Here We are a Part of Something Bigger

NLB Group Interim Report January – March 2025

Contents

Overview

This is where our community thrives.

NLB Group Key Members Overview

NLB Group and banks

		Slovenia	Serbia	N. Macedonia	BiH		Kosovo	Montenegro
	NLB Group	NLB, Ljubljana	NLB Komercijalna Banka, Beograd	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica
Profit after tax (in EUR millions)	125.8	61.6	43.9	12.8	6.7	3.4	8.6	5.7
Total assets (in EUR millions)	28,678.5	17,728.4	5,586.4	2,081.7	1,209.2	1,010.4	1,480.0	1,021.9
RoE a.t.	15.3%	9.6%	19.8%	15.5%	20.1%	12.0%	20.3%	18.7%
Net interest margin	3.46%	2.64%	4.45%	3.86%	3.38%	3.00%	3.67%	4.62%
CIR (cost/income ratio)(i)	46.7%	46.8%	36.5%	39.7%	41.4%	56.4%	31.0%	47.8%
LTD	76.6%	72.7%	75.1%	87.2%	70.5%	80.4%	91.6%	87.5%
NPL ratio	1.6%	1.4%	0.5%	2.0%	0.8%	1.9%	1.4%	1.9%
Branches (#)	387	69	140	48	40	34	35	21
Active clients (#)	2,922,752	728,037	1,044,726	468,913	211,039	132,459	242,985	94,593
Market share by total assets	/	32.1%	10.0%(iii)	15.9%(ii)	21.2%(ii)	6.1%(ii)	17.5%	14.3%

(i) Tax on balance sheet excluded from calculation.
(ii) Market share as at 31 December 2024.
(iii) In 2025, a change of methodology by the Central Bank of Serbia.

Leasing companies

	Slovenia		Croatia	Serbia	N. Macedonia
	NLB Lease&Go, leasing, Ljubljana	Summit Leasing Slovenija, Ljubljana	Mobil Leasing, Zagreb	NLB Lease&Go Leasing Beograd	NLB Lease&Go Skopje
Profit after tax (million EUR)	0.3	1.8	0.5	0.2	-0.1
Total assets (million EUR)	355.5	919.6	138.8	136.0	26.8
Market share by total assets(i)	11.3%(ii)	27.9%(ii)	3.2%(ii)	7.9%	n.a.

(i) 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.
(ii) Market share as at 31 December 2024.

Asset Management companies

	Slovenia	Serbia	N. Macedonia
	NLB Skladi, Ljubljana	NLB Fondovi, Beograd	NLB Fondovi, Skopje
Profit after tax (million EUR)	3.8	-0.1	0.0
Assets under management (million EUR)	3,027.5	61.4	76.0
Market share of assets under management in mutual funds	41.7%	3.5%	19.2%

NLB Group at a Glance

Key Highlights

Financial Performance **Increased loan volumes, growing leasing and AuM businesses support the Group's results.**	• In the first three months of 2024, the Group generated EUR 125.8 million in **profit after tax**, reflecting a 10% YoY decrease. • **Net interest income** rose by 1% YoY, but decreased by 3% QoQ. The YoY rise in interest income was driven by the SLS Group acquisition, while the QoQ decline primarily reflected the lower number of days and, additionally, falling interest rates despite higher loan volumes. The **net interest margin** was lower by 0.27 p.p. YoY at 3.46% due to the declining ECB's key interest rate. • The Group's **gross loans to customers** increased by EUR 574.5 million or 3% YtD and EUR 3,098.8 million or 22% YoY, with EUR 987.1 million attributable to the SLS Group, acquired at the end of Q3 2024. Excluding the acquisition, the Group recorded a YoY growth of 15% in gross loans. • The **deposit base** decreased slightly by EUR 127.4 million YtD but increased by EUR 1,607.1 million YoY, with 67% of that growth attributable to deposits from individuals. • The **net fee and commission income** increased by 8% YoY, normalised for the renegotiated conditions with service providers in Q2 2024, mostly due to the repricing and higher income from investment funds and bancassurance. • **Total costs** grew by EUR 13.7 million or 11% YoY, excluding a EUR 7.7 million contribution from the acquired SLS Group. A further normalisation of costs, after excluding other non-recurring costs, would lead to the cost base growth of 9%. A EUR 7.2 million normalised increase in employee costs was primarily due to salary adjustments. Meanwhile, a EUR 4.9 million normalised increase in other general and administrative expenses was largely related to the non-recurring costs and IT expenditures.
Business Overview **The leading player in SEE, driving sustainable growth through digital innovation and strategic expansion.**	• A **robust** and **universal business model** with a strategic emphasis on digitalisation and sustainability to ensure long-term value for clients. • Striving to be the **regional champion**, driving growth and stability across all markets of operation. • The Group demonstrates a clear ambition for **sustainable growth**, with a **strategic focus on Retail, Corporate & Investment Banking, and Payments,** enabled by **operating platform enhancements** and a transition to a **fully digital business model,** leveraging advanced technologies. • Enhanced **digital customer experience**, offering a comprehensive range of 24/7 digital solutions. • **Strategic focus on leasing and asset management** marked by a major milestone in 2024 through the acquisition of the SLS Group in Slovenia and Croatia; full integration is planned for June/July 2025.
Asset Quality **Good asset quality trends with a well-diversified portfolio, prudent credit standards and a decisive workout approach.**	• A well-diversified, stable, and robust **credit portfolio quality** with a substantial share of the retail segment and no large concentration in any specific industry or client segment. Increased lending activity also contributed to the growth in the corporate loan portfolio in Q1 2025. • The portfolio quality remains stable with a dominant share of Stage 1 exposures. Low **NPEs** (EBA def.) of 1.1% with a very comfortable NPL coverage ratio 2 of 64.9%. The Group carefully monitors potentially vulnerable segments to identify any significant increase in credit risk at a very early stage. • In Q1 2025, **net impairments and provisions** for credit risk were established in the amount of EUR 14.5 million. Repayments of written-off receivables amounted EUR 5.4 million, while established provisions refer to new financing, transfers between stages due to credit quality deterioration of certain clients, and increased coverage of retail NPLs. • The **cost of risk** stands at 37 bps, remaining within the outlook range for 2025.

Capital, Liquidity & Funding

Capital and liquidity position ensuring capital return and continued growth opportunities.

- The **capital position** remained solid and exceeded all regulatory requirements (CET1 stood at 15.4%, Tier 1 at 15.9%, and TCR at 18.8%).
- The Bank issued EUR 500 million **senior preferred notes** for building MREL capacity.
- The **liquidity position** of the Group remained very strong, with a high level of unencumbered liquid assets in total assets (32.6%), mainly consisting of placements with the ECB and prime debt securities.
- The Group's **deposits from private individuals** represent the major and most stable funding source. 80% of retail deposits and 66% of total deposits are insured by deposit guarantee schemes. Deposits from private individuals were growing (a 1% YtD and 7% YoY growth), demonstrating strong client confidence in the Group.
- A very comfortable level of **LTD** at 76.6% gives the Group plenty of growth potential.

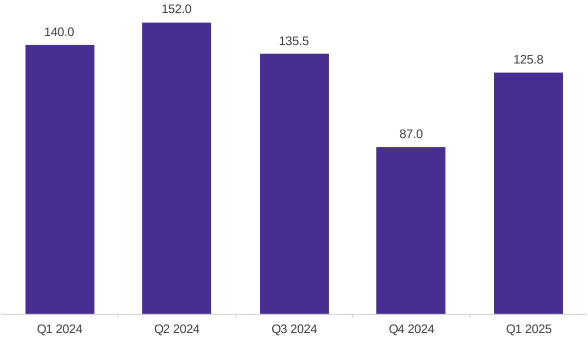
Outlook

Reaffirmed 2025 guidance.

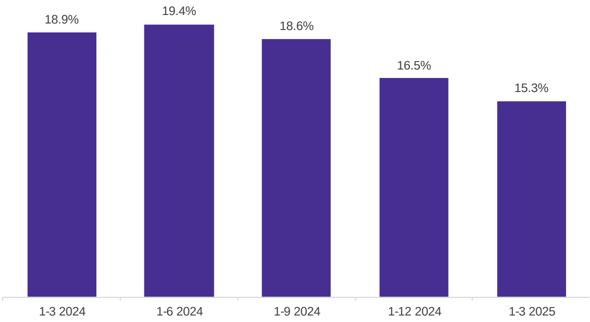
- **Loan growth in 2025** is expected to stay at high single-digit level.
- **Recurring revenues** are projected to remain stable at around EUR 1,200 million, supported by loan growth offsetting lower rates.
- **CIR** for 2025 is projected at around 48%, with deliberate transitory investments into IT to accelerate the Group's digital capabilities.
- **ROE a.t. and ROE normalised** are aligning with guidance of around 15% and more than 20%, respectively.
- In 2025, the Bank is planning to distribute 50% of 2024 profit in **dividends** in two tranches, with EUR 6.43 gross per share proposed for June.
- **Cost of risk** guidance remains in the 30 to 50 basis points range.

Key Figures

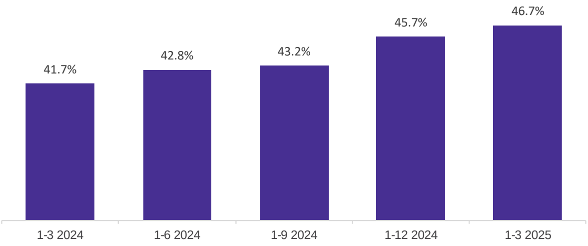
Profit a.t. - quarterly (in EUR millions)



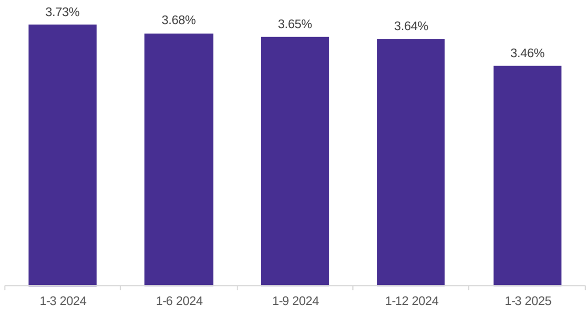
ROE a.t. (in %)



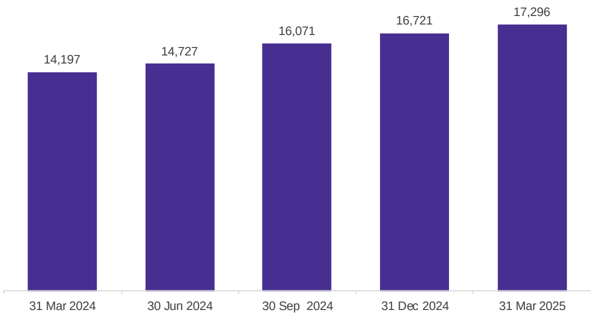
Cost to income ratio - CIR (in %)(i)



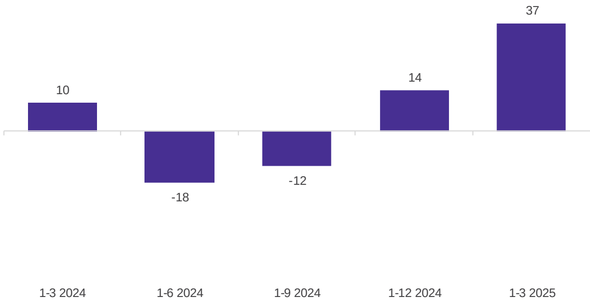
Net interest margin (in %)



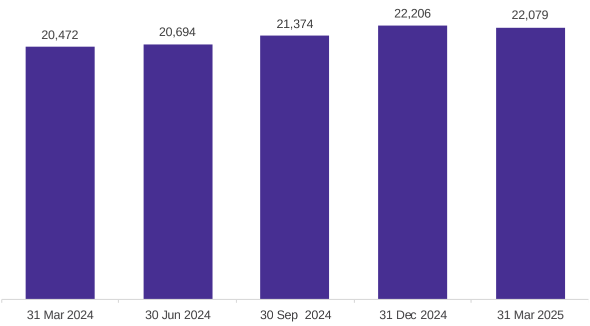
Loans to customers (in EUR millions)



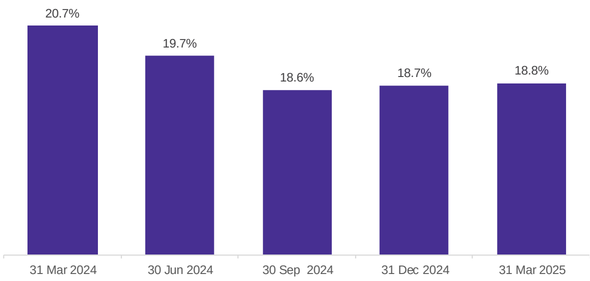
Cost of risk net (in bps)



Deposits from customers (in EUR millions)



Total capital ratio (in %)



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

Key Financial Indicators

Table 1: Key Financial Indicators of the NLB Group

in EUR millions / % / bps

	1-3 2025	1-3 2024	Change YoY	Q1 2025	Q4 2024	Q1 2024	Change QoQ
Key Income Statement Data							
Net operating income	312.2	298.1	5%	312.2	320.8	298.1	-3%
Net interest income	233.9	232.2	1%	233.9	240.0	232.2	-3%
Net non-interest income	78.3	65.9	19%	78.3	80.8	65.9	-3%
Total costs	-145.7	-124.3	-17%	-145.7	-169.8	-124.3	14%
Tax on balance sheet	-8.1	-8.1	0%	-8.1	-8.6	-8.1	6%
Result before impairments and provisions	158.5	165.8	-4%	158.5	142.3	165.8	11%
Impairments and provisions	-12.2	-4.7	-162%	-12.2	-45.3	-4.7	73%
Impairments and provisions for credit risk	-14.5	-4.4	-	-14.5	-32.9	-4.4	56%
Other impairments and provisions	2.3	-0.3	-	2.3	-12.4	-0.3	-
Result after tax	125.8	140.0	-10%	125.8	87.0	140.0	45%

	1-3 2025	1-3 2024	Change YoY
Key Financial Indicators			
Return on equity after tax (ROE a.t.)	15.3%	18.9%	-3.6 p.p.
Return on equity after tax (ROE a.t.) normalized(i)	21.4%	29.2%	-7.8 p.p.
Return on assets after tax (ROA a.t.)	1.8%	2.2%	-0.4 p.p.
Net interest margin (on interest bearing assets)	3.46%	3.73%	-0.27 p.p.
Net interest margin (on total assets - BoS ratio)	3.33%	3.60%	-0.27 p.p.
Operational business margin(ii)	4.72%	4.98%	-0.26 p.p.
Cost to income ratio (CIR)(iii)	46.7%	44.4%	2.3 p.p.
Cost of risk net (bps)(iv)	37	10	27

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD	Change YoY
Key Financial Position Statement Data					
Total assets	28,678.5	28,035.4	26,025.7	2%	10%
Gross loans to customers	17,295.9	16,721.4	14,197.1	3%	22%
Net loans to customers	16,923.3	16,363.6	13,859.9	3%	22%
Deposits from customers	22,078.9	22,206.3	20,471.5	-1%	8%
Equity (without non-controlling interests)	3,356.2	3,226.0	3,035.6	4%	11%
Other Key Financial Indicators					
LTD(v)	76.6%	73.7%	67.7%	3.0 p.p.	8.9 p.p.
Common Equity Tier 1 Ratio	15.4%	15.3%	16.3%	0.1 p.p.	-0.9 p.p.
Tier 1 Ratio	15.9%	15.8%	16.9%	0.1 p.p.	-1.0 p.p.
Total capital ratio	18.8%	18.7%	20.7%	0.1 p.p.	-1.9 p.p.
Total risk exposure amount (RWA)	18,099.7	18,216.1	15,427.8	-1%	17%
NPL volume(vi)	333.4	330.5	306.6	1 %	9 %
NPL coverage ratio 1(vii)	112.1%	108.7%	110.5%	3.4 p.p.	1.7 p.p.
NPL coverage ratio 2(viii)	64.9%	62.7%	64.8%	2.2 p.p.	0.1 p.p.
NPL ratio (internal def.)(ix)	1.6%	1.6%	1.6%	0.0 p.p.	0.0 p.p.
Net NPL ratio (internal def.)(x)	0.6%	0.6%	0.6%	-0.1 p.p.	0.0 p.p.
NPL ratio (EBA def.)(xi)	1.9%	2.0%	2.2%	-0.1 p.p.	-0.2 p.p.
NPE ratio (EBA def.)(xii)	1.1%	1.1%	1.1%	0.0 p.p.	0.0 p.p.
Employees					
Number of employees	8,292	8,322	7,999	-30	293

International credit ratings NLB	31 Mar 2025	31 Dec 2024	Outlook
Standard & Poor's	BBB	BBB	Stable
Moody's	A3	A3	Positive

(i) Result a.t. divided by average risk adjusted capital. Average risk adjusted capital computed as Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution.
(ii) Operational business net income annualised / average assets.
(iii) Tax on the balance sheet excluded from the calculation.
(iv) CoR = credit impairments and provisions (annualised level) / average net loans to customers. Credit impairments and provisions include impairments on loans from customers and provisions for off balance.
(v) Loan-to-Deposit Ratio (LTD) = net loans to customers / deposits from customers.
(vi) Non-performing loans include loans to D- and E-rated clients, i.e. loans at least 90 days past due or loans unlikely to be repaid without recourse to collateral (before deduction of loan loss allowances).
(vii) Coverage of gross non-performing loans with impairments for all loans.
(viii) Coverage of gross non-performing loans with impairments for non-performing loans.
(ix) Non-Performing Loans (NPL) ratio as per internal definition is calculated as follows: (i) Numerator: total gross non-performing loans; (ii) Denominator: total gross loans.
(x) Net NPL ratio as per internal definition is calculated as follows: (i) Numerator: net non-performing loans; (ii) Denominator: total net loans.
(xi) NPL ratio as per EBA definition is calculated as follows: (i) Numerator: gross volume of non-performing loans and advances in Finrep 18 without loans held for sale, cash balances at central banks and other demand deposits; (ii) Denominator: gross volume of loans and advances in Finrep 18 without loans held for sale, cash balances at central banks and other demand deposits.
(xii) Non-Performing Exposures (NPE) ratio as per EBA definition is calculated as follows: (i) Numerator: total non-performing exposure in Finrep 18; (ii) Denominator: total exposures in Finrep 18.

Key Events

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

January

- **Issuance of senior preferred notes:** On 21 January 2025, NLB issued new 4NC3 senior preferred notes of EUR 500 million to meet its MREL requirements (ISIN: XS2972971399).
- **Top Employer certificate:** The Top Employers Institute awarded the Bank the prestigious Top Employer certificate for the 10th consecutive year.

February

- **Early redemption of notes:** 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).
- **New member of the NLB's Management Board:** The Supervisory Board of NLB, upon the recommendation from the Management Board, appointed Reinhard Höll as the seventh member of the Management Board. Subject to the necessary approvals, he will assume the role of a Chief Transformation Officer (CTO), overseeing the acceleration of the mobile/digital-first business model transition of NLB and its Group members.
- **Establishment of NLB Car&Go:** Following the successful acquisition of the online vehicle sales platform doberavto.si, the NLB Group established the NLB Car&Go company as a fully owned subsidiary of NLB Lease&Go, leasing, Ljubljana.

March

- **MREL requirement:** NLB received the decision of the Bank of Slovenia relating to the MREL requirement, which replaces the previous decision from the BoS. NLB must comply with the MREL requirement on a consolidated basis at the NLB Resolution Group, consisting of NLB 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 BoS decision on the MREL requirement from December 2023, which amounted to 30.66% of TREA (excluding CBR) and 10.69% of the LRE.
- **MUZA Gallery:** The new gallery MUZA, operating under the auspices of NLB, has officially opened its doors. The NLB Art Collection, which is considered to be the largest private art collection in Slovenia, will now also be open to the general public.

Macroeconomic Environment

Macroeconomic Summary

During the first three months of 2025, the global economy experienced several significant developments, with a major focus on the enactment of new U.S. tariffs. These changes, spearheaded by President Donald Trump, reflected his strategy of using tariffs as a bargaining tool in international trade. In early April, Trump announced a substantial shift in tariffs targeting key trading partners based on the U.S. trade deficit with each country. A 20% tariff on EU imports was proposed, though its implementation was postponed by 90 days to allow time for negotiations. In contrast, tariffs on Chinese imports initially rose to 34%. Following retaliatory measures by China, the U.S. further increased the tariffs to 145%, although several exemptions — mainly affecting the tech sector — softened the overall impact. The U.S. real GDP grew at a rate of 2.4% YoY in Q4 2024, slightly below the previous quarter's growth (of 3.1% YoY), as the momentum was supported by strong consumer spending and business investments. The U.S. small-business confidence dropped for a third straight month in March, eroding most of the gains that followed President Donald Trump's election amid rising concerns over the administration's trade policy. Inflation continued to be a concern, with the CPI rising at a rate of 2.8% YoY in February (down from 3.0% YoY in January 2025), as oil prices fell, but food prices accelerated slightly. The Federal Reserve maintained a tight monetary policy to manage inflation, keeping the federal funds rate between 4.25% and 4.50% so far in 2025. The job market remained robust, with the unemployment rate holding near historic lows. Overall, household consumption exhibited resilience, supported by a robust labour market and declining rates of inflation growth, despite some caution in discretionary spending.

Citing a highly uncertain outlook partly due to President Donald Trump's new tariffs, Federal Reserve Chair Jerome Powell indicated the central bank will wait for greater clarity before considering any adjustments to interest rates. The FED's decisions to maintain the interest rates at 4.5% reflect a cautious approach to monetary policy, aiming to balance economic growth with inflation control. The FED chief noted that the central bank is obligated to keep longer-term inflation expectations well anchored. However, they were not able to quantify the size of the effects the enactment of tariffs would spur nor how long it would take for them to pass through fully to prices. Fittingly, *uncertainty* was the word that appeared the most times in the Federal Open Market Committee Meeting Minutes.

Euro area

The GDP sped to 1.2% YoY in Q4 2024, reaching the fastest growth rate in 2024. The added momentum was driven mainly by household consumption, likewise, reaching its highest growth rate of the year at 1.5% YoY. Government consumption slowed marginally from the previous two quarters, while gross fixed capital formation contracted by -2.1% YoY (faster than in Q3 but slower than in Q2 2024). The savings rate clocked in at 15.3%, the same as in Q3 and Q1 but above the average of the previous two years. The investment rate stood at 9.1%, the same as in Q3, while the gross disposable income rose by 1.0% QoQ, up from 0.8% QoQ in Q3. On a positive note, gross fixed capital formation rose by 0.7% QoQ after spending the previous four quarters in contraction. Overall, household consumption exhibited steady growth, supported by stable incomes and a tight labour market.

The volume of retail trade has shown flat growth, with a slight dip in January followed by a recovery in February. This trend suggests resilient consumer demand, supported by improving disposable incomes and seasonal factors. Annual inflation rates have slightly decreased, with the HICP dropping from 2.5% in January 2025 to 2.2% in March 2025. This moderation is driven by lower energy prices, which have seen significant negative growth rates, a slight easing in core inflation components (2.4% YoY in March) and the slower growth in prices of services (3.4% YoY and -0.5 p.p. from January 2025). The developments in services inflation were hardly attributable to wage growth, which continued to increase over the course of last year. However, companies seem to find it increasingly difficult to pass these higher costs on to their customers in light of the persistently weak economy. The industrial production data indicates mixed trends across different sectors. Total industry saw a slight improvement in January 2025, while intermediate goods and energy sectors continued to struggle. The decline in energy production, reflects ongoing challenges in energy supply and higher costs. Capital goods also faced persistent declines, likely due to reduced investment in machinery and equipment. The steady increase of ESI from 95.3 in January to 96.8 in March suggests improving confidence among businesses and consumers. This rise can be attributed to positive economic outlooks, easing inflationary pressures, and expectations of stable growth. The euro area private sector growth accelerated to a seven-month high in March, adding to hopes of recovery in the currency bloc as the fiscal support planned by Germany is more likely to offset the threats caused by the U.S. tariffs, as the composite PMI ticked up to 50.9 in March 2025 from 50.2 in February. It remained in the expansion territory for the third successive month and signalled the fastest growth since August last year. Growth rates accelerated in both manufacturing (first time in two years, but a significant part of this improvement may have to do with the frontloading of orders from the U.S. ahead of the tariffs, which means some backlash is to be expected in the coming months) and services sectors, a much better outlook than at the end of the year. However, the tariffs could change this course again. That's why the fiscal package planned by the euro area's largest economy is a welcome counterweight aimed at supporting the defence and construction industries but could also indirectly benefit the service sector. The unemployment changed little, it stood at 6.2% in January 2025 and 6.1% in February, as the labour market remains tight.

In March 2025, the ECB cut interest rates for the fifth policy session in a row (the second time this year) and lowered the deposit rate by 25 bps to 2.5%, and again in April, bringing the deposit rate to 2.25%. It is lowest level since February 2023. The bank had signalled a pause in the easing cycle as the policy was deemed less restrictive. The combination of U.S. tariffs and retaliation measures could also pose upside risks to inflation, especially in the near term. Hence, policymakers considered the need for caution in policy-setting and communication due to high levels of uncertainty, including in relation to trade policies, fiscal policy developments, sticky services, and domestic inflation. The governing council appeared worried about the impact of the looming trade tariffs and the high uncertainty on the euro area's economic growth. There are likely shocks on the horizon, including escalating trade tensions and uncertainty more generally, which could significantly weigh on growth and increase the risk of undershooting the inflation target in the medium term.

The euro area household loans grew by 1.5% YoY in February, registering a gradual increase from the end of the previous year. As the economy recovers from previous downturns, consumer confidence improves, leading to increased borrowing, while lower interest rates make borrowing more attractive for households. The growth of loans to NFCs showed an increase (to 2.2% YoY in February). Faster growth of the economy in Q4, the talks about the ReArm Plan, and lowering interest rates made businesses seek more financing to invest in growth opportunities. Household deposit growth rates sped up marginally compared to the end of 2024, while the NFC deposit growth rates increased by a slightly bigger margin (+3.8% YoY in February), which is probably a reflection of faster GDP growth in Q4, and NFCs focusing on maintaining higher liquidity levels to manage uncertainties and potential future investments.

Slovenia and Markets of the NLB Region

In **Slovenia**, annual GDP growth edged down in Q4 amid softer momentum in private consumption, public spending and exports. Turning to Q1 2025, GDP growth has inched up from Q4. Past rate cuts, EU fund inflows and higher public sector wages — part of a EUR 1.3 billion remuneration reform — should have bolstered domestic demand. Available data supports this forecast for GDP growth: In January, industrial output growth improved compared to Q4, merchandise exports remained supportive, and retail sales rebounded. On a less positive note, economic sentiment remained downbeat through March. In other news, in March, U.S. President Trump announced 25% import tariffs on cars and car components from 2 April, boding ill for the pivotal automotive sector in Slovenia and, in turn, for exports and industrial production. Industrial output rose to 3.5% year on year in January (December: +0.9% YoY), marking the best reading since August 2024. The upturn largely reflected stronger readings in manufacturing output and energy supply. HICP dropped to 1.9% in February, down from January's 2.3%. Looking at the details of the release, the fall reflected a drop in housing and utilities prices and softer price pressures for transportation costs. Meanwhile, price pressures for food and non-alcoholic beverages increased. Economic sentiment rose to 98.6 in March from February's 97.5, marking the best result since May 2022. As a result, the index remained below the long-term average of 100, pointing to a muted near-term outlook for the economy. After a jump to 4.4% in Q3, the unemployment rate fell back to 3.5% in Q4 2024, as the job market remains tight.

After clocking 3.3% for the second successive quarter in Q4, YoY GDP growth in **Serbia** should have remained broadly stable in Q1 2025. Nonetheless, the data at hand points to downside risks to this projection. Economic sentiment weakened in Q1 from Q4 as anti-government protests spread throughout the country, causing the government to collapse. Moreover, from January to February, both industrial output and goods exports shrank, while retail sales lost steam. In February 2025, inflation fell to 4.5% from January's 4.6%, driven by easing price pressures for hospitality, housing and utilities, and transport. In politics, on 19 March, Parliament formally approved the resignation of Prime Minister Milos Vucevic. In either case, the ruling Serbian Progressive Party (SNS) is expected to remain the leading party in a government coalition.

In **North Macedonia**, YoY GDP growth accelerated in Q4 2024 from Q3 due to a larger expansion in total investment, likely thanks to the start of interest rate cuts in late Q3. Turning to Q1 2025, the data at hand points to upbeat activity. Industrial output rebounded in January–February, and merchandise exports rebounded in January. That said, retail sales shrank sharply during the month, though mainly due to a high base of comparison. Moreover, economic sentiment turned pessimistic in February–March, hinting that the economy lost steam at the end of Q1. Inflation edged up to 5.0% in February from January's 4.9% due to stronger price pressures for food, housing, and utilities. In March 2025, however, the price growth subsided to 2.7% YoY, largely on account of lower prices of food and transport. In other news, in March, a fire at a nightclub linked to bribery and corruption allegations wounded hundreds and several fatally, which led to nationwide protests. In response, the government has already cancelled nearly 500 building licenses, which bodes well for safety and the rule of law but could dent construction activity in the near term.

In **Bosnia and Herzegovina**, the annual GDP growth fell to 2.5% in Q4 from Q3's 2.6%. The downtick was driven by a slowdown in domestic demand, with total investment plus private and public consumption expanding at weaker rates. On the flip side, exports rebounded. Shifting to Q1 2025, our panel sees GDP growth near that of H2 2024. Nonetheless, January–February data is mixed: Goods exports gained traction, while industrial production fell after stagnating in Q4, and retail sales swung into contraction. Inflation increased to 3.5% in February from 3.3% in January due to a faster price increase for food and non-alcoholic beverages. Meanwhile, political tensions within the country continued to rise, as in March, a Bosnian court issued an international arrest warrant for Milorad Dodik, president of the autonomous Republika Srpska, who was recently sentenced to jail for defying orders from an international peace envoy.

In **Kosovo**, the YoY economic growth came in at 4.1% in Q4 2024, matching Q3's outturn but remaining slightly below the long-run trend. Private consumption rose faster, aided by healthier remittance inflows and lower inflation. Moreover, growth in total investment and goods and services exports accelerated. On the flip side, public spending swung into contraction. Shifting to Q1 2025, the data suggests the economy is losing some steam. Merchandise exports declined in January–February after rising in Q4, and growth in remittances inflows cooled over the same two-month period. Harmonised inflation edged up to 1.7% in February from January's 1.5% due to stronger price pressures for food and more minor fall in housing prices. In other news, in late March, the country reached a staff-level agreement with the IMF to disburse around EUR 25 million, the combined final tranche of two funding programmes. The fund encouraged Kosovo to continue implementing prudent fiscal policies going forward.

In **Montenegro**, the economic growth accelerated from Q3 2.6% YoY to Q4 2.9% YoY due to a rebound in exports and a larger expansion in household consumption. That said, both fixed investment and public spending kicked into a lower gear. Shifting to Q1 2025, the data at hand indicates that momentum cooled. Economic sentiment moderated from Q4's level in Q1, hampered by weaker confidence in the construction sector and renewed pessimism among consumers; retail sales growth roughly halved in January relative to Q1 as inflation rose in January to 2.8% YoY and remained stable in February as stronger price pressures for housing offset a more minor increase in prices for food and transportation. Moreover, industrial output and goods exports fell from January to February after rising in Q4. On a more positive note, tourist arrivals grew faster over the same two-month period than in Q4. In other news, in March, the country signed tourism and real estate deals with the UAE worth around EUR 30 billion; this bodes well for investment and economic activity in the long run.

Table 2: Movement of key macroeconomic indicators in the euro area and the NLB Group region

	GDP (growth rate in %)						Average inflation (in %, aop)						Unemployment rate (in %, aop)		
	YoY			QoQ			YoY			MoM					
	Q4 2024	Q3 2024	Q2 2024	Q4 2024	Q3 2024	Q2 2024	Mar 2025	Feb 2025	Jan 2025	Mar 2025	Feb 2025	Jan 2025	Q4 2024	Q3 2024	Q2 2024
Euro area	1.2	1.3	0.7	0.2	0.4	0.2	2.2	2.3	2.5	0.6	0.4	-0.3	6.1	6.2	6.3
Slovenia	1.5	1.6	0.9	0.6	0.4	0.1	2.2	1.9	2.3	0.8	0.2	-0.3	3.5	4.4	3.4
BiH	2.5	2.6	2.3	0.8	0.8	0.7	-	3.5	3.3	-	1.6	3.3	11.7	12.2	13.3
Montenegro	2.9	2.6	2.7	-	-	-	-	2.8	2.8	-	0.4	1.2	11.6	11.0	11.4
N. Macedonia	3.2	3.0	2.8	0.8	0.7	1.1	2.7	5.0	4.9	-1.3	0.5	0.2	11.9	12.3	12.5
Serbia	3.3	3.3	4.4	1.1	0.5	1.2	-	4.5	4.6	-	0.5	0.6	8.6	8.1	8.2
Kosovo	4.1	4.1	4.2	-	-	-	-	1.7	1.5	-	0.4	0.7	-	-	-

Source: Statistical offices, NLB ALM.

Note: Real GDP growth rates are seasonally adjusted; HICP inflation is for the euro area and Slovenia.

Business Report

Overview of Financial Performance

The Group's profit after tax reached EUR 125.8 million, which is EUR 14.2 million or 10% lower YoY. Profit before impairments and provisions stood at EUR 158.5 million, reflecting a 4% YoY decrease. Increased costs were primarily due to the acquisitions of the SLS Group and asset management business in North Macedonia, some one-off new strategy implementation related investments and other non-recurring costs, as well as a more significant adjustment of remuneration of a broader talent pool in a tail environment of the region wide wage inflation. The gradual normalisation of CoR led to higher impairments and provisions for credit risk, affecting the bottom-line, yet staying on the lower end of the guided range.

The following key factors drove the Group's three-month result:
- The Group's **gross loans** to customers increased by EUR 3,098.8 million or 22% YoY, with EUR 987.1 million attributable to the SLS Group, acquired at the end of Q3 2024. Excluding the acquisition, the Group recorded a YoY growth of 15% in gross loans.
- The **deposit base** declined by EUR 127.4 million YtD but increased by EUR 1,607.1 million YoY, with 67% of the YoY growth attributable to deposits from individuals.
- Healthy loan demand, along with the increased volume from the SLS acquisition, increased securities portfolio, and higher yields on that portfolio contributed to a 2% YoY rise in **interest income** despite lower interest rates. On the other hand, higher cost of funding due to wholesale funding and increased volume of deposits resulted in a 9% YoY increase in interest expenses. Consequently, the **net interest margin** declined by 0.27 pp YoY to 3.46%.
- **Net interest income sensitivity** simulated by a 100-bps immediate parallel downward shift in interest rates, results in EUR -67.2 million or -2.34% of the T1 capital, an improvement of EUR 3.6 million or 13 bps in 2025.
- **Net fee and commission income** recorded a 8% YoY growth, normalised for the renegotiated conditions with service providers in Q2 2024, primarily driven by the repricing, as well as higher income from investment funds and bancassurance.
- **Total costs** grew by EUR 13.7 million or 11% YoY, excluding a EUR 7.7 million contribution from the acquired SLS Group. A further normalisation of costs after excluding other non-recurring costs would lead to the cost base growth of 9%. A normalised increase of EUR 7.2 million in employee costs was primarily due to salary adjustments. Additionally, a normalised increase of EUR 4.9 million in other general and administrative expenses was mostly due to the non-recurring costs and IT expenditures.
- The Group closely monitors 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. The Group's **cost of risk** stands at 37 bps. **Net established impairments and provisions** for credit risk in Q1 2025 amounted to EUR 14.5 million. The established impairments derive from new financing and portfolio deterioration (transfer to Stages 2 and 3 and increased coverage of NPLs in the retail segment). In contrast, repayments of written-off receivables contributed to a lower total impact.
- A sound financial position was confirmed by a robust **Total Capital Ratio** (TCR) of 18.8%, well above requirements.

