

NLB Group Presentation



Key Unaudited 2021 data

NLB Group

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Executive Summary

Remarkable performance of all business segments led to a record high 2021 profit

FY 2021 Key Highlights

Supportive economic environment backed by the revival in domestic demand uplifted our business activities which resulted in:

- **EUR 236.4 million profit** a substantial growth from the previous year when excluding the effects from KB acquisition
- Excellent loan sales: **12% growth in retail and 8% in corporate**
- **39% growth** of net fee and commission income:
- Costs remaining within guidance
- Net release of impairments and provisions for credit risk – **cost of risk at minus 41 bps**
- Strong capital position with **TCR at 17.8%**, enabling further growth and substantial dividend distribution (**EUR 92.2 million dividend** paid in 2021)
- We were further enhancing our strategic ambitions in the areas of sustainability/ESG, client experience and digitalization.

Q4 2021 Key Highlights

Growing momentum of regular recurring income continued in Q4 2021:

- Net interest income up 3% QoQ, and net fee and commission income up 10% QoQ
- Profit in Q4 amounted to EUR 30.9 million, which is substantially lower than Q3 2021 predominantly on the account of:
 - higher seasonal costs (year-end bonuses and higher costs of services)
 - KB group integration (sale of KB, Banja Luka with negative impact on other income EUR 8.1 million, EUR 7.1 million of HR provisions in Serbia and other integration costs), and
 - other non-recurring items, such as net EUR 9.0 million of legal provisions

- February 2022: Law on limitation and distribution of FX risk concerning loan agreements in Swiss francs

Key Developments

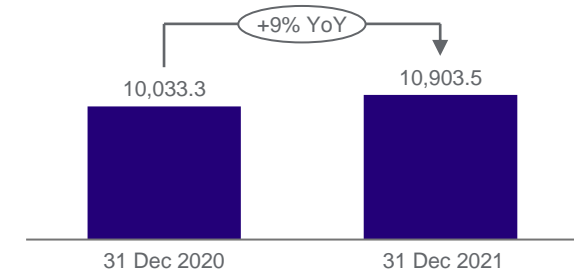


Key performance indicators of NLB Group

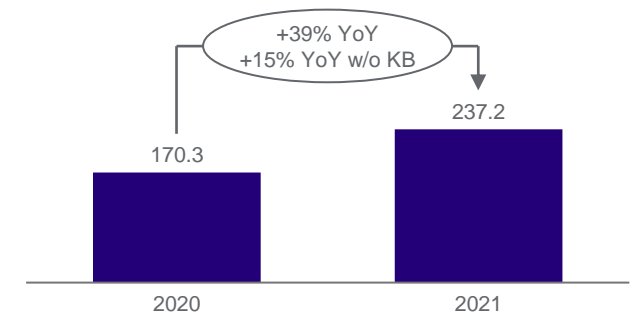
Impressive recurring performance with strong loan production leading to 11.4 % ROE

	in EUR million / % / bps						
	1-12 2021	1-12 2020	Change YoY	Q4 2021	Q3 2021	Q4 2020	Change QoQ
Key Income Statement Data							
Net operating income	666.9	504.5	32%	167.0	166.0	121.2	1%
Net interest income	409.4	299.6	37%	107.0	103.7	75.1	3%
Net non-interest income	257.6	204.9	26%	60.0	62.3	46.1	-4%
o/w Net fee and commission income	237.2	170.3	39%	64.6	58.6	45.1	10%
Total costs	-415.4	-293.9	-41%	-118.2	-99.9	-77.7	-18%
Result before impairments and provisions	251.5	210.5	19%	48.8	66.1	43.5	-26%
Impairments and provisions	8.8	-71.4	-	-16.5	6.3	-21.1	-
Impairments and provisions for credit risk	35.8	-62.3	-	1.8	3.3	-13.2	-47%
Other impairments and provisions	-27.1	-9.1	-198%	-18.3	2.9	-7.9	-
Negative goodwill	0.0	137.9	-	0.0	0.0	137.9	-
Result after tax	236.4	269.7	-12%	30.9	65.7	165.1	-53%
Key Financial Indicators							
Return on equity after tax (ROE a.t.) ^(iv)	11.4%	8.1%	3.3 p.p.				
Return on assets after tax (ROA a.t.) ^(iv)	1.1%	1.0%	0.2 p.p.				
Net interest margin (on interest bearing assets) ^(iv)	2.07%	2.11%	-0.04 p.p.				
Operational business margin ^(i,iv)	3.28%	3.32%	-0.04 p.p.				
Cost to income ratio (CIR)	62.3%	58.3%	4.0 p.p.				
Cost of risk net (bps) ^(ii, iv)	-41	62	-102				
	31 Dec 2021	30 Sep 2021	31 Dec 2020	Change YoY	Change QoQ		
Key Financial Position Statement Data							
Total assets	21,577.5	21,296.9	19,565.9	10%	1%		
Gross loans to customers	10,903.5	10,593.7	10,033.3	9%	3%		
Net loans to customers	10,587.1	10,267.0	9,644.9	10%	3%		
Deposits from customers	17,640.8	17,248.6	16,397.2	8%	2%		
Equity (without non-controlling interests)	2,078.7	2,140.5	1,952.8	6%	-3%		
Other Key Financial Indicators							
LTD ⁽ⁱⁱⁱ⁾	60.0%	59.5%	58.8%	1.2 p.p.	0.5 p.p.		
Total capital ratio	17.8%	17.2%	16.6%	1.2 p.p.	0.6 p.p.		
Total risk exposure amount (RWA)	12,667.4	12,824.4	12,421.0	2%	-1%		
Employees							
Number of employees	8,185	8,359	8,792	-607	-174		

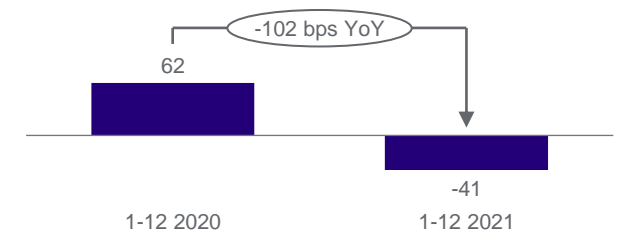
Gross loans to customers (in EURm)



Net fee and commission income (in EURm)



Cost of risk^(ii, iv) (Group, bps)

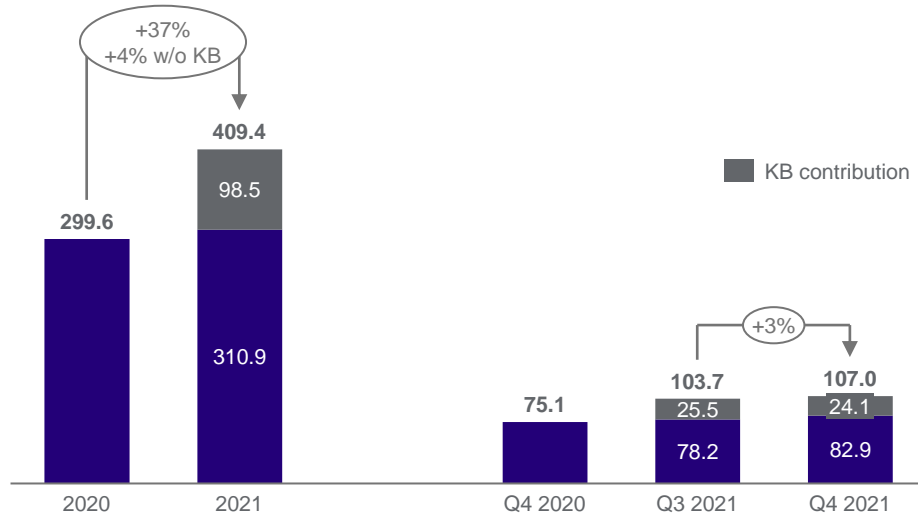


Notes: (i) Operational business net income annualized / average assets. (ii) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers. (iii) LTD = Net loans to customers / deposits from customers. (iv) KB not included in the calculation of ratio in 2020.

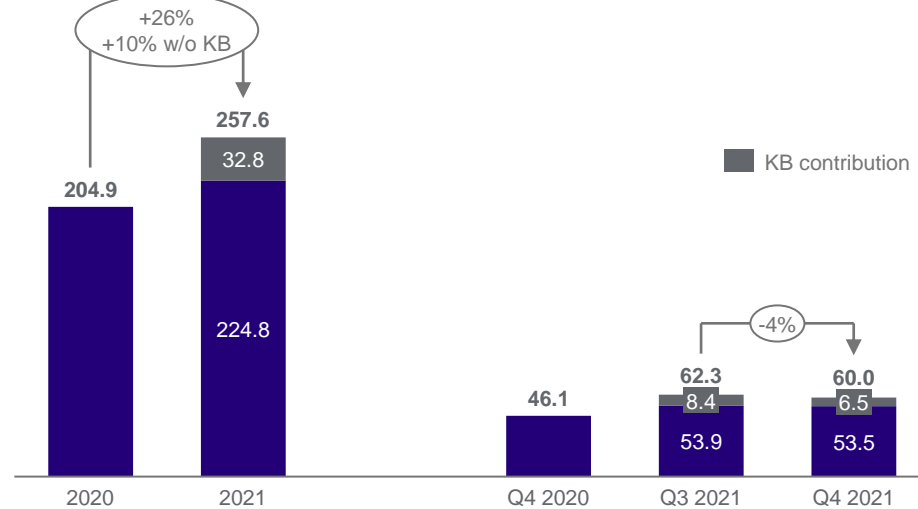
Revenues and Cost Dynamics

Strong recurring income momentum and negative CoR

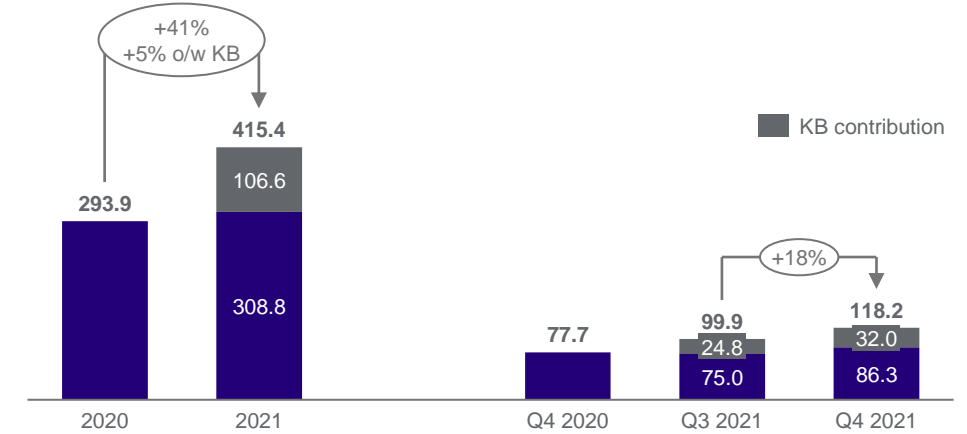
Net interest income (Group, EURm)



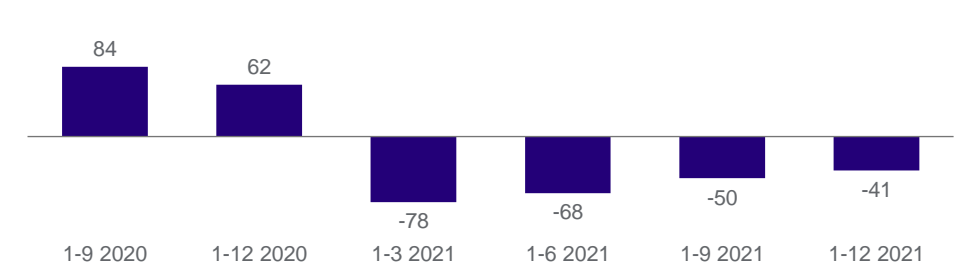
Net non-interest income (Group, EURm)



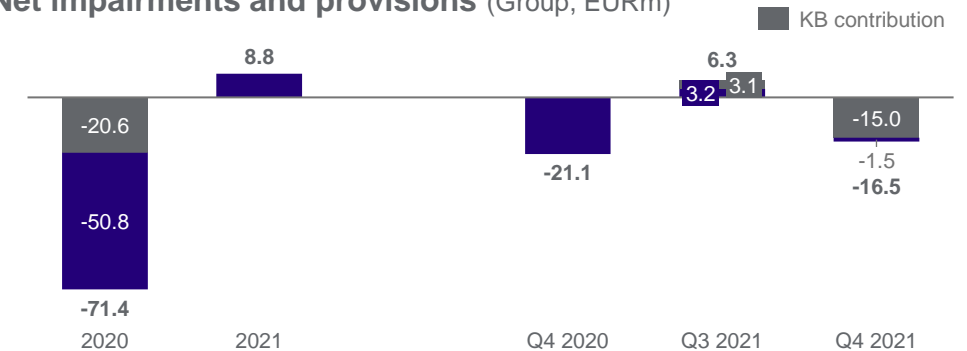
Costs (Group, EURm)



Cost of risk⁽ⁱ⁾ (Group, bps)



Net impairments and provisions (Group, EURm)



Establishment Release

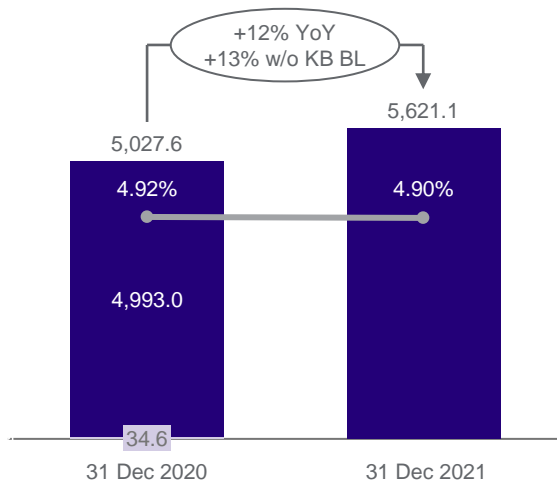
Note: (i) Cost of risk = credit impairments and provisions (annualized level) / average net loans to customers. KB not included in the calculation of ratio in 1-12 2020.

Loan dynamics

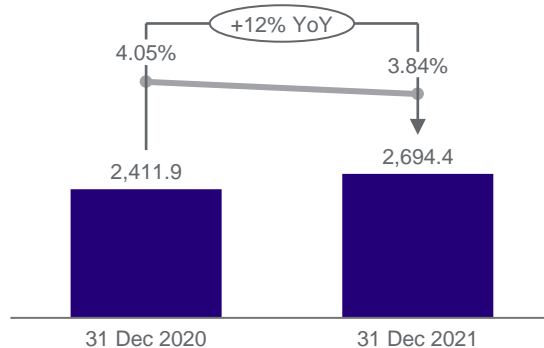
Strong loan production across all markets

NLB Group

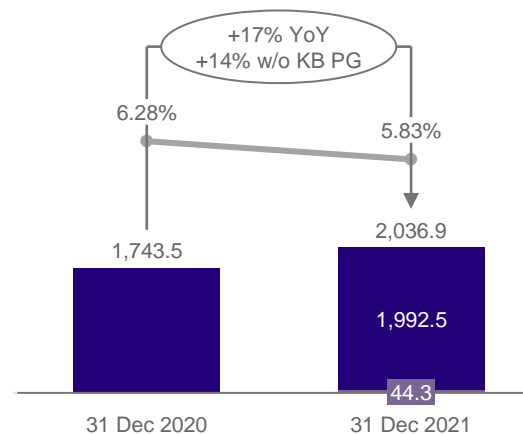
Gross loans to individuals



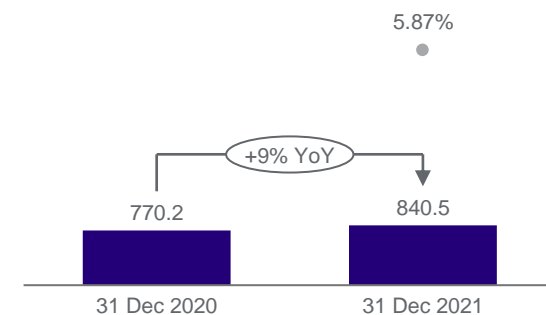
NLB(i)



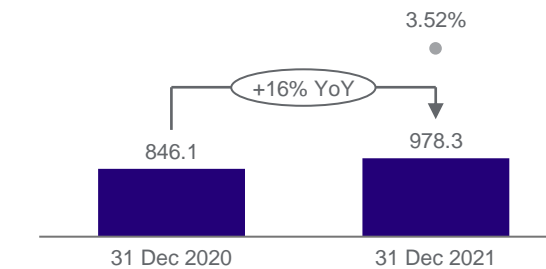
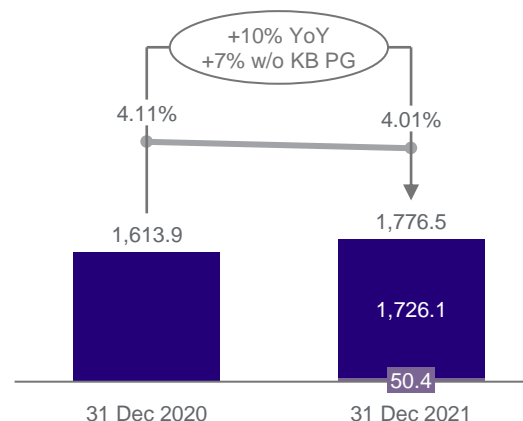
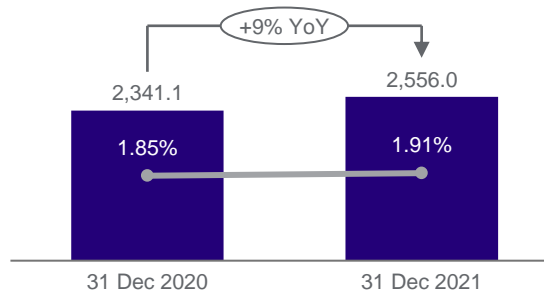
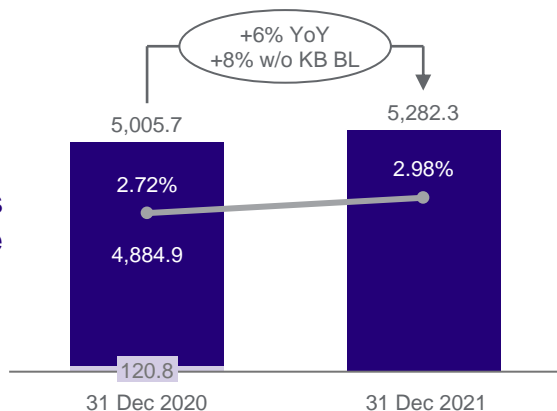
Strategic foreign markets w/o KB(i)(ii)



KB Beograd (i)(ii)



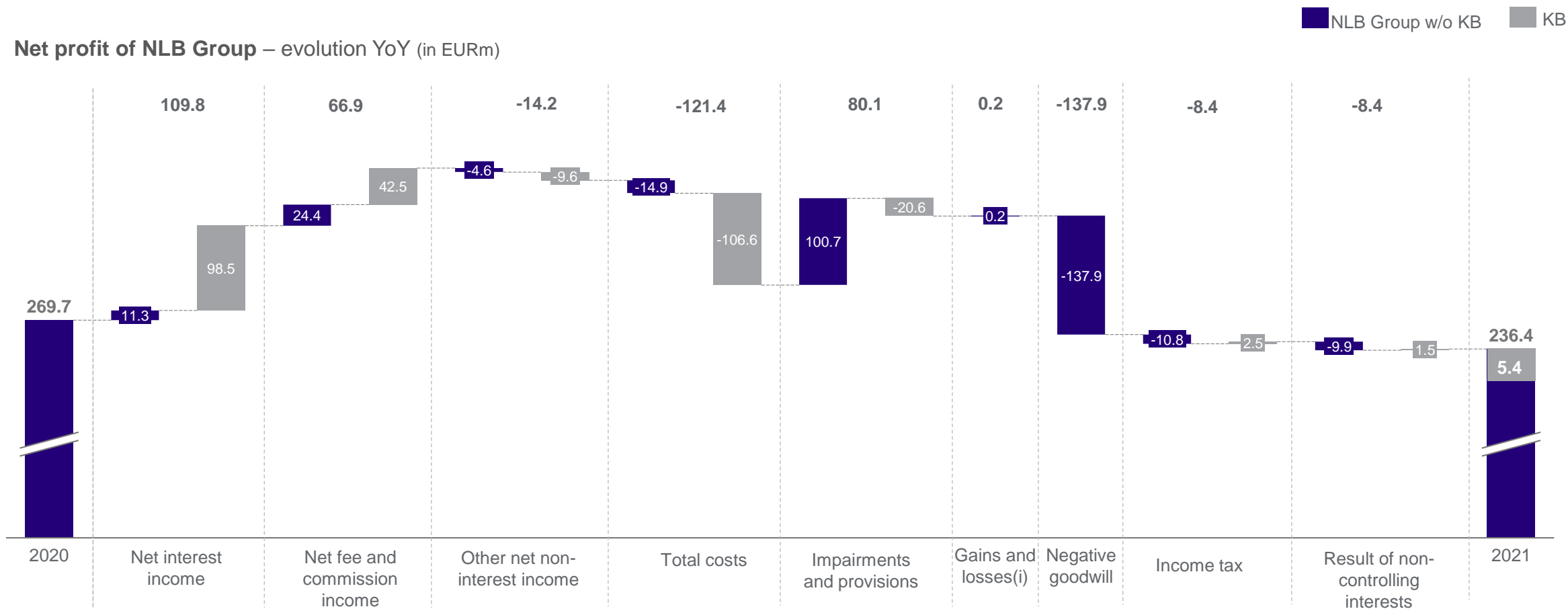
Gross loans to corporate & state



— Yields ■ Gross loans ■ KB Banja Luka ■ KB Podgorica

Resilient Operating Income Performance

Result reflects great performance and important milestones achieved

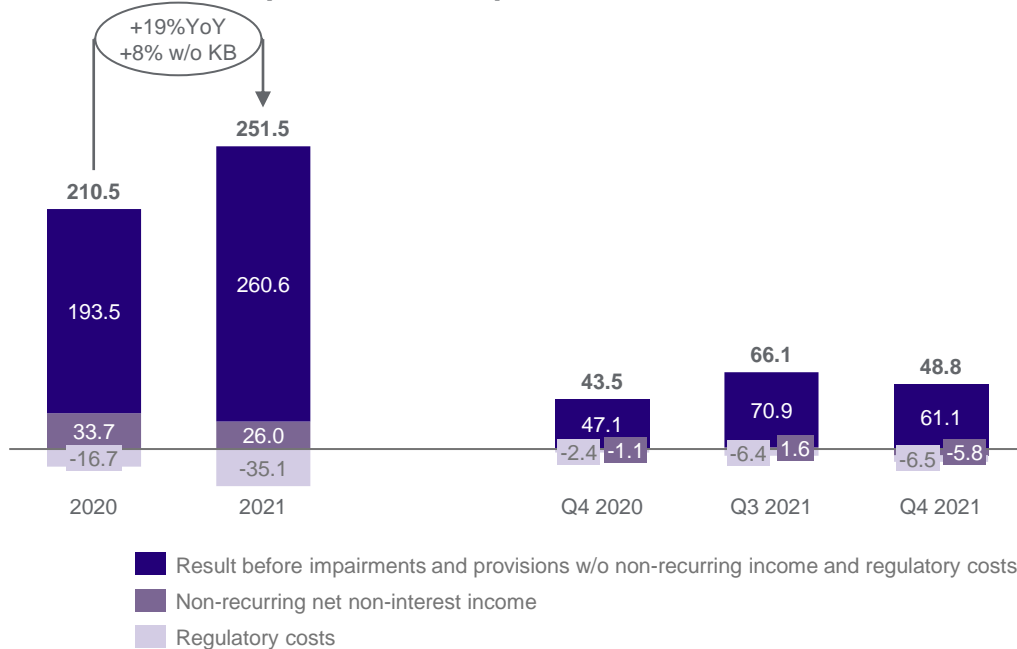


The remarkable performance of the NLB Group in the year 2021 led to a record high **profit of EUR 236.4 million** – a substantial growth to previous year when excluding effects from acquisition of Komercijalna Banka, Beograd, unaudited 2021 data shows.

