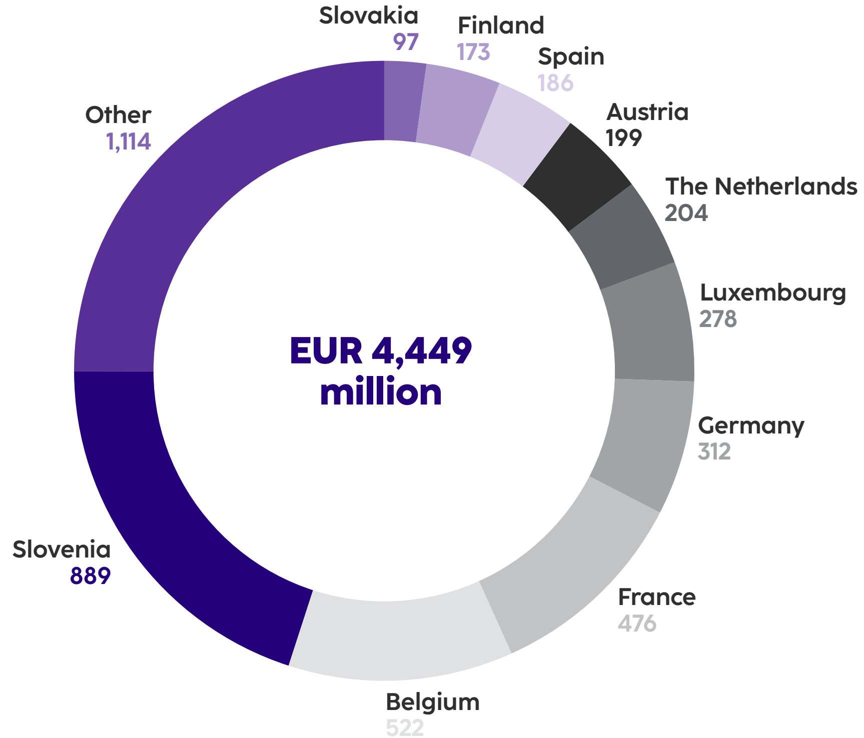


Note: Maturity envisaged on call date.

NLB's banking book debt securities portfolio

Figure 52: Banking book securities portfolio of NLB by asset class and geography as at 31 December 2024 (in EUR millions)



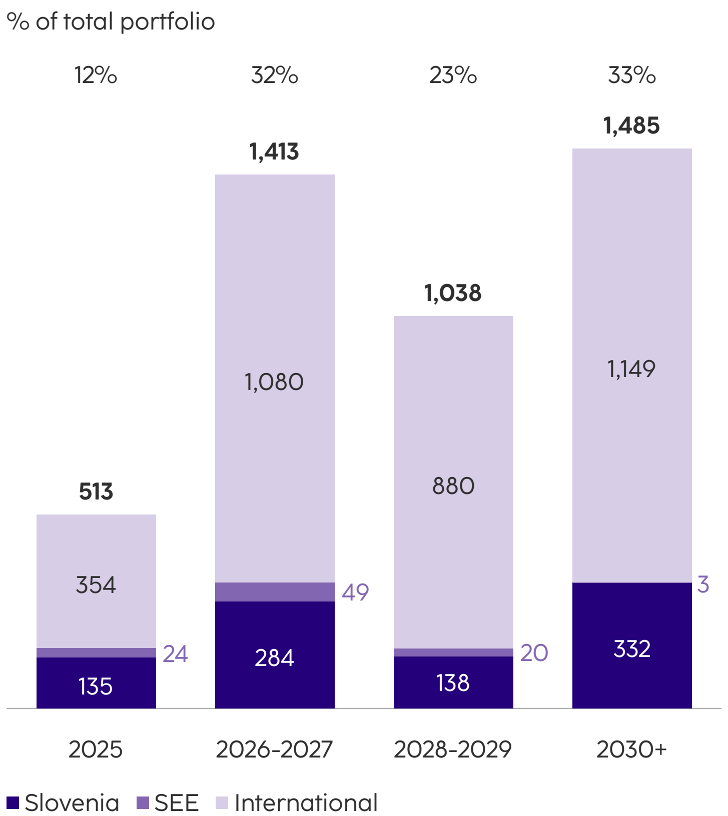


The purpose of banking book securities is to provide liquidity, manage interest rate risk and optimise interest income. In 2024, an ongoing goal was to further diversify the Bank's banking book securities portfolio, which at the end of 2024 amounted to EUR 4,449 million, constituting 26.2% of the Bank's total assets. At the year-end, debt securities measured at FVOCI represented 36.01% of the Bank debt securities portfolio, having a duration of 2.5 years, while the duration of the portfolio measured at AC was 5.2 years. The negative valuation of the FVOCI portfolio at year-end amounted to EUR 16 million (net of hedge accounting effects and related deferred taxes), and unrealised losses from securities measured at AC amounted to EUR 39 million.

The average duration of the Bank's banking book debt securities was approximately 4.2 years at year-end, and the average yield on the Bank's banking book debt securities portfolio increased by 0.87 p.p. YoY to 2.04%.

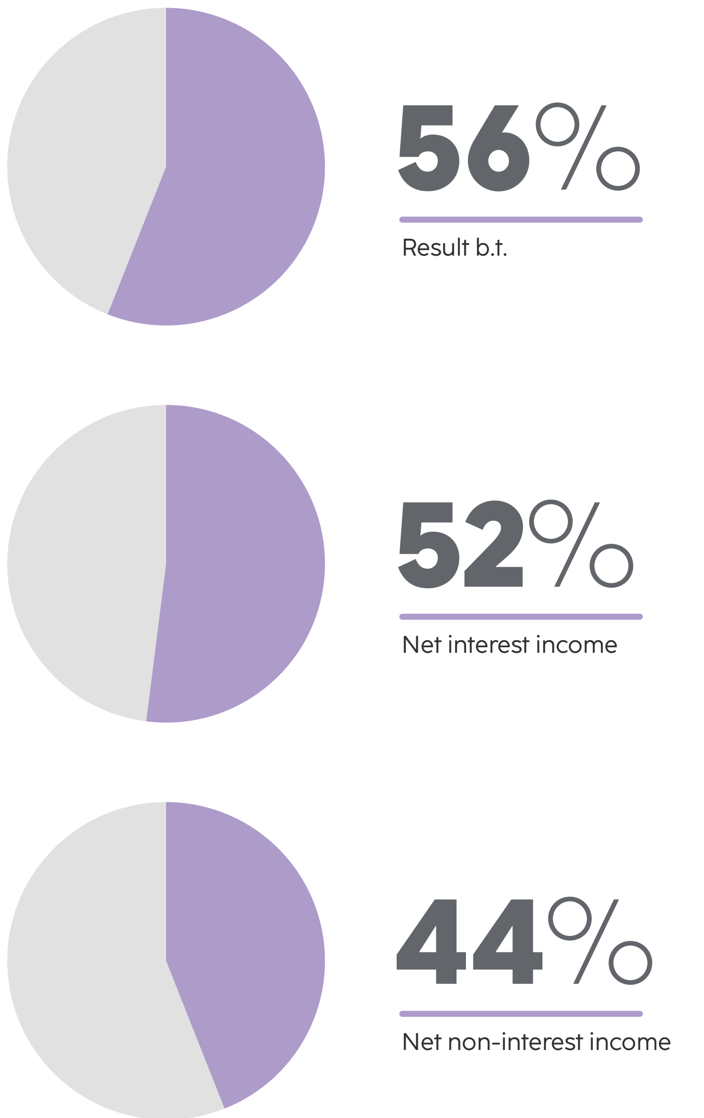
Approximately 15% (or EUR 649 million) of the banking book securities portfolio consists of the ESG debt securities issued by governments, multilateral organisations, or financial institutions, of which EUR 368 million were bought in 2024.

Figure 53: Maturity profile of NLB banking book securities as at 31 December 2024



Strategic Foreign Markets

Figure 54: Contribution to NLB Group



The market shares (by total assets) of subsidiary banks exceeded
10%
in four out of six markets

The core financial part of the Group in the Strategic Foreign Markets segment consists of six banks, three leasing companies, two asset management companies, and one IT services company[10]. The Group banking subsidiaries are regional market leaders across various business segments and provide a comprehensive range of financial services to retail and corporate clients. All Group subsidiary banks have a stable market position, which, measured by total assets, surpassed 10% in four out of six markets.

In 2024, the SEE region experienced sustained growth and a solid financial outlook. Key drivers contributing to this positive economic performance include increased foreign direct investment (FDIs), strong export growth, moderate inflation, and significant improvements in the business climate and economic indicators. These factors contributed to shifts in the monetary policies of regional central banks, aligned with the ECB's accommodative approach in response to evolving economic conditions.

The upgrade of Serbia's sovereign rating signalled greater stability and reduced risk. It could attract more FDIs, allow lower borrowing costs, and create huge opportunities to boost the local infrastructural projects and stimulate the regional growth.

The segment achieved excellent results and marked remarkable double-digit growth of gross loans to customers (17% YoY growth). The banks alone reported a 15% YoY growth, above the local market average, especially in the retail segment, thereby contributing to the overall economic development of local countries' households and supporting green financing.

In line with the self-funding strategy, the Group banks' customer deposits went up by 12% YoY, adapting to prevailing market conditions, thus ensuring organic growth and keeping an optimal balance sheet structure.

In 2024, the Group banks accelerated their digital transformation by automating processes and offering various digital solutions to clients, thus bringing, first in some markets, various solutions further boosting digital sales and digital penetration, especially in the retail segment.

The Group banks' ESG and CSR activities were continuously upgraded by supporting the financial literacy of clients, organising the #FrameOfHelp project for small entrepreneurs, tree planting activities, and many more events, as stated in the Group Sustainability report.

For their efforts in digital solutions and green financing, several Group banks received distinguished awards for their contribution to the local countries of operation.

Leasing Operations continued to show solid growth, achieving a market share of 9.7% in Serbia in new production, which elevated the company to 6th position in the market. In North Macedonia, the company is the 3rd largest in the market, with a market share of 20.1% in new production.

10 More information on NLB DigIT is available in the chapter IT and Cyber Security.

Financial and business performance

Table 18: Performance of the Strategic Foreign Markets segment

in EUR millions consolidated

	2024	2023	Change YoY	
Net interest income	483.1	423.2	59.9	14%
Interest income	566.7	472.5	94.2	20%
Interest expense	-83.6	-49.3	-34.3	-70%
Net non-interest income	135.9	118.4	17.5	15%
o/w Net fee and commission income	142.1	124.1	17.9	14%
Total net operating income	**619.0**	**541.6**	**77.4**	**14%**
Total costs	-285.2	-251.2	-33.9	-14%
Result before impairments and provisions	**333.9**	**290.4**	**43.5**	**15%**
Impairments and provisions	4.1	1.1	2.9	-
Result before tax	**338.0**	**291.5**	**46.4**	**16%**
o/w Result of minority shareholders	15.7	12.6	3.1	24%

	31 Dec 2024	31 Dec 2023	Change YoY	
Net loans to customers	7,847.4	6,648.1	1,199.3	18%
Gross loans to customers	8,027.5	6,839.8	1,187.6	17%
Individuals	4,087.0	3,525.6	561.5	16%
Interest rate on retail loans	*6.94%*	*6.63%*	*0.31 p.p.*	
Corporate	3,635.5	3,042.9	592.6	19%
Interest rate on corporate loans	*5.81%*	*5.37%*	*0.44 p.p.*	
State	304.9	271.4	33.5	12%
Interest rate on state loans	*7.58%*	*7.13%*	*0.45 p.p.*	
Deposits from customers	9,964.3	8,878.3	1,086.0	12%
Interest rate on deposits	*0.65%*	*0.38%*	*0.27 p.p.*	
Non-performing loans (gross)	130.6	134.0	-3.3	-2%

	2024	2023	Change YoY
Cost of risk (in bps)	-17	-13	-5
CIR	46.1%	46.4%	-0.3 p.p.
Net interest margin	4.35%	4.19%	0.16 p.p.

The **volume of the loans** increased by 17% YoY. The most significant increase in gross loans to customers was achieved by NLB Banka, Prishtina (19% YoY), NLB Komercijalna Banka, Beograd (17% YoY), NLB Banka, Banja Luka (15% YoY), and NLB Banka, Podgorica (14% YoY). High performance in new business production continued in the corporate and retail segments, as several products and services were upgraded, including streamlining and modernising their distribution network and improving their digital offering by introducing end-to-end mobile digital retail loans.

In 2024, the **leasing companies** in strategic foreign markets achieved remarkable growth, with a total new leasing financing volume of EUR 184.9 million. Of this amount, 51% (EUR 94 million) was generated by NLB Lease&Go Leasing Beograd, 40% (EUR 75.0 million) by Mobil Leasing, Zagreb, and the remaining 9% (EUR 15.9 million) by NLB Lease&Go Skopje.

The Group banks maintained solid **capital and liquidity positions** that are well above regulatory requirements.

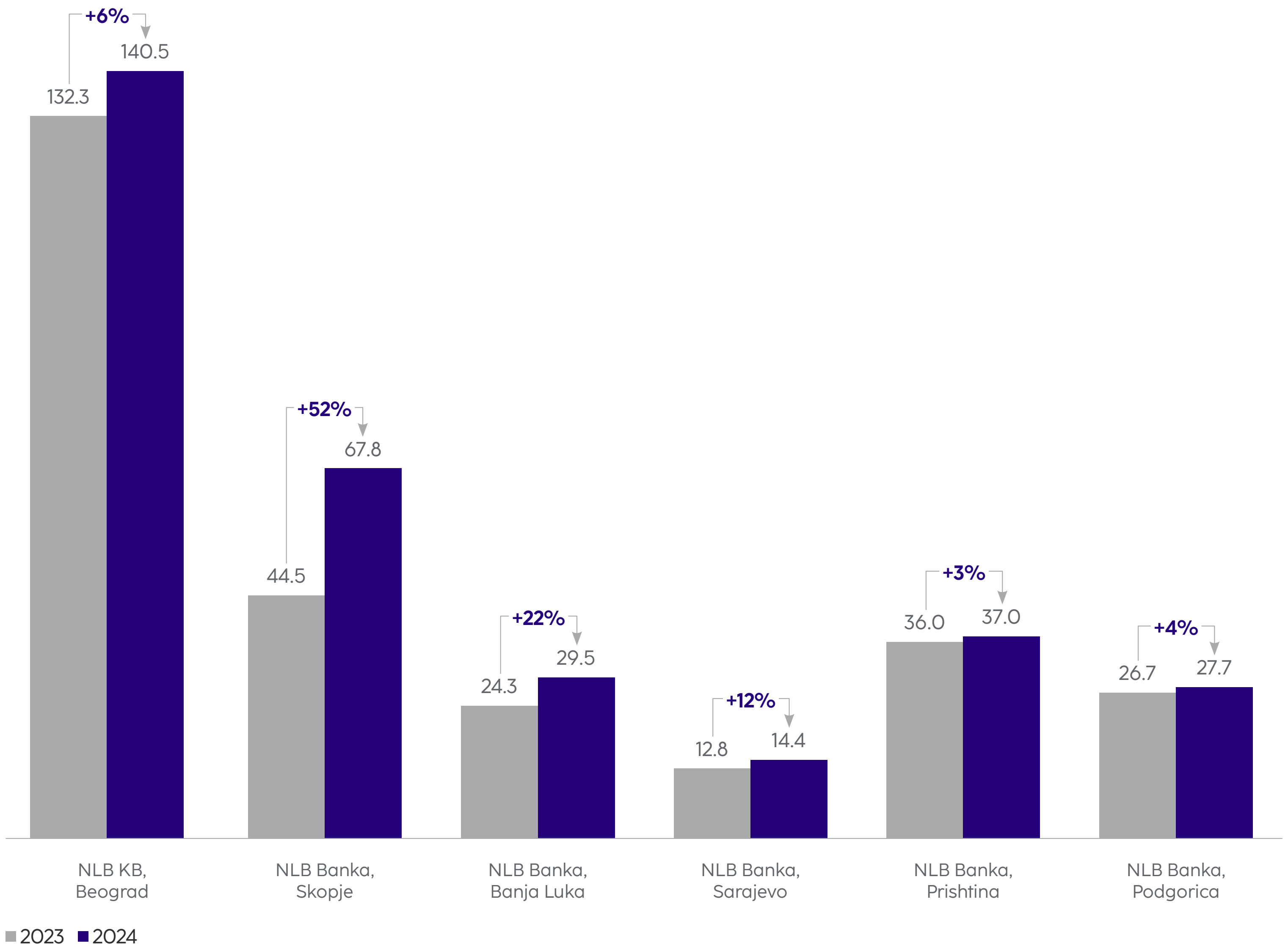
Six subsidiary banks, **three** leasing companies, **two** asset management companies and **one** IT services company

The overall confidence remained strong, and the total customer deposit base increased by 12% YoY. The **net interest income** increased by EUR 59.9 million YoY due to higher volumes, of which the highest share was EUR 26.9 million contributed to the segment's increase by NLB Komercijalna Banka, Beograd.

The **net fee and commission income** increased by EUR 17.9 million due to higher volumes of card business and payments, renegotiation of card terms with service providers, and increased sales of bancassurance products. The total net non-interest income of the segment marked an increase of EUR 17.5 million YoY as a result of banking members' operations, which contributed EUR 14.2 million of growth to the segment.

Total costs increased by EUR 33.9 million YoY due to higher operating costs resulting from ongoing inflation and increased employee costs. However, the segment's CIR improved to 46.1%.

Figure 55: Result after tax of strategic NLB Group banks (in EUR millions)



The higher volumes and still high interest rates on the local markets supported SEE banking members' results, thus showing a net interest margin between 3.1% (NLB Banka, Sarajevo) and 5.1% (NLB Banka, Podgorica).

Retail banking

The banking members realised very high new retail loan production of 15% YoY. The loan portfolio to individuals increased in all banking members. New loan production was still high, significantly outperforming the local markets, especially in consumer loans. The highest increase in loans to individuals was achieved by NLB Banka, Prishtina (29% YoY), followed by other banks with double-digit growth of the retail loans portfolio, such as NLB Banka, Banja Luka (17% YoY), NLB Banka, Podgorica (16% YoY), NLB Komercijalna Banka, Beograd (15% YoY), NLB Banka Sarajevo (12% YoY) and NLB Banka, Skopje (10%YoY).

Furthermore, all the banks in the Group increased their market share in retail lending, with growth achieved by NLB Banka, Banja Luka (1 p.p. YoY), followed by NLB Banka, Prishtina (0.9 p.p. YoY), and NLB Komercijalna Banka, Beograd (0.3 p.p. YoY).

The market shares of housing and consumer loans showed significant growth. The largest increase was recorded by NLB Banka, Banja Luka in the housing segment, which rose by 0.8 p.p YoY, followed by NLB Komercijalna Banka, Beograd with a 0.2 p.p. increase YoY. In the consumer segment, the most significant market share increase was recorded by NLB Banka, Prishtina (1.2 p.p. YoY), followed by NLB Banka, Banja Luka (1.0 p.p. YoY), NLB Komercijalna Banka, Beograd (0.6 p.p. YoY) and NLB Banka, Podgorica (0.4 p.p. YoY). NLB Banka, Skopje resulted in a market share increase of 0.1 p.p. YoY.

Profit before tax

EUR 338.0 million

16% higher compared to 2023

New production in green lending accelerated in 2024 with the offering of various NLB Green Loans through partners – eco-mortgage loans through business partners, eco-home appliance loans, electric and hybrid vehicles, and so forth.

The Group banks retained customer confidence as the total segment deposits from individuals increased by 11% YoY.

Corporate banking

The banking members achieved double-digit growth in financing and attracting new corporate clients. The portfolio to corporate banking clients recorded a 16% YoY growth, with the highest growth levels achieved by NLB Komercijalna Banka, Beograd (19% YoY), NLB Banka, Skopje (19% YoY), and NLB Banka, Banja Luka (15% YoY).

The banks continued supporting green investments, particularly in solar power plants and energy efficiency.

The SEE banks attracted corporate deposits by boosting the segment's corporate balances by 17% YoY.

Non-Core Members

The Non-Core Members segment includes the operations of non-core Group members. The main objective in the non-core segment remains a rigorous wind-down of all non-core portfolios and the consequent reduction of costs. The implementation of the wind-down has been pursued with a variety of measures, including the sales of portfolios (either packages that include portfolios in a single market or entity, as well as packages combining portfolios in different markets and/or entities), sales or liquidation of non-core entities, sales of individual assets, or active collection.

Financial and business performance

Table 19: Performance of the Non-Core Members segment

in EUR millions consolidated

	2024	2023	Change YoY	
Net interest income	0.9	1.5	-0.6	▼ -40%
Net non-interest income	0.4	-1.7	2.0	-
Total net operating income	**1.3**	**-0.1**	**1.4**	**-**
Total costs	-7.6	-13.7	6.1	▲ 45%
Result before impairments and provisions	**-6.3**	**-13.9**	**7.6**	**▲ 55%**
Impairments and provisions	2.2	3.7	-1.6	▼ -42%
Result before tax	**-4.1**	**-10.1**	**6.0**	**▲ 59%**

	31 Dec 2024	31 Dec 2023	Change YoY	
Segment assets	**28.6**	**47.1**	**-18.4**	**▼ -39%**
Net loans to customers	8.5	10.9	-2.5	▼ -23%
Gross loans to customers	24.3	28.6	-4.3	▼ -15%
Investment property and property & equipment received for repayment of loans	5.5	20.1	-14.6	▼ -73%
Other assets	14.7	16.0	-1.4	▼ -8%
Non-performing loans (gross)	24.3	27.4	-3.2	▼ -12%

The wind-down has remained the main objective of the non-core segment in all the non-core portfolios. In line with the divestment strategy, the segment's total assets decreased by EUR 18.4 million YoY. The divestment process has been running with thoughtful cost management and well-established collection procedures.

New business has been suspended for all non-core Group members undergoing wind-down. The decrease of the cumulative non-core subsidiaries' portfolio remains ongoing through different collection measures and repayments.

EUR 3.2 million
reduction of non-performing loans (gross) portfolio in 2024

EUR 4.3 million
reduction of gross loans to customers in 2024

Sports inspire us and bring us together. That is why the NLB Group has been proudly supporting regional sports for decades.

A sporting mentality is something our economies need on the global stage and we incorporate it daily into our business operations.

NLB Group Key Members

NLB Group banking members

NLB, Ljubljana

NLB as Slovenia's largest and systematically important bank, has demonstrated remarkable business resilience in the dynamic interest rate environment this year. Bolstered by the successful merger with N Banka in 2023, the Bank has expanded its footprint, securing a substantial market share, including in both retail and corporate lending. In 2024, NLB achieved a record-high profit before impairments and provisions of EUR 497.6 million, up 24% YoY, while profit after tax declined by only 7% compared to the previous year, as the 2023 result benefited from the deferred tax assets booking and the release of impairments of equity investments.

EUR 478.2 million
result a.t.

39%
contribution to NLB Group's result a.t.

31.3%
market share by total assets

No. 1
bank in the country (by total assets)

Financial and business performance

Table 20: Key performance indicators of NLB(i)

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	431,880	372,566	▲ 16%
Net non-interest income	378,182	265,946	▲ 42%
Total costs	−312,458	−237,864	▼ −31%
Impairments and provisions	14,386	78,098	▼ −82%
Result before tax	511,990	478,746	▲ 7%
Result after tax	478,161	514,287	▼ −7%
Financial position statement indicators			
Total assets	16,975,091	16,014,776	▲ 6%
Net loans to customers	8,657,312	7,156,068	▲ 21%
Gross loans to customers	8,815,651	7,276,656	▲ 21%
Deposits from customers	12,293,708	11,881,563	▲ 3%
Equity	2,525,609	2,249,451	▲ 12%
Key financial indicators			
Total capital ratio	24.4%	25.2%	−0.9 p.p.
Net interest margin	2.9%	2.8%	0.1 p.p.
ROE a.t.	19.8%	27.9%	−8.1 p.p.
ROA a.t.	2.9%	3.5%	−0.6 p.p.
CIR	34.5%	37.3%	−2.8 p.p.
NPL volume	148,119	138,004	7%
NPL ratio (internal def.: NPL/Total loans)	1.4%	1.2%	0.2 p.p.
Market share by total assets	31.3%	30.2%	1.1 p.p.
LTD	70.4%	60.2%	10.2 p.p.

(i) Data on a stand-alone basis as included in the Group's consolidated financial statements. Merger of NLB and N Banka on 1 September 2023. Tax on the balance sheet excluded from the calculation of CIR from 2024 on.

Table 21: Key performance indicators of N Banka[(i)]

	in EUR thousands
	2023
Key performance indicators	
Net interest income	27,822
Net non-interest income	5,225
Total costs	−16,811
Impairments and provisions	511
Result before tax	16,747
Result after tax	13,389

(i) Data on a stand-alone basis as included in the Group's consolidated financial statements. Data for 2023 are for the period January–August, a merger of NLB and N Banka on 1 September 2023.

Table 22: Capital realisation YoY and surplus over OCR+P2G of NLB

in EUR millions

	31 Dec 2024	31 Dec 2023	Change YoY	Surplus over OCR+P2G 31 Dec 2024
Common Equity Tier 1 capital	2,101.4	1,734.6	366.8	863.3
Tier 1 capital	2,183.4	1,816.6	366.8	733.7
Total capital	2,716.8	2,324.1	392.7	984.9
Total risk exposure amount (RWA)	11,152.7	9,207.5	1,945.2	
Common Equity Tier 1 Ratio	18.8%	18.8%	0.0 p.p.	7.7 p.p.
Tier 1 Ratio	19.6%	19.7%	−0.2 p.p.	6.6 p.p.
Total Capital Ratio	24.4%	25.2%	−0.9 p.p.	8.8 p.p.

NLB Komercijalna Banka, Beograd

NLB Komercijalna Banka, Beograd, is the second largest bank within the NLB Group. As of the end of 2024, it ranked as the fifth-largest bank in the Republic of Serbia by market share. Throughout 2024, the bank continued transforming its business model, which is reflected in all segments of its sales activities. More specifically, the bank once again outpaced the market in terms of growth, while at the same time fortified its position as one of the leading banking institutions in Serbia. Great emphasis was also placed on the renewal of branches and the digitalisation of operations to provide digital solutions for its customers. Over the past year, it has also devoted much attention to financing green projects.

Through its sponsorships in the previous year, the bank supported several key areas and thus contributed to overall progress in its region. The bank was once again recognised as the Best Employer in Serbia, and for the first time, it earned the international "Top Employer" award. Additionally, after migrating card issuing to a new service provider, the bank introduced Google Pay, further enhancing its digital banking services. Moving forward, the bank is committed to maintaining its position as a top choice for both customers and employees. Its goal is to remain a fast, simple, and efficient bank among the best in lending and deposit services in Serbia, and a leading bank in contributing to a sustainable future.

EUR 140.5 million
result a.t.

27%
contribution to NLB Group's result a.t.

9.8%
market share by total assets

5th
largest bank in the country

Financial and business performance

Table 23: Key performance indicators of NLB Komercijalna Banka, Beograd(i)

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	238,156	211,296	13%
Net non-interest income	53,237	49,686	7%
Total costs	−125,759	−113,634	−11%
Impairments and provisions	−5,694	1,933	–
Result before tax	159,940	149,281	7%
Result after tax	140,482	132,313	6%
Financial position statement indicators			
Total assets	5,553,546	5,019,429	11%
Net loans to customers	3,290,707	2,811,599	17%
Gross loans to customers	3,333,958	2,848,543	17%
Deposits from customers	4,510,793	4,004,112	13%
Equity	865,359	827,575	5%
Key financial indicators			
Total capital ratio	22.9%	27.1%	−4.2 p.p.
Net interest margin	4.8%	4.7%	0.1 p.p.
ROE a.t.	16.3%	16.9%	−0.5 p.p.
ROA a.t.	2.7%	2.8%	−0.1 p.p.
CIR	43.2%	43.5%	−0.4 p.p.
NPL volume	24,020	22,490	7%
NPL ratio (internal def.: NPL/Total loans)	0.5%	0.6%	0.0 p.p.
Market share by total assets	9.8%	9.9%	−0.1 p.p.
LTD	73.0%	70.2%	2.7 p.p.

(i) Data on a stand-alone basis as included in the Group's consolidated financial statements.

Retail banking

The retail segment recorded 15% YoY growth in gross loans over the average market growth, driven mainly by the increased volume of consumer loans. The bank continued to grow its market share of retail loans to 12.3%.

Significant double-digit growth in consumer loans (22% YoY) increased the market share to 11.0%. Despite a decline in demand in the housing segment, growth above the market peers was achieved at 9% YoY, thus boosting the share in the housing segment by approximately 15 bps to 12.9%.

The deposit base increased by 8% YoY. The interest margin in the retail segment was still high, but it was under pressure from competition.

Corporate banking

The corporate segment marked a significant 19% growth in gross loans in 2024. The bank aimed to build a strong value proposition for all products and services in the cross- and upselling programme, which also added value to customers.

The bank participated in green project financing, thus confirming its commitment to the green agenda and ESG targets by supporting the increase of renewable energy in Serbia. The bank also approved several project financings for important real estate developments and sovereign funding for road infrastructure development.

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NLB Banka, Skopje

The bank is a leading banking institution in the local market, and is recognised by the National Bank as a systemically important bank. In 2024, its success was reaffirmed and recognised by receiving several prestigious awards and confirmations in the fields of banking, ESG, and corporate practices, and demonstrated humanity and solidarity.

The bank continues to support the country's population and economy. The focus remains on digitalisation and improving digital channels to increase customer digital penetration, improving customer experience, and expanding the portfolio of products and services, particularly in "green" offerings and socially responsible projects.

As follows, the bank introduced a new online payment functionality, Pay by Link, as the first and only bank on the local market which allows the client to pay for goods and services via the link sent by the merchant. Additionally, the Bank introduced Garmin Pay, an innovative and modern solution for contactless payment with just a smartwatch and NLB Smart POS. It is a new technological solution for accepting contactless card payments through which merchants can use their mobile phones as POS terminals.

Throughout the year, the bank also signed two loan agreements to support socially responsible, green, and energy-efficiency investments: one with the French Development Agency through the Development Bank of North Macedonia, and the other with the European Bank for Reconstruction and Development.

EUR 67.8 million
result a.t.

11%
contribution to NLB Group's result a.t.

15.9%
market share by total assets

3rd
largest bank in the country

Financial and business performance

Table 24: Key performance indicators of NLB Banka, Skopje(i)

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	76,487	65,406	▲ 17%
Net non-interest income	25,436	21,198	▲ 20%
Total costs	−39,305	−36,416	▼ −8%
Impairments and provisions	15,110	−761	–
Result before tax	77,728	49,427	▲ 57%
Result after tax	67,838	44,517	▲ 52%
Financial position statement indicators			
Total assets	2,158,767	1,902,260	▲ 13%
Net loans to customers	1,394,123	1,216,188	▲ 15%
Gross loans to customers	1,439,456	1,276,133	▲ 13%
Deposits from customers	1,733,845	1,499,509	▲ 16%
Equity	322,944	279,987	▲ 15%
Key financial indicators			
Total capital ratio	17.4%	18.9%	−1.4 p.p.
Net interest margin	4.0%	3.7%	0.3 p.p.
ROE a.t.	22.9%	16.5%	6.5 p.p.
ROA a.t.	3.5%	2.4%	1.0 p.p.
CIR	38.6%	42.0%	−3.5 p.p.
NPL volume	36,214	48,791	−26%
NPL ratio (internal def.: NPL/Total loans)	2.1%	3.1%	−1.0 p.p.
Market share by total assets	15.9%	15.6%	0.3 p.p.
LTD	80.4%	81.1%	−0.7 p.p.

(i) Data on a stand-alone basis as included in the Group's consolidated financial statements.

Retail banking

Gross loans grew 10% YoY, with the increase in housing (14%) and consumer loans (9%), surpassing the 2024 market growth. The highest amounts of disbursed loans in the retail segment led to an increase in the market share to 22.8%. The bank focuses on the customer journey and anticipates customers' needs.

The deposit base increased by 16% YoY. The interest margin in the retail segment was still relatively high, but it was under pressure from competition. The key drivers of income growth were the portfolio increase, foreign payment operations, account management, and bancassurance.

Corporate banking

At the end of 2024, the bank held a market share of 12.9%, driven by an increase in corporate gross loans of 19% YoY. Considering its strategic orientation, NLB Banka, Skopje kept supporting investments in renewable sources and projects aimed at increasing the corporate segment's energy efficiency, modernisation, and automation.

The bank grew its portfolio in the segment of long-term financing of highly creditworthy clients, securing a stable portfolio and revenue generation. The bank's total outstanding balance in project financing was EUR 51.7 million and almost EUR 40 million outstanding loans were approved for investments in renewable sources, energy-efficient investments, and green buildings (according to the EBRD methodology for green buildings).

NLB Banka, Skopje also supported many export-oriented companies by offering them services and products to help them adapt to emerging market conditions. In response to macroeconomic developments, corporate interest rates were aligned with market conditions throughout the year.

« »

NLB Banka, Banja Luka

In 2024, the bank remained the second largest bank in the Republic of Srpska market, reaffirming its status as a leading retail bank with an increased market share of 23.0% (increased by 1 p.p. YoY). The predominant strength of the bank was its market position in the corporate and retail segments, as well as its solid deposit base. The bank received several "Golden BAM" awards for the highest ROE, ROA, and, for the second year in a row, the award for being the most innovative bank in the market of Bosnia and Herzegovina, along with its sister bank NLB Banka, Sarajevo. Further strengthening its commitment to innovation, the bank introduced Garmin Pay, expanding its range of digital payment solutions.

EUR 29.5 million
result a.t.

6%
contribution to NLB Group's result a.t.

20.9%
market share by total assets

2nd
largest bank in the Republic of Srpska

Financial and business performance

Table 25: Key performance indicators of NLB Banka, Banja Luka(i)

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	38,473	32,475	▲ 18%
Net non-interest income	18,512	14,399	▲ 29%
Total costs	−23,228	−19,433	▼ −20%
Impairments and provisions	−1,351	−763	▼ −77%
Result before tax	32,406	26,678	▲ 21%
Result after tax	29,510	24,269	▲ 22%
Financial position statement indicators			
Total assets	1,172,113	1,040,630	▲ 13%
Net loans to customers	644,579	556,960	▲ 16%
Gross loans to customers	664,344	575,960	▲ 15%
Deposits from customers	927,972	840,115	▲ 10%
Equity	130,314	107,270	▲ 21%
Key financial indicators			
Total capital ratio	17.8%	15.9%	1.9 p.p.
Net interest margin	3.6%	3.4%	0.3 p.p.
ROE a.t.	24.9%	24.2%	0.7 p.p.
ROA a.t.	2.7%	2.4%	0.3 p.p.
CIR	40.8%	41.5%	−0.7 p.p.
NPL volume	7,445	5,543	34%
NPL ratio (internal def.: NPL/Total loans)	0.8%	0.7%	0.1 p.p.
Market share by total assets	20.9%	20.1%	0.7 p.p.
LTD	69.5%	66.3%	3.2 p.p.

(i) Data on a stand-alone basis as included in the Group's consolidated financial statements.

Retail banking

Retail banking recorded strong double-digit YoY growth in gross loans (17%), while deposits grew by 12% YoY. Consumer loans increased by 20%, and housing loans increased by 15% YoY. The market share in retail loans rose by 1.0 p.p. YoY and reached 23.0%, while the market share in retail deposits was 25.9%. The key drivers of income growth were interest income and income from accounts and payments processing.

The focus remained on the retail portfolio growth, particularly on introducing additional customer services, especially in digitalisation and bancassurance services.

Corporate banking

Corporate banking recorded YoY growth in gross loans (15%) by supporting local companies in short- and long-term projects and financing.

Corporate deposits recorded YoY growth of 15%, enabling the bank's organic growth.

NLB Banka, Sarajevo

In 2024, the bank achieved 10% growth in total assets, surpassing EUR 1 billion for the first time, as well as strong profitability and a 12% growth in net profit. The predominant strength of the bank is seen in housing and consumer lending, which largely contribute to the high share of net non-interest income (32% of net fee and commission income in total net operating income). Additionally, the bank achieved 12% YoY growth in net interest income, driven by a substantial surge in loan volume.

In 2024, the bank actively contributed to the country's green financing initiatives and launched new digital products, including introducing Garmin Pay as the first bank in Bosnia and Herzegovina. It also gained significant visibility through various sponsorships and promotions; among other things, together with NLB Group, it donated EUR 1 million to flooded areas in Bosnia and Herzegovina and received "Golden BAM" for innovations for 2024. Furthermore, the bank's President of the Management Board, Lidija Žigić, was honoured with the prestigious title of "Woman of the Year 2024" and "Ladies In Ambassador 2025."

EUR 14.4 million
result a.t.

3%
contribution to NLB Group's result a.t.

6.0%
market share by total assets

6th
largest bank in the Federation of Bosnia and Herzegovina

Financial and business performance

Table 26: Key performance indicators of NLB Banka, Sarajevo[i]

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	28,436	25,490	▲ 12%
Net non-interest income	13,093	11,203	▲ 17%
Total costs	-22,824	-19,877	▼ -15%
Impairments and provisions	-3,304	-2,939	▼ -12%
Result before tax	15,401	13,877	▲ 11%
Result after tax	14,384	12,819	▲ 12%
Financial position statement indicators			
Total assets	1,005,053	917,233	▲ 10%
Net loans to customers	633,666	575,560	▲ 10%
Gross loans to customers	655,136	597,715	▲ 10%
Deposits from customers	831,022	749,708	▲ 11%
Equity	107,662	95,980	▲ 12%
Key financial indicators			
Total capital ratio	16.9%	17.8%	-0.9 p.p.
Net interest margin	3.1%	3.0%	0.1 p.p.
ROE a.t.	14.1%	13.6%	0.5 p.p.
ROA a.t.	1.5%	1.5%	0.1 p.p.
CIR	55.0%	54.2%	0.8 p.p.
NPL volume	14,854	15,732	-6%
NPL ratio (internal def.: NPL/Total loans)	1.7%	2.0%	-0.3 p.p.
Market share by total assets	6.0%[ii]	6.2%	-0.1 p.p.
LTD	76.3%	76.8%	-0.5 p.p.

(i) Data on a standalone basis as included in the consolidated financial statements of the Group.
(ii) Market share as at 30 September 2024.

Retail banking

Retail banking recorded YoY growth in gross loans, reaching 12%, propelled by the expansion of housing and consumer loans, which continued to increase market share. Housing loans experienced a YoY increase of 26%, while the consumer loans portfolio grew by 9% YoY, attributed to heightened demand, various campaigns, and increased employee engagement. In 2024, the focus was on retail portfolio growth, client acquisition, digital transformation, cash transition, and the introduction of new innovative services to clients. Retail deposits reached a YoY growth of 13%, which supported the bank's organic growth.

Corporate banking

The corporate banking segment achieved YoY growth in gross loans, reaching 4%, while corporate deposits had substantial YoY growth of 11%. The focus was on continuously acquiring new creditworthy clients for loan growth. A positive trend was observed in the growth of the new clients and the volume of the guarantees portfolio. Additionally, the volume of green lending increased, positioning the bank for greater involvement in renewable energy financing.

NLB Banka, Prishtina

In 2024, the bank ranked second in profitability, increasing its net profit by 3%. It was also the second-largest bank in Kosovo, increasing its total assets by 16% YoY. The bank's predominant strength has been providing a full spectrum of financial services to both retail and corporate clients, while also leading the market in innovations within the local banking sector. Net interest income grew by 9% YoY, mainly due to increased lending activities and optimising investments in securities and the balance sheet. In 2024, the bank was the first to introduce an end-to-end mobile solution for retail lending. Strengthening its commitment to digital innovation, the bank also introduced Google Pay and Garmin Pay, expanding its range of contactless payment options.

The bank received several prestigious awards from the Kosovo Chamber of Commerce awards for "Employer of the Year 2024" and "Taxpayer of the Year 2024," and from SOS Village for "The Friend of Children for 2024." The bank was also recognised by the EBRD with the "Most Active Local Bank in Using TFP Line" award for several consecutive years.

EUR 37.0 million
result a.t.

6%
contribution to NLB Group's result a.t.

17.0%
market share by total assets

2nd
largest bank in the country

Financial and business performance

Table 27: Key performance indicators of NLB Banka, Prishtina[i]

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	51,444	47,165	▲ 9%
Net non-interest income	8,164	8,017	▲ 2%
Total costs	-17,562	-15,995	▼ -10%
Impairments and provisions	-1,094	776	-
Result before tax	40,952	39,963	▲ 2%
Result after tax	37,028	35,968	▲ 3%
Financial position statement indicators			
Total assets	1,426,862	1,229,757	▲ 16%
Net loans to customers	996,781	831,333	▲ 20%
Gross loans to customers	1,028,521	866,730	▲ 19%
Deposits from customers	1,138,254	1,008,261	▲ 13%
Equity	173,827	149,669	▲ 16%
Key financial indicators			
Total capital ratio	18.1%	15.8%	2.3 p.p.
Net interest margin	4.1%	4.2%	-0.1 p.p.
ROE a.t.	23.8%	27.3%	-3.4 p.p.
ROA a.t.	2.9%	3.2%	-0.3 p.p.
CIR	29.5%	29.0%	0.5 p.p.
NPL volume	17,044	16,234	5%
NPL ratio (internal def.: NPL/Total loans)	1.4%	1.6%	-0.2 p.p.
Market share by total assets	17.0%	16.9%	0.1 p.p.
LTD	87.6%	82.5%	5.1 p.p.

(i) Data on a stand-alone basis as included in the Group's consolidated financial statements.

Retail banking

In 2024, the bank achieved YoY growth of 29% in gross loans and 14% in deposits. The growth in retail was predominately fuelled by heightened loan demand and a further rise in the general consumption pattern. This, in turn, has resulted in an inflation-driven increase in real estate prices. The growth in housing loans reached 23%, and consumer loans showed a significant 40% YoY increase. Digital penetration as a share of active users in total increased from 23% to 30% YoY. In 2024, the bank was the first on the market to introduce an end-to-end mobile solution for retail lending.

In addition, the bank has signed several partnership agreements with construction and trade companies to finance their products and boost the performance committed by the sales department.

Corporate banking

Corporate banking recorded YoY growth of 12% in gross loans, mainly driven by the disruption of the normal supply chain (external factors) and the cross-selling of products to existing corporate clients who mainly targeted new retail and SME clients. The optimisation of the bank's liquidity structure was highlighted by a 15% YoY deposits increase. The key drivers of income growth were working capital loans, credit lines, and overdrafts. Cooperation on the Group level resulted in financing the construction of a major locally recognised project that contributed largely to clean energy production from renewable sources. Digital penetration as a share of active users in total increased from 76% to 90% YoY.

NLB Banka, Podgorica

In 2024, the bank ranked third among 11 banks in the market and was identified as a systemically important bank. The predominant strength of the bank lies in housing and consumer lending, making it an important player in the local market.

After being declared the Best Bank in Montenegro for the third consecutive year and the "Best Bank for Real Estate" by the respected financial magazine "Euromoney," NLB Banka Podgorica received further international recognition at year's end. The prestigious financial magazine "The Banker" declared NLB Banka, Podgorica, the "Bank of the Year" for 2024.

The bank expanded its payment services by introducing Apple Pay and Garmin Pay. In the last quarter of 2024, the bank became the first bank in Montenegro to introduce the new ISO 20022 standard for cross-border payments. The introduction of the new standard is a prerequisite for the bank's connection to the SEPA Credit Transfer scheme planned for 2025.

EUR 27.7 million
result a.t.

5%
contribution to NLB Group's result a.t.

14.3%
market share by total assets

3rd
largest bank in the country

Financial and business performance

Table 28: Key performance indicators of NLB Banka, Podgorica(i)

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	45,987	40,335	▲ 14%
Net non-interest income	9,203	8,955	▲ 3%
Total costs	-24,069	-20,418	▼ -18%
Impairments and provisions	1,501	3,238	▼ -54%
Result before tax	32,622	32,110	▲ 2%
Result after tax	27,714	26,658	▲ 4%
Financial position statement indicators			
Total assets	1,034,523	971,149	▲ 7%
Net loans to customers	669,999	584,526	▲ 15%
Gross loans to customers	686,730	603,349	▲ 14%
Deposits from customers	846,589	798,018	▲ 6%
Equity	119,729	120,390	▼ -1%
Key financial indicators			
Total capital ratio	18.6%	19.2%	-0.6 p.p.
Net interest margin	5.1%	4.8%	0.3 p.p.
ROE a.t.	22.1%	22.9%	-0.8 p.p.
ROA a.t.	2.8%	2.9%	-0.1 p.p.
CIR	43.6%	41.4%	2.2 p.p.
NPL volume	17,897	24,140	-26%
NPL ratio (internal def.: NPL/Total loans)	2.1%	3.2%	-1.1 p.p.
Market share by total assets	14.3%	14.4%	-0.1 p.p.
LTD	79.1%	73.2%	5.9 p.p.

(i) Data on a standalone basis as included in the consolidated financial statements of the Group.

Retail banking

The retail segment recorded 16% YoY growth in gross loans and 7% in deposits. Over half of the retail portfolio consists of consumer loans, while the remainder is allocated to housing loans. The growth in gross loans was recorded by the increase in consumer loan volume by 20% YoY and housing loans by 13% YoY. Consumer loan growth was affected by timely organised and well-executed consumer loan campaigns following increased pensions at the beginning of 2024 and later tax reform through the new programme Europa 2. In 2024, the focus was on retail consumer portfolio growth, with particular emphasis on introducing additional services for customers, especially in digitalisation.

Corporate banking

The corporate banking segment recorded YoY growth in gross loans of 14% and 3% in deposits. The loan portfolio predominantly consisted of large corporates, which increased by 22% YoY. By improving the existing portfolio quality, the new production of EUR 66.7 million was recorded in all large corporates and SME segments.

In cooperation with the EU, the bank and EBRD signed a contract worth EUR 3 million to contribute to developing the SME sector in Montenegro. The funds are provided within the SME Go Green programme, which the EU finances through the Western Balkans Investment Framework (WBIF).

Leasing operations

Leasing is one of the strategic pillars of the NLB Group's operations. Leasing services address customer needs, which is why NLB Group decided to gradually expand this activity, first by entering the Slovenian market with NLB Lease&Go, leasing, Ljubljana in the spring of 2020, and then by establishing two new leasing companies in 2022 in North Macedonia and Serbia, and recently by acquiring SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana (SLS) and its Croatian subsidiary Mobil Leasing, Zagreb (MBL) in September 2024. The leasing services offered by the members of the NLB Group complement the banks' lending and enable individuals and legal entities to choose the option that best suits their needs, situation, and wishes. Leasing will become an important part of the Group. The plan is that through organic growth, it would contribute more than EUR 2 billion to the total balance sheet of the NLB Group by 2030.

NLB Lease&Go, leasing, Ljubljana

NLB Lease&Go, leasing, Ljubljana is one of the leasing companies in the Slovenian vehicle leasing market, with EUR 349.0 million in total assets, and an 11.2% market share[11] as at 31 December 2024. NLB Lease&Go, leasing, Ljubljana offers services for finance leases and operative leases on movable property, including financing personal and commercial vehicles, production and other equipment, vessels, and more. As at 31 December 2024, the NLB Lease&Go, leasing, Ljubljana gross credit portfolio contribution to the Group amounted to EUR 319.8 million. The portfolio's structure of EUR 132.7 million (i.e., 41% of the total) refers to individuals and the rest to corporate.

Table 29: Key performance indicators of NLB Lease&Go, leasing, Ljubljana[i]

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	8,847	6,464	▲ 37%
Net non-interest income	1,888	4,424	▼ -57%
Total costs	-8,901	-7,757	▼ -15%
Impairments and provisions	-764	-538	▼ -42%
Result before tax	1,070	2,593	▼ -59%
Result after tax	3,251	1,664	▲ 95%
Financial position statement indicators			
Total assets	348,958	283,012	▲ 23%
Net loans to customers	318,458	256,531	▲ 24%
Gross loans to customers	319,776	257,509	▲ 24%
Equity	29,551	21,251	▲ 39%
Key financial indicators			
ROE a.t.	13.4%	8.1%	5.3 p.p.
ROA a.t.	1.0%	0.7%	0.4 p.p.
CIR	82.9%	71.2%	11.7 p.p.
NPL volume	2,371	1,148	107%
NPL ratio (internal def.: NPL/Total loans)	0.7%	0.4%	0.3 p.p.
Market share of leasing portfolio	11.2%	9.7%	1.6 p.p.

(i) Data on a standalone basis as included in the consolidated financial statements of the Group.

11 Market share of leasing portfolio. Change in methodology: as of 31 December 2024, the leasing portfolio in banks is no longer included in the calculation.

Summit Leasing Slovenija, Ljubljana

With the signing of the Shares Purchase Agreement on 30 November 2023 and closing the transaction on 11 September 2024, NLB became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana (SLS) and its Croatian subsidiary Mobil Leasing, Zagreb (MBL), together forming the SLS Group. Completing the transaction is another step in transforming NLB Group into one of the regional champions. With this transaction, NLB re-entered the Croatian market, thus becoming the only financial institution in the region that offers at least one form of financing in all markets of the former common country. In the Croatian market, where Summit Leasing Slovenija operates through its subsidiary Mobil Leasing, Zagreb, we plan to gradually strengthen our presence.

Summit Leasing Slovenija, Ljubljana, is an undisputed leader in the Slovenian vehicle leasing market, with EUR 926.2 million in total assets, and with a 27.9% market share[12] as at 31 December 2024. The company is the leading leasing provider for new and used passenger cars, and a provider of point-of-sale consumer credit. As at 31 December 2024, the Summit Leasing Slovenija, Ljubljana gross credit portfolio contribution to the Group amounted to EUR 867.4 million, of which EUR 560.6 million (i.e., 65% of the total) relates to individuals. The vast majority of the remaining part belongs to corporate. By 31 December 2024, Summit Leasing Slovenija, Ljubljana had generated a result before impairments and provisions of EUR 2.3 million.

The merged entity's pro-forma market share[13] as at 31 December 2024 is 39.1% (considering the envisaged integration with NLB Lease&Go, leasing, Ljubljana), positioning the NLB Group as the market leader in the Slovenian leasing market.

Table 30: Key performance indicators of NLB Summit Leasing Slovenija, Ljubljana

		in EUR thousands
	Sep - Dec 2024(i)	Jan - Dec 2024(ii)
Key performance indicators		
Net interest income	9,793	16,245
Net non-interest income	3,086	9,757
Total costs	−8,975	−23,708
Impairments and provisions	−5,223	−2,266
Result before tax	−1,319	28
Result after tax	−1,009	3
Financial position statement indicators	**31 Dec 2024(i)**	**31 Dec 2024(ii)**
Total assets	920,336	926,217
Net loans to customers	845,181	852,721
Gross loans to customers	851,008	867,360
Equity	102,906	108,787
Key financial indicators		
CIR	69.7%	91.2%
NPL volume	25,092	
NPL ratio (internal def.: NPL/Total loans)	2.9%	
Market share of leasing portfolio	27.9%	

(i) Data on a standalone basis as included in the consolidated financial statements of the Group. Due to acquisition of NLB Summit Leasing Slovenija, Ljubljana in September 2024 data for 2024 are for the period September-December 2024.
(ii) Data in local financial statements. Key performance indicators for full-year 2024.

After the takeover of Summit Leasing Slovenija, Ljubljana, governance activities of the NLB Group were ensured (new governance rules, along with the appointment of the Supervisory and Management Boards changes). The harmonisation of both acquired entities (SLS and MBL) with NLB Group standards is ongoing. The merger of the Slovenian leasing entities (NLB Lease&Go, leasing, Ljubljana and SLS) is planned for June/July 2025. NLB's current focus is on managing a seamless merger process to ensure a smooth transition, retaining operational efficiency, and ensuring harmonisation with the NLB Group. The key focus remains on clients and their needs, employees, the dealer network, and all related stakeholders.

In 2025, the contribution to profit before tax of the joint entity is expected to be around EUR 20 million and grow further to exceed EUR 30 million p.a. by 2027. It includes a positive impact of EUR 3–5 million p.a. from cost synergies with an expected full run-rate for 2026 onward. NLB Group's result in 2025 will be further strengthened on the consolidated level with EUR 8 million in additional funding synergies. These funding synergies will further increase with the growth of the leasing business in the coming years. The planned integration costs are EUR 8–9 million.

The realisation of cost synergies, funding synergies and business activation, together with a strict cost agenda, should bring the CIR of the joint entity to levels below 40% in 2026.

12 Market share of leasing portfolio. Change in methodology: as of 31 December 2024, the leasing portfolio in banks is no longer included in the calculation.
13 Market share of leasing portfolio. Change in methodology: as of 31 December 2024, the leasing portfolio in banks is no longer included in the calculation.

Asset management operations

NLB Skladi, Ljubljana

NLB Skladi, Ljubljana, Slovenia's largest mutual fund management company, maintains a high market share of 40.7% and is the largest asset management company by total assets under management. The company delivered strong results in 2024, with net inflows into the NLB Skladi Umbrella fund amounting to EUR 286 million and gaining a market share of 55% in net sales on the Slovenian market. The total assets under management grew by 29% YoY to EUR 3,048.6 million, of which EUR 2,544.8 million consisted of mutual funds and EUR 503.8 million in the discretionary portfolio. In 2024, the company surpassed an important milestone of EUR 3 billion of total assets under management.

NLB Skladi, Ljubljana plays a pivotal role in the NLB Group's strategic activities, forming a cornerstone of the Group's comprehensive business portfolio. The company offers a wide range of mutual funds and discretionary portfolio management services and, with regulatory approval from the Securities Market Agency (ATVP) in Slovenia on 5 July 2024, has ventured into managing alternative investment funds. By providing highly personalised asset management services, NLB Skladi, Ljubljana, delivers innovative and tailored investment solutions that align with its clients' unique financial objectives.

With over 20 years of experience, NLB Skladi, Ljubljana, has solidified its leadership position in Slovenia's asset management market. As of 31 December 2024, the company holds an impressive 40.7% market share by AuM, underscoring its dominance and commitment to excellence in the sector. In April 2024, NLB Skladi, Ljubljana, was honoured with eight prestigious awards at the annual "Moje finance" event, recognising the top-performing mutual funds. NLB Skladi, Ljubljana, has been named the "Best Asset Management Company for the Three-Year Period" and "Best Asset Management Company for the Ten-Year Period."

Regionally, NLB Skladi, Ljubljana, continues its growth through strategic acquisitions, further enhancing its presence in the SEE region. On 23 May 2024, the company entered the North Macedonian asset management market by acquiring Generali Investments, Skopje, and in August 2024 renamed it to NLB Fondovi, Skopje. To consolidate the ownership of the asset management companies within the NLB Group under the umbrella of NLB Skladi, Ljubljana, the ownership of the Serbian asset management company KomBank Invest, Beograd was transferred from NLB Komercijalna Banka, Beograd, to NLB Skladi, Ljubljana on 19 September 2024. In October 2024, it was renamed to NLB Fondovi, Beograd. These acquisitions represent more than an expansion of NLB Skladi's asset management capabilities. They are key milestones in building a fully integrated financial ecosystem that leverages the strength of NLB Group's presence in the region and ensures that cross-selling opportunities between the Group's banking and asset management services meet the evolving needs of local investors.

Table 31: Key performance indicators of NLB Skladi, Ljubljana(i)

in EUR thousands

	2024	2023	Change YoY
Key performance indicators			
Net interest income	2	31	▾ −94%
Net non-interest income	24,858	19,141	▴ 30%
Total costs	−9,283	−7,453	▾ −25%
Impairments and provisions	0	0	−
Result before tax	15,577	11,719	▴ 33%
Result after tax	12,113	9,498	▴ 28%
Financial position statement indicators			
Total assets	29,761	18,525	▴ 61%
Equity	22,971	13,707	▴ 68%
Key financial indicators			
ROE a.t.	68.0%	81.0%	−12.9 p.p.
ROA a.t.	52.9%	60.3%	−7.4 p.p.
CIR	37.3%	38.9%	−1.5 p.p.
Market share by assets under management	40.7%	39.6%	1.1 p.p.
Total assets under management	3,048,581	2,359,847	▴ 29%

(i) Data on a standalone basis as included in the consolidated financial statements of the Group.

NLB Fondovi, Skopje

Since the end of May 2024, NLB Group has been enriched with a new member in the field of asset management. After obtaining all relevant approvals, NLB Skladi, Ljubljana, acquired Generali Investments, Skopje, on 23 May 2024 and rebranded the company to NLB Fondovi, Skopje, on 7 August 2024.

NLB Fondovi, Skopje, is the third-largest asset manager in the North Macedonian market, holds an 18.8% market share. The company manages EUR 66.4 million in assets in different investment funds and portfolios. Net inflows in investment funds amounted to EUR 11.7 million, highlighting steady growth.

NLB Fondovi, Beograd

On 6 May 2024, NLB Skladi, Ljubljana, signed a Shares Purchase Agreement with NLB Komercijalna Banka, Beograd, to acquire a 100% stake in KomBank Invest, Beograd. Following all relevant approvals, the transaction was successfully completed on 19 September 2024. On 10 October 2024, KomBank Invest, Beograd was rebranded to NLB Fondovi, Beograd. The company manages EUR 58 million of assets in different investment funds and holds a 3.5% market share. The company recorded in 2024 net inflows in investment funds of EUR 9.6 million, reflecting promising investor confidence and market expansion.

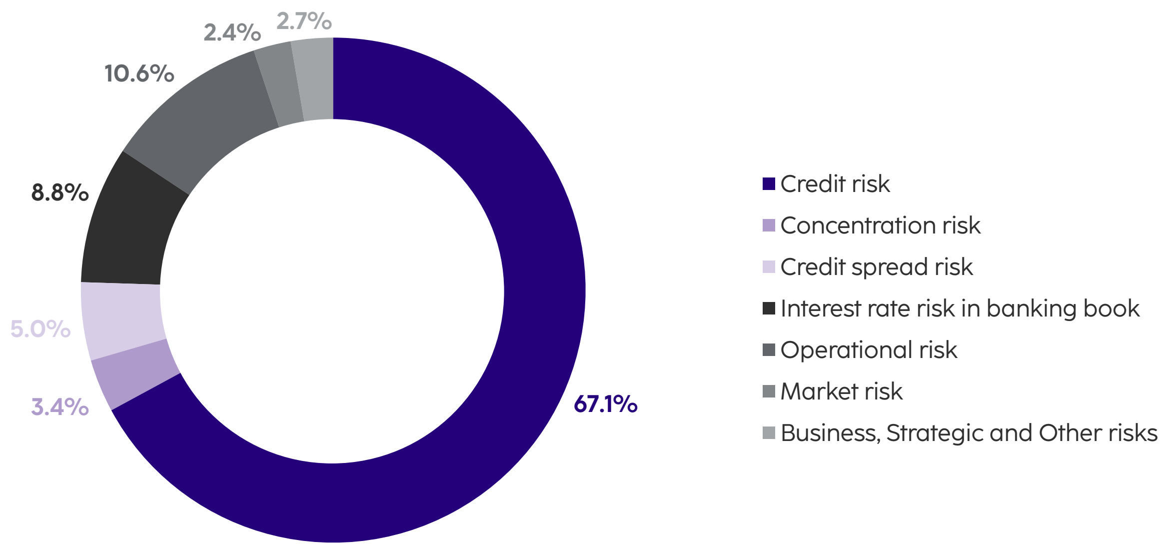
Risk Management

The self-funded model, strong liquidity, and solid capital position continued in 2024, demonstrating the Group's financial resilience. Efficient management of risks and capital is crucial for the Group to sustain long-term profitable operations. A robust Risk Management framework is comprehensively integrated into the Group's decision-making, steering, and mitigation processes, and it aims to support its business operations proactively. The Group contributes to sustainable finance by incorporating environmental, social, and governance risks into its business strategies, risk management framework, and internal governance arrangements.

1.1%
low level of NPE (EBA def.)

The Group has a well-diversified business model. Under its strategic orientations, it intends to be sustainably profitable, predominantly working with clients on its core markets, providing innovative but simple customer-oriented solutions, and actively contributing to a sustainable, more balanced, and inclusive economic and social system. Efficient management of risks and capital is crucial for the Group to sustain long-term operations. Risk Management in the Group manages, assesses, and monitors risks within the Bank as the main entity in Slovenia and the competence centre for banking and leasing subsidiaries.

Figure 56: Risk profile of NLB Group as at 31 December 2024



Based on the Group's business strategy, credit risk is the dominant risk category, followed by credit spread, interest rate risk in the banking book, and operational risk. Credit risk management focuses on moderate risk-taking, striving to assure a diversified credit portfolio, adequate credit portfolio quality, the sustainable cost of risk, and optimal returns considering the risks assumed. The Group has limited exposure to the other aforementioned risks, while market and other non-financial risks are less important from a materiality perspective. The Group integrates and manages ESG risks within the existing types of risks, such as credit, liquidity, market, and operational risk, as part of its risk management framework. These risks are estimated as low, except for transition risk in the area of credit, which is assessed as low to medium. Liquidity risk tolerance is low. The Group must always maintain an appropriate level of liquidity and pursue a proper structure of financing sources.

Table 32: NLB Group's Key Risk Appetite Indicators (KRIs)

KRIs	31 Dec 2024
Total capital ratio	18.7%
CET1 ratio	15.3%
LCR	197.2%
NSFR	167.6%
Cost of risk	14 bps
NPL ratio (EBA definition)	2.0%
NPE (EBA definition)	1.1%
Interest rate risk (EVE)	5.0%

Lending growth, which was modest in the previous year due to increasing interest rate trends, peaked in 2024. During 2024, the Group's credit portfolio remained of high-quality and well-diversified, with a stable rating structure and low level of NPL. There was no large concentration in any particular industry sector. The latter is particularly important as geopolitical tensions, the green transition, and other macro developments could materially impact specific industry sectors. The Group closely monitored the macroeconomic and geopolitical circumstances, remaining very prudent in identifying any increase in credit risk at a very early stage and being proactive in NPL management.

Furthermore, unfavourable trends in the German automotive industry did not have a significant impact on Slovenian export-oriented industry. Nevertheless, the Bank downgraded some clients in the "Manufacturing of basic metals" sub-industry to stage 2 and formed additional impairments. Despite this, the cost of risk remained relatively low, at 14 bps. The established impairments derive from portfolio development, new financing, and any portfolio deterioration. In contrast, the successful collection of previously written-off receivables and changes in risk parameters contributed positively to a low total net impact.

14 bps
cost of risk
on the Group level

The Group remained well capitalised and well above the risk appetite at both the Group and banking member levels. The Group's liquidity position also remained strong, with liquidity indicators well above the regulatory requirements, indicating a low tolerance for liquidity risk. Significant attention was given to the structure and concentration of liquidity reserves while at the same time considering the potential adverse negative market movements. Investment activity continued with a balanced approach, focusing on identifying attractive market opportunities while managing credit spreads, interest rate risk, and capital consumption effectively. Interest rate risk exposure remained moderate and stayed well within the risk appetite tolerance.

As a systemically important institution, the Group participates in the EBA EU-wide and ECB SSM Stress Test exercise. This EU-wide stress test is designed to assess the resilience of the European banking sector in the current uncertain and evolving macroeconomic environment, namely the aggravation of geopolitical tensions, which could lead to a significant decline in GDP. The results are expected to be published in early August 2025.

In addition, in 2024, the Group participated in two ECB Stress test exercises: the 2024 EBA Fit-for-55 climate risk scenario analysis and the 2024 ECB Cyber Resilience Stress Test Exercise. These exercises allowed the ECB to assess how banks are prepared to handle with financial and economic shocks related to climate and cyber risk.

As a systemically important bank, the Bank is part of the Single Supervisory Mechanism (SSM).

Supervision falls under the jurisdiction of the Joint Supervisory Team (JST) of:

ECB | **BoS**

The Group adheres to ECB regulations, with its subsidiaries operating outside Slovenia complying with the rules set by the local regulators. Third-party equivalents are approved in Serbia, Bosnia and Herzegovina, and North Macedonia, aligning local regulations with CRR rules.

Across the Group, risks are assessed, monitored, managed, or mitigated in a uniformed manner, as outlined in the Group's Risk Management Standards, while also considering the specifics of the markets in which individual Group members operate.

Risk Management and control are carried out through a clear organisational structure with defined roles and responsibilities. The organisation and delineation of competencies are designed to prevent conflicts of interest and ensure a transparent and documented decision-making process subject to an appropriate upward and downward flow of information.

Competence line Risk Management in NLB is, by encompassing several professional areas, responsible for:
- formulating and controlling the Group's Risk Management policies,
- setting limits,
- overseeing the harmonisation,
- regular monitoring of risk exposures and limits based on centralised reporting on a Group level.

The Group greatly emphasises the risk culture and awareness across the entire Group. The Group's Risk Management framework is forward-looking and tailored to its business model and corresponding risk profile. The main risk principles and limits are defined by the Group's Risk Appetite and Risk Strategy, which are designed in accordance with its business strategy. The Group regularly conducts risk identification as part of the ICAAP and ILAAP frameworks. All topical risks in this process, including ESG-related ones, are comprehensively assessed, monitored, and mitigated where necessary. Particular attention is given to integrating risk analysis into the decision-making process at both strategic and operating levels, ensuring diversification to avoid large concentrations, optimising capital usage and allocation, setting appropriate risk-adjusted pricing, and ensuring overall compliance with internal rules and regulations. To adequately manage ICT risks and ensure compliance with the Digital Operational Resilience Act (DORA) requirements, a dedicated second line of defence has been established within the risk management function and ICT risk management framework.

Proactive Risk Management in 2024

Risk Management focuses on managing and mitigating risks in line with the Group's Risk Appetite and Risk Strategy, which form the foundation of the Group's Risk Management framework. Within these frameworks, the Group monitors a range of risk metrics to ensure its risk profile remains consistent with its Risk Appetite. In addition, the Group is constantly enhancing its Risk Management system, where consistent integration of ICAAP, ILAAP, the Recovery plan, and other internal stress-testing capabilities into the Risk Management system is essential. Moreover, the Group emphasises their integration into the overall Risk Management system to assure proactive support for informed decision-making.

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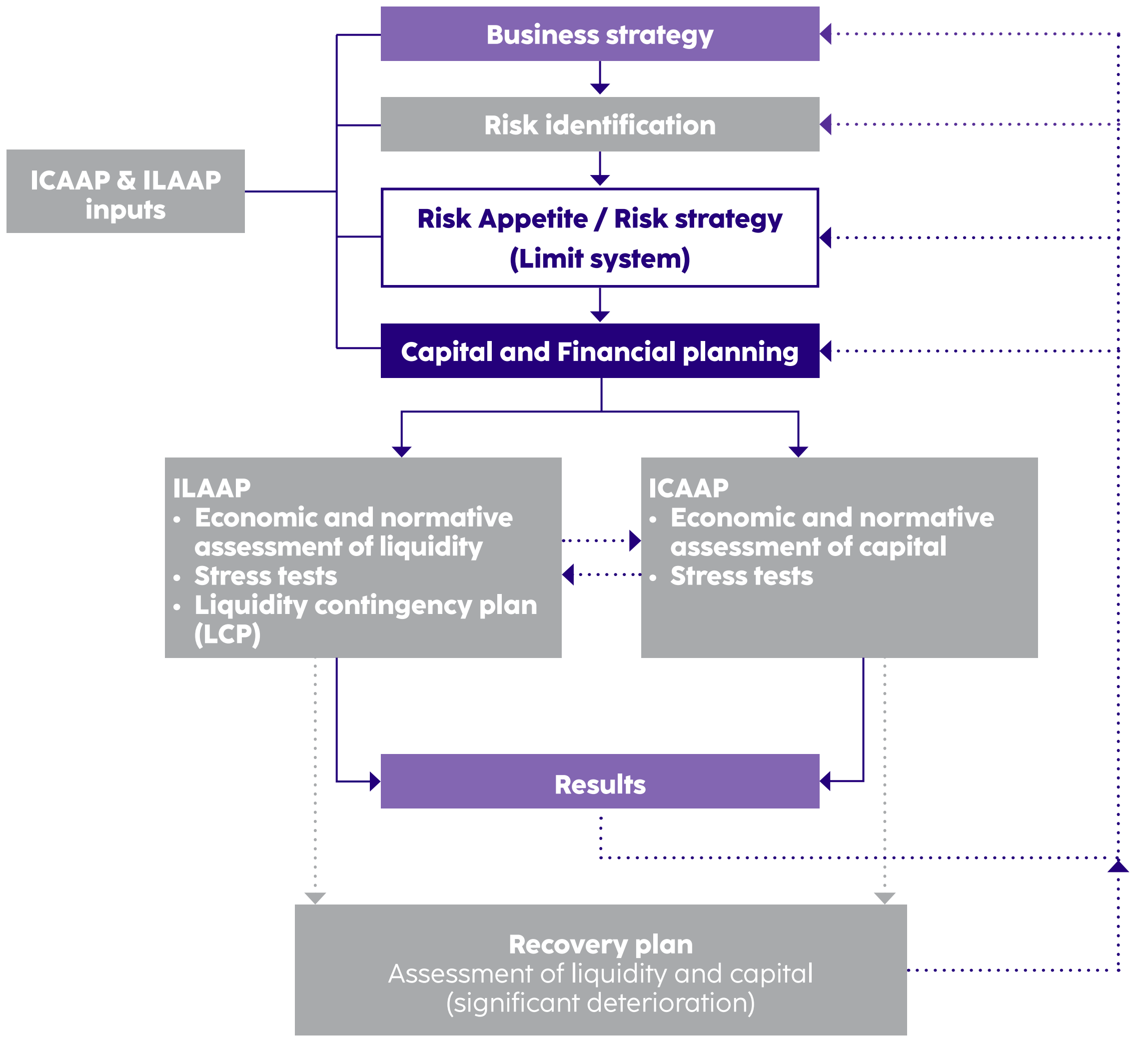
The uniform stress-testing programme, which includes internally developed models, stress scenarios, and sensitivity analysis, is regularly revised and complemented. The Group has established an internal ESG stress-testing framework to identify the most relevant financial vulnerabilities stemming from climate risk, which is continuously enhanced by incorporating available ESG-related data. This comprehensive stress-testing framework undergoes a regular internal validation cycle, and is supported by a robust validation framework. The Group ensures strict controls over the applied and selected risk approaches and internal models.

The business and operating environment relevant to the Group's operations is evolving, driven by trends such as sustainability, social responsibility, governance, changing customer behaviour, emerging new technologies, and competitors. These trends are actively contributing to a more sustainable, balanced, and inclusive economic and social system, alongside increasing new regulatory requirements. It should be noted that Risk Management is continuously adapting to identify and address new potential emerging risks.

Figure 57: NLB Group's Risk Management Framework



Proactive Risk Management in 2024

A prudent capital-level position and attainment of interim MREL targets

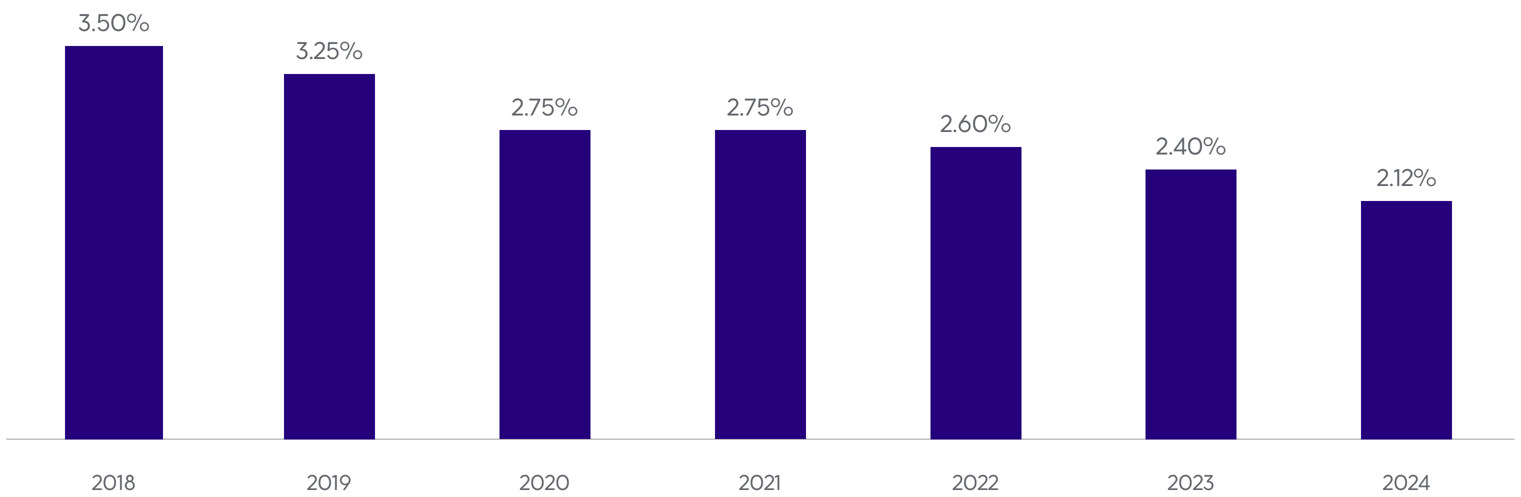
One of the key objectives of Risk Management is to maintain a prudent capital position for the Group. The Group monitors its capital position at both the Group and individual subsidiary bank levels in accordance with its Risk Appetite. It also incorporates normative and economic perspectives as part of the established ICAAP process. As at 31 December 2024, the Group maintained a solid capital position and TCR of 18.7% (1.5 p.p. YoY decrease). The CET1 ratio, representing the highest quality capital, stood at 15.3% (1.1 p.p. YoY decrease).

Capital is higher mainly due to the partial inclusion of the 2024 profit (EUR 257.3 million) and revaluation adjustments (EUR 56.5 million). An increase in RWA in NLB Group for credit risk primarily relates to the ramping up lending activity across all NLB Group banks and the contribution from the acquired SLS Group. The growth in RWA was partially mitigated by CRR-eligible real estate collaterals. The increase in RWAs for market risks and Credit Valuation Adjustments (CVA) is largely due to higher RWA for FX risk. The rise in RWA for operational risks mainly derives from the higher net interests and net fee and commission income, which led to an increased three-year average of relevant income.

As at 31 December 2024, the Group meets all fully loaded regulatory requirements. Moreover, the regular ECB SREP assessment resulted in a stable P2R, remaining at 2.12%, while Pillar 2 Guidance remains at a low level of 1%.

The MREL requirement forms part of the Group's risk appetite, whereby its fulfilment is regularly analysed and monitored. NLB complies with all interim targets. More information on MREL is available in the chapter Funding Strategy, MREL Compliance, and Capital.

Figure 58: NLB Group's Pillar 2 Requirement evolution



Maintaining a solid liquidity position and structure

Maintaining a solid liquidity position and structure is another key risk objective. The liquidity position remained stable and strong at the Group and individual subsidiary bank levels. The Group's LCR decreased to 197.2% (down 48.5 p.p. YoY), remaining well above the risk appetite limit. The level of the unencumbered eligible liquid reserves remained high, representing 33.2% of total assets. The Group holds sufficient liquidity reserves in the form of placements with the ECB, prime debt securities, and money market placements. The Group's core funding base predominately consists of retail customer deposits, which are very stable and consistently growing. The LTD ratio increased to 73.7% from 66.2% at the end of 2023, though it remains at a very comfortable level.

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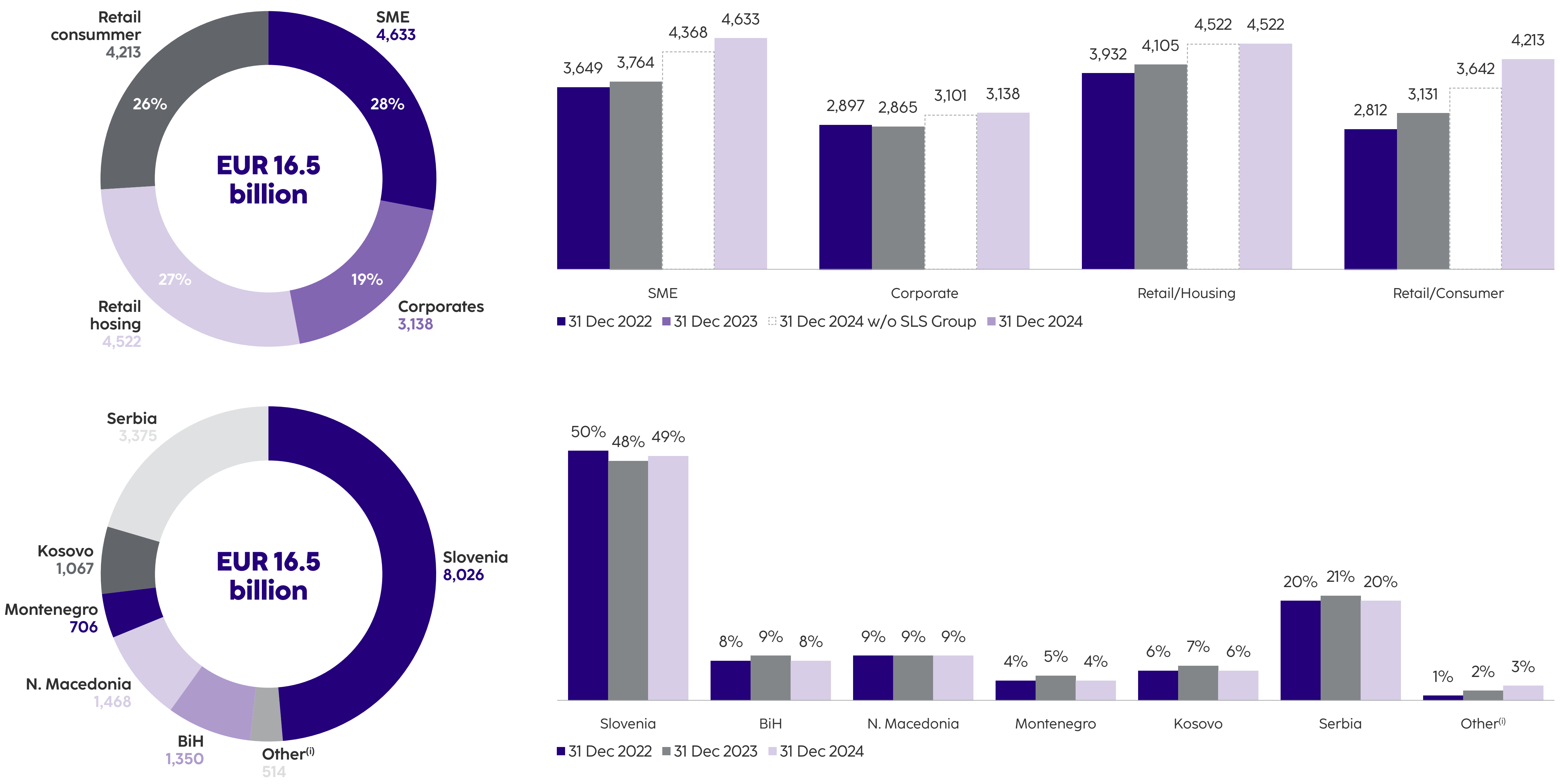
Maintaining adequate credit portfolio quality

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

The Group actively supports the SEE markets by financing both existing and new creditworthy clients. The Group's lending strategy focuses on its core retail and SME markets and selected corporate business activities within the region and the EU. In the Slovenian market, the focus is on providing tailored solutions for retail, medium-sized companies, and small enterprises. In the corporate segment, the Bank has established partnerships with selected corporate clients through different types of lending or investment instruments. All other banking members in the SEE region where the Group operates are universal banks, mainly focused on retail, medium-sized companies, and small enterprise segments. Their primary goal is to provide comprehensive services to clients while adhering to prudent risk management principles. In addition, with the acquisition of the SLS Group, the Group strengthened its leasing position in the Slovenian market and entered the Croatian market.

Figure 59: NLB Group structure of the corporate and retail credit portfolio (gross loans) by segment and geography (in EUR millions)



(i) The largest part represents EU members.

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Lending growth, which was modest in 2023 due to rising interest rates, peaked in 2024. In the retail segment, fixed-interest rate lending prevailed, especially in the housing loan market. In the corporate segment, the Bank seized opportunities to finance some of the region's top corporate clients while focusing on SMEs as its key segment. The current structure of the credit portfolio (gross loans to corporate and retail customers) consists of 53% retail clients, 19% large corporate clients, and 28% SME clients. The retail portfolio represents a significant share of the whole credit portfolio, with housing loans continuing to be the still prevailing segment.

The corporate credit portfolio is well diversified, with no large concentration existing in any specific industry. This is particularly important to maintain, as geopolitical tensions, the green transition, and other macro factors could pose challenges to specific economic sectors.

Table 33: Overview of the NLB Group corporate loan portfolio by industry as at 31 December 2024

	Credit portfolio			in EUR millions
Corporate sector by industry	**NLB Group**	**%**	**Δ Q4 2024**	**Δ YtD 2024**
Accommodation and food service activities	241.9	3%	50.2	43.0
Act. of extraterritorial org. and bodies	0.0	0%	0.0	0.0
Administrative and support service activities	150.8	2%	3.9	39.5
Agriculture, forestry and fishing	383.9	5%	16.7	39.2
Arts, entertainment and recreation	20.9	0%	-0.8	0.8
Construction industry	773.9	10%	23.8	216.9
Education	23.2	0%	5.2	8.3
Electricity, gas, steam and air conditioning	616.5	8%	55.9	73.2
Finance	229.1	3%	59.0	84.8
Human health and social work activities	48.0	1%	0.0	10.6
Information and communication	233.6	3%	-24.3	-58.0
Manufacturing	**1,764.5**	**23%**	**24.8**	**239.7**
Mining and quarrying	42.5	1%	-1.3	-3.6
Professional, scientific and techn. act.	348.1	4%	77.9	113.2
Public admin., defence, compulsory social.	213.9	3%	10.6	14.4
Real estate activities	442.3	6%	49.5	64.9
Services	19.5	0%	5.2	5.5
Transport and storage	634.6	8%	4.7	15.6
Water supply	66.1	1%	-0.5	8.9
Wholesale and retail trade	1,517.3	20%	19.3	227.0
Other	0.1	0%	0.0	-2.6
Total Corporate sector	**7,770.7**	**100%**	**379.9**	**1,141.4**

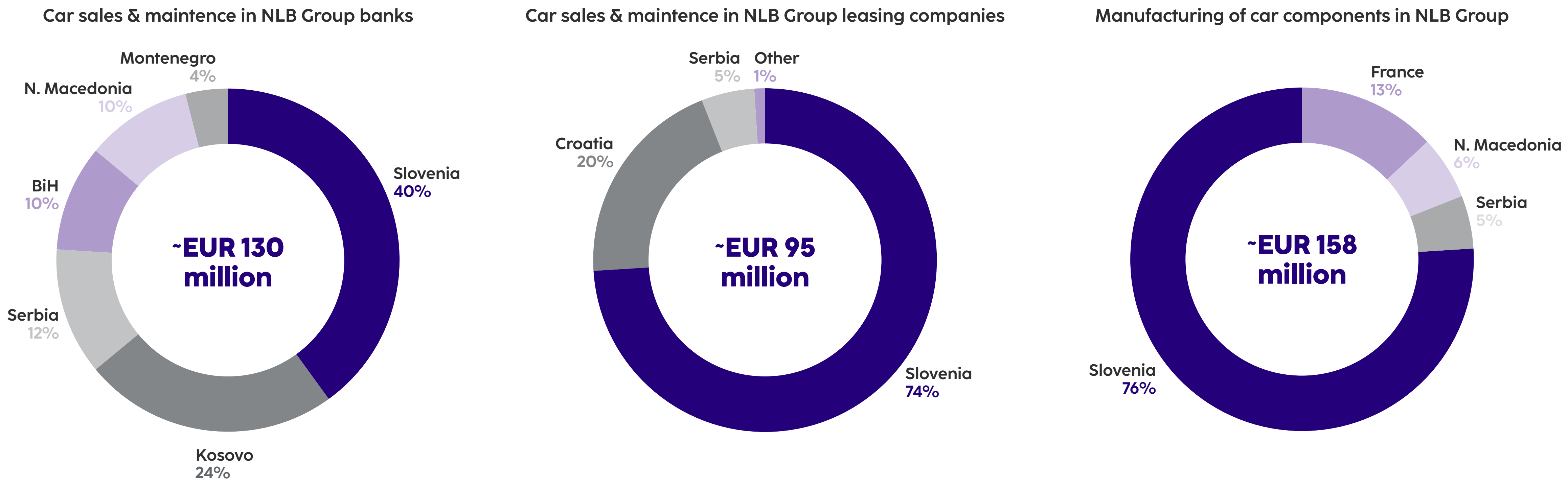
Table 34: Main manufacturing activities of NLB Group by stages as at 31 December 2024

		Credit portfolio											in EUR millions
Main manufacturing activities	**%**	**NLB Group**	**- o/w Stage 1**	**- o/w Stage 2**	**- o/w Stage 3**	**Δ 2024**	**- o/w Stage 1**	**- o/w Stage 2**	**- o/w Stage 3**	**Δ Q4 2024**	**- o/w Stage 1**	**- o/w Stage 2**	**- o/w Stage 3**
Manufacture of food products	3.9%	303.4	271.6	24.6	7.2	21.4	25.9	-8.5	4.0	20.9	22.0	-4.4	3.3
Manufacture of fabricated metal products, except machinery and equipment	2.6%	203.4	152.5	41.9	9.0	10.0	-24.6	32.7	1.9	-3.6	-4.2	0.4	0.2
Manufacture of basic metals	2.5%	192.1	122.3	68.7	1.1	36.1	-17.3	52.7	0.8	13.0	-44.9	57.2	0.6
Manufacture of electrical equipment	2.4%	183.4	179.0	4.0	0.3	-7.4	-10.4	3.0	-0.1	-28.1	-30.8	2.8	0.0
Manufacture of other non-metallic mineral products	1.5%	118.7	111.3	3.1	4.3	20.8	23.3	-5.1	2.6	0.9	1.7	-0.6	-0.2
Manufacture of motor vehicles, trailers and semi-trailers	1.3%	98.5	94.2	0.2	4.1	12.6	12.6	-1.8	1.7	3.2	3.2	-1.6	1.6
Manufacture of machinery and equipment n.e.c.	1.1%	86.8	79.1	6.5	1.2	7.4	6.5	0.1	0.8	-6.3	-6.3	-0.8	0.8
Manufacture of rubber and plastic products	1.1%	85.7	82.2	2.4	1.1	10.9	10.3	0.6	-0.1	2.3	0.6	1.6	0.0
Manufacture of basic pharmaceutical products and pharmaceutical preparations	1.0%	74.5	74.5	0.0	0.0	47.7	49.8	-2.0	0.0	-0.5	1.6	-2.0	0.0
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0.7%	54.0	40.7	10.2	3.1	3.5	3.4	0.8	-0.7	-1.2	-1.6	0.8	-0.4
Manufacture of furniture	0.6%	44.9	38.5	4.2	2.3	-0.4	-3.8	2.5	0.9	-0.7	-3.4	2.9	-0.2
Manufacture of wearing apparel	0.6%	43.9	43.4	0.2	0.3	33.9	34.1	-0.1	-0.1	-0.2	0.1	-0.3	0.0
Other manufacturing activities	3.5%	275.3	248.3	22.6	4.4	43.3	47.6	-5.1	0.8	25.1	21.6	3.0	0.4
Total manufacturing activities	**22.7%**	**1,764.5**	**1,537.5**	**188.6**	**38.4**	**239.7**	**157.3**	**69.8**	**12.6**	**24.8**	**-40.4**	**59.2**	**6.0**

A moderate transition to Stage 2 occurred in the sub-industry "Manufacturing of basic metals" during Q4 2024. The Bank identified several qualitative factors that led to the downgrade of certain clients and the recognition of Stage 2 impairments in 2024.

The German automotive industry, which significantly influences the European market, is currently facing unfavourable trends. These challenges could affect Slovenia's economy, as its automotive industry is export-oriented and integrated into the European supply chain. NLB Group has reviewed its portfolio and anticipates no significant threats to companies involved in manufacturing of automotive components or those related to car sales and maintenance services. Financing for both automotive industry segments represents a small part of the Bank's portfolio – manufacturing accounts for 2.0% and sales for 2.9% of the corporate sector.

Figure 60: NLB Group exposure to the automotive industry as at 31 December 2024

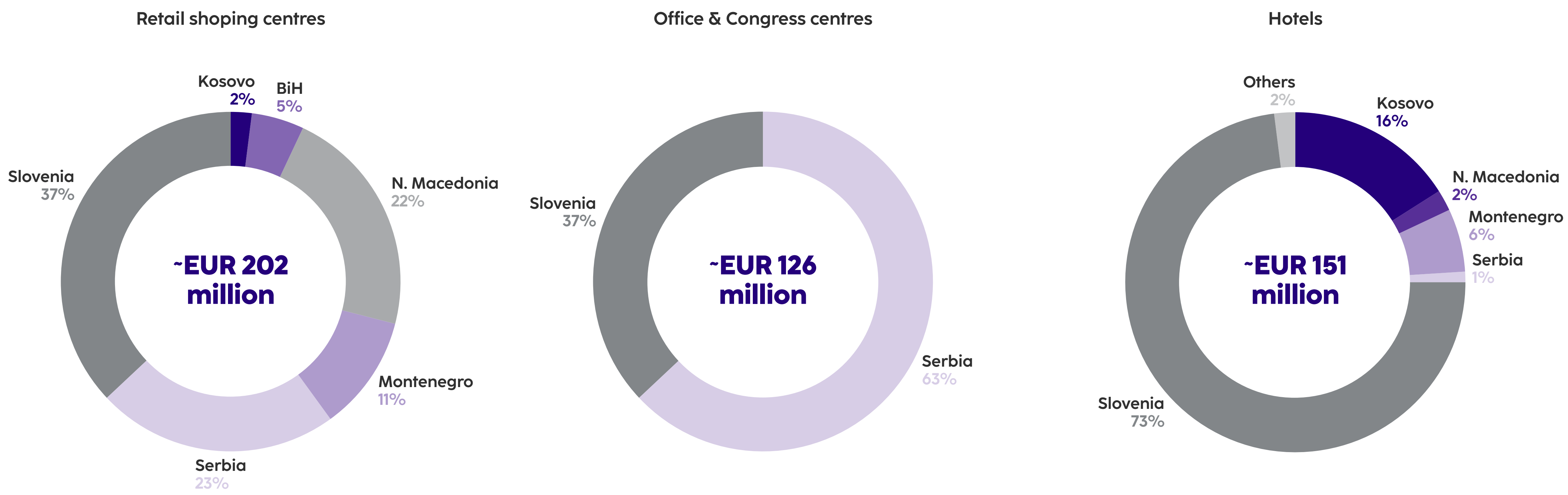


The Bank's corporate portfolio also includes financing of real estate activities (projects), which account for a smaller part of the portfolio. These projects are carefully monitored at each phase of construction. For income-producing CRE projects in the operational phase, the DSCR ranges from 1.2 to 1.4, and the LTV is, on average, below 60%. This ensures that a sufficient reserve and repayment to the Bank is not at risk. For most approved loans, an amortisation repayment structure was backed against the background of concluded long-term rental contracts (offices and shopping malls segment).

In the development phase, the Bank requires a minimum equity contribution of 25% and a pre-lease/pre-sale commitment of 30% for office spaces, 60% for shopping malls, and 20% for residential real estate before the first disbursement. The Bank finances projects sponsored by investors with proven track records. In this portfolio, no issues with occupancy rates or rent deterioration have not been observed.

At the end of 2024, the specific commercial real-estate financing projects were predominantly in the operational phase, with 83% of retail shopping centres, 88% of hotels, and all office and conference centres fully operational.

Figure 61: NLB Group specific Commercial Real-Estate Financing as at 31 December 2024



In the current macroeconomic environment, the Group's asset quality remains robust. The majority of the Group's loan portfolio is classified as Stage 1 (93.4%), a relatively small portion as Stage 2 (5.0%), and Stage 3 (1.6%). The Stage 2 allocation has increased in the corporate and retail segments. The increase in Stage 2 in Q4 within the corporate sector was affected by the deteriorating financial position in the basic metals manufacturing industry. The increased Stage 2 exposure in the retail segment results from the improved process and methodological changes in the early detection of SICR. However, the increase remains modest compared to the total portfolio volume, with 72.2% of the Stage 2 exposure showing no delays. The loans in Stages 1 to 3 are measured at amortised cost, while no receivables are measured at fair value through profit or loss (FVTPL).

The outflow in the state and institutions segment is due to the redistribution of excess liquidity into high-quality sovereign bonds and financing newly acquired leasing companies. On a consolidated level, the portfolio in the retail and corporate segments has replaced exposures to sovereign and institutions.

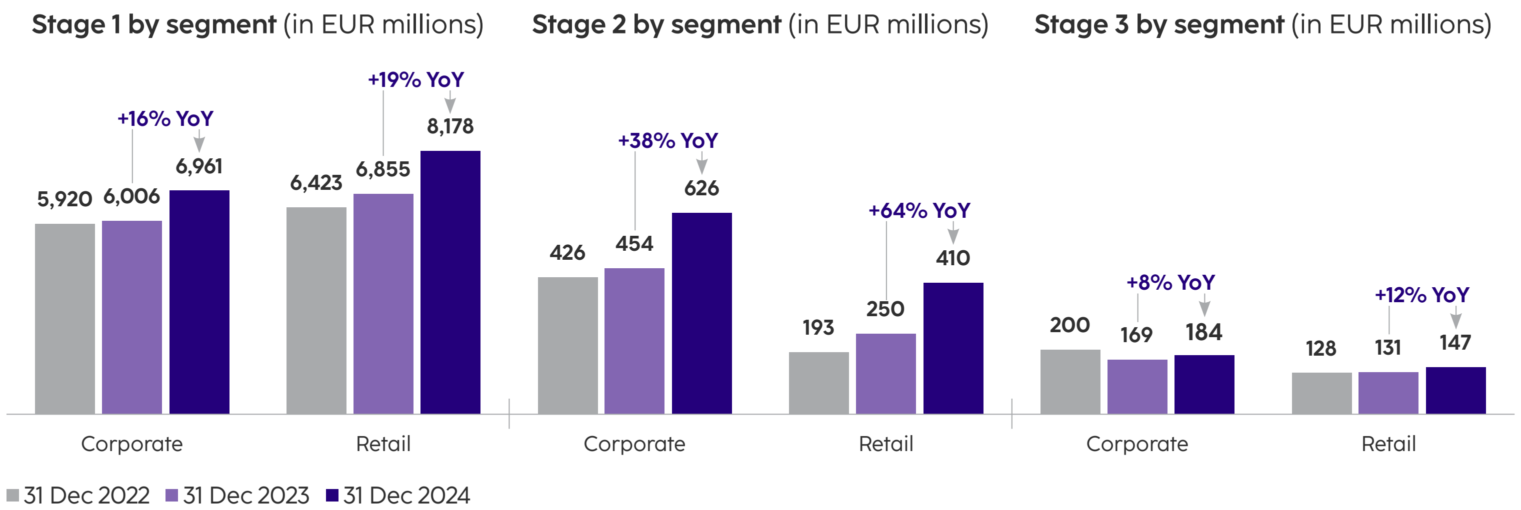
Table 35: NLB Group loan portfolio by stages as at 31 December 2024 (in EUR millions)

in EUR millions

	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage 1			Stage 2			Stage 3 & FVTPL			Stage 1		Stage 2		Stage 3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	**19,313.8**	**93.4%**	**74.6**	**1,036.8**	**5.0%**	**332.6**	**330.5**	**1.6%**	**30.0**	**89.9**	**0.5%**	**62.1**	**6.0%**	**207.3**	**62.7%**
o/w Corporate	6,960.6	89.6%	955.0	626.5	8.1%	172.2	183.7	2.4%	14.2	42.4	0.6%	27.4	4.4%	109.5	59.6%
o/w Retail	8,178.1	93.6%	1,323.3	410.3	4.7%	160.7	146.7	1.7%	15.7	45.1	0.6%	34.7	8.4%	97.5	66.5%
o/w State	3,766.7	100.0%	−2,161.4	0.0	0.0%	0.0	0.0	0.0%	0.0	2.3	0.1%	0.0	2.7%	0.0	80.3%
o/w Institutions	408.4	100.0%	−42.3	/	/	−0.3	0.2	0.0%	0.1	0.2	0.0%	/	/	0.2	100.0%

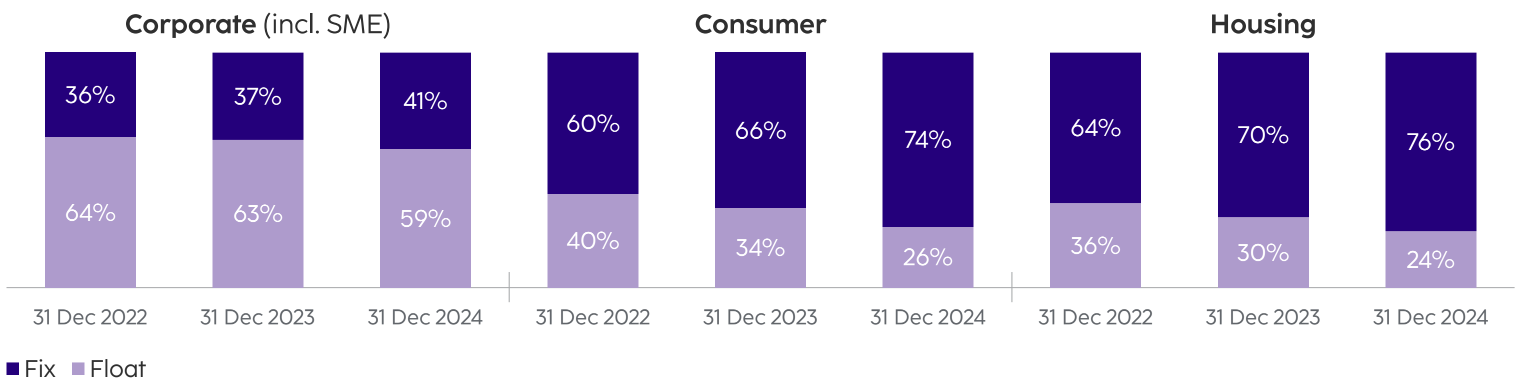
The portfolio quality remains stable, with increasing Stage 1 exposures and a relatively low percentage of NPLs. The acquisition of the SLS Group increased Stage 1 exposure to the nonfinancial sector, increasing corporate loans by EUR 404 million and retail loans by EUR 562 million. Although the Stage 1 loan portfolio percentage slightly decreased compared to 31 December 2023, it remains high at 93.6% in the retail segment and 89.6% in the corporate segment.

Figure 62: NLB Group corporate and retail loan portfolio by stages as at 31 December 2024



The portfolio interest rate structure shows that 59.3% of the Group corporate and retail loan portfolio is tied to a fixed interest rate and the rest to a floating rate, primarily the Euribor reference rate. Floating interest rates dominate the corporate segment. In the retail segment, 75.1% of the retail loan portfolio is linked to a fixed interest rate, with the percentage rising to 75.8% in the housing loan segment. This structure reduces the sensitivity of the retail sector to potential changes in reference rates.

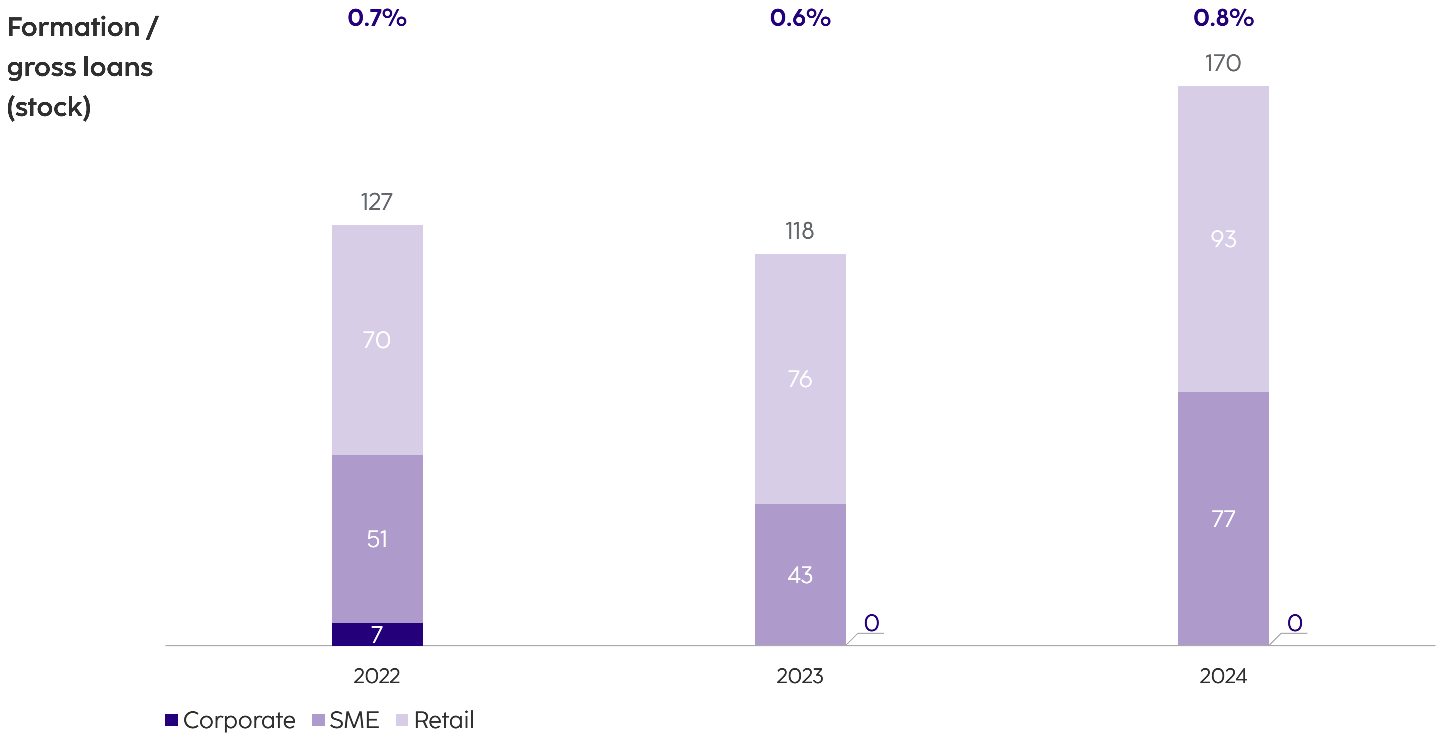
Figure 63: NLB Group corporate and retail loan portfolio (in %) by interest rates as at 31 December 2024



New NPLs formation and NPL management

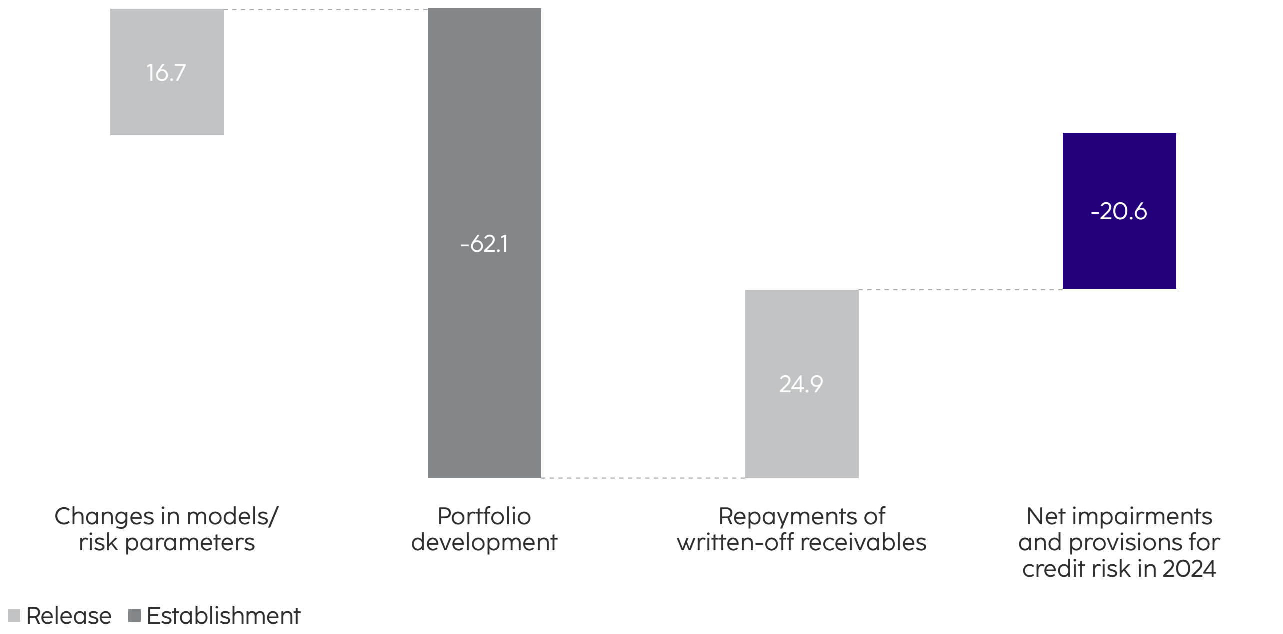
In 2024, NPL formation amounted to EUR 170 million or 0.8% of the total loan portfolio. In addition to normal portfolio development, the new non-performing loans reflect the macroeconomic circumstances and the harmonisation of the default definition within the acquired SLS Group companies. Despite this, the net NPL increase during 2024 remained low, as evident in the nearly unchanged NPL ratios. The Group's credit portfolio remains high quality due to cautious lending standards and effective early warning systems.

Figure 64: NLB Group gross NPL formation (in EUR millions)



In 2024, the Group established impairments and provisions for credit risk of EUR 20.6 million. The established impairments derive from portfolio development mostly in the retail segment (Stage 2 and Stage 3 exposures), new financing, and any deterioration in the portfolio. However, material repayments of written-off receivables and changes in models helped to mitigate the overall impact. As a result, at year-end, the cost of risk was 14 bps, remaining at a relatively low level. While macroeconomic conditions in the region may continue to be influenced by factors such as relatively high inflation, lower-than-expected GDP growth, and rising unemployment, these developments are unlikely to have a substantial negative impact on the cost of risk.

Figure 65: Cumulative net new impairments and provisions for credit risk in NLB Group (in EUR millions)



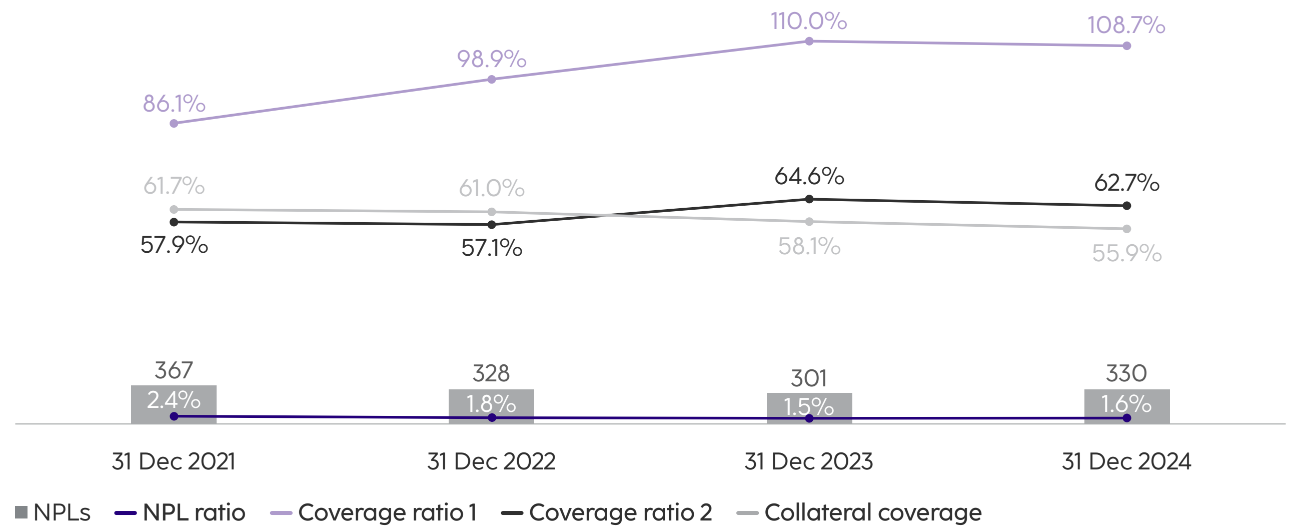
Precisely defined targets and various proactive workout approaches have supported the management of the non-performing portfolio. The Group's approach to NPL management puts a strong emphasis on restructuring and the use of other active NPL management tools, such as the foreclosure of collateral, the sale of claims, and pledged assets. In 2024, the multi-year declining trend of the non-performing credit portfolio stock stopped, as the growth of new NPLs slightly exceeded repayments and recovery of existing NPLs, mainly through repayments, cured clients, and the collection. The acquisition of the SLS Group, whose loans were recognised at fair value, also contributed to the NPL increase at the end of Q3 2024. As a result, the non-performing credit portfolio stock in the Group increased to EUR 330.5 million by the end of 2024, up from EUR 300.5 million at the end of 2023. This slight increase in the non-performing credit portfolio, combined with credit growth in a higher-quality portfolio, resulted in an NPL ratio of 1.6%. The internationally comparable NPE ratio, based on the EBA methodology, stood at 1.1%. The Group's indicator gross NPL ratio, as defined by the EBA, was 2.0%.

An important strength of the Group is its NPL coverage ratio 1 (coverage of gross NPLs with impairments for all loans), which remains high at 108.7. Furthermore, the Group's NPL coverage ratio 2 (coverage of gross NPLs with impairments for NPL) stands at 62.7%, well above the EU average published by the EBA (41.2% for Q4 2024). This strong coverage provides the Group with the capacity to further reduce NPLs without significantly impacting the cost of risk in the coming years.

The Group strives to ensure the best possible collateral for long-term loans, typically in the form of mortgages. Thus, the real-estate mortgage is the most common type of collateral for corporate and retail loans. In corporate loans, government and corporate guarantees are also common types of collateral.

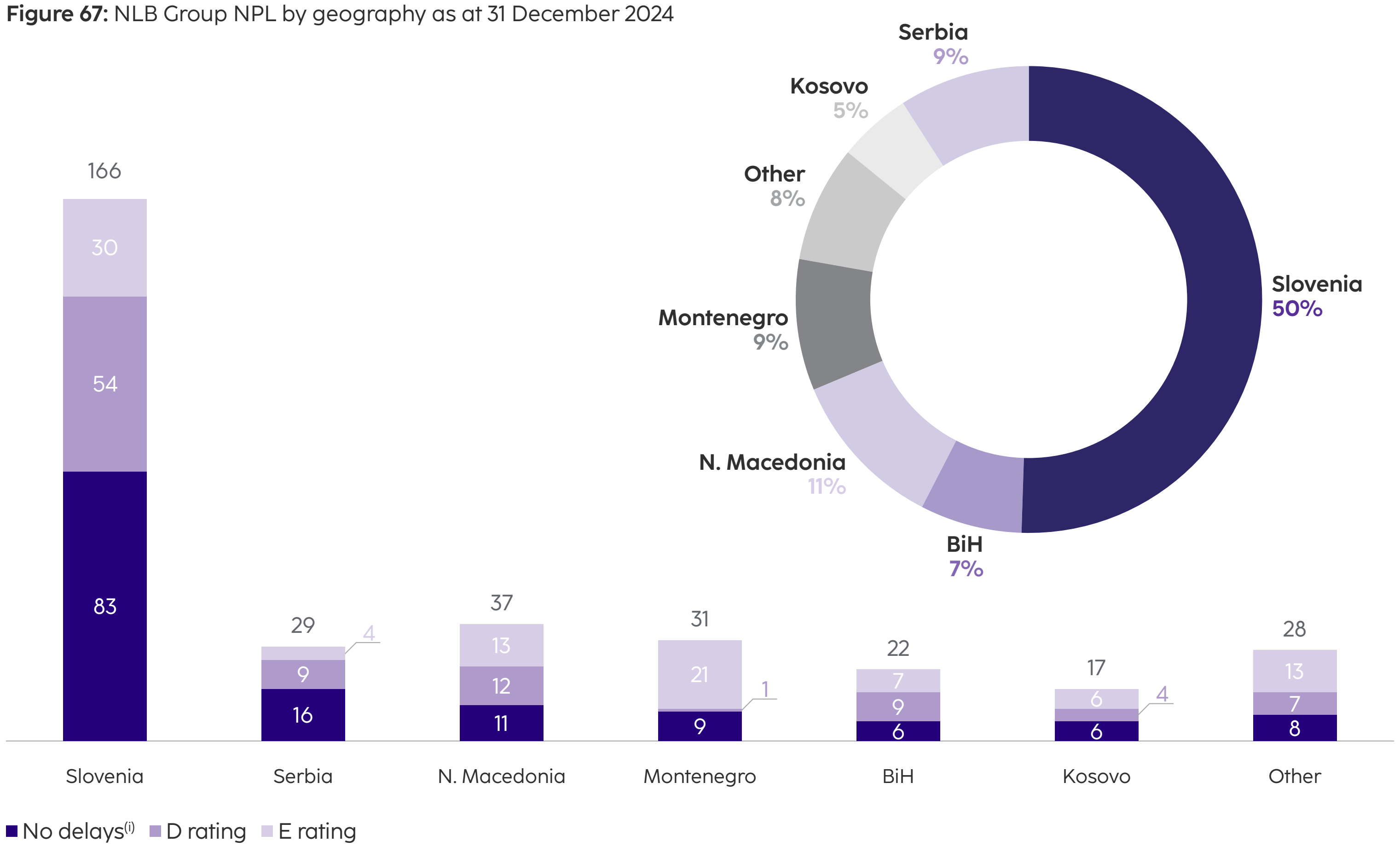
Through extensive experience gained over the past few years in managing clients facing financial difficulties – resulting primarily from legacy portfolios – the Group has developed an extensive knowledge base. This expertise encompasses both the prevention of financial difficulties for clients to restructure viable clients in case of need and to efficiently manage exposures with no realistic recovery prospects. This extensive knowledge base is accessible

Figure 66: NLB Group NPL, NPL ratio, NPL collateral coverage and coverage ratio(i)



(i) By internal definition.

Figure 67: NLB Group NPL by geography as at 31 December 2024



(i) Considering materiality of delays, namely 2% or EUR 50 thousand.

across the Group. Risk units, along with restructuring and workout teams, are adequately staffed and equipped to handle considerably increased volumes, if needed, in a professional and efficient manner.

Low market risk in the trading book

Regarding market risks in the trading book, the Group maintains a low-risk appetite. The exposure to trading (as defined by the CRR) is permitted only for the parent Bank, as the main entity of the Group, and is highly limited.

The Group carries its main business activities in euros, and the subsidiary banks, in addition to their domestic currencies, also operate in euros, the Group's reporting currency. The Group's net open FX position from transactional risk is low, at 0.7% of capital. Regarding structural FX positions on a consolidated level, assets and liabilities held in foreign operations are converted into euro currency at the closing FX rate on the balance sheet date. FX differences in non-euro assets and liabilities are recognised in the other comprehensive income, impacting shareholder's equity and CET1 capital.

Proactive management of interest rate risk in the banking book

The Group follows a strategy of maintaining a low Economic Value of Equity (EVE) indicator while simultaneously monitoring the effects on Earnings at Risk (EaR). Bonds and loans with a fixed interest rate contribute the most to the interest rate risk exposure in terms of the Economic Value of Equity (EVE) indicator. In contrast, exposure is primarily managed through core deposits, which present the most important and material element of interest rate risk management. To a lesser extent, the Group also uses plain vanilla derivatives to hedge risk.

The exposure to interest rate risk remains modest and within the Group's risk appetite limits. The Group applies different scenarios when assessing the EVE sensitivity. In 2024, the Group continued to enhance the measuring of interest rate risk according to the new EBA Guidelines, which impacted the EVE result. From the EVE perspective, the estimated capital sensitivity of the worst regulatory scenario (parallel up +200 bps) is 5.0% of the Group's T1 capital.

Robust operational risk management

In operational risk management, the Group has established a robust operational risk culture. The main qualitative activities focus on reporting loss events and identifying, assessing, and managing operational risks. Based on this, continuous improvements are made to control activities, processes, and the organisation. Additionally, the Group also focuses on proactive mitigation, prevention, and minimisation of potential damage. Special attention is given to the stress-testing system, based on a scenario analysis referring to the potentially high severity, low-frequency events and modelling data on loss events. The Bank uses the gamma distribution technique for modelling, which proved to be the most suitable. From an economic perspective, the aim is to ensure the necessary capital for materially important risks that could occur extremely rarely. Consequently, data on realised loss events are used with a confidence interval of 99.9%. Moreover, some add-ons are added for specific current and significant risks. In a normative view, a 90% confidence level is used for more plausible but still severe events, which would be absorbed through P&L.

In NLB Group, the reported incurred net loss arising from loss events in 2024 was lower than in the previous year, and remained within the set tolerance limits for operational risk. Certain litigation costs mainly occurred due to systemic issues such as litigation risk (e.g., cases related to loan processing fees and loan insurance premiums in Serbia). For other realised operational losses, banking members of the Group conducted a comprehensive analysis and defined adequate mitigation measures to prevent or minimise such events in the future.

In addition to losses already included in the loss event database, the Bank could face one-off and unpredictable extreme events. The list of such potential events is updated annually, based on current risks in the Bank's environment or past realised events in the banking industry. For these potential and topical events, scenario analyses are prepared. The cyber-attack scenario as an umbrella scenario was further divided into five more detailed scenarios to address different types of attacks. The results indicate that the most significant loss could arise from the following potential events: possible difficulties operating electronic banking channels, anti-money laundering, cyber-attacks, and legal risks. For these scenarios, existent controls were additionally revised and mitigation measures were defined to address any potential deficiencies.

Furthermore, key risk indicators serve as an early warning system for the broader field of operational risks (such as HR, processes, systems, and external conditions). They are regularly monitored, analysed, and reported to improve the existing internal controls system and enable timely reactions.

The Group supports proactive discussion of operational risks at all levels of the organisation. Every employee can report loss events. The most significant/important operational risks are escalated quickly and discussed at the Operational Risk Committee meeting, while the implementation of the mitigation measures is closely monitored.

In addition, the Group diligently manages other non-financial risks, related to its business model or arising from other external circumstances within the established ICAAP process.

Incorporating ESG risks

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

The Group conducts a materiality assessment as part of its overall risk identification process to determine the level of transitional and physical risk to which the Group is exposed. This process involves identifying environmental risk factors, relevant transmission channels, and assessing their materiality and impact on the Group's financial performance over short-, mid-, and long-term periods.

The management of ESG risks is incorporated into the Group's overall credit approval process and the related credit portfolio management. Sustainable financing is implemented in accordance with the Group's Environmental and Social Management System (ESMS). In addition to addressing ESG risks at all relevant stages of the credit-granting process, applicable ESG criteria were also considered in the collateral evaluation process.

At the portfolio level, the Group does not face any significant concentration in specific NACE industrial sectors exposed to climate risk, with the role of transitional risk being more prominent. Based on the industry segmentation of the portfolio and corresponding emissions, the Group has a relatively low exposure to emission-intensive sectors within its corporate clients' businesses. As part of its strategy, the Group does not finance companies involved in fossil fuels extraction or operation of coal-fired power plants. Moreover, as a member of the UN Net-Zero Banking Alliance, the Bank pledged to align its lending and investment portfolio with net-zero emissions by 2050. In its initial round of NZBA targets, NLB Group has focused on fossil fuel-based and highly energy-intensive sectors (such as power generation and iron and steel) and other sectors where the Bank has substantial emissions and/or exposure and available data. These include residential mortgages and commercial real estate. Activities for setting a second round of NZBA targets for sectors such as transport and agriculture are underway.

The Group carefully evaluates potential reputational and liability risks that may arise from the sustainable financing of its clients. Special attention is given to approving new products and monitoring the fulfilment of relevant criteria by the clients. Additional key risk indicators have been established to serve as an early warning system for ESG risks. Besides, physical risks, as part of ESG risks in the area of operational risk, are addressed through the Group's business continuity management (BCM). As such, BCM is carried out to protect lives, goods, and reputation. Business continuity plans included relevant ESG risks. They are prepared to be used in the event of natural disasters, IT disruptions, and the undesired effects of the environment to mitigate their impact.

An internal ESG stress-testing framework was developed to identify the most relevant financial vulnerabilities stemming from transitional and physical climate risks. This was further revised and enhanced by incorporating disposable ESG-related data. The results of the climate stress tests showed no material impacts on the Group's capital and liquidity positions. Further information on risk management is available in the Financial Report and the Sustainability Statement of this Annual Report and Pillar 3 Disclosures.

IT and Cyber Security

The Group remains committed to providing its clients with sustainable and efficient services supported by highly reliable and secure technology platforms. The Bank is also advancing its technology transformation programme and consolidating core banking systems. IT has made significant progress in the consolidation process at the Group level.

Additionally, the Bank has rolled out further group-wide business solutions, including the launch of a new web portal, the implementation of a new eDMS, and the enhancement of digital channels across multiple group members. To address the increased risk in cyber security, the Bank has prioritised investments in additional resources and products to strengthen its overall cyber security resilience.

IT Strategy

The current IT Strategy 2020–2024 incorporating the Group dimension covers the following:

Vision
Build the best digital banking IT team in the SEE region.

Mission
Enable the best client and employee experiences through reliable, effective, secure, accessible, and scalable IT solutions.

Main principles
- Increase client satisfaction in all segments with a new digital omnichannel platform, digitise client journeys and interactions (CRM), and achieve operational excellence.
- Have an effective IT architecture using cloud solutions and open-source software where possible.
- Introduce a new way of agile development and DevOps transformation, leading to shorter release cycles, automated testing, and fewer manual tasks.
- Ensure the necessary development capacity.
- Introduce modern collaboration tools and digitise internal processes.
- Ensure quality, security, and availability of IT systems and applications.
- Have a highly motivated, effective, and satisfied IT team working closely with the business side.

IT Strategy 2025–2030

With the adoption and publication of the new Business strategy 2030 (New Horizons) and the conclusion of the current IT Strategy, work on the new IT Strategy for the period of 2025–2030 is underway. The key elements of the new IT Strategy are:
- transformation of IT to support the implementation of the new Business Strategy;
- continue to implement agile ways of development to ensure better deliverable and support for business;
- enhance architecture with a focus on cloud-native solutions;
- future development and enhancement of information and cyber security capabilities.

IT Infrastructure: Ensuring reliability and resilience

Confirmed high performance with numbers
IT performance is monitored through a set of relevant indicators that are linked to the Balanced Scorecard (BSC) system. The indicators reflect the high performance of IT operations and successful risk management in this segment. With 99.95% IT system availability and a very low 0.05% unplanned interruptions, the Bank prioritises stability. In 2024, the percentage of days without system/service interruptions reached 80% (2023: 79%). Harmonised Service Level Agreements (SLA) are in place with users of the information system, which the Bank has managed to fulfil to a very high degree. The Group members recorded high IT operational performance (between 99.87% and 99.99%).

Main IT initiatives

Transformation with expanding group-wide capabilities
The primary focus is to transform IT, covering the organisation, group perspective, processes, people, and technology. IT has supported a more agile way of delivery to make a better partner to businesses, resulting in higher efficiency. Specifically, a Group IT domain concept was introduced that promotes shared teams and IT solutions across the Group.

Group-wide capabilities are still expanding, and the Group Competence Centre in Belgrade, Serbia, which was transferred from the Bank to a separate IT service company called "NLB DigIT," significantly supports development on the Group level. The company is the IT hub that supports Group members and spearheads digital transformation projects. NLB DigIT's primary focus is to deliver services of a high level of quality to Group entities in domains where IT resources and expertise are scarce throughout the region. It mainly provides services in key areas such as IT security setup for all the banks, IT delivery, etc. NLB DigIT is dedicated to the digital enablement and reliable IT operations of NLB Group.

99.95%
availability of IT systems in NLB

Change in our delivery approach

The IT team has made significant achievements in the key strategic directions regarding solution delivery. The new operational CRM solution was introduced in Serbia, and the digital banking solution for retail in Slovenia was enhanced with origination processes for several products. A new retail and corporate web and mobile banking solution was launched in Montenegro (NLB Banka, Podgorica) and Bosnia and Herzegovina (NLB Banka, Sarajevo and NLB Banka, Banja Luka). Additionally, the IT team made progress in reducing reliance on the mainframe and migrated the next set of applications from the mainframe to distributed systems. Various enhancements have been implemented across the Group, including digitalising the KYC process, automating back-office processes, and digitalising paper documents.

Core systems consolidation

IT has followed the core banking system strategy, and the consolidation of core banking systems is in progress. Following the N Banka integration in Slovenia and the first migration associated with it, IT has continued working on consolidation into the target core system. Key achievements include the migration of the term deposit portfolio and the successful launch of term deposit origination in the target system.

Enterprise and application architecture

Enterprise architecture focuses on ensuring new solutions (focusing on Group standard solutions) adhere to Group standards and associated Group roadmaps. The introduction of standard components provides API-first and event-driven integration capabilities to ensure the integrability of the new platforms and solutions. New Group platforms have been selected for electronic archiving, document management, data governance and data quality, and the ERP system.

The implementation of the standardised enterprise architecture tool is ongoing, ensuring all data is populated to simplify application portfolio management, mitigate software obsolescence, enhance IT risk management, and support compliance with the Digital Operational Resilience Act (DORA) requirements.

Data management

The Bank continues to pursue its mission of becoming a data-driven organisation through a series of initiatives. The aim is to make necessary data and reports readily accessible across the Group to foster the use of data and analytics in daily operations and strategic decision-making.

The Group addresses data management throughout its entire life cycle through data governance policies and tools, necessary frameworks, as well as setting modern technological foundations across the Group (EDWH, advanced analytics, risk management analytics, profitability, and consolidated Group regulatory reporting). Special focus is placed on defining the Group-wide GenAI strategy and delivery model to ensure GenAI becomes an integral part of day-to-day business at all Bank levels.

Outlook

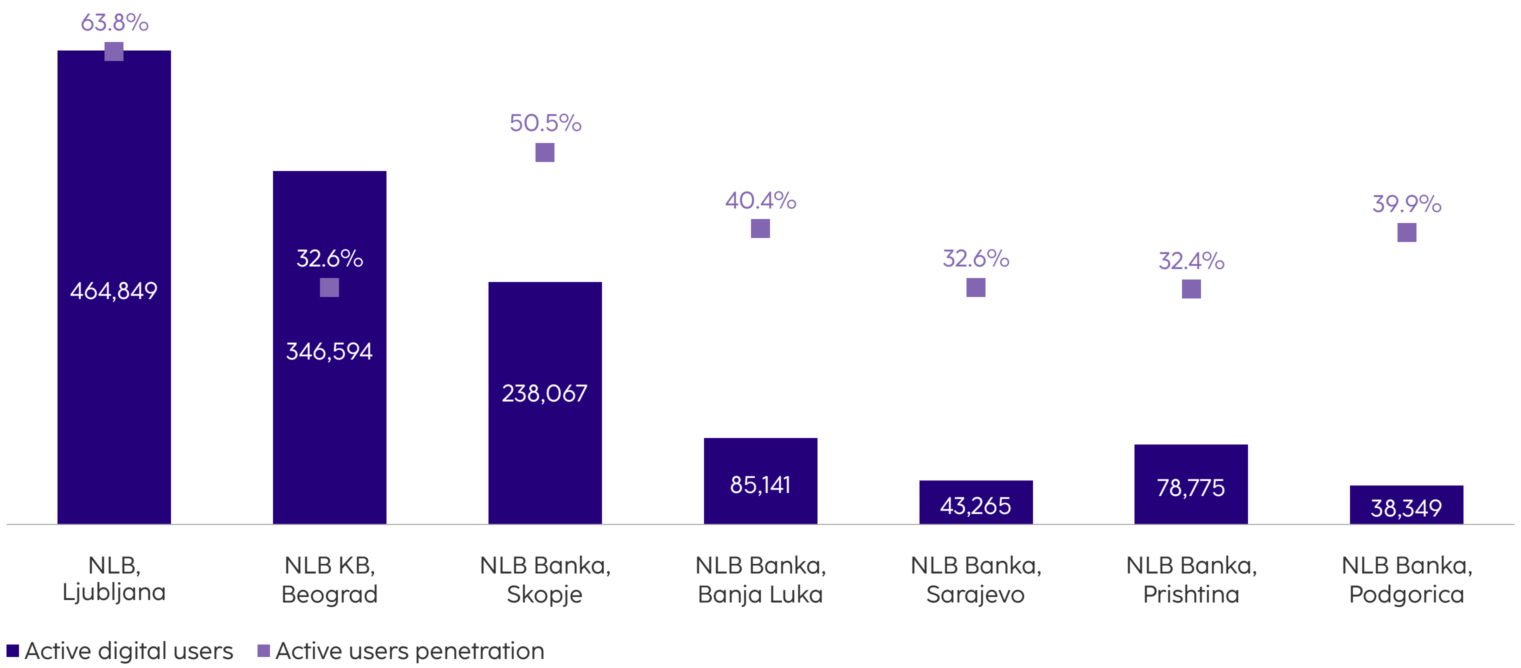
In the coming years, the Bank will remain committed to investing in newly adopted technologies crucial for supporting the business strategy, especially in digital, data, Cloud, and customer relationship management. The aim is to consolidate the Group's infrastructure and to endorse the Cloud as a key enabler, simplify core systems, and elevate the client experience in terms of quality, innovation, reliability, and security.

More than
1.8 million
digital users in the Group

Digital transition

The Group is advancing its digitalisation efforts by leveraging cutting-edge information technology tools to boost efficiency and deliver more innovative, personalised, accurate, and timely client services. With the increase in smartphone usage, the Group aims to transition more customers to alternative distribution channels. Committed to developing a comprehensive suite of 24/7 digital solutions, the Group seeks to bring clients closer by offering anchor products and accessible, personalised digital services. The primary objective is to promote digital banking adoption among active customers.

Figure 68: Digital users and penetration(i) of the Group banks as at 31 December 2024



(i) Share of active digital users in # of active clients.

Cyber security*

Strengthening the team and implementing new solutions

The Group focuses on cyber security, ensuring the confidentiality, integrity, and availability of data, information, and IT systems that support clients' banking services and products. Cyber security within the Group is constantly tested and upgraded through security assessments, independent reviews, and penetration testing. It is also regularly discussed at the Bank's Information Security Steering Committee, Operational Risk Committee, and Management Board meetings.

Strengthening the team and extra investments in **cyber security**

In 2024, the main focus was the DORA regulation and establishing Group IT Security Operations. This will lead to appropriate segregation of duties and faster delivery in the cyber security segment. The IT Security Operations team has been established with seven FTEs, while the rest of the Group IT Security team consists of 31 staff members. To fulfil all requirements, the Group IT Security team has created or updated 10 Group Guidelines and/or Policies in collaboration with all relevant stakeholders. Bank members have reached approximately 80% of CIS v8 requirements, marking a significant increase compared to the previous year.

Management continues to strongly support security functions and investments in the security area. In 2024, following Cloud's first strategy, OPEX slightly increased compared to previous years and ended with approximately EUR 4 million, while CAPEX remained at the same level. To achieve the defined goals in terms of optimisation and orchestration, the Group IT Security team has delivered tools to consolidate the network security domain. To improve clients' satisfaction, the Group selected an anti-fraud solution and immediately began its implementation. The main focus will also remain on improving the monitoring and response segment in line with best practices. Further information on cyber security is available in the chapter Compliance and Integrity.

Continuous employee education and information exchange

All employees in the Group are continuously educated about the importance of information/cyber security, as well as social engineering techniques. The banks in the Group provide employees and customers with security notifications, especially regarding threats in the (global) environment with potential impact on the banks' IT systems, services, products, and clients. The Bank also tests the awareness of its employees with social engineering attack simulations. Threat intelligence data is shared by the Group team, where all Group members provide information on the latest threats and recommendations on mitigation measures. In conjunction with routine phishing simulations, the Group Cyber Security team has deployed its proprietary phishing platform and effectively executed simulated internal employee phishing tests across all Group members.

* Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter Cybersecurity, subchapter Key activities and progress - only the first, second, and fourth paragraph.

We constantly invest in the development of our employees. In 2024, a NLB Group banking employee received an average of 7.7 days or 46.2 hours of training, mostly in the fields of banking, personal development, generative AI, data analytics and ESG. All these programmes are carefully selected and provided by NLB's Education Centre with more than 50 years of experience.

Each expert in our field cultivates knowledge and growth across the entire financial sector.

Human Resources

As a frontrunner in the region, the Group is further striving to embed modern people practices into the everyday focus of Human Resource Management activities. The new Group HR Strategy, a joint creation, sets high standards and aims to support the business strategy in the future.

The Group continues to invest in its employees, focusing on their development and expertise, and creating a modern and healthy workplace that promotes everyone's well-being. Recognising that engaged employees are pivotal to achieving business goals and driving successful outcomes, the Group will make further investments in leadership development and empowerment. Employees play a key role in transferring good practices and improving organisational culture and employee experience. Additionally, the Group is nurturing a new generation of talents for the future, aiming to provide them with on-the-job training by being part of strategic projects.

Employee headcount

The Group continues optimising processes and transitioning to digital banking through transparent and sustainable workforce planning, including a review of the skills and competencies needed.

Table 36: NLB Group headcount by countries

Country	31 Dec 2024	31 Dec 2023	Change YoY
Slovenia	2,856	2,689	167
Serbia	2,515	2,480	35
BiH	1,025	990	35
N. Macedonia	995	962	33
Kosovo	478	468	10
Montenegro	410	390	20
Croatia	41	1	40
Germany	0	0	0
Switzerland	2	2	0
Group Total	**8,322**	**7,982**	**340**

Employer of choice

The Group's Human Resource teams work as one, continuously sharing best practices and introducing novelties to their workplaces by following trends. These efforts contribute to a stimulating work environment and the well-being of employees.

A testament to this excellence is the Top Employer Certificate. In 2025, NLB received the Slovenia Top Employer recognition for the 10th consecutive year. Additionally, NLB Komercijalna Banka, Beograd earned its first certification, reflecting dedication to extending excellent and proven HR practices across the Group. This achievement, confirmed by Top Employer Institute, demonstrates the high level of expertise and contribution in people strategy, leadership, digitalisation, talent acquisition and development, performance management, sustainability, and more.

The Bank will continue to adopt new practices and adapt to workplace trends. The mission is to become the best employer in the region within the banking and financial services sector.

A long tradition of learning and development: 50 years of the NLB Education Centre

In 2024, the NLB Education Centre celebrated its 50-years anniversary. Located in Slovenia, the Education Centre was the first in the region to create, deliver, and maintain vital knowledge of banking and finances and is now a treasurer of valuable knowledge libraries for the entire NLB Group. In the last decade, it has been modernised and digitalised, becoming the central conductor of the Group's education, training, and development. Besides delivering core banking/financial skills, necessary competencies (leadership, change management, and communication) and obligatory training, the main role of the Education Centre today is to follow trends in the market and to predict vital skills and competencies that will have an impact on the Group's future and support knowledge accumulation that supports the changing business environment.

Retaining recognition as

"Top Employer"

In 2024, special focus across the Group was given to upskilling existing employees in generative AI, data analytics, the Microsoft 365 environment, and ESG topics, among other areas. The Education Centre is also a central point of support for all new group initiatives, such as educating competency communities, rolling out and building awareness of new technologies, AI, and automation tools.

On average, employees spent

7.7 days

on training activities

All Group members incorporated the philosophy of utilising well-established training and development programmes, as well as maintaining awareness of the learning culture. Employees have embraced the value and are proactive in self-managed learning, using the Udemy platform, which offers over 7,000 trainings that are open to anyone. One of the Group's core values is developing people, and endeavours will continue in the direction of upskilling and reskilling, as well as introducing new knowledge and skills for the future.

8,322
employees in the Group family

Investing in people drives all-time high engagement

Talent cultivation

The Group has entered a new generation of talent development, recognising and developing employees in leadership, professionalism, and youth potential. Talents received thorough feedback based on assessment and individual development conversations regarding their strengths and career aspirations. The latest generation of talent across the Group has been successfully deployed and promoted, with a talent retention rate of more than 90%.

Developing NLB employer brand

The Group continued to strengthen its employer brand regionally through various internal and external activities. As a caring mentor, the Bank cooperates with multiple regional universities, offering scholarships and career opportunities to young talents. It also invites internal ambassadors to promote and share recommendations for employment, offers various benefits to employees and introduces continuous improvements to its processes.

Employee well-being & health

Employee well-being is becoming a vital part of people management. The Bank has introduced anonymous psychological support services and offers a range of additional benefits, including those under the Family Friendly certificates.

In 2024, the Bank continued to raise awareness about employee well-being by addressing various topics, including stress management, healthy habits, mental well-being, mindfulness, personal energy, and effective communication. Various programmes run regionally under the Healthy Bank programme and the Family Friendly certificate. The Bank also provides anonymous psychological support via external institutions and several health-focused prevention programmes.

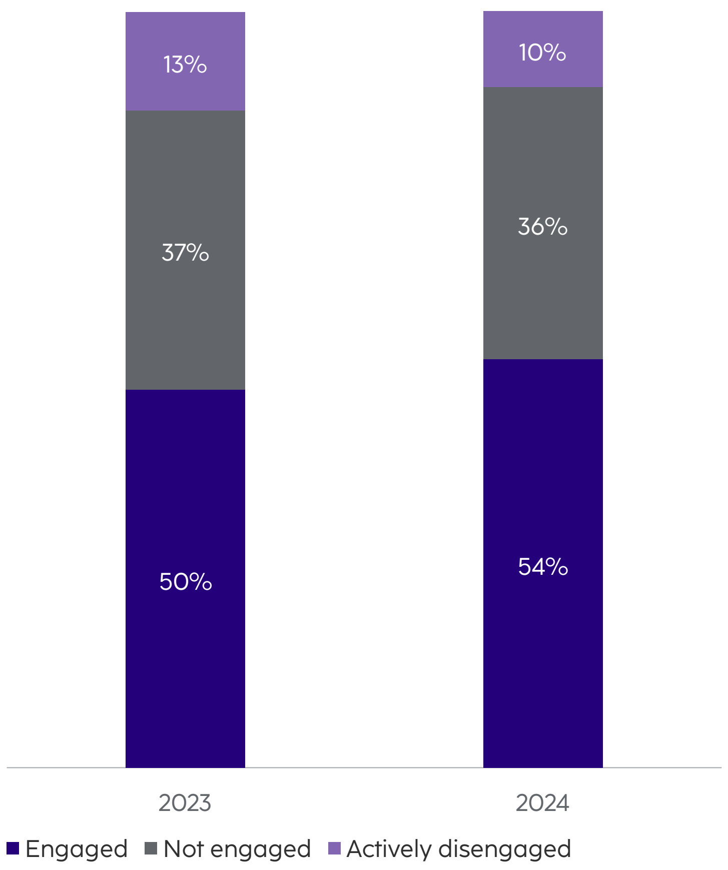
The Bank organised a Group-wide "Sustainability Festival," celebrating environmental awareness and eco-friendly practices, featuring engaging activities, insightful workshops, and showcases of sustainable initiatives.

The Bank's value, "Improving Lives" is also manifested in offering work-from-home flexibility where possible to ensure a healthy work-life balance for its employees. By end of 2024, almost all countries were offering the possibility to work from home, only in Slovenia around 30% of employees had this possibility.

Employee engagement

The Bank's constant focus is recognising the importance of engaged and motivated employees. The 2024 employee engagement results show an all-time high employee engagement score, with 54% engaged employees and so the lowest-ever percentage of disengaged employees. The employer Net Promoter Score (26) also proves that employees are the Bank's best ambassadors. The Bank will continue to enhance employee engagement by implementing results-based activities and interventions, constructive dialogue, and employee listening.

Figure 69: NLB Group Employee Engagement comparison



Employer Net Promoter Score
26

Corporate Governance

Corporate governance of the Bank is based on legislation in the RoS, particularly (but not exclusively) the provisions of the Companies Act (ZGD-1) and the Banking Act (ZBan-3), the Decision of the BoS on Internal Governance, Management Body, Adequate Internal Capital Assessment Procedure for Banks and Savings Banks, relevant EBA Guidelines on internal governance, EBA Guidelines on the assessment of the suitability of members of the management body and key function holders, EBA Guidelines on prudent remuneration, relevant EU regulations regarding sustainability issues and other applicable RoS and EU regulations.

Apart from a binding legal framework, the Bank complies with the Slovenian Corporate Governance Code for Listed Companies. The mentioned Code stipulates governance, management, and leadership principles based on the "comply or explain" principle for companies listed on the Ljubljana Stock Exchange. Deviations from the recommendations of this Code are published in the NLB Group Annual Report in the section Corporate Governance Statement of NLB. This statement is prepared in accordance with Article 70 (Paragraph 6) of the Companies Act (ZGD-1). The previously mentioned statement is also published on the Bank's website.

Rules and procedures

The Bank's Corporate Governance includes processes through which Bank objectives are set and pursued (directed and controlled). Lately, it has become an efficient way to channel investor-driven initiatives related to sustainability. Corporate governance principles identify the distribution of rights and responsibilities among different stakeholders in the Bank (the Management Board of NLB d.d. and Supervisory Board of NLB d.d., shareholders, investors, creditors, auditor, regulators, and other stakeholders) and include the rules and procedures for decision-making in corporate affairs. The most important rules and procedures are:

Articles of Association of NLB d.d.

NLB operates under a two-tier governance system, as defined by the Banking Act (ZBan-3) and Companies Act (ZGD-1). The Management Board manages the Bank's operations, and the Supervisory Board provides for control and supervision of the Management Board's work. Shareholders exercise their rights at General Meetings of Shareholders. For more information, refer to the Bank's website, Corporate Governance.

Corporate Governance Policy of the NLB and NLB Group Governance Policy

The Corporate Governance Policy of NLB, which is the corporate governance framework of the Bank, is drawn up jointly by the Management and Supervisory Boards of the Bank. In this Policy, the Management and Supervisory Boards publicly disclose commitments to shareholders, clients, creditors, employees, and other stakeholders as a whole and explain how the Bank is managed and supervised, as well as adopt decisions on which corporate governance code the Bank follows, outlined on the Bank's website. The Corporate Governance Policy of NLB should be read together with the NLB Group Governance Policy, in which the corporate governance principles and mechanisms of the Group members (NLB excluded) are defined and governed.

NLB Group Code of Conduct

In the NLB Group Code of Conduct, the values, mission, and core principles of conduct are defined together with a set of guidelines to which the Group is committed. The Code describes the values and basic principles of ethical business conduct that the Group respects, promotes, and expects to be followed by the whole Group. Operating with integrity and responsibility is key to the Group's corporate culture. The Code demands that every employee, regardless of their job or location of work, and every other stakeholder of the Group comply with the highest standards of integrity.

The Bank's governing bodies

The Bank's corporate governance is based on a two-tier system in which the Management Board manages the Bank's daily operations, and the Supervisory Board controls and supervises the Management Board's work.

General Meeting of Shareholders

Supervisory Board

Management Board

The General Meeting of Shareholders

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

On the 42nd General Meeting dated 17 June 2024, shareholders took note of the adopted NLB Group Annual Report 2023 and adopted the Report of the Supervisory Board on the results of the examination of the NLB Group Annual Report 2023. They also adopted the Report on Remuneration for the members of the Management Body of NLB d.d. in the 2023 Business Year and the Additional Information to the Report on Remuneration in the 2023 Business Year on the basis of SSH's Baselines and the Internal Audit Report for 2023, adopted decisions on election of the Supervisory Board members members (as mentioned below).

The General Meeting also adopted decisions on the allocation of distributable profit for 2023 and the first tranche of a dividend payout, granted a discharge from liability to the members of the Management and Supervisory Boards, and considered the changes to the Remuneration Policy for the members of the Supervisory Board of NLB d.d. and Management Board of NLB d.d.

On the 43rd General Meeting of shareholders held on 9 December 2024, the shareholders approved the payment of the second tranche of the dividend payout. In 2024, two tranches of dividends totalling EUR 220 million, derived from the profits generated in 2023, were paid out, representing a 100% increase compared to the previous year. More information on dividends is available in subchapter Capital and capital adequacy in chapter Funding Strategy, MREL Compliance, and Capital.

More information on the work of the General Meeting of the Shareholders activities is available in the chapter Corporate Governance Statement of NLB and on the Bank's website.

The Supervisory Board*

According to the Articles of Association of the NLB d.d., the Supervisory Board of NLB consists of 12 members, of which eight represent the interests of shareholders, and four represent the interests of employees. Members of the Supervisory Board representing the interests of shareholders are elected and recalled by the General Meeting from persons proposed by shareholders or by the Supervisory Board. Members of the Supervisory Board representing the interests of employees are selected and placed by the Workers' Council of NLB d.d., considering the conditions for members of the Supervisory Board laid down in the regulations and the Articles of Association of NLB d.d.

As at 31 December 2024:

Number of members:

10

eight are shareholders' representatives, while two are employees' representatives

Diversity:

4

out of 10 members were female (40%)

At the beginning of 2024, the composition of the Supervisory Board was as follows: Primož Karpe – Chairman; Shrenik Dhirajlal Davda – Deputy Chairman; David Eric Simon, Verica Trstenjak, Islam Osama Zekry, Mark William Lane Richards, Cvetka Selšek, André-Marc Prudent-Toccanier (shareholders' representatives); and Sergeja Kočar and Tadeja Žbontar Rems (employee representatives).

As the mandates of Primož Karpe, David Eric Simon, and Verica Trstenjak expired in 2024, three members were proposed for election at the forthcoming General Meeting of Shareholders in June 2024. At the meeting, the General Meeting re-elected Primož Karpe as a member of Supervisory Board. It also elected two new members: Natalia Olegovna Ansell, a seasoned banker with global experience and detailed knowledge of all technical aspects of corporate banking, retail banking, wealth management, and above all, of payment and card systems; and Luka Vesnaver, Chairman of the Board of Directors of the British-Slovenian Chamber of Commerce who has vast knowledge and experience in the field of corporate finance in the region. Luka Vesnaver began his term as a member of the Supervisory Board on 30 September 2024, while Natalia Olegovna Ansell began her term on 8 November 2024 (both following ECB's decision not to object to their appointments).

Primož Karpe was elected the Chairman of the Supervisory Board on 7 July 2024 for the third consecutive term. The Supervisory Board also consists of: Deputy Chairman Shrenik Dhirajlal Davda, Islam Osama Zekry, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek; and employee representatives Tadeja Žbontar Rems (whose mandate expires by the end of regular annual General Meeting in 2025) and Sergeja Kočar (re-appointed in 2024 by the NLB Workers' Council for another term). The mandate of Islam Osama Zekry expires in 2025, while the mandates of Shrenik Dhirajlal Davda, Mark William Lane Richards, Cvetka Selšek and André-Marc Prudent-Toccanier expire in 2027.

*Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter ESRS-2 GOV-1 The role of administrative, supervisory and management bodies.

As at 31 December 2024, the Supervisory Board had the following members:*

Representatives of Capital

Primož Karpe, MSc
Chairman
Term of office: 2016–2020, 2020–2024, renewed term 2024–2028

Link to CV

Membership in NLB Supervisory Board committees:
- Nomination Committee (Chairman)
- Audit Committee (Member)
- Operations and IT Committee (Member)

Membership in management bodies of related or unrelated companies:
- Angler d.o.o., Zagreb – Director

Shrenik Dhirajlal Davda, MBA
Deputy Chairman
Term of office: 2019–2023, renewed term 2023–2027

Link to CV

Membership in NLB Supervisory Board committees:
- Remuneration Committee (Chairman)
- Risk Committee (Member)
- Nomination Committee (Member)

Membership in management bodies of related or unrelated companies:
- Charity Commission of England and Wales – Commissioner and Board Member
- IPSO, UK – Lay Member of the Board

Luka Vesnaver, MSc
Member
Term of office: 2024–2028

Link to CV

Membership in NLB Supervisory Board committees:
- Audit Committee (Member)
- Risk Committee (Member)

Membership in management bodies of related or unrelated companies:
- British Slovenian Chamber of Commerce – President of the Management Board
- Managers' Association of Slovenia – Member
- Alpine Ski Club Olimpija, Ljubljana – President

Islam Osama Zekry, PhD
Member
Term of office: 2021–2025

Link to CV

Membership in NLB Supervisory Board committees:
- Operations and IT Committee (Deputy Chairman)
- Nomination Committee (Member)
- Remuneration Committee (Member)

Membership in management bodies of related or unrelated companies:
- Commercial International Bank, Egypt – Group Chief Financial Officer and Board Member
- CIB Housing association – President of the Supervisory Board

André-Marc Prudent-Toccanier, MSc
Member
Term of office: 2023–2027

Link to CV

Membership in NLB Supervisory Board committees:
- Risk Committee (Chairman)
- Audit Committee (Deputy Chairman)
- Remuneration Committee (Member)

Membership in management bodies of related or unrelated companies:
- None

Mark William Lane Richards, MSc
Member
Term of office: 2019–2023, renewed term 2023-2027

Link to CV

Membership in NLB Supervisory Board committees:
- Operations and IT Committee (Chairman)
- Remuneration Committee (Deputy Chairman)
- Nomination Committee (Deputy Chairman)

Membership in management bodies of related or unrelated companies:
- VenCap International plc, UK – Chairman
- Berry Palmer & Lyle Ltd. (BPL Global) (Lloyds of London Insurance Broker) – Non-Executive Director
- Enza Group Global, Cairo – Chairman

Cvetka Selšek
Member
Term of office: 2023–2027

Link to CV

Membership in NLB Supervisory Board committees:
- Audit Committee (Chairwoman)
- Risk Committee (Deputy Chairwoman)

Membership in management bodies of related or unrelated companies:
- Managers' Association of Slovenia – Member of the Honourable Tribunal

Natalia Olegovna Ansell
Member
Term of office: 2024-2028

Link to CV

Membership in NLB Supervisory Board committees:
- Operations and IT Committee (Member)
- Risk Committee (Member)

Membership in management bodies of related or unrelated companies:
- Equity Bank Kenya Limited, Nairobi – Member of the Board

Representative of Employees

Tadeja Žbontar Rems, MSc
Member
Term of office: 2021–2025

Link to CV

Membership in NLB Supervisory Board committees:
- Operations and IT Committee (Member)
- Audit Committee (Member)

Membership in management bodies of related or unrelated companies:
- None

Sergeja Kočar, MSc
Member
Term of office: 2020–2024, renewed term 2024–2028

Link to CV

Membership in NLB Supervisory Board committees:
- Nomination Committee (Member)
- Remuneration Committee (Member)

Membership in management bodies of related or unrelated companies:
- None

Further information about the work and composition of the Supervisory Board is available in the chapter Corporate Governance Statement of NLB.

*Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter ESRS-2 GOV-1 The role of administrative, supervisory and management bodies.

Committees of the Supervisory Board

The Supervisory Board appoints committees that prepare proposals for resolutions passed by the Supervisory Board, ensures their implementation, and performs other expert tasks. The Bank's Supervisory Board has five collective decision-making and advisory committees.

Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee	Operations and Information Technology (IT) Committee
Cvetka Selšek, Chairwoman (from 9 September 2024)	**André-Marc Prudent-Toccanier,** Chairman	**Primož Karpe,** Chairman	**Shrenik Dhirajlal Davda,** Chairman	**Mark William Lane Richards,** Chairman
David Eric Simon, Chairman (until 17 June 2024)	**Cvetka Selšek,** Deputy Chairwoman	**Mark William Lane Richards,** Deputy Chairman	**Mark William Lane Richards,** Deputy Chairman	**Islam Osama Zekry,** Deputy Chairman
Cvetka Selšek, Deputy Chairwoman (until 9 September 2024)	**Shrenik Dhirajlal Davda,** Member	**Sergeja Kočar,** Member	**Islam Osama Zekry,** Member (from 9 September 2024)	**Primož Karpe,** Member
André-Marc Prudent-Toccanier, Deputy Chairman (from 9 September 2024)	**Luka Vesnaver,** Member (from 30 September 2024)	**Islam Osama Zekry,** Member	**Sergeja Kočar,** Member	**Tadeja Žbontar Rems,** Member
Primož Karpe, Member	**Natalia Olegovna Ansell,** Member (from 8 November 2024)	**Shrenik Dhirajlal Davda,** Member (from 9 September 2024)	**André-Marc Prudent-Toccanier,** Member (from 9 September 2024)	**Natalia Olegovna Ansell,** Member (from 8 November 2024)
Tadeja Žbontar Rems, Member (from 9 September 2024)	**Islam Osama Zekry,** Member (until 9 September 2024)	**Verica Trstenjak,** Member (until 17 June 2024)	**Verica Trstenjak,** Member (until 17 June 2024)	**André-Marc Prudent-Toccanier,** Member (until 9 September 2024)
Luka Vesnaver, Member (from 30 September 2024)	**David Eric Simon,** Member (until 17 June 2024)		**Tadeja Žbontar Rems,** Member (until 9 September 2024)	
Shrenik Dhirajlal Davda, Member (until 9 September 2024)				

The Management Board*

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

As at 31 December 2024:

Number of members:

6

members

Mandate:

5

-year term of office

The composition of the Management Board has remained unchanged since May 2022. It is as follows: Blaž Brodnjak as President & CEO; and the following members: Archibald Kremser as Chief Financial Officer (CFO); Peter Andreas Burkhardt as Chief Risk Officer (CRO); Hedvika Usenik as Chief Marketing Officer (CMO), who is responsible for Retail Banking and Private Banking; Antonio Argir who is responsible for Group governance, payments, and innovations; and Andrej Lasič as CMO, who is responsible for Corporate and Investment Banking. The mandates of President Blaž Brodnjak, and members Archibald Kremser, and Peter Andreas Burkhardt expire in July 2026, while the mandates of Hedvika Usenik, Antonio Argir, and Andrej Lasič expire in April 2027.

As at 31 December 2024, the composition of the Management Board was as follows:

Blaž Brodnjak
CEO (since 2016)
Term of office: 2012–2016, 2016–2021, renewed term 2021–2026

Link to CV

Other important functions and achievements:
- More than 24 years of experience in managerial positions on all levels of international banking groups.
- Was a chairman or member of the supervisory boards of 13 commercial banks in six countries, three insurance companies in three countries, a leading asset management company in Slovenia, and a multinational production group.

Direct responsibility:
- Strategy and Business Development
- Legal and Secretariat
- Brand and Communication
- Human Resources and Organisation Development
- Internal Audit
- Compliance and Integrity

Membership in management or supervisory bodies of related or unrelated companies:
- Chairman of the Supervisory Board of NLB Banka, Skopje
- Chairman of the Supervisory Board of Summit Leasing Slovenija, Ljubljana
- President of the Supervisory Board of Bank Association of Slovenia
- Member of the Board of Directors of Basketball Club Cedevita Olimpija

Peter Andreas Burkhardt
CRO
Term of office:
2013–2016, 2016–2021, renewed term 2021–2026

Link to CV

Other important functions and achievements:
- More than 23 years of experience in banking, especially in Central Europe.
- Member or Chairman of Supervisory Boards of several banks in the Group from 2013 until present.

Direct responsibility:
- Global Risk
- Credit Risk – Corporate
- Credit Risk – Retail
- Workout and Legal Support
- Restructuring
- Evaluation and Control
- Financial Instruments Processing
- Corporate Clients Review and Account Products Delivery
- Corporate Loans and Trade Finance Delivery
- Retail Banking Processing

Membership in management or supervisory bodies of related or unrelated companies:
- Chairman of the Supervisory Board of NLB Banka, Banja Luka
- Chairman of the Supervisory Board of NLB Banka, Sarajevo
- Chairman of the Supervisory Board of NLB Lease&Go, leasing, Ljubljana

Archibald Kremser
CFO
Term of office:
2013–2016, 2016–2021, renewed term 2021–2026
Deputy CEO (since 2023)

Link to CV

Other important functions and achievements:
- More than 24 years of experience in the financial services industry in Austria, CEE, and SEE, focusing on finance and asset management, strategy and corporate development, and performance improvement assignments.

Direct responsibility:
- Financial Accounting and Administration
- Controlling
- Financial Markets
- Group Real Estate Management
- Investor Relations
- IT Delivery
- IT Infrastructure
- Data and Artificial Intelligence Governance
- IT Governance and Architecture
- Business Intelligence and Analytics
- Procurement

Membership in management or supervisory bodies of related or unrelated companies:
- Chairman of the Board of Directors of NLB Komercijalna Banka, Beograd

*Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter ESRS-2 GOV-1 The role of administrative, supervisory and management bodies.

Antonio Argir
Responsible for Group governance, payments, and innovations
Term of office: 2022–2027

Link to CV

Other important functions and achievements:
- Under the management of Antonio Argir, NLB Banka, Skopje marked exceptional growth in all segments of its operations and was perceived as the most innovative bank on the market, with a significant increase in the bank's profitability and share price increasing fivefold.

Direct responsibility:
- Group Steering
- Cash Processing
- Payments Processing
- Payments and Cards Services and Business Development

Membership in management or supervisory bodies of related or unrelated companies:
- Deputy Chairman of the Supervisory Board of
- NLB Lease&Go, leasing, Ljubljana
- Chairman of the Supervisory Board of NLB Banka, Podgorica
- Chairman of the Board of Directors of NLB Banka, Prishtina

Andrej Lasič
CMO (responsible for Corporate and Investment Banking)
Term of office: 2022–2027

Link to CV

Other important functions and achievements:
- Over 27 years of experience in corporate and investment banking in international banking groups.

Direct responsibility:
- Capital Structure Advisory and Cross-Border Financing
- Large Corporates
- Small and Mid-Corporates
- Trade Finance Services
- Investment Banking and Custody
- NLB Group Corporate and Investment Banking Management

Membership in management or supervisory bodies of related or unrelated companies:
- Member of the Supervisory Board of NLB Banka, Sarajevo
- Deputy President of the Supervisory Board of Bank Association of Slovenia

Hedvika Usenik
CMO (responsible for Retail Banking and Private Banking)
Term of office: 2022–2027

Link to CV

Other important functions and achievements:
- Over 22 years of experience in international banking groups, thereof more than 18 years of managerial experience.

Direct responsibility:
- Private Banking
- Call Centre 24/7
- Distribution Network
- Customer, Product Management, and Digital Services
- Development of Lending Solutions for Retail

Membership in management or supervisory bodies of related or unrelated companies:
- Chairwoman of the Supervisory Board of NLB Skladi, Ljubljana
- Member of the Supervisory Board of NLB Banka, Banja Luka
- Member of Management Board of the Institute for Economic Research
- Member of Management Board of British–Slovenian Chamber of Commerce

Further information about the work and composition of the Management Board is available in the chapter Corporate Governance Statement of NLB.

Collective decision-making bodies

The Management Board appoints different committees, commissions, boards, and working bodies to execute relevant tasks within the powers of the Management Board.

Corporate Credit Committee	Assets and Liabilities Management Committee of the NLB Group	NLB Operational Risk Committee	Change the Bank Committee
Chairman: CRO	Chairman: CFO	Chairman: CRO	Chairman: CEO
Number of members: 7	Number of members: equal to the number of the appointed members of the Management Board	Number of members: 16	Number of members: equal to the number of the appointed members of the Management Board
The Committee determines credit ratings, makes decisions on the reclassification of clients, and approves commercial banking investment transactions and limits beyond the directors' competences. The Committee adopts decisions on investment transactions in commercial banking within the statutory powers in corporate banking in the Bank (all companies, banks, and financial institutions), operations with clients in intensive care, and NPL. As a rule, committee meetings are convened once a week.	The Committee monitors conditions in the macroeconomic environment. It analyses the balance sheet, changes to and trends in the assets and liabilities of the Bank and the Group companies, and drafts resolutions and issues guidelines for achieving the structure of the Bank's and the Group's balance sheet. Committee meetings are generally convened once a month.	The Committee is responsible for monitoring, guiding, and supervising operational risk management in the Bank and transferring this methodology to the Group members. As a rule, the Committee meets once every two months.	The Committee is responsible for adopting decisions related to the development portfolio to transform the Bank and decisions associated with adopting the development guidelines. As a rule, the Committee meetings are convened once a month.