Income Statement

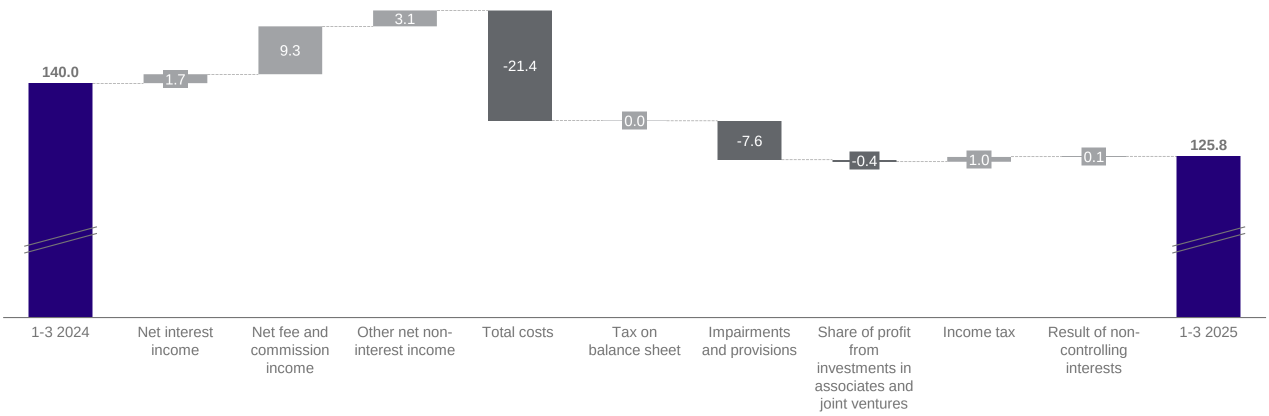
Table 3: Income statement of the NLB Group(i)

in EUR millions

	1-3 2025	1-3 2024	Change YoY		Q1 2025	Q4 2024	Q1 2024	Change QoQ	
Net interest income	233.9	232.2	1.7	1%	233.9	240.0	232.2	-6.1	-3%
Net fee and commission income	80.4	71.1	9.3	13%	80.4	81.0	71.1	-0.6	-1%
Dividend income	0.0	0.0	0.0	6%	0.0	0.0	0.0	0.0	0%
Net income from financial transactions	7.5	9.8	-2.3	-24%	7.5	2.8	9.8	4.7	170%
Net other income	-9.6	-15.0	5.4	36%	-9.6	-3.0	-15.0	-6.6	-
Net non-interest income	78.3	65.9	12.4	19%	78.3	80.8	65.9	-2.5	-3%
Total net operating income	**312.2**	**298.1**	**14.1**	**5%**	**312.2**	**320.8**	**298.1**	**-8.6**	**-3%**
Employee costs	-82.6	-72.2	-10.3	-14%	-82.6	-95.7	-72.2	13.1	14%
Other general and administrative expenses	-46.2	-39.0	-7.2	-19%	-46.2	-58.3	-39.0	12.1	21%
Depreciation and amortisation	-16.9	-13.1	-3.8	-29%	-16.9	-15.9	-13.1	-1.0	-6%
Total costs	-145.7	-124.3	-21.4	-17%	-145.7	-169.8	-124.3	24.2	14%
Tax on balance sheet	-8.1	-8.1	0.0	0%	-8.1	-8.6	-8.1	0.6	6%
Result before impairments and provisions	**158.5**	**165.8**	**-7.3**	**-4%**	**158.5**	**142.3**	**165.8**	**16.1**	**11%**
Impairments and provisions for credit risk	-14.5	-4.4	-10.2	-	-14.5	-32.9	-4.4	18.4	56%
Other impairments and provisions	2.3	-0.3	2.6	-	2.3	-12.4	-0.3	14.7	-
Impairments and provisions	-12.2	-4.7	-7.6	-162%	-12.2	-45.3	-4.7	33.1	73%
Share of profit from investments in associates and joint ventures	0.6	1.0	-0.4	-41%	0.6	0.7	1.0	-0.1	-20%
Result before tax	**146.8**	**162.1**	**-15.3**	**-9%**	**146.8**	**97.8**	**162.1**	**49.0**	**50%**
Income tax	-17.7	-18.7	1.0	5%	-17.7	-7.3	-18.7	-10.3	-141%
Result of non-controlling interests	3.3	3.4	-0.1	-3%	3.3	3.4	3.4	-0.1	-4%
Result after tax	**125.8**	**140.0**	**-14.2**	**-10%**	**125.8**	**87.0**	**140.0**	**38.8**	**45%**

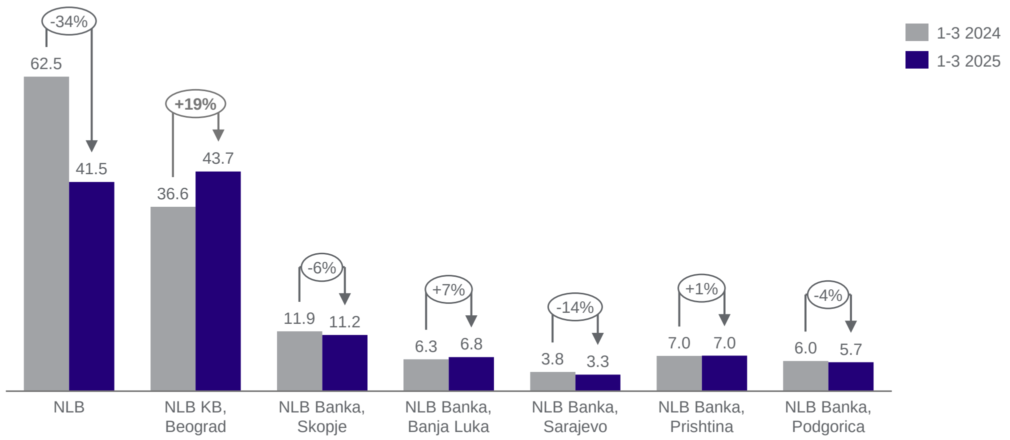
(i) As of 2025, tax on the balance sheet is presented as a single item in the income statement and is not included in the cost category.

Figure 1: Profit after tax of the NLB Group – evolution YoY (in EUR millions)



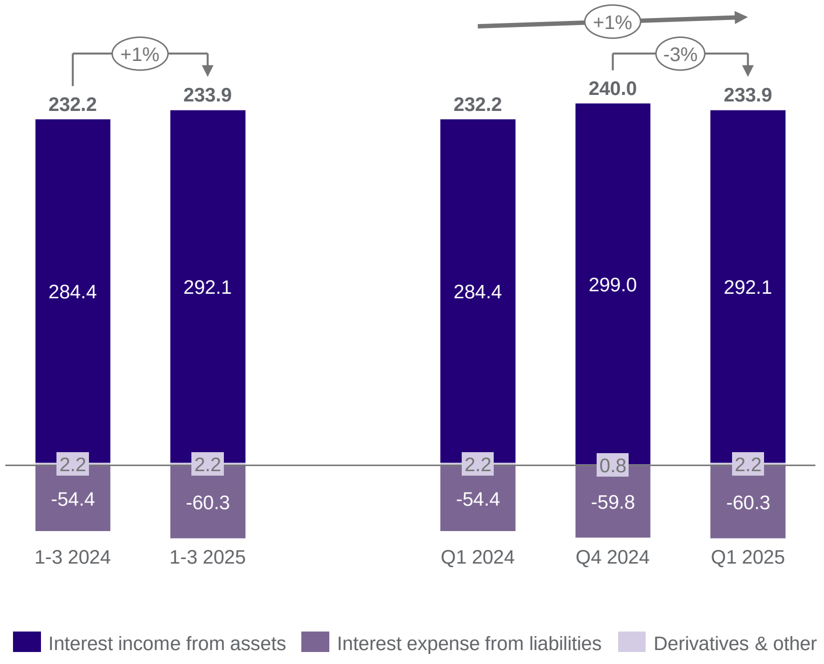
All banks recorded profits and positively contributed to the Group's overall result. The most significant contribution came from NLB Komercijalna Banka, Beograd, totalling EUR 43.7 million, followed by NLB with EUR 41.5 million. The decline in NLB's YoY contribution was due to lower interest rates and a decrease in dividend income compared to the same period last year; however, the latter backlog is expected to be resolved over the course of the year. The SEE banks contributed 62% to the Group's result, further confirming the importance of the Group's business diversification

Figure 2: Profit a.t. by company – contribution (in EUR millions)



Net Interest Income

Figure 3: Net interest income of the NLB Group (in EUR millions)



The Group's net interest income constituted 75% of total net revenues, down 3 p.p. compared to the same period last year, reaching EUR 233.9 million.

All the SEE Group banking members kept their net interest income at the same level, while NLB recorded a 7% decrease despite increased volumes, which did not fully compensate for the interest rate decline. The newly acquired SLS Group contributed EUR 8.4 million to the Group's net interest income in the first three months of the year.

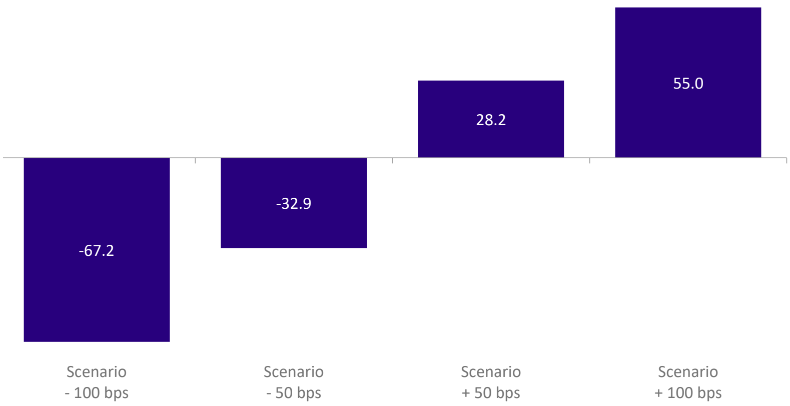
The growth of interest income was primarily driven by loans to customers of the acquired SLS Group (EUR 16.0 million), securities (EUR 13.5 million, with one third from higher yields and two thirds from increased volume), and loans to individuals (EUR 7.1 million due to higher volumes). Conversely, interest income from balances at banks and central banks declined substantially (EUR 27.1 million) due to decreased volumes as funds were used for the SLS Group acquisition and funding of new loan production. At the same time, interest expenses rose due to higher expenses incurred from MREL-eligible wholesale funding (EUR 4.6 million) and increased expenses for customer deposits (EUR 1.4 million).

On a QoQ basis, over 70% of the QoQ decrease was driven by the lower number of days in the quarter. Additionally, the monetary policy of the ECB influenced the average interest rate level. A higher volume of loans almost entirely counterbalanced the effect of lower average interest rates on loans to customers, with a net effect of EUR 2.8 million, excluding the impact of the lower number of days in the quarter. Interest income from balances at banks and central banks declined by EUR 2.3 million, mostly driven by the declining trend in interest rates. Interest expenses recorded a slight increase from funding (EUR 2.4 million), predominantly due to issued senior preferred notes in January (EUR 3.2 million). Higher expenses were largely counterbalanced with lower expenses for customer deposits (EUR 1.9 million), deriving from lower interest rates.

Furthermore, net interest income stabilisation through fair value hedges of issued NLB securities in the additional amount of EUR 500 million also influenced both interest income and interest expenses. These hedges had a net positive effect of EUR 2.4 million in Q1 2025.

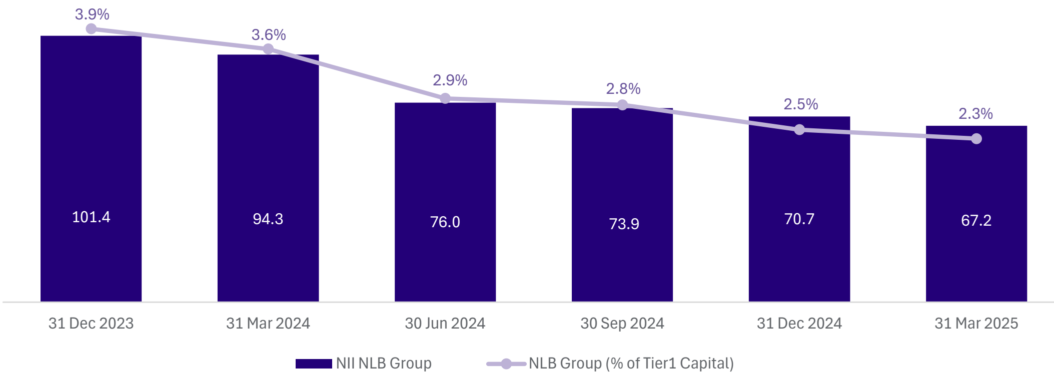
The net interest income sensitivity, simulated by a 100-bps immediate parallel downward shift in interest rates, currently stands at approximately EUR -67.2 million or -2.34% of the T1 capital, driven mainly by the cash (EUR -18.4 million) and floating rate loan positions (EUR -64.4 million) while being partially compensated by interest rate swaps (EUR 12.0 million) and deposits (EUR 21.2 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 2025, NII sensitivity improved by EUR 3.6 million or 13 bps (from -2.47% to -2.34% relative to the T1 capital, or from EUR -70.7 million to a level of EUR -67.2 million in case of -100-bps parallel shift). The NLB Group significantly reduced the NII sensitivity in 2025 by increasing the volume of fixed-interest rate loans (EUR 652 million) and new interest rate hedges on issued liabilities (EUR 500 million) while reducing the central bank balances (EUR 142 million) and increasing investments in high-quality debt securities (EUR 364 million).

Figure 4: NII sensitivity to various rate shocks of the NLB Group (in EUR millions)



The NLB Group proactively responded to the market interest rate dynamics by fixing interest rates primarily in the first half of 2024, when rates were near their peak. This strategic timing has secured stable interest income for the medium term and significantly reduced NII sensitivity to future rate fluctuations.

Figure 5: NII sensitivity under a standard internal shock of the NLB Group (in EUR millions)



The decrease in interest rates on loans and central bank balances led to a YoY decline in the Group's net interest margin by 0.27 pp to 3.46%. Similarly, the operational business margin fell by 0.26 pp YoY to 4.72%. However, this decline was effectively mitigated by replacing less profitable central bank balances with a more lucrative loan portfolio acquired from the SLS Group. The downward trend in margins observed in the last quarter in NLB and the SEE banks was primarily driven by declining interest rates.

Figure 6: Net interest margin (quarterly data, in %)

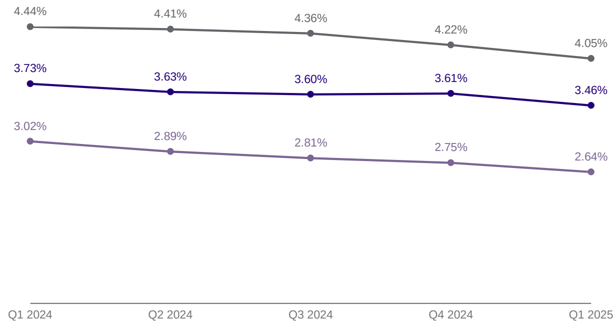
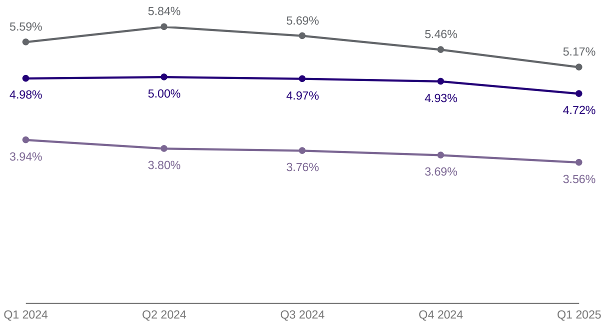
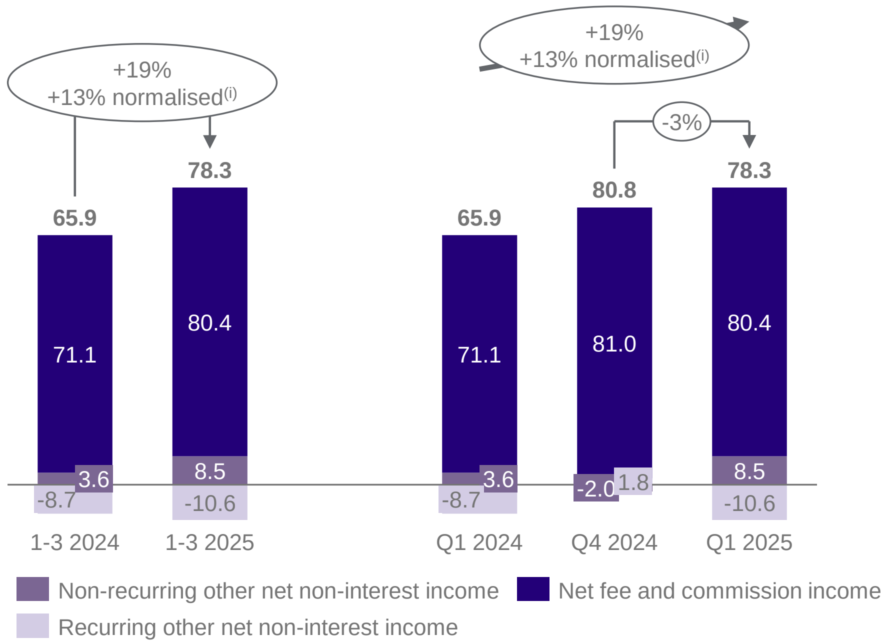


Figure 6: Operational business margin (quarterly data, in %)



Net Non-Interest Income

Figure 7: Net non-interest income of the NLB Group (in EUR millions)

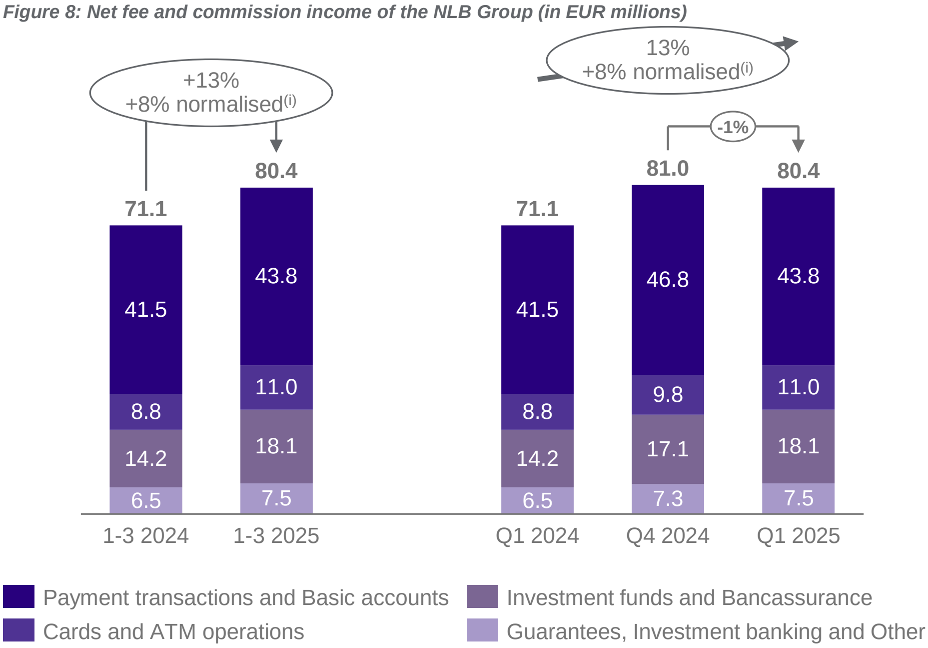


(i) Normalised for renegotiated conditions with the service providers kicking in in June 2024 for the entire H1 2024.

The Group's net non-interest income recorded a 13% YoY increase, normalised for renegotiated conditions with the service providers in the SEE banks, driven by higher net fee and commission income, as well as several positive one-off effects in NLB Komercijalna Banka, Beograd in Q1 2025 – namely, a EUR 3.1 million gain from a resolved legal dispute and a EUR 1.6 million realised gain from the sale of real estate.

In the QoQ comparison, net non-interest income was significantly affected by the accrual of one-off expenses for regulatory costs in NLB, amounting to EUR 11.4 million.

Figure 8: Net fee and commission income of the NLB Group (in EUR millions)



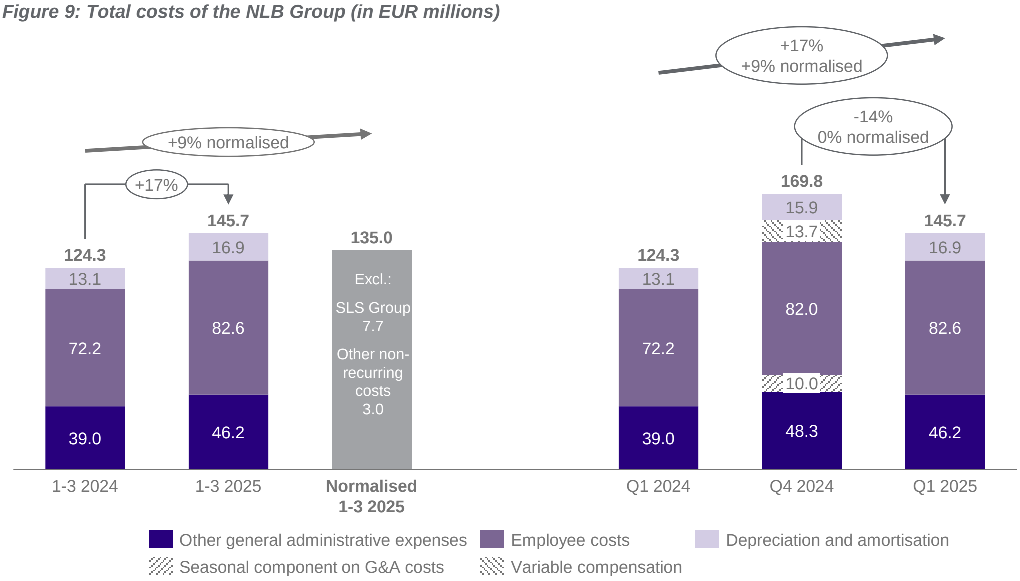
(i) Normalised for renegotiated conditions with the service providers in SEE banks.

Net fee and commission income, a significant component of the net non-interest income, recorded an 8% YoY growth, normalised for the renegotiated conditions with service providers in the SEE banks in Q2 2024. This growth is a result of the repricing and better earnings from investment funds and bancassurance. Notably, NLB Skladi, Ljubljana recorded an exceptional sale of investment funds, with net inflows totalling EUR 88.8 million in Q1 2025, representing almost 62% of all net inflows in the market.

A 1% QoQ's decline was primarily due to lower income from payment transactions in the SEE banks, which is in line with seasonality.

Total Costs (excluding balance sheet tax)[1]

Figure 9: Total costs of the NLB Group (in EUR millions)



Total costs grew by EUR 13.7 million, or 11% YoY, excluding the EUR 7.7 million effect from the SLS Group, with increases noted in most banking members. A further normalisation of costs, after excluding other non-recurring costs, would lead to the cost base growth of 9%.

Employee costs rose by EUR 7.2 million (excluding EUR 3.1 million from the SLS Group), primarily due to the Group wide salary adjustments to market levels in the still high wage inflation environment. In 2024, average gross salaries in the region saw an increase of 8-14% compared to 2023, necessitating overall upward salary adjustments and higher compensation for talents, particularly considering the 2030 Strategy implementation. Headcount rose in all banks except NLB Komercijalna Banka, Beograd. In other core members, higher employee costs reflected both growth in headcount and salary increases, in line with the expansion of ancillary services.

The EUR 4.9 million increase in other general and administrative expenses (excluding EUR 2.3 million from the SLS Group) was largely attributed to the non-recurring new strategy implementation enabling costs and IT investments into accelerated digitisation, following the strategic aspiration of more than 80% of all new mass business origination in 2030 being executed E2E digitally.

The EUR 1.5 million increase in depreciation (excluding EUR 2.3 million from the SLS Group) was a result of higher investments made in the previous year.

On a QoQ basis, costs were lower by 14%, reflecting the seasonal pattern of higher costs in the last quarter of the year. With normalisation of seasonality the costs would stay on the same level.

1 Tax on the balance sheet is from 2025 onwards presented as a single item in the income statement and is not included in the cost category.

Figure 10: Number of employees

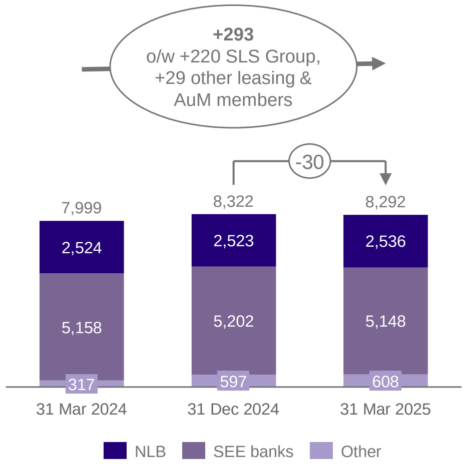
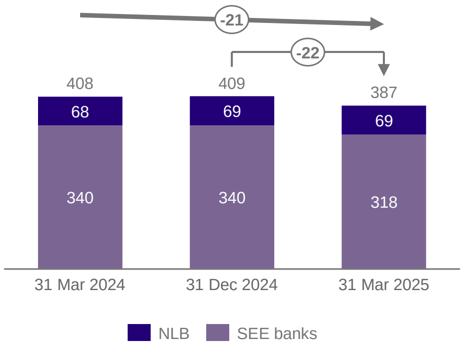


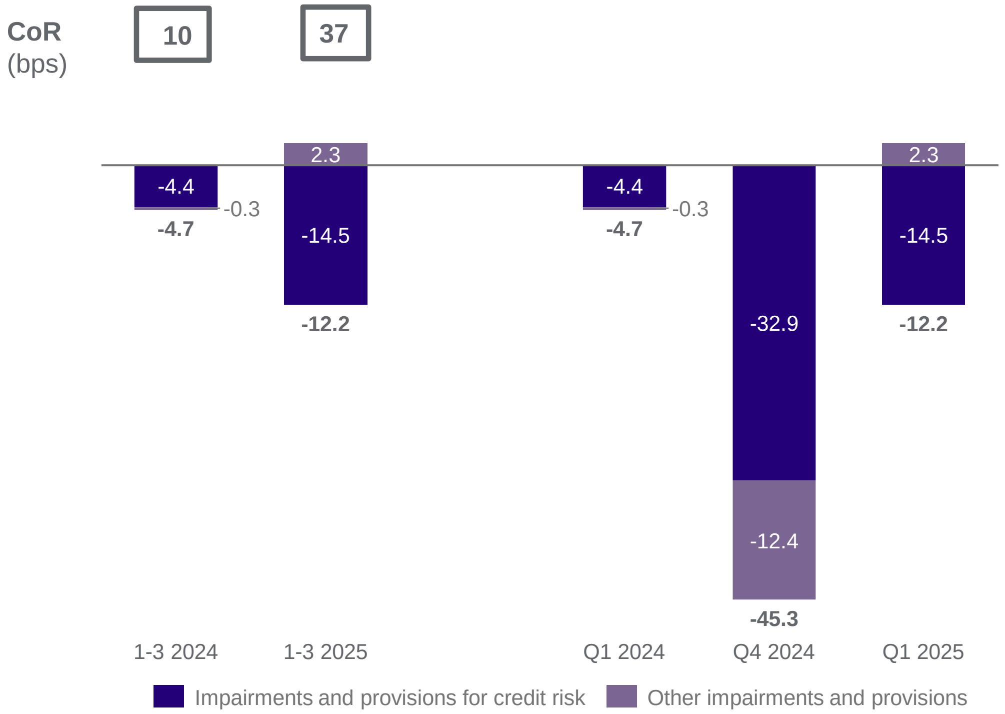
Figure 10: Number of branches



The Cost-to-Income Ratio (CIR) kept at reasonable 46.7% (excluding the tax on the balance sheet from the calculation), representing a 5.0 p.p. increase YoY. This was driven by lower net operating income growth, which was outpaced by the increase in total costs.

Impairments and Provisions

Figure 11: NLB Group impairments and provisions (in EUR millions)



In the first three months of the year, the Group established EUR 14.5 million of net impairments and provisions for credit risk. Established provisions resulted from new financing, transfers between stages due to credit quality deterioration of certain clients and increased coverage of retail NPLs, while repayments of written-off receivables contributed positively to the net impact in the amount of EUR 5.4 million. The cumulative CoR was standing at 37 bps, being within the 2025 outlook range.

In the first three months of the year, other impairments and provisions were net released in the amount of EUR 2.3 million, mainly due to the favourably resolved legal dispute in NLB Komercijalna Banka, Beograd.

Income Tax

The effective tax rate (calculated as income tax divided by profit before tax) for the first quarter of 2025 for the NLB Group was 12.05%, and for NLB, 5.81%. A global minimum tax for multinationals is included in the income tax. The contribution rate, which also includes the tax on the balance sheet (recognised in other general and administrative expenses), for the first quarter of 2025 for the NLB Group was 17.56% and for NLB 18.17%.

For further information, please refer to Note 4.14. in the financial part of the report.

Statement of Financial Position

Table 4: Statement of financial position of the NLB Group

in EUR millions

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD		Change YoY	
ASSETS							
Cash, cash balances at central banks, and other demand deposits at banks	3,838.1	4,039.6	5,481.1	-201.5	-5%	-1,643.1	-30%
Loans to banks	504.8	458.9	416.3	45.8	10%	88.5	21%
Net loans to customers	16,923.3	16,363.6	13,859.9	559.7	3%	3,063.4	22%
Gross loans to customers	17,295.9	16,721.4	14,197.1	574.5	3%	3,098.8	22%
- Corporate	7,719.5	7,471.2	6,412.8	248.3	3%	1,306.7	20%
- Individuals	9,023.4	8,735.0	7,394.8	288.4	3%	1,628.6	22%
- State	553.0	515.2	389.5	37.8	7%	163.5	42%
Impairments and valuation of loans to customers	-372.6	-357.8	-337.2	-14.8	-4%	-35.4	-10%
Financial assets	6,568.9	6,324.5	5,485.9	244.4	4%	1,083.0	20%
- Trading book	8.3	19.6	15.0	-11.3	-57%	-6.6	-44%
- Non-trading book	6,560.6	6,304.9	5,470.9	255.7	4%	1,089.6	20%
Investments in subsidiaries, associates, and joint ventures	15.2	14.7	13.5	0.6	4%	1.7	13%
Property and equipment	312.8	310.0	276.0	2.8	1%	36.8	13%
Investment property	22.3	26.1	30.0	-3.8	-15%	-7.7	-26%
Intangible assets	101.3	100.5	60.5	0.8	1%	40.8	67%
Other assets	391.8	397.4	402.5	-5.7	-1%	-10.7	-3%
TOTAL ASSETS	**28,678.5**	**28,035.4**	**26,025.7**	**643.2**	**2%**	**2,652.8**	**10%**
LIABILITIES							
Deposits from customers	22,078.9	22,206.3	20,471.5	-127.4	-1%	1,607.4	8%
- Corporate	6,043.1	6,304.6	5,504.3	-261.5	-4%	538.8	10%
- Individuals	15,623.8	15,512.0	14,554.6	111.8	1%	1,069.2	7%
- State	412.0	389.7	412.6	22.3	6%	-0.6	0%
Deposits from banks and central banks	172.1	136.0	134.7	36.1	27%	37.4	28%
Borrowings	278.5	225.1	209.4	53.4	24%	69.1	33%
Subordinated debt securities	538.3	560.1	597.3	-21.8	-4%	-59.0	-10%
Other debt securities in issue	1,563.3	1,048.8	838.0	514.5	49%	725.3	87%
Other liabilities	619.6	560.9	674.7	58.7	10%	-55.1	-8%
Equity	3,356.2	3,226.0	3,035.6	130.3	4%	320.6	11%
Non-controlling interests	71.6	72.1	64.4	-0.4	-1%	7.2	11%
TOTAL LIABILITIES AND EQUITY	**28,678.5**	**28,035.4**	**26,025.7**	**643.2**	**2%**	**2,652.8**	**10%**

The Group's **total assets** amounted to EUR 28,678.5 million, reflecting an increase of EUR 643.2 million YtD and EUR 2,652.8 million YoY, with YoY increase being affected by the SLS Group acquisition. The Group's LTD ratio (net) increased by 3.0 p.p. YtD to 76.6% due to higher loan production, which was financed not only through deposits but through the issuance of senior preferred notes in the nominal amount of EUR 500 million in January.