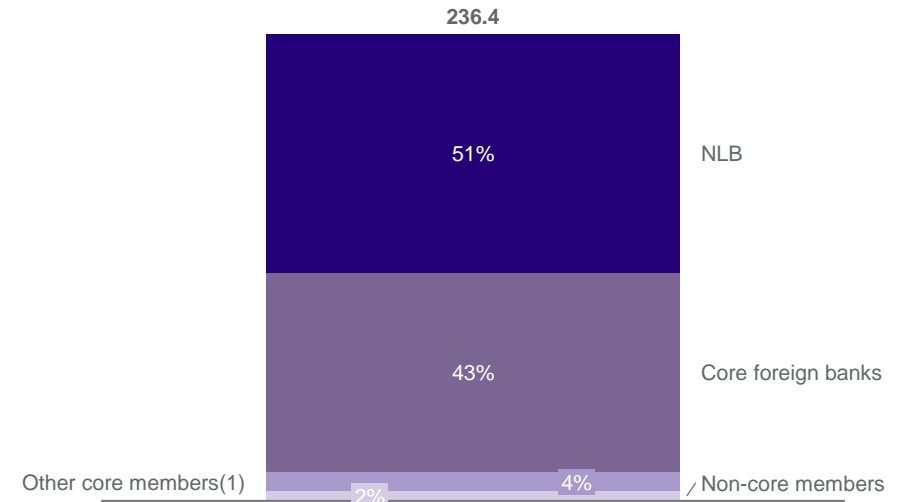
Income Statement

Recurring pre-provision profit is growing YoY

Result before impairments and provisions (Group, EURm)



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



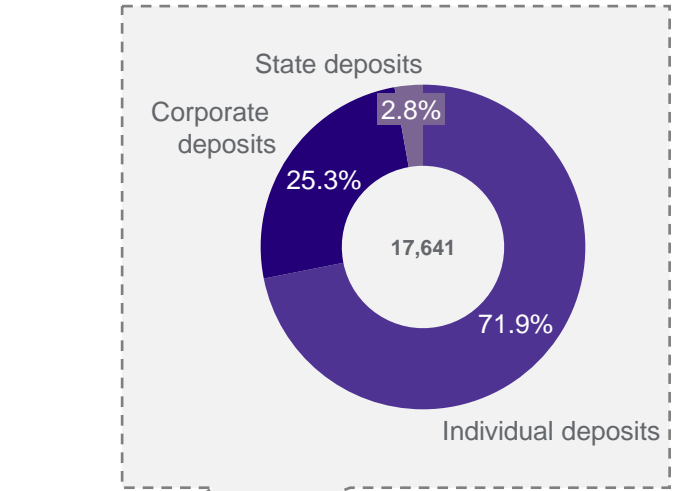
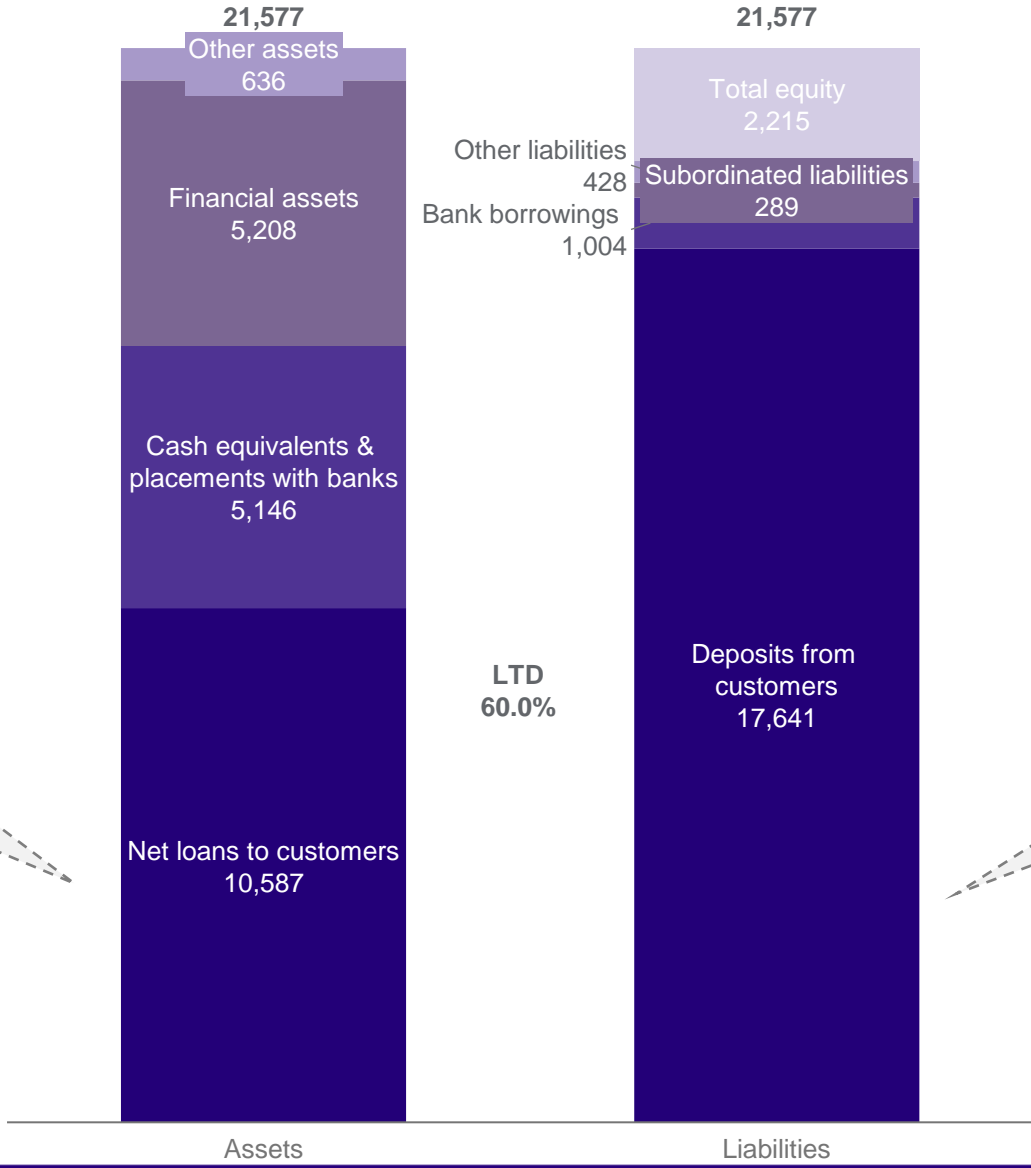
Result before impairments and provisions EUR 251.5 million, EUR 41.0 million higher YoY, EUR 16.3 million without KB contribution, as a result of:

- Net interest income increased EUR 109.8 million, backed by Komercijalna Banka group contribution (EUR 98.5 million). Increasing net interest income without Komercijalna Banka group contribution was impacted by excess liquidity and consequently higher volume of cash and balances with CBs, with low or negative interest rates. Interest income was higher YoY without Komercijalna Banka group contribution, based on higher volumes and increased market shares in the loan book, compensating for the reduction in interest rates.
- Net fee and commission income increased in all banks, in the Bank mostly due to repricing of packages, fee for high balances, higher net fees from asset management and bancassurance, and DCM fees.
- In 2021, non-recurring valuation income in the amount of EUR 14.7 million from repayment of exposure, classified as non-performing, EUR 9.0 million other operation income from the settlement of legal dispute, and EUR -8.1 million loss from the sale of Komercijalna Banka, Banja Luka; YoY lower, with the sale of NLB Vita and debt securities impacting 2020 result in the total amount of EUR 28.1 million.

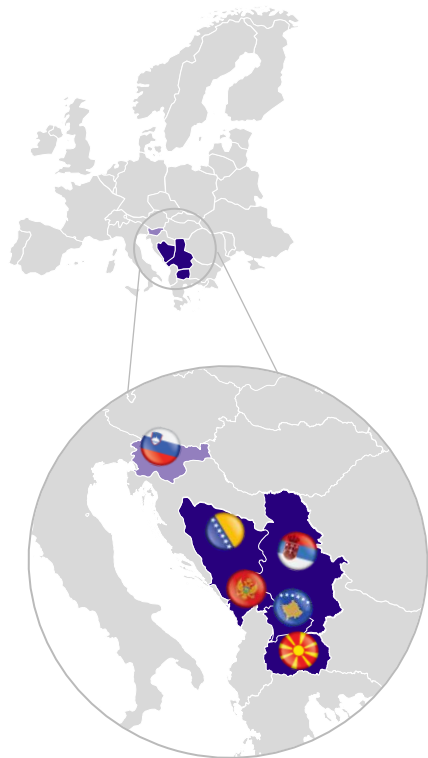
Balance Sheet Structure – NLB Group








Deposit driven balance sheet

(31 December 2021, in EUR million)



Performance indicators across SEE countries⁽¹⁾



	Slovenia  <i>NLB, Ljubljana</i>	North Macedonia  <i>NLB Banka, Skopje</i>	Bosnia and Herzegovina  <i>NLB Banka, Banja Luka</i> <i>NLB Banka, Sarajevo</i>		Kosovo  <i>NLB Banka, Prishtina</i>	Montenegro  <i>NLB Banka, Podgorica</i>	Serbia  <i>NLB Banka, Beograd</i> <i>KB, Beograd</i>	NLB Group 	
	Data on stand-alone basis								Consolidated data
Result after tax (EURm)	208.4	39.0	18.2	10.0	24.4	10.1	4.3	34.8	236.4
Total assets (EURm)	12,700	1,771	927	728	931	751	715	4,165	21,577
RoE a.t.	13.8%	15.9%	17.0%	10.7%	22.4%	13.1%	5.5%	5.5%	11.4%
Net interest margin	1.31%	3.14%	2.38%	2.76%	3.83%	3.99%	3.44%	2.37%	2.07%
CIR (cost/income ratio)	50.8%	41.8%	45.7%	57.7%	32.4%	61.7%	73.1%	68.4%	62.3%
LTD net	53.3%	77.5%	62.0%	76.4%	79.4%	80.6%	113.8%	52.4%	60.0%
NPL ratio	1.5%	4.3%	1.3%	3.1%	1.9%	7.0%	1.5%	1.4%	2.4%
Branches (#)	75	48	47	36	33	22	28	190	479
Active clients (#)	675,310	415,368	213,112	129,954	230,014	94,093	142,964	975,033	1,900,815 ^(iv)
Market share by total assets (%)	26.3%	16.9%	19.0% ^(i,iii)	5.4% ^(ii, iii)	16.3%	14.1%	1.6% ⁽ⁱⁱⁱ⁾	9.7%	/

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

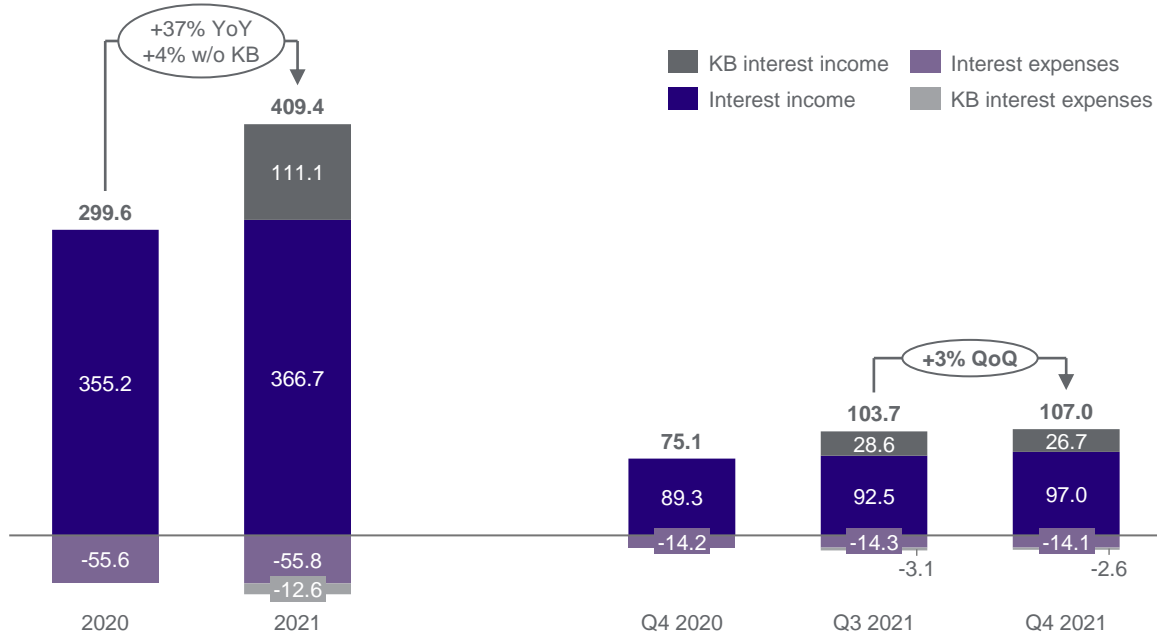
Business Performance



Net interest income

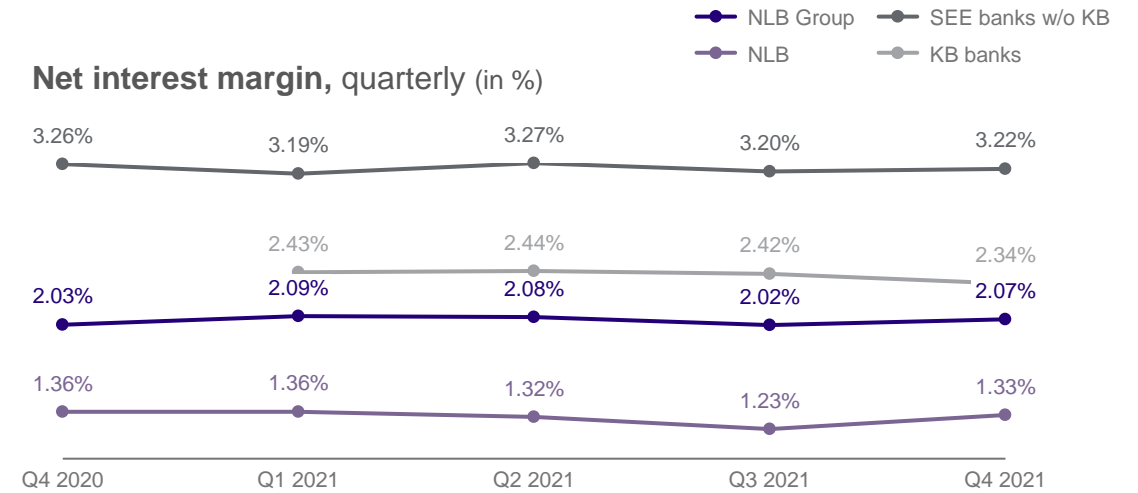
Strong loan growth and KB contributed to NII growth

Net interest income of NLB Group (in EURm)

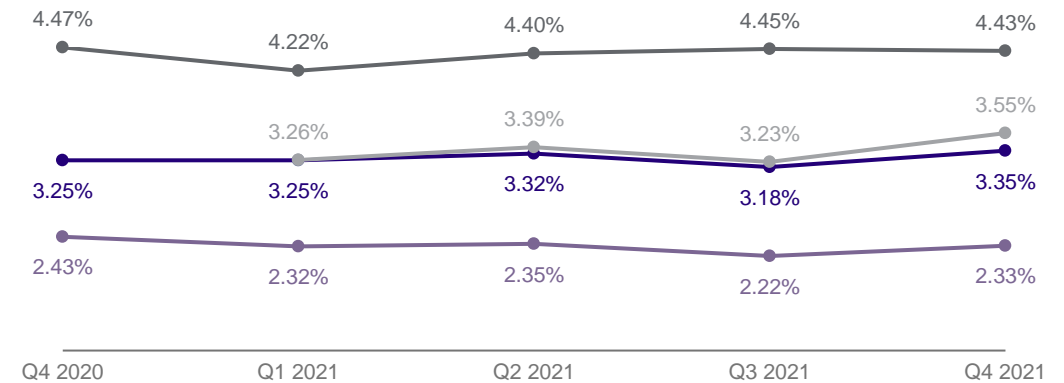


- Higher interest income due to loan volume growth
- Interest expenses remained stable
- Net interest and operational business margin remained flattish
- On QoQ basis the interest income and expenses were affected by higher liquidity position due to TLTRO-III (EUR 750 million) - additional interest income of EUR 2 million recognized in NLB in December

Net interest margin, quarterly (in %)



Operational business margin, quarterly (in %)

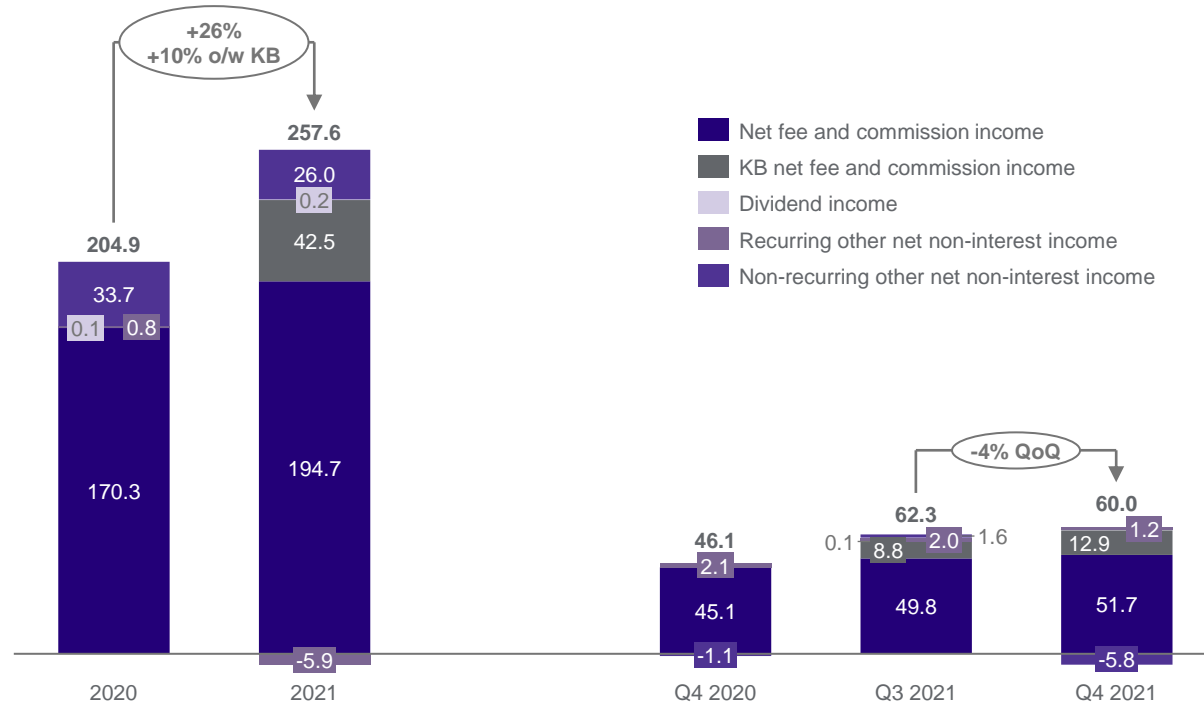


Despite the declining trend of interest rates on loans, the interest rate on corporate and state loans in NLB slightly increased, due to repayment of some exposures with low interest rates and higher volume of Cross-border and selected corporate loans, bearing higher interest rates. Continued strong production of housing loans changed portfolio mix and impacted average interest rate on loans to individuals. On the QoQ basis the higher margins due to TLTRO repricing.

Net non-interest income

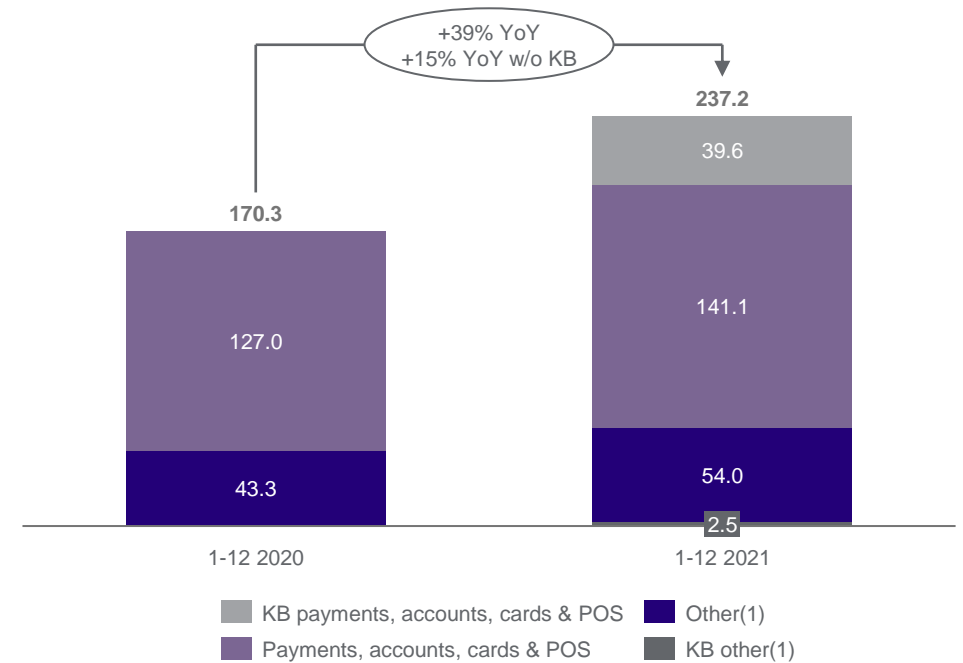
Impressive growth in net fee and commission income with somewhat lower contribution from non-recurring items

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



- Non-recurring net non-interest income:
 - valuation income of EUR 14.7 million from repayment of old exposure, classified as non-performing (o/w EUR 12.9 million in NLB) in April
 - EUR 9.0 million other operation income from the settlement of legal dispute (o/w 8.6 EUR million in NLB) in June
 - EUR -8.1 million from the sale of KB Banja Luka

Net fee and commission income (in EURm)

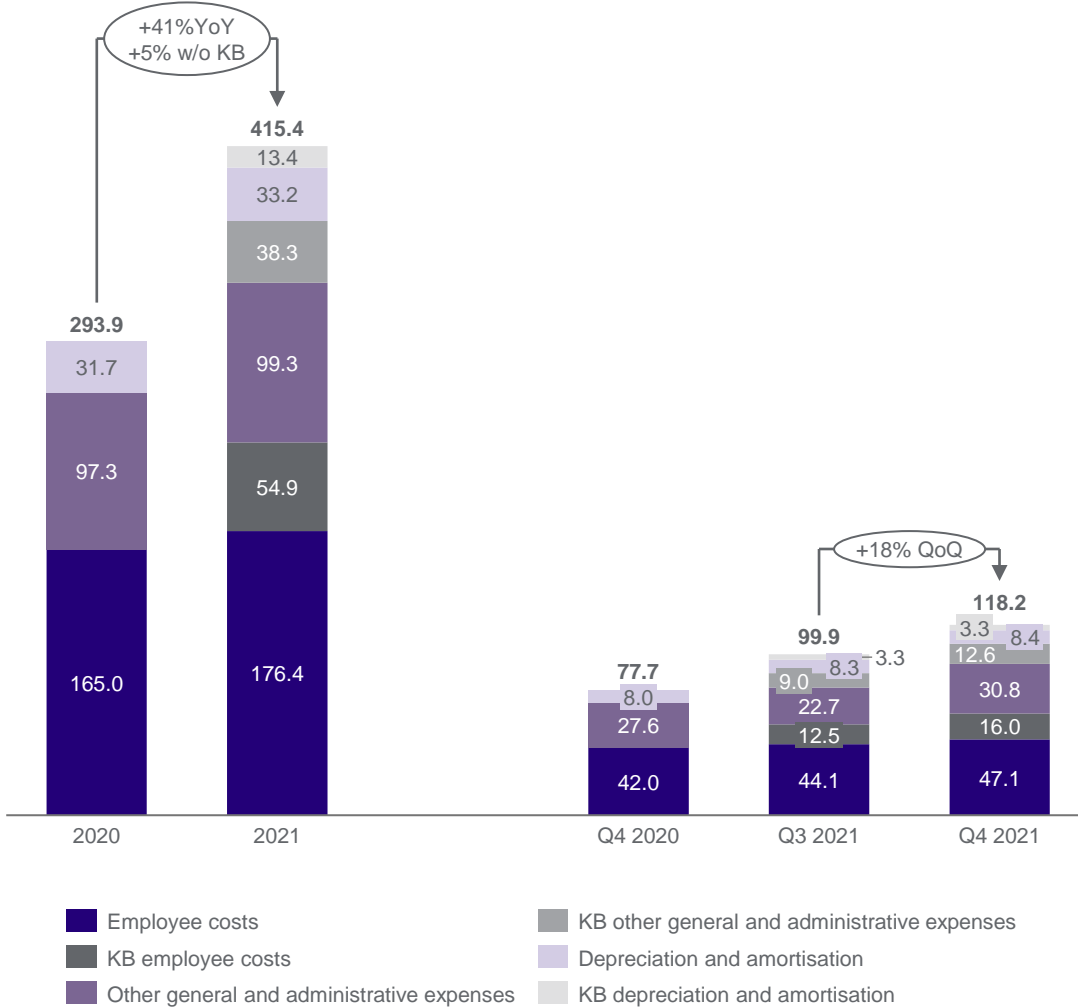


- Growth in fee and commission income in all banks is related to:
- Increased income from basic accounts, payment transaction and cards and ATM operations,
 - High balance fees
 - Higher net fees from asset management (79.8% YoY growth of gross inflows in mutual funds, total of EUR 252.4 million in 2021)
 - Higher net fees from bancassurance (higher YoY inflows with new distribution terms)
 - Higher DCM fees

