

NLB Group Strategy 2030: Factsheet

Business strategy foresees doubling of NLB Group's balance sheet, revenues and profit by 2030.



Three Key Pillars

Retail

Expand leading position as #1 universal retail bank in SEE
Double-down on mortgage, bancassurance and consumer finance

Corporate & Investment Banking (CIB)

Become #1 CIB franchise in SEE
Be the innovation leader in transition finance and SME banking

Payments

Accelerate cash transition across SEE
Deepen customer stickiness/loyalty

Supported by

Operating Model

Push universal banking model into fully digital setup

Adapt best-in-class technology, data and risk practices

Continuously balance strength of group setup with local innovation and prudent risk management

To Achieve

>50
Total assets in bn €

>2
Recurring revenues in bn €

>1
Profit in bn €

Strategy implies a step change in performance across key dimensions

Strategic ambition	Impact ambition towards ...	
	Today	2030
Profitably scale across the SEE region	Recurring revenues, in EURbn	1.1bn >2bn
	Recurring profits, in EURbn	0.5bn >1bn
	CIR, in %	46% <45%
	RoE, in %	21% >15% (1-2 pp. upside from strategic plays)
	Normalized RoE, in %	29% >20%
Deliver excellent returns to our shareholders	RTSR, in %	> Banking peer group ¹
	Payout ratio, in %	~40% towards 50-60%
	P/B	0.8x >1
Safeguard NLB and the financial welfare of the broader economy	Tier 1 capital ratio, in %	16.9% ~15%
	CET1 ratio	16.4% >13%
	Cost of Risk	-7 bps 30-50 bps
Excite our customers and employees	NPS	11-35 >50 Market leader
	Employee engagement (eNPS)	30 >50 Market leader

¹ UniCredit, OTP, RBI (Raiffeisen Bank International), Erste Group, Intesa, Addiko

Scalable tech foundation providing digital-first operating model

Key achievements to date

Significant **modernization of Group tech-stack and operating model**

NLB DigIT setup in 2022 (central IT hub enhancing delivery capacity and speed)

Transition to **digital as key driver of CX** (e.g., Klik, NLB Pay)

Strategic priorities

Scalability

Core rationalization, IaaS, and reusability of components across markets

Modular customer journeys

CRM enablement, modular feature builds across core product platforms

Data driven Org.

Data platform migration to cloud and acceleration on BI and advanced analytics

New delivery model

New crossfunctional operating model and state-of-the-art DevOps

GenAI capabilities

Sequential roll-out, pilots in knowledge assistant, code acceleration, employee co-pilot

To enable the transition to a truly digital-first operating model, we will invest 170-200 EURm in our technological stack over the next 5 years

Deep Dive into Strategy 2030

Retail (Focus on eight strategic initiatives)

1. Housing eco-system

(Regional) green housing retrofit ecosystem.

2. Bancassurance

Cross-regional proposition; selected value chain insourcing in Life.

3. Consumer Finance

Cross-regional, standardized consumer finance platform & product innovation in micro-lending.

4. Mortgages

Standardized mortgage platform (processes, pricing, etc.)

5. Affluent (incl. PB) scale-up

Differentiated Mass affluent proposition, PB scale-up in Slovenia and Serbia.

6. Micro segment scale-up

New Micro proposition (transaction-based UW, differentiated pricing & servicing).

7. Branch of the future

New branch concepts, higher productivity & shift towards advise model.

8. Digital enablement & Sales

Competitive mobile solution on par with (int.) CX leaders, Market-differentiated digital marketing & sales.

Strategic ambition	Impact ambition towards ...	
	Today	2030
 Double down on scale and customer monetization	Retail clients (incl. micro)	>2.7 million >3 million
	Revenue per active client	270 >400
	Net growth of customer base	<1% 1-2%
 Deliver market differentiating customer experience	NPS	11-47 >50
	STP for consumer finance	47% >90%
	Mobile app rating	4.4 >4.5
 Run a "future-proof" and cost effective digital-first bank	Digital penetration (active)	39-60% >80%
	Digital core product sales penetration	2-6% >50%
	Digital acquisition	<1% >30%

Corporate & investment banking (CIB) (Focus on six strategic initiatives)

1. (Off-balance sheet) transition financing

Premier partner for transition finance, incl. off-balance sheet financing and advisory capability.

2. Acceleration on Trade Finance

First cross-regional TF platform, build around an excellent UX/value-added service.

3. Investment Banking

Roll out of playbook across the region (e.g., brokerage, bonds issuance/trading, M&A/corporate finance).

4. SME Strategy

New digital SME proposition and dedicated Serbia scale-up.

5. Acceleration on digital capabilities

Competitive digital and mobile solutions (incl. value-added services).

6. Front office excellence

Step-up in RM productivity with focus on eliminating non-advisory/sales tasks.

Strategic ambition	Impact ambition towards ...	
	Today	2030
 Double down on scale and customer monetization	Revenue per active client	12.5k 20k
	Share of fee income	27% >37%
	Cross-sell ratio	3.2 4.0
 Deliver market differentiating customer experience	NPS	33 >50
	Time to decision on financing <small>Fast track for std. SME financing</small>	3-10 days <2 days
	Mobile app rating <small>For std. clients</small>	5-15 days <1 day
 Establish as the Transition finance leader in the region	Total CIB stock loan volume	6 EURbn >12 EURbn
	CIB Green financing stock volume	0.3 EURbn >1.3 EURbn
	Reaching interim NZBA targets <small>Current targets in: Power (kg CO₂e/Mwh), Steel (kg CO₂e/t), CRE (share in new financing of buildings <50kg CO₂/m²)</small>	Targets set Dec. 2023

Payments (Focus on six strategic initiatives)

1. Cash Transaction

Encourage use of digital payments and alternatives, while optimizing the use of cash transactions.

2. Customer stickiness

New Group-wide loyalty solution, inc entivizing digital migration and customer steering.

3. Merchant acquiring

NextGen services for merchant offering focusing also on partnership models.

4. Issuance

Evolve and innovate value proposition in cards, wallets/NLB Pay and beyond along segment-specific needs to increase revenue per user.

5. Digital operating platform

Competitive platform (e.g., NLB Pay) with breadth of offerings.

6. Partnerships

Build up and evolve broader universe across technology.

Strategic ambition	Impact ambition towards ...	
	Today	2030
 Scale the Payments capability across NLB Group	Revenue contribution to the group	220m >320m
	Digital penetration (Retail clients)	25-60% >80%
 Deliver market differentiating customer experience	Mobile wallet rating (NLB Pay)	4.5 >=4.5
	# of partners in payments	5 >20
 Drive the future of payments in the region	Penetration of mobile wallet	10-15% >40%
	% of digitized card transactions	2.5% >25%
	% of cash transactions in branches (Retail)	32% <10%

Strategic Plays Within Core Growth Operating Platform