Risk Committee	Group Real Estate Management Committee	Sales Committee	Private Individual Credit Committee	Climate Change Committee
Chairman: CRO	Chairman: CFO	Chairman: CMO (responsible for Corporate and Investment Banking)	Chairman: Director of Credit Risk – Retail	Chairman: CEO
Number of members: 5	Number of members: 6	Number of members: 15	Number of members: 5	Number of members: 12
The Risk Committee is a decision-making and advisory body. It is in charge of approving certain internal acts, preparing a proposal for topical or selected strategic guidelines, monitoring credit portfolio quality, topical or certain areas/segments of credit, commercial and other related risks in NLB and NLB Group. The Committee shall inform the Management Board about the conclusions, recommendations, and other relevant changes. As a rule, committee meetings are convened quarterly.	The committee gives opinions and decides for real estate in use (so-called "in use" real estate), for real estate intended for divestment (so-called "run-off" real estate), for real estate projects (so-called "development") and general real estate matters. As a rule, Committee meetings are convened once a week.	The Sales Committee adopts decisions on managing the range of products and services and the relations with the clients in sales. As a rule, Committee meetings are convened once a week.	The Committee decides on the approval of loans and other investment proposals, the conditions of which deviate from standard banking products and services, and which represent additional risks for the Bank. As a rule, meetings are convened when necessary.	The Climate Change Committee at NLB Group is a decision-making and advisory body responsible for implementing the net-zero strategy. It comprises Management Board members and core team representatives from key departments. The committee oversees strategic and operational decarbonisation efforts, including target setting and KPI monitoring. As a rule, Committee meetings are convened biannually.

The Management Board also appointed working bodies that operate at a lower level:

- Committee for New and Existing Products
- Committee for Business IT Architecture
- Data Governance Council
- Anti-Money Laundering Commission
- Corporate Customer Acceptability Committee

Advisory bodies of the Bank's Management Board

Watch List Committee	NLB Group Non-Performing Assets Divestment Committee	NLB d.d. Sustainability Committee
Chairman: CRO	Chairman: Director of Workout and Legal Support	Chairman: CEO
Number of members: 8	Number of members: 7	Number of members: 20
The Watch List Committee is a body which monitors the progress of activities for clients on the Watch list. As a rule, committee meetings are convened quarterly.	The NLB Group Non-Performing Assets Divestment Committee monitors the operations of Non-Core Group Members and issues opinions, recommendations, and initiatives. As a rule, committee meetings are convened quarterly.	The Committee oversees the integration of the ESG factors to the NLB d.d. and the NLB Group members' business model in a focused and coordinated way across the company, issues opinions, recommendations, and initiatives, and takes relevant decisions when needed. The Committee shall discuss, develop, and approve sustainability strategies, policies, initiatives, methodologies, KPIs and other applicable procedures. It shall influence sustainability-related strategic objectives and shall monitor its development and realisation. As a rule, committee meetings are convened quarterly.

NLB Group's governance

As the parent bank, NLB implements the corporate and business governance of the Group members in compliance with EU and BoS legislation, the local legislation, and regulatory requirements applicable to respective Group members while also considering internal rules, ECB Guidelines, and other relevant regulations.

The NLB Group Governance Policy comprehensively defines the Group operating model through corporate and business governance rules, principles, criteria, and mechanisms that define relevant stakeholders' roles, authorisations, and responsibilities to ensure that they act orchestrated and achieve the set business goals. In the Bank, the Group Steering Department is the principal partner of the Bank's Management Board in the corporate also partially so in the business governance of strategic and non-strategic Group companies.

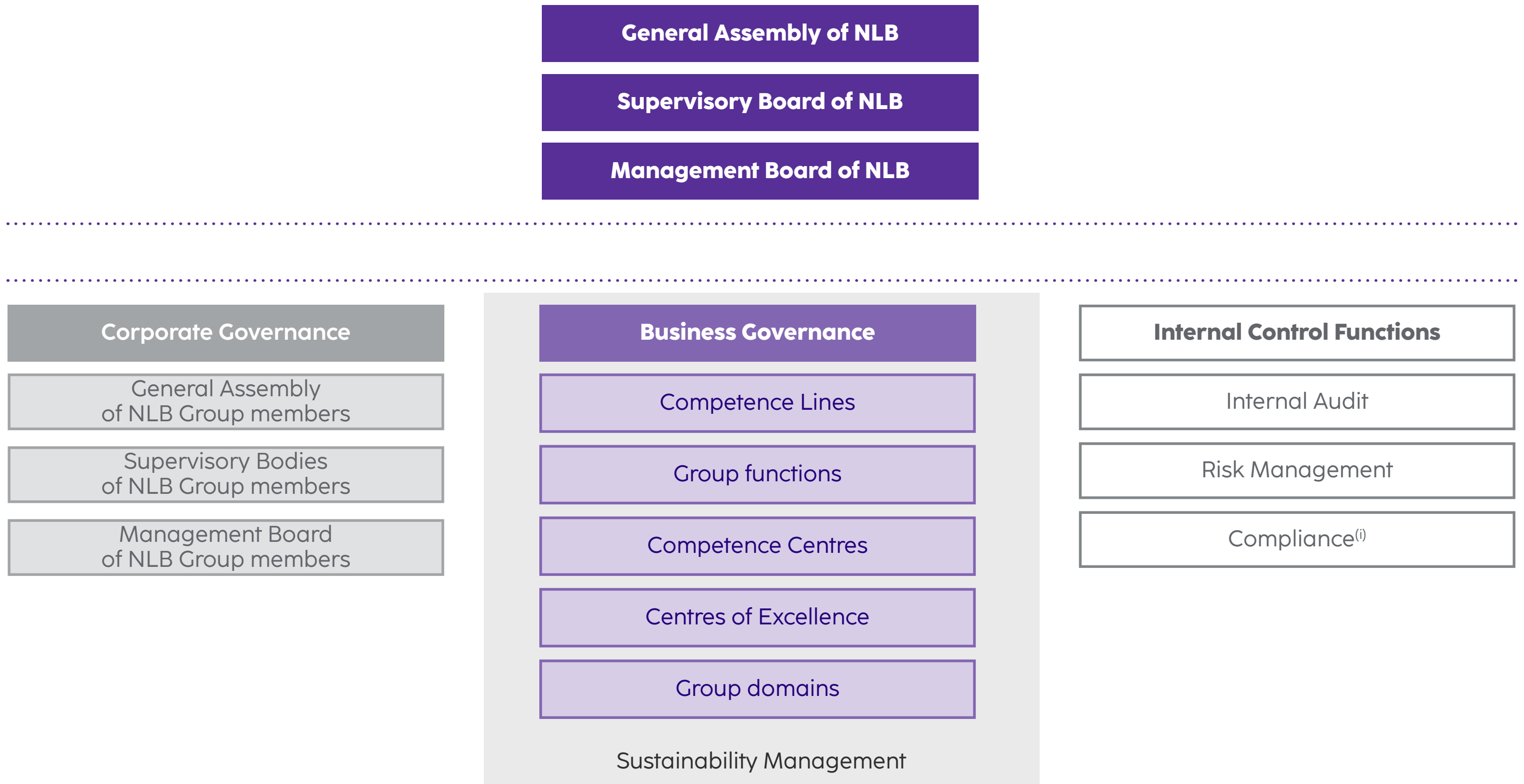
The model of the Governance of NLB Group consists of three pillars:

1. Corporate Governance, which is carried out following fundamental corporate rules and governance principles comprised of:
- shareholder voting at the General Meeting of NLB Group members,
- proposing candidates for supervisory bodies of NLB Group members,
- offering professional support to supervisory bodies of NLB Group members,
- offering professional support in the selection of candidates for management of NLB Group members,
- proposing candidates for various committees of NLB Group members.

2. Business Governance which is carried out through mechanisms that ensure efficient business guidance and oversight:
- setting up a formal business governance framework by Group Steering,
- standardisation and harmonisation of operations across NLB Group by Competence Lines.

3. The Internal Control Functions serve as the second and third lines of defence. In addition to standardisation and harmonisation in their respective areas, they also oversee the implementation of Group rules and requirements (Internal Audit, Risk Management and Compliance, including AML, Information Security, Prevention and investigation of fraud to detriment of the bank, and Physical Security).

Figure 70: NLB Group Governance Model



(i) Including also AML, CISO, Prevention and investigation of fraud to detriment of the bank, and Physical Security.

NLB Group consists of NLB and Group members who represent:

- financial core members: banks, leasing companies, and asset management companies;
- non-financial core members: real estate management companies, a company for IT operations and other non-financial companies;
- non-core members: companies in the wind-down process or companies considered non-strategic to NLB Group.

At the end of 2024, the Group comprised 33 members, three more than the previous year. NLB successfully completed the transaction and became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana, and its subsidiary in Croatia Mobil Leasing, Zagreb. NLB thus became the leading leasing provider in Slovenia and re-entered the Croatian market after almost three decades. The remaining changes were as follows:

- NLB Skladi, Ljubljana, has taken over 100% ownership of Generali Investments, Skopje, and further renamed NLB Fondovi, Skopje.
- The establishment of NLB Car&Go, Ljubljana by NLB Lease&Go, leasing, Ljubljana.
- The merger of the company NLB Leasing, Ljubljana, – v likvidaciji, with the company NLB Lease&Go, leasing, Ljubljana.
- The merger of the company PRIVATINVEST, Ljubljana, with NLB Real Estate, Ljubljana.

The NLB Group Governance Policy was renewed by enhancing the role of Competence Lines, which is the main business governance counterpart of the Group members. It is responsible for harmonising and standardising the Group operations, and therefore, represents the highest level of business governance hierarchy with professional, competent, and qualified teams that are entirely or at least primarily dedicated to the Group.

Recently, the governance of the two subgroups (leasing and asset management) has been more precisely defined in such a way that NLB is responsible for the business and corporate management of its direct subsidiary, i.e. the parent company of the subgroup, and the parent company of the subgroup is responsible for the business and corporate governance of its direct subsidiaries following the rules and requirements of the NLB Group (where appropriate). NLB, however, established governance monitoring mechanisms over all subgroups.

The legal and organisational structure of the banking group, including a description of the internal governance arrangements, the arrangements about close links and the arrangements regarding the governance of subsidiaries, are available on the Bank's website.

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Compliance and Integrity*

The Group systematically approaches compliance, addressing the complexities of evolving regulatory requirements to ensure that employees and decision-makers understand that the objectives of these regulations remain a priority. The Group continues to strengthen its compliance function and enhance operational due diligence.

A culture of compliance is integrated into the Group's day-to-day business to support its operations, contribute to its robust internal control environment, and mitigate compliance risks.

Group-wide ethics and integrity standards*

Compliance and Integrity addresses the following areas:
- Prevention and investigation of fraud to detriment of the bank;
- Prevention of money laundering and terrorist financing (MLTFP), and restrictive measures;
- Personal data protection (DPO);
- Information security (CISO);
- Regulatory compliance;
- Prevention of corruption and bribery (ABC) and management of conflicts of interest;
- Prevention of abuse on the financial instruments market;
- Cooperation in the procedure of assessment of the suitability of key function holders;
- Efficient, consistent, and proportional actions in the event of identified deviations from compliance and integrity;
- Cooperation in the system of internal controls;
- General professional ethics;
- Physical/technical security.

Within the programme's framework for ensuring business compliance, the Group also addresses the ethics and integrity of the organisation. By upholding the highest standards of ethical conduct, it fosters a culture of trust, responsibility, and accountability among employees and stakeholders. Transparency and sustainable practices are integral to its approach, supporting long-term value creation for clients, shareholders, and the broader community. Through its actions, the Group strengthens trust, contributes to economic stability and fosters positive change in the markets it serves.

Prevention*

As part of the Group's commitment to ethics and integrity, it has implemented various prevention activities to protect the Group and its stakeholders from the risk of reputation, money laundering, terrorist financing, fraud, corruption, and other forms of financial crime.

To manage compliance risks effectively, the Group conducts regular Enterprise Compliance Risk Assessments (ECRA), further refined in 2024 using insights from the 2023 assessment. These assessments enable the Group to identify, evaluate, and mitigate compliance and integrity risks effectively. The compliance programme also involves risk assessments for new and modified products, outsourcing arrangements, fit and proper assessments, and other material changes impacting the Group's operations.

The Group actively promotes a culture of compliance through awareness-raising initiatives. Annual employee e-training covers critical topics such as ethics, anti-corruption, conflict of interest mitigation, and personal data protection. Regular newsletters provide updates on regulatory changes and practical case studies, ensuring employees are equipped to address compliance challenges effectively. In 2024, the Group placed special emphasis on raising employee awareness regarding the importance of reporting conflicts of interest and the acceptance of gifts. In addition to mandatory e-learning training, focused workshops were held with employees in business units to deepen their understanding of these critical compliance areas.

In 2024, the Group introduced a new Compliance Tool to enhance compliance management. This digital solution streamlines compliance activities, automates processes, and enables efficient monitoring of regulatory obligations. By leveraging technology, the Group ensures greater accuracy, cost-effectiveness, and flexibility in managing its compliance framework while responding to increasing regulatory demands.

2,562 NLB /
4,494 NLB Group[14]
the number of employees who completed anti-corruption training in 2024

The Group continuously strengthens its compliance framework by refining internal policies and aligning with new regulations, industry standards, and best practices to ensure effective risk management and support sustainable business operations.

Prevention of money laundering and terrorist financing, and financial sanctions compliance**

The Bank complies with national regulations on Anti-Money Laundering and Countering the Financing of

14 Core financial members included, excluding NLB.
* Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter G-1 Corporate culture, ethical governance and integrity, and regulatory compliance
** Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter G-1 Prevention of money laundering and terorrism financing.

Terrorism (AML/CFT), including the EBA, BoS, and other competent authorities' guidelines and standards. As a member of the EU, the Republic of Slovenia (RoS) is subject to the European AML/CFT Directives, which is how the EU transposes the Financial Action Task Force recommendations throughout the EU. For the Bank, effectively mitigating the risk of money laundering, terrorist financing, and breaches of financial sanctions is of paramount importance. For these reasons, the rules, procedures, and technology in the AML/CFT area are subject to strict and unified policies and standards. The same principles also apply to the Bank's framework on financial sanctions.

650 NLB /

3,028 NLB Group[15]

the number of employees who participated in the 2024 Ethics and Compliance Survey

The Bank regularly updates and enhances its governance in line with directions set by the BoS. Through the system of performing risk assessment, regular reporting, and constant on-site and off-site control, the headquarters effectively monitor the implementation and execution of standards throughout the Group.

The Bank regularly performs customer due diligence following the risk-based approach, applying additional measures in cases of increased risk within the "Know your customer" segment and in the ongoing monitoring of transactional activities. In cases of detected deviations and considering the AML/CFT indicators, the Bank's AML function ensures a review and, if required by AML/CFT legislation, reports customers and transactions to the competent Financial Intelligence Unit. In its Acceptance Policy, the Bank has also adopted additional measures to prevent onboarding customers who do not correspond to its risk appetite. The Bank also ensures a high awareness of the AML/CFT and financial sanctions by regular training of all Bank employees.

Information security and personal data protection*

The information security area is focused on implementing measures to increase the Bank's cyber resilience and strengthen its digital capabilities. Key activities include enhancing cyber threat intelligence, improving situational awareness, and conducting penetration tests to assess and bolster the resilience of information systems.

In 2024, the Bank assessed the information security status of 48 outsourcing providers in line with EBA guidelines. Special mandatory e-trainings on information security and social engineering tested all employees and were divided into three focus groups. A dedicated training session was held for the Bank's Management Board members as part of a wider preventative effort.

In response to an uptick in cyber fraud attempts targeting its customers, the Bank implemented a robust Brand Intelligence/Brand Protection service and activated Dark Web monitoring. These steps enabled swift detection and proactive takedowns of fraudulent phishing portals, which mimic the Bank, thereby mitigating threats posed by malicious campaigns.

The Bank continues to enhance and optimise security approaches across the Group, ensuring consistent visibility and autonomy for local Chief Information Security Officer (CISO) offices in its core subsidiaries. This alignment emphasises each subsidiary's local accountability for information security in accordance with its executive management's risk appetite and applicable regulations. The Bank also remains active in the global cyber intelligence-sharing community exclusively for financial services, providing all local CISO offices with access to intelligence exchange platforms, cyber resilience resources, and threat mitigation capabilities. NLB Group's cyber threat intelligence service is actively utilised, focusing on swift intelligence access, strategies to address crisis events, and a trusted network of relationships. In 2024, the Group continued conducting cyber-attack incident response exercises and participated in the FS-ISAC CAPS (cyber-attack against payment systems) simulation, testing incident response teams against a simulated attack involving locked bank data and a ransom demand.

114

data subject requests under GDPR submitted to NLB in 2024

The Bank adheres to GDPR requirements in its daily operations, especially the retention and processing of personal data under the supervision of a dedicated Data Privacy Officer, as well as through employee education and training. Following the adoption of the new Slovenian Personal Data Protection Act (ZVOP-2) in 2022, the Bank continues to integrate its provisions into its processes and systems.

Fraud prevention and investigation

The Bank has implemented a unified system and standards for preventing and investigating suspected misconduct that may negatively impact the Bank.

The Bank ensures full protection of reporters from any potential retaliation in line with commitments outlined in the Whistleblower Protection Act. This system enables anyone, both internal and external parties, to report misconduct freely and anonymously through several different communication channels. A specialised team centrally manages all received reports in accordance with detailed internal procedures.

15 Core financial members included, excluding NLB.
* Incorporation by reference: A reference is made to this chapter from the Sustainability Statement chapter S-4 Cyber security and personal data protection.

In 2024, the Bank achieved significant milestones in safeguarding its brand's integrity by implementing a robust brand protection tool, reinforcing customers' trust and confidence in the Bank. Additional security measures were introduced in both web and mobile e-banking channels.

The Bank has strengthened its approach to cyber risk management and the prevention of unauthorised payment transactions, reflecting its commitment to safeguarding the security of the Bank's customers and employees. The Bank has also been actively involved in The Bank Association (ZBS) initiatives, contributing to public awareness campaigns on cyber and payment fraud prevention.

Recognising that well-informed employees are critical to maintaining a strong defence, the Bank devoted significant attention to employee training, sharing insights into observed fraud patterns, and offering recommendations to improve processes.

Fraud prevention in loan origination processes is intricately linked to operational risk and requires a comprehensive approach. The Bank has implemented rigorous verification processes for new loan applications, including identity verification checks, thorough credit history analysis, and cross-referencing information from multiple sources to identify inconsistencies or fraudulent indicators.

The Bank's involvement in these activities underscores its dedication to fostering a secure and transparent business environment. NLB remains steadfast in its mission to uphold the highest standards of business ethics, ensuring that its customers can confidently engage with its brand.

Internal Audit

Internal Audit reviews key risk areas in the Group's operations, advises management at all levels, and deepens understanding of the Bank's operations. It provides independent and impartial assurance regarding the management of key risks, management of the Bank, and functioning of internal controls, thereby strengthening and protecting the value of the Bank.

Internal Audit is an independent, objective assurance and advisory service designed to add value and improve the Bank's operations. It is primarily answers to the Supervisory Board and its Audit Committee, and secondarily to the Management Board of the Bank. It helps to accomplish the Bank's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Internal Audit strengthens the Bank's ability to create, protect, and sustain value by providing the Management and Supervisory Boards with independent, risk-based, and objective assurance, advice, insight, and foresight.

Performed audits

Internal Audit performs its tasks and responsibilities at its discretion and in compliance with the Annual Audit Plan approved by the Management and the Supervisory Boards. Based on its internal methodology and comprehensive risk assessment for 2024, Internal Audit planned 95 audits, of which 84 were completed, covering various areas of operations within the Bank and the Group. Among these, 27 were branch inspections, eight were group audits, one was conducted as a joint audit with a local auditor, three were quality reviews in banking subsidiaries, and two new audits were initiated.

In addition, Internal Audit was involved in several strategic projects as an advisor. Five planned audits were postponed for objective reasons, and one audit was removed from the plan as it was covered by another audit. Most recommendations issued in 2024 were implemented within the agreed-upon deadlines.

Implementation of uniform rules

Internal Audit continuously increases efficiency. It focuses on monitoring the implementation of audit recommendations, training and education, advising management, and ensuring high-quality and professional operations of the internal audit function within the Group. In November 2024, the Internal Audit Charter and Manual were updated and aligned with the Global Internal Audit Standards, effective 9 January 2025. Internal Audit also introduces uniform rules of operation for the internal audit function and regularly monitors compliance with these rules within the Group.

Following the highest standards

In 2022, an external quality review of the internal audit function was performed and confirmed that Internal Audit and other internal audit services within the Group operate in accordance with the following:

84
planned audits conducted in the Bank

39
Internal Audit experts

Corporate Governance Statements

The Statement of Management's Responsibility

In accordance with the provisions of Article 134 (Paragraph 2, Point 3, 2nd bullet) of the Market and Financial Instruments Act[16], the Management Board hereby confirms the statements made in the business report, which are in accordance with the attached financial statements as of 31 December 2024, and represent the actual and fair financial standing of the Bank and the NLB Group as well as their operating results in the year that ended 31 December 2024.

Ljubljana, 25 March 2025

The Management Board confirms that the Business Report gives a fair view of developments and operating results of the Bank and the Group and their financial standings, including a description of the material types of risks the Bank and the NLB Group companies included in the consolidation are exposed as a whole.

Management Board of the NLB

Hedvika Usenik
Member

Andrej Lasič
Member

Archibald Kremser
Member

Peter Andreas Burkhardt
Member

Antonio Argir
Member

Blaž Brodnjak
Chief Executive Officer

16 MFIA, *Official Gazette of the RoS*, No. št. 77/18, 17/19 – corr., 66/19, 123/21 and 45/24.

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Authorisation to Perform Banking Services

Nova Ljubljanska banka d.d., Ljubljana has an authorisation to perform banking services pursuant to Article 5 of the Banking Act (*Official Gazette of the RoS, No. 92/2021*, with Amendments; hereinafter: the ZBan-3). Banking services are the acceptance of deposits and other repayable funds from the public and the granting of credits for its own account.

The bank has an authorisation to perform mutually recognised and additional financial services.

It may perform the following mutually recognised financial services, pursuant to Article 5 of the ZBan-3:

1. receiving deposits;
2. granting of loans, including:
   - consumer loans,
   - mortgage loans,
   - purchase of receivables with or without recourse (factoring),
   - financing of commercial transactions, including export financing based on the purchase of non-current non-past-due receivables at a discount and without recourse, secured by financial instruments (forfeiting);
4. payment services and electronic money issuing services;
5. issuance and management of other payment instruments (i.e. travellers' cheques and banker's drafts) in the part in which this service is not included in service of point 4 of this Article;
6. issuing of guarantees and other commitments;
7. trading for own account or for the account of clients:
   - in money-market instruments,
   - in foreign exchange, including currency exchange transactions,
   - financial futures and options,
   - exchange and interest-rate instruments,
   - in transferable securities;
8. participation in securities issues and the provision of associated services;
9. corporate consultancy with regard to capital structure, operational strategy and related matters, and consultancy and services in connection with corporate mergers and acquisitions;
10. monetary intermediation on interbank markets;
11. advice on portfolio management;
12. safekeeping of securities and other related services;
13. credit rating services: collecting, analysing and disseminating information regarding creditworthiness;
14. leasing of safe deposit boxes;
15. investment services and transactions, and ancillary investment services in accordance with the ZTFI.

It may perform the following additional financial services, pursuant to Article 6 of the ZBan-3:

1. insurance agency service pursuant to the law governing the insurance industry
4. custodian and administrative services according to the law governing investment funds and management companies
5. credit brokerage for consumer and other types of loans
6. other services or transactions:
   6.1. intermediation in financial leasing
   6.2. sale and purchase of investments in gold

Authorisation to perform banking services is published on the official website of BoS.

Corporate Governance Statement of NLB

Pursuant to Article 70, paragraph 6 and 7 of the Companies Act (further in text: ZGD-1)[17], NLB hereby gives the following Corporate Governance Statement of NLB as part of the Business Report of the NLB Group Annual Report 2024. The main function of this statement is to prompt informing investors on the coherence of the Bank's corporate governance system.

1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

1.1. References to the Code on Corporate Governance

The recommended best corporate governance practices contribute to a transparent and understandable corporate governance system, which promotes both domestic and foreign investor confidence, as well as the confidence of employees, other stakeholders (shareholders, regulators, suppliers, etc.), and the public. A decision on which code the Bank will follow was made jointly by the Management and the Supervisory Boards of the Bank by adopting the Corporate Governance Policy of NLB[18].

Compliance with the Slovenian Corporate Governance Code for Listed Companies[19] is explained in this statement on a "comply or explain basis," in which the Bank provides an explanation regarding deviations, the reasoning for non-compliance with a certain recommendation, or alternative practices performed mostly due to stricter banking regulation. The statement refers to the Bank's system of corporate governance from the beginning to the end of the financial year, which also corresponds to the beginning and the end of the calendar year (from 1 January until 31 December).

The Corporate Governance Statement of NLB is included in the Business Report of the NLB Group Annual Report (published on NLB's website and is also published as a separate report on the Bank's website under the chapter on Corporate Governance.

NLB strives to increase the level of its business transparency and informs the shareholders and other expert community in line with Guidelines on Disclosure for Listed Companies (Ljubljana Stock Exchange, 25 March 2024) and in line with Rules and Regulation of the Luxembourg Stock Exchange, as well as in line with Rules of the London Stock Exchange through Regulatory News Services (RNS) of the London Stock Exchange.

NLB also upholds its own code of conduct. The NLB Group Code of Conduct, which was revised in May 2023, is a standardised document for all members of the Group that defines values, lays down the standards of ethical business conduct, and serves as the guideline for all Bank's relationships regardless of whether it involves clients, competitors, business partners, state authorities, regulators, shareholders, or internal relationships between employees. At the same time, it is the basis of the Group values and basic principles of conduct, which provide specific conduct guidelines to its employees. This approach aims to ensure compliance with all applicable laws, regulations, and standards. It is published on the Bank's website.

Regarding the representation of gender in the Management and Supervisory Boards, the NLB implements an internal Policy on the Provision of Diversity of the Management Body and Senior Management (June 2022), which defines the principles and procedures that promote gender-balanced planning for the Management and Supervisory Boards, as well as for senior management[20].

The Corporate Governance system of the Bank and all relevant information on Bank's management that exceeds the requirements of Article 70 of the Companies Act (ZGD-1) are published in the chapter in Risk Management of this Annual Report. Some other aspects of the functioning of the Bank's managing bodies are described in the chapter in Corporate Governance of this Annual Report, as well as in the Corporate Governance Policy of NLB published on the NLB's website. Information on the ESG Risk Management for the year 2024 is described in the Sustainability Statement as part of this Annual Report. Information on the Diversity Policy is according to recent changes to ZGD-1M[21] described in the Sustainability Statement of this Annual Report. Diversity Policy, Remuneration Policy and ESG risks are also described in the Pillar 3 Disclosures according to Basel standards.

17 The Companies Act (ZGD-1; *Official Gazette of the RoS, No. 65/09* and consecutive changes).
18 The Corporate Governance Policy of NLB was adopted in February 2023.
19 Slovenian Corporate Governance Code for Listed Companies, December 2021 (valid for this Corporate Governance Statement for the business year 2024). Nevertheless, the mentioned code was changed in December 2024, is valid from 1 January 2025, and will apply to the companies for the first time when preparing the Corporate Governance Statement for the 2025 financial year.
20 Published on the Bank's website.
21 ZGD-1M recent changes to Companies Act, *Official Gazette of the RoS, No. 102/24*, valid from 18 December 2024.

2. COMPLIANCE WITH THE SLOVENIAN CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

The Code provides recommendations for good management, control and management practices of public joint-stock companies whose shares are listed on the organized market in Slovenia. In 2024, the Code was updated and entered into force on 1 January 2025. However, the companies should use the recommendation of this Code for the first time when preparing the Corporate Governance Statement for the 2025 financial year[22]. Nevertheless, NLB already complies with some of the changes of the Code.

The Bank does not follow, partially implements, or adhere to different, in most cases stricter, banking regulations with regard to the following recommendations:

Recommendation 5.6: NLB does not provide an external assessment of the adequacy of the Corporate Governance Statement of NLB at least every three years since NLB is a systemically important bank with demanding regulation that takes into account high standards of corporate governance. The Bank is highly regulated by a regulator and examined by the external auditor.

Recommendation 7.4: The Sustainability Policy of NLB d.d. and NLB Group contains basic due diligence guidelines and measures for identifying risks and prevention of serious harm in relation to areas that are defined in this recommendation. Additionally, due diligence guidelines and measures for identifying risk are further elaborated in the Policy on the Respect for Human Rights in NLB and the NLB Group, and are implemented in other domain-specific policies covering respective business areas in NLB Group.

Recommendation 12.1: In assessing a candidate's eligibility to be a Supervisory Board member, statutory criteria are applied. However, according to the Policy to Assess the Suitability of the Management and Supervisory Board Members in NLB (June 2022), it is not necessary for candidates to have a certificate evidencing their specialised professional competence for membership on a Supervisory Board, such as the Certificate of Slovenian Directors' Association, or any other relevant certificate. However, all strict conditions must be fulfilled according to banking legislation, including a wide range of knowledge, skills, and experience.

Recommendation 14.2: Currently, valid Rules of Procedure of the Supervisory Board of NLB d.d. (November 2024) are prepared according to strict rules governing banks. They do not include provisions on the Agreement on access to the archives after expiration of the term of office of the members of the Supervisory Board, as the access to the archives after expiration of the term of office is determined by the provisions of the Rules of Procedure of the Supervisory Board of NLB and not in a special agreement.

Recommendation 14.3: The Rules of Procedure of the Supervisory Board of NLB d.d. do not include the scope of topics and timeframe to be respected by the Management Board in its periodic reporting of the Supervisory Board. However, the scope of topics and time frames of periodic reporting to the Supervisory Board are included in the annual Action Plan of the Supervisory Board. Competent organisational units of the Bank ensure that timely information is provided to the Supervisory Board.

Recommendation 14.4: In 2024, the NLB Workers' Council did not report to the Supervisory Board. In 2023, the NLB Workers' Council sent a letter stating that it would inform the professional services of NLB if it intended to report to the Supervisory Board in the future.

Recommendation 14.6: Access to the archives after the expiration of the term of office of the members of the Supervisory Board is determined by the Rules of Procedure of the Supervisory Board of NLB d.d. Members of the Supervisory Board do not sign a special Agreement on the access to the archives upon taking up the position. See also Recommendation 14.2 above.

Recommendation 17.6: The President of the Supervisory Board, together with the Secretary of the Supervisory Board or an expert from the Bank designated by the Secretary of the Supervisory Board, takes care of the minutes of the Supervisory Board meeting. Only exceptionally, can a Supervisory Board member also be the minute-taker. The President of the Supervisory Board and the Director of Legal and Secretariat ensure that the resolutions formulated at the meeting are clearly formulated and comprehensible.

Recommendation 19.1: In 2024, the Supervisory Board members (representatives of capital and representatives of workers) did not receive attendance fees but received payments for performing their function based on the decisions of the General Meeting of Shareholders dated 21 October 2019, 15 June 2020 and 19 June 2023. Remuneration of the Members of the Supervisory Board is regulated by the Articles of Association of NLB d.d., the decisions of the General Meeting of shareholders from the previous sentence and the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.

Recommendation 20: Minutes of the Supervisory Board meeting are taken by the Secretary of the Supervisory Board or an expert from the Bank designated by the Head of Secretariat. Only exceptionally, a Supervisory Board member can also be the minute-taker.

Recommendation 23.5: In accordance with regulations and the Remuneration Policy of the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of the NLB d.d. in 2024, NLB awarded to the members of its Management Board 50% of their variable remuneration for 2023 in share-linked instruments: 50% of such instruments were handed over to the members of the Management Board without any

22 Recent changes are primarily the result of alignment with the amendment to the Companies Act (ZGD-1M) and the development of good corporate governance practices (diversity, remuneration and independence).

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deferral, and the remaining 50% of such instruments will be handed over to the members of the Management Board during a 5-year deferral period.

Recommendation 26.6: The Bank maintains a list of transactions with related persons according to the Banking Act (ZBan-3). A list of transactions with related persons is submitted to the Supervisory Board by special demand.

Recommendation 30.4: NLB draws up its Financial Calendar, published on the Banks' website and includes the date of the Annual General Meeting of NLB. However, it doesn't provide information on the dividend payment date. The date is announced in the publication of the Agenda and Proposed Resolutions to be passed at the Annual General Meeting. The dividend payment date is determined based on KDD's Operations Rules (Central Securities Clearing Corporation).

Recommendation 32.7: NLB does not publish the rules of procedure of its bodies (Management Board, Supervisory Board, and its committees) on its website. However, each year, the Bank discloses the composition, competences, and work of its managing bodies in the Corporate Governance Statement of NLB that is published in this NLB Group Annual Report, as well as on the Bank's website.

3. MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO FINANCIAL REPORTING

NLB is governed by the provisions of the Capital Requirements Regulation (CRR), with amendments, together with all applicable delegated acts, the Banking Act (ZBan-3) and the Regulation on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks regulating, and relevant EBA Guidelines, among other, the Bank's obligation to set up, maintain appropriate internal control, and risk management systems. Due to the above, the NLB has developed a steady and reliable internal governance system encompassing the following:

3.1. Internal control mechanisms

The Suitability of the internal control mechanisms is determined by the independence, quality, and validity of:
- the rules for and controls of the implementation of the Bank's organisational, business, and work procedures (internal controls) and
- the internal control functions and departments (internal control functions).

3.1.1. Internal Controls

The policy entitled "Internal Control System" defines a system of internal controls as a set of rules, procedures, and organisational structures. The system of internal controls in NLB is designed to ensure that for each key risk, there is a process or other measure to reduce or manage that risk, and that process or measure is effective for that purpose.

The Mentioned policy introduces a new description of the three lines of defence, namely:
1. First–level (or line) controls are implemented into business and non–business organisational units (OU).
2. Second–level controls are divided between Risk Management and Compliance control functions (including AML/CTF and Information security management), which carry out independent controls and supervision over the operation of the first line of defence.
3. The third level of control is performed by the internal audit function, which assesses and regularly checks the completeness, functionality, and adequacy of the internal control system. An internal audit is completely independent of both the first–line and the second–level control functions.

In the event of deficiencies, irregularities, or breaches identified in the process of implementation of internal controls, the breaches are discussed at the Operational Risk Committee (which is the collective decision-making body appointed by the Management Board of the Bank that is established for the execution of individual tasks within powers of the Management Board of the Bank). The mentioned committee adopts decisions to take appropriate actions and informs the Management Board of the Bank about deficiencies and actions taken on that behalf.

As NLB advances its commitment to sustainable and responsible banking, updates to the Internal Control System policy, implemented in November 2023, reflect the Bank's dedication to ensuring a comprehensive approach to ESG governance, addressing ESG risks, and promoting responsible business practices.

3.1.2. Internal Control Functions

Internal control functions are part of the system of internal governance in the Bank. Internal control functions include:

a) The Internal Audit Function

The Internal Audit function is organised in accordance with the Internal Audit Charter of NLB d.d., approved by the Management Board, to which the Supervisory Board of NLB gave its consent.

The Management Board of NLB has established and organised an independent Internal Audit function. The main purpose of the Internal Audit is to provide the Bank's Management and Supervisory Boards with objective and independent assurance and advisory services designed to add value and improve an organisation's operations.

Internal auditing is an independent, objective assurance and advisory service designed to add value and improve the Bank's operations, which is primarily responsible to the Supervisory Board of NLB and its Audit Committee and secondarily to the Management Board of the Bank. It helps to accomplish the Bank's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. In addition, the Internal Audit conducts regular Quality reviews of the Internal Audit functions in the Group and ensures continuous development of the internal auditing function in NLB Group.

The Supervisory Board of NLB must give its agreement to the appointment and dismissal of the Chief Audit Executive, which ensures his independence and, thus, the independence of the Internal Audit function.

b) The Risk Management Function

The Risk Management Function is organised according to the Charter of the Risk Management Function of NLB adopted by the Management Board, in agreement with the Supervisory Board of NLB.

The Risk Management Function represents an important part of the overall management and governance system in the Group. This function in NLB is organised within the Risk stream, covered by the member of the Management Board in charge of risk (Chief Risk Officer – CRO).

The Risk Management Function is performed by the Global Risk function. In accordance with the competences, authorisations, and responsibilities, Global Risk is represented by its General Manager. Global Risk is in functional and organisational terms separate from other functions where business decisions are adopted and where a potential conflict of interest may arise with the Risk Management Function. The head of the Risk Management Function has direct access to the Management Board of the NLB and, at the same time, has unhindered and independent access to the Supervisory Board of NLB and the Risk Committee of the Supervisory Board of the NLB.

Risk management and control is performed through a clear organisational structure with defined roles and responsibilities. The organisation and delineation of competences are designed to prevent conflicts of interest, to ensure a transparent and documented decision-making process, and are subject to an appropriate upward and downward flow of information. The competence line, Risk Management in NLB, encompasses several professional areas and is in charge of formulating and controlling the Group's risk management policies, setting limits, overseeing the harmonisation, regular monitoring of risk exposures and limits based on centralised reporting at the Group level.

In members of the Group, the risk management function is organised according to the local legislation, considering the bases for setup, organisation, and activities in risk management in the members, as defined in the document "Risk Management Standards in the NLB Group."

c) The Compliance Function, Information Security Function, and AML/CTF Function

Compliance and Integrity in the Group, in its role as internal control function, performs control activities with respect to the main following areas:
- anti-money laundering and counter-terrorist financing (separately for NLB and the Group);
- information security and data protection;
- personal data protection;
- regulatory compliance management;
- prevention and investigation of fraud to detriment of the bank;
- security;
- development of compliance risk methodologies, and setting and monitoring ethics and integrity standards;
- harmonisation of policies and practices within the Group (Competence line Compliance and Integrity).

Compliance and Integrity is an organisational unit of the Bank, placed directly under the Bank's Management Board in the organisational structure. The Bank adopted the Integrity and Compliance Policy of the NLB and the NLB Group. This Policy regulates the method and scope of the activities of the compliance function in the Bank. Supervision over compliance of operations is within the competence of Compliance and Integrity. This enables Compliance and Integrity to operate independently from other Bank departments.

The Director of Compliance and Integrity does not perform any other function at the Bank that could possibly lead to a conflict of interest. To ensure his independence, the Director reports directly to the Management and Supervisory Boards. Additionally, the Director provides regular updates to a designated member of the Bank's Management Board responsible for overseeing compliance areas (including information security, personal data protection, and AML/CTF functions). This arrangement provides additional assurance for the independence of the Compliance and Integrity operations.

As information security, AML/CTF, and Group AML functions are organised within Compliance and Integrity, CISO for NLB and NLB Group (Chief Information Security Officer), DPO (Data Protection Officer), the head of the AML/CTF area for NLB, and head of Group AML are ensured full independence through equal reporting lines as the Director of Compliance and Integrity. Following NLB's model, the compliance function was established in the core members of the Group, as well as based on the Group standards for the compliance and integrity area.

3.2. Financial reporting

To ensure appropriate financial reporting procedures, NLB pursues the adopted Policy on Accounting Controls. The accounting controls are provided through the operation of the complete accounting function with the purpose of ensuring quality and reliable accounting information and, thereby, accurate and timely financial reporting. The principal identified risks in this area are managed with an appropriate system of authorisations, segregation of duties, compliance with accounting rules, documenting of all business events, a custody system, posting on the day of a business event, in-built control mechanisms in source applications, and archiving pursuant to the laws and internal regulations. Furthermore, the policy precisely defines primary accounting controls, performed in the scope of analytical bookkeeping, and secondary accounting controls, i.e., checking the efficiency of implementation of primary accounting controls. With an efficient mechanism of controls in accounting reporting, NLB ensures:
- a reliable decision-making and operation support system;
- accurate, complete, and timely accounting data, the resulting accounting, and other reports of the Bank;
- compliance with legal and other requirements.

a) Selection of an audit firm[23]

Through a process, the Bank selects auditing companies in which management bodies, the Audit Committee, and the Supervisory Board actively participate and appoint an auditing company that will ensure an independent and impartial audit of the financial statements in accordance with professional and professional-ethical auditing principles and other auditing rules.

Before the start of the selection process, a proposal for the criteria for the appointment of the audit company and the minimum conditions for cooperation are prepared, which also include the mandatory disclosure of all possible non-audit services that the audit company has performed for the Bank or its affiliated companies in the last year (namely statement that an audit firm or any member of the network to which the audit firm belongs, did not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings any prohibited non-audit services in the financial year immediately preceding the period being audited). The proposed criteria are approved by the Audit Committee and the Supervisory Board. After considering the report on the selection process, the Audit Committee submits a recommendation on the appointment of an audit company to the Supervisory Board. Based on the recommendation of the Audit Committee, the Supervisory Board proposes the appointment of an audit company, which is approved by the Shareholders' Meeting.

The financial statements of NLB and consolidated financial statements of NLB Group are audited by the auditing company KPMG Slovenia d.o.o., Ljubljana. The mentioned auditing company was appointed as the auditor of NLB by the 38th General Meeting of shareholders of the Bank dated 20 June 2022 for the financial years 2023 to 2026.

23 According to Recommendations for the Audit Committees (SDA&KPMG 2022, point 10.1), the Bank provides an explanation of the selection of an audit firm and the independence of the statutory auditor.

The selected audit company audits all members of NLB Group, except in case of other valid reasons (possible legal or other local restrictions).

In 2023, there was a change of audit company due to the expiration of the statutory period of 10 business years, when the same audit firm can perform the audit.

b) Independence of the Statutory Auditor
The statutory auditor must assess and document compliance with independence requirements before accepting or continuing a statutory audit engagement. The Audit Committee annually requires written declarations of independence from the statutory auditors, which must apply to the audit firm, the audit partners, and senior personnel involved in the audit engagement.

When assessing the auditor's independence, all areas of potential conflict of interest are considered, such as:
- direct or indirect financial investments in the company,
- personal and business relationships (which also include close family members, close relatives and business partners),
- the relationship between the key audit partner, members of the board and key employees,
- economic dependence,
- the type and scope of other services performed by the auditor in addition to the audit.

Independence is ensured during the period covered by the financial statements being audited and during the period during which the statutory audit is carried out.

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4. INFORMATION ON POINT 4, PARAGRAPH 6, OF THE ARTICLE 70 OF THE ZGD-1 regarding points 3, 4, 6, 8, and 9 of paragraph 8 of the same article

Explanation regarding significant direct and indirect ownership of the company's securities in the sense of achieving a qualified stake as determined by the act regulating acquisitions
(Point 3 of the eight paragraph of Article 70 of the ZGD-1)
Significant direct and indirect ownership of the company's securities in terms of achieving a qualifying holding as defined in the Takeovers Act (as at 31 December 2024).

Table 37: NLB's main shareholders as at 31 December 2024(i)

Shareholder	Number of shares	Percentage of shares
Bank of New York on behalf of the GDR holders(ii), (iii)	9,659,425	48.30
· *of which EBRD*	/	>5 and <10
· *of which Brandes Investment Partners, L.P.*	/	>5 and <10
Republic of Slovenia (RoS)	5,000,001	25.00
Other shareholders	5,340,574	26.70
Total	**20,000,000**	**100.00**

(i) This information is sourced from the NLB's shareholders' book that is accessible at the web services of CSD (Central Security Depository, Slovenian: KDD - Centralna klirinško depotna družba) and available to CSD members.
(ii) The Bank of New York holds shares in its capacity as the depositary (the GDR Depositary) for the GDR holders and is not the beneficial owner of such shares.
(iii) The information on GDR ownership is based on self-declarations by individual GDR holders as required pursuant to the applicable provisions of Slovenian law.

More information on the Bank's Share Capital is available on the NLB website.

Explanation regarding the holders of securities that carry special control rights
(Point 4 of the eight paragraph of Article 70 of the ZGD-1)
The Bank did not issue any securities carrying special controlling rights.

Explanation regarding the restrictions related to voting rights, in particular: (i) restrictions of voting rights to a certain stake or certain number of votes, (ii) deadlines for executing voting rights, and (iii) agreements in which, based on the company's cooperation, the financial rights arising from securities are separated from the rights of ownership of such securities
(Point 6 of the eight paragraph of Article 70 of the ZGD-1)
The shares of the Bank are freely transferable, subject to the provisions of the Articles of Association of the Bank, which require the approval of the Supervisory Board, namely for the transfer of shares of the Bank by which the acquirer, together with the shares held by the holder before such an acquisition and the shares held by third parties for the account of the acquirer, exceeds the share of 25% of the Bank's voting shares. Approval for the transfer of shares is issued by the Supervisory Board. The Bank rejects the request for approval of transfer shares if the acquirer, together with the shares held by the acquirer before the acquisition and the shares held by third parties for the account of the acquirer, exceeded the 25% share of the Bank with voting rights, increased by one share.

Notwithstanding the provision mentioned in the first paragraph, approval for the transfer of shares is not required if the acquirer of the shares has acquired them for the account of third parties, so that it is not entitled to exercise voting rights from these shares at its sole discretion, while at the same time committing to the Bank, it will not exercise voting rights on the basis of the instructions of an individual third party for whose account it has acquired the shares if, together with the instructions for voting, it does not receive a written guarantee from that person that this person has shares for his own account, and that this person is not, directly or indirectly, a holder of more than 25% of the Bank's voting rights.

The acquirer who exceeds the share of 25% of the Bank's shares with voting rights and does not require the issuance of approval for the transfer of shares, or does not receive the approval of the Bank, may exercise the voting right from 25% of the shares with the voting rights.

There are no restrictions other than those mentioned and those that are regulatory.

Explanation on the (i) company's rules on appointment or replacement of members of the management or supervisory bodies, and (ii) changes to the company's Articles of Association (Point 8 of the eight paragraph of Article 70 of the ZGD-1)

The appointment or replacement of members of the management or supervisory bodies*

The Management Board*

Articles of Association define that the Management Board of the Bank is comprised of three to seven members, one of whom is appointed President of the Management Board of the Bank. The number of Management Board members is determined by a resolution of the Bank's Supervisory Board. The President and other members of the Management Board are appointed and recalled by the Supervisory Board of the Bank; the President of the Management Board may propose to the Supervisory Board of the Bank to appoint or recall an individual member or the remaining members of the Management Board of the Bank.

The President and members of the Management Board shall be appointed for a period of five years and may be re-appointed for another term of office. The President and members of the Management Board may be recalled prior to the expiry of their term of office in accordance with applicable laws and Articles of Association. Each member of the Management Board of the Bank may prematurely resign her/his term of office with a period of notice of three months. Written notice shall be delivered to the Chair of the Supervisory Board of the Bank. The notice term may be shorter than three months if requested by the resigning member of the Management Board of the Bank in his/her notice and is subject to the approval of the Supervisory Board of the Bank.

A member of the Bank's Management Board may only be a person who fulfils the legally prescribed conditions for a management board member under the law on banking and who obtained a licence from the BoS or the ECB, if executing the competences and tasks from Item (e) of paragraph 1 of Article 4 of Regulation (EU) no. 1024/2013 for the performance of the function of a bank's management board member under the law regulating banking. The Bank assesses every candidate following the Bank's Policy governing the Fit & Proper assessment prior to the appointment.

The Supervisory Board*

According to the Articles of Association of the NLB d.d., the Supervisory Board consists of a total of twelve members, of which eight members represent the interests of shareholders and four members represent the interests of employees. Members of the Supervisory Board representing the interests of shareholders are elected and recalled by the General Meeting from persons proposed by shareholders or the Supervisory Board. Members of the Supervisory Board representing the interests of employees are elected and recalled by the Workers' Council, taking into account the conditions for members of the Supervisory Board laid down in the regulations and the Articles of Association of NLB d.d.

At the end of 2024, the Supervisory Board of the Bank consists of a total of 10 members, of which eight members represent the interests of shareholders and two members represent the interests of employees. Members representing the interests of shareholders shall be elected and recalled by the Bank's General Meeting from persons proposed by shareholders or the Supervisory Board of the Bank, and members representing the interests of employees shall be elected and recalled by the Workers' Council of the Bank. Members of the Supervisory Board representing the interests of shareholders are elected by an ordinary majority of votes cast by the shareholders.

The term of office of the Supervisory Board members commences on the day their appointment enters into force (at the start of the term of office) and lasts up until the end of the Bank's Annual General Meeting of shareholders, which decides on the use of accumulated profit for the fourth business year since the start of their term of office unless otherwise stipulated at the time of appointment of individual members. In this context, the first year is deemed the business year in which the members of the Supervisory Board of the Bank started their term of office.

The General Meeting of the Bank may dismiss an individual or all members of the Supervisory Board (representatives of shareholders) even before the expiration of their term of office. A resolution on dismissal shall be valid if adopted with at least a three-quarter majority of all votes cast.

The Supervisory Board of the Bank shall, at its first meeting after an appointment, elect from among its members a Chair and at least one Deputy Chair of the Supervisory Board of the Bank. A member representing the interests of employees cannot be elected Chair or Deputy Chair of the Supervisory Board of the Bank. All the Supervisory Board members shall be independent professionals, as defined by the Articles of Association.

A member of the Bank's Supervisory Board may only be a person who fulfils the legally prescribed conditions for a supervisory board member under the Banking Act and who obtained a licence from the BoS or the ECB, if executing the competences and tasks from Item (e) of paragraph 1 of Article 4 of Regulation (EU) no. 1024/2013 for the performance of the function of a bank's supervisory board member under the law regulating banking. The Bank assesses every candidate following the Bank's Policy governing Fit & Proper assessment prior to the appointment.

Amendments to Articles of Association

A qualified majority of at least 75% (seventy-five per cent) of the votes cast by shareholders at the general meeting of the Bank's shareholders is required for the adoption of any amendments of the Articles of Association.

Explanation regarding the authorisation of the members of the management, particularly authorisations to issue or purchase own shares (Point 9 of the eight paragraph of Article 70 of the ZGD-1)

No authorisation exists which would authorise the members of the management to issue or purchase own shares of the Bank.

*Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter ESRS-2 GOV-1 The role of administrative, supervisory and management bodies.

5. INFORMATION ON THE WORK AND KEY POWERS OF THE SHAREHOLDERS' MEETING AND OF ITS KEY POWERS, AND A DESCRIPTION OF SHAREHOLDERS' RIGHTS AND THE METHOD OF THEIR EXERCISING

The General Meeting is a body of the Bank through which shareholders exercise their rights, which include, among others: adopting and amending the Articles of Association of the NLB d.d., use of distributable profit, granting a discharge from liability to the members of the Management and Supervisory Board, changes to the Bank's share capital, appointing and discharge members of the Supervisory Board who represent the shareholders' interests, remuneration and profit-sharing by the members of the Management Board and employees, annual schedules, and characteristics of issues of securities convertible into shares and equity securities of the Bank.

The General Meeting is convened by the Management Board. The General Meeting may be convened by the Supervisory Board in cases where the Management Board fails to convene the General Meeting or where a convocation is necessary to ensure unhindered operations of the Bank. The Supervisory Board may amend the agenda of the General Meeting convened in line with the bylaws.

As a rule, the General Meeting shall be convened at the registered office of the Bank, yet it may also be convened at another venue specified by the convenor. The Management Board may stipulate that shareholders may attend or vote before or at the General Meeting by electronic means without their physical presence. The General Meeting of shareholders shall adopt resolutions by a simple majority of the votes cast unless the applicable laws or the Bank's Articles of Association stipulate a larger majority or other conditions (adoption and amendments of the Articles of Association, issue of convertible bonds or other equity securities of the Bank, exclusion of a pre-emptive right of existing shareholders, decrease in share capital, the status restructuring of the Bank, liquidation of the Bank, and discharge of Supervisory Board members).

The shareholders have the right to participate in the General Meeting, the voting right, the pre-emptive right to subscribe for new shares in case of share capital increase, the right to profit participation (dividends), the right to a share in surplus in the event of liquidation or bankruptcy of the Bank, and the right to be informed.

According to Article 296 of the Companies Act, NLB informs shareholders of their rights as shareholders in an Information on the Rights of Shareholders that is published among the documents for the convocation of each General Meeting (i.e., on the expansion of the agenda, proposals by shareholders, voting proposals by shareholders', and the shareholders right to be informed).

There were two General Meetings in 2024. At the 42nd General Meeting dated 17 June 2024, shareholders took note of the adopted NLB Group Annual Report 2023 and adopted the Report of the Supervisory Board on the results of the examination of the NLB Group Annual Report 2023. They also adopted the Report on Remuneration for the members of the Management Body of NLB d.d. in the 2023 Business Year, the Additional information to the Report on Remuneration in the 2023 Business Year on the basis of SSH's Baselines and the Internal Audit Report for 2023, adopted decisions on the election of Supervisory Board members (as already mentioned above) and voted on the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.

The General Meeting also adopted decisions on the allocation of distributable profit for the 2023 (the first dividend payment of EUR 5.5 gross per share or EUR 110 million was paid out on 26 June 2024) and granted a discharge from the liability to the members of the Management Supervisory Boards.

At the 43rd General Meeting held on 9 December 2024, the shareholders confirmed the payment of the second dividend at EUR 5.5 gross per share or EUR 110 million (paid out on 16 December 2024). Together, both pay-outs in the amount of EUR 220 million from the profit generated in 2023, represent a 100% increase from dividend payments made that year. The outcome of the vote is available to all interested stakeholders on NLB's website.

6. INFORMATION ABOUT THE COMPOSITION AND WORK OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THEIR COMMITTEES*

6.1. Composition of the Management Board*

The composition of the Management Board has remained unchanged since May 2022, and is as follows: Blaž Brodnjak as President & CEO; and the following members: Archibald Kremser as Chief Financial Officer (CFO); Peter Andreas Burkhardt as Chief Risk Officer (CRO); as well as Hedvika Usenik as Chief Marketing Officer (CMO) who is responsible for Retail Banking and Private Banking; Antonio Argir who is responsible for Group governance, payments and innovations, and Andrej Lasič as CMO, who is responsible for Corporate and Investment Banking. The mandates of Blaž Brodnjak, Archibald Kremser, and Peter Andreas Burkhardt expire in July 2026, while the mandates of Hedvika Usenik, Antonio Argir, and Andrej Lasič expire in April 2027.

Work of the Management Board

In 2024, the Management Board prepared a new Group Strategy 2030 that was adopted by the Supervisory Board. The strategy stipulates a doubling of the NLB Group balance sheet (more than EUR 50 billion assets), recurring revenues of more than EUR 2 billion, and a profit of more than EUR 1 billion by 2030, combining organic growth with selected M&As. The new strategy is designed to enable NLB Group to grow and develop in a rapidly changing financial environment. The strategy includes key goals and directions for the future, such as digitalisation, sustainable development, and expansion into new markets.

In line with the new strategy, NLB launched an all-cash voluntary public takeover offer aimed at acquiring control over Addiko Bank AG for all issued and outstanding Addiko Bank AG shares, requiring acceptance for at least 75% of its issued shares. By 16 August 2024, the offer did not achieve a sufficient acceptance percentage of shares, so the offer was not successful.

The Management Board worked on an acquisition that marks NLB's re-entry into the Croatian market with Leasing Services after nearly three decades. After obtaining all regulatory approvals in September 2024, NLB completed the transaction and became the sole shareholder of SLS HOLDCO, Ljubljana, the parent company of Summit Leasing Slovenija, Ljubljana and its Croatian subsidiary Mobil Leasing, Zagreb, together forming SLS Group.

In line with the new NLB Group Strategy, a subsidiary company, NLB Skladi, Ljubljana successfully completed the takeover of Generali Investments, Skopje (renamed NLB Fondovi, Skopje).

The Management Board is aware that digitalisation is one of the key strategic priorities for NLB Group, which aims to streamline processes, improve scalability, and increase efficiency. To that extent, NLB enhanced its digital services, as Apple Pay became available to NLB customers in Slovenia and Montenegro, and Google Pay became available to NLB customers in Slovenia, Montenegro, North Macedonia, Bosnia and Herzegovina, Kosovo and Serbia, while Garmin Pay became available in Slovenia, Montenegro, North Macedonia, Bosnia and Herzegovina, and Kosovo. In 2024, NLB Group continued its digital transformation, which included transitioning to a fully digital business model. This involved using advanced technologies such as artificial intelligence (AI), cloud services, and data analytics.

The Management Board stayed focused on the growth of its core business and was aware of all the possible risks and eventual distresses, while the Bank helped customers facing difficulties due to strengthened market conditions. In 2024, NLB Group delivered remarkable business results. They enabled the Bank to pay out a distributable profit for 2023 in the form of dividends in a total amount of EUR 220 million, thereby reaffirming NLB Group's stable and successful business operations and strong capital position.

The Management Board is deeply aware of the Banks' vital role in fighting climate change by supporting the global transition of the real economy towards net-zero, and implementing sustainable practices as key drivers of long-term business success. The Group has integrated a sustainability perspective and ESG factors (environmental, social and human rights, and governance) in the new Group Strategy and into its daily operations. The Group's progress was also recognised by ratings. In November 2024, where NLB Group received a Sustainalytics ESG Risk Rating of 10.5, which was assessed as being at a low risk of experiencing material financial impacts driven by ESG factors. That rating places NLB in the top 5 percentile of all banks assessed by Morningstar Sustainalytics. Besides environmental issues, the Management Board is equally active in addressing social and governance topics, advocating equal opportunities, as well as independent and professional corporate governance.

Detailed information on the composition of the Management Board can be found in Table 38 in Appendix of this statement.

6.2. Composition of the Supervisory Board*

At the beginning of 2024, the composition of the Supervisory Board was as follows: Primož Karpe – Chairman; Shrenik Dhirajlal Davda – Deputy; David Eric Simon, Verica Trstenjak, Islam Osama Zekry, Mark William Lane Richards, Cvetka Selšek, André-Marc Prudent-Toccanier (shareholders' representatives); and Sergeja Kočar and Tadeja Žbontar Rems (employee representatives). As the mandates of Primož Karpe, David Eric Simon, and Verica Trstenjak expired in 2024, three members were proposed for election at the forthcoming General Meeting in June 2024.

The General Meeting of Shareholders in June 2024 elected Primož Karpe, Natalia Olegovna Ansell,

*Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter ESRS-2 GOV-1 The role of administrative, supervisory and management bodies. The reference includes subchapter 6.1 - only the first paragraph, and subchapter 6.2, paragraph 1 and subchapter Statement of Independence of the Members of the Supervisory Board.

and Luka Vesnaver as members of the Supervisory Board of NLB. Luka Vesnaver took up his office as a member of the Supervisory Board on 30 September 2024, while Natalia Olegovna Ansell took up her office on 8 November 2024 (both after the ECB adopted a decision not to object to their appointments).

Primož Karpe was elected as President of the Supervisory Board on 7 July 2024 for the third time in a row. The Supervisory Board also consists of Deputy Chairman Shrenik Dhirajlal Davda, Islam Osama Zekry, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek, and employee representatives Tadeja Žbontar Rems (whose mandate expires in 2025) and Sergeja Kočar (re-appointed in 2024 by the NLB Workers' Council for another term). The mandate of Islam Osama Zekry expires in 2025, while the mandate of Shrenik Dhirajlal Davda, Mark William Lane Richards, Cvetka Selšek and André-Marc Prudent-Toccanier expires in 2027.

Statement of Independence of the Members of the Supervisory Board*

In accordance with Article 16 of the Articles of Association of NLB, all Supervisory Board members must be independent experts. Persons representing the interests of employees in the Supervisory Board of the Bank are considered independent despite the existence of an employment relationship with the Bank upon fulfilling certain terms and conditions.

A Statement of Independence, in which they declare themselves on their meeting of the criteria of a conflict of interest, is provided by a candidate for a function of a member of the Supervisory Board, upon each change that would mean a change of his/her independence status, and once a year (with the new statements published as of February 2025). The statement is published on the Bank's website.

Work of the Supervisory Board

In 2024, the Supervisory Board held seven regular, five extraordinary, and seven correspondence sessions. In its work, the Supervisory Board of NLB received professional assistance from five operational committees (as further defined below). Based on their findings, the Supervisory Board passed the appropriate resolutions.

At the beginning of May 2024, the Supervisory Board adopted a new business strategy until 2030. The strategy is very ambitious, with the aim of transforming the Bank. It is focused on unlocking even more shareholder value, backed by higher dividend payout ratios and/or inorganic equity value creation. It envisages doubling the balance sheet total of NLB Group (to more than EUR 50 billion), also by tapping into the untapped revenue pools that exist already today, with regular revenues of more than EUR 2 billion and a target profit of more than EUR 1 billion by 2030 (through a combination of organic growth and selected mergers and acquisitions), while at the same time, the strategic goal of the Group remains to create sustainable growth to support individuals and companies.

Throughout the year, the Supervisory Board acknowledged regular reports on documents received from the regulator(s), namely, the BoS and ECB, and the implementation of the requirements of regulators. The Supervisory Board acted within its powers to ensure that the Bank's business goals, strategies, and policies were properly coordinated with the strategies and policies for assuming and managing risks. The Supervisory Board was regularly informed on the risk profile of the Group and the corresponding types of risk to steer the Group's fulfilment of internal strategic objectives and all external requirements. Tackling a comprehensive assessment of the main risks and vulnerabilities for NLB Group, the Supervisory Board adopted the IT Security Architecture and Protection of the NLB Group and updated NLB. Moreover, key strategic risk documents such as the NLB Group Risk Appetite, the NLB Group Risk Strategy, the IRRBB management report and improvement agenda, and the NLB Group Recovery Plan were regularly revised, upgraded, and discussed.

The functioning of NLB management bodies has always been a priority of a Supervisory Board. To that extent, the Supervisory Board adopted the Internal Audit's Annual Report for 2024, the Internal Audit Plan (2025 & the long-term plan), the Action Plan for Compliance & Integrity for 2025, the regular periodic reports on the Internal Audit, Compliance, IT and Cyber Security, and monitored implementation of the Policy on the Provision of Diversity of the Management Body and senior management by adopting the Annual review of the Diversity Policy of the Bank. In line with increased focus on the risk culture, and impact on how incentives align risk-taking behaviour with NLB's risk profile and long-term interests, the Supervisory Board also approved goals for each member of the Management Board of NLB, as well as adopted changes to the Remuneration Policy of the members of the Supervisory Board of NLB d.d. and members of the Management Board of NLB d.d. (on 17 June 2024 approved by the General Meeting of shareholders, whereby the vote on this resolution is of a consultative nature in accordance with ZGD-1).

NLB Group strives to actively contribute to a more balanced and inclusive economic and social system. The Supervisory Board monitored the implementation and effectiveness of NLB Group's Strategy and adopted the regular NLB Group Sustainability Implementation Updates. The Supervisory Board issued approvals to the Management Board related to the adopted NLB Group Annual Report 2023 and NLB Group Sustainability Report 2023, Information on NLB Group's sustainability reporting process for 2024, and engagement of the NLB Management and Supervisory Boards in the Double Materiality Analysis, the Annual Internal Audit Plan, the Plan of Compliance & Integrity, and adopted the Comprehensive Opinion of the Internal Audit.

Furthermore, the Supervisory Board adopted decisions regarding the convocation of the two General Meetings of shareholders. At the General Meeting of shareholders dated 17 June 2024, the General Meeting acknowledged itself with the NLB Group Annual Report 2023, Report of the Supervisory Board of NLB, on the results of the examination of the NLB Group Annual Report 2023, Report on Remuneration for the members of the Management Body of NLB d.d. in the 2023 Business Year, Independent Auditor Report, as well as on Additional information to the Report on Remuneration in the 2023 Business Year on the basis of SSH's Baselines and acknowledged the adopted Internal Audit Report for 2023. The General Meeting adopted a decision on the allocation of distributable profit for 2023 (the first tranche of the distributable profit for 2023 at EUR 5.5 gross per share or EUR 110 million) and granted a discharge from liability to the members of the Management and Supervisory Boards. The General Meeting adopted decisions on four proposed candidates for the Supervisory Board and determined payments to members of the Supervisory Board of

*Incorporation by reference: The reference is made to this chapter from the Sustainability Statement chapter ESRS-2 GOV-1 The role of administrative, supervisory and management bodies.

NLB and its committees. The shareholders adopted changes to the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d. (the vote on this resolution is of a consultative nature).

The General Meeting of shareholders dated 9 December 2024, adopted a decision on the allocation of the second tranche of the distributable profit for 2023 at EUR 5.5 gross per share or EUR 110 million, making a total dividend pay-out in 2024 EUR 220 million. EUR 110 million were already paid-out to shareholders in June 2024, and approved the Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d., whereby the vote on this resolution was of a consultative nature.

During the year, the Supervisory Board adopted periodic reports of the Internal Audit and Compliance, and issued approval for the transactions with persons in a special relationship with the Bank, and for the conclusion of legal transactions in accordance with Article 170 of the Banking Act.

According to the recommendation of the Slovenian Corporate Governance Code for Listed Companies, the evaluation of efficiency and self-assessment of the Supervisory Board of NLB and the Audit Committee of NLB was performed by the Slovenian Directors' Association (SDA) at the beginning of 2024. Based on the findings of SDA, an Action Plan was made, and deficiencies were eliminated.

Throughout the year, the Supervisory Board has maintained a well-balanced professional relationship with the Management Board and enjoyed timely, comprehensive, and data-supported inputs from the latter, enabling the Supervisory Board to adopt all its decisions in line with the professional interests of the Bank, whilst always adhering to banking regulations and its statutory powers.

To ensure transparent decision-making at the Supervisory Board and sessions of committees, members of the Supervisory Board, in particular, take into account all necessary precautionary measures to avoid conflicts of interest.

Pursuant to Article 282 of the Companies Act (ZGD-1) and the above report, the Supervisory Board of NLB established and ensured that it regularly and thoroughly monitored the Bank's and NLB Group's operations in 2024 within its powers, and efficiently supervised the Bank's and NLB Group's management and operations.

The composition of the Supervisory Board members is described in Table 39 in Appendix of this statement.

6.3. The Supervisory Board Committees

All five Committees for the Supervisory Board function as consulting bodies of the Supervisory Board of NLB and discuss the material and proposals of Management Board of NLB for the Supervisory Board meetings related to a particular area. The Supervisory Board has the following committees:
- The Audit Committee
- The Risk Committee
- The Nomination Committee
- The Remuneration Committee
- The Operations and IT Committee.

Committees are composed of at least three members of the Supervisory Board, although at the end of 2024 the actual number of members in the committees was five. The Workers' Council can nominate one Supervisory Board member – a representative of the workers to each Committee. The member of the Committee may only be appointed from among the members of the Supervisory Board. The term of office of the Chair, the Deputy Chair, and members of the Committee should not exceed their term of office as Supervisory Board members. The responsibilities of Committees are defined in the Rules of Procedure of the Committees of the Supervisory Board of NLB d.d. (November 2024).

6.3.1 The Audit Committee of the Supervisory Board of NLB

The Audit Committee monitors and prepares draft resolutions for the Supervisory Board on accounting reporting, internal control and risk management, internal audit, the compliance of operations, and external audit. It also supervises the setup of policies, monitors reporting procedures related to sustainability, and monitors the implementation of regulatory measures.

At the end of 2024, the composition of the Committee was as follows: Cvetka Selšek (Chairwoman), André-Marc Prudent-Toccanier (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems and Luka Vesnaver (members). Changes in the Committee's membership that occurred during the year, as well as the academic degrees of the Audit Committee members are reflected in the chart on the Supervisory Board Committees (Table 39 in Appendix below).

There were six regular and one extraordinary sessions of the Audit Committee. The following is a summary of the key topics considered by the Audit Committee:
- Report of the NLB Group Operations and Business Performance Indicators for NLB d.d. and NLB Group for 2023; NLB Group Annual Report 2023; KPMG External Auditor's report after the final audit of financial statements 2023; Internal Audit Overall Opinion for 2023; Internal Audit Annual Report for 2023; Corporate Governance Statement of NLB; Statement on the Management of Risk, NLB Group Sustainability Report for 2023; Report of the Supervisory Board of NLB on the results of the examination of the NLB Group Annual Report 2023;
- Report of the of the Audit Committee of NLB on the statutory audit for financial year 2023; Assessment of the satisfaction rating at the NLB Group level regarding the quality of audit services provided by the external auditing firm KPMG for 2023; Annual Report for the 2023 ECRA compliance risk assessment at the NLB and NLB Group levels;
- Regular interim reports on the operations of the NLB Group, Periodic Internal Audit Reports, Compliance, and Integrity Reports, Anti-Money Laundering Reports;
- NLB Group Sustainability Implementation update; External audit of the NLB Group's Sustainability Report 2024 and an increase in the price of the audit of the Annual Report due to the merger of N Banka; Presentation of the audit plan for 2024 audit by auditor KPMG; Information on NLB Group's sustainability reporting process for 2024 and engagement of the NLB Management and Supervisory Board in the Double Materiality Analysis;
- Reports of the Internal Audit of NLB; NLB Group Internal Audit Plan (2025 & long-term), Reports of the Compliance of NLB; Action Plan for Compliance and Integrity Centre for 2025;
- Reports on the documents received from the BoS and

ECB, and on the implementation of the requirements of the BoS and ECB;
- Appointment / Prolongation of the mandate and a salary increase for the Director of Global Risk and for the Director of Compliance and Integrity; a Salary increase for the Director of Internal Audit; Confirmation of the goals assessment of the heads of control or supervisory functions for the year 2023; Acknowledgment with Self-assessment of the performance, effectiveness, and efficiency of the Group Compliance function, and with an Evaluation of the Audit Committee;
- Information about the costs of the Management and Supervisory Boards; Cash withdrawals in Branches for Legal Entities in NLBG (excl. Slovenia);
- Integrity and Compliance Policy of the NLB d.d. and the NLB Group; Approval of Other assurance and non-assurance services pre-approval Policy for NLB and NLB Group; Information on updated Rules on the relations of NLB d.d. and the Audit Committee with the audit firm; Internal Audit Manual; Internal Audit Charter;
- NLB Audit Committee Self-Assessment for 2023 (Status Report) and approval of the Action Plan.

The Audit Committee performs its tasks both at the meetings themselves and outside of the meetings. In addition to considering materials at the meetings themselves and preparing proposals for the Supervisory Board, the Committee also meets regularly with representatives of professional services for individual areas covered by the Committee. The President of the Committee also meets regularly with representatives of the external auditor and regulators.

In 2024, the Audit Committee carried out a self-assessment of its work (evaluation of the year 2023) with the help of an external independent evaluator, the Slovenian Directors' Association. Based on the findings, an action plan was prepared, which was discussed and approved at the Supervisory Board meeting in March 2024.

6.3.2 The Risk Committee of the Supervisory Board of NLB

The Risk Committee monitors and drafts resolutions for the Supervisory Board in all risk areas relevant to the Bank's operations. It is consulted on the Group's current and future risk appetite, the corresponding risk profile and risk management strategy, and helps carry out control over senior management concerning implementation of the risk management strategy.

At the end of 2024, the composition of the Committee was as follows: André-Marc Prudent-Toccanier (Chairman), Cvetka Selšek (Deputy Chairwoman), Shrenik Davda, Luka Vesnaver, and Natalia Olegovna Ansell (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees (Table 39 in Appendix below).

There were seven regular sessions of the Risk Committee in 2024. The following is a summary of key topics considered by the Risk Committee:
- Risk Report (Dashboard) of NLB and NLB Group; Periodic Reports on information security in NLB and NLB Group; Pillar III Disclosures for 2023 and periodic disclosures for 2024;
- Internal liquidity adequacy process (ILAAP) for 2023; The Internal Capital Adequacy Assessment Process (ICAAP) for 2023; ALM update: IRRBB management report and improvement agenda;
- Report on the documents received from the BoS and the ECB, and the report on the implementation of the requirements;
- IT Security Architecture and Protection of NLB Group; The Trinity of Data Quality;
- Presentation & Report on the Top 50 groups of clients by exposure in the NLB Group; Top 20 restructuring cases; Report on passive court proceedings in NLB and NLB Group; Information about the final deletions of the receivables over EUR 5 million from the off-balance for 2023; Report on the real estate market and collateral management for NLB for 2023;
- Consent of goals assessment of the heads of control or supervisory functions for the year 2023;
- NLB Group Risk Strategy update; Risk Appetite NLB Group update; NLB Group Recovery Plan;
- Annual Review of Prior Consent for Limit application (that exceeds certain percentages of NLB Tier 1 capital); Prior consent of the Supervisory Board of NLB to conclude legal transactions with Central Banks; Prior consent for the conclusion of legal transactions with a client in a special relationship with NLB.

6.3.3. The Nomination Committee of the Supervisory Board of NLB

The Nomination Committee drafts proposed resolutions for the Supervisory Board concerning the appointment and dismissal of the Management Board members; recommends candidates for Supervisory Board members; recommends to the Supervisory Board the dismissal of members of the Management and Supervisory Boards (representatives of capital); prepares the content of executive employment contracts for the President and members of the Management Board; evaluates the performance of the Management and Supervisory Boards; and assesses the knowledge, skills, and experience of individual members of the Management and Supervisory Boards and the bodies as a whole.

At the end of 2024, the composition of the Committee was as follows: Primož Karpe (Chairman), Mark Richards (Deputy Chairman), Sergeja Kočar, Islam Osama Zekry, and Shrenik Davda (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees (Table 39 in Appendix below).

There were four regular and one extraordinary session of the Nomination Committee in 2024. The following is a summary of key topics considered by the Nomination Committee:
- Assessment of collective suitability of the Management Board of NLB; Assessment of collective suitability of the Supervisory Board of NLB; Regular yearly fit and proper assessment of members of the Supervisory Board for 2024; Reassessment of fit and proper for Management Board member;
- Election of members of the Supervisory Board of NLB;
- Annual review of the Diversity Policy of the Bank;
- Suitability assessment of the members of the Management Board, Assessment of collective suitability of the Supervisory Board.

6.3.4. The Remuneration Committee of the Supervisory Board of NLB

The Remuneration Committee carries out expert and independent assessments of the remuneration policies and practices and formulates initiatives for measures related to improving the management of the Bank's risks, capital, and liquidity; prepares proposals for remuneration-related decisions of the Supervisory Board; and supervises the remuneration of senior management performing the risk management and compliance functions.

At the end of 2024, the composition of the Committee was as follows: Shrenik Davda (Chairman), Mark William Lane Richards (Deputy Chairman), Islam Osama Zekry, Sergeja Kočar, and André-Marc Prudent-Toccanier (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees (Table 39 in Appendix below).

There were five regular, three extraordinary and one correspondence sessions of the Remuneration Committee in 2024. The following is a summary of key topics considered by the Remuneration Committee:

- Proposal of financial goals of NLB Group, goals for each member of the Management Board of NLB for the short-term and long-term incentive (STI and LTI), additional performance criteria for subsequent performance period, and financial goals of NLB; Proposal for the confirmation of fulfilment of conditions for the increase of the salaries of the members of Management Board of NLB; and for the conclusion of annexes to their employment contracts;
- Confirmation of the Assessment of the NLB Group and NLB financial results, goals assessment of the members of the Management Board of NLB d.d. and heads of control or supervisory functions for the year 2023; Confirmation of goals of identified employees in controlled and supervisory functions for 2024; Confirmation of an annual self-assessment of the identified employees (2023);
- Awarding and payment of the variable part of the salary for the business year 2023 for the members of the Management Board and payment of the deferred part of the variable part of the salary for previous years for the members of the Management Board and identified staff – heads of control or supervisory functions;
- Draft Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d.; Proposal of Amendments to the Remuneration Policy for employees in NLB d.d. and in NLB Group.

6.3.5. The Operations and IT Committee of the Supervisory Board of NLB

The Committee monitors and prepares draft resolutions for the Supervisory Board, whereby the main tasks that it performs are the following: monitoring the implementation of the IT Strategy including the infrastructure and use of AI, its orientation in the area of sustainability, goals, and measures for their achievement, related to the Bank's strategy, IT Security Strategy, and Operations Strategy; monitoring the management of information technologies; monitoring integration of AI into operations; monitoring responsibility in the AI area; monitoring compliance with the rules on AI; monitoring key projects and initiatives related to operations, IT and artificial intelligence; monitors key operations and IT KPI's and service quality indicators; monitors key operations and IT projects and initiatives related to operations, IT and artificial intelligence; monitors operating risks in the area of Operations, IT, and Security; monitors the recommendations for ensuring and increasing the level of information/cyber security issued by CISO; addresses the report on potential violations, events, and incidents in the area of IT security; and monitors the Target Operating Model implementation in the areas of IT, the Security Operating System, Competence Centre, and Operations.

At the end of 2024, the composition of the Committee was as follows: Mark William Lane Richards (Chairman), Islam Osama Zekry (Deputy Chairman), Primož Karpe, Tadeja Žbontar Rems, and Natalia Olegovna Ansell (members). Changes in the Committee's membership that occurred during the year are reflected in the chart on Supervisory Board Committees (Table 39 in Appendix below).

There were four sessions of the Operations and IT Committee 2024. The Operations and IT Committee acknowledged itself with:

- Periodic Review of IT KPIs;
- Digitalise the Bank (Product / Process / Digital metrics) & periodic reports; Initiative progress, status, lessons learned (BackBase case) & periodic reports;
- Report on implementation of the Procurement Strategy.

7. DESCRIPTION POLICY ON THE PROVISION OF DIVERSITY OF THE MANAGEMENT BODY AND SENIOR MANAGEMENT

Pursuant to Article 70 (paragraph 7) of the ZGD-1, NLB included information on description of the diversity policy implemented in relation to representation in the management or control bodies of the company (from the point of view of gender and other aspects, and a statement of the goals and results of the policy) in the Sustainability Statement of this Annual Report (Chapter: General Information, Sub-Chapter: The Role of the Administrative, Management And Supervisory Bodies), which is part of this Annual Report.

7.1. Statement on changes that occurred between the end of the accounting period up to the publication of this statement

In accordance with Guidelines on Disclosure for Listed Companies, point 7.3.2 (Ljubljana Stock Exchange, 25 March 2024), NLB hereby states that on 20 February 2025, the Supervisory Board of NLB, following a recommendation from the Management Board, appointed Reinhard Höll as the seventh member of the Management Board. Following the necessary approvals, he will assume the role of Chief Transformation Officer (CTO), overseeing the acceleration of the mobile/digital-first business model transition of NLB and its Group members.

Ljubljana, 20 February 2025

Management Board of the NLB

Hedvika Usenik Member	**Andrej Lasič** Member	**Archibald Kremser** Member	**Peter Andreas Burkhardt** Member	**Antonio Argir** Member	**Blaž Brodnjak** Chief Executive Officer

Supervisory Board of NLB

Primož Karpe
President of the Supervisory Board

Table 38: Composition of Management in financial year 2024

Name and Surname	Position held (President, Member)	Area of work covered within the Management Board	First appointment to the position	Conclusion of the position/ term of office	Citizenship	Year of birth	Qualification	Professional profile	Membership in supervisory bodies in companies not related to the company
Blaž Brodnjak	President	CEO	6 July 2016(i)	6 July 2026	Slovenian	1974	MBA	Banking/Finance	Bank Association of Slovenia, Basketball Club Cedevita Olimpija
Archibald Kremser	Deputy CEO/ Member	CFO	31 July 2013	6 July 2026	Austrian	1971	MBA	Banking/Finance	
Peter Andreas Burkhardt	Member	CRO	18 September 2013	6 July 2026	German	1971	MBA	Banking/Finance	
Antonio Argir	Member	Responsible for Group governance, payments and innovations	28 April 2022	28 April 2027	Macedonian	1975	MBA	Banking/Finance	
Andrej Lasič	Member	CMO (responsible for Corporate and Investment Banking)	28 April 2022	28 April 2027	Slovenian	1970	Bachelor's degree	Banking/Finance	Bank Association of Slovenia
Hedvika Usenik	Member	CMO (responsible for Retail Banking and Private Banking)	28 April 2022	28 April 2027	Slovenian	1972	MBA	Banking/Finance	Institute for Economic Research, British-Slovenian Chamber of Commerce

(i) Member of the Management Board since 2012.

Table 39: Composition of Supervisory Board and Committees in financial year 2024

Name and Surname	Position held (Chairman, Deputy Chairman, Member)	First appointment to the position	Conclusion of the position / term of office	Representative of the company's capital structure / employees	Attendance at SB session in regard to the total number of SB session (for example 5/7) applicable on his/her mandate	Gender	Citizenship	Year of birth	Qualification	Professional profile	Independence under Article 23 of the Code (YES/NO)	Existence of conflict of interest, in the business year (YES/NO)	Membership in supervisory bodies in other companies or institutions
Primož Karpe	Chairman	10 February 2016	2028	Representative of the company's capital structure	7/7	male	Slovenian	1970	MSc	Banking/ Finance	YES	YES	Angler d.o.o., Zagreb
Shrenik Dhirajlal Davda	Deputy Chairman/ Member	10 June 2019	2027	Representative of the company's capital structure	7/7	male	British	1960	MBA	Finance	YES	NO	Charity Commission of England and Wales IPSO, UK
David Eric Simon	Member	4 August 2016	17 June 2024	Representative of the company's capital structure	4/4	male	British	1948	Higher National Diploma in Business Studies	Banking/ Finance	YES	NO	Jihlavan a.s. Jihlavan Real Estate a.s Czech Aerospace industries sro, Praga Central Europe Industry Partners a.s.
Islam Osama Zekry	Member	14 June 2021	2025	Representative of the company's capital structure	7/7	male	Egyptian	1977	PhD	IT	YES	NO	Commercial International Bank, Egypt CIB Housing association, Egypt
Mark William Lane Richards	Member	10 June 2019	2027	Representative of the company's capital structure	7/7	male	British	1966	MSc	Banking/ Finance	YES	NO	Enza Group Global, Cairo BPL Global (Lloyds of London insurance Broker) VenCap International plc, UK
Verica Trstenjak	Member	15 June 2020	17 June 2024	Representative of the company's capital structure	4/4	female	Slovenian	1962	PhD	Law	YES	NO	
Cvetka Selšek	Member	19 June 2023	2027	Representative of the company's capital structure	7/7	female	Slovenian	1951	University Degree	Banking/ Finance	YES	NO	Honourable Tribunal of Managers' Association of Slovenia
André-Marc Prudent-Toccanier	Member	19 June 2023	2027	Representative of the company's capital structure	7/7	male	French	1955	MSc	Banking/ Finance	YES	NO	
Natalia Olegovna Ansell	Member	17 June 2024	2028	Representative of the company's capital structure	1/1	female	British	1972		Finance	YES	NO	Equity Bank Kenya Limited, Nairobi
Luka Vesnaver	Member	17 June 2024	2028	Representative of the company's capital structure	2/2	male	Slovenian	1972	MSc	Banking/ Finance	YES	NO	British Slovenian Chamber of Commerce Managers' Association of Slovenia Alpine Ski Club Olimpija, Ljubljana
Sergeja Kočar	Member	17 June 2020	2028	Representative of the company's employees	6/7	female	Slovenian	1968	MSc	Management	YES	NO	
Tadeja Žbontar Rems	Member	22 January 2021	2025	Representative of the company's employees	7/7	female	Slovenian	1968	MSc	IT	YES	NO	

Name and Surname	Membership in committees (audit, nominal, income committee, etc.)	First appointment to the position	Conclusion of the position/term of office	Chairman/Deputy Chairman/Member	Attendance at sessions of SB's Committees in regard to the total number of SB's session (applicable on his/her mandate)(i)
Shrenik Dhirajlal Davda	Remuneration Committee	28 June 2019	2027	Chairman	5/5
Mark William Lane Richards	Remuneration Committee	26 June 2020	2027	Deputy Chairman	5/5
Islam Osama Zekry	Remuneration Committee	9 September 2024	2025	Member	2/2
André-Marc Prudent-Toccanier	Remuneration Committee	9 September 2024	2027	Member	2/2
Sergeja Kočar	Remuneration Committee	26 June 2020	2024	Member	5/5
Primož Karpe	Nomination Committee	15 April 2016	2024	Chairman	5/5
Mark William Lane Richards	Nomination Committee	18 September 2023	2027	Deputy Chairman	5/5
Shrenik Dhirajlal Davda	Nomination Committee	9 September 2024	2027	Member	2/2
Sergeja Kočar	Nomination Committee	26 June 2020	2024	Member	5/5
Islam Osama Zekry	Nomination Committee	18 September 2023	2025	Member	5/5
Cvetka Selšek	Audit Committee	9 September 2024	2027	Chairwoman	6/6
André-Marc Prudent-Toccanier	Audit Committee	9 September 2024	2027	Deputy Chairman	1/1
Primož Karpe	Audit Committee	15 April 2016	2024	Member	5/6
Tadeja Žbontar Rems	Audit Committee	9 September 2024	2025	Member	1/1
Luka Vesnaver	Audit Committee	30 September 2024	2028	Member	0/0
André-Marc Prudent-Toccanier	Risk Committee	18 September 2023	2027	Chairman	7/7
Cvetka Selšek	Risk Committee	18 September 2023	2027	Deputy Chairwoman	7/7
Shrenik Dhirajlal Davda	Risk Committee	8 July 2021	2027	Member	7/7
Luka Vesnaver	Risk Committee	30 September 2024	2028	Member	2/2
Natalia Olegovna Ansell	Risk Committee	8 November 2024	2028	Member	1/1
Mark William Lane Richards	Operations and IT Committee	28 June 2019	2027	Chairman	4/4
Islam Osama Zekry	Operations and IT Committee	8 July 2021	2025	Deputy Chairman	4/4
Primož Karpe	Operations and IT Committee	15 April 2016	2024	Member	4/4
Tadeja Žbontar Rems	Operations and IT Committee	8 April 2021	2025	Member	4/4
Natalia Olegovna Ansell	Operations and IT Committee	8 November 2024	2028	Member	0/0

(i) There were also extraordinary sessions of the committees that are not reflected in this table.

Statement of Management of Risk

NLB d.d.'s Management and Supervisory Boards provide herewith a concise statement of risk management according to Article 17 of the Decision on Internal Governance Arrangements, the Management Body, and the Internal Capital Adequacy Assessment Process for Banks and Savings banks (*Official Gazette of the RS, no. 73/15 and 115/2021*), Regulation (EU) 575/2013, article 435 (Risk management objectives and policies), point (e) and (f), as well as the EBA Guidelines on Internal Governance (EBA/GL/2021/05) and EBA Guidelines on Disclosure requirements (EBA GL/2016/11).

Risk management in NLB Group, representing an important element of the Group's overall corporate governance, is implemented in accordance with the set strategic guidelines, established internal policies, and procedures which take into account European banking regulations, the regulations adopted by the Bank of Slovenia, the current EBA guidelines, and the relevant good banking practices. EU regulations are followed by NLB Group, where the Group subsidiaries operating outside Slovenia are also compliant with the rules set by the local regulators. NLB Group gives high importance to the risk culture and awareness of all relevant risks within the entire Group. Maintaining risk awareness is engrained in the business and risk strategy of the Group. The business and operating environment, relevant for the Group's operations, is changing with trends such as sustainability, social responsibility, governance, changing customer behaviours, emerging new technologies, and competitors, as well as increasing new regulatory requirements. Respectively, risk management is continuously adapting with the aim of detecting and managing new potential emerging risks.

NLB Group uses the 'three lines of defence framework' as an important element of its internal governance, whereby the Risk management function acts as a second line of defence. The Group's Risk management function has enhanced overall corporate governance, which is reflected in lower SREP requirement in recent years. A robust and comprehensive Risk Management framework is defined and organised with regard to the Group's business and risk profiles, and is based on a forward-looking perspective to meet internally set strategic objectives and all external requirements. The proactive risk management and control system is primarily based on Risk appetite and Risk strategy, which are consistent with the Group's Business and focused on early risk identification and efficient risk management. Set governance and different risk management tools enable adequate oversight of the Group's risk profile, proactive support of its business operations and its management by incorporating escalation procedures, and use of different mitigation measures when necessary. In this respect, the Group is constantly enhancing and complementing the existing methods and processes in all risk management segments.

NLB Group is engaged in contributing to sustainable finance by incorporating environmental, social, and governance (ESG) risks into its business strategies, risk management framework, and internal governance arrangements. With the adoption of the NLB Group Sustainability programme, the Group implemented the main sustainability elements into its business model. The goal of this strategic, organisation-wide initiative is to ensure the sustainable financial performance of the Group by considering ESG risks and opportunities in its operations, and to actively contribute to a more balanced and inclusive economic and social system. So, sustainable finance integrates ESG criteria into the Group's business and investment decisions for the lasting benefit of the Group's clients and society. Moreover, NLB as a member of the UN Net-Zero Banking Alliance, publicly disclosed its Net-Zero commitment and corresponding targets. With this step, the Bank pledged to align its lending and investment portfolio with net-zero emissions by 2050.

The NLB Group Sustainability Committee oversees the integration of the ESG factors to the NLB Group business model. The management of ESG risks addresses the Group's overall risk management framework, namely its credit approval process, collateral evaluation process, and related credit portfolio management. It follows ECB and EBA guidelines, with the tendency for their comprehensive integration into all relevant processes. The availability of ESG data in the region where NLB Group operates is still lacking. Nevertheless, the Group has set up the process of obtaining relevant ESG-related data from its clients, being a prerequisite for adequate decision-making and the corresponding proactive management of ESG risks.

NLB Group plans for a prudent risk profile, optimal capital usage, and profitable operations in the long run, considering the risks assumed. The Business Strategy, the Risk Appetite, the Risk Strategy, and the key internal risk policies of NLB Group, approved by the Management and Supervisory Boards of NLB d.d., specify the strategic objectives and guidelines concerning risk assumption, including the approaches and methodologies of monitoring, measuring, mitigating, and managing all types of risk at different relevant levels. Moreover, main strategic risk guidelines are consistently integrated into a regular business strategy review, the budgeting process, and other strategic decisions, whereby informed decision-making is assured. NLB Group regularly monitors its target risk appetite profile and internal capital allocation, representing the key component of proactive management. Risk limits usage and potential deviations from limits or target values are regularly reported to the respective committees and/or the Management Board of the Bank, the Risk Committee of the Supervisory Board, and the Supervisory Board of the Bank.

Additionally, NLB Group established a comprehensive stress-testing framework and other early warning systems in different risk areas with the intention of contributing to setting and pursuing the Group's business strategy, to support decision-making on an ongoing basis, to strengthen the existing internal controls, and to enable a timely response when necessary. The stress-testing framework includes all material types of risk, as well as those related to ESG, and various relevant stress scenarios or sensitivity analyses according to the vulnerability of the Group's business model. Stress testing has an important role when assessing the Group's resilience to stressed circumstances, namely from profitability, capital adequacy, and liquidity, with a forward-looking perspective. As such, it is embedded into the Group's Risk Management system, namely Risk Appetite, ICAAP, ILAAP, and the Recovery Plan, as an important component of sound risk management. Besides internal stress testing, NLB Group, as a systemically important bank, also participates in the regulatory stress test exercises carried out by the ECB.

NLB Group is the largest Slovenian banking and financial group with an important presence in the SEE region. In accordance with its new Strategy 2030, NLB intends to be the leading bank in SEE and aims to provide international best-practices across the customer and operating models. The Group continues strengthening its market position in its home region, actively participating in market growth and consolidation, and promoting the ESG agenda. Moreover, the Strategy focuses on the transformation of NLB into the leading operating platform in the region through rigorous simplification and digitalisation while maintaining its prudent risk practices. NLB Group has a well-diversified business model. Efficient managing of risks and capital is crucial for the Group to sustain long-term profitable operations. Based on the Group's business strategy, credit risk is the dominant risk category, followed by credit spread risk on the banking book portfolio, interest rate risk in the banking book, operational risk, liquidity risk, market risk, and other non-financial risks. The Group integrates and manages ESG risk within the established risk management framework, where the aforementioned risk is one of risk drivers of the existing type of risks, such as credit, liquidity, market, and operational risk. Regular risk identification and their assessment is performed within the ICAAP process with the aim to assure their overall control and effective risk management on an on-going basis.

Managing risks and capital efficiently at all levels is crucial for NLB Group sustained long-term profitable operations. Management of credit risk, representing the Group's most important risk, focuses on the taking of moderate risks – with a diversified credit portfolio, adequate credit portfolio quality, a sustainable cost of risk, and ensuring an optimal return considering the risks assumed. The liquidity risk tolerance is low. NLB Group must maintain an appropriate level of liquidity at all times to meet its short-term liabilities, even if a specific stress scenario is realised. Furthermore, with the aim of minimising this risk, the Group pursues an appropriate structure of sources of financing. The Group limited exposure to credit spread risk, arising from the valuation risk of debt securities portfolio servicing as liquidity reserves to the medium level. The NLB Group's basic orientation in the management of interest rate risk is to limit unexpected negative effects on revenues and capital that would arise from changed market interest rates and, therefore, a medium tolerance for this risk is stated.

Moreover, in 2024 the Group comprehensively enhanced the existing interest rate risk management. When assuming operational risk, the NLB Group pursues the orientation that such risk must not significantly impact its operations. The Risk Appetite for operational risks is low to medium, with a focus on mitigation actions for important risks and key risk indicators servicing as an early warning system. To adequately manage ICT risks and ensure compliance with the requirements of the Digital Operational Resilience Act (DORA), a dedicated second line of defence within the risk management function and ITC risk management framework were established. The conclusion of transactions in derivative financial instruments at NLB is primarily limited to servicing customers and hedging the Bank's own positions. In the area of currency risk, NLB Group thus pursues the goals of low to moderate exposure. Based on our environmental and climate risk assessment, the impact of these risks is estimated as low, except for transition risk in the area of credit risk, which is assessed as low to medium. The tolerance for all other risk types, including non-financial risks, is low, with a focus on minimising their possible impacts on the Group's operations.

The main NLB Group Risk Appetite Statement objectives are the following:
- preservation of regulatory and internal capital adequacy;
- fulfilment of MREL requirement;
- maintenance of low leverage;
- maintaining adequate quality of the credit portfolio, sufficient NPL coverage, sustainable credit risk volatility, sustainable cost of risk across the economic cycle, limited Stage 2 exposures, sustainable industry and individual concentration, sustainable exposure to cross border, leverage transactions, M&A, real estate financing and specialised lending;
- maintenance of a solid liquidity position, maintaining stable customers' deposits as the main funding base,
- diversification of risk in exposures to banks and sovereigns;
- limited exposure to credit spread risk;
- limited exposure to interest rate risk;
- limited exposure to foreign exchange risk;
- sustainable exposure to ESG risks, including portfolio decarbonisation strategy, which is based on NZBA-aligned targets;
- sustainable tolerance to net losses from operational and ICT risk.

Values of the most important risk appetite indicators of NLB Group as at the end of year 2024, reflecting interconnection between strategic business orientations, the risk strategy and the targeted risk appetite profile, were the following:
- Total capital ratio 18.7%,
- Tier 1 capital ratio 15.8%,
- Common Equity Tier 1 ratio (CET1) 15.3%,
- MREL ratio 37.5%
- Leverage ratio 9.9%,
- Cost-of-risk 14 bps,
- The share of non-performing exposure (NPE %) by EBA 1.1%,
- Non-performing loans coverage ratio (NPL CR) 62.7%,
- Loan-to-deposit ratio (LTD) 73.7%,
- LCR 197.2%,
- NSFR 167.6%,
- EVE sensitivity (of 200 bps) 5.0% of capital,
- Transactional FX risk 0.7% of capital,
- No new financing of coal mining and coal-fired electricity generation (0 EUR),
- Net losses from operational risk 13.0% of capital requirement for operational risk.

Sustainable ESG financing in accordance with the Environmental and Social Management System (ESMS) is integrated in the Group's Risk appetite and overall risk management framework. In addition, the Group has publicly disclosed its Net-Zero commitment, which is addressed in the Group's Risk Appetite. In its initial round of NZBA targets, NLB Group has focused on the fossil fuel-based and highly energy-intensive sectors, such as power generation and iron and steel, and other sectors where the Bank has substantial emissions and/or exposure and available data. These include residential mortgages and commercial real estate. Defined Net Zero targets are regularly followed. Activities for setting a second round of NZBA targets, for sectors such as transport and agriculture, are underway.

Lending growth, which was modest in the previous year due to increasing interest rate trends, picked up in 2024. During 2024, the Group's credit portfolio remained high-quality and well-diversified, with a stable rating structure and lower NPLs level. There was no large concentration in any selected industry sector. The latter is particularly important as geopolitical tensions, the green transition, and other macro developments could materially impact on specific industry sectors. The Group monitored the macroeconomic and geopolitical circumstances closely, remaining very prudent in identifying any increase in credit risk at a very early stage and proactive in NPL management. Furthermore, unfavourable trends in the German automotive industry did not severely influence the Slovenian export-oriented industry. Having that in mind, the Bank downgraded some selected clients in Stage 2 and formed additional impairments. The cost-of-risk remained at a relatively low level. The established impairments derive from portfolio development, new financing, and any portfolio deterioration. In contrast, the successful collection of previously written-off receivables and changes in risk parameters contributed positively to a low total net impact.

The Group stayed well capitalised and well above the risk appetite at both the Group and Banking member levels. The liquidity position of the Group also remained solid, with liquidity indicators high above the regulatory requirements, indicating its low tolerance for this risk. Significant attention was put into the structure and concentration of liquidity reserves, while at the same time, we considered potential adverse negative market movements. Investment activity continued with a balanced approach to finding attractive market opportunities while pursuing a well-managed credit spread and interest rate risk, as well as capital consumption. Interest rate risk exposure remained moderate and stayed well within the Risk Appetite tolerance.

Consequently, NLB Group concluded the year 2024 as self-funded, with strong liquidity and a very solid capital position, demonstrating the Group's financial resilience.

NLB's ESG Risk Rating that was assigned by Morningstar Sustainalytics further improved in 2024, reflecting a low risk of material financial impacts from ESG factors.

In September 2024, Summit Leasing Slovenija, Ljubljana was acquired, increasing the existing leasing presence in Slovenia and enabling the entrance into the Croatian leasing market. Moreover, in May 2024 acquisition of Generali Investments, Skopje by NLB Skladi, Ljubljana was concluded, enabling NLB Skladi to expand to the North Macedonian market. Otherwise, during 2024, there were no other transactions of a sufficiently material nature to impact on NLB Group's risk profile or distribution of the risks on the Group level.

The Condensed Statement of the Management of Risk is also published on the NLB intranet with the aim of strict adherence of the banks' employees at daily operations of the Bank, as regards the definition and importance of a consistent tendency of the adopted risks and ways to take into account when adopting its daily business decisions.

Ljubljana, 20 February 2025

Management Board of NLB

Hedvika Usenik
Member

Andrej Lasič
Member

Archibald Kremser
Member

Peter Andreas Burkhardt
Member

Antonio Argir
Member

Blaž Brodnjak
Chief Executive Officer

Supervisory Board of NLB

Primož Karpe
President of the Supervisory Board

More than 56.4% of our clients actively use digital channels for payment and cash transactions, primarily mobile banking.

With our experience and future vision, we keep pace with modern times, as well as the desires and needs of our clients.

Disclosure on Shares and Shareholders of NLB

1. Information pursuant to the Companies Act (ZGD-1), Article 70, paragraph 8

1.1. Structure of the Bank's share capital

The Bank has issued only ordinary registered no-par value shares, the holders of which have a voting right and the right to participate in the General Meeting of the Bank's shareholders, the pre-emptive right to subscribe for new shares in case of a share capital increase, the right to profit participation (dividends), the right to a share in the surplus in the event of liquidation or bankruptcy of the Bank, and the right to be informed. All shares belong to a single class and are issued in book-entry form.

Information regarding the shareholder structure of NLB (as at 31 December 2024) is available in the subchapter Shareholder structure of NLB in the chapter Shareholder Structure and Market Performance of NLB's Shares and GDRs.

1.2. All restrictions relating to the transfer of shares and the restrictions on voting rights

The shares of the Bank are freely transferable, subject to the provisions of the Articles of Association of the Bank, which require the approval of the Supervisory Board, namely for the transfer of shares of the Bank by which the acquirer, together with the shares held by the holder before such an acquisition and the shares held by third parties for the account of the acquirer, exceeds the share of 25% of the Bank's voting shares. Approval for the transfer of shares is issued by the Supervisory Board.

The Bank rejects the request for approval of transfer shares if the acquirer, together with the shares held by the acquirer before the acquisition and the shares held by third parties for the account of the acquirer, exceed the 25% share of the Bank with voting rights, increased by one share.

Notwithstanding the provision mentioned in the first paragraph, approval for the transfer of shares is not required if the acquirer of the shares has acquired them on account of third parties so that (s)he is not entitled to exercise voting rights from these shares at his/her sole discretion, while at the same time committing to the Bank, (s)he will not exercise voting rights on the basis of the instructions of an individual third party for whose account (s)he has acquired the shares if, together with the instructions for voting, (s)he does not receive a written guarantee from the person that this person has shares on his/her own account and that this person is not, directly or indirectly, a holder of more than 25% of the Bank's voting rights. The acquirer who exceeds the share of 25% of the Bank's shares with voting rights and does not require the issuance of approval for the transfer of shares or does not receive the approval of the Bank may exercise the voting right from 25% of the shares with the voting rights.

There are no restrictions other than those mentioned and those that are regulatory.

1.3. Qualifying holdings

This information is included in the chapter Corporate Governance Statement of NLB.

1.4. Securities carrying special controlling rights

This information is included in the chapter Corporate Governance Statement of NLB.

1.5. The employee share scheme, if used by the company, for shares to which the scheme relates and about the method of exercising control over this scheme, if the controlling rights are not exercised directly by employees

The Bank does not have an employee share scheme. In accordance with the relevant remuneration policies (when required by ZBan-3), a part of variable remuneration of NLB's Identified Staff shall consist of NLB shares or NLB share-linked instruments or equivalent non-cash instruments (the instrument used is determined by the Supervisory Board). So far, the Bank has not used its own shares for this purpose. It currently uses NLB share-linked instruments. More information will be available in the Report on Remuneration for the members of the Management Body of NLB d.d. in the 2024 Business Year.

1.6. Explanation regarding restrictions related to voting rights

This information is included in the chapter Corporate Governance Statement of NLB.

1.7. All agreements among shareholders which are known to the company and could result in restrictions relating to the transfer of securities or voting rights

The Bank is not aware of such agreements.

1.8. The company's rules on the appointment or replacement of management and supervisory board members and changes of the articles of association

This information is included in the chapter Corporate Governance Statement of NLB.

1.9. Authorisations given to management, particularly authorisations to issue or purchase own shares

This information is included in the chapter Corporate Governance Statement of NLB.

1.10. All major agreements to which the company is a party, and which take effect, are changed or cancelled following a change in control over the company resulting from a bid, as laid down by the Act governing M&A, and the effects of such agreements

There are no major agreements to which the Bank is a party, and which would take effect, be changed, or cancelled following a change in control over the Bank resulting from a bid.

1.11. All agreements between the Bank and the members of its management or supervision bodies or its employees which envisage compensation if, due to a bid as laid down by the Act governing M&A, these persons resign, are dismissed without a well-founded reason, or their employment is terminated

In line with the employment contracts of the members of the Management Board, if the Supervisory Board recalls a member of the Management Board for other business and economic reasons, such a member of the Management Board is entitled to compensation for early discontinuation of his term of office. The Supervisory Board may reduce the compensation for early discontinuation of the term of office before its payment (it may even reduce it to zero) in accordance with the Remuneration Policy in the Bank that regulates the remuneration of the members of the Management Board. The member of the Management Board shall not be entitled to compensation for early discontinuation of the term of office if he/she continues to be employed in the Bank or the NLB Group after the discontinuation of the term of office or in case of regular termination of the term of office. In the event of resignation, the member of the Management Board shall not be entitled to any compensation for early discontinuation of the term of office.

2. Number of shares held by members of the Supervisory Board and Management Board

Table 40: Number of shares held by members of the Supervisory Board and Management Board

	Shares held as at 31 Dec 2024	
Name of member of Supervisory Board	**Number**	**%**
Primož Karpe	1,286	0.006%
Shrenik Dhirajlal Davda	–	–
Islam Osama Zekry	–	–
Mark William Lane Richards	–	–
André-Marc Prudent-Toccanier	–	–
Cvetka Selšek	–	–
Luka Vesnaver	–	–
Natalia Olegovna Ansell	–	–
Sergeja Kočar	190	0.001%
Tadeja Žbontar Rems	–	–
Name of member of Management Board	**Number**	**%**
Blaž Brodnjak	1,700	0.009%
Archibald Kremser	791	0.004%
Peter Andreas Burkhardt	800	0.004%
Antonio Argir	620	0.003%
Hedvika Usenik	450	0.002%
Andrej Lasič	325	0.002%

3. Stock option agreements

The Bank has no stock option agreements in relation to its listed shares.

4. Dividend taxation

Withholding tax

In 2024, a Slovenian payer was required to deduct and withhold the amount of Slovenian corporate or personal income tax from dividend payments made to the certain categories of payees:

- Individuals: 25%
- Intermediaries: 25%
- Legal entities (other than Intermediaries): 15%.

There are some exemptions if dividends are paid to intermediaries and legal entities

For the purposes of Slovenian tax legislation, the GDR depositary will qualify as an intermediary. Therefore, the dividends paid by the custodian to the GDR depositary will be subject to the deduction and withholding of Slovenian tax at the rate of 25%. A holder, an owner of a GDR or a beneficial owner will be entitled, if and to the extent applicable, to claim a refund of the withholding tax.

In the case of legal entities, the exemptions are related to the characteristics of the legal entities.

Application of double tax treaties

If the payee is not an intermediary, Financial Administration of the RoS (FURS) may approve the application of a lower tax rate specified in the double tax treaty between the RoS and the country of residence of the payee if the Slovenian payer provides certain information on the payee and a confirmation that the payee is a resident for taxation purposes in such a country, issued by the tax authorities of such a country.

Refund of withholding tax

If the Slovenian tax was deducted and withheld at a higher tax rate than it would be paid if a Slovenian payer would make the dividend payment directly to such person as a payee or a higher tax rate than the one specified in the double tax treaty, the payee of the dividend is entitled to the refund of the overpaid tax. The tax refund is enforced by filing a claim to the Financial Administration of the RoS (FURS).

Legal persons

Dividends with respect to the shares received by a legal person who is a Slovenian resident are exempt from Slovenian corporate income tax (*davek od dohodkov pravnih oseb*).

Individuals

The amount of tax withheld from a dividend payment received by an individual constitutes the final amount of Slovenian Personal Income Tax (*dohodnina*) with respect to such a dividend payment.

Events after the End of the 2024 Financial Year

On 21 January 2025, NLB issued new 4NC3 senior preferred notes of EUR 500 million to meet its MREL requirements (ISIN: XS2972971399).

On 5 February 2025, NLB executed the early redemption of NLB Tier 2 notes in the aggregate nominal amount of EUR 10.5 million (ISIN: XS2113139195).

On 20 February 2025, the Supervisory Board of NLB, following a recommendation from the Management Board, appointed Reinhard Höll as the seventh member of the Management Board. Following the necessary approvals, he will assume the role of Chief Transformation Officer (CTO), overseeing the acceleration of the mobile/digital-first business model transition of NLB and its Group members.

In March 2025, NLB received the decision of the Bank of Slovenia (BS) relating to MREL requirement, which replaces the previous decision from the BS. NLB must comply with MREL requirement on a consolidated basis at NLB Resolution Group, consisting of NLB d.d., Ljubljana and other members of the NLB Group excluding banks, which amounts to 29.93% of TREA (excluding CBR) and 11.24% of LRE. This decision supersedes the previous BS decision on MREL requirement from December 2023, which amounted to 30.66% of TREA (excluding CBR) and 10.69% of the LRE.

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

Table 41: Income Statement of NLB Group for the annual period ended 31 December 2024

Business report	in EUR millions	Financial report	in EUR thousands	Notes
Net interest income	934.2	Interest and similar income	1,207,638	4.1.
		Interest and similar expenses	(273,477)	4.1.
Net fee and commission income	312.9	Fee and commission income	435,284	4.3.
		Fee and commission expenses	(122,360)	4.3.
Dividend income	0.1	Dividend income	116	4.2.
Net income from financial transactions	24.1	Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	(160)	4.4.
		Gains less losses from financial assets and liabilities held for trading	33,229	4.5.
		Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	3,263	4.6.
		Gains less losses from financial liabilities measured at fair value through profit or loss	(2,903)	
		Fair value adjustments in hedge accounting	(1,411)	5.5.a)
		Foreign exchange translation gains less losses	(3,644)	4.7.
		Gains less losses from modification of financial assets	(4,280)	4.12.
Net other income	(26.5)	Gains less losses on derecognition of non-financial assets	3,032	
		Other operating income and expenses	10,020	4.8.
		Cash contributions to resolution funds and deposit guarantee schemes	(40,213)	4.10.
		Gains less losses from non-current assets held for sale	676	
Net non-interest income	310.6		310,649	
Total net operating income	**1,244.8**		**1,244,810**	
Employee costs	(322.2)	Administrative expenses	(543,995)	4.9.
Other general and administrative expenses	(221.8)			
Depreciation and amortisation	(58.2)	Depreciation and amortisation	(58,217)	4.11.
Total costs	**(602.2)**		**(602,212)**	
Result before impairments and provisions	**642.6**		**642,598**	
Impairments and provisions for credit risk	(20.6)	Provisions for credit losses	10,728	4.13.
		Impairment of financial assets	(31,306)	4.14.
Other impairments and provisions	(16.9)	Provisions for other liabilities and charges	(12,847)	4.13.
		Impairment of non-financial assets	(4,014)	4.14.
Impairments and provisions	(37.4)		(37,439)	
Gains less losses from capital investment in subsidiaries, associates, and joint ventures	3.0	Share of profit from investments in associates and joint ventures (accounted for using the equity method)	2,990	5.12.h)
Result before tax	**608.1**	**Profit before income tax**	**608,149**	
Income tax	(77.9)	Income tax	(77,916)	4.15.
Result of non-controlling interests	15.7	Attributable to non-controlling interests	15,681	
Result after tax	**514.6**	**Attributable to owners of the parent**	**514,552**	

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Table 42: Statement of Financial Position of NLB Group as at 31 December 2024

Business Report	in EUR millions	Financial Report	in EUR thousands	Notes
ASSETS				
Cash, cash balances at central banks, and other demand deposits at banks	4,039.6	Cash, cash balances at central banks and other demand deposits at banks	4,039,581	5.1.
Loans to banks	458.9	Financial assets measured at amortised cost - loans and advances to banks	458,921	5.6.b)
Net loans to customers	16,363.6	Financial assets measured at amortised cost - loans and advances to customers	16,363,649	5.6.c)
Financial assets	6,324.5		6,324,478	
- Trading book	18.3	Financial assets held for trading	18,338	5.2.a)
- Non-trading book	6,306.1	Non-trading financial assets mandatorily at fair value through profit or loss - part (without loans)	17,429	5.3.a)
		Financial assets measured at fair value through other comprehensive income	2,563,516	5.4.
		Financial assets measured at amortised cost - debt securities	3,725,195	5.6.a)
Investments in subsidiaries, associates, and joint ventures	14.7	Investments in associates and joint ventures	14,661	5.12.g)
Property and equipment	310.0	Property and equipment	310,017	5.8.
Investment property	26.1	Investment property	26,132	5.9.
Intangible assets	100.5	Intangible assets	100,496	5.10.
Other assets	397.4	Financial assets measured at amortised cost - other financial assets	136,854	5.6.d)
		Derivatives - hedge accounting	77,771	5.5.b)
		Fair value changes of the hedged items in portfolio hedge of interest rate risk	(6,353)	5.5.c)
		Current income tax assets	604	
		Deferred income tax assets	120,701	5.17.
		Other assets	56,819	5.13.
		Non-current assets held for sale	11,036	5.7.
TOTAL ASSETS	**28,035.4**	**Total assets**	**28,035,367**	
LIABILITIES				
Deposits from customers	22,206.3	Financial liabilities measured at amortised cost - due to customers	22,206,310	5.15.a)
Deposits from banks and central banks	136.0	Financial liabilities measured at amortised cost - deposits from banks and central banks	136,000	5.15.a)
Borrowings	225.1	Financial liabilities measured at amortised cost - borrowings from banks and central banks	120,612	5.15.b)
		Financial liabilities measured at amortised cost - borrowings from other customers	104,519	5.15.b)
Subordinated debt securities	560.1	Financial liabilities measured at amortised cost - debt securities issued	1,608,939	5.15.c)
Other debt securities in issue	1,048.8			
Other liabilities	560.9	Financial liabilities held for trading	6,995	5.2.b)
		Financial liabilities measured at fair value through profit or loss	9,633	5.3.b)
		Financial liabilities measured at amortised cost - other financial liabilities	296,725	5.15.d)
		Derivatives - hedge accounting	3,592	5.5.b)
		Provisions	104,388	5.16.
		Current income tax liabilities	18,026	
		Deferred income tax liabilities	17,694	5.17.
		Other liabilities	103,889	5.19.
Equity	3,226.0	Equity and reserves attributable to owners of the parent	3,225,960	
Non-controlling interests	72.1	Non-controlling interests	72,085	
TOTAL LIABILITIES AND EQUITY	**28,035.4**	**Total liabilities and equity**	**28,035,367**	

Alternative Performance Indicators

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

Table 43: Alternative Performance Indicators

Alternative Performance Indicators[i]	Description	Calculation	Notes
Cost of risk (CoR)	Calculated as the ratio between credit impairments and provisions annualised from the income statement and average net loans to customers.	*Numerator:* Credit impairments and provisions	NLB internal information. Credit impairments and provisions are annualised, calculated as all established and released impairments on loans and provisions for off-balance (from the income statement) in the period divided by the number of months for the reporting period and multiplied by 12. The net established Credit impairments and provisions are shown with a positive sign, and the net released Credit impairments and provisions are shown with a negative sign.
		Denominator: Average net loans to customers	NLB internal information. Average net loans to customers are calculated as the sum of the balance of the previous year end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).
Cost to income ratio (CIR)	Indicator of cost efficiency, calculated as the ratio between the total costs and total net operating income.	*Numerator:* Total costs	
		Denominator: Total net operating income	
Total average cost of funding (quarterly)	Calculated as the ratio between interest expenses annualised and average interest-bearing liabilities.	*Numerator:* Interest expenses	Interest expenses (quarterly) are annualised, calculated as the sum of interest expenses in the period divided by the number of days in the quarter and multiplied by the number of days in the year. Interest expenses on interest-bearing liabilities also include interest income from negative interest rate on financial liabilities.
		Denominator: Average interest-bearing liabilities	NLB internal information. Average interest-bearing liabilities (quarterly) for the NLB Group are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).
Average cost of wholesale funding (quarterly)	Calculated as the ratio between interest expenses on deposits from customers annualised and average wholesale funding. Wholesale funding includes deposits from banks and central banks, borrowings, debt instruments, and subordinated liabilities.	*Numerator:* Interest expenses from wholesale funding	Interest expenses from wholesale funding (quarterly) are annualised, calculated as the sum of interest expenses from wholesale funding in the period divided by the number of days in the quarter and multiplied by the number of days in the year.
		Denominator: Average wholesale funding	NLB internal information. Average wholesale funding (quarterly) for the NLB Group, calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balance at the end of the previous quarter divided by (t+1).
Average interest rate for deposits from customers (quarterly)	Calculated as the ratio between interest expenses on deposits from customers annualised and average deposits from customers.	*Numerator:* Interest expenses on deposits from customers	Interest expenses on deposits from customers (quarterly) are annualised, calculated as the sum of interest expenses on deposits from customers in the period divided by the number of days in the quarter and multiplied by the number of days in the year.
		Denominator: Average deposits from customers	NLB internal information. Average deposits from customers (quarterly) for the NLB Group, calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balance at the end of the previous quarter divided by (t+1).
Deposit beta	Calculated as the ratio between the change of interest rate on deposits from customers and change of ECB deposit facility interest rate over the selected period.	*Numerator:* Interest rate on deposits from customers	NLB internal information. Interest rate on deposits from customers (quarterly average).
		Denominator: ECB deposit facility interest rate	Data from the ECB. Deposit facility interest rate (quarterly average).

Alternative Performance Indicators[i]	Description	Calculation	Notes
Credit portfolio under IFRS 9	IFRS 9 requires an expected loss model, where an allowance for the expected credit losses (ECL) is formed. Loans measured at amortised costs (AC) are classified into the following stages (before deduction of loan loss allowances): Stage 1 – A performing portfolio: no significant increase of credit risk since initial recognition, NLB Group recognises an allowance based on a 12-month period. Stage 2 – An underperforming portfolio: a significant increase in credit risk since initial recognition, NLB Group recognises an allowance for a lifetime period. Stage 3 – An impaired portfolio: NLB Group recognises lifetime allowances for these financial assets. The definition of default is harmonised with the EBA guidelines. A significant increase in credit risk is assumed: i) when a credit rating significantly deteriorates at the reporting date in comparison to the credit rating at initial recognition; ii) when a financial asset has material delays over 30 days (days past due are also included in the credit rating assessment); iii) if NLB Group expects to grant the client forbearance or if the client is placed on the watch list.		
Financial assets measured mandatorily at fair value through profit or loss (FVTPL)	Financial assets measured mandatorily at fair value through profit or loss represent the minor part (0.002% December 2023; no FVTPL portfolio in December 2024) of the loan portfolio (before the deduction of fair value for credit risk; loans with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding). Classification into stages is calculated in the internal data source, by which the NLB Group measures the loan portfolio quality, and which is also published in the Business Report of Annual and Interim Reports.		
AC - IFRS 9 classification into Stage 1		*Numerator:* Total (AC) loans in Stage 1 *Denominator:* Total gross loans and advances	
AC - IFRS 9 classification into Stage 2		*Numerator:* Total (AC) loans in Stage 2 *Denominator:* Total gross loans and advances	
AC + FVTPL - IFRS 9 classification into Stage 3		*Numerator:* Total (AC) loans in Stage 3 + Total (FVTPL) non-performing loans *Denominator:* Total gross loans and advances	
AC - Corporates - IFRS 9 classification into Stage 1		*Numerator:* Total (AC) loans in Stage 1 to Corporates *Denominator:* Total gross loans to Corporates	

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Alternative Performance Indicators[i]	Description	Calculation	Notes
AC - Corporates - IFRS 9 classification into Stage 2		*Numerator:* Total (AC) loans in Stage 2 to Corporates *Denominator:* Total gross loans to Corporates	
AC + FVTPL - Corporates - IFRS 9 classification into Stage 3		*Numerator:* Total (AC) loans in Stage 3 to Corporates + Total (FVTPL) non-performing loans *Denominator:* Total gross loans to Corporates	
AC - Retail - IFRS 9 classification into Stage 1		*Numerator:* Total (AC) loans in Stage 1 to Retail *Denominator:* Total gross loans to Retail	
AC - Retail - IFRS 9 classification into Stage 2		*Numerator:* Total (AC) loans in Stage 2 to Retail *Denominator:* Total gross loans to Retail	
AC - Retail - IFRS 9 classification into Stage 3		*Numerator:* Total (AC) loans in Stage 3 to Retail *Denominator:* Total gross loans to Retail	
Leverage ratio	Its calculation uses Tier 1 as the numerator, and the denominator is the total exposure of all active balance sheet and off-balance-sheet items after the adjustments are made in the context of which the exposures from individual derivatives, exposures from transactions of security funding, and other off-balance sheet items are especially pointed out.	*Numerator:* Tier 1 *Denominator:* Total Leverage Ratio exposure measure	The leverage ratio is a non-risk based supplementary measure to the risk-based capital requirements. A minimum leverage ratio requirement is 3%. The purpose of the leverage ratio is to limit the size of the Bank balance sheets, and with a special emphasis on exposures which are not weighted within the framework of the existing capital requirement calculations.
Liquidity coverage ratio (LCR)	LCR refers to high-quality liquid assets held by the financial institution to cover its net liquidity outflows over a 30-calendar day stress period.	*Numerator:* Stock of HQLA *Denominator:* Net liquidity outflow	The LCR requires financial institutions to maintain a sufficient reserve of high-quality liquid assets (HQLA) to withstand a crisis that pressure their cash flows. The assets to hold must equal to or greater than their net cash outflow over a 30-calendar-day stress period (having at least 100% coverage). The parameters of the stress scenario are defined under Basel III guidelines. The calculations presented are based on internal data sources. Its calculation is based on the European Commission's Delegated Act on LCR.
Net loan to deposit ratio (LTD)	Calculated as the ratio between net loans to customers and deposits from customers.	*Numerator:* Net loans to customers *Denominator:* Deposits from customers	There is no regulatory defined limitation on the LTD; however, this measure aims to restrict the extensive growth of the loan portfolio.
Net interest margin on the basis of interest-bearing assets	Calculated as the ratio between net interest income annualised and average interest-bearing assets.	*Numerator:* Net interest income *Denominator:* Average interest-bearing assets	Net interest income is annualised, and calculated as the sum of interest income and interest expenses in the period divided by the number of days in the period and multiplied by the number of days in the year. NLB internal information. Average interest-bearing assets for NLB are calculated as the sum of total assets of the previous year end (31 December) and daily balances in the period (from 1 January to day d – the last day in the reporting month) divided by (d+1). Average interest-bearing assets for NLB Group and for individual bank members are calculated as the sum of balance of the previous year end (31 December) and monthly balances of the last day of each month from January to the reporting month t divided by (t+1).

Alternative Performance Indicators[i]	Description	Calculation	Notes
Net interest margin on the basis of interest-bearing assets (quarterly)	**Calculated as the ratio between the net interest income annualised and average interest-bearing assets.**	*Numerator:* Net interest income *Denominator:* Average interest-bearing assets	Net interest income (quarterly) is annualised, calculated as the sum of interest income and interest expenses in the period divided by the number of days in the quarter and multiplied by the number of days in the year. NLB internal information. Average interest-bearing assets (quarterly) for the NLB Group are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).
Net interest margin on total assets	**Calculated as the ratio between net interest income annualised, and average total assets.**	*Numerator:* Net interest income *Denominator:* Average total assets	Net interest income is annualised, and calculated as the sum of interest income and interest expenses in the period divided by the number of days in the period and multiplied by the number of days in the year. NLB internal information. Average total assets for the NLB Group are calculated as the sum of balance of the previous year end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1). Average total assets for NLB are calculated as the sum of total assets of the previous year end (31 December) and daily balances in the period (from 1 January to day d – the last day in the reporting month) divided by (t+1).
NPE per cent. (EBA def.)	**In accordance with EBA methodology, NPE as a percentage of all exposures to clients in the Finrep18 before the deduction of allowances for the ECL; the ratio is in gross terms.**	*Numerator:* Total Non-Performing on-balance and off-balance Exposure in Finrep18 *Denominator:* Total on-balance and off-balance exposures in Finrep18	NPE includes risk exposure to D- and E-rated clients (includes loans and advances, debt securities, and off-balance exposures, which are included in the report Finrep18; before the deduction of allowances for the ECL). Non-performing exposures measured by fair value loans through P&L (FVTPL) are considered at fair value increased by the amount of negative fair changes for credit risk. The share of NPEs is calculated based on an internal data source, with which the NLB Group monitors the portfolio quality.
NPE per cent. (EBA def.) (BoS)	**The NPE indicator, according to the BoS calculation, differs from the EBA methodology in the treatment of debt instruments measured at FVOCI. Due to impairments, value adjustments increase the carrying amount of debt instruments measured at FVOCI.**	*Numerator:* Total Non-Performing on-balance and off-balance Exposure in Finrep18 *Denominator:* Total on-balance and off-balance exposures in Finrep18, where carrying amount of FVOCI is increased by value adjustments due to impairments	
NPL per cent.	**Non-performing loans as a percentage of total loans to clients before deduction of loan loss allowances; ratio in gross terms.**	*Numerator:* Total Non-Performing Loans *Denominator:* Total gross loans	Non-performing loans include loans to D- and E-rated clients, namely loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances). The share of non-performing loans is calculated based on an internal data source, with which the NLB Group monitors the loan portfolio quality.
NPL coverage ratio 1 (NPL CR 1)	**The coverage of the gross non-performing loans portfolio with loan loss allowances on the entire loan portfolio - loan impairment in respect of non-performing loans. It shows the level of credit provisions that the entity has already absorbed into its profit and loss accounts with respect to the total of impaired loans.**	*Numerator:* Loan loss allowances for entire loan portfolio *Denominator:* Total Non-Performing Loans	The NPL coverage ratio 1 is calculated based on an internal data source, with which the NLB Group monitors the quality of the loan portfolio.
NPL coverage ratio 2 (NPL CR 2)	**The coverage of the gross non-performing loans portfolio with loan loss allowances on the non-performing loans portfolio.**	*Numerator:* Loan loss allowances for non-performing loan portfolio *Denominator:* Total Non-Performing Loans	The NPL coverage ratio 2 is calculated based on an internal data source, with which the NLB Group monitors the loan portfolio quality.
Net NPL ratio	**The share of net non-performing loans in total net loans: non-performing loans after deduction of loss allowances on the non-performing loans portfolio as a percentage of total loans to clients after the deduction of loan loss allowances; the ratio is in net terms.**	*Numerator:* Net volume of non-performing loans *Denominator:* Total Net Loans	The calculations are based on internal data sources.

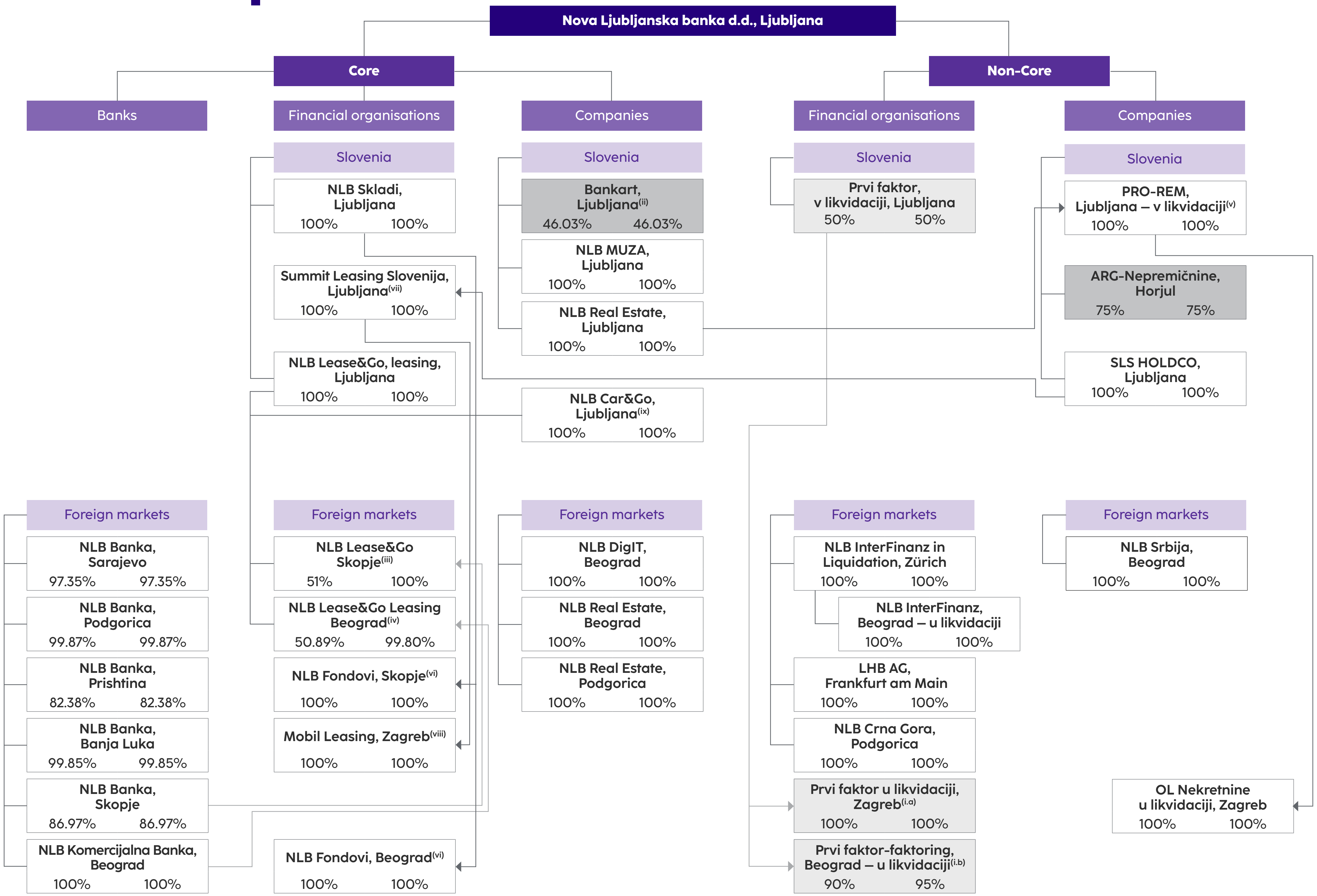
Alternative Performance Indicators[i]	Description	Calculation	Notes
Received collaterals for NPLs/NPL	The coverage of the gross non-performing loans portfolio with collateral for non-performing loans.	*Numerator:* Gross volume of Non-Performing Loans covered by collaterals *Denominator:* Total Non-Performing Loans	The collateral market value is used for calculation. The calculations are based on internal data sources.
Gross NPL ratio (EBA def.)	The ratio of the gross carrying amount of non-performing loans and advances to the total gross carrying amount of loans and advances, in accordance with the EBA methodology (report Finrep18).	*Numerator:* Gross volume of Non-Performing Loans and advances without loans held for sale, cash balances at CBs and other demand deposits *Denominator:* Gross volume of Loans and advances in Finrep18 without loans held for sale, cash balances at CBs and other demand deposits	Non-performing loans include loans and advances in accordance with EBA Methodology that are classified as D and E, namely loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances). For calculation, loans and advances classified as held for sale, cash balances at CBs, and other demand deposits are excluded from the denominator and the numerator. The calculations are based on internal data sources.
Gross NPL ratio (EBA def.) (BoS)	The ratio of the gross carrying amount of non-performing loans and advances to the total gross carrying amount of loans and advances, in accordance with the EBA methodology (report Finrep18).	*Numerator:* Gross volume of Non-Performing Loans and advances *Denominator:* Gross volume of Loans and advances in Finrep18	Cash balances at CBs and other demand deposits are included in the calculation. The EU banking sector indicator is published quarterly by the EBA in the Risk dashboard. The calculations are based on internal data sources.
NPL coverage ratio (EBA def.)	The ratio of the amount of accumulated impairment, negative changes in fair value due to credit risk to the non-performing loans and advances, in accordance with the EBA methodology (report Finrep18).	*Numerator:* Volume of allowances and value adjustments for credit losses on Non-Performing loans and advances *Denominator:* Gross volume of Non-Performing loans and advances	Loans and advances classified as held for sale, cash balances at CBs and other demand deposits are excluded from the denominator and the numerator.
NPL coverage ratio (EBA def.) (BoS)	The NPL coverage ratio is the ratio of the amount of accumulated impairment, negative changes in fair value due to credit risk to the non-performing loans and advances, in accordance with the EBA methodology (report Finrep18).	*Numerator:* Volume of allowances and value adjustments for credit losses on Non-Performing loans and advances *Denominator:* Gross volume of Non-Performing loans and advances	Cash balances at CBs and other demand deposits are included in the calculation.
NPL collateral coverage ratio (EBA def.)	The NPL collateral ratio is the ratio of the collateral received for non-performing loans and advances to the gross carrying amount of collateralised non-performing loans and advances, in accordance with the EBA methodology (report Finrep18).	*Numerator:* Volume of collateral received up to the carrying amount of each loan or advance *Denominator:* Gross volume of collateralized Non-Performing loans and advances	The calculation is provided on a single loan basis. The NPLs where the amount of collateral received exceeds the net non-performing of each loan exposure are the subject of calculation.

Alternative Performance Indicators[i]	Description	Calculation	Notes
Net stable funding ratio (NSFR)	The net stable funding ratio is a liquidity risk standard requiring financial institutions to hold enough stable funding to cover the duration of their long-term assets.	*Numerator:* Amount of available stable funding *Denominator:* Amount of required stable funding	NSFR is defined as the amount of available stable funding relative to the amount of required stable funding and is based on the current Basel Committee guidelines. This ratio should be equal to at least 100% on an ongoing basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution and those of its off-balance-sheet (OBS) exposures. The calculations presented are based on internal data sources.
EVE as % of Equity	The EVE (Economic Value of Equity) method measures the sensitivity of changes in market interest rates on the economic value of financial instruments. EVE represents the present value of net future cash flows and provides a comprehensive view of the possible long-term effects of changing interest rates under at least six prescribed standardised interest rate shock scenarios or more if necessary, according to the situation on financial markets.	*Numerator:* Interest risk in banking book – EVE *Denominator:* Equity (Tier I)	Calculations take into account behavioural and automatic options, as well as the allocation of non-maturing deposits. The assessment of the impact of a change in interest rates of 200 bps on the economic value of the banking book position.
Operational business margin (OBM)	Calculated as the ratio between operational business net income annualised and average assets.	*Numerator:* Operational business net income	Operational business net income is annualised, and calculated as operational business income in the period divided by the number of days in the period and multiplied by the number of days in the year. Operational business income consists of net interest income (excluding interest expenses from subordinated securities), net fees and commissions and net gains and losses from financial assets and liabilities held for trading that derive from foreign exchange trading.
		Denominator: Average total assets	NLB internal information. Average total assets are calculated as a sum of balance as at the end of the previous year end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).
Operational business margin (OBM) (quarterly)	Calculated as the ratio between operational business net income annualised and average assets.	*Numerator:* Operational business net income	Operational business net income (quarterly) is annualised, and calculated as operational business income in the period divided by the number of days in the quarter and multiplied by the number of days in the year. Operational business income consists of net interest income (excluding interest expenses from subordinated securities), net fees and commissions and net gains and losses from financial assets and liabilities held for trading that derive from foreign exchange trading.
		Denominator: Average total assets	NLB internal information. Average total assets (quarterly) for the NLB Group are calculated as the sum of monthly balances (t) for the corresponding quarter and monthly balance at the end of the previous quarter divided by (t+1).
Return on equity before tax (ROE b.t.)	Calculated as the ratio between result before tax annualised and average total equity (including non-controlling interests).	*Numerator:* Result before tax	The result before tax is annualised and calculated as the result before tax in the period divided by the number of months for the reporting period and multiplied by 12.
		Denominator: Average total equity	NLB internal information. Average total equity (including non-controlling interests) is calculated as the sum of the balance as at the end of the previous year end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).
Return on equity after tax (ROE a.t.)	Calculated as the ratio between result after tax annualised and average equity.	*Numerator:* Result after tax	The result after tax is annualised and calculated as the result after tax in the period divided by the number of months for the reporting period and multiplied by 12.
		Denominator: Average equity	NLB internal information. Average equity is calculated as the sum of the balance as at the end of the previous year end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).
Return on equity after tax (ROE a.t.) normalised	Calculated as the ratio between result after tax annualised and average risk adjusted capital. Result a.t. w/o negative goodwill divided by Average risk adjusted capital. Average risk adjusted capital is calculated as a Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution.	*Numerator:* Result after tax	Result after tax is annualised, calculated as a result after tax in the period divided by the number of months for the reporting period and multiplied by 12.
		Denominator: Average risk adjusted capital	NLB internal information. Average risk adjusted capital is calculated as a sum of Risk Weighted Assets (RWA) balance as at the end of the previous year end (31 December) and monthly Risk Weighted Assets (RWA) balances of the last day of each month from January to month t divided by (t+1), multiplied by Tier 1 regulatory capital requirement and decreased by minority shareholder capital.

Alternative Performance Indicators[i]	Description	Calculation	Notes
Return on assets before tax (ROA b.t.)	**Calculated as the ratio between result before tax annualised and average total assets.**	*Numerator:* Result before tax	The result before tax is annualised and calculated as the result before tax in the period divided by the number of months for the reporting period and multiplied by 12.
		Denominator: Average total assets	NLB internal information. Average total assets are calculated as the sum of the balance as at the end of the previous year end (31 December) and the monthly balances of the last day of each month from January to month t divided by (t+1).
Return on assets after tax (ROA a.t.)	**Calculated as the ratio between result after tax annualised and average total assets.**	*Numerator:* Result after tax	The result after tax is annualised and calculated as the result after tax in the period divided by the number of months for the reporting period and multiplied by 12.
		Denominator: Average total assets	NLB internal information. Average total assets are calculated as the sum of the balance as at the end of the previous year end (31 December) and monthly balances of the last day of each month from January to month t divided by (t+1).
Total capital ratio (TCR)	**TCR is the own funds of the institution expressed as a percentage of the total risk exposure amount.**	*Numerator:* Total capital (Own funds)	
		Denominator: Total risk exposure Amount (Total RWA)	

(i) All alternative performance indicators are expressed in %, except the cost of risk (CoR) is expressed in bps.

NLB Group Chart*



Subsidiary	
% direct share	% indirect share at the group level

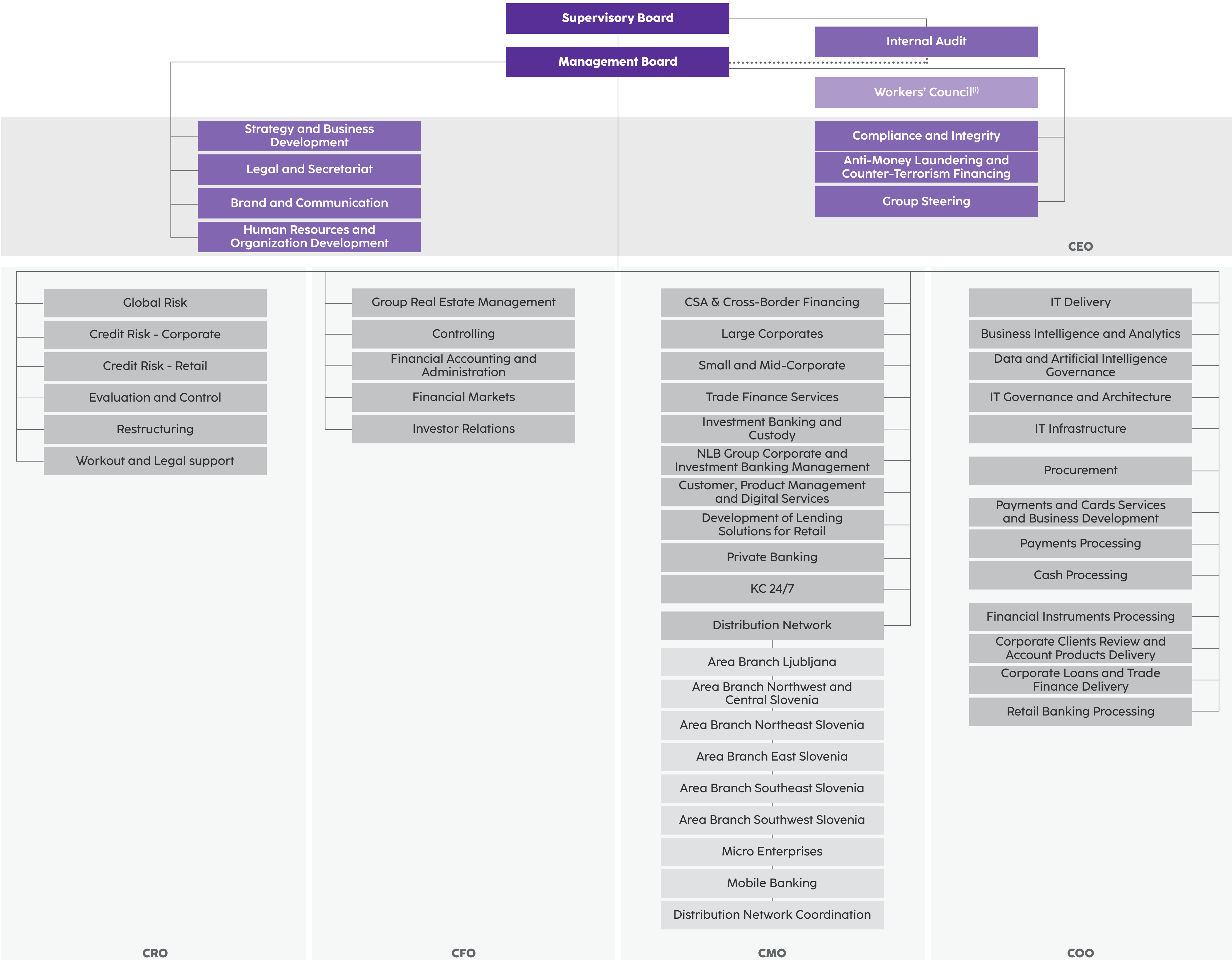
Associate	
% direct share	% indirect share at the group level

Joint Venture	
% direct share	% indirect share at the group level

Legend: The chart shows voting rights shares. The Group includes entities according to the definition in the Financial Conglomerates Act (Article 2).
(i.a) 100% direct ownership Prvi Faktor d.o.o., v likvidaciji, Ljubljana.
(i.b) 90% direct ownership Prvi Faktor d.o.o., v likvidaciji, Ljubljana, 5% NLB d.d., 5% SID banka d.d.
(ii) - 46.03% direct ownership NLB d.d.
- Abanka merged into Nova KB and, in addition, in September 2024 Nova KBM and SKB merged into OTP banka d.d., therefore the share in Bankart increased from 29.22% to 43.06%. This is over the 25% treshold set in the Founding agreement - no shareholder other than NLB can have more than 25% capital share in Bankart.
(iii) 51% direct ownership NLB Lease&Go, leasing, d.o.o., Ljubljana, 49% NLB Banka AD Skopje.
(iv) 50.89% direct ownership NLB Lease&Go, leasing, d.o.o., Ljubljana, 48.91% NLB Komercijalna Banka AD Beograd.
(vi) 100% direct ownership NLB Skladi d.o.o., Ljubljana.
(viii) 100% direct ownership Summit Leasing Slovenija d.o.o., Ljubljana.
(ix) 100% direct ownership NLB Lease&Go, leasing, d.o.o., Ljubljana.

*The reference is made to this chapter from the Sustainability Statement chapter SBM-1 Strategy, business model, and value chain.

Organisational Structure of NLB



Understanding of the tasks and responsibilities of Global Risk, Compliance and Integrity and Internal Audit is taken into account in accordance to the definitions of the (currently valid) Banking Act (ZBan-3).
(i) Workers' Council is independent organisational unit with no subordinate or superior organisational units, and it operates in accordance with ZSDU.

Sustainability is embedded in our strategy and guides our efforts to improve the quality of life in our home region. In this chapter of the Business report we disclose our material impacts on people and the environment, related risks and opportunities, and explain their importance to the NLB Group's development, performance, and position.

SUSTAINABILITY STATEMENT

Content

* Not subject to external assurance.

Independant Auditor's Report

KPMG

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Independent Auditor's Limited Assurance Report on the Sustainability Statement

To the shareholders of NOVA LJUBLJANSKA BANKA D.D., LJUBLJANA

Limited Assurance Conclusion

We have performed a limited assurance engagement on whether the Consolidated Sustainability Statement of Nova Ljubljanska banka d.d., Ljubljana (»the Bank«) and its subsidiaries (collectively, »the Group«) as of and for the year ended 31 December 2024, included in the *Sustainability Statement* section of the Group's Business Report, including the information incorporated by reference, as laid out in *Table 1: Incorporation by reference,* within the *BP-2 Disclosures in relation to specific circumstances* section of the Sustainability Statement (»the Sustainability Statement«), has been prepared in accordance with articles 70(c) and 70(č) of the Companies Act dated 4 May 2006 (Official Gazette of the Republic of Slovenia no. 42/2006 with amendments), including the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (»Delegated Regulation«) (collectively, »the applicable legal requirements«).

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's Sustainability Statement as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the applicable legal requirements, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (» the Process«) is in accordance with the description set out in the note titled *Impacts, risk, and opportunity management*;
- compliance of the disclosures in the *EU Taxonomy Regulation* section within *Appendix 1: EU Taxonomy* of the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (»the Taxonomy Regulation«); and
- compliance of the Sustainability Statement with the XHTML format referred to in the Delegated Regulation.

Our conclusion on the Sustainability Statement does not extend to any other information that accompanies or contains the Sustainability Statement and our limited assurance report thereon, nor to any information within the Sustainability Statement not in scope of our assurance engagement. We have not performed any assurance procedures as part of this engagement with respect to such information.

However, we audited the Group's consolidated and the Bank's separate financial statements as of and for the year ended 31 December 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, forming part of the other information, and our auditor's reports thereon are also included with the other information.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the 'Our responsibilities' section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board of Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagements on the Sustainability Statement in Slovenia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matter – Comparative information

Our assurance engagement does not extend to comparative information in respect of earlier periods. Our conclusion is not modified in respect of this matter.

Responsibility for the Sustainability Statement

The Management of the Bank is responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in the *Impacts, risk, and opportunity management* note of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short–, medium–, or long–term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

The Management of the Bank is further responsible for the preparation of the Sustainability Statement, in accordance with the applicable legal requirements, including:

- compliance with the ESRS;
- preparing the disclosures in the *EU Taxonomy Regulation* section within *Appendix 1: EU Taxonomy* of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal controls that the Management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement.

Inherent Limitations in Preparing the Sustainability Statement

In reporting forward–looking information in accordance with the ESRS, Management of the Bank is required to prepare the forward–looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Also, as described in the *BP-2 Disclosures in relation to specific circumstances note within the Sustainability Statement*, greenhouse gas emissions quantification is associated with measurement uncertainty as a result of both scientific and estimation uncertainty.

In determining the disclosures in the Sustainability Statement, Management of the Bank interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the Bank's shareholders. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the Impacts, risk, and opportunity management note.

Our other responsibilities in respect of the Sustainability Statement include:

- obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement

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resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work we Performed as the Basis for Our Conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (including stakeholder engagement, business plans and strategy documents); and
  - inspecting the Group's internal documentation of its Process; and
- evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in the *Impacts, risk, and opportunity management* note.

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by performing inquiries of the relevant personnel and inspecting the Group's internal documentary evidence;
- evaluating whether material information identified by the Process is included in the Sustainability Statement;
- evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- performing substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- obtaining evidence on the methods, assumptions and data for developing material estimates and forward–looking information and on how these methods were applied;
- obtaining an understanding of the process of calculating by the Group of the Green Assets Ratio and preparing related disclosures;
- evaluating whether the standardised reporting templates required by the Taxonomy Regulation were appropriately used to present the key performance indicators;
- assessing whether the taxonomy disclosures reconciled, where relevant, with the Group's consolidated financial data;
- performing substantive assurance procedures on selected taxonomy disclosures; and
- assessing whether the Sustainability Statement has been properly prepared in the XHTML format referred to in Delegated Regulation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

On behalf of audit firm

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Domagoj Vuković, FCCA
Certified Auditor
Partner

Ljubljana, 9 April 2025

General Information

This section starts with highlighting the NLB Group's sustainability journey, key milestones, performance indicators, and overview of received awards and recognitions. The General Disclosures chapter sets the stage with the basis and circumstances of Sustainability Statement preparation. We present essential disclosures on governance, strategy, and management of impacts, risks, and opportunities (IROs), including an overview of the double materiality assessment (DMA), the backbone of our sustainability reporting.

NLB Group Sustainability Journey*

At NLB Group, we recognize the significant global challenges of climate change, social equity, and ethical governance. This is why the Group has responsibly committed to "sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs".[1] As a systemically important financial institution in the region, NLB Group has set the goal to actively contribute to the sustainable transformation of the economy and society to a greener, more just, and inclusive future.

To achieve this, the Group has integrated sustainability and ESG (environmental, social and human rights, and governance) factors into its business model, strategy and daily operations. Sustainability is also firmly embedded in NLB Group's **vision** "to take care of the financial needs of its clients and at the same time improve the quality of life of the home region where we operate", and its core values which are growing people, encouraging entrepreneurship, and improving lives.

NLB Group's commitment to sustainability is concentrated on the markets within the Southeast Europe (SEE) region, where the Group operates. The commitment extends beyond the Group's companies in Slovenia and Croatia, both EU members, by harmonizing a sustainable approach in financing, investing, and own operations across companies in all other countries of operation: Serbia, Bosnia and Herzegovina, North Macedonia, Montenegro, and Kosovo. Hence, the harmonization process groupwide considers EU legislation as well as national strategies and laws in each market.

1 Definition by United Nations General Assembly, 1987
*Not subject to external assurance.

Key milestones

Since its establishment, NLB Group has upheld a tradition of responsible, stakeholder-centric operations. This tradition has evolved over time, and has been enhanced in recent years.

2020

- NLB Group's sustainability journey was formally established with an organization-wide initiative and the adoption of the Sustainability Programme.
- NLB was the first bank from Slovenia to join the UNEP FI Principles for Responsible Banking, thus committing to the UN Sustainable Development Goals (United Nations Development Programme) and the Paris Climate Agreement. NLB Group started to integrate these commitments into its operations, financing, investments, and societal contributions across its regions.

2021

- The Sustainability Programme was replaced by the NLB Group Sustainability Framework which became the mandatory framework for all NLB Group core members in the region.
- The Sustainability Committee was established as the central sustainability-related advisory body to the Management Board of NLB.
- The Environmental and Social Management System (ESMS) was established as a part of a comprehensive risk management system within NLB Group, aiming to improve ESG risk management capacity in the financing process, and to reduce credit and liability risks arising from ESG considerations.

2022

- NLB joined the UNEP FI Net-Zero Banking Alliance (NZBA). Guided by NZBA principles, the Group aims to reduce emissions in credit and investment portfolios and its own operations by reaching net-zero emissions by 2050 or sooner.

2023

- The comprehensive NLB Group Sustainability Policy was established, enhancing the existing internal framework and reaffirming a foundation for integrating ESG factors into the Group's business model, strategy, and daily operations.
- The first NLB Group Net-Zero Disclosure Report was published aligned with NZBA methodology and reaffirming our commitment to achieving net zero by setting targets for reducing its financed emissions and maintaining a coal exclusion policy.

2024

- Sustainability was integrated in the NLB Group's new business
- strategy (New Horizons), in which commitment to environmental risk management and sustainable banking reflects in several strategic projects.
- The Climate Change Committee was established.
- NLB Group adopted the Operational Emissions Net-Zero Strategy aiming to reduce emissions from the Group's own operation.

Improved ESG Risk Rating

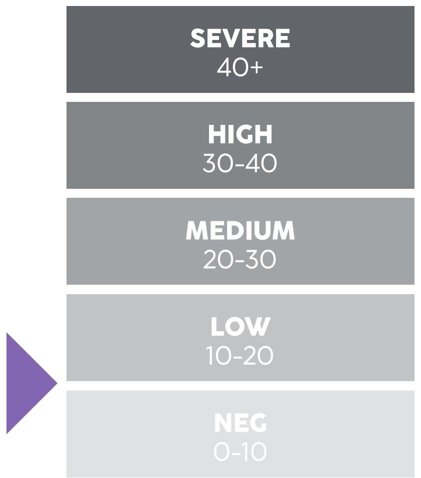
NLB Group's efforts and progress on its sustainability journey have been recognized by Morningstar Sustainalytics, one of the world's leading independent ESG research, ratings, and data firms, which has comprehensively assessed the financial materiality of risks stemming from NLB Group's environmental, social, and governance issues.

In recent years, the Group's ESG Risk Rating has been assessed as low and has constantly improved:

- **In 2022**, the Group received its first ESG Risk Rating of 17.7 points, being at the same time the first bank with headquarters and exclusive strategic interest in SEE to obtain this rating, as well as the first among companies listed on the Ljubljana Stock Exchange.
- **In 2023**, the ESG Risk Rating improved by 1.7 points to 16.0 points, ranking the Group in the top 13 percent of all banks assessed.
- **In 2024**, NLB Group recorded a significant 5.4-point improvement, achieving an overall ESG Risk Rating of 10.5 points. The Group ranked 42nd among 1,027 rated banks, positioning it in the top 5th percentile and among 432 highest rated companies in Europe. This achievement placed the Group among the Top-rated companies in Europe and the Top-rated banks globally.

ESG Risk Rating history

Low ESG Risk Rating placed NLB Group among the Top-rated companies in Europe and the Top-rated banks globally



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Key Sustainability Performance Indicators

Environmental

New sustainable financing
EUR
439 million

retail and corporate green financing

Asset management
Net asset value
EUR
151 million

in two sub-funds that promote environmental and social characteristics

Green Bond allocation
EUR
341.1 million

as at 31 March 2024

GHG emissions
tCO_2eq
11.183 million

financed and operational emissions (market-based)

Social

Employee engagement
54%

in 10 NLB Group members

Net Promoter Score
Client satisfaction
32

with positive trend since 2019

Completed training and education
days/employee
7.7
in NLB Group banking members

Donations in SEE region
EUR
2.2 million

Governance

Gender diversity
17%

women in the NLB Management Board

Gender diversity
40%

women in the NLB Supervisory Board

Completed anti-corruption training
employees
7,056
in NLB Group core financial members

Fines for corruption and bribery
cases
0
in NLB Group

Awards and Recognitions

In 2024, several NLB Group banking members received notable awards for their sustainability-related contributions:

Slovenia	**NLB, Ljubljana** Top Employer for the 9th consecutive year (Dutch Top Employer Institute) The best mobile and online bank in Slovenia (independent study by E-laborat, January 2025)
Serbia	**NLB Komercijalna Banka, Beograd** The first certified family-friendly bank in Serbia (since 2023) Top Employer of the year Title "The campaign with the purpose" for three CSR initiatives: "Frame of support", "A world full of heart is a world full of opportunities", "NLB Organic" The special award for the socially responsible campaign "NLB Organic", which has been held for 13 consecutive years and promotes organic food producers in Serbia
Bosnia and Herzegovina	**NLB Banka, Banja Luka and NLB Banka, Sarajevo** Both banks received the Golden BAM award for innovation in the banking sector for introducing Smart POS services to the market The CEO of NLB Banka Sarajevo received the 2024 Women of the year award in the corporate social responsibility category
Kosovo	**NLB Banka, Prishtina** Employer of the year (Kosova Chamber of Commerce) Taxpayer of the year (Kosova Chamber of Commerce) The "Friend of Children" award in recognition of its significant contributions to child protection efforts in Kosovo
North Macedonia	**NLB Banka, Skopje** "Oscar of Humanity" (the Red Cross of the City of Skopje) Recognition for special contribution and support of the Special Olympics of North Macedonia "Golden Supporter" of the activities of the Red Cross of the Republic of North Macedonia Recognition for good ESG practices from the Macedonian Stock Exchange and the American Chamber of Commerce "Leaders in donating" ("Konekt" organization and USAID North Macedonia) "Best Practices in Corporate Philanthropy" (American Chamber of Commerce, USAID North Macedonia and the organization "Konekt") Recognition from the European bank for reconstruction development (EBRD) for its contribution to the success of the Green Economy Financing Facility
Montenegro	**NLB Banka, Podgorica** National Award "Iskra" for philanthropy recognizing the bank's commitment to embedding social responsibility into its corporate culture and identity (The Fund for Active Citizenship)

ESRS 2 General Disclosures

BP-1 General basis for preparation of the Sustainability Statement

NLB Group has a strong tradition of sustainability reporting, which has evolved significantly over the years.

Until 2020, the Group published CSR or non-financial reports guided by the GRI framework. In subsequent years, additional frameworks like Pillar III, EU Taxonomy, UNEP FI Principle for Responsible Banking, Net Zero Banking Alliance and Taskforce for Climate Related Financial Disclosures, were included in reporting. In 2023, the Group started to prepare to comply with the new CSRD and ESRS requirements effective from the fiscal year 2024.

The presented Sustainability Statement replaces previous reports, while still integrating various above-mentioned frameworks. It is prepared in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) as transposed to the Slovenian Companies Act (ZGD-1) in December 2024, and the disclosure requirements related to Article 8 of the EU Taxonomy and underlying delegated acts. The report is a result of extensive collaboration across NLB Group.

The statement aims to provide stakeholders with information on NLB Group's material impacts on people and the environment, and the effects of sustainability matters on the Group's development, performance, and position. It includes material matters from the 2024 Double Materiality Assessment and additional insights for consistency with previous reports.

The Sustainability Statement has been prepared on a consolidated basis following the same principles as those following from the financial reporting. This means that the statement includes the parent bank NLB but also all subsidiaries (over which NLB has control as at 31 December 2024) from date on which NLB obtains direct or indirect control over the financial and operational management and receives a variable return.

The Sustainability Statement covers the financial reporting period from 1 January to 31 December 2024, except for:

- Financed emissions, which included data as of 31 December 2023 due to the unavailability of data for the 2024 year-end.
- Operational emissions calculations for entities acquired during the financial year (Summit Leasing Slovenija, Mobil Leasing Zagreb, NLB Car & GO, NLB Fondovi Skopje). In this case, emissions were included from the month of acquisition onwards.
- NLB Green Bond, which included data as of 31 March in line with the annual issuance calendar of the Green Bond Allocation and Impact report.

Figures are stated in EUR thousands and millions tonnes of CO_2 equivalent (tCO_2eq), with possible rounding discrepancies.

Although disclosure of comparative information in respect of the previous period is not required in the first year of ESRS application, NLB Group opted to present such comparisons for certain disclosures, such as EU Taxonomy, GHG emissions, and some of S1 Own workforce and E1 Climate Change disclosures. Only disclosures for the fiscal year 2024 were subject to external review.

Data quality, coverage, and availability are gradually improving

NLB Group's Sustainability Statement and Double Materiality Assessment were prepared using available data. Data collection and assessment in the downstream value chain and certain non-EU and non-strategic NLB Group members are still developing. Therefore, some data were unavailable or inapplicable, leading to the use of management judgments, estimates, and third-party data, with explanations provided for any gaps.

NLB Group expects improvements in data quality, coverage, and availability due to increased reporting obligations. The Group plans to extend the assessment scope to more activities, including upstream and downstream. Efforts will continue to enhance the accounting data framework, upgrade IT solutions, and engage in industry-wide initiatives to standardize and improve sustainability data quality.

NLB Group's DMA considered its entire value chain: upstream, own operations, and downstream.

» For details, please refer to the chapters NLB Group's Value Chain; and Description of the processes to identify and assess material IROs.

No classified or sensitive information corresponding to intellectual property, know-how, or innovation results has been omitted from the Sustainability Statement.

The Group partially used an exemption from disclosing sustainability information about the Group's own operations and about its downstream and upstream value chain for the first three years after CSRD came into effect. The partial exemption refers to cases where all the necessary information regarding the Group's value chain was not available or could not be obtained. In such cases, explanations and estimates are provided alongside respective disclosures.

BP-2 Disclosures in relation to specific circumstances

Time horizon

Impacts, risks, and opportunities were assessed over time horizons as defined in ESRS, namely short (1 year), medium (1-5 years) and long-term (more than 5 years), with the exception of physical risks. These were assessed for the following time horizons: short-term: until 2030; mid-term: 2030–2050; and long-term: 2050–2100, as internal methodology relies on studies and scenarios mainly project temperature and climate change until 2100.

Value chain estimation, sources of estimation, and outcome uncertainty

When disclosing metrics for downstream value chain data, the information includes data from clients and estimates from third-party providers or sector averages. These estimates may significantly impact the reported information, and the Group cannot influence these estimates. Hence, reported GHG emissions data reflect measurement uncertainty due to methodological and data limitations, including reliance on third-party data. Our analysis and climate targets use estimates based on recognized frameworks available at the time. As methods and data evolve, our sources and figures may become outdated. GHG emission factors are expected to increase as more data becomes available and associated companies are included. In cases where the disclosed quantitative metrics and monetary amounts were subject to a high level of measurement uncertainty, this is clearly stated and explained along the metrics.

Expectations, forecasts and statements

Sustainability targets and initiatives, particularly climate-related ones, require long-term horizons and forward-looking parameters. Future developments described in this Sustainability Statement are based on current expectations, projections, and estimates, which involve several factors that will come into play in the future. These factors include evolving science, methodologies, standards, market conditions, technological developments, data maturity and availability, data accuracy, and regulatory changes.

Changes in preparation or presentation of sustainability information and reporting errors in prior periods

Based on further understanding of the continuously evolving sustainability data frameworks and our internal controls, we have identified some non-significant errors or minor inconsistencies in the 2023 calculations related to the calculation of the EU Taxonomy-GAR and operational emissions. These inconsistencies have been adequately addressed and corrected and are not considered as material.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

NLB Group's Transition plan, disclosed in the chapter Environmental information, applies NZBA guidelines.

Use of phase-in provisions

NLB Group opted to use all phase-in provisions in accordance with Appendix C of ESRS 1, except for S1 Own workforce information, where available data is disclosed in this Sustainability Statement for the following phase-in provisions despite they will be mandatory to report in 1-3 years: S1-8 Collective bargaining coverage and social dialogue, S1-13 Training and skills development; S1-14 Health and safety.

Incorporation by reference

Parts of ESRS disclosures in this Sustainability Statement are incorporated by reference to other information in other parts of the Annual Report as shown in the table below.