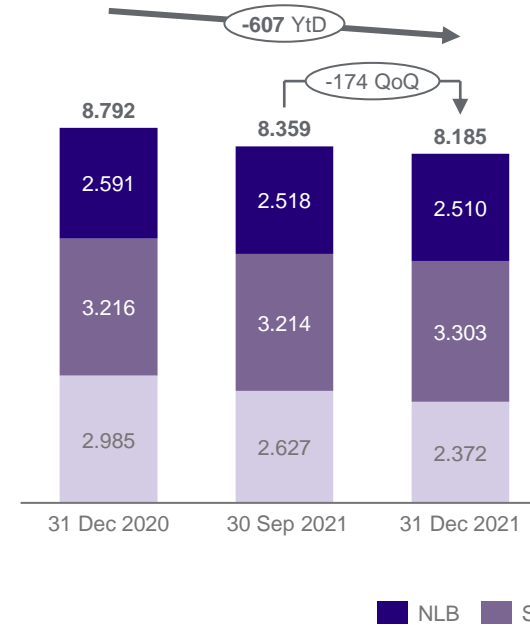
Continuous cost discipline

Costs under control, influenced strongly by integration cost

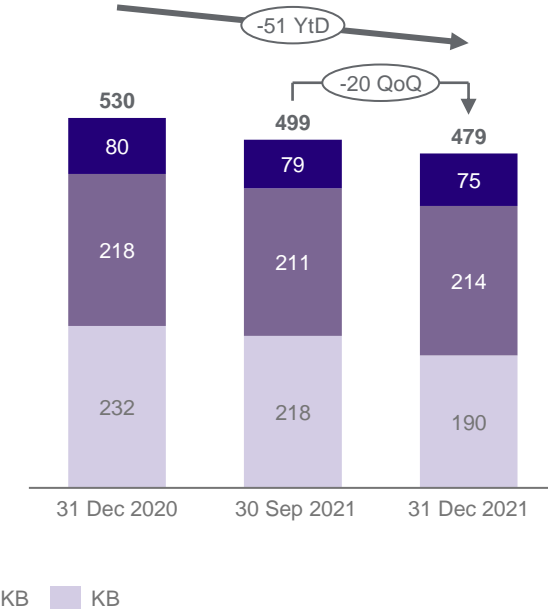
Total costs (in EURm)



of employees (1)



of branches (1)

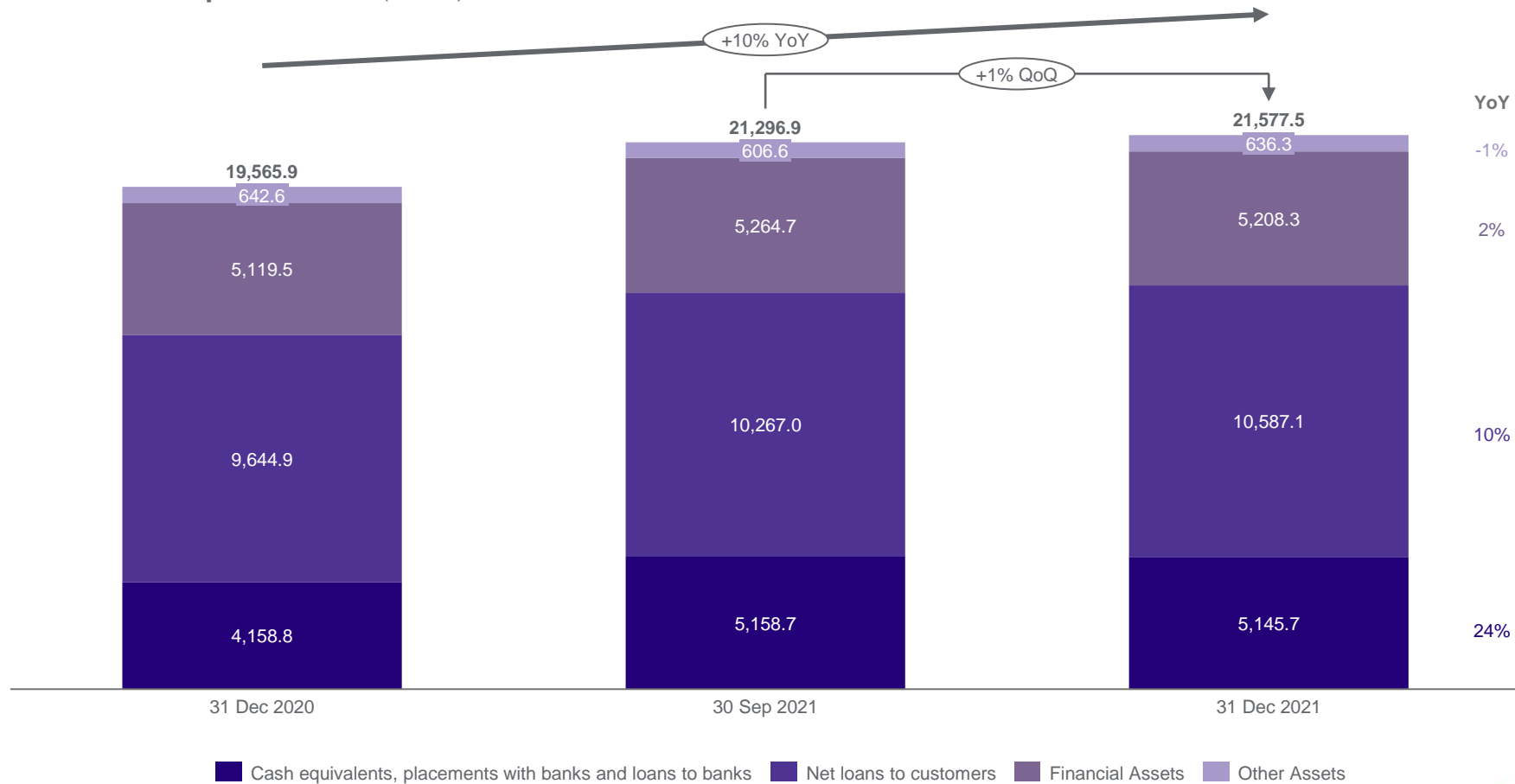


- The increase of total costs mostly due to integration costs and employee costs.
- QoQ increase due to integration costs and seasonal effects (higher costs of services and year-end bonuses)
- Continuation of strategic initiatives on a Group level (channel strategy, digitalisation, paperless, lean process, branch network optimisation etc.) to optimize the sustainable cost base going forward.

NLB Group Assets

Asset side of the balance sheet remains highly liquid

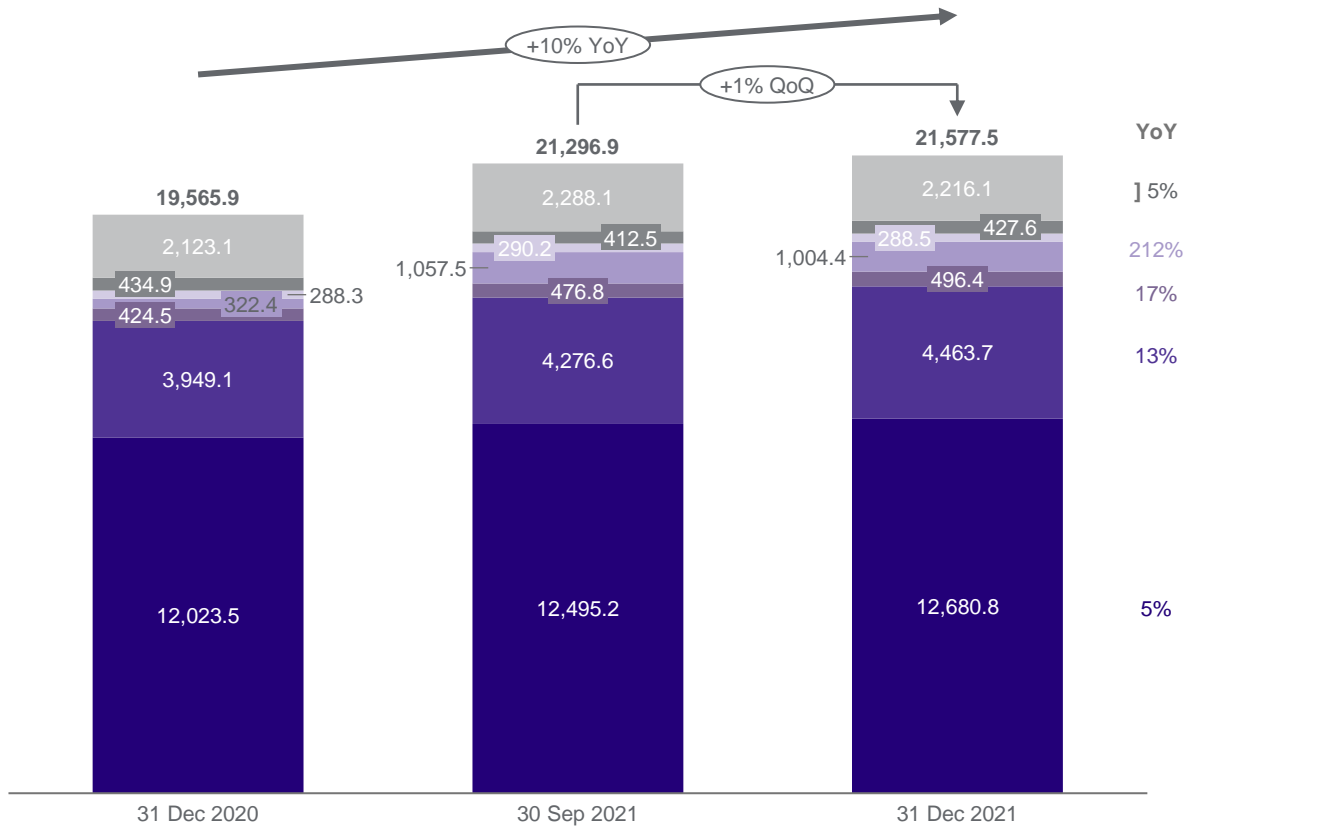
Total assets of NLB Group – structure (EURm)



NLB Group Liabilities and Equity

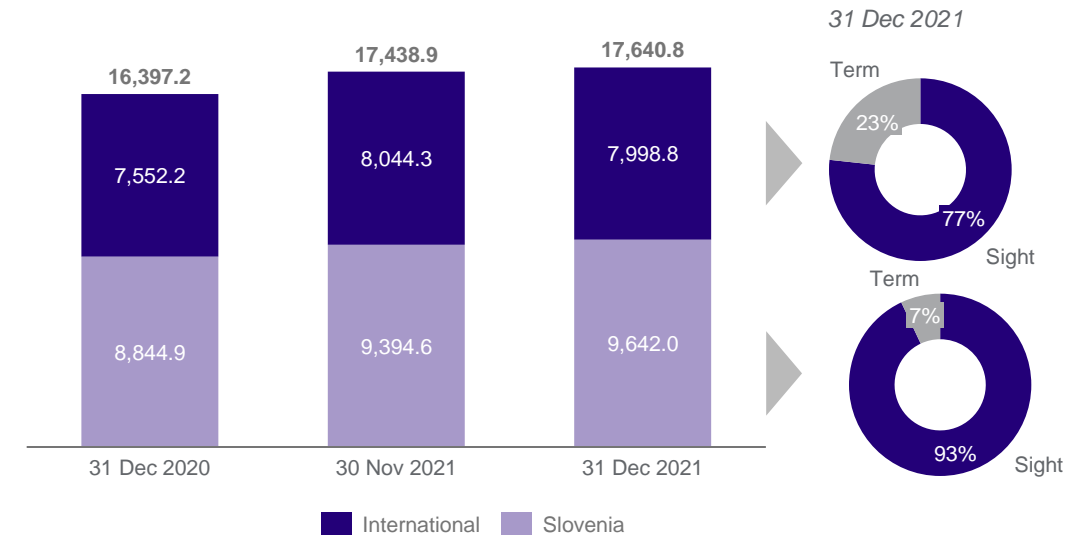
Redistribution of deposits to alternative investments

Deposits accounting for 82% of funding (Group, EURm)

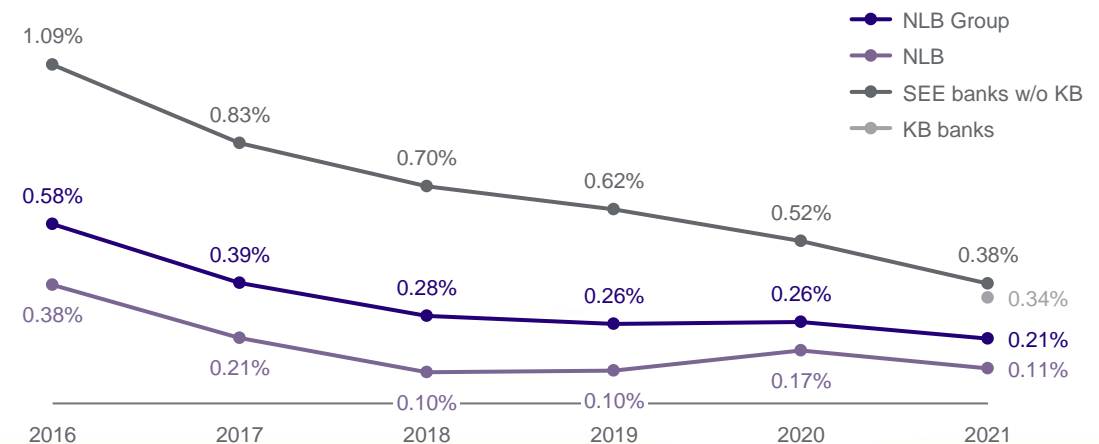


- Primarily deposit funded
- Participation in liquidity-providing operation by ECB (TLTRO III)
- Sight deposits prevailing

Deposit split (Group, EURm)

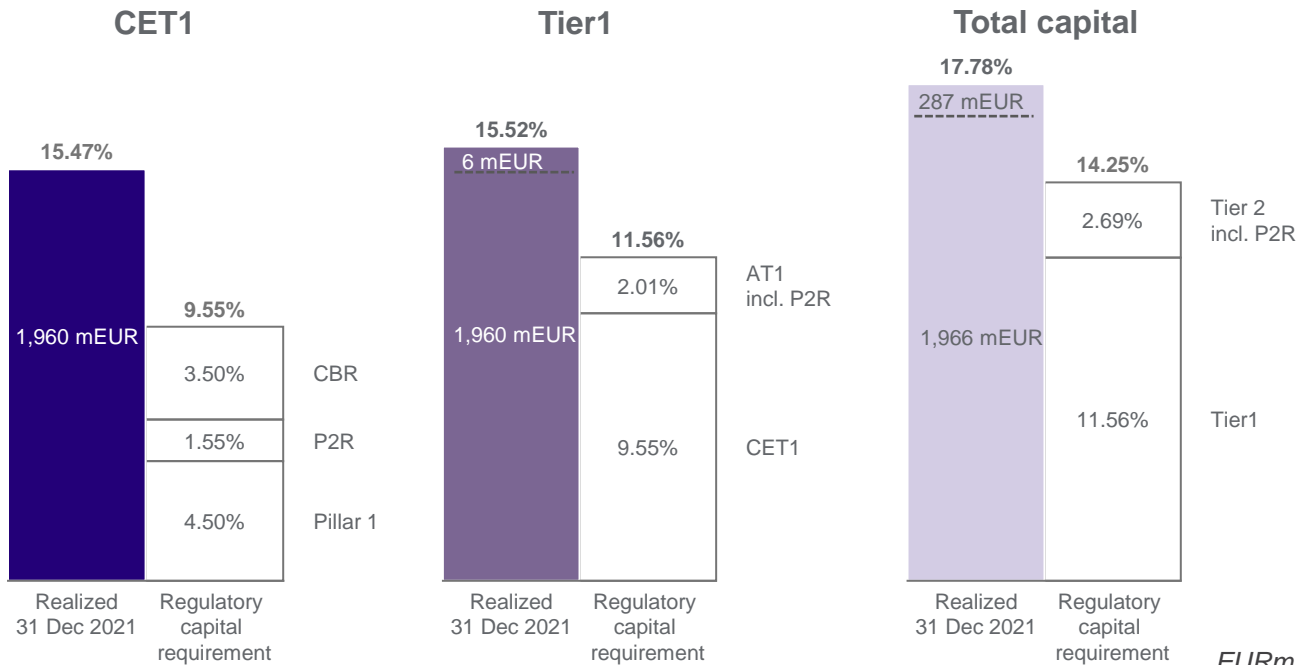


Average cost of funding (%)



Capital

Capital position enabling further growth and substantial dividend distribution



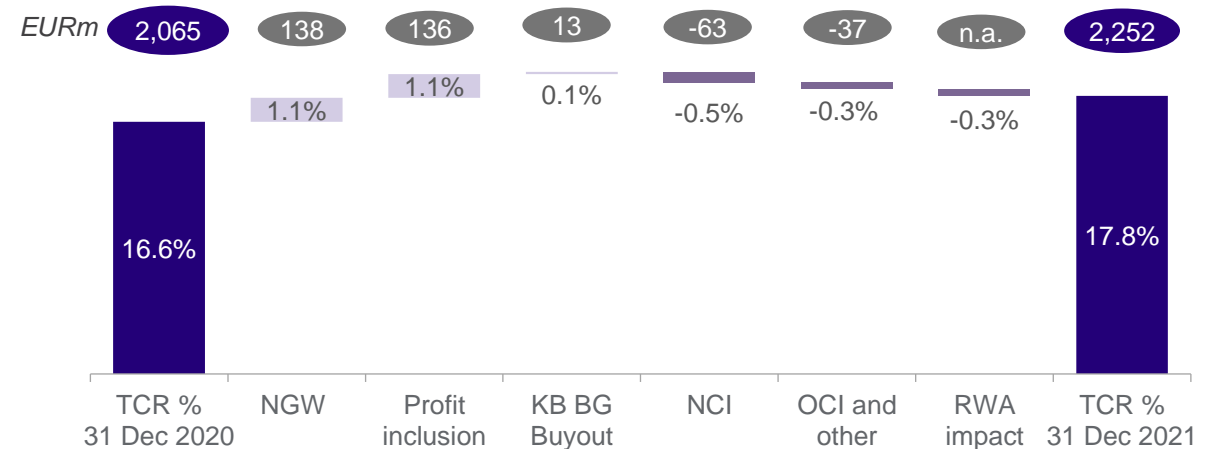
The Overall Capital Requirement (OCR) is 14.25% for the Bank on a consolidated basis, consisting of:

- 10.75% TSCR (8% P1R and 2.75% P2R); and
- 3.5% CBR (2.5% Capital Conservation Buffer, 1% O-SII Buffer and 0% Countercyclical Buffer).

Pillar 2 Guidance is set at 1.00%.

In February 2022, the ECB issued a **new SREP decision** for NLB under which it has reduced the Pillar 2 Requirement **from 2.75% to 2.60%** while Pillar 2 guidance remains at 1.00%. New SREP decision shall apply as of 1 March 2022.

TCR evolution YtD



As at 31 December 2021, the **CET1** ratio stood at 15.5% (1.4 p.p. YoY increase) and the **Total capital ratio** for the Group stood at 17.8% (1.2 p.p. YoY increase). Capital is higher mainly due to inclusion of Negative goodwill in retained earnings in the amount of EUR 137.9 million and partial inclusion of 2021 profit in the amount of 136.0 million.

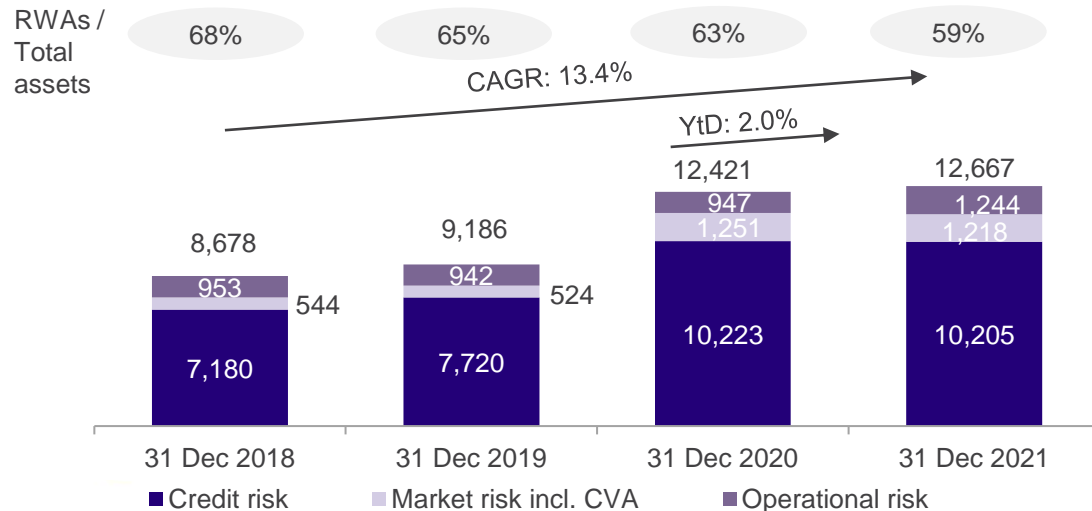
RWA structure

Prudent RWA management to improve capital ratios

RWA OPTIMIZATION ACTIONS:

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

RWA structure (in EURm)



RWA for credit risk decreased EUR 17.8 million YtD: new production of retail and corporate loans, with investments in selected Tier 2 Instruments and investments in state bonds were compensated by inclusion of BiH and Macedonia on Eba's third party equivalent list, legislation criteria changes for the CRR collateral adequacy, signing of MIGA agreements as well as changed investment policy such as shift of some liquid assets from the central governments to lower risk weighted counterparties. Latter two are result of **RWA optimization**.

The decrease in **RWA for market risks** and credit value adjustments (CVA) (EUR 32.6 million) is mainly the result of decreased TDI risk in the amount of EUR 79.5 million (a consequence of closing position of Traded debt instruments in Komercijalna Banka Beograd).

The increase in the **RWA for operational risks** (EUR 296.7 million) derives from the higher three-year average of relevant income, which represents the basis for the calculation. The main effect for increased relevant income was acquisition of Komercijalna banka Beograd in 2020.