Figure 12: Total assets of the NLB Group by the location of the NLB Group entities (in %)

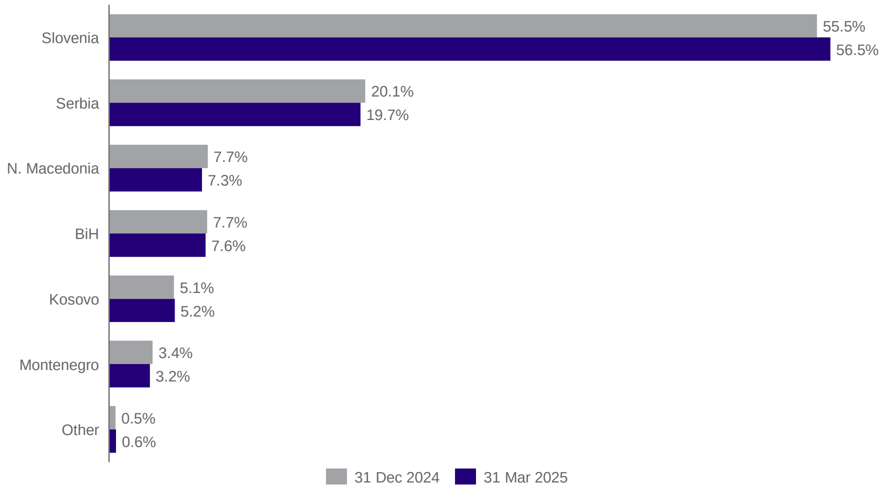
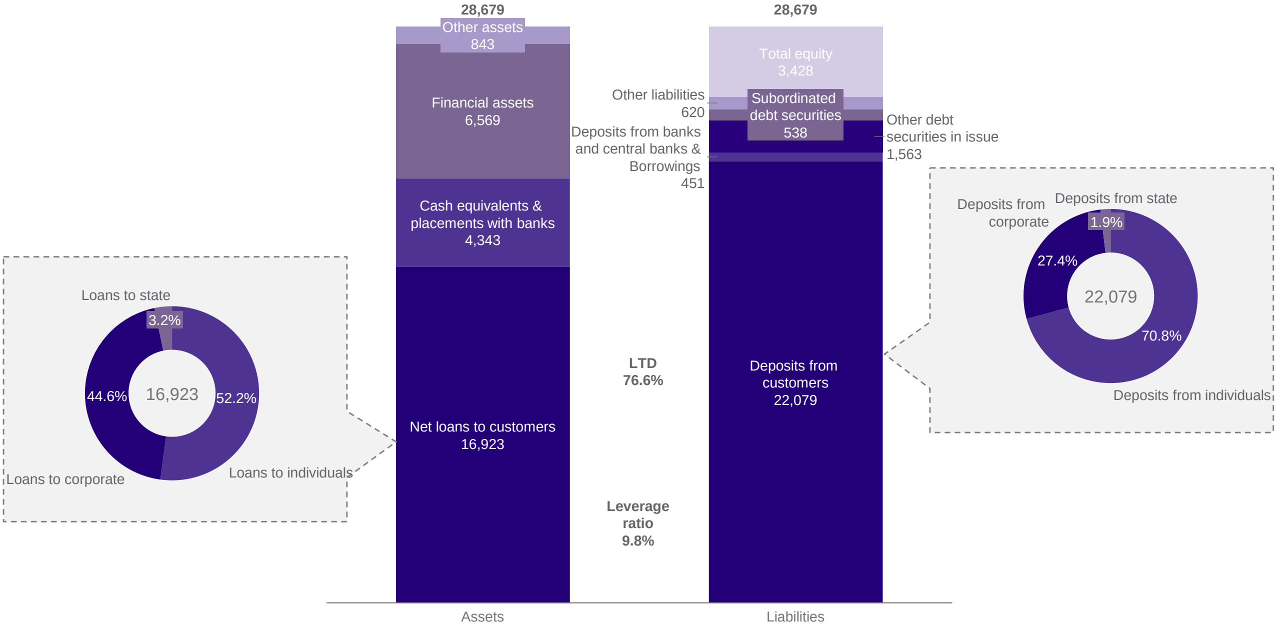


Figure 13: Balance sheet structure of the NLB Group on 31 March 2025 (in EUR millions)



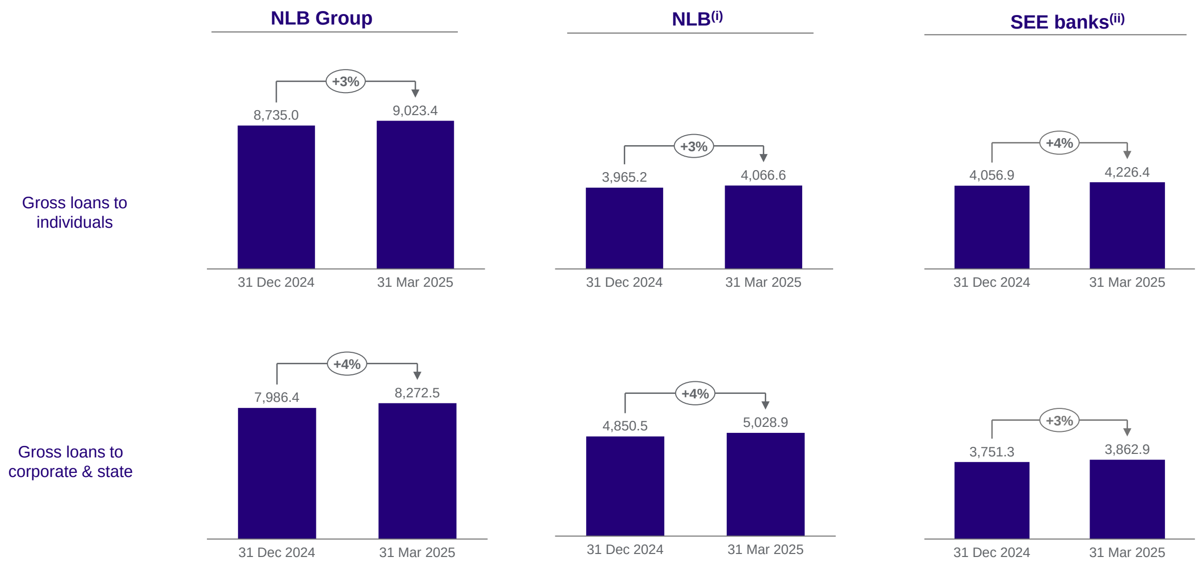
Loans to Customers

In Q1 2025, loan volume marked an enviable growth, widespread across geographies and segments, and achieved a 3% YtD increase at the Group level.

In Slovenia, business activity remained strong, supported by the vibrant new production of loans. NLB achieved a 4% YtD growth in gross loans to corporate and state, mostly driven by the renewal of credit lines that are seasonally repaid at the end of the year. Loans to individuals also grew by 3%, driven by high new production of housing and consumer loans, EUR 170.9 million and EUR 144.5 million, respectively (compared to EUR 91.4 million and EUR 125.8 million in Q1 2024).

In SEE banks, the growth of gross loans was similar to the one in Slovenia, with 4% growth achieved in gross loans to individuals and 3% growth of gross loans to corporate and state.

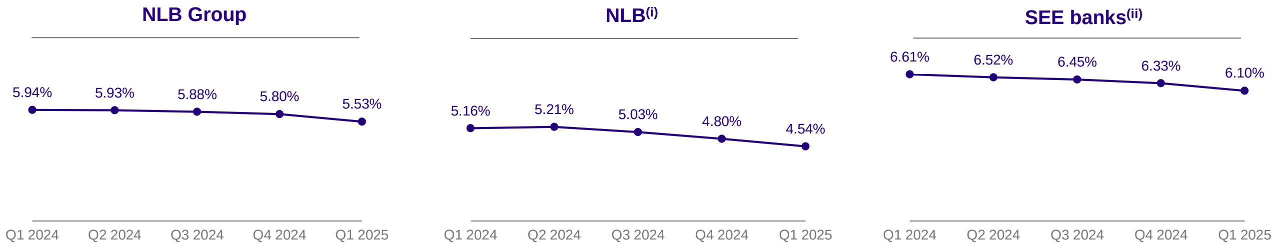
Figure 14: Gross loans to customers YtD dynamics (in EUR millions)



(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.

In line with the ECB’s key interest rate cuts, quarterly interest rates for loans to customers continued to decline both in NLB and SEE banks.

Figure 15: Interest rates for loans to customers (gross, 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.

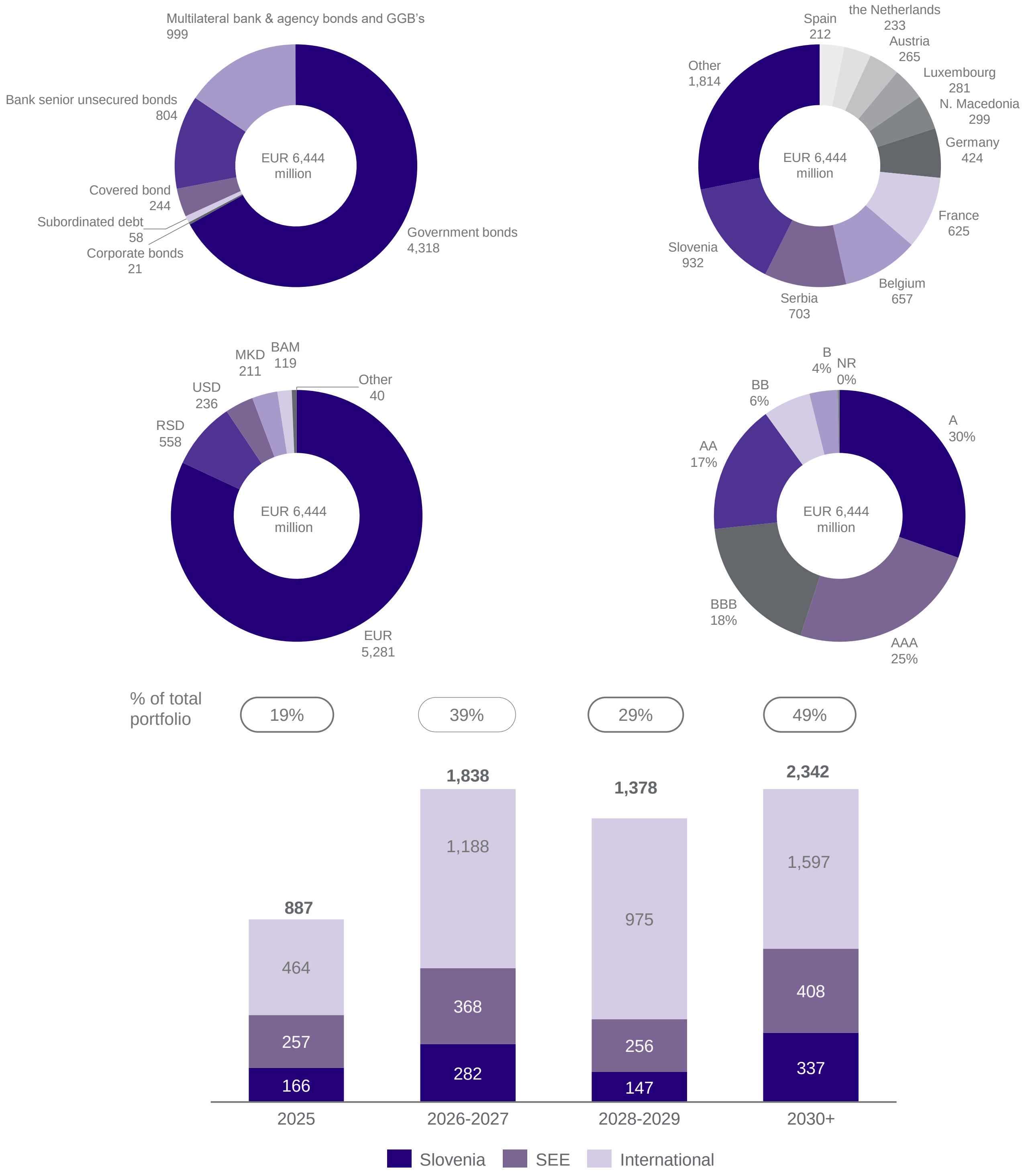
Banking Book Debt Securities Portfolio

The banking book debt securities portfolio increased by EUR 251 million (book value) in Q1 2025, constituting 22.5% of the Group’s total assets, compared to 22.1% in 2024. This increase was intentional to manage NII sensitivity in the declining rate environment. At the end of Q1, the portfolio’s average duration was 3.96 years (up from 3.6 years in 2024), with an average yield of 2.65% YtD, reflecting an increase of 0.37 p.p. YoY. The ESG portfolio expanded in Q1 and now represents 11.8% of the whole portfolio.

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). At the end of Q1, the FVOCI portfolio represented 40.6% of the total Group debt securities portfolio, 0.8 p.p. higher compared to the end of 2024, with an average duration of 2.5 years. The negative valuation of the Group’s FVOCI debt securities portfolio during Q1 amounted to EUR 25 million (the net of hedge accounting effects and related deferred taxes).

The AC portfolio amounted to 59.4% of the total Group debt securities portfolio at the end of Q1, with an average duration of 4.9 years. Unrealised losses of the Group’s AC debt securities portfolio during Q1 amounted to EUR 41 million.

Figure 16: Banking book debt securities portfolio by asset class, geography, currency, rating[2] and maturity profile as at 31 March 2025 (in EUR millions)



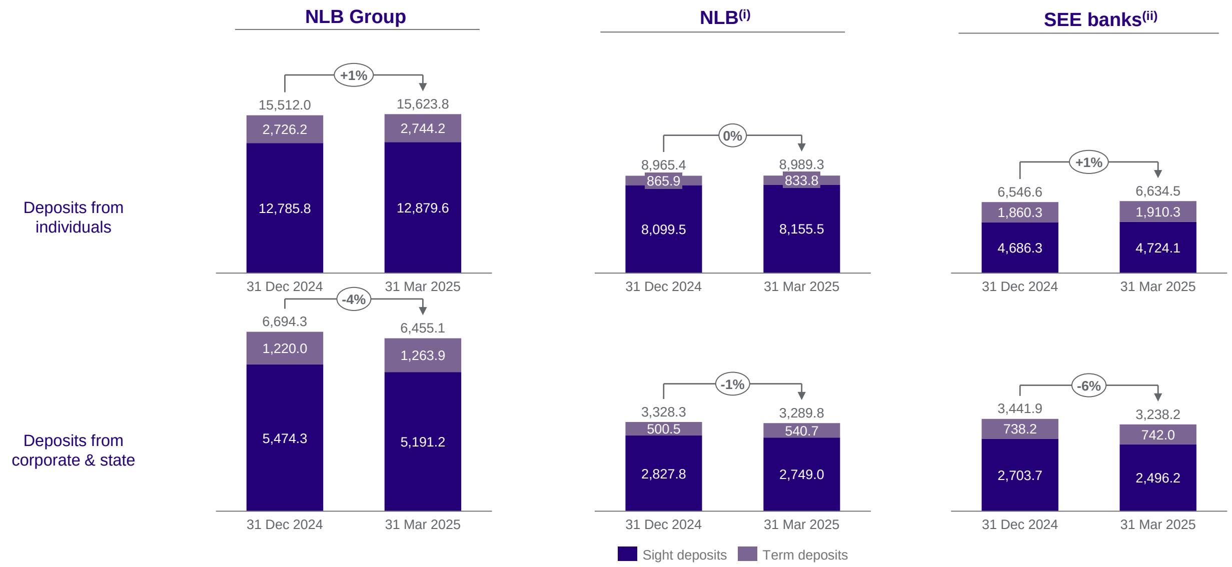
2 92.5% of non-investment grade securities relate to NLB Group's markets, i.e. exposures to Bosnia and Herzegovina, North Macedonia, etc.

Deposits from Customers

The Group's deposit base decreased YtD, mostly due to a decline in deposits from corporate and state. This trend is in line with the seasonality, as corporate deposits growth tends to be stronger in the second half of the year. Additionally, many companies also deposit funds over the new year, resulting in temporarily higher balances at the year-end.

Deposits from individuals increased YtD, showing moderate growth in most banking members. In NLB, deposits from individuals were impacted by the RoS retail bond issue, which led to a reduction in the deposit base in March. The volume of term deposits in NLB began to decline from the last quarter of 2024, as not all of the matured term deposits were renewed due to declining interest rates. 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 stayed on the same level at 51% (EUR 4,563.3 million as at 31 March 2025 compared to EUR 4,537.5 million as at 31 December 2024) with notable shift from term deposits to savings accounts.

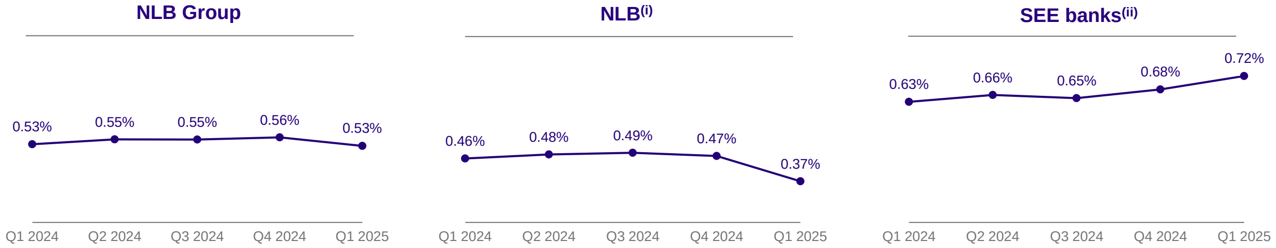
Figure 17: Deposits from customers YtD dynamics (in EUR millions)



(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's key interest rate cuts were reflected in a decrease in interest rates on deposits from customers in NLB. However, some SEE banks increased the interest rates on deposits in response to higher market interest rates, intensified competition among banks, and the need to attract additional funding to support loan portfolio growth.

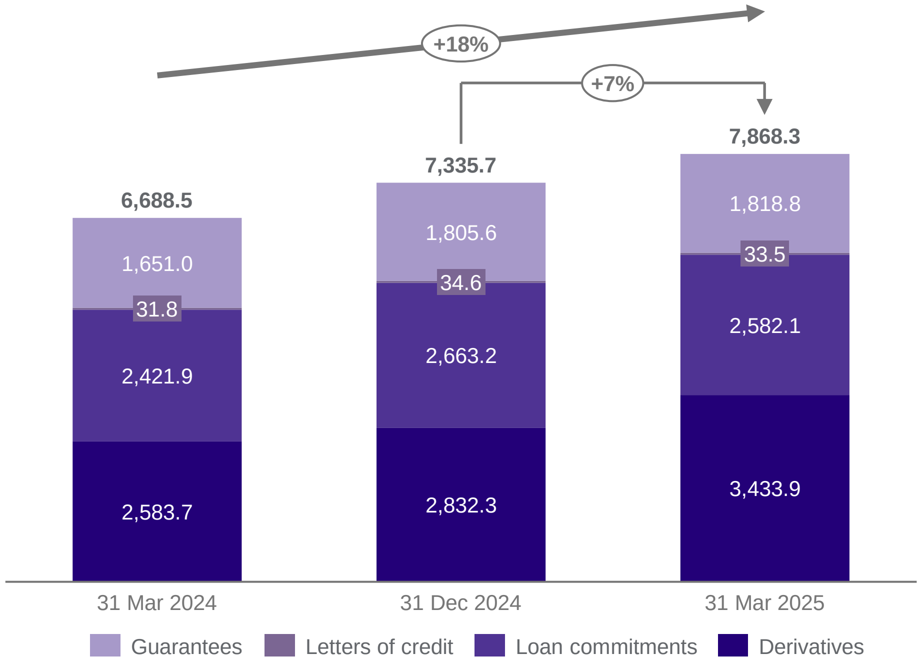
Figure 18: Interest rates for deposits from customers (quarterly, in %)



(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.

Off-Balance-Sheet Items

Figure 19: NLB Group off-balance-sheet items (in EUR millions)



At the end of March 2025, the majority of the Group's off-balance-sheet items were derivatives (44%), followed by loan commitments (33%).

The Group's off-balance-sheet items increased both YoY and YtD, primarily due to higher derivatives used for either hedging of the banking book or trading with customers. Additionally, guarantees increased by 10% YoY, which drove the guarantee fee income up by 10% YoY. Loan commitments decreased by 3% YtD, with a significant portion representing loans (60%) and the rest divided between overdrafts and cards.

Liquidity, Capital and MREL

Liquidity Position

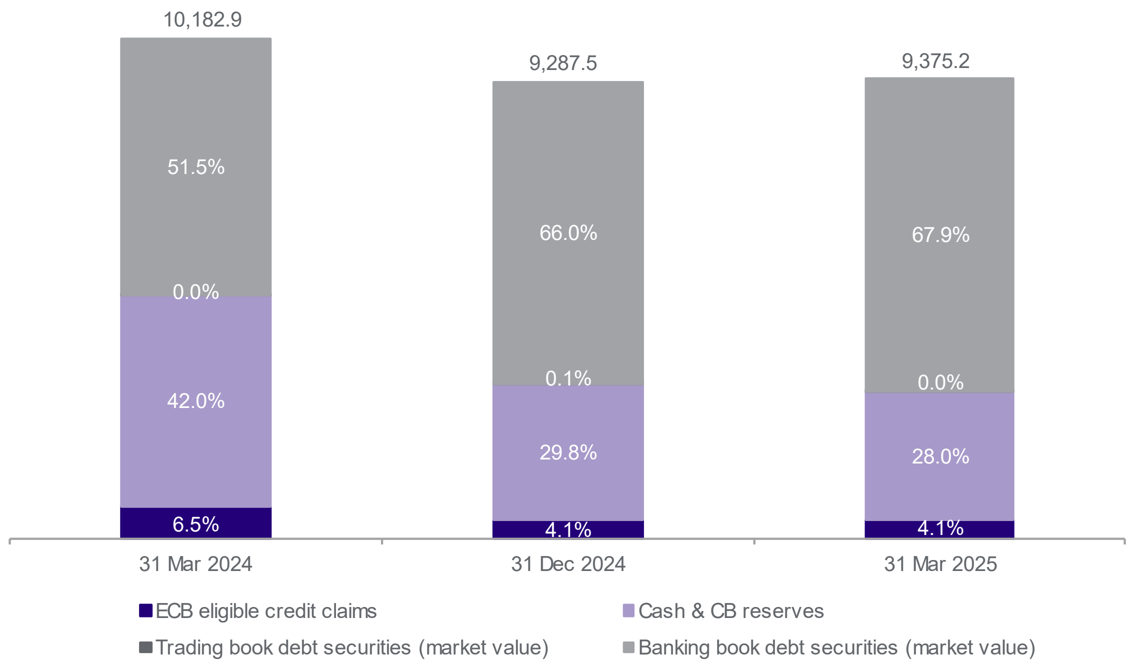
The Group's liquidity position remains strong, with liquidity indicators well above the regulatory requirements, indicating the Group's low tolerance for liquidity risk.

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 Q1 2025, the Group's unencumbered liquidity reserves decreased by 8% YoY. The decline was primarily due to a reduction in cash & CB reserves, mostly resulting from the acquisition of the SLS Group, as funds were transferred to the loan portfolio. At the same time, the banking book debt securities increased, while other categories remained stable.

Encumbered liquidity reserves, used for operational and regulatory purposes, increased by 0.2% YoY to EUR 40.8 million (excluding obligatory reserves) and were excluded from the liquidity reserves portfolio.

Figure 20: Evolution of the NLB Group unencumbered liquidity reserves (in EUR millions)



Capital

Capital Requirements

At the end of March 2025, the Bank's Overall Capital Requirement (OCR) on a consolidated basis stood at 14.71%, representing an increase of 0.21 pp compared to the end of 2024. This rise is primarily attributable to a higher Combined Buffer Requirement (CBR) due to an increase in the Countercyclical Buffer.

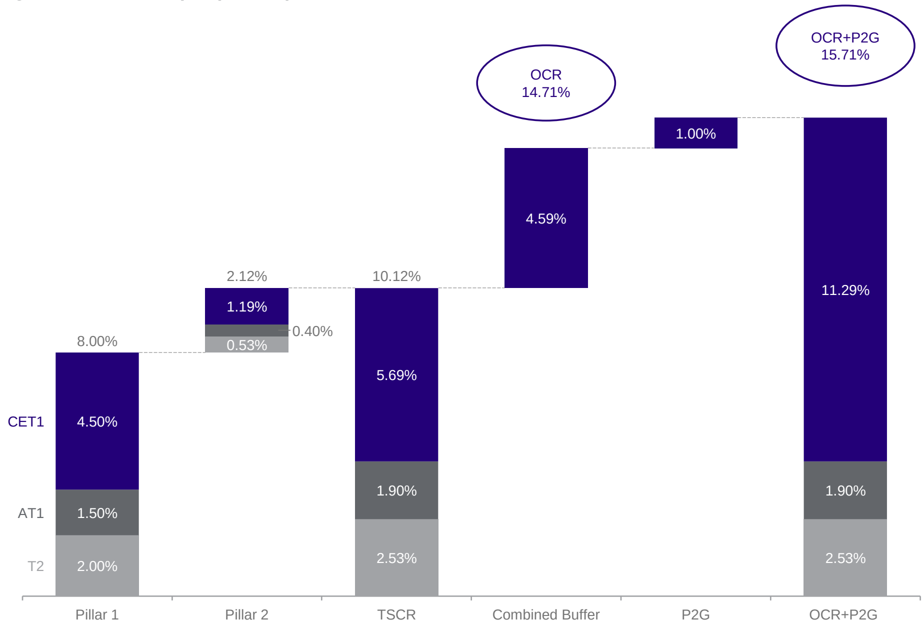
The OCR is composed of the following elements:

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): 4.59%, consisting of:
- 2.50% Capital Conservation Buffer,
- 1.25% O-SII Buffer,
- 0.76% Countercyclical Buffer (CCYB)[3] and
- 0.08% Systemic Risk Buffer[4].

In addition to the mandatory capital requirements, the regulator has recommended a Pillar 2 Guidance (P2G) at 1.0% of the Common Equity Tier 1 (CET1). The Group maintains this buffer to ensure resilience under severe economic stress scenarios.

Figure 21: NLB Group capital requirements as at 31 March 2025



Effective as of 1 January 2025, there were some changes in the capital buffer rates for Slovenia. The countercyclical capital buffer rate for exposures in Slovenia increased from 0.5% to 1.0%. At the same time, the sectoral systemic risk buffer for retail exposures to private individuals secured by residential real estate decreased from 1.0% to 0.5%.

3 The Bank has been required to comply with the Countercyclical Capital Buffer (CCYB) for exposures in Slovenia, set at 0.5% from 31 December 2023 and increasing to 1% from 1 January 2025. The CCYB rate for the NLB Group has also been influenced by the CCYB buffers of the Group members (NLB Banka Skopje, NLB Banka, Prishtina).

4 Since 1 January 2023, the Bank has also been subject to a mandatory Systemic Risk Buffer (SyRB) for sectoral exposures, set at 1.0% for all retail exposures to natural persons secured by residential real estate and 0.5% for all other exposures to natural persons. As of 1 January 2025, the SyRB for retail exposures to natural persons secured by residential real estate has been reduced from 1% to 0.5%.

Capital Adequacy

Table 5: Capital realisation YtD and surplus over the regulatory requirement of the NLB Group as of 31 March 2025

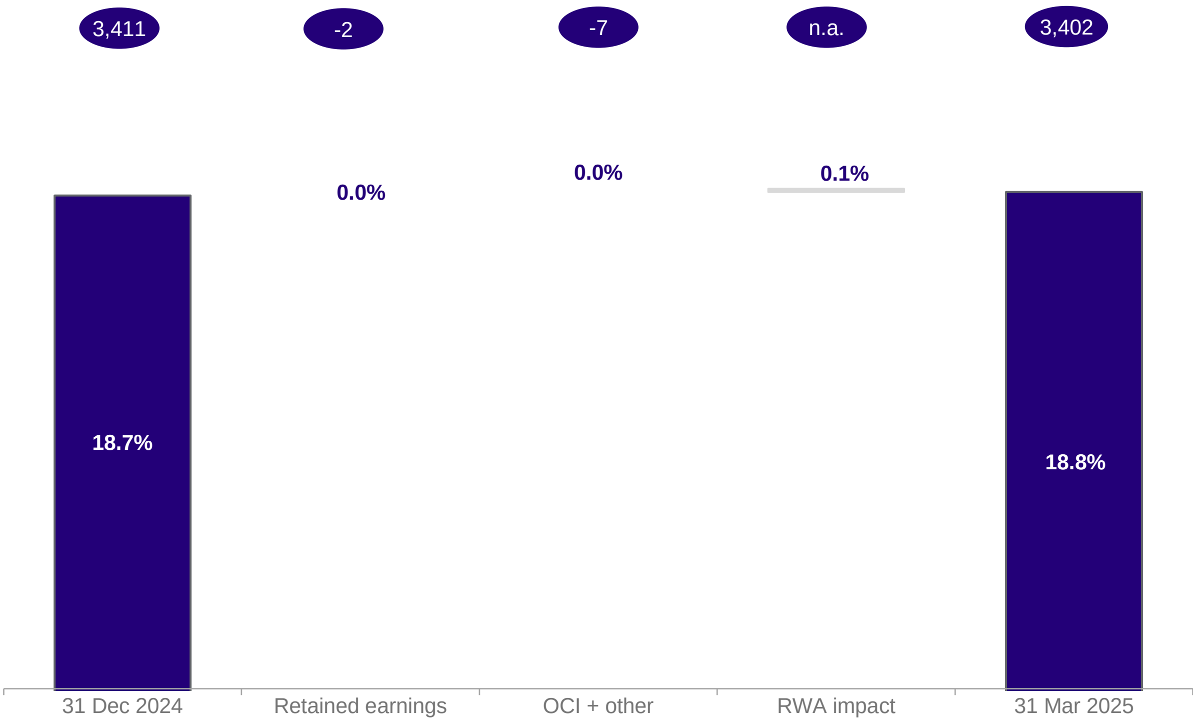
in EUR millions

	31 Mar 2025	31 Dec 2024	Change YtD	Surplus over OCR+P2G 31 Mar 2025
Common Equity Tier 1 capital	2,789	2,786	3	785
Tier 1 capital	2,875	2,872	2	527
Total capital	3,402	3,411	-9	597
Total risk exposure amount (RWA)	18,100	18,216	-116	
Common Equity Tier 1 Ratio	15.41%	15.29%	0.11 p.p.	4.34 p.p.
Tier 1 Ratio	15.88%	15.77%	0.11 p.p.	2.91 p.p.
Total Capital Ratio	18.80%	18.73%	0.07 p.p.	3.30 p.p.

As at 31 March 2025, the Group’s TCR stood at 18.8% (a 0.1 pp increase YtD), while the CET1 ratio stood at 15.4%, remaining well above the regulatory requirements. The higher total capital adequacy resulted from a lower RWA of EUR 116.3 million YtD, although the capital decreased by EUR 9.3 million YtD. The decrease in capital was mainly due to a EUR 10.5 million reduction in T2 instruments.

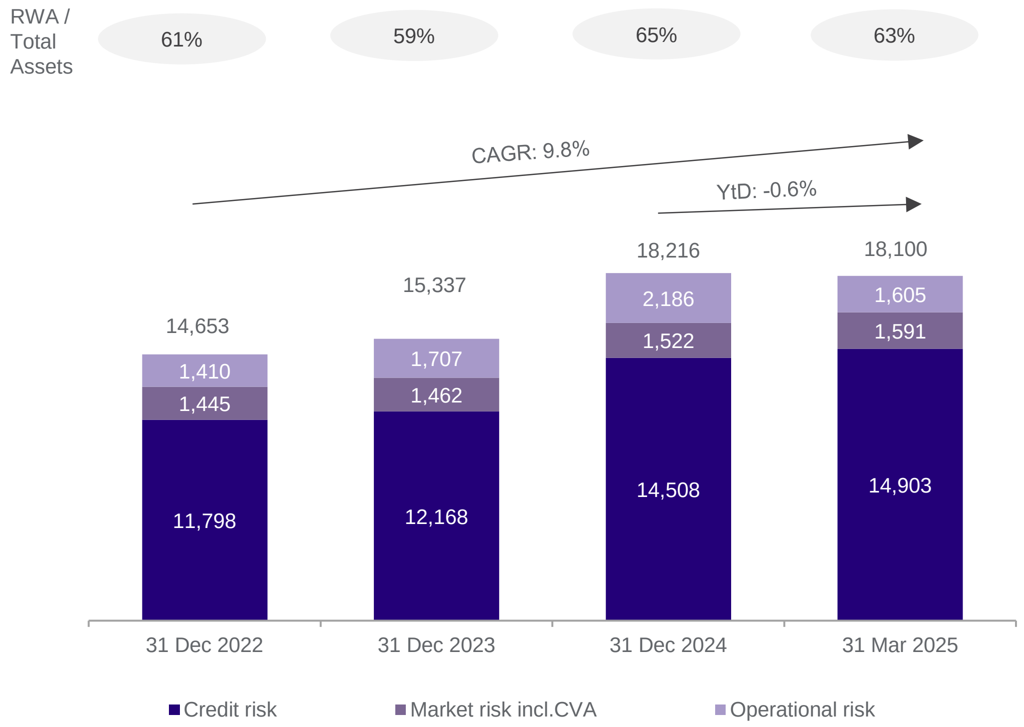
The total capital does not include EUR 257.3 million of the 2024 result, which is envisaged to be paid out as a dividend in 2025. Therefore, there will be no effect on the capital once the dividends are paid.

Figure 22: Capital (in EUR millions) and capital ratios of the NLB Group – YtD development



Total Risk Exposure Dynamic

Figure 23: RWA structure (in EUR millions)



On a consolidated basis, the Group uses the Standardised approach to calculate RWA for credit, operational, and market risk.

In the first three months of 2025, the Group's RWA for credit risk increased by EUR 394.7 million, driven by changes in EU regulatory rules effective from 1 January 2025 (approximately EUR +311.8 million) and portfolio development (approximately EUR +82.9 million).

The most significant RWA increase due to legislative changes was observed in off-balance sheet exposures, specifically, the undrawn part of credit limits and loans, where the credit conversion factor (CCF) was increased from 20% to 40%. In certain NLB Group subsidiary banks, the RWA increase stemmed from the introduction of a multiplier of 1.5 for FX transactions in the retail segment.

On the other hand, a reduction in RWA was recorded for high-risk exposures that were previously subject to a 150% risk weight under the Capital Requirements Regulation 2 (CRR2). Under the new Capital Requirements Regulation 3 (CRR3), these exposures were reclassified into other categories (ADC, IPRE, SL, or the debtor category), enabling the application of more favourable risk weights. Further RWA reductions were achieved through lower risk weights for exposures secured by CRR-eligible residential real estate, the use of S&P corporate ratings, and internal credit ratings applied to unrated banks.

The Bank will report RWA for credit risk under the CRR3 (Basel III) to the regulator for the first time as of 31 March 2025.

Portfolio growth in 2025 contributed to a rise in RWA, mainly in corporate and retail segments, where the majority of the loans are at least partially secured by real estate. However, this RWA increase was partially offset by the reduction in EUR-denominated assets at central banks in the region and the maturity of certain government bonds. A part of the liquidity surplus was redistributed into deposits with commercial banks, leading to only a minor RWA increase. Repayments, cures and additional provisions on the non-performing portfolio resulted in a slight RWA decrease.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) by EUR 69.6 million during the first three months of 2025 was mainly driven by a higher RWA for FX risk, which rose by EUR 63.4 million (mainly due to an increase in open positions in domestic currencies held by non-euro subsidiary banks). RWA for CVA risk increased by EUR 5.5 million following the implementation of the new Basic (BA) risk method for its calculation.

With the entry into force of the CRR3 on 1 January 2025, the Bank adopted the new standardised approach for calculating capital requirements for operational risk. This implementation resulted in a lower Business Indicator and Marginal Coefficient in the first quarter of 2025, leading to a decrease of EUR 580.7 million in the Group Risk Exposure for Operational Risk (REA). The reduction reflects the more risk-sensitive methodology under the revised regulatory framework. The Bank will first report its Own Funds Requirements for operational risk under the CRR3 to the regulator as of 31 March 2025.

Wholesale Funding Strategy and MREL

Wholesale Funding

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 in capital markets in the first three months of 2025, issuing 4NC3 senior preferred notes in January for MREL purposes.