Table 1: Incorporation by reference

Disclosure requirement	Chapter in the Annual Report	Page
GOV-1 The role of administrative, supervisory, and management bodies, page 181	The Supervisory Board	117, 118
	The Management Board	120, 121
	The appointment or replacement of members of the management or supervisory bodies, subchapters: • The Supervisory Board • The Management Board	139
	Information about the composition and work of the management and Supervisory boards and their committees	141, 142
SBM-1 Strategy, business model, and value chain, page 197	Strategy	32, 33
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S4 Consumers and end-Users, chapter Cybersecurity, page 269	Cyber security	111
	Information security and personal data protection	126
G1 Business Conduct, chapter Corporate culture, ethical governance and integrity, and regulatory compliance. page 293	Compliance and Integrity, subchapters: • Group-wide ethics and integrity standards • Prevention	125
G1-4 Business Conduct, chapter Prevention of AML and financing of terrosism, page 296	Prevention of Money Laundering and Terrorism Financing, and Financial Sanctions Compliance	125, 126
G1 Financial performance , page 302	Income Statement for the Annual Period ended 31 December	378

Other references in this Sustainability Statement to other information, outside the Business report or the Financial Report, which are not included in the table above, are for informational purposes only and are not subject to external review. The contents of such other documents or websites are not incorporated by reference into this Sustainability Statement, nor should they be considered part of it for any purpose.

Governance

GOV-1 The role of administrative, supervisory, and management bodies

Composition

NLB Group, which is organized as a so-called corporate group, consists of NLB as a parent bank and members of the NLB Group. Members of NLB Group are independent legal entities, each with its own management bodies and statutory duties and responsibilities in line with legislation in the operating market.

The NLB's corporate governance is based on a two-tier system in which the Management Board manages the daily operations, and the Supervisory Board controls and supervises the Management Board's work.

The composition of the NLB Management Board and Supervisory Board, including the number, representation of employees and other workers, the information on the Supervisory Board Independancy are presented in the following chapters of the Business Report:

- The Supervisory Board
- The Management Board

and in the Corporate Governance statement:

- The appointment or replacement of members of the management or supervisory bodies.
- Information about the composition and work of the management and supervisory boards and their committees.

The relevant experience of the Management Board and Supervisory Board is described in Chapter Governance of sustainability-related impacts, risks, and opportunities.

Diversity

The general diversity framework aimed at management bodies is stipulated in the Policy on the Provision of Diversity of the Management Body and Senior Management of NLB (hereinafter: Diversity Policy). As part of its ongoing efforts, NLB is progressively adapting these diversity principles across its financial group members, prioritizing compliance in regions where local regulations mandate such policies. Currently, NLB actively monitors gender diversity ratios and raises the awareness of the importance of gender balance in management bodies.

The main goal of the Diversity Policy is ensuring that the composition of the management body and senior management encompasses a collective proficiency in knowledge, skills, and experience, while taking into consideration business and strategic goals and principles of meritocracy. This comprehensive approach aims to foster a deep understanding of NLB Group's strategy, challenges, and the associated risks.

The diversity principles are considered when appointing or re-appointing members of the management body and senior management (in line with internal policies for selecting suitable candidates) and also in the annual assessment of the collective suitability of the management bodies.

The Diversity Policy concurrently establishes a framework to promote diversity across the following dimensions:

- **Gender diversity:** ensuring a balanced pool of candidates during recruitment, promoting adequate gender representation in the management. If two candidates for the management body meet all criteria and gender representation targets are unmet, the underrepresented gender will be selected.
- **Age diversity:** attracting candidates across age groups to reflect its demographics, balancing younger and older members in management.
- Professional competencies: ensuring diverse knowledge, skills, and experience of the management body and senior management, adhering to criteria like experience, reputation, and independence.
- **Continuity:** maintaining a suitable ratio between existing and new members by not changing all members of the management body or senior management simultaneously when their mandates expire.
- **International experience:** ensuring that management body and senior management has international experience, aligning with policies for selecting qualified candidates.
- **Personal integrity:** the management body and senior management must demonstrate high personal integrity, following the NLB Group Code of Conduct.
- **Geographical provenance:** seeking diverse geographical backgrounds in the management body and senior management to ensure a suitable knowledge of the culture, market characteristics, and legal framework in the areas where NLB Group operates.

Target representation of the management body is achieved through a predetermined replacement plan and fulfilling roles as defined by the Articles of Association. In line with the Diversity Policy, the conditions and required profiles for management roles are established before appointments and various recruitment pathways are used to attract a wide range of candidates. NLB regularly monitors the achievement of target representation.

NLB will amend the Diversity Policy in 2025 with inclusion of provisions from new EU Directive regarding gender balance, which was transposed to Slovenian Companies Act (ZGD-1) in December 2024. Following this provisions NLB will determine what proportion of gender balance it aims to achieve by 30 June 2026:

- or at least a 40% representation of the underrepresented gender (i.e. women) among the members of the supervisory body,
- or at least a 33% representation of the underrepresented gender (i.e. women) in total among the members of the management and supervisory bodies.

While the directive is binding only for NLB, its principles will be included in NLB Group members as best practice and where applicable.

Table 2: Share of women in governance bodies at the end of 2024

	Share of women in NLB	Share of women in banking members[(i)]	Share of women in NLB Group[(ii)]
Supervisory Board	40% (4 of 10 members)	36% (16 of 44 members)	38% (33 of 87 directors)
Management Board	16.7% (1 of 6 members)	19% (5 of 26 members)	22% (13 of 59 members)

Notes:
(i) Banking members: NLB and 6 subsidiary banks
(ii) NLB Group: all banks, asset management companies, leasing companies and other core non-financial companies, excluded non-core members

Table 3: Diversity of the NLB management bodies and senior management in 2024 and (actual and plan) – breakdown by diversity objectives

	Supervisory Board of NLB		Management Board of NLB		Senior Management of NLB	
	2024	Plan for 2024	2024	Plan for 2024	Plan for 2024	Plan for 2024
Wide range of knowledge, skills, and professional experience	High	High	High	High	High	High
International experience of the members in different areas	Medium High	Medium High	Medium High	Medium High	Medium High	Medium High
Continuity of composition of the management body	High	High	High	High	High	High
Personal integrity	High	High	High	High	High	High
Geographical provenance	Medium High	Medium High	Medium High	Medium High	Low	Low
Age structure	20-30 = 0	0	20-30 = 0	0	20-30 = 0	0
	30-40 = 0	0	30-40 = 0	0	30-40 = 1	1
	40-50 = 1	2	40-50 = 2	1	40-50 = 24	18
	50-60 = 6	5	50-60 = 4	5	50-60 = 18	16
	60+ = 3	5	60+ = 0	0	60+ = 2	2
Share of women	**40%**	**42%**	**17%**	**30%**	**43%**	**45%**

Governance of sustainability-related IROs

NLB Group has established a comprehensive framework for sustainability-related governance. The framework encompasses oversight of IROs related to sustainability matters, setting targets, and monitoring progress towards them. The framework also sets out roles, responsibilities, and procedures, and reporting lines for:

- the Supervisory Board of NLB and supervisory bodies of NLB Group members, and their committees.
- the Management Board of NLB and the management boards of NLB Group members, and their committees.
- the NLB Sustainability Unit.
- competence lines and organizational units in NLB Group members.
- internal control functions.

Sustainability-related roles and responsibilities for all the above-mentioned bodies and functions are outlined in the Sustainability Policy, Standard – Rulebook for Sustainability Management in NLB Group. In addition, their sustainability roles are intertwined with their scope of work and, therefore, also described in domain-specific internal rules of procedures.

NLB Group acknowledges the complexity and interconnectivity of sustainability matters; therefore, all business areas are involved in sustainability governance to some extent. The highest responsibility for managing and overseeing the sustainability and related impacts, risks, and opportunities lies with the management boards and supervisory boards of each NLB Group member. In accordance with Group governance, collective decision-making and consultative bodies are appointed by the management and supervisory bodies to execute tasks within their respective powers. Operational responsibility is assigned to competence lines, organizational units, and sustainability experts, which manage and monitor impacts, risks, and opportunities within their specific areas of work, expertise and authority. The progress is monitored in daily operations and is reported regularly to the management boards or its respective bodies and quarterly to the Sustainability Committee.

In accordance with the Banking Act and the EBA guidelines on assessing the suitability of members of the management body (i.e. the NLB Management Board and the NLB Supervisory Board) and holders of key functions, NLB carries out self-assessments of the collective suitability of its management body, including its collective knowledge. By this, NLB detects potential deficiencies in the collective suitability and ensures that the management body always has a wide range of knowledge, skills, and experience to be able to understand the NLB Group's activities and its main risks. In this context, climate-related and other ESG risks and opportunities, as well as broader sustainability considerations, have become increasingly important topics for the Management Board and Supervisory Board alike.

Once a year, the Supervisory Board assesses the composition of the Management Board, performance, potential conflicts of interest of individual members, and performance of individual members and the Management Board as a whole, as well as its efficiency. If it establishes that the number of the members of the Management Board is inappropriate or that the number of members of the Management Board must be increased, or that certain knowledge, skills, and experience are lacking, or that the members of the Management Board are no longer qualified to perform this function because they do not meet the required conditions, or because one or several members are unsuitable and thus the Management Board as a whole no longer meets the required collective suitability, the process of finding a suitable candidate (or candidates) is started. In 2024, the composition of the Management Board remained the same as in 2023.

The collective suitability of the members of its management bodies covers five major pillars: business model requirements, governance, risk management, compliance and audit, management and decision-making and experience overview of its members. Each of these pillars relates to several sustainability topics, such as (and not limited to): discovering and exploiting opportunities with regard to business sustainability, i.e. actions of the company that influence the reduction of adverse environmental and social impact, social ethical, and professional standards, risk strategy, risk culture and risk appetite, internal culture, remuneration, compliance, whistleblowing, group governance, and internal controls. The Supervisory Board conducted a collective assessment of sustainability topics in December 2024, concluding that their knowledge, skills, and experience are generally high. Similarly, the Management Board's assessment in March 2024, which included the assessment of the same pillars, also yielded a high evaluation[2].

In particular, **the management and supervisory bodies of NLB Group core financial members are expected to have adequate competences regarding climate and other environmental risk,** which is stipulated in the internal policies for suitability assessments and Fit and Proper procedures (the Policy on the selection of suitable candidates for members of the Supervisory Board of NLB d.d. and the Policy on the selection of suitable candidates for member of the Management Board of NLB d.d.) As stipulated in both policies, the selection process for the management bodies' members encompasses seven steps: identification of the need to search for and nominate a candidate for the member, definition of the profile, search for candidates, selection of the candidates, "Fit & Proper" assessment of the candidates, proposal for appointment of a candidate, appointment of a candidate as a management body member. In NLB, candidates provide a self-assessment of their competencies in the questionnaire, which are further assessed by the HR department and then at the Nomination Committee, which submits an opinion to the Supervisory Board. In the second step, their competencies are also assessed by the Bank of Slovenia and the ECB as part of the licensing procedure. The assessment of climate-related competencies is indirectly included also in the Fit and Proper procedures of management and supervisory bodies in other NLB Group financial members, within the overall risk assessment.

Throughout 2024, several training courses on sustainability-related topics were organized for different internal stakeholders, organizational levels, and addressing different needs. The training programme contents for the Management Board members, covering their pertinent area, focused on topics of strategic relevance, including sustainability. Key training programmes that the Management Board members completed in 2024 (and were also in focus in 2023) included Respecting Human Rights, Cybersecurity Risk, and Compliance.

In last two years, several Supervisory Board members completed the sustainability-related programmes with the following topics:

- **in 2024:** INSEAD Business School for the World, the Management of ESG and Sustainability – competence building for supervisors (legal, strategic, and financial aspects, sustainability reporting and oversight), the Corporate Sustainability Due Diligence Directive, Executive and non-executive remuneration, Cybersecurity, Governance and risk culture,
- **in 2023:** Sustainability Leadership Programme, Diverse and effective boards and committees in a changing and competitive landscape, and an internal session on ESG – regulatory requirements and commitments.

Some members of the management boards and supervisory boards in NLB Group were guest-speakers on sustainability related topics at conferences, panel discussions, and other events organized by partnering professional associations. Thus, NLB Group enhances knowledge and promotes best practice sharing within the financial sector in entire region.

NLB also continued collaboration with the Chapter Zero Slovenia initiative, which was launched in April 2023 under the patronage of the Slovenian Directors' Association (SDA) and British-Slovenian Chamber of Commerce (BSCC). Taking part in this initiative enables the Supervisory Board Members to build their capacity in regard to principles and frameworks for climate change strategy and action. At the beginning of 2025 the collaboration was extended internationally to Chapter Zero Adriatic, which will extend the impact to all other NLB Group members in the region.

An overview of the governance framework for sustainability matters is shown in the figures on the next page, followed by explanations of the roles of each body or function and related internal controls.

2 The assessment scale: A=absent, L=low, ML=Medium-low, MH=medium-high and H=high

Figure 1: Governance framework for sustainability matters

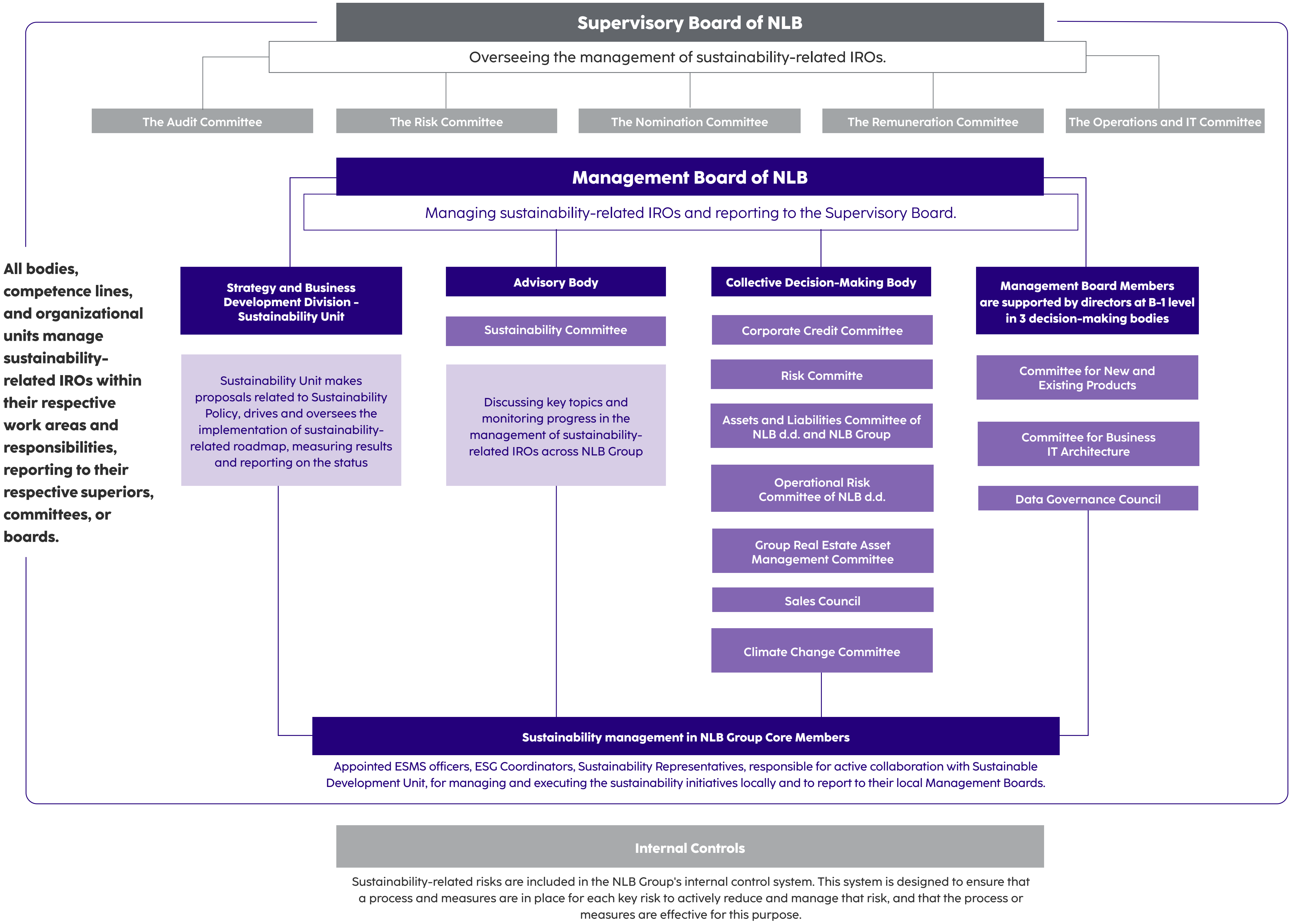
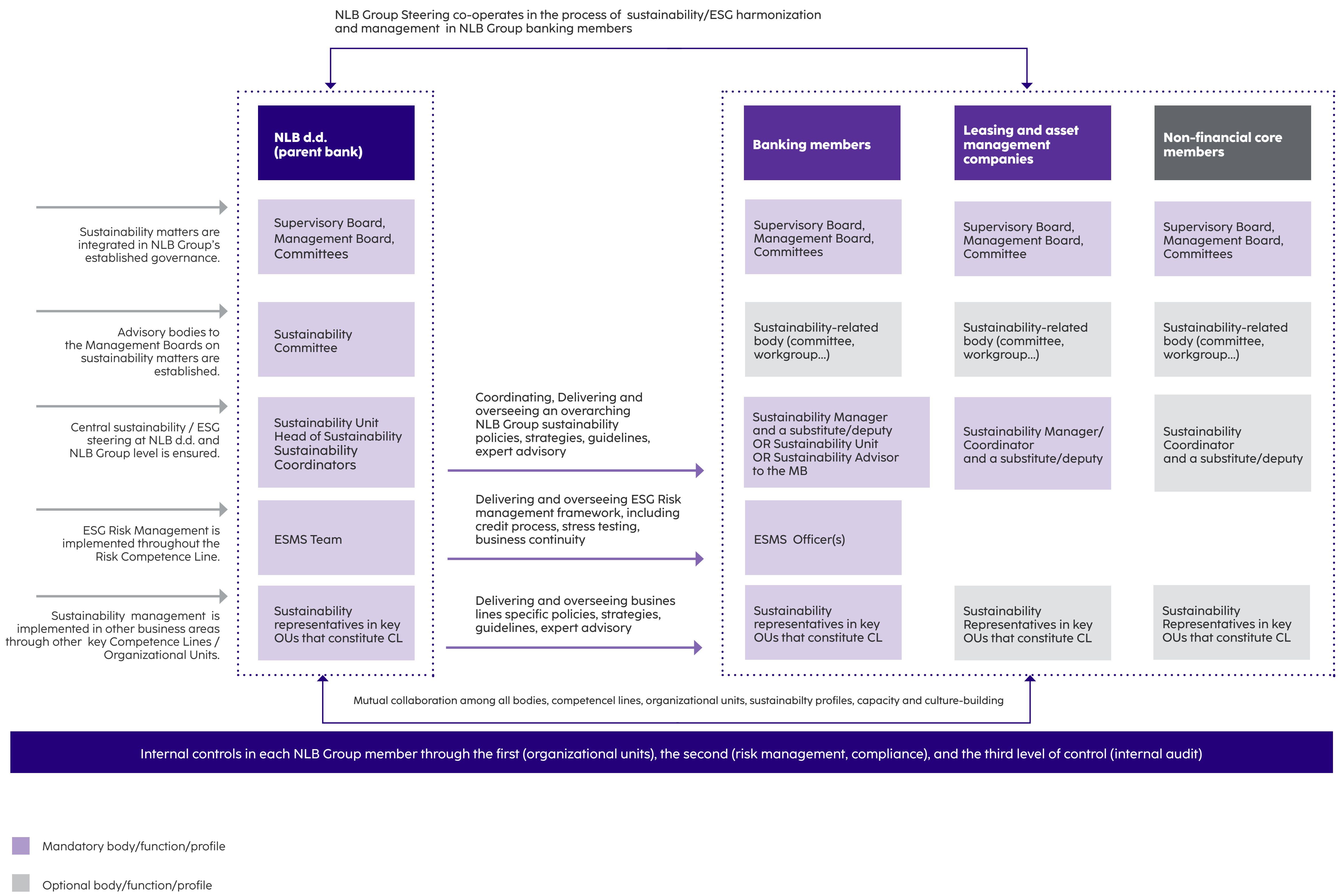


Figure 2: Organization of sustainability management in NLB Group



Governance bodies

The Supervisory boards of NLB and supervisory bodies of NLB Group members perform their function by monitoring the individual NLB Group members' operations, including those that are sustainability-related, within their competencies in line with local legislation, and in accordance with established Corporate Governance Policy in NLB d.d. and the NLB Group Governance Policy and the Guidelines, respectively. Moreover, the Supervisory Board of NLB monitors the operation of the entire NLB Group within their competences and by obtaining information and performing site visits in the NLB Group members.

The Management Board of NLB and NLB Group member represents the entity and manages its daily operations, independently and at its discretion, as provided by the applicable laws and the articles of association. The Management Board of NLB represents and acts on behalf of NLB, including the governance of the entire NLB Group.

Governance bodies of NLB and other NLB Group members are expected to follow regulators[3] guidelines (expectations and principles) regarding sustainability and ESG matters in NLB Group. Their key responsibilities include:

- integrating sustainability and ESG (environmental, social, governance) into business strategy and risk management.
- allocating roles for sustainability matters, appoint a board member responsible for ESG.
- assessing board members' knowledge on sustainability and climate risks.
- overseeing sustainability and ESG risks.
- aligning remuneration policies with sustainability and ESG goals.
- ensuring adequate resources for managing sustainability, including training and appointing experts.

Committees

To assist and advise in sustainability implementation processes, as well as to execute individual tasks within the powers of the Management Board, there are several committees in place:

- **six collective decision-making bodies** that provide decision-making support to the whole Management Board: Corporate Credit Committee, NLB Group Assets and Liabilities Management Committee, NLB Operational Risk Committee, NLB Group Real Estate Management Committee, Sales Committee, and Risk Committee.
- **three decision-making bodies** that provide decision-making support to respective Management Board members: Committee for New and Existing Products, Committee for Business IT Architecture, and Data Governance Council.

Committees identify and address IROs related to environmental, social, and governance issues within their area of work. Committees operate in line with their rules and procedures and regularly report to the NLB Management Board. Meetings are convened according to the meetings plan, regularly and frequently. In 2024, the majority of them were held once a week, some of them monthly or every two or three months. Ad-hoc meetings are convened if certain issues need to be addressed urgently.

The expert support for the NLB Supervisory Board's work is provided by its five committees, namely: the Audit Committee, Risk Committee, Nomination Committee, Remuneration Committee, and the Operations and IT Committee. They all participate in sustainability-related matters and discuss the proposed materials and proposed resolutions of the Management Board in individual areas intended for discussion or adoption at meetings of the NLB Supervisory Board. In line with the internal rules and procedures committee meetings are convened according to the financial calendar prior to each Supervisory Board session. In 2024, altogether there were 19 meetings of NLB Supervisory Board's committees.

The Supervisory Board's committees (audit, risk, nomination, remuneration) mainly exist in banking members of the NLB Group but may also exist in other NLB Group members if specific regulation requires so. In line with a member's specific needs, the Supervisory Board may also establish other committees and bodies.

In addition, NLB Group has established committees that are dedicated exclusively to sustainability matters, i.e. the Sustainability Committee in NLB and similar bodies in NLB Group members, and the NLB Climate Change Committee.

The NLB Sustainability Committee is the central sustainability-related advisory body to the Management Board of NLB. The Committee oversees the integration of the ESG factors into NLB and the NLB Group members' business model in a focused and coordinated way across the company and issues opinions, recommendations, and initiatives, and takes relevant decisions when needed. The Committee discusses, develops, and validates sustainability strategies, policies, initiatives, methodologies, KPIs, and other relevant documents and procedures, and recommends these for the approval of the NLB Management Board. The Sustainability Committee has an influence over sustainability-related strategic objectives and monitors their development and realization. It provides the overall vision and sustainability strategy, defines key policies, reviews progress on major initiatives, decides on specific external partnerships and agreements, and ensures cohesion of the overall programme with the Bank's mission. The Rules of Procedure of the Sustainability Committee determine the composition and powers of the Sustainability Committee and its members, as well as the manner of its operation and decision-making. The Committee is convened quarterly and is composed of the senior officials across all areas of the Bank and chaired by the CEO of NLB.

3 Expectations for significant institutions stipulated in the Guide on climate-related and environmental risks, Supervisory expectations relating to risk management and disclosure, ECB, November 2020, taking into account the materiality of their exposure to climate-related and environmental risks and in connection with Basel Committee Principles for the effective management and supervision of climate-related financial risks, Basel Committee on Banking Supervision (BCBS), June 2022.

NLB Group members establish local sustainability-related bodies considering the nature, scale, and complexity of the activities and organizational structure of the member. Sustainability-related bodies are established in various forms, such as sustainability teams, project groups, working groups, committees, etc, and may include internal and external members. The members of the local sustainability-related body are appointed by the management body of the NLB Group member, and the NLB Group member adopts the basic rules of procedure of such body.

The Climate Change Committee has full authority and responsibility over the development and implementation of the NLB Group Net-Zero Strategy, to streamline decision-making and enhance accountability related to set decarbonization targets. The Climate Committee is composed of key individuals who cover both strategic and operational aspects of the decarbonization efforts. The Committee comprises all six members of the Management Board, as well as at least six core team members. The core team members include a project-lead from the Sustainability Unit and representatives of Global Risk, Retail Banking, Corporate Banking, Data/IT, and Group Steering divisions/departments. The core team is charged with designing the second round of target setting scheduled for mid-2025. The composition of the committee ensures a holistic approach to the decarbonization process. It brings together executives and experts from various areas to provide comprehensive guidance and insight. This collaborative effort aligns different areas of the organization, enhancing interdepartmental coordination and facilitating effective decision-making.

The Sustainability Unit

The Sustainability Unit is set up within the Strategy and Business Development Division (which is part of the CEO stream) in the parent bank NLB. In this manner, sustainability in NLB Group is coordinated through the central coordination team. The team consists of sustainability coordinators and is led by the head of the Sustainability Unit, who reports to the director of the Strategy and Business Development Division, who reports directly to the CEO of NLB The latter also reports to the Management Board and Supervisory Board of NLB d.d. The Sustainability Unit is the overall coordinator of sustainability management and closely cooperates with the individual competence line, which is a responsible owner of the entire process in its field of work, without unduly infringing upon the established internal governance system and control functions. The general roles and responsibilities of the Sustainability Unit are described in detail in the Rules of the organization of NLB.

Competence lines

Sustainability and ESG are important topics that need to be strongly embedded in all key business areas in NLB Group. Each key competence line is therefore responsible for the harmonization and oversight of the implementation of sustainability and ESG matters in its field of work. Relevant sustainability and ESG matters are communicated to the relevant key competence line in advance by the Sustainability Unit. The established governance mechanism of the competence lines in general is stipulated in the NLB Group Governance Policy and Competence Lines Guidelines. Consequently, in the context of harmonization and standardization of NLB Group operations in terms of sustainability and ESG, the main roles of key competence lines are:

- to monitor that all NLB Group members nominate sustainability representatives in the competence lines' field of work.
- to ensure that the relevant rules and principles (group-wide) related to sustainability and ESG are incorporated into the competence line's documentary framework.
- to monitor that members of the NLB Group operate in accordance with group-wide rules and principles of sustainability and ESG that are related to the competence line's field of work.

NLB Group members are responsible for complying with the local or sector-specific regulatory requirements applicable in the country of each NLB group member.

Sustainability expert profiles

In each NLB Group member, sustainability expert profiles are appointed who are responsible for the implementation of sustainability matters subject to their scope of work: head of sustainability, sustainability coordinators, sustainability manager, sustainability manager deputies, ESMS officers, and sustainability representatives.

Sustainability is embedded in all NLB Group key business areas

Internal controls

To ensure efficient and consistent implementation of strategies and operations of NLB Group, its processes and procedures, protection of the value of bank assets, and reliability and integrity of accounting and management data and information, an efficient system of internal controls has been set up in NLB Group members. The appropriateness of the internal control mechanisms is defined based on the independence, quality, and applicability of the rules and controls of performance of organizational, business, and work processes of the internal controls in NLB Group, and the internal control functions. The foundation is defined by the internal document NLB Internal Control System, which outlines the internal control system and the responsibilities for its establishment, continuous operation, and improvement. In accordance with internal procedures, the internal document is also implemented in NLB Group members.

Sustainability is integrated into NLB Group's internal control system

Sustainability IROs are integrated into NLB Group's internal control system through three levels of defence.

Each level has clearly defined sustainability-related responsibilities, ensuring effective management and oversight.

First line of defence

First-level controls ensure proper implementation of business activities in each organizational unit. Competent units supervise and implement procedures according to the Rules on Authorizations and Signing. All units are the first line of defence, responsible for daily risk management in climate and sustainability matters, especially frontline employees in corporate, retail, and financial markets. Their main responsibilities include:

- conducting client activities within the ESMS framework, managing climate and ESG risks.
- gathering sustainability profiles of clients and identifying new commercial opportunities.
- informing clients about new sustainable banking products while avoiding greenwashing.
- providing clear directions on new products and processes.
- managing ESG risks related to their work.
- ensuring data for reporting and disclosures meet industry standards.
- participating in awareness activities and training on sustainability topics.

Back office employees also identify and manage sustainability IROs in their work, following internal principles and procedures, reporting to superiors, and engaging in training.

Second line of defence

Second-level controls are divided between internal control functions, risk management, and business compliance; the latter carries out independent controls and supervision over the operation of the first line of defence.

The risk management function defines rules for risk appetite, strategy, policies, and ESG and climate-related risks. It focuses on holistic risk management and cross-risk oversight to enhance risk steering and mitigation within NLB Group. Additionally, it ensures data for reporting and disclosures meet industry standards and provides training on efficient ESG risk management, especially for climate-related risks.

The business compliance function supervises and ensures compliance with the regulatory framework at NLB Group. It identifies, assesses, prevents, and monitors risks to compliance and integrity, including ESG and climate-related risks. Responsibilities include overseeing the implementation of laws, directives, standards, and regulations, and providing guidance to ensure compliance.

In line with the internal document Rules on the Management of Changes in the Legal Environment, managing changes in the legal environment includes climate-related and ESG risks. Compliance monitors regulatory developments, communicates updates to relevant units through internal channels, such as newsletters on regulatory changes, and is included in the general sustainability activities to have proper oversight over the implementation activities.

The status of legal changes or adjustments to the Group's operations is reported at least quarterly to the Management and Supervisory Boards, and as needed to Risk Management and other units. Compliance also participates in sustainability working groups, the Sustainability Committee, and cooperates with the Sustainability Unit.

Third line of defence

The third level of control is performed by the independent internal audit function, which assesses the internal control system's completeness, functionality, and adequacy. Sustainability and ESG matters are included in the Audit Universe and integrated into the annual planning process of NLB and other NLB Group members.

We continuously create services and solutions that address environmental challenges, and actively manage environmental and social, human rights and governance matters in our operations and financing. We are pleased that our commitment has been recognised with a significantly improved ESG risk rating of 10.5 as awarded by Morningstar Sustainalytics.

We remain fully committed to sustainable development and empower the green transition with sustainable financing.

GOV-2

Information provided to and sustainability matters addressed by the administrative, supervisory, and management bodies

Throughout 2024, information on the NLB Group's sustainability performance related to IROs was provided to the highest governance bodies:

- at Management Board and Supervisory Board sessions,
- at meetings of the Management Board and Supervisory Board committees,
- quarterly at Sustainability Committee sessions,
- twice a year at the Climate Change Committee.

Additionally, ad-hoc in-depth insights into sustainability-related topics were provided to the Management Board or Supervisory Board, when needed or required.

Management and Supervisory Boards' review and approval process is supported by their advisory and collective decision-making bodies and other organizational units. They prepare and coordinate the statements and reports and submit them for discussion and approval to the Management Board, which then reports to the Supervisory Board. The NLB Management Board also reviewed and approved the Double Materiality Assessment and the Sustainability Statement, which underline and present the NLB Group's approach to sustainability matters.

GOV-3

Integration of sustainability-related performance in incentive schemes

Overview of the remuneration policies

NLB Group remuneration policies are designed to support the achievement of strategic and business targets, as well as the recruitment, motivation, and retention of members of management bodies, senior executives, and other employees.

The target-setting, performance evaluation, and remuneration framework for identified employees, i.e. the governance bodies, and other identified employees (those who can significantly impact the risk profile of NLB and/or NLB Group in the scope of their tasks and activities), is set out in the **Remuneration Policy for Members of the Supervisory Board and Management Board of NLB d.d. (hereinafter: Remuneration Policy for Management Bodies) and in the Remuneration Policy for Employees in NLB d.d. and in NLB Group (hereinafter: Remuneration Policy for Employees), which principles are,** based on the group guidelines, also implemented in the NLB Group members.

In 2024 both policies were updated:

- The 2024 remuneration policy for management bodies was amended to clarify wording and definitions, set new maximum rental costs, define guaranteed variable remuneration, remove retention bonus stipulations, and introduce provisions for Instruments with yields equal to NLB d.d. dividends. It also detailed performance indicators for LTI and removed compensation for early termination due to resignation. Adopted by the Supervisory Board on 22 April 2024, approved at the General Meeting on 17 June 2024, and effective from 1 January 2024.
- The 2024 remuneration policy for all employees was amended to include yields of instruments (equal as defined in the Remuneration Policy for Management Bodies), adjust target weights in the NLB Group, and allow variable payouts up to EUR 50,000 or 1/3 of total remuneration in cash without deferral. Adopted by the Supervisory Board on 7 November 2024, it is effective from 1 January 2024.

Supervisory Board remuneration

In relation to their function, a member of the Supervisory Board may only receive remuneration that is compliant with the relevant resolutions of the General Meeting. Supervisory Board members are entitled to remuneration for performing their function and/or attendance fees for their membership in the Supervisory Board, and members of the committees of the Supervisory Board to reimbursement of travel expenses, meal allowance and accommodation costs up to the amount provided by the regulations governing the tax treatment of reimbursements of expenses and other income from the employment relationship. Remuneration for members of the Supervisory Board is related only to performing their function and is not related to achieving business goals.

Management Board remuneration

The remuneration of a Management Board member consists of a fixed part of the salary and a performance bonus, which is divided into short-term incentive (STI) and long-term incentive (LTI), and reflects sustainable and risk-adjusted performance. The amount of the performance bonus of a Management Board member depends on performance criteria which comprise:

- the achievement of the financial goals of the NLB Group,
- the achievement of the financial and or strategic business goals specifically set for each Management Board member with respect to individual functional responsibilities,
- the personal goals of the Management Board member,
- upon separate assessment at the end of the subsequent performance period the LTI is adjusted for realized performance over the same period.

Table 4: Overview of the remuneration policy for identified employees

	Remuneration policy	How this applies to identified employees
Fixed remuneration	Is set regarding appropriate professional experience, responsibilities, powers, and duties of a Management Board member.	Considering the regional benchmark of comparable banks with regard to the position/segment covered by an individual member of the Management Board.
Performance assessment	A system of setting smart goals is in use, cascading top-down. Performance is assessed against agreed goals of the Management Board Member.	Qualitative and quantitative performance measuresand objectives are set at the beginning of each year with focus on supporting our core values – entrepreneurship, growing people, and improving lives.
Short-term incentive (STI)	The Short-Term Performance Criteria and methodology for evaluating the performance of the Management Board members is set by the Supervisory Board.	STI consists of financial goals of NLB Group, financial or development goals in the areas covered by the member of the Management Board, and personal goals of the member of the Management Board.
Long-term incentive (LTI)	The Long-Term Performance Criteria and related methodology for evaluating the performance of the Management Board members during the Subsequent Performance Period is set by the Supervisory Board.	LTI consists of relative total shareholder return (RTSR) and goals that derive from the Bank's long-term strategy and are related to the sustainability and development of the Bank and are linked to the promotion of organizational culture, employee development, and customer relations (cost of risk for CRO only).

The Remuneration policy also sets out rules for guaranteed variable remuneration, compensation for early termination of the term of office, and compensation for the non-competition period, as well as for malus, retention and return of variable remuneration (clawback), and pension benefits.

Sustainability-related targets in the Management Board remuneration[4]

Members of the NLB Management Board and other identified employees are committed to achieving sustainability-related targets set out in their respective areas. Where applicable, targets are delegated to the organizational units and then further to employees under the responsibility of each management board member.

The annual performance evaluation process for the NLB Management Board is based on financial and non-financial goals, i.e. other measurable targets, including those which are related to the implementation of sustainability strategy in NLB Group and material sustainability matters: ESG risk management, climate change, sustainable finance, corporate culture, employee development and engagement, gender pay gap, service quality and customer satisfaction, digitalization, contribution to society.

In 2024, the weighting for sustainability-related targets was as follows:

- CEO of NLB: 45% weighting
- Other members of the NLB Management Board: from 26–38% weighting

E1, GOV-3

Targets related to climate change are allocated to all members of the NLB Management Board, with a 4%–5% weight, and refer to the development and implementation of climate (net-zero) strategy, and energy consumption reduction. Thus, the performance of the Management Board is assessed against the emission targets.

In addition, the Long-Term Incentive (LTI) plan for 2026–2028 for the NLB Management Board was approved by the Supervisory Board in January 2025. The plan defines the following non-financial targets with 50% weighting in the overall LTI plan:

NLB Management Board

26–45%

weighting of sustainability-related targets in variable remuneration

- linked to organizational culture, employee development: decrease in gender pay gap, decrease in actual, and desired organizational culture.
- linked to customer relations: reaching the sustainable loan portfolio target by 2028.

Detailed breakdown of targets per each member of the NLB Management Board for the financial year 2024 is presented in the following tables.

4 In line with the NLB financial calendar and corporate governance, the 2024 remuneration report will be published after the approval at the shareholders' meeting in June 2024.

Tables 5a-f: Breakdown of sustainability-related targets in the remuneration of the NLB Management Board member

	Target	Mapping to the material sustainability topic	Weight per target	Weight (total)
Targets for areas under the responsibility of CEO	Enhancement of NLB Group NPS	Service quality and customer satisfaction	5%	30%
	Implementation of the NLB Group HR Strategy and ensure consistent practice and collaboration throughout NLB Group	Employee attraction and development	15%	
	ESG rating improvement	Sustainability strategy	4%	
	Development of the NLB Group Climate Strategy	Climate change	4%	
	Contribution to society: enhanced youth engagement in sports activities, sponsored by NLB; and enhanced engagement in financial and/or digital literacy training or programme organized by NLB	Sponsorships and donations	2%	
Personal targets of CEO	Acting in accordance with the NLB Group values	Corporate culture	5%	20%
	Employee engagement enhancement in NLB Group	Employee attraction and development	5%	
	Employee development / succession planning	Employee attraction and development	5%	
	Realization of the individual development plan		5%	
	Sustainability-related weights (Total)		**45%**	

Targets for areas under the responsibility of CFO	Enhancement of NLB Group NPS	Service quality and customer satisfaction	5%	30%
	Implementation of NLB Group IT strategy (strategic projects with IT component)		15%	
	Groupwide reduction of energy consumption	Climate change	5%	
	Development of an ESG IT & data strategy to support ESG data management (collection and reporting)	Sustainability strategy	5%	
Personal targets of CFO	Acting in accordance with the NLB Group values	Corporate culture	5%	20%
	Employee engagement enhancement in NLB Group	Employee attraction and development	5%	
	Employee development / succession planning	Employee attraction and development	5%	
	Realization of the individual development plan		5%	
	Sustainability-related weights (Total)		**30%**	

	Target	Mapping to the material sustainability topic	Weight per target	Weight (total)
Targets for areas under the responsibility of CRO	Cost of risk		30%	60%
	Implementation of the NLB Group Risk strategy		10%	
	Cross functional goal related to efficient delivery of LOPA / Veriloan and its Operational Efficiency with Head of IT		10%	
	NLB Group Climate Strategy: implementation & execution of NLB Group Net0 portfolio strategy related to risk management	Climate change	4%	
	Implementation and upgrades to risk management framework and process according to action plans (in line with ECB Guide on climate-related and environmental risks)	ESG risk management	4%	
	Developing templates and data collection process for the regular reporting (quarterly basis) on the ESMS funnel (on the level of transaction, client, and portfolio)	ESG risk management	2%	
Personal targets of CRO	Acting in accordance with the NLB Group values	Corporate culture	4%	20%
	Realization of the individual development plan		4%	
	Enhancement of NLB Group NPS	Service quality and customer satisfaction	4%	
	Employee development / Succession planning	Employee attraction and development	4%	
	Employee engagement enhancement in NLB d.d. CRO stream	Employee attraction and development	4%	
	Sustainability-related weights (Total)		**26%**	

	Target	Mapping to the material sustainability topic	Weight per target	Weight (total)
Targets for areas under the responsibility of CGPO	Delivery of measurable targets for Payments System, Cards and Payment Operations as per Payments Strategy		7%	30%
	Increase groupwide digital and specifically mobile penetration	Digitalization and inovation	8%	
	Enhancement of NLB Group NPS	Service quality and customer satisfaction	5%	
	New Sustainability Policy and Rulebook: implementation in core subsidiaries	Sustainability strategy	5%	
	NLB Group Climate Strategy: a) implement Net0 operations strategy in core subsidiaries b) implement Net0 portfolio strategy in core subsidiaries (including ESG risk management related enhancements)	Climate change	5%	
Personal targets of CGPO	Acting in accordance with the NLB Group values	Corporate culture	5%	20%
	Realization of the individual development plan		5%	
	Employee engagement enhancement in NLB d.d. CGPO STREAM	Employee attraction and development	5%	
	Employee development / succession planning	Employee attraction and development	5%	
	Sustainability-related weights (Total)		**38%**	

	Target	Mapping to the material sustainability topic	Weight per target	Weight (total)
Targets for areas under the responsibility of CMO CORPORATE	Develop credible granular segment Groupwide SME strategy		5%	30%
	Grow market share in Serbia and enhance capacity to serve specialized target sub segments		5%	
	Enhancement of NLB Group NPS - Corporate	Service quality and customer satisfaction	5%	
	Implementing critical IT projects: CRM, OMNI for corp, credit granting process tool for SME		5%	
	Corporate green lending portfolio: annual growth of Groupwide corporate green lending portfolio (volume of new production or exposure planned)	Climate change, Sustainable finance	5%	
	NLB Group Climate Strategy: implement Net0 portfolio strategy; developing & and implementing a client engagement strategy together with systematic training for frontline employees	Climate change, Sustainable finance	5%	
Personal goals of CMO CORPORATE	Acting in accordance with the NLB Group values	Corporate culture	5%	20%
	Realization of Individual development plan		5%	
	Employee engagement enhancement in NLB d.d. Corporate stream	Employee attraction and development	5%	
	Employee development / Succession planning	Employee attraction and development	5%	
	Sustainability-related weights (Total):		**30%**	

Targets for areas under the responsibility of CMO RETAIL	Group Operational CRM and Omni channel project delivery		5%	30%
	Enhancement of NLB Group NPS (Retail)	Service quality and customer satisfaction	5%	
	Growth in market share of retail lending		5%	
	Retail green lending portfolio: annual growth of Groupwide retail green lending portfolio (volume of new production or exposure planned)	Climate change, Sustainable finance	5%	
	NLB Group Climate Strategy: implement Net 0 portfolio strategy	Climate change, Sustainable finance	5%	
	Digital penetration: achieve annual growth	Digitalization and inovation	5%	
Personal goals of CMO RETAIL	Acting in accordance with the NLB Group values	Corporate culture	5%	20%
	Realization of the individual development plan		5%	
	Employee engagement enhancement in NLB d.d. retail stream	Employee attraction and development	5%	
	Employee development / Succession planning	Employee attraction and development	5%	
	Sustainability-related weights (Total):		**35%**	

Sustainability - related targets for other identified employees

In 2024, sustainability targets were integrated into personal goals, with a 10%–15% weight for training and corporate culture. These targets were also included in the goals of organizational units, with varying weights depending on the unit's field of work. Units in sustainability-related domains have higher weights than others.

Table 6: Sustainability-related goals in the variable remuneration structure for other identified employees

Goal Category	NLB /NLB Group goals	Organisation Unit Goals	Personal goals
Identified employees	50%	30%	20%
Identified employees in control/supervisory function	20%	60%	20%

GOV-4
Statement on due diligence

NLB Group performs various due diligence activities that are guided by UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Group's due diligence process is strongly integrated within its strategic and business model framework, which ensures that due diligence is part of the Group's ongoing operations, specifically in identifying and managing negative impacts.

Table 7: The Group's due diligence approach and activities in 2024 referenced in this Sustainability Statement

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy, and the business model	ESG Risk Management (section due diligence) Human rights commitments related to clients, Human rights commitments Human rights commitments related to employees Human rights commitments related to suppliers
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 General information: Stakeholder engagement Processes for engaging about impacts • S1-2 Processes for engaging with employees and workers' representatives about IROs • S3-2 Processes for engaging with affected communities about impacts • S4-2 Processes for engaging with clients and end-users about impacts
Identifying and assessing adverse impacts	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model • E1 Climate change • S1 Own workforce • S3 Affected Communities • S4 Consumers and End-users G1 Business Conduct IRO -1 Description of processes to identify and assess material IROs G1-3 Prevention of corruption and bribery
Taking actions to address those adverse impacts	E1-1 Transition plan for climate change mitigation E1-3 Actions and Resources related to climate change mitigation and adaptation IRO-1 Impacts, risks, and opportunity management: • S4-1, S4-4, S4-5 Consumers and End-users • S1 Own workforce S3-3 Processes to remediate negative impacts and channels for affected communities S4-3 Processes to remediate negative impacts – complaint management s to raise concerns G1-10 Managing concerns about unlawful or harmful conducts G1-10 Whistleblower protection
Tracking the effectiveness of these efforts and communicating	E1-4 Targets related to climate change mitigation and adaptation IRO-1 Impacts, risks, and opportunity management: • S1-4 Own workforce: Key action and progress • S3-4, S3-5 Affected communities: Key actions and targets • S4-1, S4-4, S4-5 Consumers and End-users

GOV-5
Risk management and internal controls over sustainability reporting

Sustainability Unit in NLB is responsible for coordinating the Sustainability Statement and the underlying Double Materiality Assessment, while competence lines and business units are responsible for data accuracy, collection, and providing the data to the Sustainability Unit. In recent years, NLB Group has actively developed an implementation of IT system support to reporting on green financing, GHG emissions, EU Taxonomy, and other sustainability-related topics. To mitigate operational risks in sustainability reporting which may result in incompleteness, inaccuracy, and errors, the development of a comprehensive sustainability-related data governance framework is underway, which includes risk management and an internal control framework supported by adequate IT solutions. The goal is to integrate this framework into data governance, controls, and risk management across all competence lines, similar to financial reporting.

The risk and control framework for this Sustainability Statement were based on detailed data points and their underlying definitions. Calculation methodologies aligned with ESRS and a "comply or explain" approach were used for disclosures. The following risk management and internal control procedures were applied:

- As responsible for preparation of the Sustainability Statement, the experts in Sustainability Unit conducted several workshops with subject-matter experts from competence lines who were identified as data point owners and were thus responsible for collecting, preparing, and verifying data for disclosure requirements.
- The reporting on each disclosure requirement was compiled by one or more employees in the responsible competence lines, checked for accuracy and completeness, and reviewed by the immediate superior.
- Each disclosure requirement was then assessed by one or more members of the Sustainability Unit team to check that the reporting is complete and adequate in relation to the disclosure requirement.
- Given the early stages of implementing new legislation, the external auditor has also made recommendations on the sustainability statement's format, structure, and disclosure requirements, prior to issuing a limited assurance.
- During the preparation of the Sustainability Statement, the Sustainability Unit reported at least quarterly to the NLB Management Board or Audit Committee or NLB Supervisory Board about the sustainability reporting process.

In 2024 NLB Group also adopted a Greenwashing Policy. This policy outlines the key processes that require caution to prevent any form of greenwashing in the process or reporting in general. Policy is in accordance with the EBA guidelines.

Strategy

SBM-1 Strategy, business model, and value chain

Strategy and business model

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

The NLB Group is comprised of six subsidiary banks, several companies for ancillary services (asset management, real estate management, leasing services, etc.), and a limited number of non-core subsidiaries in a controlled wind-down, operating in the markets of Bosnia & Herzegovina, Montenegro, Kosovo, North Macedonia, Serbia, and Croatia. The Group utilizes a universal banking model, and operates in core segments and non-core segments.

» For details please refer to the chapters NLB Group Chart and Segment Analysis in the Business Report.

In May 2024, the NLB Group launched its new Group Strategy 2030, to which the sustainability is integrated, while ESG IROs have been gradually embedded into the Group's business processes over last few years.

» For details please refer to Chapter Strategy in the Business Report.

At the end of 2024, NLB Group had 8,322 employees.

» For overview of employee headcount per countries and other data please refer to the chapter S1-6 Employees characteristic metrics.

Value chain

The value chain of the NLB Group integrates its internal operations with the upstream and downstream activities of NLB as the parent company and its subsidiaries. This holistic approach includes activities, resources, and relationships that drive value creation within the Group's business mode.

Own operations

NLB Group impacts the environment and society through its own operations and internal processes. These operations involve resources in all business units, such as HR and organization development, governance, compliance, legal, tax, financial markets and treasury, IT services (including NLB Digit, core non-financial member with supportive expert function, which is established as a separate legal entity providing services to NLB Group).

Key subsidiaries in own operations are NLB as a parent bank and other financial core members: banks, leasing companies, and asset management companies. **At the end of 2024, NLB and six subsidiary banks (NLB Komercijalna Banka, NLB Banka Banja Luka, NLB Banka Sarajevo, NLB Banka Skopje, NLB Banka Prishtina, NLB Banka Podgorica), accounted for as much as 93% according to the number of employees in NLB Group, more than 99% according to its client base, 92% of total equity and net revenue, and 97% of profit after tax.** Derived from its core business, i.e. financing, they generate the greatest impact, risks, and opportunities related to the environment and society. With that said, other non-financial core members (own real estate management companies, NLB Cultural Heritage Institute MUZA), and non-core members (companies in the wind-down process or companies which are considered non-strategic for NLB Group) are deemed to have significantly lower sustainability impact and financial materiality.

Upstream value chain

The key upstream value chain actors are suppliers of products or services to NLB Group through direct and indirect business relationships. Key suppliers include providers of utilities, goods, and services. NLB Group has a direct impact on the environment and society through its procurement decisions, while the Group's impact on the suppliers' management procedures, including employee working conditions and human rights is indirect and limited. DMA assessed suppliers and their workforce as not-material to NLB Group. Nevertheless, in recent years the Group has started to implement sustainability in procurement processes as we acknowledge the relevance of this process, the impact and financial materiality of which may increase in the future. Moreover, due to expectations of rating agencies, analysts, and other stakeholders who occasionally seek such information and to provide consistency with reporting in previous years, we decided to include general information on the supply chain in the Sustainability Statement. This disclosure is guided by ESRS requirements, but does not fully comply with them and is described in the section Complementary information.

Downstream value chain

The key downstream value chain actors are clients receiving products or services from NLB Group, such as loans, funding through debt or equity issuance, interest on deposits, investments in companies, and leased assets. NLB Group has a direct impact on the environment and society through financing and investment policies aimed at clients. On the other hand, the Group has very limited and indirect impact through provision of funds to clients and may not directly impact clients' management procedures in this respect or clients' relations with their workforce. Investors provide capital to NLB Group, and regulatory authorities provide the regulatory context for their operations. By collaborating with regulators and investors NLB Group has an indirect impact on the environment and society.

Figure 3: NLB Group's value chain

UPSTREAM

Stakeholder	Suppliers	Investors	Regulatory authorities
Impact on environment and society	DIRECT	INDIRECT	
Description	Suppliers of utilities provide electricity, heating, water, waste collection Suppliers of goods provide office supplies, IT equipment, etc. Suppliers of services provide various services, such as: security, logistics, communications, cleaning, data, consulting etc.	Providing capital for NLB Group to grow, innovate, and expand.	Providing regulatory context for operations and strategy, future sustainable development.
Key dependencies/resources	NLB Group depends on provided utilities to perform basic business operation, provision of IT equipment and other goods necessary to perform basic business operations, provision of key services, such as cleaning and logistics, as well as provision of data and other types of services necessary to perform basic business operations. NLB Group is not dependant on supply of specific resources or materials.	NLB's shareholders provide capital and express expectations regarding business dvelopment and performance.	NLB Group operates in a highly regulated sector and thereby the role of regulators is critical. NLB Group collaborates with them in line with legislation and engages in policy discussions.

OWN OPERATIONS

Stakeholder	Retail banking	Corporate banking	Investment banking	Asset and wealth management	Real estate asset management	Leasing	Cultural Heritage	Organisational operations
Impact on environment and society	DIRECT							
Description	Providing loans and other types of banking products and services to individuals and microcompanies.	Providing loans and other types of banking products and services to corporate clients (large, SMEs).	Providing investment banking services to retail and corporate clients.	Providing asset management products and services to private individuals and business clients.	Management of owned real estate.	Providing leasing to private and business clients.	Preserving and promoting Slovenian cultural heritage and providing culture experience to general public	Carrying out all basic business functions necessary to perform business operations (e.g. HR and organization development, governance, compliance, legal, tax, financial markets and treasury, IT...).
Key dependencies/resources	**NLB Group depends on human capital, i.e., own employees to create value, ensure day-to-day running of operations, manage business, develop strategy, etc.**							

DOWNSTREAM

Stakeholder	Retail clients	Corporate clients	Retail and corporate clients
Impact on environment and society	DIRECT		INDIRECT
Description	Using provided products and services to fund various goods and activities.	Using provided products and services to fund business operations.	Product and services and project realized as a result of funding provided by NLB Group.
Key dependencies/resources	NLB depends on client relationships as clients provide funds, repay loans, realize projects that the bank funds. Clients operating in resource and/or energy intensive sectors depend on various natural resources and energy to produce goods.		

Notes: The figure presents key actors in the value chain through which NLB Group has either direct or indirect impact on and environment and society, and constitutes dependencies with them. As per segment analysis investment banking, leasing, asset management is allocated both in retail banking and corporate banking. See details in the Business Report, Chapter Segment Analysis.

NLB Group's approach to sustainability

Sustainability policy

NLG Group's approach to sustainability is laid down in the Sustainability Policy in NLB and NLB Group, adopted at the beginning of 2024. The overall objectives of the Policy are:

- to implement sustainability-related legislative requirements, recommendations, and guidelines of the supervisory bodies, professional institutions, and initiatives in the financial industry, in NLB d.d. and other NLB Group members' business models and processes.
- to describe mechanisms for ensuring that the aforementioned requirements, recommendations, and guidelines related to sustainability are recognized and respected in NLB d.d. and NLB Group members.
- to comprehensively provide the three pillars of NLB Group sustainability: sustainable operations, sustainable finance, and contribution to society.
- to establish overarching and forward-looking sustainability-related principles and objectives, as well as governance and management rules and procedures to integrate sustainability and ESG factors in NLB Group's business model and processes.

Policy is supplemented by the internal document Standard – Rulebook for Sustainability Management in NLB Group. Together, they define a top-down and bottom-up process for sustainability governance that extends from individual business units and countries to the management bodies. The Policy is intertwined with domain-specific policies and instructions related to risk management, environmental management, HR, diversity and inclusion, human rights, compliance, anti-corruption, tax, procurement, and other specific internal documents, developed in the Sustainability Unit and respective business areas (competence lines), in accordance with the NLB Group Governance Policy.

The Policy and the Standards are in the custody of the Sustainability Unit in NLB and were adopted by the management boards of NLB and other core financial members. Both documents are mandatory for all core financial members: banks, leasing companies, and asset management companies across all markets where NLB Group operates. For non-financial core members (real estate management companies and other non-financial companies) and non-core members (companies in the process of being dissolved or companies that are not strategic for the NLB Group) the Policy and the Standard are be followed as best practice on a voluntary basis.

The Policy and the Standard are available to employees on the intranet in the internal documents register.

» The overview of the Sustainability Policy is also communicated to external stakeholders and is available on the NLB website.

Sustainability mission

By implementing sustainability, NLB Group aims to achieve three overarching objectives:

- to ensure the sustainable financial performance of NLB Group, and at the same time
- to achieve added value for its key stakeholders (clients, employees, suppliers, shareholders, etc.) by considering ESG factors, and to
- to successfully manage ESG impacts, risks and opportunities arising from these factors.

The figure on the next page presents NLB Group's approach to sustainability, anchored by three pillars: sustainable finance, sustainable operations, contribution to society.

The three-pillar approach ensures that sustainability is integral to NLB Group's commercial and other activities. It is embedded in its lending activities, leasing, asset management, treasury activities, and trading with financial instruments.

» Current significant products, markets, and customer groups in relation to sustainability are presented in the chapter Sustainable finance.

Moreover, sustainability is also integrated in functions in NLB Group's own operations, and in our relations with communities in the broader society. Current activities in these areas are presented in respective chapters of this Sustainability Statement.

The main mission of sustainability in NLB Group is to improve the quality of life and contribute to a sustainable economy and society, and to lead these processes by example

Figure 4: NLB Group's approach to sustainability

Sustainability Mission

Leading by example
Improving quality of life
Contributing to a sustainable economy and society

Sustainability Objectives

Sustainable financial performance
+ adding value for stakeholders
+ successfully manage ESG impacts, risks, and opportunities

Sustainability Pillars

1. SUSTAINABLE OPERATIONS
2. SUSTAINABLE FINANCE
3. CONTRIBUTION TO SOCIETY

The way we deliver

Commitments to global sustainability initiatives and goals

Comprehensive and efficient ESG stewardship, based on double materiality

Stakeholder engagement and inclusion, developing partnerships

High corporate governance standards, compliance, integrity and respecting human rights

Strong sustainability governance and culture

NLB GROUP SUSTAINABILITY PILLARS

Sustainable Operations | **Sustainable Finance** | **Contribution to Society**

UN PRINCIPLES FOR RESPONSIBLE BANKING

Principle 1: Alignment

Principle 2: Impact & Target Setting

Principle 3: Clients & Customers

Principle 4: Stakeholders

Principle 5: Governance & Culture

Principle 6: Transparency & Accountability

UN SUSTAINABLE DEVELOPMENT GOALS

SDG 3: Ensure healthy lives and promote well-being for all at all ages

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

SDG 5: Achieve gender equality and empower all women and girls.

SDG 6: Ensure availability and sustainable management of water and sanitation for all

SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

SDG 8: Promote inclusive and sustainable economic growth, employment, and decent work for all

SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

SDG 11: Make cities and human settlements inclusive, safe, resilient, and sustainable

SDG 12: Ensure a sustainable consumption and production pattern

SDG 13: Take urgent action to combat climate change and its impacts

1 Sustainable Operations

- to decarbonize NLB Group's own operations by achieving net-zero operational emissions by 2050 or sooner
- to ensure positive impacts and to minimize adverse impacts of NLB Group's own non-financial operations on key stakeholders
- to identify and mitigate risks, and to pursue opportunities stemming from business relations with key stakeholders that might affect financial operations of NLB Group or our stakeholders

2 Sustainable Finance

- to align the lending and investment portfolio with achieving net-zero emissions by 2050 or sooner
- to ensure a positive impact by financing a sustainable transition (green and social)
- to identify and mitigate climate-related and other ESG risks in relation to NLB Group's lending or investments
- to ensure responsible asset management

3 Contribution to Society

- to align each CSR activity with at least one UN Sustainable Development Goal
- to create added value by focusing on genuine societal needs and actively responding to these societal needs with appropriate initiatives and partnerships, in particular in the following areas:
- Care for NLB Group employees, Financial literacy and mentoring, Responsibility to the environment, Sustainable entrepreneurship, Supporting professional and youth sports, Culture and protection of cultural heritage, Philanthropy

To deliver on the Bank's mission and objectives in all three sustainability pillars, NLB Group embraces and invests in overarching sustainability drivers:

- responsible engagement with key stakeholders and their inclusion in business models and business decisions
- high standards of corporate governance, responsibility, compliance, ethics, and integrity in everything we do
- comprehensive and efficient sustainability stewardship through all three ESG pillars (environmental, social and human rights, and governance factors)
- building strong corporate governance and culture with regard to sustainability matters
- commitment to global sustainability initiatives and goals, such as the UN Sustainable Development Goals, UNEP FI – Principles for Responsible Banking, and the Net-Zero Banking Alliance

Commitments to UN SDGs

NLB Group officially endorsed the UN SDGs by becoming a signatory to the UNEP FI Principles for Responsible Banking in 2020. In 2021, NLB Group defined five initial priority SDGs which reflected its greatest and direct impact on the environment and society: 3 – good health and well-being, 7 – affordable and clean energy, 8 – decent work and economic growth, 12 – responsible production and consumption, 13 – climate action.

Since then, the Group has gradually implemented several additional sustainability-related commitments and initiatives, which address additional SDGs: 4 quality and education, 5 – gender equality, 6 – clean water and sanitation, 9 – industry, innovation and infrastructure, 11 – sustainable cities and communities. Therefore, in 2023 the Group enlarged the list to 10 priority SGDs.

At the same time, the Group indirectly contributes to all 17 SDGs to varying degrees, as all of them are interconnected.

Commitment to UN PRBs

Following the commitment to the UNEP FI Principles for Responsible Banking, NLB aligns its business with the six principles for responsible banking and transparently reviews and publicly discloses the progress annually in a self-assessment report. The six underlying principles are:

- **Principle 1:** Alignment: NLB Group aligns our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the UN SDGs, Paris Climate Agreement, and relevant national and regional frameworks such as the Sofia Declaration on the Green Agenda for the Western Balkans, and national energy and climate plans.
- **Principle 2:** Impact and target setting. NLB Group continuously increases our positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.
- **Principle 3:** Clients. NLB Group works responsibly with its clients to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.
- **Principle 4:** Stakeholders. NLB Group proactively and responsibly consults, engages, and partners with relevant stakeholders to achieve society's goals.
- **Principle 5:** Governance and culture. NLB Group implements its commitment to the UNEP FI Principles for Responsible Banking through effective governance and a culture of responsible banking.
- **Principle 6:** transparency and accountability. We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

›› For the UNEP FI PRB self-assessment report, please refer to the Appendix 5.

›› A comprehensive overview of UNEP FI Principles for Responsible Banking is available at the website of UNEP FI

Commitment to the Net-Zero Banking Alliance

In line with NLB's commitment to a climate-positive future (i.e. creating a mindset of doing more good, not just less bad) and its net-zero ambition, NLB officially joined the UNEP FI Net-Zero Banking Alliance (NZBA) in May 2022.

›› For a comprehensive overview of NLB Group decarbonization activities and net-zero commitment, please refer to the chapter Environmental information.

NLB Group follows Paris Climate Agreement, and its commitments to the UN global sustainability initiatives and goals

SBM-2

Interests and views of stakeholders

Stakeholder engagement

NLB Group continually engages with a wide range of stakeholders to provide them with relevant information on various topics, to consider their views, concerns, and aspirations in business decisions, and to enhance trust and partnerships. A materiality analysis, conducted in 2021, identified the **six key stakeholder groups**, which were reconfirmed in the 2024 Double Materiality Assessment: **employees, investors/shareholders, private individual clients, corporate clients (large and SMEs), regulatory authorities, suppliers and contractual partners.** In addition, NLB Group ensures constructive dialogue with other stakeholders, such as local communities, professional and business associations, and the media.

Stakeholders are regularly informed about general as well as sustainability-related issues through various communications channels, such as the NLB Group members' internet sites, public reports, marketing communications, social media channels, etc. In addition, NLB Group pursues regular personal communication, meetings in person or on-line, consultations, and conferences and special events.
The engagement activities also include insight gathering, feedback, and dialogue instruments such as polls and research.

Sustainability-related topics are included in stakeholder engagement in several ways. The Sustainability Unit primarily, and also other NLB Group expert representatives (in connection with their field of work), participate in the dialogue with internal and external stakeholders. To enhance communication with stakeholders about sustainability, NLB Group core financial members have established the sustainability e-mail inbox (for example in NLB: sustainability@nlb.si), which is accessible on their internet sites. This channel also provides a grievance mechanism for affected stakeholders and communities.

In addition, the importance of stakeholder engagement was re-confirmed in the conducted Double Materiality Assessment included views of the key stakeholders through their assessment of sustainability-related impacts. Employees, clients, investors, and suppliers were engaged directly via a questionnaire, while regulatory authorities were included indirectly via a conducted context analysis.

» For details please refer to the Chapter Double Materiality Assessment.

Our objective is to comprehensively understand stakeholder perspectives and interests, that they are considered in our business strategy design and implementation. Consequently, stakeholder engagement is deeply integrated into our business model, continuously shaping and informing our strategic direction now and in the future.

Namely, stakeholders' views are important and are considered when designing and implementing NLB Group policies and activities in different business areas. The highest governance bodies are informed on key findings, views, and interests via the established communication and reporting framework. These topics are regularly discussed in board sessions and committees and are included in policies and decisions that affect stakeholders.

Table 8: Key areas of stakeholder engagement

	Purpose and content of the engagement (on-going)
Employees	· Transparent and open communication through all internal channels (intranet, internal newsletters, personal meetings, coaching, etc.) · Measuring employee engagement, providing feedback opportunities and a grievance mechanism · Ensuring equal opportunities, respecting diversity · Improving the work environment, employee engagement, growth and personal development · Providing various training possibilities to enhance knowledge and skills · Ensuring work/life balance · Ensuring teamwork and well-being activities (social events, sports associations., etc.) Please refer to S1 – Own workforce for more information on activities and engagement process with employees.
Investors – Shareholders	· Identification and communication of topics and initiatives relevant for investors' decisions · Regular discussion on strategies to follow global trends · Integration of investors' requirements into our operations · Organising special investor days · Presenting business results of NLB Group (reports, presentations, website publications, with publications in the electronic information system of the Ljubljana Stock Exchange (SEOnet) and the London Stock Exchange (RSN)), regular information at relevant business events
Clients: Retail (Private Individuals, micro companies) Corporates (large companies, SME)	· Ensuring professional and friendly relationships with clients through sales and legal obligations through day-to-day operations · Supporting corporates and private individuals in their sustainability-related projects with financial products, professional services and relevant dialogue · Offering new green products, at a lower interest rate, and new digital solutions, adhering to principles of responsible marketing and communication · Keeping clients informed about reliable sustainability solutions · Special focus on data and cybersecurity · Promoting the sustainability agenda at various regional events · Measuring client satisfaction, providing feedback opportunities and a grievance mechanism. Please refer to S4 – Consumers and End-users for more information on activities and engagement process with clients.
Regulatory Authorities	· Regular cooperation with the ECB, Bank of Slovenia and EBA · Promptly meeting all the regulatory requirements · Personal meetings and frequent dialogue on relevant topics
Suppliers and Contractual Partners	· Implementation of sustainability requirements in the procurement process · Personal meetings, dialogue on cooperation, challenges and issues Please refer to G1 – Complementary information (Sustainable supply chain) for more information on activities and engagement process with clients.
Local Communities	· Maintaining a close relationship with key representatives to support local communities in achieving their goals · Supporting various local community projects through building partnerships, donations and sponsorships Please refer to S3 – Affected communities for more information on activities and engagement process with communities.
Professional associations	· Active membership in banking, leasing, asset management associations and participation in policy and regulation discussions · Active memberships in key international initiatives, principles, recommendations and associations in sustainability-related areas.
Media	· Professional communication with the media through press releases, statements, press conferences, information briefings and other media events.

SBM-3

Material IROs and their interaction with strategy and business model

Impacts of material IROs

By conducting a double materiality analysis NLB Group identified 50 material impacts (negative or positive, actual or potential), 4 risks and 20 opportunities, which were mapped to 21 material sustainability sub-topics. Material IROs are connected with our business model and value chain and derive from own operation and downstream (clients), while upstream (suppliers, regulators, investors) no material IROs were identified.

74 material IROs were identified which were mapped to 21 material topics

In line with the Group's risk management and the business model, the IROs and their current and anticipated effects are managed through NLB Group's competence lines, responsible for particular IROs. This will remain the Group's approach in the future.

The financial effects of material risk and opportunities are integrated into NLB Groups existing business practices, and such effects are taken into consideration when the Group sets capital targets and establishes tolerance limits to manage potential profit and loss effects. No significant changes to this approach are expected over the course of the next annual reporting period.

A detailed overview of IROs is presented in chapters on particular topic standard, including a description and the connection with NLB Group's business model, location in the value chain, and expected time horizon of each IRO.

5 Cybersecurity is counted as one subtopic which refers to two standards (S1 and S4)

NLB Group demonstrates a solid performance, maintains a robust financial position, and has effective risk management processes. This enables the Group to implement its strategy and manage material IROs (IROs) effectively. A climate resilience analysis of the Group's lending and investment activities is conducted across short-, medium- and long-term horizons. The uniform stress-testing programme includes internally developed models, stress scenarios, and a sensitivity analysis, which are regularly revised and complemented.

» For details see the chapter Resilience Analysis in Environmental information.

NLB Group conducted its first materiality analysis in 2021, using a different methodology from one used for the DMA in 2024. The 2021 methodology assessed two dimensions: (1) the economic, environmental, and social impacts on the environment and society according to NLB Group, (2) Stakeholders' needs and expectations relating to NLB Group's operations.

Due to these methodological differences, direct comparisons between the two analyses are not possible.

Among identified subtopics[5], 7 derived from ESRS 1, while additional 14 entity-specific subtopics were identified as crucial to NLB Group operations and the local context through document analysis and stakeholder engagement.

Overview of ESRS and entity-specific topics

Table 9: Material sustainability topics

Material Topical Standard	Material ESRS sub-topic	Material entity-specific sub-topic
E1 Climate change	· Climate change · Energy	· Sustainable finance
S1 Own workforce	· Working conditions and human rights	· Employee attraction and development · Diversity, equity and inclusion · Cybersecurity
S3 Affected communities		· Financing community and regional development · Sponsorships and donations
S4 Consumers and end users	· Responsible marketing and communication	· Financial health and inclusion · Service quality and customer satisfaction · Cybersecurity · Digitalization and innovation
G1 Business conduct	· Corporate culture, regulatory compliance and governance, · Prevention of corruption and bribery · Whistleblower protection	· Financial performance (stability) · ESG risk management · Prevention of money-laundering and financing terrorism · Tax transparency · Participation in associations and policy discussion

Not material standards/topics.
E2 - Pollution, E3 - Water, E4 - Biodiversity, E5 - Resource and waste
S2 – Workers in the value chain: working conditions and human rights of employees in the supply chain and of corporate clients' employees

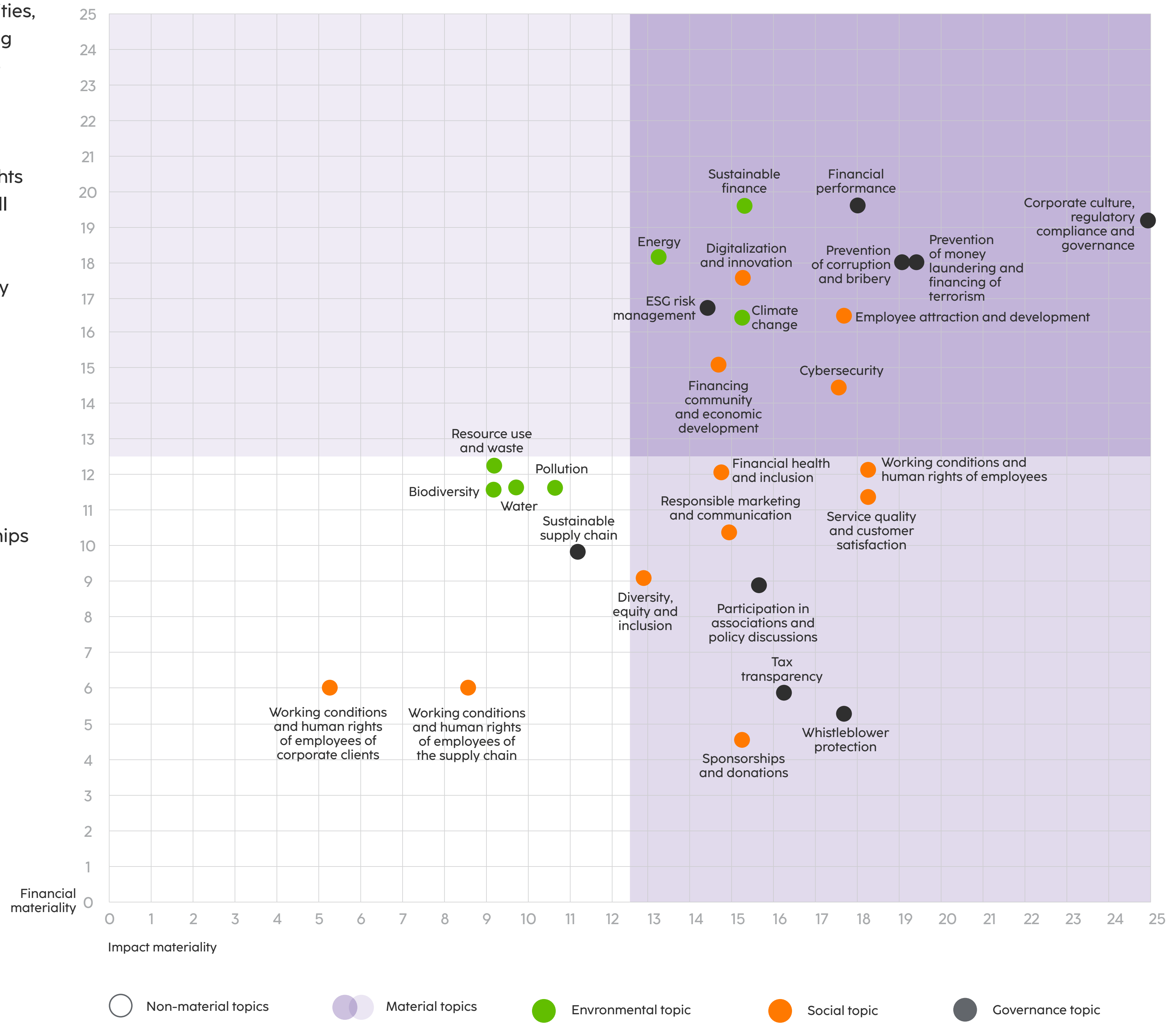
Overview of material IROs

Material environmental topics (E1) are mainly connected to impacts of NLB Group's financing activities, climate-related risks, and sustainable finance offering to reduce our negative impacts and capitalize on the opportunities of the green transition.

Material social topics relate to our workforce (S1) included care for Working conditions and human rights of employees, Diversity, equality and inclusion as well as Talent attraction and development. NLB Group affects communities (S3) in the region through our financing operations, within the Financing community and regional development topic, and through our contribution to society through Sponsorships and donations. Impacts, risks and opportunities linked to our clients (S4), correspond to the topics of Financial health and inclusion, Responsible marketing and communication, Service quality and customer satisfaction and Cybersecurity. Digitalization and Innovation are seen as key tools to improve our services and continue to foster meaningful relationships with our clients.

Several business conduct and governance-related topics (G1) were identified as material, reflecting the critical importance of governance, compliance, and integrity in the banking sector. These include Corporate culture and regulatory compliance and governance, Whistleblower protection, ESG risk management, Tax transparency, Participation in associations and policy discussion related to sustainability. Prevention of corruption and bribery, and Prevention of money-laundering and financing of terrorism were recognized as foundational efforts to preserve our integrity. Financial performance (stability) of the NLB Group was recognized as a necessary precondition that allows us to manage our material IROs effectively.

Figure 5: Double materiality matrix



Note: IROs under topics "Climate change, Energy, Water, Resource use and waste, Pollution and Biodiversity, include both own operations and value chain considerations.

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Each sustainable step that we take today leads to a better future for all of us.

The NLB Group is the first bank headquartered in South-Eastern Europe committed to achieve climate neutral financing and investment portfolio by 2050.

Impacts, Risk, and Opportunity Management

IRO-1 Description of the processes to identify and assess material IROs (Double Materiality Assessment)

DMA methodology

The basis for the preparation of this Sustainability Statement the conducted DMA, which defined the matters that are material from at least one of the following perspectives:

- **impact materiality:** NLB Group's operations may have positive or negative impacts on people and the environment.
- **financial materiality:** Sustainability topics may involve risks and opportunities for the Bank's financial position and performance.

The Double Materiality Assessment followed the methodology outlined in ESRS 1 and ESRS 2, guidelines from the European Financial Reporting Advisory Group (EFRAG), and included specifics of the banking sector by using best available tools and data, such as the UNEP FI Impact Materiality Tool. The top-down approach was used with the Sustainability Unit and the established internal subject matter expert group in NLB who took into consideration the entire NLB Group. The internal expert group included sustainability representatives of key competence lines in NLB as a parent bank for the banking stream, and sustainability representatives from the leasing and asset management stream.

In the initial stage of the DMA, all NLB Group members were preliminarily assessed for their impact on sustainability and financial performance in line with NLB Group's business model, governance principles, and value chain. As the most relevant activities in NLB Group are executed by core financial members (NLB and its subsidiaries: banks, asset management, leasing companies), these were deemed to have the highest IROs. An internal expert group identified and assessed IROs bearing in mind the operations of all core financial members, and their stakeholders were engaged via a pool to assess impacts. Non-financial members were considered to have minor IROs, and their operations were assessed indirectly by the internal expert group. Non-core members (e.g. companies in liquidation and those with a small number of employees) were deemed to have negligible or no impact, risk, or opportunity, and were not subject to further DMA stages. Finally, IROs at the NLB Group level were assessed by the NLB Management Board, a member of the NLB Supervisory Board, and investors.

DMA process

1. Defining the sustainability context
We first scanned various information sources to identify relevant ESG topics for the wider financial sector and specifically for the NLB Group. This "sustainability context analysis" included a review of internal documents, specific regulatory requirements, sector specific standards and materiality assessments, the annual reports of peers, and an analysis of our value chain and portfolios.

2. Preparation of the list of sustainability topics
After analyzing the sustainability context, we prepared a long list of topics based on the list of topics and subtopics from paragraph 16 of Annex A to ESRS 1, as well as additional topics specific to the sector and NLB Group. We then excluded all topics that were deemed irrelevant, i.e. they were not detected in the reviewed documentation, and prepared a shortlist of 28 potentially material topics by grouping several sub-topics together.

3. Identification of IROs
Based on the shortlist, we performed further analytical work, and organized workshops and stakeholder consultations to identify positive and negative, actual and potential IROs (IROs). We identified the source of each IRO, namely own operations, portfolio, upstream value chain (namely, supply chain), or downstream value chain (excluding portfolio-related impacts). Each impact was assessed to be either short-term, medium-term or long-term, based on the expectation of when it would materialize. We also identified short-, medium- and long-term risks and opportunities. Risks and opportunities either originated from our existing risk management registries derived from specific impacts we identified, or were identified based on additional research and internal expert input. Altogether, 141 unique impacts, 84 unique risks and 46 unique opportunities were identified.

4. Impact materiality assessment
Internal NLB experts assessed each impact considering the severity and likelihood on a 1–5 scale (with an individual assessment scale, scope and irremediability within the severity parameter).

Impact identification and assessment were further supported by the results of the UNEP FI Impact Assessment, which was used as an input for assessing positive and negative impacts related to our portfolios. The UNEP FI has created an ESRS interoperability package to improve compliance using the analysis tool. This package includes mapping UNEP FI's impact topics to ESRS sustainability topics in Appendix A of ESRS 1, mapping tool outputs to the 'Scale', 'Scope', 'Severity', and 'Irremediable character' parameters required by ESRS 1, and describing how to calibrate and translate these parameters into thresholds to identify the most significant impacts. Following the UNEP FI Impact Assessment Toolkit, we identified impacts of our retail, corporate and investment portfolios for our banking units in Slovenia, Bosnia and Herzegovina, Serbia, North Macedonia, Montenegro, and Kosovo. Consolidated assessments by internal experts were corroborated through the impact assessment within an extensive stakeholder engagement. The final score reflects the assessment of all stakeholders.

5. Financial materiality assessment
Internal NLB experts assessed each financial risk and opportunity considering the magnitude of financial effects, defined as positive or negative impact on our profit or reputation and likelihood. A 1–5 scale was used, estimating the approximate financial effect of each risk and opportunity in monetary terms.

Throughout the process, we worked to align and integrate our methodology and procedures with already existing risk procedures of NLB Group. Climate-related and environmental risks were already assessed by NLB Group risk materiality following ECB guidelines as outlined in chapter SBM-3 Material climate-related IROs and were not subject to additional assessment. In the coming years, we plan to enhance the integration of the risk identification and assessment procedures utilized in the Double Materiality Assessment into our overarching risk management framework and overall management in the competence lines.

6. Stakeholder engagement
We carried out stakeholder consultations using a survey to gather the views of internal and external stakeholders on the IROs that are most material from their point of view.

Stakeholder engagement was focused on affected stakeholders, namely employees, clients, and suppliers (and vendors in the case of our leasing activities), who were given the opportunity to assess different ESG topics (based on identified impacts) and also provide their own input on potentially missing impacts. Investors as key users of financial statements were also included in the consultations, and they were asked to assess and validate different ESG topics from the impact, risk, and opportunity perspective. The Management Board and the Supervisory Board member were similarly included, assessing IROs through a survey.

The survey was conducted in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, North Macedonia, Montenegro, and Kosovo. In total, we gathered 2,179 responses from our stakeholders.

The results of stakeholder engagement were integrated into the final Double Materiality Assessment.

7. Analysis and selection of material IROs and topics
Finally, the materiality for each topic was determined, with the highest assessment of any impact, risk, or opportunity, identified under a specific topic, determining the materiality. A materiality threshold for impact materiality and financial materiality was determined at 50% of the average assessed value, determining 76 IROs and 21 topics as material.

The list of material topics is presented in chapter Overview of ESRS and entity-specific topics. The list of material IROs is presented alongside each sustainability topic in Environmental, Social, and Governance information.

Decision-making process

Double Materiality Assessment (DMA) was conducted by internal subject matter experts from all relevant NLB competence lines and in cooperation with the Management Board. This ensured the assessment was informed and objective. The Sustainability Unit led the entire process, coordinating with various competence lines and NLB Group members to maintain a clear decision-making line. Together with representatives from the Competence Lines, the Sustainability Unit made key decisions on the methodology and process. Internal control was done by the Sustainability Unit, who oversaw the entire DMA process. The final results of the DMA were confirmed by the NLB Management Board and presented to the Supervisory Board.

The DMA process, methodology, and key decisions were documented ensuring the replication and upgrade of the process. The Group will also monitor the development of the DMA for financial institutions and adjust the process as needed to improve assessment quality. Since the DMA, in line with CSRD, was conducted for the first time, the Group will report any process changes in future sustainability statements.

Key steps in the DMA process

1 Defining the sustainability context
2 Preparation of the list of sustainability topics
3 Identification of IROs
4 Impact materiality assessment
5 Financial materiality assessment
6 Stakeholder engagement
7 Analysis and selection of IROs and material topics

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Environmental Information

The conducted DMA reconfirmed Climate Change as a material sustainability topic for NLB Group. In this section, we unveil our transition plan, ie. the NLB Group Climate (net-zero) strategy, and our climate-related IROs across three material sustainability matters - Climate Change, Energy, and Sustainable Finance. We highlight our policies, targets, metrics, and actions for reducing emissions and managing climate risks, and report on our energy consumption. This showcases our proactive approach to resilience and long-term value creation, reinforcing our commitment to sustainability.

E1 Climate Change

E1-1 Transition plan for climate change mitigation

NLB Group acknowledges the pivotal role it plays in supporting the transition to a net-zero[6] emissions economy by 2050. Thus, NLB Group has committed to managing the impacts, risks, and opportunities stemming from climate change. This includes decarbonizing its financing and investment portfolio, supporting clients in high-impact sectors with credible transition plans, and reducing emissions in its own operations.

Transitioning to a net-zero emissions world subsequently implies that all economic actors need to work towards this objective. For financing institutions, including NLB Group, this requires changes in their capital allocation or granting criteria, engagement with clients to navigate their net-zero journeys, managed phaseouts of carbon-intensive economic activities, and a massive re-orientation of capital flows towards "transition" activities and solutions. By acting in an aligned manner, banks can support a consistent best practice approach and drive further efficiency across the whole economy towards a net-zero emissions pathway.

Financed emissions (Scope 3, Category 15 under the GHG Protocol) make up more than 99% of NLB Group's carbon footprint, making them the core focus of the overall NLB Group net-zero transition strategy. Reducing these emissions through targeted measures, client engagement, and climate-positive financing is essential to achieving net-zero commitments and sectoral decarbonization. Following an holistic approach, in addition to the Net-Zero Portfolio Strategy, NLB Group has established an Operational Emissions Net-Zero Strategy, which focuses on emissions from NLB Group's operational activities.

In line with NLB's commitment to a climate-positive future (i.e. fostering a mindset of proactive positive impact, rather than merely reducing harm) and its net-zero ambition, NLB group officially joined the UNEP FI Net-Zero Banking Alliance (NZBA) in May 2022. Thus, NLB Group committed to aligning its financing activities with decarbonization and climate resilience. This commitment is supported by policies such as the Coal Exclusion Policy and active backing for renewable energy and energy efficiency projects.

The NLB Group is included in the EU benchmarks aligned to the Paris Agreement according to the exclusion criteria of Commission Delegated Regulation (EU) 2020/1818 (the Climate Benchmark Standards Regulation).

Alignment with Paris Agreement

Net-Zero portfolio targets

As the first part of its Net-Zero Portfolio Strategy, NLB Group has set emissions intensity targets for high-emitting sectors, specifically Power Generation and Iron & Steel, while focusing on financing commitments and tracking portfolio intensity progress for Residential and Commercial Real Estate, in line with its NZBA commitment. These targets are benchmarked against science-based sectoral pathways to ensure alignment with a 1.5°C trajectory as per the NZBA target-setting guidelines. NLB's approach is iterative, reflecting the

General scope	Baselining	Net-Zero Strategy	Transformation Roadmap	Steering and Implementation	Reporting and Assurance
Targets shall cover lending activities and should cover (on balance sheet) investment activitis **100% coverage to be gradually committed over time**	Banks shall establish an emission baseline Banks's targets apply to the bank's **lending and investment activities** and shall include their clients' Scope 1 Scope 2 (and Scope 3 emissions, where possible	Within 18 months of joining, set 2030 targets and 2050 target Further sector targets to be set within 36 months **Banks shell use widely accepted science-based decarbonization scenarios**	Banks' first 2030 targets will focus on **priority sectors where the bank can have the most significant impact (most GHG-intensive)**	**Targets shall be approved by the highest executive level within the bank** Intermediary targets to be set every five years from 2030 onwards	Annualy publish absolute emissions intensity Banks shall publicity disclose their targets and **report annualy on progress** Disclose progress against a board-level reviewed transition strategy **The targets shall be reviewed at a minimum every five years**

6 GFANZ defines net zero as the state when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals. Organisations are considered to have reached a state of net zero when they reduce their GHG emissions following scienced-based pathways, with any remaining GHG emissions attributable to that organisation being fully neutralised, either within the value chain or through purchase of valid offset credits. Financial Institution Net-zero Transition Plans

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dynamic nature of sectoral decarbonization, data availability, and market developments.

To achieve its 2030 NZBA sector targets, NLB does not rely on offsets but instead focuses on sector-specific decarbonization levers, including client engagement, portfolio alignment with credible net-zero pathways, and financing solutions that drive low-carbon transitions.

Target development follows a structured governance framework with executive oversight and cross-functional collaboration. Targets are reviewed at least every five years to ensure ongoing alignment with evolving climate science, regulatory developments, and international commitments. Annual disclosures will track progress, while continuous enhancements in data quality, internal monitoring systems, and client engagement strategies will support the Group's climate transition efforts.

The second round of NZBA-aligned sector-specific targets, covering additional carbon intensive sectors such as, is scheduled for public disclosure in Q2 2025, further advancing the Group's net-zero commitments.

Sector-specific scenario selection, decarbonization levers, and risk factors are detailed in the transition plan to ensure credibility and alignment with science-based targets, as outlined in chapter E1-4 Targets related to climate change mitigation and adaptation.

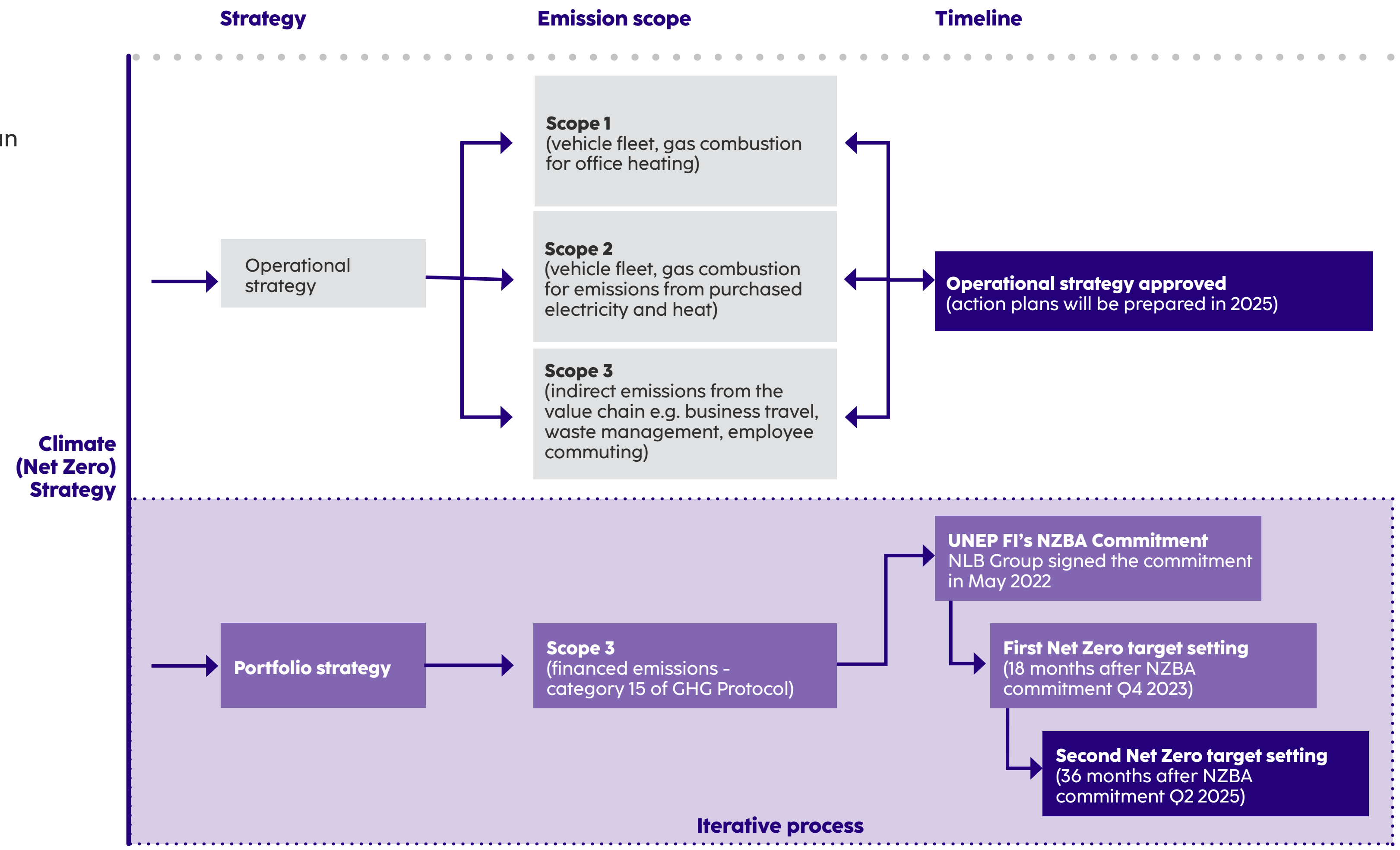
Net-Zero targets for own operations

Target setting for operational emissions, as part of the Operational Emissions Net-Zero Strategy, is progressing. Given the energy market specifics and complexity in each country where NLB Group operates, along with the impact of carbon reduction measures on OPEX and CAPEX, the finalization of these targets is expected by the end of 2025.

Decarbonization levers and key activities

NLB Group is committed to accelerating the transition to a low GHG emissions, climate-resilient economy through a comprehensive strategy that focuses on leveraging its capabilities to support high-emitting sectors in the real economy. To drive this transition, the Group is prioritizing key actions such as financing low-carbon technologies, mobilizing transition finance, fostering partnerships, developing innovative financial products, and integrating climate risks into decision-making frameworks. As targets evolve, NLB Group will continually refine its approach to incorporate emerging climate risks and opportunities, ensuring steady progress toward its net-zero and climate resilience objectives.

Figure 6: The overview of the Net-Zero Climate Strategy



This strategic approach outlined in the NLB Group's comprehensive Net-Zero Climate Strategy focuses on two core levers:

- **Net-Zero Portfolio Strategy (Portfolio Strategy)–** Aligning financing activities with net-zero objectives by setting science-based targets for priority sectors, steering capital towards sustainable activities, and engaging with clients on their transition pathways.
- **Operational Emissions Net-Zero Strategy (Operational Strategy)–** Reducing the Group's direct and indirect emissions mainly through energy efficiency measures, zero-emission electricity procurement, and operational optimizations.

Key activities

Portfolio strategy

The levers and key actions essential for achieving NLB Group's climate targets are further elaborated in the chapter E1-3, where the Group outlines specific steps and resources for climate change mitigation and adaptation, separately for operational and portfolio strategies.

Through a baselining exercise, NLB Group has identified key decarbonization levers in carbon-intensive sectors central to its financed emissions baseline, with approximately 95% of emissions concentrated in six sectors. For the initial net-zero targets, further elaborated in the chapter E1-4, the Group has set objectives for four priority sectors—Iron & Steel, Power Generation, Residential Real Estate, and Commercial Real Estate—which together contribute around 50% of financed emissions. Agriculture and Road Freight Transport have been excluded from the initial targets due to data challenges and will be monitored for future disclosures.

NLB Group is committed to engaging clients in these sectors to implement decarbonization plans, including expanding renewable energy capacity, adopting low-emission technologies, and financing energy-efficient real estate projects. The Group's capital allocation strategy supports sector-specific decarbonization objectives and integrates policies such as coal exclusions.

Operational strategy

In 2024 NLB Group continued to focus on its environmental impact, especially by conducting qualitative assessments of operational emissions and adopting its first Operational Emissions Net-Zero Strategy, which defines the steps and necessary activities in climate change mitigation and adaptation to achieve a net-zero GHG emissions balance at the latest by 2050.

Key activities are further elaborated under E1-3 Chapter, whereas among the main important ones are:

- **Energy efficiency and reduced energy consumption in offices:** Emission reduction is closely linked to energy consumption reduction through improvements in energy efficiency. Main anticipated activities are introducing energy-efficient technologies and practices, building renovations, implementing energy management systems, conducting energy audits and educating employees on energy-saving practices.
- **Transition from fossil fuel driven vehicles to low/zero emission vehicles:** steadily transform NLB Group fleet to be electrified, by installing adequate charging infrastructure, supply the vehicles with zero-emission electricity and explore possibilities of fuel change for special vehicles.
- **Refrigerants:** Cooling systems use refrigerants with high GWP value resulting in difficulties to reduce GHG emissions. As EU adopted legislation to reduce emissions from refrigerants, which NLB Group will follow as well as closely monitor technical quality of cooling systems to prevent any leakage.
- **Procurement/investment in renewable sources for electricity production:** Procuring and installing/investing in renewable energy sources is vital for reducing GHG emission of NLB Group's operational activities. Main activities in facilitating the transition to low-carbon economy are installing photovoltaic panels and entering into power purchase agreements with renewable energy providers where markets have this possibility.
- **Engaging employees: home office and low-emission commuting:** During COVID-19 years first positive experiences with work from home stimulated NLB Group to introduce possibility for employees to work from home. After that period NLB is promoting homeoffice work by establishing legal basis for employees with expected results in reducing working area and reducing energy consumption.
- **Reduced paper and water consumption and waste production.**

» For a detailed list of measures in NLB Group in 2024, please sefer to the chapter E1-3 Actions and resources related to climate change mitigation and adaptation - Operational emissions net-zero strategy.

Resources for transition plan implementation

For timely and effective implementation of the transition plan, both on the portfolio and operational level, the Group utilizes human and financial resources for various activities, including:

- **Employee training:** enhanced skills and knowledge contribute to guaranteeing compliance with the latest regulations, technologies, and best practices, while well-trained employees are more efficient and effective in their role. Consequently, employee retention is higher, indirectly influencing the NLB Group's reputation.
- **IT infrastructure:** essential to providing the NLB Group's internal and external stakeholders with comprehensive, relevant, trustworthy, and timely information on sustainability and ESG matters.
- **External consulting services:** when implementing the transition plan, external expertise is needed, offering an unbiased, third-party perspective on certain aspects. Consequently, this helps internal teams in identifying gaps and improvement opportunities.
- **Real estate and fleet:** investments in energy efficiency measures have lower operating costs and increased market value, while at the same time lowering the environmental impact. Additionally, it helps the Bank to comply with the EU legislation.
- **Advertising and communication:** it is essential in raising awareness about the NLB Group's sustainability initiatives and commitments, which not only builds trust but also attracts sustainable investments and grows the retail business, giving the NLB Group a competitive advantage.

Locked-in GHG emissions

The progress towards NLB Group's Net-Zero Portfolio targets is significantly influenced by external factors, particularly the decarbonization of industry and infrastructure. Locked-in emissions, stemming from long-term assets and investments like infrastructure, present a considerable challenge for the Group, as these emissions, embedded in past financing activities, limit flexibility in meeting near-term reduction goals.

Each target has been set with an understanding of the sector-specific dependencies on external parties, including the pace of decarbonization in high-emitting sectors. Achieving net-zero requires collaboration between NLB Group, industry stakeholders, and governments. NLB Group will continue to support public policy developments in Slovenia and the region, as these measures are vital to decarbonization at scale.

However, NLB Group's role is limited, as net-zero requires collective action. Clients must take steps towards decarbonization, and governments need to establish frameworks and policies to guide the transition. Decarbonizing the industrial energy mix is crucial, with carbon capture and storage infrastructure playing a key role in sectors like steel production. In **Residential and Commercial Real Estate,** national energy mixes influence efficiency milestones, especially in regions where fossil fuels still dominate electricity production. For instance, Slovenia's coal-fired TEŠ power plant is scheduled for decommissioning by 2033. Additionally, homeowner engagement in energy efficiency measures, such as retrofitting and energy-saving investments, is critical. This progress relies on consumer willingness and financial capacity, as well as external factors like energy price volatility, which can affect consumption patterns. Ultimately, joint efforts from all stakeholders are needed for meaningful progress.

Although operational GHG emission reduction targets are yet to be finalized, locked-in emissions have been considered. In terms of reducing operational GHG emissions, there will always be a certain number of residual emissions which are not under the Group's control. The reasons are the following: i) dependency on the technological (under)development/innovation of national utility companies. For example, the Group cannot influence the (state) utility companies' energy mix providing district heating, upgrade the electricity infrastructure, provide more charging stations for electric vehicles, open the energy market for new supply products, etc., which consequently limits its reduction measures to a certain extent and ii) due to the nature of the banking business and employees' commute to work, causing emissions from transport. When conducting a qualitative assessment, it is believed that residual emissions can be reduced with the use of carbon removal credits to offset; however, the NLB Group has yet to decide how it will strategically address this and will continue to closely monitor carbon credit market(s).

Alignment of transition plan with business strategy and financial planning

The inaugural Net-Zero Disclosure Report, aligned with NLB Group's new business strategy (New Horizons), sets a clear path for the Group's ambition to become a leader in transition finance and a regional ESG frontrunner.

NLB Group has established clear financial metrics and targets to support its broader strategic ambition of contributing to the real-economy transition, through both financing activities and its internal operational goals. These metrics are aligned with the Group's overarching sustainability objectives, including the reduction of emissions in its financing activities and the mobilization of capital for sustainable finance. The financial targets set by the Group reflect its commitment to advancing its transition plan's strategic ambition, with a focus on key sectors such as renewable energy, green buildings, energy efficiency, and sustainable transportation. NLB Group classifies activities as green using the EU Taxonomy, NLB Green Bond Framework, and MIGA and EBRD standards, where a transaction is considered green if it meets at least one criterion under these frameworks.

NLB Group has committed a total of EUR 1.9 billion in transition financing by 2030, with the pledge divided between Retail Banking and Corporate and Investment Banking Green Transition Financing, focusing on renewable energy, sustainable infrastructure, and energy efficiency projects. In addition, **NLB d.d. has committed to financing at least 30% of new production in the most energy-efficient commercial buildings** (<50 kg CO_2/m^2) and at least **15% of new production in top-rated mortgages** (EPC class A & B) in Slovenia by 2030.

The Group monitors progress against financial targets quarterly, with planned annual public disclosures against set commitments, which is presented in the table.

By the end of 2024, NLB Group had achieved EUR 1,028 million, or 54%, of its total EUR 1.9 billion commitment in green financing by 2030. This includes EUR 701 million (51%) of the EUR 1.37 billion target for Corporate and Investment Banking and EUR 327 million (62%) of the EUR 528 million target for Retail Banking.

NLB has exceeded its annual commitments for energy-efficient buildings. As 85% of newly approved loans were allocated to the most energy-efficient commercial buildings (<50 kg CO_2/m^2), surpassing the 30% annual commitment. At the same time, 27% of new mortgages fell into the highest energy class (A and B energy performance certificates) in Slovenia, exceeding the 15% annual commitment.

Table 10: Green Financing Commitments and Progress (outstanding stock volume) in EUR thousands

Segment	Description		Target 2030	Target coverage	FY 2024	FY 2024 Relative to Target
Corporate and Investment Banking Green Transition Financing	**Renewable Energy Projects**	Solar, wind, hydro, geothermal, bioenergy, and related infrastructure	1,370,000	NLB Group	700,999	**51%**
	Green Building Financing	EPC A, NZEB, LEED Gold, BREEAM Excellent				
	Energy Efficiency Projects	Manufacturing of batteries, electric heat pumps, and other energy-efficient technologies				
	Clean Transportation Projects	Rail and low-carbon transport infrastructure				
	Pollution Prevention and Water Treatment	Pollution prevention and water treatment projects				
	Sustainable Water and Wastewater Management	Projects focused on sustainable water and wastewater management				
Retail Banking Green Transition Financing	**Renewable Energy Financing**	Solar power plants	528,000	NLB Group	327,143	**62%**
	Green Building Financing	Financing of energy-efficient buildings (EPC A & B, where available). Target: 15% of new production in A & B EPC class by 2030				
	Energy Efficiency Financing	Energy renovations and installation of energy-efficient equipment (e.g. heat pumps, lights)				
	Clean Transportation Financing	Zero-emission vehicles powered by electricity (cars and light commercial vehicles)				
Total NLB Group Green Transition Financing			**1,900,000**	**NLB Group**	**1,028,142**	**54%**
Commitment to Finance Energy-Efficient Commercial buildings	Financing at least 30% of new production in most energy efficient commercial buildings (<50kg CO_2/m^2) in Slovenia by 2030		30%	NLB	85%	**283%**
Commitment to Finance Energy-Efficient Mortgages	Financing at least 15% of new production in top-rated mortgages (A & B EPC class) in Slovenia by 2030		15%	NLB	27%	**180%**

EU Taxonomy regulation

NLB Group has developed a structured approach to monitor and progressively increase its share of taxonomy-aligned revenues in line with its sustainability commitments and regulatory disclosure requirements.

Overview

The EU Taxonomy is a classification system designed to determine the environmental sustainability of economic activities within the European Union. For banks, it serves as a crucial framework for evaluating and disclosing the environmental impact of their investments and lending practices. By adhering to the EU Taxonomy, banks can identify and prioritize investments that contribute to environmental objectives, such as climate change mitigation and adaptation. This taxonomy provides clear criteria and standards, enabling banks to assess the alignment of their portfolios with sustainable goals, mitigate risks associated with environmentally harmful activities, and support the transition to a more sustainable economy.

Compliance with the EU Taxonomy is mandated under Article 8 and Article 10 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088. This legislation establishes the criteria for determining whether an economic activity is environmentally sustainable and provides the basis for the EU Taxonomy's implementation across various sectors, including banking and finance.

In line with regulation, NLB discloses in this Sustainability Statement for the first time information about Taxonomy alignment for all six environmental objectives as at year-end 2024:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Green Asset Ratio

The Green Asset Ratio (GAR) within the framework of the EU Taxonomy measures the proportion of a bank's assets that meet the criteria for environmentally sustainable economic activities. This ratio serves as a key metric for stakeholders to assess how much of a bank's portfolio supports environmental sustainability objectives. Banks are required to report their GAR as part of their sustainability reporting obligations, ensuring transparency and accountability in their sustainability efforts.

However, while the Green Asset Ratio enhances transparency, it does not fully capture the transition efforts of banks. A substantial portion of the Group's portfolio is excluded—for example, loans to smaller companies and international non-EU business—meaning the actual number of aligned activities is higher. Furthermore, banks rely on counterparties for data, and since many of these entities are at the early stages of their green transformation, they may struggle to evaluate their own sustainability. Therefore, GAR should be analyzed alongside additional disclosed metrics and other relevant information on NLB Group's efforts to finance the transition.

In the Pillar III report, GAR is disclosed only for the first two climate objectives. Therefore, there is a methodological difference between the calculation of both GARs, although for 2024, there is no difference in result due to low environmentally sustainable exposures from the last four climate objectives.

GAR flow

The Draft Commission notice issued on 21 December 2023, aims to provide clarity and improve disclosure requirements. Notably, the Green Asset Ratio (GAR) flow disclosure should now include all newly acquired exposures throughout the year, rather than only net changes.

Developments

As of 31 December 2024, the NLB Group's GAR stands at 1.34% of total covered assets, reflecting an increase of 0.35 percentage points compared to 31 December 2023.

» The complete reporting templates, covering disclosure requirements, are presented in the Appendix 1 EU Taxonomy Regulatory Disclosures.

These templates are part of the Sustainability Statement and are under limited assurance.

Transition plan governance

Effective governance, strategic oversight, and regular monitoring of NLB Group's net-zero decarbonization plans are entrusted to the highest executives. A robust sustainability governance structure, which includes the Climate Change Committee, ensures that the net-zero decarbonization plans and sustainable financing are guided by top-level executives and implemented effectively across all sectors.

» Please refer to the chapter Governance for a detailed description of the Climate Change Committee.

The transition plan, focusing on financed emissions from NLB Group's portfolio and incorporating the end-of-year 2024 figures, was approved by the Climate Change Committee and the NLB Management Board in 2025.

NLB Group's portfolio targets have been developed under the supervision of internal risk functions and are approved at the executive level, in line with NZBA guidelines. The Net-Zero strategy is regularly reported at the Management Board of NLB d.d. as well as at the Audit Committee of the Supervisory Board. In addition, content, latest achievements, and plans are reported and discussed at regular sessions of the Sustainability Committee.

The Operational Emissions Net-Zero Strategy, which focuses on reducing emissions from NLB Group's own operations, was adopted in 2024 and confirmed by the NLB Management Board, with regular updates presented at sessions of the Supervisory Board's Audit Committee. In alignment with NLB Group's sustainability governance structure, the operational carbon footprint emissions are reported regularly, with interim quarterly reports shared at regular sessions of the Sustainability Committee. Annual results and corresponding action plans are reviewed and approved by the NLB Management Board.

Transition plan implementation progress

Significant actions have been undertaken to implement NLB Group's climate strategy, focusing on both the Operational Emissions Net-Zero Strategy and the Net-Zero Portfolio Strategy.

Following the publication of NLB Group's first sector targets in December 2023, to operationalize the bank's Net-Zero Portfolio Strategy and enhance climate-related governance, policies, and actions these advancements have were made in 2024:

- Governance structures have been strengthened through two Climate Change Committee sessions, which track portfolio progress and adjust strategies as needed. The adoption of a sustainability policy, approved by the Management Board, has reinforced the integration of sustainability considerations, including climate-related ones, into business processes and risk management.
- Key policies to operationalize the Bank's Net-Zero Portfolio Strategy were adopted, incorporating targets for emissions-intensive sectors. These policies guide lending, investment, and risk management decisions, aligning operations with decarbonization goals.
- NLB Group developed a green financing offer with clear criteria defining green transactions to support climate change mitigation.

By the end of 2024, NLB Group had achieved 54% of its EUR 1.9 billion green financing commitment by 2030, with progress in both Corporate and Investment Banking and Retail Banking, further strengthening its decarbonization efforts.

- **NLB Group developed and approved its Operational Emissions Net-Zero Strategy**, marking a significant step towards reducing its operational emissions. Operational emissions interim targets, supported by a detailed action plan outlining the most immediate measures, are scheduled for preparation in 2025.

In terms of reducing emissions from our own operations to achieve net-zero by 2050, the Bank has continued to follow the **NLB Group Carbon Footprint Measurement and Reporting Polic**y, which defines the measurement, management, and reporting of NLB Group's operational performance in terms of CO_2 emissions. To support the reduction of GHG emissions from our own operations, NLB Group has in place the following three important policies:

1. **The NLB Group Real Estate Strategy** builds on reducing CO_2 emissions by implementing climate change mitigation measures, mostly focused on energy efficiency and zero-carbon electricity procurement (where possible).

2. **The NLB Group Sustainable Fleet and Company car Management Policy** provides a framework for the use of cleaner fuels and technologies by transforming the whole car fleet.

3. Since employee commute is one of the categories where the expected share of residual emissions is to be significant, NLB has adopted the **Regulation on Work From Home**, which outlines conditions, health and safety regulations, and data protection to raise the share of employees working from home.

» For details, please see the chapter Climate change mitigation and adaptation policies and the chapter Sustainable Finance.

SBM-3 Material climate-related IROs and their interaction with strategy and business model

In accordance with the Methodology for the Assessment of Environmental Risks in NLB Group, NLB Group classifies climate and environmental risks into three categories: transition risk, physical risk, and other environmental risk. Each category is then broken down into multiple subcategories as presented in the table below. NLB Group has addressed many risk drivers within each category; however, only risk drivers typical for the region where NLB Group operates were addressed in the materiality assessment.

Table 11: Classification and materiality of environmental risk

Climate risk		Materiality
Transition risk	· Climate policy changes · Technological changes · Behavioural changes (investor and consumer sentiment)	All categories of transition risk are assessed as material over the short- and medium-term horizons whereas the climate policy changes are the most significant risk driver within transition risk.
Physical risk	Acute physical risk: · Floods · Drought · Heat waves · Windstorms · Wildfires · Hailstorms · Freezing rain · Landslides	Floods and drought are assessed as material over the short- and medium-term horizons, other hazards are assessed as immaterial.
	Chronic physical risk: · temperature changes · Reduced water availability · Biodiversity loss	Chronic risk is assessed as immaterial over the short- and medium-term horizons.
Other environmental risk		
	Ecosystem dependency risk: · Depletion of resources · Ecosystem service disruption · Biodiversity loss · Climate change impact Ecosystem impact risk: · Pollution · Land use · Habitat degradation	Other environmental risk is assessed as immaterial risk over the short-term horizon. Over the medium-term horizon the ecosystem impact risk is assessed as material and ecosystem dependency risk as non-material.

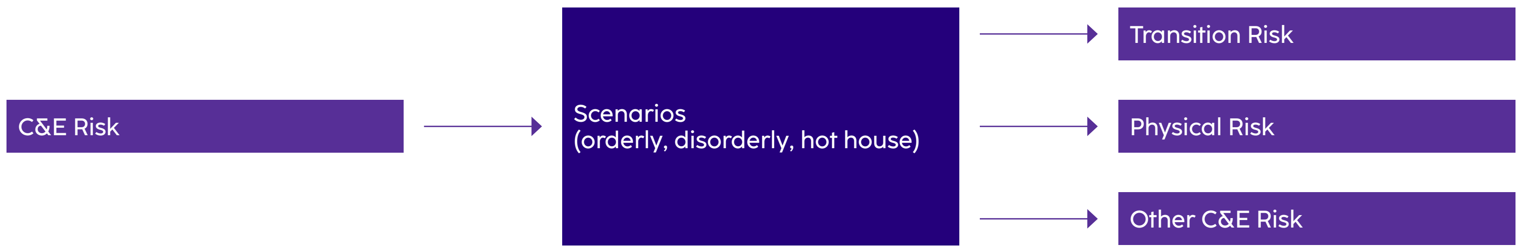
Resilience analysis

The uniform stress-testing programme, which includes internally developed models, stress scenarios, and sensitivity analysis, is regularly revised and complemented. The Group has established an internal ESG stress-testing concept to identify the most relevant financial vulnerabilities stemming from climate risk, which is constantly further enhanced by considering available ESG-related data. The stress testing considers three NGFS II long-term scenarios (orderly, disorderly, hot-house world), encompassing transition, physical, and other climate & environmental risks associated with each scenario.

The combined stress test incorporates both transition and physical risks until 2050. This entails a permanent impact from transition risk and projected one-time events of physical risk (flood and drought), while effects of the combined stress materialize after 2030. Nevertheless, **the results of the climate stress tests showed no material impacts on the Group's capital and liquidity position.**

As a systemically important institution, NLB Group was included into the 2022 ECB Climate Stress test exercise, consisting of three modules. The exercise was conducted in the first half of 2022 and aggregate results were published in July 2022. By performing this exercise the ECB assessed how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The Group's overall results were within the range of average peer results.

Figure 7: NLB Group's internal ESG stress-testing concept



IRO-1 Identification and assessment of material climate-related IROs

NLB Group has established processes for identifying and assessing material climate-related impacts, risks, and opportunities. The Group employs a comprehensive approach that includes a risk assessment framework integrating climate-related risks into our overall risk management processes (identification and materiality assessment of climate physical and transition risk on the portfolio level, transaction and client due diligence, credit approval process, alignment with climate targets, green finance), stakeholder engagement to understand concerns and expectations, and scenario analysis to assess the potential impacts of different climate-related scenarios on our operations and financial performance.

Additionally, the Group's sustainability governance structure includes dedicated committees and roles responsible for overseeing climate-related risks and opportunities, ensuring that climate considerations are integrated into decision-making processes at all levels of the organization. These processes enable NLB Group to proactively manage climate-related risks and leverage opportunities, contributing to our overall sustainability goals.

Climate-related topics were included in the 2024 double materiality assessment, among other sustainability topics. The material topics for NLB Group are Climate Change, Energy, and Sustainable Finance.

As part of the DMA, the financial materiality assessment integrated the existing risk management procedures and results of a comprehensive materiality analysis, which NLB Group performs annually within its broader risk management process.

» Climate-related topics are also predominant in ESG risk management, which was identified as an overall material sustainability topic. For further details, please refer to the section ESG Risk Management.

Table 12: Climate – related impacts, risks, and opportunities (Climate change adaptation and mitigation)

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Climate change	Climate-related risk	Climate-related physical risks, such as extreme weather events, can lead to loan defaults, asset devaluation, and increased insurance claims, thereby undermining a bank's financial stability and risk exposure.	Risk	Downstream	Short, Medium, Long-Term
		Climate-related transition risks, driven by shifts to a low-carbon economy through policy changes, technological advancements, or evolving market preferences, can result in stranded assets, increased operational costs, and credit risk for a bank's borrowers, potentially affecting the bank's financial performance.	Risk	Downstream	Short, Medium, Long-Term
	Reducing financed emissions (towards net-zero) as part of Climate (Net-Zero) Strategy	Reducing financed emissions as part of a Climate (Net-Zero) Strategy enhances asset value, mitigates risks, opens new revenue streams, and improves regulatory compliance, despite potential initial costs. This approach aligns investment with long-term sustainability goals, positively impacting ROI and shareholder value while building a strong reputation and competitive edge.	Opportunity	Downstream	Short, Medium, Long-Term
	Operational scope 1 emissions	NLB Group's own GHG emissions from electricity use, heating and of own real estate and use of own vehicles contribute to a rise in the GHG concentration in the atmosphere. This leads to changing climate patterns, including droughts, flooding and heatwaves, increase in average temperature and sea level rise.	Impact - Actual Negative impact	Own operations	Short-term
	Operational scope 2 emissions from purchased electricity and heat and fuel for own vehicles	NLB Group's downstream GHG emissions due to production of electricity and heating contribute to a rise in the GHG concentration in the atmosphere. This leads to changing climate patterns, including droughts, flooding and heatwaves, increase in average temperature and sea level rise.	Impact - Actual Negative impact	Downstream	Short-term
	Operational scope 3 emissions (limited categories)	NLB Group's indirect emissions related to employee travel to and from work, and to business travels, contribute to a rise in the GHG concentration in the atmosphere. This leads to changing climate patterns, including droughts, flooding and heatwaves, increase in average temperature and sea level rise.	Impact - Actual Negative impact	Own operations	Short-term
	Operational scope 3 emissions from bought goods and services (supply chain)	NLB Group's indirect emissions related to the carbon footprint of purchased goods and services from the supply chain, contribute to a rise in the GHG concentration in the atmosphere. This leads to changing climate patterns, including droughts, flooding and heatwaves, increase in average temperature and sea level rise.	Impact - Actual Negative impact	Downstream	Short-term
	Financed emissions from loan activity	Financed emissions related to lending to retail clients, governments and corporates contribute to a rise in the GHG concentration in the atmosphere, and form the largest share of NLB Group's total GHG emissions. This leads to changing climate patterns, including droughts, flooding and heatwaves, increase in average temperature and sea level rise.	Impact - Actual Negative impact	Downstream	Short-term
	Financed emissions of asset and wealth management operations	Financed emissions related to asset and wealth management, and related investments, contribute to a rise in the GHG concentration in the atmosphere. This leads to changing climate patterns, including droughts, flooding and heatwaves, increase in average temperature and sea level rise.	Impact - Actual Negative impact	Downstream	Short-term

Table 13: Climate – related impacts, risks, and opportunities (Energy)

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Energy	Operational use of energy from zero-carbon sources	Using energy from zero-carbon sources in operations reduces direct environmental impact and aligns with sustainability goals, while also mitigating risks like future carbon taxes and energy cost fluctuations. This transition enhances green credentials, lowers long-term operational costs, and appeals to stakeholders prioritizing environmental responsibility.	Opportunity	Own operations	Short, Medium, Long-Term
	Need for green investments in renewables	Green investments in renewables drive decarbonization, reduce reliance on fossil fuels, and support long-term climate goals. They offer growth potential through clean energy innovations, meet regulatory demands, and align with increasing investor preferences for sustainable, environmentally conscious projects.	Opportunity	Downstream	Short, Medium, Long-Term
	Need for investments in house renovation and energy efficient buildings	Investments in house renovations and energy-efficient buildings lower energy consumption, reduce emissions, and increase property value. They support climate targets, meet evolving regulations, and attract demand from environmentally conscious buyers, while offering long-term savings and enhancing energy resilience.	Opportunity	Downstream	Short, Medium, Long-Term
	Operational use of zero-carbon own vehicles	Utilizing zero-carbon vehicles for operations reduces emissions, lowers operational costs, and enhances corporate sustainability efforts. This transition improves brand reputation, meets regulatory standards, and aligns with the growing consumer preference for environmentally friendly practices, ultimately contributing to a more resilient and responsible business model.	Opportunity	Own operations	Short, Medium, Long-Term
	Operational energy use for heating and electricty in own real estate	By using energy from non-renewable sources the company is contributing to environmental degradation (air pollution due to emission of air pollutants from fossil fuel combustion used for energy production).	Impact - Actual Negative impact	Own operations	Short-term
	Operational use of energy from zero-carbon sources	NLB Group is already purchasing over half of its energy from zero-carbon sources, thus reducing the negative environmental impacts related to combustion of fossil fuels, such as GHG emissions and air pollutant emissions.	Impact - Potential Positive impact	Own operations	Medium-term
	Financing and leasing of convential vehicles	By financing loans and lease of personal vehicles with internal combustion engines NLB Group is indirectly contributing to environmental degradation (air pollution due to emission of air pollutants from fossil fuel combustion).	Impact - Actual Negative impact	Downstream	Short-term

Table 14: Climate – related impacts, risks, and opportunities (Sustainable finance)

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Sustainable finance	Sustainable lending products for retail banking	Sustainable lending products for retail banking promote eco-friendly practices by offering favorable terms for environmentally responsible projects, such as energy-efficient home renovations or electric vehicle purchases. These products enhance customer loyalty, attract a growing segment of environmentally conscious consumers, and align with regulatory expectations, while supporting broader sustainability goals and fostering a positive brand image.	Opportunity	Downstream	Short, Medium, Long-Term
	Green lending to corporates	Green lending to corporates supports environmentally sustainable projects, such as renewable energy initiatives and energy-efficient upgrades. This approach mitigates climate risk, aligns with regulatory demands, and enhances corporate reputation while attracting socially responsible investors and fostering long-term partnerships for sustainable growth.	Opportunity	Downstream	Short, Medium, Long-Term
	Green lending to corporates	NLB Group is providing green lending to corporates and is aiming to significantly increase its volume of green lending to corporates. Green lending is a means to reduce the volume of financed emissions through financing of sustainable activities of corporate clients.	Impact - Actual Positive impact	Own operations	Short-term
	Green leasing	Green leasing structures lease agreements to promote sustainable practices and reduce environmental impacts, enabling the bank to support eco-friendly initiatives and attract conscious tenants. This approach enhances asset value, improves tenant satisfaction, and demonstrates a commitment to sustainability, ultimately contributing to long-term financial performance and a positive market reputation.	Opportunity	Downstream	Short, Medium, Long-Term
	Sub-funds in investment banking and asset management	Sub-funds which promote environmental and social characteristics, targeting companies and projects that prioritize sustainability and ESG criteria. These funds attract a growing base of socially conscious investors, enhance portfolio resilience against climate risks, and align with regulatory demands, ultimately supporting a shift toward sustainable finance and long-term value creation.	Opportunity	Downstream	Short, Medium, Long-Term
	Sub-funds in investment banking and asset management	NLB Group is offering investment opportunities in sub-funds in its asset management portfolios. This increases financing sustainable goals. Once implemeneted, financed activities will have a positive impact on the environment.	Impact - Actual Positive impact	Downstream	Short-term
	Sustainable lending products for retail banking	NLB Group is providing green lending to private individuals and micro companies. Green lending is a means to reduce the volume of financed emissions through financing of sustainable activities and purchases of private clients.	Impact - Actual Positive impact	Downstream	Short-term
	Issuing of green bonds	NLB Group has issued a green bond, raising several hundred million euros for financing sustainable projects. Sustainable projects, once implemented, will have a positive impact on the environment. The issuing of the green bond will have positive signalling effect on other banks and companies in the region.	Impact - Actual Positive impact	Own operations	Short-term
	Issuing of green bonds	Issuing green bonds provides capital for environmentally sustainable projects, such as renewable energy, energy efficiency, and pollution reduction initiatives. This financing option enhances market reputation, attracts socially responsible investors, and demonstrates a commitment to sustainability, while also meeting growing regulatory expectations and supporting broader climate goals.	Opportunity	Downstream	Short, Medium, Long-Term
	Financing of energy efficient buildings	NLB Group is providing finance for energy efficient buildings and has committed to significantly increase its share of financing of most energy efficient buildings by 2030. Energy efficient buildings require less energy, thus contributing to lower need for energy, and to lower GHG emissions.	Impact - Actual Positive impact	Downstream	Short-term

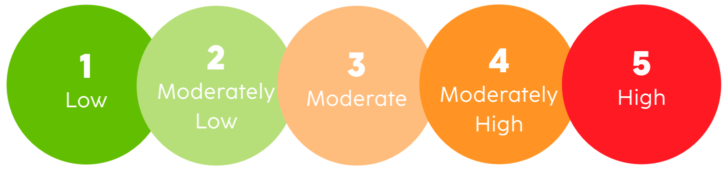
IRO-1 Identification and assessment of climate-related risks

NLB Group conducts a materiality assessment as part of its overall risk identification process to determine the level of transition and physical risk to which NLB Group is exposed. In addition, NLB Group uses all disposable climate and environmental data and studies available for its region (namely those provided by different relevant state institutions) to determine the level of environmental risk to which NLB Group is exposed. In this process, identification of environmental risk factors, relevant transmission channels, and their materiality and impact on the Group's financial performance in the short-, medium- and long-term period are assessed.

NLB Group performs the materiality assessment in the following steps:

- In the first step, the climate and other environmental risk drivers relevant for Slovenia and other countries where NLB Group is present are identified. Beside physical and transition risk, NLB Group also considers exposure to other environmental risks, such as ecosystem dependency and impact (including biodiversity risk).
- In the next step, NLB Group defines the transmission channels to better understand how the climate and environmental risk drivers translate into traditional financial risk categories.
- In the third step, NLB Group assesses the probability and impact of each identified risk driver, using internal and external sources and methodologies. The assessment considers the geographic location and industry (segment) of the counterparty.
- Furthermore, NLB Group assesses how other factors (sources of variability) which determine the probability or the size of the impact, so-called amplifiers, mitigants, and geographical heterogeneity, impact its operations.
- In the final step, the materiality of the impact is assessed. Considering probability and impact score, final vulnerability score is determined and assigned to each exposure. A heatmap tool is used for representation of vulnerability to each climate and environmental risk driver.

In line with the internal risk management rules and procedures, NLB Group uses a 5-level scale for assessing climate-related physical and transition risk drivers and other environmental risk drivers:



A detailed assessment of each category is performed separately and will be described in the following chapters. First, an extensive materiality assessment of physical and transition risk was performed during 2023 and updated 2024. The methodology for assessment of other environmental risks was changed in 2024, hence the new materiality assessment was performed as of 30 June 2024 and updated as of 31 December 2024.

Real estate plays an important role in the debate on the transition to a carbon-neutral economy. NLB Group's evaluation process for ESG risk management in collateral is focused on real estate climate transition and physical risks. Identification and materiality of specific ESG risks for real estate in collateral is assessed through NLB Group's methodology for environmental risks. Climate transition and physical risks are measured through real estate energy performance data and collateral location data.

Physical risk

Each of the identified physical risk drivers (presented in the previous chapter) is assessed from a probability (likelihood) and impact perspective. The assessment is performed in line with internally developed methodology, which relies on available climate and environmental data (including insurance companies' loss statistics), vulnerability and climate studies available for the region (provided by different relevant state institutions), and expert judgement. While the probability of a severe physical risk event is evaluated based on the location (NUTS-3 level mapping) of the exposure, the impact of such an event relies more on the industry (segment) of the counterparty. Probability and impact scores are then combined into a vulnerability score. For Residential Mortgages, the Group assesses flood risk by using flood maps, which means that the exact flood risk level is determined based on the micro location (exact geospatial coordinates) of the real estate.

Climate scenarios

Assessment was performed for the short-term, medium-term, and long-term period. While studies and scenarios mainly project temperature and climate change until 2100 and climate change is a slow and gradual process, the Group has defined the time horizons for assessment of physical risks as follows:

- Short term: until 2030
- Mid-term: 2030–2050
- Long-term: 2050–2100.

Such assessment is used in the budget, forecast, or stress test process based on the defined time parimeter and maturity of the exposure.

In relation to physical risk, the Group considers two different climate scenarios in the long-term period (after 2050), namely pessimistic RCP 8.5 and optimistic RCP 2.6 scenarios. Based on these two scenarios, impact assessments were performed for different physical risks and were used in the materiality assessment.

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A Representative Concentration Pathway (RCP) is a greenhouse gas concentration (not emissions) trajectory adopted by the IPCC. Four pathways were used for climate modelling and research for the IPCC Fifth Assessment Report (AR5) in 2014. The pathways describe different climate change scenarios, all of which are considered possible depending on the amount of greenhouse gases (GHG) emitted in the years to come. The RCPs—originally RCP 2.6, RCP 4.5, RCP 6, and RCP 8.5—are labelled after a possible range of radiative forcing values in the year 2100 (2.6, 4.5, 6, and 8.5 W/m^2, respectively). The Group decided to use RCP 2.6 scenario, which is a "very stringent" pathway scenario, and RCP 8.5 scenario which assumes emissions will continue to rise throughout the 21st century.

In the short-term period, the use of different climate scenarios for assessment of physical risk was assessed as not material and therefore not considered. Long-term assessment of physical risk, considering both scenarios described, relies on the findings of climate studies performed for our region and different studies performed by the EU Joint Research Centre (JRC) where different climate scenarios were considered.

Findings of the materiality assessment of physical risk

Key findings on the latest assessment as of 31 December 2024:

- Short-term exposure to physical risk is not material; however, it is expected to increase gradually due to climate change.
- Over the medium-term horizon, the level of physical risk is assessed as moderately low.
- Over the long-term horizon, considering the RCP 2.6 scenario, the level of physical risk is higher, although still at the moderately low level. Considering the RCP 8.5 scenario, the level of physical risk over the long-term is increased and assessed as moderate.
- From the materiality perspective we can conclude that floods and drought are currently the only material risk driver in certain industries and regions. Other events are not material from a financial perspective, though they cannot be completely neglected. Chronic risk is also not determined as a material risk in the short- and medium-term. From the perspective of direct corporate exposure, mostly the Agriculture sector in some countries is materially exposed to physical risk (high and moderately high level of drought) in the mid-term horizon. Vulnerability to physical risk in other industries is less material. Within the short- and medium-term horizon, no exposure is allocated to the high-risk bucket. Considering the long-term horizon, 7% of the corporate portfolio is allocated to the high-risk bucket under the RCP 2.6 scenario and 17% under the RCP 8.5 scenario, which remains on the same level as in 2023.

The impacts of climate change on physical risk exposure of NLB Group's credit portfolio and business model (sensitivity)

The most relevant natural disasters are drought and floods, while hail- and windstorms are also frequent but less material. However, we can expect that its impact will increase in the long run if no adequate policy changes are implemented in a timely manner. Other events are not material for the region and the Group's business model.

A model for assessing flood risk based on national and EU flood risk zones was developed – determining flood risk on the actual location of the real estate collateral; a model for other countries, where NLB Group is present, is in development. For all collaterals in our portfolio, flood risk based on micro location (high, moderately high, moderate, moderately low, low) is expected to be determined. Based on the analysed data, floods and drought do cause material losses, but they do not have a material effect on the Group's portfolio.

Chronic physical risks in Slovenia are assessed as immaterial to the Bank's collateral exposure.
Some past losses in the region were observed in public infrastructure and agriculture, but such losses were mostly reimbursed by the government (impact on sovereign debt). Further on, as supported by insurance statistics, many losses caused by physical risk are covered by insurance which also limits the impact of these risks on the Bank's performance.

The Group's credit portfolio is well diversified (from the industry and location perspectives) which reduces the impact of such events. Stress tests performed on the portfolio level reveal that some losses could occur due to physical risk, though with no significant impact on the Group's performance.

The impacts of climate change on physical risk exposure of collateral and real estate

These impacts could arise from both an increase of extreme weather events (acute impacts) as well as from gradual global warming (chronic impacts). A model for assessing acute flood risk based on national (Slovenian) flood risk zones and EU flood risk zones (NLB Group members) was developed – determining flood risk on the actual location of the real estate in collateral. For all collaterals in the Slovenian portfolio, flood risk (high, moderately high, moderate, moderately low, low) was determined; flood risk assessment on the micro location of real estate for NLB Group members is still upgrading as countries have different available data. Currently other physical climate risks are assessed through NLB Group methodology for environmental risks as not material to the Bank's collateral exposure. NLB is in the process of obtaining flood end other physical risk exposure for all the collateral portfolio in NLB and NLB Group. Measures for reducing the climate physical risk of collateral are part of the credit approval process.

Transition risk

The assessment of transition risk is focused on the mid-time horizon. It is based on the assumption that the transition to a low-carbon economy will materialize by 2050, and that transition risk will peak in the mid-term horizon (2030–2050) as defined by the Group. Afterwards the level of transition risk is expected to decrease.

The assessment of transition risk factors is based on the UNEP FI methodology, which was elaborated by NLB Group to a more granular level. The methodology is combined with actual emission data of a counterparty or proxy emissions data. For Residential Mortgages the Group assesses transition risk by using energy performance certificate (EPC) labels, primary energy consumption and CO_2 emissions, and other information derived from the EPC.

The methodology assumes full implementation of the Net-Zero 2050 scenario. Other less optimistic scenarios (slower transition) are not considered in the materiality assessment of transition risk, while the level of transition risk is lower in such cases. However, the Group uses different scenarios in the climate stress test, which is described within the resilience analysis.

Findings of the materiality assessment of transition risk
Key findings on the latest assessment as of 31 December 2024:

- Transition risk is already recognized as a material risk driver and is expected to reach its peak over the mid-term horizon.
- Over the short-term horizon, the level of transition risk is assessed as moderately low.
- Over the mid-term horizon, the level of transition risk will increase to moderate level.
- Over the long-term horizon, the level of transition risk is expected to start decreasing.
- As such, exposure to transition risk over the long-term horizon is less material, therefore the focus of the materiality assessment is the mid-term horizon. Using UNEP-FI methodology for classification of transition risk, only 4% of the corporate portfolio is allocated to the high-risk bucket and 11% to the moderately high risk bucket. 40% of the portfolio is allocated to the low or moderately low risk bucket and the remaining part is allocated to the moderate-risk bucket.
- From the industry perspective, above-moderate exposures are in manufacturing, the wholesale and retail trade, and the construction and electricity production sectors in Slovenia and Serbia.Such exposures are less material in Kosovo and other countries. For these sectors, direct and indirect emission cost factors are contributing to the above-average risk score, although many industries will also be heavily impacted by capital expenditure needs (higher, above average, CAPEX risk score). Country-wise, the overall transition risk is the lowest in Slovenia and highest in Serbia, even though the UNEP-FI methodology is not country specific. In countries other than Slovenia (the rest of NLB Group), we expect delayed transition. This means lower short-term risk and faster transition in the mid-term period and hence higher risk in the mid-term period.

The impacts of climate change on transition risk exposure of NLB Group's credit portfolio nd business model (sensitivity)
Transition risks already arise in the short term due to the EU's determination reduce carbon emissions in accordance with its ambitious net-zero by 2050 strategy. With the implementation of NLB Group's Net-Zero Strategy in 2023 it is expected that the impacts of transition risks will gradually diminish in the long run. Nevertheless, the Group assessed transition risk as more of a material than a physical risk. This can already be observed through higher energy and emission costs. There are certain industries which are directly or indirectly related to fossil fuels and such industries are considered riskier.

The level of transition risk does not depend only on the industry itself but also on the companies (ESG awareness, strategy, efficiency, etc.) and their location (outside the EU there is less regulation).

On the portfolio level, the Group does not face any large concentration of specific NACE industrial sectors exposed to climate risk, whereby the role of transitional risk is more prevalent. Based on industry segmentation of the portfolio and corresponding emissions, the Group has relatively low exposure to emissions-intensive sectors in its corporate clients' business. There is some exposure in more emissions-intensive industries, such as energy, transportation, industry, and agriculture; however, exposure to clients with high emissions is rather limited. As part of its strategy, NLB Group does not finance companies that extract fossil fuels or operate coal-fired power plants. In Residential Mortgages the most important input for GHG calculation are the buildings' energy performance certificates.

In its initial round of NZBA targets, NLB Group has focused on fossil-fuel-based and highly energy-intensive sectors, such as Power Generation and Iron and Steel, and other sectors where the Bank has substantial emissions and/or exposure and available data. These include Residential Mortgages and Commercial Real Estate. Defined net-zero targets are regularly followed. Activities are underway for setting the second round of NZBA targets for sectors such as transport and agriculture.

The impacts of climate change on transition risk exposure of collateral and real estate
NLB Group's Net-Zero Disclosure Report outlines the Group's commitments regarding real estate, specifically Residential Real Estate (RRE) and Commercial Real Estate (CRE) as they represent an important part of exposure and financed emissions.

The Group is dedicated to reducing financed emissions in these sectors as part of its broader goal to achieve net-zero emissions and through that reduce exposure to climate transition risk. Therefore, specific targets are set for reducing emissions from our real estate portfolio, which includes both RRE and CRE. The Group is committed to integrating sustainability criteria into its lending and investment decisions. This approach ensures that the Group's real estate financing supports the transition to a low-carbon economy and aligns with overall sustainability goals.

Energy performance certificates provide banks with relevant information on the energy efficiency of buildings in collateral and exposure to climate transition risk, so an EPC data collection initiative is in force. NLB Group uses different sources and methods to obtain data on EPC of the real estate in collateral as the Group is present on EU and non-EU markets. On the Slovenian market there is the publicly available EPC database from the Ministry of the Environment and Spatial Planning and the full national base is periodically matched with NLB's real estate in collateral; proxy EPC were also developed for collateral stock based on the national database. For new production information on EPCs is also collected from the borrower at loan origination and included in the NLB database, and official EPC has been mandatory for new residential mortgage loans for private individuals since the end of 2023 (before that only in cases when EPC was mandatory according to Slovenian law) which will, in time, increase the share of official EPC data. In other non-EU countries multiple difficulties were discovered during the EPC data collection initiative. In some countries EPCs are not established in the local legislation (e.g. Kosovo), while in others EPCs do exist but are not enforced by local law. NLB Group proactively acts on those markets so that official and proxy calculations of EPC and other energy performance documents are obtained where possible. All missing EPCs in the NLB and NLB Group portfolio are periodically modelled based on available characteristics of real estate in collateral (specifically for each country). Additional measures are in development to increase the share of official EPC data on all markets.

Overview of vulnerability to physical and transition risk by country and by industry

The results of the materiality assessment of transition and physical risk over the medium-term horizon, as explained in the previous chapters, are presented in the following two charts. The first chart shows the exposure of the corporate portfolio to physical and transition risk by country, and the second by industry.

Other environmental risk

In addition to physical and transition risk assessment, NLB Group has conducted an assessment of other environmental risk on the Group level. Besides EBRD methodology, the Bank also uses the ENCORE knowledge database, which provides assessment of other environmental risks from the dependency (depletion of resources, ecosystem service disruption, biodiversity loss, climate change impact) and impact perspective (pollution, land use and habitat degradation).

The ENCORE knowledge database provides a mapping tool to link specific economic sectors to their natural capital dependencies and impacts. It also provides a risk matrix that categorizes risks by their risk drivers, severity, and likelihood. Using the ENCORE database we have linked the environmental risks to our credit portfolio to determine the vulnerabilities. For economic activities where ENCORE assessment is not available (e.g. Wholesale and Retail Trade), EBRD methodology is applied.

ENCORE does not provide the assessment over the different time horizons and does not consider different climate scenarios. Therefore, the assessment of other environmental risk based on ENCORE and EBRD methodology is defined as mid-term horizon assessment. However, other sources like the Aqueduct Water Risk atlas can be used to surpass this deficiency and to address each specific risk. Combining ENCORE and the Aqueduct Water Risk Atlas, assessment of water stress risk over different time horizons and climate scenarios was performed.

Figure 8: NLB Group physical and transition risk by country (as of 31 December 2024)

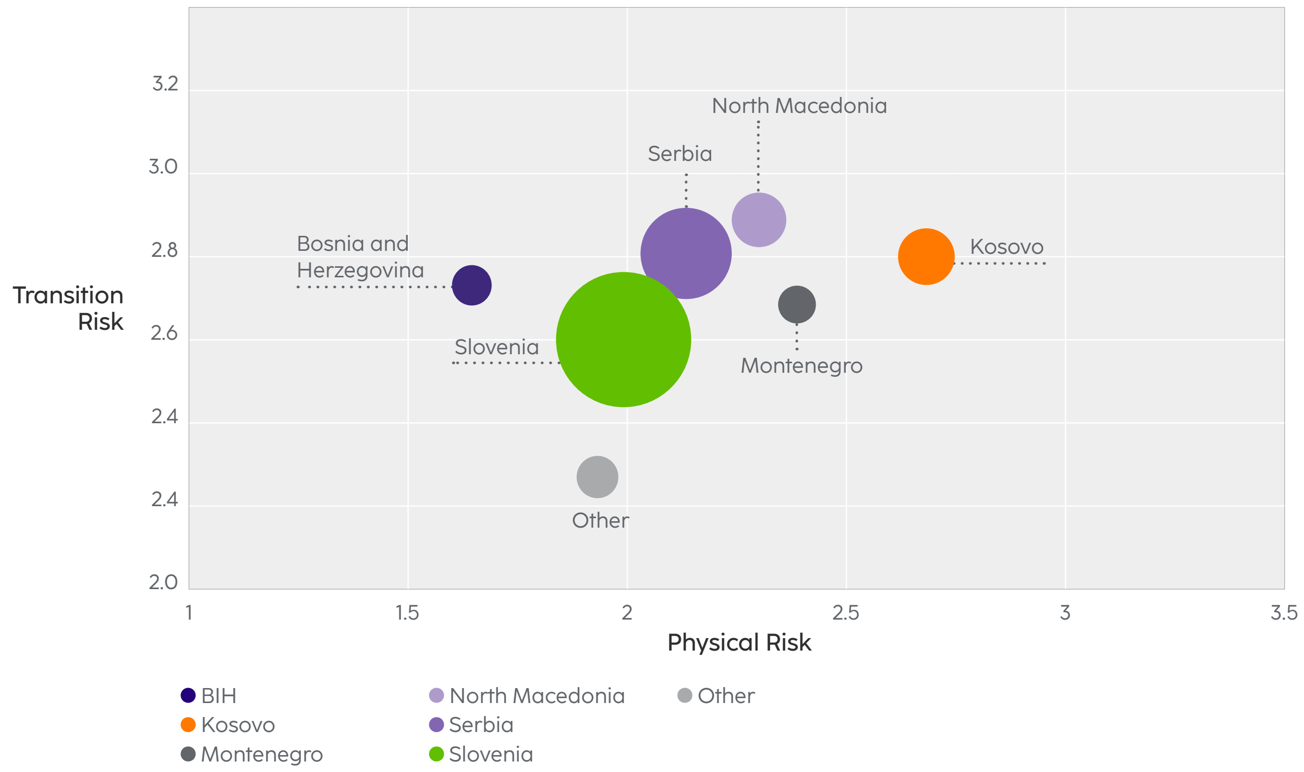
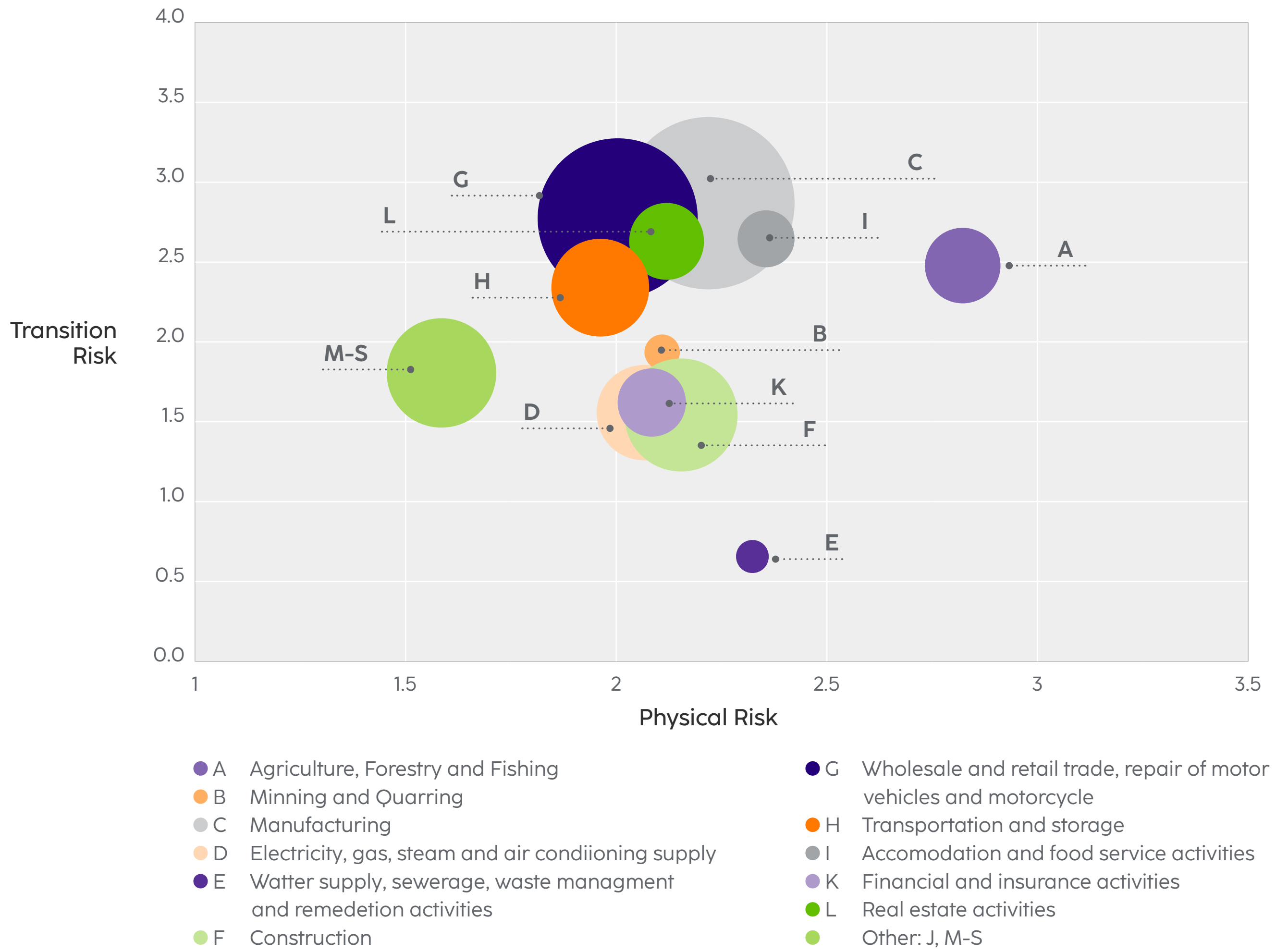


Figure 9: NLB Group physical and transition risk by industry (as of 31 December 2024)



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Findings of the materiality assessment of other environmental risk

NLB Group a performed the materiality assessment of other environmental risk as of 31 December 2024. Key findings were as follows:

- Short-term exposure to other environmental risk is not material; however, it is expected to gradually increase and will reach its peak in the mid-term horizon.
- Over the medium-term horizon, the level of other environmental risk is assessed as moderately low.
- In contrast to transition risk, other environmental risk is not expected to decrease in the long-term.
- ENCORE methodology (combined with EBRD methodology) was applied to the corporate portfolio. 17% of the portfolio is allocated to the above-moderate risk level, of which 8% is allocated to the high-risk bucket. 26% of exposure is allocated to the moderate risk level and the remaining 57% is allocated to the low or moderately low risk bucket.

The impacts of climate change on other environmental risk exposure of the portfolio

Exposure to other environmental risk (dependency on ecosystem services, including biodiversity loss, and impact on the ecosystem), is not material in the short run, though its long-term potential impact is taken into consideration. In the short-term and mid-term horizon risk from the impact perspective prevails while economic activities that cause harm to the environment will be subject to increased regulatory scrutiny. In the long-term horizon dependency perspective should also be considered due to possible nature degradation, also driven by climate change. Considering the impact, dependency, and materiality perspectives, mainly Agriculture is significantly vulnerable to other environmental risks. Other industries are less affected, although there are some specific industries which are either dependent on certain natural assets or are negatively impacting the environment and will be subject to greater regulatory scrutiny. The main exposure in the Agriculture sector is in Serbia; therefore, Serbia is more vulnerable to other environmental risks than other countries in our portfolio. This can be observed from the charts below, which represent the materiality of other environmental risk from the impact and dependency perspectives. Only exposures where impact and dependency assessment is available in the ENCORE database are shown.

Figure 10: NLB Group dependency and impact risk by country (as of 31 December 2024)

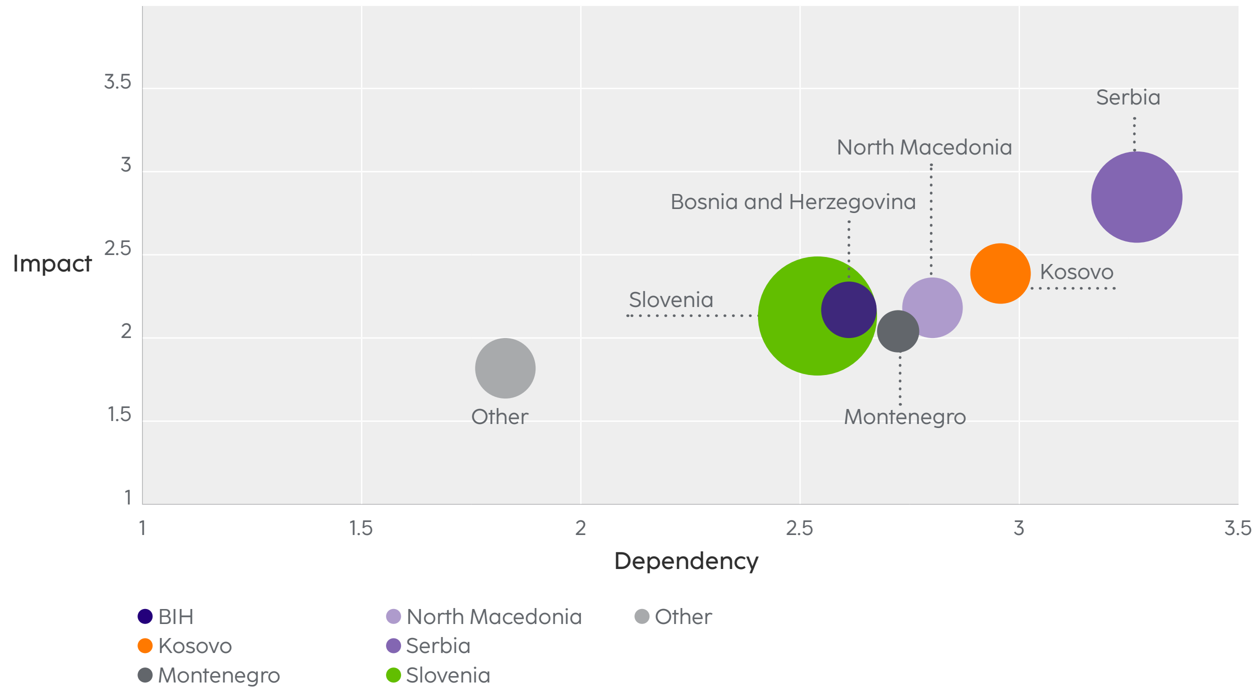


Figure 11: NLB Group dependency and impact risk by industry (as of 31 December 2024)

E1-2 Policies related to climate change mitigation and adaptation

NLB Group's transition plan to achieve net-zero emissions by 2050 is underpinned by a comprehensive set of policies that manage emissions-intensive and climate-vulnerable activities. A key implementation is the adoption of policies and internal acts that integrate climate mitigation and adaptation into core financing operations, such as loan origination, underwriting, risk management, and its own operations.

These policies ensure that climate-related risks and opportunities are embedded in decision-making processes, guiding the approval of loans and investments in alignment with the Group's Net-Zero targets. They focus on the phase-out of GHG-intensive assets by:

- reducing exposure to high-emission sectors in line with emissions reduction targets,
- climate-related lending and investment by integrating climate-related criteria to ensure financed projects contribute to emissions reduction,
- portfolio engagement by supporting clients' transition to a low-carbon economy with climate transition plans and aligned projects,
- and safeguards against adverse impacts by ensuring all transactions and investments adhere to environmental and social governance standards to minimize negative environmental consequences.

NLB Group has also established a range of policies focusing on reducing emissions in its own operations and enhancing energy efficiency.

Climate-related risk management policies

The risk management function defines rules about risk appetite, risk strategy, credit risk, and other risk-related topics, which are embedded in policies and other internal acts. Unless stated otherwise, all presented policies in this chapter apply to all NLB Group core financial members, and their management boards are the most senior level responsible for their implementation. At the operational level, employees in various departments in corporate banking, risk management, restructuring, and others have to adhere to rules and procedures. The policies are available to employees in the register of internal acts, while affected clients are informed about their contents through communication in sales procedures, due diligence, and agreements.

Risk Appetite and Lending Policy
Content and purpose: Integrates sustainable finance and ESG risks into the business strategy, with a focus on phasing out coal industry financing and setting net-zero targets for high-emission sectors.

ESG Exclusion List (on the NLB website)
Content and purpose: Identifies sectors and risky investments such as coal, oil, and deforestation for exclusion from NLB's financing portfolio.

GHG Emissions Data Collection and Assessment
Content and purpose: Mandates data collection for clients with significant exposure, tracking carbon intensity and ensuring progress toward sector-specific emissions reduction targets.

Criteria and Procedures for Granting Transactions to Legal and Private Entities in NLB and NLB Group
Content and purpose: Defines transaction approval criteria, emphasizing risk assessment, client cooperation, and operational standardization. It applies to legal and private entities but excludes private individuals and treasury transactions. The policy aligns with NLB Group Code of Conduct, Anti-Corruption, AML, ESG Due Diligence frameworks, and EBRD/MIGA standards. Collaboration with clients, regulators, and internal teams ensures compliance.

Environmental and Social Transaction Categorization Methodology Framework in NLB and NLB Group
Content and purpose: This policy assesses and manages environmental and social risks in transactions, promoting responsible practices among corporate clients of NLB and other banking members, excluding retail financing but covering individuals in business activities. It addresses climate change mitigation, water resource sustainability, circular economy transition, pollution prevention, and biodiversity protection while identifying and managing associated risks. Monitoring includes exclusion list screening, compliance checks, project categorization, ESG risk assessment, and continuous oversight of transactions.

NLB and NLB Group Lending Policy for Non-Financial Companies
Content and purpose: The policy defines transaction approval principles based on client creditworthiness, industry concentration, ESG factors, and financing purpose, reflecting NLB Group's risk appetite. It aims to generate value while avoiding speculative transactions. Monitoring includes creditworthiness assessment, ESG compliance, collateral requirements, and ongoing oversight. The policy guides employees on responsible lending practices and governance.

Lending Policy for Specific Client Segments in NLB and NLB Group
Content and purpose: The policy defines reference frameworks and principles for approving transactions for specific client segments, including municipalities, state-owned enterprises, international corporates, project finance, and farmers. It complements the Lending Policy for Non-Financial Companies by specifying rules for these segments. It addresses risks related to creditworthiness, industry concentration, ESG factors, and financing purposes, ensuring value generation while avoiding speculation. Monitoring includes credit assessments, ESG compliance, collateral requirements, and ongoing oversight. The policy guides employees on governance, sustainability, and compliance.

General Methodology for Credit Rating Classification in NLB and NLB Group
Content and purpose: The methodology defines credit rating classification of legal entities and entrepreneurs, excluding clients subject to specialized methodologies. It is based on financial and qualitative indicators, risk assessment, and creditworthiness evaluation, integrating ESG factors. Monitoring includes regular rating updates, qualitative assessments, and ESG risk adjustments. The policy guides employees on credit assessment and risk governance.

Climate change and energy-related policies

NLB Group Carbon Footprint Measurement and Reporting Policy
Content and purpose: The policy defines the measurement, management, and reporting of the NLB Group's operational performance in terms of CO_2 emissions (Scope 1, Scope 2, and limited Scope 3).

The policy follows the Greenhouse Gas Protocol Standard, specifically the Corporate Accounting and Reporting Standard, prepared by the World Resources Institute/World Business Council for Sustainable Development. Until 2024, the external assurance of the carbon footprint report was done by the Jozef Stefan Institute, and the calculations verification protocol was ISO 14064-3:2019: Greenhouse gases - Part 3: Specification with guidance for the validation and verification of GHG assertions.

General objectives of the policy are the following:

1. To reduce CO_2 emissions footprint from own operations and hence contribute to the fight against global warming.
2. To comply with regulatory demands.
3. To set climate-related KPIs.
4. To identify the largest emission sources and take adequate measures for cost-effective reduction.
5. To achieve the ultimate goal of being carbon neutral by no later than 2050.
6. To meet the needs of external and internal stakeholders.
7. To improve corporate reputation and accountability through public disclosure and leadership.

NLB Group Real Estate Strategy
Content and purpose: The strategy refers to the entire portfolio of NLB Group real estates (RE) and is divided into three main pillars: in-use RE, run-off RE, and development RE. The sustainable emphasis in the document focuses on investments in energy-efficient sources, using energy from renewable sources, and decreasing the amount of waste to reduce the operational carbon footprint. A special sustainability team within the real estate area is to be established with the responsibility of optimizing in-use RE. In addition to the already mentioned priorities, it would focus on upgrading the RE databases with environmental KPIs and predicting measures to reach set targets based on already executed measurements and the targets set in 2025. Further to this, space optimizations (including digitalization and remote work possibilities) and space demands are also incorporated, with all eventual excess space in premises and non-business-related premises to be monetized or used as part of local social responsibility projects. Each NLB Group member is responsible for the implementation of the strategy in its entity.

Sustainable Car Fleet Management and Company Car Policy
Content and purpose: The policy responds to the NLB Operational Emissions Net-Zero Strategy and supplements the policy on measuring and reporting operational carbon footprint. It defines the assumptions and emission model for achieving the NLB Group's operational net-zero emissions by 2050. The policy's main goals are oriented towards using cleaner fuels and technologies, electrifying the internal NLB Group fleet, and considering the limitations of the electric car park (efficient charging infrastructure and range). It further sets the foundation for cooperation with external and contracted suppliers. The policy is adopted at the NLB Group level, where NLB is the policy owner and NLB Lease&Go is in the role of a steering function. Each NLB Group member is responsible for the adoption and implementation of the policy in its local entity.

Regulation on Work from Home
Content and purpose: The regulation outlines prerequisite conditions and regulations for work from different locations (home or abroad). It specifically addresses the relevance, procedures to gain this right, detailed health and safety regulations, data protection, and information infrastructure specifications, and follows all national health and safety regulations. It concerns all employees in NLB whose nature of work allows for work from home.

We help build resilience and strengthen values such as discipline, responsibility and cooperation.

For more than a decade, the NLB Youth Sports project has been supporting dozens of sports clubs in many disciplines, taking more than 10,000 young people to sports fields every year, promoting fair play, responsible behaviour and a healthy lifestyle.

E1-3 Actions and resources related to climate change mitigation and adaptation

Net-Zero portfolio strategy

Establishing an emissions baseline for target setting and lever identification

NLB Group's net-zero journey aligns with the NZBA[7] Guidelines for Climate Target Setting for Banks, focusing on defining key sectors, levers, and establishing a comprehensive emissions baseline. In establishing the baseline for defining key sectors and levers for the management of portfolio financed emissions, NLB Group aligns its reporting and target-setting processes with distinct regulatory frameworks. The total financed emissions disclosed publicly follow the Pillar III Basel framework , as defined by the European Banking Authority (EBA), focusing primarily on non-financial corporations and exposures in the banking book. This provides transparency on risk and corporate exposure.

For target-setting and the establishment of an emissions baseline, NLB Group refers to the broader perimeter of the Net-Zero Banking Alliance (NZBA) guidelines, which extend to a wider range of counterparties, including general governments, credit institutions, other financial corporations, non-financial corporations, and households.

For the 2021 baseline established in the 2023 target setting exercise, the total financed emissions, under the NZBA framework, of NLB Group amount to 2,516 kilotons of CO_2. This includes Scope 1 and Scope 2 client emissions from the Bank's lending portfolio, as well as financed emissions from the Bank's investment portfolio, encompassing both debt and equity investments.

The implementation of the CSRD mandates a significant number of clients to report on their emissions. This, in turn, will enable the Bank to progressively incorporate the Scope 3 emissions of its clients into its financed emissions baseline.

NLB Group remains committed to evolving its methodologies and refining its commitments in a dynamic process requiring continuous resource allocation and adaptation.

Baseline breakdown by asset class

Nearly 50% of baseline emissions are linked to sovereign bond exposure. However, significant concern arises from the methodological double-counting in financed emissions, as emissions from clients, previously accounted for in corporate and retail loans, are included redundantly when aggregating at a national level within sovereign bond emissions. For the sovereign bond portfolio, GHG emissions for 2020 were applied, with Scope 1 emissions attributed using GDP adjusted by PPP.

The lack of consensus on metrics and methods for calculating country-level emissions presents challenges, particularly in deciding whether to include governmental, territorial, production, or consumption emissions, and whether to account for LULUCF. The time lag in verifying data further complicates the process. As a result, the decarbonization process is expected to unfold indirectly, with limited practical approaches currently available. Emissions are concentrated in Slovenia and Serbia, which together account for nearly 80% of total financed emissions, primarily due to financial exposure rather than carbon intensity.