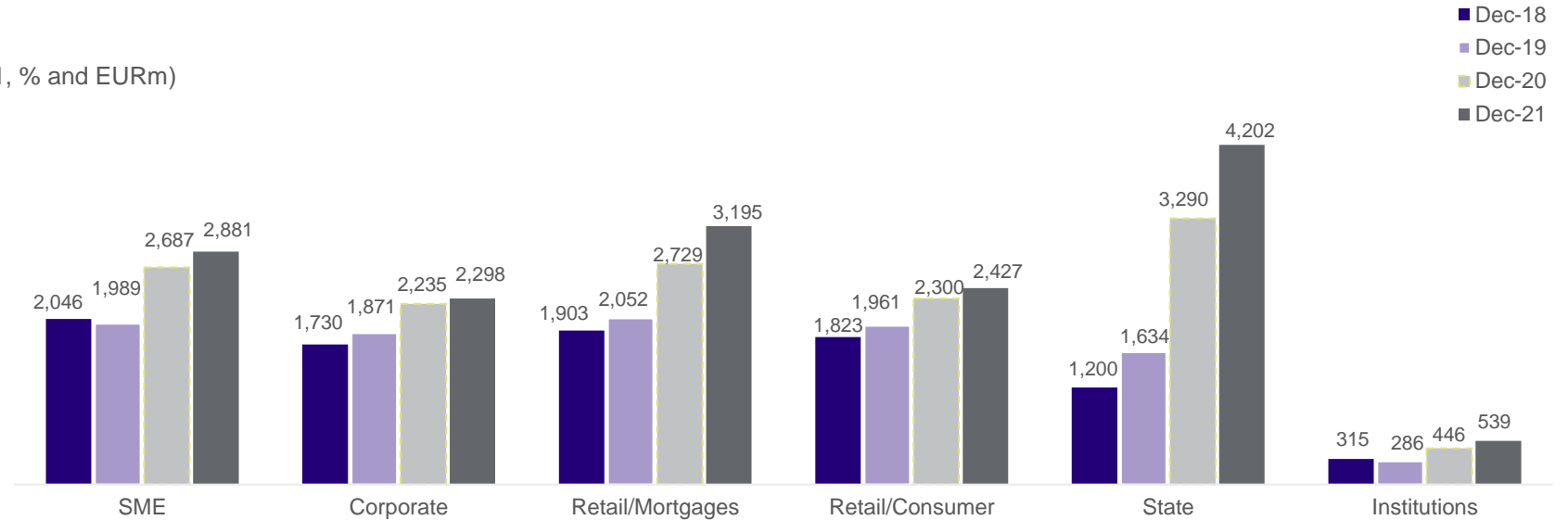
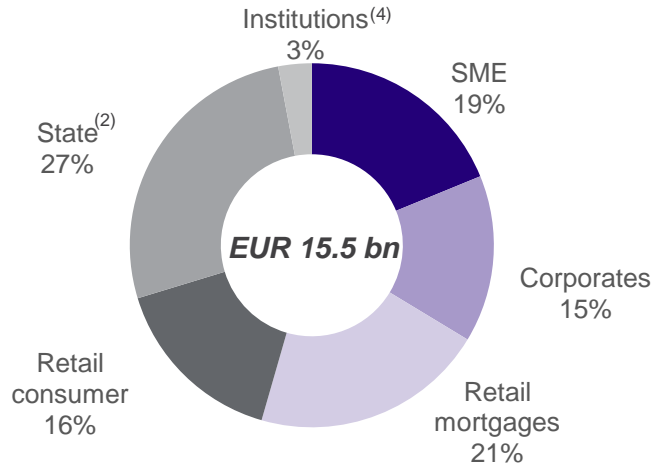
Asset Quality



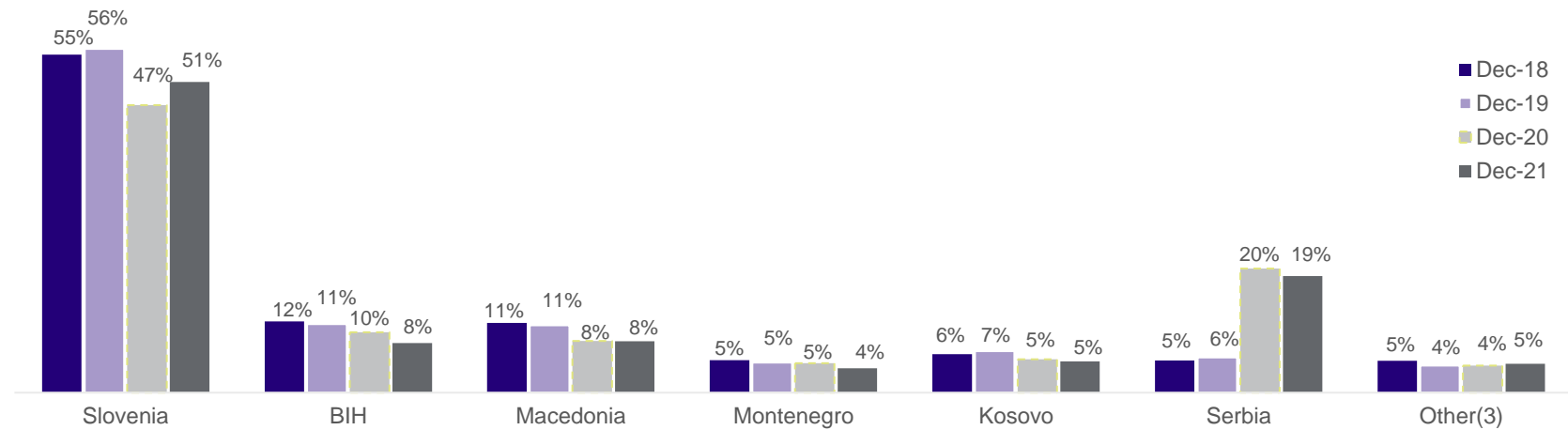
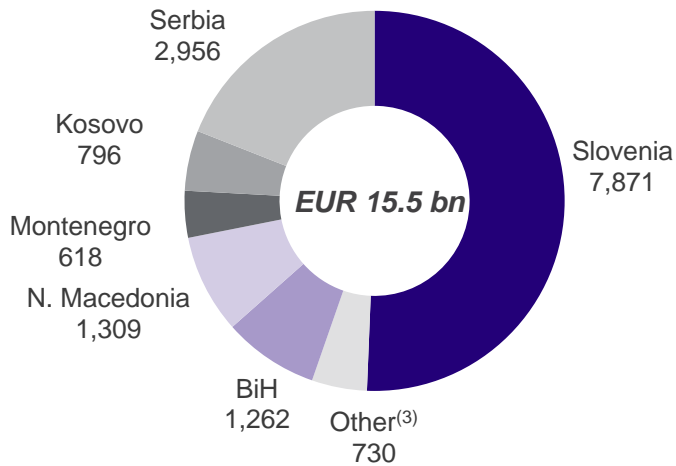
Asset Quality – NLB Group

Diversified credit portfolio, focused on core markets

Credit portfolio⁽¹⁾ by segment (Group, 31 Dec 2021, % and EURm)



Credit portfolio⁽¹⁾ by geography (Group, 31 Dec 2021, % and EURm)



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

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

NLB Group Asset Quality

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

Corporate credit portfolio⁽¹⁾ (in EUR million)

Corporate sector by industry	in EUR million		
	NLB Group	%	Δ 2021
Accommodation and food service activities	156.3	3.0%	15.1
Administrative and support service activities	108.1	2.1%	-13.6
Agriculture, forestry and fishing	310.7	6.0%	22.0
Arts, entertainment and recreation	22.7	0.4%	1.7
Construction industry	434.6	8.4%	60.9
Education	13.3	0.3%	-0.8
Electricity, gas, steam and air conditioning	318.2	6.1%	60.1
Finance	120.2	2.3%	-47.5
Human health and social work activities	37.9	0.7%	-12.1
Information and communication	244.1	4.7%	10.2
Manufacturing	1,091.1	21.1%	105.0
Mining and quarrying	50.4	1.0%	-29.6
Professional, scientific and techn. act.	175.4	3.4%	3.7
Public admin., defence, compulsory social.	172.4	3.3%	-47.0
Real estate activities	251.3	4.9%	29.7
Services	12.0	0.2%	-1.9
Transport and storage	573.3	11.1%	-18.8
Water supply	43.9	0.8%	2.8
Wholesale and retail trade	1,043.1	20.1%	120.0
Other	0.5	0.0%	-1.3
Total Corporate sector	5,179.5	100.0%	258.4

Main manufacturing activities	in EUR million		
	NLB Group	%	Δ 2021
Manufacture of food products	174.0	3.4%	13.2
Manufacture of basic metals	153.1	3.0%	40.8
Manufacture of fabricated metal products, except machinery and equipment	150.4	2.9%	32.3
Manufacture of electrical equipment	94.3	1.8%	-42.5
Manufacture of other non-metallic mineral products	64.4	1.2%	11.9
Manufacture of rubber and plastic products	57.2	1.1%	-7.3
Manufacture of machinery and equipment n.e.c.	50.9	1.0%	-0.9
Manufacture of motor vehicles, trailers and semi-trailers	48.1	0.9%	23.1
Manufacture of chemicals and chemical products	35.8	0.7%	5.6
Manufacture of wood and of products of wood and cork, except furniture; manuf.	33.5	0.6%	-2.1
Other manufacturing activities	229.4	4.4%	30.9
Total manufacturing activities	1,091.1	21.1%	105.0

Main wholesale and retail trade activities	in EUR million		
	NLB Group	%	Δ 2021
Wholesale trade, except of motor vehicles and motorcycles	577.7	11.2%	67.0
Retail trade, except of motor vehicles and motorcycles	352.1	6.8%	52.5
Wholesale and retail trade and repair of motor vehicles and motorcycles	113.3	2.2%	0.5
Total wholesale and retail trade	1,043.1	20.1%	120.0



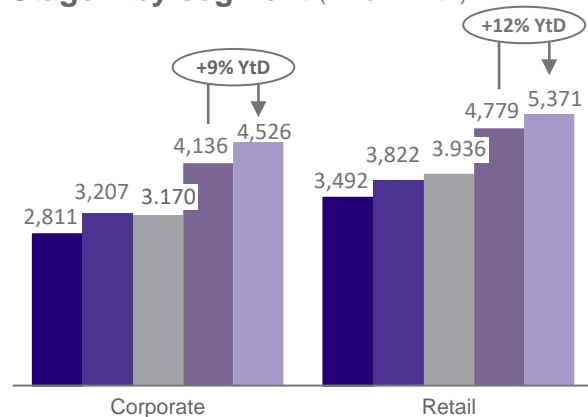
NLB Group Assets Quality

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

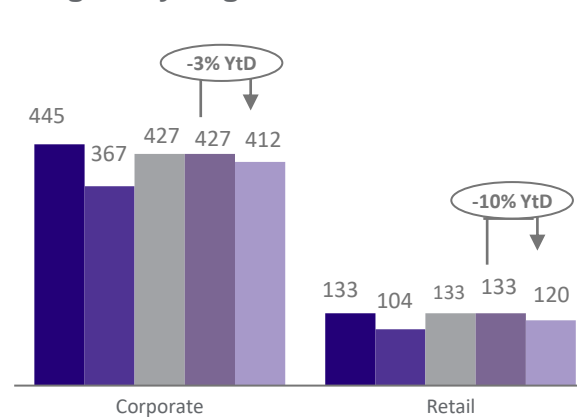
Loan portfolio by stages (in EUR million)

in EUR million															
	Credit portfolio									Provisions and FV changes for credit portfolio					
	Stage1			Stage2			Stage3 & FVTPL			Stage1		Stage2		Stage3 & FVTPL	
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes	Coverage with provisions and FV changes
Total NLB Group	14,638.0	94.2%	1,987.2	532.4	3.4%	-27.6	371.4	2.4%	-104.3	70.4	0.5%	34.0	6.4%	212.1	57.1%
o/w Corporate	4,525.5	87.4%	389.9	412.2	8.0%	-14.6	241.7	4.7%	-116.8	50.6	1.1%	26.6	6.5%	136.0	56.3%
o/w Retail	5,371.1	95.6%	591.9	120.2	2.1%	-13.1	129.7	2.3%	12.6	18.3	0.3%	7.4	6.2%	76.0	58.6%
o/w State	4,202.4	100.0%	912.3	-	-	-	-	-	-	1.3	0.0%	-	-	-	-
o/w Institutions	538.9	100.0%	93.2	-	-	-	-	-	-	0.2	0.0%	-	-	-	-

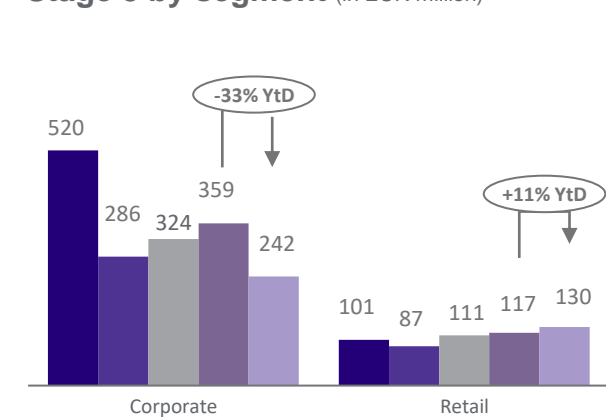
Stage 1 by segment (in EUR million)



Stage 2 by segment (in EUR million)



Stage 3 by segment (in EUR million)

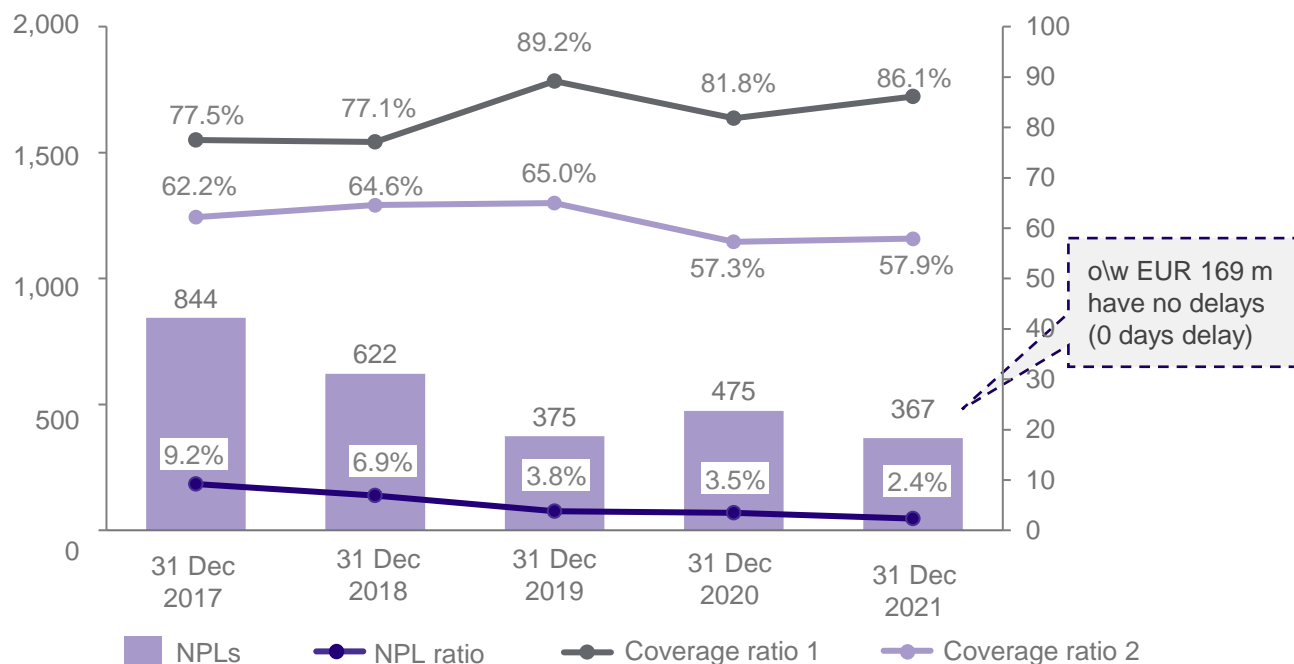


■ 31 Dec 2018
 ■ 31 Dec 2019
 ■ 31 Dec 2020 w/o KB
 ■ 31 Dec 2020
 ■ 31 Dec 2021

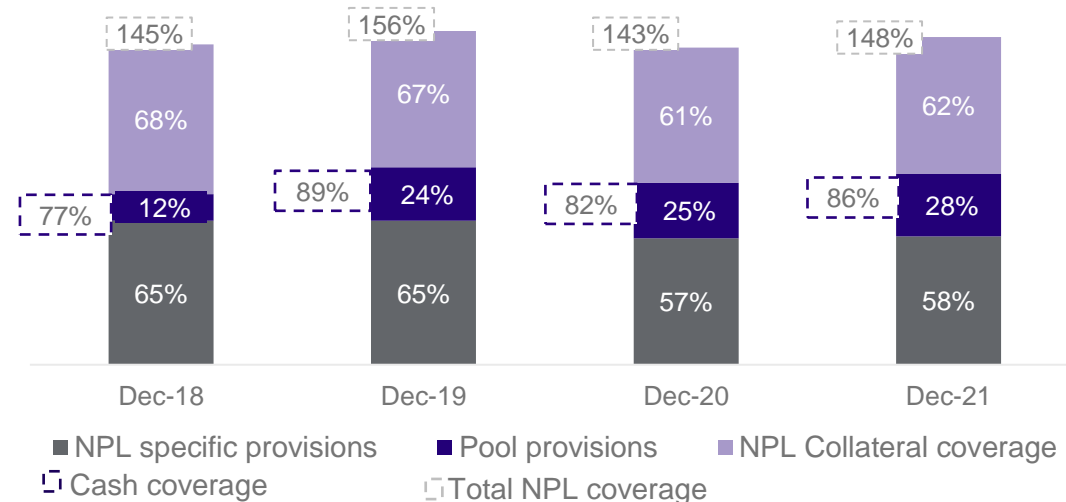
Asset Quality – NLB Group

NPLs are decreasing and are fully covered by provisions and collateral

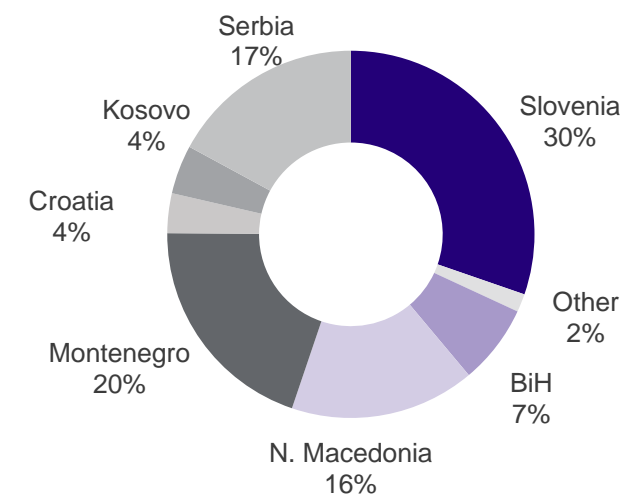
Gross NPL ratio within the planned framework (Group, EURm)



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



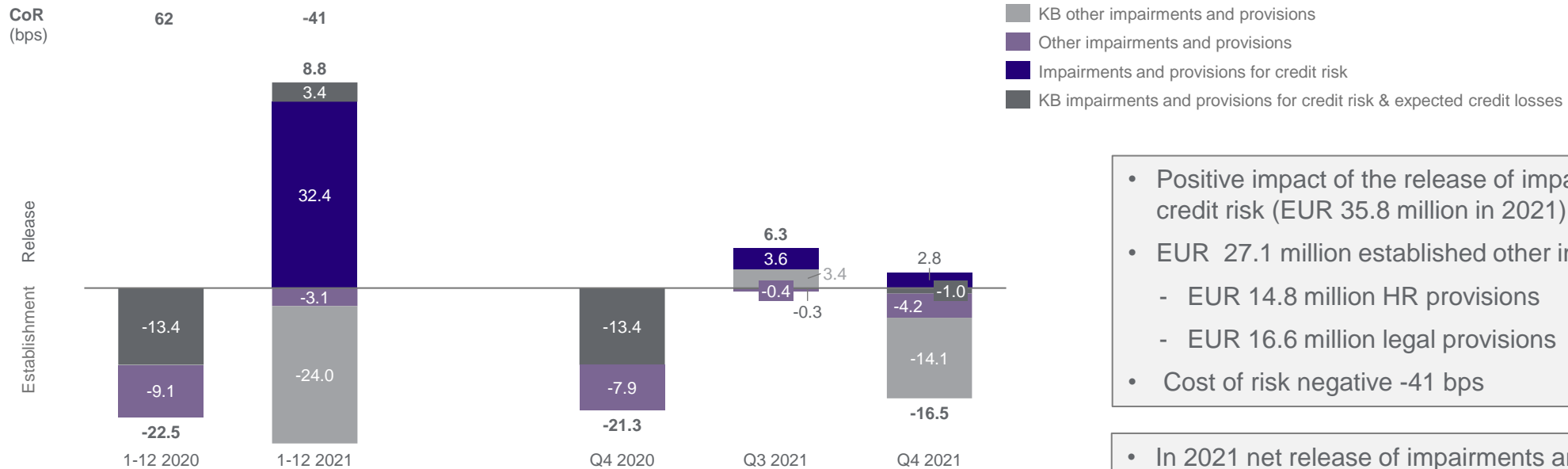
NPL by geography (Group, 31 Dec 2021)



- The Group's decisive approach to NPL management puts a strong emphasis on restructuring and use of other active NPL management tools. In 2021 visible results with NPLs decreasing, mostly due to repayments, sale of claims and cured clients.
- **NPL ratio** decreased by 1.1 p.p to the level of 2.4%, **NPE ratio** reduced by 0.6 p.p. to 1.7%, while **coverage ratio** (CR1) increased to 86.1%. Further, the Group's NPL coverage ratio (CR2) stands at 57.9%, which is above the EU average as published by the EBA (45.1 % for Q3 2021).
- NPL cash coverage improved in 2021 mainly due to repayments of some restructured NPL exposures.

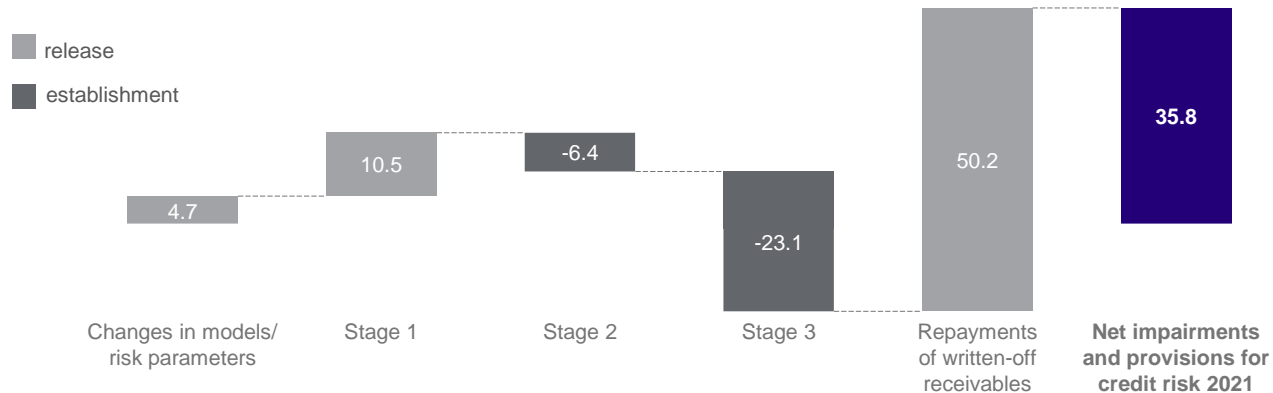
Release of Impairments and Provisions

Prudent credit standards and decisive workout approach lead to a net release of credit impairments and provisions



- Positive impact of the release of impairments and provisions for credit risk (EUR 35.8 million in 2021)
- EUR 27.1 million established other impairments and provisions
 - EUR 14.8 million HR provisions
 - EUR 16.6 million legal provisions
- Cost of risk negative -41 bps

Net new impairments and provisions for credit risk⁽¹⁾
(1-12 2021, in EUR million)



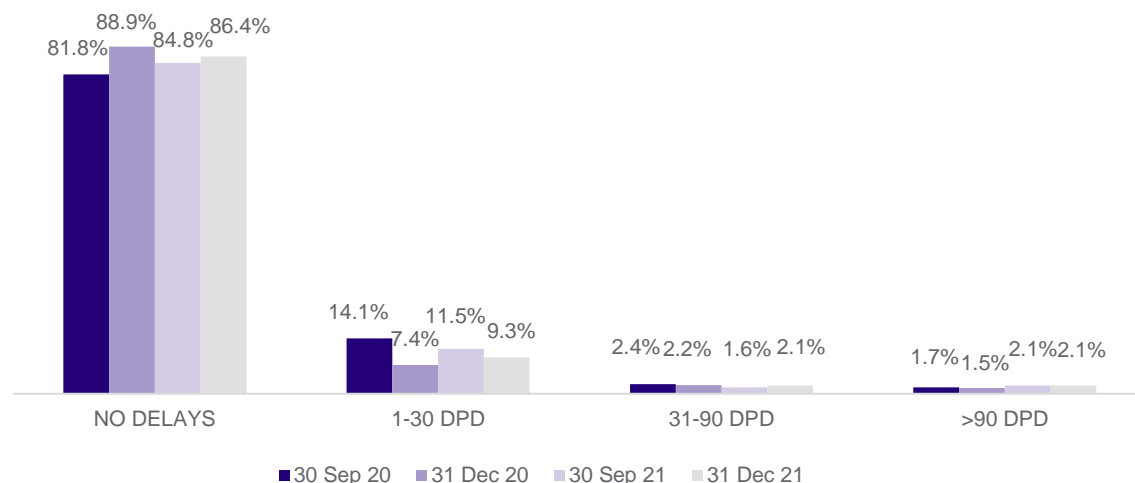
- In 2021 net release of impairments and provisions of EUR 35.8 million triggered by:
 - partial repayments of written off receivables
 - improved macroeconomic outlook compared to 2021 (improved risk parameters)
- Provisions by stages are established by the inflow of asset into each stage:
 - net release of provisions in Stage 1 due to improved credit quality, repayments and increased collateral coverage, which outweighed the increase due to new financing
 - provisions in Stage 2 and 3 are established for clients where deterioration of credit quality was detected.

Note: (1) Credit impairments and provisions are used for calculation of CoR and represent major part of impairments and provisions for credit risk (include also credit impairments and provisions for other financial assets).

Decisive and Supportive Response to COVID-19

98.5% of COVID-19 moratoria expired at YE 2021. Post-moratoria portfolio quality trends continued to be positive

% of DPD in Total expired moratoria



Expired moratorium overview

- As at 31.12.2021 the exposures where COVID-19 moratoria has been granted amounts to EUR 1.681 million, representing 10.8% of the Group's credit portfolio. The exposure with remaining COVID-19 moratoria is negligible and amounts to EUR 24.8 million, while 98.5% of those moratoria have already expired by 2021 YE.
- 86.4% of exposure with expired moratoria have no delays, while 2.1% have delays exceeding 90 days. The Bank is very prudent in identifying any increase in credit risk.