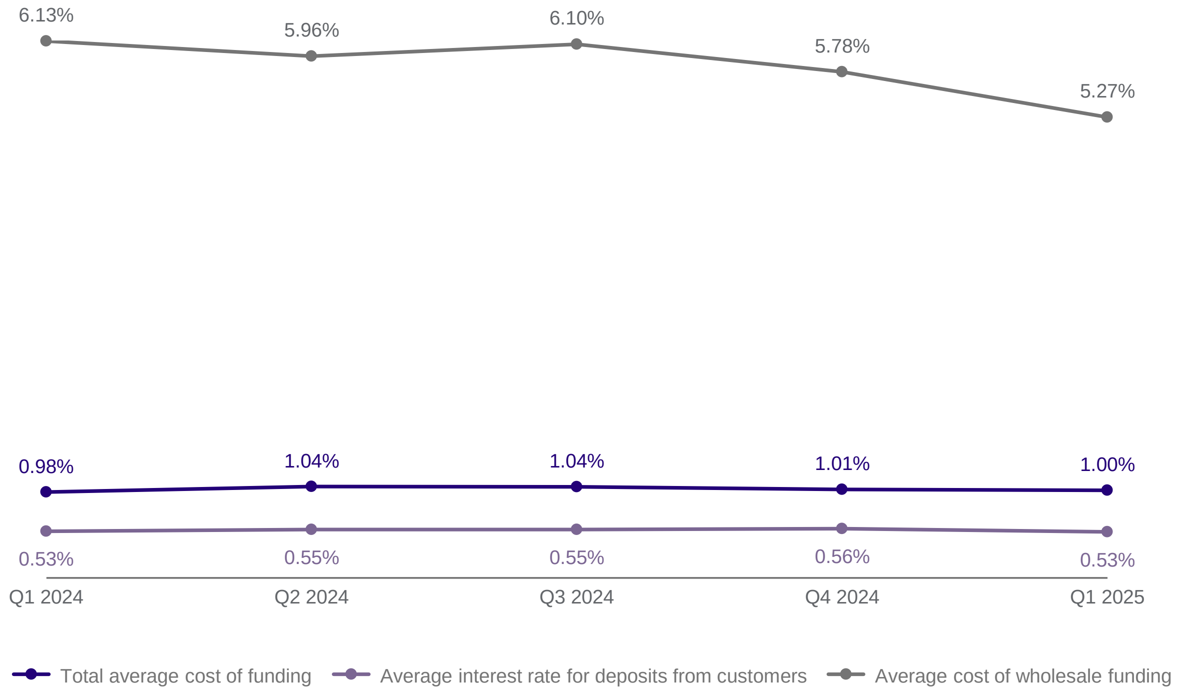
Table 6: Overview of outstanding NLB notes as of 31 March 2025

in EUR millions

Type of bond	ISIN code	Issue Date	Maturity	First call date	Interest Rate	Nominal Value
Senior Preferred	XS2972971399	21 January 2025	21 January 2029	21 January 2028	3.500% p.a.	500
Senior Preferred	XS2825558328	29 May 2024	29 May 2030	29 May 2029	4.500% p.a.	500
Senior Preferred	XS2641055012	27 June 2023	27 June 2027	27 June 2026	7.125% p.a.	500
					Total SP:	**1,500**
Tier 2	XS2750306511	24 January 2024	24 January 2034	24 January 2029	6.875% p.a.	300
Tier 2	XS2413677464	28 November 2022	28 November 2032	28 November 2027	10.750% p.a.	225
					Total Tier 2:	**525**
Additional Tier 1	SI0022104275	23 September 2022	Perpetual	between 23 September 2027 and 23 March 2028	9.721% p.a.	82
					Total AT1:	**82**
					Total outstanding:	**2,107**

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

Figure 24: Average cost of funding (quarterly data)

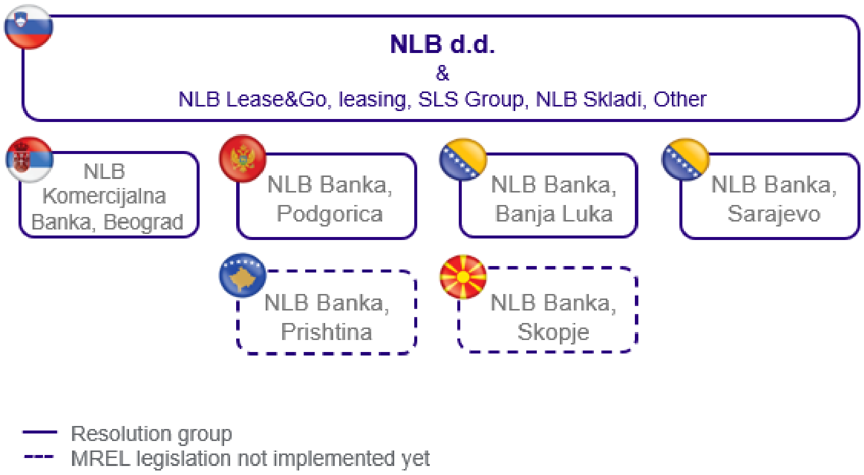


MREL Compliance

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).

Figure 25: Resolution groups within the NLB Group



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 7: Contribution to the NLB Resolution Group's TREA

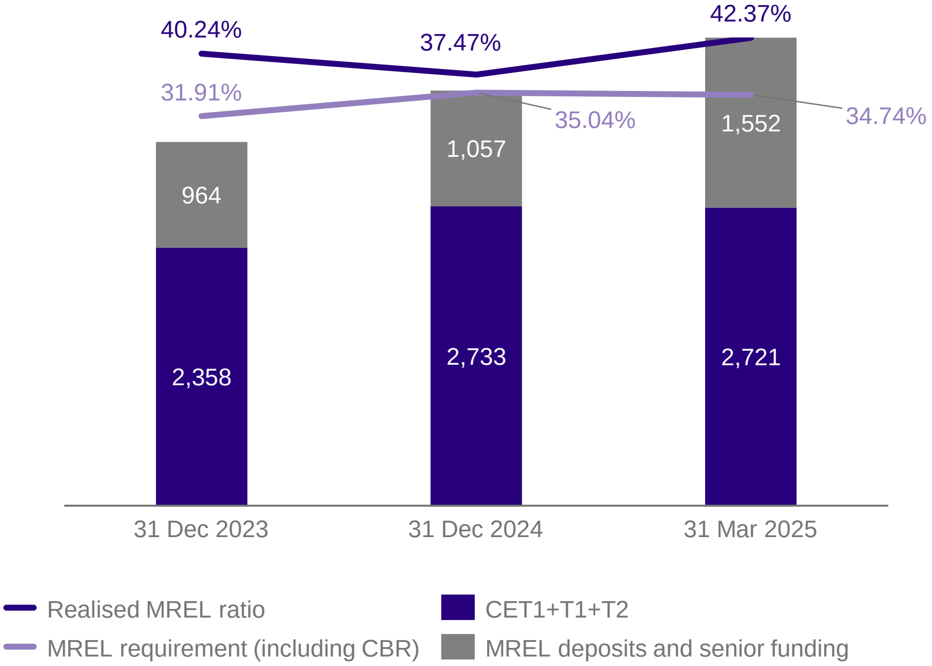
	in EUR millions
Entity	**31 Mar 2025**
NLB d.d.	8,865
SLS Group	711
NLB Lease&Go, leasing, Ljubljana	255
NLB Lease&Go Leasing Beograd	98
NLB Skladi, Ljubljana	88
Other	69
TREA total	**10,086**

In March 2025, NLB received a new decision regarding the MREL requirement and has to ensure its own funds and eligible liabilities towards the MREL requirement to be met at all times, starting from the notification date, which amounts to:

- 29.93% of TREA + applicable CBR (4.81% on 31 March 2025),
- 11.24% of LRE.

On 31 March 2025, the MREL ratio amounted to 42.37% TREA and 22.67% LRE, which was well above the required level.

Figure 26: Evolution of MREL eligible funding (in EUR millions), MREL requirement and realised MREL ratio



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

NLB Shareholders Structure

The Bank has issued share capital divided into 20,000,000 shares. The shares are listed on the Prime Market of the Ljubljana Stock Exchange (ISIN SI0021117344, Ljubljana Stock Exchange trading symbol: NLBR), and the Global Depositary Receipts (GDRs), representing ordinary shares of NLB, 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 8: NLB's main shareholders as at 31 March 2025[i]

Shareholder	Number of shares	Percentage of shares
Bank of New York on behalf of the GDR holders[ii], [iii]	9,453,293	47.27
• *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	5,546,706	27.73
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.

Segment Analysis

Segment reporting is presented in accordance with the strategy on the basis of the organisational structure used in management reporting of the NLB Group's results. The 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 segments of the NLB Group are divided into Core and Non-Core segments. The business activities of the parent bank (NLB), NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana are divided into several segments (Retail Banking in Slovenia, Corporate and Investment Banking in Slovenia, and Financial Markets in Slovenia). Other NLB Group members are, based on their business activity, included in Strategic Foreign Markets and Other.

In 2025, several changes were made to the methodology, namely:

- For NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana the reallocation of micro segment from Corporate and Investment Banking in Slovenija to segment Retail Banking in Slovenia was conducted, and interest income was reallocated based on fund transfer prices (FTP).
- MREL and T2 funding costs were allocated from Financial Markets in Slovenia to all other segments, based on their corresponding capital and MREL requirements.

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) in the parent bank and in NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana.
- **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, 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 MUZA, Ljubljana, and also Real Estate entities from 2024 (the latter were previously in the non-core segment) and company NLB Car&Go, Ljubljana.

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 9: Segments of the 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)	147	51	25	3	82	-14	-1
Contribution to Group's profit b.t.	100%	35%	17%	2%	56%	-9%	0%
Total assets (in EUR millions)	28,679	4,988	3,956	6,787	12,440	480	28
% of total assets	100%	17%	14%	24%	43%	2%	0%
CIR(i)	46.7%	43.8%	42.8%	/	45.1%	/	/
Cost of risk (bps)	37	103	-12	/	27	/	/

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

The NLB Group's main indicator of a segment's efficiency is the 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.

Retail Banking in Slovenia

Highlights

- Market shares in retail lending continued to increase.
- Strong performance driven by significant growth in loan production.
- Net fees and commissions increased, driven by growth in asset management and bancassurance.
- Digital sales through NLB Klik further strengthen its position.

Financial and Business Performance

Table 10: Key financials of the Retail Banking in Slovenia segment[iv]

in EUR millions consolidated

	1-3 2025	1-3 2024	Change YoY		Q1 2025	Q4 2024	Q1 2024	Change QoQ
Net interest income	84.9	80.1	4.9	6%	84.9	83.5	80.1	2%
Net interest income from Assets[i]	31.5	22.6	9.0	40%	31.5	36.3	22.6	-13%
o/w allocation of regulatory costs[iii]	-2.9				-2.9			
Net interest income from Liabilities[i]	53.4	57.5	-4.1	-7%	53.4	47.2	57.5	13%
Net non-interest income	26.5	20.2	6.3	31%	26.5	36.4	20.2	-27%
o/w Net fee and commission income	36.8	30.2	6.6	22%	36.8	35.4	30.2	4%
Total net operating income	**111.5**	**100.3**	**11.1**	**11%**	**111.5**	**119.9**	**100.3**	**-7%**
Total costs	-48.8	-34.8	-14.0	-40%	-48.8	-56.7	-34.8	14%
Result before impairments and provisions	**62.6**	**65.5**	**-2.9**	**-4%**	**62.6**	**63.1**	**65.5**	**-1%**
Impairments and provisions	-12.2	-5.5	-6.7	-121%	-12.2	-9.7	-5.5	-25%
Share of profit from investments in associates and joint ventures	0.6	1.0	-0.4	-41%	0.6	0.7	1.0	-20%
Result before tax	**51.0**	**60.9**	**-10.0**	**-16%**	**51.0**	**54.1**	**60.9**	**-6%**

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD		Change YoY	
Net loans to customers	4,847.3	4,622.0	3,744.9	225.3	5%	1,102.5	29%
Gross loans to customers	4,948.6	4,709.3	3,817.3	239.3	5%	1,131.3	30%
Housing loans	2,754.8	2,678.8	2,495.6	76.0	3%	259.3	10%
Interest rate on housing loans[ii]	*2.98%*	*3.14%*	*3.26%*	*-0.16 p.p.*		*-0.28 p.p.*	
Consumer loans	1,001.3	963.5	856.4	37.8	4%	145.0	17%
Interest rate on consumer loans[ii]	*8.28%*	*8.31%*	*8.36%*	*-0.03 p.p.*		*-0.08 p.p.*	
Summit Leasing Slovenija	639.5	549.1		90.4	16%	639.5	-
NLB Lease&Go, leasing, Ljubljana	140.4	132.7	108.7	7.7	6%	31.7	29%
Other	412.6	385.2	356.7	27.4	7%	55.9	16%
Deposits from customers	9,896.7	9,849.6	9,369.1	47.2	0%	527.6	6%
Interest rate on deposits[ii]	*0.38%*	*0.49%*	*0.47%*	*-0.11 p.p.*		*-0.09 p.p.*	
Non-performing loans (gross)	103.4	95.7	85.2	7.6	8%	18.2	21%

	1-3 2025	1-3 2024	Change YoY
Cost of risk (in bps)	103	59	44
CIR	43.8%	34.7%	9.1 p.p.
Net interest margin[ii]	4.43%	4.89%	-0.46 p.p.

(i) Net interest income from assets and liabilities using Fund Transfer Pricing (FTP).
(ii) Net interest margin and interest rates before the merger of NLB and N Banka are only for NLB. 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.
(iii) In Q1 2025, corresponding allocation of MREL and Tier 2 from segment Financial Markets in Slovenia was made.
(iv) In Q1 2025, for NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana, the reallocation of a micro segment from Corporate and Investment banking in Slovenija to segment Retail Banking in Slovenia was conducted.

Net interest income saw a YoY increase of 6%, primarily due to higher loan volumes, which positively impacted the segment's net interest income despite a decrease in interest rates. The decline in the net interest income from liabilities was a result of lower key ECB interest rates.

Net fee and commission income increased by 22% YoY, driven by higher income from bancassurance and investment funds.

The segment's **total costs** increased by EUR 14.0 million YoY, of which over one third from leasing and AuM activities, and the remaining part from higher employee costs, non-recurring costs and IT expenditures.

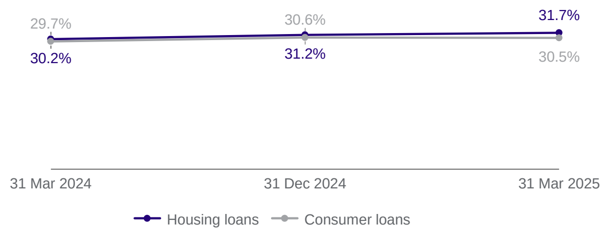
Impairments and provisions for credit risks were net established due to the portfolio development.

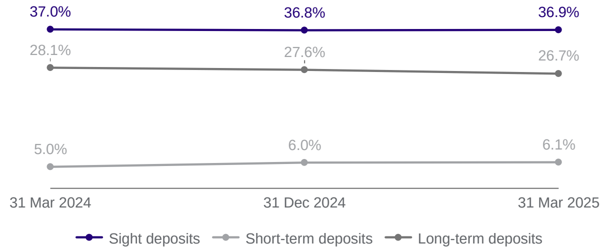
The **segment's loan portfolio** increased by EUR 239.3 million YtD. Additionally, housing and consumer lending achieved strong YtD growth, with increases of 3% and 4%, respectively. The new production of these loans was excellent, with EUR 170.9 million in new housing loans and EUR 144.5 million in new consumer loans approved, showing a YoY increase of 87% and 15%, respectively.

The **market shares of the segment** recorded a considerable increase in retail lending to 30.7% (compared to 29.5% as at 31 March 2024) and in deposit-taking to 34.2% (compared to 33.6% as at 31 March 2024).

The segments' **market shares of housing and consumer loans** also increased in Q1 2025, reaching 31.7% and 30.5%, respectively, compared to 30.2% and 29.7% as at 31 March 2024. The recently introduced mortgage loan offer, including a property appraisal and an energy performance certificate with no approval fees, has contributed to sales performance while also supporting the Bank's commitment to sustainability.

Figure 27: Market share of net loans to individuals and market share of deposits from individuals

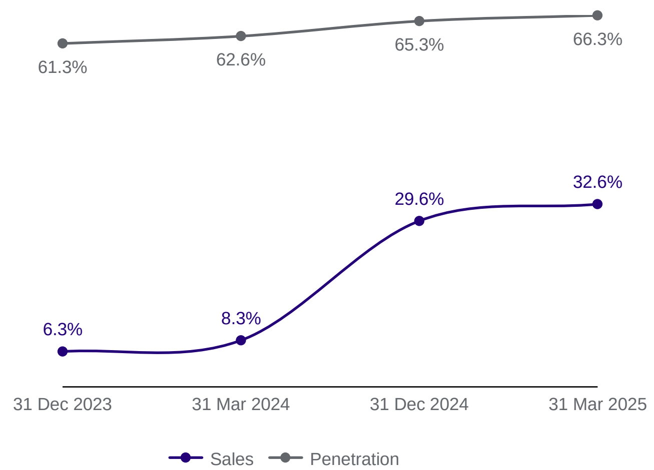




The **deposit base** increased steadily YoY but remained flat YtD, as deposits were impacted by the RoS retail bond issue that led to a reduction in March. The volume of term deposits started to decrease from the last quarter of 2024, as declining interest rates resulted in a portion of matured term deposits not being renewed. Instead, these funds were either reallocated 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 remained stable at 51% (EUR 4,563.3 million on 31 March 2025 compared to EUR 4,537.5 million on 31 December 2024) with a notable shift from term deposits to savings accounts.

NLB Klik, the Bank's **digital platform**, offers a comprehensive range of banking functionalities and daily banking products. The customer experience survey ranked the application as the best mobile and web bank on the market in 2024. This recognition is also reflected in growing digital penetration, increased share of digital sales, and high-level of customers engagement. The number of digital users increased by 5.4% YoY, active digital penetration rose by 3.7 pp YoY, and digital sales surged by 24.3 p.p. YoY.

Figure 28: 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 **Contact Centre** (CC) is the Bank's 24/7 customer support hub, demonstrating flexibility and responsiveness to clients' evolving needs. The AI-driven chatbot on the Bank's website will handle simpler customer queries, allowing advisors to focus on providing optimal solutions for more complex needs. Communication via video calls enabled the CC to facilitate 12.7% of sales of key retail product groups.

A new version of the Group's mobile wallet, **NLB Pay,** was explicitly launched for Huawei mobile phones, allowing Huawei users to access all available features. Additionally, the migration of Maestro debit cards was completed in Q1, meaning the Maestro brand is no longer part of the offering.

Private Banking continued its strong performance from the previous year, recording the best-ever start of the year in sales. The focus on new investment opportunities, such as the alternative fund *Zeleni prehod I*, contributed to this success. Additionally, implementing the *LoungeKey Benefit* on Debit Mastercard World Elite cards added extra value for clients.

NLB Skladi, Ljubljana, Slovenia's largest asset management company, further increased its market share of assets under management (AuM) in mutual funds to 41.7%, with net inflows totalling EUR 88.8 million in Q1 2025, representing almost 62% of all net inflows in the market. The company's total assets under management grew by 16.3% YoY to more than EUR 3.0 billion, of which EUR 2,515.8 million consisted of mutual funds and EUR 511.7 million of the discretionary portfolio.

The Bank has been the largest **bancassurance** provider on the market for several years and continues to perform strongly in cooperation with the insurance companies Vita, življenjska zavarovalnica, Generali Zavarovalnica, Zavarovalnica Triglav, and Zavarovalnica Sava.

With the **NLB Lease&Go, leasing, Ljubljana** offer, the Bank complements its range of financial services to private individuals and the micro segment.

Corporate and Investment Banking in Slovenia

Highlights

- The corporate loan portfolio continued to grow in the first quarter of 2025.
- The Bank's active role in raising awareness and supporting clients in ESG development and sustainable finance.
- The trade finance business remained stable, enabling the Bank to preserve its high market shares.
- Significant attention has been placed on the AGRI segment.

Financial and Business Performance

Table 11: Key financials of the Corporate and Investment Banking in Slovenia segment(iv)

in EUR millions consolidated

	1-3 2025	1-3 2024	Change YoY		Q1 2025	Q4 2024	Q1 2024	Change QoQ
Net interest income	28.5	32.4	-3.8	-12%	28.5	33.9	32.4	-16%
Net interest income from Assets(i)	15.1	17.8	-2.7	-15%	15.1	23.8	17.8	-37%
o/w allocation of regulatory costs(iii)	-2.2				-2.2			
Net interest income from Liabilities(i)	13.5	14.6	-1.1	-7%	13.5	10.1	14.6	33%
Net non-interest income	12.7	12.4	0.4	3%	12.7	10.5	12.4	21%
o/w Net fee and commission income	10.2	10.6	-0.5	-4%	10.2	9.8	10.6	4%
Total net operating income	**41.3**	**44.7**	**-3.5**	**-8%**	**41.3**	**44.4**	**44.7**	**-7%**
Total costs	-17.7	-15.7	-2.0	-13%	-17.7	-24.0	-15.7	27%
Result before impairments and provisions	**23.6**	**29.1**	**-5.5**	**-19%**	**23.6**	**20.4**	**29.1**	**16%**
Impairments and provisions	1.1	2.7	-1.6	-58%	1.1	-19.9	2.7	-
Result before tax	**24.8**	**31.8**	**-7.1**	**-22%**	**24.8**	**0.5**	**31.8**	**-**

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD		Change YoY	
Net loans to customers	3,913.1	3,871.8	3,289.3	41.3	1%	623.8	19%
Gross loans to customers	3,983.5	3,946.4	3,341.2	37.1	1%	642.4	19%
Corporate	3,753.8	3,749.1	3,237.7	4.7	0%	516.1	16%
Key/SME/Cross Border Corporates	3,286.8	3,250.0	2,966.0	36.8	1%	320.7	11%
Interest rate on Key/SME/Cross Border Corporates loans (ii)	*4.36%*	*5.07%*	*5.21%*	*-0.71 p.p.*		*-0.85 p.p.*	
Investment banking	0.0	0.1	0.1	-0.1	-	-0.1	-
Restructuring and Workout	173.3	108.2	109.7	65.2	60%	63.7	58%
Summit Leasing Slovenija	105.9	203.8		-97.9	-48 %	105.9	-
NLB Lease&Go, leasing, Ljubljana	187.8	187.1	161.9	0.7	0 %	25.9	16 %
State	228.9	196.1	102.4	32.8	17%	126.5	123%
Interest rate on State loans (ii)	*4.16%*	*5.60%*	*6.06%*	*-1.44 p.p.*		*-1.90 p.p.*	
Deposits from customers	2,326.9	2,392.0	2,202.8	-65.1	-3%	124.1	6%
Interest rate on deposits (ii)	*0.33%*	*0.37%*	*0.38%*	*-0.04 p.p.*		*-0.05 p.p.*	
Non-performing loans (gross)	79.1	79.9	61.7	-0.8	-1%	17.4	28%

	1-3 2025	1-3 2024	Change YoY
Cost of risk (in bps)	-12	-33	21
CIR	42.8%	35.0%	7.8 p.p.
Net interest margin(ii)	3.88%	4.18%	-0.30 p.p.

(i) Net interest income from assets and liabilities using FTP.
(ii) Net interest margin and interest rates before the merger of NLB and N Banka only for NLB. 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.
(iii) In Q1 2025, corresponding allocation of MREL and Tier 2 from segment Financial Markets in Slovenia was made.
(iv) In Q1 2025, for NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana, the reallocation of a micro segment from Corporate and Investment banking in Slovenija to segment Retail Banking in Slovenia was conducted.

The Corporate and Investment Banking segment serves 9,640 **corporate clients**. As of the beginning of 2025, a re-segmentation of customers within legal entities was implemented, raising the threshold for the corporate segment to above EUR 1 million. As a result, clients with revenues of up to EUR 1 million were transferred from the corporate segment to the retail – micro segment (net effect approximately 2,000 clients), including their own portfolios.

The key guiding principle of corporate business remains focused on customers and their actual needs, offering a wide range of comprehensive and tailor-made financial solutions to support the economy.

In 2025, the Bank has been paying significant attention to the AGRI segment. As a result, a new organisational unit specialising in the AGRI segment was established within the SME in February 2025.

Net interest income decreased by 12% YoY and was affected by allocation of regular costs in Q1 2025, the ALM result includes corresponding allocation of EUR 2.2 million of regulatory costs MREL and Tier 2. The decline in net interest income from liabilities is driven by lower key ECB interest rate.

Total costs increased by 13% YoY, the majority deriving from the inclusion of the corporate part of Summit Leasing Slovenija, Ljubljana in the segment.

Impairments and provisions were net released in the amount of EUR 1.1 million, also due to the improved rating of Slovenia (from A to AA).

The **volume of gross loans** increased by EUR 37.1 million or 1% YtD, primarily due to the renewal of credit lines that are seasonally repaid at the end of the year.

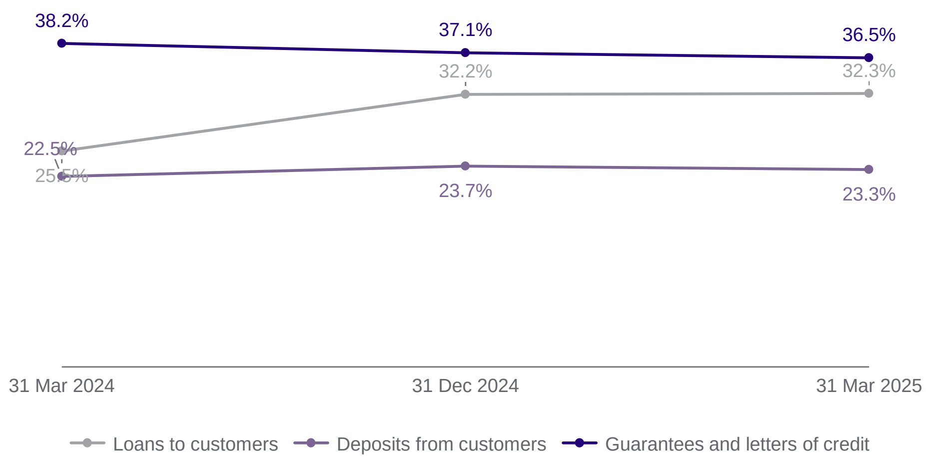
As a key and important systemic player in the financial market, the Bank raises awareness and supports clients in the **region's development of ESG and sustainable finance** through its proactive approach and advisory services. In this way, it increases its share in financing the green transformation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

At the end of Q1 2025, the loan outstanding portfolio of **cross-border financing** reached EUR 601.3 million, with additional approved and still unutilised loans amounting to EUR 109.8 million. A significant part of respective financing activities has been focused on green and sustainable projects within the home region while supporting other key industries such as telecommunications, energy, and real estate. Outside the home region, activities are concentrated on Schuldschein loans granted to big international investment-grade rated companies, mainly located in the Western Europe. Further focus is being placed on the participation in international syndication deals within the transition finance universe.

A 3% YtD decline in **deposits** during the first quarter was in line with seasonal trends, as corporate deposits growth tends to be stronger in the second half of the year. Additionally, many companies deposit funds over the new year, resulting in temporarily higher balances at the year-end.

The **trade finance business** remained stable, maintaining a high market share of 36.5%. A strong focus was placed on Slovenian exporters and various forms of invoice financing.

Figure 29: Market share in Corporate Banking in Slovenia



The Bank remains among the top Slovenian players in **custodian services** for both Slovenian and international clients. At the end of Q1 2025, the total value of assets under custody on domestic and foreign markets amounted to EUR 13.2 billion compared to EUR 13.1 billion as at 31 December 2024.

In Q1 2025, the Bank executed clients' buy-and-sell orders of EUR 964 million within the **brokerage services**. In dealing with financial instruments, the Bank conducted foreign exchange spot deals amounting to EUR 429.7 million, and transactions involving derivatives reached EUR 40.9 million.

The Bank has been actively involved in the **financial advisory business**. In addition to mergers and acquisitions (M&A) and advisory business, it was engaged in the organisation of bond issues (as a sole lead manager or joint lead manager) in the nominal amount of EUR 500 million. NLB also acted as a joint lead manager and distributor of the RoS retail bond in the nominal amount of EUR 223 million.

The intermediary business for **NLB Lease&Go, leasing, Ljubljana** continued to be a key 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** notably expanded the leasing portfolio in this segment during Q1 2025 compared to Q1 2024, which further strengthening the Bank's focus on leasing activities.

In the **acquiring business**, NLB has focused on acquiring merchants in the micro segment, also in cooperation with third-party partners such, as Billy POS and Lab4Pay (Elly POS), especially focusing on upgrading NLB Smart POS with new functionalities (e.g., tips transactions, Diners cards acceptance, Flik, and instalment options), which are planned for implementation throughout 2025.

The analysis for implementing the *Purchase with Cashback* service is ongoing, aimed at providing a new service for merchants with POS terminals. This also represents an opportunity for cash transition and new non-interest income for both the Bank and the merchants.

Financial Markets in Slovenia

- The Bank successfully issued 4NC3 senior preferred notes in the amount of EUR 500 million.
- For the purpose of NII optimisation, the Bank increased investments in banking book securities, mainly funded from balances with the CB.
- Further diversification of the banking book securities portfolio led to an increased allocation of ESG labelled debt securities.

Financial and Business Performance

Table 12: Key Financials of the Financial Markets in Slovenia segment

in EUR millions consolidated

	1-3 2025	1-3 2024	Change YoY		Q1 2025	Q4 2024	Q1 2024	Change QoQ
Net interest income	4.8	2.1	2.6	124%	4.8	0.2	2.1	-
Net interest income w/o ALM(i)	7.2	7.7	-0.5	-6%	7.2	10.2	7.7	-29%
ALM	-2.4	-5.5	3.1	56%	-2.4	-10.0	-5.5	76%
o/w allocation of regulatory costs(iii)	9.7				9.7			
Net non-interest income	0.7	2.9	-2.3	-78%	0.7	2.1	2.9	-69%
Total net operating income	**5.4**	**5.1**	**0.4**	**7%**	**5.4**	**2.3**	**5.1**	**139%**
Total costs	-3.5	-2.9	-0.6	-22%	-3.5	-1.4	-2.9	-142%
Result before impairments and provisions	**2.0**	**2.2**	**-0.3**	**-11%**	**2.0**	**0.8**	**2.2**	**134%**
Impairments and provisions	1.5	-0.5	2.0	-	1.5	0.0	-0.5	-
Result before tax	**3.4**	**1.7**	**1.7**	**100%**	**3.4**	**0.8**	**1.7**	**-**

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD		Change YoY	
Balances with Central banks	1,879.2	1,772.3	3,684.6	106.9	6%	-1,805.4	-49%
Banking book securities	4,791.5	4,499.0	3,655.7	292.5	7%	1,135.8	31%
Interest rate (ii)	*2.30%*	*2.03%*	*1.68%*	*0.27 p.p.*		*0.62 p.p.*	
Borrowings	97.2	51.1	52.5	46.1	90%	44.7	85%
Interest rate (ii)	*1.43%*	*2.23%*	*2.33%*	*-0.80 p.p.*		*-0.90 p.p.*	
Subordinated liabilities (Tier 2)	538.3	560.1	597.3	-21.8	-4%	-59.0	-10%
Interest rate (ii)	*8.29%*	*8.33%*	*7.64%*	*-0.04 p.p.*		*0.65 p.p.*	
Other debt securities in issue	1,563.3	1,048.8	838.0	514.5	49%	725.3	87%
Interest rate (ii)	*5.21%*	*6.27%*	*6.84%*	*-1.06 p.p.*		*-1.63 p.p.*	

(i) Net interest income from assets and liabilities using FTP.
(ii) Interest rates only for NLB.
(iii) In Q1 2025, corresponding allocation of MREL and Tier 2 from segment Financial Markets in Slovenia to all other segments based on their corresponding capital and MREL requirements.

The primary mission of this segment continued to be the Group's activities on international financial markets – 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. The market is constantly observed for the Group's investment and funding purposes. The former intends to diminish further possible defaults of issuers included in the banking book securities portfolio and to manage the portfolio according to the market moves (yield movement) / economic data (inflation, recession). The latter gives the Group an overview of market conditions for future bond issuances.

Net interest income, deriving from treasury and corresponding banking, remained broadly in line with the Q1 2024 level. In Q1 2025, the MREL and Tier 2 funding costs were reallocated from Financial Markets in Slovenia to all other segments based on their corresponding capital and MREL requirements in the amount of EUR 9.7 million.

Net non-interest income decreased in Q1 2025 compared to the same period last year, which had benefited from a one-off gain related to the early repayment of issued subordinated bonds.

There was an increase of EUR 292.5 million YtD in **banking book securities** and EUR 106.9 million in **balances with the central bank**, resulting from the liquidity obtained through the successful issuance of 4NC3 senior preferred notes in the amount of EUR 500 million in January 2025. The issuance counts towards meeting the MREL requirement.

15.6% (or EUR 738 million) of the banking book debt securities portfolio consists of the **ESG labelled debt securities** issued by governments, multilateral organisations, or financial institutions, of which EUR 91 million were bought in the first three months of 2025.

At the end of Q1 2025, the duration of the Bank's debt securities portfolio was 4.35 years, with an average yield of 2.31% YtD. The negative valuation of the FVOCI portfolio as at 31 March 2025 amounted to EUR 13 million (net of hedge accounting effects and related deferred taxes).

Strategic Foreign Markets

Highlights

- Sustained growth and moderately positive financial outlook.
- All subsidiary banks are robustly profitable and earning Cost of Capital (CoC), with NLB Komercijalna Banka, Beograd contributing 60% to the segment's pre-tax profit.
- Retail lending activities have grown robustly, outpacing most local market dynamics.
- The leasing portfolio in Croatia and Serbia have shown remarkable growth, with over EUR 50 million in new business (stock financing included) in Q1 2025.
- Continuous sustainable financing and operations improve the carbon footprint of the banks.
- Regional central banks' regulatory changes – new regulatory capital requirements across the countries of the Group's operations.
- Credit rating agency Moody's confirmed Montenegro's stable outlook while maintaining the rating of Ba3.

Financial and Business Performance

Table 13: Key Financials of the Strategic Foreign Markets segment

in EUR millions consolidated

	1-3 2025	1-3 2024	Change YoY		Q1 2025	Q4 2024	Q1 2024	Change QoQ
Net interest income	115.9	118.8	-2.9	-2%	115.9	123.1	118.8	-6%
Interest income	140.7	137.7	3.0	2%	140.7	146.5	137.7	-4%
o/w allocation of regulatory costs[i]	-4.4				-4.4			
Interest expense	-24.8	-18.9	-5.9	-31%	-24.8	-23.5	-18.9	-6%
Net non-interest income	39.2	29.2	10.0	34%	39.2	29.5	29.2	33%
o/w Net fee and commission income	33.5	30.8	2.7	9%	33.5	35.5	30.8	-6%
Total net operating income	**155.1**	**148.0**	**7.1**	**5%**	**155.1**	**152.6**	**148.0**	**2%**
Total costs	-70.0	-63.9	-6.1	-10%	-70.0	-82.5	-63.9	15%
Result before impairments and provisions	**85.1**	**84.1**	**1.0**	**1%**	**85.1**	**70.0**	**84.1**	**21%**
Impairments and provisions	-3.0	-2.5	-0.5	-19%	-3.0	-9.6	-2.5	68%
Result before tax	**82.1**	**81.6**	**0.5**	**1%**	**82.1**	**60.5**	**81.6**	**36%**
o/w Result of minority shareholders	3.3	3.4	-0.1	-3%	3.3	3.4	3.4	-4%

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD		Change YoY	
Net loans to customers	8,140.8	7,847.4	6,794.8	293.4	4%	1,346.0	20%
Gross loans to customers	8,325.9	8,027.5	6,992.1	298.5	4%	1,333.9	19%
Individuals	4,261.7	4,087.0	3,631.0	174.6	4%	630.7	17%
Interest rate on retail loans	*6.58%*	*6.94%*	*7.06%*	*-0.35 p.p.*		*-0.48 p.p.*	
Corporate	3,753.9	3,635.5	3,087.8	118.4	3%	666.1	22%
Interest rate on corporate loans	*5.44%*	*5.81%*	*5.96%*	*-0.36 p.p.*		*-0.52 p.p.*	
State	310.4	304.9	273.3	5.5	2%	37.1	14%
Interest rate on state loans	*6.95%*	*7.58%*	*7.79%*	*-0.62 p.p.*		*-0.83 p.p.*	
Deposits from customers	9,847.6	9,964.3	8,872.5	-116.7	-1%	975.1	11%
Interest rate on deposits	*0.72%*	*0.65%*	*0.63%*	*0.07 p.p.*		*0.09 p.p.*	
Non-performing loans (gross)	126.9	130.6	134.6	-3.7	-3%	-7.7	-6%

	1-3 2025	1-3 2024	Change YoY
Cost of risk (in bps)	27	13	13
CIR	45.1%	43.2%	2.0 p.p.
Net interest margin	4.05%	4.44%	-0.40 p.p.