Figure 12: NLB Group baseline 2021, split by asset class and entity, Total 2.516 $ktCO_2$

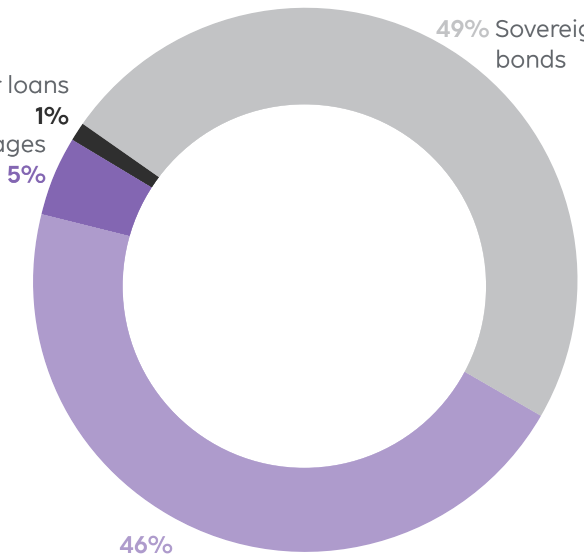
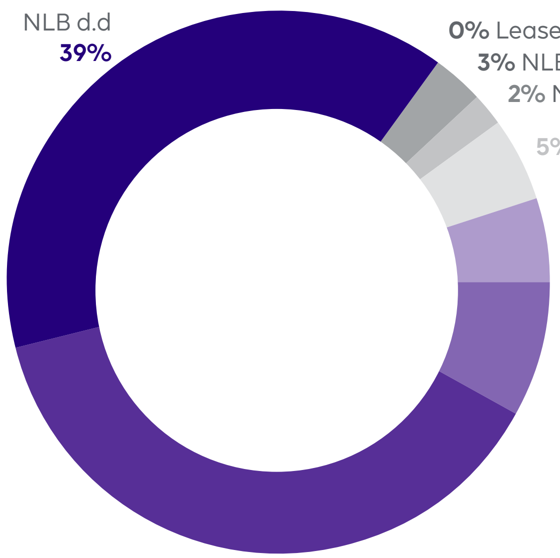


Figure 13: NLB Group baseline 2021 split by asset class and entity (total=2,516 $ktCO_2$)



7 Guidelines for Climate Target Setting for Banks

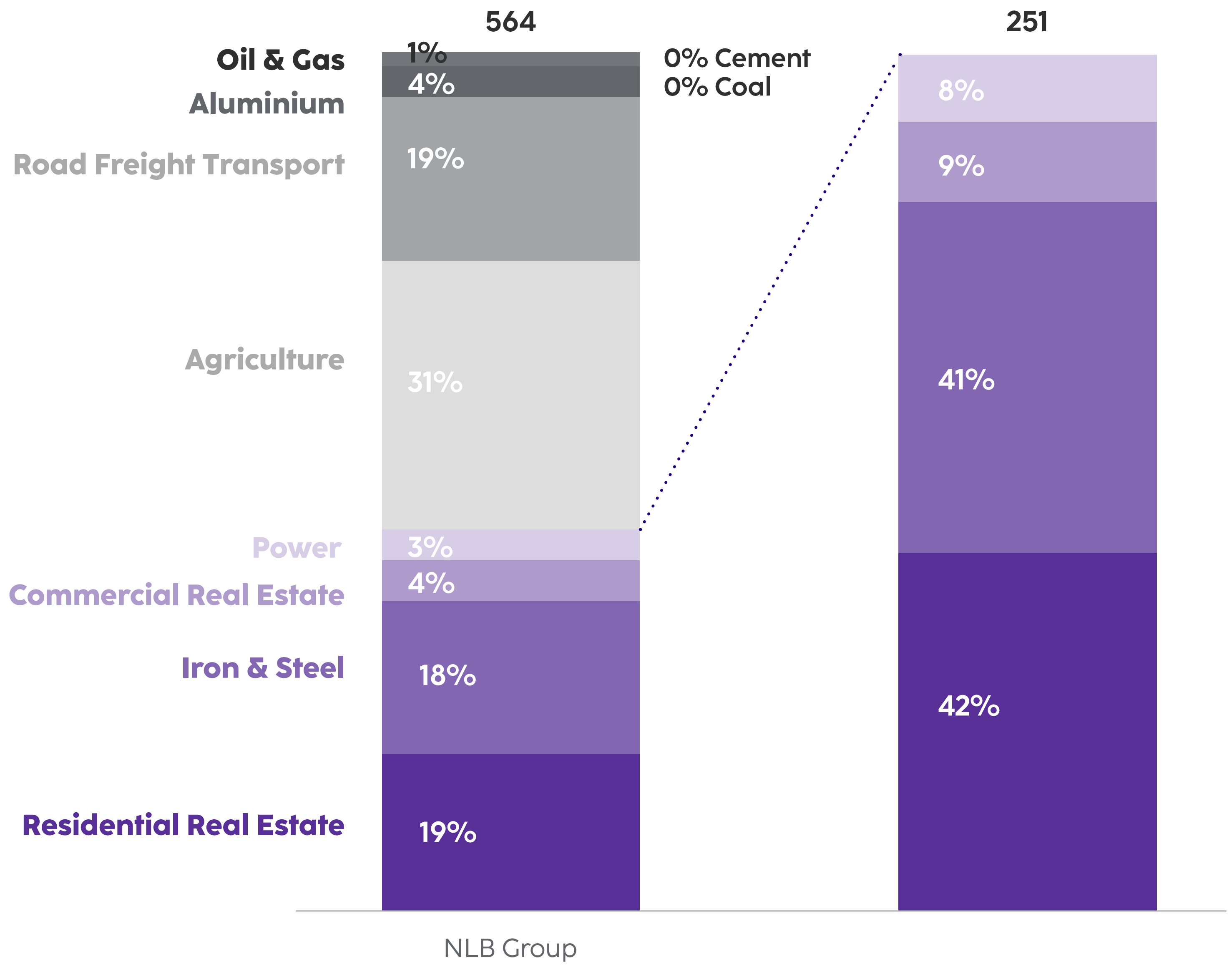
Key identified levers

Among the 10 carbon-intensive priority sectors eligible under NZBA, approximately 95% of financed emissions are concentrated within six specific sectors: Agriculture, Residential Real Estate, Commercial Real Estate, Road Freight Transport, Iron & Steel, and Power Generation.

In the agricultural sector, there is currently no well-established net-zero pathway. Moreover, the sector exhibits significant heterogeneity, encompassing a diverse range of activities such as crops, livestock, fishing, and forestry. Obtaining client-level data proves challenging due to its limited availability, primarily because a substantial portion of the portfolio is concentrated among smaller companies. In road freight transport, challenges related to data are analogous to those encountered in agriculture. Furthermore, there are no anticipated short-term technological advances in the near future. The progress in these two sectors will be monitored, with specific targets for each sector expected to be disclosed in the second phase of target setting. The Oil & Gas, Cement, Coal, and Aluminium sectors were excluded from the first round of target setting due to their non-material exposure, both in terms of emissions and financial impact within NLB Group's portfolio.

Therefore, for the initial set of net-zero targets, NLB Group set objectives for the four sectors considered most significant in terms of emissions, along with the financial exposure to these sectors. The four sectors collectively contribute to approximately 50% of financed emissions within the prioritized sectors identified by the NZBA.

Figure 14: Split of NLB Group financed emissions by 10 NZBA priority sectors (ktCO_2)



Key actions

Building on the established baseline, NLB Group's decarbonization strategy targets the most carbon-intensive sectors identified in the first round of target setting, namely Power Generation, Iron & Steel, and Commercial & Residential Real Estate. Key actions, outlined below, focus on reducing emissions in these sectors, which represent a significant share of the Group's financed emissions.

- **Data Collection** – Enhancement of data collection processes to obtain reliable emissions data from clients, with a focus on key emission sources (Scope 1, Scope 2, and Scope 3).
- **Methodology Improvements** – Continuous refinement of calculation and monitoring processes to ensure alignment with evolving regulatory frameworks and industry best practices.
- **Portfolio Monitoring** – The establishment of portfolio monitoring for emissions intensity to track progress and ensure effective steering of commitments in carbon-intensive sectors.
- **Client Engagement** – Engagement with clients across relevant sectors to implement decarbonization plans, ensuring alignment with NLB Group's targets and facilitating the transition to low-carbon alternatives.
- **Portfolio Steering and Capital Allocation** – Focused financing activities in key sectors based on set targets, with a commitment to mobilize EUR 1.9 billion in sustainable and transition financing by 2030.

Robust data collection is essential for tracking progress across the portfolio and enabling effective action where reliable data is available to drive measurable impact. Specific actions are tailored to each sector, addressing unique decarbonization challenges.

In Power Generation, the focus is on supporting clients' transition through renewable energy projects and plant upgrades. In Iron & Steel, NLB Group will facilitate the adoption of low-emission technologies by financing credible transition plans. For Commercial Real Estate, NLB d.d. prioritizes the financing of energy-efficient new builds and promoting the retrofitting of existing properties. In Residential Real Estate, NLB d.d. aims to support energy-efficient homes and retrofitting efforts through green financing solutions.

Sector-specific key actions, levers, and achieved GHG reductions for the transition plan implementation are further elaborated under Disclosure E1-4, alongside sector-specific targets and disclosures.

Operational emissions Net-Zero strategy

The operational Emissions Net-Zero Strategy is fully in line with the Paris Agreement (1.5 °C temperature increase) trajectory. Methodologically, the Operational Strategy is built on Greenhouse Gas Protocol and it incorporates the Bank's commitment to become net-zero by 2050 (NZBA), while fulfilling the requirements of the SBTi. Also, relevant EU legislation with an impact to reduce the potential of GHG emissions has been transferred into principles and assumptions of the NLB Group operational emission model and reduction target setting[8].

Establishing an operational emissions baseline

Even though NLB Group started to report its operational carbon footprint already in 2021 for the period 2019–2021, the Operational Emissions Net-zero Strategy has been harmonized with the Portfolio Net-Zero Strategy and sets its baseline year to 2021. The Strategy was prepared according to the internationally recognized carbon footprint corporate reporting standard, the Greenhouse Gas Protocol. For the purpose of calculation of NLB Group's carbon footprint the Corporate Standard (Corporate Accounting and Reporting Standard) and Corporate Value Chain (Scope 3) Accounting and Reporting Standard were used. In setting the approach for consolidating GHG emissions, NLB Group followed the accounting principles and hence used the financial control approach in terms of setting organizational boundaries.

The calculation was made using key principles as introduced by the GHG Protocol: relevance, completeness, consistency, transparency, and accuracy. To provide the highest level of the adoption of key principles, a centralized approach was used for data gathering and calculation, i.e. data were gathered and calculated on the individual group member level and reported to the corporate level, where the total NLB Group GHG emissions were calculated.

The Operational Emissions Net-Zero Strategy considers full Scope 1 and Scope 2, and limited Scope 3, including[9]:

- Category 1 (Purchased Goods and Services): use of paper and water supply
- Category 3 (Fuel- and energy- related activities): Fuel- and energy-related activities not included in scope 1 (well to tank - WTT) or scope 2 (transmission and distribution losses – T&D)
- Category 5 (Waste Generated in Operations)
- Category 6 (Business Travel)
- Category 7 (Employee Commuting) of GHG Protocol Scope 3

» For details on the exclusion list with detailed explanations of each Scope and Category, please refer to Chapter E1-6.

8 Energy efficiency Directive, National Energy and Climate Plan
9 NLB Group operational emissions measurements for 2021 do not yet include the Scope 3 categories water, waste, and business travel, since the data were insufficient at the time; however, it develops the trajectories until 2050.

Operational emissions model

NLB Group's operational emissions model has been prepared based on the Paris Agreement 1.5°C trajectory, the EU's climate change mitigation obligations, input data from carbon footprint calculations, assumptions on the level of each emission source, and various already planned emissions reduction activities. The model provides a tool to explore potential changes in net-zero and intermediate targets using potentially stricter emissions targets or requirements.

NLB Group's net-zero emissions baseline GHG emissions account for 35,804 t CO_2eq in 2021 for all reported scopes (considering the number of NLB Group members at the time). Projected possible reductions have been determined to guide the implementation and operational strategy. Using the NLB Group emissions model and relevant assumptions, along with planned activities and legislative measures, significant reductions in emissions are anticipated by 2050 and 2030 compared to the baseline year 2021.

The strategy trajectories follow the EU proposal, which is in -line with the Paris Agreement, to reduce emissions by 55% by 2030 and 90% by 2040 (EU target proposal). The highest emissions reduction is to be achieved in Scope 2.1, electricity usage. NLB Group recognizes the immediate need to start preparing everything necessary to reach demanding net-zero and intermediate targets and start implementing the NLB Group Operational Emissions Net-Zero Strategy.

Figure 15: Structure of the NLB Group Net-Zero Operational Emissions Model

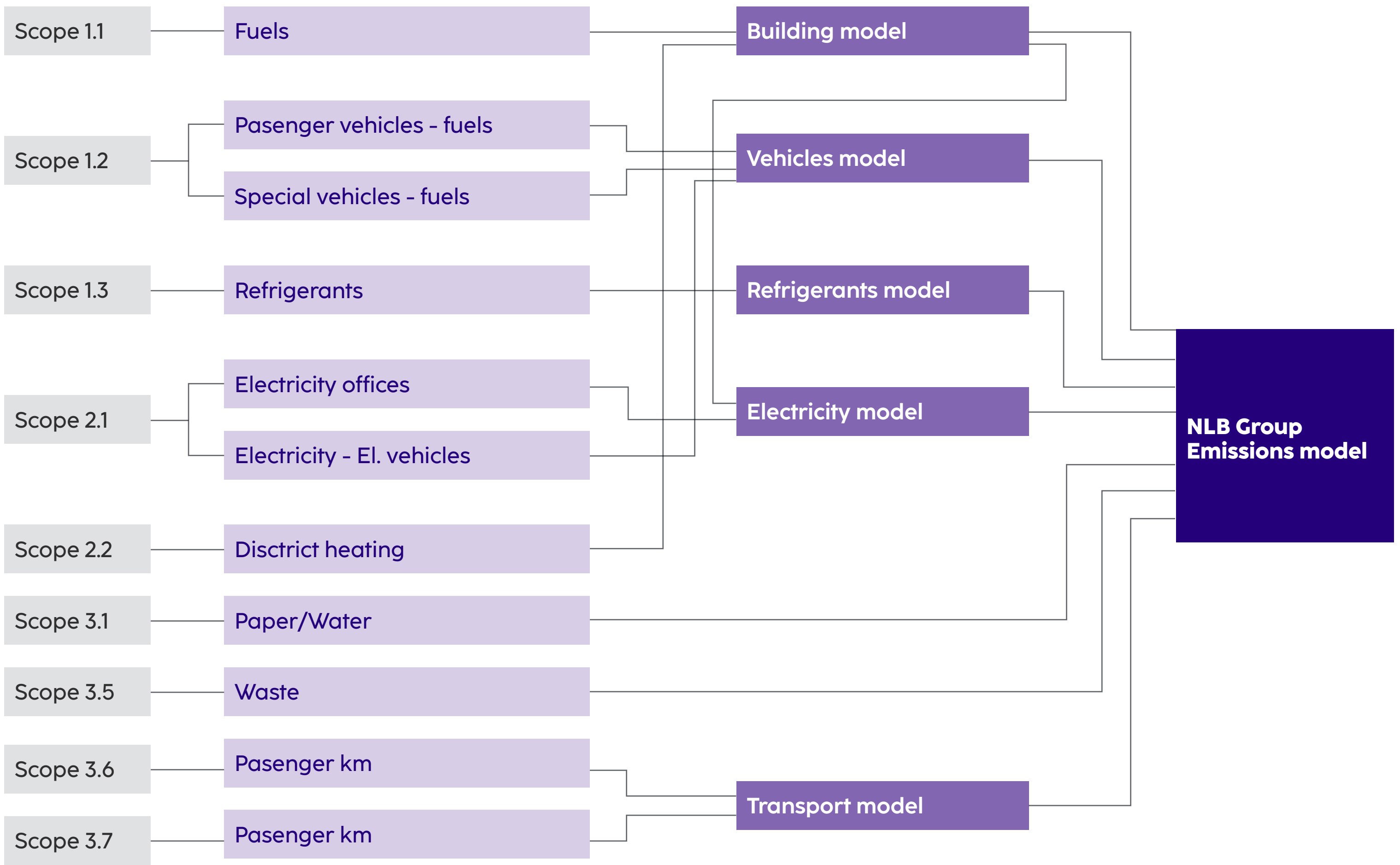


Table 15: Key energy efficiency and emission reduction measures

File of operation	Measure category	Activities in 2024 in NLB Group
Electricity supply	Zero-carbon electricity procurement	Continuation of zero-emissions supply in Slovenia and Serbia and as of August onwards also North Macedonia.
	Renewable electricity self-sufficient supply	Review of PPA possibilities in the Region
		Installation of solar power plants where possible according to technical capabilities of the facilities and the possibility of obtaining appropriate approvals
Energy consumption	Energy efficiency	Start of preparations for energy audit visits to all high-consumption locations (Serbia)
		Energy certification of all RE and adapting renovations according to energy class (Sarajevo)
		Installation of energy-efficient windows in the renovated branches,
		Installation of LED lights when renovating facilities and motion sensors for lights
		Full or partial switching-off of night lighting and illuminated signs at night
		Adjusting the lighting intensity depending on the number of employees in the room
	Heating & Cooling	Recommended heating and cooling temperatures where possible (maximum heating during winter is 21°C, during summer maximum cooling is 25°C).
		Installation of BMS / CNS systems where possible and economically justifiable
		Replacing fossil fuels heating with heat pump heating where possible
		Reduction of time for ventilation/heating in facilities and, where technically possible, an increase of the percentage of waste air recovery
Resources use	Water	Reduced water consumption by installation of water pipes with sensors
		Fixing malfunctions in water infrastructure
	Paper	Continuation of achieving set goal in Paperless project
	Waste	Separation and start of activities (in some cases together with utility companies) to provide more exact waste consumption volumes.
	Waster & Water	Raising awareness among employees on waste separation and resources use (reduction)
	Employee's commute	Possibility to work from home
	Sustainable living	Celebrating Earth Day
		Sustainability Festival with a special emphasis on workshops on Digital Waste Cleaning and Sustainable Mobility
Real estate use	De-investment	Optimization of space-demand
		Relocation to facilities with optimized areas and more energy efficient facilities
		Sale of facilities not needed for operations
	Renovation	Renovation of buildings and implementation of energy-efficient materials/devices
Sustainable mobility	Fleet	Fleet replacement for hybrid, plug-in hybrid, and electric vehicles
		Installation of electric vehicle charging stations

Energy consumption and energy efficiency

In accordance with the accepted Operational Emissions Net-Zero Strategy, the necessary action plan for individual NLB Group members is being prepared, to achieve the goal of being carbon neutral by 2050 or sooner. Electricity consumption represents over 30% of the contribution to the operational CO_2 footprint; when adding heating and cooling, this is over 50% of all NLB Group CO_2 operational emissions. For this reason, NLB Group places considerable focus on reducing electricity consumption and ensuring that electricity is purchased from zero-emission sources where this is possible and in accordance with local energy legislation and the availability of CO_2-free sources.

To achieve the goal of net-zero by 2050, a comprehensive review of individual buildings that represent the largest consumption of energy and/or are the least energy efficient is being conducted.

In addition, a detailed real estate database has been established (iNep) for all NLB Group properties, where various indicators of energy consumption, including calculation of CO_2e, are visible. Such an approach provides additional information on facilities that need increased attention to energy efficiency.

Waste

In NLB Group, we strive to separate all waste according to various materials, mainly paper, plastic, organic substances, and glass, which are removed by local utility companies. Hazardous waste, construction waste, and waste electronics are also sorted and disposed of into the appropriate containers or to an appropriate disposal site. We constantly strive to increase awareness among employees to reduce the generation of waste. In some locations we also compress certain waste ourselves, which reduces the need to take waste to the disposal site.

Water

When renovating buildings, we look into the possibility of installing taps with water flow sensors, as well as the installation of toilet cisterns with the possibility of flushing different amounts of water. We constantly strive to increase awareness among employees regarding the reduction of water consumption.

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Sustainable mobility

Preventing and mitigating the negative impacts of climate change is vital for NLB Group. In 2022, the entire NLB Group adopted the umbrella NLB Group Sustainable Car Fleet Management and Company Car Policy, which all NLB Group members follow in all member countries to achieve the replacement of fossil-powered fleet vehicles with alternative-powered vehicles, according to the plan and in alignment with the possibilities and planned costs of the vehicle replacement.

Table 16: Overview of car mix in NLB Group

	Status 2023	Status 2024	Plan 2025
Plug-in hybrid (PHEV)	2%	15%	16%
Hybrid (HEV)	19%	37%	58%
Battery electric vehicle (BEV)	15%	23%	26%
Internal combustion engine vehicle (ICE)	64%	25%	0%

Note: Summit Leasing Slovenia and Mobil Leasing, Zagreb are not included.

In the NLB Group's Operational Emissions Net-Zero Strategy it is assumed that the NLB Group replacement of fossil-powered fleet vehicles with alternative-powered vehicles will continue to take place in all NLB Group members in the four-year cycle. The second replacement cycle starts in 2025 and will last until 2029. The first important milestone for the NLB Group Fleet will be achieved in 2025 as all vehicles with internal combustion engines (ICE) will be replaced with alternative-powered vehicles. In addition, the main emission reduction measure will be vehicle fleet modernization with a strong increase in the share of battery electric vehicles (BEV).

Key activities in the electrification of the fleet:

- Use of cleaner fuels and technologies.
  - Efficient vehicle use: raising environmental awareness of drivers and ECO driving.
  - Respect for the speed limits.
  - Careful fleet company car selection between BEV, PHEV, and HEV based on Total Rental Costs (TRC).
  - Usage comparison, and based on operational requirements for each working position or specific use.
  - Supporting the change in the mindset of company car users.
  - The FMO (Fleet Management Office) will follow new technologies and organize presentations and training, if needed, to ensure a smooth transition.
  - Use of electric energy obtained from RES (Renewable Energy Sources) to support own company car charging network.

- Limitation of the electric car range risk (selection of cars based on demand and real range).

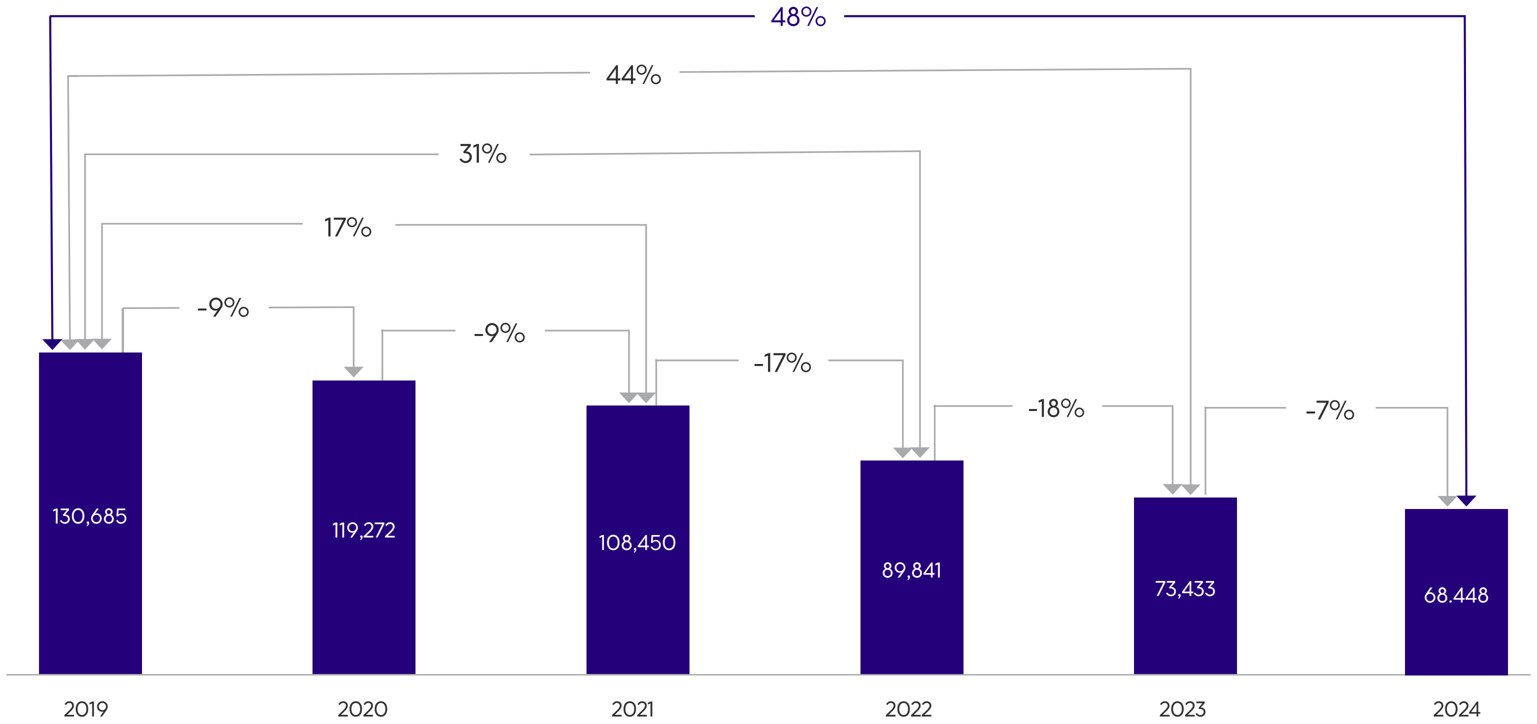
- Efficient charging infrastructure (higher capacity batteries and efficient and faster charging will contribute to better BEV range and usability).

Paper use – paperless project

NLB Group is actively encouraging the reduction of paper use while enhancing the digitalization of its operations, including digitizing services and client documents, as well as automating and streamlining internal processes across the Group. The goal is to improve user experience, boost operational efficiency, improve employee and operational efficiency and minimize environmental impact. The Paperless Collaboration project, initiated in 2020, aims to enhance user experience, increase operational efficiency, and reduce environmental impact. The objective is to achieve a 50% reduction in paper prints by 2025 (compared to 2019) through the elimination of paper use wherever possible, supported by optimized digital processes and tools.

In 2024, the largest decline was achieved in NLB lowering prints by 18% (by 2.2 million pages compared to 2023). Among all banks in the Group, NLB KB Belgrade has the largest share in paper usage (47%) and the biggest environmental impact by lowering prints by 3 million pages (9% less prints than in 2023). Not all NLB Group members had a reduced paper consumption due to anti-money-laundering requirements, high sales growth, and limited possibility of usage of electronic signature.

Figure 16: Paper consumption in NLB Group: number of prints (in thousands)



E1-4 Targets related to climate change mitigation and adaptation

Development of GHG reduction targets

Financed emissions, falling under GHG Protocol Scope 3 Category 15, account for 99.9% of total emissions within NLB Group, making them the primary focus of our emissions reduction targets. While the Operational Emissions Net-Zero Strategy is in place, operational emissions targets will be defined and implemented in 2025. This approach highlights the pivotal role of portfolio emissions in achieving NLB Group's long-term climate goals.

NLB Group uses science-based scenario pathways to limit global warming to 1.5°C, committing to meet its 2030 sector targets without reliance on offsets. Instead, the Group focuses on monitoring industry standards for offsets as they evolve. Targets, developed under internal risk supervision and executive approval, are aligned with NZBA guidelines and will be reviewed every five years to remain consistent with international agreements or national goals.

NLB Group's Net-Zero Portfolio Strategy, which covers financed emissions (Scope 3, Category 15), addresses lending activities that include clients' Scope 1 and Scope 2 emissions. Initial emissions reduction targets were set within 18 months of joining the NZBA, focusing on the identified priority sectors under the established baseline, including high-emission industries and key areas of financial exposure, as detailed in the chapter E1-3 Decarbonization Actions and Levers, where prioritization is explained. The second round of target setting, encompassing additional relevant sectors, is scheduled for public disclosure in Q2 2025, marking the 36-month milestone of NLB's Net-Zero NZBA commitment.

However, significant gaps remain in Scope 3 data quality, particularly for small and medium-sized enterprises in the SEE region. NLB is committed to:

- Encouraging client participation in GHG accounting and reporting.
- Enhancing proxy calculation methodologies through collaboration with leading data providers.
- Continuously refining target-setting approaches to align with international best practices.
- Including facilitated emissions from capital market activities in set targets by November 2025.
- Integrating Scope 3 client emissions into target setting and the overall target structure by 2026.

Overview of GHG emissions reduction targets

Table 17: GHG reduction commitment in the first round of NZBA target setting

Sector			Details		GHG Baseline	Performance		Target Coverage	GHG 2030 Targets	Target Coverage
	Scope(s) included	Scenario used	Unit of measurement	Baseline year	Baseline	2023	2023 relative to baseline	2030 Target	Relative to baseline	
Power Generation	1 and 2	IEA NZE	t CO_2/Mwh	2021	0.232	0.201	−13%	0.165	−29%	NLB Group
Iron & Steel	1 and 2	IEA NZE	t CO_2/t	2021	0.600	0.839	40%	1.070	/	NLB Group
Commercial Real Estate	1 and 2	IEA NZE	kg CO_2/m^2	2021	120	57	−53%	39	−68%	NLB
Residential Real Estate	1 and 2	IEA NZE	kg CO_2/m^2	2021	43	37	−14%	19	−56%	NLB

Notes:
(i) NLB continues its commitment to coal exclusion introduced in 2021, with the existing exposure to be phased out.
(ii) The majority of exposure is covered by clients' decarbonization plans. The increase in intensity stems from missing clients' Scope 2 data in the baseline but remains below the pathway scenario and 2030 target, ensuring alignment with decarbonization goals.
(iii) National Energy and Climate Plans do not exist outside the EU, and there are inconsistencies in Energy Performance Certificate (EPC) methodologies within the region. Despite these challenges, NLB is committed to financing at least 30% of new production in the most energy-efficient commercial buildings (<50 kg CO_2/m^2) and at least 15% of new production in top-rated mortgages (A & B EPC class) in Slovenia by 2030.
(iv) Emission intensity targets are set as gross targets, A location-based approach is used for portfolio monitoring, ensuring transparency and consistency in tracking progress. Compared to the market-based method, which reflects emissions from electricity that companies have purposefully chosen, the location-based approach accounts for the average emissions intensity of the grid where consumption occurs.
(v) NLB intends to forgo the utilisation of offsets to achieve its 2030 NZBA sector targets. Instead, the bank will monitor and contribute to the development of industry standards for offsets as they emerge. NLB will also engage with its clients to encourage them to formulate their own net-zero strategies, which may involve utilising carbon credits to offset residual emissions in accordance with scientific guidance.

Target science-based alignment, methodology, and decarbonization levers

NLB Group reports on progress for the first time since the disclosure of targets. Due to the reliance on publicly reported emissions data from clients, required for the calculation of sector emissions intensity, reporting on emissions profiles is based on a one-year lag, in comparison to the timeline for financial reporting.

Effective data collection and stakeholder engagement are essential for setting emission intensity targets and monitoring progress. Data gathering plays a crucial role in ensuring the accuracy and relevance of targets, requiring direct engagement with stakeholders. Scope 1 and 2 emissions data were collected from various sources, including annual disclosures, publicly available information, direct communication with relevant stakeholders, and collections of Energy Performance Certificates (EPC) for individual properties in the Residential Real Estate (RRE) and Commercial Real Estate (CRE) sectors. This comprehensive data collection process ensures that the targets reflect an accurate and thorough understanding of emissions across key sectors.

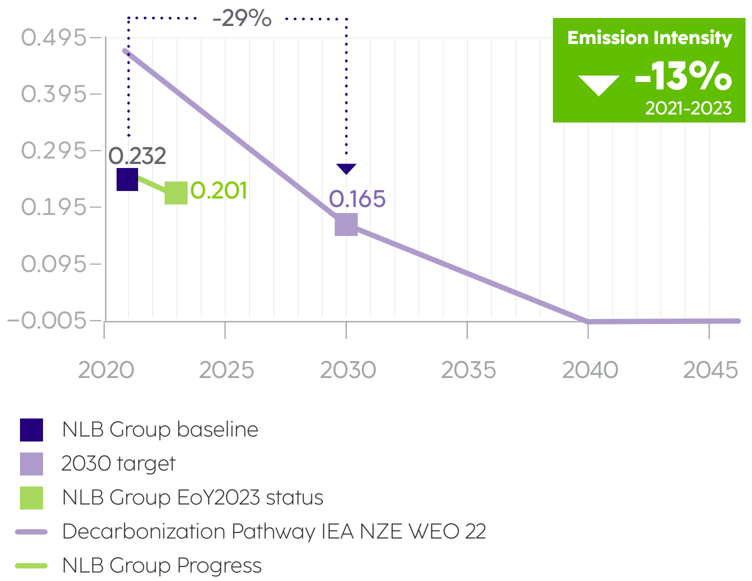
Annual progress reports will track performance, and NLB Group is enhancing internal systems for target monitoring and tracking. Individual sectoral specifics, such as scenario selection and specific decarbonization levers, are further detailed in the sectoral breakdown, providing a comprehensive explanation of the approaches to emission reductions within each sector.

Power generation target

NLB Group has set the target for its Power Generation portfolio on the Group level, guided by the IEA NZE WEO 22 pathway. In the NZE 2050 scenario, global power generation reaches net-zero emissions by 2040, enabling the global economy to meet its 2050 target. The scenario envisions an average energy efficiency of -0.005 tCO_2 /MWh across our power generation portfolio by 2050 and interim target of 0.165 tCO_2 / MWh by 2030. This target builds on the Group's 2021 commitment to exclude coal financing and phase out existing coal exposures.

In 2023, NLB Group achieved a 13% reduction in emissions intensity for Power Generation, lowering it from 0.232 tCO_2/MWh to 0.201 tCO_2/MWh compared to the 2021 baseline. This progress is attributed to a focused effort on financing renewable energy sources at the Group level, with key challenges including the need for unified data collection across the Group and the integration of Scope 1 and 2 emissions from all legal entities.

Figure 17: Power generation Emission Intensity in tCO_2/MWh



NLB Group will achieve its net-zero target through ongoing client engagement, incentivizing the development and implementation of decarbonization plans, including expanding renewable energy capacity, decommissioning fossil-based power production, and upgrading renewable energy plants for improved efficiency. With significant exposure to renewable energy, the Group has committed to further boosting this carbon-neutral sector through targeted financing.

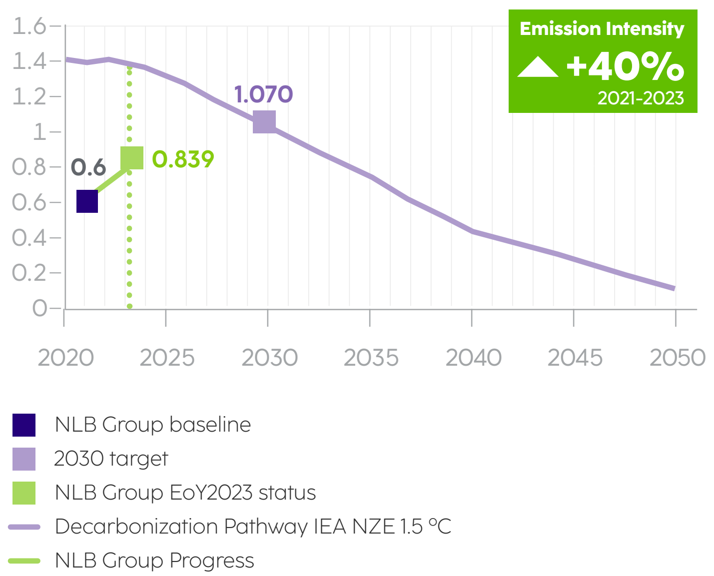
Achieving this target will require support from the EU and national-level incentives to develop renewable-energy production facilities, including funding for such projects. Despite NLB Group's significant exposure to renewable energy, progress will be contingent on these external incentives.

Iron & steel target

NLB Group's target scenario for its Iron & Steel portfolio follows the IEA NZE 1.5°C pathway, aligned with global net-zero data from IEA scenarios. This scenario aims for an average energy efficiency of 0.108 tCO_2/t steel by 2050, with an interim target of 1.070 tCO_2/t steel by 2030, set at the Group level. NLB Group's 2021 baseline stands at 0.600 tCO_2/t steel, already significantly below the 2030 target.

The steel industry can achieve net-zero targets by adopting low-emission technologies, using low-carbon feedstock, and advancing existing decarbonization plans. Key actions include supporting clients using low-emission technologies (e.g., electric arc furnaces) and ensuring clients with decarbonization commitments implement their plans. Additionally, decarbonizing the regional industrial energy mix and establishing carbon capture and storage networks will be essential for enabling steel producers to meet net-zero targets.

Figure 18: Iron & steel
Emission Intensity in tCO_2/t steel



In FY 2023, NLB Group observed an increase in emissions from the baseline of 0.600 tCO_2/t to 0.839 tCO_2/t in the Iron & Steel portfolio. This increase is primarily due to the unavailability of some client Scope 2 emissions data at the time of baseline calculation. Additionally, the portfolio's limited exposure to a small number of clients can lead to significant fluctuations in intensity levels from new business.

NLB Group's exposure is largely with clients already progressing in their decarbonization efforts. The majority of our existing clients produce steel via the electric arc furnace (EAF) route using scrap steel, resulting in a current sector portfolio intensity well below the European average of 1.81 tCO_2/t for integrated steel production, as reported in the JRC Technical Report on Greenhouse Gas Intensities of the EU Steel Industry[10].

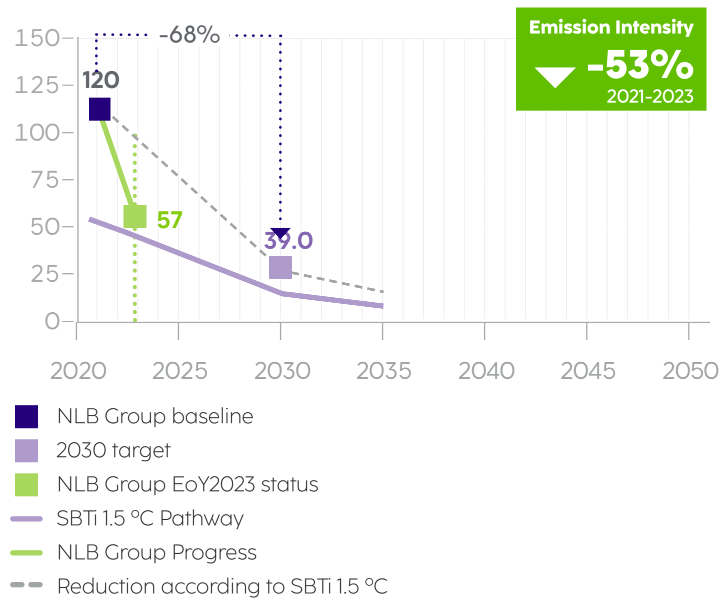
For less advanced clients, NLB Group aims to understand their current carbon intensity and strategic targets for 2030 and beyond, positioning itself as a strategic partner. Moving forward, NLB Group aims to facilitate the transition of integrated steel producers to the scrap route based on credible client transition plans. While this may lead to a temporary increase in portfolio emissions, it will have a significant medium- to long-term environmental impact, contributing to the decarbonization of production processes.

Commercial real estate commitment

The commitment set for the Commercial Real Estate sector is guided by the trajectory scenario aligned with the SBTi 1.5°C pathway and data from IEA global net-zero scenarios, This scenario envisions an average energy efficiency of 0.4 kg CO_2 /m² across our CRE portfolio by 2050. This science-based trajectory is established for NLB d.d. in Slovenia, where sufficient official EPC data allows for a robust baseline and target setting. The national green transition targets in Slovenia, supported by legislation, further reinforce this objective.

To meet the benchmark, NLB will focus on financing the construction of commercial buildings with the best energy performance certificates and promote green loans for retrofitting and renovating existing commercial properties to enhance energy efficiency, including the installation of heat pumps.

Figure 19: Commercial real estate
Emission Intensity in kg CO_2/m²



In FY 2023, the Commercial Real Estate sector saw a significant reduction in emissions intensity, dropping from the established baseline of 120 kg CO_2/m² to 57 kg CO_2/m². This progress was supported by key activities, including the recalculation of the current emissions intensity, factoring in actual EPC data. However, challenges arose due to the new national energy legislation and EPC methodologies in Slovenia.

10 JRC Publications Repository - Greenhouse gas intensities of the EU steel5industry and its trading partners

The small portfolio size means that a single transaction can significantly impact the overall portfolio intensity. Additionally, the 10-year validity of EPCs in Slovenia does not reflect passive decarbonization or efficiency improvements implemented by property owners. The shift from calculated to metered EPCs for commercial premises could also pose challenges, as metered EPCs account for full consumption at metering points, whereas calculated EPCs only account for key building systems defined in the EPC calculation methodology.

Currently, we notice in the market only moderate demand for the best energy-efficient buildings, as they have substantially higher construction costs which are not always passed on to tenants. However, NLB d.d. is committed to decarbonizing the Commercial Real Estate sector by ensuring at least 30% of new production volumes in Slovenia is directed toward highly energy efficient buildings (<50 kg CO_2/m^2) by 2030.

In FY 2024, this commitment was exceeded, with 85% of new NLB Commercial Real Estate financing allocated to energy-efficient buildings (<50 kg CO_2/m^2), reflecting strong progress toward the set commitment.

Residential real estate commitment

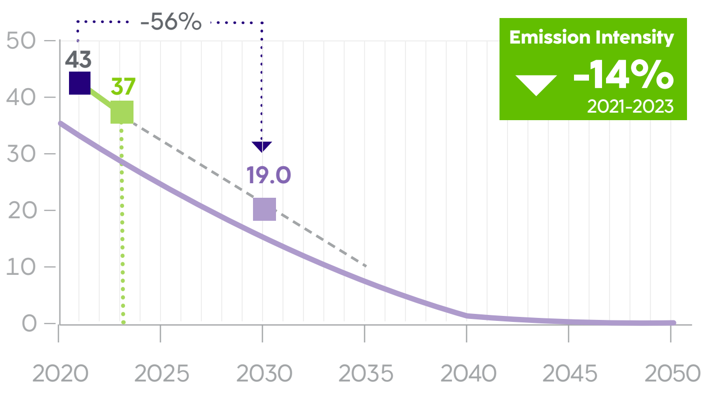
The benchmark scenario for Residential Real Estate is guided by the SBTi 1.5 °C pathway and data from IEA global net-zero scenarios. This scenario envisions an average energy efficiency of 0.4 kg CO_2/m^2 across the mortgage portfolio by 2050, with an interim benchmark of 19.0 kg CO_2/m^2 by 2030.

As with Commercial Real Estate, the interim science-based benchmark is set only for NLB d.d., as Slovenia is the only market with sufficient official EPC data to establish a robust baseline. Additionally, as part of the EU, Slovenia has national green transition targets supported by legislation.

In FY2023, NLB achieved an emissions intensity of 37 kg CO_2/m^2, marking a 14% reduction from the 43 kg CO_2/m^2 baseline set in 2021. This progress continued efforts to improve the energy efficiency of the mortgage portfolio.

Key activities during the reporting year included the recalculation of portfolio emissions intensity and the mandatory requirement for EPCs on all new retail mortgage loans starting in Q4 2023. Despite these advancements, several challenges affected portfolio assessment, including the impact of the new EPC methodology and regulatory changes under the Regulation on the Efficient Use of Energy in Slovenia, as well as the 10-year EPC validity period, which does not account for passive decarbonization or homeowner-initiated energy efficiency improvements. For properties without EPCs, emissions intensity was modelled using available real estate characteristics from collateral data.

Figure 20: Residential real estate Emission Intensity in kg CO_2/m^2



To emphasize its commitment to energy efficiency, NLB has set a commitment of at least 15% of new mortgage production in Slovenia to be in EPC classes A and B, with plans to increase this share over time.

In FY2024, NLB exceeded this target, achieving 27% of new mortgage production in these high-efficiency classes. Additionally, the share of new mortgage production in NLB with official EPC data is steadily increasing, with the figure expected to rise further due to the mandatory EPC requirement for new retail mortgage loans introduced in Q4 2023, enhancing the accuracy of energy performance tracking.

Achieving net-zero carbon emissions in the real estate sector requires collaboration among all stakeholders – banks, governments, industry players, energy providers, and homeowners. NLB remains committed to accelerating this transition by prioritizing financing for high-efficiency new homes (EPC A & B) and expanding green loan offerings for retrofits, renovations, and heat pump installations.

However, systemic change is essential, including stronger government policies, enhanced subsidies, and a faster transition to renewable energy. While NLB continues to develop innovative financial solutions to support modernization, achieving climate goals ultimately depends on grid decarbonization, regulatory action, and active homeowner participation.

NLB advocates for an inclusive approach to energy efficiency, ensuring that financing is accessible to all homeowners, regardless of their property's current energy label. The Bank's objective is to empower homeowners to make the necessary improvements and will continue to develop innovative products, services, and partnerships to drive progress.

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E1-5 Energy consumption and mix

Table 18: Overview of NLB Group energy consumption and mix

	Energy consumption and mix	Unit	2023	2024
1	Fuel consumption from coal and coal products	[MWh]	–	–
2	Fuel consumption from crude oil and petroleum products	[MWh]	7,013	7,156
3	Fuel consumption from natural gas	[MWh]	3,368	2,980
4	Fuel consumption from other fossil sources	[MWh]	–	–
5	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	[MWh]	24,474	21,379
6	**Total fossil energy consumption (calculated as the sum of lines 1 to 5)**	**[MWh]**	**34,855**	**31,515**
	Share of fossil sources in total energy consumption	[%]	67%	63%
7	Consumption from nuclear sources	[MWh]	10,408	9,917
	Share of consumption from nuclear sources in total energy consumption	[%]	20%	20%
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	[MWh]	54	34
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	[MWh]	6,967	8,236
10	The consumption of self-generated non-fuel renewable energy	[MWh]	0	9
11	**Total renewable energy consumption (calculated as the sum of lines 8 to 10)**	**[MWh]**	**7,021**	**8,279**
	Share of renewable sources in total energy consumption	[%]	13%	17%
12	**Total energy consumption (calculated as the sum of lines 6, 7 and 11)**	**[MWh]**	**52,284**	**49,711**

Note: The data is not validated by any external source other than the limited assurance provider (for 2024).

Share of renewable energy production in NLB Group in 2024 equals the consumption of self-generated non-fuel renewable energy 9 MWh (solar PV). Compared with 2023, the share of fossil fuels used dropped, while the share of renewable sources in total energy consumption was increased. This gives a clear sign that the measures which NLB Group has taken to reach its goal (net zero) are adequate and well on track.

» For a detailed list of measures related to energy consumption and mix, please see the chapter Key actions - Operational emissions Net-Zero strategy.

E1-6 Gross Scopes 1, 2, 3 and total GHG emissions

The table presents NLB Group's gross emissions, encompassing both operational emissions and those arising from financing and investment activities (in alignment with the Pillar III framework). The methodologies used to calculate and disclose these emissions are detailed in the following sections, providing transparency and consistency in the NLB Group emissions reporting approach.

Table 19: NLB Group gross GHG emissions (operational and financed) (in tCO_2eq)

	Base year	Comparative	N	% N/N-1
	2021	2023	2024	
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions	3,703	3,418	3,029	-11.4%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	–	–	–
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions	32,952	20,320	17,127	-15.7%
Gross market-based Scope 2 GHG emissions	28,570	11,822	10,718	-9.3%
Significant Scope 3 GHG emissions				
Total gross indirect (Scope 3) GHG emissions	3,531	11,003,756	11,169,097	1.5%
Purchased goods and services	466	341	465	36.4%
Capital goods	–	–	–	–
Fuel and energy-related Activities (not included in Scope1 or Scope 2)	0	0	1,573	–
Upstream transportation and distribution	–	–	–	–
Waste generated in operations	0	20	9	-54.8%
Business traveling	0	326	446	36.8%
Employee commuting	3,065	3,389	3,608	6.5%
Upstream leased assets	–	–	–	–
Downstream transportation	–	–	–	–
Processing of sold products	–	–	–	–
Use of sold products	–	–	–	–
End-of-life treatment of sold products	–	–	–	–
Downstream leased assets	–	–	–	–
Franchises	–	–	–	–
Investments	–	10,999,680	11,162,996	1%
Total GHG emissions				
Total GHG emissions (location-based)	**40,186**	**11,027,494**	**11,189,253**	**1.5%**
Total GHG emissions (market-based)	**35,804**	**11,018,996**	**11,182,844**	**1.5%**

Note: The measurements are not validated by an external body other than a limited assurance provider (for 2024).

Table 20: Operational Carbon footprint of NLB Group (excluding Financed emissions Category 3.15 and including new Category 3.3 in 2024)

Name	Year Description	Unit	2019 Total	2020 Total	2021 Total	2022 Total	2023 Total	2024 Total
Scope 1-3	**All emissions from all Scopes**	**[tCO_2eq]**	**36,935**	**37,789**	**35,804**	**20,627**	**19,316**	**19,848**
Scope 1-2	**Emissions from Scopes 1 and 2**	**[tCO_2eq]**	**31,922**	**33,948**	**32,273**	**16,793**	**15,240**	**13,747**
Scope 1	**Total Scope 1 emissions**	**[tCO_2eq]**	**3,680**	**3,350**	**3,703**	**3,648**	**3,418**	**3,029**
Scope 1.1	Fuel Combustion	[tCO_2eq]	1,472	1,569	960	887	818	704
Scope 1.2	Vehicle fleet	[tCO_2eq]	1,882	1,447	1,720	1,756	1,684	1,788
Scope 1.3	Refrigerant	[tCO_2eq]	326	333	1,023	1,004	916	537
Scope 2	**Total Scope 2 emissions**	**[tCO_2eq]**	**28,242**	**30,598**	**28,570**	**13,145**	**11,822**	**10,718**
Scope 2.1	Electricity	[tCO_2eq]	21,992	24,410	21,904	7,542	7,243	6,095
Scope 2.2	District heating and cooling	[tCO_2eq]	6,250	6,188	6,666	5,603	4,579	4,623
Scope 3	**Total Scope 3 emissions**	**[tCO_2eq]**	**5,013**	**3,842**	**3,531**	**3,834**	**4,076**	**6,101**
Scope 3.1	Paper and water	[tCO_2eq]	–	–	466	418	341	465
Scope 3.3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	[tCO_2eq]	–	–	–	–	–	1,573
Scope 3.5	Waste	[tCO_2eq]	–	–	–	21	20	9
Scope 3.6	Business travel	[tCO_2eq]	–	–	–	185	326	446
Scope 3.7	Employee (work) commute	[tCO_2eq]	5,013	3,842	3,065	3,210	3,389	3,608

Note: The data is not validated by any external source other than the limited assurance provider (for 2024).

NLB Group continues to reduce its environmental footprint on Scopes 1 and 2, where the substantial amount of operational emissions comes from. The reduction is a direct consequence of measures taken to improve energy efficiency and change the energy sources to zero emissions, where possible. Within Scope 3, NLB Group improved in category 3.5 (Waste), although a need to improve the quality of data gathering and measurements remains. Generally, the increase in Scope 3 emissions is due to the introduction of the new category (3.3), as well as a moderate increase in business travel and employees commuting (due to the rise in the number of employees).

» For a detailed list of measures related to reducing operational emissions, please see the chapter Key actions - Operational emissions Net-Zero strategy.

Table 21: GHG Intensity based on net revenue

	2024
Total GHG emissions (market-based) (tCO_2eq)	11,182,844
Total GHG emissions (location-based) (tCO_2eq)	11,189,253
Net revenue (EUR thousands)	1,244,810
GHG Intensity-based per net revenue (market-based) (tCO_2eq/EUR thousands)	8.984
GHG Intensity-based per net revenue (location-based) (tCO_2eq/EUR thousands)	8.989

Accountancy policy and reconciliation:
Net revenue (EUR 1, 244,810 thousands) is reconciliated with the financial statements notes.

Significant changes affecting year-to-year comparability

In the GHG emission report for the year 2024, the main changes to previous years are the holistic presentation of emissions, including Scope 1, Scope 2 and Scope 3, and financed emissions. Namely, under the Pillar III framework, NLB Group reported Scope 3, Category 15 financed emissions in 2022, but without inclusion of Scope 3 client emissions. In 2023, the Group began incorporating Scope 3 client emissions, significantly increasing the reported value, as they represent the majority of total financed emissions. The 2024 report marks the first year where year-to-year comparability is possible, as the figure is presented with updated values and a consistent Scope. The calculation methodology relies on both proxies and actual client data, meaning that changes in the reported emissions may result from updates to client data or adjustments in proxies. Changes in reported emissions may also stem from shifts in exposures to individual sectors, defined by NACE codes, from the perspective of lending activity and new business. This approach ensures alignment with regulatory requirements, enhances transparency, and supports risk management under the Pillar III disclosure framework.

Further to this, in terms of operational emissions, a new category (3.3 Fuel—and energy-related activities not included in Scope 1 (well to tank—WTT) or Scope 2 (transmission and distribution losses—T&D)) was added for the year 2024, which was not reported in the previous year.

The emission calculation for 2024 and previous years has been adapted to entail the greenhouse-gas principle, which results in less than 0.5% of the total tCO_2eq difference.

Methodologies, assumptions, and emissions factors

Aiming to report GHG emissions according to internationally recognised and neutral standards, the NLB Group's calculations follow the GHG Protocol guidelines. To calculate NLB Group carbon footprint, the following standards are used:

- **Corporate standard (Corporate Accounting and Reporting Standard)**
- **Corporate Value Chain (Scope 3) Accounting and Reporting Standard**

We used the centralized approach to data collection. Data were gathered on an individual level of NLB Group members and reported to the corporate level, where GHG emissions were calculated.

In terms of setting **organisational boundaries**, NLB Group used the **financial control approach on a consolidated basis and has thus followed the same principles as those from financial reporting. This means that the Sustainability Statement includes the parent bank NLB and all subsidiaries from when** NLB obtains direct or indirect control over the financial and operational management and receives a variable return.

The Sustainability Statement covers the financial reporting period from 1 January to 31 December 2024. However, there are certain specifics, namely:

- Summit Leasing Slovenija and Mobil Leasing, Zagreb were acquired on 11 September 2024; hence, the reporting period is from 11 September to 31 December 2024.
- NLB Car & GO was established on 21 October 2024. Hence, the reporting period is from 21 October to 31 December 2024.
- NLB Fondovi Skopje (previously Generali Investments AD Skopje) was acquired on 23 May; hence, the reporting period is from 23 May to 31 December 2024.

Key subsidiaries in own operations are NLB as a parent bank and other financial core members: i) banks, ii) leasing companies and iii) asset management companies. The calculation of GHG emissions has been made for operational offices with significant material impact and individuals as per the following Scopes **(operational boundaries):**

Scope 1 – direct emissions
- Combustion of fuels
- Company-owned vehicle fleet (internal combustion engine)
- Company-controlled fleet (internal combustion engine)
- Refrigerants (for HVAC systems)

Scope 2 – indirect emissions from purchased energy
- Electricity consumption (both location and market-based)
- Owned vehicle fleet – electric vehicles and PHEV (included in electricity consumption)
- District heating

Scope 3 – indirect emissions (selected emission categories; for more details, please see exclusion list)
- 3.1 Purchased Goods and Services: use of paper and water supply
- 3.3 Fuel- and energy-related activities not included in Scope 1 (well to tank - WTT) or Scope 2 (transmission and distribution losses – T&D)
- 3.5 Waste Generated in Operations
- 3.6 Business Travel
- 3.7 Employee Commuting

Because some NLB Group entities are located at the premises of another Group member, the reporting is done by the member that owns the premises and has the most accurate data (i.e., a locally consolidated approach).

›› For more details on operational boundaries, please see the table below and the chapter Exclusions.

Even though NLB Group started reporting its operational carbon footprint in 2021 for the period 2019-2021, the 2024 GHG Emission Report has been harmonized with the Portfolio Net-Zero Strategy and ESRS demand and reset its baseline year to 2021.

Scope 3 category 15 – Investments

NLB Group calculates its portfolio (financed) emissions by using the Partnership for Carbon Accounting Financials (PCAF) Standard. However, disclosures of financed emissions are aligned with the requirements of the **Pillar III disclosure framework, ensuring banking sector comparability, regulatory compliance, and year-to-year consistency** in reported data. This approach enables transparent and consistent assessment of financed emissions across sectors, supporting **risk management** and alignment with **industry benchmarks.** By maintaining methodological consistency, the Group enhances the reliability of its disclosures, ensuring comparability over time while adhering to regulatory requirements.

Application of the **Partnership for Carbon Accounting Financials (PCAF) Standard** ensures consistency with industry best practices and regulatory expectations. The PCAF methodology was selected due to its wide acceptance among financial institutions, transparency, and alignment with international reporting frameworks such as the **Greenhouse Gas Protocol (GHG Protocol)** and the **Task Force on Climate-related Financial Disclosures (TCFD)** recommendations. The approach enables a standardized and comparable assessment of financed emissions across asset classes.

The Group has recognised greenhouse gas (GHG) emissions data as the primary and crucial factor when assessing the level of transition risk. Therefore, obtaining good-quality emission data is a high priority. The priority is the data obtained directly from the clients. While operating in a region where such information is not commonly available, the Group supports the clients with the know-how and motivates them to calculate GHG emissions.

Due to data limitations, particularly in sectors with scarce primary disclosures, the Group applies **proxy data and sectoral benchmarks** where necessary. The calculation is based on the following assumptions:

- The calculation and disclosure of financed emissions is based on the perimeter defined under Pillar III rules, encompassing exposures in the banking book. This includes the Gross Carrying Amount of loans and advances, debt securities, and equity instruments to non-financial corporations, excluding those held for trading purposes. The financed emissions assessment specifically focuses on non-financial corporations, considering direct and indirect emissions from financial activities such as lending, investing, and financing. Sovereign, sub-sovereign, institutions and supranational exposures are excluded from the calculation while not materially contributing to direct emissions. Emissions related to the retail portfolio (mortgages, vehicle loans) are not subject to Pillar III disclosures.

- **Where available, actual client data for Scope 1, 2, and 3 emissions is used** to calculate financed emissions. The data is provided by the clients using questionaries.

- **Whenever client Scope 1 and Scope 2 emission data are not available**, the Group uses proxies provided by the Jožef Stefan Institute (IJS), Energy Efficiency Centre , a leading institute in this area with a proven background. Proxies are calculated at the lowest possible granularity level, considering the available data for each country where NLB Group operates. However, granularity varies across industries and countries depending on the availability of the data. The proxies delivered by IJS express the average economic intensity of each industry and are primarily used for portfolio emissions calculations, as well as for target setting and decision-making purposes. Based on the client's industry code and revenues, the Group calculates Scope 1 and Scope 2 emissions of each client by multiplying the value of a specific proxy with the revenues of a client.

- **When client Scope 3 emission data is unavailable,** NLB uses proxies from the Intercontinental Exchange (ICE), selected for their transparency and as the ICE's dataset was also used in the ECB's economy-wide climate stress test. ICE collects data from public sources, which undergoes statistical treatment and rigorous checks, with verification by ICE's Quality Assurance team. Data is classified as reported, inferred, or statistically treated, with transparency on the source. Based on the client's industry code and revenues, the Group calculates the Scope 3 emissions of each client by multiplying the value of a specific Scope 3 proxy with the revenues of a client, as it does for the Scope 1 and Scope 2 calculations.

- **Attribution methodolog**y follows the PCAF's financial exposure-based attribution model, allocating emissions based on a loan or investment's proportional contribution to a client's total balance sheet. The attribution factor is calculated using on-balance-sheet data as Gross Carrying Amount / (Short-term Financial Debt + Long-term Financial Debt + Equity).

- **Finally, financed emissions are calculated** by multiplying the attribution factor with the client's Scope 1, Scope 2 and Scope 3 emissions, which are either obtained from the client or calculated using proxies.

» Scopes, metrics, emission definitions, emission and conversion factors for operational emissions are detailed in Appendix 2-Methodological outline for operational GHG emissions calculation.

Exclusions

Table 22: List of exclusions

Scope 1	Exclusion
Fuel combustion	-
Vehicle fleet (ICE)	-
Refrigerant	Included only in following organizations: NLB, NLB Komercijalna Banka, NLB Banka Skopje, NLB Banja Luka and NLB Interfinanz Zurich. For other organizations data not available.
Scope 2	
Electricity (market-based)	-
District heating and cooling	-
Vehicle fleet (Electric, PHEV, Hybrid))	-
Scope 3	
Purchased goods and services	Included use of paper and water. Emissions of Scope 3 categories "3.1 – Purchased goods and services" and "3.2 – Capital goods (assets)", represented by paper and water emissions only, do not reflect actual emissions of these two categories. The cost for these two reported categories reached 115 MEUR in 2023. Paper and water are a small part of these emissions. Therefore, additional emission categories will have to be introduced in carbon footprint reporting in the future to be able to cover a substantial part of Scope 3 operational emissions. Based on 2023 figures non- included Scope 3 category 1 and 2 emissions account for 14.300 t CO_2eq (using US EPA Supply Chain GHG Emission Factors, Offices of Bank Holding Companies – 130 t CO_2eq/ MUSD). The reason for the non-inclusion of these Scope 3 categories is also reflected in the lack of reliable emission factors for emission sources (goods, services and assets). Also, NLB Group has not yet used a supplier engagement approach to stimulate its suppliers to report their product emissions.
Capital goods	Not included. Emissions of Scope 3 categories "3.1 – Purchased goods and services" and "3.2 – Capital goods (assets)", represented by paper and water emissions only do not reflect actual emissions of these two categories. Cost for these two reported categories reached 115 MEUR in 2023. Asset emissions category will have to be introduced in carbon footprint reporting in the future, to be able to cover substantial part of Scope 3 operational emissions. Based on 2023 figures non-included Scope 3 category 1 and 2 emissions account for 14,300 t CO_2eq (using US EPA Supply Chain GHG Emission Factors, Offices of Bank Holding Companies – 130 t CO_2eq/MUSD). Reason for non-inclusion of these Scope 3 categories is reflected also in lack of reliable emission factors for emission sources (goods, services and assets). Also, NLB Group has not yet used supplier engagement approach to stimulate its suppliers to report their product emissions.
Fuel- and energy- related activities	-
Upstream transport and distribution	Not included.
Waste generated in operations	-
Business travel	-
Employee commuting	-
Upstream leased assets	Included in Scope 1 and 2 report.
Downstream transport and distribution	Not relevant.
Processing of sold products	
Use of sold products	
End-of-life treatment of sold products	
Downstream leased assets	This category has not been included in the Group's gross emissions reporting for the year 2024. The transport segment, including leasing, along with the corresponding methodology for calculating financed emissions, is scheduled to be evaluated in the second round of target setting and will be included in future reporting. This delay is due to data challenges related to vehicle-specific information, which are being addressed as part of the Group's ongoing efforts to refine and enhance its emissions data collection and reporting processes.
Franchises	Not relevant.
Investments	Reported separately. Portfolio (financed) emissions are calculated using the Partnership for Carbon Accounting Financials (PCAF) Standard; however, disclosures of financed emissions are aligned with the requirements of the Pillar III disclosure framework, ensuring banking sector comparability, regulatory compliance, and year-to-year consistency in reported data. This approach enables transparent and consistent assessment of financed emissions across sectors, supporting risk management and alignment with industry benchmarks. By maintaining methodological consistency, the Group enhances the reliability of its disclosures, ensuring comparability over time while adhering to regulatory requirements.

Sustainable Finance

Sustainable finance, including transition finance, has a high impact on the environment and society and is recognized as a strategic opportunity for NLB Group. It is firmly embedded in the NLB Group's new business strategy (New Horizons) as well as its net-zero strategy. Risks related to sustainable finance are managed through ESG risk management in lending and investing.

NLB Group offers its clients a diverse range of financing products and solutions to support climate change mitigation and climate adaptation. These include green lending and leasing, sub-funds aligned with EU regulations promoting environmental and social characteristics, issuing green bonds, and investing in ESG-labelled bonds.

This chapter outlines NLB Group's key policies, activities, metrics, and progress in delivering sustainable finance solutions to its clients. The organizational units responsible for each product regularly monitor progress against internally set KPIs. They report at least monthly to the management boards of NLB Group members and at least quarterly during Sustainability Committee sessions.

Accountancy note and reconciliation:
Unless stated otherwise, reported data in the Sustainable Finance section refers to the financial statements note 5.6. Financial assets measured at amortised cost.

Green financing for corporate and retail clients

Policies

As a part of its climate-change-related adaptation and mitigation activities, NLB Group provides financing to various sustainable economic activities that meet the financial and sustainability eligibility criteria of relevant frameworks, such as the EU Taxonomy, MIGA, EBRD, NLB Group Green Bond Framework (following ICMA Green Bond Standards). Financing Rules, and procedures stipulated in lending and ESG risk management policies.

» For an overview of policies related to green financing, please refer to the section Policies in the chapter Environmental Information.

Metrics and progress

In 2024, **total green financing for corporate and retail clients experienced a significant growth, with a 153% increase in new production and a 183% rise in outstanding stock compared to 2023.** The total outstanding stock in 2024 represents 54% of the 2030 target.

Table 23: NLB Group green financing in EUR thousands(i)

Green financing (in EUR millions)	31 Dec 2024	31 Dec 2023	Target 2030
Corporate			
New production volume	308,582	198,203	
Outstanding stock volume	700,999	330,837	1,370,000
Retail			
New production volume	130,064	89,293	
Outstanding stock volume	327,143	229,421	528,000
Total (corporate and retail)			
New production volume	438,646	287,496	
Outstanding stock volume(ii), (iii)	1,028,142	560,358	1,900,000

(i) Data refer to NLB and 6 subsidiary banks in the region. Green lending classification refers to the internal methodology of NLB Group, which refers to EBRD, MIGA, Green Bond and EU Taxonomy frameworks. If a loan is mapped to either of these frameworks (and NZBA in case of retail green financing), it is currently considered a green loan. To ensure a robust and standardized overview of green lending, this methodology will be fully aligned with CSRD, ESRS and EU Taxonomy within the regulatory timeframes.
(ii) The total target for 2030 is set at EUR 1,900,000 thousands. The discrepancy in the total sum reflects rounding in the budgeting of sub-categories.
(iii) Targets were set only for outstanding stock volume.

Key activities

Table shows a detailed non-exhaustive list of overarching areas that serve as a guide for NLB Group sustainable financing or refinancing, while eligible projects are defined in detail in the aforementioned frameworks and specified in NLB Group internal documents. The list will continue to evolve over time, reflecting changes in classifications of sustainability criteria, stakeholders' needs and expectations, and regulatory requirements.

Table 24: NLB Group sustainable financing and refinancing areas (non-exhaustive list)

Renewable Energy	Green Building	Energy Efficiency	Clean Transportation	Pollution Prevention & Control	Sustainable Water and Wastewater Management
Electricity generation using solar photovoltaic technology	Construction of new buildings	Manufacture of batteries	Passenger interurban rail transport	Construction, extension and operation of water collection, treatment and supply systems	Production of heat/cool using waste heat
Electricity generation using concentrated solar power (CSP) technology	Renovation of existing buildings	Storage of electricity	Freight rail transport	Renewal of water collection, treatment and supply systems	Collection and transport of non-hazardous waste in source segregated fractions
Electricity generation from wind power	Acquisition and ownership of buildings	Installation and operation of electric heat pumps	Urban and suburban transport, road passenger transport	Construction, extension and operation of wastewater collection and treatment	Material recovery from non-hazardous waste
Electricity generation from hydropower		Installation, maintenance and repair of energy efficiency equipment	Transport by motorbikes, passenger cars and light commercial vehicles	Renewal of wastewater collection and treatment	
Electricity generation from geothermal energy			Infrastructure for personal mobility, cycle logistics		
Electricity generation from bioenergy			Infrastructure for rail transport		
Transmission and distribution of electricity			Infrastructure enabling low-carbon road transport and public transport		
Cogeneration of heat/ cool and power from solar energy					
Installation, maintenance and repair of renewable energy technologies					

Leasing

Leasing companies in NLB Group integrate sustainability matters and IRO management ESG into its leasing operations, positioning these elements as important components of the Group's sustainable financing.

Policies

Sustainability Policy and Standard
Content and purpose: The policy sets out a general framework for sustainability-related activities, being a harmonized version of the NLB Group Sustainability Policy and Standard, adapted to leasing activities. Thus, the policy follows the same sustainability pillars, overarching goals, and principles as the parent bank.
Scope: All leasing companies. Summit Leasing Slovenija and Mobil Leasing, Zagreb, which were acquired in September 2024, will harmonize the Policy and Standards in 2025.
Most senior level accountable: Management Boards / Board of Directors and Risk department (Coordinator for sustainable development) in leasing companies.
Availability: Register of Internal Acts.

Domain-specific policies related to sustainability
Content and purpose: The implementation of the internal acts related to ESG risks in the process of financing is covered by the Risk department. Several internal acts in NLB Lease&Go frame the process of financing ESG items for legal entities, such as: Lending Policy for Non-Financial Companies, Policy Environmental and Social Transaction Policy Framework in NLB and NLB Group, Methodological Framework for Environmental and Social Categorization of Investments in NLB d.d. and NLB Group, Environmental and Social Categorization by NACE and SKD codes in NLB d.d. and NLB Group. An internal act, the Lending Policy for Non-Financial Companies in NLB d.d. and NLB Group, sets out the full list of cross-sectoral and sector-specific prohibited (exclusion list), restricted, and normal activities from the ESG perspective, including EBRD requirements, that NLB Lease&Go adheres to in its financing decisions and process.
Scope: All leasing companies. Summit Leasing Slovenija and Mobil Leasing, Zagreb, which were acquired in September 2024, will harmonize the internal acts in 2025.
Most senior level accountable: Senior managers (directors) who are responsible for a specific policy domain.
Availability: Register of Internal Acts.

Key activities

In 2024, Leasing companies in NLB Group financed sustainable vehicles in Slovenia, Serbia, and North Macedonia, which contributed to cleaner transportation. It also financed smaller sustainable projects in the field of renewable energy production, in particular solar power plants. Leasing companies in NLB Group was also actively involved in developing NLB Group's Operational Emissions Net-Zero Strategy, adopted in 2024. Among other goals, the strategy aims to achieve the net-zero emission vehicle mix by replacing its fossil-powered fleet. In line with the NLB Group Sustainable Car Fleet Management and Company Car Policy, NLB Lease&Go steers the transition process to be followed by all NLB Group members. In 2025 Leasing companies in NLB Group will actively participate in NZBA target setting for the Transport sector; finance green items for the purpose of Clean Transportation and Renewable Energy; and continue with green product development.

Metrics and progress

Table 25: Leasing companies in NLB Group green financing at the end of 2023 and 2024 (in EUR thousands)

	Year (EOY)	New production	Outstanding stock
Leasing companies in NLB Group green financing	2023	9,763	11,343
Leasing companies in NLB Group	2024	6,441	14,198

Notes:
(i) Green lending or financing classification refers to the internal methodology of NLB Group, which refers to EBRD, MIGA, Green Bond and EU Taxonomy frameworks. If a loan or financing is mapped to either of these frameworks, it is currently considered a green loan or financing. To ensure a robust and standardized overview of green lending or financing, this methodology will be fully aligned with CSRD, ESRS and EU Taxonomy within the regulatory timeframes.
(ii) Data refers to NLB Lease&Go d.o.o. and subsidiaries NLB Lease&Go Skopje and NLB Lease&Go Leasing d.o.o. Beograd. Data do not include the leasing companies Summit Leasing Slovenija and Mobil Leasing, Zagreb (acquired in September 2024) as they will perform classification of green financing in line with the internal methodology of NLB Group from the fiscal year 2025 onwards.

Asset management

Policies

NLB Funds, Asset Management, Ltd. (hereinafter: NLB Funds) offers three asset management services:

1. portfolio management
2. mutual investment fund management
3. alternative investment fund management

For each of these services, NLB Funds has adopted service-specific internal acts that determine how each service will be performed and how funds will be managed. While portfolio management services are performed in accordance with the Portfolio management general Terms and conditions and do not take sustainability into account, NLB Funds has established two sub-funds which promote environmental and social characteristics and related internal acts.

Prospectus of the NLB Skladi umbrella fund including the management rules
Content and purpose: This act determines that the sub-fund NLB Funds – Equity Socially Responsible Global Advanced Markets promotes environmental and social characteristics and the sub-fund NLB Funds – Equity Environmental promotes environmental characteristics. How the mentioned two sub-funds achieve environmental and social characteristics, and which activities are excluded for these 2 sub-funds is explained below in the section "Key activities". This act also determines that the company NLB Funds only manages sustainability risks that are required by national and EU law in relation to mutual investment funds. To manage these risks, NLB adopted the Rulebook on Due Diligence of Investments and Tab Keeping and the Mutual Funds Risk Management Plan which determines how sustainability risks are identified and mitigated.
Scope: NLB Skladi
Most senior level accountable: Head of the Risk Management department

Tender document including the Fund Management Rules NLB Funds – Green Transition I, Specialized Investment Fund
Content and purpose: This act determines that the fund promotes environmental characteristics (for details see the section "Key activities").
NLB Funds manages sustainability risks that are required by national and EU law in relation to alternative investment funds. How this is performed is determined by the Alternative Investment Fund Due Diligence Policy and the Alternative Investment Funds Risk Management Plan.
Scope: NLB Skladi
Most senior level accountable: Risk Management department and the ESG coordinator

Sustainability Policy of NLB Funds
Content and purpose: The Sustainability policy does not apply to assets managed by NLB Funds (assets managed in mutual funds, alternative investment funds and portfolios) and determines that NLB Funds does not currently consider adverse impacts of investment decisions on sustainability factors. NLB Funds plans to review this provision in the Sustainability policy in the future as the environmental regulation evolves. The Sustainability policy also determines how NLB Funds will conduct its business operations sustainably.
It determines that NLB Fund will take into account impacts, risks, or opportunities created by its business operations and that NLB Funds will adhere to the NLB Group exclusion list published on NLB web page.
Scope: NLB Skladi; NLB Fondovi, Beograd; and NLB Fondovi, Skopje
Most senior level accountable: the Supervisory Board to which the NLB Skladi ESG coordinator regularly (half yearly) reports.
Availability: publicly available at: NLB Skladi web page.

Key activities

NLB Funds offers two sub-funds which promote environmental and social characteristics and adhere to Article 8 of Regulation SFDR (EU) 2019/2088, whereas NLB Funds Beograd and Skopje currently do not have any such funds in their offer.

The sub-fund NLB Funds – Equity Socially Responsible Global Advanced Markets (introduced in 2018) promotes a combination of environmental and social characteristics but does not invest in sustainable investments. Therefore, this sub-fund invests in issuers with above-average environmental and social awareness in their operations, provided that they respect good governance practices.

The reference value for the achievement of the environmental and social characteristics promoted by this sub-fund has been determined as the required minimum allowable weighted average score of the environmental, social, and governance characteristics of all investments of the sub-fund.

This sub-fund also promotes environmental and social characteristics in such a way that it eliminates individual activities or sub-activities that it considers controversial. Such controversial activities or sub-activities in which the sub-fund will not invest are aviation and defence, gambling, tobacco, breweries, spirit drinks and wine producers, energy, metals and mining, paper and forest-based industry, and road transport

The sub-fund NLB Funds – Equity Environmental (introduced in 2018) promotes a combination of environmental characteristics provided that companies adhere to good governance practices but does not invest in sustainable investments. Therefore, this sub-fund invests in issuers with above-average environmental awareness in their operations, provided that they respect good governance practices.

The reference value for the achievement of the environmental characteristics promoted by this sub-fund has been determined as the required minimum allowable weighted average score of the environmental and governance characteristics of all investments of the sub-fund.

In 2024, NLB Funds additionally launched an alternative investment fund named the Green Transition I, Specialized Investment Fund. This fund also promotes environmental characteristics by investing in projects that enhance energy efficiency and generate electricity from renewable energy sources and any other projects related to the energy transition, provided that good governance practices are observed. As such this fund also adheres to Article 8 of Regulation SFDR (EU) 2019/2088 but does not invest in sustainable investments.

In 2025, NLB Funds will be required to implement ESMA Guidelines on funds' names using ESG or sustainability-related terms as two sub-funds and the alternative investment fund have such terms in their names. As the aforementioned guidelines prohibit investments in companies that perform certain activities, funds to which these guidelines will apply need to form exclusion lists for prohibited investments (e.g. tobacco, controversial weapons, etc).

Metrics and progress

NLB Skladi aims to maximize the asset value of two sub-funds that promote environmental and social characteristics. In 2024, compared to 2023, the total net asset value of these sub funds has increased by 62%.

Table 26: Net Asset Value at the end of 2023 in EUR thousands

	Sub-fund NLB Funds – Equity Socially Responsible Global Advanced Markets	Sub-fund NLB Funds – Equity Environ-mental	Total
Net Asset Value 2023	81,737	11,287	93,024
Net Asset Value 2024	128,539	22,519	151,058

Accountancy policy and reconciliation:
The value is a proportion of total net asset value reported in the business report (Asset management operations)

Green bond

Policy

NLB Green Bond Framework
Content and purpose: The NLB Green Bond Framework (GBF) defines commitments related to green bond issuance(s) and key activities to meet commitments. The most relevant are (i) criteria for selection of the eligible portfolio (use of proceeds), (ii) how the portfolio is managed, and (iii) respective allocation and impact reporting content and dynamic. The GBF follows the International Capital Market Association (ICMA) Green Bond Principles with the following focus areas: renewable energy, energy efficiency, green buildings, clean transportation, sustainable water and wastewater management, and pollution prevention and control.
Scope: Under the GBF NLB can only issue any debt security to finance or refinance loans, assets, and projects with positive environmental benefits. The eligible loans, assets, and projects to satisfy the commitments can be contributed by NLB, its seven subsidiary banks, and several companies providing ancillary services (including asset management, real estate management, leasing, etc.).
Most senior level accountable: While a Green Bond Working Group was established for the governance of the GBF, the main responsibility for the implementation lies with the NLB Management Board who confirm the GBF as well as the eligible portfolio and reports.
Availability: The GBF is publicly available on NLB website: **NLB Green Bond Framework**

Key activities

Based on the NLB Green Bond Framework (GBF), NLB issued its inaugural green bond in a benchmark size of EUR 500 million in June 2023. The eligibility criteria, as outlined in the use of proceeds section of the NLB Green Bond Framework, take into account the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act, with the intention to apply them on a best-efforts basis. In that respect, the Group will focus on compliance with technical screening criteria for determining substantial contribution to climate change mitigation and, as they enter into law, to sustainable use and protection of water and marine resources, as well as pollution prevention and control.

Key activities in 2024 were focused on building up the green bond eligible assets portfolio. This focus will continue to be a priority in 2025.

Target and progress

With the issuance of the green bond in June 2023, NLB committed to strive to allocate the full amount of the green bond (EUR 500 million) within 36 months after issuance (target amount), i.e. by 26 June 2026.

The target amount was set on the outcome of the analysis made by Corporate and Investment Banking Management (for CIB stream) and Customer, Product Management and Digital Services (for retail stream) before green bond issuance. Based on the projections, it was concluded that the target is within reach. The target amount was confirmed by the Management Board.

Internally, progress on meeting the allocation targets is followed monthly/quarterly, while progress is regularly reported on at the Sustainability Committee.

Externally, progress is reported with the publication of the NLB Green Bond Allocation and Impact Report. Based on the NLB Green Bond Framework, such report has to be prepared annually at least until full allocation. The first Allocation and Impact report was published in June 2024 on data as of 31 March 2024. The report reveals that the portfolio of eligible assets amounted to EUR 341 million, with 943 loans granted. The report underwent a limited assurance review performed by Sustainalytics (Morningstar).

Table 27: Eligible portfolio - allocation by categories as at 31 March 2024 in EUR thousands

CMA Green Projects Categories	Total amount of proceeds allocated	Number of loans	New financing	Refinancing	Unallocated proceeds
			Allocated proceeds		
Renewable Energy	238,470	296	31,971	206,499	
Green Building	77,423	238	0.282	77,141	
Clean Transportation	15,083	408	8,119	6,964	158,890
Energy Efficiency	10,134	1	–	10,134	
Total	**341,110**	**943**	**40,372**	**300,730**	

The next Allocation and Impact Report will be published in June 2025 and will be accessible on the NLB website.

» For 2024 disclosures, please refer to NLB Green Bond, June 2024 (English version only) on the NLB website. The document is not subject to external review of Sustainabillity Statement.

ESG bonds in the NLB Group's banking book debt securities portfolio

Policy

NLB Group Investment Strategy
Content and purpose: When managing banking book debt securities, the portfolio reflects different characteristics in order to diminish the risk derived from within. This is described in the NLB Group Investment Strategy: Investment Portfolio Plan – Definition and Monitoring and the Trading and Treasury Framework for Managing Debt Securities. While the former only sets the ESG as a component in the portfolio overview, the latter document includes a definition of ESG component, which constitutes a social, green, or sustainability tag based on the 2021 Social Bond Principles (SBP), the 2021 Green Bond Principles (GBP), and the 2021 Sustainability Bond Guidelines (SBG) published by the International Capital Market Association (ICMA).
Scope: The NLB Group Investment Strategy is the highest level document for managing banking book debt securities and all banking members are obliged to comply.
Most senior level accountable: Each banking member has its own debt securities portfolio under its supervision and as such reports to the local Assets Liabilities Committee (ALCO). Every quarter an overview of portfolios is reported to the Group ALCO.
Availability: Register of Internal Acts.

Key activities

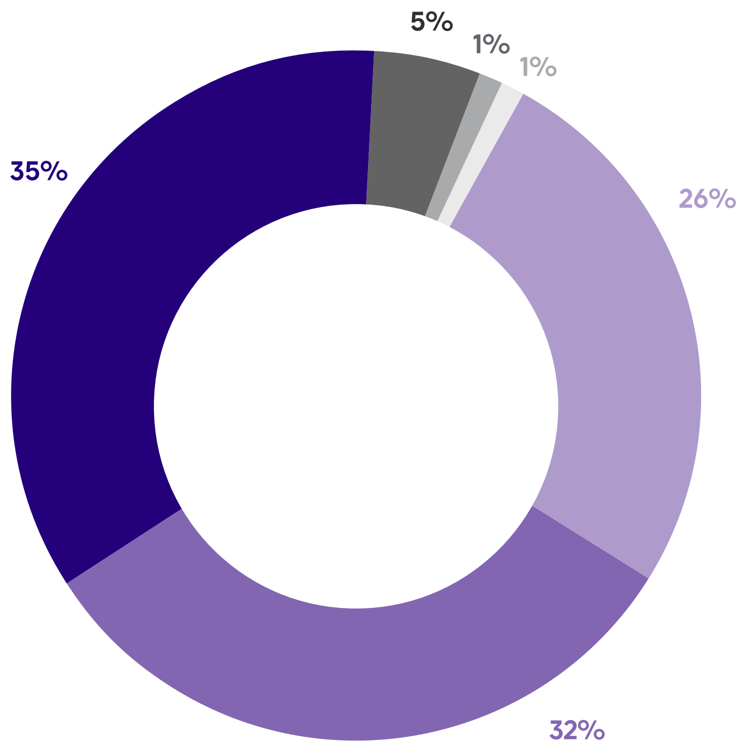
In 2024, the Group was actively present on the ESG-labelled debt securities issuances, whether primary or secondary, following the policy and the target related to the banking book debt securities portfolio. This will continue in 2025. With this approach constant growth of the Group's ESG awareness in the debt securities portfolio is ensured.

Target and progress

The Group's strategy is to invest at least the share of issued ESG debt securities on the primary market in the total issued amount of issuers where the Group has risk appetite, on a yearly basis.

At the end of 2024, NLB Group had EUR 670 million invested in ESG-labelled bonds which represents 10.8% of the Group's banking book debt securities portfolio and marked a 66% growth in compared to 2023 (6.5% share). More than half of the ESG portfolio was invested into government, government-guaranteed, and multilateral bank bonds. In 2024, EUR 373 million of ESG-labelled bonds were added into the debt securities portfolio which is 13% of all new investments in 2024 on the Group level.

Figure 21: Distribution of ESG debt securities by asset class



Accountancy policy and reconciliation:
Reported values for ESG Bonds in the Group's banking book debt securities portfolio for refers to the financial statements notes 5.3. Non-trading financial instruments measured at fair value through profit or loss, 5.4. Financial assets measured at fair value through other comprehensive income, and 5.6.Financial assets measured at amortised cost.

Table 28: ESG Debt Securities in NLB Group portfolio as of 31 December 2024 (in EUR thousands)

Green financing (in EUR millions)	Banks & corporate	Government and multilat. banks	Total	Purchased YtD in 2024
Environmental	219,961	171,696	391,657	170,116
Social	41,684	142,301	183,985	155,551
Governance	0	94,532	94,532	47,758
Total ESG	261,645	408,529	670,174	373,424
Total portfolio	1,007,434	5,185,686	6,193,120	2,865,601
% of ESG	25.97%	7.9%	10.8%	13.0%

Social Information

In this section, we report on three material standards: Own Workforce, Affected Communities, and Consumers and End-users. Our employee-related disclosures cover Working conditions and human rights, Diversity, eqiity and inclusion, Talent attraction and development, and Health and Safety, showcasing our commitment to a thriving workforce. We highlight our community impact through financing, regional development, sponsorships, and donations. Finally, we present disclosures on financial health, responsible marketing, service quality, customer satisfaction, and cybersecurity, emphasizing our management of social IROs.

S1 Own Workforce

S-1 SBM3 material IROs and their interaction with strategy and the business model

At NLB Group, sustainable practices and human resource management are strongly interconnected. Sustainability is firmly embedded in the Group's values which are key drivers of organizational culture.

Sustainability is also one of core foundations of NLB's new 2025–2030 Human Resources Strategy, adopted in December 2024 and set for gradual group-wide implementation. The HR Strategy incorporates and supports Business Strategy 2030 (People and Culture pillar), which focuses on the following key goals:

- ensuring adequate skills and capacity across the business initiatives and across the Group, in line with changing business needs,
- providing framework for effective and modern people management and development,
- and strengthening and streamlining HR processes.

The conducted double materiality assessment identified 4 material sustainability topics, which are directly or indirectly connected with the new strategies: Working conditions and human rights of employees; Employee attraction and development; Diversity, equity and inclusion, and Cybersecurity.

The Group continuously embeds sustainable principles into human resource management and organization. In this respect, NLB Group members establish respective HR internal documents, rules and procedures, initiatives, and practices which:

GROWING PEOPLE

We are ambitious, curious people who want to learn continuously. We are skilled professionals and effective communicators.

- We are honest speakers and active listeners
- We acquire and share knowledge
- We are persistent in striving for continuous improvement
- We support each other to learn and improve
- We act together towards common purpose

ENCOURAGE ENTREPRENEURSHIP

We understand our clients and colleagues, and continuously innovate to enhance their experience. We drive and embrace the changes.

- We are looking everything through digital eyes
- We are always going one step further
- We are respecting our agreements and promises
- We are proposing innovative and simplified improvements.
- We ask for empowerment and take responsibility

IMPROVING LIVES

We are changing ourselves to improve the quality of life in our home region.

- We are advocating and applying sustainable practices
- We show interest and understanding for one another
- We personally lead the change
- We take care of our personal impact on environment
- We look for opportunity in every challenge

- respect the human rights and labour rights enshrined in both domestic and international law.
- include diversity and inclusion, equal opportunities, and non-discrimination for reasons of gender, ethnicity, age, or any other circumstance.
- ensure efficient addressing of diversity, in particular gender equality, in the highest governance bodies and senior positions.
- ensure fair pay and remuneration, and reduction of the gender pay gap.
- promote and ensure the safety, health, work-life balance, and well-being of employees.
- attract and manage talents in order to drive the local and international career development of employees.
- promote internal dialogue and communication, and measure employee satisfaction through regular organizational culture and engagement surveys.
- maintain high standards of labour management relations and social dialogue.
- promote and implement training and other measures to ensure that employees build their sustainability capacities, awareness, and engagement.
- build and promote a sustainability culture which is an important driver for successfully steering the sustainability and ESG agenda in NLB Group.

Tables on the next page describe the connection of 14 material IROs with overall business model of NLB Group.

Table 29: Own workforce related impacts, risks, and opportunities (Working Conditions)

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Working conditions and human rights of employees	Work-related health impacts	For some employees, office work results in long-term health impact, such as back pain, damaged eyesight and related issues, thus reducing their life quality.	Impact - Actual Negative impact	Own operations	Short-term
	Enabling healthy work-life balance	The Group consistently prioritises imparting knowledge about healthy habits, mental health, employee assistance support programs, and advocates activities that contribute to employees' well-being and satisfaction. It fosters a healthy work environment conducive to meaningful interpersonal connections and a work-life dynamic.	Impact - Actual Positive impact	Own operations	Short-term
	Enabling a healthy and safe working environment	NLB Group has implemented numerous health-related initiatives aiming to reduce negative impacts of work and promote a healthy lifestyle, which may results in a positive impact on employee health. Health and safety measures are implemented to prevent accidents. No high-risk workplaces were identified during a workplace risk assessment in 2023.	Impact - Potential Positive impact	Own operations	Short-term
	Enabling low turnover rate and long-term contracts	NLB Group implements policies to ensure fair remuneration, adequate working conditions, and social dialogue to promote employee satisfaction and retention. This includes transparent and fair remuneration standards, monitoring working hours to prevent burn-out, and maintaining open communication with employees.	Impact - Actual Positive impact	Own operations	Short-term
	Fair remuneration of employees	Through remuneration policies, NLB Group is ensuring transparent and fair remuneration standards for its employees, fostering fairness and equity.	Impact - Actual Positive impact	Own operations	Short-term
	Enabling social dialogue	NLB Group members are committed to establishing constructive relations among employees and management, maintaining high standards of social dialogue and ensuring timely communication. This also includes open communication on relevant topics and informing employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.	Impact - Actual Positive impact	Own operations	Short-term
	Enabling collective agreements with employees	Employees are covered by a Collective Agreement, which allows for stronger representation and better bargaining position.	Impact - Potential Positive impact	Own operations	Short-term

Table 30: Own workforce related impacts, risks, and opportunities (Employee Attraction and Development, DEI, Cybersecurity)

Employee attraction and development	Enabling trainings and skills development	NLB Group is continuously committed to leverage trainings throughout the region and make development of its employees its core value. Investing in training raises career prospects for employees and improved workplace satisfaction.	Impact - Actual Positive impact	Own operations	Short-term
	Trainings and skills development	Training and skills development are crucial for enhancing employee capabilities and fostering innovation within banks. By investing in continuous learning opportunities, banks can improve employee performance, adapt to industry changes, and strengthen workforce engagement, ultimately leading to better service delivery and long-term competitiveness in the financial sector.	Opportunity	Own operations	Short-term
	Enabling talent management and retention of talent	Enabling talent management and retention of talent ensures that the organization can maintain a skilled and motivated workforce with improved career prospects.	Impact - Potential Positive impact	Own operations	Short-term
	Key talent management and retention of talent	Effective talent management and retention strategies are essential for banks to maintain a competitive edge and drive organizational success. By focusing on career development, employee engagement, and a positive workplace culture, banks can attract top talent, reduce turnover, and ensure a skilled workforce that is committed to achieving long-term goals and enhancing service quality.	Opportunity	Own operations	Short-term
Diversity, equity and inclusion	Gender pay gap in remuneration	NLB Group has commited to redue the gender pay gap, which in NLB in 2023. Gender pay gap may negatively impact work satisfaction of female employees and damage the company's reputation.	Impact - Actual Negative impact	Own operations	Short-term
Cybersecurity	Protection of employee personal data	Protection of employee personal data ensures privacy and fosters trust among employees, contributing positively to their sense of security and overall morale.	Impact - Actual Positive impact	Own operations	Short-term
	Cyber crime	Cybersecurity risks, particularly regarding the protection of employee and customer data, can significantly impact a bank's financial performance through potential data breaches that lead to costly remediation efforts, regulatory fines, and litigation, as well as reputational damage that erodes customer trust and confidence, ultimately resulting in loss of business and diminished market value.	Risk	Downstream	Short, Medium, Long-Term

Employee classification in NLB Group

The conducted DMA and disclosures in this Social Information chapter relate to all employees who are and could be materially impacted by the Group. In accordance with ESRS, NLB Group classifies its workforce into two categories:

- **Employees:** Individuals engaged by a contract with any NLB Group member, either full-time or part-time, and identified by an ID number.
- **Non-Employees:** Individual contractors supplying labour to NLB Group members, including self-employed individuals with signed contracts, and workers provided by third-party providers (NACE Code N78), such as HR agencies, institutions, and students.

As stipulated in the ESRS requirements, information on non-employees may be excluded in the first year of sustainability reporting (for FY 2024). NLB Group opted to apply this exclusion and plans to report on this employee type in the future, in line with the regulation at the time.

Identified IROs, presented in tables on previous page relate to all of NLB Group's employees and do not differ among particular types of employees. For example, while the impact of office work on employee health is widespread in all countries where NLB Group operates, the Group acknowledges that at the same time, some employee groups may be more exposed to work-related illnesses, security, and injuries (such as front-facing employees and security drivers).

Material negative impacts

The identified actual material negative impact of office work on employee health is widespread in all countries where NLB Group operates.

For example, employees with impairments and older employees may be more exposed to work-related illnesses, and specific group of employees (branch staff, employees in vault, money transporters, etc.) may be more exposed to security issues such as violence or robberies.

Material positive impacts

Material positive impacts of NLB Group on employees spans across material sustainability topics, which are described in the table of material IROs above. As a parent bank, NLB strives to harmonize related policies, practices, and measures that enhance positive impacts and minimize negative impacts in all NLB Group members so that all NLB Group employees are or could be equally positively affected. These efforts have some limitations due to different legislations and socio-economic environments in non-EU countries and the size of the entities.

Material risks and opportunities arising from impacts and dependencies

NLB Group relies on a skilled workforce to achieve strategic objectives and deliver complex financial services. Talent development and succession planning are crucial for realizing the opportunities and business goals set in the Group's strategy. The DMA reveals several material opportunities arising from impacts and dependencies as presented in the table above. Although only identified material risk above the threshold is related to cybersecurity, the Group recognizes other non-material (below the threshold) potential negative impacts and risks, and embeds their mitigation in its policies and procedures.

Impact on employees that may arise from transition plans

The implementation of NLB Group's transition plan may have some negative and some positive impacts on employees; however, none of these are deemed to be material. If not appropriately addressed, negative impacts may include increased workload derived from fulfilling new requirements and establishing new work processes. On the other hand, the implementation of the transition plan may have a positive impact and provide opportunities for new job creation, reskilling, and upskilling. These impacts will be adequately addressed in the further development and implementation of the transition plan.

Risk regarding forced labour or child labour

NLB Group has established a strong policy on human rights, which prohibits any kind of forced, compulsory, or child labour and no minors under 18 years of age are employed in any of NLB Group members. As a result, none of NLB Group members or activities in own operations are at significant risk regarding these issues.

The Group has also implemented due diligence mechanisms to monitor, identify, and act upon any deviations and incidents which may occur.

S1-6 Employee characteristic metrics

Accounting methodology and reconciliation:
For employee characteristic calculation in this chapter, the head count methodology was used as at December 2024. The number of employees is reconciled with the financial statements, note 4.9 Administrative expenses.

Compared to the previous year, at the end of 2024 the number of employees in NLB Group members increased by 340 to a total of **8,322 employees**. The increase was mainly due to the acquisition of Summit Leasing Slovenija and Mobil Leasing, Zagreb. The share of women was 69%, which is the same as at the end of 2023.

Table 31: Number of NLB Group employees by gender (headcount)

Gender	31 Dec 2024	31 Dec 2023
Men	2,597	2,503
Women	5,725	5,479
Other	0	0
Not reported	0	0
Total	8,322	7,982

Table 32: Number of employees in countries with at least 50 employees and 10% of total NLB Group number of employees

Country	31 Dec 2024	31 Dec 2023
Bosnia and Herzegovina	1,025	990
Kosovo	478	468
Montenegro	410	390
North Macedonia	995	962
Serbia	2,515	2,480
Slovenia	2,856	2,689

Table 33: Number of NLB Group employees by gender and countries (headcount)

	31 Dec 2024			31 Dec 2023		
Country	Number	Women	Men	Number	Women	Men
Bosnia and Herzegovina	1,025	74%	26%	990	74%	26%
Croatia	41	63%	37%	1	0	100%
Germany	0	0%	0%	0	0%	0%
Kosovo	478	59%	41%	468	59%	41%
Montenegro	410	67%	33%	390	66%	34%
North Macedonia	995	65%	35%	962	65%	35%
Serbia	2,515	71%	29%	2,480	71%	29%
Slovenia	2,856	68%	32%	2,689	68%	32%
Switzerland	2	0%	100%	2	0	100%
Total	8,322	69%	31%	7,982	69%	31%

Note: The measurement of metrics on this page was not validated by an external body other than the assurance provider (for 2024).

Table 34: Number of NLB Group's permanent, temporary and non-guaranteed hours employees by gender and by country (headcount)

	31 Dec 2024				31 Dec 2023			
	Women	Men	Other	Not reported	Women	Men	Other	Not reported
Total number of employees	5,725	2,597	0	0	5,479	2,503	0	0
Permanent employees	5,324	2,456	0	0	5,190	2,386	0	0
Temporary employees	401	141	0	0	289	117	0	0
Non-guaranteed hours employees	0	0	0	0	0	0	0	0

Table 35: Number of NLB Group's permanent, temporary and non-guaranteed hours employees by country (headcount) - 2024

	31 Dec 2024								
	Bosnia and Herzegovina	Croatia	Kosovo	Montenegro	North Macedonia	Serbia	Slovenia	Switzerland	Total
Total number of employees	1,025	41	478	410	995	2,515	2,856	2	8,322
Permanent employees	936	41	322	366	890	2,393	2,830	2	7,780
Temporary employees	89	0	156	44	105	122	26	0	542
Non-guaranteed hours employees	0	0	0	0	0	0	0	0	0

Table 36: Number of NLB Group's permanent, temporary and non-guaranteed hours employees by country (headcount) - 2023

	31 Dec 2023								
	Bosnia and Herzegovina	Croatia	Kosovo	Montenegro	North Macedonia	Serbia	Slovenia	Switzerland	Total
Total number of employees	990	1	468	390	962	2,480	2,689	2	7,982
Permanent employees	909	1	335	360	912	2,388	2,669	2	7,576
Temporary employees	81	0	133	30	50	92	20	0	406
Non-guaranteed hours employees	0	0	0	0	0	0	0	0	0

Note: The measurement of metrics on this page was not validated by an external body other than the assurance provider (for 2024).

Table 37: Total number of employees who have left NLB Group banking members (headcount)

	2024			2023		
Entity	**Number**	**Women**	**Men**	**Number**	**Women**	**Men**
NLB, Ljubljana	256	180	76	221	155	66
NLB Banka, Banja Luka	79	57	22	70	53	17
NLB Banka, Podgorica	41	27	14	29	18	11
NLB Banka, Prishtina	42	24	18	26	12	14
NLB Banka, Sarajevo	75	54	21	117	86	31
NLB Banka, Skopje	106	71	35	68	50	18
NLB Komercijalna banka, Beograd	326	219	107	507	382	125
Total	925	632	293	1,038	756	282

Table 38: Rate of employee turnover in NLB Group banking members

	2024			2023		
Entity	**Number**	**Women**	**Men**	**Number**	**Women**	**Men**
NLB, Ljubljana	10%	70%	30%	8%	70%	30%
NLB Banka, Banja Luka	15%	72%	28%	14%	76%	24%
NLB Banka, Podgorica	10%	66%	34%	9%	62%	38%
NLB Banka, Prishtina	8.8%	57%	43%	7.3%	46%	54%
NLB Banka, Sarajevo	15%	72%	28%	23%	74%	26%
NLB Banka, Skopje	11%	67%	33%	7%	74%	26%
NLB Komercijalna banka, Beograd	14%	67%	33%	19%	75%	25%
Total	12%	68%	32%	14%	73%	27%

Notes:
(i) Turnover number and rate refer to NLB Group banking members, which accounts for 93% (7,725) of the total NLB Group employee headcount (8,322). Data from other NLB Group members were not available for 2024.
(ii) The measurement of metrics on this page was not validated by an external body other than the assurance provider (for 2024).

IRO Management

At NLB Group, strong working conditions and human rights commitments are intertwined. The Group manages them through several policies and procedures, and pays a special attention to identified material IROs, which relate to ensuring secure employment and fair remuneration, safe and healthy working environment, work-life balance, enabling social dialogue, equal opportunities for all employees, ensuring cybersecurity (data and privacy), and enabling development of employees.

On a high level, the general internal regulation framework related to the Bank's own employees is set out in the Code of Conduct (described in the chapter Governance information). In addition to the Code of Conduct and Policy on Respecting Human Rights, specific IROs are addressed in domain specific policies, and other internal acts, rules, and procedures. The purpose, content, and availability are described for each relevant policy, while scope and accountability are common to all policies as follows unless stated otherwise in each policy description.

Scope: NLB Group has established mechanisms for document and processes harmonization in all NLB Group members. In line with the Guidelines for the adoption of NLB Group documents (policies, strategies, methodologies, criteria, procedures, etc.), internal documents related to employees are first prepared by the human resources competence line and adopted by the competent body in NLB as the parent bank. As a rule, sustainability-related policies and other internal documents are adopted first in the parent bank NLB, whereas Group members are responsible for adapting them and implementing them in their operations according to the guidelines of the parent bank and local legislation. Accordingly, the competence line defines the level of obligation: whether the NLB Group document is mandatory, partially mandatory (mandatory and best practice), or just practice for other NLB Group members.
Most senior function accountable: The policies related to employees are in the custody of different departments, mainly human resource departments. The Policy on Respecting Human Rights is in the custody of Sustainability Unit, and policies on protecting personal data are in the custody of legal, the general affairs department, compliance, or IT. Departments are responsible for policy preparation, updates and first-level implementation, as well as for building awareness and training related to the policies. The Management Board or director of each NLB Group member is accountable for oversight of policies, while directors of designated departments are responsible for their operational implementation.
Availability: After a NLB Group member adapts and adopts its internal acts, they are published on the intranet site, making them accessible to all its employees.

Description of actions, targets, and metrics related to material IROs and sustainability topics are included in the following sections. In general, NLB Group members have established specific action plans for executing activities to achieve the targets and further develop meaningful strategies related to employees. Progress towards achieving targets and the effectiveness of activities are tracked regularly within organizational units or competence lines responsible for specific sustainability topics, and through regular internal reporting to the management bodies of each NLB Group member. Employees or their representatives are included in target setting where applicable, and subject to the type of the target. All work-related activities are regularly discussed and aligned with workers' representatives, trade unions, and employees' immediate superiors.

Human rights commitments

Human rights policy

NLB Group members ensure fair treatment and protect the rights of workers while providing a structured framework for employers to manage their workforce effectively in accordance with local labour laws. To this end, the principles and provisions related to human rights are included in employment contracts, which are signed by each employee and are also integrated into domain-specific internal acts.

Policy on respect for human rights in NLB d.d. and NLB Group
Content and purpose: The purpose of the policy, adopted in 2023, is to set NLB Group's commitment to respect human rights in accordance with international standards. These include (but are not limited to) the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guidelines, Performance Standards 2,4,9 as per EBRD Environmental and Social Policy, and the OECD Guidelines. In addition to these, NLB follows the National Action Plan of the Republic of Slovenia for the Respect of Human Rights in Business and meaningfully transposes its directions and recommendations to other regions. The policy lays down principles and commitments related NLB Group's own operations, financing and investing, or relationships with other stakeholders. It also outlines diligence mechanisms for identifying and preventing any risks or incidents stemming from NLB Group's value chain.
Scope: NLB Group employees.
Most senior function accountable: The policy is in the custody of the Sustainability Department (or sustainability coordinators or legal and general affairs departments in smaller companies without established sustainability-related functions), while the highest responsibility lies with the management boards of each NLB Group member. In addition, to steer the human rights policy, NLB has appointed a Human Rights Custodian to monitor and oversee human rights compliance on the Group level, organize training, and coordinate the development of due diligence mechanisms.
Availability: The policy is available to all employee in the register of internal acts and publicly on the NLB website.

The policy includes the following principles and commitments:

- Employees have the right to a suitable and safe working environment.
- Employees are encouraged to pursue personal and professional growth and development.
- Striving to improve the representation of the under-represented gender in management positions.
- Zero tolerance and prohibition of any form of harassment to ensure the dignity of employees and a work environment free from ill-treatment and harassment.
- Employees are guaranteed the right to an effective complaint mechanism to express their opinions, complaints, and observations in confidence.
- Ensuring equal opportunities for women and men, i.e. equal treatment irrespective of gender.
- Ensuring the inclusion of persons with disabilities by making appropriate adjustments to workplaces and work environments, in accordance with local regulations.
- Recognizing the fundamental rights of employees to form and join trade unions or other forms of association, to bargain collectively, and to have the protection of workers' representatives recognized in accordance with labour law.
- Considering the safety and health of employees to be of fundamental importance and giving priority to the continuous improvement of working conditions.
- The NLB Group supports the elimination of all forms of forced and child and adolescent labour, human trafficking and does not employ minors (under 18 years of age).

Rules on the Prevention of Harassment and Mobbing at Work
Content and purpose: NLB Group members have adopted the Rules on the Prevention of Harassment and Mobbing at Work or included these principles in corresponding instructions, training and other measures. The aim of this policy is to protect employees in the event of mistreatment and harassment. As employers, NLB Group members are obliged to ensure the dignity of employees and create a working environment in which no employee is exposed to mistreatment or sexual or other means of harassment by subordinates or superiors, colleagues, or anyone else who performs work for the NLB Group member. With this policy, all employees uniformly understand the importance of the prohibition of ill-treatment and harassment, which they all consistently respect in their relations with all stakeholders of the Bank.
Scope: NLB Group employees.
Most senior function accountable: The management boards and directors of HR departments or similar functions in NLB Group members.

Key activities

In 2024, NLB Group focused on the following activities related to the overall employee human rights approach:

- The NLB Group conducted a gap analysis in 2023 to review its policies, processes, and mechanisms for respecting human rights. The findings from this analysis started to be implemented in 2024 and will continue to be integrated into the development of the human rights due diligence mechanism in 2025 and beyond.
- NLB Group banking members conducted a human rights impact risk assessment. Additionally, NLB conducted an employee survey to evaluate the likelihood and severity of specific human rights issues. The survey identified the three most important employee human rights as: (1) equal pay for equal work, (2) good and safe working conditions, and (3) the right to rest and leisure. These rights were included in the Disclosure Management Assessment (DMA) and are reflected in the identified material IROs and sustainability topics: working conditions and human rights of employees, and diversity, equity, and inclusion. Other human rights, such as child labour, slavery, and forced labour, were not deemed significant due to high awareness and existing legislation in all NLB Group countries.
- Human rights topics were included in mandatory annual training on sustainability, which was completed in all NLB Group core members, contributing to enhancing employee awareness about human rights.
- Several grievance mechanisms are in place for all stakeholders, including employees, where human rights violations can also be detected and further addressed according to the severity of the breach. For details, see chapter S1-3.
- To ensure realisation of principles and commitments related to human rights NLB Group conducts several on going initiatives for each material sustainability topic which are described in respective sub-chapters in the remaining of Own workforce chapter: Working conditions, Employee attraction and talent development, Diversity, equity and inclusion, Cyber security.

S1-17 Incidents, complaints, and severe human rights impacts

Table 39: Number of human rights incidents, complaints, and severe human rights impacts related to employees(i)

	2024	2023
Total number of confirmed incidents of discrimination, including harassment	0	0
Number of complaints filed through various channels, including grievance mechanisms(ii)	9	5
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints	0	0
Total number of severe incidents (forced labour, human trafficking or child labour)	0	0
Total number of fines, penalties, and compensation for damages as a result of severe incidents	0	0
Total	**9**	**5**

(i) Data refers to NLB Group banking members. Data from other NLB Group members were not available for 2024.
The reports have been processed in accordance with the internal regulations and no incidents, complaints, or severe human rights impacts were confirmed. Several cases were concluded with a preliminary report and no further investigation was opened because there were no indications of harmful behaviour. For others, the investigation did not identify any harmful behaviour or could not be proceeded due to anonymity and impossibility of identification.
(ii) The measurement of metrics was not validated by an external body other than the assurance provider (for 2024).

We are aware that only a satisfied employee, one who feels the firm's trust and care for his or her work/life balance and potential, will help us address the opportunities that await us.

To nurture an environment of growth and satisfaction, we focus on employee health, work-life balance, stress management and family-friendly benefits with activities such as sports games, healthy lifestyle workshops, stress management, specialised medical examinations, additional days off, etc.

Working conditions

As resulting from the DMA, seven material impacts relate to working conditions and human rights and cover three main aspects:

- secure employment: enabling a low turnover rate and long-term contracts, and fair renumeration of employees
- health: enabling a healthy and safe working environment, prevention of work-related negative health effects, enabling a healthy work-life balance, raising awareness
- labour-management relations: enabling social dialogue, enabling collective agreements with employees.

Secure employment and fair remuneration

Policy

Collective agreements
Content and purpose: The general framework for secure employment is set by collective agreements or corresponding internal acts, adopted in line with labour laws in countries of NLB Group operations. For details about the collective agreements, see chapter Enabling social dialogue and collective bargaining.

Remuneration Policy of employees in NLB d.d. and in NLB Group
Content and purpose: This policy provides guidelines for the prudent remuneration of all employees, excluding management board members, and aligns the performance management system and remuneration across NLB Group. For core financial members, the policy aligns with the principles used by NLB and incorporates local regulations that are binding and applicable at the time for the member. In other non-core members, the principles of the remuneration policies are implemented through the employment contract. The policy defines fixed and variable pay, goal-setting, and performance criteria (KPIs), and outlines conditions for allocating and paying variable remuneration. The policy adheres to EBA and ESMA guidelines, considering proportionality, NLB Group assets, and local labour laws. It ensures equal pay for equal work, regardless of gender, making it gender-neutral.
Most senior function accountable: management boards and supervisory boards of NLB Group members.

Key activities

Secure employment
All NLB Group members are committed to providing their employees with long-term employment security by offering indefinite contracts. However, due to specific circumstances such as project-based work or temporary substitutions, fixed-term contracts may be issued. In Kosovo, labour law stipulates that an indefinite contract is automatically granted after 10 years of continuous employment with the bank.

Adequate wage
All NLB Group members are committed to ensuring equal pay for equal work and setting salaries above the market minimum, so no employee receives less than an adequate wage. For example, NLB conducts annual salary adjustments in accordance with the minimum wage set by the government and the collective agreement.

Employee performance assessment
Employee performance assessment is essential for ensuring fair remuneration. The foundation of performance evaluation is goal setting, which aligns with NLB Group's business strategy and the objectives of each organizational unit. This goal-setting process is followed by a performance reviews goal setting meetings between the employee and their manager, who discuss:

- key employee goals for achieving the Bank's business objectives
- goals and expected workplace competencies (behaviour)
- performance criteria, divided into goals (what, how much) and competencies (how, in what way)

Annual, semi-annual, or quarterly goal planning and key competency definition form the basis for performance appraisals and performance-based earnings. The planning, monitoring, and evaluation frequency depends on the tasks performed by employees in the organizational unit.

Other ongoing activities related to collective agreements include following the legislation, maintaining a dialogue with employees, trade unions and workers representatives, ensuring employees receive written contracts at the beginning of the working relationship, and enabling social protections coverage in case of major life events related to the employment (such as sickness, parental leave, retirement, unemployment). Activities related to engaging employees and social dialogue in setting collective agreements are described in detail in section S1-3. To ensure proper execution of the remuneration policy, NLB Group members make adjustments based on monitoring the market conditions (market salary benchmark), local legislation, and dialogue with employees and/or trade unions and workers' representatives.

S1-13 Performance review metrics

In 2024, it is estimated that 99%-100% of NLB Group eligible employees had a performance review. In line with the remuneration policy eligible employees are all employees excluding long-term absentees (longer than half of the evaluation period), such as employees on parental leave or long-term sick leave, and conducting a performance and career development review is mandatory.

Table 40: Performance and career development reviews

	2024
Percentage of eligible employees with performance and career development reviews	99%-100% (69% women, 31% men)

Notes:
(i) Data refers to all NLB Group members and includes all eligible employees for performance and career reviews. The gender breakdown is estimated taking into account a general gender breakdown in NLB Group.
(ii) The measurement of the metric was not validated by an external body other than the assurance provider.

S-10 Adequate wages metrics

The general objective related to secure employment and fair remuneration is to increase the number of employees with long-term or permanent contracts (where applicable and based on employment needs) and to secure adequate and appropriate wages taking into account job context, market conditions, local legislation, and employee satisfaction.

Table 41: Adequate wages metrics

	2024
Percentage of employees paid an adequate wage	100%

Notes:
(i) Data refers to all NLB Group members
(ii) The measurement of metrics was not validated by an external body other than the assurance provider

Safe and healthy working environment

Policy

Occupational health and safety management system (OHS)
Content and purpose: The OHS system in NLB Group is based on legal requirements, which are determined in the laws and regulations on health and safety at work applicable in each member state. On this foundation NLB Group members have established internal documents, such as the Statement on Safety and Risk Assessment or similar rulebooks on health and safety. These regulate the rights, obligations, and responsibilities of employers and employees in connection with the implementation and improvement of safety and health protection of employees at work, as well as general principles of prevention, and a system of rules of safety and health protection at work, the application of which achieves the prevention of injuries at work , occupational diseases, and other diseases related to work, as well as protection of the working environment, and other issues related to safety and health protection at work. Among other topics, special protection is prescribed in order to preserve the mental and physical development of young people, to protect women from risks that could endanger the realization of motherhood, to protect persons with disabilities and occupationally ill persons from further damage to their health and reducing their working capacity, and to preserve the working capacity of older employees within the limits appropriate to their life age. The statement also includes a risk and health assessment for specific job categories.
Scope: All NLB Group employees are covered by the undertaking's health and safety management system based on legal requirements.
Most senior function accountable: The Management Board of each NLB Group member. In addition, all members (except those with fewer than three employees) NLB Group members employ professional workers for health and safety at work, who, together with the help of managers, take care of the implementation of measures to ensure safety and health at work or they hire a licensed company to implement occupational health and safety law and to inspect the applicable measures.

Key activities

Ongoing activities to ensure a safe and healthy environment include risk assessment and incident investigation, health and safety training, and workplace health promotion and initiatives. Their impact and progress are monitored by organizational units in charge of these activities.

- **Occupational health risk assessments** (technical and health risk) are conducted according to specific methodologies and on-site inspections, following health and safety legislation. Measures to reduce occupational emissions, regular safety training, and provision of personal protective equipment are implemented. Injuries are recorded, investigated, and measures are adopted to prevent recurrence. Risk assessment is a foundation for the Safety and Risk Assessment Statement. Employees must report any workplace risks or incidents to their supervisor. If a danger is identified, they must stop working and inform their superior, who will act in line with internal protocol. Employees can only return to work once the danger is eliminated.
- **Employees take part in regular obligatory (theoretical and practical) training on health and safety**, fire protection, first aid, and evacuation. Employees who work in a higher risk position are provided with special or additional training for their specific jobs or tasks (e.g. handling cash and securities, cash transport, debt collection). Training sessions are provided by certified legal entities for OSH and other professional companies.
- **General periodical medical examinations** are mandatory for all NLB Group employees. Other initiatives include improving work organization, encouraging healthy activities, enabling healthy lifestyle choices, and promoting personal development. Specifically, projects like the Health Bank, partnerships with healthcare institutions, and employee memberships in sports associations further support employee health awareness and care.
- NLB and several other Group members also offer **ergonomic workplace adaptations** (such as ergonomic chairs) to maintain employee health.
- A special awareness programme, Healthy Bank, was established in NLB, providing webinars on various topics. This programme started in NLB and is being gradually implemented in other NLB Group members.
- Recognizing the need for increasing the awareness of **sound mental health and appropriate stress management**, an employee assistance programme started in Slovenia and Serbia, offering anonymised psychological and other support.
- Employees can also take part in several **sport events and activities** provided by NLB or other Group members (such as membership in internal or external sports associations, NLB sport events and gatherings, etc.)
- Employees **can suggest improvements or express concerns about occupational health and safety.** The Group has various methods for worker participation, consultation, and communication. In some countries, safety committees or trade union representatives help prepare safety declarations and collect employee feedback. Where there are no committees, employees follow guidelines and can send suggestions by email.

S1-14 Health and safety metrics

The general objective related to health and safety is to ensure working conditions for preventing work-related illness, injuries, excessive stress, and deterioration of mental health.

Table 42: Health and safety metrics

	2024
Percentage of employees covered by the health and safety NLB Group management system	100%
Number of recordable work-related accidents[i]	29
Number of recordable work-related ill health	0
Number of days lost to work-related injuries from work-related accidents or work-related ill health[ii]	769
Number of work-related fatalities	0

(i) Work-related accidents relates to employees (non-employees excluded) and were recorded only in NLB Group banking members, with share ranging from 0.26% to 0.78% of total workforce in each bank.
(ii) Data refers to NLB Group banking members, which accounts for 93% (7,725) of the total NLB Group employee headcount (8,322). Data from other NLB Group members were not available for 2024.
(iii) The measurement of metrics was not validated by an external body other than the assurance provider.

Work-life balance

NLB Group consistently prioritizes imparting knowledge about healthy habits and advocates activities that contribute to employees' well-being and satisfaction. It fosters a healthy work environment conducive to meaningful interpersonal connections and a balanced work-life dynamic.

Policy

Family-friendly measures, regulation on remote work, and the right to disconnect
Content and purpose: The general framework for enhancing awareness and implementing concrete measures on work-life balance is stipulated in NLB Group's Code of Conduct, the Policy on Respecting Human Rights, and the Sustainability Policy. Some NLB Group members have adopted special regulations and instructions related to work from home (hybrid, remote work), flexible working hours, and working time, or have these principles implemented in other acts defining the employment relationship. Also, some Group members have internal acts defining measures and processes on creating a family-friendly company, while all members strive to follow these principles. In 2024, all NLB Group members operating in Slovenia adopted the Policy of the Right to Disconnect, transposing the EU directive, which ensures that employees have the right to disengage from work-related electronic communications during non-work hours, promoting a better work-life balance and protecting their health and well-being.
Most senior function accountable: Directors of HR departments or similar functions in each NLB Group member.

Key activities

Family-friendly measures at NLB Group address various aspects of the working environment to promote work-life balance. These measures are continuously implemented and developed across all NLB Group members, with NLB and NLB KB holding national certifications from Ekvilib Institute and Balance company CEE. Internal teams, including HR and other department representatives, monitor progress, provide reports, and discuss improvements.

- In **NLB** 27 measures are in place, out of which 11 measures are related to family benefits. See the full list on the NLB Website.
- In **NLB Komercijalna banka Belgrade** 19 measures are in place: team for coordinating work-life balance; external/internal communication; work-life balance training for leaders; Work-life balance survey; scholarships for employees' children; financing for in vitro fertilization (IVF) and prenatal testing; innovations in work processes; panel discussions on work-life balance; family day.
- In October 2024, NLB Banka Banja Luka signed a Memorandum of Understanding with the United Nations programme to promote family-friendly workplace and joined the Expanding Choices programme.
- In countries without a family-friendly certificate, NLB Group members adopt individual measures to support working parents and provide family-related leaves in accordance with the local legislation. Common measures include hybrid work, well-being webinars, days off for significant life events, and limited overtime.
- Parental leave is enabled for female and male employees in all countries. In addition, banking members allow both genders additional family-related leaves.

Enabling social dialogue and collective bargaining

NLB Group members are committed to establishing constructive relations between employees and management, maintaining high standards of social dialogue, and ensuring timely communication. This also includes open communication on relevant topics and informing employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.

Policy

Collective Agreement
Content and purpose: The Collective Agreement, being an outcome of social dialogue between employees' representatives, is a general framework stipulating the rights and obligations of the employer and employees in relation to the employment legal relationship. Collective agreements of NLB Group members follow local labour laws in the countries of their operations and are respected by all NLB Group members. The Collective Agreement regulates all matters of importance for the employment relationship, rights, obligations, and responsibilities, especially the establishment of the employment relationship, its duration, working hours, health and safety at work, professional training, protection against discrimination and abuse at work, and the right to freedom of association. In addition, where applicable NLB Group members adopted rulebooks regulating cooperation between workers' representatives; for example, in NLB the Workers and Management Act and the Agreement on Cooperation between the Workers' Council and Employer have been established.
Scope: All NLB Group financial members, except NLB Banka Prishtina, NLB Banka Sarajevo, NLB Banka Banja Luka, NLB Lease&Go Srbija and NLB Fondovi Srbija have established collective agreements. In countries where the collective agreements are not adopted, NLB Group members adhere to the local labour laws, ensuring that collective agreement principles are respected.
Most senior functions accountable: The Management Board and in some entities also the Supervisory Board.

Key activities

In NLB Group members with established collective bargaining agreements (CBA), these are promptly renewed.

During 2023 and 2024, social dialogue was conducted with established trade unions across all NLB Group members, resulting in renewed collective bargaining agreements:

- NLB: Valid for 2 years, from January 2024 to January 2026.
- NLB Komercijalna Banka Belgrade: Valid for 3 years, from April 2023 to April 2026.
- NLB Banka Skopje: Valid indefinitely from October 2024.
- NLB Banka Podgorica: Valid for 5 years, starting December 2023.

NLB Banka Banja Luka, NLB Banka Sarajevo, and NLB Banka Prishtina do not have CBAs as in Bosna and Herzegovina and Kosovo there is no general collective agreement or collective agreement for the financial sector, hence workers' rights are regulated by the Labor Law and by-laws. Therefore, these three banks have adopted, in line with local labour law, the internal labour rulebooks and use the NLB Collective agreement as a best practice. NLB Banka Prishtina does not have a representative trade union, while in NLB Banka Sarajevo and NLB Banka Banja Luka those are established.

» For additional description of key processes, engagement and related activities, please refer to the chapter S1-2.

S1-8 Collective bargaining coverage and social dialogue

The general objectives related to social dialogue and collective bargaining are to promptly discuss relevant work-related topics and enable employees and their representatives to express opinions or consensus.

Table 43: Social dialogue

	31 Dec 2024
The percentage of employees covered by collective agreements	94%

Notes:
The measurement of the metric was not validated by an external body other than the assurance provider.

Table 44: Collective bargaining and social dialogue coverage

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees EEA	Employees non-EEA	Workplace representation (EEA only)
0-19%			
20-39%			
40-59%			
60-79%			
80-100%	Slovenia	Serbia, North Macedonia, Bosnia and Herzegovina, Montenegro	Slovenia

Notes:
(i) Data refers to NLB Group banking members (in EEA and non-EEA), which accounts for 93% (7,725) of the total NLB Group employee headcount (8,322). Adequate data from other NLB Group members were not available for 2024. NLB Banka Prishtina (Kosovo) does not have collective agreement.
(ii) The measurement of metrics was not validated by an external body other than the assurance provider.

Employee attraction and talent development

Policies

Human Resources and Organization Development Strategy for NLB Group
Content and purpose: A general framework for employee development is set out in the Group's HR Strategy and the Human Resources and Organization Development Strategy for NLB Group, which defines the basic areas (HR strategy, organization, education) and work activities in NLB Group, which contributes to the performance of individuals, teams, and the entire Group as well as ensure sustainable development and long-term business success. The Policy is complemented with the Standards for the Human Resources Business Line in NLB Group, the aim of which is to set up the standards of operation and harmonization of operations in NLB Group members.
Scope: NLB Group employees

Key Employees Management Policy in NLB
Content and purpose: Key employees are those whose departure from the NLB Group would mean a significant loss, for example because of the rare know-how or experience of such employees. The Policy aims to define all significant factors and measures that contribute to increased and more successful commitment of key employees with the aim of improving their loyalty, efficiency, motivation, responsibility, and creativeness, and in order to retain their employment in the Group. Investing in key employees is a long-term process aimed at retaining the best employees, since this contributes to maintaining their high performance, engagement, and efficiency in the long run. At the same time, this Policy has a positive impact on attracting talent from the labour market and will thus be profitable in the long run.
Scope: key NLB employees

Policy on mobility within the NLB Group
Content and purpose: The Policy defines the frameworks and orientations that make it possible to set uniform starting points for implementing mobility within NLB Group and ensure compliance with the targets, values, culture, and strategy of NLB Group. Its purpose is to enhance agility and development of all employees within the NLB Group on the horizontal as well as the vertical levels with a high potential for assuming complex assignments or positions (in particular managers, talents, key employees, successors) or for reassignment within NLB Group. As the Group is present in different countries in SEE, the Policy reflects the modern approach to employee management, and acknowledges different forms of employment and cooperation as the basic source of competitive advantage and business results of NLB Group.
Scope: NLB Group employees

Key activities

The Group is continuously committed to leverage training throughout the region and make development of its employees its core value. By establishing a broad-based approach to training, NLB Group ensures that the team remains agile and well-versed in both traditional and emerging industry domains. Furthermore, the Group is dedicated to fostering an inclusive environment where every employee has equal access to learning opportunities. By removing barriers to education and development, mostly with the help of digital channels, the Group ensures that all team members can grow, contribute, and thrive within our organization.

In 2024, activities in following areas were conducted in NLB Group members:

- NLB received the Top Employer certificate for the 9th consecutive year, and NLB Komercijalna Banka, Belgrade, earned this certification for the first time.
- Various training activities provided by the NLB Education Centre. Located in Slovenia, the centre follows trends in the market to predict vital skills and competencies that will have an impact on the Group's future. It provides learning opportunities to all Group employees, in particular through the Udemy platform, which offers over 7,000 training courses, available to all employees as self-paced learning.
- Some Bank members have internal coaches and internal trainers who conducting development activities and training.
- All NLB Group members conducted mandatory e-training sessions based on legislation and financial industry specifics (in particular code of conduct, compliance, AML, anti-bribery and corruption, IT security, etc.).
- Several NLB Group members executed training sessions for specific employee groups and topics, such as leadership, coaching, and an executive monitoring programme, innovation, sustainability and ESG, and diversity and inclusion.
- NLB Group banking members conducted a talent management programme with the same methodology, and three members started the successor programme.

» Please refer to the business report, section: Human Resources for additional descriptions of activities for the Bank's own workforce.

Targets and metrics

In 2024, the annual Employee Engagement Survey was conducted in 10 NLB Group members (core financial members and NLB Digit), confirming a high employee engagement score (improved by 4 p.p. compared to 2023) and high net-promoter score. **NLB Group banking members invested 7.7 training days/employee (of which 8 days/woman and 7.2 days/man)**, showing YoY improvement by 0.5 days, and exceeding 2030 target by 40%. The average sustainability-related training days per employee stood at 0.3 days, showing improvement by 0.13 days.

Table 45: Employee attraction and talent development metrics

	2024	2023	Target 2030
Employee engagement(i)	54%	50%	>50%
Employee net promoter score(i)	26	23	>50
Average training hours per employee(ii)	46.2	43.2	33
Average training days per employee(ii)	7.7	7.2	5.5

(i) Data refers to 10 NLB Group members (NLB and 6 subsidiary banks, NLB Digit, NLB Lease&Go, NLB Skladi) which are included in the regular annual survey. The survey sample included 7,709 employees or 92.6% of the total headcount of NLB Group (8,322).
(ii) In line with NLB Group's internal methodology, 6 hours equal 1 training day. Data refers to NLB Group banking members, which accounts for 93% (7,725) of the total NLB Group employee headcount (8,322). Adequate data from other NLB Group members were not available for 2024.
(iii) The measurement of metrics was not validated by an external body other than the assurance provider (for 2024).

Diversity, equity, and inclusion

Policies

HR Strategy, Sustainability Policy
Content and purpose: The general framework for diversity, equity and inclusion in the workplace is set out in the Sustainability Policy, which set out a commitment to include diversity and inclusion, equal opportunities, and non-discrimination for reasons of gender, ethnicity, age, or any other circumstance, and to ensure efficient addressing of diversity, in particular gender equality, in the highest governance bodies and senior positions. In addition, an inclusive work environment is one of the main strategic directions of the new NLB Group HR Strategy 2025. The Strategy outlines the principles of embedding diversity, equity, and inclusion (DEI) in all elements of key HR processes. It also outlines strategic initiatives to be followed by all NLB Group members, taking into account their local specific and legislation.
Scope: NLB Group employees.
Most senior function accountable: Management Board and HR directors or similar functions in NLB Group members.
Availability: Register of Internal Acts.

Key activities

Key activities in 2024 were as follows:

- The HR department and Sustainability Team raised awareness on DEI group-wide with on-line sessions on topics related to DEI, reporting on the Sustainability Committee and through on-line webinars in the Sustainability Festival.
- The Diversity Policy for the Management Board and Supervisory Board was revised.
- To enhance the importance of diverse recruitment, this commitment was communicated transparently, both internally and externally, as the said proactive approach not only attracts diverse candidates but also signals to current employees that their unique contributions are valued and integral to the organization's success.
- The gender pay gap analysis was conducted in all strategic members (except leasing companies pending merger) to identify the gaps and differences due to different structures and job positions in NLB Group members. The outcomes will serve as a foundation to prepare measures to reduce gaps.

S1-9 Diversity metrics

Table 46: Gender distribution at top management as at 31 Dec 2024

	Total	Women	Men
NLB Group (all members) – number	226	120	106
NLB Group (all members) – percentage	100%	53%	47%

Note:
In line with internal methodology, which is harmonized among NLB Group members, top management refers to B-1 directors: managers who directly report to the management board of the particular NLB Group member.
The measurement of metrics was not validated by an external body other than the assurance provider.

Table 47: Age distribution as at 31 Dec 2024

	Total	Under 30	30-50	Over 50
NLB Group (all members) – number	8,322	822	5,350	2,150
NLB Group (all members) – percentage	100%	10%	64%	26%

Notes:
(i) Age distribution for all NLB Group members is estimated. Actual age distribution data included 8,174 employees, of which NLB Group banking members (7,725 employees) and other Group members where adequate data were available (449 employees). For NLB Lease&Go Ljubljana, Skopje, Belgrade, Car and Go, NLB Muza, NLB Fondovi Skopje, Real estate Podgorica, NLB Interfinanz, OL Nekretnine, NLB Srbija, were not available. For the remaining 148 employees, their distribution was estimated by applying the same percentage breakdown derived from the available data and proportionally adding them to the respective categories.
(ii) The measurement of the metric was not validated by an external body other than the assurance provider.

S1-16 Pay gap and total remuneration metrics

At NLB group, we acknowledge that monitoring the gender pay gap and addressing related issues is important for providing an equitable and inclusive workplace.

The unadjusted pay gap reflects the composition of the workforce and the spread of each gender in lower or higher-paying roles. As unadjusted pay gap compares the total salaries for men and women respectively, and it may be skewed due to outliers and different circumstances. These may include underrepresentation of women in leadership positions, especially on the executive level, and overrepresentation of women in other, lower-paid positions. For this reasons, NLB Group has reported in previous reports on the adjusted gender pay gap, which measures differences in earnings between men and women holding the same roles or positions, and thus provides additional understanding.

It should be pointed out that gender pay is not the same as equal pay. Gender pay looks at the difference in the average pay between all men and all women employes, regardless of their role or seniority. Equal pay, on the other hand, is defined as ensuring that there is no direct or indirect pay discrimination on grounds of sex. This means that men and women should receive equal pay for the same work or work of equal value. The assessment of comparable work is based on criteria such as skills, effort, responsibility, and working conditions, applied in an objective and gender-neutral manner.

NLB Group is actively preparing for the new EU "Directive of the European Parliament to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms", which states that member states must implement the laws and other regulations necessary to comply with this directive by June 2026 and first reporting on salary gaps will have to be carried out for year 2026 in 2027. According to these requirements, the Group will strengthen its efforts to apply this vision. Current activities are focused on monitoring the data and systems to ensure adequate introduction of those requirements.

Table 48: Remuneration and gender pay gap metrics(i)

	31 Dec 2024
Average unadjusted gender pay gap of all employees in NLB Group banking members(ii)	27%
Annual total remuneration in NLB Group banking members(iii)	1:26

(i) Data refers only to NLB Group banking members, which account for 93% of the employee headcount. Data from other NLB Group members were not available for 2024.
(ii) The average unadjusted gender pay gap is calculated per employee as of 31 December 2024 and includes basic salary with seniority bonus. It is calculated as the difference between average gross basic earnings of men and women in NLB Group banking members as a percentage of average gross basic earnings of male employees.
(iii) The total annual remuneration ratio is based on remuneration data of all employees who were employed in each individual bank from 1 January 2024 until 31 December 2024, taking into account purchasing power parity in the particular country for 2024. The annual total remuneration is calculated as a ratio between the annual total remuneration for the NLB Group banking member's highest-paid individual and the median employee annual total remuneration (excluding the highest-paid individual).
(iv) The measurement of the metric was not validated by an external body other than the assurance provider.

Cybersecurity

NLB Group pays special attention to assuring the confidentiality, integrity and availability of data, information, and IT systems that support internal processes used by employees, banking services, and products for clients, especially when it comes to topic of cybersecurity, which includes the protection of internet-connected systems from cyberthreats.

In 2024, information security governance was enhanced by establishing Group IT Security operations.

Also, with the adoption and publication of the new NLB Group Strategy 2030 (New Horizons) and the conclusion of the current IT Strategy, work on the new IT Strategy for the period 2025–2030 is underway, which will address, among other topics, the cybersecurity matters related to the Bank's own employees. In the remainder of this chapter key policies on NLB Group level related to information security are presented.

Policies

IROs related to cybersecurity are managed through various policies, guidelines, and instructions. The most overarching policies are described in detail below. The provisions of these internal acts apply to all NLB Group members, taking into account the provisions of local legislation governing the protection of information, persons, and property. The most senior function accountable for implementation of the policies are the management boards of NLB Group members. Policies are available for employees in the Register of Internal Acts. In addition, the key contents are included in the mandatory annual training on information security.

NLB Group Information Security Policy
Content and purpose: The Policy outlines a comprehensive cyber and information security governance framework, adhering to the three lines of defence model. The aim of this is to ensure robust management and oversight of information security risks across various levels of the organization, encompassing business management, IT Security function, CISO, and internal audit. The Policy emphasizes the importance of integrating information security into everyday operations, aligning with organizational requirements and international standards. Furthermore, it details specific roles, responsibilities, and procedures to safeguard the confidentiality, integrity, availability, and authenticity of data, information assets, and ICT assets, thus enhancing the overall digital operational resilience. The Bank provides information protection in accordance with the laws (the Banking Act, the Personal Data Protection Act, the Companies Act, the Business Secrets Act), other regulations, and the principles of good practice defined in the ISO/IEC 27001:2013 and ISO/IEC 27002:2013 standards.

NLB Group IT Security Governance Policy
Content and purpose: The purpose of the Policy is to ensure the continuity of critical business processes and to minimize IT security-related risks and damages by preventing and/or minimizing potential malicious events – IT security incidents.
To this end, the Policy defines concepts of IT Security organization in NLB Group and responsibility allocation. It places IT security as a skilled specialized organizational unit (hereinafter: IT Security Function) within the Group. The Group IT Security function is established by and responds to the Group CIO (in alignment with IT CL). The local IT Security function is located within the local IT department but has a high level of independence within the local subsidiary.

NLB Group IT Security End-User/Employee Protection
Content and purpose: The protection of end users, including employees and their devices, is crucial for maintaining the overall security of information systems. The objective of this guideline is to establish comprehensive security practices applicable to all users within the organization, regardless of their specific work settings. This document aims to enhance security awareness and provide strategic measures to mitigate risks associated with the use of organizational IT assets.

» For details on key activities, initiatives, and progress related to cybersecurity, please refer to the business report, chapter IT and Cyber Security and Compliance and Integrity, subchapter Information Security and Personal Data protection.

S1-2 Processes for engaging with employees and workers' representatives about IROs

NLB Group members have established general process for engaging with their employees.

The Group is committed to establishing constructive relations between employees and management, maintaining high standards of social dialogue, and ensuring timely communication on various topics, including impacts, risks, and opportunities. Following the conducted DMA, NLB Group will enhance the inclusion of material IROs in the discussions with employees and their representatives.

In all countries of operations and entities, NLB Group strives for a high level of consistency by using NLB practice as a guideline and adhering to local legislation. NLB Group members strictly respect and follow national labour laws which stipulate the right for workers to form trade (or labour) unions and to freely associate through them.

NLB has two workers' representative bodies: a representative trade union and a workers' council. In other banking members a trade (labour) union is also established, except in NLB Banka Prishtina. In leasing companies, asset management and other NLB Group members trade unions have not been established. Therefore, the management boards of companies conduct the social dialogue directly with employees by regular communication channels, such as personal meetings, management sessions, meetings of organizational units, etc.

Processes for information, communication, negotiation and complaints to or with representatives is defined in a detailed agreement between the employer and workers' representative bodies (where they are established) and in local labour law legislation. For example, in NLB, the cooperation with the labour unions and the Workers' Council is stipulated by collective agreements, the Act of workers and management and the Agreement on Cooperation between the Workers' Council and the Employer.

Representatives in trade or labour unions collect information and questions from employees and take initiatives related to material impacts, such as collective bargaining agreements, employees working conditions, workers' rights and responsibilities, occupational health and safety matters, matter regarding employees with disabilities, other work-related issues, etc. In other NLB Group members employees' initiatives and requests on the aforementioned topics are gathered via human resources departments, internal communication channels, or in person.

The engagement with workers' representatives takes place frequently, regularly, at all relevant business decisions, and with established monitoring and oversight. For example, in NLB the organizational setting includes:

- The NLB representative trade union. Monthly meetings are held with the trade union on open topics. If open negotiation, then meetings are in line with the negotiation process. The main topics of interest are related to social status improvement.
- Workers' Council. Regular monthly meetings are held. The main topics of interest are related to working conditions.
- Two representatives on the NLB Supervisory Board of (at the time of the report) who participate in discussion and oversight of IROs relating to employees.
- An authorized representative who is assigned to cooperation in labour relations who coordinates and monitors the effectiveness of engagement with the trade unions and the Workers' Council.

In the case of business decisions and circumstances that could have a material impact on employees, workers' representatives' bodies are promptly informed or sought for opinion. These include decisions such as:

- dismissals of employees due to redundancies (economic, technical, organizational reasons)
- significant operational or organizational changes
- adoption of relevant work regulations (internal acts)
- for dismissal of employees who have committed a serious breach of work obligation

Deadlines for informing employees and their representatives prior to the implementation of significant operational changes that could substantially affect them range from 8 to 30 days, subject to the nature of the operational change.

Operational responsibility for ensuring that social dialogue happens lies with senior managers or directors who are in charge of human resources departments in each NLB Group member or authorised for cooperation in labour relations. They are in on-going communication with management boards. This ensures that engagement results and other topics are promptly addressed and that decisions are incorporated in the operations of particular NLB Group member.

In line with the policies on respecting human rights and principles for diversity, equity and inclusion, NLB Group members include in their engagement processes all employees, regardless of their sex, religion, seniority, or any other characteristics or circumstances, as well as employees with disabilities.

S1-3 Processes to remediate negative impacts and channels to raise concerns

NLB Group has a process and grievance mechanisms in place to remediate negative impacts and has established channels for its employees to raise concerns and complaints.

In all NLB Group core financial members employees have access to different channels through which they can report (even anonymously) any non-ethical, inappropriate business practices or any potential or actual negative impacts on employees or the company, including any employee-related matters, such as harassment or other inappropriate events. These channels are established by NLB Group members themselves and do not involve third-party mechanisms.

NLB Group employees can raise concerns through established grievance mechanisms

Employees may report:

- electronically and anonymously via the Whistler web application
- via e-mail to a dedicated e-mail address
- in person or by telephone to authorized persons for reporting and confidants under the local whistleblower protection acts
- through other channels in place for employees to express comments, questions, and concerns, such as e-mail, HR department, authorized representatives in trade unions, etc.

NLB Group core financial members support the availability of these channels and increase trust in these channels and mechanisms in several ways:

- by regular and transparent internal communication on their intranet sites
- by including a description of how to raise concerns in each specific internal policy
- by conducting training which raises awareness on speak-up culture

The channels are estimated to be effective as there are some anonymous cases reported every year and there have been no complaints or breach of data identified or reported. All reports are examined in line with internal procedures, which are applied in a harmonized manner to all NLB Group members to ensure consistency. Accordingly, each NLB Group member tracks the outcome, i.e. number of reported and remediated cases, and takes appropriate remediation measures.

» For details on grievance mechanisms please refer to the Chapter Whistleblower protection.

S3 Affected Communities

SBM-3 Material impacts, risks, and opportunities, and their interaction with strategy and business model

As a financial institution, NLB Group fulfils four main roles: **employer, lender and investment service provider, procurer of goods and services, and facilitator of financial support and mentorship programmes to society.** Through these roles the Group directly and indirectly affects the lives of many people, specific groups, and various communities in the region, including their economic, social, cultural, and other components of human rights. In addition, understanding community perceptions, needs and concerns (through engagement, dialogue, polls and research) informs and contributes to the NLB Group's daily business activities, strategy and business model.

As the Group's operations are centred around financial transaction and services, it does not have physical operations or supply chains that would affect communities through production, logistics, or distribution or would represent material dependencies. Hence, the Group considers its indirect impacts on communities and related risks through its environmental and social risk assessment (ESMS) in lending and investment decisions by identifying and evaluating the impacts and risks of the potential or actual client's operations on the communities and by providing clients with green and transition financing.

The DMA confirmed that the Group's largest, though indirect, impact on affected communities is through its financing activities which are at the core of NLB Group's business model. These impacts stem from green lending and investment, which are presented in detail in the chapter Sustainable finance, and from financing community and economic development in a broader sense, which is presented in this chapter.

The Group also has an important social impact that goes beyond lending and investing. We actively support communities through sponsorships and donations, which are at the heart of Contribution to Society, the third pillar of the NLB Group Sustainability Policy. Through this, various segments of local communities are positively affected, either directly or indirectly.

Material impacts and opportunities are embedded in the NLB Group's strategy and business model as presented in the table below.

Table 49: NLB Group's material actual and potential impacts on its communities mapped to material sustainability topics

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Financing community and economic development	Supporting housing development in the region	By financing private or corporate real estate projects, NLB Group is contributing to new housing developments, a key social need.	Impact – Actual Positive impact	Downstream	Short-term
	Supporting systemic financial stability	NLB Group is a key player in the regional monetary system; with prudent risk management and financial stability it is contributing to macroeconomic stability in the region.	Impact – Actual Positive impact	Downstream	Short-term
	Supporting regional economic development	Supporting regional economic development allows banks to strengthen local economies, create jobs, and foster community resilience. By financing infrastructure projects, small businesses, and sustainable initiatives, banks can enhance their reputation as community partners while driving long-term growth and stability, ultimately benefiting both the region and the Group.	Opportunity	Downstream	Short-term
Sponsorships and donations	Sponsorships and donations	NLB Group is supporting environmental and social initiatives through sponsorship and donations programmes.	Impact – Actual Positive impact	Downstream	Short-term
	Supporting humanitarian organizations	Supporting humanitarian organizations through enabling financing and donations.	Impact – Actual Positive impact	Downstream	Short-term

S3-1 Policies related to affected communities

Managing NLB Group's impacts, risks, and opportunities related to communities is included in the Group's policies on financing, sponsorships, and donations.

Human rights commitments relevant for communities that are affected by NLB Group's financing, sponsorships, and donations programmes are stipulated in the Policy on Respect for Human Rights in NLB d.d. and NLB Group (presented generally in the chapter Own workforce, while principles related to affected communities are explained below in the section Key policies.

NLB Group is committed to respecting and preventing violations of human rights in its own operations and its value chain as well as acting on any detected violations. This chapter outlines the approach to respecting human rights that NLB Group has established as a financing provider and contributor to society.

The human rights commitment and policies do not particularly address impacts on indigenous people, as such groups are not formally recognised in the markets where NLB Group operates. NLB Group is committed to considering all ethnic groups equally and in line with its internal acts.

›› For additional information on respecting human rights in employee relations and procurement, please see the chapter S1-Own workforce and Sustainable supply chain, respectively.

Policies related to financing community and economic development
Content and purpose: The key internal documents related to communities affected by the Group's financing are the NLB Group Lending Policy and the Environmental and Social Transaction Policy Framework in NLB and NLB Group.
As described in detail in the chapter E1 - Climate Change, the Environmental and Social Transaction Policy Framework sets out the ESMS (Environmental and Social Factors/Risk Management System), which stipulates the process of assessing and managing ESG risks and impacts associated with transactions, i.e. financing NLB Group clients. By this, NLB Group identifies and assesses environmental, social, including human rights, matters connected with its clients.
Scope: NLB Group banking members. The policies are binding for all NLB Group banking members.
Most senior level accountable: Directors of risk and sales departments in each NLB Group member.
Availability: For employees in the Internal Acts Register, while some financing principles are included in the Sustainability Policy publicly available on the NLB website.

NLB Group's approach to human rights as financing provider
As stipulated in the Policy on respect for human rights and followed in daily operations, NLB Group indirectly contribute to respecting human rights related to communities by not directly financing activities that are known to contain elements of human rights abuses and/or where such abuses exist. However, if human rights abuses are identified in existing clients operations, NLB Group members cooperate with clients to adopt appropriate measures to end such practices and prevent further abuses in the future.

NLB Group expects its clients to comply with all applicable human rights laws and standards and strive to uphold them as set out in the Universal Declaration of Human Rights and, where local legislation does not meet these standards, at minimum:

- identify and manage human rights risks.
- review potential human rights impacts.
- avoid causing or contributing to human rights violations.
- assess potential human rights risks in their supply chains and use their influence to address human rights violations by their suppliers and clients.
- engage with their stakeholders and provide access to remedy where necessary.

To this end, respect for human rights is part of the due diligence process before signing a contract with a client. Human rights considerations are included in NLB Group's ESMS system and ESG questionnaires that serve as a data-gathering and assessment tool for clients with larger and high environmental or social risk. Beside environmental and governance data, clients must provide social and human rights data: an explanation of whether a client has put in place policies and measures relating to the social aspects of operations in the areas of human rights, equal opportunities / non-discriminatory practice, encouragement of staff diversity, health and safety at work, child labour illegal work, and modern slavery prevention, ethical business conduct, employee relations / labour standards, whistle-blowing mechanisms, the company's impact on the community/ society, programmes to support local communities, information on social aspects in the client's supply chain, mitigation of social and human rights risks, etc.

In addition, NLB Group in the document Manual Environmental & Social Industry Categorization by NACE and SKD Codes in NLB d.d. and NLB Group describes risk assessment that was prepared to better understand clients' environmental and social risks. Assessment is divided in four categories, including Health and Safety, Labour and Community, which includes also human rights risks.

NLB Group considers consumer rights as one of important components of human rights, which is intertwined with responsible client relations. For details on that please refer to the S4 – End users and Consumer chapter.

Policy Sponsorships and Donations Policy in NLB d.d. and NLB Group
Content and purpose: This Policy defines the framework for sponsorships and donations in NLB Group members. Its purpose is to ensure that all activities in this area are aligned with the Group's business objectives, values, and socially responsible approach. The aim of this Policy is to promote positive changes in the community and to strengthen the Group's reputation. It defines rules and procedures for managing sponsorships, donations, and relations with NLB Group's stakeholders across 6 pillars: Increasing financial literacy and mentoring; Environmental responsibility; Sustainable entrepreneurship; Supporting professional, youth, and para sports; Humanitarian activities; Culture and protection of cultural heritage.
Scope: NLB Group banking members
Most senior level accountable: Directors of marketing, brand, and communication departments in each NLB Group member.
Availability: For employees in the Internal Acts Register, while financing principles are included in the Sustainability Policy publicly available on the NLB website.

NLB Group's approach to human rights as a sponsorship and donation provider:
NLB Group actively monitors the operations of the organizations it supports by tracking their activities, maintaining an open dialogue, and observing their media presence. The Group's sponsorees and beneficiaries are contractually obligated to align with the Sustainability Pillars (ESG) and the UN Sustainable Development Goals (UNSDG). Sponsorship applications are managed by the Social Responsibility and Corporate Communication department, and after an initial review, promising proposals are forwarded to the Sponsorship Committee for a final decision.

In contract negotiations, the Group strives to adapt to the needs of its stakeholders, actively listening and working together to achieve mutual goals, ensuring that both our objectives and those of our partners are met. In 2025, NLB Group will enhance its formal due diligence process, incorporating human rights compliance checks to assess the suitability of donation and sponsorship recipients.

In general, NLB Group members engage in several ways with communities that are affected in respect of human rights by its financing and sponsorships. The Group provides the open door and speak up policy through various communication channels, and grievance mechanisms are in place that enable affected communities to offer opinions, ideas, or raise concerns, which are described in detail in the chapter Governance.

The Group also strives to increase the understanding of human rights topics in employee training and promote them in relationships with clients and applicants for sponsorships and donations. In addition to due diligence mechanisms, the Group monitors human-rights-related impacts, risks, and opportunities that could stem from financing, sponsorships, and donations in public debates and in the media. If deviations or opportunities are detected, we engage with the clients and relevant institutions and organizations in the community to address them appropriately.

In 2024, NLB Group identified one potential human rights violation related to working conditions among its clients. No concerns or incidents were detected or reported that could impact communities through sponsorships and donations. NLB Group engages with all stakeholders and offers access to remedies for potential negative human rights impacts: these processes will be further integrated into our due diligence processes for sponsorships and donations.

As presented in this chapter, NLB Group identifies human rights incidents through due diligence on corporate clients during procurement and, to some extent, among recipients of sponsorships and donations. Additionally, in alignment with its Environmental and Social Management System (ESMS), NLB Group has implemented an Early Warning System (EWS), managed by Credit Risk, to detect environmental or social incidents, including human rights violations such as modern slavery, child labour, worker fatalities, and labour inspections. In 2024, NLB Group did not detect any severe human rights issues or incidents involving affected communities, employees, or procurement activities.

Table 50: Human rights incidents related to financing, sponsorships, and donations

	2024	2023
Human rights incidents detected – clients	1	4
Human rights incidents detected – applicants/sponsorships and donations	0	0
Human rights violations confirmed	0	0

S3-2 Processes for engaging with affected communities about impacts

NLB Group engages with affected communities on multiple levels. When financing local communities, such as municipalities, the engagement is conducted indirectly through the clients' legitimate representatives. For other financing, especially projects that impact the community and are classified as Type A or D (based on environmental and social impact according to EBRD classification), additional due diligence and special criteria are applied.

According to internal policies, all financing undergoes a thorough due diligence process to ensure that environmental and social criteria are fully met. These criteria must be satisfied by all candidates seeking funding. The bank's final approval of funding is based on a comprehensive review of all documentation and analysis. The most senior roles responsible for ensuring this engagement are the heads and directors of sales departments within NLB Group members.

In sponsorships and donations, cooperation is maintained through legitimate representatives of the partners, i.e. the recipients of such financing. This cooperation occurs regularly, with some interactions happening daily and at least monthly. The most senior role responsible for ensuring this engagement is the Head of Brand and Communication at NLB. Sponsorships are evaluated, and based on the results, we determine further actions. At the same time, the Group listens to all partners and tries to assist in implementing their activities, if possible. Significant examples include:

- Organizing expert lectures at the NLB Sports Academy for clubs that are part of NLB Sport for Youth across the region and all clubs in Slovenia under disciplines supported by NLB at the national level.
- Providing free NLB premises for press conferences or internal needs.
- Assisting in organizing the NLB Wheel League, including developing the league in areas where NLB operates.

NLB Group is committed to respecting human rights and treating all its clients and communities equally, in accordance with internal policies and generally accepted principles such as Policy on Respect for Human Rights in NLB d.d. and the NLB Group or NLB Group Code of Conduct. However, it pays special attention to ensuring that the needs of the most vulnerable within the community are not overlooked. For example, NLB Group supports the Special Olympics, NLB Wheel, and Sitting Volleyball, which are designed for people with disabilities.

NLB Group strives for active engagement and dialogue with communities that are indirectly affected either by its financing or sponsorships and donations. To this end, the Group's representatives in all markets monitor the economic and social situation and conduct occasional meetings with clients, local governments and municipalities, and organizations and institutions in local communities to discuss the needs, impacts, risks, and opportunities. The Group will proceed with the activities that are already in place, continue and improve the dialogue and collaboration practices, and consider upgrading and formalizing the engagement processes in the future.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

The DMA found no material negative impacts or risks on communities from financing. However, NLB Group acknowledges that some financed activities may pose environmental, social, and governance risks. Similarly, no material negative impacts were found fromsponsorships and donations, but stakeholders or the wider community may still have concerns.

To this end, NLB Group banking members have established several channels for all stakeholders, including affected communities, to raise concerns.

The overall approach, including availability of these channels and mechanisms for identifying and investigating, is described in the chapter G1-Business Conduct.

In 2024, the Group did not record any complaints regarding negative impacts on the communities of its financing activities or its sponsorship and donation activities or any other sustainability matters through the grievance mechanism or any other channels.

S3-4 / S3-5 Key actions and targets

The DMA did not identify any material negative impacts stemming from NLB Group's financing, sponsorships, and donations. The general description of the Group's due diligence approach and mechanisms to address potential and actual risks, negative impacts, and provide remedies are described in previous sections of this chapter.

On the other hand, NLB Group's financing, sponsorships, and donations have several material positive impacts. Actions, initiatives, and related targets that NLB Group has developed and implemented to provide and enhance its positive impacts are summarized below.

NLB Group members do not have special measures in place to engage directly with affected communities in setting targets, tracking performance, or identifying lessons or improvements as result of the Group's financing, sponsorships, and donations. This engagement is performed indirectly through relationship with clients, and institutions and organizations that NLB Group directly collaborates with.

The effectiveness of actions regarding financing community and economic activities is tracked regularly and reported monthly to the Management Board and quarterly to the Sustainability Committee. Sponsorship and donation activities are regularly monitored, and for all key implemented sponsorships and donations, reports and project evaluations are prepared in the marketing or communication departments. The overall breakdown by UN SDGs is reported annually at the Sustainability Committee sessions.

Financing community and economic development

The general objective is to provide financing for the community and economic development in line with annual plans and opportunities.

In 2024, NLB Group banking members financed community and economic development through various projects. Significant projects exceeding EUR 5 million amounted to EUR 138,350 million, including green financing. For example, such projects include financing electricity generation from wind power and renewable energy projects – investments in electrodistribution grids.

Sponsorships and donations

In relation to sponsorships and donations NLB Group has set the following general objectives:

- To provide financial contributions in line with annual plans, needs, and opportunities, and in compliance with the sponsorships and donations policy.
- To ensure that annually each CSR activity contributes to at least one UN Sustainable Development Goal.
- To leverage the indirect positive impact by including a special sustainability clause in each sponsorship contract by the end of 2025. The clause will require specific and mutually agreed actions of applicants to enhance their positive impact on society and the environment. At the end of 2024, the majority of all sponsorship contracts concluded by NLB Group members included the special sustainability clause.

Donations are typically received by communities facing a crisis (for example, the floods in Bosnia and Herzegovina in 2024) or institutions addressing a significant, possibly long-term, social issue (for example: Association of Interpreters for Slovenian Sign Language Institute, Red Cross Slovenia) and cultural heritage (Institute for Cultural Heritage – MUZA). Sponsorships are directed toward communities where we can promote growth and development across various fields (sport - Sport for Youth, culture - Festival Ljubljana, entrepreneurship – Help Frame, health – Supporting Healthy Recreation – self-service bicycles rental, education – AmCham Hero) and targeting specific groups, for example youth.

» For additional information on the most significant projects, see the chapter Overview of significant sponsorships and donations by type.

Table 51: General objectives and progress related to sponsorships and donations

	2024	2023	
Donations (in EUR thousands)	2,187	12,008	In 2023 several donations were made for flood relief after catastrophic floods in Slovenia (above the regular donation plan)
Number of projects	436	300	Increasing financial literacy and mentoring, Environmental responsibilit, Sustainable entrepreneurship, Supporting professional, youth and para sports, Humanitarian activities, Culture and protection of cultural heritage
Share of projects contributing to at least one UN SDG	99.7%	97%	

Notes:
(i) Data refers to all NLB Group members.
(ii) Accountancy policy and reconciliation: Reported values for donations refers to the financial statements notes 4.8 Other operating income and expenses – Donations.

Table 52: Sponsorship and donations in NLB Group banking members – breakdown by contribution to UN SDGs, N= 436

UN SDG	Share of projects contributing to the particular 1 UN SDG
Good health and well-being	63.68%
Sustainable cities and communities	11.49%
Climate action	6.52%
Partnerships for the goals	5.73%
Quality education	4.27%
Life on land	2.47%
Reduced inequalities	1.46%
Decent work and economic growth	1.36%
Gender equality	0.92%
Zero hunger	0.68%
Not supporting any UN SDG	0.32%
Peace, justice, and strong institutions	0.31%
No poverty	0.25%
Clean water and sanitation	0.24%
Affordable and clean energy	0.17%
Life below water	0.12%
Total	**100%**

Overview of significant sponsorships and donations by type

Increasing financial literacy and mentoring

	At NLB Group, we are dedicated to counselling in the field of financial literacy for various stakeholders, reducing inequalities and improving education. Goal 4 – Quality education Goal 10 – Reducing inequalities
NLB, Ljubljana	• NLB Muza, the banking museum of Slovenia, which is also a financial literacy centre, had 8,131 visitors in 2024. The museum includes walking through six stages of personal finance management, visitors can play digital games and take quizzes, and learn or check their financial literacy in a fun way. The centre is widely accepted and enjoyed by school groups (2,688 pupils have visited it). • NLB Muza organized the temporary exhibition "Money and Crime". The topic was banking crime throughout history, with an emphasis on how to protect oneself from cybercrime. The exhibition was viewed by 2,000 visitors. • The Bank continued the Minicity initiative, which has made significant strides in promoting financial literacy throughout 2024. Besides playful education in finance in which 80,000 have children participated, the Bank empowered prenatal families with crucial financial knowledge at three special education events. • Partnering with Simbioza,NLB delivered four digital financial literacy workshops specifically designed for retirees,ensuring they navigate the financial landscape with confidence.
NLB Banka, Podgorica	• The Bank educated 100 children from clubs that are supported through the NLB Sports for Youth project about communication and teamwork skills within the project Pobjednički koraci". • The Bank also held financial literacy workshops, which were attended by about 500 children.
NLB Banka, Skopje	• The Bank donated funds for refurbishing a reading room within the library in National and University Library Sv Kliment Ohridski.

Environmental responsibility

	We continue to create and support a variety of initiatives that aim to reduce carbon footprint, combat climate change, and increase positive impacts on the environment. We also empower our stakeholders to raise their awareness and engage them in such initiatives. Goal 13 – Climate action Goal 15 – Life on land
NLB, Ljubljana	• The Bank continued the partnership as a Green Partner of the GLWF (Green Light World Flight) project, led by Slovenian aviator and climate change researcher Matevž Lenarčič and Prof. Dr. Griša Močnik. Thus, we support and enable measurements of black carbon, in addition to carbon dioxide, The combined measurements serve as input and validation data for regional models of climate change and the dispersion of pollutants. • We continued with renovation of Kredarica hut on Triglav, the highest mountain in Slovenia. Complete renovation of the solar power plant in 2023 was followed by the energy renovation of the roof in 2024. • The Bank continued the long-lasting partnership encouraging sustainable mobility in the second largest Slovenian city, which enlarged the network to 230 city bikes. • The Bank supports the Beekeeping Association with general sponsorship and with a significant donation towards the revival of the Anton Janša Beekeeping School. • In cooperation with Beekeeping Association, NLB planted 2,500 trees in the region.
NLB Banka, Banja Luka	• The bank supported the Balkan Solar Summit, which is dedicated to the promotion and development of renewable energy in the region.
NLB Banka, Sarajevo	• The Bank supported the Festival of Ecology and Peace in Zenica. Over 300 people (children and their parents) were present at the Festival.
NLB Komercijalna banka, Beograd	• Forests of Food – The Bank financed the planting of three permaculture orchards in agriculture schools in Serbia where current and future generations of students can learn about sustainable agriculture.