Stage distribution of non-expired exposures

	Non-financial corp.	Households
Stage 1	23.9%	71.4%
Stage 2	15.7%	0.0%
Stage 3	60.5%	28.6%

Duration of non-expired moratoriums

	<= 3 months	> 3 months <= 6 months	> 6 months
Percentage of non-expired exposure	44.7%	37.6%	17.8%

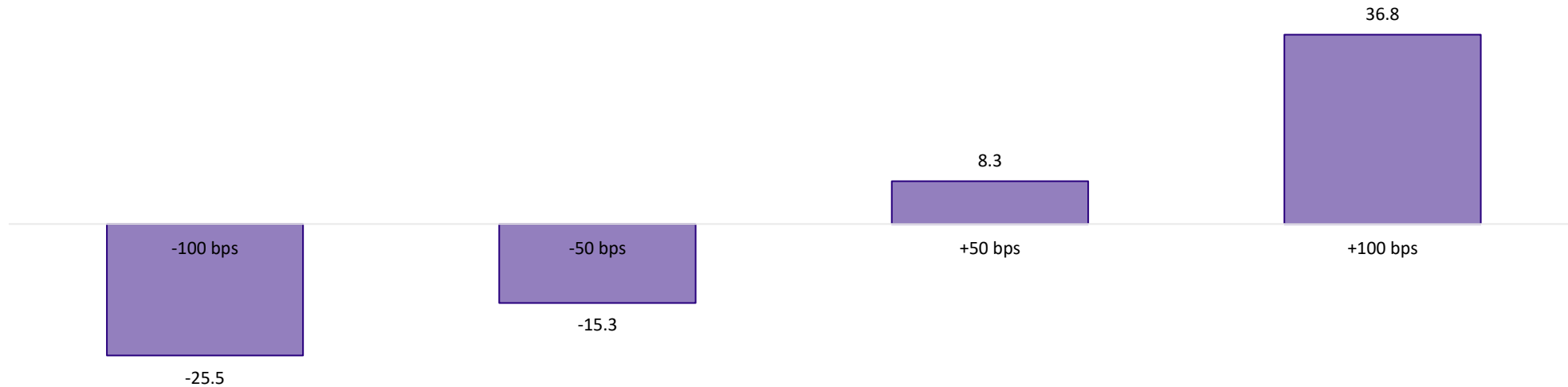
Non-expired moratorium overview

- Duration of non-expired moratoriums is very short – more than 82% will expire in the next six months.
- NLB is very prudent in identifying any increase in credit risk: in Non-financial corporation segment 15.7% of remaining moratoria transferred to Stage 2 and 60.5% to Stage 3, in Households 28.6% already in Stage 3.

NII sensitivity to interest rate shifts – NLB Group

Estimated impact on NII in the next 12 months to parallel interest rate shifts

NII sensitivity to -100bps, -50bps, +50bps, +100 bps
(Group, EURm)



Parallel increase in interest rates would have positive impact on net interest income for the NLB Group. Decrease in interest rates would have a negative impact on NLB Group's NII, but to a lesser extent because of floor clause in the loan portfolio.

NII sensitivity is calculated on the balance sheet as of Dec 2021.

ESG & Digital



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

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

Key Milestones:

- **General**
 - **NLB Group Sustainability Framework published** and available at: <https://www.nlb.si/sustainability>
 - **NLB Group Sustainability training program published** and is being carried out throughout the NLB Group.
- **Environment & Social**
 - **Establishment of the ESMS** (Environmental and Social Management System), in NLB d.d. and six banking subsidiaries based on the contractual agreements with MIGA and EBRD.
 - Transparency exercise kicked aimed at **an extensive impact analysis** in alignment with the **UNEP FI Principles of Responsible Banking**. The impact analysis together with materiality assessment and target setting successfully concluded.
 - As of second half 2021 particular focus on **financing renewable energy and energy efficiency projects**. Product specification for **solar power plant financing solutions** for retail and business banking clients in Slovenia confirmed.
 - **NLB Group Carbon footprint measurement and reporting policy confirmed** with the first GHG emissions measurements for Scope 1, Scope 2 and limited Scope 3 carried out.
 - In 2023 a report on Scope 1, Scope 2 and Scope 3, including bank's lending and investment activities (Scope 3, Category 15) => target is aligned with the Paris Agreement and will support the transition towards a net-zero economy by 2050.
 - **EU Taxonomy** application is under way, with the first reporting (together with eligibility ratio) being included in the upcoming Sustainability Report.
- **Governance**
 - **NLB Group Sustainability Committee established** and first meeting held in December 2021.
 - **ESG Coordinators appointed in the NLB Group** to act as a single point of contact for all Sustainability and ESG related issues and tasks in the NLB Group member.
 - Interim status report on the implementation of requirements based on '**ECB Guide on climate-related and environmental risks**', submitted to ECB. It is expected that further deep dives on the NLB's practices will be conducted in the context of the full supervisory review in 2022.
 - **Integration of ESG together with upgraded risk-related internal documents for NLB d.d. and NLB Group** is under way (Lending Policy for Non-Financial Companies, Environmental and Social Transaction Categorization Methodology Framework, Policy Environmental and Social Transaction Categorization Framework, Manual MIGA Performance Standards in NLB Group, MIGA E&S Process Instructions in NLB Group).

Group Sustainability Implementation Roadmap

Sustainability implementation focus	Task	Target
Sustainable/Green Product Portfolio – Retail&Corporate	Implementation of „Green partner loan (e.g. solar power plants financing with partners)“	Q1 2022
Sustainable/Green Product Portfolio – Retail&Corporate	Development and implementation of Digital only card	Q1 2022
EU Taxonomy	First reporting (together with eligibility ratio)	Apr 2022
UNEP FI - PRB	Submitting first self-assessment report	Apr 2022
NLB Group Carbon footprint	Carbon Footprint Report published in Sustainability Report	Apr 2022
Sustainable/Green Product Portfolio – Corporate	Development and implementation of „Green loan for legal entities (energy efficiency financing)“	Q2 2022
Climate-risk stress tests	Preparation for ECB stress tests is underway	Q2 2022
Net-Zero commitment	Review of global platforms and initiatives with the aim of reaching Paris agreement goals within the NLB Group	H1 2022
Sustainability Training	Updating and upgrading NLB Group's internal sustainability training	Q3 2022
ESG Rating	Applying for ESG Rating of the NLB	2022
Sustainability Corporate Governance	Continuously upgrading the NLB Sustainability Corporate Governance model	2022
Business (Transition Financing) Strategy	Upgrading business strategy with ESG factors and alignment with Paris Agreement	2022
ESG disclosures and reporting	Implementation of ESG-related disclosures and reporting requirements (EU Taxonomy, BASEL PILLAR III)	2022
NLB Group Carbon footprint	Further upgrade of the Carbon footprint report with Scope 3 categories	2022
EBRD	EBRD E&S requirements implementation	Apr 2023
Climate-related and environmental risk management	Implementation of requirements defined in ECB Guide on climate-related and environmental risks into NLB Group Risk Management Framework	2023

State-of-the art services & channels

The pioneer of banking innovation in Slovenia



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



First Slovenian bank sending cards' **PIN via SMS**



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



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



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

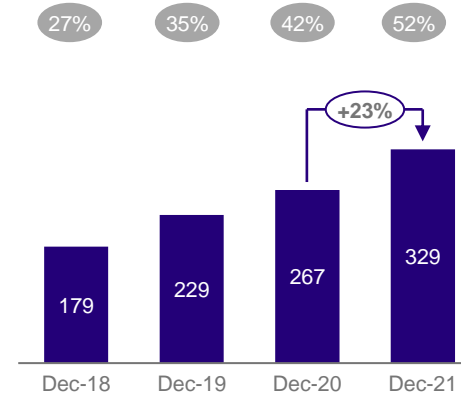


First Slovenian bank to offer **card management** functionalities and biometric recognition to **confirm online purchases** in **mobile wallet**

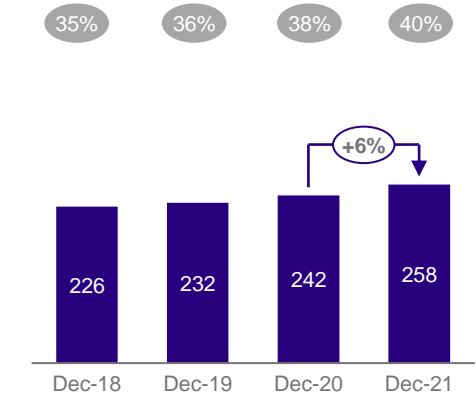


Demonstrated success in digitalization

Mobile bank users⁽¹⁾ ('000s)

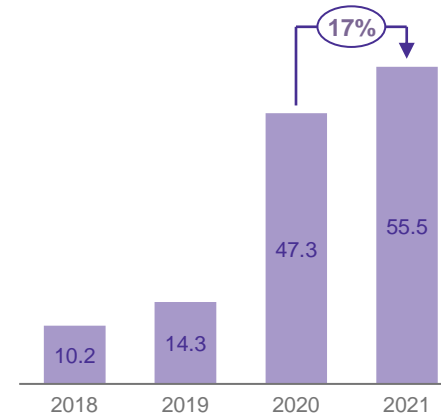


Online bank users⁽¹⁾ ('000s)

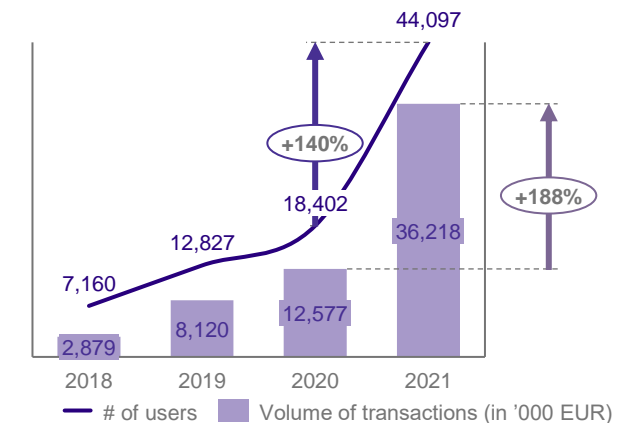


% Penetration of client base

E-commerce purchases (EURm)



M-bank NLB Pay in numbers



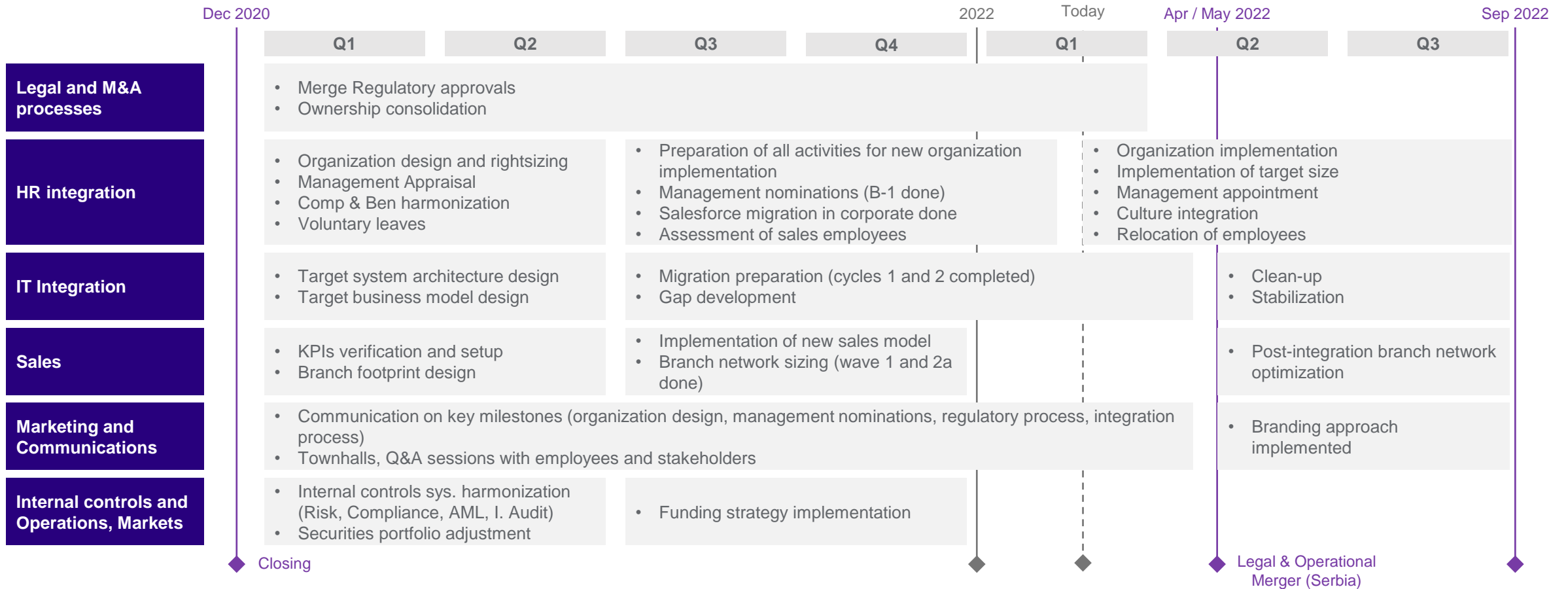
KB Integration





High level Integration plan in Serbia by May 2022

Fully on track with legal and operational merger to be completed by end of April





KB integration: Running on track, full speed ahead

All critical activities are closely monitored and reporting no relevant delays

Legal and M&A processes

- Activities executed in line with the masterplan.
- Main activities:
 - **Decisions on merger between KB and NLB** adopted by both banks' General Meeting
 - **Dissenting shareholders requesting buy-out** from KB representing 3.42% of total ordinary shares
 - **Dissenting shareholders to be bought-out** by KB as treasury shares
 - **Amendments of the KB Founding Act and Articles of Association** adopted
- Next steps in Q1 22:
 - **Application for merger** to be submitted to NBS

HR integration

- **A wave of HR optimization (Voluntary leaves program)** in NLB BG carried out in December 2021. Number of FTEs is to be reduced by 100 – a combination of voluntary leaves and release of temporary contracts until the integration.
- A **second wave of soft layoffs (Voluntary leaves) in KB** is upcoming – expected to be concluded by the end of Q1 22 – with leaves to happen after the integration and affecting only HQ personnel.
- **Management selection process for B-1 has been concluded in Q4 21**, and the newly appointed management team is eager to turn 2022 into even more successful year.
- **Management selection process for B-2 in process** will be concluded by end of February 2022

IT Integration

- All defined IT activities on critical path are progressing according to the plan:
 - **Data migration** cycles so far were completed successfully with very promising results, showing great improvement with each iteration raising the KPIs towards targeted values. We will adhere to the best practices in the IT project rollout.
 - Implementation of the identified **gaps** to be closed prior to migration is progressing in perfect accordance with the plan. Currently we are in the testing phase, and the final readiness will be in the accordance with the adopted plan.
 - New **data warehouse** has been successfully launched and most important reports for NLB d.d. are already generated.
 - The majority of harmonization requirements related to **AML/KYC** tool were implemented, strengthening the compliance, with final updates to be done by end of March
 - **Infrastructure** team managed to establish secure connections between KB and NLB BG, as well as NLB d.d. Also the preparation of a dedicated environment for user acceptance testing was completed.



KB integration: Fully on track

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

Sales

- **Branch network footprint:** As per end of December 2021, the combined network of KB BG and NLB BG counts 218 branches. 10 further branches were closed in January 22.
Two more waves of optimization are planned: 2B (Q1/Q2 22) - closing 23 branches (with 2 further under consideration); and 3rd (post-merger) - closing 14 branches
- **ATM migration (NLB to KB)** is ongoing and will be done before the merger date.
- **Cooperation with the Post of Serbia** has been agreed, to compensate for closure of branches. Until 30.6.2022 Bank's clients can use the Post to pay for loans and similar without a fee (fee covered by the Bank) and in-payments of cash deposits by entrepreneurs with a lower fee for Bank's clients.
- **Salesforce migration sub-project:**
 - **52 employees have been transferred to Komercijalna banka** (45 from sales and 7 employees from direct support). The vast majority of the new production will be done in KB, while servicing of existing clients will remain in NLB.
 - All the employees have been assigned with the appropriate portfolio of clients **that will enable much better client service**. Locations and sitting schedule have also been defined accordingly to serve clients in all geographical areas.

Marketing and Communications

- **A detailed rebranding plan is prepared for all key categories:**
 - Digital Channels (including m- and e-banks);
 - Branches, and ATMs;
 - POS terminals;
 - Website;
 - Payment Cards; and
 - Documentation, marketing materials, and other.
- **Rebranding of branches** plan has been prepared, and rebranding has started in February and will continue until 4 May
- **Internal communication** is well ongoing, and follows all key milestones:
 - Status update of the Project is regularly delivered via Bank's IntraNet, monthly newsletter and e-mail
 - B-1 appointments presented
 - New organisation structure communicated to the employees
 - Salesforce migration

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



Highlights for Q4 2021 that are reflected in Year-End results for 2021

Retail – strong Q4 enabled record breaking Y/E results:

- EUR 440 million – Record loan production so far
 - +31% YoY - Higher production compared to the previous year
 - Cash loans +62% YoY (EUR 86 million), housing loans +34% YoY (EUR 23 million)
- EUR 100 million – Record YoY growth in loans disbursement
 - EUR 22 million cash loans, EUR 52 million housing loans
- KB & NLB, Absolute leaders in the payment of subsidized agro loans in 2021
 - Agro teams of NLB Bank and Komercijalna banka disbursed 2000 loans in the amount of EUR 30.2 million within this program. Through the program, 4198 loans worth EUR 69.7 million were disbursed at the level of the entire banking market
 - 9% (EUR 9 million) – Record YoY growth in total Retail revenue
 - +2% (EUR 1.3 million) – interest income growth
 - +18% YoY (EUR 7.7 million) – fee income growth
- Record growth in the number of active clients and digital users
 - 15% YoY growth in the number of active clients (126900)
 - 15% YoY growth in the number of digital users (34221)

Corporate – Q4 was historically successful:

- In Q4 2021 Corporate segment achieved historically the highest result in new production, per quarter (EUR 185.6 million) and per single months (October: EUR 60.3 million and: November EUR 82.6 million)
- Loans portfolio outstanding recorded growth in the amount of EUR 114.3 million (EUR 624.1 million in 2020 vs EUR 738.4 million in 2021) or YoY +18.3%
- New disbursement of loans was higher 38.9% or in total EUR 147 million (EUR 377.7 million in 2020 vs EUR 524.7 million in 2021). In Q4 2021, the new loan production was 116.6% higher compared to Q4 2020.
- Off-balance (documentary business) outstanding recorded growth in the amount of EUR 70 million (EUR 79.3 million in 2020 vs EUR 149.3 million in 2021) or YoY +88.2%
- Deposits outstanding recorded growth (EUR 406.2 million in 2020 vs EUR 413.7 million in 2021) or YoY +2%
- Finally, Net Corporate Income increased by EUR 1.5 million or 6% YoY (EUR 23.8 million in 2020 vs EUR 25.3 million in 2021).



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

More than 50% of integration spend has been realized by the end of 2021 (excl. BL)

Integration costs (mEUR) by market

	Budgeted Integration costs	Previous realization estimation	Realization End of 2021*		Estimated final total integration spend for the project
			mEUR	% of budgeted costs	
NLB d.d.	3.0	1.4	1.03	34.3%	2.8
Belgrade	29.0	14.8	11.3**	39%	27.4
Banja Luka	3.9	0.1	0.1	3.3%	0.1
Podgorica	4.0	3.4	3.3	82.5%	3.4
TOTAL	40.0	19.7	15.7	52%***	33.7

Forecasted YE 2021 costs reflect the following:

- Banja Luka integration cancelled. KB BL has been divested, with transaction closure on 9 December 2021. Current spend to be considered as sunk costs
- Podgorica integration was concluded on 12 November 2021. Final integration costs in total reached EUR 3.3 million, which is EUR 0.1 million less than previously forecasted
- Belgrade integration to be realized as anticipated, until April 2022

EUR 25.6 million (bottom-up) of run-rate synergies expected to kick in by the end of 2023

Synergies (mEUR) by market

		Initial est. Run-rate 2023	New est. Run rate 2023 (bottom-up)	End of 2021 realization
		Belgrade	Cost	19.3
	Revenue (funding)	1.3	2.1	0.65
	Total	20.6	21.8	0.65
Banja Luka	Total	4.7	n/a	n/a
Podgorica	Total	3.6	3.8	0.35
TOTAL		28.9/24.2	25.6	1.0

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

- Belgrade by the end of 2023, to be fully visible in 2024 results
- Podgorica 80% synergy potential to be visible in 2022, with full effect expected to be visible in 2023 results

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



*Total budget and realization including expense items (EUR 7.8 million), HR provisions (EUR 5.9 million) and IT investments (EUR 2.0 million)

** Part of the HR provisioning budget for 2021 moved to 2022

***Excluding Banja Luka

Outlook



Outlook

in EUR million / % / bps

KPI	2021 Guidance	2021 Actual	2022 ⁽³⁾	2023
Regular Income	Exceeding EUR 600 million	EUR 640.9 million	~ EUR 670 million	> EUR 700 million
Costs	Initial increase in cost base in the year 2021, costs projected around EUR 430 million including integration costs	EUR 421.4 million ⁽¹⁾	Costs at 2021 level	~ EUR 400 million
Cost of Risk	Around -20 bps	- 41 bps	20-30 bps	30-50 bps
Loan Growth	Mid-single digit loan growth	9%	High single digit loan growth	High single-digit loan growth
Dividend	EUR 92.2 million	EUR 92.2 million	EUR 100 million	EUR 110 million
ROE a.t. (%)	> 10%	11.4%	~ 10%, (ROE normalized ⁽²⁾ 12%)	>10% (ROE normalized ⁽²⁾ > 12%)

Notes: ⁽¹⁾ Including integration costs: EUR 7.8 million G&A costs and EUR 5.9 million HR provisions. ⁽²⁾ ROE normalized = Result a.t. w/o minority shareholder profit divided by consumed capital. Consumed capital computed as 13.06% of average RWA reduced for minority shareholder capital contribution. ⁽³⁾ If legal remedies against the adopted law in February 2022 concerning loan agreements in Swiss francs concluded by banks operating in Slovenia (including NLB) and individuals are unsuccessful, the Bank estimates a negative pre-tax effect on the operations of NLB and NLB Group between EUR 70 and 75 million. This would have a limited (up to 55 bps) negative impact on the capital position.