(i) In Q1 2025, corresponding allocation of MREL and Tier 2 from Financial Markets in Slovenia was made.

In the first quarter of 2025, the SEE region continued to grapple with elevated inflation, particularly in the food and energy sectors. However, signs of easing began to emerge, accompanied by a solid financial outlook. The NLB Group's countries of operations showed growth trends, mainly due to improvements in private consumption and investments, supported by increased purchasing power. Amidst a moderately positive financial outlook for the SEE region, the banking and leasing industries are facing pressure from the ongoing decline in interest rates.

The Group banking members are key financial institutions in the SEE markets, demonstrating robust liquidity and capital positions. They serve various business segments of clients with a wide range of banking products and services, maintaining a strong focus on productivity and efficiency.

The **market shares** by total assets of banking members reach or exceed 10% in four out of six markets.

Despite macroeconomic uncertainties in Q1 2025, the banking sector across the region demonstrated resilience, with lending activities showing solid growth. The demand for **loans** showed a positive trend by marking a notable 17% YoY and 4% YtD increase in lending activities. This uptick was primarily driven by retail banking products, indicating a rebound in consumer confidence and borrowing. All Group banking members experienced double-digit growth in retail loans and delivered strong Q1 2025 results.

The most significant increase in gross loans to customers was achieved by NLB Banka, Prishtina (30% YoY) and NLB Banka, Banja Luka (18% 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, improving their digital offering, and introducing end-to-end digital sales.

The overall confidence remained strong among the banking members, and the total customer **deposit base** increased by 11% YoY.

In Q1 2025, the **leasing companies** in strategic foreign markets achieved a total new leasing financing volume of EUR 56.9 million (stock financing included). Of this amount, 52% (EUR 29.6 million) was generated by Mobil Leasing, Zagreb, 38% (EUR 21.7 million) by NLB Lease&Go Leasing Beograd, and the remaining 10% (EUR 5.6 million) by NLB Lease&Go Skopje.

In Q1 2025, the net interest income was affected by the allocation of corresponding MREL and T2 regulatory costs in the amount of EUR 4.4 million.

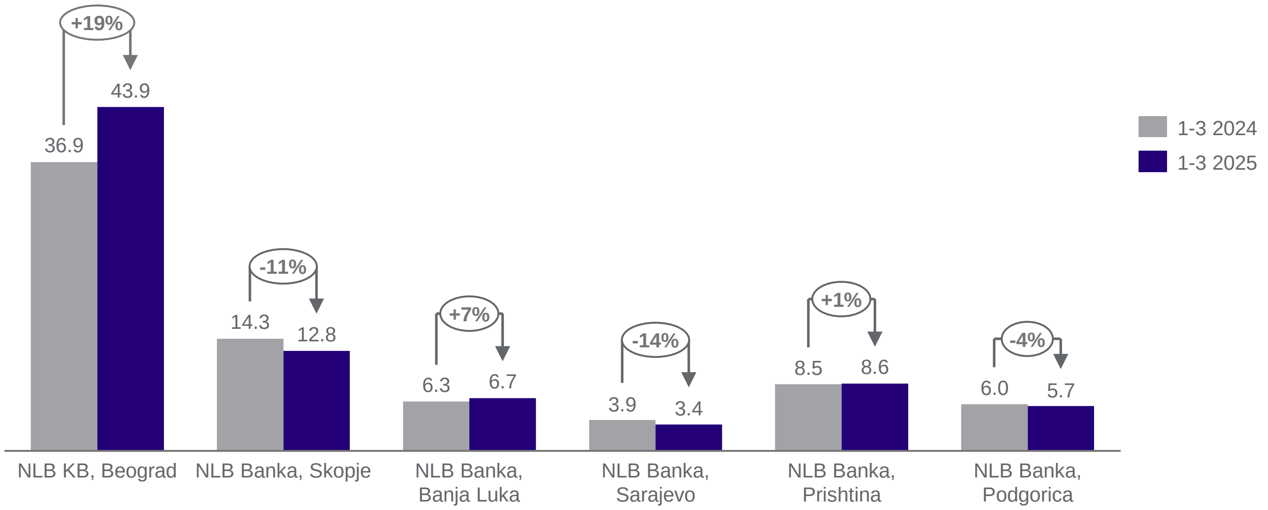
The Strategic foreign markets segment recorded an **interest income** increase of 2% YoY, with the highest absolute impact in an interest rate increase in NLB Banka, Prishtina – an increase of 11% YoY. However, the increased interest expenses on customer deposits and funding instruments impacted the net interest income, which remained flat YoY.

Despite the declining interest rate conditions and strong pricing competitive pressure on interest rates on assets and liabilities, the banking members realised a **net interest margin** ranging from 3% (NLB Banka, Sarajevo) to 4.6% (NLB Banka, Podgorica) in 1-3 2025.

Net fee and commission income increased by 9% YoY due to higher volumes of non-interest-bearing products activities, such as payments, ATMs, cards and bancassurance operations.

Total costs increased by 10% YoY due to an increase in all cost categories. Regulatory costs related to Deposit Guarantee Schemes (DGS) also increased in Q1 2025 across the region.

Figure 30: Result after tax of strategic NLB Group banks (in EUR millions)(i)



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

Retail Banking

The banking members realised robust new retail loan production YoY and YtD. The increase in the loan portfolio to individuals was seen in all banking members by maintaining a high-quality portfolio. New loan production significantly outperforms the local markets in certain markets. The gross loans to individuals marked a 17% YoY growth. The highest YoY increase was achieved by NLB Banka, Prishtina (30%), NLB Banka, Banja Luka (18%), NLB Banka, Podgorica (17%) and NLB Komercijalna Banka, Beograd (15%).

New production in green financing accelerated during 2025 with the offering of various NLB Green Loans through partners – mainly in green building, energy efficiency and clean transportation.

In deposit dynamics, the Group banks retained customer confidence as the total SEE bank deposits from individuals increased by 10.5% YoY.

Corporate Banking

The banking members maintained a positive trend in approving new financing and attracting new corporate clients. The banks recorded an 18% YoY growth in the corporate segment, with the highest levels achieved by NLB Komercijalna Banka, Beograd (22% YoY) and NLB Banka, Prishtina (16% YoY). The banks continued sustainable financing by supporting green investments, focusing particularly on solar power plants and energy efficiency.

The SEE banks attracted corporate deposits by increasing the balances from corporates by 14% YoY.

Non-Core Members

Highlights

- Non-core companies continued to monetise assets in line with the divestment plans.

Financial and Business Performance

Table 14: Key Financials of Non-Core Members

in EUR millions consolidated

	1-3 2025	1-3 2024	Change YoY		Q1 2025	Q4 2024	Q1 2024	Change QoQ
Net interest income	0.2	0.4	-0.2	-52%	0.2	0.2	0.4	-4%
Net non-interest income	0.1	0.4	-0.4	-83%	0.1	0.1	0.4	17%
Total net operating income	**0.2**	**0.8**	**-0.5**	**-69%**	**0.2**	**0.2**	**0.8**	**2%**
Total costs	-1.3	-2.0	0.8	37%	-1.3	-1.4	-2.0	8%
Result before impairments and provisions	**-1.0**	**-1.2**	**0.2**	**17%**	**-1.0**	**-1.1**	**-1.2**	**10%**
Impairments and provisions	0.4	1.1	-0.8	-68%	0.4	0.5	1.1	-29%
Result before tax	**-0.7**	**-0.1**	**-0.6**	**-**	**-0.7**	**-0.6**	**-0.1**	**-6%**

	31 Mar 2025	31 Dec 2024	31 Mar 2024	Change YtD		Change YoY	
Segment assets	**28.4**	**28.6**	**35.4**	**-0.2**	**-1%**	**-7.0**	**-20%**
Net loans to customers	8.4	8.5	10.4	-0.1	-1%	-2.0	-19%
Gross loans to customers	24.1	24.3	26.0	-0.2	-1%	-1.9	-7%
Investment property and property & equipment received for repayment of loans	5.4	5.5	9.6	-0.1	-2%	-4.2	-44%
Other assets	14.6	14.7	15.4	0.0	0%	-0.7	-5%
Non-performing loans (gross)	24.1	24.3	25.1	-0.2	-1%	-1.0	-4%

The wind-down has remained the main objective of the non-core segment in all the non-core portfolios. The divestment process has been running with thoughtful cost management and well-established collection procedures. On 31 March 2025, the segment's total assets amounted to EUR 28.4 million.

Risk Factors and Outlook

Risk Factors

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

In 2024, the growth of the euro area economy stagnated, 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 2025, the growth in the Group's region was expected to strengthen; however, heightened uncertainty keeps the growth subdued. Moreover, inflationary pressures, lower-than-expected GDP growth, 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. At the end of Q1 2025, 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 monitors the macroeconomic and geopolitical circumstances closely and remains 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 some selected clients in Stage 2 and formed additional impairments. The aforementioned adverse developments, including geopolitical and other uncertainties, 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. Consequently, it faces the risk of significant interventions by several regulatory and enforcement authorities in each jurisdiction in which it operates, including any changes in the tax treatment of the banking business and changes in the interpretation of legislation. A comparable materialisation level of such risks may also be expected in future periods.

The SEE region is the Group's most significant geographic area of operations outside Slovenia, 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 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 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 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 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 measure's feasibility analysis, its impact on the Group's business model, and the strength of the available measure.

Outlook

The indicated Outlook constitutes forward-looking statements that are subject to several risk factors and are 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 should rise in 2025 from 2024. The ECB rate cuts and lower inflation are set to boost private spending and fixed investment. However, export growth could be further impaired by the ongoing U.S. tariff threat. The imposition of additional U.S. tariffs clouds the outlook, while the health of Germany's industrial sector remains a key factor to track. Sequential GDP growth is forecast to remain muted in the coming quarters. Although economic growth in 2025 is seen slightly above 2024's, it will remain subdued by historical standards. Private spending is forecast to slightly accelerate in 2025 as inflation declines closer to the ECB's 2.0% target. Moreover, lower interest rates should underpin a rebound in fixed investment. The combination of the ReArm Europe Plan (a EUR 800 billion investment plan) and the U.S. tariffs present a mixed outlook for the European economy, with the timing and magnitude of tariffs still changing. We project GDP growth of 1.0% in 2025 and 1.3% in 2026. In the NLB Group's region, GDP growth is expected to strengthen to 3.0% YoY in 2025 and 3.2% YoY in 2026. Fixed investment will strengthen on lower interest rates, while healthier EU demand will propel exports, but private spending might lose some steam in certain countries.

Table 15: Movement of key macroeconomic indicators in the euro area and the NLB Group region

	GDP (real growth in %)				Average inflation (in %)				Unemployment rate (in %)			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Euro area	0.9	1.0	1.3	1.5	2.4	2.0	1.8	1.8	6.4	6.4	6.6	6.5
Slovenia	1.6	2.0	2.4	2.6	2.0	2.0	1.9	2.0	3.7	3.7	4.0	3.9
Serbia	3.9	3.8	4.0	4.0	4.7	3.9	3.2	3.0	8.6	8.3	8.1	7.9
N. Macedonia	2.7	2.9	2.9	2.9	3.5	2.8	2.4	2.2	12.4	11.8	11.5	11.0
BiH	2.5	2.7	3.0	3.1	1.7	2.5	2.2	1.9	12.7	12.3	11.8	11.7
Kosovo	4.5	4.0	4.0	3.9	1.6	2.0	2.1	2.0	10.5	10.0	9.5	9.2
Montenegro	3.2	3.4	3.3	3.4	3.3	3.0	2.6	2.5	11.5	10.7	10.3	10.0

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

The Bank reaffirms its 2025 guidance. The performance in the first quarter of 2025 corroborates the expectations for the full year guidance the Bank previously communicated. Recurring revenues are expected to be stable at around EUR 1,200 million, supported with buoyant loan growth offsetting lower rates. Cost-to-income ratio in 2025 is expected at around 48%, with deliberate transitory investments into processes' enhancements and IT support to accelerate digital capabilities of the Group.

Cost of risk guidance remains in the 30 to 50 basis points bandwidth. The Group assesses the loan book as stable, well-diversified and resilient despite the recent geopolitical uncertainties. Provisioning level is adequate, although adverse developments in global business environment and prolonged increased uncertainty could have an effect on asset quality.

Loan growth in the first quarter with 3% is a testament to the Group's strong market position and showcases the confidence customers have in the NLB Group. It is expected that this trend will remain unabated in 2025, delivering to the at least "high single-digit" loan growth guidance.

Convocation of the General Meeting of Shareholders (published *here*), to be held on 16 June 2025 with Item 3 of the agenda is the first step in delivering 50% of 2024 profit paid out as dividends. Namely, the NLB Management and Supervisory Boards propose to pay-out dividends in the amount of EUR 128,600,000.00 or EUR 6.43 gross per share. This is consistent with the guidance and the approach to pay dividends twice per year, as it allows the Bank to engage in a structured strategic dialogue with shareholders semi-annually.

ROE after tax and ROE normalised for the average risk-adjusted capital are expected to be within the guidance of around 15% and more than 20%, respectively. The difference between both is on the back of deliberate capital buffers that allow the Bank to pursue both organic as well as growth through M&A.

Table 16: Market performance and outlook for the period 2025-2026

	Outlook for 2025	Outlook for 2026
Recurring income	~ EUR 1,200 million	> EUR 1,300 million
CIR	~ 48%	Below 48%
Cost of risk	30–50 bps	30–50 bps
Loan growth	High single-digit	High single-digit
Dividends	50% of 2024 profit	50–60% of 2025 profit
ROE a.t.	~ 15%	~ 15%
ROE a.t. normalised(i)	> 20%	> 20%
M&A potential	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.

Risk Management

The Bank emphasises the risk culture and awareness across the entire Group. Efficient management of risks and capital is crucial for the Group to sustain long-term profitable and sustainable operations. The main risk principles are set forth by the Group's Risk Appetite and Risk Strategy, designed in accordance with the Group Strategy. The Group's Risk Management framework is forward-looking and tailored to its business model and corresponding risk profile. A particular focus is placed on including risk analysis and the ESG risk factors in the decision-making process at strategic and operating levels, diversification to avoid large concentration, optimal capital usage and allocation, appropriate risk-adjusted pricing, and overall compliance with the internal rules and regulations.

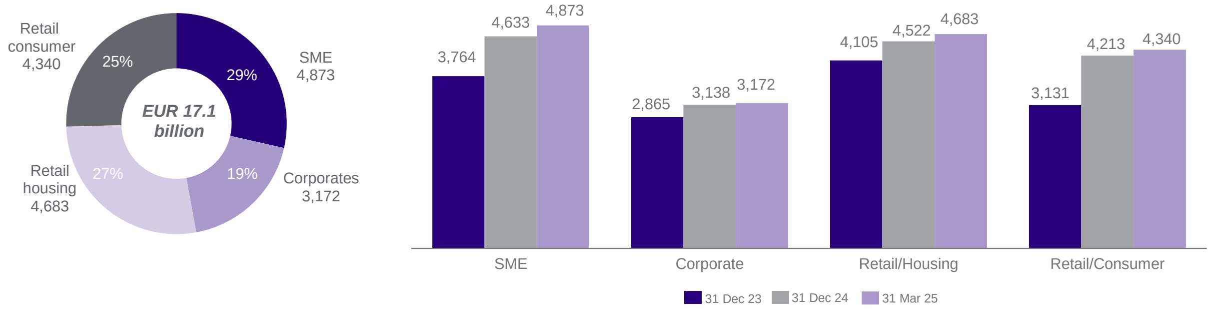
Risk Management in the Group manages, assesses, and monitors risks within the Bank as the main entity in Slovenia and the competence centre for all banking subsidiaries and leasing companies. Management and control of risks are performed through a clear organisational structure with clearly defined roles 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 the relevant upward and downward flow of information.

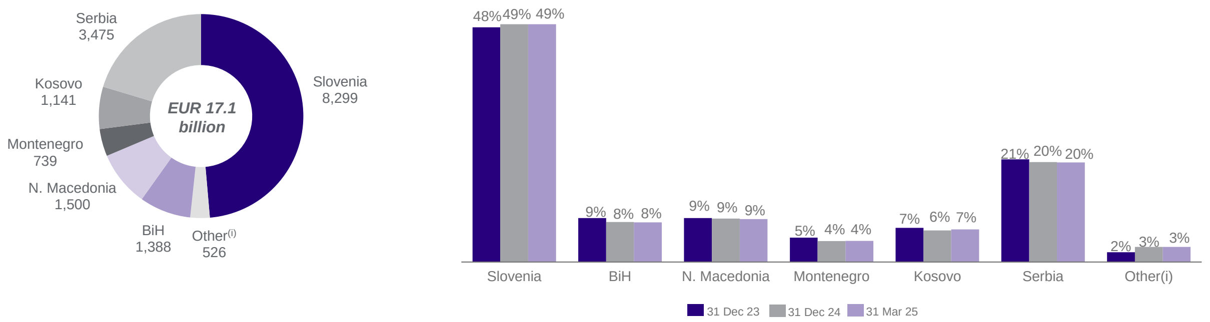
As a systemically important institution, the Group is included in the 2025 EU-Wide and SSM Stress test exercise. This EU-wide stress test is designed to assess the resilience of the European banking sector in the current uncertain and changing macroeconomic environment. The quantitative impact of the stress test will represent a starting point for determining a single bank level of P2G requirement. The results of the exercise are expected to be published at the beginning of August 2025.

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

The Group is actively present on the SEE markets by financing existing and new creditworthy clients. The Group's lending strategy focuses on its core markets of retail, SME, and selected corporate business activities. The Slovenian market focuses on providing appropriate solutions for the retail, medium-sized companies, and small enterprise segments. In contrast, in the corporate segment, the Bank established cooperation with selected corporate clients (through different lending or investment instruments). Other Group banking members are universal banks, mainly focused on the segments of retail, medium, and small enterprises. Their primary goal is to provide comprehensive services to clients by applying prudent risk management principles. In addition, with the completion of the acquisition of the SLS Group, the Group strengthened its leasing position in the Slovenian market and entered the Croatian market.

Figure 31: 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.

The current structure of the credit portfolio (gross loans) consists of loans to non-financial clients, with retail clients representing 52.9%, large corporate clients 18.6%, and SMEs, including micro companies, 28.5%. The credit portfolio remains well diversified, with no significant concentration in any specific industry or client segment. This diversification is particularly important to maintain, as geopolitical tensions, the green transition, and other macro factors could impact specific economic sectors. The share of the retail portfolio in the entire credit portfolio is quite substantial. The majority of the loan portfolio (82.0%) is denominated in euros, with the remainder in the local currencies of the SEE banking members.

Table 16: Overview of the NLB Group corporate loan portfolio by industry as at 31 March 2025

Credit porfolio			in EUR millions
Corporate sector by industry	**NLB Group**	**%**	**Δ Q1 2025**
Accommodation and food service activities	254.8	3%	12.9
Administrative and support service activities	147.9	2%	-2.9
Agriculture, forestry and fishing	391.6	5%	7.7
Arts, sports and recreation	20.7	0%	-0.2
Construction and Real estate activities	1,251.3	16%	35.1
Education	23.7	0%	0.5
Electricity, gas, steam and air conditioning supply	623.0	8%	6.6
Financial and insurance activities	243.3	3%	14.1
Human health and social w ork activities	49.2	1%	1.2
Telecommunication, computer programming, consulting, computing infrastructure and other information service activities	226.0	3%	9.7
Publishing, broadcasting, and content production and distribution activities	18.3	0%	1.0
Manufacturing	1,823.9	23%	59.4
Mining and quarrying	44.6	1%	2.1
Professional, scientific and technical activities	385.4	5%	37.3
Public administration and defence, compulsory social security	211.5	3%	-2.4
Other service activities	61.1	1%	41.6
Transportation and storage	651.2	8%	16.5
Water supply, sew erage, w aste management and remediation activities	65.4	1%	-0.7
Wholesale and retail trade	1,547.9	19%	30.6
Other	4.0	0%	3.9
Total Corporate sector	**8,044.8**	**100%**	**274.0**

The European Classification of Economic Activities was updated in 2025, contributing to changes in the portfolio's industry breakdown. Part of the changes in exposure by industry in Q1 can be attributed to this methodological change. In addition, increased lending activity also supported the growth in the corporate loan portfolio in Q1 2025. The growth was primarily concentrated in the manufacturing, wholesale and retail trade, construction, and real estate sectors. The most significant new financing was directed toward real-estate and specialised lending projects, including infrastructure projects and projects related to the green transition.

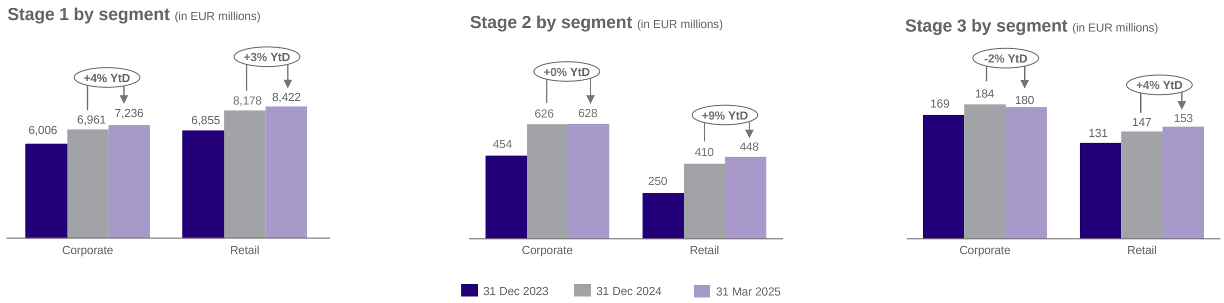
In the current macroeconomic environment, the Group's asset quality remains robust. The majority of the Group's loan portfolio is classified as Stage 1 (93.3%), with a relatively small portion in Stage 2 (5.1%), and Stage 3 (1.6%). The increase in Stage 2 allocation was mainly observed in the retail segment; however, the increase remains low compared to the entire portfolio. In addition, 70.2% of Stage 2 retail exposure shows no delays. The state and institutions segment outflow reflects a redistribution of excess liquidity into alternative products within the non-financial sector.

Table 17: NLB Group loan portfolio by stages as at 31 March 2025 (in EUR millions)

in EUR millions

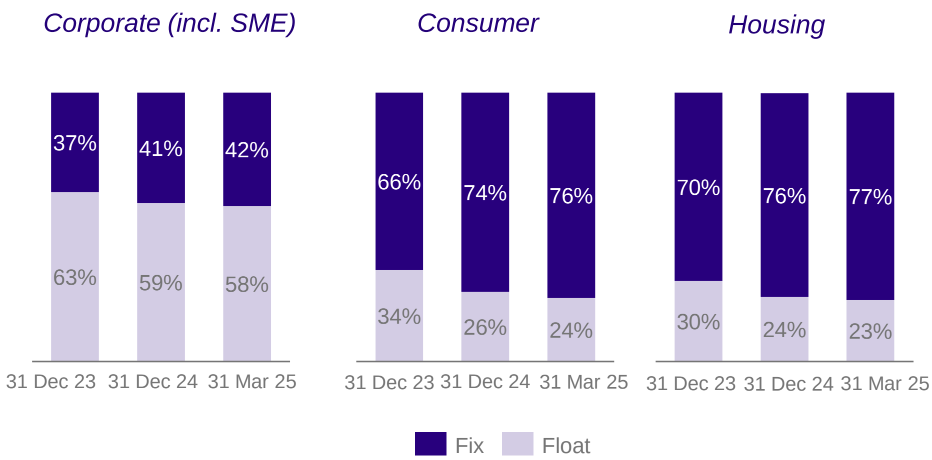
	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	**19,723.1**	**93.3%**	**409.3**	**1,078.5**	**5.1%**	**41.7**	**333.4**	**1.6%**	**2.9**	**95.1**	**0.5%**	**62.4**	**5.8%**	**216.4**	**64.9%**
o/w Corporate	7,236.3	89.9%	275.7	628.5	7.8%	2.0	180.0	2.2%	-3.6	42.6	0.6%	25.7	4.1%	106.7	59.3%
o/w Retail	8,422.4	93.3%	244.3	447.8	5.0%	37.5	153.2	1.7%	6.5	50.2	0.6%	36.7	8.2%	109.5	71.4%
o/w State	3,686.1	100.0%	-80.6	0.0	0.0%	0.0	0.0	0.0%	0.0	2.1	0.1%	0.0	0.9%	0.0	74.0%
o/w Institutions	378.4	99.4%	-30.1	2.2	0.6%	2.2	0.2	0.0%	0.0	0.2	0.0%	0.0	0.0%	0.2	100.0%

Figure 32: NLB Group corporate and retail loan portfolio by stages as at 31 March 2025



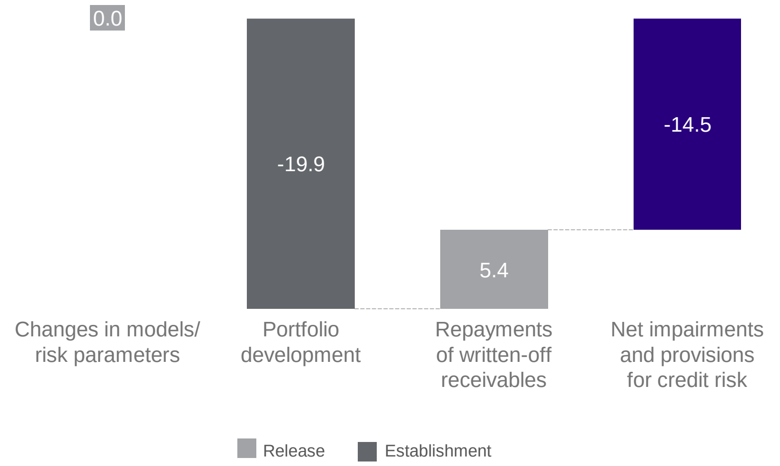
The portfolio quality remains stable, with increasing Stage 1 exposures and a relatively low percentage of NPLs. However, the Stage 1 loan portfolio percentage slightly decreased compared to 31 December 2024 but remained relatively high at 93.3% in the retail segment and 89.9% in the corporate segment.

Figure 33: NLB Group corporate and retail loan portfolio (in %) by interest rates as at 31 March 2025



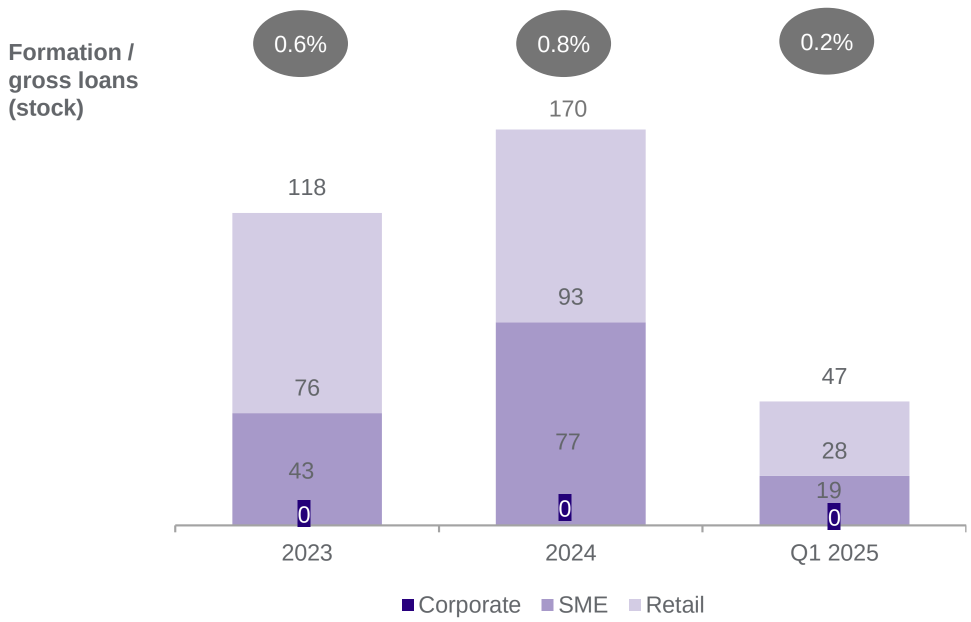
60.5% of the Group corporate and retail loan portfolio is linked to a fixed interest rate, while the remainder is tied to a floating rate (mainly the Euribor reference rate). Floating interest rates dominate the corporate segment. In the retail segment, 76.8% of the loan portfolio is linked to a fixed interest rate, with an even higher percentage in the housing loan segment (77.1%). This structure limits the sensitivity of the retail sector to potential changes in reference rates.

Figure 34: NLB Group quarterly net new impairments and provisions for credit risk (in EUR millions)



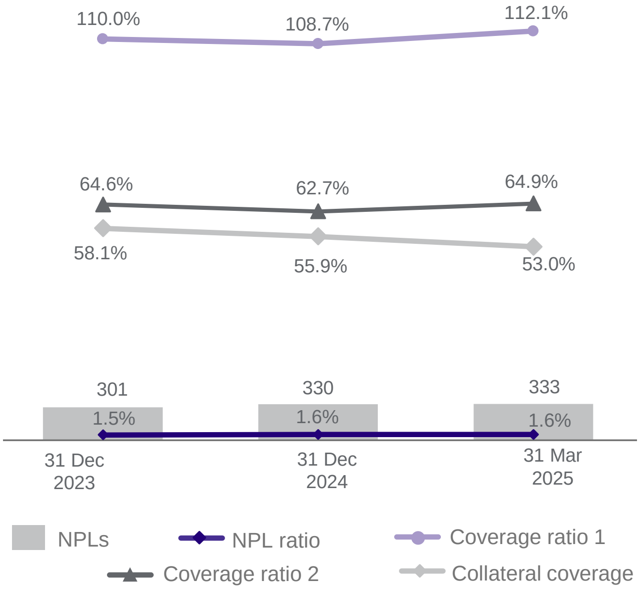
In Q1 2025, net impairments and provisions for credit risk were established in the amount of EUR 14.5 million. Established provisions are the result of new financing (Stage 1), transfers between stages due to credit quality deterioration for certain clients, and increased coverage of retail NPLs. Repayments of written-off receivables totalled EUR 5.4 million. The cost of risk for Q1 2025 stood at 37 bps, which is in line with the outlook for 2025.

Figure 35: NLB Group gross NPL formation (in EUR millions)



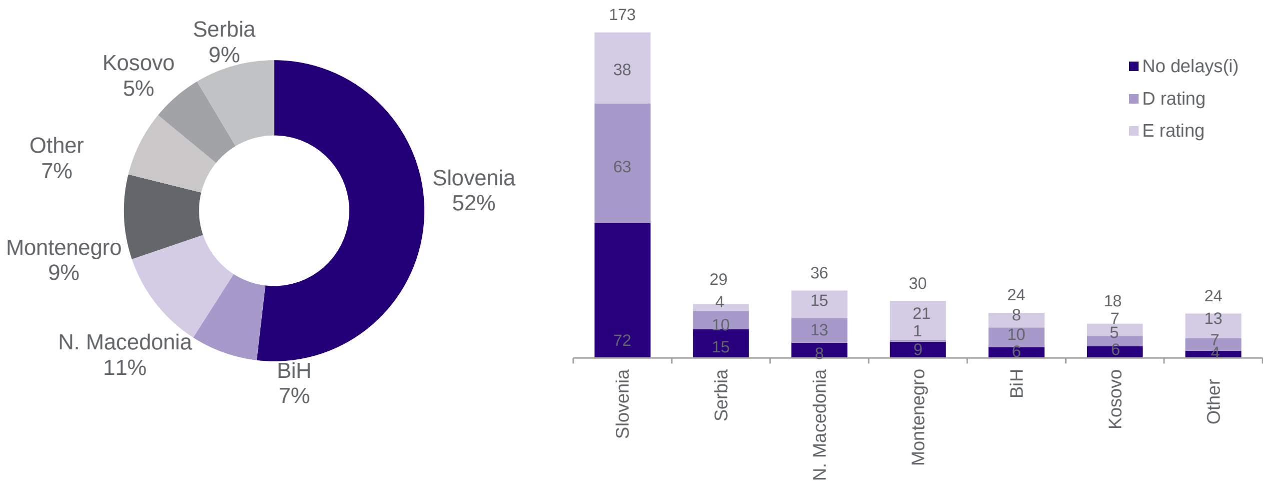
Positive macroeconomic development led to a moderate cumulative new NPL formation of EUR 47.0 million in the first three months, representing 0.2% of the total loan portfolio. The Group's credit portfolio remains high quality due to cautious lending standards and effective early warning systems.

Figure 36: NLB Group NPL, NPL ratio, NPL collateral coverage and coverage ratio(i)



(i) By internal definition.

Figure 37: NLB Group NPL by geography as at 31 March 2025



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

The Group's approach to NPL management strongly emphasises restructuring, along with other active NPL management tools, such as the sale or foreclosure of collateral, the sale of claims and pledged assets. In the first three months of 2025, the multi-year declining trend in the non-performing credit portfolio stock stopped, primarily at retail clients, as the growth of new NPLs exceeded repayments and recovery of existing NPLs. As a result, the non-performing credit portfolio stock in the Group increased to EUR 333.4 million on 31 March 2025, up from EUR 330.5 million on 31 December 2024. However, EUR 119.6 million of NPLs showed no payment delays.

Despite an increase in the higher-quality loan portfolio and only a slight increase in the NPL portfolio, the NPL ratio remained unchanged from the 2024-year level, standing at 1.6%. Based on the EBA methodology, the internationally comparable NPE ratio stood at 1.1%. The Group's gross NPL ratio, as defined by the EBA, remained stable at 1.9% at the end of Q1 2025.

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 clients' financial difficulties and restructuring of viable clients in case of need to efficiently manage exposures with no realistic recovery prospects. This extensive knowledge base is accessible 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.

Due to this fact, as well as the implemented early warning tools and efficient analysis and reporting mechanisms, the Group is well-positioned to proactively identify and engage with potentially distressed borrowers. Additionally, the Group closely monitors macroeconomic and geopolitical developments and maintains ongoing communication with key clients to detect any changes in business circumstances.