Sustainable entrepreneurship

We create and support several initiatives that promote entrepreneurship, innovative thinking, economic growth, and inclusiveness

Goal 10 – Reduced inequalities
Goal 2 – Zero hunger

NLB Banka, Banja Luka	• In cooperation with the National Theater of the Republic of Srpska, the Bank enabled the purchase of equipment that will enable blind, visually impaired, and hearing-impaired citizens to watch certain performances in the theatre repertoire.
NLB Komercijalna banka, Beograd	• Cepora donation – The Bank supported a project which includes six months of education for young people (school of business skills, school of personal development, peer education for high school students, recycling for young people and/or the tour of the play "Missed Chance" which gives an opportunity to young people without parental care to indicate their position in society in an inclusive and positive way. It directly affected. • NLB supported the creation of a cafe (Zvuci srca cafe) in Pančevo, a place where people with developmental disabilities work and can be more included in society. The café opened in September and provided jobs for 10 people with developmental disabilities. Additionally, an estimated 100,000 citizens can visit the cafe, interact with its workers, and learn more about the pressing issues people with developmental disabilities face every day.

Supporting professional, youth, and para sports

We promote positive values of sport, through support of various sports associations, clubs, and young athletes, whose talent and sportsmanship are an inspiration for all of society, and contribute in particular to good health and well-being.

Goal 3 – Good health and well-being
Goal 5 – Gender equality
Goal 10 – Reduced inequalities

NLB, Ljubljana	• In the 2024/2025 season the Bank is supporting 69 sport clubs within the NLB Sport for Youth programme. More than 11,000 children aged from 6 to 14 years have participated. • Within the traditional NLB Sports Academy project, the Bank carried out 4 academies with more than 100 participants from Sport for Youth club representatives. • As part of the NLB Wheel project, the Bank donated two sports wheelchairs for disabled athletes – basketball players. • NLB helped the organization Special Olympics – a worldwide programme defined as a special sports and cultural programme for people with intellectual disabilities. The result is the preservation of psychophysical abilities and general socialization of persons with intellectual disabilities.
NLB Banka, Sarajevo	• The Bank supported various sports activities via sports clubs. In addition, the Bank sponsored a basketball camp, which promoted healthy living, transferring the knowledge of professionals to young generations (over 130 children).
NLB Banka, Skopje	• The Bank executed the Grassroot Sports Activities project (over 1000 children), and implemented the Special Olympics Macedonia "Young Athletes" programme for the cities of Kumanovo and Makedonski Brod. The programme is intended for children with and without intellectual disabilities, aiming to enable the development of children's motor and social skills through sport and sports activities. The Bank also sponsored the Macedonian delegation in this competition.
NLB Komercijalna banka, Beograd	• The bank supported 4 sports clubs (over 370 youngsters) in the region.
NLB Banka, Prishtina	• The Bank supported different sport clubs around Kosovo. The largest initiatives are sponsorship of Handball Federation of Kosovo, the women's league with 61 teams, and of the country's most successful women's handball club KHF Istog.
NLB Banka, Podgorica	• The Bank supported the campaign "Prava priča" and celebrated Pink October – 111 female colleagues underwent a preventive breast examination.

Humanitarian activities

We contribute to society through philanthropy, charity, and volunteerism. These initiatives are particularly aimed at socially disadvantaged groups of citizens or people in need due to various reasons and circumstances.

Goal 3 – Good health and well-being
Goal 5 – Gender equality
Goal 10 – Reduced inequalities
Goal 13 – Climate action

NLB Group	• Donations with a total value of EUR 1 million in all markets of our operations in the home region. Our donation helped with flood relief in Bosnia.
NLB, Ljubljana	• Donation to the Red Cross with the aim of supporting the implementation of a camp for young leaders and assistance in training young promoters of blood donation.
NLB Banka, Banja Luka	• The Bank supported the Brave Hearts with Love organization, which helps people suffering from various diseases and disabilities. The organization has a a solidarity fund, which provides financial support for children who need medical treatment abroad.
NLB Banka, Prishtina	• The Bank continued to cover the costs of education and summer camp for vulnerable children, including children without parental care or at risk of abandonment, in the Pristina region. • The Bank also supported the humanitarian event Let's Dance for more than 130 mothers and children. The mission of this initiative is to help mothers and children who need support, and ensuring access to quality healthcare for mothers and children in Kosovo.
NLB Banka, Skopje	• The Bank contributed to the procurement of a medical device for an interclinic transport system for respiratory therapy for newborns for PHI University Clinic for Gynaecology and Obstetrics.


Through digitalisation and innovation, clients can access our products and services anytime and anywhere, with the added benefit of 24/7 personal support from our experts in the NLB Contact Centre, who have been providing knowledge and advice for more than 30 years.
We put our clients first in every way.

S4 Consumers and End-users

SBM3 Material impacts, risks, and opportunities, and their interaction with strategy and business model

The relationship with clients[11] and maintaining their trust is at the heart of NLB Group's business model. With more than 2.9 million clients, NLB Group is one of the leading financial groups in the SEE region. NLB Group prioritizes a client-centric approach, focusing on providing quality financial products and services enhancing customer experience, efficient delivery, and regulatory compliance. Regulatory adherence fosters trust, safeguards the financial system, and reinforces NLB Group's reputation.

As stipulated in the Sustainability Policy, NLB Group's relations with clients are underlined with the following:

- offer products adapted to clients' needs, with marketing policies reviewed by specific committees, i.e. the committee for new and existing products in NLB and equivalent committees in other NLB Group members
- ensure that the marketing and sale of products and related communications are performed regularly, in compliance with all applicable regulations, standards, and best practice in the financial industry
- deliver quality and value to clients, consistently and reliably, to promote excellence in service quality, and optimizing the client experience, measured by NPS (Net Promotor Score)
- improve client experience and business performance by comprehensive implementation of complaint management into the overall client experience process
- protect the confidentiality and privacy of client data and use them in a responsible manner
- provide information to clients in compliance with regulations so that it is considered impartial, clear, and never misleading, by using the appropriate communication channels to clients
- implement digital products and channels which enable better access to banking services and promoting financial inclusion
- improve physical and technological accessibility to the services of all NLB Group members for all people, focusing on people with disabilities
- uphold the highest standards of cyber- and physical security and therefore promote practices that maximize the security of its products and services
- provide channels to clients which enable them to raise questions and concerns and receive a timely and qualitative response
- provide client education on sustainability matters

The overarching internal acts defining general framework and main principles for managing IROs related to the Group clients are Code of Conduct, and Sustainability Policy. In addition, the Group has established specific policies, processes and actions that address material IROs and related sustainability topics, which are presented in the following chapters.

The Group measures the effectiveness and progress of its material sustainability-related policies, processes and actions within departments that are responsible for particular sustainability topic or IRO which report to the management boards of NLB Group members at least once a year or whenever important topic should be addressed or decision taken and at least quarterly at the Sustainability Committee session.

Disclosures and underlying DMA span across five sustainability topics (see the detailed overview of IROs in the table on the next page). Unless specified otherwise, they relate to all clients, including private individuals, micro, SME and large corporate clients using the Group's financing and investments products.

Several material positive (actual and potential) impacts were identified across the downstream value chain and in the Group's own operations.

The only potential negative impact arises from situations where inadequate or inaccurate information might be provided to a client, regardless of the client group.

Actual and potential cyberattacks represent a significant risk in the whole financial industry, including NLB Group. The organizational units responsible for managing IROs, have set specific targets (where applicable) and KPIs, which are used for internal monitoring purposes. Clients are included in target setting indirectly, through expressing their general opinions in research, pools, and in direct communications, informing target setting and overall business strategy alongside inputs from market and other relevant research.

Human rights commitments related to clients

NLB Group policies regarding clients are embedded in the overarching NLB Group Policy on Respect of Human rights, which follows the Universal Declaration of Human Rights and other internationally recognized frameworks (see the policy description in the S1 chapter as it refers also to clients).

As stipulated in the policy, NLB Group members do not offer products and services that could have a negative impact on human rights. This is ensured through due diligence assessment and monitoring process in the Group's lending policy and throughout the product life-cycle or during the timeframe of a contract. In addition, NLB Group's policies related to client relations are intertwined with human rights commitments that we follow in client relationships. For example, we consider that the client's right for inclusion and access to financial services, non-discrimination, providing accurate and timely information, financial health and literacy, personal safety and privacy are strongly connected with client's human rights.

In 2024, no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, or OECD Guidelines for Multinational Enterprises or human rights incidents related to clients were reported.

11 NLB Group defines ESRS-term consumers and end users as clients or customers.

Table 53: NLB Group's material actual and potential impacts on its communities mapped to material sustainability topics

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Digitalization and innovation	Innovative tools and solutions enabling sustainable consumer behaviour	Introducing new products and services that allow for monitoring of financial data, sustainable finance options, tracking personal carbon footprint, energy saving tips, etc.	Impact – Potential Positive impact	Downstream	Short-term
	Digital solutions for easier access to banking services	Digital solutions for easier access to banking services enhance customer convenience and streamline transactions. By implementing online platforms and mobile applications, banks can improve user experience, reduce operational costs, and reach a broader audience, ultimately driving customer engagement and satisfaction while adapting to evolving consumer preferences.	Opportunity	Downstream	Short-, Medium-, Long-Term
Cybersecurity	Cybersecurity risks	Cybersecurity risks, particularly regarding the protection of employee and customer data, can significantly impact a Group's financial performance through potential data breaches that lead to costly remediation efforts, regulatory fines, and litigation, as well as reputational damage that erodes customer trust and confidence, ultimately resulting in loss of business and diminished market value.	Risk	Downstream	Short-, Medium-, Long-Term
	Protection of client data	Protection of client data is essential for maintaining the privacy and trust of customers and clients. Ensuring that client data is secure helps to prevent unauthorized access and potential misuse, which could lead to financial loss.	Impact – Actual Positive impact	Downstream	Short-term
Financial health and inclusion	Contributing to financial health of customers	Through various banking services and information, NLB Group is contributing to the financial health of customers, which positively impacts their stability and well-being by providing them with the necessary tools and support to manage their finances effectively.	Impact – Actual Positive impact	Downstream	Short-term
	Enabling digital solutions for easier access to banking services	Enabling digital solutions for easier access to banking services improves convenience and accessibility for all customers, fostering greater financial inclusion and user satisfaction.	Impact – Actual Positive impact	Downstream	Short-term
	Maintaining a network of physical banking offices	Maintaining a network of physical banking offices ensures that customers, especially those who may not be comfortable with or have access to digital banking, can still access banking services, improving overall service accessibility.	Impact – Actual Positive impact	Downstream	Short-term
Service quality and customer satisfaction	Ensuring quality of services and client satisfaction	Ensuring quality of services and client satisfaction leads to positive outcomes by enhancing customer loyalty, trust, and overall satisfaction with the Group's offerings.	Impact – Actual Positive impact	Downstream	Short-term
Responsible marketing and communication	Promoting financial literacy	Promoting financial literacy enhances customers' financial understanding and decision-making, empowering them to manage their finances better.	Impact – Actual Positive impact	Downstream	Short-term
	Provision of quality information to clients	Provision of quality information to clients ensures that they have access to accurate, timely, and useful information, leading to better financial decisions and enhanced trust in the Group.	Impact – Actual Positive impact	Downstream	Short-term
	Providing inadequate or inaccurate information to clients	Providing inadequate or inaccurate information to clients can lead to misunderstandings and poor financial decisions, damaging the trust between the Bank and its customers.	Impact – Potential Negative impact	Downstream	Medium-term
	Ensuring responsible marketing practices	Ensuring responsible marketing practices has a positive impact by promoting truthful and ethical communication with consumers, building trust and safeguarding their interests.	Impact – Actual Positive impact	Downstream	Short-term

Impacts, risks, and opportunity management

Digitalization and Innovation

Digitalization is a key strategic priority for NLB Group, driving growth by streamlining processes, enhancing scalability, and boosting efficiency. In recent years, NLB has been a pioneer of banking innovation in Slovenia and introduced various advanced digital services and channels, including 24/7 opening of personal accounts and the full digital signing of documents in digital bank, videocall functionalities with multichannel 24/7 support, fully E2E digital loan capabilities for consumers & SMEs, sending PINs for cards via SMS, implementing Flik P2M (Person to Merchant) at all POS (Point of Sale), the NLB Smart POS solution on mobile phone to merchants, card management functionalities and biometric recognition, and issuing digital-only debit cards.

The Group continues to prioritize digital innovation, by enhancing its technological infrastructure to deliver excellent client experience and maintain a competitive edge. By rapidly expanding digital channels across the region the Group reduces branch activities for routine tasks, enhances client satisfaction, streamlines internal processes, and supports paper usage reduction. Therefore, NLB Group is committed to growth by leveraging digital marketing channels and enhancing connectivity, and developing innovative tools, while maintaining adequate personal interaction with clients.

In addition to banks, digital channels are integrated into the operations of asset management companies (within the NLB Klik application) and leasing companies (almost 80% of all leasing contracts are concluded with the NLB Lease&Go application).

Policies

Digital transition is firmly embedded in the new NLB Group Horizon 2030 Strategy. The strategy focuses on growth across three pillars: Retail, Corporate and Investment Banking, and Payments, supported by operating platform enhancement initiatives. Transitioning to a fully digital business model is a key focus, including offering users advanced digital solutions (Klik, NLB Pay), modernizing digital processes in the Bank, and setting up a central IT hub.

The policies related to digital solutions for clients are included in overarching product development and cybersecurity policies, which are described in detail in respective chapters. In addition, specific instructions and guidelines have been established for each digital channel, providing regulatory compliance, efficient internal processes, and delivery to the clients.

Key activities and progress

In 2024, **NLB Group banking members** saw the following improvements:

- launched in 2023, NLB's new digital banking platform (NLB Klik) was recognized in 2024 as the Best Digital Banking Solution in Slovenia by an independent research agency. Itsimplementation across all NLB Group markets is underway and will be concluded in the coming years
- new digital bank launch in NLB Banka Sarajevo, NLB Banka Banja Luka, NLB Banka Podgorica
- launch of digital sales processes in NLB (savings accounts, deposits, account overdraft, credit card limit, ordering a new credit card); NLB Banka Prishtina (consumer loan), NLB Banka Skopje (consumer loan)
- strong focus on digitalizing clients across all markets and ongoing best practice sharing among NLB Group members to enhance digital penetration and channel utilization
- several awareness-raising activities among clients in under-digitalized clients, in particular the elderly. *See the chapter* Sponsorships and donations *for details.*
- **in asset management (NLB Skladi):**
  - introduction of the electronic confirmation of invoices and application for online monitoring of the realization of daily activities in an individual process (according to delimitations and carriers)
  - the overview of customer transactions within the asset management company has been further extended within the NLB Klik application (including umbrella fund investors and clients engaged in portfolio management)

- **In leasing companies:** NLB Lease&Go continued its journey towards digitalization and creating the core for changing the business model towards more a customer-centric and service-driven focus around mobility. The most important milestone was acquiring the platform doberavto.si portal. The acquisition is in line with NLB's strategic ambition and is needed to safeguard its market position in an increasingly digital car market. The platform integrates value-added services such as financing options, vehicle insurance, and inspection services, offering users a one-stop platform for all their automotive needs.

Going forward, the Group will intensify its focus on digitalizing banking processes and clients, and further enhance digital accessibility solutions. Additionally, the Group will prioritize digital security and fraud prevention by implementing advanced security measures to ensure the highest levels of protection and client satisfaction.

Targets and metrics

In alignment with its strategic objectives and the UNEP FI Principles for Responsible Banking, NLB Group set a digital penetration target in 2021 to achieve 55% active digital banking adoption (web or mobile) among private individuals by 2025, and 80% by 2030. The 2025 target was surpassed in 2024 by 1.4 percentage points.

In 2024, the Group increased the previously set digital penetration target from 70% to 80% and the additional goals were set related to digital penetration and acquisition as detailed in the table below. The target setting relied on market and client research and was embedded in the process of the development of NLB Group New Horizons 2030 strategy.

Table 54: Digital banking usage in NLB Group banking members

	2021 Baseline	2023	2024	Target 2025	Target 2030
Digital penetration(i)	29.5%	50.4%	56.4%	55%	80 %
Digital core product sales			2–6%		>50%
Digital acquisition			<1%		>30%

(i) The digital penetration is calculated as number of active digital banking users – private individuals divided by the total number of private individuals.

Cybersecurity and personal data protection

As in any financial institution, cybersecurity risks, if not mitigated well, particularly regarding the protection of customer personal data, can significantly impact the Group's financial performance through potential data breaches that may lead to costly remediation efforts, regulatory fines, and litigation, as well as reputational damage that erodes customer trust and confidence, ultimately resulting in loss of business and diminished market value. Protection of client data is therefore essential for maintaining the privacy and trust of clients.

NLB Group has a positive impact on clients as it has established policies and mechanisms to ensure that client data is secure by preventing unauthorized access and potential misuse, which could lead to financial loss. Moreover, collecting and processing some personal data allows the Group to adapt clients' needs, to provide more effective communication and a better user experience.

While information and cybersecurity policies are presented in the chapter S1-Own workforce, this chapter focuses on the data protection policy.

Policies

Rules on the Protection of Personal Data
Content and purpose: The Rules regulate the area of personal data protection, including organizational structure and allocation of tasks and the basic rules of personal data. The purpose of the Rules is to define the fundamental principles and rules in relation to the processing of personal data and the rights of the data subjects with the aim of ensuring compliance with the legislation applicable in the area of personal data protection. These include European legislation on the General Data Protection Regulation (GDPR) and the Slovenian legislation applicable in the area of personal data protection – Personal Data Protection Act (ZVOP-2). In line with the Policy, the provisions are integrated into the Group's processes and systems, including those related to client data.
Scope: NLB and other NLB Group members who are subject to the GDPR and their local legislation related to data protection.
Most senior function accountable: the Management Board and appointed Data Protection Officer who professionally and independently assists the management in ensuring that the processing of personal data complies with the Rules
Availability: Employees access the Rules in the Internal Act Register, while general information is available for external stakeholders in branches and on the websites, for example:
General Information on Personal Data Protection
Informacija o vastvu osebnih podatkov - NLB Skladi
NLB Lease&Go - Varstvo osebnih podatkov

Key activities and progress

The Group is focused on implementing measures to increase the Group's cyber resilience and strengthen its digital capabilities. In 2024, key activities included enhancing cyber threat intelligence, improving situational awareness, and conducting penetration tests to assess and bolster the resilience of information systems.

The Group also adheres to GDPR requirements in its daily operations. In line with the Data Protection Policy, several ongoing measures and activities are in place and were also conducted in 2024:

- The DPO was responsible for monitoring compliance with GDPR legislation and carrying out regular risk assessments to identify and minimize personal data breaches and compliance risk. The DPO reports to the Operational Risk Committee and to the Management Board in the scope of quarterly reporting.
- Policies, rules, standards, and procedures for personal data and information protection (e.g. business secrets) are used in the Group's everyday operations in the area of data protection. Thus, the Group ensures compliance with the relevant regulatory provisions that can differ significantly from one country to another.
- Preventive measures and thorough control within the Group and in relation to outsourced providers and suppliers help prevent the loss or abuse of data and the violation of data protection regulations, including the protection of personal data.
- Information on protecting client privacy was provided on the Bank's website. The information includes reasons for collecting the data and their usage, clients' rights and how to enforce them, contact details of the Data Protection Officer to report any violations.
- Mandatory training on personal data protection was conducted for all employees (it constitutes a work obligation).

» For a detailed description of activities and progress, please see the Business Report, chapter IT and Cybersecurity, and the chapter Compliance and Integrity, sub-chapters Information security and personal data protection.

Financial health and inclusion

Policies

On a high level, the principles of financial health and inclusion are included in the Sustainability Policy, and indirectly in all policies and other internal acts on client-related products, services, and relationships. For NLB Group, financial inclusion is about ensuring access to financial products and services and "leaving no-one behind". Although there is no specific policy in place addressing financial health and inclusion exclusively, these are embedded in the Group's business model and process by following the Group's core value of improving lives and the central principles of the 2030 Agenda for Sustainable Development, in particular two SDGs:

- **8 – Decent work and economic growth** (Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all), and
- **10 – reduce inequality** (By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status).

In addition, guided by the UNEP FI Principles for Responsible Banking, NLB Group promotes universal financial inclusion and in particular supports the financial health and inclusion of its private individual clients. These considerations are firmly embedded in the NLB Group Policy on Respect for Human Rights, as well as in policies and manuals and procedures that define the sales process.

In terms of accessibility to banking services, which was deemed as material impact in DMA, the Group strategically balances the benefits and optimization of its branch network. While branches remain central, their role is evolving due to market changes and digitalization, resulting in fewer in-branch transactions. However, direct client contact in branches remains crucial particularly for comprehensive services or vulnerable groups. To mitigate potential negative impacts, the Group continuously enhances both physical and technological accessibility through our extensive branch and ATM network, digital products and channels, contact centres, email, website, and social media. This includes accommodating people with disabilities and promoting financial inclusion and literacy.

The Group also places great importance on managing potential negative impacts, for example due to strategic optimization of physical banking network in some areas (not deemed as material in the conducted DMA). The approach includes maintaining an adequate physical network and appropriate communication about branch closures with affected local communities and directly with concerned clients via established communication channels.

White Book for Branches
Content and purpose: The document describes the critical role of branches in providing adequate levels of physical accessibility and client experience. It defines the standards and roles of branch offices to ensure a modern, professional, and friendly client experience. The aim is to increase sales and the advisory role of the bank, improve client experience, and support clients in transitioning to digital channels and efficiency.
Scope: Distribution network, product and segment managers, real estate managers in NLB Group.
The most senior function accountable: Director of Customer, Product Management and Digital Services or similar functions in NLB Group members. In addition, the Group has established policies and procedures to ensure employees, clients, and other visitors in branches a high level of security and measures to mitigate any security risks.
Availability: Register of Internal Acts.

Key activities and progress

NLB Group has implemented several activities to enhance financial health and inclusion, financial literacy, and accessibility to financial services, in particular to vulnerable groups (impaired persons, women, older persons, etc.). The most significant activities in 2024 were:

- Hearing loop devices in all **NLB branches** to enhance communication and facilitate financial services for hearing-impaired customers by transmitting sound directly to their hearing aids.
- A mobile branch – a specially adapted vehicle, NLB Bank&Go, that enables clients access to banking services has been available to clients in smaller Slovenian towns where there have been no bank branches since 2020. In 2024, NLB Bank&Go regularly visited 30 different locations.
- NLB continued its cooperation with the Association of the Blind and Visually Impaired of Slovenia. 58 ATMs throughout Slovenia have been installed to assist blind and partially sighted persons with banking operations. With the help of voice instructions through headphones, blind and visually impaired persons can withdraw cash or check their account balance.
- **In North Macedonia, NLB Banka Skopje** upgraded the mClick mobile banking application with "built-in voice reader" functionality, which clients should install on their mobile phones. In this way, visually impaired clients can have insight into all their accounts, perform all banking transactions, or apply for a mobile loan by using the voice guide, enabling them to access financial services independently.
- **In Kosovo, NLB Banka Prishtina and in Montenegro, NLB Bank Podgorica** run the Women in Business programme in partnership with the EBRD. The programme offers financial support and financial education to women-led businesses.
- **In Bosnia and Herzegovina, NLB Sarajevo** introduced the NLB Package for Financial Inclusion, in accordance with the Decision on Measures to Strengthen Financial Inclusion and Sustainable Bank Operations adopted by the Agency for Banking in the Federation of BiH.

- Various sponsorships and donations programmes to increase financial literacy were held in NLB (financial literacy centre in the banking museum MUZA, Money and Crime exhibition, financial literacy initiative for families and children in Minicity, financial literacy workshops for the elderly), and NLB Banka Skopje (financial literacy workshops for children). See the chapter Affected communities for details.With the aim of promoting financial literacy, especially to youth, NLB Funds organized several motivational-educational events, published expert publications, used social media, especially Instagram, and participated in financial education events for youth, organized by the national newspaper Finance.

In 2025, NLB Group will continue its initiatives, focusing on implementing new Slovenian legislation transposing the EU directive on digital accessibility effective June 2025. This will enhance accessibility and user experience in NLB's digital banking channels for people with disabilities (visual, motor, hearing, etc.). In Serbia, NLB Komercijalna banka priority will be with developing additional social/inclusion criteria in loan origination, which will be followed by developing monitoring and KPIs connected to social or inclusion loans.

Targets and metrics

In 2024, NLB Group reaffirmed its commitment to financial literacy and inclusion by enhancing target setting and further developing relevant initiatives. **In line with UNEP – FI methodology NLB, as the parent bank, defined the baseline and set two concrete goals to be achieved by 2030 for the impact area Financial Health & Inclusion**, which focuses on savings and investment plans as a key priority area:

- By 2030 NLB will increase by 15% the percentage of young clients (18–27 years) with products related to long-term savings and/or investment plans.
- By 2030 NLB will increase by 15% the percentage of clients aged 27+ up to retirement with products related to long-term savings and/or investment plans.

Targets for other banks in the region will be developed in the future. Also, the NLB Group will gradually develop additional specific and meaningful targets for key financial health and inclusion initiatives.

Table 55: Financial Health and Inclusion for NLB

	2024 Baseline	Target 2030
Number of young clients (18–27 years) with products related to long-term savings and/or investment plans	29%	+15%
Number of clients aged 27+ up to retired with products related to long-term savings and/or investment plans	39%	+15%

Accountancy Policy and reconciliation: The percentage (share) is calculated as the number of clients with at least 1 product related to a long-term savings and/or investment plan in a particular age group divided by the total number of customers. The number of such clients represents a portion of 728,350, which is the total number of NLB clients and represents a segment of total client base of NLB Group of 2.9 million, as detailed in the Business Report. (see Business Report, page 4).

Personal savings are crucial for long-term income stability, especially for young clients. The foundations for developing the targets were mostly the Slovenian government's 2017 Strategy for a Long-Lived Society and data from the Pension and Disability Insurance Institute of Slovenia (ZPIZ). The Strategy underscores the importance of early pension savings to ensure financial security in old age. Slovenia is experiencing significant demographic changes, with the elderly population expected to nearly double by 2060, from 17.3% in 2013 to 29.4%. This shift, coupled with a shrinking working-age population, will strain the national pension system, with expenditures projected to rise from 11.8% to 15.3% of GDP by 2060. The ratio of contributors to pensioners will worsen, threatening the system's financial sustainability. Currently, many pensioners receive between EUR 700 and 800, below the poverty risk threshold of EUR 827, indicating financial instability for nearly half of retirees. Therefore, young Slovenians must prioritize personal savings for retirement, as the national pension scheme alone may not provide sufficient income.

Service quality and client satisfaction

NLB Group develops and delivers quality financial products and value to clients. Responsible product development, marketing, and communication significantly contribute to excellence in product and service quality and enhances client experience and satisfaction.

Responsible product development

Policies

NLB Group members execute product development, marketing activities, and provide information to clients in compliance with regulations and local legislation related to customer rights, guidelines, and codes of professional associations. The general framework related to products and services for clients is set at the high level in the Code of Conduct and the Sustainability Policy which is applied in all core financial members (banks, asset management, and leasing companies). In addition, various specific policies and guidelines have been established, the most significant being related to product development, data protection (see details in the chapter Cybersecurity and personal data protection), and marketing communication activities. Other internal acts define specific areas, such as segmentation and appropriate treatment of clients, the format and the frequency of contacting clients, or receiving and processing interactions in the contact centre.

NLB Group is bound to only offer products and services that create value for our clients and shareholders, and meet the client's needs. The processes for approving new products comprise a preliminary review required for achieving these goals. NLB Group wishes to ensure that clients can have full confidence in the products offered to them. The procedures for approving products and services apply to all new product offers, as well as various existing products. The key control functions must be involved in the process of product development and monitoring, including the compliance function, since it is important that every product is compliant with regulatory requirements, particularly in the areas of consumer protection, personal data protection, and prevention of money laundering and financing of terrorism.

Policy for the Introduction of New Products and Substantial Changes to Existing Products
Content and purpose: The Policy describes NLB Group's general approach to responsible product development and defines the Bank's framework for introducing new and significant changes to existing products for private individuals and legal entities and products for financial markets.
It is based on Slovenian and European legislation, including the Banking Law, EBA, and ESMA guidelines on product governance requirements. The Policy also follows applicable national regulations related to client loans, client protection, electronic business and communication, and protection of personal data. The purpose of the policy is to define:
1. the principles of introducing new products and substantial changes to existing products
2. assessment factors for the introduction of new products and significant changes to existing products (before launching new or modified products, NLB Group members analyse financial, non-financial, compliance, legal, and capital/ liquidity impacts. Non-financial risk assessments include evaluating ESG risks, defining mitigations, and specifying ESG-related product features).
3. minimum standards of the organization when introducing new products and significant changes of existing products,
4. product discontinuation process
5. regulation of the area at the level of NLB Group banks with the aim of taking into account the interests, goals, and characteristics of consumers in order to prevent in advance damage for the bank and any damage that could occur to the consumer and other customers of the Bank, as a result of the behaviour and the conduct of the Bank's employees, due to the composition of the product, its marketing, or other procedures related to the product offer, and to prevent a negative impact on the Bank's reputation.
Scope: NLB Group banking members, mandatory for all employees involved in product development.
Most senior function accountable: The Management Board of each banking member oversees decisions on new and existing products, delegating this to the New and Existing Products Committee which is established in each bank. This Committee reviews new products and marketing policies before offering them, to ensure that clients can have full confidence in them. The highest level of accountability for policy implementation are Directors of Customer Services, Product Management, and Digital Services in each NLB Group banking member.
Availability: Register of Internal Acts.

Key activities and progress

In 2024, NLB Group banking members introduced 46 new or substantially changed products and services, while New and Existing Products Committees in NLB have had 12 sessions, additional sessions were held in other NLB Group members.

In addition, sales process and front-line staff support was enhanced. ESG application API connection was integrated into to loan origination process, which enables entering green loan criteria into the core system and transferring to DWH. A comprehensive sales guideline related to green loans for private individuals for front-line workers was introduced. They also participated in green financing training, thus enhancing their knowledge and skills, contributing to higher client awareness and engagement for green products.

Going forward, NLB Group will focus on refining its offerings, enhancing customer experience, further streamlining internal processes and automatization of the credit process, efficiently implementing sales tools, and providing continuous training for front-line workers.

Responsible communication

Policies

NLB Group manages material positive impacts related to the provision of quality information to clients and ensuring responsible marketing practices, as well as potential negative impacts, i.e. provision of quality information to clients on its policies, procedures, and activities as described in this chapter.

Instructions for Implementing Marketing Communication Activities of NLB Group
Content and purpose: The Instructions outline all stages of the internal marketing and communication process, aiming to standardize procedures and eliminate inconsistencies or legal issues within NLB Group's marketing and communication activities.
It is grounded in national legal, ethical, and communication guidelines, as well as best practice in marketing communication and public relations. The Instructions emphasize compliance with legislation, particularly the Consumer Protection Act, Code of Advertising Practice, Advertising Law and Media Law, and the Ethical Code of Designers to ensure that activities within marketing plans consider their impact on clients. The Instructions also stipulate transparency and fairness and full communication to the client by adhering to this instruction, NLB Group aims to prevent and mitigate the risk of unfair commercial practices in product marketing. As the parent bank, NLB is a signatory to the commitment to implement sustainability standards in advertising (Slovenian Advertising Chamber) by 2030 or sooner. These standards are gradually being implemented in policies and procedures in all NLB Group members.
Scope: NLB Group banking members.
Most senior function accountable: Directors of Communication or similar functions in each NLB Group banking member, while provisions apply to all employees who are responsible for marketing communication and external partners in these processes.
Availability: Register of Internal Acts.

Key activities and progress

NLB Group members execute the following key activities in their daily operations related to mitigating potential negative impacts and to managing actual positive impacts in relation to communication with clients:

- The Group offers clients financial products in accordance with their needs and income profile, and educate them about all of the aspects of a product, including potential negative consequences and risks.
- By using a variety of communication channels, Group members provide clients with impartial, transparent, clear, and correct information, including clear and ethical advertising industry.
- Communication complies with regulations related to consumer rights, consumer protection in the marketing and contracting of financial services, and consumer protection against unfair commercial practices, and guidelines and codes in the communication and advertising industry.
- The Group's direct communication enhances financial literacy. For example, before approving a loan, in communication with clients, NLB Group emphasizes responsible lending practices, such as keeping monthly obligations manageable and being aware of the risk of variable interest rates. In addition, several NLB Group members provide clients and the general public with professional advice on their websites (e.g. in NLB, such as how to manage personal finances in various life events, how to improve saving habits or establish a contingency fund, and other aspects of financial literacy. For additional information on how NLB Group promotes financial literacy, see the chapter Affected communities.

These activities align with our business strategy, informed by market and client research, and client feedback comments, opinions expressed in direct communication in daily operations and through other communication channels. If a potential negative impact related to communication becomes actual, clients can access complaint or grievance mechanisms as detailed in the chapter Processes to remediate negative impacts – complaint management.

Targets and metrics

To gain deeper insight into retail customer satisfaction NLB Group conducts annual Net Promoter Score (NPS) survey, which measures brand NPS, a widely used metric for assessing customer loyalty and satisfaction. It reflects the general recommendation of NLB, using a representative sample from each market where NLB Group operates. NPS has been constantly increasing throughout the years as a result of continuous service development, enhancement of the existing and development of the new products and digital solutions. In 2024, NPS experienced a slight decline due to various market conditions, though the overall trend since 2019 remains positive. As a key performance indicator and integral part of NLB's strategy, the NPS results were thoroughly analysed, and an action plan was developed to enhance customer satisfaction moving forward. NPS is measured in accordance with the standard methodology, which gauges customer sentiment and identify areas for improvement. It is calculated based on responses to a single question: *"How likely are you to recommend NLB to a friend or colleague?"* Respondents rate their likelihood on a scale from 0 to 10. Based on their scores, customers are categorized into three groups: Promoters (9-10), Passives (7-8), and Detractors (0-6). The NPS is then calculated by subtracting the percentage of Detractors from the percentage of Promoters. The resulting score ranges from -100 to +100, with higher scores indicating greater customer loyalty and satisfaction.

Table 56: Client satisfaction NPS - NLB Group banking members

	2022	2023	2024	Target 2030
Average NPS	31	36	32	>50%

Notes:
(i) Accountancy policy: NPS is calculated as a difference between satisfied (promoters) and dissatisfied (detractors) customers. The result for the NLB group banking members is calculated as a simple mean of individual banking members. The result for a single year is calculated as a moving average, meaning that the result for a year includes the average of two measurements conducted in that year and is calculated as a mean of these two measurements.
This represents a change in the calculation and reporting before 2024, where only the last measurement in a year was considered, and the NPS values were as follows: 28 in 2022 and 36 in 2023.

S4-3 Processes to remediate negative impacts – complaint management

All NLB Group members strive to ensure a constructive dialogue with their clients and to resolve any disagreements, misunderstandings, or errors which may occur in daily operations. If, however, clients are dissatisfied with the products and services, NLB Group members provide channels which enable them to raise questions, complaints, and concerns and receive a timely and qualitative response.

Moreover, clients' feedback, including complaints, is considered an opportunity to improve services, processes, and customer relationships. Therefore, the Group embeds complaint management into the overall client experience process and conducts regular employee training to improve the overall customer experience.

To this end, NLB Group has established grievance and complaints channels, which are communicated and available to clients in branches and on the websites of NLB and other subsidiary banks in line with local legislation.

» For details on the grievance mechanisms please refer to the chapter G1-Business Conduct, sub-chapter Managing concerns about unlawful or harmful conducts.

Policies

Instructions for Handling Complaints
Content and purpose: The Instructions set the general framework for complaint management, defines types of complaints, and the two-level internal complaints process. It describes the two-tier customer complaint resolution system and selected institutions responsible for extra-judicial settlement of customer claims (IRPS), and provides clarifications about the methods and procedures to solve complaints. Moreover, the Instructions define the minimum standards or general objectives which are being harmonized group-wide and include:
- fast, efficient, and professional complaint settlement at all levels of the process, and settlement of satisfactory reimbursement requests in a unified way.
- registration of complaints so as to enable content analysis with the purpose of improving products, processes, and customer experience (transparency, quality, customer relations, etc.).
- the formation of proposals for improvements with the purpose of preventing a larger number of similar mistakes and consequences of a negative customer experience.

Scope: All employees involved in the complaint management and resolutions.
Most senior function accountable: Directors of sales departments and head of branches with direct business relationship with clients.
Availability: For employees in the Register of Internal Acts, while the rules and procedures related to complaints are available to clients in branches and on the websites of NLB and other subsidiary banks in line with local legislation.

Key activities and progress

In 2024, the focus was on harmonization of the complaint management process across the Group. Regular monthly meetings were organized to align the mechanisms and methodology, to monitor and coordinate activities in the group, and to share our practice. NLB Group banking members have made progress in harmonizing the complaint management system, enabling consolidated reporting. Mandatory e-learning was conducted for all employees involved in the complaint process. KPIs were regularly assessed and reported quarterly to the Operational Risk Committee.

Targets and metrics

KPIs set to monitor efficiency and risks related to complaints management includes number and share of complaints, average resolution time, and other indicators. The average share of all banking customers who complained annually complaint was 2%. Similarly to the banking system in the region, card services account for the largest share in the total number of complaints, whereas the share of complaints in relation to the total number of card transactions was low, below 0.1%). To mitigate risk of card abuse which represent the large share of credit card-related complaints, the Group has a system in place to detect and prevent card abuse and raising client awareness of the dangers of online commerce and shopping, thereby contributing to risk management in this area.

The average resolution time (card complaints excluded) of all banking members was approximately 6 days. In the parent bank NLB, 92% of all received complaints in NLB were resolved positively, which is an increase of 2 percentage points compared to 2023.

Table 57: Complaints in NLB Group banking members

	2024
Share of customers who have complained annually	2.0%
Number of complaints	83,259

(i) The percentage (share) is calculated as a number of complaints divided by a total number of all NLB Group clients (active+other) in NLB Group banking members.

At the asset management company level (NLB Funds, asset management), investor complaints remain extremely low, with only 0.0094% of investors submitting a complaint in 2024. The company approaches the potential gap in customers' financial product knowledge with great understanding, always striving to uphold the highest standards of customer interest and satisfaction. Leasing companies have established general internal procedures related to complaint management, which will be enhanced in the future by monitoring mechanisms.

S4-2 Processes for engaging with clients and end-users about impacts

NLB Group prioritizes engagement with corporate and retail clients to maintain their trust and transparency in the relationship with them. Therefore, the Group interacts regularly with clients directly through daily business processes, which relate to both physical and digital channels. Physical channels include regular personal communication with their customer relationship officer or branch employees, and contact centres, providing information and assistance via the website, phone, or a videocall (subject to each entity). The operational responsibility for conducting such engagement lies with sales, marketing, or communication directors in each NLB Group member.

Daily engagement involves communicating the characteristics and impacts of the Group's financial products and services, ensuring that clients are well-informed and confident in their financial decisions and maintain good relationship with the Group. In addition, clients' feedback is collected through daily interactions, complaint management system and satisfaction surveys. Their feedback informs the business strategy of NLB Group and is taken into account in decision-making.

To manage the positive impacts of its products and services on the financial health of our clients, NLB Group financial members conduct regular desk-top and direct client research to gain information about their needs and preferences, which inform the Group's product development and communication strategies.

» For additional information, please see the chapters Responsible communication and Client satisfaction metrics.

Governance Information

Several topics related to Business Conduct were identified as material, underscoring the critical importance of governance, compliance, and integrity at NLB Group. In this section, we disclose information on corporate culture, regulatory compliance and governance, whistleblower protection, prevention of corruption and bribery, and prevention of money laundering and financing of terrorism. We also present ESG risk management, tax transparency, and our participation in associations and policy discussions. Financial performance and stability (being thoroughly disclosed in other parts of the business report and in financial statements) are recognized as a material sustainability topic and are essential for effectively managing the Group's IROs.

G1 Business Conduct

GOV-1 Role of administrative, supervisory, and management bodies related to business conduct

All NLB Group employees, including members of the management bodies (management board members, supervisory boards, executive directors) are expected to act in a fair, responsible, and ethical manner, in adherence with the Bank's compliance standards. The overarching framework defining NLB Group's policy on responsible business conduct and the framework for organizational culture, respecting values, and ensuring integrity is the NLB Group Code of Conduct, with other internal acts defining in detail the rules and procedures for specific areas of business conduct. For more details, please refer to the chapter Policies.

In line with corporate governance principles, the management body discusses and adopts decisions, rules, and procedure regarding business conduct in managing impacts, risks, and opportunities in this area.

Managers at various levels of NLB Group set the tone from the top as to what good and responsible business conduct should be. They have specific roles and responsibilities in promoting responsible business conduct:

- Discussing the Code with team members to ensure everyone understands it, thus promoting the ethical culture in the NLB Group
- Ensuring the fundamental principles and rules of conduct are implemented and complied with
- Striving to achieve the values of the Group in accordance with the set principles and rules of conduct
- Encouraging open, fair, and honest relationships among employees, free from fear and vindictiveness
- Promoting open discussions about all questions addressed by the Code
- Setting an example through conduct and behaviour that embodies the values and meets the basic principles of NLB Group
- Reacting swiftly to any perceived ethical problems in the environment
- Avoiding demanding any conduct from employees that would be contrary to legislation, prescribed rules, or the Code

The management body and senior management members must demonstrate a high level of personal integrity and act in accordance with the NLB Group Code of Conduct. Integrity represents the expected actions and responsibilities of individuals and organizations in preventing and eliminating risks associated with the misuse of authority, functions, or other decision-making powers contrary to the law, legally permissible goals, and the guidelines defined in the NLB Group Code of Conduct.

The knowledge and expertise of management bodies regarding organizational culture and business conduct are critical components of corporate governance. Accordingly, board members of banking members regularly discuss on internal culture and compliance, and complete annual training on topics related to business conduct, including anti-bribery and corruption, conflicts of interests, ethics, and code of conduct. Furthermore, adherence to NLB Group values, which supports corporate culture and responsible business conduct, is a specific target included in the remuneration criteria for NLB Management Board members. In alignment with the NLB Group Governance Policy, board members across other NLB Group entities have instituted similar procedures, training programmes, and targets.

IRO-1 Description of processes to identify and assess material impacts, risks, and opportunities

At NLB Group, we recognize that business conduct and organizational culture are complex and multi-dimensional. These aspects extend beyond the prevention of corruption, bribery, and other harmful incidents, as well as whistleblowing mechanisms derived from the ESRS. They encompass various other aspects critical for responsible business conduct in financial institutions, such as ethical governance, integrity, regulatory compliance, anti-money laundry system, tax management, etc. Consequently, in addition to ESRS-related topics, we have identified several entity-specific material sustainability topics and IROs, as detailed in the table below.

Although the DMA did not identify any material risks related to business conduct (i.e. above the set threshold), NLB Group acknowledges the inherent risks and potential negative impacts associated with its operations. Therefore, the mechanisms and policies outlined in the following chapters also address these risks.

Table 58: Impacts, risks, and opportunities related to Business Conduct (Corporate Culture)

Material Sustainability Topic	Name of IRO	Description of IRO	Type of IRO	Location in the value chain	Time horizon
Corporate culture, regulatory compliance, and governance	Ethical and transparent corporate culture	An ethical and transparent corporate culture fosters trust, accountability, and integrity within the Ban. By promoting open communication, adhering to ethical practices, and encouraging employee feedback, the BGroup can enhance employee morale, strengthen stakeholder relationships, and build a positive reputation, ultimately contributing to long-term success and sustainability.	Opportunity	Own operations	Short-, Medium-, Long-Term
	High standards of corporate governance, integrity, and transparency	High standards of corporate governance, integrity, and transparency are essential for the BGroup to build trust with stakeholders and ensure accountability in its operations. By adhering to these principles, the BGroup can enhance its reputation, mitigate risks, and foster a culture of ethical behaviour, ultimately supporting long-term success and stability in the financial sector.	Opportunity	Own operations	Short-, Medium-, Long-Term
	Enabling an ethical and transparent corporate culture	Enabling an ethical and transparent corporate culture promotes trust and integrity within the organization, enhances employee morale, and ensures compliance with regulations, ultimately leading to sustainable business success.	Impact – Actual Positive impact	Own operations	Short-term
	Ensuring high standards of corporate governance, integrity, and transparency	Ensuring high standards of corporate governance, integrity, and transparency enhances corporate reputation, ensures compliance with laws, and builds stakeholder trust.	Impact – Actual Positive impact	Own operations	Short-term
	Integrating principles of ethical banking	Integrating the UNEP FI principles of ethical banking promotes fairness and responsibility, improves customer trust, and supports long-term financial stability.	Impact – Actual Positive impact	Own operations	Short-term
	Ensuring regulatory compliance	Ensuring regulatory compliance helps maintain corporate integrity, avoid legal penalties, and builds stakeholder trust.	Impact – Actual Positive impact	Own operations	Short-term

Table 59: Impacts, risks, and opportunities related to Business Conduct (other topics)

Prevention of corruption and bribery	Preventing corruption and bribery	Preventing corruption and bribery is essential for maintaining the integrity and reputation of the Bank. By implementing robust compliance programmes, conducting regular training, and promoting a culture of transparency, the Group can safeguard its operations, build trust with stakeholders, and ensure adherence to ethical standards, ultimately contributing to long-term sustainability and success.	Opportunity	Own operations	Short-, Medium-, Long-Term
	Preventing corruption and bribery	Preventing corruption and bribery fosters an ethical business environment, enhances corporate reputation, and ensures compliance with laws.	Impact – Actual Positive impact	Own operations	Short-term
Prevention of money laundering and financing of terrorism	Preventing money laundering and financing of terrorism	Preventing money laundering is essential for maintaining the integrity and reputation of the Bank. By implementing robust compliance programmes, conducting regular training, and promoting a culture of transparency, the BGroup can safeguard its operations, build trust with stakeholders, and ensure adherence to ethical standards, ultimately contributing to long-term sustainability and success.	Opportunity	Own operations	Short-, Medium-, Long-Term
	Prevention of anti-money laundering and financing of terrorism	Prevention of anti-money laundering and financing of terrorism ensures compliance with legal regulations and fosters trust and integrity within the financial system.	Impact – Actual Positive impact	Own operations	Short-term
Whistleblower protection	Enabling the protection of whistleblowers	Enabling the protection of whistleblowers fosters an organizational culture of transparency and accountability, encouraging employees to report unethical practices without fear of retaliation.	Impact – Actual Positive impact	Own operations	Short-term
ESG risk management	Management of ESG risks	Effective management of ESG risks is crucial for the Group to identify, assess, and mitigate potential environmental, social, and governance challenges that could impact its operations and reputation. By proactively addressing these risks, the BGroup can enhance resilience, improve decision-making, and attract socially responsible investors, ultimately contributing to long-term sustainability and financial performance.	Opportunity	Own operations	Short-, Medium-, Long-Term
	Adequate management of ESG risks	Adequate management of ESG risks ensures a strategic approach to environmental, social, and governance issues, reducing potential risks and enhancing long-term sustainability.	Impact – Actual Positive impact	Own operations	Short-term
Tax Transparency	Ensuring regular tax payments	Ensuring regular tax payments demonstrates corporate responsibility, supports public services, and enhances the company's reputation with stakeholders.	Impact – Actual Positive impact	Own operations	Short-term
Participation in associations and policy discussions	Advocating for sustainable development through professional associations	Advocating for sustainable development through professional associations demonstrates the company's commitment to sustainability, enhances its reputation, and contributes to broader industry and societal change.	Impact – Actual Positive impact	Own operations	Short-term
Financial performance	Ensuring sustainable financial performance of the company	Ensuring sustainable financial performance of the company supports long-term growth, stability, and shareholder value.	Impact – Actual Positive impact	Own operations	Short-term
	Sustainable financial performance of the company	Sustainable financial performance of the bank, which is achieved through responsible resource management, ethical practices, and a commitment to long-term value creation.	Opportunity	Own operations	Short-, Medium-, Long-Term

Our NLB MUZA programme combines banking museum and educational programmes, as well as art gallery activities and buying works of art in all the markets of our operations.

By supporting regional culture and the arts, we inspire a sense of community that transcends borders.

G1-1 Corporate culture, ethical governance and integrity, and regulatory compliance

The Group is committed to ensuring an ethical organizational culture, compliance, and integrity across all NLB Group members and in the markets where the Group operates. The foundation for managing material IROs related to business conduct and to establish, develop, promote, and evaluate the corporate culture is laid down in the NLB Group Code of Conduct. The Code is binding for all the Group's employees and stipulates the fundamental principles and rules of conduct on which the operations and actions of the NLB Group are based. These include:

- acting ethically and responsibly and comply with the rules of the Code
- respecting colleagues and maintain a pleasant working environment
- respecting customers
- avoiding conflicts of interest
- preventing unacceptable practices
- adhering to the rules and comply with regulation
- prudent and ethical handling of assets and property
- being socially responsible

For each principle, the Code provides employees with practical guidelines for daily conduct, helping them understand what is expected from each employee and other stakeholders within the NLB Group. Ethical governance, integrity, and compliance are deeply intertwined with the rules of conduct and are detailed in the Integrity and Compliance Policy.

NLB Group operates in sectors that are highly regulated because of the urgency to ensure financial stability and prevent system risks. Hence, the Group's employees are aware that compliance is the foundation of its business. They understand that responsible business conduct extends beyond merely adhering to applicable laws, regulations, and standards. It also encompasses a robust compliance programme. Compliance is therefore integrated into the Group's daily operations, contributing to a strong internal control environment and effective management of compliance risks.

The NLB Group members are obliged to regularly (at least once a year) carry out the training of all employees in the field of the Code. They also regularly and actively promote it, raise awareness, and train, and informemployees about the contents of the Code, as well as providing explanations regarding their use in specific situations faced by the employees. In addition, NLB Group members provide specific training on anti-corruption, anti-money laundering, and other business conduct-related topics.

Policies

Key internal documents such as the Code of Conduct and the Integrity and Compliance Policy are detailed below. In addition, the Group has established policies addressing specific topics related to fundamental principles of responsible business conduct.

All these policies are adopted by each core financial member, i.e. banks, asset management, and leasing companies. If certain policies need to be aligned with local laws, they are updated at the local level to ensure full compliance. The implementation of policies is the responsibility of designated compliance officers within each subsidiary. They assess, monitor, and evaluate corporate culture through specific indicators and surveys on ethics and integrity. Consistency across all core financial members is ensured by using standardized evaluation methods and regular reviews. Furthermore, the compliance function is integrated into the Group's daily operations, thereby contributing to a strong internal control environment and ensuring the effective management of compliance risks.

In non-financial core members and non-core members of NLB Group the implementation of the policies is subject to the principle of proportionality, based on the size and the core business of the specific member. Nevertheless, all members are required to adjust their work procedures, organization, monitoring, and reporting. The competence line responsible for Compliance monitors and exercises constant supervision of the meeting of requirements by setting clear communication on the expectations, ensuring regular training (or providing training materials), conducting regular reviews, and monitoring the activities of specific areas to address any compliance issues. Oversight is performed by the person in charge of Compliance and Integrity and focuses on areas based on the principle of risk.

NLB Group Code of Conduct
Content and purpose: The Code describes the values, basic principles, and rules of ethical business conduct that the Group respects and promotes. Operating with integrity and responsibility is key to the Group's corporate culture. The Code demands that every employee, regardless of their job or place of work, and every other stakeholder of the Group comply with the highest standards of integrity. It also reflects the standards that we expect in our relationship with the rest of our stakeholders. NLB Group expects that all business partners and other stakeholders apply standards at least equal to those written in this Code, including their attitude towards employees.

» The summary is publicly available also on the NLB website (not subject to external review).

Integrity and Compliance Policy of NLB and NLB Group
Content and purpose: The Policy sets a strong strategic framework of the Bank's comprehensive programme of compliance operations to meet the following goals: (1) Ensure compliance and integrity by meeting requirements, preventing violations, and fostering a compliance culture; (2) Limit losses from violations, including business losses, sanctions, and reputational damage, (3) Enhance legal protection for the Group and its responsible persons against liability for violations, (4) Strengthen NLB Group's brand reputation and meet stakeholder expectations through integrity and compliance, (5) Boost NLB Group's competitive position by adhering to high compliance and ethical standards, enhancing corporate culture and employee commitment.

Scope: Both internal documents are binding for all employees in NLB Group across all markets, including the management and supervisory bodies of each NLB Group member. In addition, the internal documents apply indirectly to suppliers and clients in the parts related to their required behaviour. Exclusions include activities that are not directly related to NLB Group's operations or where the Group has limited influence.
Most senior level accountable: The management boards of each NLB Group member.
Availability: The Code of Conduct and the Policy are published in the Register of Internal Acts, and each year internal meetings and workshops are held to explain the policy and its implications are organized. A summary of the Code with contents that are relevant for external stakeholders is publicly available on the NLB Group website, while the Policy is communicated through relationships with stakeholders.

Key activities and progress

Respecting the Code of Conduct and the Policy is an on-going activity in daily operations.

» For an overview of key activities in 2024, please refer to the chapter Compliance and Integrity in the Business Report.

Managing concerns about unlawful or harmful conducts

NLB Group has established procedures to promptly, independently and objectively investigate business conduct incidents, including incidents of corruption and bribery. The procedures include a strong mechanism for identifying, reporting, and investigating suspicions of harmful behaviour to report concerns about unlawful behaviour or behaviour in contradiction of internal acts, including bribery and corruption. This mechanism allows the Group to identify potential compliance risks and take appropriate action in a timely manner.

One of the notable highlights of the Group's compliance programme is the emphasis on creating a speak-up culture. NLB and other financial core members have established rules regarding fraud investigations, case handling, and protection of whistleblowers (or similar internal acts). In line with internal rules, the prevention of fraud, abuse, and other harmful conduct is the responsibility of all employees. Harmful conduct is any conduct committed by a specific person which could incur property or non-property damage for the Bank, or unlawful conduct from the aspect of cogent regulations as well as general principles, or contrary to good practice. Every important suspected violation or act of misconduct (such as abuse or fraud, including suspected bribery or any form of corruption) must be reported and dealt with.

The Group fosters an environment that encourages employees to set questions and discuss them with their managers or other employees in the Group, including the experts in compliance, money-laundering prevention, or the fight against bribery and corruption, lawyers, or HR managers. The Group's commitment to the highest standards of corporate culture and the procedure for reporting suspected harmful activities are also communicated transparently to all employees via newsletters and other notifications and at mandatory training sessions.

Employees have the option to submit a report directly to their supervisor, who then files the report with the Compliance department using the prescribed form. Alternatively, employees can also submit a report themselves through various channels. The Group's financial core members have established various channels to report potentially non-compliant, non-ethical, or inappropriate business practices (including anonymously), such as electronically via the Whistler web application (internal and external stakeholders), via e-mail to the dedicated e-mail address, in person, by regular mail to the dedicated postal address or post box (internal and external stakeholders), or by telephone.

Furthermore, it is the responsibility of every employee to take all necessary steps to prevent all harmful conduct, including that which results from negligence.

Upon receiving a report, the process is followed by preliminary testing. If all circumstances of the case are clarified during the preliminary testing, the case is closed at this stage. Otherwise, further investigation follows, as described in the chapter Managing concerns about unlawful or harmful conduct.

The investigation is conducted efficiently, impartially, professionally, prudently, and conscientiously, with the confidentiality of the investigation and the collected data and information ensured at every stage of the process. The investigation must run continuously and without unnecessary delays. Any suspension of the investigation and the reasons therefore must be properly documented in the report.

The objectives of the investigation are as follows:

- To confirm or dismiss the suspicion of harmful practices and to protect evidence
- To establish any potential damage to the Group or the client and determine the amount of damage caused
- To identify the alleged perpetrators (Group employees or other individuals allegedly involved in the harmful practices)
- To identify potential risks and weaknesses in individual processes and provide proposals/ recommendations for their elimination
- To conduct a compliance risk assessment

Depending on the findings of the investigation, subsequent actions may include notifying the whistleblower about the closure of the case, informing the HR department and the supervising director, filing a criminal complaint, and other relevant steps.

In addition, at NLB Group members, the internal audit and the compliance functions (where separately established) check and control the respect of the basic principles in regular internal audit procedures and compliance review procedures as well as randomly. In the scope of its regular tasks, the compliance function of each NLB Group member performs regular activities to investigate suspected corrupt practices and bribery. Each NLB Group member ensures that accounting and other internal controls are established as part of the internal control mechanisms, by means of which corrupt practices are prevented (e.g. no black funds for bribery or facilitation payments, etc.). The Group also regularly assesses conflict of interest and corruption risks in accordance with the applicable methodology for the general assessment of the integrity and compliance risks.

G1-3 Prevention of corruption and bribery

Policy

At NLB Group, we acknowledge that all employees may encounter situations that constitute or could constitute a conflict of interest. NLB Group strongly condemns bribery and corruption, and has a policy of zero tolerance for such practices, deeming them unfair, illegal, and harmful to societies and countries with corrupt practices. We expect the same commitment from our customers, business partners, and third parties. To ensure integrity, all NLB Group employees are subject to restrictions on accepting and giving gifts, hospitality, and other influences on their conduct, with concrete measures in place to manage associated risks. Rules, guidelines, and procedures are set out in a comprehensive anti-corruption and bribery policy.

The Policy on the Prevention of Corruption and Bribery and on the Management of Conflicts of Interest
Content, purpose: The Policy establishes a baseline for behaviour in situations with identified corruption risks. The Policy outlines specific measures to manage these risks, aligning with international standards in the fight against corruption. The Policy is aligned with the Code of Corporate Governance for listed companies, the Slovenian Banking Act, EBA Guidelines on Internal Governance and the Regulation on Internal Governance Arrangements, the Management Body and the Internal Capital Adequacy Assessment Process for Banks and Savings banks. The Policy adheres to the principles of the United Nations Convention against Corruption (UNCAC) in terms of its core points and substance, although it does not directly reference the Convention. These standards cover various aspects, including engagement with agents and intermediaries, hiring services of (former) civil servants, interactions with high (state) representatives, preventing nepotism, averting accelerated payments, and ensuring transparency in NLB Group operations.
Scope: NLB Group members, whereby the level of implementation is subject to the principle of proportionality, based on the size and the core business of the specific member.
Most senior level accountable: The management boards of each NLB Group member.
Availability: Employees may access the policy in the Register of Internal Acts. A summary of the policy is publicly available at: NLB Group anti-corruption and anti-bribery policy.

System and activities to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery

As part of the fight against corruption and bribery, and in line with internal policies, NLB Group carries out several activities to manage related risks:

- Ensuring specific terms in written agreements and/or general terms and conditions with third parties define anti-corruption and anti-bribery standards as a minimum requirement for investment and purchasing.
- Internal control mechanisms, including accounting controls, are in place for the anti-bribery and anti-corruption area.
- Regular, at minimum annual review, identification, and assessment of risks of conflicts of interest and corruption in the case of external contractors and suppliers and other contractual partners of NLB and NLB Group through due diligence processes.
- The compliance functions have strengthened the approach to managing these risks in day-to-day operations, through obligatory e-training for all employees in core financial members, awareness-raising activities in the field of prevention of corruption and bribery, by implementing an assessment of conflict of interest and corruption risk in relations with suppliers, including the topic in the monthly newsletter, and classroom and online presentations and discussions.
- All employees are included in yearly training and awareness-raising activities. In NLB Group various (whistleblowing) channels are established for reporting suspicions of harmful conduct (internally and publicly available), including suspicion of corrupt conduct.
- All employees are responsible for rejecting any form of corruption and bribery with zero tolerance, and to immediately report any identified suspected misconduct through the established channels for reporting suspected misconduct, proactively disclose any conflict of interests, and adopt measures for the appropriate management of such conflicts.
- The executives (members of the senior management) shall ensure that employees act in accordance and are familiar with the rules of the policies on anti-corruption and bribery, and that these rules are implemented in the scope of their duties and powers.

» Responding to allegations and incidents relating to corruption and bribery is determined within the procedures, which are detailed in the chapter Managing concerns about unlawful or harmful conduct.

The investigation teams in NLB Group banking members are separate from the chain of management involved in the reported matter. In line with the harmonization principles, in NLB Group banking members the investigating function has been established for years and operates within the Compliance department. The organization differs in other members, with some members placing this function within a dedicated unit depending on the size and organization of the member.

Investigators handling suspicions of harmful actions constitute an independent investigation and provide objective findings, that are verifiable with the collected evidence. They prepare a report on the findings, serving as the basis for follow-up measures. Among other harmful actions, investigators are responsible also for independent investigation of cases of suspected corruption or bribery. In NLB the investigation team handles suspected misconduct, represents the Group in court in criminal proceedings, provides coordination and support to the Group, and performs other tasks in accordance with the Whistleblower Protection Act.

In NLB, the Director of Compliance and Integrity reports at his discretion (based on the risk assessment) on all measures imposed on perpetrators and on other activities directly to the Management Board. Immediate informing is on a case-by-case basis, while all the cases investigated are reported in regular quarterly reports. In the case of an investigation into members of the Management Board, the Director of Compliance and Integrity directly informs the Chair of the Audit Committee acting on the Bank's Supervisory Board. In other NLB Group banking members Compliance directly informs the Bank's Management Board about all measures and activities undertaken as a result of the investigation.

The compliance function of a NLB Group member regularly performs activities to raise awareness and, at least once annually, organizes training on preventing corruption and bribery, which that is mandatory for all employees (including the members of the management body). We consider that all employees are considered as "function at risk" with different levels of exposures to such risks.

In 2024, the members of Supervisory Board and Management Board in the majority of core financial members also participated in classroom training; in others such training will be performed in 2025 and onwards.

During 2024, 7,056 employees in NLB and other financial core members (84.8% of all NLB Group employees) completed anti-corruption training.

Metrics and progress

In relation to harmful actions, NLB Group has established a standard of zero tolerance for illegal and unethical actions and disrespect for the Group's values.

Zero tolerance refers to all intentional actions of employees that represent harmful conduct for the NLB Group member and are as such defined by legal or implementing acts, internal legal acts, good business practice, and other generally known good business practice. Zero tolerance also applies to actions of employees committed with gross negligence – circumstances when employees should be aware of the possibility that their actions might cause damage to NLB or the NLB Group member, but failed to prevent them.

G1-4 Incidents of corruption or bribery

In 2024, there were no cases of convictions for violation of anti-corruption and anti-bribery laws and no fines issued for these matters in the entire NLB Group.

Table 60: NLB Group Incidents of corruption or bribery

	2024
Cases of convictions for violation of anti-corruption and anti-bribery laws	0
Fines issued for convictions for violation of anti-corruption and anti-bribery laws (EUR thousands)	0

Prevention of AML and financing of terrorism

Policy

Anti-Money-Laundering and Countering the Financing of Terrorism Policy
Content and purpose: By this Policy NLB Group manages impacts and risks related to AML and CFT. The Policy lays down the key elements of the AML/CFT system, and the content and the scope of the tasks to be established and performed by NLB Group, its members, and their employees. Key aims of the Policy are: implementation of the legislative requirements of the ZPPDFT-2 and guidelines of the supervisory bodies in the procedures and framework of banking operations and operations of other members, definition of the control environment elements of the members and NLB Group, efficient implementation of the AML/CFT system, establishing an efficient system of policies, procedures, and internal controls at the level of individual members and the level of the NLB Group in order to efficiently combat all identified MLTF risks. By implementing the requirements from the Policy and therefore establishing the control environment, members and therefore NLB Group as whole reduce the risks to an acceptable level.
Scope: NLB Group members.
Most senior level accountable: The management board in each NLB Group member.
Availability: for employees in the Register of Internal Acts, for external stakeholders summarized in the publicly available Code of Conduct.

Key activities and progress

» For a detailed description of key activities, please refer to the Business Report, chapter Prevention of Money Laundering and Terrorism Financing, and Financial Sanctions Compliance.

Whistleblower protection

At NLB Group, we understand the importance of whistleblower protection, which was identified in the DMA as a material sustainability topic. In the Republic of Slovenia, the Whistleblower Protection Act (ZZPri) came into force in 2023, transposing EU Directive 2019/1937 of the European Parliament and the Council. The mechanisms and measures described in this chapter also refer to the Bank's own workers who are whistleblowers in accordance with the applicable law transposing EU Directive 2019/1937 of the European Parliament and of the Council. Other countries where NLB Group members operate have their own local legal requirements regarding whistleblower protection.

All NLB Group members based in the Republic of Slovenia who are mandated by the national law The Whistleblower Protection Act (ZZPri), which transposes the above-mentioned EU directive, comply with its requirements. Members based outside Slovenia, who are subject to local legal requirements regarding the protection of whistleblowers, adhere to their respective local laws. Years ago the Group has established the whistleblowing system for internal and external stakeholders with a strict procedure for whistle-blower protection against retaliation measures and assurance of anonymity, if the whistle-blower chooses not to reveal their identity..

The integral part of the system, or one of the reporting channels is also the Whistler – an application for reporting (suspected) violations, accessible also on the public websites of NLB Group banking members. It allows whistleblowers to submit signed or anonymous reports and also enables two-way communication between the whistleblower and the investigator, even in case of anonymity.   When receiving, processing, investigating and archiving individual reports, the investigators ensure that the information in the report and thus the personal data of the whistleblower are strictly protected. All NLB Group banking members use the Whistler in their local languages. Both, the Whistler application and other reporting channels are available 24/7 and allow reports to be submitted from outside the Groups' IT systems or premises.

Policies

NLB Group has a long history related to whistleblower protection. NLB has established more reporting channels than required by local whistleblowing protection law, with a more detailed procedure for investigations, and in addition to the law, the Bank also provides protection to the whistleblower. Namely, NLB issued the Commitment to Protect Whistleblowers of Harmful Conduct as early as 2014, several years prior to the implementation of the Whistleblower Protection Act in 2023. Since then, the principles and regulation of whistleblower protection have been systematically embedded in other NLB core financial members, unless otherwise required by local legislation

Rules of Procedure – Regulation regarding fraud investigations, case handling, and protection of whistleblowers
Content, purpose, and regulatory framework: These rules establish the framework for NLB standards for investigations of harmful conduct by NLB employees or external perpetrators, where in both cases material and non-material damage is caused or could be caused to the Bank. The Regulation defines the tasks of Compliance and Integrity in the investigation procedure, the tasks and authorizations of the head of the investigation and their deputies and other persons performing investigations under the authorisation of the Director of Compliance and Integrity, the methods to report violations, the procedure for investigation of harmful conduct, an action plan, measures to encourage reporting and remunerate informants, mechanisms to protect internal reporters, measures to eliminate the consequences of the damage, and reporting to Compliance and Integrity and informing the public.
Scope: NLB Group members (adopted in NLB, and transposed to NLB Group members via standards).
Most senior level accountable: The management board in each NLB Group member.
Availability: for employees in the Register of Internal Acts, for all stakeholders summarized at:
NLB Whistler

Activities

NLB performs the following activities and measures to protect whistleblowers against retaliation:

- The identity, if disclosed and the individual requests protection, is stored separately (secured) from the report file.
- The whistleblower is referred to in all documents by a unique identification number (the identity is sealed in a special envelope and stored in a metal cabinet, accessible only to authorized investigators).
- The identity, if disclosed in the Whistler reporting application, is strictly protected (external server) and access is restricted to authorized investigators only.
- In the event the Group initiates further procedures (legal, criminal), we always adhere to the principle of never disclosing that it is the result of an individual's report.

NLB employees are informed (through newsletters, website, training) about the possibility of submitting reports under the Whistleblower Protection Act (ZZPri) and the protection options provided by the law.

NLB Group banking members also conduct training on fraud prevention, which includes presenting cases and channels for submitting reports. This is achieved through training sessions tailored to different target groups of employees and through regular e-learning programmes available to all employees. Some banking members prepare newsletters, competitions, and other engagement activities.

Specialized training for internal fraud investigations is not formally required; however, investigators participate in training programmes offered by external institutions (Transparency International, ACFE, the Commission for the Prevention of Corruption, universities, etc.). Additionally, NLB as the parent bank, on average once per quarter, organizes workshops or meetings for investigators in NLB Group banking members to address current topics in the field of fraud investigation. In-person training for investigators in NLB Group is also provided upon request.

ESG Risk management

Material impacts, risks, and opportunities related to ESG Risk management

Having in mind NLB Group's overall operations, we define ESG risks as any actual or potential negative impact that arises from environmental, social (including human rights) and governance factors related to NLB Group itself or to any of our key stakeholders.

In the realm of financing activities (lending and investments), we define as ESG risks the risks of any negative financial impact on NLB Group stemming from the current or prospective impacts of ESG[12] factors on NLB Group's counterparties or invested assets. Given the global importance of climate change, NLB Group primarily focuses on developing and implementing a strong climate-related and environmental risk (CER) management framework for its portfolio and investments. Moreover, in recent years the Group has systematically upgraded the social and governance risk management, which will remain the strategic direction in the future.

Integration of ESG risk management in the business model, strategy, and processes

At NLB Group, ESG risks do not represent a new risk category, but rather one of the risk drivers of the existing type of risks, such as credit, liquidity, market, operational, and reputation risk. Therefore, the Group integrates and manages ESG risks within the established risk management framework in the area of the aforementioned type of risks, business strategy, and internal governance arrangements.

In this respect, we are focused on setting out efficient processes to manage ESG risks comprehensively in all respective business areas and all three sustainability pillars: sustainable operations, sustainable finance, and contribution to society.

ESG risk management follows ECB and EBA guidelines with the tendency of their comprehensive integration into all relevant processes in NLB Group. In addition, NLB Group adheres to the national and EU regulatory framework, recommendations, and guidelines, as well as voluntary commitments and initiatives that NLB Group has joined in recent years, such as the UNEP FI PRB and the UNEP FI NZBA. NLB Group is also a signatory of the Framework Agreements with the EBRD and the Contract of Guarantees with MIGA. All the above-mentioned regulations, recommendations, and guidelines are integrated in the internal regulatory framework of NLB Group.

In terms of social risk management, NLB Group also follows international frameworks in the area of respect for human rights, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and OECD Guidelines.

NLB Group is committed to further developing processes and policies in order to upgrade mitigating social as well as governance risks in its internal operations, as well as in relations with its counterparties.

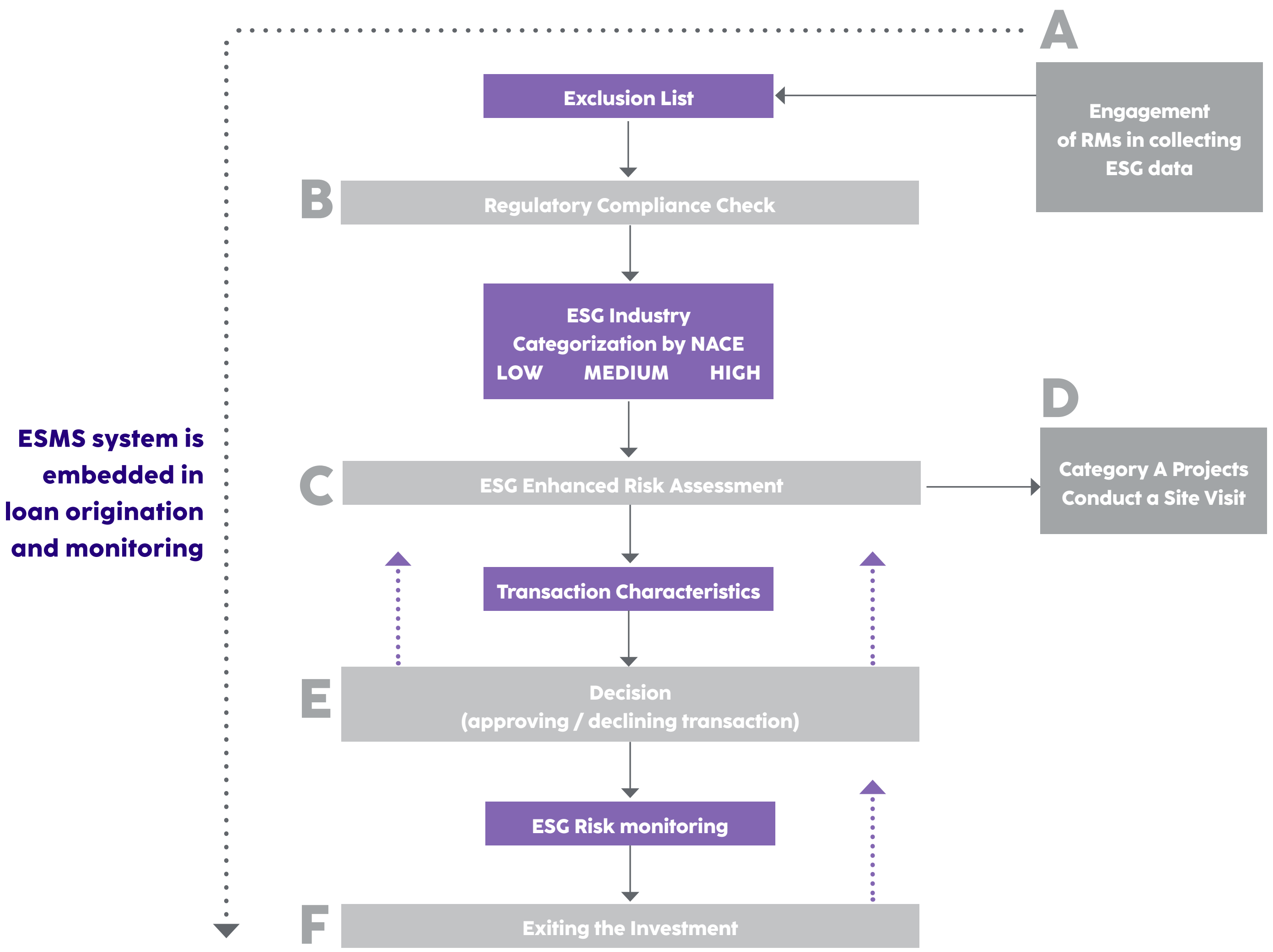
The risk management function defines the rules about risk appetite, risk strategy, and other risk policies and guidelines. They are established in the risk management framework of the existing type of risks, such as credit, liquidity, market, operational, and reputation risk. Besides that, risk monitoring and proactive management in the area of ESG are established. The mandate of the risk management function is to provide and increased focus on holistic risk management and cross-risk oversight to further enhance risk steering and mitigation within the whole Group.

12 Definition in the EBA report on management and supervision of ESG risks for credit institutions and investment firms, EBA, 2021

ESG risks in credit risk management

NLB Group has implemented tools for the identification, measurement, and management of ESG risks within its overall credit risk management framework. This includes the credit approval process, credit portfolio management, and collateral evaluation process A comprehensive risk assessment and monitoring mechanism in NLB Group is the Environmental and Social Risk Management System (ESMS), whose main objectives are to identify and manage NLB Group's exposure to the ESG risks of its clients and to promote their good environmental and social business practices. The system is fully embedded in NLB Group's loan origination and monitoring processes and is regularly updated with any material factors or procedures in line with ESG-related developments and requirements.

Figure 22: Key steps of the transaction approval process:



The credit ratings of clients that are materially important to NLB Group and the issuing of credit risk opinions are centralized via the NLB Credit Committee. The process follows the co-decision principle, in which the credit committee of the respective group member first approves their decision, following which the NLB Credit Committee gives its opinion.

- ESG data collection is integrated into our KYC (know your client) procedures. We collect different ESG data through questionnaires and direct communication with clients based on ESG initial risk of transaction, type of transaction, and value of transaction. ESG data collection is also an integral part of monitoring procedures of transactions and clients and is raising awareness on ESG risks among our clients.

- Once it is confirmed that the transaction is not on the exclusion list, a Regulatory Compliance Check is conducted. This check ensures that the client complies with relevant laws, regulations, and standards, including environmental and health and safety regulations, planning permissions, operating licences, and permits.

For transactions identified as having high environmental or social risk, an enhanced risk assessment is carried out

- during the annual review of the client, provided the exposure and ESG risk level thresholds are met, and when a new transaction proposal is made, under the following conditions:
  - New loans are related to project finance with a total project value exceeding EUR 10 million.
  - Financing applications pertain to secondary market transactions or syndicated loans where the bank's participation is below 25% of the total loan value.
  - A new loan exceeds EUR 3 million, has a maturity of at least 36 months, and the client meets the ESG review threshold at the annual review.

- Throughout the project's duration, ESG risk monitoring is established to evaluate the impact of each risk and develop mitigation strategies. This ensures that risks are adequately managed and that any changes or new risks are promptly identified and addressed.

- If a client fails to comply with the ESG requirements of the investment, we assess the situation to determine the best course of action. This may involve exiting the investment or implementing measures to mitigate the risk of non-compliance. We consider potential financial losses, legal consequences, and reputational damage, as well as our overall ESG strategy and how exiting the investment might affect our ESG goals.

ESG risks in NLB Group's own operations

In addition to ESG risk management in the aforementioned processes, NLB Group has established a framework for comprehensive mitigation of environmental, social, and governance risks that are related to NLB Group's operations.

Namely, ESG risks may occur in all key business areas and operations, therefore identifying risks in key competence lines' areas of work and the early warning system are essential steps of the planning phase of the sustainability management process. Moreover, competence lines define Key Risk Indicators (KRIs), monitoring procedures, and indicative scenarios for action in case such situations materialize, in accordance with the rules and procedures stipulated in internal risk operational documents.

In particular, physical risks, as part of ESG risks in the area of operational risk, are addressed in the Group's business continuity management (BCM) and business continuity plans. These plans are prepared for use in the event of natural disasters, IT disasters, and undesired effects of the environment, to mitigate their consequences. Additionally, ESG risk screening in the supply chain is part of the Group's supplier selection and regular assessment process.

Tax transparency

The DMA has confirmed the positive impact of NLB Group's responsible tax practices and transparency, which demonstrate corporate responsibility, support public services, and enhance the Group's reputation with stakeholders.

Policies

Tax Policy of NLB Group
Content, purpose, and regulatory framework: The Policy stipulates the general principles of conduct in the tax field to which all units handling taxes adhere and are described in detail above. NLB Group conducts its tax operations in line with the purpose and the requirements of the relevant legislation and in accordance with the international standards if applicable, e.g. OECD guidelines.
As the parent bank, NLB defines the Tax Policy of NLB Group and controls the implementation of the tax function in the Group, while NLB Group members inform NLB about their tax position. Each member is responsible for fulfilling its tax obligations in accordance with their respective legislation. The members are independent and entirely responsible for their own tax compliance.
Scope: Applicable and mandatory for all NLB Group members. Banks have included the provisions of Tax Policy in their internal acts. The main strategic members declared compliance with the Tax Policy.
Most senior level accountable: Financial Accounting and Administration director in NLB and managers ion similar positions in NLB Group banking members.
Availability: to employees in the Register of Internal Acts.

In NLB, the tax expert unit Financial Accounting and Administration reports to the Chief Financial Officer, with important tax issues discussed and decided by the Management Board. Subsidiary-level tax functions are similarly managed under local CFOs.

Each NLB Group member is taxed according to local legislation, with income tax rates ranging from 9% to 32%.

General principles of the Policy:

- NLB Group members conduct their tax operations in line with the purpose and the requirements of the relevant legislation and in accordance with the international standards if applicable, e.g. OECD guidelines.
- The attitude of members towards the Financial Administration is respectful, transparent, and professional.
- When determining tax obligations, members comply with the legally permitted reliefs and exemptions from the tax base.
- Members cooperate with the Financial Administration to obtain the relevant explanations and information for the provision of tax bases on a regular basis or wherever possible.
- When establishing tax positions, members strive to achieve certainty and implement a conservative policy of assuming tax risks. We optimize taxes only in legally permitted ways.
- Members do not use the structures for the purpose of tax avoidance or aggressive tax planning. Members do not use structures that are not in line with the purpose of the legislation or the use of which would subordinate its business motives to tax motives.
- The reasons for a member's presence in a certain country are purely business- and not tax-motivated. Members do not do business in tax havens or use them for tax avoidance and do not divert profits to tax heavens and jurisdictions with low taxation.
- Members do not enable or support tax-motivated arrangements of their clients and act preventively.
- Members strive to ensure that the appropriate part of its taxable profit is considered in those members of NLB Group where the value is generated. As a rule, our operations with related persons are carried out at comparable market prices and in the case of any deviations, such fact is considered in the tax reports.

Key activities

To assure effective management of tax risk, the control framework, and awareness of the importance of the tax function, a number of processes and on-going activities are in place such as:

- Ensuring that tax risks throughout the organization are identified, evaluated, managed, and communicated.
- Maintaining a strong control environment and tax risk framework to ensure compliance with tax laws.
- Tax risks are managed yearly by tax questionnaires and detailed lists of controls for different types of tax.
- Detailed written instructions are prepared for different taxes, together with internal controls which have to be exercised.
- Reviewing the tax treatment of every new product or business decision before its implementation.
- Handling tax-related topics by in-house qualified tax experts who are provided with ongoing training.
- In-house tax experts of NLB regularly attend yearly tax conferences and education on actual tax topics (for instance at the Slovenian Audit Institute and Slovenian Bankers Association). Employees involved in performing tax function undertake continuous training to enhance tax risk understanding provided by internal tax experts (FATCA/CRS, DA6, Tax - dealing with securities). For the tax topics important to a wide range of employees, e-learning is also prepared. There was a total of 530 participants from NLB in the internal tax training (majority of employees in branches, new employees).
- Monitoring of updates to changes in tax laws and their impacts on NLB and industry.
- Discussing important tax issues related to the banking industry within the Banking Association, preparing comments on tax legislation proposals, initiatives for changes of tax legislation, and questions for tax opinions whenever possible or relevant at the local level. Comments, initiatives, and questions are professionally reasoned, coordinated with members of the Group Association, and, where appropriate, take into account the impact on the local community.

Execution of the activities stipulated in the Tax Policy in banks is monitored yearly via tax questionnaires by tax experts/Financial Accounting and Administration of the parent bank. In banks and strategic members Internal Audit reviews the tax in accordance with the annual plan based on risk assessment. Financial strategic members can be also reviewed by Compliance in line with the annual plan.

Metrics and progress

NLB Group strives to prevent important tax risks through internal controls. The Financial Administration of the Republic of Slovenia has granted NLB a special tax status which is based on cooperation, transparency, understanding, voluntary payment of taxes, and mutual trust. The goal of NLB is to maintain that status. Other jurisdictions where NLB Group banking members operate so far do not have legislation that would allow them to obtain the special tax status.

Table 61: Country by Country Reporting (CBCR) for 2024 (in EUR thousands)

	Number of employees	Revenues from third-party sales	Revenues from intra-group transactions with other tax jurisdictions	Profit/loss before tax	Tangible assets other than cash and cash equivalents	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/loss
Slovenia	2,856	617,297	18,656	302,283	146,484	41,978	27,395
North Macedonia	995	105,436	−2,776	77,081	35,838	6,669	6,178
Serbia	2,515	299,252	3,018	160,113	127,239	26,659	19,107
Montenegro	410	56,720	−360	33,557	26,376	5,569	5,148
Croatia	41	3,039	−1,367	277	1,987	46	186
Bosnia and Herzegovina	1,025	100,789	−2,275	47,807	38,481	4,768	4,236
Kosovo	478	61,800	−2,040	40,785	12,161	4,427	4,529
Germany	0	29	0	−160	66	0	0
Switzerland	2	530	−49	926	877	37	31

Notes:
(i) The table includes all NLB Group entities (banks and non-banking members). There are only non-banking members in Croatia, Germany and Switzerland.
(ii) Number of employees is the number of employees as at 31 December 2024.
(iii) The columns Revenues from third-party sales and Revenues from intra-group transactions with other tax jurisdictions includes net interest income, dividend income from non-Constituent Entities, net fee and commission income, the net effect of financial instruments, foreign exchange translation, the effect on the derecognition of assets, net operating income, and gain less losses from non-current assets held for sale.
(iv) Accountancy policy and reconciliation: The reasons for the difference between income tax accrued and the tax due if the statutory rate is applied to profit before tax are disclosed in the Annual Reports of NLB Group members in the notes to Income Tax Disclosure. The reported data refers to the financial statement note 4.15 Income tax and note 2.29. A table is prepared by CBCR rules, i.e. corporate income tax accrued on profit/loss includes only current tax, but no deferred tax and because of this there is a difference to the amount of income tax in 4.15.
(v) In accordance with OECD Guidance on the Implementation of Country-by-Country Reporting, dividends from Constituent Entities are not included in the column Profit/loss before tax and income tax paid or income tax accrued with respect to dividends from Constituent Entities are not included in the columns Corporate income tax paid on a cash basis and Corporate income tax accrued on profit/loss. The income tax paid with respect to dividends from Constituent Entities in Slovenia amounts to EUR 10,065 thousand.

Participation in associations and policy discussion

To strengthen and manifest our commitment to the sustainable, green, and just transition, NLB Group has voluntarily decided over the years to join and adhere to key international initiatives, principles, recommendations, and associations in sustainability-related areas. Furthermore, the Group members in the region frequently take part in local institutions and initiatives as active members, supporters, or participants in expert discussion groups, meetings, and webinars. Through these activities, the Group is actively engaged in strategic discussions about the role and benefits of sustainability. Most importantly, such collaborations strengthen capacities for NLB Group's green transition, enhance knowledge and experience sharing, which we embed in our daily operation, and co-create future activities to achieve local, regional and global sustainability goals.

Figure 23: Key memberships and collaborations

	UN Sustainable Development Goals
	UNEP FI Principles for Responsible Banking
	UNEP FI Net-Zero Banking Alliance
	European Banking Federation – Sustainable Finance Expert Group
	Slovenian Banking Association – Sustainable Finance Working Group
	AmCham Slovenia – Commission for Sustainable Growth
	EBRD Women in Business Programme
	Greenhouse Gas Protocol
	Multilateral Investment Guarantee Agency
	Sustainable Business Network Slovenia
	Bled School of Management
	Chapter Zero Slovenia

Financial performance

In the conducted DMA, the financial performance (stability) of the NLB Group was identified as a crucial prerequisite that enables effective management of significant impacts, risks, and opportunities. Details on financial performance are included **in the Financial Report**.

G1-5 Political influence and lobbying activities

NLB Group is politically neutral, and giving financial contributions to political parties, political representatives or political campaigns is strictly prohibited in NLB Group as the Sponsorships and Donations Policy stipulates that members shall not pay any political contributions – neither direct nor indirect. NLB and other members of NLB Group are committed to ensuring an apolitical reputation in their business dealings, avoiding any perception that their decisions are influenced by politics.

In 2024, no political contributions of any kind (either financial or in-kind) were made in NLB or any of NLB Group members.

Table 62: NLB Group political contributions (in EUR thousands)

	2024
Political contributions (financial)	0
Political contributions (in-kind)	0

Complementary information related to business conduct

Sustainable supply chain*

In the double materiality assessment, management of the relationship with suppliers was not assessed as material. However, NLB Group opted to disclose information on an informative basis to a similar extent, which was also included in previous reporting to provide Group stakeholders with a comprehensive overview over time.

Procurement portfolio overview

In 2024, the banking members of the NLB Group cooperated with a total of 6,098 suppliers from 37 different countries, of which 5,627 (92%) were local suppliers, covering 90% of the procurement spend, which is a similar breakdown as in 2023. Since the procurement process is not applicable for various spend categories (e.g. taxes payable to municipalities, ministries, central bank, donations, sponsorships, etc.), cooperation based on procurement process covered 2,267 suppliers, of which 2,056 were local suppliers with 93% of the procurement spend.

Table 63: Suppliers by markets

Location of suppliers	Number of suppliers(i) in 2024	Share in total supplier spend(i) in 2024
Local markets (6 countries)	2,056	93%
European Union (19 countries)	945	49%
Europe (29 countries)	2,237	99.8%
Non-European countries	4	0.2%

(i) Based on the procurement process

Table 64: Suppliers by activity

Activity	Number of suppliers(i) in 2024	Share in total supplier spend(i) in 2024
Information and Communication	302	36.94%
Professional, Scientific and Technical	333	16.31%
Administrative and Support Services	160	9.94%
Wholesale and Retail trade, and Repair of Motor Vehicles	405	9.21%
Financial and Insurance	40	6.48%
Other activities	824	16.27%
Data not available	203	4.85%

(i) Based on the procurement process

*This chapter provides complementary information and is not subject to external review.

Procurement management

Management of the procurement process for NLB Group banking members is established by the Standard – Procurement in NLB Group Members and other procurement-related internal documents, which consider principles related to suppliers defined in NLB Group Code of Conduct.

The purpose of the Standard is to ensure a uniform and transparent procurement procedure for goods and servicesneeded for performing business activities in NLB Group. To manage sustainability-related impacts, risks, and opportunities efficiently and in a harmonized way, a synergy approach was established, whereby in the majority of cases, NLB, as the parent bank, assesses and integrates the needs of several NLB Group members, predominately banks, and makes RFPs and purchases at the level of the NLB Group. The rules and procedures defined in the Standard are fully implemented in NLB Group banking members, while in other members its harmonization is underway. The most senior function responsible for implementing the Standard are the directors of procurement departments or similar function in each NLB Group member.

The standard applies key principles and guidelines, including fair dealing and good governance. Accordingly, as a rule, NLB Group members must ensure that the procurement process is fair, indiscriminatory, and offers opportunities and equal treatment for all suppliers in procedures. It defines clear terms of cooperation between NLB Group, bidders, suppliers, and external contractors, which must be respected by all parties.

NLB Group members have regular engagements with legal representatives of suppliers, aiming to ensure appropriate business relationships and suppliers' understanding and respect of sustainability-related requirements.

The Group is committed to supporting local economies and local communities' welfare; therefore, it aims to cooperate with local suppliers whenever this is justified in line with its targets and policies. Local suppliers are defined as those who are registered in the countries where NLB Group operates (Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia, and Kosovo). Partnering with local suppliers also reduces transport costs and contributes to reducing emissions.

The standard requires the procurement process to follow good governance principles, including respecting contractual payment dates and avoiding payments to sanctioned individuals. For banking members, the standard payment term is 60 days from the invoice date, with shorter terms (45, 30, 15 days) possible if agreed upon. These terms apply to all suppliers, including SMEs, across countries. The company has a system to review and verify invoices, ensuring payments are made on time. In 2024, there were no legal proceedings related to payment delays.

Sustainability due diligence

In line with procurement standards, all procurement procedures require suppliers to operate ethically and responsibly. Suppliers and their subcontractors must prevent harmful practices, including corruption, bribery, and discrimination, and adhere to NLB Group sustainability-related requirements.

Sustainability and related due diligence are integrated in the procurement procedures as follows:

- The supplier selection process starts with the request for proposal specification of the services/goods that will be the subject of purchase, which also includes sustainability-related requirements, such as green electricity, office paper with an FSC certificate, electric cars, etc.
- All bidders must complete a questionnaire, which is a formal tool for data gathering on environmental, social, and human rights, as well as governance practices of bidders and suppliers. For bidders to become suppliers, they must meet legal, financial, and non-financial criteria, including those related to sustainability, and comply with predefined standards. In addition to questionnaires, procurement officers perform other monitoring activities, such as media coverage on bidders and suppliers. If these criteria and standards are not met, the bidder is not selected.
- Sustainability matters are also included in the general provisions of the agreement (GPA), which are signed by the majority of suppliers together with the purchase contract. Thus, the supplier commits to performing its contractual obligations, by adhering to a comprehensive list of required environmental, social, and governance practices, including protecting human rights in its operations and its own supply chain. In addition, the GPA stipulates that the supplier's employees or its subcontractors can report cases of non-compliance of the supplier's commitments to the NLB grievance mechanism, whereby NLB ensures discretion and protection of the whistleblower's identity in accordance with its internal policy.

Suppliers with significant levels of engagement and procurement value undergo an annual extended assessment of their relationship with the NLB Group member, including their sustainability practices. In 2024, the threshold was set at EUR 100,000. Suppliers with low scores must prepare improvement measures and their implementation is monitored by respective procurement officers.

In addition, comprehensive due diligence is preformed every three years, which includes the majority of suppliers with an annual spend above a predetermined threshold (ranging from EUR 10,000 to EUR 35,000, subject to the size of the NLB Group banking member).

Based on the review of the completed questionnaires and due diligence, NLB Group banking members identify if there are any potential or actual regulations, violations, and risks in suppliers' operations. If these are identified, correction measures are agreed and the supplier must resolve them within the agreed time frame. If a potential or existing supplier fails to ensure respect for sustainability matters, including human rights, or does not follow the correction measures, the NLB Group banking member does not start to collaborate with such companies or it terminates the contract, respectively.

Human rights

The procurement procedures described above apply also for human-rights related matters, including workers' rights. NLB Group banking members evaluate whether potential or existing suppliers respect and uphold human rights, including workers' rights, and if there are any risks associated with these matters.

The general approach is stipulated in the Group's human rights policy as well as the Standard for the procurement. Since adoption of the policies in NLB, they have been already implemented and harmonized in all banking members, while in other members the harmonization process is underway. NLB Group members expect their suppliers to comply not only with the financial but also non-financial and ESG requirements, including:

- acting in compliance with the regulation on environment and energy saving, health, security, safety at work, social security, and respecting labour law (and collective agreements).
- ensuring compliance with at least the following in its operations (including along its own supply chain): the right to free choice of employment, prohibition of exploiting child labour, prohibition of discrimination, prohibition of illegal work, the right to appropriate payment, the right to appropriate working hours, the right to organize and join trade unions and collective bargaining, the right to respect one's personality and dignity, the right to health and safety, and the right to diversity.
- when performing its business activities or business activities of its subcontractors on any market, the suppliers must operate in an ethical and socially responsible manner and provide measures not to use child labour, forced labour or slavery-like working conditions, and not to abuse any human rights in any way.

These requirements are included in due diligence questionnaires that each bidder must complete at the beginning of procurement process and confirm that, among other ESG requirements, those related to human rights are also met. In addition, suppliers must confirm that they are acting in accordance with the general terms and conditions of the contract, the NLB Group Code of Conduct, and other internal regulations governing responsible business practices. If these requirements are not met, the bidder is not selected.

Due diligence reviews are executed prior to signing a contract and in case non-compliance with legal and sustainability-related requirements is identified during the validity of the contract. If the suppliers do not respect human rights or cannot guarantee this for any reason, they cannot collaborate with NLB Group banking members.

In addition, NLB Group banking members conduct supplier reviews at least every three years. As part of this process, suppliers provide information on whether they respect human rights, the prohibition of child labour, forced or compulsory labour, and other social impacts. In 2025, we began monitoring for possible human trafficking.

As part of the due diligence process, NLB Group assesses whether suppliers have implemented effective mechanisms for the anonymous reporting and handling of labour law violations, significant negative impacts on workers in the value chain, other irregularities, and breaches of regulations, along with ensuring corrective measures.

Before signing the contract, each potential supplier must provide information on their established mechanisms for anonymous reporting and addressing these issues. If a supplier cannot provide this assurance, they must submit additional clarification. If, after reviewing the additional clarification, it is determined that the supplier lacks an adequate reporting channel, a reporting channel managed by a NLB Group member is included in the supplier contract. The supplier must provide proof that all employees have been informed about this reporting channel. If this requirement cannot be fulfilled, the potential supplier is disqualified.

Suppliers' employees can also report violations via the internet at NLB Whistler, a channel that provides full anonymity and is widely accessible.

» For a detailed description of the whistleblowing mechanism, please refer to the chapter Whistleblower protection.

Additionally, some banking addresses for reporting irregularities. They regularly review and address such reports, which can be made anonymously or with personal data.

Progress

NLB Group has set a goal to have a zero tolerance for suppliers' harmful practices, including corruption, bribery, and discrimination, and not adhering to the sustainability-related requirements posed by NLB Group and described in previous chapters.

Annual due diligence conducted in 2024 included most of the Bank's suppliers with an annual spend above a predetermined threshold (ranging from EUR 10,000 to EUR 35,000, subject to the size of the NLB Group banking member) and all new suppliers with contracts signed in 2024 (2023). NLB Group executed 393 (212 in 2023) due diligence reviews which represents 56.8% (31% in 2023) of spend based on the procurement process.

In 2024, NLB Group regular reviews and due diligence of supplier operations found no harmful practices, environmental or social impacts, human rights breaches, or cases of child or forced labour. Consequently, no supplier relationships within NLB Group were terminated.

Appendices

Appendix 1: EU Taxonomy

Regulatory disclosure requirement in accordance with Article 8 of the EU taxonomy regulation

The EU Taxonomy is a classification system designed to determine the environmental sustainability of economic activities within the European Union. For banks, it serves as a crucial framework for evaluating and disclosing the environmental impact of their investments and lending practices. By adhering to the EU Taxonomy, banks can identify and prioritize investments that contribute to environmental objectives, such as climate change mitigation and adaptation. This taxonomy provides clear criteria and standards, enabling banks to assess the alignment of their portfolios with sustainable goals, mitigate risks associated with environmentally harmful activities, and support the transition to a more sustainable economy.

Compliance with the EU Taxonomy is mandated under Article 8 and Article 10 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088. This legislation establishes the criteria for determining whether an economic activity is environmentally sustainable and provides the basis for the EU Taxonomy's implementation across various sectors, including banking and finance.

Green Asset Ratio (GAR)

The Green Asset Ratio (GAR) within the framework of the EU Taxonomy measures the proportion of a bank's assets that meet the criteria for environmentally sustainable economic activities. This ratio serves as a key metric for stakeholders to assess how much of a bank's portfolio supports environmental sustainability objectives. Banks are required to report their GAR as part of their sustainability reporting obligations, ensuring transparency and accountability in their sustainability efforts.

However, while the Green Asset Ratio enhances transparency, it does not fully capture the transition efforts of banks. A substantial portion of our portfolio is excluded—for example, loans to smaller companies and international non-EU business—meaning the actual number of aligned activities is higher. Furthermore, banks rely on counterparties for data, and since many of these entities are at the early stages of their green transformation, they may struggle to evaluate their own sustainability. Therefore, GAR should be analyzed alongside additional disclosed metrics and other relevant information on banks' efforts to finance the transition.

Mandatory Disclosures

For the first time, NLB discloses information about Taxonomy alignment for all six environmental objectives in the 2024 financial year.

The Draft Commission notice issued on December 21, 2023, aims to provide clarity and improve disclosure requirements. Notably, the Green Asset Ratio (GAR) flow disclosure should now include all newly acquired exposures throughout the year, rather than only net changes.

Our Calculation Approach

The Green Asset Ratio (GAR) is calculated as identified taxonomy-aligned assets (numerator) divided by total assets covered by the KPI (denominator). Data as of the cut-off date 31.12.2023 was used. Exposures towards central banks, central governments, supranational entities, and the bank's trading portfolio are excluded from both the numerator and denominator, as they are not covered by the KPI. Exposures to regional and local public authorities and state-controlled entities, where the use of proceeds is unknown, are also excluded from both the numerator and denominator.

We have disclosed information related to all six environmental objectives where actual data directly published by counterparties is available.

To assess Taxonomy-related KPIs for non-financial undertakings (NFRD corporates, i.e., corporates subject to non-financial reporting requirements, including taxonomy reporting), we use publicly available information on the percentage of eligibility and alignment of counterparties' turnover-based (turnover) and capital expenditure-based (CAPEX) metrics.

Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements.

To determine household eligibility for KPIs, we consider the entire portfolio of mortgage loans, with assets subject to energy efficiency rules. For alignment KPIs on the household portfolio, we focus on the "Purchase and Ownership of Buildings" category under Delegated Regulation 2021/2139, excluding the "Renovation" category and "Motor vehicles" due to the lack of specific information to identify green loans. We also include the information on the purchases of electric vehicles for households as taxonomy -aligned asset.

Criteria for Buildings:
For buildings built before December 31, 2020: The building must have at least an energy performance class A. Alternatively, it must be within the upper 15% of the national or regional building stock in terms of operational primary energy demand, demonstrated by appropriate evidence comparing the asset's performance to national or regional benchmarks for buildings constructed before December 31, 2020. This distinction applies separately to residential and non-residential buildings.

For buildings constructed after December 31, 2020: The building must meet the criteria set out in Section 7.1 of this Annex, applicable at the time of purchase.

For large non-residential buildings (with a rated thermal input for heating systems, combined space heating and ventilation systems, air-conditioning systems, or combined air-conditioning and ventilation systems above 290 kW), the building must be subject to energy performance monitoring and assessment.

Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties
NLB Group as financial institution, Regulation (EU) 2020/852 includes in Business strategy, service providing and engagement with clients through different approaches, for example through due diligence of clients as well issuing for example Green Bond. More detailed description can be found in Sustainability Statement (Chapters Sustainable Finance, Transition Plan and S3 - Affected Communities.

Qualitative information on the alignment of trading portfolios with Regulation (EU) 2020/852

NLB Group is not required to disclose quantitative information on trading exposures, qualitative information that demonstrates how our trading portfolios align with Regulation (EU) 2020/852 are disclosed in Sustainability Statement chapter ESG Bonds in the Group's banking book debt securities portfolio.

Additional or complementary information in support of the financial undertaking's strategies
NLB Group approach toward financing of Taxonomy aligned economic activities are described in the Sustainability Statement, chapter E1 – Climate change.

Table 65: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets (Turnover) (in 000 EUR)	KPI (Turnover - based)(ii)	KPI (Capex - based)(iii)	% coverage (over total assets)(i)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**258,974**	**1.34%**	**1.25%**	**69.15%**	**43.46%**	**30.85%**
		Total environmentally sustainable activities (Turnover)(in 000 EUR)	**KPI (Turnover - based)(ii)**	**KPI (Capex - based)**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	GAR (flow)	68,481	1.22%	0.84%	60.79%	28.51%	39.21%
	Trading book	–	–	–			
	Financial guarantees	3,233	4.15%	13.21%			
	Assets under management	-	-	-			
	Fees and commissions income(ii)	-	-	-			

Notes:
(i) Share (%) of assets covered by the KPI, over total assets.
(ii) based on the Turnover KPI of the counterparty
(iii) based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used
The KPIs related to Trading book and Fees and commissions income are due for reporting from year 2026.

Table 66: 1. Assets for the calculation of GAR (TURNOVER)_1/8

	(in 000 EUR)	Total [gross] carrying amount	Disclosure reference date T												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator	7,158,131	4,163,554	252,932	100,151	640	14,495	5,967	5,967	–	437	–	–	–	–
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7,112,482	4,163,554	252,932	100,151	640	14,495	5,967	5,967	–	437	–	–	–	–
2	**Financial undertakings**	2,208,690	250,162	20,702	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	1,805,874	250,162	20,702	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	450,707	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	1,355,167	250,162	20,702	–	–	–			–				–	
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	402,816	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	10,954	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	4,433	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	6,521	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	11,492	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	3,490			–			–	–	–	–	–	–	–	–
18	Debt securities, including UoP	7,694	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	308	–	–		–	–	–	–		–	–	–		–
20	**Non-financial undertakings**	841,530	194,094	132,079	–	640	14,495	5,967	5,967	–	437	–	–	–	–
21	Loans and advances	772,855	193,978	132,079	–	640	14,495	5,967	5,967	–	437	–	–	–	
22	Debt securities, including UoP	68,675	116		–		–	–		–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–	–	–
24	**Households**	3,850,031	3,719,298	100,151	100,151	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	3,717,814	3,717,814	98,667	98,667	–	–	–	–	–	–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	132,217	1,484	1,484	1,484	–	–								
28	**Local governments financing**	212,231	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing		–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	212,231	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	45,649	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	12,110,723	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 67: 1. Assets for the calculation of GAR (TURNOVER)_2/8

(in 000 EUR)	Total [gross] carrying amount	Disclosure reference date T											
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
33 **Financial and Non-financial undertakings**	6,076,799													
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2,597,922													
35 Loans and advances	2,597,905													
36 of which loans collateralised by commercial immovable property	–													
37 of which building renovation loans	–													
38 Debt securities														
39 Equity instruments	17													
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**	3,478,877													
41 Loans and advances	3,467,330													
42 Debt securities	9,135													
43 Equity instruments	2,412													
44 **Derivatives**	71,418													
45 **On demand interbank loans**	–													
46 **Cash and cash-related assets**	540,282													
47 Other categories of assets (e.g. Goodwill, commodities etc.)	5,422,224													
48 **Total GAR assets**	19,268,854	4,163,554	252,932	100,151	640	14,495	5,967	5,967	–	437	–	–	–	–
49 **Assets not covered for GAR calculation**	8,596,041													
50 **Central governments and Supranational issuers**	4,999,206													
51 **Central banks exposure**	3,577,239													
52 **Trading book**	19,596													
53 **Total assets**	27,864,895	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54 Financial guarantees	77,904	669	42	–	–	–	3,191	3,191		234				–
55 Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56 Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57 Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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Table 68: 1. Assets for the calculation of GAR (TURNOVER)_3/8

(in 000 EUR)	Disclosure reference date T																
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator	302	75	–	–	11	–	–	–	–	–	–	–	4,169,834	258,974	100,151	640	14,932
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	302	75	–	–	11	–	–	–	–	–	–	–	4,169,834	258,974	100,151	640	14,932
2 **Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	250,162	20,702	–	–	–
3 Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	250,162	20,702	–	–	–
4 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Debt securities, including UoP			–				–				–		250,162	20,702	–	–	–
6 Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
7 Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
12 of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
16 of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
20 **Non-financial undertakings**	302	75	–	–	11	–	–	–	–	–	–	–	200,374	138,121	–	640	14,932
21 Loans and advances	302	75	–	–	11	–	–		–	–	–		200,258	138,121	–	640	14,932
22 Debt securities, including UoP			–	–	–	–	–	–	–	–	–	–	116	–	–	–	–
23 Equity instruments	–	–		–	–	–		–	–	–	–	–	–	–		–	–
24 **Households**	–	–		–									3,719,298	100,151	100,151	–	–
25 of which loans collateralised by residential immovable property				–									3,717,814	98,667	98,667	–	–
26 of which building renovation loans	–	–	–	–									–	–	–	–	–
27 of which motor vehicle loans													1,484	1,484	1,484	–	–
28 **Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29 Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31 Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 69: 1. Assets for the calculation of GAR (TURNOVER)_4/8

(in 000 EUR)	Disclosure reference date T															
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
33 **Financial and Non-financial undertakings**																
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																
35 Loans and advances																
36 of which loans collateralised by commercial immovable property																
37 of which building renovation loans																
38 Debt securities																
39 Equity instruments																
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**																
41 Loans and advances																
42 Debt securities																
43 Equity instruments																
44 **Derivatives**																
45 **On demand interbank loans**																
46 **Cash and cash-related assets**																
47 Other categories of assets (e.g. Goodwill, commodities etc.)																
48 **Total GAR assets**	302	75	–			11							4,169,834	258,974	100,151	640	14,932
49 **Assets not covered for GAR calculation**																
50 **Central governments and Supranational issuers**																
51 **Central banks exposure**																
52 **Trading book**																
53 **Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54 Financial guarantees	–	–	–	–	–	70	–	–	–	–	–	–	3,930	3,233	–	–	234
55 Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56 Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57 Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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Table 70: 1. Assets for the calculation of GAR (TURNOVER)_5/8

Disclosure reference date T - 1

	(in 000 EUR)	Total [gross] carrying amount	Climate Change Mitigation (CCM) – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM – Of which environmentally sustainable (Taxonomy-aligned)	CCM – Of which Use of Proceeds	CCM – Of which transitional	CCM – Of which enabling	Climate Change Adaptation (CCA) – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA – Of which environmentally sustainable (Taxonomy-aligned)	CCA – Of which Use of Proceeds	CCA – Of which enabling	Sustainable Use and Protection of Water and Marine Resources (SST) – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	SST – Of which environmentally sustainable (Taxonomy-aligned)	SST – Of which Use of Proceeds	SST – Of which enabling
	GAR - Covered assets in both numerator and denominator	10,413,876	3,476,162	157,973	84,175	601	14,495	–	–	–	–	–	–	–	–
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	10,353,396	3,476,162	157,973	84,175	601	14,495	–	–	–	–	–	–	–	–
2	**Financial undertakings**	**1,474,013**	235,243	16,877	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	1,274,660	235,243	16,877	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	297,166	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	977,494	235,243	16,877	–	–	–	–	–	–	–			–	
6	Equity instruments	–	–	–		–	–	–	–			–	–		–
7	Other financial corporations	199,353	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–			–	–		–
12	of which management companies	5,446	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	2,889	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	2,557	–	–		–	–	–	–			–	–		–
16	of which insurance undertakings	3,243	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	3,033	–	–	–	–		–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	210	–	–		–	–	–	–			–	–		–
20	**Non-financial undertakings**	**957,104**	72,674	56,921	–	601	14,495	–	–	–	–	–	–	–	–
21	Loans and advances	878,220	66,580	51,144	–	601	14,495	–	–	–	–	–	–	–	
22	Debt securities, including UoP	78,884	6,094	5,777	–		–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–			–	–		–
24	**Households**	**7,672,026**	3,168,245	84,175	84,175	–	–	–	–		–				
25	of which loans collateralised by residential immovable property	3,168,245	3,168,245	84,175	84,175	–	–	–	–	–	–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	**Local governments financing**	**189,773**	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing		–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	189,773	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	60,480	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**5,604,189**	–	–	–	–	–	–	–	–	–	–	–	–	–

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Table 71: 1. Assets for the calculation of GAR (TURNOVER)_6/8

	(in 000 EUR)	Total [gross] carrying amount	Disclosure reference date T - 1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
33	**Financial and Non-financial undertakings**	**5,092,352**													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2,090,316													
35	Loans and advances	2,088,998													
36	of which loans collateralised by commercial immovable property	881,788													
37	of which building renovation loans	–													
38	Debt securities	1,318													
39	Equity instruments	–													
40	**Non-EU country counterparties not subject to NFRD disclosure obligations**	**3,002,036**													
41	Loans and advances	2,989,817													
42	Debt securities	9,807													
43	Equity instruments	2,412													
44	**Derivatives**	**37,407**													
45	**On demand interbank loans**	**–**													
46	**Cash and cash-related assets**	**470,901**													
47	Other categories of assets (e.g. Goodwill, commodities etc.)	3,529													
48	**Total GAR assets**	**15,957,585**	3,476,162	157,973	84,175	601	14,495	–	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**	**9,775,289**													
50	**Central governments and Supranational issuers**	**3,996,027**													
51	**Central banks exposure**	**5,763,444**													
52	**Trading book**	**15,818**													
53	**Total assets**	**25,732,874**	–	–	–	–	–	–	–	–	–	–	–	–	–
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	91,625	1 ,074	815	12	39	–	–	–	–	–	1,074			–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 72: 1. Assets for the calculation of GAR (TURNOVER)_7/8

	(in 000 EUR)	Disclosure reference date T - 1																
		Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator			–	–	–	–	–	–	–	–	–	–	3,476,162	157,973	84,175	601	14,495
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation			–	–	–	–	–	–	–	–	–	–	3,476,162	157,973	84,175	601	14,495
2	**Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	235,243	16,877	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	235,243	16,877	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP			–				–				–		235,243	16,877	–	–	–
6	Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–			–	–		–	–
20	**Non-financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	72,674	56,921	–	601	14,495
21	Loans and advances	–	–	–	–	–	–	–		–	–	–		66,580	51,144	–	601	14,495
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	6,094	5,777	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24	**Households**	–	–		–									3,168,245	84,175	–	–	–
25	of which loans collateralised by residential immovable property				–									3,168,245	84,175	84,175	–	–
26	of which building renovation loans	–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans													–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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Table 73: 1.Assets for the calculation of GAR (TURNOVER)_8/8

(in 000 EUR)	Disclosure reference date T - 1																
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
33 **Financial and Non-financial undertakings**																	
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35 Loans and advances																	
36 of which loans collateralised by commercial immovable property																	
37 of which building renovation loans																	
38 Debt securities																	
39 Equity instruments																	
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**																	
41 Loans and advances																	
42 Debt securities																	
43 Equity instruments																	
44 **Derivatives**																	
45 **On demand interbank loans**																	
46 **Cash and cash-related assets**																	
47 Other categories of assets (e,g, Goodwill, commodities etc,)																	
48 **Total GAR assets**	–	–	–	–	–	–	–	–	–	–	–	–	3,476,162	157,973	84,175	601	14,495
49 **Assets not covered for GAR calculation**																	
50 **Central governments and Supranational issuers**																	
51 **Central banks exposure**																	
52 **Trading book**																	
53 **Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																	
54 Financial guarantees	–	–	–	–	25	–	–	–	–	–	–	–	2,173	815	12	39	–
55 Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56 Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57 Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 74: 2. GAR sector information (TURNOVER) _1/2

		(in 000 EUR)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
			Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
				Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (SST)		Of which environmentally sustainable (SST)
		Breakdown by sector - NACE 4 digits level (code and label)												
1	02.10	Silviculture and other forestry activities	1	–			–	–			–	–		
2	20.16	Manufacture of plastics in primary forms	10,064	–			–	–			–	–		
3	21.20	Manufacture of pharmaceutical preparations	–	–			–	–			–	–		
4	24.42	Aluminium production	4,880	1,124			–	–			–	–		
5	25.50	Forging and shaping metal and powder metallurgy	33,358	53			–	–			–	–		
6	33.17	Maintenance and repair of other transport equipment	1	–			–	–			–	–		
7	35.11	Production of electricity from non-renewable sources	–	–			–	–			–	–		
8	35.12	Transmission of electricity	59,111	–			–	–			–	–		
9	35.13	Distribution of electricity	121,597	89,070			–	–			–	–		
10	35.14	Trade of electricity	–	–			47,063	5,967			–	–		
11	35.30	Steam and air conditioning supply	55,716	25,245			–	–			–	–		
12	36.00	Water collection, treatment, and supply	9,491	–			–	–			–	–		
13	42.12	Construction of railways and underground railways	77	41			–	–			–	–		
14	47.30	Retail sale of automotive fuel in specialized stores	69,859	1,355			–	–			–	–		
15	49.20	Freight rail transport	26,986	14,437			–	–			–	–		
16	49.31	Urban and suburban passenger land transport	6	3			–	–			–	–		
17	49.50	Pipeline transport	21,129	–			–	–			–	–		
18	52.10	Cargo handling	–	–			–	–			–	–		
19	52.21	Supporting service activities in land transport	168,404	–			–	–			–	–		
20	52.23	Supporting service activities in air transport	7,045	–			–	–			–	–		
21	52.29	Logistics services	6,658	–			–	–			–	–		
22	53.10	Universal postal service activities	1,305	697			–	–			–	–		
23	55.10	Hotels and similar accommodation activities	7,673	–			–	–			–	–		
24	61.10	Wired telecommunications activities	74,202	7			–	–			–	–		
25	64.20	Activities of holding companies	1	–			–	–			–	–		
26	70.10	Activities of head offices	10,489	45			–	–			–	–		
27	71.12	Other engineering activities and related technical consultancy	1	–			–	–			–	–		

Table 75: 2. GAR sector information (TURNOVER) _2/2

(in 000 EUR)			Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL			
			Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
				Of which environmentally sustainable (CE)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PC)		Of which environmentally sustainable (PC)		Of which environmentally sustainable (Ecos)		Of which environmentally sustainable (Ecos)		Of which environmentally sustainable		Of which environmentally sustainable
Breakdown by sector - NACE 4 digits level (code and label)																		
1	02.10	Silviculture and other forestry activities	–	–			–	–			–	–			1	–		
2	20.16	Manufacture of plastics in primary forms	–	–			–	–			–	–			10,064	–		
3	21.20	Manufacture of pharmaceutical preparations	–	–			11	–			–	–			11	–		
4	24.42	Aluminium production	–	–			–	–			–	–			4,880	1,124		
5	25.50	Forging and shaping metal and powder metallurgy	–	–			–	–			–	–			33,358	53		
6	33.17	Maintenance and repair of other transport equipment	–	–			–	–			–	–			1	–		
7	35.11	Production of electricity from non-renewable sources	–	–			–	–			–	–			–	–		
8	35.12	Transmission of electricity	–	–			–	–			–	–			59,111	–		
9	35.13	Distribution of electricity	–	–			–	–			–	–			121,597	89,070		
10	35.14	Trade of electricity	–	–			–	–			–	–			47,063	5,967		
11	35.30	Steam and air conditioning supply	–	–			–	–			–	–			55,716	25,245		
12	36.00	Water collection, treatment, and supply	–	–			–	–			–	–			9,491	–		
13	42.12	Construction of railways and underground railways	–	–			–	–			–	–			77	41		
14	47.30	Retail sale of automotive fuel in specialized stores	–	–			–	–			–	–			69,859	1,355		
15	49.20	Freight rail transport	–	–			–	–			–	–			26,986	14,437		
16	49.31	Urban and suburban passenger land transport	–	–			–	–			–	–			6	3		
17	49.50	Pipeline transport	–	–			–	–			–	–			21,129	–		
18	52.10	Cargo handling	37,728	75			–	–			–	–			37,728	75		
19	52.21	Supporting service activities in land transport	–	–			–	–			–	–			168,404	–		
20	52.23	Supporting service activities in air transport	–	–			–	–			–	–			7,045	–		
21	52.29	Logistics services	–	–			–	–			–	–			6,658	–		
22	53.10	Universal postal service activities	–	–			–	–			–	–			1,305	697		
23	55.10	Hotels and similar accommodation activities	–	–			–	–			–	–			7,673	–		
24	61.10	Wired telecommunications activities	–	–			–	–			–	–			74,202	7		
25	64.20	Activities of holding companies	–	–			–	–			–	–			1	–		
26	70.10	Activities of head offices	–	–			–	–			–	–			10,489	45		
27	71.12	Other engineering activities and related technical consultancy	–	–			–	–			–	–			1	–		

Table 76: 3. GAR KPI stock (TURNOVER) _1/6

% (compared to total covered assets in the denominator)	Disclosure reference date T												
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator													
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	21,61%	1,31%	0.52%	0.00%	0.08%	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 **Financial undertakings**	1,30%	0,11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3 Credit institutions	1,30%	0,11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Loans and advances	0,00%	0,00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	1,30%	0,11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20 **Non-financial undertakings**	1.01%	0.69%	0.00%	0.00%	0.08%	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21 Loans and advances	1.01%	0.69%	0.00%	0.00%	0.08%	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24 **Households**	19.30%	0.52%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25 of which loans collateralised by residential immovable property	19.29%	0.51%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
26 of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
27 of which motor vehicle loans	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	21.61%	1.31%	0.52%	0.00%	0.08%	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Table 77: 3. GAR KPI stock (TURNOVER) _2/6

	% (compared to total covered assets in the denominator)	Disclosure reference date T							
		Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%				
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%				
27	of which motor vehicle loans								
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 78: 3. GAR KPI stock (TURNOVER) _3/6

% (compared to total covered assets in the denominator)	Disclosure reference date T									
	Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator										
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	21.64%	1.34%	0.52%	0.00%	0.08%	25.52%
2 **Financial undertakings**	0.00%	0.00%	0.00%	0.00%	1.30%	0.11%	0.00%	0.00%	0.00%	7.93%
3 Credit institutions	0.00%	0.00%	0.00%	0.00%	1.30%	0.11%	0.00%	0.00%	0.00%	6.48%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.62%
5 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	1.30%	0.11%	0.00%	0.00%	0.00%	4.86%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.45%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.02%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20 **Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	1.04%	0.72%	0.00%	0.00%	0.08%	3.02%
21 Loans and advances	0.00%	0.00%	0.00%	0.00%	1.04%	0.72%	0.00%	0.00%	0.08%	2.77%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24 **Households**	0.00%	0.00%	0.00%	0.00%	19.30%	0.52%	0.52%	0.00%	0.00%	13.82%
25 of which loans collateralised by residential immovable property					19.29%	0.51%	0.51%	0.00%	0.00%	13.34%
26 of which building renovation loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27 of which motor vehicle loans					0.01%	0.01%	0.01%	0.00%	0.00%	0.47%
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%
32 **Total GAR assets**	0.00%	0.00%	0.00%	0.00%	21.64%	1.34%	0.52%	0.00%	0.08%	69.15%

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Table 79: 3. GAR KPI stock (TURNOVER) _4/6

		Disclosure reference date T -1												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
	% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	21.78%	0.99%	0.53%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	1.47%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	1.47%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	1.47%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	0.46%	0.36%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.42%	0.32%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities. including UoP	0.04%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	19.85%	0.53%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	19.85%	0.53%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
27	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	18.04%	0.82%	0.44%	0.00%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 80: 3. GAR KPI stock (TURNOVER) _5/6

	Disclosure reference date T -1							
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)			
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 **Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3 Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20 **Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24 **Households**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25 of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%				
26 of which building renovation loans	0.00%	0.00%	0.00%	0.00%				
27 of which motor vehicle loans								
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 81: 3. GAR KPI stock (TURNOVER) _6/6

% (compared to total covered assets in the denominator)	Disclosure reference date T -1									
	Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator										
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	21.78%	0.99%	0.53%	0.00%	0.09%	21.78%
2 **Financial undertakings**	0.00%	0.00%	0.00%	0.00%	1.47%	0.11%	0.00%	0.00%	0.00%	1.47%
3 Credit institutions	0.00%	0.00%	0.00%	0.00%	1.47%	0.11%	0.00%	0.00%	0.00%	1.47%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	1.47%	0.11%	0.00%	0.00%	0.00%	1.47%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20 **Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.46%	0.36%	0.00%	0.00%	0.09%	0.46%
21 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.42%	0.32%	0.00%	0.00%	0.09%	0.42%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.04%	0.04%	0.00%	0.00%	0.00%	0.04%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24 **Households**	0.00%	0.00%	0.00%	0.00%	19.85%	0.53%	0.00%	0.00%	0.00%	19.85%
25 of which loans collateralised by residential immovable property					19.85%	0.53%	0.53%	0.00%	0.00%	19.85%
26 of which building renovation loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27 of which motor vehicle loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	0.00%	0.00%	0.00%	0.00%	18.04%	0.82%	0.44%	0.00%	0.08%	18.04%

Overview
MB Statement
SB Statement
Key Highlights
Business Report
Strategy
Risk Factors & Outlook
Performance Overview
Segment Analysis
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Risk Management
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Financial Report

Table 82: 4. KPIs FlowT _1/3

	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	41.67%	3.80%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	**7.55%**	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	9.54%	0.74%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	13.38%	1.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	**52.28%**	52.12%	0.00%	0.05%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	55.11%	55.08%	0.00%	0.05%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities. including UoP	2.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	**90.59%**	2.38%	2.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
25	of which loans collateralised by residential immovable property	100.00%	2.53%	2.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
27	of which motor vehicle loans	0.89%	0.89%	0.89%	0.00%	0.00%	0.00%							
28	**Local governments financing**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing													
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**13.42%**	1.22%	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Table 83: 4. GAR KPIs FlowT _2/3

% (compared to flow of total eligible assets)	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 **Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3 Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20 **Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24 **Households**	0.00%	0.00%	0.00%	0.00%	0.00%			
25 of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%	0.00%			
26 of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%			
27 of which motor vehicle loans								
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing								
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Table 84: 4. GAR KPIs FlowT _3/3

	% (compared to flow of total eligible assets)	Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	41.67%	3.80%	0.92%	0.00%	0.00%	19.58%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	7.55%	0.59%	0.00%	0.00%	0.00%	10.51%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	9.54%	0.74%	0.00%	0.00%	0.00%	8.31%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.38%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	13.38%	1.04%	0.00%	0.00%	0.00%	5.93%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.20%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	52.29%	52.12%	0.00%	0.05%	0.02%	0.96%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	55.11%	55.08%	0.00%	0.05%	0.02%	0.91%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	2.44%	0.00%	0.00%	0.00%	0.00%	0.05%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**					90.59%	2.38%	2.38%	0.00%	0.00%	7.57%
25	of which loans collateralised by residential immovable property					100.00%	2.53%	2.53%	0.00%	0.00%	6.85%
26	of which building renovation loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans					0.89%	0.89%	0.89%	0.00%	0.00%	0.72%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
32	**Total GAR assets**	0.00%	0.00%	0.00%	0.00%	13.42%	1.22%	0.30%	0.00%	0.00%	60.79%

Table 85: 5. FingGar, AuM KPIs stockT_1/3

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	0.859%	0.054%	0.000%	0.000%	0.000%	4.096%	4.096%	0.000%	0.300%	0.000%	0.000%	0.000%	0.000%
2 Assets under management (AuM KPI)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which debt securities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which equity instruments	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Table 86: 5.KPI off-balance sheet exposures (CAPEX) _2/3

% (compared to total eligible off-balance sheet assets)	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
		Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	0.000%	0.000%	0.000%	0.000%	0.090%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2 Assets under management (AuM KPI)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which debt securities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which equity instruments	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Table 87: 5.KPI off-balance sheet exposures (CAPEX) _3/3

% (compared to total eligible off-balance sheet assets)	TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally s ustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	5.045%	4.150%	0.000%	0.000%	0.300%
2 Assets under management (AuM KPI)	0.000%	0.000%	0.000%	0.000%	0.000%
Of which debt securities	0.000%	0.000%	0.000%	0.000%	0.000%
Of which equity instruments	0.000%	0.000%	0.000%	0.000%	0.000%

Table 88: 1. Assets for the calculation of GAR (CAPEX)_1/8

		Disclosure reference date T												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
(in 000 EUR)	Total [gross] carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator	7,158,131	4,103,099	218,652	100,151	2,610	3,682	21,015	21,015	–	14	–	–	–	–
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7,112,482	4,103,099	218,652	100,151	2,610	3,682	21,015	21,015	–	14	–	–	–	–
2 **Financial undertakings**	**2,208,690**	228,905	19,501	–	–	–	–	–	–	–	–	–	–	–
3 Credit institutions	1,805,874	228,905	19,501	–	–	–	–	–	–	–	–	–	–	–
4 Loans and advances	450,707	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Debt securities, including UoP	1,355,167	228,905	19,501	–	–	–			–				–	
6 Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7 Other financial corporations	402,816	–	–	–	–	–	–	–	–	–	–	–	–	–
8 of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12 of which management companies	10,954	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Loans and advances	4,433	–	–	–	–	–	–	–	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15 Equity instruments	6,521	–	–		–	–	–	–		–	–	–		–
16 of which insurance undertakings	11,492	–	–	–	–	–	–	–	–	–	–	–	–	–
17 Loans and advances	3,490			–			–	–	–	–	–	–	–	–
18 Debt securities, including UoP	7,694	–	–	–	–	–	–	–	–	–	–	–	–	–
19 Equity instruments	308	–	–		–	–	–	–		–	–	–		–
20 **Non-financial undertakings**	**841,530**	154,896	99,000	–	2,610	3,682	21,015	21,015	–	14	–	–	–	–
21 Loans and advances	772,855	154,098	99,000	–	2,610	3,682	20,504	20,504	–	14	–	–	–	
22 Debt securities, including UoP	68,675	798		–		–	511	511	–	–	–	–	–	–
23 Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24 **Households**	**3,850,031**	3,719,298	100,151	100,151	–	–	–	–	–	–				
25 of which loans collateralised by residential immovable property	3,717,814	3,717,814	98,667	98,667	–	–	–	–	–	–				
26 of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27 of which motor vehicle loans	132,217	1,484	1,484	1,484	–	–								
28 **Local governments financing**	**212,231**	–	–	–	–	–	–	–	–	–	–	–	–	–
29 Housing financing		–	–	–	–	–	–	–	–	–	–	–	–	–
30 Other local government financing	212,231	–	–	–	–	–	–	–	–	–	–	–	–	–
31 Collateral obtained by taking possession: residential and commercial immovable properties	45,649	–	–	–	–	–	–	–	–	–	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**12,110,723**	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 89: 1. Assets for the calculation of GAR (CAPEX)_2/8

(in 000 EUR)	Total [gross] carrying amount	Disclosure reference date T												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
33 **Financial and Non-financial undertakings**	**6,076,799**													
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2,597,922													
35 Loans and advances	2,597,905													
36 of which loans collateralised by commercial immovable property														
37 of which building renovation loans	–													
38 Debt securities														
39 Equity instruments	17													
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**	**3,478,877**													
41 Loans and advances	3,467,330													
42 Debt securities	9,135													
43 Equity instruments	2,412													
44 **Derivatives**	**71,418**													
45 **On demand interbank loans**	–													
46 **Cash and cash-related assets**	**540,282**													
47 Other categories of assets (e,g, Goodwill, commodities etc,)	5,422,224													
48 **Total GAR assets**	**19,268,854**	4,103,099	218,652	100,151	2,610	3,682	21,015	21,015	–	14	–	–	–	–
49 **Assets not covered for GAR calculation**	**8,596,041**													
50 **Central governments and Supranational issuers**	**4,999,206**													
51 **Central banks exposure**	**3,577,239**													
52 **Trading book**	**19,596**													
53 **Total assets**	**27,864,895**	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54 Financial guarantees	77,904	4,183	44			–	10,247	10,247		8				–
55 Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56 Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57 Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

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Table 90: 1. Assets for the calculation of GAR (CAPEX)_3/8

(in 000 EUR)	Disclosure reference date T																
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator	943	905	–	–	7	–	–	–	–	–	–	–	4,125,064	240,572	100,151	2,610	3,696
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	943	905	–	–	7	–	–	–	–	–	–	–	4,125,064	240,572	100,151	2,610	3,696
2 **Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	228,905	19,501	–	–	–
3 Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	228,905	19,501	–	–	–
4 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Debt securities, including UoP	–	–	–		–	–	–	–	–	–	–		228,905	19,501	–	–	–
6 Equity instruments	–	–		–	–	–		–	–	–							
7 Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Equity instruments	–	–		–	–	–		–	–	–							
12 of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15 Equity instruments	–	–		–	–	–		–	–	–							
16 of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17 Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18 Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19 Equity instruments	–	–		–	–	–		–	–	–							
20 **Non-financial undertakings**	943	905	–	–	7	–	–	–	–	–	–	–	176,861	120,920	–	2,610	3,696
21 Loans and advances	943	905	–		7	–	–		–	–	–		175,552	120,409	–	2,610	3,696
22 Debt securities, including UoP			–	–	–	–	–	–	–	–	–	–	1,309	511	–	–	–
23 Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24 **Households**	–	–	–	–									3,719,298	100,151	100,151	–	–
25 of which loans collateralised by residential immovable property	–	–	–	–									3,717,814	98,667	98,667	–	–
26 of which building renovation loans	–	–	–	–									–	–	–	–	–
27 of which motor vehicle loans													1,484	1,484	1,484	–	–
28 **Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29 Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30 Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31 Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 91: 1. Assets for the calculation of GAR (CAPEX)_4/8

(in 000 EUR)	Disclosure reference date T																
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
33 **Financial and Non-financial undertakings**																	
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35 Loans and advances																	
36 of which loans collateralised by commercial immovable property																	
37 of which building renovation loans																	
38 Debt securities																	
39 Equity instruments																	
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**																	
41 Loans and advances																	
42 Debt securities																	
43 Equity instruments																	
44 **Derivatives**																	
45 **On demand interbank loans**																	
46 **Cash and cash-related assets**																	
47 Other categories of assets (e.g, Goodwill, commodities etc,)																	
48 **Total GAR assets**	943	905			7								4,125,064	240,572	100,151	2,610	3,696
49 **Assets not covered for GAR calculation**																	
50 **Central governments and Supranational issuers**																	
51 **Central banks exposure**																	
52 **Trading book**																	
53 **Total assets**																	
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																	
54 Financial guarantees	-	-	-	-	46	-	-	-	-	-	-	-	14,476	10,291	-	-	8
55 Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56 Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57 Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Table 92: 1. Assets for the calculation of GAR (CAPEX)_5/8

	(in 000 EUR)	Total [gross] carrying amount	Disclosure reference date T - 1												
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator	10,413,876	3,549,016	202,449	84,175	2,610	3,682	20,504	20,504	–	52	–	–	–	–
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	10,353,396	3,549,016	202,449	84,175	2,610	3,682	20,504	20,504	–	52	–	–	–	–
2	**Financial undertakings**	**1,474,013**	226,557	19,274	–	–	–	–	–	–	–	–	–	–	–
3	Credit institutions	1,274,660	226,557	19,274	–	–	–	–	–	–	–	–	–	–	–
4	Loans and advances	297,166	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	977,494	226,557	19,274	–	–	–			–				–	
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	199,353	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	5,446	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	2,889	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	2,557	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	3,243	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	3,033			–			–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	210	–	–		–	–	–	–		–	–	–		–
20	**Non-financial undertakings**	**957,104**	154,214	99,000	–	2,610	3,682	20,504	20,504	–	52	–	–	–	–
21	Loans and advances	878,220	154,098	99,000	–	2,610	3,682	20,504	20,504	–	52	–	–	–	
22	Debt securities, including UoP	78,884	116		–		–			–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	**Households**	**7,672,026**	3,168,245	84,175	84,175	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	3,168,245	3,168,245	84,175	84,175	–	–				–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	**Local governments financing**	**189,773**	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	189,773	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	60,480	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**5,604,189**	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 93: 1.Assets for the calculation of GAR (CAPEX)_6/8

		Disclosure reference date T - 1												
(in 000 EUR)	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
33 **Financial and Non-financial undertakings**	**5,092,352**													
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2,090,316													
35 Loans and advances	2,088,998													
36 of which loans collateralised by commercial immovable property	881,788													
37 of which building renovation loans	–													
38 Debt securities	1,318													
39 Equity instruments	–													
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**	**3,002,036**													
41 Loans and advances	2,989,817													
42 Debt securities	9,807													
43 Equity instruments	2,412													
44 **Derivatives**	**37,407**													
45 **On demand interbank loans**	**–**													
46 **Cash and cash-related assets**	**470,901**													
47 Other categories of assets (e.g, Goodwill, commodities etc,)	3,529													
48 **Total GAR assets**	**15,957,585**	3,549,016	202,449	84,175	2,610	3,682	20,504	20,504	–	52	–	–	–	–
49 **Assets not covered for GAR calculation**	**9,775,289**													
50 **Central governments and Supranational issuers**	**3,996,027**													
51 **Central banks exposure**	**5,763,444**													
52 **Trading book**	**15,818**													
53 **Total assets**	**25,732,874**	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54 Financial guarantees	91,625	4,183	44			–	10,247	7		–				–
55 Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56 Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57 Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 94: 1.Assets for the calculation of GAR (CAPEX)_7/8

		Disclosure reference date T - 1																
		Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	(in 000 EUR)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator													3,569,520	222,953	84,175	2,610	3,734
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	943	905	–	–	7	–	–	–	–	–	–	–	3,569,520	222,953	84,175	2,610	3,734
2	**Financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	226,557	19,274	–	–	–
3	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–	226,557	19,274	–	–	–
4	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–		–	–	–	–	–	–	–	–	226,557	19,274	–	–	–
6	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–		–	–	–							
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–		–	–	–							
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–		–	–	–							
20	**Non-financial undertakings**	–	–	–	–	–	–	–	–	–	–	–	–	174,718	119,504	–	2,610	3,734
21	Loans and advances	–	–	–		–	–	–		–	–	–		174,602	119,504	–	2,610	3,734
22	Debt securities, including UoP			–	–	–	–	–	–	–	–	–	–	116	–	–	–	–
23	Equity instruments	–	–		–	–	–		–	–	–		–	–	–		–	–
24	**Households**	–	–	–	–									3,168,245	84,175	84,175	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–									3,168,245	84,175	84,175	–	–
26	of which building renovation loans	–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans													–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 95: 1.Assets for the calculation of GAR (CAPEX)_8/8

(in 000 EUR)	Disclosure reference date T - 1																
	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
33 **Financial and Non-financial undertakings**																	
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35 Loans and advances																	
36 of which loans collateralised by commercial immovable property																	
37 of which building renovation loans																	
38 Debt securities																	
39 Equity instruments																	
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**																	
41 Loans and advances																	
42 Debt securities																	
43 Equity instruments																	
44 **Derivatives**																	
45 **On demand interbank loans**																	
46 **Cash and cash-related assets**																	
47 Other categories of assets (e,g, Goodwill, commodities etc,)																	
48 **Total GAR assets**	943	905	–	–	7	–	–	–	–	–	–	–	3,569,520	222,953	84,175	2,610	3,734
49 **Assets not covered for GAR calculation**																	
50 **Central governments and Supranational issuers**																	
51 **Central banks exposure**																	
52 **Trading book**																	
53 **Total assets**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																	
54 Financial guarantees	–	–	–	–	–	24.888	–	–	–	–	–	–	14.430	24.939	–	–	–
55 Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56 Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57 Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 96: 2.GAR sector information (CAPEX) _1/2

(in 000 EUR)			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
			Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
				Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (SST)		Of which environmentally sustainable (SST)
Breakdown by sector - NACE 4 digits level (code and label)														
1	02.10	Silviculture and other forestry activities	1	–			–	–			–	–		
2	20.16	Manufacture of plastics in primary forms	10,064	–			–	–			–	–		
3	21.20	Manufacture of pharmaceutical preparations	–	–			–	–			–	–		
4	24.42	Aluminium production	4,880	3,214			–	–			–	–		
5	25.50	Forging and shaping metal and powder metallurgy	33,358	1,204			–	–			–	–		
6	33.17	Maintenance and repair of other transport equipment	1	–			–	–			–	–		
7	35.11	Production of electricity from non-renewable sources	–	–			–	–			–	–		
8	35.12	Transmission of electricity	59,111	–			–	–			–	–		
9	35.13	Distribution of electricity	121,597	37,626			–	–			–	–		
10	35.14	Trade of electricity	–	–			47,063	19,157			–	–		
11	35.30	Steam and air conditioning supply	55,716	37,931			–	–			–	–		
12	36.00	Water collection, treatment, and supply	9,491	–			–	–			–	–		
13	42.12	Construction of railways and underground railways	77	49			–	–			–	–		
14	47.30	Retail sale of automotive fuel in specialized stores	69,859	1,432			–	–			–	–		
15	49.20	Freight rail transport	26,986	17,136			–	–			–	–		
16	49.31	Urban and suburban passenger land transport	6	4			–	–			–	–		
17	49.50	Pipeline transport	21,129	–			–	–			–	–		
18	52.10	Cargo handling	–	–			–	–			–	–		
19	52.21	Supporting service activities in land transport	–	–			168,404	1,347			–	–		
20	52.23	Supporting service activities in air transport	7,045	–			–	–			–	–		
21	52.29	Logistics services	6,658	–			–	–			–	–		
22	53.10	Universal postal service activities	1,305	42			–	–			–	–		
23	55.10	Hotels and similar accommodation activities	7,673	318			–	–			–	–		
24	61.10	Wired telecommunications activities	74,202	15			–	–			–	–		
25	64.20	Activities of holding companies	1	–			–	–			–	–		
26	70.10	Activities of head offices	10,489	29			–	–			–	–		
27	71.12	Other engineering activities and related technical consultancy	1	–			–	–			–	–		

Table 97: 2. GAR sector information (CAPEX) _2/2

(in 000 EUR)			Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL			
			Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
				Of which environmentally sustainable (CE)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PC)		Of which environmentally sustainable (PC)		Of which environmentally sustainable (Ecos)		Of which environmentally sustainable (Ecos)		Of which environmentally sustainable		Of which environmentally sustainable
Breakdown by sector - NACE 4 digits level (code and label)																		
1	02.10	Silviculture and other forestry activities	–	–			–	–			–	–			1	–		
2	20.16	Manufacture of plastics in primary forms	–	–			–	–			–	–			10,064	–		
3	21.20	Manufacture of pharmaceutical preparations	–	–			11	–			–	–			11	–		
4	24.42	Aluminium production	–	–			–	–			–	–			4,880	3,214		
5	25.50	Forging and shaping metal and powder metallurgy	–	–			–	–			–	–			33,358	1,204		
6	33.17	Maintenance and repair of other transport equipment	–	–			–	–			–	–			1	–		
7	35.11	Production of electricity from non-renewable sources	–	–			–	–			–	–			–	–		
8	35.12	Transmission of electricity	–	–			–	–			–	–			59,111	–		
9	35.13	Distribution of electricity	–	–			–	–			–	–			121,597	37,626		
10	35.14	Trade of electricity	–	–			–	–			–	–			47,063	19,157		
11	35.30	Steam and air conditioning supply	–	–			–	–			–	–			55,716	37,931		
12	36.00	Water collection, treatment, and supply	–	–			–	–			–	–			9,491	–		
13	42.12	Construction of railways and underground railways	–	–			–	–			–	–			77	49		
14	47.30	Retail sale of automotive fuel in specialized stores	–	–			–	–			–	–			69,859	1,432		
15	49.20	Freight rail transport	–	–			–	–			–	–			26,986	17,136		
16	49.31	Urban and suburban passenger land transport	–	–			–	–			–	–			6	4		
17	49.50	Pipeline transport	–	–			–	–			–	–			21,129	–		
18	52.10	Cargo handling	37,728	905			–	–			–	–			37,728	905		
19	52.21	Supporting service activities in land transport	–	–			–	–			–	–			168,404	1,347		
20	52.23	Supporting service activities in air transport	–	–			–	–			–	–			7,045	–		
21	52.29	Logistics services	–	–			–	–			–	–			6,658	–		
22	53.10	Universal postal service activities	–	–			–	–			–	–			1,305	42		
23	55.10	Hotels and similar accommodation activities	–	–			–	–			–	–			7,673	318		
24	61.10	Wired telecommunications activities	–	–			–	–			–	–			74,202	15		
25	64.20	Activities of holding companies	–	–			–	–			–	–			1	–		
26	70.10	Activities of head offices	–	–			–	–			–	–			10,489	29		
27	71.12	Other engineering activities and related technical consultancy	–	–			–	–			–	–			1	–		

Table 98: 3. GAR KPI stock (CAPEX) _1/6

% (compared to total covered assets in the denominator)	Disclosure reference date T												
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator													
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	21.29%	1.13%	0.52%	0.01%	0.02%	0.11%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 **Financial undertakings**	1.19%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3 Credit institutions	1.19%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	1.19%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20 **Non-financial undertakings**	0.80%	0.51%	0.00%	0.01%	0.02%	0.11%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21 Loans and advances	0.80%	0.51%	0.00%	0.01%	0.02%	0.11%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24 **Households**	19.30%	0.52%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25 of which loans collateralised by residential immovable property	19.29%	0.51%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
26 of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
27 of which motor vehicle loans	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	21.29%	1.13%	0.52%	0.01%	0.02%	0.11%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Table 99: 3. GAR KPI stock (CAPEX) _2/6

#	% (compared to total covered assets in the denominator)	Disclosure reference date T							
		Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%				
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%				
27	of which motor vehicle loans								
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Table 100: 3. GAR KPI stock (CAPEX) _3/6

	% (compared to total covered assets in the denominator)	Disclosure reference date T									
		Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL (CCM)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	21.41%	1.25%	0.52%	0.01%	0.02%	25.52%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	1.19%	0.10%	0.00%	0.00%	0.00%	7.93%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	1.19%	0.10%	0.00%	0.00%	0.00%	6.48%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.62%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	1.19%	0.10%	0.00%	0.00%	0.00%	4.86%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.45%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.02%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.92%	0.63%	0.00%	0.01%	0.02%	3.02%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.91%	0.62%	0.00%	0.01%	0.02%	2.77%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.25%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	19.30%	0.52%	0.52%	0.00%	0.00%	13.82%
25	of which loans collateralised by residential immovable property					19.29%	0.51%	0.51%	0.00%	0.00%	13.34%
26	of which building renovation loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans					0.01%	0.01%	0.01%	0.00%	0.00%	0.47%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%
32	**Total GAR assets**	0.00%	0.00%	0.00%	0.00%	21.41%	1.25%	0.52%	0.01%	0.02%	69.15%

Table 101: 3. GAR KPI stock (CAPEX) _4/6

% (compared to total covered assets in the denominator)	Disclosure reference date T -1												
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator													
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	22.24%	1.27%	0.53%	0.02%	0.02%	0.13%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 **Financial undertakings**	1.42%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3 Credit institutions	1.42%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	1.42%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20 **Non-financial undertakings**	0.97%	0.62%	0.00%	0.02%	0.02%	0.13%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21 Loans and advances	0.97%	0.62%	0.00%	0.02%	0.02%	0.13%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24 **Households**	19.85%	0.53%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25 of which loans collateralised by residential immovable property	19.85%	0.53%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
26 of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
27 of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	22.24%	5.70%	2.37%	0.07%	0.10%	0.58%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 102: 3. GAR KPI stock (CAPEX) _5/6

	% (compared to total covered assets in the denominator)	Disclosure reference date T -1: Transition to a Circular Economy (CE): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CE: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CE: Of which Use of Proceeds	CE: Of which enabling	Pollution Prevention and Control (PC): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	PC: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	PC: Of which Use of Proceeds	PC: Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%				
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%				
27	of which motor vehicle loans								
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Table 103: 3. GAR KPI stock (CAPEX) _6/6

	% (compared to total covered assets in the denominator)	Disclosure reference date T -1										
		Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL (CCM)						
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	22.37%	1.40%	0.53%	0.02%	0.02%	22.37%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	1.42%	0.12%	0.00%	0.00%	0.00%	1.42%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	1.42%	0.12%	0.00%	0.00%	0.00%	1.42%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	1.42%	0.12%	0.00%	0.00%	0.00%	1.42%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	1.10%	0.75%	0.00%	0.02%	0.02%	1.10%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	1.10%	0.75%	0.00%	0.02%	0.02%	1.10%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	19.85%	0.53%	0.53%	0.00%	0.00%	19.85%
25	of which loans collateralised by residential immovable property					19.85%	0.53%	0.53%	0.00%	0.00%	19.85%
26	of which building renovation loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	0.00%	0.00%	0.00%	0.00%	100.60%	6.31%	2.37%	0.07%	0.11%	22.84%

Table 104: 4.GAR KPIs FlowC _1/3

% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator													
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	41.13%	2.62%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 **Financial undertakings**	**6.19%**	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3 Credit institutions	7.83%	0.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5 Debt securities. including UoP	10.97%	0.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20 **Non-financial undertakings**	**56.01%**	29.07%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21 Loans and advances	58.24%	30.72%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22 Debt securities. including UoP	16.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24 **Households**	**90.59%**	2.38%	2.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
25 of which loans collateralised by residential immovable property	100.00%	2.53%	2.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
26 of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
27 of which motor vehicle loans	0.89%	0.89%	0.89%	0.00%	0.00%	0.00%							
28 **Local governments financing**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29 Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32 **Total GAR assets**	**13.24%**	0.84%	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 105: 4.GAR KPIs FlowC _2/3

	% (compared to flow of total eligible assets)	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator								
1	Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	0.00%			
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%	0.00%			
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%			
27	of which motor vehicle loans								
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing								
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Table 106: 4.GAR KPIs FlowC _3/3

% (compared to flow of total eligible assets)	Protection and Restoration of Biodiversity and Ecosystems (Ecos)				TOTAL					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator										
1 Loans and advances. debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	41.13%	2.62%	0.92%	0.00%	0.00%	19.58%
2 **Financial undertakings**	0.00%	0.00%	0.00%	0.00%	6.19%	0.50%	0.00%	0.00%	0.00%	10.51%
3 Credit institutions	0.00%	0.00%	0.00%	0.00%	7.83%	0.63%	0.00%	0.00%	0.00%	8.31%
4 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.38%
5 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	10.97%	0.88%	0.00%	0.00%	0.00%	5.93%
6 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7 Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.20%
8 of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12 of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
13 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
14 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16 of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%
17 Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
18 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
19 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20 **Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	56.02%	29.07%	0.00%	0.03%	0.00%	0.96%
21 Loans and advances	0.00%	0.00%	0.00%	0.00%	58.25%	30.72%	0.00%	0.03%	0.00%	0.91%
22 Debt securities. including UoP	0.00%	0.00%	0.00%	0.00%	16.76%	0.00%	0.00%	0.00%	0.00%	0.05%
23 Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24 **Households**					90.59%	2.38%	2.38%	0.00%	0.00%	7.57%
25 of which loans collateralised by residential immovable property					100.00%	2.53%	2.53%	0.00%	0.00%	6.85%
26 of which building renovation loans					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27 of which motor vehicle loans					0.89%	0.89%	0.89%	0.00%	0.00%	0.72%
28 **Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%
29 Housing financing					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30 Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
32 **Total GAR assets**	0.00%	0.00%	0.00%	0.00%	13.24%	0.84%	0.30%	0.00%	0.00%	60.79%

Table 107: 5.KPI off-balance sheet exposures (CAPEX)_1/3

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Sustainable Use and Protection of Water and Marine Resources (SST)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	5.369%	0.056%	0.000%	0.000%	0.000%	13.153%	13.153%	0.000%	0.010%	0.000%	0.000%	0.000%	0.000%
2 Assets under management (AuM KPI)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which debt securities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which equity instruments	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Table 108: 5.KPI off-balance sheet exposures (CAPEX) _2/3

% (compared to total eligible off-balance sheet assets)	Transition to a Circular Economy (CE)				Pollution Prevention and Control (PC)				Protection and Restoration of Biodiversity and Ecosystems (Ecos)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
		Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	0.000%	0.000%	0.000%	0.000%	0.059%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2 Assets under management (AuM KPI)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which debt securities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Of which equity instruments	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Table 109: 5.KPI off-balance sheet exposures (CAPEX) _3/3

% (compared to total eligible off-balance sheet assets)	TOTAL				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally s ustainable (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	18.582%	13.210%	0.000%	0.000%	0.010%
2 Assets under management (AuM KPI)	0.000%	0.000%	0.000%	0.000%	0.000%
Of which debt securities	0.000%	0.000%	0.000%	0.000%	0.000%
Of which equity instruments	0.000%	0.000%	0.000%	0.000%	0.000%

Nuclear and fossil gas reporting
In accordance with Article 8(6), (7) and (8) of the amended Disclosures Delegated Act NLB prepared the exposure to nuclear energy and fossil gas energy sectors i. The latter act outlines technical screening criteria and conditions under which activities in energy sector are qualified as sustainable under the EU Taxonomy.
To calculate KPI's, data available for this year's disclosure from NFRD undertakings has been used. Limited data availability for this year resulted from providing complete and accurate representation of exposures to these activities.
With ongoing advancements in regulatory reporting practices and continual efforts to improve data collection, we anticipate a progressive enhancement in the quality of available data. This improvement trajectory will facilitate more precise and thorough analyses of exposures related to nuclear energy and fossil gas activities.

Table 110: Template 1 Nuclear and fossil gas related activities, turnover- and CapEx-based

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table 111: Template 2 Taxonomy-aligned economic activities (denominator)

	TURNOVER	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	(in 000 EUR)	TOTAL		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**258,974**	**100.00%**	**252,932**	**100.00%**	**5,967**	**100.00%**
8.	**Total applicable KP**	**258,974**	**100.00%**	**252,932**	**100.00%**	**5,967**	**100.00%**

	CAPEX	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	(in 000 EUR)	TOTAL		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00%	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**240,572**	**100.00%**	**218,652**	**100.00%**	**21,015**	**100.00%**
8.	**Total applicable KP**	**240,572**	**100.00%**	**218,652**	**100.00%**	**21,015**	**100.00%**

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Table 112: Template 3 Taxonomy-aligned economic activities (numerator)

	TURNOVER	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	(in 000 EUR)	TOTAL		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the nominator of the applicable KPI**	**258,974**	**100.00%**	**252,932**	**100.00%**	**5,967**	**100.00%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**258,974**	**100.00%**	**252,932**	**100.00%**	**5,967**	**100.00%**

	CAPEX	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	(in 000 EUR)	TOTAL		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the nominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the nominator of the applicable KPI**	**240,572**	**100.00%**	**218,652**	**100.00%**	**21,015**	**100.00%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**240,572**	**100.00%**	**218,652**	**100.00%**	**21,015**	**100.00%**

Table 113: Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

	TURNOVER	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	(in 000 EUR)		TOTAL	Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
2.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
3.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
4.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
5.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**3,910,860**	**100.00%**	**3,910,622**	**100.00%**	**0**	**100.00%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable KPI**	**3,910,860**	**100.00%**	**3,910,622**	**100.00%**	**0**	**100.00%**

	CAPEX	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	(in 000 EUR)		TOTAL	Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
2.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
3.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
4.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
5.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0.00	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	3,884,492	100.00%	3,884,447	100.00%	0	100.00%
8.	**Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable KPI**	3,884,492	100.00%	3,884,447	100.00%	0	100.00%

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Table 114: Template 5 Taxonomy non-eligible economic activities

		TURNOVER		CAPEX	
	Economic activities	Amount	%	Amount	%
1.	"Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI"	0	0.00%	0	0.00%
2.	"Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI"	0	0.00%	0	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**15,099,020**	**100.00%**	**15,143,790**	**100.00%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI'**	**15,099,020**	**100.00%**	**15,143,790**	**100.00%**

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Appendix 2: Methodological outline for operational GHG emissions calculation

Table 115: Methodological outline for operational GHG emission calculation

Scope	Reported metrics	Definition	Measure-ment units	Reporting units	Methodology and emission factors
Scope 1 - 1.1.1	Fuel Combustion [pellets, biomass]	Carbon emissions related to consumption of natural gas	m^3, kWh-GCV, MWh-GCV, conversion factor from GCV to NCV is 0.9, conversion factor from m^3 to kWh is 9.47 kWh/m^3	t CO_2eq	Consumption data is obtained in the following accuracy and priority manner: 1. Consumption data as provided by invoicing from the relevant utility company. 2. In cases, where the NLB Group member does not utilize the whole floor, consumption data were provided either i) by the building manager based on a meter reading or ii) the renting provider based on a meter reading and proportional sharing principle. 3. In cases where data were not available or costs were fixed per m^2, a location benchmark is created [m^3/m^2] by dividing the location's consumption [m^3] in the same period but a different year by the occupied floor area [m^2]. Each entity's calculation spreadsheet includes information on how energy consumption data has been attributed for each branch. Emission factors for this category are presented below (Scope 1).
Scope 1 - 1.2	Fuel Combustion [heating oil]	Carbon emissions related to consumption of heating oil	l, km	t CO_2eq	Consumption data is provided by invoicing from the relevant heating oil Provider. Each entity's calculation spreadsheet includes information on how energy consumption data has been attributed for each branch. Emission factors for this category are presented below (Scope 1).
Scope 1 - 1.3	Fuel Combustion [liquid petroleum gas]	Carbon emissions related to consumption of liquid petroleum gas	Sm^3	t CO_2eq	Consumption data is obtained by invoicing from the relevant utility companyIf another unit used, the calculation is made in m^3 (=Sm^3). Each entity's calculation spreadsheet includes information on how energy consumption data has been attributed for each branch. Emission factors for this category are presented below (Scope 1).
Scope 1 - 1.1.4	Fuel Combustion [pellets, biomass]	Zero-emission source	kg	t CO_2eq	Consumption data is provided by invoicing from the relevant pellet provider. Emission factors for this category are presented below (Scope 1).
Scope 1 - 1.2	Vehicle Fleet (Mobile combustion) [gasoline, diesel]	Carbon emissions related to NLB Group's own fleet travel	l, km	t CO_2eq	Data is obtained in the following accuracy and priority manner: 1. Information on the distance [km] as provided by the fleet managers. 2. Consumption data [l] as provided by the invoices from the fuel companies per relevant vehicles (reg. plate). 3. Consumption data [l/km] as provided by the fleet managers. Emission factors for this category are presented below (Scope 1).
Scope 1 - 1.3	Refrigerants	GHG emissions related to consumption of gases intended for cooling purposes	kg	t CO_2eq	Consumption data is obtained in the following accuracy and priority manner: 1. Consumption data as provided from invoices for maintenance of added refrigerant. 2. Refrigerant quantity data from HVAC system, 10% of yearly leakage. Emissions factors based on IPCC, Assessment report AR5. Emissions factors for this category are presented below (Scope 1).
Scope 2- 2.1	Electricity (market-based)	Carbon emissions related to purchased electricity consumed by NLB Group	kWh	t CO_2eq	Consumption data is obtained in the following accuracy and priority manner: 1. Consumption data as provided by invoicing from the relevant utility company. 2. In cases, where NLB Group member does not utilize the whole floor, consumption data were provided either i) by the building manager based on a meter reading or ii) the renting provider based on a meter reading and proportional sharing principle. 3. In cases where data were not available or costs were fixed per m2, a location benchmark is created [kWh/m^2] by dividing the location's consumption [kWh] in the same period but a different year by the occupied floor area [m^2]. Energy mix data with regard to electric energy production sources is obtained in the following accuracy and priority manner: 1. Data as provided by the electricity suppliers. 2. Where electricity suppliers have not provided this data, national electricity energy mix data is used. In the case of electric vehicles, an location-based emissions factor is used as there is no data on electricity source for EV charging. Emissions factors for market-based emissions are used based on Guarantees of Origin or RES and nuclear electricity, otherwise residual mix obtained from national or international databases (Slovene Energy Agency, AIB for other countries and Electricity Map for Kosovo and North Macedonia). Emissions factors for this category are presented below (Scope 2).

Scope	Reported metrics	Definition	Measure-ment units	Reporting units	Methodology and emission factors
Scope 2- 2.1	Electricity (location-based)	Carbon emissions related to purchased electricity consumed by NLB Group	kg	t CO_2eq	As for electricity (market-based),emissions factors for location-based emissions are used from national or international databases – production mix (for Slovenia – Slovene Energy Agency, AIB for other countries and Electricity Map for Kosovo and North Macedonia). Emissions factors for this category are presented below (Scope 2).
Scope 2- 2.2	District heating (location-based)	Carbon emissions related to consumption of heat from district heating	km	t CO_2eq	Consumption data is obtained in the following accuracy and priority manner: 1. Consumption data as provided by invoicing from the relevant utility company. 2. In cases, where NLB Group member does not utilize the whole floor, consumption data were provided either i) by the building manager based on a meter reading or ii) the renting provider based on a meter reading and proportional sharing principle. 3. In cases where data were not available or costs were fixed per m^2, a location benchmark is created [kWh/m^2] by dividing the location's consumption [kWh] in the same period but a different year by the occupied floor area [m^2]. Each entity's calculation spreadsheet includes information on how energy consumption data has been attributed for each branch. Market based emission factors are used from DH producers, where data are known, otherwise location based emission factor is used. For location-based emission factor for Slovenia is used for all countries, due to regional similarities,as acknowledged by GHG Protocol (in absence of market-based emissions factors, location-based factors can be used for market-based calculations). Emissions factors for this category are presented below (Scope 2).
Scope 3 – Cat. 1	Purchase of goods and services	Carbon emissions related to production/supply of paper and water	km, type of transport	t CO_2eq	Water consumption data was used either from invoices or estimated. No estimation method is prescribed by the methodology. Paper data are supplied by each entity using data on paper monitoring in the Paperless Office project. For all countries, data from the UK Government, Department for Energy Security & Net Zero (former DEFRA), https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set__for_advanced_users__v1_1.xlsx. Emissions factors for this category are presented below (Scope 3).
Scope 3 – Cat. 5	Waste in operations	Carbon emissions related to waste generated in offices		t CO_2eq	For all countries data from UK UK Government, Department for Energy Security & Net Zero (former DEFRA), https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set__for_advanced_users__v1_1.xlsx. Emission factors for this category are presented below (Scope 3).
Scope 3 – Cat. 6	Business travel	Carbon emissions caused by business travel		t CO_2eq	Data from the company's IT database on business travel in km and type of transport. In the case of public transport, for all countries data from the UK Government, Department for Energy Security & Net Zero (former DEFRA), https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set__for_advanced_users__v1_1.xlsx. In the case of airplane emissions, data from airline tickets is used or the International Civil Aviation Organization (ICAO) calculator is used: https://www.icao.int/ENVIRONMENTAL-PROTECTION/CarbonOffset/Pages/default.aspx. If data on the business trip is not in a format appropriate for calculation with the ICAO method, data from the UK Government, Department for Energy Security & Net Zero (former DEFRA) is used.https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set__for_advanced_users__v1_1.xlsx. Emission factors for this category are presented below (scope 3).
Scope 3 – Cat. 7	Employees commuting to and from work	Carbon emissions caused by employees' commute to and from work			Anonymized data is obtained from internal HR databases. Selected based on data estimation of driving type. The emissions factors source for Slovenia is the Jozef Stefan Institute, Energy Efficiency Centre; for other countries data from the UK Government, Department for Energy Security & Net Zero (former DEFRA), https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set__for_advanced_users__v1_1.xlsx. Emission factors for this category are presented below (scope 3).