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

Appendixes

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Appendix 1: Segment Analysis 47

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Appendix 1:

Business Performance

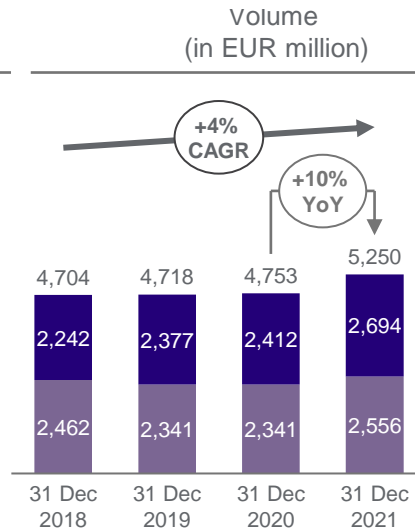


Interest income drivers – NLB d.d. (1)

Gross Loans

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

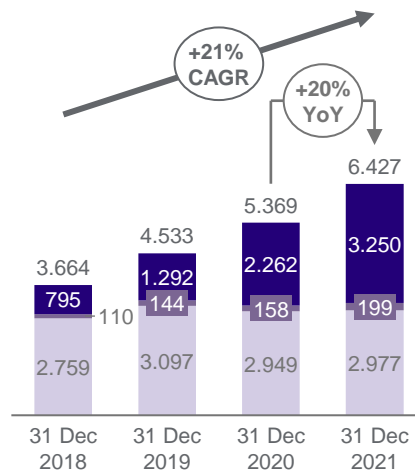
Drivers Volume (in EUR million)



■ Individuals ■ Corporate & state

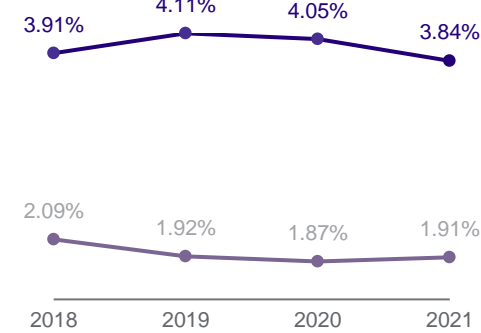
Liquid Assets

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

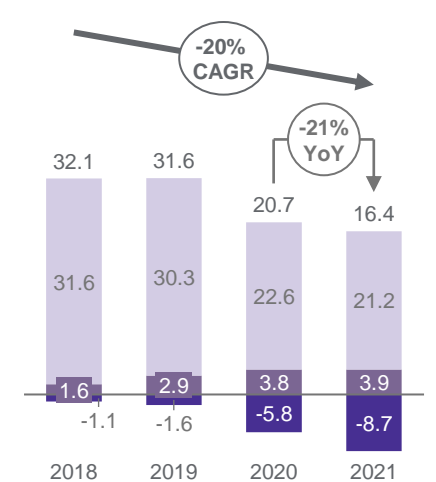
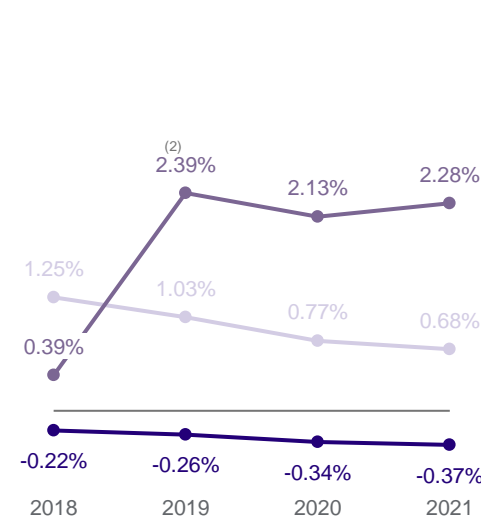
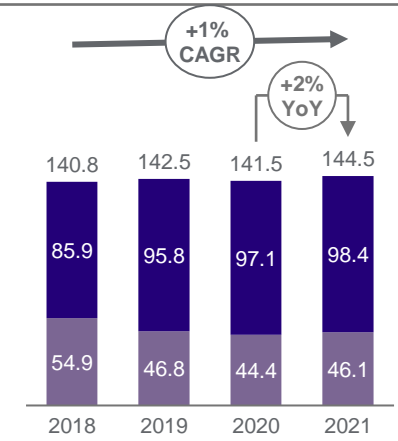


■ Cash and balances with Central Bank ■ Loans and advances to banks ■ Banking book

Yields and rates



Interest income (in EUR million)



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

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

Deposits

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

■ Individuals ■ Corporate & state

Wholesale Funding

- In order to comply with MREL requirement coming into force in 2022 and to optimize capital structure, the Bank raised T2 subordinated debt in 2020 at average interest rate of 3.7% which drove funding costs higher.
- In 2021 the Bank raised TLTRO from ECB in the amount of EUR 750 million at a favourable costs (negative IR of -1%) which is reflected in negative average borrowings interest rate in 2021.

■ Deposits from banks ■ Borrowing from banks ■ Subordinated liabilities

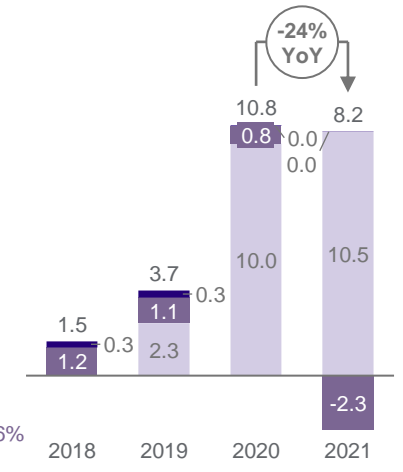
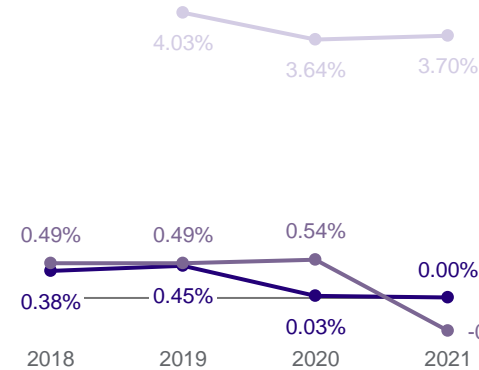
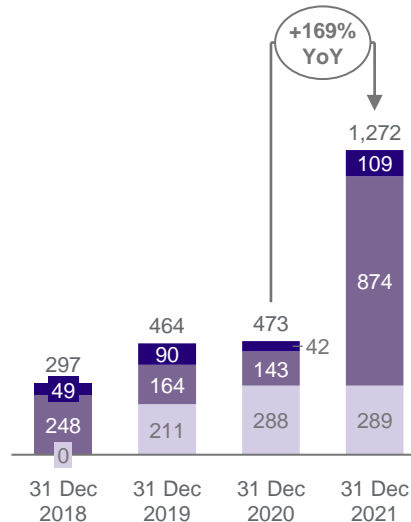
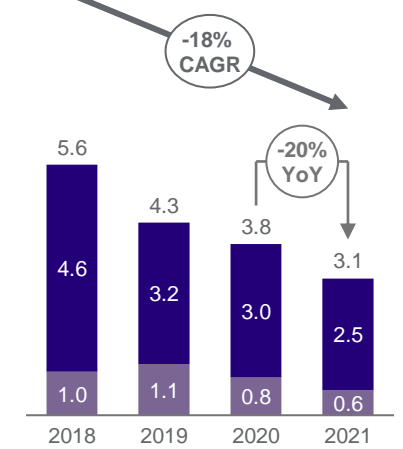
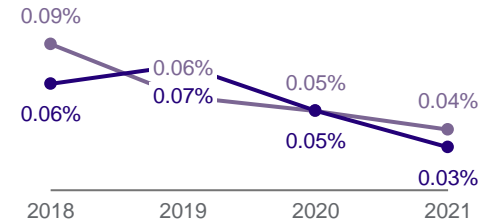
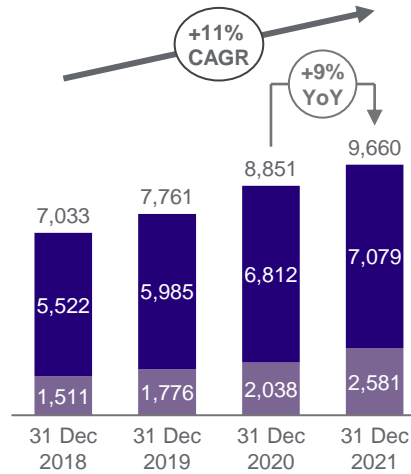
Note: (1) On stand alone basis.

Drivers

Volume
(in EUR million)

Rates

Interest expense
(in EUR million)



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

Gross Loans

■ Individuals ■ Corporate & state

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

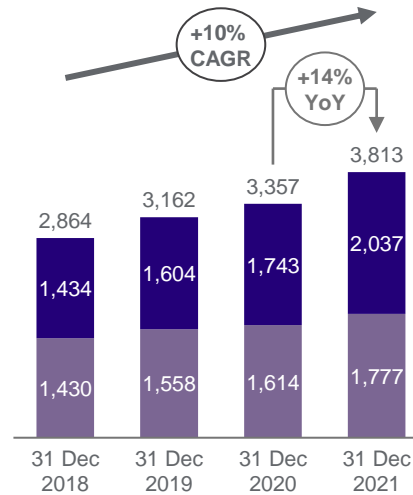
Liquid Assets

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

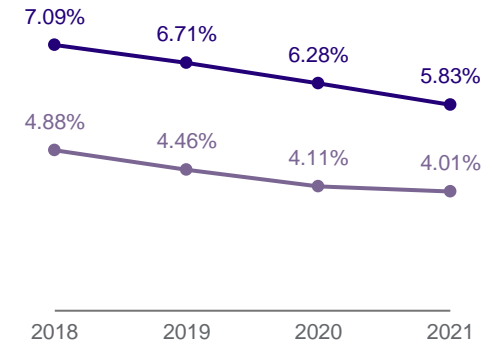
- Income derives mainly from banking book securities portfolio and is increasing due to higher volume, despite lower yields.
- Negative interest rates for balances with CB and in majority also for loans to banks are driving interest income from liquid asset portfolio down.
- Increase of banking book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

Drivers

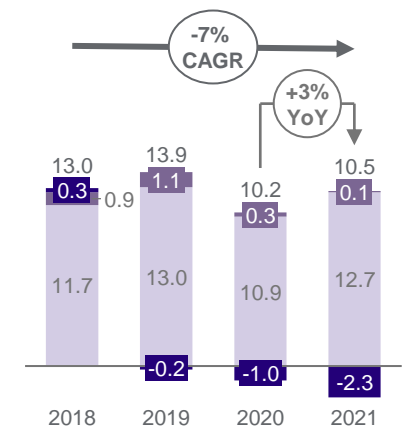
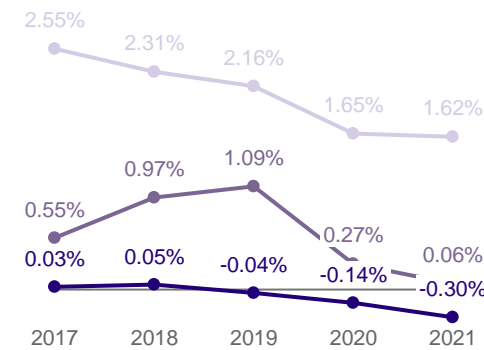
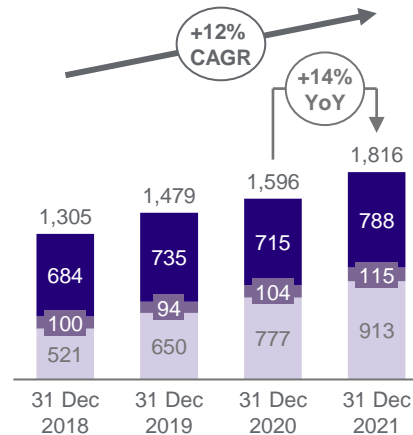
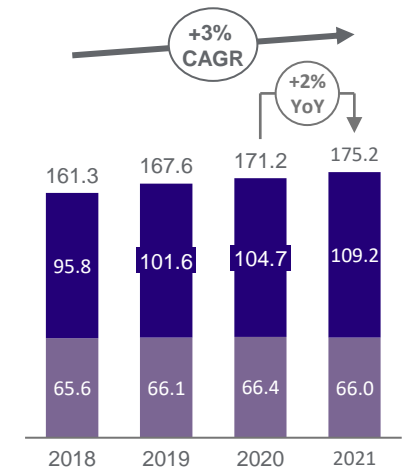
Volume
(in EUR million)



Yields and rates



Interest income
(in EUR million)



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

Drivers

Volume
(in EUR million)

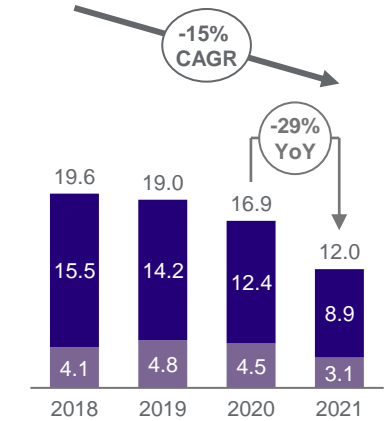
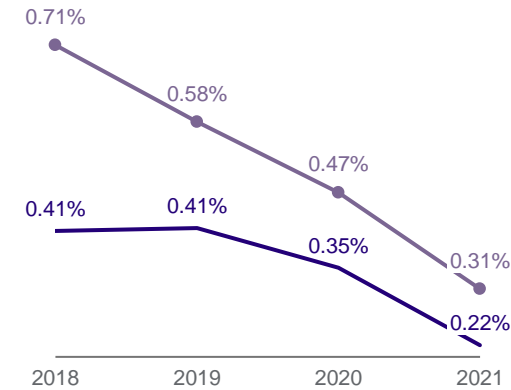
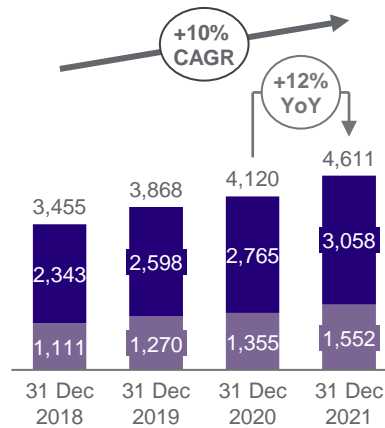
Yields and rates

Interest expense
(in EUR million)

Deposits

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

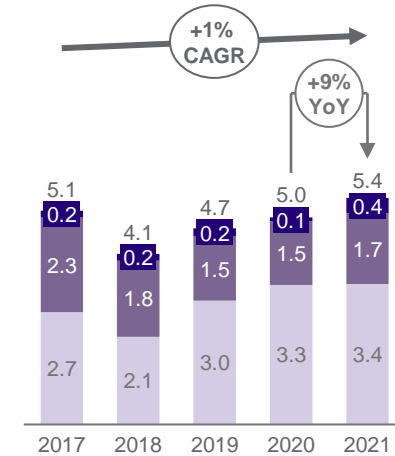
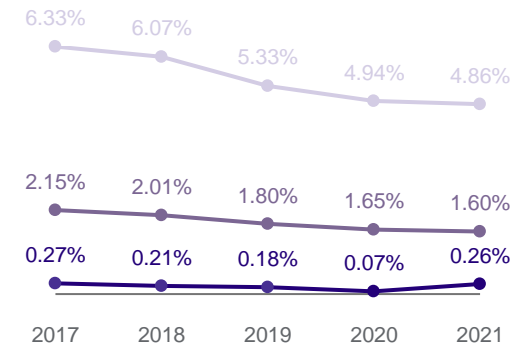
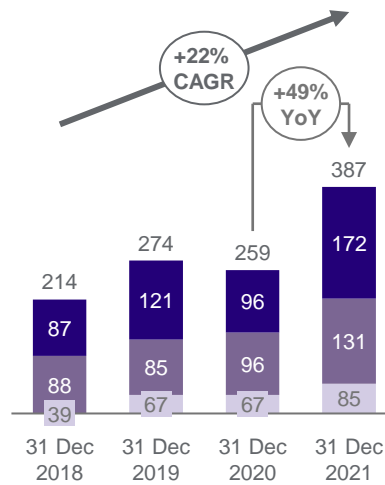
■ Individuals ■ Corporate & state



Wholesale Funding

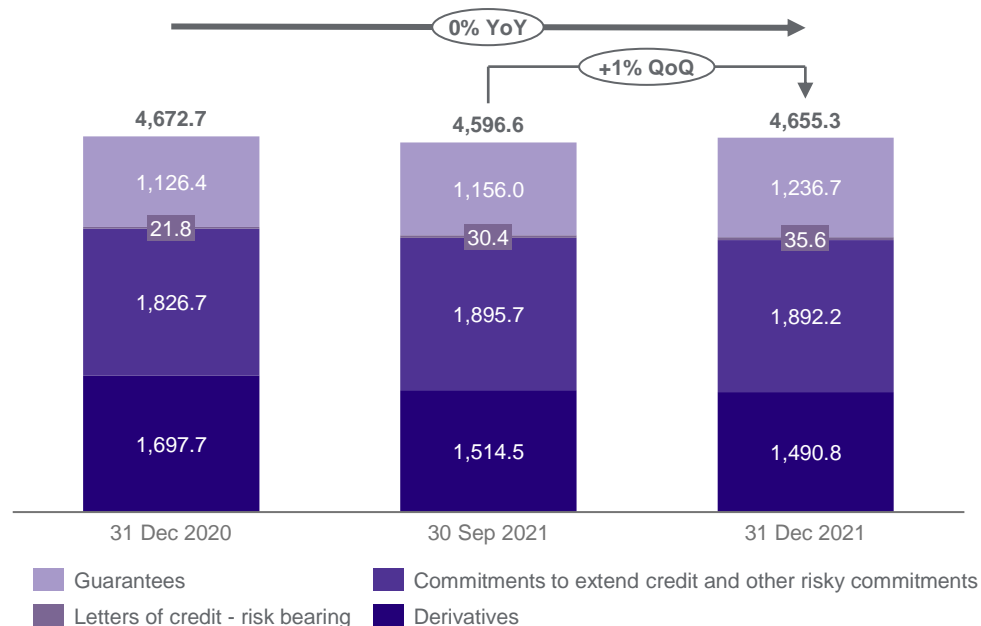
- Most of wholesale funding for managing of structural liquidity and optimization of capital structure.

■ Deposits from banks ■ Borrowings ■ Subordinated debt



Off-balance sheet items

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



Commitments to extend credit and other risky commitments

in EUR million			
	31 Dec 2021	30 Sep 2021	31 Dec 2020
Loans	712.3	793.0	789.3
Overdrafts Retail	310.5	307.6	306.8
Overdrafts Corporate	216.1	196.3	199.9
Cards	311.0	314.6	302.0
Komercijalna Banka Group	335.9	335.1	308.4
Other (Lease&Go, ...)	21.2	16.9	7.3
Inter Company	-14.8	-67.7	-87.0
Total	1,892.1	1,895.7	1,826.7

- Majority in loans are from Corporate (99% on 31 December 2021)
- Majority in cards are from Retail (89% on 31 December 2021)
- Other include also inter company relations

Derivatives

in EUR million			
	31 Dec 2021	30 Sep 2021	31 Dec 2020
FX derivatives with customers	87.4	113.7	228.1
o/w NLB	102.5	124.6	206.2
Interest rate derivatives with customers	701.3	729.6	841.3
o/w NLB	694.7	715.1	844.7
FX derivatives - hedging (NLB)	87.9	53.4	13.5
Interest rate derivatives - hedging (NLB)	573.3	572.9	575.0
Options (NLB)	40.8	44.9	39.8
Total	1,490.8	1,514.5	1,697.7

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

Business with customers

- Customers are mainly using plain vanilla FX and Interest rate derivatives for hedging of their business model. Both interest rate derivatives and FX derivatives have declined in last year. Mainly due to lack of interest from clients in the current IR environment which prefer fixed rate loan or open IR position over derivative hedging. Exception were Interest rate options which slightly increased.

Hedging

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

Appendix 2:

Segment Analysis



NLB Group key business segments

	Retail banking in Slovenia	Corporate and investment banking in Slovenia	Strategic foreign markets	Financial markets in Slovenia	Non-core members
	Retail Micro NLB Skladi Bankart⁽¹⁾ NLB Lease&Go (retail clients)	Key corporates SME corporates Cross Border corporates Investment banking and custody Restructuring&workout NLB Lease&Go (corporate clients)	NLB Banka, Skopje NLB Banka, Banja Luka NLB Banka, Sarajevo NLB Banka, Prishtina NLB Banka, Podgorica NLB Banka, Beograd Komercijalna Banka, Beograd Komercijalna Banka, Banja Luka⁽³⁾ Komercijalna Banka, Podgorica⁽⁴⁾ Kombank INvest, Beograd	Treasury activities Trading in financial instruments Asset and liabilities management (ALM)	REAM Leasing (except NLB Lease&Go) NLB Srbija NLB Crna Gora
	<ul style="list-style-type: none"> Largest retail banking group in Slovenia by loans and deposits #1 in private banking and asset management Focused on upgrading customer digital experience and satisfaction 	<ul style="list-style-type: none"> Market leader in corporate banking with focus on advisory and long-term strategic partnerships Market leader in Investment Banking and Custody services Regional know-how and experience in Corporate Finance and #1 lead organiser for syndicated loans in Slovenia Strong trade finance operations and other fee-based business Market leader at FX and interest rate hedges 	<ul style="list-style-type: none"> Leading SEE franchise with nine subsidiary banks^(3, 4) and one investment fund company The only international banking group with exclusive focus on the SEE region 	<ul style="list-style-type: none"> Maintaining stable funding base Management of well diversified liquidity reserves Managing interest rate positions with responsive pricing policy 	<ul style="list-style-type: none"> Assets booked non-core subsidiaries funded via NLB Controlled wind-down of remaining assets, including collection of claims, liquidation of subsidiaries and sale of assets
<i>(Dec 2021, in EUR million)</i>					
Pre-provision result	54.5	56.4	134.0	15.5	-4.1
Result b.t.	49.0	86.8	113.2	15.8	1.3
Total assets	2,823	2,334	9,798	6,190	96
% of total assets⁽²⁾	13%	11%	45%	29%	0%
CIR	68.1%	44.4%	63.0%	35.8%	157.4%
Cost of risk (bp)	26	-141	-11	/	-1528

Notes: (1) 39% minority stake; (2) Other activities 2%; (3) Merger of NLB Banka, Podgorica and KB Podgorica on 12 November 2021; (4) Sale of KB Banja Luka on 9 December 2021.

Retail Banking in Slovenia

Retail Banking in Slovenia

in EUR million consolidated								
	1-12 2021	1-12 2020	Change YoY		Q4 2021	Q3 2021	Q4 2020	Change QoQ
Net interest income	79.5	81.4	-1.9	-2%	20.7	20.2	19.5	2%
Net interest income from Assets ⁽¹⁾	82.7	78.4	4.3	5%	21.6	21.1	20.0	2%
Net interest income from Liabilities ⁽¹⁾	-3.1	3.0	-6.1	-	-1.0	-0.9	-0.5	-1%
Net non-interest income	91.5	89.0	2.5	3%	26.8	25.3	22.4	6%
o/w Net fee and commission income	96.6	82.7	13.8	17%	26.2	24.5	21.7	7%
Total net operating income	171.0	170.4	0.7	0%	47.5	45.5	41.9	4%
Total costs	-116.5	-114.1	-2.4	-2%	-33.6	-27.7	-30.1	-2%
Result before impairments and provisions	54.5	56.2	-1.7	-3%	13.9	17.8	11.8	-22%
Impairments and provisions	-6.7	-15.1	8.4	56%	-2.5	-1.5	-6.1	-6%
Net gains from investments in subsidiaries, associates, and JVs ¹	1.1	0.9	0.2	27%	0.2	0.5	0.0	-6%
Result before tax	49.0	42.0	6.9	17%	11.5	16.8	5.7	-32%

	31 Dec 2021	30 Sep 2021	31 Dec 2020	Change YoY		Change QoQ
Net loans to customers	2,731.6	2,637.8	2,415.4	316.2	13%	4%
Gross loans to customers	2,769.7	2,675.4	2,450.7	319.0	13%	4%
Housing loans	1,815.5	1,740.1	1,534.7	280.9	18%	4%
Interest rate on housing loans	2.34%	2.37%	2.51%	-0.17 p.p.		-0.03 p.p.
Consumer loans	635.6	642.1	651.7	-16.1	-2%	-1%
Interest rate on consumer loans	6.70%	6.69%	6.43%	0.27 p.p.		0.01 p.p.
Other	318.6	293.2	264.3	54.3	21%	9%
Deposits from customers	7,703.6	7,608.2	7,356.8	346.8	5%	1%
Interest rate on deposits	0.03%	0.03%	0.04%	-0.01 p.p.		0.00 p.p.
Non-performing loans (gross)	58.1	57.8	52.4	5.7	11%	0%

	1-12 2021	1-12 2020	Change YoY
Cost of risk (in bps)	26	63	-38
CIR	68.1%	67.0%	1.1 p.p.
Interest margin	1.55%	1.75%	-0.20 p.p.

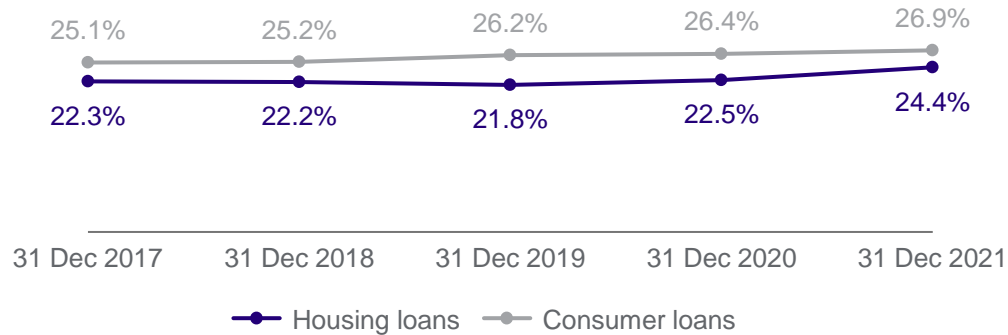
⁽¹⁾ Net interest income from assets and liabilities with the use of FTP.

- Reduction of the **retail deposits margin** after transfer price (FTP) in the amount of EUR 6.1 million YoY.
- The **interest income** from loans to individuals EUR 4.3 million higher YoY; higher volume of housing loans and higher interest margins on consumer loans, due to higher volumes of new production and higher share of loans with a risk premium and quick loans in the portfolio; lower volumes on overdrafts had a negative impact on the interest income.
- Higher **net non-interest income**, EUR 2.5 million (3%) YoY, due to EUR 13.8 million or 17% higher net fee and commission income related mostly to package repricing and higher net fees from the asset management (high net inflows in mutual funds of NLB Skladi, EUR 192.8 million) and bancassurance. In April, the Bank started charging a fee for high balances for individuals to restrain the deposit inflow which diverted extra liquidity to other financial products (mutual funds, investments) and compensate for the negative interest rates charged for the balances at the CB.
- **Net impairments and provisions** were established in the amount of EUR 6.7 million, due to changes in risk parameters.
- The production of new **housing loans** was still high in Q4 (EUR 151.8 million), with EUR 557.6 million of new housing loans approved in 2021 (2020: EUR 303.1 million).
- **Deposit** base increased by EUR 346.8 million (5%) YoY, with sight deposits prevailing (95% in 2021, compared to 93% in 2020).