An important strength of the Group is its NPL coverage ratio 1 (coverage of gross NPLs with impairments for all loans), which remains at a high level, having improved to 112.1%. Furthermore, the Group's NPL coverage ratio 2 (coverage of gross NPLs with impairments for NPLs) stood at 64.9%, well above the EU average published by the EBA (41.2% for 2024). Furthermore, NPLs are also covered by collaterals, which serve as a secondary source of repayments. At the end of Q1 2025, collateral coverage ratio was 53.0%; together with impairments, this brings the total NPL coverage to 165.2%. As such, it enables a further reduction in NPLs in the future without significantly influencing the cost of risk.

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.

The liquidity position remained stable and strong at the Group and individual subsidiary bank levels, remaining well above the risk appetite limit. The Liquidity Coverage Ratio (LCR) stood at 208.4% at the Group level and 254.1% at the NLB level. The Group's unencumbered eligible liquid reserves amounted to EUR 9,351.5 million (EUR 6,956.2 million in NLB), mainly consisting of placements with the ECB and prime debt securities. Significant attention is given to the structure and concentration of liquidity reserves by incorporating early warning systems. The Group's core funding base predominately consists of retail customer deposits, which are very stable and constantly growing. A very comfortable level of LTD at 76.6% provides the Group the capacity for further customer loan growth.

The Group's net open FX position from the transactional risk remains low, standing at 0.70% of capital at the end of Q1 2025. On the other hand, structural FX positions – arising from investments into the Group's non-euro subsidiaries and recognised in the other comprehensive income (OCI) on the consolidated basis – impact the Group's RWA for market risk.

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 exposure to interest rate risk is measured in terms of impact on capital (EVE) and net interest income (NII) sensitivity. The Group applies different scenarios when assessing the EVE and NII sensitivity. From the EVE perspective, the estimated capital sensitivity equals -5.08% of the Group's T1 capital.

The majority of the EUR 6,100 million loan portfolio linked to Euribor includes loans with 3M Euribor (42%), followed by 6M Euribor (41%), 1M Euribor (13%) and 12M Euribor (4%).

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/or organisation. Additionally, the Group also focuses on proactive mitigation, prevention, and minimisation of potential damage. However, an evolving legal practice concerning consumer protection regulation might impact the materialisation of operational risk in future periods.

Special attention is given to the stress-testing system based on scenario analysis referring to the potential high severity, low-frequency events and modelling data on loss events. In addition to losses already included in the loss event database, one-off and unpredictable extreme events are also considered. Furthermore, key risk indicators serve as an early warning system for the broader field of operational risks. They are regularly monitored, analysed, and reported to improve the existing internal controls and enable timely reactions.

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 the 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. The Group’s exposure towards these risks is relatively low. Transition risk is assessed as more material than physical risk. The implementation of the Net Zero Strategy of the NLB Group is expected to gradually reduce the impact of transition risk over time. Furthermore, results from internal climate stress tests showed no material impacts on the Group’s capital and liquidity position.

Sustainability

In Q1 2025, the NLB Group prepared the inaugural consolidated Sustainability Statement for the financial year 2024 in accordance with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards, which were transposed into the Slovenian legislation in December 2024. The Sustainability Statement is integrated into *NLB Group Annual Report 2024* and provides stakeholders with comprehensive information on the sustainability performance. The Group continued to manage ESG (environmental, social and human rights, and governance) impacts, risks, and opportunities in its business strategy, risk management framework and internal governance across **three pillars: sustainable finance, sustainable operations, and contribution to society**. In doing so, the Group follows legislation, guidelines from the ECB, EBA, ESMA, UNEP FI, EBRD and best banking practices.

Sustainable finance

- In Q1 2025, the Group demonstrated progress in developing its comprehensive Net Zero Business Strategy (operational and portfolio), aiming to reach net-zero emissions by 2050 or sooner.
- Following its ambition for a climate-positive future and as a UNEP FI - Net Zero Banking Alliance member, the Group continued with measures to reduce its emissions associated with financing activities and is further committed to supporting clients in transitioning to a low-carbon economy and society.
- The Group adopted and disclosed the NLB Group Transition Plan (please refer to the Sustainability Statement, chapter *E1 Climate Change* in the NLB Group Annual Report 2024) related to the first round of disclosed sectorial targets (power generation, iron and steel, commercial real estate, residential real estate) and continued to develop guidelines for transaction-level decision-making. Moreover, the Group started with preparation activities towards setting additional sector-level targets in all or a significant majority of other carbon-intensive sectors scheduled for public disclosure in Q2 2025, which aligns with the NZBA commitment.
- Q1 2025 realisation from the corporate and retail green finance offering is aligned with the annual business targets and the commitment to mobilise EUR 1.9 billion of sustainable (green) financing by 2030.
- The identified eligible loan pool at the end of Q1 is in line with the *NLB Green Bond Framework* (issuance of EUR 500 million in June 2023). The second annual allocation and impact report, including data at the end of Q1 2025, is expected to be published in June. Full allocation is expected by 27 June 2026.
- In line with its strategic orientations and annual plans in risk management, the Group continued with appropriate implementation of ESG risks in the risk management framework, the decision-making process at strategic and operational levels, including implementation in the credit process, and customer/project due diligence. Regular training for the Group employees was provided to enhance awareness of ESG risks and their appropriate treatment.

Sustainable operations

- After adopting its Operational Emissions Net-Zero Strategy in 2024, the Group continued to reduce its operational emissions in Q1 2025 by adhering to a zero-carbon electricity supply, optimising energy and resource consumption, and transforming its car fleet.
- In January, NLB received the international certificate of Top Employer for the 10th consecutive year. Moreover, the Group continued with a series of internal sessions and training on various topics to further improve employees' well-being, knowledge, and skills in their pertinent areas, including corporate culture and business conduct.
- The Group extended its collaboration from national (Slovenian) to regional within the *Chapter Zero Adriatic* initiative to further strengthen the competencies of the Supervisory and Management Boards of the Group's members to address climate change in the Group's business model properly.
- The Group took part in several sustainability-related capacity-building events in the region and conducted activities to further upgrade the sustainability-related culture among employees.

Contribution to society

The Group followed its primary strategic guideline for the Group’s CSR activities and continued to contribute to the UN Sustainable Development Goals. Besides several contributions to local communities, sports, culture, and education, executed in Q1, the new MUZA Gallery officially opened its doors in Ljubljana. The gallery brings artworks from all the markets where NLB Group is present to the public, thus protecting and promoting regional historical and cultural heritage.

Artificial Intelligence

NLB Group strategically invests in artificial intelligence (AI) to support its transition toward a digital business model. The Group's approach is holistic, encompassing employee capability development, the implementation of concrete use cases, the establishment of a robust technological infrastructure, and the reinforcement of governance and compliance frameworks.

Initiatives in the field of artificial intelligence and analytics cover a broad spectrum—from risk management and customer relationship management to the optimization of internal processes—all in alignment with the Group's strategic goals and priorities. In 2024, the Group expanded its AI capabilities with generative AI (GenAI), a technology that holds transformative potential in banking by unlocking significant value for both employees and customers. Pilot projects are underway to evaluate the usefulness of AI in improving internal knowledge management, customer services, credit processes, and the operational efficiency of anti-money laundering (AML) efforts.

Recognising the importance of the employees in driving successful transformation, NLB Group implemented a comprehensive training program, with over 75% of employees having already participated in AI literacy initiatives. In 2025, it continues with an intensive competency development program, focusing on both acquiring new skills ("reskilling") and deepening existing expertise ("upskilling") – fostering a digitally confident and future-ready workforce.

To support broader GenAI adoption, NLB Group has developed a clear roadmap outlining the phased implementation of AI solutions across varying levels of complexity – from automating everyday office tasks to augmenting high-value knowledge work and supporting core business operations. To enable this, the Group is building a comprehensive GenAI technology stack. Procurement of Copilot for Microsoft 365 has been completed, and the final contracting steps are underway for ChatGPT Enterprise and Agent Space. Dedicated platforms have also been selected for the development of GenAI and advanced analytical solutions, laying a strong technological foundation for future innovation.

In parallel, NLB Group continues to reinforce its AI governance framework to ensure responsible, compliant, and secure deployment. An AI Use Policy has been adopted, mandatory training on responsible AI use has been launched for all employees, and a dedicated Data and AI Governance Committee has been established. Furthermore, the Group is actively preparing to comply with the EU Artificial Intelligence Act. All interim regulatory requirements have been met, and ongoing activities are being executed to ensure full compliance by the August 2026 deadline.

Corporate Governance

Management Board

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

In a year that kicked off the implementation of its new business strategy, NLB further strengthened its leadership team. Upon the recommendation of the Management Board, on 20 February 2025, the Supervisory 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.

The Management Board also consists of Blaž Brodnjak as President & CEO, Archibald Kremser as Deputy CEO and Chief Financial Officer (CFO), Peter Andreas Burkhardt as Chief Risk Officer (CRO), Hedvika Usenik as Chief Marketing Officer (CMO) responsible for Retail Banking and Private Banking, Antonio Argir responsible for Group Governance, Payments and Innovations and Andrej Lasič as Chief Marketing Officer (CMO) responsible for Corporate and Investment Banking.

Supervisory Board

On the date of this report, the Supervisory Board consists of ten members, of which eight represent the interests of shareholders, and two represent the interests of employees. The 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. The members of the Supervisory Board representing the interests of employees are selected and nominated 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.

The Supervisory Board consists of: Primož Karpe as Chairman, Shrenik Dhirajlal Davda as Deputy Chairman, and the following members: Islam Osama Bahgat Zekry, André-Marc Prudent-Toccanier, Mark William Lane Richards, Cvetka Selšek, Luka Vesnaver, Natalia Olegovna Ansell and employee representatives Tadeja Žbontar Rems (whose mandate expires by the end of the regular annual General Meeting in 2025) and Sergeja Kočar. The mandate of Islam Osama Bahgat 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.

In February 2025, the Supervisory Board considered the unaudited NLB Group Annual Report for 2024 and, in addition to the appointment of Reinhard Höll, as mentioned above, also discussed some other regular periodic reports.

General Meeting

The shareholders exercise their rights related to the Bank's operations at the General Meetings of NLB. Decisions adopted by the General Meeting of NLB include, among others, adopting and amending the Articles of Association of 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 discharging Supervisory Board members 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 regular General Meeting of NLB will be held on 16 June 2025.

Events After 31 March 2025

Convocation of the General Meeting: In April 2025, NLB announced the convocation of the 44th General Meeting of shareholders of NLB, which will be held on 16 June 2025. At the meeting, shareholders will, among other matters, acknowledge the NLB Group Annual Report for 2024, vote on the re-election of an existing member of the NLB Supervisory Board and decide on the allocation of distributable profit from the previous year – 50% of the 2024 profit, or EUR 257 million, is available for distribution in 2025, representing a 17% increase in the dividend payout. As in the previous years, NLB proposes that the distribution be made in 2025 in two tranches, with the first tranche being distributed on 24 June 2025 in the amount of EUR 128.6 million, which is EUR 6.43 gross per share.

Alternative Performance Indicators

The Bank has chosen to present these APIs either because they are commonly used within the industry or because investors commonly use them and are suitable for disclosure. The APIs are used internally to monitor and manage the 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 definitions.

Alternative Performance Measures[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 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 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	As of 1 January 2024, tax on the balance sheet is excluded from the calculation in NLB Group and NLB.
		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. Wholesales 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 loans to customers (quarterly)	**Calculated as the ratio between interest income on loans to customers annualised and average loans to customers.**	*Numerator:* Interest income loans to customers	Interest income on loans to customers (quarterly) are annualised, calculated as the sum of interest income on loans to 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 loans to customers	NLB internal information. Average loans to 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). NLB internal information. Average loans to customers (quarterly) for NLB are calculated as the sum of daily balances in each quarter (from the first day to the last day of the quarter) divided by the number of days in the quarter. NLB internal information. Average loans from customers (quarterly) for the SEE banks (sum of data on a stand-alone basis as included in the consolidated financial statements of 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). NLB internal information. Average deposits from customers (quarterly) for NLB are calculated as the sum of daily balances in each quarter (from the first day to the last day of the quarter) divided by the number of days in the quarter. NLB internal information. Average deposits from customers (quarterly) for the SEE banks (sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group) are calculated as the sum of monthly balances (t) for the corresponding quarters and monthly balances 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).

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 (no FVTPL assets have been recognized since 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.**	
IFRS 9 classification into Stage 1		*Numerator:* Total (AC) loans in Stage 1 *Denominator:* Total gross loans and advances
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

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 I *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 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 puts their cash flows under pressure. 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.
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, the aim of this measure is to restrict extensive growth of the loan portfolio.
Net interest margin on the basis of interest-bearing assets (cumulative)	**Calculated as the ratio between net interest income annualised and average interest-bearing assets.**	*Numerator:* Net interest income	Net interest income is annualised, 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.
		Denominator: Average interest-bearing assets	NLB internal information. Average interest-bearing assets for the NLB Group are calculated as the sum of the balance from the previous year’s end (31 December) and monthly balances of the last day of each month from January to the reporting month t divided by (t+1). NLB internal information. Average interest-bearing assets for NLB are calculated as daily balances in the current period (from the first day of the period to the last day of the period) divided by the number of days in the period. Average interest-bearing assets for individual bank members are calculated as the sum of the balance of the previous year’s end (31 December) and monthly balances of the last day of each month from January to reporting month t divided by (t+1).

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	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.
		Denominator: Average interest-bearing assets	NLB internal information. Average interest-bearing assets (quarterly) for the NLB Group, 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). NLB internal information. Average interest-bearing assets (quarterly) for NLB are calculated as the sum of daily balances in each quarter (from the first day of the quarter to the last day of the quarter) divided by the number of days in the quarter. NLB internal information. Average interest-bearing assets (quarterly) for the SEE banks (sum of data on a stand-alone basis as included in the consolidated financial statements of the NLB Group) 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	Net interest income is annualised, and calculated as 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.
		Denominator: Average total assets	NLB internal information. Average total assets for the NLB Group are calculated as the sum of the balance from the previous year's end (31 December) and monthly balances of the last day of each month from January to month t 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 includes in report Finrep 18; before deduction of allowances for the expected credit losses). NPE, measured by fair value loans through P&L, is considered to be at fair value, increased by the amount of negative fair value changes for credit risk. The share of NPEs is calculated based on internal data sources, which the NLB Group uses to monitor the portfolio quality.
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	Where non-performing loans are defined as 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 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 nonperforming loans portfolio.**	*Numerator:* Loan loss allowances nonperforming 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 per cent. (% Net NPL)	**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 presented are based on internal data sources.
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 presented are based on internal data sources.

Net stable funding ratio (NSFR)	**NSFR compares a bank's available stable funding (ASF) with its required stable funding (RSF). The ratio aims to ensure that banks maintain a stable funding profile in relation to their assets and activities.**	*Numerator:* Amount of available stable funding	A ratio of 100% or more indicates that a bank's stable funding is sufficient to cover its longer-term assets and activities. The parameters are defined under Basel III guidelines.
		Denominator: Amount of required stable funding	
EVE (Economic Value of Equity) method	**The EVE 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	Calculations take into account behavioural and automatic options, as well as the allocation of non-maturing deposits.
		Denominator: Equity (Tier I)	
Operational business margin (OBM) (cumulative)	**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 balances at the end of the previous quarter divided by (t+1). NLB internal information. Average total assets (quarterly) for the NLB 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). NLB internal information. Average total assets (quarterly) for the SEE banks (sum of data on a stand-alone basis as included in the consolidated financial statements of 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 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 calculated as Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution. Result a.t. w/o negative goodwill divided by Average risk adjusted capital. Average risk adjusted capital calculated as Tier 1 requirement of average Risk Weighted Assets (RWA) reduced for minority shareholder capital contribution.**	*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.
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 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).
RWA to total assets	**The RWA to total assets is the institution's RWA expressed as a percentage of the total assets.**	*Numerator:* Total risk exposure Amount (RWA)	
		Denominator: Total assets	
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.

Reconciliation of Financial Statements in Business and Financial Part of the Report

Table 18: Unaudited Condensed Income Statement of NLB Group for period ended 31 March 2025

Business report	in EUR millions	Financial report	in EUR thousands	Notes
Net interest income	233.9	Interest and similar income	299,818	4.1.
		Interest and similar expenses	(65,898)	4.1.
Net fee and commission income	80.4	Fee and commission income	109,206	4.3.
		Fee and commission expenses	(28,804)	4.3.
Dividend income	0.0	Dividend income	17	4.2.
Net income from financial transactions	7.5	Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	(276)	4.4.
		Gains less losses from financial assets and liabilities held for trading	2,914	4.5.
		Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	940	4.6.
		Gains less losses from financial liabilities measured at fair value through profit or loss	(747)	
		Fair value adjustments in hedge accounting	(350)	
		Foreign exchange translation gains less losses	5,038	
		Gains less losses from modification of financial assets	(43)	
Net other income	(9.6)	Gains less losses on derecognition of non-financial assets	883	
		Other operating income	8,724	4.7.
		Other operating expenses	(1,110)	4.8.
		Cash contributions to resolution funds and deposit guarantee schemes	(19,353)	4.10.
		Gains less losses from non-current assets held for sale	1,264	
Net non-interest income	78.3		78,303	
Total net operating income	**312.2**		**312,223**	
Employee costs	(82.6)	Administrative expenses	(136,860)	4.9.
Other general and administrative expenses	(46.2)			
Depreciation and amortisation	(16.9)	Depreciation and amortisation	(16,891)	4.11.
Total costs	**(145.7)**			
Tax on balance sheet	(8.1)			4.9.
	(153.8)		**(153,751)**	
Result before impairments and provisions	**158.5**		**158,472**	
Impairments and provisions for credit risk	(14.5)	Provisions for credit losses	(550)	4.12.
		Impairment of financial assets	(13,971)	4.13.
Other impairments and provisions	2.3	Provisions for other liabilities and charges	2,277	4.12.
		Impairment of non-financial assets	23	4.13.
Impairments and provisions	(12.2)		(12,221)	
Gains less losses from capital investment in subsidiaries, associates, and joint ventures	0.6	Share of profit from investments in associates and joint ventures (accounted for using the equity method)	568	
Result before tax	**146.8**	**Profit before income tax**	**146,819**	
Income tax	(17.7)	Income tax	(17,696)	4.14.
Result of non-controlling interests	3.3	Attributable to non-controlling interests	3,284	
Result after tax	**125.8**	**Attributable to owners of the parent**	**125,839**	

Table 19: Unaudited Condensed Statement of Financial Position of NLB Group as at 31 March 2025

Business report	in EUR millions	Financial report	in EUR thousands	Notes
ASSETS				
Cash, cash balances at central banks, and other demand deposits at banks	3,838.1	Cash, cash balances at central banks, and other demand deposits at banks	3,838,079	5.1.
Loans to banks	504.8	Financial assets measured at amortised cost - loans and advances to banks	504,751	5.5.b)
Net loans to customers	16,923.3	Financial assets measured at amortised cost - loans and advances to customers	16,923,301	5.5.c)
Financial assets	6,568.9		6,568,913	
- Trading book	8.3	Financial assets held for trading	6,948	5.2.a)
- Non-trading book	6,560.6	Non-trading financial assets mandatorily at fair value through profit or loss - part (without loans)	18,870	5.3.a)
		Financial assets measured at fair value through other comprehensive income	2,717,705	5.4.
		Financial assets measured at amortised cost - debt securities	3,825,390	5.5.a)
Investments in subsidiaries, associates, and joint ventures	15.2	Investments in associates and joint ventures	15,229	
Property and equipment	312.8	Property and equipment	312,842	5.7.
Investment property	22.3	Investment property	22,330	5.8.
Intangible assets	101.3	Intangible assets	101,325	
Other assets	391.8	Financial assets measured at amortised cost - other financial assets	129,105	5.5.d)
		Derivatives - hedge accounting	81,073	
		Fair value changes of the hedged items in portfolio hedge of interest rate risk	(10,002)	
		Current income tax assets	357	
		Deferred income tax assets	119,115	5.14.
		Other assets	67,347	5.10.
		Non-current assets and disposal groups held for sale	4,770	5.6.
TOTAL ASSETS	**28,678.5**	**Total assets**	**28,678,535**	
LIABILITIES				
Deposits from customers	22,078.9	Financial liabilities measured at amortised cost - due to customers	22,078,868	5.12.
Deposits from banks and central banks	172.1	Financial liabilities measured at amortised cost - deposits from banks and central banks	172,085	5.12.
Borrowings	278.5	Financial liabilities measured at amortised cost - borrowings from banks and central banks	124,896	5.12.
		Financial liabilities measured at amortised cost - borrowings from other customers	153,605	5.12.
Subordinated debt securities	538.3	Financial liabilities measured at amortised cost - debt securities issue	2,101,604	5.12.
Other debt securities in issue	1,563.3			
Other liabilities	619.6	Financial liabilities held for trading	8,202	5.2.b)
		Financial liabilities measured at fair value through profit or loss	10,377	5.3.b)
		Financial liabilities measured at amortised cost - other financial liabilities	349,095	5.12.c)
		Derivatives - hedge accounting	4,316	
		Provisions	95,479	5.13.
		Current income tax liabilities	14,051	
		Deferred income tax liabilities	19,815	5.14.
		Other liabilities	118,280	5.16.
Equity	3,356.2	Equity and reserves attributable to owners of the parent	3,356,218	
Non-controlling interests	71.6	Non-controlling interests	71,644	
TOTAL LIABILITIES AND EQUITY	**28,678.5**	**Total liabilities and equity**	**28,678,535**	

Unaudited Condensed Interim Financial Statements of NLB Group and NLB

as at 31 March 2025

Prepared in accordance with International accounting standard 34 'Interim financial reporting'

Contents

Condensed income statement for the period ended 31 March

in EUR thousands

		NLB Group		NLB	
		3 months ended		3 months ended	
		March 2025	March 2024	March 2025	March 2024
	Notes	unaudited	unaudited	unaudited	unaudited
Interest income calculated using the effective interest method		270,004	277,565	144,112	150,304
Other interest and similar income		29,814	15,202	7,850	8,587
Interest and similar income	4.1.	299,818	292,767	151,962	158,891
Interest expenses calculated using the effective interest method		(60,414)	(54,436)	(42,757)	(41,377)
Other interest and similar expenses		(5,484)	(6,141)	(5,386)	(6,263)
Interest and similar expenses	4.1.	(65,898)	(60,577)	(48,143)	(47,640)
Net interest income		**233,920**	**232,190**	**103,819**	**111,251**
Dividend income	4.2.	17	16	17,794	29,531
Fee and commission income	4.3.	109,206	100,119	49,776	45,300
Fee and commission expenses	4.3.	(28,804)	(29,021)	(11,334)	(10,648)
Net fee and commission income		**80,402**	**71,098**	**38,442**	**34,652**
Gains less losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss	4.4.	(276)	2,044	(321)	2,582
Gains less losses from financial assets and liabilities held for trading	4.5.	2,914	2,493	(922)	1,250
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	4.6.	940	1,581	986	1,578
Gains less losses from financial liabilities measured at fair value through profit or loss		(747)	(914)	(398)	(459)
Gains less losses from hedge accounting		(350)	649	78	609
Foreign exchange translation gains less losses		5,038	3,945	2,046	779
Gains less losses on derecognition of non-financial assets		883	262	21	5
Other operating income	4.7.	8,724	4,268	3,300	2,923
Other operating expenses	4.8.	(1,110)	(2,072)	(906)	(1,608)
Administrative expenses	4.9.	(136,860)	(119,297)	(73,351)	(62,909)
Cash contributions to resolution funds and deposit guarantee schemes	4.10.	(19,353)	(17,738)	(11,378)	(10,559)
Depreciation and amortisation	4.11.	(16,891)	(13,059)	(6,214)	(5,642)
Gains less losses from modification of financial assets		(43)	(25)	-	-
Provisions for credit losses	4.12.	(550)	(146)	645	581
Provisions for other liabilities and charges	4.12.	2,277	(297)	-	-
Impairment of financial assets	4.13.	(13,971)	(4,214)	(8,353)	(3,808)
Impairment of non-financial assets	4.13.	23	(3)	-	-
Share of profit from investments in associates and joint ventures (accounted for using the equity method)		568	962	-	-
Gains less losses from non-current assets held for sale		1,264	326	98	315
Profit before income tax		**146,819**	**162,069**	**65,386**	**101,071**
Income tax	4.14.	(17,696)	(18,655)	(3,796)	(7,190)
Profit for the period		**129,123**	**143,414**	**61,590**	**93,881**
Attributable to owners of the parent		125,839	140,021	61,590	93,881
Attributable to non-controlling interests		3,284	3,393	-	-
Earnings per share (in EUR per share)		6.29	7.00	3.08	4.69
Diluted earnings per share (in EUR per share)		6.29	7.00	3.08	4.69

Condensed statement of other comprehensive income for the period ended 31 March

in EUR thousands

		NLB Group		NLB	
		3 months ended		3 months ended	
		March 2025	March 2024	March 2025	March 2024
	Notes	unaudited	unaudited	unaudited	unaudited
Net profit for the period after tax		**129,123**	**143,414**	**61,590**	**93,881**
Other comprehensive income after tax		**4,497**	**12,631**	**2,225**	**4,036**
Items that will not be reclassified to income statement					
Fair value changes of equity instruments measured at fair value through other comprehensive income		**2,140**	**2,915**	**341**	**294**
Income tax related to items that will not be reclassified to profit or loss	5.15.	**(298)**	**(401)**	**(75)**	**(65)**
Items that have been or may be reclassified subsequently to income statement					
Foreign currency translation		**(1,622)**	**879**	**-**	**-**
Translation gains/(losses) taken to equity		(1,622)	879	-	-
Debt instruments measured at fair value through other comprehensive income		**5,160**	**11,283**	**2,507**	**4,881**
Valuation gains/(losses) taken to equity		5,388	10,464	2,502	4,485
Transferred to income statement		(228)	819	5	396
Income tax related to items that may be reclassified to profit or loss	5.15.	**(883)**	**(2,045)**	**(548)**	**(1,074)**
Total other comprehensive income for the period after tax		**133,620**	**156,045**	**63,815**	**97,917**
Attributable to owners of the parent		130,258	152,749	63,815	97,917
Attributable to non-controlling interests		3,362	3,296	-	-

Condensed statement of financial position as at 31 March and as at 31 December

in EUR thousands

		NLB Group		NLB	
		31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	Notes	unaudited	audited	unaudited	audited
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	3,838,079	4,039,581	2,072,105	1,973,113
Financial assets held for trading	5.2.a)	6,948	18,338	10,707	21,073
Non-trading financial assets mandatorily at fair value through profit or loss	5.3.a)	18,870	17,429	20,471	19,135
Financial assets measured at fair value through other comprehensive income	5.4.	2,717,705	2,563,516	1,833,077	1,665,019
Financial assets measured at amortised cost					
- debt securities	5.5.a)	3,825,390	3,725,195	2,971,352	2,846,779
- loans and advances to banks	5.5.b)	504,751	458,921	262,482	193,172
- loans and advances to customers	5.5.c)	16,923,301	16,363,649	8,925,386	8,653,348
- other financial assets	5.5.d)	129,105	136,854	81,388	81,518
Derivatives - hedge accounting		81,073	77,771	81,073	77,771
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(10,002)	(6,353)	(12,025)	(8,761)
Investments in subsidiaries		-	-	1,197,747	1,179,757
Investments in associates and joint ventures		15,229	14,661	4,823	4,823
Tangible assets					
Property and equipment	5.7.	312,842	310,017	96,727	91,320
Investment property	5.8.	22,330	26,132	5,243	5,599
Intangible assets		101,325	100,496	43,307	44,424
Current income tax assets		357	604	-	-
Deferred income tax assets	5.14.	119,115	120,701	105,635	106,327
Other assets	5.10.	67,347	56,819	26,157	17,825
Non-current assets held for sale	5.6.	4,770	11,036	2,766	2,849
Total assets		**28,678,535**	**28,035,367**	**17,728,421**	**16,975,091**
Financial liabilities held for trading	5.2.b)	8,202	6,995	10,244	9,977
Financial liabilities measured at fair value through profit or loss	5.3.b)	10,377	9,633	5,930	5,597
Financial liabilities measured at amortised cost					
- deposits from banks and central banks	5.12.	172,085	136,000	347,802	220,120
- borrowings from banks and central banks	5.12.	124,896	120,612	50,623	51,106
- due to customers	5.12.	22,078,868	22,206,310	12,279,064	12,293,708
- borrowings from other customers	5.12.	153,605	104,519	46,931	-
- debt securities issued	5.12.	2,101,604	1,608,939	2,101,604	1,608,939
- other financial liabilities	5.12.c)	349,095	296,725	183,004	145,802
Derivatives - hedge accounting		4,316	3,592	2,300	1,261
Provisions	5.13.	95,479	104,388	35,472	41,646
Current income tax liabilities		14,051	18,026	1,352	4,328
Deferred income tax liabilities	5.14.	19,815	17,694	-	-
Other liabilities	5.16.	118,280	103,889	74,671	66,998
Total liabilities		**25,250,673**	**24,737,322**	**15,138,997**	**14,449,482**
Equity and reserves attributable to owners of the parent					
Share capital		200,000	200,000	200,000	200,000
Share premium		871,378	871,378	871,378	871,378
Other equity instruments	5.17.	86,150	84,184	86,150	84,184
Accumulated other comprehensive income		(15,223)	(19,642)	(8,123)	(10,348)
Profit reserves		186,332	186,332	186,332	186,332
Retained earnings		2,027,581	1,903,708	1,253,687	1,194,063
		3,356,218	**3,225,960**	**2,589,424**	**2,525,609**
Non-controlling interests		71,644	72,085	-	-
Total equity		**3,427,862**	**3,298,045**	**2,589,424**	**2,525,609**
Total liabilities and equity		**28,678,535**	**28,035,367**	**17,728,421**	**16,975,091**

Condensed statement of changes in equity for the period ended 31 March

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
Note			**5.17.**								
Balance as at 1 Jan 2025	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
- Net profit for the period	-	-	-	-	-	-	-	125,839	125,839	3,284	129,123
- Other comprehensive income	-	-	-	6,031	(1,612)	-	-	-	4,419	78	4,497
Total comprehensive income after tax	-	-	-	6,031	(1,612)	-	-	125,839	130,258	3,362	133,620
Dividends	-	-	-	-	-	-	-	-	-	(3,803)	(3,803)
Other	-	-	1,966	-	-	-	-	(1,966)	-	-	-
Balance as at 31 Mar 2025	**200,000**	**871,378**	**86,150**	**495**	**(12,978)**	**(2,740)**	**186,332**	**2,027,581**	**3,356,218**	**71,644**	**3,427,862**

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
Note			**5.17.**								
Balance as at 1 Jan 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 period	-	-	-	-	-	-	-	140,021	140,021	3,393	143,414
- Other comprehensive income	-	-	-	11,778	950	-	-	-	12,728	(97)	12,631
Total comprehensive income after tax	-	-	-	11,778	950	-	-	140,021	152,749	3,296	156,045
Dividends	-	-	-	-	-	-	-	-	-	(4,011)	(4,011)
Other	-	-	1,982	-	-	-	-	(1,982)	-	-	-
Balance as at 31 Mar 2024	**200,000**	**871,378**	**86,160**	**(48,241)**	**(13,638)**	**(1,511)**	**13,522**	**1,927,929**	**3,035,599**	**64,425**	**3,100,024**

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
Note			**5.17.**					
Balance as at 1 Jan 2025	200,000	871,378	84,184	(8,283)	(2,065)	186,332	1,194,063	2,525,609
- Net profit for the period	-	-	-	-	-	-	61,590	61,590
- Other comprehensive income	-	-	-	2,225	-	-	-	2,225
Total comprehensive income after tax	-	-	-	2,225	-	-	61,590	63,815
Other	-	-	1,966	-	-	-	(1,966)	-
Balance as at 31 Mar 2025	**200,000**	**871,378**	**86,150**	**(6,058)**	**(2,065)**	**186,332**	**1,253,687**	**2,589,424**

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
Note			**5.17.**					
Balance as at 1 Jan 2024	200,000	871,378	84,178	(35,111)	(1,205)	13,522	1,116,689	2,249,451
- Net profit for the period	-	-	-	-	-	-	93,881	93,881
- Other comprehensive income	-	-	-	4,036	-	-	-	4,036
Total comprehensive income after tax	-	-	-	4,036	-	-	93,881	97,917
Other	-	-	1,982	-	-	-	(1,982)	-
Balance as at 31 Mar 2024	**200,000**	**871,378**	**86,160**	**(31,075)**	**(1,205)**	**13,522**	**1,208,588**	**2,347,368**

Condensed statement of cash flows for the period ended 31 March

in EUR thousands

		NLB Group		NLB	
		3 months ended		3 months ended	
		March 2025	March 2024	March 2025	March 2024
	Notes	unaudited	unaudited	unaudited	unaudited
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		300,288	292,847	149,961	154,296
Interest paid		(55,463)	(21,584)	(40,837)	(23,600)
Dividends received		14	14	17,791	28,987
Fee and commission receipts		109,329	101,655	48,258	45,118
Fee and commission payments		(28,312)	(29,923)	(11,039)	(11,320)
Realised gains from financial assets and financial liabilities not at fair value through profit or loss		45	184	-	-
Net gains/(losses) from financial assets and liabilities held for trading		6,021	5,747	311	472
Payments to employees and suppliers		(139,228)	(126,970)	(76,809)	(66,146)
Other receipts		12,570	5,617	6,244	3,333
Other payments		(15,525)	(10,745)	(5,853)	(2,375)
Income tax (paid)/received		(18,182)	(12,466)	(5,993)	(1,092)
Cash flows from operating activities before changes in operating assets and liabilities		**171,557**	**204,376**	**82,034**	**127,673**
(Increases)/decreases in operating assets		**(699,761)**	**(428,660)**	**(455,198)**	**(466,231)**
Net (increase)/decrease in trading assets		(2,496)	(2,996)	(2,496)	(2,996)
Net (increase)/decrease in non-trading financial assets mandatorily at fair value through profit or loss		(529)	982	(386)	(700)
Net (increase)/decrease in financial assets measured at fair value through other comprehensive income		(156,512)	(310,063)	(168,552)	(430,197)
Net (increase)/decrease in loans and receivables measured at amortised cost		(530,760)	(116,208)	(282,283)	(32,570)
Net (increase)/decrease in other assets		(9,464)	(375)	(1,481)	232
Increases/(decreases) in operating liabilities		**16,425**	**(198,976)**	**202,846**	**35,773**
Net increase/(decrease) in deposits and borrowings measured at amortised cost		14,641	(200,796)	202,163	35,245
Net increase/(decrease) in other liabilities		1,784	1,820	683	528
Net cash flows from operating activities		**(511,779)**	**(423,260)**	**(170,318)**	**(302,785)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts from investing activities		**356,997**	**169,831**	**32,625**	**28,495**
Proceeds from sale of property, equipment, and investment property		14,835	1,852	404	705
Proceeds from non-current assets held for sale		7,821	879	182	798
Proceeds from maturity/disposals of debt securities measured at amortised cost		334,341	167,100	32,039	26,992
Payments from investing activities		**(458,774)**	**(556,008)**	**(178,533)**	**(280,001)**
Purchase of property, equipment, and investment property		(17,104)	(7,526)	(10,235)	(3,679)
Purchase of intangible assets		(8,615)	(6,589)	(4,145)	(4,990)
Purchase of subsidiaries, net of cash acquired and increase in subsidiaries' equity	3.	-	-	(1,050)	-
Purchase of debt securities measured at amortised cost		(433,055)	(541,893)	(163,103)	(271,332)
Net cash flows from investing activities		**(101,777)**	**(386,177)**	**(145,908)**	**(251,506)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from financing activities		**497,052**	**298,611**	**497,052**	**298,611**
Issuance of subordinated bonds	5.12.b)	-	298,611	-	298,611
Issuance of senior preferred notes	5.12.b)	497,052	-	497,052	-
Payments from financing activities		**(16,150)**	**(221,567)**	**(27,854)**	**(216,133)**
Dividends paid		(3,806)	(3,933)	-	-
Repayments of subordinated debt	5.12.b)	(10,500)	(215,759)	(10,500)	(215,759)
Lease payments		(1,844)	(1,875)	(414)	(374)
Other payments related to financing activities		-	-	(16,940)	-
Net cash flows from financing activities		**480,902**	**77,044**	**469,198**	**82,478**
Effects of exchange rate changes on cash and cash equivalents		(2,705)	1,001	504	(1,415)
Net increase/(decrease) in cash and cash equivalents		**(132,654)**	**(732,393)**	**152,972**	**(471,813)**
Cash and cash equivalents at beginning of period		**4,498,650**	**6,637,139**	**2,013,308**	**4,323,499**
Cash and cash equivalents at end of period		**4,363,291**	**5,905,747**	**2,166,784**	**3,850,271**

in EUR thousands

		NLB Group		NLB	
		31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	Notes	unaudited	audited	unaudited	audited
Cash and cash equivalents comprise:					
Cash, cash balances at central banks, and other demand deposits at banks	5.1.	3,839,080	4,040,816	2,072,211	1,973,308
Loans and advances to banks with original maturity up to 3 months		497,062	431,997	94,573	40,000
Debt securities measured at fair value through other comprehensive income with original maturity up to 3 months		27,149	25,837	-	-
Total		**4,363,291**	**4,498,650**	**2,166,784**	**2,013,308**

The Management Board of NLB d.d. has authorised for issue the financial statements and the accompanying notes.