Table 116: GHG Emission Factors

Scope 1	Emission source	Country	EF Source	2024	Unit
Energy source	Heating oil	All countries	IJS-CEU based on National inventory report, ARSO, Conversion to GHG with GWP AR5	0.268	kgCO_2eq/kWh
	LPG	All countries	IJS-CEU based on National inventory report, ARSO, Conversion to GHG with GWP AR5	0.228	kgCO_2eq/kWh
	Natural gas	All countries	IJS-CEU based on National inventory report, ARSO, Conversion to GHG with GWP AR5	0.204	kgCO_2eq/kWh
	Gasoline	All countries	IJS-CEU based on National inventory report, ARSO, Conversion to GHG with GWP AR5	0.251	kgCO_2eq/kWh
	Diesel	All countries	IJS-CEU based on National inventory report, ARSO, Conversion to GHG with GWP AR5	0.269	kgCO_2eq/kWh
	Biomass	All countries	IJS-CEU based on National inventory report, ARSO, Conversion to GHG with GWP AR5	0.034	kgCO_2eq/kWh
Refrigerant	R410A	All countries	UK Defra	1,924	kgCO_2eq/kg (AR5)
	R417A	All countries	UK Defra	2,127	kgCO_2eq/kg (AR5)
	R422D	All countries	UK Defra	2,473	kgCO_2eq/kg (AR5)
	R134A	All countries	UK Defra	1,300	kgCO_2eq/kg (AR5)
	R1234f	All countries	UK Defra	1	kgCO_2eq/kg (AR5)
	R407C	All countries	UK Defra	1,624	kgCO_2eq/kg (AR5)
	R22	All countries	UK Defra	1,760	kgCO_2eq/kg (AR5)
	R32	All countries	UK Defra	677	kgCO_2eq/kg (AR5)
	R422A	All countries	UK Defra	2,847	kgCO_2eq/kg (AR5)
Scope 2	**Emission source**	**Country**	**EF Source**	**2024**	**Unit**
Market based	Electricity	Slovenia	Agencija RS	0.459	kgCO_2/kWh
	Electricity	Slovenia TR3	Agencija RS	0.000	kgCO_2/kWh
	Electricity	BIH Banja Luka	AIB, Residual mix	0.720	kgCO_2/kWh
	Electricity	BIH Sarajevo	AIB, Residual mix	0.720	kgCO_2/kWh
	Electricity	Črna Gora Podgorica	AIB, Residual mix	0.748	kgCO_2/kWh
	Electricity	Srbija Beograd	AIB, Residual mix	0.967	kgCO_2/kWh
	Electricity	Srbija Beograd KB	AIB, Residual mix	0.967	kgCO_2/kWh
	Electricity	Makedonija Skopje	Electricity Map, Production mix	0.543	kgCO_2eq/kWh
	Electricity	Kosovo Prishtina	Electricity Map, Production mix	0.820	kgCO_2eq/kWh
	Electricity	Croatia	AIB, Residual mix	0.550	kgCO_2/kWh
	Electricity	Slovenia - Petrol d.d.	Petrol	0.390	kgCO_2/kWh
	Electricity	Slovenia - Energija Plus	Energija Plus	0.405	kgCO_2/kWh
	Electricity	Slovenia - E3	E3	0.433	kgCO_2/kWh
	Electricity	Slovenia - Elektro Energija	Elektro Energija	0.000	kgCO_2/kWh
	Electricity	Makedonija Skopje 2024	IJS-CEUI considering contract mix	0.158	kgCO_2eq/kWh
Market-based	District heating	Slovenia - Energetika LJ	Energetika LJ	0.47	kgCO_2/kWh
	District heating	Slovenia - KP Velenje	KP Velenje	0.28	kgCO_2/kWh
Location-based	Electricity	Slovenia	IJS-CEU	0.234	kgCO_2eq/kWh
	Electricity	BIH	AIB, Production mix	0.701	kgCO_2/kWh

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	Electricity	Montenegro	AIB, Production mix	0.467	kgCO$_2$/kWh
	Electricity	Serbia	AIB, Production mix	0.767	kgCO$_2$/kWh
	Electricity	North Macedonia	Electricity Map, Production mix	0.543	kgCO$_2$eq/kWh
	Electricity	Kosovo	Electricity Map, Production mix	0.820	kgCO$_2$eq/kWh
	Electricity	Croatia	AIB, Production mix	0.177	kgCO$_2$/kWh
Location-Based	District heating	Slovenia	IJS-CEU	0.269	kgCO$_2$eq/kWh
	District heating	BIH-BA	IJS-CEU	0.269	kgCO$_2$eq/kWh
	District heating	Biomasa	IJS-CEU based on ARSO data	0.034	kgCO$_2$eq/kWh
	District heating	Other Countries	IJS-CEU	0.269	kgCO$_2$eq/kWh
	District heating	Slovenia NLB Lease&go	IJS-CEU based on ARSO data	0.204	kgCO$_2$eq/kWh
	District heating	Biomass	See Scope 1 above	0.034	kgCO$_2$eq/kWh
	District heating	Natural gas	See Scope 1 above	0.204	kgCO$_2$eq/kWh
	District heating	Heating oil	See Scope 1 above	0.268	kgCO$_2$eq/kWh
Vehicles	Electricity_EV	Slovenia	Location-based EF	0.234	kgCO$_2$eq/kWh
	Electricity_EV	BIH	Location-based EF	0.701	kgCO$_2$/kWh
	Electricity_EV	Montenegro	Location-based EF	0.467	kgCO$_2$/kWh
	Electricity_EV	Serbia	Location-based EF	0.767	kgCO$_2$/kWh
	Electricity_EV	North Macedonia	Location-based EF	0.543	kgCO$_2$eq/kWh
	Electricity_EV	Kosovo	Location-based EF	0.820	kgCO$_2$eq/kWh
	Electricity_EV	Croatia	Location-based EF	0.177	kgCO$_2$/kWh
	Emissions source	Country	EF Source	2024	Unit

Scope 3	Emission source	Country	EF Source	2024	Unit
3.1 Purchased goods	Water	All countries	UK Defra (Water supply)	0.153	kgCO$_2$eq/m^3
	Paper	All countries	UK Defra (Material use; Paper)	1.339	kgCO$_2$eq/kg
3.3 WTT	WTT-Heating oil	All countries	UK Defra, WTT fuels, Gas oil, Net NCV	0.063	[kgCO$_2$eq/kWh]
	WTT-LPG	All countries	UK Defra, WTT fuels, NET NCV	0.027	[kgCO$_2$eq/kWh]
	WTT-Natural gas	All countries	UK Defra, WTT fuels, NET NCV	0.033	[kgCO$_2$eq/kWh]
	WTT-Gasoline	All countries	UK Defra, WTT fuels, Average biofuel blend, NET NCV	0.065	[kgCO$_2$eq/kWh]
	WTT-Diesel	All countries	UK Defra, WTT fuels, Average biofuel blend, NET NCV	0.062	[kgCO$_2$eq/kWh]
	WTT-Other heating	All countries	UK Defra, WTT bioenergy, Wood pellets	0.037	[kgCO$_2$eq/kWh]
3.5 Waste	Waste	All countries	UK Defra (Plastics: average plastics)	0.009	kgCO$_2$eq/kg
3.6 Work commute and 3.7 Business travel	public transport	Slovenia	IJS	0.079	[kgCO$_2$eq/pkm]
	on foot	Slovenia		0	[kgCO$_2$eq/pkm]
	personal car	Slovenia	IJS	0.138	[kgCO$_2$eq/pkm]

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	company car	Included in scope 1			[kgCO_2eq/pkm]
	electric car	Slovenia	UK Defra	0.0442	[kgCO_2eq/pkm]
	bicycle	Slovenia	IJS	0	[kgCO_2eq/pkm]
	electric scooter	Slovenia	IJS	0.03	[kgCO_2eq/pkm]
	motorcycle / moped	Slovenia	UK Defra	0.1009	[kgCO_2eq/pkm]
	bus	Slovenia	IJS	0.079	[kgCO_2eq/pkm]
	train	Slovenia	IJS	0.048	[kgCO_2eq/pkm]
	electric bike	Slovenia	UK Defra	0.014	[kgCO_2eq/pkm]
	taxi	Slovenia	IJS	0.089	[kgCO_2eq/pkm]
	airplane	Slovenia	UK Defra, International, average passenger, Without RF	0.1029	[kgCO_2eq/pkm]
3.6 Work commute and 3.7 Business travel	public transport	Other countries	UK Defra	0.10846	[kgCO_2eq/pkm]
	on foot	Other countries		0	[kgCO_2eq/pkm]
	personal car	Other countries	UK Defra	0.16691	[kgCO_2eq/pkm]
	company car	Included in scope 1			[kgCO_2eq/pkm]
	electric car	Other countries	UK Defra	0.0442	[kgCO_2eq/pkm]
	bicycle	Other countries	UK Defra	0	[kgCO_2eq/pkm]
	electric scooter	Other countries	UK Defra	0.03	[kgCO_2eq/pkm]
	motorcycle / moped	Other countries	UK Defra	0.1009	[kgCO_2eq/pkm]
	bus	Other countries	UK Defra	0.10846	[kgCO_2eq/pkm]
	train	Other countries	UK Defra	0.03546	[kgCO_2eq/pkm]
	electric bike	Other countries	UK Defra	0.014	[kgCO_2eq/pkm]
	taxi	Other countries	UK Defra	0.14861	[kgCO_2eq/pkm]
	airplane	Other countries	UK Defra, International, average passenger, Without RF	0.1029	[kgCO_2eq/pkm]

Appendix 3: IRO-2 Disclosure requirements in ESRS covered in the Sustainability Statement

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Appendix 4: List of datapoints that derive from other EU legislation (ESRS 2 appendix B)

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement adn related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number (TBD)
ESRS 2 GOV-1 **Board's gender diversity paragraph 21 (d)**	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816(5), Annex II		Material	182
ESRS 2 GOV-1 **Percentage of board members who are independent paragraph 21 (e)**			Delegated Regulation (EU) 2020/1816, Annex II		Material	181
ESRS 2 GOV-4 **Statement on due diligence paragraph 30**	Indicator number 10 Table #3 of Annex 1				Material	196
ESRS 2 SBM-1 **Involvement in activities related to fossil fuel activities paragraph 40 (d) i**	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453(6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Material	227 , 249 , 250
ESRS 2 SBM-1 **Involvement in activities related to chemical production paragraph 40 (d) ii**	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	227 , 249 , 250
ESRS 2 SBM-1 **Involvement in activities related to controversial weapons paragraph 40 (d) iii**	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Material	227 , 249 , 250
ESRS 2 SBM-1 **Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv**			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Material	227 , 249 , 250
ESRS E1-1 **Transition plan to reach climate neutrality by 2050 paragraph 14**				Regulation (EU) 2021/1119, Article 2(1)	Material	
ESRS E1-1 **Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)**		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	210
ESRS E1-4 **GHG emission reduction targets paragraph 34**	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	236
ESRS E1-5 **Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38**	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not Material	-

ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				**Material**	240
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not Material	-
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	241
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	242
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not Material	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Material, subject to phase in	-
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material, subject to phase in	-
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Material, subject to phase in	-
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Material, subject to phase in	-
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not Material	-
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				**Not Material**	-
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not Material	-
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not Material	-
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not Material	-
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not Material	-
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not Material	-
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not Material	-

ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not Material	-
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not Material	-
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 ©	Indicator number 12 Table #2 of Annex 1				Not Material	-
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not Material	-
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not Material	-
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not Material	-
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not Material, but disclosed	256 , 261
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not Material, but disclosed	256 , 261
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	260
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	261
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	261
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	264
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	271
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	265
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	265
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	268
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	268
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	261
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	261
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not Material	-

ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not Material	260
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not Material	-
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material	-
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not Material	-
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not Material	-
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Material	260
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	196 , 260 , 280
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	275
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	282
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	274
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Material	274
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	295
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	297
ESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	296
ESRS G1-4Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	296

Appendix 5: Responsible banking progress statement for PRB Signatories*

Summary template

NLB Group 2024

Principle 1:

Alignment

NLB Group aligns its business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the UN SDGs, Paris Climate Agreement, United Nations Guiding Principles on Business and Human Rights, and relevant national and regional frameworks such as the Sofia Declaration on the Green Agenda for the Western Balkans, and national energy and climate plans. Through successful acquisitions of Generali Investments AD Skopje and the SLS Group, NLB Group has also expanded its operations to the Croatian market.

Links & references

For detailed information please refer to:

» NLB Group at Glance

» This is where our community thrives

» Strategy

» Incorporating ESG risks, p. 107, p. 222, p. 298

Principle 2:

Impact & Target Setting

NLB Group is amplifying its positive impacts while minimizing negative impacts in key areas: climate, healthy and inclusive economies, and human rights within its own workforce. In 2024, NLB Group conducted a Double Materiality Analysis aligned with ESRS standards, leveraging the UNEP FI Impact Analysis tool. Furthermore, in 2024, NLB Group set new target in the area of healthy and inclusive economies, while targets related to climate and resource efficiency are further being developed.

Links & references

For detailed information please refer to:

» SBM-3 Material IROs and their interaction with the strategy and business model p. 204, p. 207

» Targets related to climate change mitigation and adaptation, p. 214, p. 234

» Financial health and inclusion targets

Principle 3:

Clients & Customers

The relationship with consumers and end users is at the heart of NLB Group's business model. With more than 2.9 million clients, NLB Group is one of the leading financial groups in the SEE region.

Links & references

For detailed information please refer to:

» S-4 Consumers and end-users

» E1 Climate Change

» Appendix 1: Taxonomy

*Not subject to external assurance.

Principle 4:

Stakeholders

NLB Group continually engages with a wide range of stakeholders to provide them with relevant information on various topics, to consider their views, concerns and aspirations in business decisions, and to enhance trust and partnerships.

Links & references
For detailed information please refer to:

» Interests and views of stakeholders

Principle 5:

Governance & Culture

NLB Group constantly strives to improve its governance structures in the area of sustainability. In 2024, it adopted a revised Sustainability Policy, and in addition to the existing sustainability committee, it established a climate committee. Furthermore, NLB Group employees are obliged to take sustainability training at least once a year. With this, the Group is strengthening its commitment to the set goals and responding to the needs arising from the daily operations of various stakeholders.

Links & references
For detailed information please refer to:

» Governance information

Principle 6:

Transparency & Accountability

NLB Group reports on sustainability in line with the EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS).

Third-party limited assurance has been obtained by KPMG.

Links & references
For detailed information please refer to:

» Limited Assurance Statement

PRB Targets overview

Target	2024	Target value	Target year
Paper consumption (number in thousand)	68,448	65,343	2025
Share of electricity from zero-carbon sources	69%	75%	2030
Digital penetration (% of active digital users in total number of clients)	56,4	55 80	2025 2030
Green lending to corporates (large, SME) - outstanding stock in EUR million	701	1,370	2030
Green lending to micro and private individuals - outstanding stock in EUR million	327	528	2030
Number of young clients (18-27 years) with products related to long-term savings and/or investment plans	29%	+15%	2030
Number of age 27+ up to retired clients with products related to long-term savings and/or investment plans	39%	+15%	2030

Appendix 6: TCFD Index Table*

As an issuer on the London Stock Exchange, NLB discloses climate-related financial information related to NLB Group for the third time in reference to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations regarding (1) governance, (2) business strategy, (3) risk management, (4) metrics and targets. NLB acknowledges that this framework is fully incorporated in the IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) as of year-end 2023. For fiscal year 2024, NLB prepared the Sustainability Statement in accordance with the Corporate Social Responsibility Directive (CSRD) and ESRS (European Sustainability Reporting Standards), which also incorporates elements of TCFD framework. In addition, NLB Group has published the Pillar III Disclosures, which is available on the NLB Group website.

This content index provides to stakeholders the relevant information on TCFD disclosure location in the NLB Group Sustainability Statement 2024 and NLB Group Pillar III Disclosures for the 2024.

RECOMMENDATIONS	Disclosure location
I.GOVERNANCE	
a) The Board's oversight of climate-related risks and opportunities **b) Management's role in assessing and managing climate-related risks and opportunities**	**Sustainability Statement:** · Governance, pages 181 – 197 · Information provided to and sustainability matters addressed by the administrative, supervisory, and management bodies, page 190 · Integration of sustainability-related performance in incentive schemes, pages 190 - 194
II. STRATEGY	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. **b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.** **c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.**	**Sustainability Statement:** · Transition plan for climate change mitigation, page 210 - 2017 · Material climate-related impacts, risks and opportunities and their interaction with strategy and business model, page 217 · Resilience analysis, page 218 · Sustainable finance, page 246 - 251
d) Banks should describe significant concentrations of credit exposure to carbon-related assets.	· Pillar III Disclosures for the 2024: Exposures to top 20 carbon-intensive firms, page 127

*Not subject to external assurance.

RECOMMENDATIONS	Disclosure location
e) Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities.	**Sustainability Statement:** · Material climate-related impacts, risks and opportunities and their interaction with strategy and business model, page 217 · Pillar III Disclosures: Exposures subject to physical risk, pages 128-129
III. RISK MANAGEMENT	
a) The organization's processes for identifying and assessing climate-related risks	**Sustainability Statement:** · Material climate-related IROs and their interaction with strategy and business model, page 217 · Identification and assessment of material climate-related IROs, page 218 - 221 · Identification and assessment of material climate-related risks, page 222 - 226 · ESG Risk management, page 298 - 300
b) The organization's processes for managing climate-related risks	
c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
d) Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk. Banks should also consider describing any risk classification frameworks used (e.g., the Enhanced Disclosure Task Force's framework for defining "Top and Emerging Risks")	
IV. METRICS	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	**Sustainability Statement:** · Identification and assessment of material climate-related risks, page 222 - 226 · EU Taxonomy regulation, page 215 and Appendix 1, page 307 - 353
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	**Sustainability Statement:** · Gross Scopes 1, 2, 3 and total GHG emissions, page 241
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performances against targets.	**Sustainability Statement:** · Targets related to climate change mitigation and adaptation, page 236
d) Banks should disclose GHG emissions for their lending and other financial intermediary business activities where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology.	· **Pillar III Disclosures:** Credit Quality of Exposures, page 120

Transparency and accuracy are the cornerstones of our integrity. This chapter provides comprehensive explanations of financial data, additional disclosures, detailed notes to the financial statements, and supplementary information, offering deeper insights into NLB Group’s financial performance and operations.

FINANCIAL REPORT

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Independent Auditor's Report

KPMG
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Independent Auditor's Report

To the shareholders of NOVA LJUBLJANSKA BANKA D.D., LJUBLJANA

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate financial statements of NOVA LJUBLJANSKA BANKA D.D., LJUBLJANA (the "Bank") and the consolidated financial statements of the Bank and its subsidiaries (collectively, the "Group"), which comprise:

- the separate and consolidated statements of financial position as at 31 December 2024;

and, for the period from 1 January to 31 December 2024:

- the separate and consolidated statements of profit or loss;
- the separate and consolidated statements of other comprehensive income;
- the separate and consolidated statements of changes in equity;
- the separate and consolidated statements of cash flows;

and

- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the unconsolidated and consolidated financial position, respectively, of the Bank and the Group as at 31 December 2024, and of their respective unconsolidated and consolidated financial performance and unconsolidated and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (OJ L 158, 27 May 2014, p. 77-112 - Regulation (EU) No 537/2014). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Bank and the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

vpis v sodni register: Okrožno sodišče v Ljubljani
št. reg. vl.: 061/12062100
osnovni kapital: 54.892,00 EUR
ID za DDV: SI20437145
matična št.: 5648556000

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matters:

Impairment of loans and receivables from customers

As at 31 December 2024, the gross carrying amount of loans and advances to customers of the Bank and the Group, respectively: EUR 8,811,061 thousand and EUR 16,721,410 thousand; related impairment allowance of the Bank and the Group, respectively: EUR 157,713 thousand and EUR 357,761 thousand and related impairment loss recognised in the income statement in the year then ended, for the Bank and the Group, respectively: EUR 41,348 thousand and EUR 31,431 thousand (31 December 2023: the gross carrying amount of loans and advances to customers of the Bank and the Group, respectively: EUR 7,267,851 thousand and EUR 14,063,228 thousand; related impairment allowance of the Bank and the Group, respectively: EUR 119,568 thousand and EUR 328,627 thousand and related impairment loss/(reversal) recognised in the income statement for the Bank and the Group, respectively: EUR 11,435 thousand and EUR (3,764) thousand).

Refer to the Note 2.14. Allowances for financial assets, Note 2.35. Critical accounting estimates and judgments in applying accounting policies, Note 4.14 Impairment charge, Note 5.6. Financial assets measured at amortised cost, Note 5.14. Movements in allowance for the impairment of financial assets and Note 6.1. Credit risk management.

Key audit matter	Our response
Allowances for impairment represent the Management Board's best estimate of the expected credit losses ("ECLs") within loans and advances to customers ("loans", "exposures") measured at amortized cost at the reporting date. We focused on this area as the measurement of allowances for impairment requires the Management Board to make complex and subjective assumptions and judgements. The Bank and the Group calculate allowances for credit losses in accordance with IFRS 9 Financial Instruments, based on the ECL model under the general approach, based on which the impairment allowance is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether or not there has been a significant increase in credit risk since initial recognition. ECLs for performing exposures (Stage 1 and Stage 2 in the IFRS 9 Financial instruments hierarchy) and for non-performing (Stage 3) exposures not exceeding EUR 0.5 million for corporate exposures and EUR 0.1 million for retail exposures, are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD), credit conversion factor (CCF) and	Our audit procedures in this area, performed, where applicable, with the assistance of our own financial risk management (FRM) and information technology (IT) audit specialists, included, among others: — Inspecting the Bank's and the Group's ECL impairment provisioning methods and models, and assessing their compliance with the requirements of the relevant regulatory and financial reporting frameworks; — Making relevant inquiries of the Bank's and the Group's risk management and information technology (IT) personnel to gain an understanding of the loan impairment process, IT applications used therein, as well as key data sources and assumptions in the ECL model. Also, testing of IT control environment for data security and access, assisted by our own IT specialists; — Testing the design, implementation and operating effectiveness of selected controls in the process of approval, recording and monitoring of loans, including, but not limited to, those relating to the credit rating classification, calculation of days past due, collateral valuations and estimation of ECLs;

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loss given default (LGD), taking into account historical experience, identification of exposures with a significant increase in credit risk (SICR), forward-looking information and management judgment (together "collective impairment allowance"). ECLs for Stage 3 loans whose amounts exceed EUR 0.5 million for corporate exposures and EUR 0.1 million for retail exposures, are determined on an individual basis by means of a discounted cash flows analysis. The process involves subjectivity and reliance on a number of significant assumptions, including those in respect of the expected proceeds from the sale of the related collaterals and minimum period for collateral disposal. Due to the above factors, including the significantly higher estimation uncertainty stemming from the current volatile economic outlook, slowing economic growth and rising interest rates we considered allowance for impairment of loans and advances to customers to be associated with a significant risk of material misstatement in the consolidated and separate financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.	— Challenging the appropriateness of the Bank's and the Group's application of the significant increase in credit risk assumption and definition of default; and classification of exposures into performing and non-performing. For collective impairment allowance: — Obtaining an understanding of the key internal rating models for loans, and assessing the relevance and reliability of the key data used therein; — Obtaining the forward-looking information and key macroeconomic forecasted variables used in the ECL assessment. Independently assessing the information by reference to publicly available data and corroborating inquiries of the Management Board; — Assisted by our own financial risk management specialist, challenging selected key parameters within the collective ECL model, such as PD and LGD by reference to, among other things, our own analysis of the Bank's and the Group's data on past default occurrence and realised losses on those defaults; — Evaluating key overlays applied to the ECL model, by reference to our knowledge of the industry and our understanding of the current macro-economic situation; — For a risk-based sample of exposures critically assessing the existence of any triggers for classification to Stage 2 or Stage 3, by reference to the underlying evidence (loan files), through inquiries of the loan officers and credit risk management personnel and by considering business operations of the respective customers as well as market conditions and historical debt service. For impairment allowances calculated individually, for a risk-based sample of Stage 3 loans: — challenging the Bank's and the Group's cash flow projections and key assumptions used, by reference to our knowledge of the relevant industry and of the borrower. — challenging the collateral valuations by inspecting the underlying valuation reports obtained by the Bank and the Group, and also by reference to publicly available data;

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	For all impairment allowances: — Critically assessing the overall reasonableness of the allowances for impairment, including the loans provision coverage, by benchmarking them against publicly available industry data; — Examining whether the Bank's and Group's loan impairment and credit risk-related disclosures in the separate and consolidated financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.

Business combinations	
As at 31 December 2024 the fair value of net assets acquired in material business combinations during the year amounted to EUR 124,078 thousand resulting in a goodwill in the amount of EUR 3,138 thousand, which is recognised in the statement of financial position under Intangible assets. Refer to: Note 2.6. Business Combinations, goodwill, and bargain purchases, Note 3. Changes in the composition of the NLB Group and Note 5.12.c) Investments in subsidiaries, associates, and joint ventures, Acquisition of SLS HOLDCO d.o.o., Ljubljana.	
Key audit matter	**Our response**
As disclosed in the Note 5.12.c) Investments in subsidiaries, associates, and joint ventures - Acquisition of SLS HOLDCO d.o.o., Ljubljana, during 2024, the Group concluded a share purchase agreement for acquisition of controlling stake in SLS HOLDCO d.o.o., the parent company of Summit Leasing Slovenija d.o.o., Ljubljana, and its subsidiary Mobil Leasing d.o.o., Zagreb. The total purchase price amounted to EUR 127,216 thousand. With respect to business acquisitions, IFRS 3 Business combinations imposes a number of requirements, including those relevant to assessment of control over the acquired entity, determination of the acquisition consideration, identification of assets and liabilities acquired, and measurement and recognition of identifiable assets and liabilities at their acquisition-date fair values. Complying with the above requirements in the context of the acquisitions required significant judgement and complex assumptions, in particular as regards the following:	Our audit procedures performed in this area included: — evaluating, based on analysis of the purchase agreements as well as the criteria defined in IFRS 10 *Consolidated Financial Statements*, the assessment made by management with regard to the control over entities acquired; — assessing the completeness of the assets acquired and liabilities assumed as a result of the acquisitions, based on inspection of the share purchase agreements, our understanding of the acquirees' operations and inspection of the acquirees' accounting records; — assisted by our own valuation specialists, we challenged the recognized acquisition-date fair values of significant assets acquired and liabilities assumed in the acquisitions, which included: ○ assessment of the methods and models applied to fair valuations of specific assets and liabilities, by reference to the relevant requirements of the financial reporting standards and market practice;

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— Identification of all of the assets acquired, with main focus on intangible assets (primarily distribution agreements), and — Measurement of distribution agreements acquired with respect to which the Group applied the multi-period excess earnings method under the income approach to determine fair value, with key assumptions such as discount rates, churn rates, useful lifetime, growth rates and terminal growth rate. As a result, the Group recognized total assets of EUR 964,159 thousand, including distribution agreement of EUR 21,959 thousand and goodwill of EUR 3,138 thousand. Due to the above factors, the business combination and valuation of the distribution agreement, was associated with an increased risk of material misstatement to the consolidated financial statements and required our increased attention in the course of the audit, and was considered by us to be a key audit matter.	○ testing the integrity of the model for fair value measurement of distribution agreement, including mathematical accuracy, and evaluating the key assumptions applied (such as discount rates, churn rates, useful lifetime, growth rates and terminal growth rate) for reasonableness compared to both externally derived data and historical financial performance; — assessing the accuracy, completeness and relevance of the disclosures on the acquisitions made in the notes in the consolidated financial statements against the relevant requirements of the financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the "Overview", the "Business Report", the "NLB Group Directory" and the "Definitions and Glossary of Selected Terms" included in the Annual Report but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

With regard to the Sustainability Statement, which constitutes a separate part of the Business Report, we performed a limited assurance engagement, the results of which were presented in a separate assurance report with an unmodified conclusion.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities Related to Other Information – Business Report

In addition, with respect to the Business Report, we are required to report on its consistency with the separate and consolidated financial statements and on whether the Business Report includes the disclosures required by the Companies Act dated 4 May 2006 (Official Gazette of the Republic of Slovenia no. 42/2006 with amendments - hereafter referred to as »the applicable legal requirements«) excluding the requirements relevant for Sustainability Statement. Based solely on the work required to be undertaken in the course of the audit of the separate and consolidated financial statements and the procedures above, in our opinion:

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- the information given in the Business Report for the financial year for which the separate and consolidated financial statements are prepared is consistent, in all material respects, with the separate and consolidated financial statements; and
- the Business Report has been prepared in accordance with the applicable legal requirements.

In addition, in light of the knowledge and understanding of the Bank and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Business Report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and EU Regulation (EU) No 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs and EU Regulation (EU) No 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank or the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders of the Bank on the shareholders meeting dated 20 June 2022 to audit the Bank's and the Group's respective separate and consolidated financial statements for the year ended 31 December 2024. Our total uninterrupted period of engagement is 2 years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Bank dated 9 April 2025;
- we have not provided any prohibited non-audit services (NASs) referred in Article 5 of EU Regulation (EU) No 537/2014. We also remained independent of the Bank and the Group in conducting the audit.

For the period to which our statutory audit relates, we and other KPMG network firms have not provided any other services to the Bank and its controlled related entities which are not disclosed in the Business Report or in the separate and consolidated financial statements.

Independent Auditor's Report on the Compliance of the Electronic Separate and Consolidated Financial Statements with the Delegated Regulation 2019/815 on a Single Electronic Reporting Format

We have conducted an engagement to provide reasonable assurance as to whether the audited separate and consolidated financial statements of the Bank and the Group for the financial year ended 31 December 2024 (respectively, "Audited Separate Financial Statements" and "Audited Consolidated Financial Statements" and, collectively, "Audited Separate and Consolidated Financial Statements")

have been prepared in accordance with requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format applicable for the year 2024 (»Delegated Regulation«).

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and presentation of the Audited Separate and Consolidated Financial Statements in accordance with the Delegated Regulation, and for such internal control as management determines is necessary to enable the preparation of the Audited Separate and Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of the Audited Separate and Consolidated Financial Statements in compliance with requirements of the Delegated Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the Audited Separate and Consolidated Financial Statements are prepared in accordance with requirements of the Delegated Regulation. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board.

That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the separate and consolidated financial statements in the ESEF format are properly prepared and presented in accordance with the requirements of the Delegated Regulation, in all material respects.

We have acted in accordance with the independence and ethical requirements of the EU Regulation 537/2014 and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board of Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagements in Slovenia. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

Within the scope of our work, we performed the following audit procedures:

- identified and assessed the risks of material non-compliance of the Audited Separate and Consolidated Financial Statements with the requirements of the Delegated Regulation, whether due to error or fraud;
- obtained an understanding of internal control relevant to the engagement in order to provide reasonable assurance for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- assessed whether the Audited Separate Financial Statements are prepared in a correct XHTML format.
- assessed whether the Audited Consolidated Financial Statements comply with the requirements of the Delegated Regulation applicable as of the reporting date;
- obtained reasonable assurance that the Audited Consolidated Financial Statements of the issuer are prepared in a correct XHTML electronic format;

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- obtained reasonable assurance that the values and disclosures in the Audited Consolidated Financial Statements in XHTML format are correctly marked and in Inline XBRL (iXBRL) technology and that their machine reading provides complete and accurate information contained in the Audited Consolidated Financial Statements; and
- obtained reasonable assurance that notes to the consolidated financial statements are correctly block-tagged.

We believe that the evidence obtained provides a sufficient and appropriate basis for our opinion.

Opinion

Based on the procedures performed and the evidence obtained, the Audited Separate and Consolidated Financial Statements of the Bank and the Group for the financial year ended 31 December 2024 are in our opinion prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

On behalf of audit firm

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Domagoj Vuković, FCCA
Certified Auditor
Partner

Ljubljana, 9 April 2025

Statement of Management's Responsibility

The Management Board hereby confirms its responsibility for preparing the consolidated financial statements of NLB Group and the financial statements of NLB for the year ending on 31 December 2024, and for the accompanying accounting policies and notes to the financial statements.

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and with the requirements of the Slovenian Companies Act and the Banking Act so as to give a true and fair view of the financial position of NLB Group and NLB as at 31 December 2024, and their financial results and cash flows for the year then ended.

The Management Board also confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board further confirms that the financial statements of NLB Group and NLB, together with the accompanying notes, have been prepared on a going-concern basis for NLB Group and NLB, and in line with valid legislation and the International Financial Reporting Standards as adopted by the European Union.

The Management Board is also responsible for appropriate accounting practices, the adoption of appropriate measures for safeguarding assets, and the prevention and identification of fraud and other irregularities or illegal acts.

Management Board of NLB

Hedvika Usenik
Member

Andrej Lasič
Member

Archibald Kremser
Member

Peter Andreas Burkhardt
Member

Antonio Argir
Member

Blaž Brodnjak
Chief Executive Officer

Income Statement for the Annual Period ended 31 December

in EUR thousands

		NLB Group		NLB	
	Notes	2024	2023	2024	2023
Interest income calculated using the effective interest method		1,112,288	952,875	602,004	477,154
Other interest and similar income		95,350	40,530	44,926	21,184
Interest and similar income	4.1.	1,207,638	993,405	646,930	498,338
Interest expenses calculated using the effective interest method		(232,863)	(148,034)	(174,429)	(115,779)
Other interest and similar expenses		(40,614)	(12,037)	(40,621)	(9,993)
Interest and similar expenses	4.1.	(273,477)	(160,071)	(215,050)	(125,772)
Net interest income		**934,161**	**833,334**	**431,880**	**372,566**
Dividend income	4.2.	116	169	223,579	145,258
Fee and commission income	4.3.	435,284	398,741	191,911	170,981
Fee and commission expenses	4.3.	(122,360)	(120,780)	(47,222)	(42,432)
Net fee and commission income		**312,924**	**277,961**	**144,689**	**128,549**
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	4.4.	(160)	(742)	2,503	(834)
Gains less losses from financial assets and liabilities held for trading	4.5.	33,229	32,187	9,979	(408)
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	4.6.	3,263	1,784	3,848	2,445
Gains less losses from financial liabilities measured at fair value through profit or loss		(2,903)	(799)	(1,572)	(382)
Fair value adjustments in hedge accounting	5.5.a)	(1,411)	3,899	(1,403)	3,588
Foreign exchange translation gains less losses	4.7.	(3,644)	(2,778)	(3,547)	3,003
Net gains or losses on derecognition of investments in subsidiaries, associates and joint ventures	5.12.d,e)	–	(766)	–	(105)
Gains less losses on derecognition of non-financial assets		3,032	3,200	(213)	49
Other operating income	4.8.	21,849	17,408	14,574	10,376
Other operating expenses	4.8.	(11,829)	(22,100)	(3,908)	(14,382)
Administrative expenses	4.9.	(543,995)	(452,623)	(288,442)	(218,407)
Cash contributions to resolution funds and deposit guarantee schemes	4.10.	(40,213)	(39,093)	(10,793)	(11,383)
Depreciation and amortisation	4.11.	(58,217)	(49,232)	(24,016)	(19,457)
Gains less losses from modification of financial assets	4.12.	(4,280)	(16,271)	–	–
Provisions for credit losses	4.13.	10,728	5,055	8,701	3,074
Provisions for other liabilities and charges	4.13.	(12,847)	(25,925)	(7,149)	(14,422)
Impairment of financial assets	4.14.	(31,306)	6,717	(40,690)	(7,668)
Impairment of non-financial assets	4.14.	(4,014)	53	53,524	97,114
Share of profit from investments in associates and joint ventures (accounted for using the equity method)	5.12.h)	2,990	1,072	–	–
Gains less losses from non-current assets held for sale		676	5,903	446	172
Profit before income tax		**608,149**	**578,413**	**511,990**	**478,746**
Income tax	4.15.	(77,916)	(15,090)	(33,829)	35,541
Profit for the year		**530,233**	**563,323**	**478,161**	**514,287**
Attributable to owners of the parent		514,552	550,700	478,161	514,287
Attributable to non-controlling interests		15,681	12,623	–	–
Earnings per share (in EUR per share)	4.16.	25.7	27.5	23.9	25.7
Diluted earnings per share (in EUR per share)	4.16.	25.7	27.5	23.9	25.7

The notes are an integral part of these financial statements.

Statement of Other Comprehensive Income for the Annual Period ended 31 December

in EUR thousands

		NLB Group		NLB	
	Notes	2024	2023	2024	2023
Net profit for the year after tax		**530,233**	**563,323**	**478,161**	**514,287**
Other comprehensive income after tax		**56,704**	**84,952**	**25,968**	**48,078**
Items that will not be reclassified to income statement					
Actuarial gains/(losses) on defined benefit pensions plans	5.16.c)	**(1,307)**	**(444)**	**(860)**	**588**
Fair value changes of equity instruments measured at fair value through other comprehensive income	5.4.c)	**9,423**	**6,796**	**2,162**	**2,284**
Share of other comprehensive income/(losses) of entities accounted for using the equity method		**18**	**45**	**–**	**–**
Income tax relating to components of other comprehensive income	5.18.	**(1,433)**	**(973)**	**(476)**	**(465)**
Items that have been or may be reclassified subsequently to income statement					
Foreign currency translation		**3,178**	**1,884**	**–**	**–**
Translation gains/(losses) taken to equity		3,178	1,884	–	–
Debt instruments measured at fair value through other comprehensive income		**57,414**	**70,926**	**32,233**	**33,822**
Valuation gains/(losses) taken to equity	5.4.c)	55,781	77,238	31,825	38,046
Transferred to income statement	4.4., 4.14.	1,633	(6,312)	408	(4,224)
Income tax relating to components of other comprehensive income	5.18.	**(10,589)**	**6,718**	**(7,091)**	**11,849**
Total comprehensive income for the year after tax		**586,937**	**648,275**	**504,129**	**562,365**
Attributable to owners of the parent		571,081	635,233	504,129	562,365
Attributable to non-controlling interests		15,856	13,042	–	–

The notes are an integral part of these financial statements.

Statement of Financial Position as at 31 December

in EUR thousands

		NLB Group		NLB	
	Notes	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	4,039,581	6,103,561	1,973,113	4,318,032
Financial assets held for trading	5.2.a)	18,338	15,718	21,073	17,957
Non-trading financial assets mandatorily at fair value through profit or loss	5.3.a)	17,429	14,175	19,135	16,643
Financial assets measured at fair value through other comprehensive income	5.4.	2,563,516	2,251,556	1,665,019	1,023,012
Financial assets measured at amortised cost					
- debt securities	5.6.a)	3,725,195	2,522,229	2,846,779	1,966,169
- loans and advances to banks	5.6.b)	458,921	547,640	193,172	149,011
- loans and advances to customers	5.6.c)	16,363,649	13,734,601	8,653,348	7,148,283
- other financial assets	5.6.d)	136,854	165,962	81,518	101,596
Derivatives - hedge accounting	5.5.b)	77,771	47,614	77,771	47,614
Fair value changes of the hedged items in portfolio hedge of interest rate risk	5.5.c)	(6,353)	(10,207)	(8,761)	(12,514)
Investments in subsidiaries	5.12.a)	–	–	1,179,757	975,757
Investments in associates and joint ventures	5.12.g)	14,661	12,519	4,823	4,823
Tangible assets					
Property and equipment	5.8.	310,017	278,034	91,320	85,970
Investment property	5.9.	26,132	31,116	5,599	7,640
Intangible assets	5.10.	100,496	62,117	44,424	37,379
Current income tax assets		604	42	–	–
Deferred income tax assets	5.17.	120,701	111,305	106,327	109,449
Other assets	5.13.	56,819	49,154	17,825	13,907
Non-current assets held for sale	5.7.	11,036	4,849	2,849	4,048
Total assets		**28,035,367**	**25,941,985**	**16,975,091**	**16,014,776**
Financial liabilities held for trading	5.2.b)	6,995	13,217	9,977	17,510
Financial liabilities measured at fair value through profit or loss	5.3.b)	9,633	4,482	5,597	3,210
Financial liabilities measured at amortised cost					
- deposits from banks and central banks	5.15.a)	136,000	95,283	220,120	147,002
- borrowings from banks and central banks	5.15.b)	120,612	140,419	51,106	82,797
- due to customers	5.15.a)	22,206,310	20,732,722	12,293,708	11,881,563
- borrowings from other customers	5.15.b)	104,519	99,718	–	–
- debt securities issued	5.15.c)	1,608,939	1,338,235	1,608,939	1,338,235
- other financial liabilities	5.15.d)	296,725	357,116	145,802	198,020
Derivatives - hedge accounting	5.5.b)	3,592	3,540	1,261	1,420
Provisions	5.16.	104,388	113,305	41,646	48,456
Current income tax liabilities		18,026	35,879	4,328	14,762
Deferred income tax liabilities	5.17.	17,694	1,426	–	–
Other liabilities	5.19.	103,889	58,653	66,998	32,350
Total liabilities		**24,737,322**	**22,993,995**	**14,449,482**	**13,765,325**
Equity and reserves attributable to owners of the parent					
Share capital	5.20.	200,000	200,000	200,000	200,000
Share premium	5.22.a)	871,378	871,378	871,378	871,378
Other equity instruments	5.21.	84,184	84,178	84,184	84,178
Accumulated other comprehensive income	5.22.b)	(19,642)	(76,118)	(10,348)	(36,316)
Profit reserves	5.22.a)	186,332	13,522	186,332	13,522
Retained earnings		1,903,708	1,789,890	1,194,063	1,116,689
		3,225,960	**2,882,850**	**2,525,609**	**2,249,451**
Non-controlling interests		72,085	65,140	–	–
Total equity		**3,298,045**	**2,947,990**	**2,525,609**	**2,249,451**
Total liabilities and equity		**28,035,367**	**25,941,985**	**16,975,091**	**16,014,776**

The notes are an integral part of these financial statements.

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

Management Board of NLB

Hedvika Usenik	Andrej Lasič	Archibald Kremser	Peter Andreas Burkhardt	Antonio Argir	Blaž Brodnjak
Member	Member	Member	Member	Member	Chief Executive Officer

Ljubljana, 9 April 2025

Statement of Changes in Equity for the Annual Period ended 31 December

in EUR thousands

NLB Group	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income: Fair value reserve of financial assets measured at FVOCI	Accumulated other comprehensive income: Foreign currency translation reserve	Accumulated other comprehensive income: Other	Profit reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Notes	5.20.	5.22.a)	5.21.	5.22.b)	5.22.b)	5.22.b)	5.22.a)				
Balance as at 1 January 2024	200,000	871,378	84,178	(60,019)	(14,588)	(1,511)	13,522	1,789,890	2,882,850	65,140	2,947,990
- Net profit for the year	–	–	–	–	–	–	–	514,552	514,552	15,681	530,233
- Other comprehensive income	–	–	–	54,541	3,222	(1,234)	–	–	56,529	175	56,704
Total comprehensive income after tax	–	–	–	54,541	3,222	(1,234)	–	514,552	571,081	15,856	586,937
Dividends	–	–	–	–	–	–	–	(220,000)	(220,000)	(8,911)	(228,911)
Transfer to profit reserves	–	–	–	–	–	–	172,810	(172,810)	–	–	–
Transfer of fair values reserve	–	–	–	(58)	–	5	–	53	–	–	–
Other	–	–	6	–	–	–	–	(7,977)	(7,971)	–	(7,971)
Balance as at 31 December 2024	**200,000**	**871,378**	**84,184**	**(5,536)**	**(11,366)**	**(2,740)**	**186,332**	**1,903,708**	**3,225,960**	**72,085**	**3,298,045**

in EUR thousands

NLB Group	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income: Fair value reserve of financial assets measured at FVOCI	Accumulated other comprehensive income: Foreign currency translation reserve	Accumulated other comprehensive income: Other	Profit reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Notes	5.20.	5.22.a)	5.21.	5.22.b)	5.22.b)	5.22.b)	5.22.a)				
Balance as at 1 January 2023	200,000	871,378	84,184	(142,909)	(16,485)	(1,194)	13,522	1,357,089	2,365,585	56,740	2,422,325
- Net profit for the year	–	–	–	–	–	–	–	550,700	550,700	12,623	563,323
- Other comprehensive income	–	–	–	82,953	1,897	(317)	–	–	84,533	419	84,952
Total comprehensive income after tax	–	–	–	82,953	1,897	(317)	–	550,700	635,233	13,042	648,275
Dividends	–	–	–	–	–	–	–	(110,000)	(110,000)	(4,634)	(114,634)
Transactions with non-controlling interests (note 3.)	–	–	–	–	–	–	–	8	8	(8)	–
Transfer of fair values reserve	–	–	–	(63)	–	–	–	63	–	–	–
Other	–	–	(6)	–	–	–	–	(7,970)	(7,976)	–	(7,976)
Balance as at 31 December 2023	**200,000**	**871,378**	**84,178**	**(60,019)**	**(14,588)**	**(1,511)**	**13,522**	**1,789,890**	**2,882,850**	**65,140**	**2,947,990**

in EUR thousands

NLB	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income: Fair value reserve of financial assets measured at FVOCI	Accumulated other comprehensive income: Other	Profit reserves	Retained earnings	Total equity
Notes	**5.20.**	**5.22.a)**	**5.21.**	**5.22.b)**	**5.22.b)**	**5.22.a)**	**5.20.**	
Balance as at 1 January 2024	200,000	871,378	84,178	(35,111)	(1,205)	13,522	1,116,689	2,249,451
- Net profit for the year	–	–	–	–	–	–	478,161	478,161
- Other comprehensive income	–	–	–	26,828	(860)	–	–	25,968
Total comprehensive income after tax	–	–	–	26,828	(860)	–	478,161	504,129
Dividends	–	–	–	–	–	–	(220,000)	(220,000)
Transfer to profit reserves	–	–	–	–	–	172,810	(172,810)	–
Other	–	–	6	–	–	–	(7,977)	(7,971)
Balance as at 31 December 2024	**200,000**	**871,378**	**84,184**	**(8,283)**	**(2,065)**	**186,332**	**1,194,063**	**2,525,609**

in EUR thousands

NLB	Share capital	Share premium	Other equity instruments	Accumulated other comprehensive income: Fair value reserve of financial assets measured at FVOCI	Accumulated other comprehensive income: Other	Profit reserves	Retained earnings	Total equity
Notes	**5.20.**	**5.22.a)**	**5.21.**	**5.22.b)**	**5.22.b)**	**5.22.a)**	**5.20.**	
Balance as at 1 January 2023	200,000	871,378	84,184	(79,743)	(1,934)	13,522	515,463	1,602,870
- Net profit for the year	–	–	–	–	–	–	514,287	514,287
- Other comprehensive income	–	–	–	47,521	557	–	–	48,078
Total comprehensive income after tax	–	–	–	47,521	557	–	514,287	562,365
Dividends	–	–	–	–	–	–	(110,000)	(110,000)
Merger of subsidiary	–	–	–	(2,889)	172	–	204,904	202,187
Other	–	–	(6)	–	–	–	(7,965)	(7,971)
Balance as at 31 December 2023	**200,000**	**871,378**	**84,178**	**(35,111)**	**(1,205)**	**13,522**	**1,116,689**	**2,249,451**

The notes are an integral part of these financial statements.

Statement of Cash Flows for the Annual Period ended 31 December

in EUR thousands

		NLB Group		NLB	
	Notes	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		1,176,909	997,912	625,877	494,577
Interest paid		(237,651)	(135,715)	(197,468)	(110,439)
Dividends received		963	417	213,425	138,327
Fee and commission receipts		434,272	397,366	186,775	164,611
Fee and commission payments		(123,432)	(120,892)	(47,382)	(41,809)
Realised gains from financial assets and financial liabilities not at fair value through profit or loss		455	94	–	2
Net gains/(losses) from financial assets and liabilities held for trading		33,491	29,374	8,783	4,287
Payments to employees and suppliers		(502,249)	(467,937)	(243,299)	(216,407)
Other receipts		17,878	16,913	12,295	11,141
Other payments		(63,387)	(63,413)	(15,448)	(24,090)
Income tax (paid)/received		(88,128)	(33,404)	(36,790)	(7,750)
Cash flows from operating activities before changes in operating assets and liabilities		**649,121**	**620,715**	**506,768**	**412,450**
(Increases)/decreases in operating assets		**(2,824,264)**	**(74,575)**	**(2,148,023)**	**(14,214)**
Net (increase)/decrease in trading assets		(9,138)	200	(9,138)	200
Net (increase)/decrease in non-trading financial assets mandatorily at fair value through profit or loss		1,191	6,416	998	648
Net (increase)/decrease in financial assets measured at fair value through other comprehensive income		(240,602)	733,788	(595,088)	400,123
Net (increase)/decrease in loans and receivables measured at amortised cost		(2,562,328)	(818,626)	(1,542,445)	(414,239)
Net (increase)/decrease in other assets		(13,387)	3,647	(2,350)	(946)
Increases/(decreases) in operating liabilities		**1,380,011**	**854,231**	**373,482**	**280,488**
Net increase/(decrease) in deposits and borrowings measured at amortised cost		1,378,653	847,289	371,637	274,363
Net increase/(decrease) in other liabilities		1,358	6,942	1,845	6,125
Net cash flows from operating activities		**(795,132)**	**1,400,371**	**(1,267,773)**	**678,724**
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from investing activities		**739,185**	**445,345**	**159,890**	**196,331**
Proceeds from sale of property, equipment, and investment property		16,310	11,314	2,510	224
Proceeds from sale of subsidiaries, net of cash and cash equivalents	5.12.d, e)	–	12,776	–	20,068
Proceeds from non-current assets held for sale		2,045	16,786	1,893	944
Proceeds from maturity/disposals of debt securities measured at amortised cost		720,830	404,469	155,487	175,095
Payments from investing activities		**(2,077,402)**	**(1,083,639)**	**(1,184,301)**	**(551,632)**
Purchase of property, equipment, and investment property		(43,452)	(42,681)	(14,920)	(10,152)
Purchase of intangible assets		(29,122)	(19,305)	(19,620)	(12,587)
Purchase of subsidiaries, net of cash acquired and increase in subsidiaries' equity	3., 5.12.b, c)	(103,926)	–	(130,545)	–
Purchase of debt securities measured at amortised cost		(1,900,902)	(1,021,653)	(1,019,216)	(528,893)
Net cash flows from investing activities		**(1,338,217)**	**(638,294)**	**(1,024,411)**	**(355,301)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from financing activities		**795,958**	**497,708**	**795,958**	**497,708**
Issuance of subordinated bonds	5.15.c)	298,611	–	298,611	–
Issuance of senior preferred notes	5.15.c)	497,347	497,708	497,347	497,708
Payments from financing activities		**(807,886)**	**(122,273)**	**(812,061)**	**(111,264)**
Dividends paid		(228,679)	(114,749)	(220,000)	(110,000)
Repayments of subordinated debt	5.15.c)	(270,659)	–	(270,659)	–
Repayment of senior preferred notes	5.15.c)	(300,000)	–	(300,000)	–
Other payments related to financing activities		–	–	(19,930)	–
Lease payments		(8,548)	(7,524)	(1,472)	(1,264)
Net cash flows from financing activities		**(11,928)**	**375,435**	**(16,103)**	**386,444**
Effects of exchange rate changes on cash and cash equivalents		6,788	(595)	(1,904)	1,039
Net increase/(decrease) in cash and cash equivalents		**(2,145,277)**	**1,137,512**	**(2,308,287)**	**709,867**
Cash and cash equivalents at beginning of year		**6,637,139**	**5,500,222**	**4,323,499**	**3,494,435**
Cash and cash equivalents of merged bank at the date of the merger		**–**	**–**	**–**	**118,158**
Cash and cash equivalents at end of year		**4,498,650**	**6,637,139**	**2,013,308**	**4,323,499**

The notes are an integral part of these financial statements.

in EUR thousands

		NLB Group		NLB	
	Notes	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Cash and cash equivalents comprise:					
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	4,040,816	6,104,851	1,973,308	4,318,499
Loans and advances to banks with original maturity up to three months		431,997	506,266	40,000	5,000
Debt securities measured at fair value through other comprehensive income with original maturity up to three months		25,837	26,022	–	–
Total		**4,498,650**	**6,637,139**	**2,013,308**	**4,323,499**

Notes to the Financial Statements

1. General Information on Reporting Entity

Nova Ljubljanska banka d.d. Ljubljana (hereinafter: 'NLB' or 'the Bank') is a Slovenian joint-stock entity providing universal banking services. NLB Group consists of NLB and its subsidiaries located in nine countries, mainly in Slovenia and the SEE market. Information on NLB Group's structure is disclosed in note 5.12. Information on other related party relationships of NLB Group is provided in note 8.

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

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

2. Summary of Material Accounting Policy Information

The material accounting policy information adopted for the preparation of the separate and consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, except for changes in accounting policies resulting from the application of new standards or changes to standards.

2.1. Statement of compliance

The principal accounting policies applied in the preparation of the separate and consolidated financial statements were prepared in accordance with the International Financial Accounting Standards (hereinafter: 'the IFRS') as adopted by the European Union (hereinafter: 'EU'). Additional requirements under the national legislation are included where appropriate.

The separate and consolidated financial statements are comprised of the income statement and statement of other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, material accounting policy information, and the notes.

2.2. Basis for preparation the financial statements

The financial statements have been prepared on a going-concern basis, under the historical cost convention, except for the following items, which are measured at fair value: financial assets measured at fair value through other comprehensive income, financial assets, and financial liabilities at fair value through profit or loss, including all derivative contracts, hedged items in fair value hedge accounting relationships, non-current assets held for sale, liabilities for cash-settled share-based payment arrangements, and investment property.

The preparation of financial statements in accordance with the IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and activities, actual results may ultimately differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised. Critical accounting estimates and judgements in applying accounting policies are disclosed in note 2.35.

This document contains both the separate financial statements of NLB, and the consolidated financial statements of NLB Group. The presented accounting policies apply to both sets of financial statements, with the exception of policies described in notes 2.5. and 2.6., which only apply to the consolidated financial statements and policies described in note 2.7., where differences in the accounting treatment for investments in subsidiaries, and associates, and joint ventures between separate and consolidated financial statements are described. Data relating to separate financial statements is marked 'NLB,' while data relating to consolidated financial statements is marked 'NLB Group.'

2.3. Functional and presentation currency

These consolidated financial statements are presented in euro, which is Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.4. Comparative amounts

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative amounts. Where IAS 8 applies, comparative figures have been adjusted to conform to the changes in presentation in the current year.

2.5. Consolidation

In the consolidated financial statements (NLB Group), subsidiaries which are directly or indirectly controlled by NLB have been fully consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to NLB Group.

NLB controls an entity when all three elements of control are met:
- it has power over the entity;
- it is exposed or has rights to variable returns from its involvement with the entity; and
- it has the ability to use its power over the entity to affect the amount of the entity's returns.

NLB reassesses whether it controls an entity if facts and circumstances indicate there are changes to one or more of the three elements of control. If the loss of control of a subsidiary occurs, the subsidiary is no longer consolidated from the date that the control ceases.

Where necessary, the accounting policies of subsidiaries have been amended to ensure consistency with the policies adopted by NLB. The financial statements of consolidated subsidiaries are prepared as at the parent entity's reporting date. Non-controlling interests are disclosed in the consolidated statement of changes in equity. Non-controlling interest is that part of the net results, and of the equity of a subsidiary, attributable to interests which NLB does not own, either directly or indirectly. NLB Group measures non-controlling interest on a transaction-by-transaction basis, either at fair value, or by the non-controlling interest's proportionate share of net assets of the acquiree.

Inter-company transactions, balances, and unrealised gains on transactions between NLB Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

NLB Group treats transactions with non-controlling interests as transactions with equity owners of NLB Group. For purchases of subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from the equity. For sales to non-controlling interests, the differences between any proceeds received and the relevant share of non-controlling interests are also recorded in the equity. All effects are presented in the line item 'Equity Attributable to Non-controlling Interest.'

2.6. Business combinations, goodwill, and bargain purchases

NLB Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business, and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs; and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

The consideration transferred is measured at the fair value of the assets transferred, equity interest issued, liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements and fair value of any pre-existing equity interest in the subsidiary. However, this excludes amounts related to the settlement of pre-existing relationships which are recognised in profit or loss. Acquisition-related costs such as advisory, legal, valuation, and similar professional services are recognised in profit or loss as well. Transaction costs incurred for issuing equity instruments are deducted from the equity, and all other transaction costs associated with the acquisition are expensed.

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

A contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. A contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value at each reporting date, and changes in fair value are recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent considerations that are not within the scope of IFRS 9 are measured at fair value at each reporting date, and changes in fair value are recognised in profit or loss.

For each business combination, NLB Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets at the date of acquisition. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs.

Goodwill is measured as the excess of the aggregate of the consideration transferred measured at fair value, the amount of any non-controlling interest in the acquiree, and the fair value of an interest in the acquiree held immediately before the acquisition date over the net amounts of the identifiable assets acquired, as well as the liabilities assumed less any accumulated impairment losses. Any negative amount, a gain on a bargain purchase, is recognised in profit or loss after management reassesses whether it has identified all the assets acquired and all the liabilities and contingent liabilities assumed, and reviews the appropriateness of their measurement.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is, from the acquisition date, allocated to the Group's cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The goodwill of associates and joint ventures is included in the carrying value of investments.

In a business combination achieved in stages, NLB Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss.

2.7. Investments in subsidiaries, associates, and joint ventures

In the separate financial statements (NLB), investments in subsidiaries, associates, and joint ventures are accounted for with the cost method. Dividends from subsidiaries, joint ventures, or associates are recognised in the income statement when NLB's right to receive the dividend has been established.

In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. These are generally undertakings in which NLB Group holds between 20% and 50% of the voting rights, and over which NLB Group exercises significant influence, but does not have control.

Joint ventures are entities over whose activities NLB Group has joint control, established by contractual agreement. In the consolidated financial statements, investments in joint ventures are accounted for using the equity method of accounting.

NLB Group's share of its associates and joint ventures post-acquisition profits or losses is recognised in the consolidated income statement, and its share of other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When NLB Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other unsecured receivables, NLB Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate and joint venture. NLB Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised (note 5.12.g).

NLB Group's subsidiaries, associates, and joint ventures are presented in note 5.12.

2.8. A combination of entities or businesses under common control

A merger of entities within NLB Group is a business combination involving entities under common control. For such mergers, members of NLB Group apply merger accounting principles, and use the book value accounting at the date of merger of merged entities as reported in the consolidated financial statements.

Mergers of entities within NLB Group do not affect the consolidated financial statements.

When accounting for a merger in separate financial statements (the merger of a parent company and its subsidiary) if a surviving entity is the parent company, NLB applies an accounting policy to recognise the difference between: (1) the amounts assigned to the assets and liabilities in the parent's separate financial statements after the merger; and (2) the carrying amounts of the investments in the merged subsidiary before the merger, directly in equity. In such a case, the acquired assets and assumed liabilities are recognised at the carrying amounts from the consolidated financial statements of merged subsidiary as at the date of the merger, including any recognised goodwill and fair value adjustments related to merged subsidiary's assets and liabilities. The comparative amounts in separate financial statements are not restated.

2.9. Foreign currency translation

Functional and presentation currency
The items included in the financial statements of each of NLB Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The financial statements are presented in euros, which is NLB Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency at the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation differences resulting from changes in the amortised cost of monetary items denominated in a foreign currency and classified as financial assets measured at fair value through other comprehensive income are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are reported as part of the fair value gain or loss in the income statement. Translation differences on non-monetary items, such as equity instruments classified as financial assets measured at fair value through other comprehensive income, are included together with valuation reserves in the valuation (losses)/gains taken to other comprehensive income and accumulated in the equity.

Gains and losses resulting from foreign currency purchases and sales for trading purposes are included in the income statement as gains less losses from financial assets and liabilities held for trading.

NLB Group entities
The financial statements of all NLB Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of statement of financial position;
- income and expenses for each income statement are translated at average annual exchange rates; and
- components of equity are translated at the historical rate.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

In the consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When control over a foreign operation is lost, the previously recognised exchange differences on translations to a different presentation currency are reclassified from other comprehensive income to profit and loss for the year. On the partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified as a non-controlling interest within the equity.

2.10. Interest income and expenses

Interest income and expenses for all financial instruments measured at amortised cost, and financial assets measured at fair value through other comprehensive income are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method. Interest income on all trading assets and financial assets mandatorily required to be measured at fair value through profit or loss is recognised using the contractual interest rate. The effective interest method is used to calculate the amortised cost of a financial asset or financial liability, and to allocate the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument, or a shorter period (when appropriate) to the gross carrying amount of the financial asset, or to the amortised cost of a financial liability. Interest income includes coupons earned on fixed-yield investments and trading securities, and accrued discounts and premiums on securities. The calculation of the effective interest rate includes all fees and points paid or received by parties to the contract and all transaction costs, but excludes future credit risk losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, classified in Stage 3, interest income is calculated by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, interest income is again calculated on a gross basis.

In the case of purchased or originated credit-impaired financial assets (POCI), the credit-adjusted effective interest rate is applied to the amortised cost of the financial asset from initial recognition. The credit-adjusted effective interest rate is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the purchased or originated credit-impaired financial asset. At the NLB Group level, most POCI exposures relate to the initial recognition of non-performing exposures in the case of a business combination.

2.11. Fee and commission income and expenses

Fees and commission income and expenses mainly include those related to credit cards and ATMs, customer transaction accounts, payment services, investment funds, and commissions from guarantees. Fee and commission income are recognised at an amount that reflects the consideration to which the NLB Group expects to be entitled, in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract. The Group's revenue contracts do not include multiple performance obligations.

When the NLB Group provides a service to its customers, the consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time. When the service is provided over time, the consideration is invoiced and due in line with the contractual provisions. NLB Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Fees and commissions that are integral to the effective interest rate of financial assets and liabilities are presented within interest income or expenses.

2.12. Dividend income

Dividends are recognised in the income statement within the line item 'Dividend income' when NLB Group's right to receive payment has been established and an inflow of economic benefits is probable. In the consolidated financial statements, dividends received from associates, and joint ventures reduce the carrying value of the investment.

2.13. Financial instruments

a) Classification and measurement

Financial instruments are initially measured at fair value plus or minus, in the case of a financial instrument not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Subsequent measurement depends on the classification of the instrument.

Financial assets

All debt financial assets need to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics. The measurement categories of financial assets are as follows:

- Financial assets, measured at amortised costs (AC);
- Financial assets at fair value through other comprehensive income (FVOCI);
- Financial assets held for trading (FVTPL); and
- Non-trading financial assets, mandatorily at fair value through profit or loss (FVTPL).

Financial assets are measured at AC if they are held within a business model for the purpose of collecting contractual cash flows ('held to collect'), and if cash flows are solely payments of principal and interest on the principal amount outstanding. After initial recognition, they are measured at the amortised cost using the effective interest method and are subject to impairment. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognised in profit or loss. Each of them is presented as a separate line item in the income statement. Any gain or loss on derecognition is recognised in profit or loss in line item 'Gains less losses from financial assets and liabilities not measured at fair value through profit or loss.'

Debt financial instruments are measured at FVOCI if they are held within a business model for the purpose of both collecting contractual cash flows and selling ('held to collect and sell'), and if cash flows are solely payments of principal and interest on the principal amount outstanding. FVOCI results in the debt instruments being recognised at fair value in the statement of financial position and at the AC in the income statement. Interest income is calculated using the effective interest method, foreign exchange gains and losses, and impairments are recognised separately in the income statement. Other net gains and losses are recognised in other comprehensive income, until the instrument is derecognised. At derecognition of the debt financial instrument, the cumulative gains and losses previously recognised in other comprehensive income are reclassified to the income statement under the line item 'Gains less losses from financial assets and liabilities not classified at fair value through profit or loss.'

Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. In NLB Group, the most material equity instrument irrevocably designated as FVOCI is the investment in the National Resolution Fund (note 5.4.a). NLB Group decided to use this presentation alternative because the fund was established based on the law, and it has a highly regulated investment strategy in order to ensure safety, low risk, and the high liquidity of the fund.

All other financial assets are mandatorily measured at FVTPL, including financial assets within other business models such as financial assets managed at fair value or those held for trading and financial assets with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at the amortised cost or at fair value through profit or loss, when they are held for trading, derivative instruments, or the fair value designation is applied.

Upon initial recognition, financial liability may be irrevocably designated as measured at fair value through profit or loss if that eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases, or if the liabilities are part of a group of financial instruments which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Changes in the fair value of financial liabilities designated as measured at fair value through profit or loss are recognised in profit or loss, with the exception of movement in the fair value due to changes of NLB Group's own credit risk. Such changes are presented in other comprehensive income with no subsequent reclassification to the income statement.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on the derecognition of a financial liability is recognised in profit or loss. In the event of derecognition of a financial liability measured at amortised cost, the gains and losses are recognised in the line item 'Gains less losses from financial assets and liabilities not measured at fair value through profit or loss.' Gains and losses on disposals of financial liabilities designated as measured at fair value through profit or loss are also presented separately from those held for trading.

Assessment of NLB Group's business model

NLB Group has determined its business model separately for each reporting unit within NLB Group, and is based on observable factors for different portfolios that best reflect how the Group manages groups of financial assets to achieve its business objective, such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to key management personnel;
- the risks that affect the performance of the business model and, in particular, the way those risks are managed;
- how the managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets or on collection of contractual cash flows); and
- the expected frequency, value, and timing of sales.

The business model assessment is based on reasonably expected scenarios without taking worst-case and stress case scenarios into consideration. In general, the business model assessment of the Group can be summarised as follows:

- Loans and deposits given are included in a business model 'held to collect' since the primary objective of NLB Group for the loan portfolio is to collect the contractual cash flows;
- Debt securities are divided into three business models:
  - the first group of debt securities presents the 'held for trading' category;
  - debt securities in the second group are held under a business model 'held to collect and sell' with the intention of collecting the contractual cash flows and sale of financial assets, and forms part of the Group's liquidity reserves;
  - the third part of debt securities is held within the business model for holding them with the objective to collect contractual cash flows.

With regard to debt securities within the 'held to collect' business model, the sales which are related to the increase of the issuers' credit risk, sales made close to the final maturity, or sales in order to meet liquidity needs in a stress case scenario are permitted. Other sales, which are not due to an increase in credit risk may still be consistent with a held to collect business model if such sales are incidental to the overall business model, and:

- are insignificant in value both individually and in aggregate, even when such sales are frequent;
- are infrequent even when they are significant in value.

A review of instruments' contractual cash flow characteristics (the SPPI test – solely payment of principal and interest on the principal amount outstanding)
The second step in the classification of the financial assets in portfolios being 'held to collect' and 'held to collect and sell' relates to the assessment of whether the contractual cash flows are consistent with the SPPI test. The principal amount reflects the fair value at initial recognition less any subsequent changes, e.g. due to repayment. The interest must represent only the consideration for the time value of money, credit risk, other basic lending risks, and a profit margin consistent with basic lending features. If the cash flows introduce more than *de minimis* exposure to risk or volatility that is not consistent with basic lending features, the financial asset is mandatorily measured at fair value through profit or loss.

NLB Group reviews the portfolio within 'held to collect' and 'held to collect and sell' for standardised products on a level of a product and for non-standardised products on a single exposure level. The Group has established a procedure for SPPI identification as part of regular investment process with defined responsibilities for primary and secondary controls. Special emphasis is put on new and non-standardised characteristics of loan agreements.

Accounting policy for modified financial assets
When contractual cash flows of a financial asset are modified, NLB Group assesses whether the cash flows of modified asset are substantialy different to the extent that it becomes a new financial asset. The following factors are, amongst others, considered when making such assessment:
- reason for modification of cash flows;
- change in currency of the loan;
- introduction of an equity feature;
- replacement of initially agreed debtor with a new debtor that is not related party to initial debtor; and
- if the modification changes the result of the SPPI test.

If the modification results in derecognition of a financial asset, the new financial asset is initially recognised at fair value, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. In such cases, NLB Group recalculates the gross carrying amount of the financial asset and recognises modification gain or loss in the income statement. The gross carrying amount is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

b) Reclassification
Financial assets can be reclassified when and only when NLB Group's business model for managing those assets changes. The reclassification takes place from the start of the reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the presented periods. Financial liabilities shall not be reclassified.

c) Day one gains or losses
The best evidence of fair value at initial recognition is the transaction price (i.e., the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by a comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging), or based on a valuation technique whose variables only include data from observable markets.

If the transaction price on a non-active market is different than the fair value from other observable current market transactions in the same instrument, or is based on a valuation technique whose variables only include data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement ('day one gains or losses').

In cases where the data used for valuation are not fully observable in financial markets, day one gains or losses are not recognised immediately in the income statement. The timing of recognition of deferred day one gains or losses is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

d) Derecognition
A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset is transferred, and the transfer qualifies for derecognition. A financial liability is derecognised only when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, or expires.

e) Write-offs
NLB Group writes off financial assets in their entirety or a portion thereof when it has no reasonable expectations of recovery. Criteria indicating that there is no reasonable expectation of recovery include default period, quality of collateral, and different stages of enforcement procedures. NLB Group may write off financial assets that are still subject to enforcement activities, but this does not affect its rights in the enforcement procedures. NLB Group still seeks to recover all amounts it is legally entitled to in full. A write-off reduces the gross carrying amount of a financial asset and allowance for the impairment. Any subsequent recoveries are credited to credit loss expenses. Write-offs and recoveries are disclosed in note 5.14.a and b).

f) Fair value measurement principles
The fair value of financial instruments traded on active markets is based on the price that would be received to sell the assets or transfer liability (the exit price) being measured at the reporting date, excluding transaction costs. If there is no active market, the fair value of the instruments is estimated using discounted cash flow techniques or pricing models.

If discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates; and the discount rate is a market-based rate at the reporting date for an instrument with similar terms and conditions. If pricing models are used, inputs are based on market-based measurements at the reporting date.

g) Derivative financial instruments and hedge accounting

Derivative financial instruments – including forward and futures contracts, swaps, and options – are initially recognised in the statement of financial position at fair value. Derivative financial instruments are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models, or pricing models, as appropriate. All derivatives are carried at their fair value within assets when the derivative position is favourable to NLB Group, and within liabilities when the derivative position is unfavourable to NLB Group.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. NLB Group designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- hedges of highly probable future cash flows attributable to a recognised asset or liability, or a highly probable forecasted transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

Hedge accounting is used when certain criteria are met. NLB Group and NLB have exercised the option to continue applying the existing IAS 39 hedge accounting requirements in accordance with the policy choice permitted under IFRS 9. However, disclosures that are required by the IFRS 9-related amendments to IFRS 7 'Financial Instruments: Disclosures' are implemented.

At the inception of the transaction, NLB Group documents the relationship between hedged items and hedging instruments, as well as its risk management objective, valuation methodology, and strategy for undertaking various hedge transactions. NLB Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The actual results of a hedge must always fall within a range of 80–125%.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Effective changes in the fair value of hedging instruments and related hedged items are reflected in 'Fair Value Adjustments in Hedge Accounting' in the income statement. Any ineffectiveness from derivatives is recognised immediately in the income statement, recorded in the same line as change in fair value of hedging instruments and hedged item if they are different.

If a hedge no longer meets the hedge accounting criteria, the adjustment to the carrying amount of the hedged item for which the effective interest method is used is amortised to profit or loss over the remaining period to maturity. The adjustment to the carrying amount of a hedged equity security is included in the income statement upon disposal of the equity security.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is immediately recognised in the income statement.

Amounts accumulated in equity are recycled as a reclassification from other comprehensive income to the income statement in the periods when the hedged item affects the profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss existing in other comprehensive income and previously accumulated in equity at that time remains in other comprehensive income and in equity, and is recognised in profit or loss only when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for in consolidated financial statements similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement in 'Gains Less Losses on Financial Assets and Liabilities Held for Trading.' Gains and losses accumulated in other comprehensive income are included in the consolidated income statement when the foreign operation is disposed of as part of the gain or loss on the disposal.

2.14. Allowances for financial assets

a) Expected credit losses for collective allowances

IFRS 9 applies an expected loss model that provides an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. The expected loss model requires NLB Group to recognise not only credit losses that have already occurred, but also losses that are expected to occur in the future. An allowance for expected credit losses (ECL) is required for all loans and other debt financial assets not measured at FVTPL, together with loan commitments and financial guarantee contracts.

In the general model, the allowance is based on the expected credit losses associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since initial recognition, in which case, the allowance is based on the probability of default over the life of the financial asset (LECL). When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical data, experience, expert credit assessment, and incorporation of forward-looking information.

Classification into stages

NLB Group prepared a methodology for ECL defining the criteria for classification into stages, transition criteria between stages, models for risk indicators calculation, forward-looking scenarios, and the validation of models. The Group classifies financial instruments into Stage 1, Stage 2, and Stage 3, based on the applied ECL allowance methodology as described below:

- Stage 1 – A performing portfolio: no significant increase of credit risk since initial recognition, NLB Group recognises an allowance based on 12-month period;
- Stage 2 – An underperforming portfolio: significant increase in credit risk (SICR) since initial recognition, NLB Group recognises an allowance for lifetime period; and
- Stage 3 – An impaired portfolio: NLB Group recognises lifetime allowances for these defaulted financial assets.

The Bank has aligned its definition of credit impaired assets under IFRS 9 to the European Banking Authority (EBA) definition of non-performing loans (NPLs). The Bank uses a unified definition of past due and default exposures; defaulted clients are rated D, DF, or E based on the internal rating system and contain the clients with material delays over 90 days, as well as the clients that were assessed as unlikely to pay. All facilities of retail clients obtain a unified credit rating.

A significant increase in credit risk is assumed:

- when a credit rating significantly deteriorates at the reporting date in comparison to the credit rating at initial recognition a significant deterioration is a 3-notch rating decrease taking into consideration the NLB Group's long rating scale (with nine performing rating classes) or deterioration from invest/invest with care to speculative investment rating grade on the short rating scale (with only three performing rating groups),
- when a threefold increase of LPD since initial recognition is detected (comparing the LPD assessed using the PD curve calculated at instrument origination and the last available PD curve),
- when a financial asset has material delays over 30 days with a healing period of three months and the materiality limit aligned with the one used as a default trigger (the materiality limit is aligned with the regulatory limit for default definition, the holding period of three months is applied),
- if NLB Group grants a forbearance to the borrower where the rules of forbearance expiry are aligned with the ECB Guidelines,
- if the legal entity is placed on the watch list or intensive care list,
- if a retail client is placed on the watch list based on features which lead to increased credit risk (such as spending habits, decreased employment security, political risk, etc.).

The methodology of credit rating for banks and sovereign classification depends on the existence or non-existence of a rating from international credit rating agencies – Fitch, Moody's, or the S&P. Ratings are set on a basis of the average international credit rating. If there are no international credit ratings available, the credit rating classification is based on the internal Methodology Rating Classification for Financial Markets clients' segments in NLB d.d. and NLB Group. For banks without an international credit rating, we obtain information from Bureau van Dijk, a Moody's Analytics Company, using the modules BankScore and BankFocus. Additionally, information is obtained by an analyst from the annual reports with the assistance of the central relationship manager.

The classification into stages is based on the facility level. Nevertheless, occurring delays on one facility may trigger the stage deterioration of other facilities of the same client. When the SICR criteria no longer exist, the facility may be transferred to a more favourable stage subject to the prescribed cure period of three months.

The ECL for Stage 1 financial assets is calculated based on 12-month PDs or shorter period PDs, if the remaining maturity of the financial asset is shorter than one year. The 12-month PD already includes the macroeconomic impact effect. Allowances in Stage 1 are designed to reflect expected credit losses that had been incurred in the performing portfolio but have not been identified.

The ECL for Stage 2 financial assets is calculated based on lifetime PDs (LPD) because their credit risk has increased significantly since their initial recognition. This calculation is also based on a forward-looking assessment that considers several economic scenarios in order to recognise the probability of losses associated with the predicted macro-economic forecasts.

For financial instruments in Stage 3, the same treatment is applied as for those considered to be credit impaired. Exposures below the materiality threshold obtain collective allowances using a PD of 100%. Financial instruments will be transferred out of Stage 3 if they no longer meet the criteria of being credit-impaired after a probation period. Special treatment applies for purchased or originated credit-impaired financial instruments (POCI), where only the cumulative changes in lifetime expected losses since the initial recognition are recognised as a loss allowance.

The calculation of collective allowances is performed by multiplying the EAD (exposure at default) at the end of each month with an appropriate PD and LGD (loss-given default). The obtained result for each month is discounted to the present time using the original effective interest rate of the facility. For Stage 1 exposures, the ECL only takes a 12-month period into account, while for Stage 2 or 3 all potential losses until the maturity date are included. Risk parameters are calculated separately for each of the three possible scenarios. The final ECL for each facility is calculated as a weighted average ECL for each scenario.

The EAD represents the anticipated outstanding amount owed by the obligor, which is determined as the sum of on-balance exposure and expected future drawings of the off-balance exposure. The drawings are assessed by applying the CCF (credit conversion factor) based on the Bank's historic experience with similar types of facilities.

The PD is the estimation of the likelihood of default over a given time horizon. The estimation is performed separately for each unique segment (corporate clients by size, institutions, or central government), or by product group (mortgage, consumer loans, and other retail products). Through the cycle, the PD is supplemented with the forward-looking aspect using three possible scenarios.

Risk parameter calculations are based on the data from each subsidiary, while the calculations and modelling are performed centrally. In the case where the data samples are not sufficiently large, hurdle rates are applied based on the regulatory or other benchmarks.

Expected Life

When measuring ECL, NLB Group must consider the maximum contractual period over which the Group is exposed to credit risk. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the NLB Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Forward-looking information

During 2024, NLB Group reviewed the IFRS 9 provisioning by testing the relevant macroeconomic scenarios to accurately reflect the current circumstances and their future impacts.

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

The baseline scenario presents an expected forecast macroeconomic view for all the countries of the Group. This scenario is based on recent official and professional forecasts, with specific adjustments for individual countries of the Group. Key characteristics include decreasing inflation as an energy-related impact on goods and services prices abate, a slightly less tight labour market, GDP growth supported by declining interest rates and strong private consumption due to real wage growth, resilient labour market and positive expectations, industry and export activity pick-up, and limited spillover effects of financial system issues/major trading partners growth slowdown on the real economy.

The alternative scenarios are based on plausible drivers of economic development for the next three years. The optimistic alternative scenario demonstrates supply-driven positive developments. Supply chains adapt swiftly and support optimistic economic stance – this keeps a lid on inflation pressures. Labour skill mismatches are addressed through targeted training programs. Automation and technology adoption create new job opportunities, offsetting any displacement. In the short-term, financing conditions ease, and business confidence rebounds. Consumer spending picks up, contributing to overall growth. The ECB considers both demand and supply factors when setting interest rates. In this scenario, the ECB maintains a dovish stance, easing aggressively until the inflation rebound towards the ECB target.

The severe alternative scenario paints a picture of bleak economic developments, where supply constraints, geopolitical tensions, technological shifts, and labour market disruption hinder economic recovery. Moreover, high public debt diverts funds from productive investments. Policymakers must navigate these challenges to ensure stability and sustainable growth. This adverse scenario results in a prolonged global recession, with growth falling well below the levels needed to achieve sustainable development goals in the mid-term. The ECB carefully considers both supply and demand factors when setting interest rates to prevent abrupt economy shifts.

All of the above scenarios are included in the calculation of expected credit losses in accordance with IFRS 9.

Macroeconomic scenarios for explanatory variables, developed for each country in the NLB Group used in 2024 (in %):

	Optimistic scenario			Baseline scenario			Severe scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
Slovenia									
Real GDP	2.9	3.3	3.8	1.9	2.5	3.0	0.8	0.4	2.4
Unemployment rate	4.0	3.8	3.6	4.2	4.2	4.0	4.7	6.2	6.6
EURIBOR (6 months)	1.7	1.5	1.8	2.9	2.6	2.6	3.9	3.6	3.7
Bosnia and Herzegovina									
Real GDP	3.1	3.5	3.5	2.5	3.0	3.0	1.8	1.6	2.6
Unemployment rate	12.0	10.6	10.1	12.5	12.0	11.5	13.2	14.5	14.6
EURIBOR (6 months)	1.7	1.5	1.8	2.9	2.6	2.6	3.9	3.6	3.7
Montenegro									
Real GDP	5.4	4.9	5.0	3.3	3.2	3.3	1.5	(0.7)	2.5
Unemployment rate	12.5	11.3	11.1	13.0	12.7	12.5	13.7	15.2	15.6
EURIBOR (6 months)	1.7	1.5	1.8	2.9	2.6	2.6	3.9	3.6	3.7
North Macedonia									
Real GDP	3.8	4.2	4.2	2.6	3.2	3.2	1.4	0.7	2.6
Unemployment rate	12.2	10.9	10.7	12.7	12.4	12.2	14.4	18.2	19.2
EURIBOR (6 months)	1.7	1.5	1.8	2.9	2.6	2.6	3.9	3.6	3.7
Serbia									
Real GDP	3.8	4.1	4.1	2.9	3.4	3.4	2.1	1.7	3.0
Unemployment rate	8.7	7.9	7.7	9.0	8.8	8.6	9.7	12.2	13.0
EURIBOR (6 months)	1.7	1.5	1.8	2.9	2.6	2.6	3.9	3.6	3.7
Kosovo									
Real GDP	4.6	4.7	4.7	3.7	4.0	4.0	2.8	2.1	3.5
Unemployment rate	10.0	8.6	8.1	10.5	10.0	9.5	11.2	12.5	12.6
EURIBOR (6 months)	1.7	1.5	1.8	2.9	2.6	2.6	3.9	3.6	3.7

Macroeconomic scenarios for explanatory variables, developed for each country in the NLB Group used in 2023 (in %):

	Optimistic scenario			Baseline scenario			Severe scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Slovenia									
Real GDP	2.4	3.4	2.5	0.6	2.2	2.5	(0.6)	0.4	0.7
Unemployment rate	3.9	4.0	4.1	4.0	4.2	4.2	4.5	5.0	5.3
EURIBOR (6 months)	2.4	2.1	2.2	2.7	2.3	2.3	4.6	4.5	4.6
Bosnia and Herzegovina									
Real GDP	2.3	2.9	2.4	1.0	2.0	2.3	0.3	0.9	1.2
Unemployment rate	15.0	14.0	14.2	15.2	15.1	14.8	15.9	16.2	16.2
EURIBOR (6 months)	2.4	2.1	2.2	2.7	2.3	2.3	4.6	4.5	4.6
Montenegro									
Real GDP	6.0	5.5	3.4	2.6	3.2	3.2	0.6	0.1	0.1
Unemployment rate	13.5	12.2	12.3	13.7	13.3	12.9	14.4	14.4	14.3
EURIBOR (6 months)	2.4	2.1	2.2	2.7	2.3	2.3	4.6	4.5	4.6
North Macedonia									
Real GDP	3.6	4.3	3.3	1.6	3.0	3.3	0.3	1.1	1.4
Unemployment rate	13.7	12.7	12.8	13.9	13.7	13.4	15.3	16.0	16.3
EURIBOR (6 months)	2.4	2.1	2.2	2.7	2.3	2.3	4.6	4.5	4.6
Serbia									
Real GDP	3.3	4.2	3.6	1.8	3.1	3.4	1.1	2.0	2.3
Unemployment rate	9.4	8.6	8.7	9.5	9.2	9.0	10.2	10.4	10.6
EURIBOR (6 months)	2.4	2.1	2.2	2.7	2.3	2.3	4.6	4.5	4.6
Kosovo									
Real GDP	4.1	4.6	3.8	2.4	3.5	3.8	1.4	2.0	2.3
Unemployment rate	16.3	14.9	14.6	16.5	16.0	15.2	17.2	17.1	16.6
EURIBOR (6 months)	2.4	2.1	2.2	2.7	2.3	2.3	4.6	4.5	4.6

NLB Group formed three probable scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of IFRS 9. IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts. On this basis, for the year 2024, NLB Group assigned weights of 20%–60%–20% (alternative scenarios receiving 20% each, and the baseline scenario 60%).

Effects of changed risk parameters

The effects of the changed risk parameters on the amount of expected credit losses are disclosed in notes 5.14. and 5.16.b).

b) Individual assessment of allowances for impaired financial assets

NLB Group assesses impairments of financial assets separately for all individually significant assets classified in Stage 3. The materiality threshold is set at a EUR 0.5 million exposure for legal entities, and EUR 0.1 million for private persons on the level of NLB, while the Group members apply lower thresholds applicable to their portfolio size. All other financial assets obtain collective allowances.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, which are discounted to the estimation date. The scenario of expected cash flows can be based on the 'going concern' assumption, where the cash flow from operations is considered along with the sale of collateral that is not crucial for future business. In the case of the 'gone concern' principle, the repayments are based on expected cash flows from the sale of collateral. The expected payment from the collateral is calculated from the appraised market value of the collateral, the haircut is used as defined in the Haircut Methodology, and discounted. Off-balance sheet liabilities are also assessed individually and, where necessary, related allowances are recognised as liabilities.

The carrying amount of financial assets measured at amortised cost is reduced through an allowance account and the loss is recognised in the income statement line item 'Impairment of financial assets.' If the number of allowances for ECL decreases subsequently due to an event occurring after the impairment was recognised (e.g., repayment in the collection process exceeds the assessed expected payment from collateral), the reversal of the loss is recognised as a reduction in the allowance account, and the gain is recognised in the same income statement item. For off-balance exposures, the amount of ECL is recognised in the statement of financial position in the line item 'Provisions' and in the income statement in the line item 'Provisions for credit losses.'

The ECLs for debt instruments measured at fair value through other comprehensive income do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit or loss upon derecognition of the assets, or when the amount of allowances for ECL decreases due to an event occurring after the impairment was recognised.

2.15. Forborne loans

A forborne loan (or restructured financial asset) arises as a result of a debtor's inability to repay a debt under the originally agreed terms, either by modifying the terms of the original contract (via an annex) or by signing a new contract under which the contracting parties agree the partial or total repayment of the original debt. When receivables from the client receive restructuring status, the debtor must be classified in the rating grade C or lower.

The definitions of forborne loans closely follow definitions that were developed by the European Banking Authority (EBA). These definitions aim to achieve comprehensive coverage of exposures to which forbearance measures have been extended.

The accounting treatment of forborne loans depends on the type of restructuring. When NLB Group embarks on a forborne loan via the modified terms of repayment proceeding from extending the deadline for the repayment of the principal and/or interest, and/or a forbearance of the repayment of the principal, and/or interest or a reduction in the interest rate, and/or other expenses, it adjusts the carrying amount of the forborne loan on the basis of the discounted value of the estimated future cash flows under the modified terms, and recognises the resulting effect in profit or loss. In the event of the reduction of a claim against the debtor via the reduction in the amount of the claims as a result of a contractually agreed debt waiver and ownership restructuring or debt to equity swap, NLB Group derecognises the claim in the part relating to the write-down or the contractually agreed upon debt waiver. The new estimate of the future cash flows for the residual claim, not yet written down, is based on an updated estimate of the probability of loss. NLB Group considers the debtor's modified position, the economic expectations, and the collateral of the forborne loan. When NLB Group is embarking on the forborne loan by taking possession of other assets (i.e., property, plant, and equipment; securities; and other financial assets), including investments in the equity of debtors obtained via debt-to-equity swaps, it recognises the acquired assets in the statement of financial position at fair value, recognising the difference between the fair value of the asset and the carrying amount of the eliminated claim in profit or loss.

Forborne exposures may be identified in both the performing and non-performing parts of the portfolio. Where the forborne loan is classified in the non-performing part of the portfolio, it can be reclassified to the performing part when exposure is no longer considered as impaired or defaulted, when determined amounts were repaid, when one year has passed from the latest of the events defined (introduction of forbearance, classification in the non-performing part, repayment of the last overdue amount, end of the grace period), and after the introduction of forbearance there have been no overdue amounts or doubts concerning the repayment of the entire exposure, under the terms and conditions after the forbearance. The absence of doubt is confirmed by analysis of the financial situation of the debtor. The forborne status is withdrawn when:
- at least a 2-year probation period has passed since the latest of:
  - the moment of extending the restructuring measures, or
  - the forborne exposure was deemed performing;
- regular payments of the principal or interest were made, in a substantial total amount, during at least half the probation period;
- no exposure, in the probation period, is more than 30 days in default of more than EUR 100;
- the client fulfils determined financial indicators.

In the case of a deferral of payment approved due to the COVID-19 crisis, the probation period is extended for the period of deferral.

2.16. Repossessed assets

In certain circumstances, assets are repossessed following the foreclosure on loans that are in default. Repossessed assets are initially recognised in the financial statements at their fair value and classified in the appropriate category according to their purpose and are sold as soon as it is feasible in order to reduce exposure (note 6.1.l). After initial recognition, the repossessed assets are measured and accounted for in accordance with the policies applicable to the relevant asset categories. Non-financial repossessed assets mainly represent items of real estate that NLB Group classifies within investment properties measured in accordance with an IAS 40 Investment property (note 2.21.), and other assets measured in accordance with IAS 2 Inventories.

Real estate obtained as collateral from the foreclosure of loans and receivables, classified as other assets are initially recognised at fair value less costs to sell (realisable value), wherein only the direct costs of sales can be considered, but up to the amount of gross carrying amount of foreclosed loan. At subsequent measurement, the realisable value is verified at least annually. Valuations of the fair value of real estate are performed by certified real estate appraisers. The real estate is impaired when the carrying value exceeds the realisable value. The effect of impairment is recognised as the impairment of other assets, and the reversal of impairment as income from the reversal of the impairment of other assets.

2.17. Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position

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when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18. Sale and repurchase agreements

Securities sold under sale and repurchase agreements (repos) are retained in the financial statements, and the counterparty liability is recognised in financial liabilities measured at an amortised cost. Securities sold subject to sale and repurchase agreements are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral. Securities purchased under agreements to resell (reverse repos) are presented as loans to other banks or customers, as appropriate.

In financial statements, the difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreements using the effective interest method.

2.19. Property and equipment

All items of property and equipment are initially recognised at cost. They are subsequently measured at cost less any accumulated depreciation and any accumulated impairment loss.

Each year, NLB Group assesses whether there are indications that property and equipment may be impaired. If any such indication exists, the recoverable amounts are estimated. The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount exceeds the carrying value, the assets are not impaired. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment loss in the income statement.

Items of a largely independent property and equipment which do not generate cash flows are included in the cash-generating unit and later tested for possible impairment.

Depreciation is calculated on a straight-line basis over the assets' estimated useful lives. The following annual depreciation rates were applied:

NLB Group and NLB	in %
Buildings	2 – 5
Leasehold improvements	5 – 25
Computers	12.5 – 50
Furniture and equipment	10 – 33.3
Motor vehicles	10 – 25

Depreciation does not begin until the assets are available for use.

The assets' residual values and useful lives are reviewed and adjusted if appropriate on each reporting date. Gains and losses on the disposal of items of property and equipment are determined as the difference between the sale proceeds and their carrying amount, and are recognised in the income statement.

Maintenance and repairs are charged to the income statement during the financial period in which they are incurred. Subsequent costs that increase future economic benefits are recognised in the carrying amount of an asset, and the replaced part, if any, is derecognised.

2.20. Intangible assets

Intangible assets include software licenses, goodwill (note 2.6.), and identifiable intangible assets acquired in a business combination. Intangible assets other than goodwill, have a finite useful life and are in the statement of financial position stated at cost, less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis at rates designed to write-down the cost of an intangible asset over its estimated useful life. The core banking system is amortised over a period of 10 years, and other software over a period of three to five years. Amortisation does not begin until the assets are available for use.

The identifiable intangible assets acquired in a business combination and recognised separately from goodwill, are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. After initial recognition, intangible assets acquired in a business combination are measured in accordance with IAS 38 Intangible Assets. Other intangible assets acquired in a business combination (note 5.10.) relate to core deposits and trade name. Their useful life is assessed to be five years. Amortisation of a trade name is calculated on a straight-line basis, while for core deposits accelerated amortisation is applied, since it better reflects the pattern of the asset's consumption.

2.21. Investment properties

Investment properties include properties held to earn rentals, or to increase the value of a long-term investment, rather than to be used by NLB Group. Investment properties are carried at fair value determined by a certified appraiser. Fair value is based on current market prices. Any gain or loss arising from a change in the fair value is recognised in the income statement.

2.22. Non-current assets and disposal groups classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is deemed to be met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

In the case of business combinations, NLB Group measures an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations at fair value less costs to sell.

During subsequent measurement, certain assets and liabilities of a disposal group that are outside the scope of IFRS 5 measurement requirements are measured in accordance with the applicable standards (e.g., deferred tax assets, assets arising from employee benefits, financial instruments, investment property measured at fair value, and contractual rights under insurance contracts). Tangible and intangible assets are not depreciated. The effects of sale and valuation are included in the income statement as a gain or loss from non-current assets held for sale.

Liabilities directly associated with disposal groups are reclassified and presented separately in the statement of financial position.

2.23. Accounting for leases

A lease is a contract, or part of a contract which creates enforceable rights and obligations and conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Thus, IFRS 16 requires determination whether a contract is, or contains, a lease.

NLB Group as a lessee
NLB Group recognises a liability to make lease payments and an asset representing the right to use the underlying asset (i.e., the right-of-use asset) during the lease term for all leases, except for short-term leases and leases of low-value. Short-term leases are defined as those which at the commencement date have a lease term of 12 months or less without the option to purchase the underlying asset. Leases of underlying assets with a value, when new, lower, or equal to EUR 5 thousand are defined as low value leases, and are thus recognised as expenses on a straight-line basis over the lease term.

Right-of-use assets
At the commencement date, NLB Group measures the right-of-use asset at cost. The cost of right-of-use assets consists of the amount of lease liabilities recognised, the initial direct costs incurred, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease and lease payments made at or before the commencement date less any lease incentives received. After the commencement date, NLB Group measures the right-of-use asset using a cost model (the asset is measured at cost, reduced by any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities) and recognises depreciation of the right-of-use assets on a straight-line basis over the lease term, and (separately) interest on the lease liabilities. In the statement of financial position, right-of-use assets are presented in the line item 'Property and equipment.'

Lease liabilities
At the commencement date, NLB Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments consist of fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, the exercise price of a purchase option if there exists a reasonable certainty for it to be exercised, and payments of penalties for terminating the lease if the lease term suggests reflects exercising the option to terminate. Subsequently (after the commencement date), NLB Group measures the lease liability by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

In the statement of financial position, lease liabilities are presented in the line item 'Other financial liabilities.'

NLB Group as a lessor
Payments under operating leases are recognised as income on a straight-line basis over the period of the lease. Assets leased under operating leases are presented in the statement of financial position as investment property or as property and equipment.

NLB Group classifies a lease as a finance lease when the risks and rewards incidental to ownership of a leased asset lie with the lessee. When assets are leased under a finance lease, the present value of the lease payments is recognised as a receivable. Income from finance lease transactions is amortised over the lifetime of the lease using the interest rate implicit in the lease. Finance lease receivables are recognised at an amount equal to the net investment in the lease, /including the unguaranteed residual value and any initial direct costs of the lessor.

Sale-and-leaseback transactions
NLB Group also enters into sale-and-leaseback transactions (in which NLB Group is primarily a lessor) under which the leased assets are purchased from, and then leased back to the lessee. These contracts are classified as finance leases or operating leases, depending on the contractual terms of the leaseback agreement.

Leases recognised in a business combination
In most leases acquired in business combinations, the acquiree is the lessee. For such leases, NLB Group applies the IFRS 16 initial measurement provisions (with exceptions for leases with remaining term of 12 months or less and low value leases), and recognises the acquired lease liability as if the lease contract was a new lease at the acquisition date. The right-of-use asset is measured at an amount equal to the recognised liability. There are no favourable or unfavourable terms of the leases relative to market terms, which would require the adjustment of the right-of-use assets.

2.24. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and balances with central banks, and other demand deposits at banks, loans to banks, and debt securities not held for trading with an original maturity of up to three months. Cash and cash equivalents are disclosed under the cash flow statement.

2.25. Borrowings, deposits, and issued debt securities with characteristics of debt

Loans and deposits received and issued debt securities are initially recognised at fair value. Borrowings are subsequently measured at the amortised cost. The difference between the value at initial recognition and the final value is recognised in the income statement as interest expenses, applying the effective interest rate.

Repurchased own debt is disclosed as a reduction of liabilities in the statement of financial position. The difference between the book value and the price at which own debt was repurchased is disclosed in the income statement.

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2.26. Other issued financial instruments with characteristics of equity

Upon initial recognition, other issued financial instruments are classified in part or in full as equity instruments if the contractual characteristics of the instruments are such that NLB Group must classify them as equity instruments in accordance with IAS 32 Financial Instruments: Presentation. An issued financial instrument is only considered an equity instrument if that instrument does not represent a contractual obligation for payment.

Issued financial instruments with characteristics of equity are recognised in equity in the statement of financial position. Transaction costs incurred for issuing such instruments are deducted from retained earnings. The corresponding interest is recognised directly in retained earnings.

The carrying value of an issued financial instrument with characteristics of equity is presented in the statement of changes in equity in the line item 'Other Equity Instruments.'

2.27. Provisions

Provisions are recognised when NLB Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. They are recognised in the amount that is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provision assessment considers:
- the likelihood of demonstrating compliance with information duties,
- the potential outcomes of ongoing court cases,
- the uncertainty surrounding the final resolution and timing of disputes,
- the estimation of legal costs, and the statute of limitations on claims.

When the effect of the time value of money is material, NLB Group determines the level of provisions by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability.

2.28. Contingent liabilities and commitments

Financial and non-financial guarantees
Financial guarantees are contracts that require the issuer to make specific payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payments when due, in accordance with the terms of debt instruments. Such financial guarantees are given to banks, financial institutions, and other bodies on behalf of the customer to secure loans, overdrafts, and other banking facilities.

The issued guarantees covering non-financial obligations of the clients represent the obligation of the Bank (guarantor) to pay if the client fails to perform certain works in accordance with the terms of the commercial contract. Financial and non-financial guarantees are initially recognised at fair value, which is usually evidenced by the fees received. The fees are amortised to the income statement over the contract term using the straight-line method. NLB Group's liabilities under guarantees are subsequently measured at the greater of:
- the initial measurement, less amortisation calculated to recognise fee income over the period of guarantee; or
- ECL provisions as set out in note 2.14.

Documentary letters of credit
Documentary (and standby) letters of credit constitute a written and irrevocable commitment of the issuing (opening) bank on behalf of the issuer (importer) to pay the beneficiary (exporter) the value set out in the documents by a defined deadline:
- if the letter of credit is payable on sight; and
- if the letter of credit is payable for deferred payment, the bank will pay according to the contractual agreement when and if the beneficiary (exporter) presents the bank with documents that are in line with the conditions and deadlines set out in the letter of credit.

A commitment may also take the form of a letter of credit confirmation, which is usually done at the request or authorisation of the issuing (opening) bank and constitutes a firm commitment by the confirming bank, in addition to that of the issuing bank, which independently assumes a commitment to the beneficiary under certain conditions.

Other contingent liabilities and commitments
Other contingent liabilities and commitments represent undrawn loan commitments to extend credit, uncovered letters of credit, and other commitments.

The nominal contractual values of guarantees, letters of credit, and undrawn loan commitments where the loan agreed to be provided is on market terms, are not recognised in the statement of financial position.

Contingent liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measured at its fair value and is recognised in the statement of financial position in the line item 'Provisions.' After initial recognition, it is measured at the higher of:
- the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets; or
- the amount initially recognised less, if appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers. This requirement does not apply to contracts accounted for in accordance with IFRS 9.

2.29. Taxes

Income tax expenses are comprised of current and deferred income tax.

Current corporate income tax in NLB Group is calculated on taxable profits at the applicable tax rate in the respective jurisdiction. Income tax rates within NLB Group ranges from 9 to 32%. The corporate income tax rate for 2024 in Slovenia was 22% (2023: 19%). According to the Reconstruction, Development and Provision of the Financial Resources Act, the corporate income tax rate is increased to 22% from 2024 to 2028.

Current and deferred taxes are recognised in profit or loss, except to the extent that they relate to a business combination or taxes related to effects recognised directly in equity (deferred tax related to the fair value re-measurement of financial assets measured at fair value through other comprehensive income, cash flow hedges, and actuarial gains and losses on defined benefit pension plans is charged or credited directly to other comprehensive income).

Deferred income tax is calculated using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised if it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at tax rates enacted or substantively enacted at the end of the reporting period that are expected to apply to the period when the asset is realised, or the liability is settled. At each reporting date, NLB Group reviews the carrying amount of deferred tax assets and assesses future taxable profits against which temporary taxable differences can be utilised.

Deferred tax assets for temporary differences arising from impairments of investments in subsidiaries, associates and joint ventures are recognised only to the extent that it is probable that:
- the temporary differences will be reversed in the foreseeable future; and
- taxable profit will be available.

NLB Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries to the extent that NLB is able to control the timing of reversal of the temporary differences, and that it is probable that the temporary differences will reverse in the foreseeable future. As NLB controls the dividend policy of its subsidiaries, NLB Group recognised the deferred tax liability on withholding tax payable on future planned dividend pay-out.

In the case of business combination, deferred tax balances are recognised if related to temporary differences and carry-forwards of an acquiree that exist at the acquisition date, or if they arise as a result of the acquisition. Income taxes are measured in accordance with IAS 12 Income Taxes.

In accordance with the amendment to Slovenian corporate income tax law effective from January 1, 2025, tax losses can be carried forward to subsequent periods for a maximum of five years after the period in which they occurred. Based on the transitional provision, accumulated unused old tax losses, incurred before the entry into force, expire in the in five years (until 2029). Prior to 2025, Slovenian legislation did not set deadlines by which uncovered tax losses expire.

A tax on financial services is a tax on fees, paid for prescribed financial services rendered (financial services, exempt from value-added tax (with the exception of securities transactions) and the services of insurance brokers and agents), paid in Slovenia. The tax rate is 8.5% (2023: 8.5%) and the tax is paid monthly. Given that the tax on financial services is classified as a sales tax, it reduces accrued revenues in the financial statements.

For the years 2024-2028 tax on banks' balance sheets was introduced in Slovenia. The tax is recognised in other general and administrative expenses.

2.30. Fiduciary activities

NLB Group provides asset management services to its clients. Assets held in a fiduciary capacity are not reported in NLB Group's financial statements as they do not represent assets of NLB Group. Fee and commission income and expenses relating to fiduciary activities are generally recognised in the income statement when the service has been provided (see also note 2.11.). Fee and commission income charged for this type of service is broken down by items in note 4.3.b). Further details on transactions managed on behalf of third parties are disclosed in note 5.25.

Based on the requirements of Slovenian legislation, NLB Group has, in note 5.25., additionally disclosed the assets and liabilities on accounts used to manage financial assets from fiduciary activities, i.e., information related to the receipt, processing, and execution of orders and related custody activities.

2.31. Employee benefits

Employee benefits include:
- short-term employee benefits (such as salary, compensations, annual holiday allowance, separation allowance, and non-monetary benefits);
- reimbursement of commuting costs, meal allowance, compensation for use of own resources;
- retirement indemnity bonuses (post-employment benefits);
- other employment benefits (jubilee long-service benefits, voluntary supplementary pension insurance);
- variable remuneration.

Short-term employee benefits are recognised in the period to which they relate and included in the income statement line item 'Administrative expenses.' Among others, they include the payment of contributions for pension and disability insurance, which according to Slovenian local legislation (for employer) amount to 8.85% of the gross salaries.

According to legislation, employees retire after they fulfil certain conditions and are entitled to a lump-sum severance payment. Employees are also entitled to a long-service bonus for every 10 years of continuous service in NLB and its predecessor companies.

These obligations are measured at the present value of future cash outflows considering future salary increases and other conditions, and then apportioned to past and future employee service based on the benefit plan's terms and conditions.

Service costs are included in the income statement in the line item 'Administrative expenses' as defined benefit costs, while interest expenses on the defined benefit liability are recognised in the line item 'Interest and similar expenses.' These interest expenses represent the change during the period in the defined benefit liability that arises from the passage of time. For post-employment benefits, actuarial gains and losses from the effect of changes in actuarial assumptions and experience adjustments (differences between

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the realised and expected payments) are recognised in other comprehensive income under the line item 'Actuarial Gains/(Losses) on Defined Benefit Pensions Plans,' and will not be recycled to the income statement. Actuarial gains and losses that relate to other employment benefits are recognised in the income statement as defined benefit costs. In the statement of financial position, liabilities for short-term employee benefits are included in the line item 'Other liabilities,' while liabilities for post-employment benefits and other employment benefits (jubilee long-service benefits) are included in the line item 'Provisions.'

In the case of a business combination, employee benefits are recognised and measured in accordance with IAS 19 Employee Benefits, i.e., not at fair value.

2.32. Share-based payment transactions

Cash-settled share-based payment transactions
If certain conditions are met, members of the Management Board and employees performing special work (i.e., those who can significantly impact the risk profile of the Group in the scope of their tasks and activities) receive part of their variable remuneration in the form of financial instruments, whose value is linked to the value of NLB share. Upon expiration of the legally prescribed period (up to five years), beneficiaries receive cash payments depending on the value of a NLB share. The first contracts, including share-based payment transactions, were concluded in the second quarter of 2022.

In the statement of financial position, a liability is recognised in the line item 'Financial liabilities measured at fair value through profit or loss.' Its fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in the income statement line item 'Gains less losses from financial liabilities measured at fair value through profit or loss.'

Equity-settled share-based payment transactions
NLB Group does not have any equity-settled share-based payment transactions.

2.33. Share capital

Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by NLB's shareholders.

Treasury shares
If NLB or another member of NLB Group purchases NLB shares, the consideration paid is deducted from the total shareholders' equity as treasury shares. If such shares are subsequently sold, any consideration received is included in equity. If NLB shares are purchased by NLB itself or other NLB Group entities, NLB creates reserves for treasury shares in equity.

Share issue costs
Costs directly attributable to the issue of new shares are recognised in equity as a reduction in the share premium account.

2.34. Segment reporting

Operating segments are reported in a manner consistent with internal reporting to the Management Board of the Bank, which is the executive body that makes decisions regarding the allocation of resources and assesses the performance of a specific segment.

Transactions between organisational units (OUs) are managed under normal operating conditions. Interest income among individual OUs in the parent bank (NLB) is allocated using a fund transfer pricing method and shown within the net interest income of each OU. Net non-interest income is allocated to the OU that actually provides the service that generates income. Direct costs are attributed to the segment that is directly related to the provided service, and indirect costs (costs which service centres provide for profit centres) are attributed to the segment for which the service is provided, whereas overhead costs are allocated according to general keys. External net income is the net income of NLB Group from the consolidated income statement. Income tax is not allocated between segments. Analysis by segment for NLB Group is presented in note 7.

In accordance with IFRS 8, NLB Group has the following reportable segments: Retail Banking in Slovenia, Corporate and Investment Banking in Slovenia, Strategic Foreign Markets, Financial Markets in Slovenia, Non-core members, and Other Activities.

2.35. Critical accounting estimates and judgments in applying accounting policies

NLB Group's financial statements are influenced by accounting policies, assumptions, estimates, and management's judgment. NLB Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with the IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are evaluated on a continuing basis, and are based on past experience and other factors, including expectations with regard to future events.

a) Allowances for expected credit losses on loans and advances
NLB Group monitors and checks the quality of the loan portfolio at the individual and portfolio levels to continuously estimate the necessary allowances for ECL. NLB Group creates individual allowances for individually significant financial assets attributed to Stage 3. Such an assignment is based on information regarding the fulfilment of contractual obligations or other financial difficulties of the debtor, and other important facts. Individual assessments are based on the expected discounted cash flows from operations and/or the assessed expected payment from collateral.

Allowances are assessed collectively for financial assets assigned to Stage 1 or 2, or for financial assets in Stage 3 with exposure below the materiality threshold. Disclosure regarding allowances by stages are disclosed in notes 5.14., 5.16. and 6.1.j). The ECL in this group of assets are estimated based on expected value of risk parameters combining the historic movements with the future macroeconomic predictions for three separate scenarios. The models used to estimate future risk parameters are validated and back-tested on a regular basis to make the loss estimations as realistic as possible.

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NLB Group applies three different macroeconomic scenarios to collectively assess the allowances for credit risk: optimistic, baseline, and severe scenario. The key features of each scenario are described in note 2.14.a) Forward-looking information. Recognised allowances represent a weighted average of the results of the three scenarios.

In terms of credit risk parameters, the scenarios differ in the level of default rates (transfer of assets from performing to non-performing status) and loss rates (the % of exposure that will not be repaid in case of default occurrence). Applying a 100% probability on each of the scenario provides an overview of severity or optimism reflected in the two remaining scenarios.

The results for NLB Group show the following deviations of the severe and optimistic scenario from the baseline as at 31 December 2024 and 31 December 2023:

NLB Group — in EUR thousands

	31 Dec 2024							31 Dec 2023						
	Gross Loans	Of which Gross Loans with collective allowances	Collective allowances				Individual allowances	Gross Loans	Of which Gross Loans with collective allowances	Collective allowances				Individual allowances
			Optimistic scenario	Baseline scenario	Severe scenario	Weighted average				Optimistic scenario	Baseline scenario	Severe scenario	Weighted average	
Companies	7,320,791	7,183,783	(70,386)	(79,386)	(103,604)	(82,439)	(92,667)	6,343,920	6,198,141	(59,740)	(72,321)	(109,972)	(80,209)	(93,739)
Individuals	8,734,989	8,713,898	(154,935)	(164,266)	(185,229)	(166,654)	(10,630)	7,235,314	7,212,398	(121,473)	(130,512)	(159,304)	(137,304)	(11,195)

The result shows that for collective allowances, the optimistic scenario would result in 92% of the baseline provisions (89% as at 31.12.2023), while the severe scenario and its conservative assumptions lead to an increase of 119% compared to the baseline (133% as at 31.12.2023).

b) Fair value of financial instruments

The fair values of financial investments traded on the active market are based on current bid prices (financial assets) or offer prices (financial liabilities).

The fair values of financial instruments that are not traded on the active market are determined by using valuation models. These include a comparison with recent transaction prices, the use of a discounted cash flow model, valuation based on comparable entities, and other frequently used valuation models. These valuation models at their best estimate reflect current market conditions at the measurement date, which may not be representative of market conditions either before or after the measurement date. Management reviewed all applied models as at the reporting date to ensure they appropriately reflect current market conditions, including the relative liquidity of the market and the applied credit spread. Changes in assumptions regarding these factors could affect the reported fair values of financial instruments held for trading, and financial assets measured at fair value through other comprehensive income.

The fair values of derivative financial instruments are determined on the basis of market data (mark-to-market), in accordance with NLB Group's methodology for the valuation of financial instruments. The market exchange rates, interest rates, yield, and volatility curves used in valuations are based on the market snapshot principle. Market data are saved daily at 4 p.m., and later used for the calculation of the fair values (market value, NPV) of financial instruments. NLB Group applies market yield curves for valuation, and fair values are additionally adjusted for credit risk of the counterparty.

The fair value hierarchy of financial instruments is disclosed in note 6.5.

c) Impairment of investments in subsidiaries, associates, and joint ventures

The process of identifying and assessing the impairment of investments in subsidiaries, associates, and joint ventures is inherently uncertain, as the forecasting of cash flows requires the significant use of estimates, which themselves are sensitive to the assumptions used. The review of impairment represents management's best estimate of the facts and assumptions such as:

- Future cash flows from individual investments present the estimated cash flow for periods for which adopted business plans are available. For core members, estimated cash flows are based on a five-year business plan. For non-core members, estimated cash flows are based on a period in line with the strategy of divestment. The business plans of individual entities are based on an assessment of future economic conditions that will impact an individual member's business and the quality of the credit portfolio;
- The growth rate for cash flows in perpetuity, following the period of the adopted business plan, ranges between 2.5 and 3.7%;
- The target capital adequacy ratio of an individual bank is between 15 and 18%;
- The discount rate derived from the capital asset pricing model that is used to discount future cash flows is based on the cost of equity allocated to an individual investment. The discount rate reflects the impact of a range of financial and economic variables, including the risk-free rate and risk premium. The value of variables used is subject to fluctuations outside management's control. The pre-tax discount rate is between 10.6 and 18.35% (31 December 2023: between 10.2 and 20.25%).

d) Employee benefits

Liabilities for certain employee benefits are calculated by an independent actuary. The main assumptions included in the actuarial calculation are as follows:

	NLB Group		NLB	
	2024	2023	2024	2023
Actuarial assumptions				
Discount factor	3.0% – 6.4%	3.6% – 8.0%	3.0%	4.0%
Wage growth based on inflation, promotions, and wage growth based on past years of service	2.4% – 5.7%	2.4% – 13.4%	2.5% – 3.7%	2.4% – 8.0%
Other assumptions				
Number of employees eligible for benefits	7,306	7,177	2,475	2,519

A sensitivity analysis of significant actuarial assumptions for post-employment benefit:

31 Dec 2024	NLB Group				NLB			
	Discount rate		Future salary increases		Discount rate		Future salary increases	
	+0.5 p.p.	−0.5 p.p.	+0.5 p.p.	−0.5 p.p.	+0.5 p.p.	−0.5 p.p.	+0.5 p.p.	−0.5 p.p.
Impact on provisions for employee benefits - post-employment benefits (in %)	(4.6)	4.9	5.0	(4.6)	(4.2)	4.5	4.5	(4.2)

31 Dec 2023	NLB Group				NLB			
	Discount rate		Future salary increases		Discount rate		Future salary increases	
	+0.5 p.p.	−0.5 p.p.	+0.5 p.p.	−0.5 p.p.	+0.5 p.p.	−0.5 p.p.	+0.5 p.p.	−0.5 p.p.
Impact on provisions for employee benefits - post-employment benefits (in %)	(4.4)	4.8	4.8	(4.5)	(4.2)	4.5	4.5	(4.2)

Individual analysis is done by changing one assumption for +/- 0.5 percentage points, while all other assumptions stay the same.

The breakdown of actuarial gains and losses for post-employment benefit by causes:

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Actuarial gains and losses due to changed financial assumptions	(1,765)	(470)	(973)	614
Actuarial gains and losses due to changes in demographic assumptions	834	141	832	–
Actuarial gains and losses due to experience	(376)	(115)	(719)	(26)
Total actuarial gains and losses for the year	**(1,307)**	**(444)**	**(860)**	**588**

The weighted average duration of liabilities in years:

	NLB Group		NLB	
	2024	2023	2024	2023
Post-employment benefit	9.4 – 20.5	9.6 – 20.9	10.2	10.9

e) Taxes
NLB Group operates in countries governed by different laws. The deferred tax assets recognised as at 31 December 2024 are based on profit forecasts and take the expected manner of recovery of the assets into account. Changes in assumptions regarding the likely manner of recovering assets or changes in profit forecasts can lead to the recognition of currently unrecognised deferred tax assets or derecognition of previously created deferred tax assets. If profit projections used for estimation of the amount of deferred tax assets which are expected to be reversed in the foreseeable future (i.e., within five years) change by 10%, the estimated amount of deferred tax assets would change by approximately EUR 11 million (notes 4.15. and 5.17.).

2.36. Implementation of the new and revised International Financial Reporting Standards

During the current year, NLB Group adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (hereinafter: 'the IASB') and the International Financial Reporting Interpretations Committee (hereinafter: 'the IFRIC'), and that are endorsed by the EU that are effective for annual accounting periods beginning on 1 January 2024.

Accounting standards and amendments to existing standards effective for annual periods beginning on 1 January 2024 that were endorsed by the EU and adopted by NLB Group

- IAS 1 (amendment and deferral of effective date) – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* is effective for annual periods beginning on or after 1 January 2024. The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The changes had no impact on the financial statements.
- IAS 1 (amendment) – *Presentation of Financial Statements: Non-current Liabilities with Covenants* is effective for annual periods beginning on or after 1 January 2024. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The amendments also responded to stakeholders' concerns about the classification of such a liability as current or non-current. The changes had no impact on the financial statements.
- IFRS 16 (amendment) – *Leases: Lease Liability in a Sale and Leaseback* is effective for annual periods beginning on or after 1 January 2024. The amendments affect only the subsequent measurement of lease liabilities arising from a sale and leaseback transaction with variable lease payments, which occurred from the date of initial application of IFRS 16 and for which the seller-lessee's accounting policy differs from the requirements specified in these amendments. The changes had no impact on the financial statements.
- IAS 7 (amendment) – *Statement of Cash Flows* and IFRS 7 (amendment) – *Financial Instruments: Disclosures: Supplier Finance Arrangements* is effective for annual periods beginning on or after 1 January 2024. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the entity's exposure to liquidity risk. Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements. Meanwhile, the amendments to IFRS 7 require from an entity to disclose a description of how it manages the liquidity risk resulting from financial liabilities. The amendments include as an additional factor whether the entity has accessed, or has access to, supplier finance arrangements that provide the entity with extended payment terms or the entity's suppliers with early payment terms. The changes had no impact on the financial statements.

Accounting standards and amendments to existing standards that were endorsed by the EU, but not adopted early by NLB Group
New and revised accounting standards and interpretations endorsed by the EU that are not mandatory for annual accounting periods beginning on 1 January 2024, were not adopted early by NLB Group. These standards and amendments are not expected to have a material impact on the consolidated financial statements of NLB Group in the future reporting periods and on foreseeable future transactions.
NLB Group plans to adopt the accounting standards and amendments listed below for reporting periods commencing on or after the effective date.

- IAS 21 (amendment) – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability is effective for annual periods beginning on or after 1 January 2025. The amendments clarify how an entity should assess whether a currency is exchangeable, and how it should determine a spot exchange rate when exchangeability is lacking. A currency is exchangeable when an entity is able to exchange that currency for another currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. If a currency is not exchangeable at the measurement date, the entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions, and disclose expected affects to the entity's financial statements. NLB Group does not expect there to be an impact on the financial statements.

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

- IFRS 9 and IFRS 7 (amendment) – Amendments to the Classification and Measurement of Financial Instruments is effective for annual periods beginning on or after 1 January 2026. The Amendments mainly respond to a request from stakeholders to clarify some aspects of the application guidance for assessing the contractual cash flow characteristics of financial assets and accounting for the settlement of financial liabilities through electronic payment systems. NLB Group does not expect there to be an impact on the financial statements.

- IFRS 18 (new standard) – Presentation and Disclosure in Financial Statements is effective for annual periods beginning on or after 1 January 2027. IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements.
  IFRS 18 introduces new requirements to:
  - present specified categories and defined subtotals in the statement of profit or loss;
  - provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements;
  - improve aggregation and disaggregation.

NLB Group expects an impact only on the presentation of financial statements.

- IFRS 19 (new standard) – Subsidiaries without Public Accountability: Disclosures is effective for annual periods beginning on or after 1 January 2027.
  IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability, and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. NLB Group does not expect there to be an impact on the financial statements.
- Annual Improvements Volume 11 (amendment) – amendments are effective for annual periods beginning on or after 1 January 2026. The amendments bring small improvements to existing standards. NLB Group does not expect there to be an impact on the financial statements.
- IFRS 9 and IFRS 7 (amendment) - *Contracts Referencing Nature-dependent Electricity.* Amendments are effective for annual periods beginning on or after 1 January 2026. Amendments help companies to better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions. To allow companies to better reflect these contracts in the financial statements, the amendments include:
  - clarifying the application of the ‘own-use’ requirements;
  - permitting hedge accounting if these contracts are used as hedging instruments; and
  - adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

  NLB Group does not expect there to be an impact on the financial statements.

3. Changes in the Composition of the NLB Group

Changes in 2024

Capital changes:

- In May 2024, NLB Skladi d.o.o., Ljubljana became an owner of 100% of financial company Generali Investments a.d. Skopje. The purchase price for the company was EUR 2,515 thousand and was fully paid in cash (note 5.12.b). In August 2024, the company was renamed ‘NLB Fondovi a.d. Skopje’.
- In September 2024, NLB d.d., Ljubljana completed the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., the parent company of Summit Leasing Slovenija d.o.o., Ljubljana and its subsidiary Mobil Leasing d.o.o., Zagreb. The purchase price was EUR 127,216 thousand and was fully paid in cash (note 5.12.c).
- In October 2024, NLB d.d. Ljubljana increased share capital in the form of a cash contribution in the amount of EUR 3,329 thousand in company NLB Lease&Go, leasing, d.o.o., Ljubljana.
- In October 2024, NLB Komercijalna banka a.d. Beograd and NLB Lease&Go, leasing, d.o.o., Ljubljana increased share capital in the form of a cash contribution in the company NLB Lease&Go Leasing d.o.o. Beograd in the total amount of EUR 5,831 thousand. After that, NLB Lease&Go, leasing, d.o.o., Ljubljana ownership of NLB Lease&Go leasing d.o.o. Beograd increased to 50.89%, and NLB Komercijalna banka a.d. Beograd to 48.91%.
- In December 2024, NLB Lease&Go, leasing, d.o.o., Ljubljana and NLB Banka a.d., Skopje increased share capital in the form of a cash contribution in the total amount of EUR 684 thousand in the company NLB Lease&Go, d.o.o. Skopje.

Other changes:

- In January 2024, according to the new NLB Group Governance Policy, three real estate companies S-REAM d.o.o., Ljubljana, REAM d.o.o., Beograd and REAM d.o.o., Podgorica were transferred from non-core members to core members.
- In May 2024, company S-REAM d.o.o., Ljubljana was renamed ‘NLB Real Estate d.o.o., Ljubljana,’ company REAM d.o.o., Podgorica was renamed ‘NLB Real Estate d.o.o., Podgorica,’ and company REAM d.o.o., Beograd was renamed ‘NLB Real Estate d.o.o., Beograd.’
- On 1 July 2024, after merging with NLB Lease&Go, leasing, d.o.o., Ljubljana, subsidiary NLB Leasing d.o.o. Ljubljana – v likvidaciji ceased to exist. All its assets and liabilities were transferred to NLB Lease&Go, leasing, d.o.o., Ljubljana which became its universal legal successor after the merger.
- On 1 July 2024, after merging with NLB Real Estate d.o.o., Ljubljana, subsidiary Privatinvest d.o.o., Ljubljana ceased to exist. All its assets and liabilities were transferred to NLB Real Estate d.o.o., Ljubljana which became after merger its universal legal successor after the merger.
- In September 2024, NLB Komercijalna banka a.d. Beograd completed the sale of its subsidiary KomBank Invest a.d. Beograd to NLB Skladi, upravljanje premoženja, d.o.o. Ljubljana. In October 2024, the company KomBank Invest a.d. Beograd was renamed ‘NLB Fondovi a.d. Beograd.’
- In October 2024, NLB Lease&Go, leasing, d.o.o., Ljubljana established a new non-financial company for digital business NLB Car&Go, upravljanje spletnih platform, d.o.o.
- In November 2024, NLB Zavod za upravljanje kulturne dediščine was renamed ‘NLB MUZA Zavod za upravljanje kulturne dediščine, Ljubljana.’

Changes in 2023

Capital changes:

- In January 2023, NLB Lease&Go, leasing, d.o.o., Ljubljana increased its share capital in the form

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

Other changes:
- In April 2023, after merging with REAM d.o.o., Beograd, subsidiary SPV 2 d.o.o., Beograd ceased to exist. All of its assets and liabilities were transferred to REAM d.o.o., Beograd, which became its universal legal successor after the merger.
- In May 2023, NLB Group sold its subsidiary Tara Hotel d.o.o. Budva (note 5.12.e).
- In July 2023, a purchase agreement was signed for the sale of NLB Group's subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji. The transfer of the ownership was entered into the Register of Companies on 13 September 2023 (note 5.12.d).
- In August 2023, NLB received an authorisation of the ECB for the merger of the N Banka. On 1 September 2023, with entry of the merger in the Register of Companies, the process of the legal merger of N Banka with NLB was closed. As at the date of the merger, N Banka ceased to exist as an independent legal entity, and NLB as a universal successor, took over all of its rights and obligations (note 5.12.f).
- In September 2023, NLB Leasing d.o.o., Beograd – u likvidaciji was liquidated. In accordance with the court order, the company was removed from the court register.
- In September 2023, after cross-border merging with S-REAM d.o.o., Ljubljana, subsidiary REAM d.o.o, Zagreb ceased to exist. All its assets and liabilities were transferred to S-REAM d.o.o., Ljubljana, which became its universal legal successor after the merger.
- On 30 November 2023, NLB concluded a purchase agreement for the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., the parent company of Summit Leasing Slovenija d.o.o. and its subsidiaries from funds managed by affiliates of Apollo Global Management, Inc. and the European Bank for Reconstruction and Development. The purchase price for the mentioned deal is equal to the book value of Summit Leasing with an additional small mark-up. Completion of the transaction depends on obtaining regulatory approvals and approvals from competent authorities/institutions for the protection of competition and is expected in the second half of 2024.

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4. Notes to the Income Statement

4.1. Interest income and expenses

Analysis by type of assets and liabilities

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Interest and similar income				
Interest income calculated using the effective interest method	1,112,288	952,875	602,004	477,154
Financial assets measured at fair value through other comprehensive income	54,463	38,645	25,289	9,184
Securities measured at amortised cost	85,320	36,886	54,016	24,237
Deposits with banks and central banks	121,456	130,829	115,927	122,807
Loans and advances to banks measured at amortised cost	17,271	21,616	11,142	9,584
Loans and advances to customers measured at amortised cost	833,778	724,899	395,630	311,342
Other interest and similar income	95,350	40,530	44,926	21,184
Financial assets held for trading	5,939	6,213	6,444	6,459
Non-trading financial assets mandatorily at fair value through profit or loss	19	48	412	417
Derivatives - hedge accounting	38,474	14,529	38,070	14,308
Finance leases	50,913	18,959	–	–
Other	5	781	–	–
Total	**1,207,638**	**993,405**	**646,930**	**498,338**
Interest and similar expenses				
Interest expenses calculated using the effective interest method	232,863	148,034	174,429	115,779
Deposits from banks and central banks	3,543	3,372	9,068	6,914
Borrowings from banks and central banks	3,871	1,880	2,220	712
Due to customers	115,578	68,784	56,353	36,266
Borrowings from other customers	2,187	1,515	–	–
Subordinated liabilities	46,302	35,155	46,302	35,155
Debt securities issued	60,306	36,579	60,306	36,579
Lease liabilities (note 5.11.a)	1,076	728	180	132
Negative interest	–	21	–	21
Other interest and similar expenses	40,614	12,037	40,621	9,993
Derivatives - hedge accounting	34,164	4,470	34,164	4,444
Financial liabilities held for trading	5,546	5,595	6,020	5,191
Interest expenses on defined employee benefits (note 2.31., 5.16.c)	768	668	409	330
Other	136	1,304	28	28
Total	**273,477**	**160,071**	**215,050**	**125,772**
Net interest income	**934,161**	**833,334**	**431,880**	**372,566**

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4.2. Dividend income

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Financial assets measured at fair value through other comprehensive income	55	116	–	–
- related to investments held at the end of reporting period	55	116	–	–
Investments in subsidiaries	–	–	222,652	144,930
Investments in associates and joint ventures	–	–	866	275
Non-trading financial assets mandatorily at fair value through profit or loss	61	53	61	53
Total	**116**	**169**	**223,579**	**145,258**

4.3. Fee and commission income and expenses

a) Fee and commission income and expenses relating to activities of NLB Group and NLB

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Fee and commission income				
Fee and commission income relating to financial instruments not at fair value through profit or loss				
Credit cards and ATMs	138,680	130,460	56,164	50,094
Customer transaction accounts	100,204	93,527	57,184	53,355
Other fee and commission income				
Payments	90,399	88,334	25,992	24,977
Investment funds	42,812	32,994	14,104	9,916
Agency of insurance products	18,621	13,425	11,880	9,679
Other services	10,505	10,381	3,862	3,816
Total fee and commission income from contracts with customers	**401,221**	**369,121**	**169,186**	**151,837**
Guarantees	19,141	17,954	11,048	9,577
Total	**420,362**	**387,075**	**180,234**	**161,414**
Fee and commission expenses				
Fee and commission expenses relating to financial instruments not at fair value through profit or loss				
Credit cards and ATMs	90,454	91,543	36,654	33,387
Other fee and commission expenses				
Payments	13,168	13,169	1,678	1,351
Insurance for holders of personal accounts and gold cards	1,412	1,516	1,039	888
Investment banking	6,287	4,627	820	679
Guarantees	1,685	1,691	1,643	1,598
Other services	4,873	4,314	904	606
Total	**117,879**	**116,860**	**42,738**	**38,509**
Net fee and commission income related to banking activities	**302,483**	**270,215**	**137,496**	**122,905**

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b) Fee and commission income and expenses relating to fiduciary activities

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Fee and commission income related to fiduciary activities				
Receipt, processing, and execution of orders	2,695	1,661	2,244	1,546
Management of financial instruments portfolio	2,439	1,724	–	–
Initial or subsequent underwriting and/or placing of financial instruments without a firm commitment basis	579	228	579	228
Custody and similar services	6,640	6,027	6,498	5,842
Management of clients' account of non-materialised securities	2,291	1,942	2,291	1,942
Safe-keeping of clients' financial instruments	213	75	–	–
Advice to companies on capital structure, business strategy, and related matters and advice, and services relating to mergers and acquisitions of companies	65	9	65	9
Total	**14,922**	**11,666**	**11,677**	**9,567**
Fee and commission expenses related to fiduciary activities				
Fee and commission related to Central Securities Clearing Corporation and similar organisations	4,379	3,844	4,382	3,847
Fee and commission related to stock exchange and similar organisations	102	76	102	76
Total	**4,481**	**3,920**	**4,484**	**3,923**
Net fee income related to fiduciary activities	**10,441**	**7,746**	**7,193**	**5,644**
Total fee and commission income a) and b)	**435,284**	**398,741**	**191,911**	**170,981**
Total fee and commission expenses a) and b)	**122,360**	**120,780**	**47,222**	**42,432**
Total net fee and commission a) and b)	**312,924**	**277,961**	**144,689**	**128,549**

c) Analysis of fee and commission income and expenses by type and by segments

in EUR thousands

2024	NLB Group Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Strategic Foreign Markets	Financial Markets in Slovenia	Non-Core Members	Other activities	Intercompany relations	Total
Fee and commission income								
Fee and commission income relating to financial instruments not at fair value through profit or loss	89,681	23,602	125,601	63	–	2	(65)	238,884
Credit cards and ATMs	35,051	21,104	82,521	8	–	1	(5)	138,680
Customer transaction accounts	54,630	2,498	43,080	55	–	1	(60)	100,204
Other fee and commission	87,587	25,011	78,701	514	39	2,980	(17,573)	177,259
Payments	13,919	11,711	64,326	76	–	2,957	(2,590)	90,399
Investment funds	55,994	44	993	–	–	–	(14,219)	42,812
Agency of insurance products	11,877	2	6,741	–	–	1	–	18,621
Other services	5,797	13,254	6,641	438	39	22	(764)	25,427
Total fee and commission income from contracts with customers								
Guarantees	110	10,893	8,423	45	–	–	(330)	19,141
Total	**177,378**	**59,506**	**212,725**	**622**	**39**	**2,982**	**(17,968)**	**435,284**
Fee and commission expenses	**(47,296)**	**(18,421)**	**(70,670)**	**(2,666)**	**(41)**	**(1,234)**	**17,968**	**(122,360)**
Total	**(47,296)**	**(18,421)**	**(70,670)**	**(2,666)**	**(41)**	**(1,234)**	**17,968**	**(122,360)**
Net fee and commission income	**130,082**	**41,085**	**142,055**	**(2,044)**	**(2)**	**1,748**	**–**	**312,924**

in EUR thousands

2023	NLB Group Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Strategic Foreign Markets	Financial Markets in Slovenia	Non-Core Members	Other activities	Intercompany relations	Total
Fee and commission income								
Fee and commission income relating to financial instruments not at fair value through profit or loss	84,170	22,043	117,756	125	–	14	(121)	223,987
Credit cards and ATMs	31,771	19,679	79,002	5	–	8	(5)	130,460
Customer transaction accounts	52,399	2,364	38,754	120	–	6	(116)	93,527
Other fee and commission	71,260	23,400	71,358	493	46	2,763	(12,520)	156,800
Payments	13,704	11,146	62,574	152	–	2,748	(1,990)	88,334
Investment funds	42,663	47	233	–	–	–	(9,949)	32,994
Agency of insurance products	10,124	1	3,294	4	–	2	–	13,425
Other services	4,769	12,206	5,257	337	46	13	(581)	22,047
Total fee and commission income from contracts with customers								
Guarantees	120	10,361	7,545	35	–	13	(120)	17,954
Total	**155,550**	**55,804**	**196,659**	**653**	**46**	**2,790**	**(12,761)**	**398,741**
Fee and commission expenses	**(41,434)**	**(15,593)**	**(72,547)**	**(2,727)**	**(122)**	**(1,118)**	**12,761**	**(120,780)**
Total	**(41,434)**	**(15,593)**	**(72,547)**	**(2,727)**	**(122)**	**(1,118)**	**12,761**	**(120,780)**
Net fee and commission income	**114,116**	**40,211**	**124,112**	**(2,074)**	**(76)**	**1,672**	**–**	**277,961**

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

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Debt instruments measured at fair value through other comprehensive income				
- gains	160	94	–	2
- losses	(3,328)	(836)	(210)	(836)
Financial assets measured at amortised cost				
- gains	169	–	–	–
Financial liabilities measured at amortised cost				
- gains	2,839	–	2,713	–
Total	**(160)**	**(742)**	**2,503**	**(834)**

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

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Foreign exchange trading				
- gains	40,675	35,774	14,037	12,308
- losses	(8,833)	(7,394)	(7,792)	(7,299)
Debt instruments				
- gains	583	188	580	134
- losses	(340)	(28)	(340)	(28)
Derivatives				
- currency	1,192	2,462	3,567	(1,512)
- interest rate	(51)	1,182	(76)	(4,014)
- securities	3	3	3	3
Total	**33,229**	**32,187**	**9,979**	**(408)**

Interest income from financial assets held for trading is included in the income statement line item 'Interest and similar income' and interest expenses from financial liabilities held for trading in line item 'Interest and similar expenses' (note 4.1.).

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

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Equity securities				
- gains	4,076	2,667	4,045	1,901
- losses	(863)	(985)	(855)	(712)
Debt securities				
- gains	54	122	–	–
- losses	(4)	(44)	–	–
Loans and advances to customers				
- gains	–	24	658	1,256
Total	**3,263**	**1,784**	**3,848**	**2,445**

Interest income from non-trading financial assets mandatorily at fair value through profit or loss is included in the income statement line item 'Interest and similar income' (note 4.1.).

4.7. Foreign exchange translation gains less losses

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Financial assets and liabilities not measured as at fair value through profit or loss	(3,867)	(2,549)	(3,770)	3,232
Financial assets measured at fair value through profit or loss	167	(7)	167	(7)
Other	56	(222)	56	(222)
Total	**(3,644)**	**(2,778)**	**(3,547)**	**3,003**

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4.8. Other operating income and expenses

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Other operating income				
Income from non-banking services	8,360	7,933	7,029	6,862
- cash transportation	3,279	3,455	3,279	3,481
- operating leases of movable property	2,491	2,133	527	485
- IT services	316	221	1,486	1,249
- other	2,274	2,124	1,737	1,647
Rental income from investment property	1,348	1,755	293	359
Revaluation of investment property to fair value (note 5.9.)	1,714	617	221	223
Sale of investment property	816	427	258	17
Other operating income	9,611	6,676	6,773	2,915
Total	**21,849**	**17,408**	**14,574**	**10,376**
Other operating expenses				
Donations	2,187	12,008	1,541	11,564
Expenses related to issued service guarantees	3	545	3	545
Revaluation of investment property to fair value (note 5.9.)	1,228	1,734	35	41
Other operating expenses	8,411	7,813	2,329	2,232
Total	**11,829**	**22,100**	**3,908**	**14,382**

The line item 'Donations,' classified under the 'Other operating expenses' in year 2023 also include donations of NLB for floods mitigation in Slovenia to municipalities in the total amount of EUR 4,000 thousand, and to the Budget of the Republic of Slovenia to a particular budget line to raise funds to recover the consequences of the August floods in the amount of EUR 5,000 thousand.

Other operating expenses mainly include expenses associated with the changes in proportional deduction of VAT, licences, penalties, and damages.

Other operating income mainly include reimbursement of costs and taxes and income from sale of gold.

4.9. Administrative expenses

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Employee costs				
Gross salaries, compensations, and other short-term benefits	288,583	252,731	144,109	118,962
Defined contribution scheme	18,591	17,424	9,055	8,225
Social security contributions	14,198	12,612	7,544	6,864
Defined benefit expenses (note 5.16.c)	780	(602)	501	(279)
Post-employment benefits	(26)	(1,134)	(187)	(452)
Other employee benefits	806	532	688	173
Total	**322,152**	**282,165**	**161,209**	**133,772**
Other general and administrative expenses				
Material	6,994	6,672	1,746	1,624
Services	58,476	46,735	33,146	26,824
Intellectual services	22,218	18,385	12,810	9,768
Costs of supervision	7,136	4,942	4,384	2,806
Costs of other services	29,122	23,408	15,952	14,250
Tax expenses	37,915	4,454	34,507	1,040
Tax on balance sheet	33,204	–	33,204	–
Other tax expenses	4,711	4,454	1,303	1,040
Membership fees and similar	994	903	363	359
Business travel	2,172	1,684	787	561
Marketing	20,502	17,373	10,439	9,213
Buildings and equipment	32,591	32,680	16,091	15,290
Electricity	7,481	8,285	3,714	4,307
Rents and leases	2,423	3,012	400	526
Maintenance costs	10,135	9,370	5,333	4,977
Costs of security	6,371	5,952	2,582	2,203
Insurance for tangible assets	810	656	293	152
Other costs related to buildings and equipment	5,371	5,405	3,769	3,125
Technology	43,558	43,093	22,692	23,100
Maintenance of software and hardware	21,695	22,527	8,996	10,232
Licences	13,959	12,612	9,707	8,829
Data assets and subscription costs	3,359	3,267	2,342	2,157
Other technology costs	4,545	4,687	1,647	1,882
Communications	12,150	12,490	4,498	4,567
Postal services	4,697	4,868	2,828	2,814
Telecommunication and internet	4,996	5,141	521	558
Other communication costs	2,457	2,481	1,149	1,195
Other general and administrative costs	6,491	4,374	2,964	2,057
Total	**221,843**	**170,458**	**127,233**	**84,635**
Total administrative expenses	**543,995**	**452,623**	**288,442**	**218,407**
Number of employees	**8,322**	**7,982**	**2,523**	**2,554**

Costs of other services include insurance costs, costs for cash transport, archiving costs, costs for certification agency and e-business, meeting fees of members of the Supervisory Board.

In the table below are presented expenses related to the services of the statutory auditor:

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Statutory audit fees				
Cost of statutory audit	1,307	944	526	333
Audit overruns due to additional scope	90	–	53	–
Total	**1,397**	**944**	**579**	**333**
Other audit fees				
Other assurance services	225	28	210	28
Non assurance services	34	–	15	–
Total	**259**	**28**	**225**	**28**
Total audit fees	**1,656**	**972**	**804**	**361**

The contractual amount of the auditor's remuneration for auditing the annual report (excluding VAT, predefined costs and inflation, if it exceeds 3% in an individual member state of the NLB Group) amounted to EUR 915 thousand in 2024 at the NLB Group (2023: EUR 757 thousand), and EUR 302 thousand at NLB (2023: EUR 341 thousand).

For other audit assurance services, the contractual values (excluding VAT and additional costs) for the NLB Group amount to EUR 180 thousand (2023: EUR 17 thousand), and EUR 163 thousand at NLB (2023: EUR 8 thousand), and relate to the sustainability report and other audit services. For other audit services, excluding assurance, the contractual values for the NLB Group amount to EUR 24 thousand (2023: EUR 15 thousand), and in NLB amounted to EUR 7 thousand (2023: EUR 7 thousand).

In addition to the services included in the paragraph above, the statutory auditor also performed certain non-audit services in 2024 in the amount of EUR 159 thousand (2023: EUR 75 thousand) and other assurance services in 2023 in the amount of EUR 260 thousand, both related to the issuance of bonds. Amounts are presented without VAT. The payment was included in the calculation of the effective interest rate on the instrument issued.

4.10. Cash contributions to resolution funds and deposit guarantee schemes

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Cash contributions to deposit guarantee schemes	39,968	36,946	10,793	9,686
Cash contributions to resolution funds	245	2,147	–	1,697
Total	**40,213**	**39,093**	**10,793**	**11,383**

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

« »

4.11. Depreciation and amortisation

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Amortisation of intangible assets (note 5.10.)	20,775	16,402	11,625	7,528
Depreciation of property and equipment:				
- own property and equipment (note 5.8.b)	29,561	24,832	10,838	10,508
- right-of-use assets (note 5.11.a)	7,881	7,998	1,553	1,421
Total	**58,217**	**49,232**	**24,016**	**19,457**

4.12. Gains less losses from modification of financial assets

in EUR thousands

	2024				2023			
NLB Group	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Financial assets modified during the period								
Amortised cost before modification	515,034	16,401	2,083	533,518	510,682	4,141	4,145	518,968
Net modification gains/(losses)	(4,113)	(143)	(24)	(4,280)	(16,043)	(123)	(105)	(16,271)

The majority of modification loss of financial assets in 2024 and 2023 refers to the Decision on temporary measures for banks in relation to housing loans to natural persons, which limited the interest rates of housing loans in Serbia. The loss represents the difference between the balance of the loan on the modification date and the discounted value of the cash flows of the modified repayment plans using the original effective interest rate.

in EUR thousands

NLB Group	31 Dec 2024	31 Dec 2023
Financial assets modified since initial recognition		
Gross carrying amount of financial assets for which loss allowance has changed to 12-month measurement during the period	–	775

4.13. Provisions

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Provision for credit losses	(10,728)	(5,055)	(8,701)	(3,074)
Guarantees and commitments (note 5.16.b)	(10,728)	(5,055)	(8,701)	(3,074)
Provision for other liabilities and charges	12,847	25,925	7,149	14,422
Restructuring provisions (note 5.16.d)	3,919	3,654	2,500	3,800
Provisions for legal risks (note 5.16.e)	8,928	7,280	4,649	(2,678)
Other provisions (note 5.16.f)	–	14,991	–	13,300
Total	**2,119**	**20,870**	**(1,552)**	**11,348**

4.14. Impairment charge

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Impairment of financial assets				
Cash balances at central banks, and other demand deposits at banks	(53)	(504)	(272)	110
Loans and advances to banks measured at amortised cost (note 5.14.a)	(79)	23	36	(80)
Loans and advances to individuals measured at amortised cost (note 5.14.a)	39,711	37,632	23,535	15,689
Loans and advances to other customers measured at amortised cost (note 5.14.a)	(8,280)	(41,396)	17,813	(4,254)
Debt securities measured at fair value through other comprehensive income (note 5.14.b)	(1,535)	(7,054)	198	(5,058)
Debt securities measured at amortised cost (note 5.14.b)	1,923	1,749	723	672
Other financial assets measured at amortised cost (note 5.14.a)	(381)	2,833	(1,343)	589
Total impairment of financial assets	**31,306**	**(6,717)**	**40,690**	**7,668**
Impairment of investments in subsidiaries, associates and joint ventures				
Investments in subsidiaries	–	–	(53,525)	(96,876)
Investments in associates and joint ventures	–	–	–	(241)
Total	**–**	**–**	**(53,525)**	**(97,117)**
Impairment of other assets				
Property and equipment (note 5.8.b)	3,667	47	–	–
Other assets	347	(100)	1	3
Total	**4,014**	**(53)**	**1**	**3**
Total impairment of non-financial assets	**4,014**	**(53)**	**(53,524)**	**(97,114)**
Total impairment	**35,320**	**(6,770)**	**(12,834)**	**(89,446)**

In 2024, NLB released impairments related to equity investments in subsidiaries in total amount of EUR 53,705 thousand (2023: EUR 97,847 thousand). Release of impartments in subsidiaries was due to increase in their estimated recoverable amounts. The recoverable amounts have been calculated based on value in use, determined by discounting the future cash flows expected to be generated from holding the investments. The values assigned to the key assumptions represent management's assessment of future trends in the relevant sectors and have been based on historical data from both internal and external sources (discount rate from 10.6% to 18.35%; growth rate from 2.5% to 3.7%; target capital adequacy ratio between 15% and 18%). Details of the assumptions used in the estimates are presented in note 2.35.c).

In 2024, NLB impaired equity investment in non-core subsidiary in amount of EUR 180 thousand (2023: EUR 730 thousand), which is included in the amount in the line item 'Investments in subsidiaries.'

In 2024, impairment of financial assets includes EUR 1,661 thousand of 12-month expected credit losses for Stage 1 financial assets measured at amortised cost, acquired through a business combination (note 5.12.c).

4.15. Income tax

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Current income tax	76,432	66,072	34,423	25,210
Global minimum tax	6,037	–	3,851	–
Deferred income tax (note 5.17.)	(4,553)	(50,982)	(4,445)	(60,751)
Total	**77,916**	**15,090**	**33,829**	**(35,541)**

Reconciliations of differences from the amount of tax determined by applying the Slovenian statutory tax rate and reconciliation of effects:

in EUR thousands

	NLB Group				NLB			
	2024		2023		2024		2023	
Profit before tax	608,149		578,413		511,990		478,746	
Tax calculated at prescribed rate of 22% (in 2023: 19%)	133,793	22.0%	109,898	19.0%	112,638	22.0%	90,962	19.0%
Tax effect of:								
Income not subject to tax	(14,855)	-2.4%	(13,180)	-2.2%	(58,988)	-11.5%	(45,966)	-9.6%
Non-deductible expenses	10,385	1.7%	10,572	1.7%	1,239	0.2%	3,130	0.7%
Utilization of previously non-deductible expenses	–	–	(16,034)	-2.6%	–	–	(2,578)	-0.5%
Tax reliefs	(4,840)	-0.8%	(3,324)	-0.5%	(3,273)	-0.6%	(3,301)	-0.7%
Use of previously unrecognised tax losses	(27,689)	-4.6%	(22,266)	-3.7%	(27,079)	-5.3%	(21,898)	-4.6%
Unrecognised deferred tax assets on current period tax losses	1,107	0.1%	14,218	2.3%	–	–	–	–
Recognition of previously unrecognised deferred tax on tax losses	(6,920)	-1.1%	(46,697)	-7.7%	(5,501)	-1.1%	(46,697)	-9.8%
Recognition of previously unrecognised deferred tax on deductible temporary differences	–	–	(1,918)	-0.3%	–	–	(1,918)	-0.4%
Changes in deferred taxes due to the increase of tax rate	–	–	(13,491)	-2.2%	–	–	(13,544)	-2.8%
Effect of different tax rates in other countries	(29,794)	-4.9%	(18,636)	-3.1%	–	–	–	–
Withholding tax for which no tax credit was available	10,197	1.7%	6,920	1.1%	10,197	2.0%	6,920	1.4%
Deferred tax liability on undistributed profits	840	0.1%	9,626	1.6%	–	–	–	–
Adjustment to tax in respect of prior years	(670)	-0.1%	50	–	420	–	(3)	–
Global minimum tax	6,037	1.0%	–	–	3,851	0.8%	–	–
Other	325	0.1%	(648)	-0.1%	325	0.1%	(648)	-0.1%
Total	**77,916**	**12.8%**	**15,090**	**2.6%**	**33,829**	**6.6%**	**(35,541)**	**-7.4%**

Each member of NLB Group (disclosed in note 5.12.a) is taxable as required by local tax legislation. Income tax rates within NLB Group ranges from 9 to 32%.

A tax rate of 22% was applied in Slovenia in 2024 (2023: 19%). For the years 2024 – 2028, the rate in Slovenia will be 22%.

The effect of income not subject to tax of NLB in 2024, related to:

- dividends in 2024 amounted EUR 46,728 thousand (2023: EUR 26,219 thousand). They are based on non-taxable dividend income in 2024 which amounts to EUR 212,400 thousand (2023: EUR 137,994 thousand);
- release of impairments of equity investments in 2024 amounted to EUR 11,815 thousand (2023: EUR 18,591 thousand). They are based on non-taxable income from release of impairments of equity investments in 2024 in amount of EUR 53,705 thousand (2023: EUR 97,847 thousand).

NLB recognised deferred tax assets accrued on the basis of temporary differences in an amount that, given future profit estimates, is expected to be reversed in the foreseeable future (i.e., within five years). Due to some uncertainties regarding external factors (regulatory environment, market situation, etc.), a lower range of expected outcomes was considered for the purposes of deferred tax assets calculation.

NLB recognised deferred tax assets on all temporary differences. The deferred tax assets for tax losses are recognised in the amount that takes into account other deferred tax assets, reaches the total amount of deferred tax assets, for which a reversal is expected within five years. The deferred tax assets with respect to which simultaneously deferred tax liabilities are recognised are excluded from this calculation (e.g., deferred tax assets for temporary non-deductible expenses for impairment of debt securities measured at fair value through other comprehensive income and deferred tax assets related to fair value hedge accounting).

NLB Group members did not recognise deferred tax assets for tax losses if there was uncertainty about whether the tax losses could be utilised, because it is not probable that future taxable profits will be available against which the deferred tax assets can be utilised. The majority of the impact of unrecognised deferred tax assets on current period tax losses for 2023 relates to the tax loss of a subsidiary that realised tax loss due to the utilisation of previously tax non-deductible expenses for impairments in the subsidiary, which was divested in 2023.

Deferred tax liability related to undistributed profits includes withholding tax which shall be paid in the year 2025 on projected dividends.

The tax authorities may audit operations of NLB Group entities. In general, tax inspection, which may result in the emergence of additional tax liability, default interest, and penalties, may be initiated at any time within four to six years from the date of tax statement or from the year in which tax should have been assessed. NLB is not aware of any circumstances that could give rise to a potential material tax liability in this respect.

NLB has a special tax status at the Financial Administration of the Republic of Slovenia (FURS). The purpose of the status is to establish cooperation between FURS and the taxpayers, with the aim of encouraging voluntary compliance and reduce administrative burdens on financial supervision. FURS cooperates with NLB and responds quickly to resolve NLB's tax compliance issues, which reduces NLB's tax risks and uncertain tax positions.

Global minimum tax

NLB Group became subject to global minimum top-up tax from 1 January 2024 and is liable to pay the top-up-tax for the group members in the jurisdictions, where effective tax rate, calculated by the rules related to global minimum top-up-tax, is below 15%. NLB as the parent company recognised the global minimum top-up-tax in the amount of EUR 3,851 thousand related to subsidiaries in Bosnia and Herzegovina and Kosovo, where the statutory corporate income tax rate is 10%. North Macedonia, where a 10% statutory corporate income tax also applies, introduced a domestic top-up-tax, therefore NLB Banka Skopje recognised a EUR 2,186 thousand top-up-tax.

The NLB Group applied a mandatory temporary exception from the requirements of IAS 12, according to which information on deferred tax assets and liabilities related to Global minimum tax are not recognised or disclosed.

4.16. Earnings per share

Earnings per share are calculated by dividing the net profit by the weighted average number of ordinary shares in issue, less treasury shares.

Diluted earnings per share are the same as basic earnings per share for NLB Group and NLB, since subordinated bonds and other issued debt securities have no future conversion options, and consequently there are no dilutive potential ordinary shares.

	NLB Group		NLB	
	2024	2023	2024	2023
Net profit attributable to the owners of the parent (in EUR thousands)	514,552	550,700	478,161	514,287
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Basic earnings per share (in EUR per share)	25.7	27.5	23.9	25.7
Diluted earnings per share (in EUR per share)	25.7	27.5	23.9	25.7

5. Notes to the Statement of Financial Position

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

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Balances and obligatory reserves with central banks	3,322,029	5,435,460	1,708,488	4,077,399
Cash	540,283	470,902	214,637	181,735
Demand deposits at banks	178,504	198,489	50,183	59,365
	4,040,816	**6,104,851**	**1,973,308**	**4,318,499**
Allowance for impairment	(1,235)	(1,290)	(195)	(467)
Total	**4,039,581**	**6,103,561**	**1,973,113**	**4,318,032**

Slovenian banks are required to maintain a compulsory reserve with the Bank of Slovenia relative to the volume and structure of their customer deposits. Other banks in NLB Group maintain a compulsory reserve in accordance with local legislation. NLB and other banks in NLB Group fulfil their compulsory reserve deposit requirements.

5.2. Financial instruments held for trading

a) Financial assets held for trading

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Derivatives, excluding hedging instruments				
Swap contracts	7,649	13,867	10,393	16,135
- currency swaps	1,598	3,687	1,919	3,712
- interest rate swaps	6,051	10,180	8,474	12,423
Options	486	1,249	486	1,249
- interest rate options	463	1,229	463	1,229
- securities options	23	20	23	20
Forward contracts	779	602	770	573
- currency forward	779	602	770	573
Total derivatives	**8,914**	**15,718**	**11,649**	**17,957**
Securities				
Bonds	9,424	–	9,424	–
- other EU members	2,036	–	2,036	–
- other non-EU members	7,388	–	7,388	–
Total securities	**9,424**	**–**	**9,424**	**–**
Total	**18,338**	**15,718**	**21,073**	**17,957**
- quoted securities	9,424	–	9,424	–
of these debt instruments	9,424	–	9,424	–

The notional amounts of derivative financial instruments are disclosed in note 5.24.b).

b) Financial liabilities held for trading

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Derivatives, excluding hedging instruments				
Swap contracts	5,496	11,139	8,478	15,440
- currency swaps	660	2,035	1,311	4,216
- interest rate swaps	4,836	9,104	7,167	11,224
Options	595	1,573	595	1,573
- interest rate options	595	1,573	595	1,573
Forward contracts	904	505	904	497
- currency forward	904	505	904	497
Total	**6,995**	**13,217**	**9,977**	**17,510**

The notional amounts of derivative financial instruments are disclosed in note 5.24.b).

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

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

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Assets				
Shares	8,650	6,300	8,650	6,300
Investment funds	7,779	2,658	6,521	2,558
Bonds	1,000	5,217	–	–
Loans and advances to companies	–	–	3,964	7,785
Total	**17,429**	**14,175**	**19,135**	**16,643**
- quoted securities	1,000	5,217	–	–
of these debt instruments	1,000	5,217	–	–
- unquoted securities	16,429	8,958	15,171	8,858
of these equity instruments	16,429	8,958	15,171	8,858

As at 31 December 2024 and 2023, NLB Group and NLB did not have any assets received by taking possession of collateral and included in financial assets mandatorily at fair value through profit or loss.

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

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Liabilities				
Loans and advances to companies	–	–	637	1,234
Other financial liabilities (note 2.32.)	9,633	4,482	4,960	1,976
Total	**9,633**	**4,482**	**5,597**	**3,210**

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

a) Analysis by type of financial assets measured at fair value through other comprehensive income

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Bonds	2,262,669	1,836,604	1,601,875	962,084
- governments	1,707,776	1,398,036	1,046,982	523,516
- Republic of Slovenia	385,768	246,155	365,517	210,509
- other EU members	636,688	200,914	564,737	194,599
- Republic of Serbia	347,103	579,333	4,701	4,482
- other non-EU members	338,217	371,634	112,027	113,926
- banks	459,750	413,926	459,750	413,926
- other issuers	95,143	24,642	95,143	24,642
Shares	33,819	26,467	370	303
National Resolution Fund	62,774	60,625	62,774	60,625
Treasury bills	173,614	301,838	–	–
- Republic of Slovenia	–	19,902	–	–
- other EU members	140,774	247,827	–	–
- other non-EU members	32,840	34,109	–	–
Commercial bills	30,640	26,022	–	–
Total	**2,563,516**	**2,251,556**	**1,665,019**	**1,023,012**
of these debt securities	2,466,923	2,164,464	1,601,875	962,084
of these equity securities	96,593	87,092	63,144	60,928
Allowance for impairment (note 5.14.b)	(5,793)	(7,329)	(2,647)	(2,448)
- quoted securities	2,392,486	1,997,126	1,601,875	962,084
of these debt instruments	2,363,268	1,992,263	1,601,875	962,084
of these equity instruments	29,218	4,863	–	–
- unquoted securities	171,030	254,430	63,144	60,928
of these debt instruments	103,655	172,201	–	–
of these equity instruments	67,375	82,229	63,144	60,928

The credit quality analysis for financial assets and contingent liabilities is disclosed in note 6.1.j) and movements in allowance for the impairment of debt securities in note 5.14.b).

b) Movements of financial assets measured at fair value through other comprehensive income

in EUR thousands

	NLB Group				NLB			
	2024		2023		2024		2023	
	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities
Balance as at 1 January	2,164,464	87,092	2,838,796	80,407	962,084	60,928	1,291,277	42,784
Effects of translation of foreign operations to presentation currency	2,433	103	(293)	(34)	–	–	–	–
Additions	2,433,207	54	1,446,746	–	836,368	54	59,345	–
Derecognition	(2,253,476)	(87)	(2,249,943)	(82)	(260,979)	–	(479,962)	–
Net interest income	54,462	–	38,624	–	25,289	–	9,163	–
Exchange differences on monetary assets	4,177	–	1,901	–	1,427	–	(766)	–
Changes in fair values	61,656	9,431	88,633	6,801	37,686	2,162	49,410	2,284
Merger of subsidiary (note 5.12.f)	–	–	–	–	–	–	33,617	15,860
Balance as at 31 December	**2,466,923**	**96,593**	**2,164,464**	**87,092**	**1,601,875**	**63,144**	**962,084**	**60,928**

As at 31 December 2024, and as at 31 December 2023, NLB Group and NLB do not have any equity instruments measured at fair value through other comprehensive income obtained by taking possession of collateral in the statement of financial position (note 6.1.l).

c) Accumulated other comprehensive income related to financial assets measured at fair value through other comprehensive income

in EUR thousands

	NLB Group				NLB			
	2024		2023		2024		2023	
	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities
Balance as at 1 January	(66,934)	7,011	(144,578)	1,332	(35,255)	144	(78,283)	(1,460)
Effects of translation of foreign operations to presentation currency	(14)	(8)	(31)	(5)	–	–	–	–
Net gains/(losses) from changes in fair value	55,795	9,431	77,269	6,801	31,825	2,162	38,046	2,284
Gains/losses transferred to net profit on disposal (note 4.4.)	3,168	–	742	–	210	–	834	–
Impairment (note 4.14.)	(1,535)	–	(7,054)	–	198	–	(5,058)	–
Transfer of gains/losses to retained earnings	–	(58)	–	(63)	–	–	–	–
Deferred income tax (note 5.17.)	(10,589)	(1,484)	6,718	(1,054)	(7,091)	(476)	11,849	(434)
Merger of subsidiary	–	–	–	–	–	–	(2,643)	(246)
Balance as at 31 December	**(20,109)**	**14,892**	**(66,934)**	**7,011**	**(10,113)**	**1,830**	**(35,255)**	**144**

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5.5. Derivatives for hedging purposes

NLB Group entities measure exposure to interest rate risk using repricing gap analysis and by calculating the sensitivity of the statement of financial position and off-balance-sheet items in terms of the economic value of equity. The portfolio duration is used as a measure of risk in the management of securities in the banking book.

NLB Group entities use interest rate swaps (IRS) to close open positions in an individual maturity bucket. Micro and macro fair value hedges are used for that purpose, i.e., the swapping of a fixed interest rate on a hedged item for a variable interest rate. Micro cash flow hedges are also occasionally used, i.e. the swapping of a variable interest rate on a hedged item for a fixed interest rate. All fair value hedges are made on assets and liability items.

Hedge accounting principles (i.e., fair value and cash flow hedging) were applied in the hedging of interest rate risk using interest rate swaps. These hedge relationships are designated in such a way that the characteristics of the hedging instrument and those of the hedged item match (i.e., the principal terms match), while the dollar-offset method is used to regularly measure hedge effectiveness retrospectively. Efficiency is considered when total difference is within range 80%–125% or within materiality threshold defined at origination of hedge. Prospective testing of hedge effectiveness is carried out regularly for macro hedges where the characteristics of both items in the hedge relationship do not fully match by comparing the change in the fair value of both items to the shift in the yield curve.

Sources of hedge ineffectiveness may arise from the difference of discount rates used for valuation of hedged and hedging instruments, notional and timing differences, as well differences in the amortisation plan between hedged items and the hedging instrument. Hedge effectiveness is assessed monthly, by comparing changes in the fair value of the hedged item that are attributable to a hedged risk with changes in the fair value of the hedging instrument.

a) Fair value adjustment in hedge accounting recognised in profit or loss

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Fair value hedge from assets items	**(231)**	**2,735**	**(223)**	**2,424**
Net effects from hedging instruments	(10,840)	(24,799)	(10,731)	(22,803)
- interest rate swap for micro hedge	(7,098)	(15,677)	(6,989)	(13,681)
- interest rate swap for macro hedge	(3,742)	(9,122)	(3,742)	(9,122)
Net effects from hedged items	10,609	27,534	10,508	25,227
- loans measured at amortised cost - micro hedge	–	(3)	–	(3)
- bonds measured at amortised cost - micro hedge	894	2,684	894	2,684
- bonds measured at fair value through OCI - micro hedge	5,861	11,293	5,861	11,293
- loans measured at amortised cost- macro hedge	3,854	13,560	3,753	11,253

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Fair value hedge from liability items	**(1,180)**	**1,164**	**(1,180)**	**1,164**
Net effects from hedging instruments	25,204	6,505	25,204	6,505
- interest rate swap for micro hedge	25,204	6,505	25,204	6,505
Net effects from hedged items	(26,384)	(5,341)	(26,384)	(5,341)
- debt securities issued	(26,384)	(5,341)	(26,384)	(5,341)

In both years presented, all fair value hedges were effective, with actual results of the hedge ratio within a range of 80–125% (or within the materiality of change), therefore, no discontinuation of the hedge accounting was required.