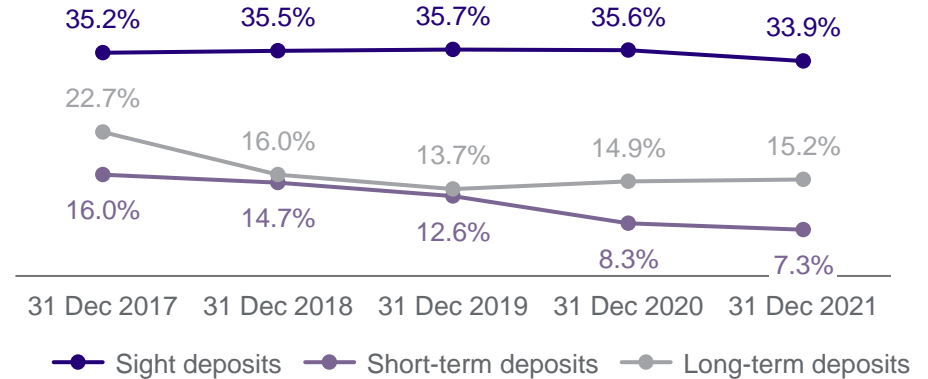
Retail banking in Slovenia

High and stable market shares across products

Market share of net loans to individuals in Slovenia

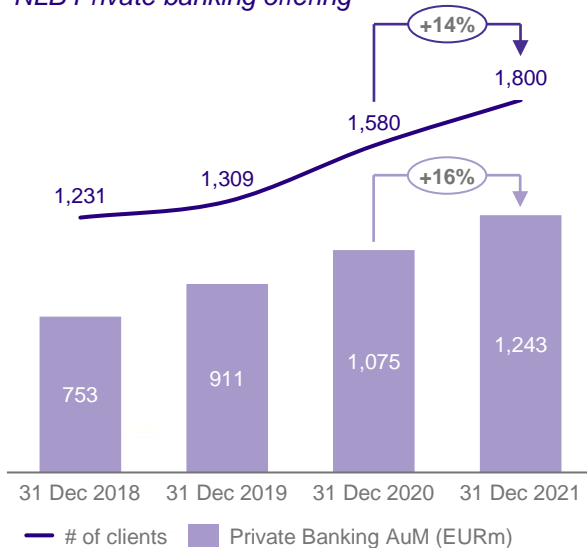


Market share of deposits from individuals in Slovenia

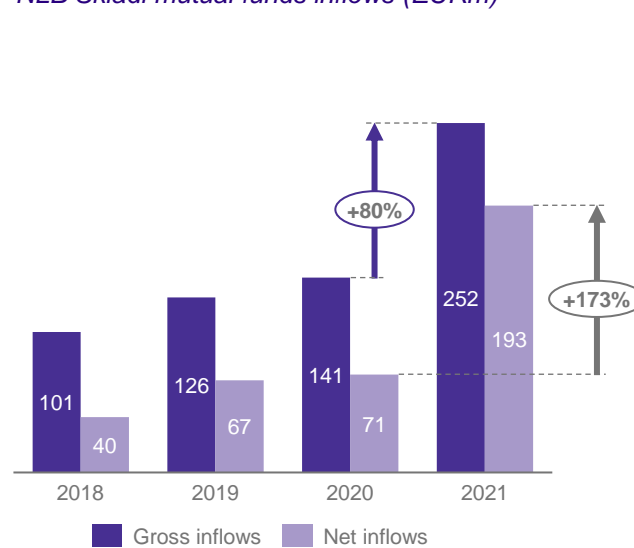


Upside from fee generating products

NLB Private banking offering



NLB Skladi mutual funds inflows (EURm)



- The Bank recorded an encouraging increase of the market share in housing loans, which is the result of a very impressive production of new housing loans in 2021.
- Further extending set of products and services offered to clients using digital channels, with Contact Centre becoming a true sales channel.
- #1 player in Private Banking⁽¹⁾
 - Leading position being strengthened with reaching EUR 1.2 billion of assets under management.
- # 1 player in Slovenian asset management⁽²⁾
 - AuM of 2,128.0 EURm as of 31 December 2021 including investments in mutual funds and discretionary portfolios
 - Market share of NLB Skladi at mutual funds in Slovenia equals 37.3% as of 31 December 2021. 2021 net inflows accounting for 50.4% of all net inflows in the market.

Corporate and Investment banking in Slovenia

Corporate and Investment Banking in Slovenia

in EUR million consolidated								
	1-12 2021	1-12 2020	Change YoY		Q4 2021	Q3 2021	Q4 2020	Change QoQ
Net interest income	35.7	34.0	1.7	5%	9.2	8.6	8.4	7%
Net interest income from Assets ⁽¹⁾	41.1	36.8	4.3	12%	10.7	10.0	9.6	8%
Net interest income from Liabilities ⁽¹⁾	-5.4	-2.8	-2.6	-93%	-1.5	-1.4	-1.2	-8%
Net non-interest income	65.8	41.2	24.6	60%	12.3	9.8	10.6	25%
o/w Net fee and commission income	38.9	33.2	5.7	17%	9.5	9.7	8.4	-2%
Total net operating income	101.5	75.2	26.3	35%	21.5	18.4	19.0	17%
Total costs	-45.1	-41.8	-3.3	-8%	-12.9	-10.8	-11.3	-2%
Result before impairments and provisions	56.4	33.4	23.0	69%	8.6	7.6	7.8	13%
Impairments and provisions	30.5	9.0	21.5	-	7.4	7.0	15.8	5%
Result before tax	86.8	42.4	44.5	105%	16.0	14.6	23.5	9%

	31 Dec 2021	30 Sep 2021	31 Dec 2020	Change YoY		Change QoQ
Net loans to customers	2,332.4	2,171.0	2,047.1	285.2	14%	7%
Gross loans to customers	2,390.7	2,230.0	2,167.5	223.1	10%	7%
Corporate	2,258.5	2,096.1	2,006.4	252.1	13%	8%
Key/SME/Cross Border Corporates	2,110.6	1,963.5	1,827.6	283.1	15%	7%
Interest rate on Key/SME/Cross Border Corporates loans	1.79%	1.80%	1.79%	0.00 p.p.		-0.01 p.p.
Investment banking	0.1	0.1	0.2	-0.1	-3%	0%
Restructuring and Workout	88.2	85.2	160.8	-72.6	-4%	4%
NLB Lease&Go	59.6	47.3	17.8	41.7	-	26%
State	131.9	133.6	160.7	-28.8	-1%	-1%
Interest rate on State loans	2.07%	2.17%	2.20%	-0.13 p.p.		-0.10 p.p.
Deposits from customers	1,938.2	1,620.2	1,487.4	450.7	30%	20%
Interest rate on deposits	0.03%	0.03%	0.06%	-0.03 p.p.		0.00 p.p.
Non-performing loans (gross)	72.5	76.1	156.0	-83.5	-5%	5%

	1-12 2021	1-12 2020	Change YoY
Cost of risk (in bps)	-141	-44	-97
CIR	44.4%	55.6%	-11.1 p.p.
Interest margin	1.76%	1.90%	-0.15 p.p.

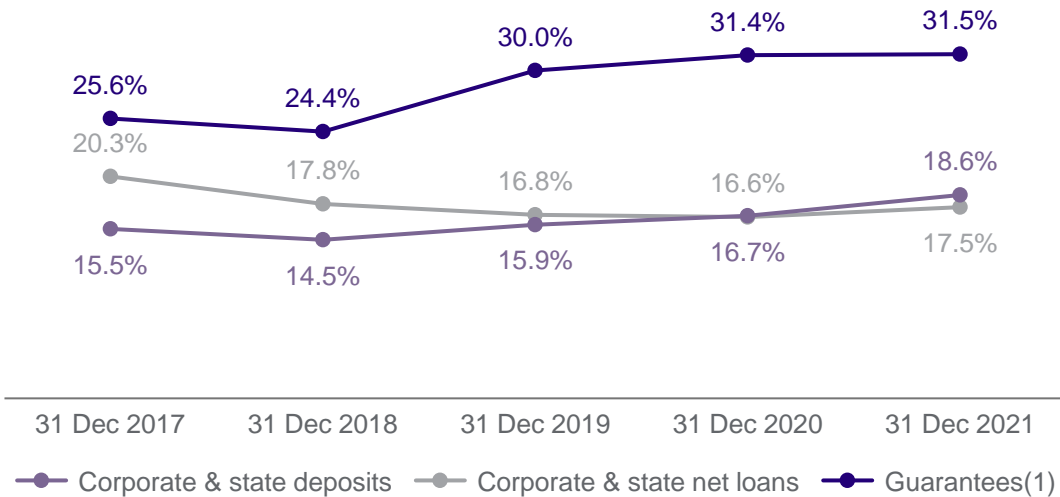
⁽¹⁾ Net interest income from assets and liabilities with the use of FTP.

- Reduction of the **deposits margin** after transfer price (FTP) in the amount of EUR 2.6 million YoY.
- The **interest income** from loans to corporate and state was EUR 4.3 million higher YoY, due to higher volumes, mostly in Key and Cross-Border Corporates.
- **Non-recurring net non-interest valuation income** in the amount of EUR 12.9 million from repayment of exposure, classified as non-performing, and EUR 8.6 million other operation income from the settlement of legal dispute.
- Higher **net fee and commission income** YoY, mostly due to a higher fee for high balances on customers assets (EUR 6.6 million in 2021, EUR 3.3 million higher YoY) and DCM fees.
- **Total costs** increased YoY, due to higher IT costs (licences) and employee costs.
- **Net impairments and provisions** were released in the amount of EUR 30.5 million due to the repayment of several exposures, improved credit ratings of certain clients, and changed parameters for collective impairments and provisions related to more favourable macroeconomic forecasts.
- The volume of **loans to corporate** increased by EUR 252.1 million YoY, mostly due to newly approved syndicated loans and increased volumes in the Cross-border Corporates and NLB Lease&Go.
- The **Investment Banking and Custody** recorded non-interest income in the amount of EUR 10.8 million and increased by EUR 1.4 million YoY. The total value of assets under custody decreased YoY and amounted to EUR 15.9 billion (31 December 2020: EUR 16.2 billion).

Corporate & Investment Banking in Slovenia

High market shares across products

Market shares - evolution and position on the market



- Largest bank in the country with high capacity to lend to and service large clients serving over 9,000 corporate clients as of 31 December 2021.
- Cross-border financing is becoming increasingly important.
- Digital transformation is bringing new opportunities for addressing customers and adaptation of sales channels with distant digital signing being implemented.
- Leading Slovenian bank in the field of trade finance with products that support the export economy.
- As the leading bank in the Slovenian market for the organization of syndicated loans, the Bank continues to successfully support and finance the expansion of Slovenian companies in the region.
- Investment Banking being also successful organizer of issuance of instruments on debt capital markets.

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

EUR 652.1 million
of syndicated loans arranged

35.9% market share (2)
in merchant acquiring

EUR 15.9 bn
assets under custody



Strategic Foreign Markets

Strategic Foreign Markets

in EUR million consolidated									
			Change YoY			Q4 2021	Q3 2021	Q4 2020	Change QoQ
	1-12 2021	1-12 2020		o/w KB contribution					
Net interest income	266.8	159.3	107.5	98.8	68%	68.7	68.1	40.1	1%
Interest income	299.6	182.6	117.0	111.5	64%	76.1	76.0	45.6	0%
Interest expense	-32.8	-23.3	-9.5	-12.8	-41%	-7.4	-8.0	-5.5	7%
Net non-interest income	95.1	49.8	45.3	33.2	91%	22.2	24.2	10.4	-8%
o/w Net fee and commission income	101.6	54.1	47.5	42.3	88%	28.5	24.3	14.7	18%
Total net operating income	361.9	209.1	152.9	132.0	73%	90.9	92.2	50.5	-1%
Total costs	-227.9	-109.0	-118.9	-107.3	-103%	-65.4	-54.7	-29.2	-20%
Result before impairments and provisions	134.0	100.1	34.0	24.7	34%	25.6	37.5	21.4	-32%
Impairments and provisions	-20.8	-59.1	38.3	-20.6	65%	-22.4	-0.3	-25.9	-
Negative goodwill (KB)		137.9	-137.9					137.9	-
Result before tax	113.2	178.8	-65.6	4.2	-37%	3.2	37.2	133.3	-92%
o/w Result of minority shareholders	11.5	3.0	8.4	1.5	-	1.0	3.9	-1.1	-73%

	31 Dec 2021	30 Sep 2021	31 Dec 2020(i)	Change YoY	Change QoQ
Net loans to customers	5,441.9	5,361.8	5,052.4	389.5	8%
Gross loans to customers	5,632.2	5,547.5	5,234.8	397.4	8%
Individuals	2,877.3	2,836.4	2,592.9	284.4	11%
Interest rate on retail loans	5.83%	6.10%	-	-0.45 p.p.	-0.26 p.p.
Corporate	2,613.5	2,538.0	2,443.7	169.8	7%
Interest rate on corporate loans	3.96%	3.76%	-	-0.20 p.p.	0.20 p.p.
State	141.4	173.2	198.1	-56.7	-28%
Interest rate on state loans	3.35%	3.38%	-	-0.18 p.p.	-0.03 p.p.
Deposits from customers	7,998.8	8,020.1	7,552.2	446.6	6%
Interest rate on deposits	0.29%	0.31%	-	-0.14 p.p.	-0.02 p.p.
Non-performing loans (gross)	191.7	199.5	195.0	-3.3	-2%

	1-12 2021	1-12 2020	Change YoY
Cost of risk (in bps) ⁽ⁱ⁾	-11	140	-151
CIR	63.0%	52.1%	10.8 p.p.
Interest margin ⁽ⁱⁱ⁾	2.86%	3.33%	-0.47 p.p.

⁽ⁱ⁾ Interest rates for 2020 are w/o KB

⁽ⁱⁱ⁾ KB is excluded from calculation.

- Higher **net interest income** without Komercijalna Banka group contribution was higher YoY (EUR 8.8 million) due to higher volumes despite a lower interest margin.
- Net non-interest income** increased EUR 12.1 million YoY without Komercijalna Banka group contribution, of which EUR 5.1 million in **net fee and commission income**, due to normalization of business after COVID-19 outbreak in 2020. Net interest income in 2021 was negatively affected with the sale of Komercijalna Banka, Banja Luka (EUR 8.1 million), while in 2020 with modification losses caused by changes of contractual cash flows for loans subject to COVID-19 moratoria in 2020.
- Total costs** increased YoY (EUR 11.6 million or 11%), due to higher volume of business in all banks and additionally due to integration costs on Serbian and Montenegrin market
- Net impairments and provisions** were established in the amount of EUR 20.8 million, mostly related to legal and restructuring provisions, while impairments and provisions for credit risk of the segment were net released.
- Gross loans to customers** increased by EUR 397.4 million (8%) YoY, despite EUR 155.4 million decrease attributable to the sale of Komercijalna Banka, Banja Luka. The most material increase was in housing loans. The increase of the loan portfolio was visible in all of the member banks; the largest increases were recorded in Komercijalna Banka, Beograd (EUR 202.5 million) and NLB Banka, Skopje (EUR 123.1 million).
- Deposits from customers** increased by EUR 446.6 million YoY, despite EUR 154.7 million decrease due to the sale of Komercijalna Banka, Banja Luka. Growth was recorded in all member banks, except NLB Banka, Beograd.

Financial Markets in Slovenia

Financial Markets in Slovenia

in EUR million consolidated

	1-12 2021	1-12 2020	Change YoY		Q4 2021	Q3 2021	Q4 2020	Change QoQ
Net interest income	26.4	23.5	2.9	12%	8.3	6.3	6.6	31%
o/w ALM ⁽¹⁾	17.1	16.5	0.6	4%	5.9	5.0	4.4	17%
Net non-interest income	-2.3	16.2	-18.4	-	-2.1	0.5	0.2	-
Total net operating income	24.1	39.6	-15.5	-39%	6.3	6.8	6.8	-8%
Total costs	-8.6	-7.6	-1.0	-14%	-2.8	-1.9	-2.0	-4%
Result before impairments and provisions	15.5	32.0	-16.6	-52%	3.5	4.9	4.8	-2%
Impairments and provisions	0.3	-1.3	1.6	-	0.0	0.3	0.0	-
Result before tax	15.8	30.8	-15.0	-49%	3.4	5.1	4.8	-3%

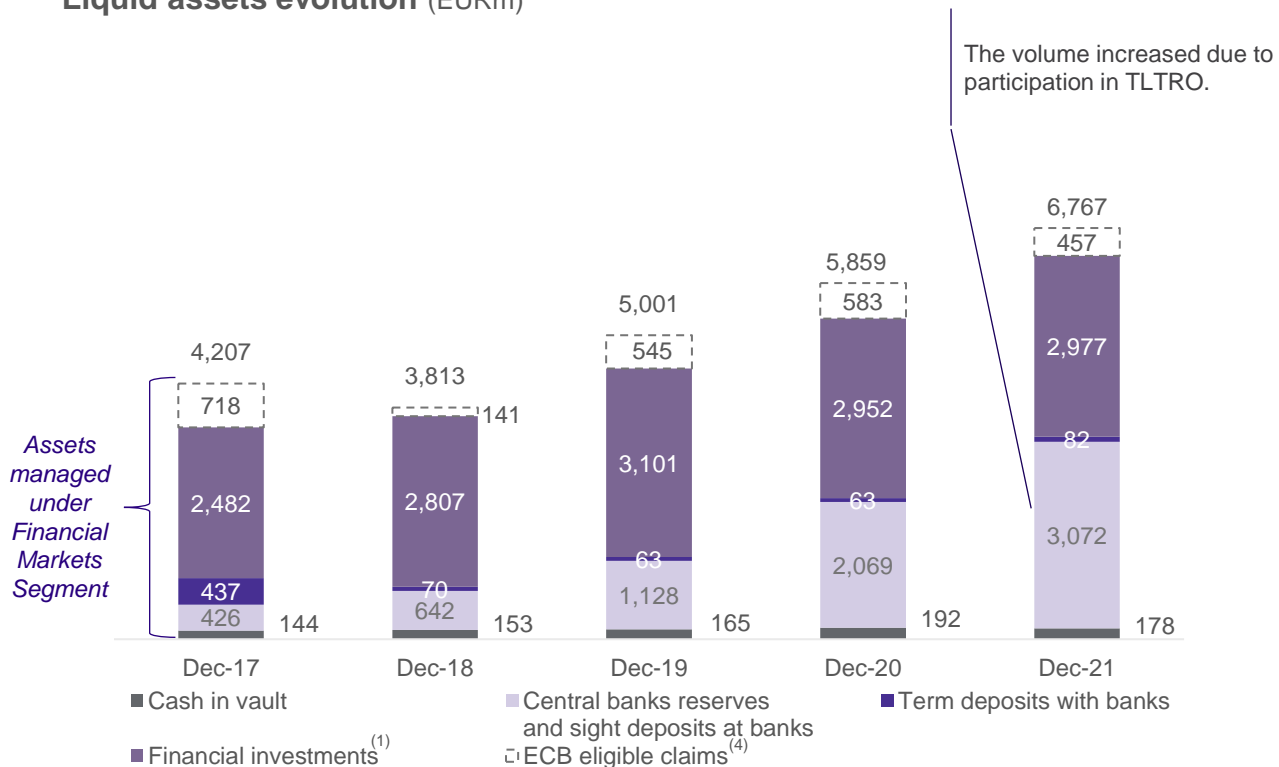
	31 Dec 2021	30 Sep 2021	31 Dec 2020	Change YoY		Change QoQ
Balances with Central banks	2,982.2	2,758.1	1,998.1	984.2	49%	8%
Banking book securities	2,977.5	3,100.5	2,945.8	31.7	1%	-4%
<i>Interest rate on banking book securities</i>	<i>0.68%</i>	<i>0.66%</i>	<i>0.77%</i>	<i>-0.09 p.p.</i>		<i>0.02 p.p.</i>
Wholesale funding	873.5	863.6	143.5	730.0	-	1%
<i>Interest rate on wholesale funding</i>	<i>-0.46%</i>	<i>-0.02%</i>	<i>0.54%</i>	<i>-1.00 p.p.</i>		<i>-0.44 p.p.</i>
Subordinated liabilities	288.5	290.2	288.3	0.2	0%	-1%
<i>Interest rate on subordinated liabilities</i>	<i>3.70%</i>	<i>3.70%</i>	<i>3.64%</i>	<i>0.06 p.p.</i>		<i>0.00 p.p.</i>

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

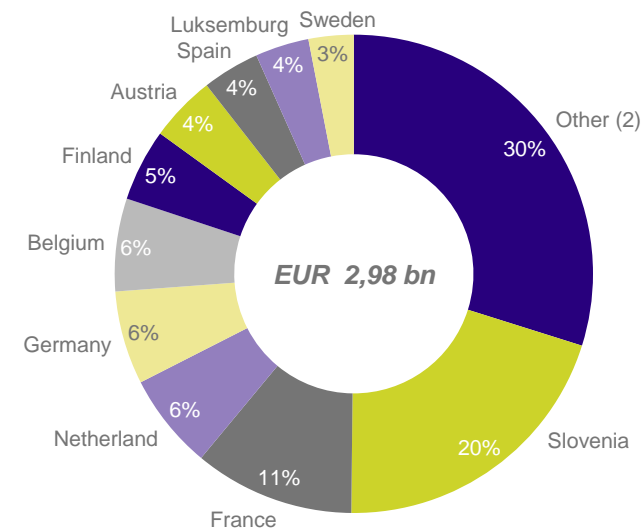
- **Net interest income** was EUR 2.9 million (12%) higher YoY, mostly due to changed FTP policy which partially transferred the costs of placing the excess liquidity from treasury to retail and corporate segment to de-stimulate deposit collection. Otherwise, the revenues from treasury activities are YoY lower due to significantly lower reinvestment yields of banking book securities and excess liquidity, additionally reflected in negative effect from higher placements with the CB at negative interest rates.
- Lower **net non-interest income**, EUR 18.4 million YoY, due to one-off effect from the sale of debt securities, which positively impacted performance in 2020.
- Increase in **balances with CBs** (EUR 984.2 million YoY) mostly due to increase in wholesale funding by EUR 730.0 million derived from participation in the ECB's liquidity providing operation TLTRO-III (EUR 750 million). Banking book securities registered a minor increase by EUR 31.7 million or 1%.

Financial markets in Slovenia

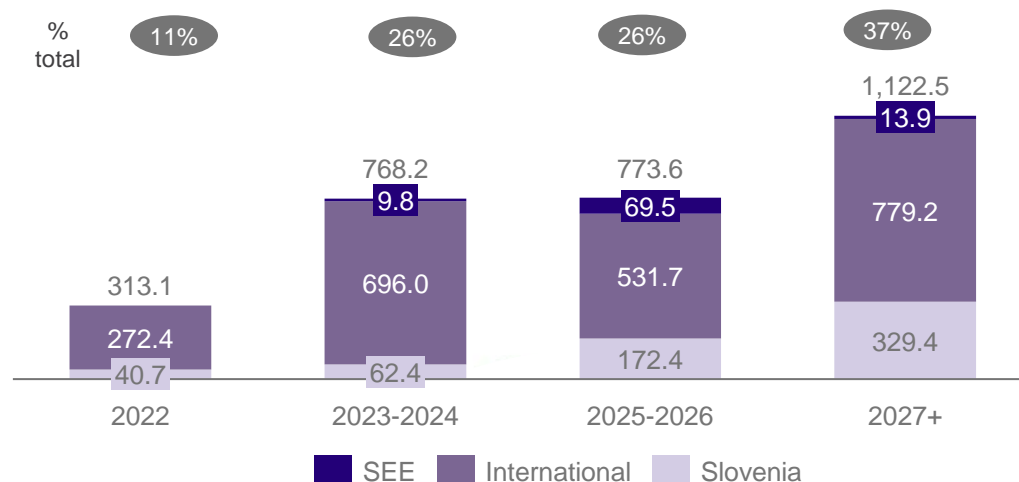
Liquid assets evolution (EURm)



Well diversified banking book by geography (31 Dec 2021)



Maturity profile of banking book securities⁽³⁾ (31 Dec 2021, EURm)



Well positioned and funded division

- Strong liquidity buffer provides solid base for future core growth consisting of liquid assets which are not encumbered for operational or regulatory purposes
- Banking book securities portfolio is well diversified in terms of asset class and geography to minimize concentration risk, and is invested predominantly in high quality issuers on prudent tenors
- Liquidity ratios (as of 31 Dec 2021): LCR 315% (NLB d.d.) and 253% (NLB Group); NSFR 172% (NLB d.d.) and 185% (NLB Group).