Peter Andreas Burkhardt
Member

Antonio Argir
Member

Blaž Brodnjak
Chief executive officer

Hedvika Usenik
Member

Andrej Lasič
Member

Archibald Kremser
Member

Ljubljana, 8 May 2025

Notes to the condensed interim financial statements

1. General information

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. Information on the NLB Group's structure is disclosed in note 8. Information on other related party relationships of NLB Group is provided in note 7.

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 March 2025 and as at 31 December 2024, the largest shareholder of NLB with significant influence is the Republic of Slovenia, owning 25.00% plus one share.

All amounts in the condensed interim financial statements and in the notes to the condensed interim financial statements are expressed in thousands of euros unless otherwise stated.

2. Summary of material accounting policy information

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting' and should be read in conjunction with the annual financial statements of NLB Group and NLB for the year ended 31 December 2024, which have been prepared in accordance with the International Financial Reporting Standards (hereinafter: 'IFRS') as adopted by the European Union (hereinafter: 'EU').

2.2. Accounting policies

The same accounting policies and methods of computation were followed in the preparation of these consolidated condensed interim financial statements as for the year ended 31 December 2024, except for accounting standards and other amendments effective for annual periods beginning on 1 January 2025 that were endorsed by the EU.

Accounting standards and amendments to existing standards that were endorsed by the EU and adopted by NLB Group from 1 January 2025

- IAS 21 (amendment) – 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (effective for annual periods beginning on or after 1 January 2025).

Accounting standards and amendments to existing standards issued but not endorsed by the EU

- IFRS 9 and IFRS 7 (amendment) – 'Amendments to the Classification and Measurement of Financial Instruments' (effective for annual periods beginning on or after 1 January 2026);
- IFRS 18 (new standard) – 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027);
- IFRS 19 (new standard) – 'Subsidiaries without Public Accountability: Disclosures' (effective for annual periods beginning on or after 1 January 2027);
- Annual Improvements Volume 11 (amendment) (effective for annual periods beginning on or after 1 January 2026);
- IFRS 9 and IFRS 7 (amendment) - *Contracts Referencing Nature-dependent Electricity* (effective for annual periods beginning on or after 1 January 2026).

3. Changes in the composition of the NLB Group

Changes in the period ended 31 March 2025

Capital changes:

- In February 2025, NLB d.d. Ljubljana increased share capital in the form of a cash contribution in the amount of EUR 1,050 thousand in the company NLB Lease&Go, leasing, d.o.o., Ljubljana.
- In February 2025, NLB Lease&Go, leasing, d.o.o., Ljubljana increased share capital in the form of a cash contribution in the amount of EUR 1,050 thousand in the company NLB Car&Go, upravljanje spletnih platform, d.o.o.

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 5.9.a). 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 5.9.b).
- 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.'

4. Notes to the condensed income statement

4.1. Interest income and expenses

Analysis by type of assets and liabilities

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Interest and similar income						
Interest income calculated using the effective interest method	270,004	277,565	-3%	144,112	150,304	-4%
Loans and advances to customers at amortised cost	209,460	201,618	4%	100,798	93,730	8%
Securities measured at amortised cost	26,520	17,211	54%	17,303	10,427	66%
Financial assets measured at fair value through other comprehensive income	14,837	10,715	38%	8,703	2,870	-
Loans and advances to banks measured at amortised cost	3,927	5,509	-29%	3,149	2,360	33%
Deposits with banks and central banks	15,260	42,512	-64%	14,159	40,917	-65%
Other interest and similar income	29,814	15,202	96%	7,850	8,587	-9%
Financial assets held for trading	720	1,541	-53%	784	1,768	-56%
Non-trading financial assets mandatorily at fair value through profit or loss	2	11	-82%	37	110	-66%
Derivatives - hedge accounting	7,030	6,839	3%	7,029	6,709	5%
Finance leases	22,052	6,811	-	-	-	-
Other	10	-	-	-	-	-
Total	**299,818**	**292,767**	**2%**	**151,962**	**158,891**	**-4%**
Interest and similar expenses						
Interest expenses calculated using the effective interest method	60,414	54,436	11%	42,757	41,377	3%
Due to customers	28,718	27,346	5%	11,178	13,533	-17%
Borrowings from banks and central banks	658	655	0%	103	676	-85%
Borrowings from other customers	678	578	17%	174	-	-
Subordinated liabilities	11,021	10,918	1%	11,021	10,918	1%
Debt securities issued	18,135	13,663	33%	18,135	13,663	33%
Deposits from banks and central banks	912	1,052	-13%	2,097	2,537	-17%
Lease liabilities	292	224	30%	49	50	-2%
Other interest and similar expenses	5,484	6,141	-11%	5,386	6,263	-14%
Derivatives - hedge accounting	4,655	4,511	3%	4,602	4,511	2%
Financial liabilities held for trading	616	1,437	-57%	675	1,659	-59%
Interest expense on defined employee benefits	175	186	-6%	91	88	3%
Other	38	7	-	18	5	-
Total	**65,898**	**60,577**	**9%**	**48,143**	**47,640**	**1%**
Net interest income	**233,920**	**232,190**	**1%**	**103,819**	**111,251**	**-7%**

4.2. Dividend income

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Financial assets measured at fair value through other comprehensive income	-	2	-	-	-	-
Investments in subsidiaries	-	-	-	17,777	29,517	-40%
Non-trading financial assets mandatorily at fair value through profit or loss	17	14	21%	17	14	21%
Total	**17**	**16**	**6%**	**17,794**	**29,531**	**-40%**

4.3. Fee and commission income and expenses

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Fee and commission income						
Fee and commission income relating to financial instruments not at fair value through profit or loss						
Credit cards and ATMs	31,629	30,829	3%	13,750	12,506	10%
Customer transaction accounts	25,914	23,980	8%	14,968	13,690	9%
Other fee and commission income						
Payments	21,191	20,613	3%	6,288	6,303	0%
Investment funds	12,943	10,252	26%	4,630	3,274	41%
Investment banking	4,054	3,902	4%	3,125	3,257	-4%
Agency of insurance products	5,190	3,970	31%	3,280	2,901	13%
Other services	3,366	2,023	66%	864	707	22%
Total fee and commission income from contracts with customers	**104,287**	**95,569**	**9%**	**46,905**	**42,638**	**10%**
Guarantees	4,919	4,550	8%	2,871	2,662	8%
Total	**109,206**	**100,119**	**9%**	**49,776**	**45,300**	**10%**
Fee and commission expenses						
Fee and commission expenses relating to financial instruments not at fair value through profit or loss						
Credit cards and ATMs	20,666	22,030	-6%	8,816	8,451	4%
Other fee and commission expenses						
Payments	3,192	2,935	9%	465	340	37%
Insurance for holders of personal accounts and golden cards	432	468	-8%	260	318	-18%
Investment banking	2,703	2,189	23%	1,050	981	7%
Guarantees	398	434	-8%	388	422	-8%
Other services	1,413	965	46%	355	136	161%
Total	**28,804**	**29,021**	**-1%**	**11,334**	**10,648**	**6%**
Net fee and commission income	**80,402**	**71,098**	**13%**	**38,442**	**34,652**	**11%**

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	
	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Debt instruments measured at fair value through other comprehensive income	(276)	(838)	(321)	(131)
Debt instruments measured at amortised cost	-	169	-	-
Financial liabilities measured at amortised cost	-	2,713	-	2,713
Total	**(276)**	**2,044**	**(321)**	**2,582**

4.5. Gains less losses from financial assets and liabilities held for trading

in EUR thousands

	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Foreign exchange trading	6,637	7,325	1,134	1,682
Debt instruments	98	82	98	81
Derivatives	(3,821)	(4,914)	(2,154)	(513)
Total	**2,914**	**2,493**	**(922)**	**1,250**

4.6. Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss

in EUR thousands

	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Equity securities	934	1,556	913	1,550
Debt securities	6	25	-	-
Loans and advances to customers	-	-	73	28
Total	**940**	**1,581**	**986**	**1,578**

4.7. Other operating income

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Other operating income						
Income from non-banking services	2,699	2,225	21%	1,664	1,697	-2%
Rental income from investment property	263	350	-25%	63	73	-14%
Sale of investment property	513	205	150%	45	174	-74%
Other operating income	5,249	1,488	-	1,528	979	56%
Total	**8,724**	**4,268**	**104%**	**3,300**	**2,923**	**13%**

4.8. Other operating expenses

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Other operating expenses						
Donations	192	213	-10%	637	204	-
Other operating expenses	918	1,859	-51%	269	1,404	-81%
Total	**1,110**	**2,072**	**-46%**	**906**	**1,608**	**-44%**

4.9. Administrative expenses

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Employee costs	82,561	72,243	14%	40,816	36,088	13%
Tax on balance sheet	8,084	8,064	0%	8,084	8,064	0%
Other general and administrative expenses	46,215	38,990	19%	24,451	18,757	30%
Total	**136,860**	**119,297**	**15%**	**73,351**	**62,909**	**17%**

4.10. Cash contributions to resolution funds and deposit guarantee schemes

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Cash contributions to deposit guarantee schemes	19,271	17,687	9%	11,378	10,559	8%
Cash contributions to resolution funds	82	51	61%	-	-	-
Total	**19,353**	**17,738**	**9%**	**11,378**	**10,559**	**8%**

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 2025 and 2024.

4.11. Depreciation and amortisation

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Amortisation of intangible assets	5,986	4,449	35%	3,031	2,497	21%
Depreciation of property and equipment:						
- own property and equipment	8,791	6,941	27%	2,759	2,755	0%
- right-of-use assets	2,114	1,669	27%	424	390	9%
Total	**16,891**	**13,059**	**29%**	**6,214**	**5,642**	**10%**

4.12. Provisions

in EUR thousands

	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Provisions for credit losses	550	146	(645)	(581)
Guarantees and commitments	550	146	(645)	(581)
Provisions for other liabilities and charges	(2,277)	297	-	-
Provisions for legal risks	(2,277)	297	-	-
Total	**(1,727)**	**443**	**(645)**	**(581)**

4.13. Impairment charge

in EUR thousands

	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Impairment of financial assets				
Cash balances at central banks, and other demand deposits at banks	(228)	(62)	(89)	(54)
Loans and advances to customers measured at amortised cost (note 5.11.a)	14,816	3,272	9,826	3,488
Loans and advances to banks measured at amortised cost (note 5.11.a)	37	(32)	2	(10)
Debt securities measured at fair value through other comprehensive income (note 5.11.b)	(504)	(19)	(316)	265
Debt securities measured at amortised cost (note 5.11.b)	(502)	1,119	(1,078)	252
Other financial assets measured at amortised cost (note 5.11.a)	352	(64)	8	(133)
Total impairment of financial assets	**13,971**	**4,214**	**8,353**	**3,808**
Impairment of other assets				
Other assets	(23)	3	-	-
Total	**(23)**	**3**	**-**	**-**
Total impairment of non-financial assets	**(23)**	**3**	**-**	**-**
Total impairment	**13,948**	**4,217**	**8,353**	**3,808**

4.14. Income tax

in EUR thousands

	NLB Group			NLB		
	3 months ended			3 months ended		
	March 2025	March 2024	Change	March 2025	March 2024	Change
Current tax	13,995	15,235	-8%	2,933	6,146	-52%
Global minimum tax	1,181	1,103	7%	793	1,103	-28%
Deferred tax (note 5.14.)	2,520	2,317	9%	70	(59)	-
Total	**17,696**	**18,655**	**-5%**	**3,796**	**7,190**	**-47%**
Effective tax rate in % (income tax/profit before income tax)	12.05	11.51	5%	5.81	7.11	-18%

5. Notes to the condensed statement of financial position

5.1. Cash, cash balances at central banks and other demand deposits at banks

in EUR thousand

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Balances and obligatory reserves with central banks	3,190,077	3,322,029	-4%	1,841,473	1,708,488	8%
Cash	504,984	540,283	-7%	205,021	214,637	-4%
Demand deposits at banks	144,019	178,504	-19%	25,717	50,183	-49%
	3,839,080	**4,040,816**	**-5%**	**2,072,211**	**1,973,308**	**5%**
Allowance for impairment	(1,001)	(1,235)	19%	(106)	(195)	46%
Total	**3,838,079**	**4,039,581**	**-5%**	**2,072,105**	**1,973,113**	**5%**

5.2. Financial instruments held for trading

a) Financial assets held for trading

in EUR thousand

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Derivatives, excluding hedging instruments						
Swap contracts	6,056	7,649	-21%	9,818	10,393	-6%
Options	383	486	-21%	383	486	-21%
Forward contracts	459	779	-41%	456	770	-41%
Total derivatives	**6,898**	**8,914**	**-23%**	**10,657**	**11,649**	**-9%**
Securities						
Bonds	-	9,424	-	-	9,424	-
Treasury bills	50	-	-	50	-	-
Total securities	**50**	**9,424**	**-99%**	**50**	**9,424**	**-99%**
Total	**6,948**	**18,338**	**-62%**	**10,707**	**21,073**	**-49%**

b) Financial liabilities held for trading

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Derivatives, excluding hedging instruments						
Swap contracts	6,800	5,496	24%	8,845	8,478	4%
Options	495	595	-17%	495	595	-17%
Forward contracts	907	904	0%	904	904	0%
Total	**8,202**	**6,995**	**17%**	**10,244**	**9,977**	**3%**

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 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Assets						
Shares	9,278	8,650	7%	9,278	8,650	7%
Investments funds	8,584	7,779	10%	7,192	6,521	10%
Bonds	1,008	1,000	1%	-	-	-
Loans and advances to companies	-	-	-	4,001	3,964	1%
Total	**18,870**	**17,429**	**8%**	**20,471**	**19,135**	**7%**

b) Financial liabilities measured at fair value through profit or loss

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Liabilities						
Loans and advances to companies	-	-	-	572	637	-10%
Other financial liabilities	10,377	9,633	8%	5,358	4,960	8%
Total	**10,377**	**9,633**	**8%**	**5,930**	**5,597**	**6%**

5.4. Financial assets measured at fair value through other comprehensive income

Analysis by type

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Bonds	2,474,831	2,262,669	9%	1,769,592	1,601,875	10%
Shares	35,560	33,819	5%	370	370	0%
National Resolution Fund	63,115	62,774	1%	63,115	62,774	1%
Treasury bills	112,252	173,614	-35%	-	-	-
Commercial bills	31,947	30,640	4%	-	-	-
Total	**2,717,705**	**2,563,516**	**6%**	**1,833,077**	**1,665,019**	**10%**
Allowance for impairment (note 5.11.b)	**(5,293)**	**(5,793)**	**9%**	**(2,328)**	**(2,647)**	**12%**

5.5. Financial assets measured at amortised cost

Analysis by type

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Debt securities	3,825,390	3,725,195	3%	2,971,352	2,846,779	4%
Loans and advances to banks	504,751	458,921	10%	262,482	193,172	36%
Loans and advances to customers	16,923,301	16,363,649	3%	8,925,386	8,653,348	3%
Other financial assets	129,105	136,854	-6%	81,388	81,518	0%
Total	**21,382,547**	**20,684,619**	**3%**	**12,240,608**	**11,774,817**	**4%**

a) Debt securities

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Government	2,759,076	2,707,448	2%	1,907,763	1,832,344	4%
Companies	76,465	75,923	1%	69,228	68,674	1%
Banks	925,054	882,616	5%	925,054	882,616	5%
Financial organisations	71,755	66,675	8%	71,755	66,675	8%
	3,832,350	**3,732,662**	**3%**	**2,973,800**	**2,850,309**	**4%**
Allowance for impairment (note 5.11.b)	(6,960)	(7,467)	7%	(2,448)	(3,530)	31%
Total	**3,825,390**	**3,725,195**	**3%**	**2,971,352**	**2,846,779**	**4%**

b) Loans and advances to banks

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Loans	959	456	110%	126,505	131,794	-4%
Time deposits	235,698	229,591	3%	123,281	61,684	100%
Reverse sale and repurchase agreements	268,312	229,049	17%	13,010	-	-
Finance lease receivables	63	65	-3%	-	-	-
	505,032	**459,161**	**10%**	**262,796**	**193,478**	**36%**
Allowance for impairment (note 5.11.a)	(281)	(240)	-17%	(314)	(306)	-3%
Total	**504,751**	**458,921**	**10%**	**262,482**	**193,172**	**36%**

c) Loans and advances to customers

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Loans	15,338,144	14,817,888	4%	8,705,422	8,440,471	3%
Overdrafts	539,559	507,933	6%	291,108	276,421	5%
Finance lease receivables	1,253,485	1,227,783	2%	-	-	-
Credit card business	154,506	158,702	-3%	86,139	87,211	-1%
Called guarantees	10,191	9,104	12%	8,142	6,958	17%
	17,295,885	**16,721,410**	**3%**	**9,090,811**	**8,811,061**	**3%**
Allowance for impairment (note 5.11.a)	(372,584)	(357,761)	-4%	(165,425)	(157,713)	-5%
Total	**16,923,301**	**16,363,649**	**3%**	**8,925,386**	**8,653,348**	**3%**

d) Other financial assets

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Receivables in the course of settlement and other temporary accounts	39,269	43,265	-9%	21,991	25,701	-14%
Credit card receivables	19,289	26,108	-26%	7,905	13,881	-43%
Debtors	15,215	14,181	7%	450	3,437	-87%
Fees and commissions	8,091	7,974	1%	1,630	3,405	-52%
Receivables to brokerage firms and others for the sale of securities and custody services	3	-	-	11,827	-	-
Accrued income	17,773	15,081	18%	10,827	7,451	45%
Dividends	6	7	-14%	-	-	-
Prepayments	5,130	5,183	-1%	-	-	-
Other financial assets	33,580	34,048	-1%	27,906	28,856	-3%
	138,356	**145,847**	**-5%**	**82,536**	**82,731**	**0%**
Allowance for impairment (note 5.11.a)	(9,251)	(8,993)	-3%	(1,148)	(1,213)	5%
Total	**129,105**	**136,854**	**-6%**	**81,388**	**81,518**	**0%**

5.6. Non-current assets held for sale

As at 31 March 2025 ‘Non-current assets held for sale’ includes business premises and assets received as collateral that are in the process of being sold, and amounts to EUR 4,770 thousand (31 December 2024: EUR 11,036 thousand) in the NLB Group and EUR 2,766 thousand (31 December 2024: EUR 2,849 thousand) in NLB. Within the NLB Group, the decrease is mainly related to the sale of real estate in Serbia, the effects are included in the income statement in line item “Gains less losses from non-current assets held for sale.”

5.7. Property and equipment

Analysis by type

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Own property and equipment	275,706	274,683	0%	90,082	85,677	5%
Right-of-use assets	37,136	35,334	5%	6,645	5,643	18%
Total	**312,842**	**310,017**	**1%**	**96,727**	**91,320**	**6%**

5.8. Investment property

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Buildings	22,039	25,841	-15%	5,049	5,405	-7%
Land	291	291	0%	194	194	0%
Total	**22,330**	**26,132**	**-15%**	**5,243**	**5,599**	**-6%**

5.9. Acquisition of subsidiaries

a) Acquisition of NLB Fondovi a.d. 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.

b) 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 combini

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the acquirer and acquiree's net assets and businesses. 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.

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.

5.10. Other assets

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Assets, received as collateral	20,278	20,598	-2%	1,467	1,468	0%
Deferred expenses	28,215	17,131	65%	18,039	10,383	74%
Inventories	11,040	11,938	-8%	5,345	4,807	11%
Claim for taxes and other dues	4,794	5,180	-7%	211	586	-64%
Prepayments	3,020	1,972	53%	1,095	581	88%
Total	**67,347**	**56,819**	**19%**	**26,157**	**17,825**	**47%**

5.11. 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							
	Loans and advances to banks		Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2025	104	136	88,587	63,887	205,287	572	54	8,367
Effects of translation of foreign operations to presentation currency	(2)	-	(44)	(18)	(105)	2	-	(7)
Transfers	-	-	8,452	(9,413)	961	(1)	16	(15)
Increases/(Decreases) (note 4.13.)	37	-	(3,072)	9,558	13,611	(3)	7	480
Write-offs	-	-	(4)	(1)	(8,965)	(17)	(2)	(210)
Foreign exchange and other movements	-	6	12	7	3,844	(3)	(1)	12
Balance as at 31 Mar 2025	**139**	**142**	**93,931**	**64,020**	**214,633**	**550**	**74**	**8,627**
Repayments of written-off receivables (note 4.13.)	-	-	-	-	5,281	-	-	132

in EUR thousands

	NLB Group							
	Loans and advances to banks		Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	213	86	90,755	44,829	193,043	624	40	10,141
Effects of translation of foreign operations to presentation currency	2	-	33	5	(496)	(2)	2	(2)
Transfers	-	-	9,217	(9,069)	(148)	2	20	(22)
Increases/(Decreases) (note 4.13.)	(33)	1	(5,954)	9,664	5,814	132	(15)	(135)
Write-offs	-	-	(4)	(5)	(7,653)	(6)	(3)	(164)
Changes in models/risk parameters (note 4.13.)	-	-	(361)	(323)	(37)	-	-	-
Foreign exchange and other movements	-	4	7	(10)	7,570	110	5	2,394
Balance as at 31 Mar 2024	**182**	**91**	**93,693**	**45,091**	**198,093**	**860**	**49**	**12,212**
Repayments of written-off receivables (note 4.13.)	-	-	-	-	5,531	-	-	46

in EUR thousands

	NLB							
	Loans and advances to banks		Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2025	170	136	21,684	32,335	103,694	115	2	1,096
Transfers	-	-	4,039	(3,314)	(725)	3	-	(3)
Increases/(Decreases) (note 4.13.)	2	-	(3,784)	3,167	11,164	(29)	(1)	41
Write-offs	-	-	(3)	(1)	(4,119)	(4)	-	(65)
Foreign exchange and other movements	-	6	(6)	(1)	1,295	-	-	(7)
Balance as at 31 Mar 2025	**172**	**142**	**21,930**	**32,186**	**111,309**	**85**	**1**	**1,062**
Repayments of written-off receivables (note 4.13.)	-	-	-	-	721	-	-	3

in EUR thousands

	NLB							
	Loans and advances to banks		Loans and advances to customers			Other financial assets		
	12-month expected credit losses	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	164	86	21,555	14,042	83,971	98	2	1,514
Transfers	-	-	5,161	(5,908)	747	-	15	(15)
Increases/(Decreases) (note 4.13.)	(11)	1	(5,157)	5,953	3,951	42	(10)	(162)
Write-offs	-	-	-	(4)	(1,006)	(1)	-	(48)
Foreign exchange and other movements	-	4	(22)	(14)	1,062	-	-	4
Balance as at 31 Mar 2024	**153**	**91**	**21,537**	**14,069**	**88,725**	**139**	**7**	**1,293**
Repayments of written-off receivables (note 4.13.)	-	-	-	-	1,259	-	-	3

b) Movements in allowance for the impairment of debt securities

in EUR thousands

	NLB Group				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2025	6,913	554	4,959	36	798
Effects of translation of foreign operations to presentation currency	(4)	(1)	7	-	-
Transfers	-	-	68	(68)	-
Increases/(Decreases) (note 4.13.)	(237)	(265)	(569)	65	-
Foreign exchange and other movements	1	(1)	(3)	-	-
Balance as at 31 Mar 2025	**6,673**	**287**	**4,462**	**33**	**798**

in EUR thousands

	NLB Group				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	4,946	576	6,475	56	798
Effects of translation of foreign operations to presentation currency	-	1	(2)	(2)	-
Increases/(Decreases) (note 4.13.)	1,221	(102)	(16)	(3)	-
Foreign exchange and other movements	5	1	-	-	-
Balance as at 31 Mar 2024	**6,172**	**476**	**6,457**	**51**	**798**

in EUR thousands

	NLB				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2025	3,450	80	1,849	-	798
Transfers	-	-	68	(68)	-
Increases/(Decreases) (note 4.13.)	(1,026)	(52)	(384)	68	-
Foreign exchange and other movements	(3)	(1)	(3)	-	-
Balance as at 31 Mar 2025	**2,421**	**27**	**1,530**	**-**	**798**

in EUR thousands

	NLB				
	Debt securities measured at amortised cost		Debt securities measured at fair value through other comprehensive income		
	12-month expected credit losses	Lifetime ECL not credit - impaired	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	2,624	173	1,650	-	798
Increases/(Decreases) (note 4.13.)	276	(24)	265	-	-
Foreign exchange and other movements	2	1	-	-	-
Balance as at 31 Mar 2024	**2,902**	**150**	**1,915**	**-**	**798**

5.12. Financial liabilities measured at amortised cost

Analysis by type

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Deposits from banks and central banks	172,085	136,000	27%	347,802	220,120	58%
- Deposits on demand	118,981	115,897	3%	276,217	210,872	31%
- Other deposits	53,104	20,103	164%	71,585	9,248	-
Borrowings from banks and central banks	124,896	120,612	4%	50,623	51,106	-1%
Due to customers	22,078,868	22,206,310	-1%	12,279,064	12,293,708	0%
- Deposits on demand	18,070,860	18,260,144	-1%	10,904,531	10,927,307	0%
- Other deposits	4,008,008	3,946,166	2%	1,374,533	1,366,401	1%
Borrowings from other customers	153,605	104,519	47%	46,931	-	-
Debt securities issued	2,101,604	1,608,939	31%	2,101,604	1,608,939	31%
Other financial liabilities	349,095	296,725	18%	183,004	145,802	26%
Total	**24,980,153**	**24,473,105**	**2%**	**15,009,028**	**14,319,675**	**5%**

a) Debt securities issued

in EUR thousands

				NLB Group and NLB			
				31 Mar 2025		31 Dec 2024	
	Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value
Subordinated bonds							
	EUR	05.02.2030 (i)	3.40% to 05.02.2025, thereafter 5Y MS + 3.658% p.a.	-	-	10,785	10,500
	EUR	28.11.2032	10.75% to 28.11.2027, thereafter 5Y MS + 8.298% p.a.	230,440	225,000	224,960	225,000
	EUR	24.01.2034	6.875% to 24.01.2029, thereafter 5Y MS + 4.230% p.a.	307,883	300,000	324,398	300,000
Total Subordinated bonds				**538,323**	**525,000**	**560,143**	**535,500**
Senior Preferred notes							
	EUR	27.06.2027	7.125% to 27.07.2026, thereafter 1Y MS + 3.606% p.a.	532,396	500,000	524,638	500,000
	EUR	21.01.2029	3.50% to 21.01.2028, thereafter 1Y MS + 1.15% p.a.	503,169	500,000	-	-
	EUR	29.05.2030	4.50% to 29.05.2029, thereafter 1Y MS + 1.650% p.a.	527,716	500,000	524,158	500,000
Total Senior Preferred notes				**1,563,281**	**1,500,000**	**1,048,796**	**1,000,000**
Total Debt securities issued				**2,101,604**	**2,025,000**	**1,608,939**	**1,535,500**

(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).

b) Movement of debt securities issued

in EUR thousand

NLB Group and NLB	Subordinated bonds		Senior Preferred notes	
	2025	2024	2025	2024
Balance as at 1 Jan	560,143	509,395	1,048,796	828,840
Cash flow items:	(31,482)	78,127	497,052	-
- new issued	-	298,611	497,052	-
- repayments	(10,500)	(215,759)	-	-
- repayments of interest	(20,982)	(4,725)	-	-
Non-Cash flow items:	9,662	9,767	17,433	9,173
- accrued interest	11,021	10,919	18,134	13,674
- other	(1,359)	(1,152)	(701)	(4,501)
Balance as at 31 Mar	**538,323**	**597,289**	**1,563,281**	**838,013**

c) Other financial liabilities

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Items in the course of payment	111,478	78,192	43%	38,067	13,878	174%
Debit or credit card payables	24,014	37,169	-35%	13,759	33,874	-59%
Lease liabilities	37,720	35,935	5%	6,760	5,775	17%
Accrued expenses	68,478	54,337	26%	41,920	29,631	41%
Liabilities to brokerage firms and others for securities purchase and custody services	32,331	228	-	32,319	224	-
Suppliers	19,207	30,470	-37%	9,456	18,208	-48%
Fees and commissions	201	935	-79%	118	800	-85%
Other financial liabilities	55,666	59,459	-6%	40,605	43,412	-6%
Total	**349,095**	**296,725**	**18%**	**183,004**	**145,802**	**26%**

5.13. Provisions

a) Analysis by type

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Provisions for guarantees and commitments	22,382	21,850	2%	8,591	9,240	-7%
Stage 1	13,547	11,953	13%	3,665	3,851	-5%
Stage 2	2,063	2,306	-11%	729	834	-13%
Stage 3	6,772	7,591	-11%	4,197	4,555	-8%
Employee benefit provisions	21,293	20,903	2%	13,516	13,296	2%
Provisions for legal risks	39,681	46,913	-15%	6,014	10,125	-41%
Restructuring provisions	8,022	10,366	-23%	3,898	5,309	-27%
Other provisions	4,101	4,356	-6%	3,453	3,676	-6%
Total	**95,479**	**104,388**	**-9%**	**35,472**	**41,646**	**-15%**

b) Movements in provisions for guarantees and commitments

in EUR thousands

	NLB Group		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2025	11,953	2,306	7,591
Effects of translation of foreign operations to presentation currency	(4)	(1)	(4)
Transfers	169	360	(529)
Increases/(Decreases) (note 4.12.)	1,434	(601)	(283)
Foreign exchange and other movements	(5)	(1)	(3)
Balance as at 31 Mar 2025	**13,547**	**2,063**	**6,772**

in EUR thousands

	NLB Group		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	18,429	1,655	12,464
Effects of translation of foreign operations to presentation currency	2	(3)	3
Transfers	209	(108)	(101)
Increases/(Decreases) (note 4.12.)	201	555	(594)
Changes in models/risk parameters (note 4.12.)	(14)	(2)	-
Foreign exchange and other movements	22	-	-
Balance as at 31 Mar 2024	**18,849**	**2,097**	**11,772**

in EUR thousands

	NLB		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2025	3,851	834	4,555
Transfers	48	7	(55)
Increases/(Decreases) (note 4.12.)	(234)	(112)	(299)
Foreign exchange and other movements	-	-	(4)
Balance as at 31 Mar 2025	**3,665**	**729**	**4,197**

in EUR thousands

	NLB		
	12-month expected credit losses	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Balance as at 1 Jan 2024	7,653	319	9,969
Transfers	173	(77)	(96)
Increases/(Decreases) (note 4.12.)	(546)	24	(59)
Balance as at 31 Mar 2024	**7,280**	**266**	**9,814**

5.14. Deferred income tax

in EUR thousands

	NLB Group		NLB	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Deferred income tax assets				
Valuation of financial instruments and capital investments	51,006	50,852	48,655	48,892
Impairment of financial assets	15,184	15,182	1,051	1,358
Provisions for liabilities and charges	7,866	8,559	1,366	1,529
Depreciation and valuation of non-financial assets	3,733	3,720	130	129
Fair value adjustments of financial instruments measured at amortised cost	2,955	3,116	725	788
Tax losses	61,378	60,989	60,033	59,571
Other	591	576	-	-
Total deferred income tax assets	**142,713**	**142,994**	**111,960**	**112,267**
Deferred income tax liabilities				
Valuation of financial instruments	11,702	10,345	5,674	5,219
Depreciation and valuation of non-financial assets	1,095	1,206	139	139
Impairment of financial assets	5,148	5,159	512	582
Fair value adjustments of financial assets measured at amortised cost	8,188	8,004	-	-
Undistributed profit of subsidiaries	12,653	10,466	-	-
Other	4,627	4,807	-	-
Total deferred income tax liabilities	**43,413**	**39,987**	**6,325**	**5,940**
Net deferred income tax assets	**119,115**	**120,701**	**105,635**	**106,327**
Net deferred income tax liabilities	**(19,815)**	**(17,694)**	**-**	**-**

in EUR thousands

	NLB Group		NLB	
	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Included in the income statement	**(2,520)**	**(2,317)**	**(70)**	**59**
- valuation of financial instruments and capital investments	66	206	-	-
- impairment of financial assets	(70)	618	(307)	114
- provisions for liabilities and charges	(685)	(333)	(163)	(185)
- depreciation and valuation of non-financial assets	130	(154)	1	1
- fair value adjustments of financial assets measured at amortised cost	(358)	(1,082)	(63)	(50)
- tax losses	389	179	462	179
- undistributed profit of subsidiaries	(2,187)	(1,932)	-	-
- other	195	181	-	-
Included in other comprehensive income	**(1,181)**	**(2,446)**	**(623)**	**(1,139)**
- valuation and impairment of financial assets measured at fair value through other comprehensive income	(1,181)	(2,446)	(623)	(1,139)

As at 31 March 2025, NLB recognised EUR 111,960 thousand deferred tax assets (31 December 2024: EUR 112,267 thousand). Unrecognised deferred tax assets in NLB amount to EUR 90,786 thousand (31 December 2024: EUR 94,619 thousand) and relates to unrecognised deferred tax assets from tax losses.