As at 31 December 2024 and 2023, NLB Group and NLB had no relationships designated for cash flow hedge accounting or for hedge of a net investment in a foreign operation. NLB Group applied a hedge of a net investment in a foreign operation in years 2011 and 2012, and at that time recognised a EUR 754 thousand gain on the hedging instrument in other comprehensive income (note 5.22.b). This gain will be included in the consolidated income statement when the foreign operation is disposed of as a part of the gain or loss on the disposal.

b) Notional amounts of interest rate swaps

in EUR thousands

Fair value hedge of assets items	NLB Group				NLB			
	Notional amount	Fair value		Change in fair value of hedging instrument used for calculating hedge ineffectiveness	Notional amount	Fair value		Change in fair value of hedging instrument used for calculating hedge ineffectiveness
		Asset	Liability			Asset	Liability	
31 Dec 2024	589,141	26,815	3,592	(10,802)	529,141	26,815	1,261	(10,583)
31 Dec 2023	633,798	38,738	3,540	19,708	573,798	38,738	1,420	17,843

in EUR thousands

Fair value hedge of liability items	NLB Group				NLB			
	Notional amount	Fair value		Change in fair value of hedging instrument used for calculating hedge ineffectiveness	Notional amount	Fair value		Change in fair value of hedging instrument used for calculating hedge ineffectiveness
		Asset	Liability			Asset	Liability	
31 Dec 2024	1,520,000	50,956	–	41,997	1,520,000	50,956	–	41,997
31 Dec 2023	450,000	8,876	–	8,774	450,000	8,876	–	8,774

The hedging instrument is included in the statement of financial position in the line item 'Derivatives – hedge accounting.'

c) Accumulated fair value adjustments arising from the corresponding continuing hedge relationships

The table below presents accumulated fair value adjustments arising from the corresponding continuing hedge relationships, irrespective of whether there has been a change in the hedge designation during the year. The accumulated fair value adjustment is presented in the same line of statement of financial position as a hedged item, except for macro fair value hedges. In such relationships, hedged items are presented in the line item 'Financial assets measured at amortised cost,' while the accumulated fair value adjustment is presented in a separate line item 'Fair value changes of the hedged items in portfolio hedge of interest rate risk.'

in EUR thousands

	NLB Group				NLB			
	2024		2023		2024		2023	
	Carrying amount of hedged items	Accumulated amount of FV adjustments on the hedged item	Carrying amount of hedged items	Accumulated amount of FV adjustments on the hedged item	Carrying amount of hedged items	Accumulated amount of FV adjustments on the hedged item	Carrying amount of hedged items	Accumulated amount of FV adjustments on the hedged item
Micro fair value hedges								
Fixed rate bonds measured at AC	114,743	(3,768)	108,494	(4,349)	114,743	(3,768)	108,494	(4,349)
Fixed rate bonds measured at FVOCI	213,207	(9,980)	242,347	(15,841)	213,207	(9,980)	242,347	(15,841)
Fixed rate issued bonds	1,096,577	31,725	464,393	5,341	1,096,577	31,725	464,393	5,341
Macro fair value hedges								
Fixed rate retail loans	257,465	(6,353)	267,908	(10,207)	194,962	(8,761)	205,601	(12,514)

The change in fair value of the hedge item used as the basis for recognising hedge ineffectiveness:

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Micro fair value hedges	(38,270)	3,591	(38,270)	3,591
Macro fair value hedges	3,560	10,577	3,364	8,540

d) IBOR reform

NLB Group continuously monitors the development of Benchmark Interest Rate Reform and is actively preparing for the changes imposed by the regulation. In 2018, NLB formed a special working group which deals with the preparation for the discontinuation of some important reference interest rates and reports on this to the NLB Group ALCO.

NLB Group no longer offers new products that would be tied to reference rates in termination. With regard to the reference rates, the NLB Group offers only products related to EURIBOR, which is not scheduled for discontinuation. Therefore, NLB Group's attention in the past few years has been focused on the modification of new contractual relationships with customers in which EURIBOR occurs.

EURIBOR's possible discontinuation

Due to the timely transition to the new hybrid EURIBOR methodology which meet the BMR requirements, EURIBOR can continue to be used in new and legacy contracts for the foreseeable future.

EU-supervised entities are bound to include robust fallback clauses into contractual documentation with the clients. In November 2019, the Euro risk-free rates (RFR) Working Group published high level recommendations for fallback provisions for products referencing EURIBOR. The inclusion of robust fallback language is a requirement in contracts subject to the EU Benchmark Regulation. The Bank already incorporated the generic fallback clause into all new EURIBOR (both retail and corporate) contracts.

In May 2021, the Euro RFR Working Group produced its recommendations on EURIBOR fallback trigger events and €STR-based EURIBOR fallback rates. NLB's mid-term activities are expected to undertake on the implementation of more precise fallback provisioning, based on these recommendations. NLB identified potential €STR-based fallbacks for EURIBOR, in line with the current market consensus on those fallbacks and intends to proceed with the activities for inclusion on EURIBOR fallbacks into all new EURIBOR-based contracts. In the next step, the Bank is also expected to include fallback provisions in legacy contracts. The exact timing depends on the regulatory/market development and best practice.

NLB as a supervised entity, is required to comply with the Benchmark regulation and, as a user of benchmarks, must produce and maintain a robust written plan setting out the actions NLB would take in the event that a benchmark materially changes or ceases to be provided. NLB has prepared a plan, which sets out an inexhaustive/summary action list, and will continue to closely follow market standards to identify alternative benchmarks that could be referenced in substitute of existing benchmarks.

LIBOR discontinuation

Since many LIBOR settings ceased to exist at the beginning of 2022, the Bank finished the process of winding-down the exposures in a most efficient way. Incremental LIBOR transactions were not allowed unconditionally.

NLB Group activities for implementation of LIBOR transition were as follows:

- review of outstanding LIBOR referencing loans,
- identification of alternative reference rate to be used for loan portfolio,
- analysis of how the alternative reference rate will be calculated and how to calculate any economic difference between LIBORs and the selected alternative reference rates,
- consideration of IT system accommodation with alternative reference rates,
- documentation of the transition of the loans.

The tables indicate the notional amount and weighted average maturity of derivatives on the NLB Group level and separately NLB d.d. sole in hedging relationships that will be affected by the IBOR reform, analysed on an interest rate basis. The derivative hedging instruments provide a close approximation to the extent of the risk exposure NLB Group manages through hedging relationships.

in EUR thousands

	2024		2023	
NLB Group	Notional amount (in EUR thousands)	Weighted average maturity (years)	Notional amount (in EUR thousands)	Weighted average maturity (years)
Interest rate swaps (assets)				
EURIBOR (3 months)	310,250	8.05	318,509	8.94
EURIBOR (6 months)	272,189	5.47	315,289	5.68
USD LIBOR (6 months)	6,702	8.93	–	–
Interest rate swaps (liabilities)				
EURIBOR (3 months)	800,000	2.53	350,000	2.49
EURIBOR (6 months)	720,000	3.87	100,000	2.49

in EUR thousands

	2024		2023	
NLB	Notional amount (in EUR thousands)	Weighted average maturity (years)	Notional amount (in EUR thousands)	Weighted average maturity (years)
Interest rate swaps (assets)				
EURIBOR (3 months)	250,250	8.88	258,509	9.72
EURIBOR (6 months)	272,189	5.47	315,289	5.68
USD LIBOR (6 months)	6,702	8.93	–	–
Interest rate swaps (liabilities)				
EURIBOR (3 months)	800,000	2.53	350,000	2.49
EURIBOR (6 months)	720,000	3.87	100,000	2.49

As can be seen from the table, the majority of long-term derivatives in hedging relationships are exposed to EURIBOR, therefore, the uncertainty arising from interest rate benchmark reform derives mainly from derivatives with longer maturities, when a change of EURIBOR could be expected. As at 31 December 2024, derivatives with remaining maturity of five or more years amount to EUR 242,830 thousand (31 December 2023: EUR 285,280 thousand).

5.6. Financial assets measured at amortised cost

Analysis by type

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Debt securities	3,725,195	2,522,229	2,846,779	1,966,169
Loans and advances to banks	458,921	547,640	193,172	149,011
Loans and advances to customers	16,363,649	13,734,601	8,653,348	7,148,283
Other financial assets	136,854	165,962	81,518	101,596
Total	**20,684,619**	**16,970,432**	**11,774,817**	**9,365,059**

The credit quality analysis for financial assets and contingent liabilities is disclosed in note 6.1.j).

a) Debt securities

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Governments	2,707,448	1,898,725	1,832,344	1,347,161
Companies	75,923	79,679	68,674	72,458
Banks	882,616	536,096	882,616	536,096
Financial organisations	66,675	13,251	66,675	13,251
	3,732,662	**2,527,751**	**2,850,309**	**1,968,966**
Allowance for impairment (note 5.14.b)	(7,467)	(5,522)	(3,530)	(2,797)
Total	**3,725,195**	**2,522,229**	**2,846,779**	**1,966,169**

b) Loans and advances to banks

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Loans	456	623	131,794	119,914
Time deposits	229,591	249,765	61,684	25,865
Reverse sale and repurchase agreements	229,049	294,069	–	–
Purchased receivables	–	3,482	–	3,482
Finance lease receivables (note 5.11.b)	65	–	–	–
	459,161	**547,939**	**193,478**	**149,261**
Allowance for impairment (note 5.14.a)	(240)	(299)	(306)	(250)
Total	**458,921**	**547,640**	**193,172**	**149,011**

c) Loans and advances to customers

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Loans	14,817,888	13,117,311	8,440,471	6,946,199
Overdrafts	507,933	449,145	276,421	236,792
Finance lease receivables (note 5.11.b)	1,227,783	337,610	–	–
Credit card business	158,702	154,664	87,211	82,457
Called guarantees	9,104	4,498	6,958	2,403
	16,721,410	**14,063,228**	**8,811,061**	**7,267,851**
Allowance for impairment (note 5.14.a)	(357,761)	(328,627)	(157,713)	(119,568)
Total	**16,363,649**	**13,734,601**	**8,653,348**	**7,148,283**

Analysis of loans and advances to customers by sector

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Governments	511,129	386,291	209,228	118,220
Financial organisations	149,132	91,523	1,326,073	384,995
Companies	7,145,683	6,169,972	3,235,837	3,101,465
Individuals	8,557,705	7,086,815	3,882,210	3,543,603
Total	**16,363,649**	**13,734,601**	**8,653,348**	**7,148,283**

d) Other financial assets

Analysis by type of other financial assets

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Receivables in the course of settlement and other temporary accounts	43,265	43,608	25,701	20,207
Credit card receivables	26,108	54,748	13,881	42,753
Debtors	14,181	9,265	3,437	2,013
Fees and commissions	7,974	9,734	3,405	2,924
Accrued income	15,081	7,171	7,451	6,247
Prepayments	5,183	2,176	–	–
Other financial assets	34,055	50,065	28,856	29,066
	145,847	**176,767**	**82,731**	**103,210**
Allowance for impairment (note 5.14.a)	(8,993)	(10,805)	(1,213)	(1,614)
Total	**136,854**	**165,962**	**81,518**	**101,596**

Receivables in the course of settlement are temporary balances which will be transferred to the appropriate item in the days following their occurrence.

Other financial assets in the amount of EUR 23,975 thousand (31 December 2023: EUR 22,745 thousand) relate to a receivable recognised in accordance with the 'Act for Value Protection of Republic of Slovenia's Capital Investment in Nova Ljubljanska banka d.d., Ljubljana' (note 5.16.a). The remaining balance includes claims for fees and legal costs, and claims from refunds.

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Analysis of other financial assets by sector

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Banks	42,218	51,020	10,114	19,779
Government	26,315	44,233	26,000	25,756
Financial organisations	21,126	30,715	11,932	23,554
Companies	9,385	5,062	824	723
Individuals	37,810	34,932	32,648	31,784
Total	**136,854**	**165,962**	**81,518**	**101,596**

e) Movement of called non-financial guarantees

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	984	397	60	90
Effects of translation of foreign operations to presentation currency	–	(1)	–	–
Called guarantees	1,599	1,184	1,300	–
Paid guarantees	(1,722)	(534)	(1,144)	–
Merger of subsidiary	–	–	–	32
Write-offs	(357)	(62)	(176)	(62)
Balance as at 31 December	**504**	**984**	**40**	**60**

5.7. Non-current assets held for sale

The line item 'Non-current assets held for sale' includes business premises and assets received as collateral that are in the process of being sold. As at 31 December 2024, the value of assets received by taking possession of collateral and included in non-current assets held for sale by NLB Group amounted to EUR 7,191 thousand (31 December 2023: EUR 474 thousand). As at 31 December 2024, and as at 31 December 2023, NLB did not have any non-current assets obtained by taking possession of collateral and included in non-current assets held for sale (note 6.1.l).

Analysis of movements of non-current assets held for sale

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	4,849	15,436	4,048	4,235
Effects of translation of foreign operations to presentation currency	6	11	–	–
Transfer from/(to) property and equipment (note 5.8.)	7,681	584	240	584
Transfer from/(to) other assets	8	–	8	–
Transfer from/(to) investment property (note 5.9.)	81	–	–	–
Disposals	(1,286)	(10,861)	(1,136)	(655)
Valuation	(303)	(321)	(311)	(116)
Balance as at 31 December	**11,036**	**4,849**	**2,849**	**4,048**

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5.8. Property and equipment

a) Analysis by type

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Own property and equipment	274,683	249,920	85,677	80,240
Right-of-use assets (note 5.11.)	35,334	28,114	5,643	5,730
Total	**310,017**	**278,034**	**91,320**	**85,970**

b) Movement wof own property and equipment

in EUR thousands

	NLB Group					NLB				
	Land & Buildings	Computers	Other equipment		Total	Land & Buildings	Computers	Other equipment		Total
			for own use	in operating lease				for own use	in operating lease	
Cost										
Balance as at 1 January 2024	357,527	93,968	104,612	15,004	571,111	202,080	46,552	44,866	4,202	297,700
Effects of translation of foreign operations to presentation currency	233	66	61	1	361	–	–	–	–	–
Acquisition of subsidiary (note 5.12.b, c)	–	302	627	20,777	21,706	–	–	–	–	–
Additions	14,155	11,067	16,355	20,791	62,368	7,825	5,962	2,439	395	16,621
Disposals	(1,529)	(9,358)	(8,830)	(10,596)	(30,313)	(93)	(2,312)	(3,007)	(1)	(5,413)
Transfer from/to property and equipment	385	–	(547)	162	–	385	–	(385)	–	–
Transfer to/from investment property (note 5.9.)	1,106	–	–	–	1,106	–	–	–	–	–
Transfer to/from non-current assets held for sale (note 5.7.)	(10,436)	–	–	–	(10,436)	(2,123)	–	–	–	(2,123)
Other	–	–	–	(7,793)	(7,793)	–	–	–	–	–
Balance as at 31 December 2024	**361,441**	**96,045**	**112,278**	**38,346**	**608,110**	**208,074**	**50,202**	**43,913**	**4,596**	**306,785**
Depreciation and impairment										
Balance as at 1 January 2024	183,334	58,823	73,838	5,196	321,191	141,780	33,419	38,690	3,571	217,460
Effects of translation of foreign operations to presentation currency	34	20	16	1	71	–	–	–	–	–
Disposals	(664)	(8,808)	(7,513)	(123)	(17,108)	–	(2,307)	(2,999)	(1)	(5,307)
Depreciation (note 4.11.)	9,665	9,348	7,710	2,838	29,561	3,880	4,710	2,004	244	10,838
Impairment (note 4.14.)	3,667	–	–	–	3,667	–	–	–	–	–
Transfer from/to property and equipment	47	–	(88)	41	–	47	–	(47)	–	–
Transfer to/from investment property (note 5.9.)	(8)	–	–	–	(8)	–	–	–	–	–
Transfer to/from non-current assets held for sale (note 5.7.)	(2,755)	–	–	–	(2,755)	(1,883)	–	–	–	(1,883)
Other	–	–	–	(1,192)	(1,192)	–	–	–	–	–
Balance as at 31 December 2024	**193,320**	**59,383**	**73,963**	**6,761**	**333,427**	**143,824**	**35,822**	**37,648**	**3,814**	**221,108**
Net carrying value										
Balance as at 31 December 2024	**168,121**	**36,662**	**38,315**	**31,585**	**274,683**	**64,250**	**14,380**	**6,265**	**782**	**85,677**
Balance as at 1 January 2024	**174,193**	**35,145**	**30,774**	**9,808**	**249,920**	**60,300**	**13,133**	**6,176**	**631**	**80,240**

As at 31 December 2024, the value of assets received by taking possession of collateral and included in property and equipment by NLB Group amounted to EUR 1,644 thousand (31 December 2023: EUR 11,641 thousand). As at 31 December 2024 and as at 31 December 2023, NLB did not have any assets received by taking possession of collateral and included in property and equipment (note 6.1.l).

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in EUR thousands

	NLB Group					NLB				
	Land & Buildings	Computers	Other equipment		Total	Land & Buildings	Computers	Other equipment		Total
			for own use	in operating lease				for own use	in operating lease	
Cost										
Balance as at 1 January 2023	347,252	84,875	95,075	9,304	536,506	195,685	42,180	43,783	3,722	285,370
Effects of translation of foreign operations to presentation currency	(68)	(20)	(3)	–	(91)	–	–	–	–	–
Additions	16,827	14,104	15,217	7,604	53,752	3,527	4,737	2,829	482	11,575
Disposals	(5,519)	(4,969)	(5,627)	(1,904)	(18,019)	–	(1,357)	(2,403)	(2)	(3,762)
Transfer to/from investment property (note 5.9.)	86	–	–	–	86	–	–	–	–	–
Transfer to/from non-current assets held for sale (note 5.7.)	(1,051)	–	–	–	(1,051)	(1,051)	–	–	–	(1,051)
Merger of subsidiary (note 5.12.f)	–	–	–	–	–	3,919	992	657	–	5,568
Disposal of subsidiaries (note 5.12.d, e)	–	(22)	(50)	–	(72)	–	–	–	–	–
Balance as at 31 December 2023	**357,527**	**93,968**	**104,612**	**15,004**	**571,111**	**202,080**	**46,552**	**44,866**	**4,202**	**297,700**
Depreciation and impairment										
Balance as at 1 January 2023	177,896	53,340	72,310	4,016	307,562	138,264	29,619	38,891	3,334	210,108
Effects of translation of foreign operations to presentation currency	(10)	(3)	11	–	(2)	–	–	–	–	–
Disposals	(914)	(4,615)	(4,845)	(335)	(10,709)	–	(1,350)	(2,359)	(2)	(3,711)
Depreciation (note 4.11.)	6,782	10,123	6,412	1,515	24,832	3,750	4,635	1,884	239	10,508
Impairment (note 4.14.)	47	–	–	–	47	–	–	–	–	–
Transfer to/from non-current assets held for sale (note 5.7.)	(467)	–	–	–	(467)	(467)	–	–	–	(467)
Merger of subsidiary (note 5.12.f)	–	–	–	–	–	233	515	274	–	1,022
Disposal of subsidiaries (note 5.12.d, e)	–	(22)	(50)	–	(72)	–	–	–	–	–
Balance as at 31 December 2023	**183,334**	**58,823**	**73,838**	**5,196**	**321,191**	**141,780**	**33,419**	**38,690**	**3,571**	**217,460**
Net carrying value										
Balance as at 31 December 2023	**174,193**	**35,145**	**30,774**	**9,808**	**249,920**	**60,300**	**13,133**	**6,176**	**631**	**80,240**
Balance as at 1 January 2023	**169,356**	**31,535**	**22,765**	**5,288**	**228,944**	**57,421**	**12,561**	**4,892**	**388**	**75,262**

5.9. Investment property

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	31,116	35,639	7,640	6,753
Effects of translation of foreign operations to presentation currency	65	(14)	–	–
Disposals	(4,340)	(3,392)	(2,227)	(79)
Transfer from/(to) property and equipment (note 5.8.)	(1,114)	(86)	–	–
Transfer from/(to) non-current assets held for sale (note 5.7.)	(81)	–	–	–
Transfer from/(to) other assets	–	86	–	–
Net valuation to fair value (note 4.8.)	486	(1,117)	186	182
Merger of subsidiary (note 5.12.f)	–	–	–	784
Balance as at 31 December	**26,132**	**31,116**	**5,599**	**7,640**

As at 31 December 2024, the value of assets received by taking possession of collateral and included in investment property by NLB Group amounted to EUR 17,844 thousand (31 December 2023: EUR 21,253 thousand), and in NLB amounted to EUR 619 thousand (31 December 2023: EUR 2,263 thousand) (note 6.1.l).

Operating expenses arising from investment properties:

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Leased to others	529	1,986	333	373
Not leased to others	476	459	342	298
Total	**1,005**	**2,445**	**675**	**671**

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5.10. Intangible assets

in EUR thousands

	NLB Group				NLB
	Software licenses	Other intangible assets	Goodwill	Total	Software licenses
Cost					
Balance as at 1 January 2024	272,445	13,214	32,336	317,995	218,179
Effects of translation of foreign operations to presentation currency	68	51	(1)	118	–
Acquisition of subsidiaries (note 5.12.b, c)	1,590	21,959	4,541	28,090	–
Additions	31,023	–	–	31,023	18,670
Write-offs	(3,946)	–	–	(3,946)	(3,250)
Balance as at 31 December 2024	**301,180**	**35,224**	**36,876**	**373,280**	**233,599**
Amortisation and impairment					
Balance as at 1 January 2024	217,335	9,736	28,807	255,878	180,800
Effects of translation of foreign operations to presentation currency	39	38	–	77	–
Amortisation (note 4.11.)	18,147	2,628	–	20,775	11,625
Write-offs	(3,946)	–	–	(3,946)	(3,250)
Balance as at 31 December 2024	**231,575**	**12,402**	**28,807**	**272,784**	**189,175**
Net carrying value					
Balance as at 31 December 2024	**69,605**	**22,822**	**8,069**	**100,496**	**44,424**
Balance as at 1 January 2024	**55,110**	**3,478**	**3,529**	**62,117**	**37,379**

Other intangible assets represent additionally identified intangible assets in a business combination, namely core deposits, trade name and intangible assets related to the distribution agreements. The newly identified intangible assets related to the distribution agreements recognised at the acquisition date were measured by referring to the fair value which amounted to EUR 21,959 thousand. Useful life is assessed to be 10 years. This fair value was estimated by applying an income approach.

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in EUR thousands

	NLB Group				NLB
	Software licenses	Other intangible assets	Goodwill	Total	Software licenses
Cost					
Balance as at 1 January 2023	259,684	13,227	32,336	305,247	207,769
Effects of translation of foreign operations to presentation currency	(25)	(13)	–	(38)	–
Merger of subsidiary (note 5.12.f)	–	–	–	–	979
Additions	20,697	–	–	20,697	13,797
Disposals	(4)	–	–	(4)	–
Write-offs	(7,740)	–	–	(7,740)	(4,366)
Disposal of subsidiary (note 5.12.d)	(167)	–	–	(167)	–
Balance as at 31 December 2023	**272,445**	**13,214**	**32,336**	**317,995**	**218,179**
Amortisation and impairment					
Balance as at 1 January 2023	210,821	7,384	28,807	247,012	177,344
Effects of translation of foreign operations to presentation currency	(16)	(13)	–	(29)	–
Merger of subsidiary (note 5.12.f)	–	–	–	–	294
Disposals	(4)	–	–	(4)	–
Amortisation (note 4.11.)	14,037	2,365	–	16,402	7,528
Write-offs	(7,336)	–	–	(7,336)	(4,366)
Disposal of subsidiary (note 5.12.d)	(167)	–	–	(167)	–
Balance as at 31 December 2023	**217,335**	**9,736**	**28,807**	**255,878**	**180,800**
Net carrying value					
Balance as at 31 December 2023	**55,110**	**3,478**	**3,529**	**62,117**	**37,379**
Balance as at 1 January 2023	**48,863**	**5,843**	**3,529**	**58,235**	**30,425**

5.11. Leases

a) NLB Group as a lessee

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Right-of-use assets				
Land and buildings	31,802	24,541	3,103	2,794
Vehicles	85	92	2,377	2,681
Computers	375	395	163	255
Furniture and equipment	3,072	3,086	–	–
Total	**35,334**	**28,114**	**5,643**	**5,730**
Lease liabilities	**35,935**	**28,944**	**5,775**	**5,793**

In the statement of financial position, right-of-use assets are included in the line item 'Property and equipment' and lease liabilities are included in the line item 'Other financial liabilities.'

Additions to the right-of-use assets during 2024 in NLB Group amounted to EUR 17,305 thousand (2023: EUR 19,149 thousand), and in NLB EUR 2,675 thousand (2023: EUR 4,656 thousand). Due to the acquisition of subsidiaries in 2024, the right-of-use assets in NLB Group increased by EUR 1,894 thousand (note 5.12.c).

The income statement shows the following amounts relating to leases:

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Depreciation of right-of-use assets (note 4.11.)				
Land and buildings	6,653	6,519	684	692
Vehicles	81	160	821	705
Computers	91	61	48	24
Furniture and equipment	1,056	1,258	–	–
Total	**7,881**	**7,998**	**1,553**	**1,421**

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Interest expenses on lease liabilities (note 4.1.)	(1,076)	(728)	(180)	(132)
Expenses relating to short-term leases (included in administrative expenses)	(929)	(1,554)	(269)	(403)
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	(1,393)	(1,237)	(138)	(182)
Income from sub-leasing right-of-use assets (included in other operating income)	112	140	–	–

The total cash outflow for leases in 2024 in NLB Group was EUR 9,433 thousand (2023: EUR 8,242 thousand), and in NLB EUR 1,646 thousand (2023: EUR 1,386 thousand).

NLB Group leases various offices, branches, vehicles, and other equipment used in its business. Rental contracts for offices and branches generally have lease terms between 5 to 20 years, while some contracts are made for indefinite periods. Contracts for indefinite periods are included in the measurement of the liability in accordance with planning projections. Normally, a lease term of five years is assumed, with the exemption of business premises on strategic locations where management assesses a different (longer) lease term. Vehicles and other equipment generally have lease terms between 1 and 5 years. There are several lease contracts that include extension and termination options. These options are negotiated by management to align with the Group's business needs. Lease payments to be made under reasonably certain extension options are included in measurement of the liability.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NLB Group also has certain leases of other equipment with a lease term of 12 months or less, and equipment with low value. For these leases, NLB Group applies the short-term lease and the lease of low-value assets recognition exemptions. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

For calculation of the net present value of the future lease payments, NLB Group applies the internal transfer price as a discount rate.

NLB Group and NLB do not have expenses relating to variable payments and gains or losses arising from a sale and leaseback transactions.

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The following table sets out a maturity analysis of undiscounted lease liabilities.

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Up to 1 Month	641	518	143	163
1 Month to 3 Months	1,291	1,016	283	285
3 Months to 1 Year	5,732	3,952	1,245	1,298
1 Year to 5 Years	24,005	18,155	3,734	3,835
Over 5 Years	8,607	7,719	794	640
Total	**40,276**	**31,359**	**6,199**	**6,221**

b) NLB Group as a lessor

Finance and operating leases of motor vehicles and operating leases of business premises and POS terminals represent the majority of agreements in which NLB Group acts as a lessor.

Most of the lease agreements entered into by NLB Group as lessor contracts are finance lease agreements. Most of the finance lease agreements are concluded for a non-cancellable period of between 48 and 60 months. By paying the last instalment at the end of the contract, the leasing object becomes the lessee's property. The financial leasing receivables are secured by the object of financing. NLB Group does not have finance lease contracts with variable payments not included in the measurement of the net investment in the lease.

The investment properties are leased to the lessee under operating leases with rentals payable monthly. There are no variable lease payments that depend on an index or a rate. The investment properties generally have lease terms between 2 and 10 years. Some contracts are made for an indefinite period.

Finance leases

Loans and advances to customers in NLB Group include finance lease receivables.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

in EUR thousands

NLB Group	2024	2023
Less than 1 year	242,013	115,449
1 to 2 years	191,168	89,047
2 to 3 years	204,981	76,876
3 to 4 years	198,055	62,091
4 to 5 years	184,840	31,172
More than 5 years	397,203	20,787
Total undiscounted lease receivable	**1,418,260**	**395,422**
Unearned finance income	(190,412)	(57,812)
Net investment in the lease	**1,227,848**	**337,610**

During 2024, NLB Group recognised interest income on lease receivables in the amount of EUR 50,913 thousand (2023: EUR 18,959 thousand).

Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Less than 1 year	7,376	5,590	910	899
1 to 2 years	2,778	3,516	907	893
2 to 3 years	2,674	2,271	861	864
3 to 4 years	2,382	2,005	793	825
4 to 5 years	1,494	1,573	723	749
More than 5 years	3,838	3,490	3,616	3,393
Total	**20,542**	**18,445**	**7,810**	**7,623**

NLB Group realised rental income arising from: investment properties in the amount of EUR 1,348 thousand (2023: EUR 1,755 thousand); and movable property in the amount of EUR 2,491 thousand (2023: EUR 2,133 thousand). NLB realised rental income arising from: investment properties in the amount of EUR 293 thousand (2023: EUR 359 thousand); and movable property in the amount of EUR 527 thousand (2023: EUR 485 thousand) (note 4.8.).

5.12. Investments in subsidiaries, associates, and joint ventures

a) Analysis by type of investment in subsidiaries

in EUR thousands

NLB	31 Dec 2024	31 Dec 2023
Banks	975,400	901,765
Other financial organisations	160,952	30,407
Enterprises	43,405	43,585
Total	**1,179,757**	**975,757**

Data of subsidiaries as included in the consolidated financial statements of NLB Group as at 31 December 2024:

	Nature of Business	Country of Incorporation	Equity as at 31 Dec 2024 (in EUR thousands)	Profit/(loss) for 2024 (in EUR thousands)	NLB Group		NLB	
					Shareholding (in %)	Voting rights (in %)	Shareholding (in %)	Voting rights (in %)
Core members								
NLB Banka a.d., Skopje	Banking	North Macedonia	322,944	67,838	86.97	86.97	86.97	86.97
NLB Banka a.d., Podgorica	Banking	Montenegro	119,729	27,714	99.87	99.87	99.87	99.87
NLB Banka a.d., Banja Luka	Banking	Bosnia and Herzegovina	130,314	29,510	99.85	99.85	99.85	99.85
NLB Banka sh.a., Prishtina	Banking	Kosovo	173,827	37,028	82.38	82.38	82.38	82.38
NLB Banka d.d., Sarajevo	Banking	Bosnia and Herzegovina	107,662	14,384	97.34	97.35	97.34	97.35
NLB Komercijalna banka a.d. Beograd	Banking	Serbia	865,365	140,482	100	100	100	100
NLB Skladi d.o.o., Ljubljana	Finance	Slovenia	22,971	12,113	100	100	100	100
NLB Fondovi a.d., Beograd	Finance	Serbia	401	(355)	100	100	–	–
NLB Fondovi a.d. Skopje	Finance	North Macedonia	1,130	17	100	100	–	–
NLB Lease&Go, leasing, d.o.o., Ljubljana	Finance	Slovenia	29,551	3,251	100	100	100	100
NLB Lease&Go, d.o.o. Skopje[i]	Finance	North Macedonia	1,497	(677)	100	100	–	–
NLB Lease&Go leasing d.o.o. Beograd[ii]	Finance	Serbia	13,204	226	99.80	99.80	–	–
NLB Car&Go, upravljanje spletnih platform, d.o.o.	Web portal	Slovenia	(26)	(33)	100	100	–	–
Summit Leasing Slovenija d.o.o., Ljubljana[iii]	Finance	Slovenia	102,906	(1,009)	100	100	–	–
Mobil Leasing d.o.o., Zagreb	Finance	Croatia	24,659	(2)	100	100	–	–
NLB MUZA Zavod za upravljanje kulturne dediščine, Ljubljana	Cultural heritage management	Slovenia	3,613	113	100	100	100	100
NLB DigIT d.o.o., Beograd	IT services	Serbia	2,823	243	100	100	100	100
NLB Real Estate d.o.o., Podgorica	Real estate	Montenegro	2,642	486	100	100	100	100
NLB Real Estate d.o.o., Beograd	Real estate	Serbia	1,085	(964)	100	100	100	100
NLB Real Estate d.o.o., Ljubljana	Real estate	Slovenia	22,675	113	100	100	100	100
Non-core members								
NLB Crna Gora d.o.o., Podgorica	Finance	Montenegro	4,011	368	100	100	100	100
NLB InterFinanz AG, Zürich in Liquidation	Finance	Switzerland	10,483	895	100	100	100	100
NLB InterFinanz d.o.o., Beograd - u likvidaciji	Finance	Serbia	3	2	100	100	–	–
LHB AG, Frankfurt	Finance	Germany	524	(160)	100	100	100	100
PRO-REM d.o.o., Ljubljana - v likvidaciji[iv]	Real estate	Slovenia	19,984	175	100	100	–	–
OL Nekretnine d.o.o., Zagreb - u likvidaciji	Real estate	Croatia	567	(73)	100	100	–	–
NLB Srbija d.o.o., Beograd	Real estate	Serbia	18,768	444	100	100	100	100
SLS HOLDCO, holdinška družba, d.o.o. Ljubljana	Finance	Slovenia	104,150	(2,113)	100	100	100	100

(i)51% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 49% ownership of NLB Banka a.d., Skopje.
(ii)50.89% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 48.91% NLB Komercijalna banka a.d. Beograd.
(iii)100% ownership of SLS HOLDCO, holdinška družba, d.o.o. Ljubljana.
(iv)100% ownership of NLB Real Estate d.o.o., Ljubljana.

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Data of subsidiaries as included in the consolidated financial statements of NLB Group as at 31 December 2023:

	Nature of Business	Country of Incorporation	Equity as at 31 Dec 2023 (in EUR thousands)	Profit/(loss) for 2023 (in EUR thousands)	NLB Group		NLB	
					Shareholding (in %)	Voting rights (in %)	Shareholding (in %)	Voting rights (in %)
Core members								
NLB Banka a.d., Skopje	Banking	North Macedonia	279,987	44,517	86.97	86.97	86.97	86.97
NLB Banka a.d., Podgorica	Banking	Montenegro	120,390	26,658	99.87	99.87	99.87	99.87
NLB Banka a.d., Banja Luka	Banking	Bosnia and Herzegovina	107,270	24,269	99.85	99.85	99.85	99.85
NLB Banka sh.a., Prishtina	Banking	Kosovo	149,669	35,968	82.38	82.38	82.38	82.38
NLB Banka d.d., Sarajevo	Banking	Bosnia and Herzegovina	95,980	12,819	97.34	97.35	97.34	97.35
NLB Komercijalna banka a.d. Beograd	Banking	Serbia	827,575	132,313	100	100	100	100
KomBank Invest a.d. Beograd	Finance	Serbia	769	(1,201)	100	100	–	–
NLB Skladi d.o.o., Ljubljana	Finance	Slovenia	13,707	9,498	100	100	100	100
NLB Lease&Go, leasing, d.o.o., Ljubljana	Finance	Slovenia	21,251	1,664	100	100	100	100
NLB Lease&Go, d.o.o. Skopje(ii)	Finance	North Macedonia	1,493	(605)	100	100	–	–
NLB Lease&Go leasing d.o.o. Beograd(iii)	Finance	Serbia	7,115	(736)	99.64	99.64	–	–
NLB Zavod za upravljanje kulturne dediščine, Ljubljana	Cultural heritage management	Slovenia	3,500	86	100	100	100	100
NLB DigIT d.o.o., Beograd	IT services	Serbia	2,569	204	100	100	100	100
Non-core members								
NLB Leasing d.o.o., Ljubljana - v likvidaciji(i)	Finance	Slovenia	2,021	1,487	100	100	–	–
NLB Crna Gora d.o.o., Podgorica	Finance	Montenegro	3,643	348	100	100	100	100
NLB InterFinanz AG, Zürich in Liquidation	Finance	Switzerland	9,762	(2,321)	100	100	100	100
NLB InterFinanz d.o.o., Beograd - u likvidaciji	Finance	Serbia	3	1	100	100	–	–
LHB AG, Frankfurt	Finance	Germany	684	(402)	100	100	100	100
REAM d.o.o., Podgorica	Real estate	Montenegro	2,156	389	100	100	100	100
REAM d.o.o., Beograd - Novi Beograd	Real estate	Serbia	2,042	(576)	100	100	100	100
S-REAM d.o.o., Ljubljana	Real estate	Slovenia	22,452	(384)	100	100	100	100
PRO-REM d.o.o., Ljubljana - v likvidaciji	Real estate	Slovenia	20,447	635	100	100	–	–
OL Nekretnine d.o.o., Zagreb - u likvidaciji	Real estate	Croatia	1,153	(314)	100	100	–	–
NLB Srbija d.o.o., Beograd	Real estate	Serbia	18,252	(603)	100	100	100	100
Privatinvest d.o.o., Ljubljana	Real estate	Slovenia	110	(11)	100	100	100	100

(i)100% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana.
(ii)51% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 49% ownership of NLB Banka a.d., Skopje.
(iii)50.73% ownership of NLB Lease&Go, leasing, d.o.o., Ljubljana and 48.91% NLB Komercijalna banka a.d. Beograd.

Changes in ownership interest in the subsidiaries of NLB Group in 2024 and 2023 are presented in note 3.

Data of subsidiaries with significant non-controlling interests, before intercompany eliminations:

in EUR thousands

	NLB Banka, Skopje		NLB Banka, Prishtina	
	2024	2023	2024	2023
Non-controlling interest in equity (in %)	13.03	13.03	17.62	17.62
Non-controlling interest's voting rights (in %)	13.03	13.03	17.62	17.62
Income statement and statement of comprehensive income				
Revenues	125,449	111,640	78,654	68,468
Profit/(loss) for the year	**67,838**	**44,517**	**37,028**	**35,968**
Attributable to non-controlling interest	8,839	5,801	6,525	6,339
Other comprehensive income	1,768	3,363	(154)	(141)
Total comprehensive income	**69,606**	**47,880**	**36,874**	**35,827**
Attributable to non-controlling interest	9,070	6,239	6,498	6,314
Paid dividends to non-controlling interest	4,765	4,391	3,997	–
Statement of financial position				
Current assets	991,343	867,333	713,084	716,000
Non-current assets	1,167,424	1,034,922	713,778	513,757
Current liabilities	1,568,345	1,393,480	963,407	856,340
Non-current liabilities	267,478	228,788	289,628	223,748
Equity	**322,944**	**279,987**	**173,827**	**149,669**
Attributable to non-controlling interest	42,080	36,482	30,634	26,376

b) Acquisition of Generali Investment, Skopje

In May 2024, NLB Skladi d.o.o., Ljubljana become an owner of 100% of financial company Generali Investments a.d. Skopje. Generali Investments a.d. Skopje is the third largest asset manager on the Macedonian market with an 18% market share. As at 30 June 2024, the company managed approximately EUR 53 million of client assets in different investment funds and portfolios.

In August 2024, Generali Investments a.d. Skopje was renamed to NLB Fondovi a.d. Skopje.

The purchase price for the company was EUR 2,515 thousand and was fully paid in cash. There are no contingent consideration arrangements. At the acquisition date, cash in acquired entities amounted to EUR 173 thousand. The net outflow of cash amounted to EUR 2,342 thousand (included in the statement of cash flows within payments from investing activities).

The assets and liabilities recognised in the NLB Group financial statements as a result of the acquisition are as follows:

	in EUR thousands
Cash, cash balances at central banks and other demand deposits at banks	173
Non-trading financial assets mandatorily at fair value through profit or loss	857
Financial assets measured at amortised cost	
- other financial assets	2
Tangible assets	
Property and equipment	4
Intangible assets	34
Current income tax assets	15
Other assets	83
Total assets	**1,168**
Financial liabilities measured at amortised cost	
- other financial liabilities	39
Other liabilities	17
Total liabilities	**56**
Net identifiable assets acquired	**1,112**
Consideration given	2,515
Goodwill	**1,403**

The acquisition of NLB Fondovi a.d. Skopje, resulted in a goodwill in the amount of EUR 1,403 thousand, which is recognised in the statement of financial position under the line, ‘Intangible assets.’ The main factors that make up the goodwill are the synergies within the NLB Group, the existing distribution channels and the presence on the strategically important market of the NLB Group. Acquisition-related costs were immaterial.

c) Acquisition of SLS HOLDCO d.o.o., Ljubljana

On 11 September 2024, NLB completed the acquisition of a 100% stake in the company SLS HOLDCO d.o.o., Ljubljana, the parent company of Summit Leasing Slovenija d.o.o., Ljubljana, and its subsidiary Mobil Leasing d.o.o., Zagreb.

The purchase price for the company was EUR 127,216 thousand and was fully paid in cash. There are no contingent consideration arrangements. At the acquisition date, cash in acquired entities amounted to EUR 25,632 thousand. The net outflow of cash amounted to EUR 101,584 thousand (included in the statement of cash flows within payments from investing activities).

The assets and liabilities recognised in the NLB Group financial statements as a result of the acquisition are as follows:

	in EUR thousands
Cash, cash balances at central banks and other demand deposits at banks	25,632
Financial assets measured at amortised cost	
- loans and advances to banks	69
- loans and advances to customers	874,816
- other financial assets	3,877
Tangible assets	
Property and equipment	23,596
Intangible assets	23,515
Current income tax assets	522
Deferred income tax assets	3,726
Other assets	8,406
Total assets	**964,159**
Financial liabilities measured at amortised cost	
- borrowings from banks and central banks	809,939
- other financial liabilities	16,036
Provisions	2,002
Deferred income tax liabilities	3,155
Other liabilities	8,949
Total liabilities	**840,081**
Net identifiable assets acquired	124,078
Consideration given	127,216
Goodwill	**3,138**

The acquisition of SLS HOLDCO d.o.o., Ljubljana, resulted in a goodwill in the amount of EUR 3,138 thousand, which is recognised in the statement of financial position under the line, 'Intangible assets. Goodwill consists of the fair value of expected synergies and other benefits from combining the acquirer and acquiree's net assets and businesses. The goodwill will not be deductible for income tax purposes. In 2024, acquisition-related costs amounted to EUR 1,900 thousand and are included within administrative expenses (2023: EUR 1,100 thousand).

As a result of the acquisition, NLB Group's off-balance sheet liabilities increased by EUR 1,868 thousand.

The valuation techniques used for measuring the fair value of material assets and liabilities acquired were as follows:

Assets acquired	Valuation technique
Performing loans	For the performing loans portfolio, fair value was determined by using the discounted cash flow method, whereby future cash flows were discounted to their present value at current market interest rates. Contractual cash flows were adjusted for historical prepayment rate. In the absence of publicly available market interest rate for financial leases, market interest rates were estimated based on the weighted average interest rate of the financial leases issued in the last three months by Summit Leasing Slovenija and Mobil Leasing.
Non-performing loans	The market value of non-performing loans was determined on the market value of the underlying collateral. Financial leases are secured by the assets under lease. The market value is recovered as profit for sale as underlying assets on average reduced for the appropriate haircut. Consumer loans are secured by insurance, and 100% of the exposure can be recovered.
Distribution agreements	For valuation of distribution agreements multi-period excess earnings method (MEEM) under the income approach was applied. This method is based on the principle that the value of intangible assets is equal to the present value of the excess earnings attributable only to the subject intangible asset after deducting contributory assets charges like fixed assets and assembled workforce.

The fair value of acquired loans and advances to customers is EUR 874,816 thousand, of which EUR 848,638 thousand relates to performing portfolio and EUR 26,178 thousand to non-performing portfolio. The latter was recognised as purchased or originated credit impaired financial assets (POCI). The gross contractual amount for performing loans and advances to customers is EUR 857,488 thousand, and for this exposure 12-month expected credit losses in the amount of EUR 1,596 thousand were recognised through the income statement. The gross contractual amount for non-performing loans and advances to customers is EUR 38,952 thousand, and it is expected that approximately EUR 6 million of the contractual cash flows will not be collected.

Since the transaction was completed on 11 September 2024, a loss of EUR 1,821 thousand was included in the income statement for 2024, 12-month expected credit losses for financial assets in Group 1 of EUR 1,661 thousand, and related deferred taxes of EUR 358 thousand were recognized. If the acquisition had occurred on 1 January 2024, management estimates that consolidated revenues would have been approximately EUR 53 million, higher. Consolidated profit for the period would not have changed materially.

NLB obtained all the necessary information for measuring fair values, therefore no amounts were measured and recognised on a provisional basis.

d) Disposal of subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji

In September 2023, NLB Group sold its subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji.

The assets and liabilities derecognised from NLB Group financial statements as a result of disposal are as follows:

	in EUR thousands
Cash, cash balances at central banks and other demand deposits at banks	713
Financial assets measured at amortised cost	
- other financial assets	4
Other assets	104
Total assets	**821**
Provisions	30
Other liabilities	22
Total liabilities	**52**
Net assets of subsidiary	769
Total disposal consideration	**470**
Cash and cash equivalents in subsidiary sold	(713)
Cash outflow on disposal	**(243)**
Consideration for disposal of the subsidiary	470
Carrying amount of net assets disposed of	769
Loss from disposal of subsidiary in consolidated financial statements	**(299)**

At sale of subsidiary Optima Leasing d.o.o., Zagreb – u likvidaciji, NLB Group realised a loss in the amount of EUR 299 thousand.

e) Disposal of subsidiary Tara Hotel d.o.o., Budva

In May 2023, NLB Group sold its subsidiary Tara Hotel d.o.o., Budva.

The assets and liabilities derecognised from NLB Group financial statements as a result of disposal are as follows:

	in EUR thousands
Cash, cash balances at central banks and other demand deposits at banks	2
Financial assets measured at amortised cost	
- other financial assets	19
Other assets	13,938
Total assets	**13,959**
Financial liabilities measured at amortised cost	
- borrowings from banks and central banks	178
- other financial liabilities	20
Deferred income tax liabilities	193
Other liabilities	82
Total liabilities	**473**
Net assets of subsidiary	13,486
Total disposal consideration	**13,019**
Cash inflow on disposal	**13,019**
Consideration for disposal of the subsidiary	13,019
Carrying amount of net assets disposed of	13,486
Loss from disposal of subsidiary in consolidated financial statements	**(467)**

At sale of Tara Hotel d.o.o., Budva NLB Group realised a loss in the amount of EUR 467 thousand and NLB in the amount of EUR 105 thousand.

f) Merger of N Banka d.d., Ljubljana
On 1 September 2023, with entry of the merger in the Register of Companies, the process of the legal merger of N Banka d.d. with NLB d.d. was closed. As at the date of the merger, N Banka ceased to exist as an independent legal entity, and NLB, as a universal legal successor, took over all of its rights and obligations.

The merger was accounted for using merger accounting principles, due to the fact that such a merger is considered to be a business combination involving entities under common control. NLB has applied for the merger the following accounting policy:

- As at 1 September 2023, all assets, liabilities, and off-balance sheet items of N Banka were recognised as they were reported for the purposes of NLB Group financial statements as at 31 August 2023 in relevant line items of assets, liabilities, and off-balance sheet items of merged bank; and
- As at 1 September 2023, all income and expenses of N Banka were recognised as they were reported for the purposes of NLB Group financial statements as at 31 August 2023 directly into retained earnings. Therefore, only income and expenses from 1 September 2023 onwards were recognised in the income statement of the merged bank.

As at the day of the merger, NLB also took over control of the company Privatinvest d.o.o., which was 100% owned by N Banka and whose assets consist only of repossessed real estate. N Banka also had an investment in Bankart d.o.o., Ljubljana, which was on the day of the merger transferred to NLB.

Items of the statement of financial position at the day of the merger were as follows:

	in EUR thousands
Cash, cash balances at central banks and other demand deposits at banks	118,158
Financial assets measured at fair value through other comprehensive income	49,477
Financial assets measured at amortised cost	
- debt securities	13,044
- loans and advances to banks	3
- loans and advances to customers	765,552
- other financial assets	2,664
Investments in associates and joint ventures	134
Tangible assets	
Property and equipment	4,884
- own property and equipment	4,546
- right-of-use assets	338
Investment property	784
Intangible assets	685
Deferred income tax assets	2,426
Other assets	68
Total assets	**957,879**
Financial liabilities held for trading	189
Financial liabilities measured at amortised cost	
- deposits from banks and central banks	131,070
- borrowings from banks and central banks	40,084
- due to customers	574,747
- other financial liabilities	2,193
Provisions	7,881
Current income tax liabilities	1,026
Other liabilities	943
Total liabilities	**758,133**
Equity	199,746
Total liabilities and equity	**957,879**

As a result of the merger, NLB's off-balance sheet liabilities increased by EUR 200,933 thousand:

	in EUR thousands
Guarantees	108,673
Commitments to extend credit	92,260
Total	**200,933**

Items of the N Banka income statement for the period 1 January – 31 August 2023 as they were reported for the purposes of NLB Group financial statements:

	in EUR thousands
Net interest income	27,822
Net fee and commission income	6,016
Profit for the year	**13,389**

g) Analysis by type of investment in associates, and joint ventures

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Carrying amount of the NLB Group's interest				
Other financial organisations	14,661	12,519	4,293	4,293
Enterprises	–	–	530	530
Total	**14,661**	**12,519**	**4,823**	**4,823**

NLB Group's associates

in %

			2024		2023	
	Nature of Business	Country of Incorporation	Shareholding	Voting rights	Shareholding	Voting rights
Bankart d.o.o., Ljubljana	Card processing	Slovenia	46.03	46.03	46.03	46.03
ARG - Nepremičnine d.o.o., Horjul	Real estate	Slovenia	75.00	75.00	75.00	75.00

By contractual agreement between the shareholders, NLB does not control ARG-Nepremičnine, Horjul, but does have a significant influence. Therefore, the entity is accounted as an associate.

The carrying amount of interests in associates included in the consolidated financial statements of NLB Group:

in EUR thousands

	2024	2023
Carrying amount of the NLB Group's interest	**14,661**	**12,519**
NLB Group's share of:		
- Profit for the year	2,990	1,072
- Other comprehensive income	18	45
- Total comprehensive income	3,008	1,117

In previous years, NLB Group's interest in an associate was reduced to zero. Consequently, NLB Group did not recognise a share of profit in the amount of EUR 37 thousand in 2024 (2023: EUR 347 thousand). The cumulative unrecognised share of losses of an associate as at 31 December 2024 amounted to EUR 1,705 thousand (31 December 2023: EUR 1,742 thousand).

NLB Group's joint ventures

in %

			2024	2023
	Nature of Business	Country of Incorporation	Voting rights	Voting rights
Prvi Faktor Group, Ljubljana	Finance	Slovenia	50	50

In previous years, NLB Group's interest in a joint venture was reduced to zero. Consequently, NLB Group did not recognise a share of profit in the amount of EUR 485 thousand in 2024 (2023: EUR 751 thousand). The cumulative unrecognised share of losses of a joint venture as at 31 December 2024 amounted to EUR 13,160 thousand (31 December 2023: EUR 13,645 thousand).

h) Movements of investments in associates

in EUR thousands

NLB Group	2024	2023
Balance as at 1 January	12,519	11,677
Share of result before tax	3,408	1,394
Share of tax	(418)	(322)
Net gains/(losses) recognised in other comprehensive income	18	45
Dividends received	(866)	(275)
Balance as at 31 December	**14,661**	**12,519**

5.13. Other assets

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Assets, received as collateral (note 6.1.l)	20,598	27,637	1,468	3,129
Deferred expenses	17,131	12,313	10,383	6,915
Inventories	11,938	5,825	4,807	2,943
Claim for taxes and other dues	5,180	1,599	586	531
Prepayments	1,972	1,780	581	389
Total	**56,819**	**49,154**	**17,825**	**13,907**

Assets, received as collateral on NLB Group in the amount of EUR 18,976 thousand (31 December 2023: EUR 27,122 thousand), and on NLB in the amount of EUR 1,468 thousand (31 December 2023: EUR 3,129 thousand) consist of real estate (note 6.1.l).

5.14. Movements in allowance for the impairment of financial assets

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

in EUR thousands

NLB Group	Balance as at 1 Jan 2024	Effects of translation of foreign operations to presentation currency	Transfers	Increases/ (Decreases)	Write-offs	Changes in models/risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2024	Repayments of written-off receivables
Notes				4.14.		4.14.		5.6.b, c, d)	4.14.
12-month expected credit losses									
Loans and advances to banks	213	2	–	(108)	–	(1)	(2)	**104**	–
Loans and advances to individuals	39,668	31	37,441	(20,732)	(120)	(11,206)	1	**45,083**	–
Loans and advances to other customers	51,087	61	4,088	6,013	(2)	(17,737)	(6)	**43,504**	–
Other financial assets	624	(1)	(56)	135	(55)	(85)	10	**572**	–
Lifetime ECL not credit-impaired									
Loans and advances to individuals	25,051	4	(30,636)	35,412	(26)	5,165	(11)	**34,959**	–
Loans and advances to other customers	19,778	17	(6,647)	10,534	(31)	5,283	(6)	**28,928**	–
Other financial assets	40	1	(22)	56	(17)	(2)	(2)	**54**	–
Lifetime ECL credit-impaired									
Loans and advances to banks	86	–	–	2	–	28	20	**136**	–
Loans and advances to individuals	83,780	32	(6,805)	36,596	(28,683)	7,923	4,399	**97,242**	13,447
Loans and advances to other customers	109,263	(142)	2,559	(2,604)	(21,203)	729	19,443	**108,045**	10,498
Other financial assets	10,141	10	78	305	(5,527)	129	3,231	**8,367**	919
Of which: Purchased or originated credit-impaired									
Loans and advances to individuals	1,024	(2)	–	1,443	(506)	(197)	1,147	**2,909**	493
Loans and advances to other customers	5,985	–	–	(12,719)	(607)	7	11,700	**4,366**	927
Other financial assets	1,231	4	–	(831)	(1,165)	–	777	**16**	–

Column Increases/(Decreases) for year 2024 also includes 12-month expected credit losses recognised at the acquisition of SLS HOLDCO in the amount of EUR 472 thousand for Loans and advances to individuals, in the amount of EUR 1,124 thousand for Loans and advances to other customers, and in the amount of EUR 65 thousand for Other financial assets (notes 4.14. and 5.12.c).

in EUR thousands

NLB Group	Balance as at 1 Jan 2023	Effects of translation of foreign operations to presentation currency	Transfers	Increases/ (Decreases)	Write-offs	Changes in models/risk parameters	Foreign exchange differences and other movements	Disposal of subsidiary	Balance as at 31 Dec 2023	Repayments of written-off receivables
Notes				4.14.		4.14.		5.12.d, e)	5.6.b, c, d)	4.14.
12-month expected credit losses										
Loans and advances to banks	161	–	–	49	–	–	3	–	**213**	–
Loans and advances to individuals	31,385	(13)	31,614	(22,681)	(221)	(419)	3	–	**39,668**	–
Loans and advances to other customers	59,840	(17)	(1,229)	5,634	–	(13,134)	(7)	–	**51,087**	–
Other financial assets	1,246	–	(17)	(201)	(42)	(117)	(225)	(20)	**624**	–
Lifetime ECL not credit-impaired										
Loans and advances to individuals	14,582	(5)	(28,704)	34,051	(18)	5,121	24	–	**25,051**	–
Loans and advances to other customers	31,230	1	(1,988)	(9,837)	(8)	156	224	–	**19,778**	–
Other financial assets	38	–	(36)	82	(17)	(26)	(1)	–	**40**	–
Lifetime ECL credit-impaired										
Loans and advances to banks	108	–	–	(26)	–	–	4	–	**86**	–
Loans and advances to individuals	75,807	(5)	(2,910)	29,543	(23,445)	720	4,070	–	**83,780**	8,703
Loans and advances to other customers	111,154	645	3,217	(8,614)	(19,399)	(364)	22,624	–	**109,263**	15,237
Other financial assets	7,750	–	53	3,374	(764)	(18)	17	(271)	**10,141**	261
Of which: Purchased or originated credit-impaired										
Loans and advances to individuals	(499)	–	–	(414)	(456)	–	2,393	–	**1,024**	1,377
Loans and advances to other customers	(3,134)	(6)	–	(4,817)	(1,026)	–	14,968	–	**5,985**	2,012
Other financial assets	185	(2)	–	185	–	–	863	–	**1,231**	–

in EUR thousands

NLB	Balance as at 1 Jan 2024	Transfers	Increases/ (Decreases)	Write-offs	Changes in models/risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2024	Repayments of written-off receivables
Notes			4.14.		4.14.		5.6.b, c, d)	4.14.
12-month expected credit losses								
Loans and advances to banks	164	–	6	–	–	–	**170**	–
Loans and advances to individuals	8,073	19,915	(15,710)	(115)	(2,733)	–	**9,430**	–
Loans and advances to other customers	13,482	(569)	772	(2)	(1,423)	(6)	**12,254**	–
Other financial assets	98	8	32	(8)	(16)	1	**115**	–
Lifetime ECL not credit-impaired								
Loans and advances to individuals	11,489	(13,058)	16,507	(22)	3,393	(12)	**18,297**	–
Loans and advances to other customers	2,553	1,733	6,912	(31)	2,871	–	**14,038**	–
Other financial assets	2	14	(12)	(1)	(1)	–	**2**	–
Lifetime ECL credit-impaired								
Loans and advances to banks	86	–	2	–	28	20	**136**	–
Loans and advances to individuals	45,663	(6,857)	18,562	(10,029)	6,720	1,193	**55,252**	3,204
Loans and advances to other customers	38,308	(1,164)	9,947	(4,040)	213	5,178	**48,442**	1,479
Other financial assets	1,514	(22)	(926)	(332)	(7)	869	**1,096**	413
Of which: Purchased or originated credit-impaired								
Loans and advances to individuals	1,755	–	(123)	(501)	(196)	184	**1,119**	154
Loans and advances to other customers	5,678	–	(2,757)	(524)	–	4,075	**6,472**	200
Other financial assets	2	–	(842)	–	–	858	**18**	–

in EUR thousands

NLB	Balance as at 1 Jan 2023	Transfers	Increases/ (Decreases)	Write-offs	Changes in models/risk parameters	Foreign exchange differences and other movements	Merger of subsidiary	Balance as at 31 Dec 2023	Repayments of written-off receivables
Notes			**4.14.**		**4.14.**		**5.12.f)**	**5.6.b, c, d)**	**4.14.**
12-month expected credit losses									
Loans and advances to banks	216	–	(54)	–	2	–	–	**164**	–
Loans and advances to individuals	6,161	15,744	(14,192)	(189)	(603)	1	1,151	**8,073**	–
Loans and advances to other customers	14,880	(1,199)	(2,541)	–	(3,622)	25	5,939	**13,482**	–
Other financial assets	203	(193)	(92)	(7)	(34)	(1)	222	**98**	–
Lifetime ECL not credit-impaired									
Loans and advances to individuals	7,385	(14,921)	15,949	(10)	2,127	24	935	**11,489**	–
Loans and advances to other customers	800	1,344	(2,647)	(1)	(444)	–	3,501	**2,553**	–
Other financial assets	2	(6)	7	(1)	–	–	–	**2**	–
Lifetime ECL credit-impaired									
Loans and advances to banks	–	–	(28)	–	–	4	110	**86**	–
Loans and advances to individuals	34,286	(823)	15,358	(5,797)	17	819	1,803	**45,663**	2,967
Loans and advances to other customers	29,900	(145)	11,822	(7,292)	(29)	1,677	2,375	**38,308**	6,793
Other financial assets	808	199	785	(296)	–	(8)	26	**1,514**	77
Of which: Purchased or originated credit-impaired									
Loans and advances to individuals	–	–	1,672	(20)	–	88	15	**1,755**	–
Loans and advances to other customers	638	–	4,661	(247)	–	626	–	**5,678**	–
Other financial assets	1	–	–	–	–	1	–	**2**	–

Other movements relate mainly to expenses due to initial recognition of non-performing exposure at fair value.

The contractual amount outstanding on financial assets that were written off during the year ending 31 December 2024 and that are still subject to enforcement activity for NLB Group amounted to EUR 39,408 thousand (31 December 2023: EUR 43,080 thousand), and for NLB amounted to EUR 11,576 thousand (31 December 2023: EUR 15,715 thousand), of which EUR 2,590 thousand in NLB Group (31 December 2023: EUR 2,962 thousand) and EUR 1,122 thousand in NLB (31 December 2023: EUR 1,904 thousand) represent interest receivables that have not been recognised in the income statement prior to the write-off.

b) Movements in allowance for the impairment of debt securities

in EUR thousands

NLB Group	Balance as at 1 Jan 2024	Effects of translation of foreign operations to presentation currency	Transfers	Increases/ (Decreases)	Changes in models/ risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2024
Notes				4.14.	4.14.		5.4.a), 5.6.a)
12-month expected credit losses							
Debt securities measured at amortised cost	4,946	2	(4)	2,047	(92)	14	**6,913**
Debt securities measured at fair value through other comprehensive income	6,475	–	–	(1,273)	(243)	–	**4,959**
Lifetime ECL not credit-impaired							
Debt securities measured at amortised cost	576	2	4	153	(185)	4	**554**
Debt securities measured at fair value through other comprehensive income	56	–	–	(11)	(8)	(1)	**36**
Lifetime ECL credit-impaired							
Debt securities measured at fair value through other comprehensive income	798	–	–	–	–	–	**798**

in EUR thousands

NLB Group	Balance as at 1 Jan 2023	Effects of translation of foreign operations to presentation currency	Transfers	Increases/ (Decreases)	Write-offs	Changes in models/risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2023
Notes				4.14.		4.14.		5.4.a), 5.6.a)
12-month expected credit losses								
Debt securities measured at amortised cost	3,519	2	(52)	1,478	–	9	(10)	**4,946**
Debt securities measured at fair value through other comprehensive income	9,029	4	–	(2,470)	–	(87)	(1)	**6,475**
Lifetime ECL not credit-impaired								
Debt securities measured at amortised cost	265	(1)	52	(253)	–	515	(2)	**576**
Debt securities measured at fair value through other comprehensive income	70	–	–	(13)	–	(1)	–	**56**
Lifetime ECL credit-impaired								
Debt securities measured at fair value through other comprehensive income	6,777	–	–	(4,483)	(1,537)	–	41	**798**

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

in EUR thousands

NLB	Balance as at 1 Jan 2024	Transfers	Increases/ (Decreases)	Changes in models/ risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2024
Notes			**4.14.**	**4.14.**		**5.4.a), 5.6.a)**
12-month expected credit losses						
Debt securities measured at amortised cost	2,624	(4)	858	(34)	6	**3,450**
Debt securities measured at fair value through other comprehensive income	1,650	–	206	(8)	1	**1,849**
Lifetime ECL not credit-impaired						
Debt securities measured at amortised cost	173	4	(101)	–	4	**80**
Lifetime ECL credit-impaired						
Debt securities measured at fair value through other comprehensive income	798	–	–	–	–	**798**

in EUR thousands

NLB	Balance as at 1 Jan 2023	Transfers	Increases/ (Decreases)	Write-offs	Changes in models/risk parameters	Merger of subsidiary	Foreign exchange differences and other movements	Balance as at 31 Dec 2023
Notes			**4.14.**		**4.14.**	**5.12.f)**		**5.4.a), 5.6.a)**
12-month expected credit losses								
Debt securities measured at amortised cost	1,990	(52)	585	–	(36)	140	(3)	**2,624**
Debt securities measured at fair value through other comprehensive income	2,022	–	(554)	–	(21)	204	(1)	**1,650**
Lifetime ECL not credit-impaired								
Debt securities measured at amortised cost	–	52	123	–	–		(2)	**173**
Lifetime ECL credit-impaired								
Debt securities measured at fair value through other comprehensive income	6,777	–	(4,483)	(1,537)	–		41	**798**

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

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c) Explanation of how significant changes in the gross carrying amount of financial instruments contributed to changes in the loss allowance

Movement of gross carrying amount of loans to banks

in EUR thousands

	NLB Group				NLB			
	2024		2023		2024		2023	
	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL credit-impaired
Balance as at 1 January	547,826	113	223,126	108	149,148	113	350,841	–
Effects of translation of foreign operations to presentation currency	1,003	–	(105)	–	–	–	–	–
Acquisition of subsidiaries (note 5.12.c)	69	–	–	–	–	–	–	–
Increases/(Decreases)	(91,570)	23	322,034	5	44,176	23	(202,175)	–
Exchange differences on monetary assets	1,697	–	2,771	–	18	–	482	–
Merger of subsidiary (note 5.12.f)	–	–	–	–	–	–	–	113
Balance as at 31 December	**459,025**	**136**	**547,826**	**113**	**193,342**	**136**	**149,148**	**113**

Movement of gross carrying amount of loans and advances to individuals

in EUR thousands

	NLB Group				NLB			
Individuals	**12-month expected credit losses**	**Lifetime ECL not credit - impaired**	**Lifetime ECL credit-impaired**	**Total**	**12-month expected credit losses**	**Lifetime ECL not credit - impaired**	**Lifetime ECL credit-impaired**	**Total**
Balance as at 1 January 2024	6,854,725	248,424	132,165	7,235,314	3,379,513	152,261	77,054	3,608,828
Effects of translation of foreign operations to presentation currency	5,063	81	62	5,206	–	–	–	–
Acquisition of subsidiaries (note 5.12.c)	549,397	–	25,902	575,299	–	–	–	–
Transfers	(220,285)	185,613	34,672	–	(112,291)	101,857	10,434	–
Increases/(Decreases)	992,732	(24,689)	(15,525)	952,518	366,370	(3,516)	4,536	367,390
Write-offs	(120)	(26)	(28,683)	(28,829)	(115)	(22)	(10,029)	(10,166)
Exchange differences on monetary assets	293	(21)	(868)	(596)	–	–	(863)	(863)
Modification losses (note 4.12.)	(3,793)	(106)	(24)	(3,923)	–	–	–	–
Balance as at 31 December 2024	**8,178,012**	**409,276**	**147,701**	**8,734,989**	**3,633,477**	**250,580**	**81,132**	**3,965,189**

in EUR thousands

	NLB Group				NLB			
Individuals	**12-month expected credit losses**	**Lifetime ECL not credit - impaired**	**Lifetime ECL credit-impaired**	**Total**	**12-month expected credit losses**	**Lifetime ECL not credit - impaired**	**Lifetime ECL credit-impaired**	**Total**
Balance as at 1 January 2023	6,422,877	190,121	130,446	6,743,444	2,922,907	101,744	59,680	3,084,331
Effects of translation of foreign operations to presentation currency	(1,606)	(24)	(12)	(1,642)	–	–	–	–
Transfers	(103,434)	70,870	32,564	–	(48,707)	34,682	14,025	–
Increases/(Decreases)	551,995	(12,564)	(7,469)	531,962	204,972	5,439	(346)	210,065
Write-offs	(221)	(18)	(23,445)	(23,684)	(189)	(10)	(5,797)	(5,996)
Exchange differences on monetary assets	783	124	186	1,093	1,914	127	189	2,230
Modification losses (note 4.12.)	(15,669)	(85)	(105)	(15,859)	–	–	–	–
Merger of subsidiary (note 5.12.f)	–	–	–	–	298,616	10,279	9,303	318,198
Balance as at 31 December 2023	**6,854,725**	**248,424**	**132,165**	**7,235,314**	**3,379,513**	**152,261**	**77,054**	**3,608,828**

In year 2024, the loss allowance for loans and advances to individuals increased by EUR 28,785 thousand at the NLB Group level, while at the NLB level it increased by EUR 17,754 thousand. At the NLB Group level, the gross carrying amount increased by EUR 1,499,675 thousand, mainly due to increased exposure and the acquisition of subsidiaries, while at the NLB level it increased by EUR 356,361 thousand.

In year 2023, the loss allowance for loans and advances to individuals increased by EUR 26,725 thousand at the NLB Group level, while at the NLB level it increased by EUR 17,393 thousand. The reasons for increases are also changed risk parameters, which increased the loss allowance by EUR 5,422 thousand at the NLB Group level, and by EUR 1,541 thousand at NLB level.

At the NLB level, it also increased due to the merger of N Banka by EUR 3,889 thousand. At the NLB Group level, the gross carrying amount increased by EUR 491,870 thousand, mainly due to increased exposure, while at the NLB level it increased by EUR 524,497 thousand due to increased exposure and the merger of N Banka (EUR 318,198 thousand).

Movement of gross carrying amount of loans and advances to other customers

in EUR thousands

	NLB Group				NLB			
Other customers	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January 2024	6,207,653	451,154	169,107	6,827,914	3,434,833	162,976	61,214	3,659,023
Effects of translation of foreign operations to presentation currency	6,100	525	(217)	6,408	–	–	–	–
Acquisition of subsidiaries (note 5.12.c)	287,202	–	12,315	299,517	–	–	–	–
Transfers	(245,302)	198,802	46,500	–	(162,091)	147,783	14,308	–
Increases/(Decreases)	922,294	(27,899)	(20,310)	874,085	1,180,061	14,321	(4,840)	1,189,542
Write-offs	(2)	(31)	(21,203)	(21,236)	(2)	(31)	(4,040)	(4,073)
Exchange differences on monetary assets	(1,330)	(151)	1,571	90	(139)	–	1,519	1,380
Modification losses (note 4.12.)	(320)	(37)	–	(357)	–	–	–	–
Balance as at 31 December 2024	**7,176,295**	**622,363**	**187,763**	**7,986,421**	**4,452,662**	**325,049**	**68,161**	**4,845,872**

in EUR thousands

	NLB Group				NLB			
Other customers	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January 2023	6,028,285	423,671	201,584	6,653,540	2,960,455	51,906	51,133	3,063,494
Effects of translation of foreign operations to presentation currency	(1,887)	(128)	960	(1,055)	–	–	–	–
Transfers	(94,306)	80,889	13,417	–	(41,456)	36,860	4,596	–
Increases/(Decreases)	277,557	(53,135)	(27,449)	196,973	115,612	26,546	(2,303)	139,855
Write-offs	–	(8)	(19,399)	(19,407)	–	(1)	(7,292)	(7,293)
Exchange differences on monetary assets	(1,622)	(97)	(6)	(1,725)	(91)	–	–	(91)
Modification losses (note 4.12.)	(374)	(38)	–	(412)	–	–	–	–
Merger of subsidiary (note 5.12.f)	–	–	–	–	400,313	47,665	15,080	463,058
Balance as at 31 December 2023	**6,207,653**	**451,154**	**169,107**	**6,827,914**	**3,434,833**	**162,976**	**61,214**	**3,659,023**

In 2024, the gross carrying amount of loans and advances to other customers increased by EUR 1,158,507 thousand at the NLB Group level and EUR 1,186,849 thousand at the NLB level, mostly in Stage 1 due to the acquisition of subsidiaries and the increased exposure. The loss allowance increased by EUR 349 thousand at the NLB Group level and EUR 20,391 thousand at the NLB level. The main reason for the small increase in allowance compared to the increased exposure were write-offs in the amount of EUR 21,236 thousand at the NLB Group level and EUR 4,073 thousand at the NLB level.

In 2023, the gross carrying amount of loans and advances to other customers increased by EUR 174,374 thousand at the NLB Group level mostly in Stage 1 due to the increased exposure. Irrespective of that, the loss allowance decreased by EUR 22,096 thousand. The main reason for the decrease were write-offs in the amount of EUR 19,407 thousand. Also, in 2023, the gross carrying amount of loans and advances to other customers increased by EUR 595,529 thousand at the NLB level, mostly due to merger of N Bank (EUR 463,058 thousand). The loss allowance increased by EUR 8,925 thousand, the main reason was the merger of N Banka (EUR 11,815 thousand).

Movement of gross carrying amount of other financial assets

The gross carrying amount of other financial assets in 2024 decreased (by EUR 30,920 thousand at the NLB Group level and EUR 20,479 thousand at the NLB level), with the majority of these decreases relating to receivables for credit cards. As these receivables are by their nature short-term, they did not contribute significantly to the decrease of the loss allowance. The loss allowance for other financial assets in year 2024 on the NLB Group level decreased by EUR 1,812 thousand, while at the NLB level by EUR 401 thousand. The main reason for these decreases are write-offs (EUR 5,599 thousand at the NLB Group level and EUR 341 thousand at the NLB level).

The gross carrying amount of other financial assets in 2023 decreased (by EUR 10,090 thousand at the NLB Group level and EUR 12,202 thousand at the NLB level), with the majority of these decreases relating to receivables for the sale of securities. As these receivables are by their nature short-term, they did not contribute significantly to the decrease of the loss allowance. Therefore, the loss allowance for other financial assets in year 2023 on the NLB Group level increased only by EUR 1,771 thousand, while at the NLB level by EUR 601 thousand. The main reason for this moderate increase at the NLB Group level and on the NLB level are write-offs (EUR 823 thousand at the NLB Group level and EUR 304 thousand at the NLB level).

Movement of gross carrying amount of debt securities measured at amortised cost

in EUR thousands

	NLB Group				NLB			
	2024		2023		2024		2023	
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit - impaired
Balance as at 1 January	2,515,430	12,321	1,914,170	7,229	1,963,866	5,100	1,599,438	–
Effects of translation of foreign operations to presentation currency	746	28	(344)	(8)	–	–	–	–
Additions	1,881,834	–	1,023,233	–	1,024,531	–	531,650	–
Derecognition	(762,104)	(8,415)	(453,836)	(24)	(194,214)	(8,415)	(200,534)	(24)
Net interest income	85,111	210	36,750	136	53,806	210	24,101	136
Exchange differences on monetary assets	6,581	25	(2,234)	(5)	4,505	25	(1,664)	(5)
Other	895	–	2,684	–	895	–	2,684	–
Merger of subsidiary (note 5.12.f)	–	–	–	–	–	–	13,184	–
Transfers	(8,198)	8,198	(4,993)	4,993	(8,198)	8,198	(4,993)	4,993
Balance as at 31 December	**3,720,295**	**12,367**	**2,515,430**	**12,321**	**2,845,191**	**5,118**	**1,963,866**	**5,100**

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Movement of gross carrying amount of debt securities measured at fair value through other comprehensive income

in EUR thousands

	NLB Group				NLB			
	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January 2024	2,252,797	144	798	2,253,739	1,008,933	–	798	1,009,731
Effects of translation of foreign operations to presentation currency	2,447	–	–	2,447	–	–	–	–
Additions	2,433,207	–	–	2,433,207	836,368	–	–	836,368
Derecognition	(2,250,764)	(21)	–	(2,250,785)	(255,327)	–	–	(255,327)
Net interest income	54,462	–	–	54,462	25,289	–	–	25,289
Exchange differences on monetary assets	4,177	–	–	4,177	1,427	–	–	1,427
Balance as at 31 December 2024	**2,496,326**	**123**	**798**	**2,497,247**	**1,616,690**	**–**	**798**	**1,617,488**

in EUR thousands

	NLB Group				NLB			
	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January 2023	2,999,030	165	8,337	3,007,532	1,367,496	–	8,337	1,375,833
Effects of translation of foreign operations to presentation currency	(262)	–	–	(262)	–	–	–	–
Additions	1,446,746	–	–	1,446,746	59,345	–	–	59,345
Derecognition	(2,233,255)	(21)	(7,526)	(2,240,802)	(463,403)	–	(7,526)	(470,929)
Net interest income	38,624	–	–	38,624	9,163	–	–	9,163
Exchange differences on monetary assets	1,914	–	(13)	1,901	(753)	–	(13)	(766)
Merger of subsidiary (note 5.12.f)	–	–	–	–	37,085	–	–	37,085
Balance as at 31 December 2023	**2,252,797**	**144**	**798**	**2,253,739**	**1,008,933**	**–**	**798**	**1,009,731**

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5.15. Financial liabilities, measured at amortised cost

Analysis by type of financial liabilities, measured at the amortised cost

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Deposits from banks and central banks	136,000	95,283	220,120	147,002
Borrowings from banks and central banks	120,612	140,419	51,106	82,797
Due to customers	22,206,310	20,732,722	12,293,708	11,881,563
Borrowings from other customers	104,519	99,718	–	–
Debt securities issued	1,608,939	1,338,235	1,608,939	1,338,235
Other financial liabilities	296,725	357,116	145,802	198,020
Total	**24,473,105**	**22,763,493**	**14,319,675**	**13,647,617**

a) Deposits from banks and central banks and amounts due to customers

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Deposit on demand				
- banks and central banks	115,897	75,756	210,872	127,726
- other customers	18,260,144	17,454,515	10,927,307	10,674,541
- governments	339,454	351,313	38,803	64,406
- financial organisations	212,487	285,540	187,123	225,295
- companies	4,922,384	4,639,997	2,601,847	2,543,280
- individuals	12,785,819	12,177,665	8,099,534	7,841,560
Other deposits				
- banks and central banks	20,103	19,527	9,248	19,276
- other customers	3,946,166	3,278,207	1,366,401	1,207,022
- governments	50,245	61,880	31,520	35,813
- financial organisations	279,888	215,457	56,119	90,590
- companies	889,837	718,230	412,897	378,340
- individuals	2,726,196	2,282,640	865,865	702,279
Total	**22,342,310**	**20,828,005**	**12,513,828**	**12,028,565**

b) Borrowings from banks and central banks and other customers

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Loans				
- banks and central banks	120,612	140,419	51,106	82,797
- other customers	104,519	99,718	–	–
- governments	17,911	20,357	–	–
- financial organisations	86,608	79,361	–	–
Total	**225,131**	**240,137**	**51,106**	**82,797**

As at 31 December 2024, NLB Group and NLB had EUR 97,874 thousand in undrawn borrowings (31 December 2023: EUR 95,249 thousand).

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c) Debt securities issued

in EUR thousands

NLB Group and NLB				31 Dec 2024		31 Dec 2023	
	Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value
Subordinated bonds							
	EUR	06.05.2029[(ii)]	4.20% to 06.05.2024, thereafter 5Y MS + 4.159% p.a.	–	–	45,980	45,000
	EUR	19.11.2029[(i)]	3.65% to 19.11.2024, thereafter 5Y MS + 3.833% p.a.	–	–	119,781	120,000
	EUR	05.02.2030[(i)]	3.40% to 05.02.2025, thereafter 5Y MS + 3.658% p.a.	10,785	10,500	123,176	120,000
	EUR	28.11.2032	10.75% to 28.11.2027, thereafter 5Y MS + 8.298% p.a.	224,960	225,000	220,458	225,000
	EUR	24.01.2034	6.875% to 24.01.2029, thereafter 5Y MS + 4.230% p.a.	324,398	300,000	–	–
Total Subordinated bonds				**560,143**	**535,500**	**509,395**	**510,000**
Senior Preferred notes							
	EUR	19.07.2025[(iii)]	6% to 19.07.2024, thereafter 1Y MS + 4.835% p.a.	–	–	307,507	300,000
	EUR	27.06.2027	7.125% to 27.07.2026, thereafter 1Y MS + 3.606% p.a.	524,638	500,000	521,333	500,000
	EUR	29.05.2030	4.50% to 29.05.2029, thereafter 1Y MS + 1.650% p.a	524,158	500,000	–	–
Total Senior Preferred notes				**1,048,796**	**1,000,000**	**828,840**	**800,000**
Total Debt securities issued				**1,608,939**	**1,535,500**	**1,338,235**	**1,310,000**

(i)In January 2024, NLB conducted a liability management exercise where it repurchased its two outstanding subordinated Tier 2 notes in the total nominal value EUR 219,600 thousand with approaching call dates (ISIN code XS2080776607 and XS2113139195).
(ii)NLB has, based on the obtained permission of the European Central Bank, redeem its subordinated notes in the aggregate nominal amount of EUR 45,000 thousand, issued on 6 May 2019 and with maturity on 6 May 2029 (ISIN code SI0022103855), before their maturity. Pursuant to the terms and condition of the notes the early repayment of principal and accrued and unpaid interest was made on the fifth anniversary from the issuance, 6 May 2024.
(iii)NLB has, based on the obtained permission of the Single Resolution Board, redeem its senior preferred notes in the aggregate nominal amount of EUR 300,000 thousand, issued on 19 July 2022 and with maturity on 19 July 2025 (ISIN code XS2498964209), before their maturity. Pursuant to the terms and condition of the notes the early repayment of principal and accrued and unpaid interest was made on the second anniversary of the issuance, being 19 July 2024.

All of the above-mentioned subordinated bonds represent non-convertible Tier 2 instruments (note 5.23.). In the event of bankruptcy or liquidation of the issuer, claims arising from Tier 2 instruments shall be repaid:

a) after repayment of all unsubordinated claims of the Issuer, as well as at all other subordinated claims (if any), except claims arising from Tier 2 instruments and Additional Tier 1 instruments;
b) with the same priority (*pari passu*) as, and proportionally with the claims arising from other instruments which qualify as Tier 2 instruments;
c) in priority to the claims arising from shares or other instruments which qualify as Additional Tier 1 instruments and claims arising from Common Equity Tier 1 capital instruments.

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Movement of debt securities issued

in EUR thousands

NLB Group and NLB	Subordinated bonds		Senior Preferred notes	
	2024	2023	2024	2023
Balance as at 1 January	509,395	508,778	828,840	307,212
Cash flow items:	(3,211)	(34,538)	143,722	479,708
- new issued	298,611	–	497,347	497,708
- repayment	(270,659)	–	(300,000)	–
- repayments of interest	(31,163)	(34,538)	(53,625)	(18,000)
Non-Cash flow items:	53,959	35,155	76,234	41,920
- accrued interest	46,322	35,155	60,201	36,579
- other	7,637	–	16,033	5,341
Balance as at 31 December	**560,143**	**509,395**	**1,048,796**	**828,840**

d) Other financial liabilities

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Items in the course of settlement	78,192	93,425	13,878	17,957
Debit or credit card payables	37,169	113,398	33,874	90,495
Suppliers	30,470	22,872	18,208	16,614
Lease liabilities (note 5.11.a)	35,935	28,944	5,775	5,793
Accrued expenses	54,337	35,628	29,631	17,065
Fees and commissions	935	1,242	800	1,133
Liabilities to brokerage firms and others for securities purchase and custody services	228	288	224	268
Other financial liabilities	59,459	61,319	43,412	48,695
Total	**296,725**	**357,116**	**145,802**	**198,020**

Other financial liabilities in the amount of EUR 25,255 thousand (31 December 2023: EUR 24,025 thousand) relate to a liability recognised in accordance with the 'Act for Value Protection of Republic of Slovenia's Capital Investment in Nova Ljubljanska banka d.d., Ljubljana' (note 5.16.a). The remaining balance also includes liabilities to insurance companies, liabilities for received EIB financial initiatives, that can be used for specified purposes, and received warranties.

5.16. Provisions

a) Analysis by type of provisions

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Provisions for guarantees and commitments (note 5.24.a)	21,850	32,548	9,240	17,941
Stage 1	11,953	18,429	3,851	7,653
Stage 2	2,306	1,655	834	319
Stage 3	7,591	12,464	4,555	9,969
Employee benefit provisions	20,903	17,892	13,296	11,795
Restructuring provisions	10,366	12,592	5,309	7,198
Provisions for legal risks	46,913	44,833	10,125	6,219
Other provisions	4,356	5,440	3,676	5,303
Total	**104,388**	**113,305**	**41,646**	**48,456**

Provisions for guarantees and commitments represent expected credit losses in accordance with IFRS 9, employee benefits are recognised in accordance with IAS 19, while all other provisions are recognised according to IAS 37.

Legal risks

Provisions for legal risks are formed based on expectations regarding the probable outcome of legal disputes. As at 31 December 2024, NLB Group was involved in 40 (31 December 2023: 41) legal disputes with material claims against Group members in the total amount of EUR 463,087 thousand, excluding accrued interest (31 December 2023: EUR 463,122 thousand). As at 31 December 2024, NLB was involved in 23 (31 December 2023: 21) legal disputes with material monetary claims against NLB. The total amount of these claims, excluding accrued interest, was EUR 243,599 thousand (31 December 2023: EUR 236,727 thousand).

In connection with legal risks, the largest amount of material monetary claims relates to civil claims filed by Privredna banka Zagreb (the PBZ) and Zagrebačka banka (the ZaBa) against NLB, referring to the old savings of LB Branch Zagreb savers, which were transferred to these two banks in a principal amount of approximately EUR 174.75 million (as per 31 December 2024). Due to the fact the proceedings had been pending for such a long time, the penalty interest already exceeds the principal amount. As NLB is not liable for the old foreign currency savings, based on numerous process and content-related reasons, NLB has all along objected to these claims. Two key reasons NLB is not liable for the old foreign currency savings are that it was only founded on the basis of the Constitutional Act on 27 July 1994 (at the time the savings were deposited with LB Branch Zagreb, NLB did not yet exist), and NLB did not assume any such obligations. Moreover, this is a former Yugoslavia succession matter, as the governments of the Republic of Slovenia and the Republic of Croatia agreed in a Memorandum of Understanding signed in 2013 whose intent was to find a solution to the transferred foreign currency savings of Ljubljanska banka in Croatia (LB) on the basis of the Agreement on Succession Issues. The Memorandum also said that the Republic of Croatia would ensure the stay of all the proceedings commenced by the PBZ and the ZaBa in relation to the transferred foreign currency savings until the issue was finally resolved.

Despite the agreement in the Memorandum of Understanding to stay all of the proceedings commenced, the Court of Appeal, the County Court of Zagreb, ruled in six claims (as explained below in detail) in favour of the plaintiff. In six of those cases, NLB filed a constitutional suit after an extraordinary legal measure of NLB with the Supreme Court of the Republic of Croatia was not successful. In two of the six cases mentioned, the plaintiff was fully repaid and therefore there are no further liabilities for NLB in this regard.

Contrary to the decisions of the court described above in another case, a claim filed by the PBZ was refused and the judgment became final in favour of NLB. The extraordinary legal measure with the Supreme Court of the Republic of Croatia, filed by the plaintiff, was dismissed by the Supreme Court on 16 June 2015.

In the other cases, with respect to which court procedures described above are pending, final court decisions have not yet been issued.

The table below summarises the amounts according to final court decisions (not including penalty interest) and which have not yet been recovered from NLB:

Date of the ruling	Plaintiff	Principal amount in thousands of currency	Costs of the proceedings in thousands of currency	Measures taken by NLB
April 2018	PBZ	EUR 222	EUR 34	Constitutional suit against the court decisions (including the decision of the Supreme Court of the Republic of Croatia in the revision proceeding), as NLB found the court decision contrary to the legislation in force and constitutional principles, and as well contrary to the Memorandum concluded between the Republic of Slovenia and the Republic of Croatia. Constitutional Court of the Republic of Croatia rejected the constitutional appeal of NLB d.d. on 5 October 2021.
November 2017	PBZ	EUR 220	EUR 91	NLB challenged the judgments with the extraordinary legal measure (revision) on the Supreme Count of the Republic of Croatia, which rejected NLB's revision on 22 November 2023 (judgment received on 5 January 2024). NLB challenged the judgment in question with a constitutional lawsuit before the Constitutional Court of the Republic of Croatia on 2 February 2024.
December 2018	PBZ	SEK 3,855	EUR 90	Constitutional suit against the court decisions (including the decision of the Supreme Court of the Republic of Croatia in the revision proceeding), as NLB found the court decision contrary to the legislation in force and constitutional principles and as well contrary to the Memorandum concluded between the Republic of Slovenia and the Republic of Croatia. Constitutional Court of the Republic of Croatia rejected the constitutional appeal of NLB d.d. on 3 October 2023
March 2019	PBZ	USD 9,185	EUR 425	NLB challenged the judgment with the extraordinary legal measure (revision) on the Supreme Count of the Republic of Croatia which rejected NLB's revision. NLB challenged the judgment in question with a constitutional lawsuit before the Constitutional Court of the Republic of Croatia

The NLB Shareholders' Meeting provided the Management Board of NLB with instructions how to act in the event of existing or potential new final decisions by Croatian courts against LB and NLB regarding the transferred foreign currency deposits, especially not to voluntarily settle the adjudicated amounts, and also gave some additional instructions on the usage of legal remedies and regarding the management of the property from that perspective.

On 19 July 2018, the National Assembly of the Republic of Slovenia passed the 'Act for Value Protection of Republic of Slovenia's Capital Investment in Nova Ljubljanska banka d.d., Ljubljana' (Zakon za zaščito vrednosti kapitalske naložbe Republike Slovenije v Novi Ljubljanski banki d.d., Ljubljana, hereinafter: 'the ZVKNNLB') which entered into force on 14 August 2018. In accordance with the ZVKNNLB, the Succession Fund of the Republic of Slovenia (Sklad Republike Slovenije za nasledstvo, javni sklad, hereinafter: 'the Fund'), shall compensate NLB for the sums recovered from NLB by enforcement of final judgements delivered by Croatian courts with regard to the transferred foreign currency deposits, that is the principle amount, accrued interest, expenses of court, attorney's expenses, and other expenses of the plaintiff, and expenses related to enforcement with the accrued interest, and shall not compensate NLB for its own costs or for the difference between the book value of its assets sold in enforcement proceedings and the price obtained for such assets in enforcement proceedings. There shall be no compensation for any voluntarily made payments by NLB. In accordance with the ZVKNNLB and pursuant to the agreement between NLB and the Fund, as envisaged by the ZVKNNLB (which was concluded on 14 August 2018), NLB has to contest the claims made against it in court proceedings in relation to transferred foreign currency deposits, and use against court decisions that are disadvantageous for NLB, all reasonable legal remedies and to continue to actively challenge the judicial decisions of the courts of the Republic of Croatia in relation to transferred foreign currency deposits on the basis of which enforcement took place, leading, on the basis of ZVKNNLB, to the compensation of the sums recovered from NLB by enforcement. In the aforementioned case from May 2015, the Succession Fund of the Republic of Slovenia has already compensated the sums recovered from NLB by enforcement.

Provisions for legal risks for existing claims filed by PBZ and ZaBa are not formed, since NLB believes that based on the factual and legal evaluation there are greater prospects for the court proceedings to end in favour of NLB than the opposite.

Regardless of the negative outcomes for claims for which the final ruling was issued, in the financial statements NLB Group did not recognise the negative impact on profit and loss due to protection provided by the ZVKNNLB. For final judgements, NLB Group recognised the liabilities and related assets, which are included within other financial assets (note 5.6.d) and other financial liabilities (note 5.15.d).

b) Provisions for guarantees and commitments

Movements in provisions for guarantees and commitments

in EUR thousands

NLB Group	Balance as at 1 Jan 2024	Effects of translation of foreign operations to presentation currency	Acquisition of subsidiaries	Transfers	Increases/ (Decreases)	Changes in models/risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2024
Notes			5.12.c)		4.13.	4.13.		5.16.a)
12-month expected credit losses	18,429	9	1	1,417	(834)	(7,089)	20	**11,953**
Lifetime ECL not credit-impaired	1,655	2	–	489	(9)	168	1	**2,306**
Lifetime ECL credit-impaired	12,464	4	–	(1,906)	(3,521)	557	(7)	**7,591**
Of which: Purchased or originated credit-impaired	3,095	1	–	–	(2,674)	–	(160)	**262**

in EUR thousands

NLB Group	Balance as at 1 Jan 2023	Effects of translation of foreign operations to presentation currency	Transfers	Increases/ (Decreases)	Changes in models/risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2023
Notes				4.13.	4.13.		5.16.a)
12-month expected credit losses	18,826	(3)	583	2,609	(3,587)	1	**18,429**
Lifetime ECL not credit-impaired	1,953	–	(263)	(873)	837	1	**1,655**
Lifetime ECL credit-impaired	16,830	–	(320)	(4,039)	(2)	(5)	**12,464**
Of which: Purchased or originated credit-impaired	4,095	1	–	(1,015)	–	14	**3,095**

in EUR thousands

NLB	Balance as at 1 Jan 2024	Transfers	Increases/ (Decreases)	Changes in models/ risk parameters	Foreign exchange differences and other movements	Balance as at 31 Dec 2024
Notes			4.13.	4.13.		5.16.a)
12-month expected credit losses	7,653	646	(1,608)	(2,841)	1	**3,851**
Lifetime ECL not credit-impaired	319	1,146	(806)	175	–	**834**
Lifetime ECL credit-impaired	9,969	(1,792)	(4,014)	393	(1)	**4,555**
Of which: Purchased or originated credit-impaired	2,935	–	(2,673)	–	–	**262**

in EUR thousands

NLB	Balance as at 1 Jan 2023	Transfers	Increases/ (Decreases)	Changes in models/ risk parameters	Merger of subsidiary	Balance as at 31 Dec 2023
Notes			4.13.	4.13.	5.12.f)	5.16.a)
12-month expected credit losses	8,156	158	(146)	(1,142)	627	**7,653**
Lifetime ECL not credit-impaired	378	147	(616)	387	23	**319**
Lifetime ECL credit-impaired	11,765	(305)	(1,589)	32	66	**9,969**
Of which: Purchased or originated credit-impaired	2,876	–	(3)	–	62	**2,935**

Movement of contractual amounts of guarantees and commitments in off-balance sheet

in EUR thousands

	NLB Group				NLB			
	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January 2024	4,032,559	106,616	20,917	4,160,092	2,783,977	66,619	13,978	2,864,574
Effects of translation of foreign operations to presentation currency	2,539	110	13	2,662	–	–	–	–
Acquisition of subsidiaries (note 5.12.c)	1,868	–	–	1,868	–	–	–	–
Increases/(Decreases)	333,795	14,058	(9,522)	338,331	232,852	(9,697)	(7,463)	215,692
Foreign exchange differences	417	–	–	417	33	–	–	33
Transfers	(14,379)	13,601	778	–	(15,703)	15,244	459	–
Balance as at 31 December 2024	**4,356,799**	**134,385**	**12,186**	**4,503,370**	**3,001,159**	**72,166**	**6,974**	**3,080,299**

in EUR thousands

	NLB Group				NLB			
	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January 2023	3,843,293	83,270	26,897	3,953,460	2,397,742	35,243	15,019	2,448,004
Effects of translation of foreign operations to presentation currency	(837)	(28)	(2)	(867)	–	–	–	–
Increases/(Decreases)	224,499	(9,271)	(7,960)	207,268	216,455	1,071	(2,041)	215,485
Foreign exchange differences	231	–	–	231	152	–	–	152
Transfers	(34,627)	32,645	1,982	–	(28,955)	28,362	593	–
Disposal of subsidiary	–	–	–	–	198,583	1,943	407	200,933
Balance as at 31 December 2023	**4,032,559**	**106,616**	**20,917**	**4,160,092**	**2,783,977**	**66,619**	**13,978**	**2,864,574**

c) Movements in employee benefit provisions

Post-employment benefits

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	15,468	16,021	10,369	10,672
Effects of translation of foreign operations to presentation currency	16	(3)	–	–
Acquisition of subsidiaries (note 5.12.c)	623	–	–	–
Merger of subsidiary (note 5.12.f)	–	–	–	531
Additional provisions (note 4.9.)	934	227	641	587
Provisions released (note 4.9.)	(960)	(1,361)	(828)	(1,039)
Interest expenses (note 4.1.)	660	587	355	297
Utilised during year (payments)	(329)	(447)	(138)	(91)
Actuarial gains and losses	1,307	444	860	(588)
Balance as at 31 December	**17,719**	**15,468**	**11,259**	**10,369**

Other employee benefits

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	2,424	2,005	1,426	1,204
Effects of translation of foreign operations to presentation currency	4	(1)	–	–
Acquisition of subsidiary (note 5.12.c)	73	–	–	–
Merger of subsidiary (note 5.12.f)	–	–	–	79
Additional provisions (note 4.9.)	885	636	688	173
Provisions released (note 4.9.)	(79)	(104)	–	–
Interest expenses (note 4.1.)	108	81	54	33
Utilised during year	(231)	(193)	(131)	(63)
Balance as at 31 December	**3,184**	**2,424**	**2,037**	**1,426**

Other employee benefits include NLB Group's obligations for jubilee long-service benefits.

d) Movements in restructuring provisions

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	12,592	21,036	7,198	7,288
Effects of translation of foreign operations to presentation currency	18	(1)	–	–
Additional provisions (note 4.13.)	3,919	4,006	2,500	3,800
Provisions released (note 4.13.)	–	(352)	–	–
Utilised during year	(6,163)	(12,097)	(4,389)	(3,890)
Balance as at 31 December	**10,366**	**12,592**	**5,309**	**7,198**

Additional restructuring provisions recognised during the year 2024 and 2023 relate mainly to NLB for the purpose of continuing the reorganisation, optimisation of work processes/business in individual segments, and HR restructuring (restructuring of workforce in accordance with business demands) and the related reduction in the number of employees.

e) Movements in provisions for legal risks

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	44,833	43,209	6,219	3,584
Effects of translation of foreign operations to presentation currency	98	8	–	–
Acquisition of subsidiary (note 5.12.c)	761	–	–	–
Disposal of subsidiaries (note 5.12.d)	–	(30)	–	–
Merger of subsidiary (note 5.12.f)	–	–	–	5,382
Additional provisions (note 4.13.)	11,730	16,354	4,660	899
Provisions released (note 4.13.)	(2,802)	(9,074)	(11)	(3,577)
Utilised during year	(7,707)	(5,634)	(743)	(69)
Balance as at 31 December	**46,913**	**44,833**	**10,125**	**6,219**

f) Movements in other provisions

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Balance as at 1 January	5,440	2,772	5,303	2,169
Effects of translation of foreign operations to presentation currency	–	1	–	–
Acquisition of subsidiary (note 5.12.c)	544	–	–	–
Merger of subsidiary (note 5.12.f)	–	–	–	1,173
Additional provisions (note 4.13.)	–	15,019	–	13,300
Provisions released (note 4.13.)	–	(28)	–	–
Utilised during year	(1,628)	(12,324)	(1,627)	(11,339)
Balance as at 31 December	**4,356**	**5,440**	**3,676**	**5,303**

Other provisions in the NLB Group and NLB relate mainly to liability in relation to reimbursement of fees in case of early loan repayment.

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5.17. Deferred income tax

a) Analysis by type of deferred income taxes

in EUR thousands

	NLB Group				NLB			
	31 Dec 2024		2024		31 Dec 2024		2024	
	Deferred income tax assets	Deferred income tax liabilities	Included in the income statement	Included in other comprehensive income	Deferred income tax assets	Deferred income tax liabilities	Included in the income statement	Included in other comprehensive income
Valuation of financial instruments and capital investments	50,852	10,345	279	(12,192)	48,892	5,219	(346)	(7,523)
Impairment of financial assets	15,182	5,159	336	119	1,358	582	205	(44)
Provisions for liabilities and charges	8,559	–	(743)	51	1,529	–	(327)	–
Depreciation and valuation of non-financial assets	3,720	1,206	(336)	–	129	139	35	–
Fair value adjustments of financial assets measured at amortised cost	3,116	8,004	(1,722)	–	788	–	(624)	–
Tax losses	60,989	–	6,920	–	59,571	–	5,502	–
Undistributed profit of subsidiaries	–	10,466	(840)	–	–	–	–	–
Other	576	4,807	659	–	–	–	–	–
Total	**142,994**	**39,987**	**4,553**	**(12,022)**	**112,267**	**5,940**	**4,445**	**(7,567)**

in EUR thousands

	NLB Group				NLB			
	31 Dec 2023		2023		31 Dec 2023		2023	
	Deferred income tax assets	Deferred income tax liabilities	Included in the income statement	Included in other comprehensive income	Deferred income tax assets	Deferred income tax liabilities	Included in the income statement	Included in other comprehensive income
Valuation of financial instruments and capital investments	59,640	7,218	8,055	4,322	55,098	3,556	7,517	10,244
Impairment of financial assets	9,704	3,589	801	1,342	1,153	538	(961)	1,171
Provisions for liabilities and charges	9,047	–	(928)	81	1,856	–	23	(31)
Depreciation and valuation of non-financial assets	4,141	1,304	(452)	–	123	168	9	–
Fair value adjustments of financial assets measured at amortised cost	1,940	6,651	(1,398)	–	1,412	–	94	–
Tax losses	54,069	–	54,069	–	54,069	–	54,069	–
Undistributed profit of subsidiaries	–	9,626	(9,626)	–	–	–	–	–
Other	248	522	461	–	–	–	–	–
Total	**138,789**	**28,910**	**50,982**	**5,745**	**113,711**	**4,262**	**60,751**	**11,384**

The table above does not include the effects of the merger of N Banka.

The tax loss on which NLB did not recognise deferred tax assets, as at 31 December 2024 amounts to EUR 430,086 thousand (31 December 2023: EUR 580,388 thousand). In accordance with the amendment to Slovenian corporate income tax law effective from January 1, 2025, tax losses can be carried forward to subsequent periods for a maximum of five years after the period in which they occurred. Based on the transitional provision, accumulated unused old tax losses, incurred before the entry into force, can be claimed in the five years (until 2029). By Slovenian tax law, use of tax loss is limited to 50% of the actual tax base. Other banking members have no tax losses.

NLB did not recognise deferred tax assets on temporary differences arising from the impairments of investments in subsidiaries and associates where it is not probable that the temporary difference will reverse in the foreseeable future. These temporary differences amount to EUR 137,277 thousand as at 31 December 2024 (31 December 2023: EUR 189,311 thousand).

b) Movements in deferred income taxes

Deferred income tax assets

in EUR thousands

NLB Group	Provisions for liabilities and charges	Valuation of financial instruments and capital investments	Depreciation and valuation of non-financial assets	Impairment of financial assets	Tax losses	Fair value adjustments of financial assets measured at amortised cost	Other	Total
Balance as at 1 January 2023	9,899	48,415	4,737	9,480	–	2,046	141	74,718
Effects of translation of foreign operations to presentation currency	(5)	1	–	(8)	–	2	–	(10)
(Charged)/credited to profit and loss	(928)	7,490	(596)	232	54,069	(108)	107	60,266
(Charged)/credited to other comprehensive income	81	3,734	–	–	–	–	–	3,815
Balance as at 31 December 2023	**9,047**	**59,640**	**4,141**	**9,704**	**54,069**	**1,940**	**248**	**138,789**
Effects of translation of foreign operations to presentation currency	18	12	14	27	–	–	–	71
(Charged)/credited to profit and loss	(743)	(346)	(435)	2,023	6,920	(394)	216	7,241
(Charged)/credited to other comprehensive income	51	(8,454)	–	–	–	–	–	(8,403)
Acquisition of subsidiaries (note 5.12.c)	186	–	–	3,428	–	1,570	112	5,296
Balance as at 31 December 2024	**8,559**	**50,852**	**3,720**	**15,182**	**60,989**	**3,116**	**576**	**142,994**

in EUR thousands

NLB	Provisions for liabilities and charges	Valuation of financial instruments and capital investments	Depreciation and valuation of non-financial assets	Impairment of financial assets	Tax losses	Fair value adjustments of financial assets measured at amortised cost	Total
Balance as at 1 January 2023	1,819	38,028	109	2,050	–	–	42,006
(Charged)/credited to profit and loss	23	7,517	14	(961)	54,069	94	60,756
(Charged)/credited to other comprehensive income	(31)	8,517	–	–	–	–	8,486
Merger of subsidiary (note 5.12.f)	45	1,036	–	64	–	1,318	2,463
Balance as at 31 December 2023	**1,856**	**55,098**	**123**	**1,153**	**54,069**	**1,412**	**113,711**
(Charged)/credited to profit and loss	(327)	(346)	6	205	5,502	(624)	4,416
(Charged)/credited to other comprehensive income	–	(5,860)	–	–	–	–	(5,860)
Balance as at 31 December 2024	**1,529**	**48,892**	**129**	**1,358**	**59,571**	**788**	**112,267**

Deferred income tax liabilities

in EUR thousands

NLB Group	Impairment of financial assets	Valuation of financial instruments and capital investments	Depreciation and valuation of non-financial assets	Undistributed profit of subsidiaries	Fair value adjustments of financial assets measured at amortised cost	Other	Total
Balance as at 1 January 2023	5,501	8,375	1,641	–	5,366	877	21,760
Effects of translation of foreign operations to presentation currency	(1)	(4)	–	–	(5)	(1)	(11)
Charged/(credited) to profit and loss	(569)	(565)	(144)	9,626	1,290	(354)	9,284
Charged/(credited) to other comprehensive income	(1,342)	(588)	–	–	–	–	(1,930)
Disposal of subsidiaries	–	–	(193)	–	–	–	(193)
Balance as at 31 December 2023	**3,589**	**7,218**	**1,304**	**9,626**	**6,651**	**522**	**28,910**
Effects of translation of foreign operations to presentation currency	2	14	1	–	25	3	45
Charged/(credited) to profit and loss	1,687	(625)	(99)	840	1,328	(443)	2,688
Charged/(credited)to other comprehensive income	(119)	3,738	–	–	–	–	3,619
Acquisition of subsidiaries (note 5.12.c)	–	–	–	–	–	4,725	4,725
Balance as at 31 December 2024	**5,159**	**10,345**	**1,206**	**10,466**	**8,004**	**4,807**	**39,987**

in EUR thousands

NLB	Impairment of financial assets	Valuation of financial instruments and capital investments	Depreciation and valuation of non-financial assets	Total
Balance as at 1 January 2023	1,672	5,283	163	7,118
Charged/(credited) to profit and loss	–	–	5	5
Charged/(credited) to other comprehensive income	(1,171)	(1,727)	–	(2,898)
Merger of subsidiary (note 5.12.f)	37	–	–	37
Balance as at 31 December 2023	**538**	**3,556**	**168**	**4,262**
Charged/(credited) to profit and loss	–	–	(29)	(29)
Charged/(credited) to other comprehensive income	44	1,663	–	1,707
Balance as at 31 December 2024	**582**	**5,219**	**139**	**5,940**

5.18. Income tax relating to components of other comprehensive income

in EUR thousands

2024	NLB Group			NLB		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Actuarial gains and losses	(1,307)	51	(1,256)	(860)	–	(860)
Financial assets measured at fair value through other comprehensive income	66,837	(12,073)	54,764	34,395	(7,567)	26,828
Share of associates and joint ventures	18	–	18	–	–	–
Total	**65,548**	**(12,022)**	**53,526**	**33,535**	**(7,567)**	**25,968**

in EUR thousands

2023	NLB Group			NLB		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Actuarial gains and losses	(444)	81	(363)	588	(31)	557
Financial assets measured at fair value through other comprehensive income	77,722	5,664	83,386	36,106	11,415	47,521
Share of associates and joint ventures	45	–	45	–	–	–
Total	**77,323**	**5,745**	**83,068**	**36,694**	**11,384**	**48,078**

5.19. Other liabilities

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Accrued salaries	34,445	28,228	24,388	19,461
Unused annual leave	8,362	7,657	3,106	2,761
Deferred income	8,941	11,376	734	4,376
Taxes payable	41,350	7,015	38,367	4,895
Payments received in advance	10,791	4,377	403	857
Total	**103,889**	**58,653**	**66,998**	**32,350**

5.20. Share capital

The share capital of NLB amounts to EUR 200,000 thousand and did not change in 2024. It is comprised of 20,000,000 no-par-value ordinary registered shares, with the corresponding value of EUR 10.0 for one share. All issued shares are fully paid and there are no un-issued authorised shares. As at 31 December 2024, the major shareholder of NLB with significant influence is the Republic of Slovenia, who owns 25.00% plus one share.

The book value of a NLB share on a consolidated level as at 31 December 2024 was EUR 157.1 (31 December 2023: EUR 139.9), and on a solo level was EUR 122.1 (31 December 2023: EUR 108.3). It is calculated as the ratio of net assets' book value excluding other equity instruments issued and the number of shares.

Distributable profit as at 31 December 2024 amounts to EUR 1,194,063 thousand (31 December 2023: EUR 1,116,689 thousand) and consists of NLB net profit for 2024 in the amount of EUR 478,161 thousand (2023: EUR 514,287 thousand), and retained earnings from previous years in the amount of EUR 1,116,689 thousand, reduced for the transfer of profit to reserves in the amount of EUR 172,810 thousand, for the payment of dividends in the amount of EUR 220,000 thousand, and for the interests of subordinated bonds, which are considered instruments of additional basic capital in the amount of EUR 7,977 thousand. Its allocation will be subject to a decision by the Bank's General Assembly. The proposal for the General Assembly will be prepared by the Management and the Supervisory Board, considering restrictions imposed by the regulators, the Group's risk appetite, the target capital adequacy at the Group's level, and actual prevailing capital position at the time of the proposal.

The shares give to their holders the right to vote at the NLB's meeting of shareholders where, as a rule, each share entitles its holder to one vote. Nevertheless, a shareholder who acquires shares which, together with the shares already held by such shareholder or by a third person on behalf of such shareholder, represent more than 25% of the NLB's share capital, may only exercise its voting rights under such shares if NLB's Supervisory Board approves such an acquisition. The Supervisory Board's approval may only be rejected if, following such an acquisition, such a person would hold shares representing more than 25% of NLB's issued share capital plus one share. The approval shall be considered given if not expressly rejected in 20 days. No such approval is necessary with respect to the shares acquired by a person on behalf of third persons provided that such a person is not entitled to exercise the voting rights arising out of such shares at its own discretion, and undertakes to NLB that it will not exercise the voting rights based on voting instructions unless such voting instructions are accompanied with a confirmation that the person giving such instructions is the beneficial owner of the shares with respect to which votes are to be exercised and does not hold in the aggregate, directly or indirectly 25% or more NLB shares with voting rights.

The shares also give their holders the right to be informed, as well as the pre-emptive right to subscribe for new shares on a pro rata basis in the case of a share capital increase, the right to a pro-rata share of remaining assets in the case of bankruptcy or liquidation or NLB, and the right to receive a dividend. In 2024, NLB paid dividends for the previous year in the amount of EUR 11.00 per share (2023: EUR 5.5 per share), which decreased retained earnings by EUR 220,000 thousand (2023: EUR 110,000 thousand).

As at 31 December 2024 and 31 December 2023, NLB holds no own shares. In June 2019, the General Assembly of NLB authorised the Management Board that in the period of 36 months from the adoption of the shareholders' resolution, it can buy own shares of the Bank for the payment of variable remuneration to certain employees as required by the Banking Act and other relevant regulations. NLB did not buy any own shares based on this authorisation.

5.21. Other equity instruments issued

On 23 September 2022, NLB issued subordinated notes intended to qualify as Additional Tier 1 Instruments in the aggregate nominal amount of EUR 82 million. The notes have no scheduled maturity date. The issuer has the option for early redemption of the notes in the period between 23 September 2027 and 23 March 2028, and on each distribution payment date after 23 March 2028. Until 23 March 2028, the interest on the principal of the notes will accrue at the interest rate of 9.721% per annum, and for each subsequent 5-year period, will accrue at the applicable interest rate, which shall be reset prior to the commencement of each such period (5Y MS + 7.20% per annum). The coupon payments are discretionary and non-cumulative. The notes terms provide for a temporary write-down in the event that the Common Equity Tier 1 ratio of NLB Group and/or NLB drop(s) below 5.125%. The issue price was equal to 100% of the nominal amount of the notes. The ISIN code of the notes is SI0022104275. The carrying amount as at 31 December 2024 is EUR 84,184 thousand (31 December 2023: EUR 84,178 thousand).

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5.22. Accumulated other comprehensive income and reserves

a) Reserves

The share premium account as at 31 December 2024 and 31 December 2023 comprises paid-up premiums in the amount of EUR 822,173 thousand and the revaluation of share capital from previous years in the amount of EUR 49,205 thousand.

Profit reserves as of 31 December 2024 amount to EUR 186,332 thousand and consist of EUR 13,522 thousand of legal reserves and EUR 172,810 thousand of other reserves, which were formed based on the Resolution of the Bank's General Meeting. As at 31 December 2023, profit reserves in the amount of EUR 13,522 thousand relate entirely to legal reserves in accordance with the Companies Act.

In 2024, NLB recorded a net profit in the amount of EUR 478,161 thousand (2023: net profit EUR 514,287 thousand) which is included in the retained earnings as at 31 December 2024.

b) Accumulated other comprehensive income

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Financial assets measured at fair value through other comprehensive income - debt securities	(19,978)	(66,666)	(10,113)	(35,255)
Financial assets measured at fair value through other comprehensive income - equity securities	14,442	6,647	1,830	144
Actuarial defined benefit pension plans	(3,494)	(2,265)	(2,065)	(1,205)
Foreign currency translation	(11,366)	(14,588)	–	–
Hedge of a net investment in a foreign operation	754	754	–	–
Total	**(19,642)**	**(76,118)**	**(10,348)**	**(36,316)**

5.23. Capital adequacy ratios

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Paid up capital instruments	200,000	200,000	200,000	200,000
Share premium	871,378	871,378	871,378	871,378
Retained earnings - from previous years	1,385,040	1,235,363	715,902	602,402
Profit eligible - from current year	256,973	327,398	220,905	159,833
Accumulated other comprehensive income	(19,197)	(75,662)	(10,348)	(36,316)
Other reserves	186,332	13,522	186,332	13,522
Minority interest	38,480	28,798	–	–
Prudential filters: Additional Valuation Adjustments (AVA)	(2,606)	(2,295)	(1,711)	(1,067)
(-) Goodwill	(8,069)	(3,529)	–	–
(-) Other intangible assets	(65,420)	(37,153)	(23,959)	(20,846)
(-) Deferred tax assets	(51,667)	(47,002)	(56,419)	(54,069)
(-) Insufficient coverage for non-performing exposures	(5,426)	(907)	(706)	(246)
COMMON EQUITY TIER 1 CAPITAL (CET1)	**2,785,818**	**2,509,911**	**2,101,374**	**1,734,591**
Capital instruments eligible as AT1 Capital	82,000	82,000	82,000	82,000
Minority interest	4,534	5,907	–	–
Additional Tier 1 capital	**86,534**	**87,907**	**82,000**	**82,000**
TIER 1 CAPITAL	**2,872,352**	**2,597,818**	**2,183,374**	**1,816,591**
Capital instruments and subordinated loans eligible as Tier 2 capital	533,421	507,516	533,421	507,516
Minority interest	5,485	3,874	–	–
TIER 2 CAPITAL	**538,906**	**511,390**	**533,421**	**507,516**
TOTAL CAPITAL	**3,411,258**	**3,109,208**	**2,716,795**	**2,324,107**
RWA for credit risk	14,508,398	12,168,121	9,105,028	7,449,829
RWA for market risks	1,505,108	1,447,713	859,088	818,113
RWA for credit valuation adjustment risk	16,613	14,200	17,425	15,613
RWA for operational risk	2,185,986	1,707,128	1,171,163	923,943
TOTAL RISK EXPOSURE AMOUNT (RWA)	**18,216,105**	**15,337,162**	**11,152,704**	**9,207,498**
Common Equity Tier 1 Ratio	15.3%	16.4%	18.8%	18.8%
Tier 1 Ratio	15.8%	16.9%	19.6%	19.7%
Total Capital Ratio	**18.7%**	**20.3%**	**24.4%**	**25.2%**

Overall capital requirements of NLB Group on consolidated level:

SREP requirement		2024	2023	2022
Pillar 1 (P1R)	CET1	4.5%	4.5%	4.5%
	AT1	1.5%	1.5%	1.5%
	T2	2.0%	2.0%	2.0%
Pillar 2 (P2R)	CET1	1.19%	1.35%	1.46%
	Tier 1	1.59%	1.80%	1.95%
	Total Capital	2.12%	2.40%	2.60%
Total SREP Capital Requirement (TSCR)	CET1	5.69%	5.85%	5.96%
	Tier 1	7.59%	7.80%	7.95%
	Total Capital	10.12%	10.40%	10.60%
Capital Conservation buffer	CET1	2.50%	2.50%	2.50%
O-SII buffer	CET1	1.25%	1.25%	1.00%
Systemic risk buffer	CET1	0.11%	0.10%	0.00%
Countercyclical buffer	CET1	0.52%	0.26%	0.00%
Combined buffer requirement (CBR)	CET1	4.38%	4.11%	3.50%
Overall capital requirement (OCR) = MDA threshold	CET1	10.07%	9.96%	9.46%
	Tier 1	11.97%	11.91%	11.45%
	Total Capital	14.50%	14.51%	14.10%
Pillar 2 Guidance (P2G)	CET1	1.0%	1.0%	1.0%
OCR + P2G	CET1	11.07%	10.96%	10.46%
	Tier 1	12.97%	12.91%	12.45%
	Total Capital	15.50%	15.51%	15.10%

As at 31 December 2024, the Group's Overall Capital Requirement (OCR) on a consolidated basis was 14.50%, which is slightly lower (by 0.01 percentage point, hereinafter: p.p.) than at the end of 2023. However, the reduction in the SREP requirement by 0.28 p.p. was offset by an increase in the Countercyclical buffer by 0.26 p.p. The OCR comprises:
- The Total SREP Capital Requirement (TSCR) is 10.12%, including 8.00% Pillar 1 and 2.12% Pillar 2 Requirements. As at 1 January 2024, the Pillar 2 Requirement decreased by 0.28 p.p. to 2.12% due to a better overall SREP assessment.
- The second component is the Combined Buffer Requirement (CBR), which is 4.38%, and includes a 2.50% Capital Conservation Buffer, a 1.25% O-SII Buffer, a 0.52% Countercyclical Buffer, and a 0.11% Systemic risk buffer.

In addition to the above requirements, the Pillar 2 Guidance (P2G) is 1.0% of Common Equity Tier 1 (CET1).

Effective 1 January 2025, changes to capital buffer rates in Slovenia will be implemented:
- The CCYB rate for exposures in Slovenia will increase from 0.5% to 1.0%.
- The sectoral systemic risk buffer for retail exposures to natural persons secured by residential real estate will be reduced from 1.0% to 0.5%.

In addition, the CCYB for the Group is expected to be higher due to the introduced CCYB in the Group members (NLB Banka, Skopje, NLB Banka, Podgorica).

The Bank and NLB Group's capital covers all the current and announced regulatory capital requirements, including capital buffers and other currently known requirements, as well as the P2G.

As at 31 December 2024, NLB Group capital ratios on a consolidated basis stand at:
- 15.3% CET1 ratio,
- 15.8% Tier 1 ratio,
- 18.7% Total Capital ratio.

In the scope of regulatory risks, which include credit risk, operational risk, and market risk, NLB Group uses a standardised approach for credit and market risks, while the calculation of capital requirement for operational risks is made according to a basic indicator approach. The same approaches are used for calculating the capital requirements for NLB on a standalone basis, except for the calculation of the capital requirement for operational risks where the standardised approach is used.

As at 31 December 2024, the Group's TCR stood at 18.7% (or 1.5 p.p. decrease YoY), and the CET1 ratio stood at 15.3% (or 1.1 p.p. decrease YoY), which is well above requirements. The lower total capital adequacy derives from higher RWA (EUR 2,878.9 million YoY), although capital increased by EUR 302.1 million YoY. The Group increased its capital by partially including 2024 profit (EUR 257.3 million) and revaluation adjustments (EUR 56.5 million).

In 2024 (YoY), the Group's RWA for credit risk increased by EUR 2,340.3 million due to lending activity in the corporate and retail segments, of which the acquisition of Summit Leasing companies contributed to a higher RWA by EUR 698.0 million. The RWA for high-risk exposures increased due to new project financing loans and the withdrawal of previously approved project finance loans. Furthermore, higher RWA for liquidity assets resulted from EUR-denominated placements with central banks and liquidity surpluses placed at commercial banks.

The increase in the Group's RWAs for market risks and Credit Value Adjustments (CVA) by EUR 59.8 million YoY was driven by a higher RWA for FX risk of EUR 58.6 million (mainly the result of more open positions in domestic currencies of non-euro subsidiary banks – mostly RSD), and a slightly higher RWA for CVA risk of EUR 2.4 million (calculating exposure value for derivative transactions subject to CRR risk based on the OEM method).

The increase in the Group's RWA for operational risks (EUR 478.9 million YoY) derived from the higher net interest and net fee and commission income, mainly from the NLB, NLB Komercijalna banka, Beograd, and Summit Leasing. This resulted in a higher three-year average of relevant income. The other components used in the calculations did not significantly differ from previous years.

The most important goal of internal capital adequacy assessment process (ICAAP) in NLB Group, set up in accordance with ECB Guidelines, is ensuring adequate capital and sustainability on an ongoing basis. The purpose of this process is to have in place sound, effective, and comprehensive strategies and processes to assess and maintain capital on an ongoing basis, as well as the adequate distribution of internal capital for covering the nature and level of the risks to which NLB Group is or might be exposed. In addition, NLB Group places strong emphasis on its integration into the overall risk management system in order to ensure proactive support for informed decision-making.

From an economic perspective, NLB Group manages its capital adequacy by ensuring that all its risks are adequately covered by internal capital. A normative perspective is a multiyear forward-looking assessment of NLB Group which shows its ability to fulfil all of its capital-related regulatory and supervisory requirements and risk appetite of NLB Group. Within these capital constraints, NLB Group defines its management buffers in the Risk appetite above the regulatory and supervisory requirements, and the internal capital needs that allow it to sustainably follow its business strategy. A normative perspective includes several stress scenarios which are integrated into NLB Group's annual business plan review and budgeting process.

5.24. Off-balance sheet liabilities

a) Contractual amounts of off-balance sheet financial instruments

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Short-term guarantees	349,733	369,849	197,356	205,731
- financial	159,847	154,769	84,865	88,373
- non-financial	189,886	215,080	112,491	117,358
Long-term guarantees	1,455,838	1,261,764	925,219	817,646
- financial	534,861	513,523	299,008	309,909
- non-financial	920,977	748,241	626,211	507,737
Loan commitments	2,640,323	2,469,800	1,940,563	1,822,847
Letters of credit	34,577	41,026	670	10,446
Other	22,899	17,653	16,491	7,904
	4,503,370	**4,160,092**	**3,080,299**	**2,864,574**
Provisions (note 5.16.b)	(21,850)	(32,548)	(9,240)	(17,941)
Total	**4,481,520**	**4,127,544**	**3,071,059**	**2,846,633**

Fee income from issued non-financial guarantees amounted to EUR 10,239 thousand (2023: EUR 8,628 thousand) in NLB Group, and to EUR 6,743 thousand (2023: EUR 5,552 thousand) in NLB.

In addition to the instruments presented in the table above, NLB Group and NLB have also some low-risk off-balance sheet items, for which a 0% credit conversion factor is applied in accordance with the Capital Requirements Regulation (credit and other lines which can be irrevocably cancelled by a bank). As at 31 December 2024, these items at the NLB Group level amount to EUR 1,097,316 thousand (31 December 2023: EUR 915,450 thousand), and at the NLB level EUR 433,363 thousand (31 December 2023: EUR 412,330 thousand).

b) Analysis of derivative financial instruments by notional amounts

in EUR thousands

	NLB Group				NLB			
	31 Dec 2024		31 Dec 2023		31 Dec 2024		31 Dec 2023	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Swaps	419,642	2,330,260	486,874	1,526,962	556,373	2,390,260	715,173	1,586,962
- currency swaps	328,259	–	482,463	10,799	464,990	–	710,762	10,799
- interest rate swaps	91,383	2,330,260	4,411	1,516,163	91,383	2,390,260	4,411	1,576,163
Options	–	37,382	–	45,924	–	37,382	–	45,924
- interest rate options	–	16,696	–	30,189	–	16,696	–	30,189
- securities options	–	20,686	–	15,735	–	20,686	–	15,735
Forward contracts	44,783	241	74,351	6,640	43,367	241	72,120	6,640
- currency forward	44,783	241	74,351	6,640	43,367	241	72,120	6,640
Total	**464,425**	**2,367,883**	**561,225**	**1,579,526**	**599,740**	**2,427,883**	**787,293**	**1,639,526**
	2,832,308		**2,140,751**		**3,027,623**		**2,426,819**	

As at 31 December 2024, the NLB Group held interest rate swaps intended as fair value hedges of assets with a total nominal value of EUR 589,141 thousand (31 December 2023: EUR 633,798 thousand) and intended to hedge the fair value of bonds issued in 2024 with a total nominal value of EUR 1,520,000 thousand (31 December 2023: EUR 450,000 thousand) (note 5.5.b).

As at 31 December 2024, the NLB held interest rate swaps intended as fair value hedges of assets with a total nominal value of EUR 529,141 thousand (31 December 2023: EUR 573,798 thousand) and intended to hedge the fair value of bonds issued in 2024 with a total contractual value of EUR 1,520,000 thousand (31 December 2023: EUR 450,000 thousand) (note 5.5.b).

Derivatives that qualify for hedge accounting are used to hedge interest rate risk.

The fair values of derivative financial instruments are disclosed in notes 5.2. and 5.5.

c) Capital commitments

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Capital commitments for purchase of:				
- property and equipment	7,733	3,131	7,189	3,022
- intangible assets	3,278	2,901	3,066	2,470
Total	**11,011**	**6,032**	**10,255**	**5,492**

5.25. Funds managed on behalf of third parties

Funds managed on behalf of third parties are accounted separately from NLB Group's funds. Income and expenses arising with respect to these funds are charged to the respective fund, and no liability falls on NLB Group in connection with these transactions. NLB Group charges fees for its services.

Funds managed on behalf of third parties

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Fiduciary activities	26,083,756	30,241,726	23,873,013	28,278,498
Settlement and other services	1,043,073	1,085,213	943,592	1,010,624
Total	**27,126,829**	**31,326,939**	**24,816,605**	**29,289,122**

Fiduciary activities

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Assets				
Clearing or transaction account claims for client assets	**26,032,877**	**30,196,860**	**23,830,528**	**28,243,725**
From financial instruments	26,030,300	30,196,322	23,827,995	28,243,237
- receipt, processing, and execution of orders	12,426,559	11,217,662	11,593,690	10,407,489
- management of financial instruments portfolio	654,510	573,177	–	–
- custody services	12,949,231	18,405,483	12,234,305	17,835,748
To Central Securities Clearing Corporation or bank settlement account for sold financial instrument	130	128	86	78
To other settlement systems and institutions for bought financial instrument (debtors)	2,447	410	2,447	410
Clients' money	**50,879**	**44,866**	**42,485**	**34,773**
- at settlement account for client assets	28,073	27,082	28,059	16,989
- at bank transaction accounts	22,806	17,784	14,426	17,784
Liabilities				
Clearing or transaction liabilities for client assets	**26,083,756**	**30,241,726**	**23,873,013**	**28,278,498**
To clients from cash and financial instruments	26,077,151	30,238,652	23,867,594	28,275,954
- receipt, processing, and execution of orders	12,450,080	11,233,595	11,617,211	10,423,422
- management of financial instruments portfolio	661,762	582,790	–	–
- custody services	12,965,309	18,422,267	12,250,383	17,852,532
To Central Securities Clearing Corporation or bank settlement account for bought financial instrument	225	138	225	138
To other settlement systems and institutions for bought financial instrument (creditors)	6,038	2,532	4,852	2,002
To bank or settlement bank account for fees and costs, etc.	342	404	342	404

Fee income for funds managed on behalf of third parties

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Fiduciary activities (note 4.3.b)	14,922	11,666	11,677	9,567
Settlement and other services	641	912	638	806
Total	**15,563**	**12,578**	**12,315**	**10,373**

6. Risk Management

Risk management in NLB Group is implemented in accordance with the set strategic guidelines, established internal policies, and procedures which take into account European banking regulations, the regulations adopted by the Bank of Slovenia, current EBA guidelines, and relevant good banking practices. In addition, the Group is constantly enhancing and complementing the existing approaches, methodologies, and processes in all risk management segments with the aim to proactively support decision-making.

Managing risks and capital efficiently is crucial for NLB Group sustained long-term profitable operations. A robust Risk Management framework is comprehensively integrated into decision-making, steering, and mitigation processes within the Group. NLB Group gives high importance to the risk culture and awareness of all relevant risks within the entire Group.

NLB Group's Risk management framework supports business decision-making on strategic and operating levels, comprehensive steering, proactive risk management, and mitigation by incorporating:

- risk appetite statement and risk strategy orientations;
- yearly review of strategic business goals, budgeting, and the capital planning process;
- internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP);
- recovery plan activities;
- other internal stress-testing capabilities, early warning systems, and regular risk analysis;
- regulatory and internal management reporting.

NLB Group uses the 'three lines of defence framework' as an important element of its internal governance, whereby the Risk management function acts as a second line of defence. Set governance and different risk management tools enable adequate oversight of the Group's risk profile. Moreover, they support business operations and enable efficient risk management by incorporating escalation procedures and different mitigation measures when necessary.

a) Risk management strategies and processes

The key goal of NLB Group's Risk Management is to proactively manage, assess, and monitor risks within the Group. Sound and holistic understanding of risk management is embedded into the entire organisation, focusing on risk identification at a very early stage, efficient risk management, and mitigation of them with the aim of ensuring the prudent use of its capital and adequate liquidity structure to support the financial resilience of the Group.

Key strategic risk management principles of NLB Group are defined by its Risk Appetite and Risk Strategy, designed in accordance with the Group's business model, integrating a forward-looking perspective. The Strategy of NLB Group, the Risk Appetite, Risk Strategy, and the key internal policies of NLB Group – which are approved by the Management and Supervisory Boards – specify the strategic goals, risk appetite guidelines, approaches, and methodologies for monitoring, measuring, and managing all types of risk in order to meet internal strategic objectives and fulfil all external requirements. The main strategic risk guidelines are comprehensively integrated into decision-making, including the business plan review and budgeting process.

NLB Group plans a prudent risk profile and optimal capital usage, representing an important element of its business strategy and related mid-term financial targets. The management of credit risk, which is the most important risk category in NLB Group, concentrates on taking moderate risks – a diversified credit portfolio, adequate credit portfolio quality, the sustainable costs of risk, and ensuring an optimal return considering the risks assumed. As regards liquidity risk, the tolerance is low, while the activities are geared towards ensuring an adequate liquidity position on an ongoing basis. The Group limited exposure to credit spread risk, arising from the valuation risk of debt securities portfolio servicing as liquidity reserves, to a medium level. The fundamental orientation in the management of interest rate risk is to limit unexpected negative effects on revenues and capital, therefore, a medium tolerance for this risk is stated. When assuming operational risk, the Group pursues the orientation that such a risk must not significantly impact its operations. On this basis, changes of control activities, processes, and/or organisation are performed when necessary. Besides, the Group also focuses on proactive mitigation, prevention, and minimisation of potential damage. The conclusion of transactions with derivative financial instruments at NLB is primarily limited to servicing customers and hedging Bank's own positions. In the area of currency risk, NLB Group pursues the goals of low to moderate exposure. The tolerance for other risk types is low and focuses on minimising their possible impacts on NLB Group's entire operations.

Risk management focuses on managing and mitigating risks in line with the Group's Risk Appetite and Risk Strategy. Within these frameworks, the Group monitors a range of risk metrics, including internal capital allocation in order to assure the Group's risk profile is in line with its risk appetite. The usage of risk limits and potential deviations from limits and target values are regularly reported to the respective committees and/or the Management Board of the Bank and the Supervisory Board. The banking subsidiaries within NLB Group adapted a corresponding approach to monitor and manage their target risk profiles.

NLB Group established a comprehensive stress-testing framework and other early warning systems in different risk areas with the intention to strengthen the existing internal controls and timely response when necessary. A robust and uniform stress-testing programme includes all material types of risk and relevant stress scenario analysis, according to the vulnerability of the Group's business model. The Group established an internal ESG stress-testing concept to identify the most relevant financial vulnerabilities stemming from climate risk, which is constantly further enhanced by considering disposable ESG-related data. Stress testing is integrated into the risk appetite, ICAAP, ILAAP, Recovery Plan, and budgeting process to support proactive management of the Group's risk profile, namely the capital and liquidity positions in a forward-looking perspective. In addition, the Group also performs reverse stress tests with the aim to test its maximum recovery capacity. Other partial risk assessments are covered by other risk analysis, based on relevant risk parameters, and integrated into the process of setting a risk management limit system.

For the purpose of an efficient risk mitigation process, NLB Group applies a single set of standards to retail and corporate loan collateral, representing a secondary source of repayment with the aim of efficient credit risk management and optimal capital consumption. The Group has a system for monitoring and reporting collateral at fair (market) value in accordance with the International Valuation Standards (IVS). The eligibility of collateral, by types and ratios referring to prudent lending criteria, is set within internal lending guidelines. Credit risk mitigation principles and rules in NLB Group are described in more relevant details in the section 'Credit risk management.' When hedging market risks, namely interest rate risk and foreign exchange risk, in line with the set risk appetite, NLB Group follows the principle of natural hedge or using derivatives in line with hedge accounting principles.

b) Risk management structure and organisation

NLB Group's corporate governance framework is based on the principles of sound and responsible governance, in accordance with the applicable legislation of the Republic of Slovenia, particularly the provisions of the Companies Act (ZGD-1M) and the Banking Act (ZBan-3), the Regulation on Internal Governance Arrangements, the Management Body, and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks, the EBA Guidelines on internal governance, the EBA Guidelines on the assessment of the suitability of members of the management body, and key function holders, as well as the EBA Guidelines on remuneration practices. Several layers of management provide cohesive risk management governance in NLB Group.

NLB Group established the three lines of a defence framework with the aim of managing risks effectively. The three lines of defence concept provides a clear division of activities and defines roles and responsibilities for risk management at different levels within the Group. Risk management in the Group acts as a second line of defence, accountable for appropriate managing, assessing, monitoring, and reporting of risks in the Bank as the main entity in Slovenia, and as the competence centre in charge of group banking and leasing members, and other non-core subsidiaries which are in a controlled wind-out.

Overall, the organisation and delineation of competencies in NLB Group's risk management structure is designed to prevent conflicts of interest and ensure a transparent and documented decision-making process, subject to an appropriate upward and downward flow of information. Risk management in NLB Group is managed within the Risk management competence line, which is a specialised competence line encompassing several professional areas for which the Global Risk Department, the Credit Risk – Corporate Department, the Credit Risk – Retail Department and the Evaluation and Control Department are responsible within NLB, and which reports to the Management Board, Assets and Liabilities Committee (ALCO), Risk Committee (RICO) and Credit Committee of the Management Board and the Risk Committee of the Supervisory Board. The risk management competence line is in charge of formulating and controlling the risk management policies of NLB Group, setting limits, establishing methodologies, overseeing the harmonisation of risk management policies within the NLB Group, monitoring NLB Group's risk exposures, and preparing external and internal reports.

All members of NLB Group that are included in the financial statements of NLB Group, report their exposure to risks to the competent organisational units within the Risk management competence line. These organisational units then report all relevant risk information to the Management Board and its respective Committees and the Supervisory Board and its respective Committees, where the appropriate measures are adopted.

The credit ratings of clients that are materially important to NLB Group and the issuing of credit risk opinions are centralised via the Credit Committee of NLB. The process follows the co-decision principle, in which the credit committee of the respective Group member first approves their decision, following which the Credit Committee of NLB gives their opinion. The resolution of the Credit Committee of NLB is made on the basis of all available documentation, including a non-binding rating opinion prepared by the underwriting department of NLB.

Risk monitoring in NLB Group members is operating within an independent and/or separate organisational unit. This enables uniform risk monitoring on standardised risk management approaches. Such monitoring provides a comprehensive overview of the Group's and of each member's risk profile. In compliance with the risk appetite, risk management strategy, and policies of NLB Group, risk monitoring in each NLB Group member is separated from its management and/or business function to maintain the objectivity required when assessing business decisions (three lines of defence concept). The organisational unit for managing risks directly reports to the Management Board and its committees (Credit Committee, ALCO, RICO and the Operational Risk Committee) and to the Supervisory Board.

c) Risk measurement and reporting systems

As a systemic banking group, NLB Group is subject to the Single Supervisory Mechanism (SSM), which is supervised by the Joint Supervisory Team (JST) of the ECB and the Bank of Slovenia. The Group member complies with the ECB regulation, while NLB Group subsidiaries operating outside Slovenia are also compliant with the rules set by the local regulators. A third-party equivalent was approved in Serbia, Bosnia and Herzegovina, and North Macedonia, resulting in alignment of local regulation with CRR rules. With regards to capital adequacy, based on the provisions of the Directive (CRD), Decision (CRR), NLB Group applies a standardised approach to credit and market risk, and the basic approach (a simplified approach with less data granularity) to operational risks, with the exception of NLB which applies the standardised approach.

Across the Group, risks are assessed, monitored, managed, or mitigated in a uniform manner, as defined in the Group's Risk management standards, and consider also the specifics of the markets in which individual NLB Group members operate. For the purposes of measuring exposure to credit risk, liquidity risk, interest rate, and credit spread risk in the banking book, operational risk, market risk, ESG, and non-financial risks, in addition to the prescribed regulations, NLB Group uses internal methodologies and approaches that enable more detailed monitoring and management of risks. These internal methodologies are aligned with ECB, EBA, and Basel guidelines, as well as best practices in banking methodologies.

As for risk reporting, NLB Group's internal guidelines reflect, in addition to internal requirements, the substance and frequency of reporting required by the Bank of Slovenia and the ECB. In addition, each member of NLB Group also complies with the requirements of its local regulations. Risk reporting is carried out in the form of standardised reports, pursuant to risk management policies based on common methodologies for measuring exposure to risks, a uniform database structure within Data Warehouse (DWH), comprehensive data quality assurance, and automated report preparation, which ensures the quality of reports and reduces the possibility of errors.

d) Data and IT system

Risk data are calculated and stored in NLB Group DWH and collected from NLB and other Group member's DWH. The established process provides an integrated information in common reference structure where business users can access in a consistent and subject-oriented format. Data are regularly checked and validated. Data used for internal risk assessment, management, and reporting are the same as data which NLB Group uses for regulatory reporting.

The Group has established a strong and robust data governance program that aligns with the goals and objectives of the Group's risk management function. NLB Group data governance and data quality framework consists of identifying risks, developing policies and controls on data confidentiality, integrity, accuracy, and availability, and by executing the second line of defence controls by an independent validation unit under the responsibility of Group Data Governance Officer. This framework covers the agreed upon service level standards for both in-house and outsourced data-related processes. By that, the Group complies with BCBS 239 principles and ECB Guide on effective risk data aggregation and risk reporting.

e) Main emphasis of risk management in 2024

Efficient managing of risks and capital remains crucial for NLB Group to sustain long-term profitable operations. The Group further enhanced the robustness of its risk management system in all respective risk categories in order to manage them proactively, comprehensively, and prudently. Risk identification in a very early stage, its efficient managing, and the corresponding mitigation processes represent essential steps in such a system. The business and operating environment relevant for NLB Group operations is changing with trends, such as sustainability, social responsibility, governance, changing customer behaviours, emerging new technologies and competitors, as well as increasing new regulatory requirements. Respectfully, the risk management framework is regularly adapted with the aim of detecting and managing new potential emerging risks.

The NLB Group gives special focus on the inclusion of risk analysis into the decision-making process on strategic and operating levels, diversification in order to avoid a large concentration, optimal usage of internal capital, appropriate risk-adjusted pricing, regular education/trainings at all levels of management, and the assurance of overall compliance with internal policies/rules and relevant regulations.

During 2024, the Group's credit portfolio remained high-quality and well-diversified, with a stable rating structure and lower NPLs level. There was no large concentration in any selected industry sector. The latter is particularly important as geopolitical tensions, a green transition, and other macro developments could materially impact on specific industry sectors. The Group monitored the macroeconomic and geopolitical circumstances closely, remaining very prudent in identifying any increase in credit risk at a very early stage, and proactive in NPL management. Furthermore, unfavourable trends in the German automotive industry did not severely influence the Slovenian export-oriented industry. With that in mind, the bank downgraded some selected clients in stage 2 and formed additional impairments. The cost of risk remained at relatively low level. The established impairments derive from portfolio development, new financing and any portfolio deterioration. In contrast, the successful collection of previously written-off receivables and changes in risk parameters contributed positively to a low total net impact.

The Group stayed well capitalised and above the risk appetite at both the Group and banking member levels. The liquidity position of the Group also remained solid, with liquidity indicators high above the regulatory requirements, indicating its low tolerance for this risk. Even if a highly unfavourable liquidity scenario would materialise, the Group holds a sufficient level of high-quality liquidity reserves. Significant attention was put into the structure and concentration of liquidity reserves, while at the same time considering the potential adverse negative market movements. Investment activity continued with a balanced approach to finding attractive market opportunities while pursuing well-managed credit spread and interest rate risk, as well as capital consumption. Interest rate risk exposure remained moderate and stayed well within the risk appetite tolerance.

The management of ESG risks follows ECB and EBA guidelines, focusing on their comprehensive integration into all relevant processes. It addresses the Group's overall credit approval process, collateral management and related credit portfolio management. Sustainable ESG financing in accordance with Environmental and Social Management System is integrated into the Group's Risk Appetite Statement. Additionally, publicly disclosed its Net-Zero commitments are addressed in the Group's Risk appetite. In its initial round of NZBA targets, NLB Group has focused on fossil fuel-based and highly energy-intensive sectors, such as power generation and iron and steel, and other sectors where the Bank has substantial emissions and/or exposure and available data. These include residential mortgages and commercial real estate. Defined Net Zero targets are regularly followed. Activities for setting second round of NZBA targets, for sectors such as transport and agriculture, are underway. Moreover, NLB's ESG Risk Rating assigned by Morningstar Sustainalytics further improved in 2024, reflecting a low risk of material financial impacts from ESG factors.

As a systemically important institution, the Group is included in the EBA EU-wide and ECB SSM Stress Test exercise.

This EU-wide stress test is designed to assess the resilience of the European banking sector in the current uncertain and changing macroeconomic environment, namely the aggravation of geopolitical tensions leading to a severe decline in GDP. The exercise results are expected to be published at the beginning of August 2025. Besides, in 2024, the Group was also included in two ECB Stress test exercises: the 2024 EBA Fit-for-55 climate risk scenario analysis and the 2024 ECB Cyber Resilience Stress Test Exercise. By performing these exercises, the ECB assessed how banks are prepared to deal with financial and economic shocks from climate and cyber risk.

Starting on 1.1.2025 the calculation of Risk weighted assets for credit risk is based on CRR3 regulation. NLB Group is using Standardized approach, therefore no materially significant changes in the calculated volumes are expected. Nevertheless, the cumulative result of the new regulation will lead to the increase of RWA, primarily due to increased credit conversion factor (CCF) for unused credit lines and introduction of foreign exchange (FX) lending multiplier for lending to private individuals in non-domestic currency. Partially the increases will be compensated by more favourable risk weights for residential real-estate collateral.

6.1. Credit risk management

a) Introduction

In its operations, NLB Group is exposed to credit risk, or the risk of losses due to the failure of a debtor to settle its liabilities to NLB Group. For that reason, it proactively and comprehensively monitors and assesses the aforementioned risk. In that process, NLB Group follows the International Financial Reporting Standards, regulations issued by the European Central Bank or Bank of Slovenia, and the EBA guidelines. This area is governed in greater detail by the internal methodologies and procedures set out in internal acts.

Through regular reviews of the business practices and the credit portfolios of NLB entities, NLB ensures that the credit risk management of those entities function in accordance with NLB Group's risk management standards to enable meaningfully uniform procedures at the consolidated level.

NLB Group manages credit risk using different approaches:

- **Risk Assessment and Monitoring:**
  At the level of the individual customer/group of customers, appropriate procedures are followed in various phases of the relationship with a customer prior to, during, and after the conclusion of an agreement. Prior to concluding an agreement, a customer's performance, financial position, and past cooperation with NLB are assessed. To objectively assess a client's operation, internal scoring models for particular client segments or product types have been developed. It is also important to secure high-quality collateral even though it does not affect a customer's credit rating. This is followed by various forms of monitoring a customer, in particular an assessment of its ability to generate sufficient cash flows for the regular settlement of its liabilities and contractual obligations. In this part of the credit process, regular monitoring of clients within the Early Warning System (EWS) is important. In the case of client default, restructuring or work-out is initiated depending on the severity of the client's position.

- **Performance Measurement and Reporting:**
  The quality and trends in the credit portfolio, including on-balance and off-balance sheet exposures, are actively monitored and analysed at the level of the overall portfolio of NLB Group and single banking entities. Comprehensive analyses are regularly performed to assure monitoring of the portfolio quality through time and to identify any breach of limits or targets. Great emphasis is placed on the evolution of portfolio structure in terms of client segmentation, credit rating structure, structure by stages (based on IFRS 9), and NPL ratios. Furthermore, the coverage of NPL is an important indicator of potential future losses that is closely monitored.

- **Stress-testing and Scenario Analysis:**
  Regular stress-testing and scenario analyses are conducted to assess the resilience of credit portfolio under different economic conditions. These exercises help in identifying vulnerabilities and formulating contingency plans.

Beside default risk, portfolio management is also focused on monitoring single name and industry concentration, migration, FX lending, and the Environmental and climate risks of the credit portfolio. Capital requirements for credit risk at NLB Group level within the first pillar are calculated according to the Standardised approach, while within the second pillar an internal IRB approach is used to estimate the RWA for default, migration, and FX lending risk. In addition, a single name concentration add-on is based on the Granularity adjustment methodology, and an industry concentration add-on is estimated based on the HHI concentration indexes. NLB and other NLB Group members assess the level of credit risk losses on an individual basis for material claims, and at the collective level for the rest of the portfolio.

An individual review is performed for material Stage 3 financial assets which have been rated as non-performing based on the information regarding significant financial problems encountered by a customer, actual breaches of contractual obligations such as arrears in the settlement of liabilities, whether financial assets will be restructured for economic or legal reasons, and the likelihood that a customer will enter bankruptcy or a financial reorganisation. Expected future cash flows (from ordinary operations and possible redemption of collateral) are assessed following an individual review. If their discounted value differs from the book value of the financial asset in question, impairment must be recognised.

Collective ECL allowances are made for the remainder of the portfolio, which is not assessed on an individual basis. Based on IFRS 9 requirements, financial assets measured at amortised cost or at fair value through other comprehensive income are attributed to the appropriate stage based on the estimated increase of credit risk of a single exposure since initial recognition. The stage of financial assets determines whether a 12-month or lifetime ECL must be considered. The ECL calculation is based on the forward-looking probability of default (PD) and loss given default (LGD), which are calculated using historic data and statistical modelling, as well as predicted macroeconomic parameters for different scenarios. For off-balance financial assets, the probability of the redemption of guarantees is considered when creating collective provisions. The models used to estimate future risk parameters are validated and backtested on a regular basis to make loss estimations as realistic as possible.

The management of ESG risks is incorporated in the Group's overall credit approval process and related credit portfolio management. Sustainable financing is addressed in the basic documentary framework:

- Lending Policy for Non-Financial Companies in NLB d.d. and NLB Group where in the special sub-chapter Environmental, Social and Governance Framework three categories are defined (prohibited, restricted, normal activities);
- The Environmental and Social Transaction Policy Framework in NLB d.d. and NLB Group applies to certain transactions with the greatest potential for significant E&S impact (exclusion list, regulatory and performance standards compliance check, project categorisation);
- The Environmental and Social Transaction Categorisation Methodology Framework in NLB d.d. and NLB Group provides a guide to the typical level of inherent environmental and social risk according to NACE codes.

Beside addressing ESG risks in all relevant stages of the credit-granting process, relevant ESG criteria were also considered in the collateral evaluation process. On the portfolio level, the Group does not face any large concentration towards specific NACE industrial sectors exposed to climate risk, whereby the role of transitional risk is more prevailing. The availability of ESG data in the region where NLB Group operates is still lacking, nevertheless the Group has made material progress in this respect in 2024 and has ambitious plans for the following year.

b) Main emphasis in 2024

In the process of constantly complementing and enhancing credit risk management, NLB Group focuses on taking moderate risks, and at the same time ensuring an optimal return considering the risks assumed. Preserving high credit portfolio quality represents the most important key aim, with a focus on the quality of new placements leading to a diversified portfolio of customers. The Group is actively present on the market in the region, financing existing and new creditworthy clients. To further enhance existing risk management tools, the Group is constantly developing a wide range of advanced approaches supported by mathematical and statistical models in credit risk assessment in line with best banking practises, while at the same time enabling faster responsiveness towards clients.

Lending growth, which was modest in 2023 due to increasing interest rate trends, picked up in 2024. In the retail segment, the lending in fixed interest rates was prevailing, especially in the housing loan market. In the Corporate segment, the Bank seized opportunities to finance some of the top corporate clients in the region while keeping the focus on SME as its key segment. The credit portfolio remains well-diversified, and there is no large concentration in any specific industry or client segment. The share of retail portfolio in the whole credit portfolio is quite substantial, with still prevailing segment of mortgage loans.

In 2024, the Group's credit portfolio quality remained solid with a stable rating structure and diversified portfolio. Great emphasis was placed on intensive and proactive handling of problematic customers and customers active in the industries that are less stable under the current economic circumstances. The bank established an early warning system for detecting increased credit risk at a very early stage. The stock of NPE volume increased, primarily as a result of SLS Group acquisition. As at 31 December 2024, the share of non-performing exposure by EBA methodology in NLB Group was 1.1% (the same as at the end of 2023). Moreover, the coverage ratio remains high at 62.7%, which is above the EU average published by the EBA (41.6% in 3Q 2024).

c) Maximum exposure to credit risk

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Cash, cash balances at central banks, and other demand deposits at banks	4,039,581	6,103,561	1,973,113	4,318,032
Financial assets held for trading	18,338	15,718	21,073	17,957
Non-trading financial assets mandatorily at fair value through profit or loss	1,000	5,217	3,964	7,785
Financial assets at fair value through other comprehensive income	2,466,923	2,164,464	1,601,875	962,084
Financial assets at amortised cost				
Debt securities	3,725,195	2,522,229	2,846,779	1,966,169
Loans to governments	511,129	386,291	209,228	118,220
Loans to banks	458,921	547,640	193,172	149,011
Loans to financial organisations	149,132	91,523	1,326,073	384,995
Loans to individuals	8,557,705	7,086,815	3,882,210	3,543,603
Loans to companies	7,145,683	6,169,972	3,235,837	3,101,465
Other financial assets	136,854	165,962	81,518	101,596
Derivatives - hedge accounting	77,771	47,614	77,771	47,614
Total net financial assets	**27,288,232**	**25,307,006**	**15,452,613**	**14,718,531**
Guarantees	1,805,571	1,631,613	1,122,575	1,023,377
Financial guarantees	694,708	668,292	383,873	398,282
Non-financial guarantees	1,110,863	963,321	738,702	625,095
Loan commitments	2,640,323	2,469,800	1,940,563	1,822,847
Other potential liabilities	57,476	58,679	17,161	18,350
Total contingent liabilities	**4,503,370**	**4,160,092**	**3,080,299**	**2,864,574**
Total maximum exposure to credit risk	**31,791,602**	**29,467,098**	**18,532,912**	**17,583,105**

Maximum exposure to credit risk is a presentation of NLB Group's exposure to credit risk separately by individual types of financial assets and contingent liabilities. Exposures stated in the above table are shown for the balance sheet items in their net book value as reported in the statement of financial position, and for off-balance sheet items in the amount of their nominal value.

d) Collaterals from financial assets measured at amortised cost

Collaterals from credit impaired financial assets measured at amortised cost

in EUR thousands

31 Dec 2024	NLB Group					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Loans to banks	–	–	–	136	–	–
Loans to individuals	47,477	27,871	128,687	99,187	21,244	7,319
Loans to other customers	97,394	48,781	308,698	86,255	25,333	31,754
Other financial assets	65	30	3,503	8,847	515	53
Total	**144,936**	**76,682**	**440,888**	**194,425**	**47,092**	**39,126**

in EUR thousands

31 Dec 2023	NLB Group					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Loans to banks	–	–	–	113	27	–
Loans to individuals	47,586	28,634	133,472	83,423	17,964	4,511
Loans to other customers	102,763	47,238	343,157	66,332	12,606	20,506
Other financial assets	119	57	4,507	10,484	405	54
Total	**150,468**	**75,929**	**481,136**	**160,352**	**31,002**	**25,071**

in EUR thousands

31 Dec 2024	NLB					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Loans to banks	–	–	–	136	–	–
Loans to individuals	29,840	15,986	73,399	50,299	8,594	2,489
Loans to other customers	27,961	10,648	98,625	39,882	8,591	11,609
Other financial assets	2	1	5	1,144	49	5
Total	**57,803**	**26,635**	**172,029**	**91,461**	**17,234**	**14,103**

in EUR thousands

31 Dec 2023	NLB					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Loans to banks	–	–	–	113	27	–
Loans to individuals	32,400	20,097	76,149	43,943	10,579	3,189
Loans to other customers	41,759	18,968	145,806	19,456	3,938	4,028
Other financial assets	7	2	355	1,655	146	10
Total	**74,166**	**39,067**	**222,310**	**65,167**	**14,690**	**7,227**

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Collaterals from financial assets measured at amortised cost classified into Stage 1 and 2

in EUR thousands

31 Dec 2024	NLB Group					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Debt securities	156,568	156,493	156,355	3,576,094	3,568,702	–
Loans to banks	194	194	195	458,831	458,727	37
Loans to individuals	3,999,354	3,981,774	8,539,514	4,588,971	4,526,816	418,328
Loans to other customers	2,968,522	2,944,379	7,647,688	4,834,250	4,787,451	843,348
Other financial assets	1,851	1,845	4,891	135,084	134,464	723
Total	**7,126,489**	**7,084,685**	**16,348,643**	**13,593,230**	**13,476,160**	**1,262,436**

in EUR thousands

31 Dec 2023	NLB Group					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Debt securities	113,822	113,724	113,161	2,413,929	2,408,505	–
Loans to banks	216	216	1,037	547,610	547,397	–
Loans to individuals	3,358,508	3,351,490	7,084,152	3,745,797	3,688,727	184,220
Loans to other customers	2,489,620	2,466,593	5,645,989	4,169,199	4,121,349	620,595
Other financial assets	1,440	1,436	3,296	164,724	164,064	487
Total	**5,963,606**	**5,933,459**	**12,847,635**	**11,041,259**	**10,930,042**	**805,302**

in EUR thousands

31 Dec 2024	NLB					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Debt securities	156,568	156,493	156,355	2,693,741	2,690,286	–
Loans to banks	–	–	–	193,342	193,172	–
Loans to individuals	2,059,295	2,051,482	4,411,879	1,825,755	1,806,148	31,114
Loans to other customers	1,062,028	1,059,346	2,390,689	3,716,001	3,692,553	361,951
Other financial assets	20	20	77	81,565	81,448	15
Total	**3,277,911**	**3,267,341**	**6,959,000**	**8,510,404**	**8,463,607**	**393,080**

in EUR thousands

31 Dec 2023	NLB					
	Fully/over collateralised financial assets			Financial assets not or not fully covered with collateral		
	Gross value of financial assets	Net value of financial assets	Fair value of collateral	Gross value of financial assets	Net value of financial assets	Fair value of collateral
Financial assets at amortised cost						
Debt securities	113,822	113,724	113,161	1,855,144	1,852,445	–
Loans to banks	–	–	–	149,148	148,984	–
Loans to individuals	1,902,110	1,900,201	4,027,602	1,630,374	1,612,726	38,207
Loans to other customers	1,024,057	1,025,532	2,437,145	2,573,752	2,556,242	311,166
Other financial assets	44	44	130	101,504	101,404	18
Total	**3,040,033**	**3,039,501**	**6,578,038**	**6,309,922**	**6,271,801**	**349,391**

e) Collateral from loans mandatorily at fair value through profit or loss

in EUR thousands

NLB	31 Dec 2024				31 Dec 2023			
	Fully/over collateralised loans		Loans not or not fully covered with collateral		Fully/over collateralised loans		Loans not or not fully covered with collateral	
	Fair value of loans	Fair value of collateral	Fair value of loans	Fair value of collateral	Fair value of loans	Fair value of collateral	Fair value of loans	Fair value of collateral
Loans mandatorily at fair value through profit or loss	76	149	3,888	2,030	70	149	7,715	5,800

f) Credit protection policy
NLB Group applies a single set of standards to retail and corporate loan collateral, as developed by NLB Group members in accordance with regulatory requirements. The master document regulating loan collateral in the NLB Group is the Loan Collateral Policy in NLB d.d. and NLB Group. The Policy has been adopted by the Management Board of NLB Group. The Policy represents the basic principles that NLB Group's employees must take into account when signing, evaluating, monitoring, and reporting collateral, with the aim of reducing credit risk.

In line with the policy, the primary source of loan repayment is the debtor's solvency, and the accepted collateral is a secondary source of repayment in case the debtor ceases to repay the contractual obligations.

NLB Group primarily accepts collateral complying with the Basel II requirements with the aim of improving credit risk management and consuming capital economically. In accordance with Basel II, collateral may consist of pledged deposits, government guarantees, bank guarantees, debt securities issued by central governments and central banks, bank debt securities, and real-estate mortgages (the real estate must be, beside other criteria, located in the European Economic Area or in country recognised in EBA's third party equivalent list for the effect on capital to be recognised).

Loans made to companies and sole proprietors may be secured by other forms of collateral, as well (e.g., a lien on movable property, a pledge of an equity stake, investment coupons, collateral by pledged/assigned receivables, etc.) if it is assessed that the collateral could generate a cash flow if it were needed as a secondary source of payment. If there is a lower probability that this type of collateral would generate a cash flow, NLB Group takes a conservative approach and accepts the collateral while reporting its value as zero.

From spring 2024 onwards, NLB Group has been intensively preparing for the introduction of the amended Basel III standards. The amended regulation came into force on 1 January 2025 and brings changes in particular in the area of mortgaged real estate. The aim of the NLB Group's adaptation is to establish such collateral and monitoring in the application support in order to be able to fully exploit the regulatory opportunities to realise capital savings.

g) The processes for valuing collateral
In compliance with relevant regulations, NLB Group has established a system for monitoring and reporting collateral at fair (market) value.

The market value of real estate used as collateral is obtained from valuation reports of licensed appraisers. The market value of movable property is obtained from valuation reports of licensed appraisers or from sales agreements. Both, valuation reports and sales agreements must not be older than one year. In NLB and members of NLB Group, most reports of external real estate appraisers are controlled. The controls are performed by internal appraisers. The subject of control is the content, value, scope, and format of the report, its compliance with international valuation standards, and the estimated value. If they notice deviations, they estimate the needed correction of the value of the external valuation (in %) and correct the value of the external valuation. The value adjustment can only be negative and can be applied only in a limited range. For the purposes of business decisions and the calculation of the necessary impairments and provisions, additional deductions (haircuts) are applied to the eventual adjusted market value, depending on the type of collateral. These haircuts for purpose of liquidation value are for real estate in the range of 30 to 70%, depending on the type of real estate and location, and for movables they range between 50 and 100%, depending on the type of movable.

The market value of financial instruments held by NLB Group is obtained from the organised market – such as the stock exchange, for listed financial instruments or determined in accordance with the internal methodology for unlisted financial instruments (such collateral is used exceptionally and on a small scale in loans granted to companies and sole proprietors).

NLB has compiled a reference list of licensed real estate appraisers for real estate. All appraisals must be made for the purpose of secured lending and in accordance with the international valuation standards (IVS, EVS, and RICS). Appraisals related to retail loans are generally ordered only from appraisers with whom the NLB has a contract for real-estate valuations. For corporate loans, appraisals are usually submitted by clients. If a client submits an appraisal that is not made by an appraiser included on NLB's reference list, NLB's expert department which employs certified real estate appraisers in construction with licences granted by the Slovenian Ministry of Justice, and certified real-estate value appraisers with licences granted by the Slovenian Institute of Auditors, will verify the appraisal. The expert department is also responsible for reviewing valuations of real estate serving as collateral for large loans.

Other NLB Group members obtain valuations from in-house appraisers and outsourced appraisers, all possessing the necessary licences. NLB Group has compiled a reference list of appraisers for valuations of real estate located outside the Republic of Slovenia. Appraisals must be made in accordance with the international valuation standards, and for larger exposures, real-estate evaluations must also be reviewed by an internal licensed appraiser with knowledge of the local real-estate market. If the appraisal does not correspond to the international valuation standards or if the value adjustment is greater than certain limit, the appraisal is rejected as inadequate.

When assuring collateral, NLB Group follows the internal regulations which define the minimum security or pledge ratios. NLB Group strives to obtain collateral with a higher value than the underlying exposure (depending on the borrower's rating, loan maturity, etc.) with the aim of reducing negative consequences resulting from any major swings in market prices of the assets used as collateral. If real estate, movable property, and financial instruments serve as collateral, NLB Group's lien on such assets should be top ranking. Exceptionally, where the value of the mortgaged real estate is large enough, the lien can have a different priority order.