Non-Core Members

Non-Core Members

in EUR million consolidated

	1-12 2021	1-12 2020	Change YoY		Q4 2021	Q3 2021	Q4 2020	Change QoQ
Net interest income	1.3	1.2	0.1	11%	0.1	0.8	0.3	-81%
Net non-interest income	5.9	4.2	1.6	39%	0.8	2.2	1.4	-66%
Total net operating income	7.2	5.4	1.8	33%	0.9	3.0	1.6	-70%
Total costs	-11.4	-12.9	1.5	12%	-3.4	-2.6	-3.1	-33%
Result before impairments and provisions	-4.1	-7.4	3.3	44%	-2.5	0.5	-1.5	-
Impairments and provisions	5.4	2.9	2.5	89%	2.9	0.8	2.5	-
Result before tax	1.3	-4.6	5.8	-	0.4	1.2	1.0	-67%

	31 Dec 2021	30 Sep 2021	31 Dec 2020	Change YoY		Change QoQ
Segment assets	95.9	111.8	131.2	-35.3	-27%	-14%
Net loans to customers	24.3	31.6	45.0	-20.7	-46%	-23%
Gross loans to customers	53.9	76.0	95.0	-41.1	-43%	-29%
Investment property and property & equipment received for repayment of loans	65.6	66.2	70.2	-4.6	-7%	-1%
Other assets	6.0	14.0	16.0	-10.0	-63%	-51%
Non-performing loans (gross)	45.0	62.0	71.3	-26.3	-37%	-21%

- The segment recorded EUR 1.3 million **profit before tax**. Higher net non-interest income also due to the positive effect attributable to the segment from the settlement of a legal dispute (EUR 0.4 million).
- A decrease of the **total assets** of the segment YoY (EUR 35.3 million) was in line with the divestment strategy of the non-core segment.

Other

Other

in EUR million consolidated

	1-12 2021	1-12 2020	Change YoY		Q4 2021	Q3 2021	Q4 2020	Change QoQ
Total net operating income	6.1	7.5	-1.4	-18%	1.7	1.1	2.6	51%
Total costs	-10.9	-11.7	0.8	7%	-2.0	-3.3	-3.2	38%
Result before impairments and provisions	-4.8	-4.1	-0.6	-15%	-0.4	-2.2	-0.6	84%
Impairments and provisions	0.0	-7.8	7.8	-	-1.8	0.1	-7.5	-
Result before tax	-4.7	-11.9	7.2	60%	-2.1	-2.1	-8.1	-4%

- Lower **total net operating income** due to decrease of income from vault, real estate management and management fees.
- EUR 10.9 million of **total costs** (EUR 0.8 million lower YoY); costs related mostly to IT, cash transport, external realization, and costs, regarding vacant business premises.
- **Net impairments and provisions** close to zero, due to successful closure of legal procedure in Q1.

Appendix 3:

Macro Overview



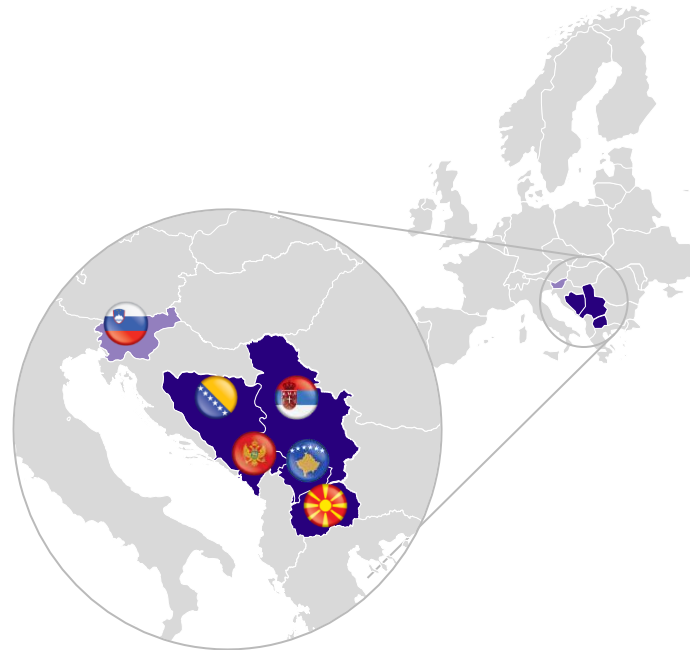
NLB Group – Macro overview

NLB d.d. & 6 subsidiary banks operate in Slovenia (EU member) & 5 SEE countries (convergence to EU)

Slovenia 	EUR
GDP (EURbn)	50.4
Population (m)	2.1
NBS loans as % of GDP ⁽¹⁾	48.0%
NBS deposits as % of GDP ⁽¹⁾	71.6%
Credit ratings (S&P / Moody's / Fitch)	AA- / A3 / A

Bosnia and Herzegovina ⁽²⁾ 	EUR ⁽³⁾
GDP (EURbn)	18.7
Population (m)	3.3
NBS loans as % of GDP ⁽¹⁾	57.1%
NBS deposits as % of GDP ⁽¹⁾	73.8%
Credit ratings (S&P / Moody's / Fitch)	B / B3 / n.a.

Montenegro 	EUR
GDP (EURbn)	4.7
Population (m)	0.6
NBS loans as % of GDP ⁽¹⁾	73.5%
NBS deposits as % of GDP ⁽¹⁾	83.1%
Credit ratings (S&P / Moody's / Fitch)	B / B1 / n.a.



Serbia 	RSD
GDP (EURbn)	51.0
Population (m)	6.9
NBS loans as % of GDP ⁽¹⁾	45.7%
NBS deposits as % of GDP ⁽¹⁾	53.8%
Credit ratings (S&P / Moody's / Fitch)	BB+ / Ba2 / BB+

Kosovo 	EUR
GDP (EURbn)	7.6
Population (m)	1.8
NBS loans as % of GDP ⁽¹⁾	46.7%
NBS deposits as % of GDP ⁽¹⁾	61.5%
Credit ratings (S&P / Moody's / Fitch)	n.a. / n.a. / n.a.

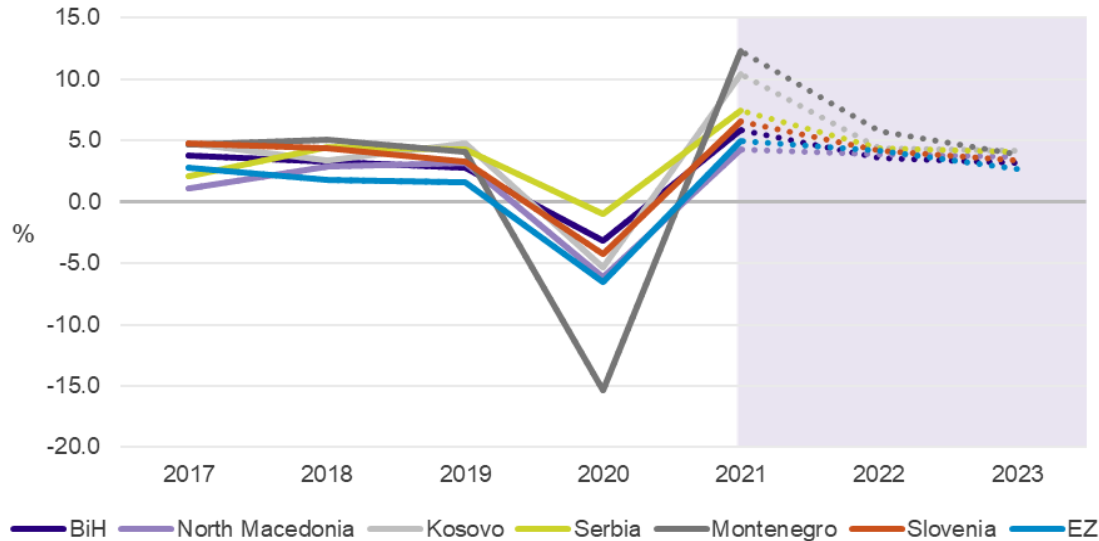
North Macedonia 	MKD
GDP (EURbn)	11.4
Population (m)	2.1
NBS loans as % of GDP ⁽¹⁾	53.3%
NBS deposits as % of GDP ⁽¹⁾	64.6%
Credit ratings (S&P / Moody's / Fitch)	BB- / n.a. / BB+



Source: Central banks, National Statistics Offices, FocusEconomics, NLB
 Note: GDP volume for Q3 2021 annualised; (1) Non-banking sector loans/deposits as % of GDP for Q3 2021, annualised; (2) Bosnia and Herzegovina is comprised of 2 entities, The Federation of Bosnia and Herzegovina and Republika Srpska; (3) Official currency is BAM – Bosnia-Herzegovina Convertible Mark, pegged to EUR.

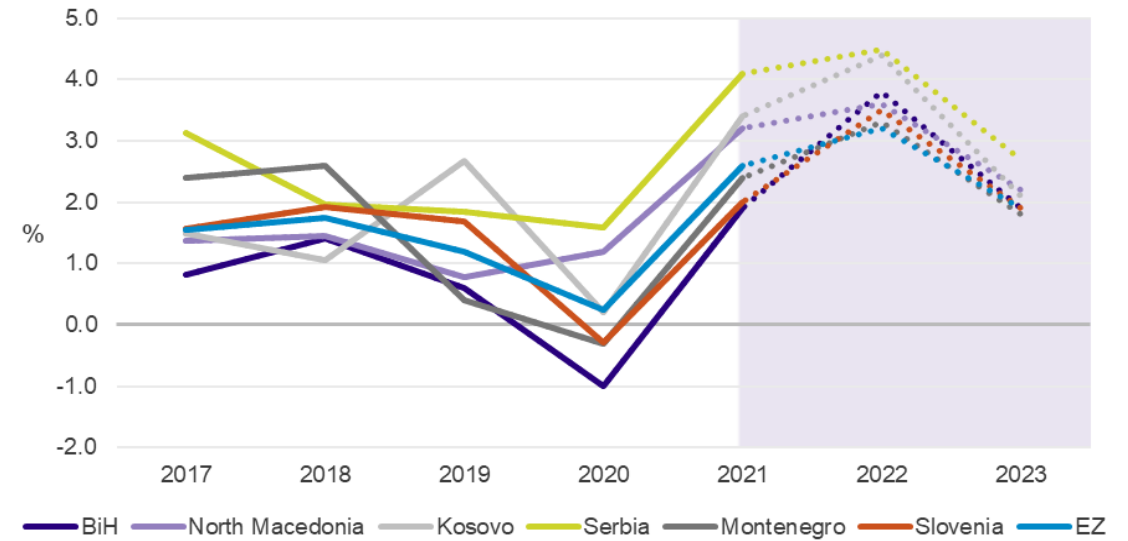
Macro Overview – Economic data

Real GDP growth, %



Sources: FocusEconomics, NLB Forecasts for 2022 and 2023, NLB estimations for 2021

Average inflation rate, %



Sources: FocusEconomics, NLB Forecasts for 2022 and 2023
Note: HICP for Slovenia, Kosovo and Eurozone, other CPI

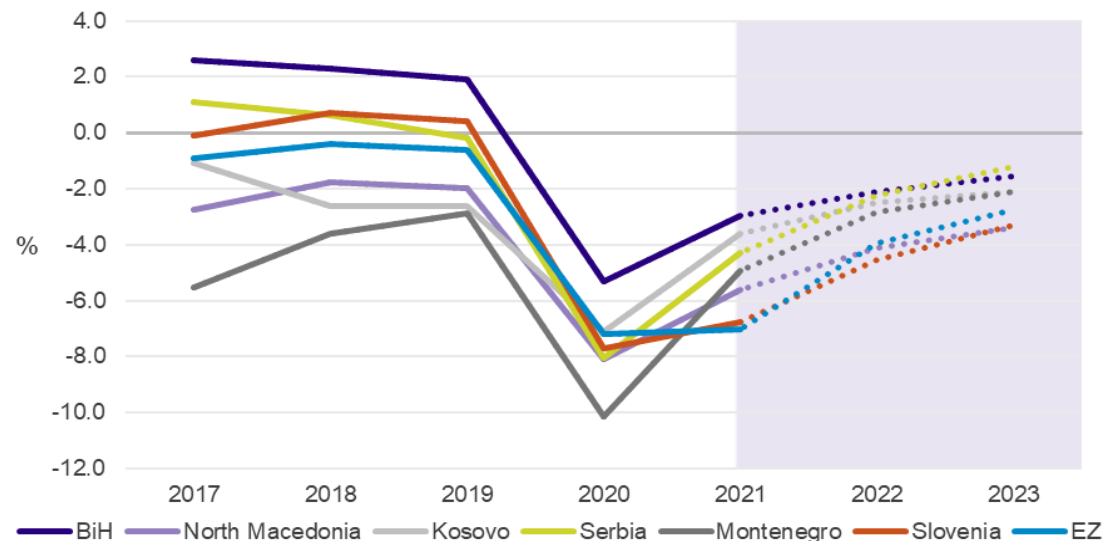
KEY FINDINGS:

In countries of the **Group's region**, **GDP** grew **7.7% YoY in Q3 2021**. Growth was fuelled by private consumption, capital expenditure outlays and export growth. Private consumption was supported by further improvement in the hospitality sector, which turned out supportive especially for tourism-dependent countries, and remittances inflow.

Inflation accelerated over the course of the year in countries of the Group's region due to **similar factors as in other countries all over the world**, i.e. rising energy and commodity prices, supply-chain bottlenecks, and overall supply-demand imbalances, which resulted in inflation reaching the peak of 2021 at the end of the year.

Macro Overview – Fiscal data

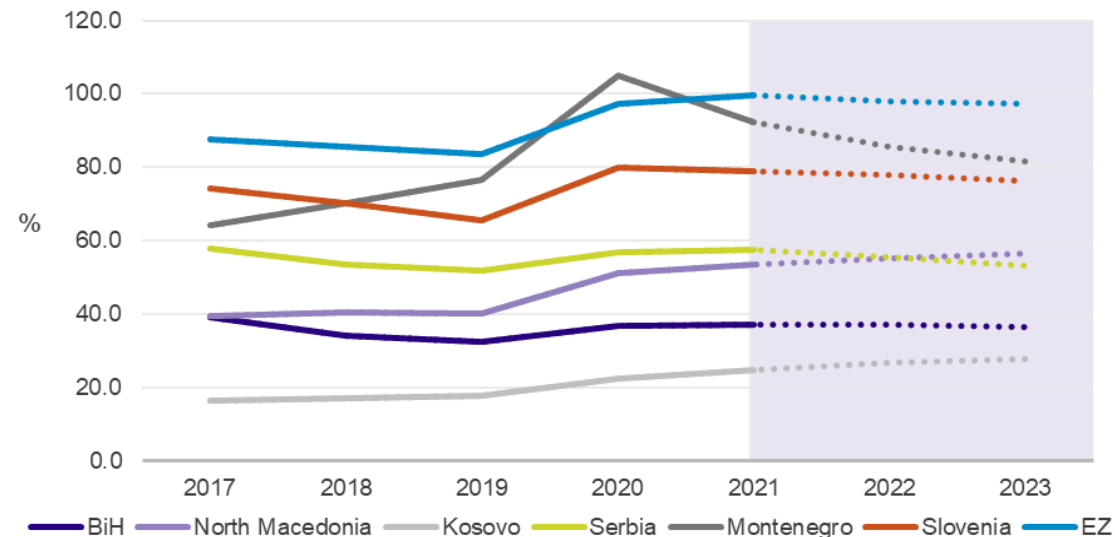
Fiscal Balance, % GDP



Sources: FocusEconomics

Note: Consensus Forecasts for 2022 and 2023, estimation for 2021

Public Debt, % GDP



Sources: FocusEconomics

Note: Consensus Forecasts for 2022 and 2023, estimation for 2021

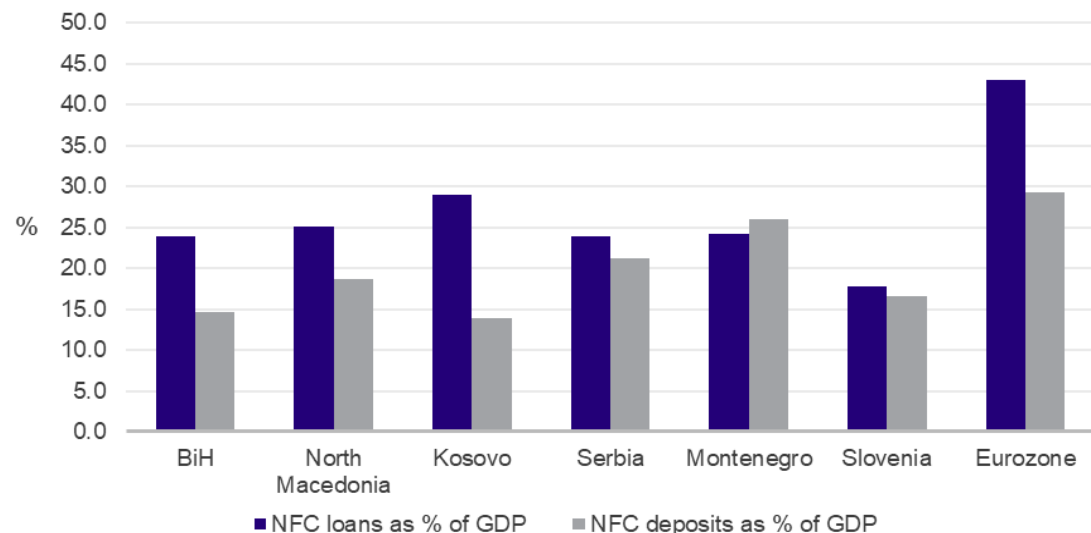
KEY FINDINGS:

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

Fiscal balances are expected to improve as fiscal revenues should recover with the recovery in economic activity while fiscal policy support should gradually wane.

Macro Overview – Monetary data

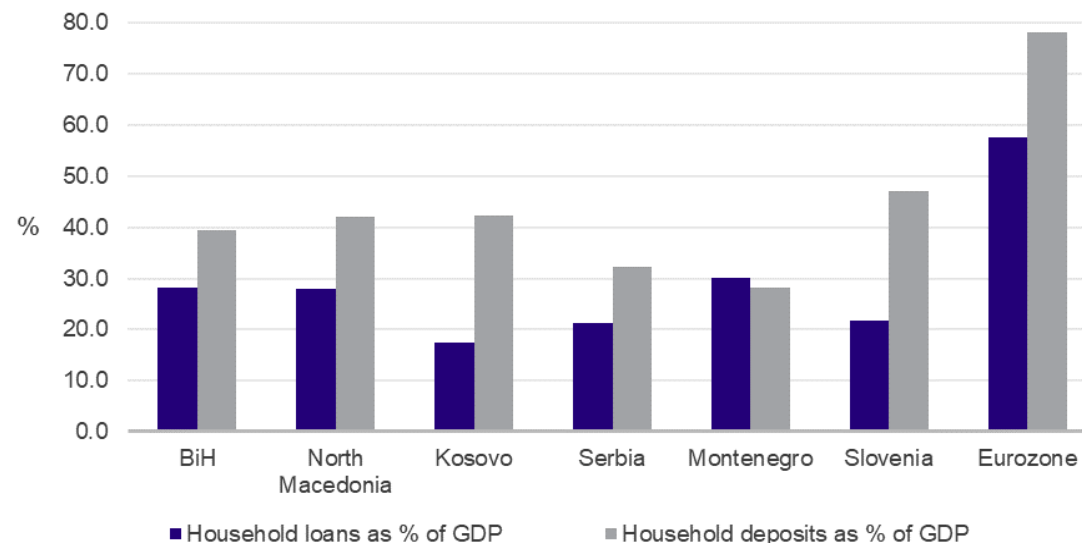
NFC loans and deposits, % GDP



Sources: National Central Banks, ECB, Own calculations

Note: Q3 2021 annualised data; residential deposits and loans for Montenegro

Household loans and deposits, % GDP



Sources: National Central Banks, ECB, Own calculations

Note: Q3 2021 annualised data; residential deposits and loans for Montenegro

KEY FINDINGS:

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

Economic recovery in the Group's region reflected in encouraging credit activity with **loans to NBS growing 6.7% YoY** in November. The inflow of deposits continued with **NBS deposits growing 11.7% YoY** in the same month.

Appendix 4:

Financial Statements



NLB Group Income Statement

(EURm)	1-12 2021	1-12 2020	YoY	Q4 2021	Q3 2021	Q4 2020	QoQ
Interest and similar income	477,8	355,2	35%	123,7	121,0	89,3	2%
Interest and similar expense	-68,5	-55,6	-23%	-16,7	-17,4	-14,2	4%
Net interest income	409,4	299,6	37%	107,0	103,7	75,1	3%
Fee and commission income	332,6	232,4	43%	89,9	87,3	60,7	3%
Fee and commission expense	-95,4	-62,2	-54%	-25,3	-28,8	-15,6	12%
Net fee and commission income	237,2	170,3	39%	64,6	58,6	45,1	10%
Dividend income	0,2	0,1	101%	0,0	0,1	0,0	-65%
Net income from financial transactions	38,4	32,0	20%	5,0	7,4	2,0	-32%
Other operating income	-18,3	2,6	-	-9,6	-3,8	-1,0	-154%
Total net operating income	666,9	504,5	32%	167,0	166,0	121,2	1%
Employee costs	-231,3	-165,0	-40%	-63,1	-56,5	-42,0	-12%
Other general and administrative expenses	-137,5	-97,3	-41%	-43,4	-31,7	-27,6	-37%
Depreciation and amortisation	-46,5	-31,7	-47%	-11,7	-11,6	-8,0	-1%
Total costs	-415,4	-293,9	-41%	-118,2	-99,9	-77,7	-18%
Result before impairments and provisions	251,5	210,5	19%	48,8	66,1	43,5	-26%
Impairments and provisions for credit risk	35,8	-62,3	-	1,8	3,3	-13,2	-47%
Other impairments and provisions	-27,1	-9,1	-198%	-18,3	2,9	-7,9	-
Gains less losses from capital investments in subsidiaries, associates and joint ventures	1,1	0,9	27%	0,2	0,5	0,0	-68%
Negative goodwill	-	137,9	-	-	-	137,9	-
Result before tax	261,4	277,9	-6%	32,5	72,9	160,2	-55%
Income tax	-13,5	-5,2	-162%	-0,6	-3,3	3,8	81%
Result of non-controlling interests	11,5	3,0	-	1,0	3,9	-1,1	-75%
Result after tax attributable to owners of the parent	236,4	269,7	-12%	30,9	65,7	165,1	-53%

NLB Group Statement of Financial Position

(EURm)	31 Dec 2021	31 Dec 2020	YtD
ASSETS			
Cash and balances with Central Banks and other demand deposits at banks	5.005,1	3.961,8	26%
Financial instruments	5.208,3	5.119,5	2%
<i>o/w Trading Book</i>	7,7	84,9	-91%
<i>o/w Non-trading Book</i>	5.200,6	5.034,7	3%
Loans and advances to banks (net)	140,7	197,0	-29%
<i>o/w gross loans</i>	140,9	197,1	-29%
<i>o/w impairments</i>	-0,2	-0,1	-40%
Loans and advances to customers	10.587,1	9.644,9	10%
<i>o/w gross loans</i>	10.903,5	10.033,3	9%
- Corporates	4.996,0	4.631,7	8%
- State	286,3	374,0	-23%
- Individuals	5.621,1	5.027,6	12%
<i>o/w impairments and valuation</i>	-316,3	-388,4	19%
Investments in associates and JV	11,5	8,0	44%
Goodwill	3,5	3,5	0%
Other intangible assets	55,5	58,1	-4%
Property, plant and equipment	247,0	249,1	-1%
Investment property	47,6	54,8	-13%
Other assets	271,1	268,9	1%
Total Assets	21.577,5	19.565,9	10%

(EURm)	31 Dec 2021	31 Dec 2020	YtD
LIABILITIES & EQUITY			
Deposits from banks and central banks	71,8	72,6	-1%
Deposits from customers	17.640,8	16.397,2	8%
- Corporates	4.463,7	3.949,1	13%
- State	496,4	424,5	17%
- Individuals	12.680,8	12.023,5	5%
Borrowings	932,6	249,8	-
Subordinated liabilities	288,5	288,3	0%
Other liabilities	427,6	434,9	-2%
Total Liabilities	19.361,4	17.442,8	11%
Shareholders' equity	2.078,7	1.952,8	6%
Non Controlling Interests	137,4	170,3	-19%
Total Equity	2.216,1	2.123,0	4%
Total Liabilities & Equity	21.577,5	19.565,9	10%