5.15. Income tax relating to components of other comprehensive income

in EUR thousands

	NLB Group			NLB		
3 months ended March 2025	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Financial assets measured at fair value through other comprehensive income	7,300	(1,181)	6,119	2,848	(623)	2,225
Total	**7,300**	**(1,181)**	**6,119**	**2,848**	**(623)**	**2,225**

in EUR thousands

	NLB Group			NLB		
3 months ended March 2024	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Financial assets measured at fair value through other comprehensive income	14,198	(2,446)	11,752	5,175	(1,139)	4,036
Total	**14,198**	**(2,446)**	**11,752**	**5,175**	**(1,139)**	**4,036**

5.16. Other liabilities

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Accrued salaries	40,725	34,445	18%	24,545	24,388	1%
Unused annual leave	8,309	8,362	-1%	3,106	3,106	0%
Taxes payable	48,779	41,350	18%	45,325	38,367	18%
Deferred income	8,584	8,941	-4%	808	734	10%
Payments received in advance	11,883	10,791	10%	887	403	120%
Total	**118,280**	**103,889**	**14%**	**74,671**	**66,998**	**11%**

5.17. 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. Carrying amount as of 31 March 2025 is EUR 86,150 thousand (31 December 2024: EUR 84,184 thousand).

5.18. Book value per share

in EUR thousands

	NLB Group		NLB	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Total equity attributable to owners of the parents	3,356,218	3,225,960	2,589,424	2,525,609
Other equity instruments (note 5.17.)	86,150	84,184	86,150	84,184
Total equity attributable to owners of the parents excluding other equity instruments issued	3,270,068	3,141,776	2,503,274	2,441,425
Number of shares (in thousands)	20,000	20,000	20,000	20,000
Book value per share (in EUR)	163.5	157.1	125.2	122.1

Book value per share is calculated as the ratio of net assets' book value excluding other equity instruments issued and the number of shares. NLB Group and NLB do not have any treasury shares.

5.19. Capital adequacy ratio

in EUR thousands

	NLB Group		NLB	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
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	1,640,046	1,385,040	934,841	715,902
Profit eligible - from current year	-	256,973	-	220,905
Accumulated other comprehensive income	(14,773)	(19,197)	(8,123)	(10,348)
Other reserves	186,332	186,332	186,332	186,332
Minority interest	38,410	38,480	-	-
Prudential filters: Additional Valuation Adjustments (AVA)	(2,908)	(2,606)	(1,969)	(1,711)
(-) Goodwill	(8,069)	(8,069)	-	-
(-) Other intangible assets	(63,440)	(65,420)	(25,148)	(23,959)
(-) Deferred tax assets	(50,591)	(51,667)	(56,642)	(56,419)
(-) Insufficient coverage for non-performing exposures	(5,340)	(5,426)	(824)	(706)
(-) Deduction item related to credit impairments and provisions not included in capital	(2,277)	-	(1,434)	-
COMMON EQUITY TIER 1 CAPITAL (CET1)	**2,788,768**	**2,785,818**	**2,098,411**	**2,101,374**
Capital instruments eligible as AT1 Capital	82,000	82,000	82,000	82,000
Minority interest	3,834	4,534	-	-
Additional Tier 1 capital	**85,834**	**86,534**	**82,000**	**82,000**
TIER 1 CAPITAL	**2,874,602**	**2,872,352**	**2,180,411**	**2,183,374**
Capital instruments and subordinated loans eligible as Tier 2 capital	522,921	533,421	522,921	533,421
Minority interest	4,477	5,485	-	-
TIER 2 CAPITAL	**527,398**	**538,906**	**522,921**	**533,421**
TOTAL CAPITAL	**3,402,000**	**3,411,258**	**2,703,332**	**2,716,795**
RWA for credit risk	14,903,114	14,508,398	9,476,378	9,105,028
RWA for market risks	1,569,231	1,505,108	862,450	859,088
RWA for credit valuation adjustment risk	22,087	16,613	24,060	17,425
RWA for operational risk	1,605,315	2,185,986	1,049,185	1,171,163
TOTAL RISK EXPOSURE AMOUNT (RWA)	**18,099,747**	**18,216,105**	**11,412,073**	**11,152,704**
Common Equity Tier 1 Ratio	15.4%	15.3%	18.4%	18.8%
Tier 1 Ratio	15.9%	15.8%	19.1%	19.6%
Total Capital Ratio	**18.8%**	**18.7%**	**23.7%**	**24.4%**

As at 31 March 2025, the Group's TCR stood at 18.8% (a 0.1 p.p. increase compared to the end of 2024), while the CET1 ratio stood at 15.4%, remaining well above regulatory requirements. The higher total capital adequacy resulted from a lower RWA of EUR 116.3 million compared to the end of 2024, although the capital decreased by EUR 9.3 million compared to the end of 2024. The decrease in capital was mainly due to a EUR 10.5 million reduction in T2 instruments.

The total capital does not include EUR 257.3 million of the 2024 result, which is envisaged to be paid out as a dividend in 2025. Therefore, there will be no effect on the capital once the dividends are paid.

In the first three months of 2025, the Group's RWA for credit risk increased by EUR 394.7 million, driven by changes in EU regulatory rules effective from 1 January 2025 (approximately EUR +311.8 million) and portfolio development (approximately EUR +82.9 million).

The most significant RWA increase due to legislative changes was observed in off-balance sheet exposures, specifically, the undrawn part of credit limits and loans, where the credit conversion factor (CCF) was increased from 20% to 40%. In certain NLB Group subsidiary banks (NLB Komercijalna Banka, Beograd, NLB Banka, Skopje, NLB Banka, Banja Luka, and NLB Banka, Sarajevo), the RWA increase stemmed from the introduction of a multiplier of 1.5 for FX transactions in the retail segment.

On the other hand, a reduction in RWA was recorded for high-risk exposures that were previously subject to a 150% risk weight under Capital Requirements Regulation 2 (CRR2). Under the new Capital Requirements Regulation 3 (CRR3), these exposures were reclassified into other categories (ADC, IPRE, SL, or the debtor category), enabling the application of more favourable risk weights. Further RWA reductions were achieved through lower risk weights for exposures secured by CRR-eligible residential real estate, the use of S&P corporate ratings, and internal credit ratings applied to unrated banks.

The Bank will report RWA for credit risk under CRR3 (Basel III) to the regulator for the first time as of 31 March 2025.

Portfolio growth in 2025 contributed to a rise in RWA, mainly in corporate and retail segments, where the majority of the loans are at least partially secured by real estate. However, this RWA increase was partially offset by the reduction in EUR-denominated assets at central banks in the region and the maturity of certain government bonds. A part of the liquidity surplus was redistributed into deposits with commercial banks, leading to only a minor RWA increase. Repayments, cures and additional provisions on the non-performing portfolio resulted in a slight RWA decrease.

The increase in RWAs for market risks and Credit Value Adjustments (CVA) by EUR 69.6 million during the first three months of 2025 was mainly driven by a higher RWA for FX risk, which rose by EUR 63.4 million (mainly due to an increase in open positions in domestic currencies held by non-euro subsidiary banks). RWA for CVA risk increased by EUR 5.5 million following the implementation of the new Basic (BA) risk method for its calculation.

With the entry into force of CRR3 on 1 January 2025, the Bank adopted the new standardized approach for calculating capital requirements for operational risk. This implementation resulted in a lower Business indicator and marginal coefficient, leading to a decrease of EUR 580.6 million in the Group Risk exposure for operational risk in the first quarter of 2025. The reduction reflects the more risk-sensitive methodology under the revised regulatory framework. The updated figures will be first reported to the regulator as of 31 March 2025.

5.20. Off-balance sheet liabilities

in EUR thousands

	NLB Group			NLB		
	31 Mar 2025	31 Dec 2024	Change	31 Mar 2025	31 Dec 2024	Change
Loan commitments	2,552,578	2,640,323	-3%	1,797,468	1,940,563	-7%
Non-financial guarantees	1,087,110	1,110,863	-2%	722,628	738,702	-2%
Financial guarantees	731,716	694,708	5%	418,012	383,873	9%
Letters of credit	33,478	34,577	-3%	670	670	0%
Other	29,529	22,899	29%	15,376	16,491	-7%
	4,434,411	**4,503,370**	**-2%**	**2,954,154**	**3,080,299**	**-4%**
Provisions (note 5.13.)	(22,382)	(21,850)	-2%	(8,591)	(9,240)	7%
Total	**4,412,029**	**4,481,520**	**-2%**	**2,945,563**	**3,071,059**	**-4%**

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 March 2025, these items at the NLB Group level amount to EUR 1,130,276 thousand (31 December 2024: EUR 1,097,316 thousand), and at the NLB level EUR 428,647 thousand (31 December 2024: EUR 433,363 thousand).

5.21. 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 nontradable 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., 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

	NLB Group				NLB			
31 Mar 2025	**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	-	6,926	22	6,948	-	10,685	22	10,707
Debt instruments	-	50	-	50	-	50	-	50
Derivatives	-	6,876	22	6,898	-	10,635	22	10,657
Derivatives - hedge accounting	-	81,073	-	81,073	-	81,073	-	81,073
Financial assets measured at fair value through other comprehensive income	2,135,234	581,205	1,266	2,717,705	1,756,387	76,320	370	1,833,077
Debt instruments	2,134,859	484,171	-	2,619,030	1,756,387	13,205	-	1,769,592
Equity instruments	375	97,034	1,266	98,675	-	63,115	370	63,485
Non-trading financial assets mandatorily at fair value through profit or loss	2,400	-	16,470	18,870	-	-	20,471	20,471
Debt instruments	1,008	-	-	1,008	-	-	-	-
Equity instruments	1,392	-	16,470	17,862	-	-	16,470	16,470
Loans	-	-	-	-	-	-	4,001	4,001
Financial liabilities								
Financial instruments held for trading	-	8,202	-	8,202	-	10,244	-	10,244
Derivatives	-	8,202	-	8,202	-	10,244	-	10,244
Derivatives - hedge accounting	-	4,316	-	4,316	-	2,300	-	2,300
Financial liabilities measured at fair value through profit or loss	-	10,377	-	10,377	-	5,358	572	5,930
Non-financial assets								
Investment properties	-	6,562	15,768	22,330	-	5,243	-	5,243
Non-current assets held for sale	-	2,766	2,004	4,770	-	2,766	-	2,766

in EUR thousands

	NLB Group				NLB			
31 Dec 2024	**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

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	Derivatives: Currency	Derivatives: 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 instrument in level 1)	valuation model	valuation model
3	valuation model	valuation model		valuation model	valuation model	valuation model	valuation model (underlying instrument in level 3)		
Transfers									
	from level 1 to 3 equity excluded from exchange market			*from level 1 to 3* fund management company stops publishing regular valuation	*from level 1 to 2* debt securities excluded from exchange market		*from level 2 to 3* underlying instrument excluded from exchange market		
	from level 1 to 3 companies in insolvency proceedings			*from level 3 to 1* fund management company starts publishing regular valuation	*from level 1 to 2* debt securities not liquid (not trading for 6 months)		*from level 3 to 2* underlying instrument included in exchange market		
	from level 1 to 3 equity not liquid (not trading for 2 months)				*from level 1 to 3 and from 2 to 3* companies in insolvency proceedings				
	from level 3 to 1 equity included in exchange market				*from level 2 to 1 and from 3 to 1* start trading with debt securities on exchange market				
					from level 3 to 2 until valuation parameters are confirmed on ALCO (at least on a quarterly basis)				

For the three months ended 31 March 2025 and 2024, neither NLB Group nor NLB had any significant transfers between levels of valuation of financial instruments measured at fair value in financial statements.

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 with inputs which are based on observable market data;
- derivatives: derivatives except forward derivatives and options on equity instruments that are not quoted on active markets;
- 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 (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, binomial model, and 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 (Garman and Kohlhagen model, 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 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

NLB Group	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
	Derivatives	Equity instruments	Equity instruments	
Balance as at 1 Jan 2025	23	1,266	15,171	16,460
Valuation:				
- through profit or loss	(1)	-	1,235	1,234
Exchange differences	-	-	(322)	(322)
Increases	-	-	386	386
Balance as at 31 Mar 2025	**22**	**1,266**	**16,470**	**17,758**

in EUR thousands

NLB Group	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
	Derivatives	Debt instruments	Equity instruments	Equity instruments	
Balance as at 1 Jan 2024	20	70	1,286	8,858	10,234
Effects of translation of foreign operations to presentation currency	-	-	1	-	1
Valuation:					
- through profit or loss	6	-	-	1,410	1,416
Exchange differences	-	-	-	140	140
Increases	-	-	-	700	700
Decreases	-	(70)	-	-	(70)
Balance as at 31 Mar 2024	**26**	**-**	**1,287**	**11,108**	**12,421**

in EUR thousands

NLB	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
	Derivatives	Equity instruments	Equity instruments	Loans and advances		Loans and other financial liabilities
Balance as at 1 Jan 2025	23	370	15,171	3,964	19,528	637
Valuation:						
- through profit or loss	(1)	-	1,235	8	1,242	(65)
Exchange differences	-	-	(322)	-	(322)	-
Increases	-	-	386	37	423	-
Decreases	-	-	-	(8)	(8)	-
Balance as at 31 Mar 2025	**22**	**370**	**16,470**	**4,001**	**20,863**	**572**

in EUR thousands

NLB	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
	Derivatives	Equity instruments	Equity instruments	Loans and advances		Loans and other financial liabilities
Balance as at 1 Jan 2024	20	303	8,858	7,785	16,966	1,234
Valuation:						
- through profit or loss	6	-	1,410	12	1,428	(16)
Exchange differences	-	-	140	-	140	-
Increases	-	-	700	110	810	-
Decreases	-	-	-	(3)	(3)	-
Balance as at 31 Mar 2024	**26**	**303**	**11,108**	**7,904**	**19,341**	**1,218**

In the three months ended 31 March 2025 and 2024, NLB Group and NLB recognised the following unrealised gains or losses for financial instruments that were at Level 3 as at 31 March:

in EUR thousands

3 months ended 31 Mar 2025	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
	Derivatives	Debt instruments	Equity instruments	Equity instruments
Items of Income statement				
Gains less losses from financial assets and liabilities held for trading	(1)	-	-	-
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	-	-	1,235
Foreign exchange translation gains less losses	-	-	-	(322)

in EUR thousands

3 months ended 31 Mar 2024	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
	Derivatives	Debt instruments	Equity instruments	Equity instruments
Items of Income statement				
Gains less losses from financial assets and liabilities held for trading	6	-	-	-
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	-	-	1,410
Foreign exchange translation gains less losses	-	-	-	140

in EUR thousands

3 months ended 31 Mar 2025	NLB			
	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss
	Derivatives	Equity instruments	Loans and advances	Loans and other financial liabilities
Items of Income statement				
Gains less losses from financial assets and liabilities held for trading	(1)	-	-	-
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	1,235	8	65
Foreign exchange translation gains less losses	-	(322)	-	-

in EUR thousands

3 months ended 31 Mar 2024	NLB			
	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss		Financial liabilities measured at fair value through profit or loss
	Derivatives	Equity instruments	Loans and advances	Loans and other financial liabilities
Items of Income statement				
Gains less losses from financial assets and liabilities held for trading	6	-	-	-
Gains less losses from non-trading assets mandatorily at fair value through profit or loss	-	1,410	12	16
Foreign exchange translation gains less losses	-	140	-	-

Movements of non-financial assets at Level 3

in EUR thousands

NLB Group	Investment property		Non-current assets held for sale	
	2025	2024	2025	2024
Balance as at 1 Jan	19,214	20,189	8,187	801
Effects of translation of foreign operations to presentation currency	(28)	33	(11)	2
Additions	-	-	633	22
Disposals	(3,418)	(275)	(6,805)	(69)
Balance as at 31 Mar	**15,768**	**19,947**	**2,004**	**756**

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 Mar 2025		31 Dec 2024		31 Mar 2025		31 Dec 2024	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at amortised cost								
- debt securities	3,825,390	3,784,797	3,725,195	3,706,958	2,971,352	2,911,516	2,846,779	2,808,210
- loans and advances to banks	504,751	504,246	458,921	458,651	262,482	258,249	193,172	185,768
- loans and advances to customers	16,923,301	16,377,584	16,363,649	15,697,133	8,925,386	8,577,906	8,653,348	8,242,067
- other financial assets	129,105	129,105	136,854	136,854	81,388	81,388	81,518	81,518
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	172,085	172,019	136,000	135,957	347,802	347,752	220,120	220,096
- borrowings from banks and central banks	124,896	123,876	120,612	120,065	50,623	50,466	51,106	50,813
- due to customers	22,078,868	22,065,200	22,206,310	22,194,577	12,279,064	12,278,542	12,293,708	12,292,632
- borrowings from other customers	153,605	153,517	104,519	106,912	46,931	46,842	-	-
- debt securities issued	2,101,604	2,187,043	1,608,939	1,699,477	2,101,604	2,187,043	1,608,939	1,699,477
- other financial liabilities	349,095	349,095	296,725	296,725	183,004	183,004	145,802	145,802

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 from customers

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

	NLB Group				NLB			
31 Mar 2025	**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	3,001,921	775,639	7,237	3,784,797	2,693,797	217,719	-	2,911,516
- loans and advances to banks	-	504,246	-	504,246	-	258,249	-	258,249
- loans and advances to customers	-	-	16,377,584	16,377,584	-	-	8,577,906	8,577,906
- other financial assets	-	-	129,105	129,105	-	-	81,388	81,388
Financial liabilities measured at amortised cost								
- deposits from banks and central banks	-	172,019	-	172,019	-	347,752	-	347,752
- borrowings from banks and central banks	-	123,876	-	123,876	-	50,466	-	50,466
- due to customers	-	22,065,200	-	22,065,200	-	12,278,542	-	12,278,542
- borrowings from other customers	-	-	153,517	153,517	-	-	46,842	46,842
- debt securities issued	2,187,043	-	-	2,187,043	2,187,043	-	-	2,187,043
- other financial liabilities	-	-	349,095	349,095	-	-	183,004	183,004

in EUR thousands

	NLB Group				NLB			
31 Dec 2024	**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

6. Analysis by segment for NLB Group

a) Segments

in EUR thousands

	NLB Group							
3 months ended 31 March 2025	**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	111,433	41,292	155,098	5,433	248	2,535		316,038
Net income from external customers	82,174	39,975	166,612	20,667	101	2,694	-	312,223
Intersegment net income	29,258	1,317	(11,514)	(15,234)	147	(159)	-	3,815
Net interest income	84,898	28,567	115,859	4,776	172	(352)	-	233,920
Net interest income from external customers	57,527	31,649	124,286	20,543	54	(140)	-	233,920
Intersegment net interest income	27,371	(3,083)	(8,427)	(15,767)	118	(212)	-	-
Administrative expenses	(43,684)	(15,981)	(60,948)	(3,244)	(1,198)	(15,055)	-	(140,110)
Depreciation and amortisation	(5,159)	(1,673)	(9,063)	(232)	(72)	(1,257)	-	(17,456)
Reportable segment profit/(loss) before impairment and provision charge	62,590	23,638	85,087	1,956	(1,022)	(13,777)	-	158,472
Other net gains/(losses) from equity instruments in associates and joint ventures	568	-	-	-	-	-		568
Impairment and provisions charge	(12,193)	1,146	(3,033)	1,487	362	10	-	(12,221)
Profit/(loss) before income tax	50,965	24,784	82,054	3,443	(660)	(13,767)	-	146,819
Owners of the parent	50,965	24,784	78,770	3,443	(660)	(13,767)	-	143,535
Non-controlling interests	-	-	3,284	-	-	-	-	3,284
Income tax					-	-	(17,696)	(17,696)
Profit for the year								**125,839**
31 Mar 2025								
Reportable segment assets	4,972,271	3,955,697	12,440,157	6,786,924	28,445	479,812		28,663,306
Investments in associates and joint ventures	15,229	-	-	-	-	-		15,229
Reportable segment liabilities	9,929,079	2,387,485	10,294,319	2,422,354	2,477	214,959		25,250,673

in EUR thousands

	NLB Group							
3 months ended 31 March 2024	**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	100,308	44,745	147,998	5,065	794	1,771		300,681
Net income from external customers	62,427	60,538	154,193	17,194	636	3,135	-	298,123
Intersegment net income	37,881	(15,793)	(6,195)	(12,129)	158	(1,364)	-	2,558
Net interest income	80,064	32,380	118,785	2,134	357	(1,530)	-	232,190
Net interest income from external customers	43,217	54,341	120,006	14,669	231	(274)	-	232,190
Intersegment net interest income	36,847	(21,961)	(1,221)	(12,535)	126	(1,256)	-	-
Administrative expenses	(31,957)	(14,039)	(56,696)	(2,677)	(1,912)	(14,365)	-	(121,646)
Depreciation and amortisation	(2,856)	(1,619)	(7,181)	(177)	(117)	(1,318)	-	(13,268)
Reportable segment profit/(loss) before impairment and provision charge	65,495	29,087	84,121	2,211	(1,235)	(13,912)	-	165,767
Other net gains/(losses) from equity instruments in associates and joint ventures	962	-	-	-	-	-		962
Impairment and provisions charge	(5,518)	2,743	(2,542)	(491)	1,138	10	-	(4,660)
Profit/(loss) before income tax	60,939	31,830	81,579	1,720	(97)	(13,902)	-	162,069
Owners of the parent	60,939	31,830	78,186	1,720	(97)	(13,902)	-	158,676
Non-controlling interests	-	-	3,393	-	-	-	-	3,393
Income tax	-	-	-	-	-	-	(18,655)	(18,655)
Profit for the year								**140,021**
31 Dec 2024								
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

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), NLB Lease&Go, leasing, Ljubljana, and Summit Leasing Slovenija, Ljubljana are divided into several segments. Interest income and expenses are reallocated between segments on the basis of fund transfer prices (FTP), at Summit Leasing Slovenija, Ljubljana from the first quarter of 2025 onwards. Other NLB Group members are, based on their business activity, included in only one segment.

In the segment analysis for the current period, the funding costs to meet MREL requirements and to strengthen the capital position Tier 2 are additionally allocated between segments and shown within the net interest income.

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) in the parent bank, NLB Lease&Go, leasing, Ljubljana and Summit Leasing Slovenija, Ljubljana.

- 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 and 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

in EUR thousands

NLB Group	Revenues		Net income		Non-current assets		Total assets	
	3 months ended		3 months ended					
	March 2025	March 2024	March 2025	March 2024	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Slovenia	215,778	209,283	145,862	143,598	216,383	212,961	16,212,249	15,554,251
South East Europe	193,228	183,559	166,252	154,250	235,334	238,335	12,447,329	12,462,052
Bosnia and Herzegovina	29,895	28,370	24,793	23,871	40,488	40,195	2,169,044	2,156,231
Croatia	2,168	-	2,261	1	4,287	4,490	139,691	125,708
Kosovo	20,570	18,659	15,435	14,969	13,732	13,571	1,477,892	1,426,811
Montenegro	16,402	15,860	14,986	14,159	23,960	24,522	918,430	956,080
North Macedonia	31,961	31,408	26,722	25,669	37,249	36,567	2,091,175	2,168,629
Serbia	92,232	89,262	82,055	75,581	115,618	118,990	5,651,097	5,628,593
Western Europe	35	60	109	275	9	10	18,957	19,064
Germany	-	-	27	17	9	10	531	516
Switzerland	35	60	82	258	-	-	18,426	18,548
Total	**409,041**	**392,902**	**312,223**	**298,123**	**451,726**	**451,306**	**28,678,535**	**28,035,367**

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

7. Related-party transactions

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

	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	
NLB Group	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Loans and deposits issued	2,498	2,062	550	497	-	-	28	29
Deposits received	2,567	2,633	965	1,057	442	476	230	266
Other financial assets	9	1	-	-	-	-	-	-
Other financial liabilities	-	1	-	-	-	6	-	-
Other financial liabilities measured at fair value through profit or loss	5,358	4,960	-	-	-	-	-	-
Other operating liabilities	15,014	15,028	-	-	-	-	-	-
Guarantees issued and loan commitments	310	302	77	79	-	-	21	23

NLB	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Loans and deposits issued	2,498	2,062	550	497	-	-	28	29
Deposits received	2,566	2,633	965	1,057	442	476	230	266
Other financial assets	9	1	-	-	-	-	-	-
Other financial liabilities	-	1	-	-	-	6	-	-
Other financial liabilities measured at fair value through profit or loss	5,358	4,960	-	-	-	-	-	-
Other operating liabilities	15,014	15,014	-	-	-	-	-	-
Guarantees issued and loan commitments	310	295	77	79	-	-	21	23

	3 months ended		3 months ended		3 months ended		3 months ended	
NLB Group	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024
Interest income	16	15	5	6	-	-	-	-
Interest expenses	(6)	(9)	(1)	(2)	-	-	-	(1)
Fee income	6	5	3	2	1	1	-	-
Other income	4	3	-	-	-	-	-	-
Other expenses	-	-	-	-	(20)	(28)	-	-

	3 months ended		3 months ended		3 months ended		3 months ended	
NLB	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024
Interest income	16	15	5	6	-	-	-	-
Interest expenses	(6)	(9)	(1)	(2)	-	-	-	(1)
Fee income	6	5	3	2	1	1	-	-
Other income	4	3	-	-	-	-	-	-
Other expenses	-	-	-	-	(20)	(28)	-	-

Key management compensation – payments in the period

in EUR thousands

	Management Board		Other key management personnel	
	3 months ended		3 months ended	
NLB Group and NLB	March 2025	March 2024	March 2025	March 2024
Short-term benefits	986	895	2,213	1,814
Cost refunds	2	2	32	28
Long-term bonuses				
- severance pay	-	-	-	181
- other benefits	5	4	78	47
Total	**993**	**901**	**2,323**	**2,070**

Short-term benefits include:

- monetary benefits (gross salaries, supplementary insurance, holiday allowances, other bonuses); and
- non-monetary benefits (company cars, health care, residential facilities, etc.).

The reimbursement of cost comprises food allowances, travel expenses and use of own resources.

Related-party transactions with subsidiaries, associates and joint ventures

in EUR thousands

	NLB Group			
	Associates		Joint ventures	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Loans and deposits issued	7	12	-	-
Loans and deposits received	11,096	10,333	4,321	1,596
Other financial assets	5	7	-	-
Other financial liabilities	723	1,642	-	-
Guarantees issued and loan commitments	33	28	-	-

	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Interest expenses	-	-	(31)	(11)
Fee income	1	1	-	-
Fee expenses	(3,399)	(3,386)	-	-
Other income	10	10	1	1
Other expenses	(370)	(125)	-	-

in EUR thousands

	NLB					
	Subsidiaries		Associates		Joint ventures	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Loans and deposits issued	1,477,053	1,412,599	7	12	-	-
Loans and deposits received	231,509	160,582	11,096	10,333	428	433
Other equity instruments	36,871	19,930	-	-	-	-
Derivatives						
Fair value	3,736	2,090	-	-	-	-
Contractual amount	162,428	206,739	-	-	-	-
Other financial assets	14,497	3,092	5	7	-	-
Other financial liabilities	3,866	4,545	40	1,394	-	-
Guarantees issued and loan commitments	81,203	100,348	33	28	-	-
Received loan commitments and financial guarantees	10,602	11,103	-	-	-	-

	3 months ended		3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024	March 2025	March 2024
Interest income	14,870	6,729	-	-	-	-
Interest expenses	(1,275)	(2,406)	-	-	-	-
Fee income	5,034	3,501	1	1	-	-
Fee expenses	-	(1)	(2,199)	(2,529)	-	-
Other income	667	474	10	10	-	-
Other expenses	(2,339)	(1,144)	(135)	(125)	-	-
Gains less losses from financial assets and liabilities held for trading	1,859	(3,739)	-	-	-	-
Gains less losses from non-trading financial assets mandatorily at fair value through profit or loss	73	28	-	-	-	-

Related-party transactions with major shareholder with significant influence

in EUR thousands

	NLB Group		NLB	
Shareholder	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Loans and deposits issued	13,719	14,113	13,719	14,113
Investments in securities	749,968	748,456	710,170	708,957
Investments in securities (trading book)	50	-	50	-
Other financial assets	514	113	514	113
Other financial liabilities	2	60	2	60
Guarantees issued and loan commitments	1,612	1,681	1,612	1,681

	3 months ended		3 months ended	
	March 2025	March 2024	March 2025	March 2024
Interest income	3,536	2,275	3,226	2,063
Fee income	799	522	799	522
Fee expenses	(7)	(5)	(7)	(5)
Other income	61	64	61	64
Other expenses	(2)	(1)	(2)	(1)

NLB Group discloses all transactions with the major shareholder with significant influence. For transactions with other government-related entities, NLB Group discloses individually significant transactions above EUR 40 million and their business accounts balances. During the first three months ended 31 March 2025 and 31 December 2024, no significant transactions were recorded.

in EUR thousands

	Balance of all significant transactions at end of the period		Number of significant transactions at end of the period	
NLB Group and NLB	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
Loans	412,820	386,762	6	6
Debt securities measured at amortised cost	64,406	63,912	1	1
Borrowings, deposits and business accounts	-	40,159	-	1
Guarantees issued and loan commitments	52,191	105,546	2	3

in EUR thousands

	Effects in the income statement during the period	
	3 months ended	
NLB Group and NLB	March 2025	March 2024
Interest income from loans	3,536	4,668
Interest income from debt securities measured at amortised cost and net valuation effects from hedge accounting	495	238

8. Subsidiaries

NLB Group's subsidiaries as at 31 March 2025 and 31 December 2024:

in %

	Nature of Business	Country of Incorporation	NLB Group		NLB	
			Shareholding	Voting rights	Shareholding	Voting rights
Core members						
NLB Banka a.d., Skopje	Banking	North Macedonia	86.97	86.97	86.97	86.97
NLB Banka a.d., Podgorica	Banking	Montenegro	99.87	99.87	99.87	99.87
NLB Banka a.d., Banja Luka	Banking	Bosnia and Herzegovina	99.85	99.85	99.85	99.85
NLB Banka sh.a., Prishtina	Banking	Kosovo	82.38	82.38	82.38	82.38
NLB Banka d.d., Sarajevo	Banking	Bosnia and Herzegovina	97.34	97.35	97.34	97.35
NLB Komercijalna banka a.d. Beograd	Banking	Serbia	100	100	100	100
NLB Skladi d.o.o., Ljubljana	Finance	Slovenia	100	100	100	100
NLB Fondovi a.d., Beograd	Finance	Serbia	100	100	-	-
NLB Fondovi a.d. Skopje	Finance	North Macedonia	100	100	-	-
NLB Lease&Go, leasing d.o.o., Ljubljana	Finance	Slovenia	100	100	100	100
NLB Lease&Go, d.o.o. Skopje(i)	Finance	North Macedonia	100	100	-	-
NLB Lease&Go leasing d.o.o. Beograd(ii)	Finance	Serbia	99.80	99.80	-	-
NLB Car&Go, upravljanje spletnih platform, d.o.o., Ljubljana	Web portal	Slovenia	100	100	-	-
Summit Leasing Slovenija d.o.o., Ljubljana(iii)	Finance	Slovenia	100	100	-	-
Mobil Leasing d.o.o., Zagreb	Finance	Croatia	100	100	-	-
NLB MUZA Zavod za upravljanje kulturne dediščine, Ljubljana	Cultural heritage management	Slovenia	100	100	100	100
NLB DigIT d.o.o., Beograd	IT services	Serbia	100	100	100	100
NLB Real Estate d.o.o., Podgorica	Real estate	Montenegro	100	100	100	100
NLB Real Estate d.o.o., Beograd	Real estate	Serbia	100	100	100	100
NLB Real Estate d.o.o., Ljubljana	Real estate	Slovenia	100	100	100	100
Non-core members						
NLB Crna Gora d.o.o., Podgorica	Finance	Montenegro	100	100	100	100
NLB InterFinanz AG, Zürich in Liquidation	Finance	Switzerland	100	100	100	100
NLB InterFinanz d.o.o., Beograd - u likvidaciji	Finance	Serbia	100	100	-	-
LHB AG, Frankfurt	Finance	Germany	100	100	100	100
PRO-REM d.o.o., Ljubljana - v likvidaciji(iv)	Real estate	Slovenia	100	100	-	-
OL Nekretnine d.o.o., Zagreb - u likvidaciji	Real estate	Croatia	100	100	-	-
NLB Srbija d.o.o., Beograd	Real estate	Serbia	100	100	100	100
SLS HOLDCO, holdinška družba, d.o.o. Ljubljana	Finance	Slovenia	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.

9. Events after the end of the reporting period

No events took place after 31 March 2025 that would have had a materially significant influence on the presented condensed interim financial statements.

Glossary of Terms and Definitions

AC	Amortised Cost
AGRO	Agriculture segment
AI	Artificial Intelligence
ALCO	Asset-Liability Committee
ALM	Asset and Liability Management
AML	Anti Money Laundering
aop	Average of the period
API	Alternative Performance Indicators
ASF	Available Stable Funding
AT1	Additional Tier 1 capital
AuM	Assets under Management
AVA	Additional Valuation Adjustments
BiH	Bosnia and Herzegovina
BoS	Bank of Slovenia
bps	Basis Points
CAGR	Compound Annual Growth Rate
CB	Central Bank
CBR	Combined Buffer Requirement
CC	Contact Centre
CCF	Credit Conversion factor
CCYB	Countercyclical Capital Buffer
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CIR	Cost-to-Income Ratio
CMO	Chief Marketing Officer
CoC	Cost of Capital
CoR	Cost of Risk
CPI	Consumers Price Index
CRO	Chief Risk Officer
CRR	Capital Requirement Regulation
CSD	Central Security Depository
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainable Reporting Directive
CTO	Chief Transformation Officer
CVA	Credit Value Adjustment
DGS	Deposit Guarantee Scheme
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECL	Expected Credit Losses
ESI	Economic Sentiment Indicator
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
EVE	Economic Value of Equity

FTP	Fund Transfer Price
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GDP	Gross Domestic Product
GDR	Global Depositary Receipts
HICP	Harmonised Index of Consumer Prices
HQLA	High-Quality Liquid Assets
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standard
ILAAP	Internal Liquidity Adequacy Assessment Process
IVS	International Valuation Standards
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio
LRE	Leverage Ratio Exposure
LTD	Loan-to-Deposit Ratio
M&A	Mergers and Acquisitions
MPE	Multiple Point of Entry
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MS	Mid-Swap Rate
NFC	Non-Financial Corporation
NII	Net Interest Income
NLB or the Bank	NLB d.d., Ljubljana
NPE	Non-Performing Exposures
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
NZBA	Net-Zero Banking Alliance
OBM	Operational Business Margin
OCI	Other Comprehensive Income
OCR	Overall Capital Requirement
O-SII	Other Systemically Important Institution
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirements
PMI	Purchasing Managers' Index
POCI	Purchased or Originated Credit-Impaired
pp	Percentage point(s)
PRS	Preferred Resolution Strategy
P&L	Profit and Loss
ROA	Return on Assets
ROE	Return on Equity
RoS	Republic of Slovenia
RSF	Required Stable Funding
RWA	Risk Weighted Assets
SEE	South-Eastern Europe
SEE banking members	NLB Group members in the following countries: Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro
SLS	Summit Leasing Slovenija
SME	Small and Medium-sized Enterprises

SPPI	Solely Payments of Principal and Interest
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SSM	Single Supervisory Mechanism
SyRB	Systemic Risk Buffer
T1	Tier 1 Capital
T2	Tier 2 Capital
TCR	Total Capital Ratio
The Group	NLB Group
TREA	Total Risk Exposure Amount
TSCR	Total SREP Capital Requirement
UNEP FI	United Nations Environment Programme Finance Initiative