NLB Group monitors the value of collateral during the loan repayment period in accordance with the mandatory periods and internal instructions. For example, the value of collateral using mortgaged real estate is monitored annually, either by preparing individual assessments or by using the internal methodology for preparing an own value appraisal of real estate, based either on public records and indexes of real-estate value published by the relevant government authorities (the Surveying and Mapping Authority in the Republic of Slovenia) or on analyses carried out. The value of pledged movable property is monitored once a year (in NLB automated, with a straight-line depreciation over the period of the remaining useful life).

h) The main types of collateral taken by the NLB Group
NLB Group accepts different forms of material and personal security as loan collateral.

Material loan collateral gives the right in the case of a debtor (borrower) defaulting on their contractual obligations to sell a specific property to recover claims, keep specific non-cash property or cash, or reduce or offset the amount of exposure against the counterparty's debt to the Bank.

NLB Group accepts the following material types of loan collateral:

- Collateral in the form of business and residential real estate: land, buildings, and individual parts of buildings in a storeyed property intended for living in or performing a business activity, such as land in the area foreseen for construction, apartments, residential buildings, garages and holiday homes, business premises, industrial buildings, offices, shops, hotels, branches and warehouses, forests, parking spaces, etc. The objects can be completed or under construction. Priority is given to property where the pledge right of the Bank is entered in the first place and real estate is already owned by the debtor and/or the pledger. For real estate, there must be a market, and it must be redeemable within a reasonable time;
- Collateral in the form of movable property: priority is given to the types of movable property, that are highly likely to be sold in the event of execution, and the funds received are used to repay the collateralised claims (their market value must be estimated with considerable reliability). Among the appropriate types of movable property, the Bank includes motor vehicles, agricultural machinery, construction machinery, production lines, and series-produced machines, and some custom-made production machines;
- Collateral by a pledge of financial assets (bank deposits or cash-like instruments, debt securities of different issuers, investment fund units, equity securities, or convertible bonds):
    - Cash receivable collateral: bank deposits and savings with Bank are appropriate in domestic and foreign currency;
    - Debt and equity securities: bonds and shares which, according to the Bank's assessment, are suitable for securing investments and are traded on a regulated market (marketable securities of higher-quality Slovenian and foreign issuers);
    - The pledge of investment coupons of mutual funds managed by management companies (a priority company NLB Skladi) and are, according to the Bank's assessment, suitable for insurance of investments.
- A pledge of an equity stake: non-marketable capital shares with a credit rating of at least B are adequate;
- A pledge or assignment of receivables as collateral: cash receivables must have longer maturities than the maturity of the investment and they must not be due and not be paid;
- Other material forms of loan collateral (e.g., life insurance policies pledged to NLB): The Bank accepts products of Vita, life insurance company d.d. Ljubljana – a pledge of an investment life insurance policy and a life insurance policy with a guaranteed return that includes saving, in addition to insurance.

Personal loan collateral is a method for reducing credit risk whereby a third party undertakes to pay the debt in case of the primary debtor (borrower) defaulting.

NLB Group accepts the following types of personal loan collateral:

- Joint and several guarantees by retail and corporate clients: for the collateralisation of private individuals' loans, employees, or pensioners are adequate guarantors. They must not be in the process of personal bankruptcy. They are responsible for fulfilling the debtor's obligations for loans with a repayment period not exceeding 60 months. For the collateralisation of legal entities investments, legal entities, individuals, or private individuals are adequate guarantors;
- Bank guarantees;
- Government guarantees (e.g., of the Republic of Slovenia);
- Guarantees by national and regional development agencies with which the Bank has a contract on the acceptance of guarantees (e.g. the Slovenian Enterprise Fund);
- Other types of personal loan collateral.

Loans are very often secured by a combination of collateral types. The general recommendations on loan collateral are specified in the internal instructions and include the elements specified below. The decision on the type of collateral and the coverage of loan by collateral depends on the client's creditworthiness (credit rating), loan maturity, and varies depending on whether the loan is granted to retail or a corporate client.

NLB has also created, in the area of real-estate loan collateral, an 'online' connection with the Surveying and Mapping Authority in the Republic of Slovenia, which allows direct and immediate verification of the existence of property.

NLB Group strives to ensure the best possible collateral for long-term loans, in particular mortgages where possible. As a result, the mortgaging of real estate is the most frequent form of loan collateral of corporate and retail clients. In corporate exposures, the next most frequent forms of collateral are government and corporate guarantees, while in retail loans, it is guarantors.

i) Risks, deriving from valuation of received collateral
Client/counterparty credit risk is the key decision parameter when approving exposures. Collateral is a secondary source of repayment, and therefore decisions on the approvals of exposures should not primarily be based on the provided collateral. However, collateral is an important comfort element in the approval process and, depending on the credit rating of the client, a prerequisite. NLB Group has prescribed the minimum ratios between the value of collateral and the loan amount, depending on the type of collateral, loan maturity, and the client rating. The ratios are based on experience and regulatory guidelines.

NLB Group pays particular attention to closely monitoring the fair value of collateral, and to receiving regular and independent revaluations by applying the International Valuation Standards. Through a detailed examination of all collateral received, NLB has ensured that only collateral from which payment can be realistically expected if it is liquidated, is considered.

NLB Group has the largest concentration of collaterals arising from mortgages on real-estate, which is a relatively reliable and quality type of collateral. Due to the possible decrease of real-estate market prices, the Group closely monitors the real-estate collateral values and, where required, establishes higher amounts of impairments and provisions for non-performing loans secured by real-estate, based on estimated discounts of the real-estate value, which are expected to be achieved in a sale (expected payment from collateral).

Priority is given to property where the pledge right of the Group is entered in the first place and the real-estate is already owned by the debtor and/or the pledger. For real-estate, there must be a market, and it must be redeemable within a reasonable time.

Collateral consisting of securities entails market risk, specifically the risk of changes in the prices of securities on capital markets. To limit such risks and restrict the possibility of the value of instruments received as collateral falling below approved limits, the Rules determine minimum pledge ratios for securing loans based on pledged securities and equity shares in NLB. Deviations from the Rules are subject to the prior approval of the respective decision bodies of the Bank. The ratio between the loan amount and the securities' value is determined regarding the rating of the issuer, the securities' liquidity, maturity, and correlation with changes in market indexes, i.e., by considering the key features reflecting the level of volatility of market prices, and the ability to sell the securities at the market price.

Collateral consisting of the sureties of corporate clients, sureties of private individuals, and bank guarantees entail the credit risk of the provider of the collateral. NLB Group includes the amount of the guarantees received in the exposure of the guarantor, and guarantees are only taken into account as collateral if the guarantor has sufficient overall creditworthiness.

Loan Collateral Policy in NLB d.d. and NLB Group regulate which forms of collateral are acceptable, and which preconditions a type of collateral needs to fulfil to be able to be considered.

j) Credit quality analysis for financial assets and contingent liabilities

in EUR thousands

	NLB Group					NLB				
31 Dec 2024	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Purchased credit-impaired financial assets	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Purchased credit-impaired financial assets	Total
Debt securities at amortised cost										
A	2,714,402	–	–	–	2,714,402	2,419,414	–	–	–	2,419,414
B	1,005,893	–	–	–	1,005,893	425,777	–	–	–	425,777
C	–	12,367	–	–	12,367	–	5,118	–	–	5,118
Loss allowance	(6,913)	(554)	–	–	(7,467)	(3,450)	(80)	–	–	(3,530)
Carrying amount	3,713,382	11,813	–	–	3,725,195	2,841,741	5,038	–	–	2,846,779
Loans and advances to banks at amortised cost										
A	161,030	–	–	–	161,030	193,342	–	–	–	193,342
B	297,995	–	–	–	297,995	–	–	–	–	–
D and E	–	–	136	–	136	–	–	136	–	136
Loss allowance	(104)	–	(136)	–	(240)	(170)	–	(136)	–	(306)
Carrying amount	458,921	–	–	–	458,921	193,172	–	–	–	193,172
Loans and advances to individuals at amortised cost										
A	7,213,612	113,659	–	567	7,327,838	2,762,800	37,680	–	553	2,801,033
B	901,722	131,949	–	186	1,033,857	810,920	99,668	–	186	910,774
C	62,678	163,668	–	284	226,630	59,757	113,232	–	254	173,243
D and E	–	–	135,383	11,281	146,664	–	–	78,441	1,698	80,139
Loss allowance	(45,083)	(34,959)	(94,333)	(2,909)	(177,284)	(9,430)	(18,297)	(54,133)	(1,119)	(82,979)
Carrying amount	8,132,929	374,317	41,050	9,409	8,557,705	3,624,047	232,283	24,308	1,572	3,882,210
Loans and advances to other customers at amortised cost										
A	1,577,298	2,304	–	122	1,579,724	2,162,169	555	–	–	2,162,724
B	5,384,507	204,865	–	1,284	5,590,656	2,225,505	73,908	–	138	2,299,551
C	214,490	415,194	–	2,708	632,392	64,988	250,586	–	180	315,754
D and E	–	–	161,660	21,989	183,649	–	–	57,690	10,153	67,843
Loss allowance	(43,504)	(28,928)	(103,679)	(4,366)	(180,477)	(12,254)	(14,038)	(41,970)	(6,472)	(74,734)
Carrying amount	7,132,791	593,435	57,981	21,737	7,805,944	4,440,408	311,011	15,720	3,999	4,771,138
Other financial assets at amortised cost										
A	124,420	127	–	–	124,547	76,951	1	–	–	76,952
B	10,022	224	–	–	10,246	4,271	50	–	–	4,321
C	1,120	1,022	–	–	2,142	200	112	–	–	312
D and E	–	–	8,863	49	8,912	–	–	1,127	19	1,146
Loss allowance	(572)	(54)	(8,351)	(16)	(8,993)	(115)	(2)	(1,078)	(18)	(1,213)
Carrying amount	134,990	1,319	512	33	136,854	81,307	161	49	1	81,518
Debt instruments at fair value through other comprehensive income										
A	1,795,347	–	–	–	1,795,347	1,489,490	–	–	–	1,489,490
B	700,979	–	–	–	700,979	127,200	–	–	–	127,200
C	–	123	–	–	123	–	–	–	–	–
D and E	–	–	798	–	798	–	–	798	–	798
Loss allowance	(4,959)	(36)	(798)	–	(5,793)	(1,849)	–	(798)	–	(2,647)
Contingent liabilities										
A	1,920,809	4,505	–	3	1,925,317	1,518,483	2,518	–	3	1,521,004
B	2,390,472	49,399	–	255	2,440,126	1,454,857	13,252	–	255	1,468,364
C	45,518	80,481	–	7	126,006	27,819	56,396	–	7	84,222
D and E	–	–	11,642	279	11,921	–	–	6,430	279	6,709
Loss allowance	(11,953)	(2,306)	(7,329)	(262)	(21,850)	(3,851)	(834)	(4,293)	(262)	(9,240)
Carrying amount	4,344,846	132,079	4,313	282	4,481,520	2,997,308	71,332	2,137	282	3,071,059

in EUR thousands

	NLB Group					NLB				
31 Dec 2023	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Purchased credit-impaired financial assets	Total	12-month expected credit losses	Lifetime ECL not credit - impaired	Lifetime ECL credit-impaired	Purchased credit-impaired financial assets	Total
Debt securities at amortised cost										
A	1,779,525	–	–	–	1,779,525	1,590,676	–	–	–	1,590,676
B	735,905	–	–	–	735,905	373,190	–	–	–	373,190
C	–	12,321	–	–	12,321	–	5,100	–	–	5,100
Loss allowance	(4,946)	(576)	–	–	(5,522)	(2,624)	(173)	–	–	(2,797)
Carrying amount	2,510,484	11,745	–	–	2,522,229	1,961,242	4,927	–	–	1,966,169
Loans and advances to banks at amortised cost										
A	166,615	–	–	–	166,615	145,666	–	–	–	145,666
B	381,211	–	–	–	381,211	3,482	–	–	–	3,482
D and E	–	–	113	–	113	–	–	113	–	113
Loss allowance	(213)	–	(86)	–	(299)	(164)	–	(86)	–	(250)
Carrying amount	547,613	–	27	–	547,640	148,984	–	27	–	149,011
Loans and advances to individuals at amortised cost										
A	6,787,523	111,211	–	632	6,899,366	3,373,404	77,225	–	313	3,450,942
B	64,863	55,590	–	10	120,463	6,109	31,221	–	8	37,338
C	2,339	81,623	–	514	84,476	–	43,815	–	389	44,204
D and E	–	–	126,743	4,266	131,009	–	–	72,822	3,521	76,343
Loss allowance	(39,668)	(25,051)	(82,756)	(1,024)	(148,499)	(8,072)	(11,489)	(43,908)	(1,755)	(65,224)
Carrying amount	6,815,057	223,373	43,987	4,398	7,086,815	3,371,441	140,772	28,914	2,476	3,543,603
Loans and advances to other customers at amortised cost										
A	1,344,256	3,758	–	–	1,348,014	1,167,563	1,961	–	–	1,169,524
B	4,724,560	158,829	–	12	4,883,401	2,182,739	59,001	–	–	2,241,740
C	138,837	288,567	–	–	427,404	84,531	102,014	–	–	186,545
D and E	–	–	152,759	16,336	169,095	–	–	49,049	12,166	61,215
Loss allowance	(51,087)	(19,778)	(103,278)	(5,985)	(180,128)	(13,482)	(2,553)	(32,631)	(5,678)	(54,344)
Carrying amount	6,156,566	431,376	49,481	10,363	6,647,786	3,421,351	160,423	16,418	6,488	3,604,680
Other financial assets at amortised cost										
A	125,514	77	–	–	125,591	83,727	25	–	–	83,752
B	39,042	156	–	–	39,198	17,580	50	–	–	17,630
C	819	556	–	–	1,375	122	44	–	–	166
D and E	–	–	9,346	1,257	10,603	–	–	1,658	4	1,662
Loss allowance	(624)	(40)	(8,910)	(1,231)	(10,805)	(98)	(2)	(1,512)	(2)	(1,614)
Carrying amount	164,751	749	436	26	165,962	101,331	117	146	2	101,596
Debt instruments at fair value through other comprehensive income										
A	1,221,592	–	–	–	1,221,592	854,472	–	–	–	854,472
B	1,031,205	–	–	–	1,031,205	154,461	–	–	–	154,461
C	–	144	–	–	144	–	–	–	–	–
D and E	–	–	798	–	798	–	–	–	798	798
Loss allowance	(6,475)	(56)	(798)	–	(7,329)	(1,650)	–	–	(798)	(2,448)
Contingent liabilities										
A	1,691,834	26,522	–	37	1,718,393	1,358,079	25,286	–	10	1,383,375
B	2,286,997	33,489	–	11	2,320,497	1,383,937	25,497	–	1	1,409,435
C	53,728	46,605	–	170	100,503	41,961	15,836	–	56	57,853
D and E	–	–	17,221	3,478	20,699	–	–	10,613	3,298	13,911
Loss allowance	(18,429)	(1,655)	(9,369)	(3,095)	(32,548)	(7,653)	(319)	(7,034)	(2,935)	(17,941)
Carrying amount	4,014,130	104,961	7,852	601	4,127,544	2,776,324	66,300	3,579	430	2,846,633

NLB Group's client credit rating classification is based on an internally developed methodologies, drawing from internal statistical analyses, good banking practices, as well as Bank of Slovenia regulations, and ECB and EBA guidelines and requirements. The rating methodologies are used across the entire NLB Group. They include a uniform credit grade scale of 12 rating classes, out of which nine represent performing clients and three non-performing clients.

Rating Group A (AAA to A rating classes) includes the best clients with a low degree of default probability, characterised by high coverage of financial liabilities with free cash flow. The Rating Group A is considered as investment grade classification.

Rating Group B (BBB to B rating classes) includes clients with a low credit risk, starting one notch higher than at 'A' rating group clients. These clients show stable performance, acceptable financial ratios, and qualitative elements, and have sufficient cash flow to settle their obligations, but may be more sensitive to changes in the industry or the economy. The Rating Group B classification is an investment grade for BBB, and an 'invest with care' for BB and B rating classes.

Rating Group C (CCC to C rating classes) includes clients who are exposed to a higher and above-average level of credit risk. CCC-rated clients are financed by the Bank only in the case when such support brings more positive effects for the Bank; however, Rating Group C is overall considered as a substantial risk. The Bank reasonably restricts cooperation with such clients and decreases its exposure to them.

Rating Groups D (D and DF rating classes) and E represent non-performing clients that are treated as defaulted. D, DF, and E rating classified clients are ordinarily transferred to the specialised units for restructuring (which performs business and financial restructuring with a goal of minimising losses and restoring the client to a performing status) or workout and legal support (with the goal of minimising losses due to default).

The NLB Group ratings in the master scale are mapped to the following PD structure:

Rating class	Average PD in %
AAA	0.05
AA	0.15
A	0.30
BBB	0.60
BB	1.20
B	2.40
CCC	4.80
CC	9.60
C	19.20
D	100
DF	100
E	100

NLB Group applies the default definition based on the EBA guidelines, where the materiality threshold for delays is determined in absolute and relative terms (EUR 100 for retail and EUR 500 for the non-retail segment and 1% of the total on-balance exposure on the client level). In 2023, a scoring model for private individual clients came into effect in NLB d.d., while the models in banking subsidiaries were deployed in 2024, which will enable higher degree of differentiation among the clients as it introduces nine performing rating classes (instead of the previous three).

A general corporate rating methodology, with the prescribed set of parameters (qualitative and quantitative) applies to all the NLB Group entities. Groups of connected clients are treated as materially important for the NLB Group whenever exposure exceeds EUR 7 million for NLB Group members with total assets lower than EUR 1.5 billion, EUR 15 million for NLB Group members with total assets between EUR 1.5 billion and EUR 4.0 billion, or EUR 20 million for NLB Group members with total assets above EUR 4.0 billion. Materially important clients are ordinary under authority of the NLB Credit Committee.

NLB regularly reviews the business practices and credit portfolios of NLB Group entities to make sure they are operating in accordance with the minimum risk management standards of NLB Group. This ensures appropriate standard processes for managing and reporting credit risks at the consolidated level.

k) Forborne loans and advances

in EUR thousands

31 Dec 2024	NLB Group						
	All forborne exposures				Impairment, provisions and value adjustments		Collateral and financial guarantees received on forborne exposures
	Gross carrying amount	Performing	Non - performing		Performing forborne exposures	Non-performing forborne exposures	
			Impaired	Defaulted			
Loans and advances (including at amortised cost and fair value)	**220,566**	**104,419**	**116,147**	**116,147**	**(10,089)**	**(79,861)**	**98,496**
Governments	544	247	297	297	(7)	(297)	–
Other financial organisations	457	–	457	457	–	(457)	–
Non-financial organisations	128,446	54,637	73,809	73,809	(2,062)	(52,107)	67,158
Households	91,119	49,535	41,584	41,584	(8,020)	(27,000)	31,338
Loan commitments given	**1,018**	**866**	**152**	**152**	**(2)**	**(47)**	**906**
Total exposures with forbearance measures	**221,584**	**105,285**	**116,299**	**116,299**	**(10,091)**	**(79,908)**	**99,402**

in EUR thousands

31 Dec 2023	NLB Group						
	All forborne exposures				Impairment, provisions and value adjustments		Collateral and financial guarantees received on forborne exposures
	Gross carrying amount	Performing	Non - performing		Performing forborne exposures	Non-performing forborne exposures	
			Impaired	Defaulted			
Loans and advances (including at amortised cost and fair value)	**246,402**	**116,477**	**129,874**	**129,925**	**(7,883)**	**(81,121)**	**92,352**
Governments	624	419	205	205	(22)	(205)	–
Other financial organisations	1,388	–	1,388	1,388	–	(1,388)	–
Non-financial organisations	168,726	77,709	90,966	91,017	(3,857)	(59,606)	58,611
Households	75,664	38,349	37,315	37,315	(4,004)	(19,922)	33,741
Loan commitments given	**434**	**84**	**350**	**350**	**(1)**	**(27)**	**352**
Total exposures with forbearance measures	**246,836**	**116,561**	**130,224**	**130,275**	**(7,884)**	**(81,148)**	**92,704**

in EUR thousands

31 Dec 2024	NLB						
	All forborne exposures				Impairment, provisions and value adjustments		Collateral and financial guarantees received on forborne exposures
	Gross carrying amount	Performing	Non - performing		Performing forborne exposures	Non-performing forborne exposures	
			Impaired	Defaulted			
Loans and advances (including at amortised cost and fair value)	**129,624**	**67,114**	**62,510**	**62,510**	**(7,997)**	**(46,847)**	**51,358**
Governments	125	–	125	125	–	(125)	–
Other financial organisations	457	–	457	457	–	(457)	–
Non-financial organisations	51,956	25,233	26,723	26,723	(502)	(22,733)	26,650
Households	77,086	41,881	35,205	35,205	(7,495)	(23,532)	24,708
Loan commitments given	**313**	**169**	**144**	**144**	**(2)**	**(42)**	**209**
Total exposures with forbearance measures	**129,937**	**67,283**	**62,654**	**62,654**	**(7,999)**	**(46,889)**	**51,567**

in EUR thousands

31 Dec 2023	NLB						
	All forborne exposures				Impairment, provisions and value adjustments		Collateral and financial guarantees received on forborne exposures
	Gross carrying amount	Performing	Non - performing		Performing forborne exposures	Non-performing forborne exposures	
			Impaired	Defaulted			
Loans and advances (including at amortised cost and fair value)	**110,905**	**42,584**	**68,270**	**68,321**	**(3,718)**	**(41,050)**	**53,937**
Other financial organisations	1,388	–	1,388	1,388	–	(1,388)	–
Non-financial organisations	50,979	15,166	35,762	35,813	(70)	(23,142)	27,232
Households	58,538	27,418	31,120	31,120	(3,648)	(16,520)	26,705
Loan commitments given	**434**	**84**	**350**	**350**	**(1)**	**(27)**	**352**
Total exposures with forbearance measures	**111,339**	**42,668**	**68,620**	**68,671**	**(3,719)**	**(41,077)**	**54,289**

Forborne exposures of loans and advances by periods of forbearance

in EUR thousands

	NLB Group			
31 Dec 2024	Up to 3 months	3 to 6 months	6 to 12 months	Over 12 months
Performing exposures	28,990	5,151	16,141	44,048
Non-performing exposures	3,210	1,891	3,515	27,669
Total exposures with forbearance measures	**32,200**	**7,042**	**19,656**	**71,717**
31 Dec 2023				
Performing exposures	7,519	1,813	8,140	91,122
Non-performing exposures	1,569	6,838	5,071	35,275
Total exposures with forbearance measures	**9,088**	**8,651**	**13,211**	**126,397**

in EUR thousands

	NLB			
31 Dec 2024	Up to 3 months	3 to 6 months	6 to 12 months	Over 12 months
Performing exposures	14,634	4,078	14,046	26,359
Non-performing exposures	2,038	1,522	2,155	9,948
Total exposures with forbearance measures	**16,672**	**5,600**	**16,201**	**36,307**
31 Dec 2023				
Performing exposures	7,059	1,690	2,880	27,237
Non-performing exposures	1,312	6,634	2,455	16,819
Total exposures with forbearance measures	**8,371**	**8,324**	**5,335**	**44,056**

The main forbearance measurements used by NLB Group and NLB are: deferral of payment, reduction of interest rates, acquisition of collateral for partial repayment of claims, and others, either as a single forbearance measurement or as a combination of those.

l) Repossessed assets

NLB Group and NLB received the following assets by taking possession of collateral held as security and held them at the reporting date:

in EUR thousands

	NLB Group		NLB	
Net value	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Nature of assets				
Investment property (note 5.9.)	17,844	21,253	619	2,263
Property and equipment (note 5.8.)	1,644	11,641	–	–
Investments in subsidiaries and associates	–	–	530	530
Real estates (note 5.13.)	18,976	27,122	1,468	3,129
Other assets (note 5.13.)	1,622	515	–	–
Non-current assets held for sale (note 5.7.)	7,191	474	–	–
Total	**47,277**	**61,005**	**2,617**	**5,922**

m) Analysis of loans and advances by industry sectors

in EUR thousands

NLB Group	31 Dec 2024				31 Dec 2023			
Industry sector	Gross loans	Impairment provisions	Net loans	(%)	Gross loans	Impairment provisions	Net loans	(%)
Banks	459,161	(240)	458,921	2.71	547,939	(299)	547,640	3.79
Finance	228,729	(1,759)	226,970	1.34	154,385	(2,321)	152,064	1.05
Electricity, gas, and water	682,054	(6,781)	675,273	3.98	599,988	(9,284)	590,704	4.09
Construction industry	731,917	(18,724)	713,193	4.21	535,444	(23,798)	511,646	3.54
Heavy industry	1,719,369	(44,177)	1,675,192	9.88	1,487,769	(29,619)	1,458,150	10.09
Education	22,247	(564)	21,683	0.13	14,278	(481)	13,797	0.10
Agriculture, forestry, and fishing	132,097	(3,973)	128,124	0.76	108,204	(3,536)	104,668	0.72
Public sector	429,321	(3,558)	425,763	2.51	390,522	(4,234)	386,288	2.67
Individuals	8,734,987	(177,282)	8,557,705	50.46	7,235,314	(148,499)	7,086,815	49.05
Mining	42,036	(842)	41,194	0.24	45,801	(1,733)	44,068	0.31
Entrepreneurs	485,774	(7,785)	477,989	2.82	388,668	(7,604)	381,064	2.64
Services	1,180,787	(34,029)	1,146,758	6.76	929,438	(34,385)	895,053	6.19
Transport and communications	826,287	(21,530)	804,757	4.75	884,162	(20,676)	863,486	5.98
Trade industry	1,462,654	(36,306)	1,426,348	8.41	1,254,749	(41,550)	1,213,199	8.40
Health care and social security	43,151	(451)	42,700	0.25	34,506	(907)	33,599	0.23
Other financial assets	145,847	(8,993)	136,854	0.81	176,767	(10,805)	165,962	1.15
Total	**17,326,418**	**(366,994)**	**16,959,424**	**100.00**	**14,787,934**	**(339,731)**	**14,448,203**	**100.00**

in EUR thousands

NLB	31 Dec 2024				31 Dec 2023			
Industry sector	Gross loans	Impairment provisions	Net loans	(%)	Gross loans	Impairment provisions	Net loans	(%)
Banks	193,478	(306)	193,172	2.16	149,261	(250)	149,011	2.01
Finance	1,397,781	(4,142)	1,393,639	15.60	440,080	(2,914)	437,166	5.90
Electricity, gas, and water	466,900	(2,863)	464,037	5.20	429,569	(2,577)	426,992	5.76
Construction industry	191,539	(8,229)	183,310	2.05	131,462	(8,652)	122,810	1.66
Heavy industry	936,494	(23,615)	912,879	10.22	847,052	(11,135)	835,917	11.29
Education	8,671	(423)	8,248	0.09	3,509	(63)	3,446	0.05
Agriculture, forestry, and fishing	18,775	(111)	18,664	0.21	14,566	(65)	14,501	0.20
Public sector	125,747	(485)	125,262	1.40	116,388	(824)	115,564	1.56
Individuals	3,965,189	(82,979)	3,882,210	43.46	3,608,827	(65,224)	3,543,603	47.84
Mining	18,475	(16)	18,459	0.21	19,996	(71)	19,925	0.27
Entrepreneurs	89,796	(2,848)	86,948	0.97	83,802	(2,753)	81,049	1.09
Services	700,644	(17,287)	683,357	7.65	607,989	(15,368)	592,621	8.00
Transport and communications	489,078	(3,608)	485,470	5.44	580,244	(3,814)	576,430	7.78
Trade industry	379,557	(10,957)	368,600	4.13	370,514	(5,521)	364,993	4.93
Health care and social security	26,379	(150)	26,229	0.29	21,638	(587)	21,051	0.28
Other financial assets	82,731	(1,213)	81,518	0.91	103,210	(1,614)	101,596	1.37
Total	**9,091,234**	**(159,232)**	**8,932,002**	**100.00**	**7,528,107**	**(121,432)**	**7,406,675**	**100.00**

n) Analysis of net loans and advances by geographical sectors

in EUR thousands

	NLB Group		NLB	
Country	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Slovenia	7,969,478	6,705,660	8,006,737	6,701,924
Other European Union members	720,158	414,732	375,666	222,556
Serbia	3,755,300	3,306,766	225,207	193,376
Other countries	4,514,488	4,021,045	324,392	288,819
Total	**16,959,424**	**14,448,203**	**8,932,002**	**7,406,675**

o) Analysis of debt securities and derivative financial instruments by geographical sectors

in EUR thousands

31 Dec 2024	NLB Group					NLB			
Country	Financial assets measured at amortised cost	Financial assets held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at FV through profit or loss	Derivative financial instruments	Financial assets measured at amortised cost	Financial assets held for trading	Financial assets measured at fair value through OCI	Derivative financial instruments
Slovenia	525,678	–	402,577	107	390	511,251	–	377,523	390
Other members of European Union	2,342,901	2,036	1,267,941	893	85,264	2,125,674	2,036	1,055,216	85,264
- Austria	168,320	–	103,179	–	–	137,890	–	61,437	–
- Belgium	328,701	–	308,327	–	13,311	256,430	–	265,469	13,311
- Bulgaria	46,205	–	–	–	–	46,205	–	–	–
- Cyprus	23,191	–	1,529	–	–	23,191	–	1,529	–
- Denmark	36,232	–	4,369	–	–	36,232	–	4,369	–
- Estonia	13,834	–	–	–	–	13,834	–	–	–
- Finland	115,999	–	99,633	–	–	86,118	–	87,227	–
- France	360,058	–	213,353	–	18,437	323,246	–	152,646	18,437
- Germany	204,034	2,036	166,371	893	34,374	180,109	2,036	131,702	34,374
- Hungary	49,125	–	5,769	–	–	49,125	–	5,769	–
- Ireland	73,921	–	18,630	–	17,387	73,921	–	18,630	17,387
- Italy	70,985	–	9,231	–	–	70,985	–	9,231	–
- Latvia	30,324	–	–	–	–	30,324	–	–	–
- Lithuania	27,701	–	–	–	–	27,701	–	–	–
- Luxembourg	153,457	–	124,075	–	–	153,457	–	124,075	–
- Malta	41,281	–	–	–	–	41,281	–	–	–
- Netherlands	168,307	–	79,593	–	1,755	144,399	–	59,250	1,755
- Poland	58,091	–	4,073	–	–	58,091	–	4,073	–
- Portugal	47,147	–	16,470	–	–	47,147	–	16,470	–
- Romania	60,950	–	5,066	–	–	60,950	–	5,066	–
- Slovakia	91,839	–	4,950	–	–	91,839	–	4,950	–
- Spain	120,383	–	65,491	–	–	120,383	–	65,491	–
- Sweden	50,784	–	37,832	–	–	50,784	–	37,832	–
- Other	2,032	–	–	–	–	2,032	–	–	–
United States of America	84,268	7,388	77,416	–	–	28,204	7,388	13,608	–
Other countries	772,348	–	718,989	–	1,031	181,650	–	155,528	3,766
- Bosnia and Herzegovina	90,442	–	108,057	–	–	4,074	–	3,095	–
- Kosovo	–	–	30,355	–	23	–	–	–	23
- Montenegro	25,942	–	19,203	–	–	6,787	–	3,057	2,423
- North Macedonia	206,379	–	116,933	–	9	13,107	–	47,339	–
- Serbia	299,661	–	347,105	–	989	14,941	–	4,701	1,310
- Albania	–	–	28,339	–	–	–	–	28,339	–
- Canada	55,418	–	7,557	–	–	55,418	–	7,557	–
- Great Britain	21,239	–	35,875	–	10	14,056	–	35,875	10
- Iceland	10,669	–	8,497	–	–	10,669	–	8,497	–
- Israel	7,839	–	9,392	–	–	7,839	–	9,392	–
- Kazakhstan	–	–	7,676	–	–	–	–	7,676	–
- Mexico	10,505	–	–	–	–	10,505	–	–	–
- Norway	21,264	–	–	–	–	21,264	–	–	–
- Other	22,990	–	–	–	–	22,990	–	–	–
Total	**3,725,195**	**9,424**	**2,466,923**	**1,000**	**86,685**	**2,846,779**	**9,424**	**1,601,875**	**89,420**

Other members of the European Union included in the line item 'Other' is Greece.
Other members of the 'Other countries' in the line item 'Other' are Chile, South Korea, Egypt, Brazil, and Oman.

in EUR thousands

31 Dec 2023	NLB Group				NLB		
Country	Financial assets measured at amortised cost	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at FV through profit or loss	Derivative financial instruments	Financial assets measured at amortised cost	Financial assets measured at fair value through OCI	Derivative financial instruments
Slovenia	428,163	274,855	–	1,092	416,679	219,307	1,092
Other members of European Union	1,567,873	805,334	5,217	35,121	1,440,075	551,192	35,121
- Austria	113,531	77,472	707	–	105,552	46,541	–
- Belgium	173,326	84,471	706	7,819	156,407	34,407	7,819
- Bulgaria	34,226	1,002	–	–	34,226	1,002	–
- Czech Republic	12,975	–	–	–	12,975	–	–
- Cyprus	18,172	1,550	–	–	18,172	1,550	–
- Denmark	16,662	8,187	–	–	16,662	8,187	–
- Estonia	5,640	–	–	–	5,640	–	–
- Finland	67,257	90,419	707	–	59,293	57,919	–
- France	239,395	136,115	–	9,227	211,895	92,483	9,227
- Germany	167,538	107,278	505	12,301	136,969	54,500	12,301
- Hungary	45,211	5,639	–	–	45,211	5,639	–
- Ireland	58,793	31,191	–	2,677	52,634	29,141	2,677
- Italy	51,566	5,989	100	–	51,566	5,989	–
- Latvia	23,276	–	–	–	23,276	–	–
- Lithuania	20,596	–	–	–	20,596	–	–
- Luxembourg	69,567	7,337	–	–	69,567	7,337	–
- Malta	27,442	–	–	–	27,442	–	–
- Netherlands	117,309	112,840	2,492	3,097	91,519	70,653	3,097
- Poland	35,024	7,126	–	–	35,024	7,126	–
- Portugal	42,677	16,574	–	–	42,677	16,574	–
- Romania	53,190	5,013	–	–	53,190	5,013	–
- Slovakia	63,406	18,900	–	–	58,488	18,900	–
- Spain	67,471	40,190	–	–	67,471	40,190	–
- Sweden	41,597	48,041	–	–	41,597	48,041	–
- Other	2,026	–	–	–	2,026	–	–
United States of America	37,158	58,889	–	–	6,831	7,427	–
Other countries	489,035	1,025,385	–	27,119	102,584	184,158	29,358
- Bosnia and Herzegovina	59,073	132,027	–	–	4,064	2,917	–
- Kosovo	–	48,614	–	20	–	–	20
- Montenegro	60,109	22,665	–	–	6,760	3,008	2,243
- North Macedonia	154,398	115,535	–	29	13,129	46,539	7
- Serbia	140,796	579,332	–	821	3,972	4,482	839
- Albania	–	27,819	–	–	–	27,819	–
- Canada	26,681	12,133	–	–	26,681	12,133	–
- Great Britain	1,638	51,436	–	26,249	1,638	51,436	26,249
- Iceland	7,737	8,205	–	–	7,737	8,205	–
- Israel	7,408	9,062	–	–	7,408	9,062	–
- Kazakhstan	–	7,507	–	–	–	7,507	–
- Norway	19,303	6,465	–	–	19,303	6,465	–
- Other	11,892	4,585	–	–	11,892	4,585	–
Total	**2,522,229**	**2,164,463**	**5,217**	**63,332**	**1,966,169**	**962,084**	**65,571**

Other members of the European Union included in the line item 'Other' is Greece.
Other members of the 'Other countries' in the line item 'Other' are Egypt, Uzbekistan, South Korea, and Oman.

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p) Internal rating of derivatives counterparties

in %

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
A	94.34	92.94	94.72	93.80
B	5.58	6.91	5.20	6.06
C	0.04	0.08	0.04	0.07
D and E	0.04	0.08	0.04	0.07
Total	**100.00**	**100.00**	**100.00**	**100.00**

All derivatives in the banking book are entered into with counterparties with an external investment-grade rating.

When derivatives are entered into on behalf of NLB Group's customers, such customers usually do not have an external rating, but all such transactions are covered through back-to-back transactions involving third parties with an external investment-grade rating.

r) Debt financial instruments in NLB Group's and NLB's portfolio that represent subordinated liabilities for the issuer

in EUR thousands

31 Dec 2024	NLB Group					NLB				
Internal rating	A	B	C	D	Total	A	B	C	D	Total
Financial assets measured at fair value through other comprehensive income	25,162	2,491	–	–	27,653	25,162	2,491	–	–	27,653
Financial assets measured at amortised cost										
- debt securities	34,494	5,927	–	–	40,421	34,494	5,927	–	–	40,421
- loans and advances to banks	–	–	–	–	–	114,702	–	–	–	114,702
- loans and advances to customers	–	–	–	–	–	–	–	7,124	–	7,124
Total	**59,656**	**8,418**	**–**	**–**	**68,074**	**174,358**	**8,418**	**7,124**	**–**	**189,900**

in EUR thousands

31 Dec 2023	NLB Group					NLB				
Internal rating	A	B	C	D	Total	A	B	C	D	Total
Financial assets measured at fair value through other comprehensive income	28,421	–	–	–	28,421	28,421	–	–	–	28,421
Financial assets measured at amortised cost										
- debt securities	9,484	–	–	–	9,484	9,484	–	–	–	9,484
- loans and advances to banks	–	–	–	–	–	90,153	–	–	–	90,153
- loans and advances to customers	–	–	–	–	–	–	–	7,050	–	7,050
Total	**37,905**	**–**	**–**	**–**	**37,905**	**128,058**	**–**	**7,050**	**–**	**135,108**

s) Presentation of net financial instruments by measurement category

in EUR thousands

31 Dec 2024	Financial assets held for trading	Non-trading financial assets mandatorily at FV through P&L	Financial assets measured at FV through OCI	Financial assets measured at amortised cost	Financial leases	Derivatives for hedge accounting	Total
	NLB Group						
Cash and obligatory reserves with central banks, and other demand deposits at banks	–	–	–	4,039,581	–	–	4,039,581
Securities	9,424	17,429	2,563,516	3,725,195	–	–	6,315,564
- Bonds	9,424	1,000	2,262,669	3,725,195	–	–	5,998,288
- Shares	–	8,650	96,593	–	–	–	105,243
- Commercial bills	–	–	30,640	–	–	–	30,640
- Treasury bills	–	–	173,614	–	–	–	173,614
- Investment funds	–	7,779	–	–	–	–	7,779
Derivatives	8,914	–	–	–	–	77,771	86,685
Loans and receivables	–	–	–	15,603,331	1,219,239	–	16,822,570
- Loans to governments	–	–	–	510,872	257	–	511,129
- Loans to banks	–	–	–	458,856	65	–	458,921
- Loans to financial organisations	–	–	–	148,364	768	–	149,132
- Loans to individuals	–	–	–	7,942,741	614,964	–	8,557,705
- Loans to other customers	–	–	–	6,542,499	603,184	–	7,145,683
Other financial assets	–	–	–	136,854	–	–	136,854
Total financial assets	**18,338**	**17,429**	**2,563,516**	**23,504,961**	**1,219,239**	**77,771**	**27,401,254**

in EUR thousands

31 Dec 2023	Financial assets held for trading	Non-trading financial assets mandatorily at FV through P&L	Financial assets measured at FV through OCI	Financial assets measured at amortised cost	Financial leases	Derivatives for hedge accounting	Total
	NLB Group						
Cash and obligatory reserves with central banks, and other demand deposits at banks	–	–	–	6,103,561	–	–	6,103,561
Securities	–	14,175	2,251,556	2,522,229	–	–	4,787,960
- Bonds	–	5,217	1,836,604	2,522,229	–	–	4,364,050
- Shares	–	6,300	87,092	–	–	–	93,392
- Commercial bills	–	–	26,022	–	–	–	26,022
- Treasury bills	–	–	301,838	–	–	–	301,838
- Investment funds	–	2,658	–	–	–	–	2,658
Derivatives	15,718	–	–	–	–	47,614	63,332
Loans and receivables	–	–	–	13,945,973	336,268	–	14,282,241
- Loans to governments	–	–	–	386,059	232	–	386,291
- Loans to banks	–	–	–	547,640	–	–	547,640
- Loans to financial organisations	–	–	–	91,460	63	–	91,523
- Loans to individuals	–	–	–	6,986,045	100,770	–	7,086,815
- Loans to other customers	–	–	–	5,934,769	235,203	–	6,169,972
Other financial assets	–	–	–	165,962	–	–	165,962
Total financial assets	**15,718**	**14,175**	**2,251,556**	**22,737,725**	**336,268**	**47,614**	**25,403,056**

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in EUR thousands

31 Dec 2024	NLB					
	Financial assets held for trading	Non-trading financial assets mandatorily at FV through P&L	Financial assets measured at FV through OCI	Financial assets measured at amortised cost	Derivatives for hedge accounting	Total
Cash and obligatory reserves with central banks, and other demand deposits at banks	–	–	–	1,973,113	–	1,973,113
Securities	9,424	15,171	1,665,019	2,846,779	–	4,536,393
- Bonds	9,424	–	1,601,875	2,846,779	–	4,458,078
- Shares	–	8,650	63,144	–	–	71,794
- Investment funds	–	6,521	–	–	–	6,521
Derivatives	11,649	–	–	–	77,771	89,420
Loans and receivables	–	3,964	–	8,846,520	–	8,850,484
- Loans to governments	–	–	–	209,228	–	209,228
- Loans to banks	–	–	–	193,172	–	193,172
- Loans to financial organisations	–	–	–	1,326,073	–	1,326,073
- Loans to individuals	–	–	–	3,882,210	–	3,882,210
- Loans to other customers	–	3,964	–	3,235,837	–	3,239,801
Other financial assets	–	–	–	81,518	–	81,518
Total financial assets	**21,073**	**19,135**	**1,665,019**	**13,747,930**	**77,771**	**15,530,928**

in EUR thousands

31 Dec 2023	NLB					
	Financial assets held for trading	Non-trading financial assets mandatorily at FV through P&L	Financial assets measured at FV through OCI	Financial assets measured at amortised cost	Derivatives for hedge accounting	Total
Cash and obligatory reserves with central banks, and other demand deposits at banks	–	–	–	4,318,032	–	4,318,032
Securities	–	8,858	1,023,012	1,966,169	–	2,998,039
- Bonds	–	–	962,084	1,966,169	–	2,928,253
- Shares	–	6,300	60,928	–	–	67,228
- Investment funds	–	2,558	–	–	–	2,558
Derivatives	17,957	–	–	–	47,614	65,571
Loans and receivables	–	7,785	–	7,297,294	–	7,305,079
- Loans to governments	–	–	–	118,220	–	118,220
- Loans to banks	–	–	–	149,011	–	149,011
- Loans to financial organisations	–	–	–	384,995	–	384,995
- Loans to individuals	–	–	–	3,543,603	–	3,543,603
- Loans to other customers	–	7,785	–	3,101,465	–	3,109,250
Other financial assets	–	–	–	101,596	–	101,596
Total financial assets	**17,957**	**16,643**	**1,023,012**	**13,683,091**	**47,614**	**14,788,317**

As at 31 December 2024 and 31 December 2023, all of NLB Group's financial liabilities, except for derivatives designated as hedging instruments, trading liabilities, and financial liabilities measured at fair value through profit or loss, were carried at amortised cost.

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6.2. Market risk

NLB Group defines market risk as the risk of potential financial losses due to changes in rates and/or market prices (exchange rates, credit spreads, and equity prices), or in parameters that affect prices (volatilities and correlations). Losses may impact profit or loss directly, for example in the case of trading book positions. However, for the banking book positions they are reflected in the revaluation reserve. The exposure to market risk is to a certain degree integrated into the banking industry and offers an opportunity to create financial results and value.

The Global Risk Department of NLB is independent from the trading activities and reports to the Bank's Assets and Liabilities Committee (ALCO). Global Risk also monitors and manages exposure to market risks separately for the banking and trading books. Exposures and limits are monitored daily and reported to the ALCO committee on a regular basis.

The Bank uses a wide selection of quantitative and qualitative tools for measuring, managing, and reporting market risks such as value-at-risk (VaR), sensitivity analysis, stress-testing, backtesting, scenarios, other market risk mitigants (concentration of exposures, gap limits, stop-loss limits, etc.), net interest income sensitivity, economic value of equity, and economic capital. Stress-testing provides an indication of the potential losses that could occur in severe market conditions.

In the area of currency risk, NLB Group pursues the goal of low to medium exposure. NLB monitors the open position of NLB Group on an ongoing basis. The orientation of NLB Group in interest rate risk management is to prevent negative effects on the net interest income and economic value of equity arising from changed market interest rates. The conclusion of transactions involving derivatives at NLB is limited to the servicing of the clients' and hedging of the Group's own open positions. In accordance with the provisions of the Strategy on trading with financial instruments in NLB Group, the trading activities in other NLB Group members are very restricted.

For monitoring and managing NLB Group's exposure to market risks, uniform guidelines and exposure limits for each type of risk are set for individual NLB Group entities. The methodologies are in line with regulatory requirements on individual and consolidated levels, while reporting to the regulator on the consolidated level is carried out using the standardised approach. Pursuant to the relevant policies, NLB Group entities must monitor and manage exposure to market risks and report to NLB accordingly. The exposure of an individual NLB Group entity is regularly monitored and reported to the Assets and Liabilities Committee of NLB Group (NLB Group ALCO).

6.2.1. Currency risk (FX)

Foreign currency risk (FX) is a risk of the potential losses from the open FX positions due to the changes of the foreign currency rates. The exposures of NLB to the movement of the FX rates have an impact on the financial position and cash flows of the Bank. The Bank measures and manages the FX risk by using a of combination of sensitivity analysis, VaR, scenarios, and stress-testing.

In the trading book, similar to the other market risks, risk is managed on the basis of VaR limits that are approved by the Management Board of the Bank and in accordance with the adopted policy of managing market risk in the trading book of NLB. The trading FX risk is managed on an integrated basis at a portfolio level.

NLB monitors and manages FX risk in the banking book according to the policy of managing FX risk in NLB. The policy is primarily composed to protect Common Equity Tier 1 against the negative effects of the volatility of the FX rates, whilst limiting the volatility in the income statement. FX exposures in banking book result from core banking business activities.

Each member is responsible for its own currency risk policy, which also includes a limit system and is in line with the parent Bank's guidelines and standards, as well as local regulatory requirements. Policies are confirmed by either the local Management Board or Supervisory Board. NLB monitors and manages NLB Group currency risk exposure on a monthly basis for each member and on the consolidated level.

NLB Group banks follow the guidelines for managing FX lending in NLB Group. The guidelines' goal is to address risks stemming from the potential excessive growth of FX lending, to identify hidden risks, and tail-event risks related to FX lending, to mitigate the respective risk, to internalise the respective costs, and to hold adequate capital with respect to FX lending.

The positions of all currencies in the statement of financial position of NLB, for which a daily limit is set, are monitored daily. FX positions are managed at the currency level so that they are always within the limits.

Regarding structural FX positions on a consolidation level, assets, and liabilities held in foreign operations are translated into euro at the closing FX rate on the reporting date. Foreign exchange differences of non-euro assets and liabilities against the euro are recognised in OCI, and therefore affect shareholder's equity and CET1 capital. NLB Group ALM employs strategies to manage this foreign currency exposure, including matched funding of assets and liabilities.

Exposure to currency risks is discussed at daily liquidity meetings and monthly meetings of the ALCO committee of the NLB Group, and quarterly on the consolidated level.

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a) Analysis of financial instruments by currency exposure

in EUR thousands

	NLB Group					
31 Dec 2024	EUR	RSD	USD	CHF	Other	Total
Financial assets						
Cash, cash balances at central banks, and other demand deposits at banks	2,862,691	577,522	30,194	36,606	532,568	4,039,581
Financial assets held for trading	10,950	–	7,388	–	–	18,338
Non-trading financial assets mandatorily at fair value through profit or loss	7,931	–	8,650	–	848	17,429
Financial assets measured at fair value through other comprehensive income	2,133,137	241,315	119,170	–	69,894	2,563,516
Financial assets measured at amortised cost						
- debt securities	3,037,241	265,376	137,879	5,383	279,316	3,725,195
- loans and advances to banks	166,871	229,524	36,524	17,313	8,689	458,921
- loans and advances to customers	13,152,456	1,401,937	37,987	73,186	1,698,083	16,363,649
- other financial assets	86,171	16,195	24,494	45	9,949	136,854
Derivatives - hedge accounting	77,771	–	–	–	–	77,771
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(6,353)	–	–	–	–	(6,353)
Total financial assets	**21,528,866**	**2,731,869**	**402,286**	**132,533**	**2,599,347**	**27,394,901**
Financial liabilities						
Financial liabilities held for trading	6,992	3	–	–	–	6,995
Financial liabilities measured at fair value through profit or loss	6,670	1,129	–	–	1,834	9,633
Derivatives - hedge accounting	3,592	–	–	–	–	3,592
Financial liabilities measured at amortised cost						
- deposits from banks and central banks	97,980	1,150	15,351	10,480	11,039	136,000
- borrowings from banks and central banks	106,632	–	13,980	–	–	120,612
- due to customers	17,720,288	1,816,332	360,291	203,175	2,106,224	22,206,310
- borrowings from other customers	104,519	–	–	–	–	104,519
- debt securities issued	1,608,939	–	–	–	–	1,608,939
- other financial liabilities	199,241	42,028	27,155	3,364	24,937	296,725
Total financial liabilities	**19,854,853**	**1,860,642**	**416,777**	**217,019**	**2,144,034**	**24,493,325**
Net on-balance sheet financial position	**1,674,013**	**871,227**	**(14,491)**	**(84,486)**	**455,313**	**2,901,576**
Derivative financial instruments	(188,260)	12,828	17,817	93,905	41,523	(22,187)
Net financial position	**1,485,753**	**884,055**	**3,326**	**9,419**	**496,836**	**2,879,389**
31 Dec 2023						
Total financial assets	**20,405,012**	**2,338,709**	**362,174**	**114,750**	**2,172,204**	**25,392,849**
Total financial liabilities	**18,858,907**	**1,474,262**	**414,604**	**220,268**	**1,816,691**	**22,784,732**
Net on-balance sheet financial position	**1,546,105**	**864,447**	**(52,430)**	**(105,518)**	**355,513**	**2,608,117**
Derivative financial instruments	(233,578)	(25,498)	55,204	123,650	59,879	(20,343)
Net financial position	**1,312,527**	**838,949**	**2,774**	**18,132**	**415,392**	**2,587,774**

'Other' mostly relates to exposures in currency MKD and BAM.

in EUR thousands

	NLB					
31 Dec 2024	EUR	RSD	USD	CHF	Other	Total
Financial assets						
Cash, cash balances at central banks, and other demand deposits at banks	1,945,093	342	4,403	6,603	16,672	1,973,113
Financial assets held for trading	13,685	–	7,388	–	–	21,073
Non-trading financial assets mandatorily at fair value through profit or loss	10,485	–	8,650	–	–	19,135
Financial assets measured at fair value through other comprehensive income	1,640,292	–	23,386	–	1,341	1,665,019
Financial assets measured at amortised cost						
- debt securities	2,741,307	–	81,816	5,383	18,273	2,846,779
- loans and advances to banks	193,172	–	–	–	–	193,172
- loans and advances to customers	8,547,034	–	30,565	75,749	–	8,653,348
- other financial assets	57,071	3	24,412	1	31	81,518
Derivatives - hedge accounting	77,771	–	–	–	–	77,771
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(8,761)	–	–	–	–	(8,761)
Total financial assets	**15,217,149**	**345**	**180,620**	**87,736**	**36,317**	**15,522,167**
Financial liabilities						
Financial liabilities held for trading	9,977	–	–	–	–	9,977
Financial liabilities measured at fair value through profit or loss	5,597	–	–	–	–	5,597
Derivatives - hedge accounting	1,261	–	–	–	–	1,261
Financial liabilities measured at amortised cost						
- deposits from banks and central banks	170,798	52	13,985	18,834	16,451	220,120
- borrowings from banks and central banks	37,126	–	13,980	–	–	51,106
- due to customers	12,037,455	11	131,979	75,831	48,432	12,293,708
- debt securities issued	1,608,939	–	–	–	–	1,608,939
- other financial liabilities	121,744	3	23,367	175	513	145,802
Total financial liabilities	**13,992,897**	**66**	**183,311**	**94,840**	**65,396**	**14,336,510**
Net on-balance sheet financial position	**1,224,252**	**279**	**(2,691)**	**(7,104)**	**(29,079)**	**1,185,657**
Derivative financial instruments	(64,061)	–	3,208	6,677	32,605	(21,571)
Net financial position	**1,160,191**	**279**	**517**	**(427)**	**3,526**	**1,164,086**
31 Dec 2023						
Total financial assets	**14,542,589**	**547**	**137,918**	**57,960**	**36,789**	**14,775,803**
Total financial liabilities	**13,310,922**	**103**	**192,177**	**96,385**	**70,170**	**13,669,757**
Net on-balance sheet financial position	**1,231,667**	**444**	**(54,259)**	**(38,425)**	**(33,381)**	**1,106,046**
Derivative financial instruments	(157,517)	5	55,204	39,957	40,143	(22,208)
Net financial position	**1,074,150**	**449**	**945**	**1,532**	**6,762**	**1,083,838**

'Other' mostly relates to exposures in currency GBP, CAD, and JPY.

b) FX sensitivity analysis

in %

	NLB Group and NLB	
Scenarios	31 Dec 2024	31 Dec 2023
USD	+/−6.49	+/−13.32
CHF	+/−8.93	+/−9.67
CZK	+/−6.14	+/−7.10
RSD	+/−0.43	+/−0.55
MKD	+/−2.50	+/−1.82
JPY	+/−23.19	+/−19.69
AUD	+/−10.02	+/−9.20
HUF	+/−7.48	+/−20.39
BAM	+/−6.49	+/−0

in EUR thousands

	31 Dec 2024				31 Dec 2023			
	NLB Group		NLB		NLB Group		NLB	
	Effects on income statement	Effects on other comprehensive income	Effects on income statement	Effects on other comprehensive income	Effects on income statement	Effects on other comprehensive income	Effects on income statement	Effects on other comprehensive income
Appreciation of								
USD	(22)	–	(15)	53	(342)	–	(294)	248
CHF	(746)	1,127	(14)	–	(730)	1,330	53	–
CZK	40	–	40	–	–	–	–	–
RSD	68	3,845	1	–	(125)	4,775	2	–
MKD	5	8,051	5	–	4	5,234	4	–
Other	99	176	91	–	100	93	102	–
Effects on comprehensive income	**(556)**	**13,199**	**108**	**53**	**(1,093)**	**11,432**	**(133)**	**248**
Depreciation of								
USD	20	–	13	(47)	262	–	225	(190)
CHF	624	(942)	12	–	601	(1,096)	(44)	–
CZK	(35)	–	(36)	–	–	–	–	–
RSD	(68)	(3,813)	(1)	–	124	(4,724)	(2)	–
MKD	(5)	(7,659)	(5)	–	(4)	(5,047)	(4)	–
Other	(83)	(176)	(76)	–	(70)	(93)	(71)	–
Effects on comprehensive income	**453**	**(12,590)**	**(93)**	**(47)**	**913**	**(10,960)**	**104**	**(190)**

The effect on the other comprehensive income statement of NLB Group has increased due to the higher translation positions in MKD currency, and because of the higher volatility growths' scenario for MKD currency.

6.2.2. Managing market risks in the trading book

Market risk exposure in the trading book arises mostly as a result of the changes in interest rates, credit spreads, FX rates, and equity prices.

The Management Board determines low total risk appetite and limits by the risk type. The limits are monitored daily by the Global Risk Department.

NLB uses an internal VaR model based on the variance-covariance method for other market risks. The daily calculation of the VAR value is adjusted to Basel standards (99% confidence interval, a monitored period of 250 business days, a 10-day holding position period).

6.2.3. Interest rate risk

Interest rate risk is the risk to NLB Group's capital and profit or loss arising from changes in market interest rates. Interest rate risk management of NLB Group includes all interest rate-sensitive on- and off-balance sheet assets and liabilities which are divided into the trading and banking book according to regulatory standards. It takes into account the positions in each currency. Interest rate risk management in NLB Group is adopted in accordance with the risk appetite and risk strategy, based on general Basel standards on interest rate management in the banking book (IRRBB; hereinafter: 'Standards') and European Banking Authority guidelines.

In the trading book, interest rate risk is measured on the basis of the VaR method and BPV method, in accordance with the adopted policy for managing market risk in the trading book of NLB.

The interest rate risk in the banking book is measured and monitored within a framework of interest rate risk management policy that establishes consistent methodologies, models, and limit systems. NLB Group manages interest rate risk exposure through application of two main measures:

- Economic value sensitivity – using BPV method (Basis Point Value), which measures the extent to which the economic value of the banking book would change if interest rates change according to the scenario;
- Sensitivity of net interest income – which measures the impact of the interest rate change on future net interest income over a one-year period, assuming constant balance sheet volume and structure.

NLB Group regularly measures interest rate risk exposure in the banking book under various standardised and additional scenarios of changes in the level and shape of interest rate yield curve, including all significant sources of risk, taking into account behavioural and modelling assumptions. Part of non-maturing deposits, which is considered as a core part is allocated long-term by using a replicating portfolio approach. Optionality risk is mainly derived from behavioural options, and is reflected in prepayments and withdrawals, and embedded options such as caps and floors. Moreover, considering expected cash flows, non-performing exposures, as well as off-balance sheet items are considered when measuring interest rate risk exposure.

The interest rate risk is closely measured, monitored, and managed within approved risk limits and controls. The Group manages interest rate positions and stabilises its interest rate margin primarily with the pricing policy and a fund transfer pricing policy. An important part of the interest rate risk management is presented by the banking book securities portfolio, whose primary purpose is to maintain adequate liquidity reserves, while it also contributes to the stability of the interest rate margin.

NLB Group also manages interest rates risk by using plain vanilla derivative financial instruments (interest rate swaps, overnight index swaps, cross currency swaps, and forward rate agreements), most of which are treated according to hedge accounting rules.

Each member of NLB Group is responsible for its own interest rate risk policy, which includes the limit system and is in line with the parent Bank's guidelines and standards, as well as with the local regulatory requirements. NLB regularly monitors the interest rate risk exposure of each individual member of NLB Group in accordance with the Standards for Risk Management in NLB Group. The document comprises guidelines for uniform and effective interest rate risk management within individual NLB Group members.

Interest rate risk in the banking book is measured, monitored, and reported by the Global Risk Department (weekly in the case of NLB and monthly on Group level), while positions are managed by Financial Markets. Exposure to interest rate risk is discussed on ALCO monthly on NLB's individual level and quarterly on the consolidated level.

a) Analysis of financial instruments according to the exposure to interest rate risk

The following table presents open net interest rate risk positions by the most important currencies of NLB Group.

Financial instruments without maturity such as sight deposits are presented in the first gap irrespective of their behavioural characteristics and the NLB Group's expectations.

in EUR thousands

31 Dec 2024	NLB Group			
Currency	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years
EUR	(3,828,183)	2,408,757	2,706,607	1,548,118
RSD	285,895	280,810	275,857	(33)
MKD	198,485	110,367	16,844	(20,024)
Other	(316,582)	195,638	140,147	14,937

in EUR thousands

31 Dec 2023	NLB Group			
Currency	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years
EUR	(2,109,587)	1,278,722	1,519,103	756,545
RSD	573,943	195,097	69,386	5
MKD	253,734	25,929	(5,110)	5,960
Other	(206,743)	130,171	87,324	3,970

in EUR thousands

31 Dec 2024	NLB			
Currency	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years
EUR	(3,233,482)	1,883,525	2,183,790	1,462,043
Other	(100,720)	21,856	33,753	7,337

in EUR thousands

31 Dec 2023	NLB			
Currency	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years
EUR	(1,772,291)	1,004,157	1,436,836	645,084
Other	(176,222)	19,729	20,418	–

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b) Net interest income sensitivity analysis and an economic view of interest rate risk in the banking book

The analysis of interest income sensitivity for the horizon of the next 12 months assumes a sudden parallel interest rate shock down by 50 basis points for EUR or 100 basis points for other currencies. The analysis assumes that the positions used remain unchanged.

The assessment of the impact of a change in interest rates of 50/100 basis points on the amount of net interest income of the banking book position:

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Net interest income sensitivity	38,643	57,595	19,626	33,281
Net interest income sensitivity - as % of Equity	1.35%	2.22%	0.90%	1.84%

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

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

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Interest risk in banking book - EVE	144,400	108,489	97,643	60,747
Interest risk in banking book - EVE as % of Equity	5.04%	4.19%	4.47%	3.36%

The applied sudden parallel interest rate shock up is by 200 basis points, which represents a "worst case" scenario for NLB Group. The calculation takes into the account allocation of the core part of non-maturing deposits and other behavioural assumptions.

6.3. Liquidity risk

Liquidity risk is the risk of the NLB Group being unable to fulfil current or future expected and unexpected cash requirements, across all time horizons. The risk may stem from the reduction in funding sources or a reduction in the liquidity of certain assets.

Liquidity risk is related to funding liquidity risk (the NLB Group's liquidity on the liabilities-side) and market liquidity risk (counterbalancing capacity on the assets-side). From a liabilities perspective, liquidity risk can result in a loss if the Bank is unable to settle all its liabilities or when the Bank, because of its incapacity to provide sufficient funds to settle its obligations, is forced to raise the necessary funds at a cost which significantly exceeds the normal cost. From an assets perspective, the liquidity risk is related to the market value of counterbalancing capacity and arises in case of significant reduction of market value of an individual financial instrument and may result in insufficient value of counterbalancing capacity to cover the NLB Group's liquidity needs.

Intraday liquidity risk is the capacity required during the business day to enable financial institutions to make payments and settle obligations.

In the risk identification process, first the reasons for the realisation of each identified material risk are analysed and grouped together in short risk descriptions. Material risks are then classified into three groups based on what part of liquidity is affected by the realisation of the material risks: liabilities, assets, and intraday liquidity risk. The origin of each risk is determined as being internal, external, or a combination of internal and external (internal shock, meaning it originates within the Bank, or external shock; meaning it comes from outside the Bank – e.g., a major macroeconomic event, physical or transition event, ESG rating downgrade). Based on the identified material risks, key liquidity risk drivers are defined. Key risk drivers of the liquidity position are factors that are expected to trigger a substantial deterioration of the Group's liquidity position. This deterioration may take place in the form of an increase in outflows, a decrease in inflows, or a decrease in the liquidity value of the counterbalancing capacity.

Liquidity risk is defined as an important risk type for NLB Group, and one which must be managed carefully. NLB Group has a liquidity risk management framework in place that enables maintaining a low risk tolerance for liquidity risk. NLB Group formulated a set of liquidity risk metrics and limits to manage liquidity position within the requirements set by the regulator. By maintaining a smooth long-term maturity profile, limiting dependence on wholesale funding, and holding a solid liquidity reserve, the NLB Group maintains a sound and robust liquidity position, even under severely adverse conditions.

The Management Board approves the Liquidity Risk Management Policy, which outlines the key principles for the Bank's liquidity management. ALCO receives a regular report on the liquidity position and the performance against approved limits and targets. ALCO oversees the development of the Bank's funding and liquidity position and decides on liquidity risk-related issues in NLB Group.

Risk tolerance for liquidity risk is low, therefore NLB Group must be able to provide sufficient funds for settling its liabilities at all times, even if a specific stress scenario is realised. NLB Group measures and manages its liquidity in two stages:
- Static view (current exposure),
- Forward-looking and stress-testing.

The objectives of monitoring and managing liquidity risk in NLB Group are as follows:
- ensuring a sufficient amount of liquidity for the settlement of all NLB Group's liabilities;
- minimising the costs of maintaining liquidity;
- determining an adequate amount of counterbalancing capacity and optimal liquidity management;
- ensuring adequate control environment;
- ensuring an appropriate level of liquidity for different situations and stress scenarios;
- anticipating emergencies or crisis conditions, and implementing contingency plans in the event of extraordinary circumstances;
- ensuring regular projections of future cash flows and stress-testing of liquidity risk;
- preparing proposals for establishing additional financial assets as collateral for sources of funding;
- to ensure that climate-related and environmental risks which could have a material impact on net cash outflows or liquidity reserves, are incorporate into liquidity risk management and liquidity reserves calibration.

Overall assessment of the liquidity position of NLB Group is assessed in the Internal Liquidity Adequacy Assessment Process (ILAAP) at least once per year for NLB Group, and it includes a clear formal statement on liquidity adequacy, supported by an analysis of ILAAP outcomes. The ILAAP process is integral to risk management frameworks and is aligned with the NLB Group's risk appetite which is consistent with the business model and approved by the management board. Based on the Risk Appetite, the NLB Group prepares a business plan and financial forecasts which are crucial for defining internal capital needs (the ICAAP process) and an internal liquidity assessment (ILAAP process). Both processes are conducted from the normative and economic perspectives and supplemented by the stress-testing programme.

NLB Group performs stress tests on a regular basis for a variety of bank-specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with the NLB Group's established liquidity risk tolerance. Stress test outcomes are used to adjust its liquidity risk management strategies, policies, and positions, define minimum amount of counterbalancing capacity, and to develop effective contingency plans.

NLB Group has a formal liquidity contingency plan (LCP) that clearly sets out the procedures for addressing liquidity shortfalls in stressed situations. The plan outlines procedures to manage a range of stress environments, establish clear lines of responsibility, include clear invocation and escalation procedures, and is regularly tested and updated to ensure that it is operationally robust.

NLB Group maintains a sufficient amount of liquidity reserves in the form of high credit quality debt securities that are eligible for refinancing via the ECB/central bank or on the market. In the current situation, NLB Group also strives to follow as closely as possible the long-term trend of diversification on both the liability and asset sides of the balance sheet. NLB Group regularly performs stress tests with the aim of testing the liquidity stability and the availability of liquidity reserves in various stress situations. In addition, special attention is given to the fulfilment of the liquidity regulation (CRR/CRD), with monitoring and reporting of the liquidity coverage ratio (LCR) according to the Delegated Act and net stable funding ratio (NSFR). This also includes monitoring and reporting of Additional Liquidity Monitoring Metrics (ALMM) on solo and consolidated levels. In accordance with the Commission Implementing Regulation (EU), NLB Group regularly monitors and issues quarterly reports on asset encumbrance.

The Group manages its liquidity position (liquidity within one day) daily, for a period of several days or weeks in advance, based on the planning and monitoring of cash flows. Each NLB Group member is responsible for its own liquidity position and carries out the following activities:
- managing intraday liquidity;
- planning and monitoring cash flows;
- monitoring and complying with the liquidity regulations of the central bank;
- adopting business decisions;
- forming and managing liquidity reserves; and
- performing a liquidity stress test to define the liquidity reserves for smooth functioning of the payment system in stressed circumstances.

NLB Group members actively manage liquidity over the course of a day, taking into account the characteristics of payment settlements to ensure the timely settlement of liabilities in normal and stressed circumstances.

Liquidity risk management in NLB Group is under strict monitoring by NLB as a parent bank. Reporting to NLB by all Group members is performed daily. Global Risk gives guidelines and defines minimal standards for Group members regarding liquidity risk management in NLB Group Risk Management Standards. Each Group member is responsible for ensuring adequate liquidity via the necessary sources of funding and their appropriate diversification and maturity, and by managing liquidity reserves and fulfilling the requirements of regulations governing liquidity. The exposure of an individual NLB Group member towards liquidity risk is regularly monitored and reported to ALCO, and to local Assets and Liabilities Committees.

a) Managing NLB Group's liquidity reserves

NLB Group has liquidity reserves available to cover liabilities that fall or may become due. Liquidity reserves must become available on short notice. Liquidity reserves are comprised of cash, the settlement account at the central bank above reserve requirement, debt securities valued at market value, and loans eligible as collateral for the Eurosystem's liquidity providing operations on the basis of which the Bank may generate the requisite liquidity at any time. The available liquidity reserves are liquidity reserves decreased by the required balances for the continuous performance of payment transactions, encumbered securities, and/or credit claims for different purposes (secured funding).

The structure of liquidity reserves is shown in the following table.

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Liquidity reserves				
Cash, cash balances at central banks(i)	2,764,196	4,958,969	1,801,602	4,142,013
Trading book securities(ii)	9,424	–	9,424	–
Banking book securities(ii)	6,133,196	4,569,721	4,368,400	2,810,064
ECB eligible loans	380,678	678,445	380,678	678,445
Total available liquidity reserves	**9,287,494**	**10,207,135**	**6,560,104**	**7,630,522**
Encumbered liquidity reserves	**41,685**	**41,502**	**41,685**	**41,502**

(i) above reserve requirement
(ii) market value

As at 31 December 2024, 72.0% (31 December 2023: 79.5%) of debt securities in the banking book of NLB Group were government securities (including government guaranteed bonds – GGB), and 11.3% (31 December 2023: 11.9%) were bank senior unsecured bonds.

The purpose of banking book securities is to provide liquidity, along with stabilisation of the interest margin and the interest rate risk management, simultaneously. When managing the portfolio, NLB Group uses conservative principles, particularly with respect to the portfolio's structure in terms of issuers' ratings and asset class. The general rules and principles for managing the banking book securities are laid in the NLB Group Investment Strategy: Investment Portfolio Plan – definition and monitoring and Trading and Treasury Framework for Managing Debt Securities.

The ECB-eligible credit claims comprise loans which fulfil the high eligibility criteria set by the ECB itself and for domestic loans are specified in the General terms about execution of monetary policy framework (Part 4) adopted by the Bank of Slovenia. NLB is the only member of NLB Group that classifies as an eligible counterparty to the Eurosystem. As such, these ECB credit claims are included among liquidity reserves.

Members of NLB Group manage their liquid assets on a decentralised basis in compliance with the local liquidity regulation and valid policies and standards of NLB Group.

b) Encumbered/unencumbered assets

in EUR thousands

	NLB Group				NLB			
31 Dec 2024	Carrying amount of encumbered assets	Fair value of encumbered securities	Carrying amount of unencumbered assets	Fair value of unencumbered securities	Carrying amount of encumbered assets	Fair value of encumbered securities	Carrying amount of unencumbered assets	Fair value of unencumbered securities
Loans on demand	1,330,862	–	2,168,436	–	126,192	–	1,632,284	–
Equity instruments	1,210	1,210	111,812	111,812	–	–	78,315	78,315
Debt securities	42,357	41,685	6,160,185	6,142,628	42,357	41,685	4,415,721	4,377,825
Loans and advances other than loans on demand	8,254	–	16,951,170	–	104	–	8,931,898	–
Other assets	–	–	1,261,081	–	–	–	1,748,220	–
Total	**1,382,683**		**26,652,684**		**168,653**		**16,806,438**	

in EUR thousands

	NLB Group				NLB			
31 Dec 2023	Carrying amount of encumbered assets	Fair value of encumbered securities	Carrying amount of unencumbered assets	Fair value of unencumbered securities	Carrying amount of encumbered assets	Fair value of encumbered securities	Carrying amount of unencumbered assets	Fair value of unencumbered securities
Loans on demand	1,241,906	–	4,390,753	–	118,356	–	4,017,941	–
Equity instruments	1,002	1,002	95,048	95,048	–	–	69,786	69,786
Debt securities	42,739	41,502	4,649,171	4,568,776	42,739	41,502	2,885,514	2,810,064
Loans and advances other than loans on demand	15,171	–	14,433,032	–	8,067	–	7,398,608	–
Other assets	–	–	1,073,163	–	–	–	1,473,765	–
Total	**1,300,818**		**24,641,167**		**169,162**		**15,845,614**	

c) Collateral received – unencumbered

The table below shows the nominal value of collateral received and own debt securities issued not available for encumbrance.

in EUR thousands

	NLB Group		NLB	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Equity instruments	267,819	293,343	197,925	265,757
Loans and advances other than loans on demand	163,534	175,307	44,352	51,190
Other assets	17,670,493	13,599,848	6,877,572	6,408,890
Total	**18,101,846**	**14,068,498**	**7,119,849**	**6,725,837**

d) Sources of encumbrance

in EUR thousands

	NLB Group				NLB			
	31 Dec 2024		31 Dec 2023		31 Dec 2024		31 Dec 2023	
	Collateralised liability	Assets given as collateral	Collateralised liability	Assets given as collateral	Collateralised liability	Assets given as collateral	Collateralised liability	Assets given as collateral
Derivatives	1,119	4,862	2,486	9,638	1,119	4,862	2,486	9,638
Other sources of encumbrance	3,435	1,377,821	2,861	1,291,179	–	163,791	–	159,523
Total	**4,554**	**1,382,683**	**5,347**	**1,300,817**	**1,119**	**168,653**	**2,486**	**169,161**

As at 31 December 2024, NLB Group and NLB had a large share of unencumbered assets. Other sources of encumbrance mostly relate to the obligatory reserve. On the NLB Group level, the amount of encumbered assets equalled EUR 1,383 million (31 December 2023: EUR 1,301 million).

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e) Non-derivative cash flows

The tables below illustrate the cash flows from non-derivative financial instruments by residual maturities at the end of the year. The amounts disclosed in the table are the undiscounted contractual cash flows determined on the basis of spot rates at the end of the reporting period.

in EUR thousands

		NLB Group					
31 Dec 2024	Carrying amount	Total	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Cash, cash balances at central banks, and other demand deposits at banks	4,039,581	4,039,581	4,039,581	–	–	–	–
Financial assets held for trading	9,424	13,141	–	40	174	1,395	11,532
Non-trading financial assets mandatorily at fair value through profit or loss	17,429	17,429	847	–	16,475	107	–
Financial assets measured at fair value through other comprehensive income	2,563,516	2,725,607	134,287	125,895	540,803	1,726,575	198,047
Financial assets measured at amortised cost							
- debt securities	3,725,195	4,459,687	174,388	107,314	332,185	1,892,931	1,952,869
- loans and advances to banks	458,921	458,929	448,107	8,769	1,979	74	–
- loans and advances to customers	16,363,649	19,736,359	768,137	854,857	3,520,519	8,571,720	6,021,126
- other financial assets	136,854	136,854	75,114	607	28,313	7,119	25,701
Total financial assets	**27,314,569**	**31,587,587**	**5,640,461**	**1,097,482**	**4,440,448**	**12,199,921**	**8,209,275**
Financial liabilities measured at fair value through profit or loss	9,633	9,633	–	–	2,850	6,028	755
Financial liabilities measured at amortised cost							
- deposits from banks and central banks	136,000	136,259	131,570	–	4,470	218	1
- borrowings from banks and central banks	120,612	126,208	1,732	2,079	18,731	51,342	52,324
- due to customers	22,206,310	22,328,118	18,830,640	544,091	1,930,638	970,629	52,120
- borrowings from other customers	104,519	118,640	994	1,645	6,909	51,035	58,057
- debt securities issued	1,608,939	2,231,966	20,629	357	82,220	849,107	1,279,653
- other financial liabilities	296,725	301,066	204,928	9,133	13,551	32,251	41,203
Credit risk related commitments	3,392,507	3,392,507	3,392,507	–	–	–	–
Non-financial guarantees	1,110,863	1,110,863	62,646	113,859	317,075	538,658	78,625
Total financial liabilities and credit-related commitments	**28,986,108**	**29,755,260**	**22,645,646**	**671,164**	**2,376,444**	**2,499,268**	**1,562,738**

in EUR thousands

31 Dec 2023	Carrying amount	NLB Group Total	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Cash, cash balances at central banks, and other demand deposits at banks	6,103,561	6,103,561	6,103,561	–	–	–	–
Non-trading financial assets mandatorily at fair value through profit or loss	14,175	14,175	1,009	707	11,586	873	–
Financial assets measured at fair value through other comprehensive income	2,251,556	2,408,707	283,269	222,258	434,430	1,212,748	256,002
Financial assets measured at amortised cost							
- debt securities	2,522,229	2,825,397	64,238	115,969	273,677	1,310,387	1,061,126
- loans and advances to banks	547,640	547,646	500,739	43,829	1,572	1,502	4
- loans and advances to customers	13,734,601	16,818,381	691,501	622,566	3,068,830	7,109,179	5,326,305
- other financial assets	165,962	165,962	132,368	1,150	1,732	6,705	24,007
Total financial assets	**25,339,724**	**28,883,829**	**7,776,685**	**1,006,479**	**3,791,827**	**9,641,394**	**6,667,444**
Financial liabilities measured at fair value through profit or loss	4,482	4,482	–	–	–	4,144	338
Financial liabilities measured at amortised cost							
- deposits from banks and central banks	95,283	95,726	75,818	–	15,330	4,332	246
- borrowings from banks and central banks	140,419	147,519	1,198	1,417	11,311	16,181	117,412
- due to customers	20,732,722	20,857,070	17,921,304	258,812	1,661,298	928,654	87,002
- borrowings from other customers	99,718	114,387	1,101	1,835	8,261	9,021	94,169
- debt securities issued	1,338,235	1,852,163	–	4,079	84,166	871,459	892,459
- other financial liabilities	357,116	357,116	274,348	6,915	9,111	26,557	40,185
Credit risk related commitments	3,196,771	3,196,771	3,196,771	–	–	–	–
Non-financial guarantees	963,321	963,321	76,594	97,262	338,287	380,994	70,184
Total financial liabilities and credit-related commitments	**26,928,067**	**27,588,555**	**21,547,134**	**370,320**	**2,127,764**	**2,241,342**	**1,301,995**

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		NLB					
31 Dec 2024	Carrying amount	Total	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Cash, cash balances at central banks, and other demand deposits at banks	1,973,113	1,973,113	1,973,113	–	–	–	–
Financial assets held for trading	9,424	13,141	–	40	174	1,395	11,532
Non-trading financial assets mandatorily at fair value through profit or loss	19,135	19,529	–	11	15,364	4,154	–
Financial assets measured at fair value through other comprehensive income	1,665,019	1,778,178	26,960	34,083	211,135	1,378,866	127,134
Financial assets measured at amortised cost							
- debt securities	2,846,779	3,436,842	16,043	36,398	271,024	1,411,754	1,701,623
- loans and advances to banks	193,172	276,377	40,930	2,641	16,175	91,930	124,701
- loans and advances to customers	8,653,348	10,113,955	430,462	327,451	1,511,475	4,603,080	3,241,487
- other financial assets	81,518	81,518	23,598	504	27,720	5,368	24,328
Total financial assets	**15,441,508**	**17,692,653**	**2,511,106**	**401,128**	**2,053,067**	**7,496,547**	**5,230,805**
Financial liabilities measured at fair value through profit or loss	5,597	5,597	637	–	1,699	3,261	–
Financial liabilities measured at amortised cost							
- deposits from banks and central banks	220,120	220,389	215,921	–	4,468	–	–
- borrowings from banks and central banks	51,106	51,258	–	–	1,473	5,816	43,969
- due to customers	12,293,708	12,326,162	11,253,264	226,523	612,041	227,619	6,715
- debt securities issued	1,608,939	2,231,966	20,629	357	82,220	849,107	1,279,653
- other financial liabilities	145,802	146,226	97,353	7,131	7,882	6,258	27,602
Credit risk related commitments	2,341,597	2,341,597	2,341,597	–	–	–	–
Non-financial guarantees	738,702	738,702	35,939	74,545	184,329	373,653	70,236
Total financial liabilities and credit-related commitments	**17,405,571**	**18,061,897**	**13,965,340**	**308,556**	**894,112**	**1,465,714**	**1,428,175**

in EUR thousands

		NLB					
31 Dec 2023	Carrying amount	Total	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Cash, cash balances at central banks, and other demand deposits at banks	4,318,032	4,318,032	4,318,032	–	–	–	–
Non-trading financial assets mandatorily at fair value through profit or loss	16,643	17,515	4	43	12,714	154	4,600
Financial assets measured at fair value through other comprehensive income	1,023,012	1,063,468	11,640	38,854	241,365	632,002	139,607
Financial assets measured at amortised cost							
- debt securities	1,966,169	2,202,821	6,764	30,167	154,110	1,057,182	954,598
- loans and advances to banks	149,011	201,826	5,933	6,719	15,928	42,789	130,457
- loans and advances to customers	7,148,283	8,487,918	405,580	212,509	1,284,363	3,621,788	2,963,678
- other financial assets	101,596	101,597	70,972	1,131	1,583	5,035	22,876
Total financial assets	**14,722,746**	**16,393,177**	**4,818,925**	**289,423**	**1,710,063**	**5,358,950**	**4,215,816**
Financial liabilities measured at fair value through profit or loss	3,210	3,210	1,234	–	–	1,976	–
Financial liabilities measured at amortised cost							
- deposits from banks and central banks	147,002	147,442	127,726	–	15,330	4,142	244
- borrowings from banks and central banks	82,797	83,851	–	–	1,654	1,967	80,230
- due to customers	11,881,563	11,919,187	10,985,068	97,176	540,607	278,051	18,285
- debt securities issued	1,338,235	1,852,163	–	4,079	84,166	871,459	892,459
- other financial liabilities	198,020	198,020	149,601	6,481	6,871	9,902	25,165
Credit risk related commitments	2,239,479	2,239,479	2,239,479	–	–	–	–
Non-financial guarantees	625,095	625,095	29,712	68,768	196,286	265,632	64,697
Total financial liabilities and credit-related commitments	**16,515,401**	**17,068,447**	**13,532,820**	**176,504**	**844,914**	**1,433,129**	**1,081,080**

When determining the gap between the financial liabilities and financial assets in the maturity bucket of up to one month, it is necessary to be aware of the fact that financial liabilities include total demand deposits, although from an economic perspective, they are stable and present long term funding source.

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f) An analysis of the statement of financial position by residual contractual maturity

in EUR thousands

	NLB Group					
31 Dec 2024	**Up to 1 Month**	**1 Month to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**Over 5 Years**	**Total**
Cash, cash balances at central banks, and other demand deposits at banks	4,039,581	–	–	–	–	4,039,581
Financial assets held for trading	8,914	–	–	–	9,424	18,338
Non-trading financial assets mandatorily at fair value through profit or loss	847	–	16,475	107	–	17,429
Financial assets measured at fair value through other comprehensive income	128,419	110,383	512,080	1,632,016	180,618	2,563,516
Financial assets measured at amortised cost						
- debt securities	165,058	86,544	259,565	1,550,966	1,663,062	3,725,195
- loans and advances to banks	448,106	8,768	1,976	71	–	458,921
- loans and advances to customers	714,525	734,669	3,003,291	7,045,144	4,866,020	16,363,649
- other financial assets	75,114	607	28,313	7,119	25,701	136,854
Derivatives - hedge accounting	77,771	–	–	–	–	77,771
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(6,353)	–	–	–	–	(6,353)
Total financial assets	**5,651,982**	**940,971**	**3,821,700**	**10,235,423**	**6,744,825**	**27,394,901**
Financial liabilities held for trading	6,995	–	–	–	–	6,995
Financial liabilities measured at fair value through profit or loss	–	–	2,850	6,028	755	9,633
Financial liabilities measured at amortised cost						
- deposits from banks and central banks	131,555	–	4,226	218	1	136,000
- borrowings from banks and central banks	1,688	1,857	16,663	48,258	52,146	120,612
- due to customers	18,821,506	530,206	1,874,878	931,456	48,264	22,206,310
- borrowings from other customers	917	1,468	6,016	43,185	52,933	104,519
- debt securities issued	–	–	–	524,638	1,084,301	1,608,939
- other financial liabilities	204,834	8,949	12,726	29,561	40,655	296,725
Derivatives - hedge accounting	3,592	–	–	–	–	3,592
Credit risk related commitments	3,392,507	–	–	–	–	3,392,507
Non-financial guarantees	62,646	113,859	317,075	538,658	78,625	1,110,863
Total financial liabilities and credit-related commitments	**22,626,240**	**656,339**	**2,234,434**	**2,122,002**	**1,357,680**	**28,996,695**

in EUR thousands

	NLB Group					
31 Dec 2023	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Cash, cash balances at central banks, and other demand deposits at banks	6,103,561	–	–	–	–	6,103,561
Financial assets held for trading	15,718	–	–	–	–	15,718
Non-trading financial assets mandatorily at fair value through profit or loss	1,009	707	11,586	873	–	14,175
Financial assets measured at fair value through other comprehensive income	273,593	213,671	416,536	1,202,599	145,157	2,251,556
Financial assets measured at amortised cost						
- debt securities	61,505	108,615	236,639	1,279,633	835,837	2,522,229
- loans and advances to banks	500,738	43,828	1,568	1,502	4	547,640
- loans and advances to customers	646,236	537,884	2,594,804	6,883,875	3,071,802	13,734,601
- other financial assets	132,368	1,150	1,732	6,705	24,007	165,962
Derivatives - hedge accounting	47,614	–	–	–	–	47,614
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(10,207)	–	–	–	–	(10,207)
Total financial assets	**7,772,135**	**905,855**	**3,262,865**	**9,375,187**	**4,076,807**	**25,392,849**
Financial liabilities held for trading	13,217	–	–	–	–	13,217
Financial liabilities measured at fair value through profit or loss	–	–	–	4,144	338	4,482
Financial liabilities measured at amortised cost						
- deposits from banks and central banks	75,815	–	15,134	4,332	2	95,283
- borrowings from banks and central banks	1,065	1,210	9,820	15,602	112,722	140,419
- due to customers	17,916,339	252,769	1,602,706	926,396	34,512	20,732,722
- borrowings from other customers	940	1,456	6,229	8,260	82,833	99,718
- debt securities issued	–	–	–	828,840	509,395	1,338,235
- other financial liabilities	280,669	6,498	7,318	21,482	41,149	357,116
Derivatives - hedge accounting	3,540	–	–	–	–	3,540
Credit risk related commitments	3,196,771	–	–	–	–	3,196,771
Non-financial guarantees	76,594	97,262	338,287	380,994	70,184	963,321
Total financial liabilities and credit-related commitments	**21,564,950**	**359,195**	**1,979,494**	**2,190,050**	**851,135**	**26,944,824**

in EUR thousands

	NLB					
31 Dec 2024	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Cash, cash balances at central banks, and other demand deposits at banks	1,973,113	–	–	–	–	1,973,113
Financial assets held for trading	11,649	–	–	–	9,424	21,073
Non-trading financial assets mandatorily at fair value through profit or loss	–	–	15,247	3,888	–	19,135
Financial assets measured at fair value through other comprehensive income	25,238	21,639	194,082	1,308,678	115,382	1,665,019
Financial assets measured at amortised cost						
- debt securities	10,091	21,104	218,825	1,154,075	1,442,685	2,846,779
- loans and advances to banks	40,908	2,386	7,252	52,747	89,879	193,172
- loans and advances to customers	411,030	283,321	1,295,486	3,942,796	2,720,715	8,653,348
- other financial assets	23,598	504	27,720	5,368	24,328	81,518
Derivatives - hedge accounting	77,771	–	–	–	–	77,771
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(8,761)	–	–	–	–	(8,761)
Total financial assets	**2,564,637**	**328,954**	**1,758,612**	**6,467,552**	**4,402,413**	**15,522,167**
Financial liabilities held for trading	9,977	–	–	–	–	9,977
Financial liabilities measured at fair value through profit or loss	637	–	1,699	3,261	–	5,597
Financial liabilities measured at amortised cost						
- deposits from banks and central banks	215,896	–	4,224	–	–	220,120
- borrowings from banks and central banks	–	–	1,429	5,714	43,963	51,106
- due to customers	11,250,468	220,898	596,360	220,960	5,022	12,293,708
- debt securities issued	–	–	–	524,638	1,084,301	1,608,939
- other financial liabilities	97,210	6,855	6,660	5,873	29,204	145,802
Derivatives - hedge accounting	1,261	–	–	–	–	1,261
Credit risk related commitments	2,341,597	–	–	–	–	2,341,597
Non-financial guarantees	35,939	74,545	184,329	373,653	70,236	738,702
Total financial liabilities and credit-related commitments	**13,952,985**	**302,298**	**794,701**	**1,134,099**	**1,232,726**	**17,416,809**

in EUR thousands

31 Dec 2023	NLB Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Cash, cash balances at central banks, and other demand deposits at banks	4,318,032	–	–	–	–	4,318,032
Financial assets held for trading	17,957	–	–	–	–	17,957
Non-trading financial assets mandatorily at fair value through profit or loss	–	–	3,579	138	12,926	16,643
Financial assets measured at fair value through other comprehensive income	11,142	36,942	235,185	630,105	109,638	1,023,012
Financial assets measured at amortised cost						
- debt securities	5,003	24,216	125,394	1,033,656	777,900	1,966,169
- loans and advances to banks	5,912	6,409	8,999	35,329	92,362	149,011
- loans and advances to customers	389,935	185,727	1,076,136	3,519,655	1,976,830	7,148,283
- other financial assets	70,971	1,131	1,583	5,035	22,876	101,596
Derivatives - hedge accounting	47,614	–	–	–	–	47,614
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(12,514)	–	–	–	–	(12,514)
Total financial assets	**4,854,052**	**254,425**	**1,450,876**	**5,223,918**	**2,992,532**	**14,775,803**
Financial liabilities held for trading	17,510	–	–	–	–	17,510
Financial liabilities measured at fair value through profit or loss	1,234	–	–	1,976	–	3,210
Financial liabilities measured at amortised cost						
- deposits from banks and central banks	127,726	–	15,134	4,142	–	147,002
- borrowings from banks and central banks	–	–	1,430	1,945	79,422	82,797
- due to customers	10,983,368	95,065	521,103	277,829	4,198	11,881,563
- debt securities issued	–	–	–	828,840	509,395	1,338,235
- other financial liabilities	149,456	6,224	5,736	10,078	26,526	198,020
Derivatives - hedge accounting	1,420	–	–	–	–	1,420
Credit risk related commitments	2,239,479	–	–	–	–	2,239,479
Non-financial guarantees	29,712	68,768	196,286	265,632	64,697	625,095
Total financial liabilities and credit-related commitments	**13,549,905**	**170,057**	**739,689**	**1,390,442**	**684,238**	**16,534,331**

g) Derivative cash flows

The table below illustrates cash flows from derivatives, broken down into the relevant maturity buckets based on residual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows prepared on the basis of spot rates on the reporting date.

in EUR thousands

	NLB Group					
31 Dec 2024	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Foreign exchange derivatives						
- Forwards						
- Outflow	(16,067)	(16,933)	(11,967)	–	–	(44,967)
- Inflow	16,083	16,951	11,991	–	–	45,025
- Swaps						
- Outflow	(205,990)	(61,926)	(40,455)	–	–	(308,371)
- Inflow	226,748	61,369	40,136	–	–	328,253
Interest rate derivatives						
- Interest rate swaps and cross-currency swaps						
- Outflow	(3,671)	(6,379)	(40,775)	(103,678)	(20,035)	(174,538)
- Inflow	9,411	3,741	49,102	161,730	31,048	255,032
- Caps and floors						
- Outflow	(84)	(35)	(195)	(296)	(2)	(612)
- Inflow	97	17	172	185	2	473
Total outflow	**(225,812)**	**(85,273)**	**(93,392)**	**(103,974)**	**(20,037)**	**(528,488)**
Total inflow	**252,339**	**82,078**	**101,401**	**161,915**	**31,050**	**628,783**

in EUR thousands

	NLB Group					
31 Dec 2023	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Foreign exchange derivatives						
- Forwards						
- Outflow	(52,767)	(12,024)	(15,874)	(250)	–	(80,915)
- Inflow	52,821	12,035	15,890	250	–	80,996
- Swaps						
- Outflow	(264,488)	(150,003)	(77,229)	–	–	(491,720)
- Inflow	264,597	150,432	78,250	–	–	493,279
Interest rate derivatives						
- Interest rate swaps and cross-currency swaps						
- Outflow	(1,000)	(5,613)	(27,240)	(51,905)	(22,798)	(108,556)
- Inflow	3,250	4,043	34,172	79,633	37,296	158,394
- Caps and floors						
- Outflow	(211)	(51)	(768)	(586)	(6)	(1,622)
- Inflow	179	37	629	416	3	1,264
Total outflow	**(318,466)**	**(167,691)**	**(121,111)**	**(52,741)**	**(22,804)**	**(682,813)**
Total inflow	**320,847**	**166,547**	**128,941**	**80,299**	**37,299**	**733,933**

in EUR thousands

31 Dec 2024	NLB Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Foreign exchange derivatives						
- Forwards						
- Outflow	(15,131)	(16,840)	(11,583)	–	–	(43,554)
- Inflow	15,147	16,857	11,604	–	–	43,608
- Swaps						
- Outflow	(293,177)	(102,241)	(69,072)	–	–	(464,490)
- Inflow	293,653	102,183	69,154	–	–	464,990
Interest rate derivatives						
- Interest rate swaps and cross-currency swaps						
- Outflow	(3,749)	(6,724)	(41,751)	(107,834)	(20,606)	(180,664)
- Inflow	9,486	4,133	50,525	167,836	31,725	263,705
- Caps and floors						
- Outflow	(84)	(35)	(195)	(296)	(2)	(612)
- Inflow	97	17	172	185	2	473
Total outflow	**(312,141)**	**(125,840)**	**(122,601)**	**(108,130)**	**(20,608)**	**(689,320)**
Total inflow	**318,383**	**123,190**	**131,455**	**168,021**	**31,727**	**772,776**

in EUR thousands

31 Dec 2023	NLB Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
Foreign exchange derivatives						
- Forwards						
- Outflow	(50,861)	(11,715)	(15,874)	(250)	–	(78,700)
- Inflow	50,894	11,726	15,890	250	–	78,760
- Swaps						
- Outflow	(310,781)	(279,104)	(131,949)	–	–	(721,834)
- Inflow	310,647	278,819	132,095	–	–	721,561
Interest rate derivatives						
- Interest rate swaps and cross-currency swaps						
- Outflow	(1,455)	(5,763)	(29,050)	(57,044)	(23,651)	(116,963)
- Inflow	3,605	4,162	35,869	87,326	38,276	169,238
- Caps and floors						
- Outflow	(211)	(51)	(768)	(586)	(6)	(1,622)
- Inflow	179	37	629	416	3	1,264
Total outflow	**(363,308)**	**(296,633)**	**(177,641)**	**(57,880)**	**(23,657)**	**(919,119)**
Total inflow	**365,325**	**294,744**	**184,483**	**87,992**	**38,279**	**970,823**

6.4. Management of non-financial risks

a) Operational risk

When assuming operational risks, NLB Group follows the guideline that such risks may not materially impact its operations and, therefore, the risk appetite for operational risks is low to moderate. The risk is also gradually decreasing due to the reduced complexity of operations in NLB Group, with the disinvestment process of non-core activities and optimisation of internal processes. NLB Group has set up a system of collecting loss events, identification, assessment, and management of operational risks, all with the aim of ensuring quality management of operational risks. This is particularly valid in strategic banking members.

All NLB Group banking members monitor risk appetite limits for operational risk. The upper tolerance limit is defined as the limit amount of net loss that an individual member still allows in its operations. If the sum of net loss exceeds the tolerance limit, a special treatment of major loss events is required and, if necessary, takes additional measures for the prevention or mitigation of the same or similar loss events are taken. The warning and critical limit of loss events are also defined, which in case of exceeding require escalation procedures an acceptance of possible additional risk management measures. In addition, the Bank does not allow certain risks in its business – for them a so-called 'zero tolerance' was defined. For monitoring, some specific more important key risk indicators that could show a possible increase of an operational risk, the Bank developed a specific methodology as an early warning system. Such risks are periodically monitored in different business areas, and the results are discussed at the Operational Risk Committee. The latter was named as the highest decision-making authority in the area of operational risk management. Relevant operational risk committees were also appointed at other NLB Group banks. The Management Board serves in this role at other subsidiaries. The main task of the aforementioned bodies is to discuss the most significant operational risks and loss events, and to monitor and support the effective management of operational risks including their mitigation within an individual entity. All NLB Group entities, which are included in the consolidation, have adopted relevant documents that are in line with NLB Group standards. In banking members, these documents are in line with the development of operational risk management and regularly updated. The whole NLB Group uses uniform software support, which is also regularly upgraded.

In NLB Group, the reported incurred net loss arising from loss events in 2024 was lower than in the previous year and remained within the set tolerance limits for operational risk. Certain litigation costs mainly occurred due to systemic issues such as litigation risk (e.g., cases related to loan processing fees and loan insurance premiums in Serbia). For other realised operational losses, banking members of the Group performed a comprehensive analysis and defined adequate mitigation measures to prevent or minimise such events in the future.

In general, considerable attention is paid to reporting loss events, their mitigation measures, and defining operational risks in all segments. To treat major loss events appropriately and as soon as possible, the Bank introduced an escalation scale for reporting bigger or more important loss events to the top levels of decision-making at NLB and the Supervisory Board of NLB. Additional attention is paid to the reporting of potential loss events in order to improve the internal controls, and thus minimise those and similar events. Furthermore, the methodology to monitor, analyse, and report key risk indicators is established, servicing as an early warning system. The aim is to improve business and supporting processes, as well enabling prompt response.

Through comprehensive identification of operational risks, possible future losses are identified, estimated, and appropriately managed. Each year, special emphasis is placed on current risks as a result of the risk identification process, including ESG risks. For the later key risk indicators (KRIs) have been also addressed for ESG risks, serving as an early warning system. The major operational risks are actively managed with the measures taken to reduce them. An operational risk profile is prepared once a year based on the operational risk identification. Special emphasis is put on the most topical risks, among which in particular are those with a low probability of occurrence and very high potential financial influence. For this purpose, the Bank has developed the methodology of stress-testing for operational risk. The methodology is a combination of modelling loss event data and scenario analysis for exceptional, but plausible events. Scenario analyses are made based on experience and knowledge of experts from various critical areas. The most significant loss could be derived from the following potential events: possible difficulties operating electronic banking channels, anti-money laundering, cyber-attacks, and legal risks. For these scenarios, existent controls were additionally revised, while for identifying potential deficiencies, mitigation measures were defined.

The capital requirement for operational risk is calculated using the basic indicator approach at the NLB Group level and using the standardised approach at the NLB level.

b) Business Continuity Management (BCM)

In NLB Group, business continuity management is carried out to protect lives, goods, and reputation. Business continuity plans are prepared to be used in the event of natural disasters, IT disasters, epidemic/pandemic, and the undesired effects of the environment to mitigate their consequences.

The concept of the action plan that is prepared each year is such that the activities contribute to the upgrading or improvement of the Business Continuity Management System. In 2024, Business Continuity Management was upgraded and optimised – implementation of DORA (Digital Operational Resilience Act) requirements in the Business Impact Analysis (hereinafter: 'BIA').

The basis for modernising the business continuity plans is the regular annual Business Impact Analysis (BIA). On its basis, the adequacy of the plans for Organisational Unit Plans (merged office buildings and HR plans) and IT plans are checked. The best indicator of the adequacy of the business continuity plans is testing. In 2024, NLB tested Manual Procedures, backup locations, and the IT Disaster Recovery Plan and external. No major deviations were identified.

In NLB Group, know-how and methodologies are transferred to its members. The members have adopted appropriate documents which are in line with the standards of NLB and revised in accordance with the development of business continuity management. The activity of the members is monitored throughout the year, and expert assistance is provided if necessary.

For more efficient functioning of the business continuity management system in NLB Group, training courses and visits to individual banking members are also provided. All preventive and response measures with regard to business continuity are regularly sent to the members with the purpose to help and act in the uniform way.

With regards to natural disasters (floods) and IT failures, the Bank successfully used the business continuity plans and instructions for manual procedures, and thus also ensured business operations in emergency situations.

c) Management of other types of non-financial risks – strategic risks, reputation risk, and profitability risk

Risks not included in the regulatory capital requirements (standardised approach) but have or might have an important influence on the risk profile of NLB Group, are regularly assessed, monitored, and managed. In addition, they are integrated into the internal capital adequacy assessment process (ICAAP). NLB Group established internal methodologies for identifying and assessing specific types of risk, referring to the Group's business model or arising from other external circumstances. If a certain risk is assessed as a materially important risk, relevant disposable preventive and mitigation measures are applied, including regular monitoring of their effectiveness. On this basis, internal capital is considered, and its consumption regularly monitored.

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

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

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

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

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

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

in EUR thousands

31 Dec 2024	NLB Group				NLB			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets								
Financial instruments held for trading	9,424	8,891	23	18,338	9,424	11,626	23	21,073
Debt instruments	9,424	–	–	9,424	9,424	–	–	9,424
Derivatives	–	8,891	23	8,914	–	11,626	23	11,649
Derivatives - hedge accounting	–	77,771	–	77,771	–	77,771	–	77,771
Financial assets measured at fair value through other comprehensive income	2,004,786	557,464	1,266	2,563,516	1,598,780	65,869	370	1,665,019
Debt instruments	2,004,463	462,460	–	2,466,923	1,598,780	3,095	–	1,601,875
Equity instruments	323	95,004	1,266	96,593	–	62,774	370	63,144
Non-trading financial assets mandatorily at fair value through profit and loss	2,258	–	15,171	17,429	–	–	19,135	19,135
Debt instruments	1,000	–	–	1,000	–	–	–	–
Equity instruments	1,258	–	15,171	16,429	–	–	15,171	15,171
Loans	–	–	–	–	–	–	3,964	3,964
Financial liabilities								
Financial instruments held for trading	–	6,995	–	6,995	–	9,977	–	9,977
Derivatives	–	6,995	–	6,995	–	9,977	–	9,977
Derivatives - hedge accounting	–	3,592	–	3,592	–	1,261	–	1,261
Financial liabilities measured at fair value through profit or loss	–	9,633	–	9,633	–	4,960	637	5,597
Non-financial assets								
Investment properties	–	6,918	19,214	26,132	–	5,599	–	5,599
Non-current assets held for sale	–	2,849	8,187	11,036	–	2,849	–	2,849
Non-financial assets impaired during the year								
Recoverable amount of property and equipment	–	–	10,491	10,491	–	–	–	–
Recoverable amount of investments in subsidiaries, associates and joint ventures	–	–	–	–	–	–	1,466	1,466

in EUR thousands

31 Dec 2023	NLB Group				NLB			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets								
Financial instruments held for trading	–	15,698	20	15,718	–	17,937	20	17,957
Derivatives	–	15,698	20	15,718	–	17,937	20	17,957
Derivatives - hedge accounting	–	47,614	–	47,614	–	47,614	–	47,614
Financial assets measured at fair value through other comprehensive income	1,452,046	798,154	1,356	2,251,556	955,638	67,071	303	1,023,012
Debt instruments	1,451,824	712,570	70	2,164,464	955,638	6,446	–	962,084
Equity instruments	222	85,584	1,286	87,092	–	60,625	303	60,928
Non-trading financial assets mandatorily at fair value through profit and loss	5,317	–	8,858	14,175	–	–	16,643	16,643
Debt instruments	5,217	–	–	5,217	–	–	–	–
Equity instruments	100	–	8,858	8,958	–	–	8,858	8,858
Loans	–	–	–	–	–	–	7,785	7,785
Financial liabilities								
Financial instruments held for trading	–	13,217	–	13,217	–	17,510	–	17,510
Derivatives	–	13,217	–	13,217	–	17,510	–	17,510
Derivatives - hedge accounting	–	3,540	–	3,540	–	1,420	–	1,420
Financial liabilities measured at fair value through profit or loss	–	4,482	–	4,482	–	1,976	1,234	3,210
Non-financial assets								
Investment properties	–	10,927	20,189	31,116	–	7,640	–	7,640
Non-current assets held for sale	–	4,048	801	4,849	–	4,048	–	4,048
Non-financial assets impaired during the year								
Recoverable amount of property and equipment	–	–	89	89	–	–	–	–
Recoverable amount of investments in subsidiaries, associates and joint ventures	–	–	–	–	–	–	1,646	1,646

b) Significant transfers of financial instruments between levels of valuation

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

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

Transfers between levels of valuation of financial instruments measured at fair value in financial statements:

in EUR thousands

31 Dec 2024	NLB Group		NLB	
	From 1. level	To 2. level	From 1. level	To 2. level
Transfer of assets and liabilities between levels of valuation				
Financial assets measured at fair value through other comprehensive income				
Debt instruments	(43,080)	43,080	(3,091)	3,091

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

Financial instruments on Level 2 of the fair value hierarchy at NLB Group and NLB include:
- debt securities: mostly bonds not quoted on active markets and valuated by a valuation model;
- derivatives: derivatives except forward derivatives and options on equity instruments that are not quoted on active markets; and
- the National Resolution Fund.

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

When valuing bonds classified on Level 2, NLB Group primarily uses the income approach based on an estimation of future cash flows discounted to the present value. The input parameters used in the income approach are the risk-free yield curve and the spread over the yield curve (i.e., credit, liquidity, country).

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

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

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

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

Financial instruments on Level 3 of the fair value hierarchy in NLB Group and NLB include:
- equities: mainly financial equities that are not quoted on active markets;
- debt instruments: bonds not quoted on active markets and valuated by valuation model with inputs which are not based on observable market data;
- derivative financial instruments: forward derivatives and options on equity instruments that are not quoted on an active organised market. Fair values for forward derivatives are determined using the discounted cash flow model. Fair values for equity options are determined using valuation models for options (the Garman and Kohlhagen model, the binomial model, and Black-Scholes model). Unobservable inputs include the fair values of underlying instruments determined using valuation models. The source of observable market inputs is the Bloomberg information system;
- loans measured at fair value, which according to IFRS 9 do not pass the SPPI test. Fair value is calculated on the basis of the discounted expected future cash flows with the required rate of return. In defining the expected cash flows for loans, the value of collateral and other pay off estimates can be used.

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

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

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

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

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

Movements of financial assets and liabilities at Level 3

in EUR thousands

	Financial instruments held for trading	Financial assets measured at fair value through OCI		Non-trading financial assets mandatorily at fair value through profit or loss	Total financial assets
NLB Group	Derivatives	Debt instruments	Equity instruments	Equity instruments	
Balance as at 1 January 2023	17	2,236	1,256	7,519	11,028
Valuation:					
- through profit or loss	3	–	–	1,362	1,365
- recognised in other comprehensive income	–	5,768	49	–	5,817
Foreign exchange differences	–	21	–	(173)	(152)
Increases	–	–	–	150	150
Decreases	–	(6,418)	(19)	–	(6,437)
Write-offs	–	(1,537)	–	–	(1,537)
Balance as at 31 December 2023	**20**	**70**	**1,286**	**8,858**	**10,234**
Valuation:					
- through profit or loss	3	–	–	3,043	3,046
- recognised in other comprehensive income	–	–	(45)	–	(45)
Increases	–	–	54	3,270	3,324
Decreases	–	(70)	(29)	–	(99)
Balance as at 31 December 2024	**23**	**–**	**1,266**	**15,171**	**16,460**

in EUR thousands

	Financial instruments held for trading	Financial assets measured at fair value through OCI		Non-trading financial assets mandatorily at fair value through profit or loss		Total financial assets	Financial liabilities measured at fair value through profit or loss
NLB	Derivatives	Debt instruments	Equity instruments	Equity instruments	Loans and other financial assets		Loans and other financial liabilities
Balance as at 1 January 2023	17	2,026	269	7,519	7,892	17,723	1,786
Valuation:							
- through profit or loss	3	–	–	1,362	705	2,070	(552)
- recognised in other comprehensive income	–	5,768	19	–	–	5,787	–
Foreign exchange differences	–	21	–	(173)	–	(152)	–
Increases	–	–	–	150	492	642	–
Decreases	–	(6,278)	–	–	(1,304)	(7,582)	–
Write-offs	–	(1,537)	–	–	–	(1,537)	–
Merger of subsidiary	–	–	15	–	–	15	–
Balance as at 31 December 2023	**20**	**–**	**303**	**8,858**	**7,785**	**16,966**	**1,234**
Valuation:							
- through profit or loss	3	–	–	3,043	60	3,106	(597)
- recognised in other comprehensive income	–	–	13	–	–	13	–
Increases	–	–	54	3,270	423	3,747	–
Decreases	–	–	–	–	(4,304)	(4,304)	–
Balance as at 31 December 2024	**23**	**–**	**370**	**15,171**	**3,964**	**19,528**	**637**

NLB Group and NLB recognise the effects from valuation of trading instruments in income statement line item 'Gains less losses from financial assets and liabilities held for trading,' the effects from valuation of non-trading equity instruments and loans mandatorily measured at fair value through profit or loss in the income statement line item 'Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss,' and the effects from valuation of financial assets measured at fair value through other comprehensive income in the accumulated other comprehensive income line item 'Financial assets measured at fair value through other comprehensive income.'

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

in EUR thousands

NLB Group	Financial assets held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at fair value through profit or loss
2024	Derivatives	Equity instruments	Equity instruments
Items of Income statement			
Gains less losses from financial assets and liabilities held for trading	3	–	–
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	–	–	3,043
Item of Other comprehensive income			
Financial assets measured at fair value through other comprehensive income	–	21	–

in EUR thousands

NLB Group	Financial assets held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at fair value through profit or loss
2023	Derivatives	Equity instruments	Equity instruments
Items of Income statement			
Gains less losses from financial assets and liabilities held for trading	3	–	–
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	–	–	1,362
Foreign exchange translation gains less losses	–	–	(173)
Item of Other comprehensive income			
Financial assets measured at fair value through other comprehensive income	–	49	–

in EUR thousands

NLB	Financial assets held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss
2024	**Derivatives**	**Equity instruments**	**Equity instruments**	**Loans and other financial assets**	**Loans and other financial liabilities**
Items of Income statement					
Gains less losses from financial assets and liabilities held for trading	3	–	–	–	–
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	–	–	3,043	60	597
Item of Other comprehensive income					
Financial assets measured at fair value through other comprehensive income	–	13	–	–	–

in EUR thousands

NLB	Financial assets held for trading	Financial assets measured at fair value through OCI	Non-trading financial assets mandatorily at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss
2023	**Derivatives**	**Equity instruments**	**Equity instruments**	**Loans and other financial assets**	**Loans and other financial liabilities**
Items of Income statement					
Gains less losses from financial assets and liabilities held for trading	3	–	–	–	–
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	–	–	1,362	705	552
Foreign exchange translation gains less losses	–	–	(173)	–	–
Item of Other comprehensive income					
Financial assets measured at fair value through other comprehensive income	–	19	–	–	–

Movements of non-financial assets at Level 3

in EUR thousands

	Investment property		Non-current assets held for sale	
NLB Group	**2024**	**2023**	**2024**	**2023**
Balance as at 1 January	20,189	23,447	801	11,201
Effects of translation of foreign operations to presentation currency	65	(14)	6	11
Disposals	(1,329)	(1,954)	(150)	(10,206)
Transfer from/(to) property and equipment	70	(86)	7,441	–
Transfer from/(to) non-current assets held for sale	(81)	–	–	–
Transfer from/(to) other assets	–	86	–	–
Transfer from/(to) investment property	–	–	81	–
Net valuation to fair value	300	(1,290)	8	(205)
Balance as at 31 December	**19,214**	**20,189**	**8,187**	**801**

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

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

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

in EUR thousands

	NLB Group				NLB			
	31 Dec 2024		31 Dec 2023		31 Dec 2024		31 Dec 2023	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at amortised cost								
- debt securities	3,725,195	3,706,958	2,522,229	2,440,596	2,846,779	2,808,210	1,966,169	1,889,481
- loans and advances to banks	458,921	458,651	547,640	547,555	193,172	185,768	149,011	149,011
- loans and advances to customers	16,363,649	15,697,133	13,734,601	13,256,192	8,653,348	8,242,067	7,148,283	6,895,232
- other financial assets	136,854	136,854	165,962	165,962	81,518	81,518	101,596	101,596
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	136,000	135,957	95,283	95,657	220,120	220,096	147,002	147,379
- borrowings from banks and central banks	120,612	120,065	140,419	134,020	51,106	50,813	82,797	75,152
- due to customers	22,206,310	22,194,577	20,732,722	20,746,603	12,293,708	12,292,632	11,881,563	11,892,641
- borrowings from other customers	104,519	106,912	99,718	101,649	–	–	–	–
- debt securities issued	1,608,939	1,699,477	1,338,235	1,363,301	1,608,939	1,699,477	1,338,235	1,363,301
- other financial liabilities	296,725	296,725	357,116	357,116	145,802	145,802	198,020	198,020

Loans and advances to banks

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

Loans and advances to customers

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

Deposits and borrowings

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

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

Debt securities measured at amortised cost and debt securities issued

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

Loan commitments

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

Other financial assets and liabilities

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

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

in EUR thousands

31 Dec 2024	NLB Group				NLB			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at amortised cost								
- debt securities	3,067,440	632,269	7,249	3,706,958	2,692,742	115,468	–	2,808,210
- loans and advances to banks	–	458,651	–	458,651	–	185,768	–	185,768
- loans and advances to customers	–	–	15,697,133	15,697,133	–	–	8,242,067	8,242,067
- other financial assets	–	–	136,854	136,854	–	–	81,518	81,518
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	–	135,957	–	135,957	–	220,096	–	220,096
- borrowings from banks and central banks	–	120,065	–	120,065	–	50,813	–	50,813
- due to customers	–	22,194,577	–	22,194,577	–	12,292,632	–	12,292,632
- borrowings from other customers	–	–	106,912	106,912	–	–	–	–
- debt securities issued	1,699,477	–	–	1,699,477	1,699,477	–	–	1,699,477
- other financial liabilities	–	–	296,725	296,725	–	–	145,802	145,802

in EUR thousands

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

6.6. Environmental and climate-related risks

The NLB Group is engaged in contributing to sustainable finance by incorporating environmental, social, and governance (ESG) risks into its business strategies, risk management framework, and internal governance arrangements. With the adoption of the NLB Group Sustainability programme, NLB Group implemented sustainability elements into its business model. Thus, sustainable finance integrates ESG criteria into the Group's business and investment decisions for the lasting benefit of the Group's clients and society. The NLB Group Sustainability Committee oversees the integration of the ESG factors to the NLB Group business model.

ESG risks represent one of the risk drivers of the existing type of risks. The Group integrates and manages them within the established risk management framework in the areas of credit, liquidity, market, and operational risk. The management of ESG risks follows ECB and EBA guidelines, following the tendency of their comprehensive integration into all relevant processes.

The management of ESG risks is incorporated into the Group's overall credit approval process, collateral management and the related credit portfolio management. Sustainable financing is implemented in accordance with the Group's Environmental and Social Management System (ESMS). In addition to addressing ESG risks in all relevant stages of the credit-granting process, relevant ESG criteria were also considered in the collateral evaluation process.

NLB Group conducts a materiality assessment as part of its overall risk identification process to determine the level of transitional and physical risk to which the Group is exposed. In this process, the identification of environmental risk factors, relevant transmission channels, and their materiality and impact on the Group's financial performance in short-, mid- and long-term periods are assessed. From the perspective of physical risk, the most relevant natural disasters are floods, landslides, and drought, while hail and windstorms are also frequent, but less material. Despite this, the Group can expect its impact to increase in the long run if no adequate policy changes are implemented in a timely manner. Chronic risk is not determined as a material risk.

On the portfolio level, the Group does not face any large concentration towards specific NACE industrial sectors exposed to climate risk, with the role of transitional risk being more prevalent. Based on the industry segmentation of the portfolio and corresponding emissions, the Group has a relatively low exposure to emission-intensive sectors in its corporate clients' businesses. The Group does not finance companies that extract fossil fuels or operate coal-fired power plants as part of its strategy. Moreover, as a UN Net-Zero Banking Alliance member, the Bank pledged to align its lending and investment portfolio with net-zero emissions by 2050. In its initial round of NZBA targets, NLB Group has focused on fossil fuel-based and highly energy-intensive sectors (power generation and iron and steel) and other sectors where the Bank has substantial emissions and/or exposure and available data. These include residential mortgages and commercial real estate. Activities for setting a second round of NZBA targets for sectors such as transport and agriculture are underway.

An internal ESG stress-testing concept to identify the most relevant financial vulnerabilities stemming from transitional and physical climate risks was established, which was further revised and enhanced by considering disposable ESG-related data. The results of the climate stress tests showed no material impacts on the Group's capital and liquidity positions. Besides, in 2024, the Group was also included in the ECB Stress test exercise – the 2024 EBA Fit-for-55 climate risk scenario analysis. By performing this exercise, the ECB assessed how banks are prepared to deal with financial and economic shocks from climate risk.

6.7. Offsetting financial assets and financial liabilities

NLB Group has entered into bilateral foreign exchange netting arrangements with certain banks and corporates. Cash flows from such transactions that are due on the same day in the same currency, are settled on a net basis, i.e., a single cash flow for each currency. The settlement of all interest rates derivatives is also carried out by netting of both legs of transaction. Assets and liabilities related to these netting arrangements are not presented in a net amount in the statement of financial position because netting rules apply to cash flows and not to the entire financial instrument.

NLB Group also holds certain standardised derivatives (some interest rate swaps) with a clearing house or central counterparty. A system of daily margins assures the mitigation and collateralisation of exposures, as well as the daily settlement of cash flows for each currency.

All derivatives are conducted under the conditions of signed Master Agreements (MA), with international banks. The ISDA MA is in place along with CSA annex and for corporates domestic MA is in place, which enable daily evaluation and exchange of margining.

Overview
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SB Statement
Key Highlights
Business Report
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Risk Factors & Outlook
Performance Overview
Segment Analysis
NLB Group Key Members
Risk Management
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Financial Report

in EUR thousands

	NLB Group			
31 Dec 2024	Amounts not set off in the statement of financial position			
Financial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Impact of master netting agreements	Financial instruments collateral	Net amount
Derivatives - assets	86,653	5,359	79,335	1,958
Derivatives - liabilities	10,583	5,014	518	5,051

in EUR thousands

	NLB Group			
31 Dec 2023	Amounts not set off in the statement of financial position			
Financial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Impact of master netting agreements	Financial instruments collateral	Net amount
Derivatives - assets	63,283	4,992	52,103	6,188
Derivatives - liabilities	16,714	4,992	1,563	10,159

in EUR thousands

	NLB			
31 Dec 2024	Amounts not set off in the statement of financial position			
Financial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Impact of master netting agreements	Financial instruments collateral	Net amount
Derivatives - assets	89,397	5,681	79,335	4,381
Derivatives - liabilities	11,238	5,336	518	5,384

in EUR thousands

	NLB			
31 Dec 2023	Amounts not set off in the statement of financial position			
Financial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Impact of master netting agreements	Financial instruments collateral	Net amount
Derivatives - assets	65,551	5,013	54,346	6,192
Derivatives - liabilities	18,929	5,013	1,563	12,353

NLB Group and NLB have no financial assets/liabilities set off in the statement of financial position.

7. Analysis by Segment for NLB Group

a) Segments

in EUR thousands

2024	NLB Group							
	Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Strategic Foreign Markets	Financial Markets in Slovenia	Non-Core Members	Other activities	Unallocated	Total
Total net income	448,318	178,806	619,035	(823)	1,282	10,917	–	1,257,535
Net income from external customers	275,938	222,584	627,179	105,582	565	12,962	–	1,244,810
Intersegment net income	172,380	(43,778)	(8,144)	(106,405)	717	(2,045)	–	12,725
Net interest income	325,249	131,729	483,131	(4,064)	924	(2,808)	–	934,161
Net interest income from external customers	157,483	180,490	492,294	104,083	407	(596)	–	934,161
Intersegment net interest income	167,766	(48,761)	(9,163)	(108,147)	517	(2,212)	–	–
Administrative expenses	(160,250)	(69,651)	(252,733)	(12,043)	(7,355)	(53,417)	–	(555,449)
Depreciation and amortisation	(15,600)	(6,397)	(32,417)	(818)	(237)	(4,019)	–	(59,488)
Reportable segment profit/(loss) before impairment and provision charge	272,468	102,758	333,885	(13,684)	(6,310)	(46,519)	–	642,598
Other net gains/(losses) from equity investments in associates and joint ventures	2,990	–	–	–	–	–		2,990
Impairment and provisions charge	(28,118)	(7,576)	4,073	(706)	2,174	(7,286)	–	(37,439)
Profit/(loss) before income tax	247,340	95,182	337,958	(14,390)	(4,136)	(53,805)	–	608,149
Owners of the parent	247,340	95,182	322,277	(14,390)	(4,136)	(53,805)	–	592,468
Non-controlling interests	–	–	15,681	–	–	–	–	15,681
Income tax							(77,916)	(77,916)
Profit for the year								**514,552**
Reportable segment assets	4,748,021	3,911,138	12,454,973	6,390,862	28,658	487,054	–	28,020,706
Investments in associates and joint ventures	14,661	–	–	–	–	–	–	14,661
Reportable segment liabilities	9,879,695	2,428,556	10,407,559	1,789,151	2,312	230,049	–	24,737,322
Additions to non-current assets	35,099	11,939	41,496	807	2	4,048	–	93,391

in EUR thousands

2023	NLB Group Retail Banking in Slovenia	Corporate and Investment Banking in Slovenia	Strategic Foreign Markets	Financial Markets in Slovenia	Non-Core Members	Other activities	Unallocated	Total
Total net income	366,988	149,184	541,624	40,437	(131)	5,574	–	1,103,676
Net income from external customers	246,811	204,868	541,098	95,748	(578)	5,349	–	1,093,296
Intersegment net income	120,177	(55,684)	526	(55,311)	447	225	–	10,380
Net interest income	264,707	106,462	423,249	37,752	1,540	(376)	–	833,334
Net interest income from external customers	147,803	161,103	429,464	94,023	1,444	(503)	–	833,334
Intersegment net interest income	116,904	(54,641)	(6,215)	(56,271)	96	127	–	–
Administrative expenses	(141,132)	(63,955)	(223,239)	(9,202)	(13,230)	(12,740)	–	(463,498)
Depreciation and amortisation	(12,675)	(6,240)	(27,990)	(689)	(508)	(635)	–	(48,737)
Reportable segment profit/(loss) before impairment and provision charge	213,181	78,989	290,395	30,546	(13,869)	(7,801)	–	591,441
Other net gains/(losses) from equity investments in associates and joint ventures	1,072	–	–	–	–	–		1,072
Impairment and provisions charge	(32,592)	7,909	1,124	4,757	3,729	973	–	(14,100)
Profit/(loss) before income tax	181,661	86,898	291,519	35,303	(10,140)	(6,828)	–	578,413
Owners of the parent	181,661	86,898	278,896	35,303	(10,140)	(6,828)	–	565,790
Non-controlling interests	–	–	12,623	–	–	–	–	12,623
Income tax							(15,090)	(15,090)
Profit for the year								**550,700**
Reportable segment assets	3,778,767	3,376,370	11,058,835	7,232,457	47,097	435,940	–	25,929,466
Investments in associates and joint ventures	12,519	–	–	–	–	–	–	12,519
Reportable segment liabilities	9,381,016	2,512,801	9,329,079	1,540,000	3,419	227,680	–	22,993,995
Additions to non-current assets	19,775	9,826	40,239	505	4	4,099	–	74,448

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

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

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

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

The core segments are the following:

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

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

NLB Group is primarily a financial group, and net interest income represents the majority of its net revenues. NLB Group's main indicator of a segment's efficiency is net profit before tax. No revenues were generated from transactions with a single external customer that would amount to 10% or more of NLB Group's revenues.

b) Geographical information

Geographical analysis includes a breakdown of items with respect to the country in which individual NLB Group entities are located.

in EUR thousands

	Revenues		Net income		Profit/(loss) before income tax		Income tax	
NLB Group	2024	2023	2024	2023	2024	2023	2024	2023
Slovenia	872,734	729,170	617,297	556,854	250,734	275,533	(35,689)	19,447
South East Europe	770,095	663,042	626,954	538,752	356,653	305,507	(42,196)	(34,525)
Bosnia and Herzegovina	119,925	104,460	100,789	85,158	47,928	40,677	(3,913)	(3,467)
Croatia	2,914	–	3,039	(557)	189	(527)	(336)	–
Kosovo	78,396	68,279	61,730	56,374	40,786	39,797	(3,924)	(3,995)
Montenegro	68,936	62,625	56,720	51,658	33,562	32,032	(4,989)	(5,502)
North Macedonia	126,627	111,599	105,436	90,233	76,479	49,895	(9,903)	(4,910)
Serbia	373,297	316,079	299,240	255,886	157,709	143,633	(19,131)	(16,651)
Western Europe	209	103	559	(2,310)	762	(2,627)	(31)	(12)
Germany	–	–	29	51	(160)	(402)	–	–
Switzerland	209	103	530	(2,361)	922	(2,225)	(31)	(12)
Total	**1,643,038**	**1,392,315**	**1,244,810**	**1,093,296**	**608,149**	**578,413**	**(77,916)**	**(15,090)**

The column 'Revenues' includes interest and similar income, dividend income, and fee and commission income.

The column 'Net Income' includes net interest income, dividend income, net fee and commission income, the net effect of financial instruments, foreign exchange translation, the effect on the derecognition of assets, net operating income, cash contribution to resolution funds and deposit guarantee schemes, gains less losses from modification of financial assets, and gain less losses from non-current assets held for sale.

in EUR thousands

	Non-current assets		Total assets		Number of employees	
NLB Group	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Slovenia	212,961	160,574	15,554,251	14,851,067	2,856	2,689
South East Europe	238,335	223,185	12,462,052	11,072,317	5,464	5,291
Bosnia and Herzegovina	40,195	38,861	2,156,231	1,934,891	1,025	990
Croatia	4,490	–	125,708	1,194	41	1
Kosovo	13,571	13,810	1,426,811	1,229,426	478	468
Montenegro	24,522	23,163	956,080	928,913	410	390
North Macedonia	36,567	34,276	2,168,629	1,895,297	995	962
Serbia	118,990	113,075	5,628,593	5,082,596	2,515	2,480
Western Europe	10	27	19,064	18,601	2	2
Germany	10	27	516	552	–	–
Switzerland	–	–	18,548	18,049	2	2
Total	**451,306**	**383,786**	**28,035,367**	**25,941,985**	**8,322**	**7,982**

The table below presents data on NLB Group members before intercompany eliminations and consolidation journals:

in EUR thousands

	Revenues		Net income		Profit/(loss) before income tax		Income tax	
NLB Group	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Slovenia	1,155,998	909,550	860,643	704,971	525,573	511,693	(34,802)	28,958
South East Europe	780,300	670,510	621,072	542,776	359,168	308,129	(42,497)	(34,879)
Bosnia and Herzegovina	121,307	105,503	98,514	83,567	47,807	40,555	(3,913)	(3,467)
Croatia	2,914	–	1,672	(385)	277	(366)	(352)	–
Kosovo	78,654	68,468	59,608	55,182	40,952	39,963	(3,924)	(3,995)
Montenegro	71,505	64,729	56,360	50,465	33,557	32,836	(4,989)	(5,502)
North Macedonia	127,080	111,933	102,660	86,612	77,081	48,822	(9,903)	(4,910)
Serbia	378,840	319,877	302,258	267,335	159,494	146,319	(19,416)	(17,005)
Western Europe	216	118	490	(2,467)	766	(2,711)	(31)	(12)
Germany	–	–	29	51	(160)	(402)	–	–
Switzerland	216	118	461	(2,518)	926	(2,309)	(31)	(12)
Total	**1,936,514**	**1,580,178**	**1,482,205**	**1,245,280**	**885,507**	**817,111**	**(77,330)**	**(5,933)**

8. Related-Party Transactions

A related party is a person or entity that is related to NLB Group in such a manner that it has control or joint control, has a significant influence, or is a member of the key management personnel of the reporting entity. Related parties of NLB Group and NLB include: key management personnel (Management Board, other key management personnel and their family members); the Supervisory Board; companies in which members of the Management Board, key management personnel, or their family members have control, joint control, or a significant influence; or a major shareholder of NLB with significant influence, subsidiaries, associates, and joint ventures.

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

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

in EUR thousands

NLB Group	Management Board and other Key management personnel		Family members of the Management Board and other key management personnel		Companies in which members of the Management Board, key management personnel or their family members have control, joint control, or a significant influence		Supervisory Board	
	2024	2023	2024	2023	2024	2023	2024	2023
Loans issued								
Balance at 1 January	1,855	2,173	444	469	–	–	24	54
Increase	1,663	1,214	326	307	–	–	88	46
Decrease	(1,456)	(1,532)	(273)	(332)	–	–	(83)	(76)
Balance at 31 December	**2,062**	**1,855**	**497**	**444**	**–**	**–**	**29**	**24**
Interest income	65	57	18	17	–	–	1	1
Deposits received								
Balance at 1 January	2,367	2,556	1,153	926	272	218	417	348
Increase	4,742	2,617	1,036	1,440	539	496	1,081	407
Decrease	(4,476)	(2,806)	(1,132)	(1,213)	(335)	(442)	(1,232)	(338)
Balance at 31 December	**2,633**	**2,367**	**1,057**	**1,153**	**476**	**272**	**266**	**417**
Interest expenses	(33)	(33)	(7)	(6)	–	–	(4)	(5)
Other financial assets	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other financial liabilities	**1**	**1**	**–**	**–**	**6**	**12**	**–**	**–**
Other financial liabilities measured at fair value through profit or loss (note 2.32.)	**4,960**	**2,075**	**–**	**–**	**–**	**–**	**–**	**–**
Other operating liabilities	**15,028**	**11,066**	**–**	**–**	**–**	**–**	**–**	**–**
Guarantees issued and loan commitments	**302**	**287**	**79**	**64**	**–**	**–**	**23**	**14**
Fee income	22	19	9	8	3	3	1	1
Other income	21	16	–	–	–	–	–	–
Other expenses	–	–	–	–	(122)	(94)	(1)	(1)

in EUR thousands

NLB	Management Board and other Key management personnel		Family members of the Management Board and other key management personnel		Companies in which members of the Management Board, key management personnel or their family members have control, joint control or a significant influence		Supervisory Board	
	2024	2023	2024	2023	2024	2023	2024	2023
Loans issued								
Balance at 1 January	1,854	2,172	444	469	–	–	24	54
Increase	1,648	1,203	326	307	–	–	88	46
Decrease	(1,440)	(1,521)	(273)	(332)	–	–	(83)	(76)
Balance at 31 December	**2,062**	**1,854**	**497**	**444**	**–**	**–**	**29**	**24**
Interest income	65	57	18	17	–	–	1	1
Deposits received								
Balance at 1 January	2,357	2,536	1,153	926	272	218	417	348
Increase	4,672	2,555	1,036	1,440	539	496	1,081	407
Decrease	(4,396)	(2,734)	(1,132)	(1,213)	(335)	(442)	(1,232)	(338)
Balance at 31 December	**2,633**	**2,357**	**1,057**	**1,153**	**476**	**272**	**266**	**417**
Interest expenses	(33)	(33)	(7)	(6)	–	–	(4)	(5)
Other financial assets	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other financial liabilities	**1**	**1**	**–**	**–**	**6**	**12**	**–**	**–**
Other financial liabilities measured at fair value through profit or loss (note 2.32.)	**4,960**	**1,975**	**–**	**–**	**–**	**–**	**–**	**–**
Other operating liabilities	**15,014**	**11,080**	**–**	**–**	**–**	**–**	**–**	**–**
Guarantees issued and loan commitments	**295**	**279**	**79**	**64**	**–**	**–**	**23**	**14**
Fee income	22	19	9	8	3	3	1	1
Other income	21	16	–	–	–	–	–	–
Other expenses	–	–	–	–	(122)	(94)	(1)	(1)

Key management compensation

The remuneration for the 2024 for the members of the Supervisory Board of NLB d.d. and the Management Board of NLB d.d. is regulated in Remuneration Policy for the Members of the Supervisory Board of NLB d.d. and the Members of the Management Board of NLB d.d. The remuneration for the identified employees and other employees is regulated in Remuneration Policy for employees of NLB d.d. and NLB Group.

In the Remuneration Policy and based thereon and in accordance with Commission Delegated regulation (EU) 2021/923, the Bank designates identified employees. In designating identified employees, the internal organisation and the nature, scope, and complexity of the Bank's activities are taken into account. The criteria fully take into account the risks that the Bank or the NLB Group is or could be exposed to its given risk profile and risk appetite. As identified employees under the Remuneration Policy are identified members of the Bank's Supervisory Board, members of the Bank's Management Board, senior management, and other identified employees identified as identified employees on the basis of the Bank's annual self-assessment.

Members of the Supervisory Board may, in relation to their function of a member of the Supervisory Board, receive only remuneration that is compliant with the relevant resolutions of the Bank's General Meeting. The Supervisory Board members are entitled to a remuneration for performing their function for their membership in the Supervisory Board of the Bank and the committees of the Supervisory Board of the Bank, which are determined in accordance with respective applicable resolution by the General Meeting of the Bank, and to reimbursement of travel expenses and accommodation costs up to the amount provided by the regulations governing reimbursement of costs related to work and other income not included in the tax base.

The Bank's General Meeting may determine and change the remuneration of the members of the Supervisory Board independently from the Remuneration Policy, and may change, repeal, or replace any of its resolutions in relation to the remuneration of the Supervisory Board members at any time, or adopt a new resolution in relation to the remuneration of the Supervisory Board members. The last changes of the remuneration of members of the Supervisory Board were adopted at the General Meeting of NLB d.d. 19 June 2023.

The performance of Management Board Members is defined by financial and non-financial criteria. In addition to the salary determined in their employment contract, other income and reimbursement of costs and other benefits, they are also entitled to a Performance Bonus which is divided into a short-term incentive (hereinafter: 'STI') and a long-term incentive (hereinafter: 'LTI'). The Short-term Performance Criteria for STI and LTI consists of the financial goals of NLB

Group, the goals in the areas covered by the individual Management Board Member, and the personal goals. To determine the performance of and individual member of the Management Board during the Subsequent Performance Period (LTI), the following targets are used: a) relative total shareholder return (RTSR); and b) goals that derive from the Bank's long term strategy and that are related to the sustainability and development of the Bank and are linked to the promotion of organisational culture, employee development and customer relations (only for the chief risk officer the cost of risk are included in the targets).

The objectives and performance assessment criteria for STI and LTI of each member of the Management Board shall be determined each year by the Supervisory Board NLB d.d. at the time of adoption of the Bank's annual business plan. Also, the Supervisory Board of NLB d.d. confirms the objectives of the heads of control or supervisory functions and financial targets of NLB d.d. The objectives and performance assessment criteria for the identified employees are determined by the Management Board.

Management Board members are entitled to a STI in the amount of a maximum of nine average gross monthly salaries of each member of the Management Board, and LTI for a single accrual period, which can amount to a maximum of three average gross monthly salaries of each member of the Management Board.

Other identified employees are entitled to a variable part of remuneration according to the category of employee in the maximum amount of three to six salaries. Key management shall be entitled to a variable part of the performance benefit only in proportional part to the actual period of employment (duration of the term of office) of the Bank during the period to which the variable part of the performance benefit relates.

The non-deferred part of variable remuneration is paid no later than three months after the adoption of the Annual Report of NLB Group for the business year to which the variable remuneration relates. Variable remuneration part of payment of an identified employee is awarded and paid in cash without deferral, provided that the amount does not exceed EUR 50 thousand or/and is higher than one-third of his/her total remuneration for each financial year, and if this is permissible in accordance with the relevant regulation.

If the variable remuneration part of payment of an identified employee exceeds EUR 50 thousand or/and is higher than one-third of his/her total remuneration for each financial year and if this is permissible in accordance with the relevant regulation, then at least 50% of the variable remuneration must consist of instruments. The part of the variable remuneration of an identified employee consisting of instruments shall be awarded and paid under the terms and conditions in the valid Remuneration Policy in instruments whose value is based on the value of the share of NLB d.d. The instrument gives its holder yields equal to the dividends the NLB d.d.'s share gives its holder.

The deferred part of the variable part of the salary must be deferred for a period of at least five years of the day on which the non-deferred part of such variable remuneration is paid, and it is paid in proportional shares (in fifths), according to the relevant legislation.

The table below shows payments in presented periods:

in EUR thousands

NLB Group and NLB	Management Board		Other key management personnel		Supervisory Board	
	2024	2023	2024	2023	2024	2023
Short-term benefits	3,678	3,076	7,550	6,604	775	728
Cost refunds	9	9	115	112	89	104
Long-term bonuses:						
- severance pay	–	–	189	120	–	–
- other benefits	17	53	178	163	–	–
- variable part of payments	901	299	2,346	1,252	–	–
Total	**4,605**	**3,437**	**10,378**	**8,251**	**864**	**832**

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

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

Payments to individual members of the Management Board

in EUR

Member/Mandate		2024	2023
Blaž Brodnjak	Short-term benefits:		
01.12.2012	- gross salary and holiday allowance	753,098	662,159
	- benefits and other short-term bonuses	14,405	9,040
	Costs refunds	1,452	1,490
	Long-term bonuses:		
	- other benefits	2,904	2,904
	- variable part of payments	241,055	92,854
	Total	**1,012,914**	**768,447**
Peter Andreas Burkhardt	Short-term benefits:		
18.09.2013	- gross salary and holiday allowance	678,405	552,167
	- benefits and other short-term bonuses	48,283	46,318
	Costs refunds	1,504	1,540
	Long-term bonuses:		
	- other benefits	2,904	3,364
	- variable part of payments	210,292	83,480
	Total	**941,387**	**686,869**
Archibald Kremser	Short-term benefits:		
31.07.2013	- gross salary and holiday allowance	718,973	632,159
	- benefits and other short-term bonuses	35,699	33,364
	Costs refunds	1,434	1,324
	Long-term bonuses:		
	- other benefits	2,904	3,364
	- variable part of payments	229,865	88,539
	Total	**988,875**	**758,750**
Antonio Argir	Short-term benefits:		
28.04.2022	- gross salary and holiday allowance	453,128	352,909
	- benefits and other short-term bonuses	56,206	64,854
	Costs refunds	1,431	1,515
	Long-term bonuses:		
	- other benefits	2,904	37,140
	- variable part of payments	73,114	34,047
	Total	**586,783**	**490,465**
Andrej Lasič	Short-term benefits:		
28.04.2022	- gross salary and holiday allowance	453,128	352,909
	- benefits and other short-term bonuses	1,364	3,756
	Costs refunds	1,387	1,469
	Long-term bonuses:		
	- other benefits	2,904	3,364
	- variable part of payments	73,114	34,047
	Total	**531,897**	**395,545**
Hedvika Usenik	Short-term benefits:		
28.04.2022	- gross salary and holiday allowance	453,128	352,909
	- benefits and other short-term bonuses	12,336	13,234
	Costs refunds	1,325	1,507
	Long-term bonuses:		
	- other benefits	2,904	2,904
	- variable part of payments	73,114	34,047
	Total	**542,807**	**404,601**

Payments to individual members of the Supervisory Board

in EUR

Member/Mandate		2024	2023
Primož Karpe	Annual compensation	110,400	103,680
11.02.2016	Other bonuses - benefit	292	279
	Costs refunds	12,364	9,300
David Eric Simon	Annual compensation	43,211	87,480
04.08.2016 - 17.06.2024	Other bonuses - benefit	–	279
	Costs refunds	9,534	13,162
Shrenik Dhirajlal Davda	Annual compensation	103,500	83,683
10.06.2019	Other bonuses - benefit	292	279
	Costs refunds	13,300	19,444
Mark William Lane Richards	Annual compensation	93,150	87,480
10.06.2019	Other bonuses - benefit	292	279
	Costs refunds	11,984	18,141
Verica Trstenjak	Annual compensation	38,410	73,254
15.06.2020 - 17.06.2024	Other bonuses - benefit	–	279
	Costs refunds	1,048	3,490
Sergeja Kočar	Annual compensation	34,572	23,659
17.06.2020	Other bonuses - benefit	292	279
	Costs refunds	4,115	1,017
Islam Osama Bahgat Zekry	Annual compensation	82,800	77,760
14.06.2021	Other bonuses - benefit	292	279
	Costs refunds	10,621	17,656
Tadeja Žbontar Rems	Annual compensation	54,265	44,774
22.01.2021	Other bonuses - benefit	292	279
	Costs refunds	1,292	309
Cvetka Selšek	Annual compensation	86,020	30,102
15.08.2023	Other bonuses - benefit	292	279
	Costs refunds	2,431	2,580
André Marc Richard Prudent Toccanier	Annual compensation	93,150	33,063
15.08.2023	Other bonuses - benefit	292	279
	Costs refunds	11,126	6,773
Luka Vesnaver	Annual compensation	20,930	–
30.09.2024	Other bonuses - benefit	292	–
	Costs refunds	1,463	–
Natalia Olegovna Ansell	Annual compensation	12,190	–
08.11.2024	Other bonuses - benefit	–	–
	Costs refunds	9,660	–
Gregor Rok Kastelic	Annual compensation	–	38,025
10.06.2019 - 19.06.2023	Other bonuses - benefit	–	–
	Costs refunds	–	4,527
Andreas Klingen	Annual compensation	–	42,250
22.06.2015 - 19.06.2023	Other bonuses - benefit	–	–
	Costs refunds	–	7,917

Related-party transactions with subsidiaries, associates, and joint ventures

in EUR thousands

NLB Group	Associates		Joint ventures	
	2024	2023	2024	2023
Loans issued				
Balance at 1 January	10	1,057	–	201
Increase	119	1,161	–	2
Decrease	(117)	(2,208)	–	(203)
Balance at 31 December	**12**	**10**	**–**	**–**
Interest income	–	63	–	1
Impairment	–	825	–	6
Deposits received				
Balance at 1 January	6,168	5,375	1,451	3,071
Effects of translation of foreign operations to presentation currency	–	–	4	(3)
Increase	6,753	10,378	3,338	6,902
Decrease	(2,588)	(9,585)	(3,197)	(8,519)
Balance at 31 December	**10,333**	**6,168**	**1,596**	**1,451**
Interest expenses	–	–	(48)	(36)
Other financial assets	**7**	**7**	**–**	**1**
Other financial liabilities	**1,642**	**1,460**	**–**	**–**
Guarantees issued and loan commitments	**28**	**30**	**–**	**–**
Income/(expenses) provisions for guarantees and commitments	–	2	–	–
Fee income	8	8	–	–
Fee expenses	(18,891)	(16,167)	–	–
Other income	42	53	5	5
Other expenses	(827)	(1,174)	–	–

in EUR thousands

NLB	Subsidiaries		Associates		Joint ventures	
	2024	2023	2024	2023	2024	2023
Loans issued						
Balance at 1 January	458,684	337,900	10	982	–	201
Increase	1,466,812	660,088	119	1,161	–	2
Decrease	(575,225)	(539,304)	(117)	(2,133)	–	(203)
Balance at 31 December	**1,350,271**	**458,684**	**12**	**10**	**–**	**–**
of which at amortised cost	1,345,680	450,213	12	10	–	–
of which at fair value through profit or loss	4,591	8,471	–	–	–	–
Interest income	38,472	19,938	–	63	–	1
Impairment	(1,651)	11	–	861	–	6
Valuation	658	1,231	–	–	–	–
Deposits						
Balance at 1 January	21,762	223,492	–	–	–	–
Increase	1,646,007	1,120,256	–	–	–	–
Decrease	(1,605,441)	(1,321,986)	–	–	–	–
Balance at 31 December	**62,328**	**21,762**	**–**	**–**	**–**	**–**
Interest income	1,337	985	–	–	–	–
Impairment	–	43	–	–	–	–
Other equity instruments						
Balance at 1 January	–	–	–	–	–	–
Increase	19,930	–	–	–	–	–
Balance at 31 December	**19,930**	**–**	**–**	**–**	**–**	**–**
Loans received						
Balance at 1 January	–	13,001	–	–	–	–
Increase	330,057	36,887	–	–	–	–
Decrease	(330,057)	(49,888)	–	–	–	–
Balance at 31 December	**–**	**–**	**–**	**–**	**–**	**–**
Interest expenses	(1,924)	(24)	–	–	–	–
Deposits received						
Balance at 1 January	104,949	165,778	6,168	5,375	395	40
Increase	93,033,722	87,107,211	6,753	10,378	94	418
Decrease	(92,978,089)	(87,168,040)	(2,588)	(9,585)	(56)	(63)
Balance at 31 December	**160,582**	**104,949**	**10,333**	**6,168**	**433**	**395**
Interest expenses	(6,136)	(5,205)	–	–	–	–
Derivatives						
Fair value	2,090	54	–	–	–	–
Contractual amount	206,739	298,290	–	–	–	–
Interest income	101	25	–	–	–	–
Interest expenses	(474)	(208)	–	–	–	–
Other financial assets	**3,092**	**2,058**	**7**	**7**	**–**	**–**
Impairment	–	3	–	–	–	–
Other financial liabilities	**4,545**	**4,615**	**1,394**	**1,340**	**–**	**–**
Guarantees issued and loan commitments	**100,348**	**87,094**	**28**	**30**	**–**	**–**
Income/(expenses) provisions for guaranties and commitments	120	(76)	–	2	–	–
Received loan commitments and financial guarantees	**11,103**	**10,741**	**–**	**–**	**–**	**–**
Fee income	15,309	10,632	8	8	–	–
Fee expenses	(4)	(5)	(15,240)	(12,698)	–	–
Other income	2,366	1,959	42	43	2	2
Other expenses	(6,352)	(5,087)	(820)	(1,137)	–	–
Gains less losses from financial assets and liabilities held for trading	2,811	(1,898)	–	–	–	–

Related-party transactions with major shareholder with significant influence

The volumes of related party transactions with major shareholder are as follows:

in EUR thousands

	NLB Group		NLB	
	2024	2023	2024	2023
Loans issued				
Balance at 1 January	13,384	17,595	13,384	17,595
Increase	2,670	2,731	2,670	2,731
Decrease	(1,941)	(6,942)	(1,941)	(6,942)
Balance at 31 December	**14,113**	**13,384**	**14,113**	**13,384**
Interest income	–	713	–	713
Investments in securities				
Balance at 1 January	577,529	564,287	516,926	473,389
Exchange difference on opening balance	103	(27)	–	–
Acquisition of subsidiaries	–	–	–	33,617
Increase	448,959	550,561	393,686	409,682
Decrease	(287,713)	(548,065)	(209,996)	(410,346)
Valuation	9,583	10,773	8,341	10,584
Balance at 31 December	**748,456**	**577,529**	**708,957**	**516,926**
Interest income	12,825	7,131	11,543	5,692
Interest expenses	–	(21)	–	(21)
Other financial assets	**113**	**65**	**113**	**65**
Other financial liabilities	**60**	**20**	**60**	**20**
Guarantees issued and loan commitments	**1,681**	**1,466**	**1,681**	**1,466**
Fee income	1,174	574	1,174	574
Fee expenses	(27)	(28)	(27)	(28)
Other income	250	272	250	272
Other expenses	(5)	(5,009)	(5)	(5,009)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	–	(656)	–	(656)
Gains less losses from financial assets and liabilities held for trading	19	–	19	–

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

in EUR thousands

NLB Group and NLB	Amount of significant transactions concluded during the year		Number of significant transactions concluded during the year	
	2024	2023	2024	2023
Guarantees issued and loan commitments	–	50,000	–	1

in EUR thousands

NLB Group and NLB	Year-end balance of all significant transactions		Number of significant transactions at year-end	
	2024	2023	2024	2023
Loans	386,762	406,005	6	10
Debt securities measured at amortised cost	63,912	64,132	1	1
Borrowings, deposits and business accounts	40,159	30,399	1	3
Guarantees issued and loan commitments	105,546	152,500	3	2

in EUR thousands

NLB Group and NLB	Effects in income statement during the year	
	2024	2023
Interest income from loans	16,364	18,489
Fees and commissions income	55	51
Interest income from debt securities measured at amortised cost and net valuation effects from hedge accounting	2,151	2,411

9. Events After the Reporting Date

Senior Preferred Bonds

On January 21, 2025, NLB issued senior preferred bonds in a total nominal value of EUR 500 million, 4NC3 tenor, and ISIN code XS2972971399.

Subordinated Bonds

On February 5, 2025, NLB conducted a tender offer for the repurchase of outstanding Tier 2 subordinated bonds, with approaching call dates and ISIN code XS2113139195, in the amount of EUR 10.5 million.

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NLB Group Directory

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Slovenian network

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Area Branch Northwest and Central Slovenia
Ljubljanska cesta 62
1230 Domžale, Slovenia

Area Branch East Slovenia
Titova cesta 2
2000 Maribor, Slovenia

Area Branch Northeast Slovenia
Rudarska cesta 3
3320 Velenje, Slovenia

Area Branch Southeast Slovenia
Seidlova cesta 3
8000 Novo mesto, Slovenia

Area Branch Southwest Slovenia
Cesta Zore Perello - Godina 7
6000 Koper, Slovenia

Private Banking
Trg republike 2
1000 Ljubljana, Slovenia

Micro Enterprises
Trg republike 2
1000 Ljubljana, Slovenia

Mobile Banking
Trg republike 2
1000 Ljubljana, Slovenia

Small and Mid-Corporates

Central Slovenia
Trg republike 2
1000 Ljubljana, Slovenia

Northwest region
Ljubljanska cesta 62
1230 Domžale, Slovenia

Primorsko-Goriška region
Cesta Zore Perello - Godina 7
6000 Koper, Slovenia

Podravsko-Pomurska region
Titova cesta 2
2000 Maribor, Slovenia

Savinjsko-Koroška region
Kocenova 1
3000 Celje, Slovenia

Dolenjsko-Posavska region
Seidlova cesta 3
8000 Novo mesto, Slovenia

CSA & Cross-Border Financing

Trg republike 2
1000 Ljubljana, Slovenia

Large Corporates

Institutional Investors
Trg republike 2
1000 Ljubljana, Slovenia

Large Corporates
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1000 Ljubljana, Slovenia

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Definitions and Glossary of Selected Terms

AC
Amortised Costs

AIB
Associations of Issuing Bodies

AJPES
Agency of the Republic of Slovenia for Public Legal Records and Related Services

ALCO
Asset and Liability Committee

ALM
Asset and Liability Management

ALMM
Additional Liquidity Monitoring Metrics

AML/CTF
Anti-Money Laundering and Counter-Terrorism Financing

AMLD
Anti-Money Laundering Directive

Articles of Association
Articles of Association of the NLB d.d.

ARSO
Slovenian Environmental Agency

AT1
Additional Tier 1 capital

AuM
Assets under Management

AVA
Additional Valuation Adjustments

BAM
Bosnian Convertible Mark

BCM
Business Continuity Management

BCP
Business Continuity Plans

BEV
Battery electric vehicles

BIA
Business Impact Analysis

BiH
Bosnia and Herzegovina

BMR
Benchmarks Regulation

BoS
Bank of Slovenia

bps
Basis Points

BPV
Basis Point Value

BSCC
British-Slovenian Chamber of Commerce

CAPEX
Capital Expenditure

CB
Central Bank

CBA
Collective bargaining agreements

CBCR
Country-by-Country Reporting

CBR
Combined Buffer Requirement

CCF
Credit Conversion Factor

CCYB
Countercyclical Capital Buffer

CEE
Central Eastern Europe

CEO
Chief Executive Officer

CER
Sustainable Business Network of Slovenia

CET1
Common Equity Tier 1 capital

CEU
Energy efficiency centre

CFO
Chief Financial Officer

CGU
Cash-Generating Units

CGPO
Chief Group Governance, Payments and Innovations Officer

CIR
Cost-to-Income Ratio

CISO
Chief Information Security Officer

CMO
Chief Marketing Officer

CoR
Cost of Risk

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CRD
Capital Requirements Directive

CRE
Commercial Real Estate

CRM
Customer Relationship Management

CRO
Chief Risk Officer

CRR
Capital Requirements Regulation

CSA
Credit Support Annex

DSCR
Debt Service Coverage Ratio

CSD
Central Security Depository

CSR
Corporate Social Responsibility

CSRD
Corporate Sustainable Reporting Directive

CTO
Chief Transformation Officer

CVA
Credit Value Adjustments

DAC 6
EU Council Directive 2011/16

DEFRA
Department for Environment, Food & Rural Affairs - UK

DEI
Diversity, equity and inclusion

DGS
Deposit Guarantee Scheme

DMA
Double Materiality Assessment

DORA
Digital Operational Resilience Act

DPO
Data Protection Officer

DT
Deferred Tax

DTA
Deferred Tax Asset

DWH
Data Warehouse

EAD
Exposure at Default

EAF
Electric Arc Furnaces

EaR
Earnings at Risk

EBA
European Banking Authority

EBRD
European Bank for Reconstruction and Development

ECB
European Central Bank

ECL
Expected Credit Losses

ECRA
Enterprise Compliance Risk Assessment

eDMS
electronic Document Management System

EEA
European Economic Area

EF
Emission factor

EFRAG
European Financial Reporting Advisory Group

EIB
European Investment Bank

EPC
Energy Performance Certificate

EPS
Earnings Per Share

ESEF
European Single Electronic Format

E&S
Environmental and Social

ESG
Environmental, Social and Governance

ESMS
Environmental and Social Management System

ESRS
European Sustainability Reporting Standards

EU
European Union

EURIBOR
Euro Interbank Offered Rate

EU Taxonomy
Regulation (EU) 2020/852

EV
Electric vehicle

EVE
Economic Value of Equity

EVS
European Valuation Standards

EWS
Early Warning System

EYKA
Education Camp for Financial Literacy

FATCA
Foreign Account Tax Compliance Act

FCA
Financial Conduct Authority

FDI
Foreign Direct Investment

FTE
Full Time Equivalent

FTP
Fund Transfer Pricing

FURS
Financial Administration of the Republic of Slovenia

FVOCI
Fair Value Through Other Comprehensive Income

FVTPL
Fair Value Through Profit or Loss

FX
Foreign Exchange

FY
Financial Year

GAR
Green Asset Ratio

GBF
Green Bond Framework

GDP
Gross Domestic Product

GDPR
General Data Protection Regulation

GDR
Global Depositary Receipts

GenAI
Generative Artificial Intelligence

General Meeting
General Meeting of Shareholders of NLB d.d.

GFANZ
Glasgow Financial Alliance for Net Zero

GGB
Government Guaranteed Bonds

GHG
Greenhouse gases

GLWF
Green Light World Flight

GPA
General Provisions of the Agreement

GRI
Global Reporting Initiative – Sustainability Reporting Standards

GWP AR5
Global warming potential – Fifth Assessment Report

HEV
Hybrid electric vehicles

HHI
Herfindahl-Hirschman Index

HR
Human Resources

HQ
Headquarters

HQLA
High-quality liquid assets

HVAC
Heating, ventilation and airconditioning

IAS
International Accounting Standard

IASB
International Accounting Standards Board

IBOR
Interbank Offered Rate

ICAAP
Internal Capital Adequacy Assessment Process

ICAO
The International Civil Aviation Organization

ICE
Internal Combustion Engine Vehicle

ICMA
International Capital Market Association

ICT
Information and Communication Technology

IEA
International Energy Agency

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standard

IJS
Institute Jožef Stefan

ILAAP
Internal Liquidity Adequacy Assessment Process

ILO
International Labour Organization

IPCC
The Intergovnmental Panel on Climante Change

IRB
Internal ratings-based

IRRBB
Interest Rate Risks for Banking Book

IRO
Impacts, risks and opportunities

IRS
Interest Rate Swaps

ISDA
International Swaps and Derivatives Association

ISIN
International Securities Identification Number

IVS
International Valuation Standards

JST
Joint Supervisory Team

KB
Komercijalna Banka

KDD
Central Securities Clearing Corporation

KPI
Key Performance Indicator

KRI
Key Risk Indicators

KYC
Know Your Client

LCP
Liquidity Contingency Plan

LCR
Liquidity Coverage Ratio

LECL
Lifetime Expected Credit Losses

LGD
Loss Given Default

LIBOR
London Interbank Offered Rate

LJSE
Ljubljana Stock Exchange

LPD
Lifetime Probability of a Default

LRE
Leverage Ratio Exposure

LSE
London Stock Exchange

LTD
Loan-to-Deposit Ratio

LTI
Long-Term Incentive

LTV
Loan-to-Value

LULUCF
The Regulation on land, land use change and forestry (EU) 2018/841

M&A
Mergers and Acquisitions

MA
Master Agreements

Management Board or MB
Management Body of NLB d.d.

MDA
Maximum Distributable Amount

MEEM
Multi-Period Excess Earnings Method

MiFID II
Markets in Financial Instruments Directive

MIGA
Multilateral Investment Guarantee Agency

MPM
Management-Defined Performance Measures

MREL
Minimum Requirement of Own Funds and Eligible Liabilities

MS
Mid-swap

NACE
Statistical Classification of Economic Activities in the European Community

NBRNM
National Bank of the Republic of North Macedonia

NCV
Net caloric value

NFC
Non-Financial Corporation

NFRD
Non-Financial Reporting Directive (2014/95/EU)

NGW
Negative Goodwill, i.e. Gains from Bargain Purchase

NII
Net Interest Income

NLB or the Bank
NLB d.d.

NLB Group
The Group or Group

NPE
Non-Performing Exposures

NPL
Non-Performing Loans

NPS
Net Promoter Score

NPV
Net Present Value

NSFR
Net stable funding ratio

NZBA
Net-Zero Banking Alliance

NZE
Net zero emissions

OBM
Operational Business Margin

OCI
Other Comprehensive Income

OCR
Overall Capital Requirement

OECD
Organisation for Economic Co-operation and Development

OECD CRS
OECD Common Reporting Standards

OEM
Original Exposure Method

OHS
Occupational health and safety management system

OPEX
Operational Expenditure

O-SII
Other Systemically Important Institutions

OU
Organisational Units

PACI
Partnering Against Corruption Inititave

PCAF
Partnership for Carbon Accounting Financials

PHEV
Plug-in hybrid electric vehicle

p.p.
Percentage Point(s)

PPA
Power Purchase Agreement

PPP
Purchase Power Parity

P1R
Pillar 1 Requirement

P2G
Pillar 2 Guidance

P2R
Pillar 2 Requirements

PD
Probability of Default

PeP
Politically Exposed Person

PPA
Power Purchase Agreement

POCI
Purchased or Originated Credit-Impaired

POS
Point of Sale

PSD2
Payments Services Directive

RCP
Representative Concentration Pathway

RE
Real Estate

REAM
Real Estate Asset Management

RES
Renewable Energy Sources

RFP
Request for proposal

RFR
Risk-Free Rates

RICO
Risk Committee

RICS
Royal Institution of Chartered Surveyors

ROA
Return on Assets

ROE
Return on Equity

RORAC
Return On Risk-Adjusted Capital

RoS
Republic of Slovenia

RRE
Residential Real Estate

RSD
Serbian dinar

RTSR
Relative Total Shareholder Return

RWA
Risk Weighted Assets

SASB
Renewable Energy Sources

SBITOP
Slovenian Blue-chip Index

SBTi
Science-based targets

SDA
Slovenian Directors' Association

SDK
Standardna klasifikacija dejavnosti (Standard Classification of Activities – Slovenia)

SEE
South-Eastern Europe

SEPA
Single Euro Payment Area

SFRD
Sustainable Finance Disclosure Regulation Regulation (EU) 2019/2088

SICR
Significant Increase of Credit Risk

SMA
Security Market Agency

SME
Small and Medium-sized Enterprises

SPPI
Solely Payment of Principal and Interest

SREP
Supervisory Review and Evaluation Process

SSH
Slovenian Sovereign Holding

STI
Short-Term Incentive

SSM
Single Supervisory Mechanism

Supervisory Board or SB
Supervisory Board of NLB d.d.

T1
Tier 1

TCR
Total Capital Ratio

tCO_2eq
tonnes of CO_2 equivalent

TCFD
Task force on Climate-Related Financial Disclosures

TNFD
Taskforce on Nature-related Financial Disclosures

tNPS
transactional Net Promoter Score

TRC
Total Rental Costs

TREA
Total Risk exposure Amount

TSCR
Total SREP Capital Requirement

UN
United Nations

UNEP FI
United Nations Environment Programme Finance Initiative

UN PRB
United Nations Principles for Responsible Banking

UN PRI
United Nations Principles for Responsible Investment

UN SDG
United Nations Sustainable Development Goals

VaR
Value-at-Risk

VAT
Value Added Tax

WEF
World Economic Forum

WEO 22
World Energy Outlook 2022

Workers' Council
Workers' Council of NLB d.d.

WTT
Well-to-tank emissions

ZBan-3
Slovenian Banking Act

ZEO
Zero-energy building

ZGD-1
Companies Act (Zakon o gospodarskih družbah)

ZGD-1M
Companies Act (Zakon o gospodarskih družbah) - Amendment M

ZTFI-1
Financial Instruments Market Act

ZVKNNLB
Slovenian Act for Value Protection of Republic of Slovenia's Capital Investment in Nova Ljubljanska banka d.d., Ljubljana

NLB d.d., Ljubljana
nlb.si

NLB d.d.

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Archive of NLB and Archives of Sports Associations and Clubs

Ljubljana, April 2025

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