



NLB Group Strategy 2030

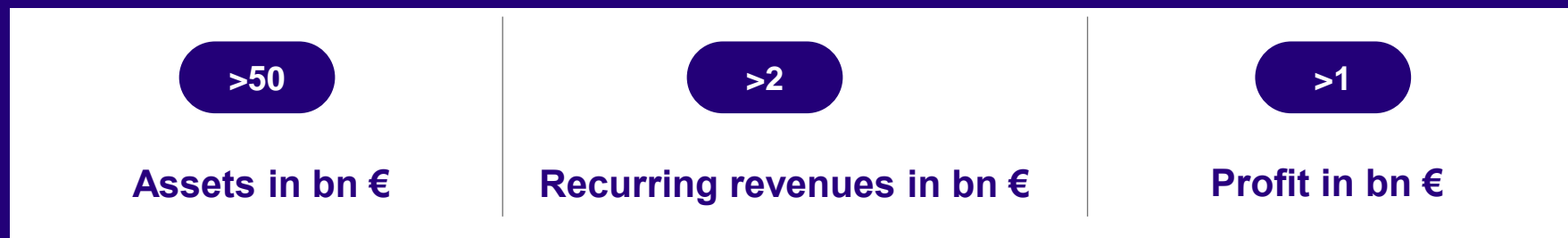
NLB

Our ambition & guardrails



Our Strategy 2030

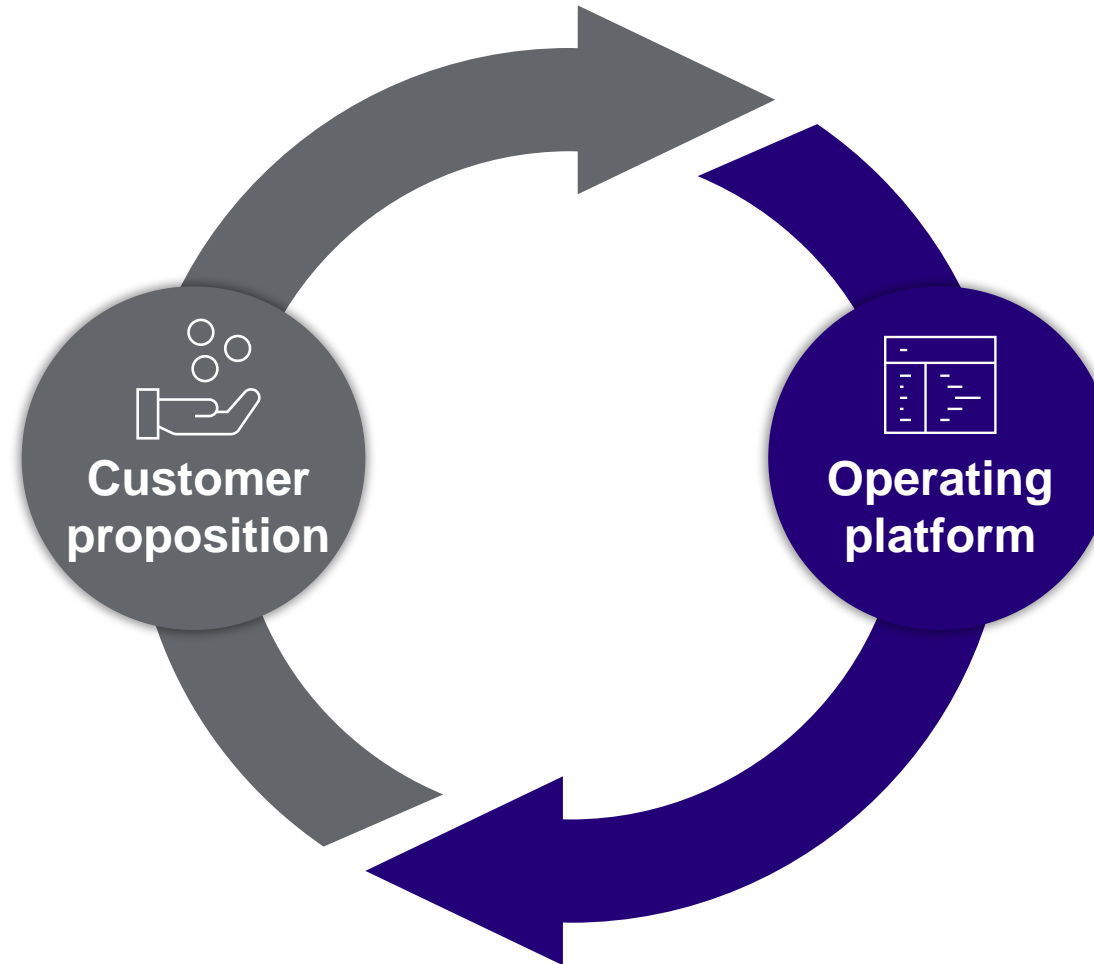
The leading bank in SEE, delivering against international best-practices across customer and operating model



Our Strategy 2030: The leading bank in SEE – delivering against international best-practices across customer and operating model

Leveled up customer proposition

- **Reset for digital distribution** (mobile as core channel with optimized branches)
- **Roll-out of the full NLB playbook** across the region
- **Strategic bets** on bancassurance, housing, loyalty, cash transition, digital trade and transition finance



Upgraded NLB platform

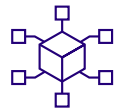
- **Scalable processes** (E2E simplification and digitalization)
- **Scalable risk capabilities** (e.g., STP)
- **Scalable Technology** (architecture, upgraded data platform, GenAI-use)
- **Focus on talent base**

Group Tech

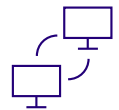
Mission: Scalable tech foundation providing digital-first operating model

Key achievements to date

Strategic priorities



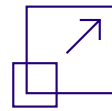
Significant **modernization of Group tech-stack and operating model**



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

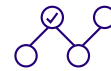


Transition to **digital as key driver of CX** (e.g., Klik, NLB Pay)



Scalability

Core rationalization, IaaS, and re-usability 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 cross-functional 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 technology stack over the next 5 years

Our Strategy 2030: This 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%
 Delivery excellent returns to our shareholders	RTSR, in %		> Banking peergroup 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

Segment narratives



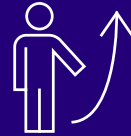
Group Retail

Mission: #1 leading Retail franchise in the SEE region

Key achievements to date

- Strong client franchise building on **>2.7m clients** across the region
- **Clear market leader in SLO** with 700k+ clients
- **Growth ahead of market** (8%+ rev. CAGR) with strong income diversification (~30% fee contribution)
- **Leading breadth of product offering** (investments, banc-assurance, leasing, payments, etc.)
- **Digital transition key driver** of growth/CX (e.g., KLIK)

Strategic goals until 2030



Unparalleled customer scale across 6+ markets



Step change in monetization of our customer base – across our product verticals



Customer-centric model with mobile as core channel and fully integrated ecosystem offerings¹

3m+

clients with top #3 position in all markets

1.3bn+ EUR

in revenues (9%+ CAGR)

>400 EUR

revenue per active client (vs. 270 EUR in 2023)

80%+

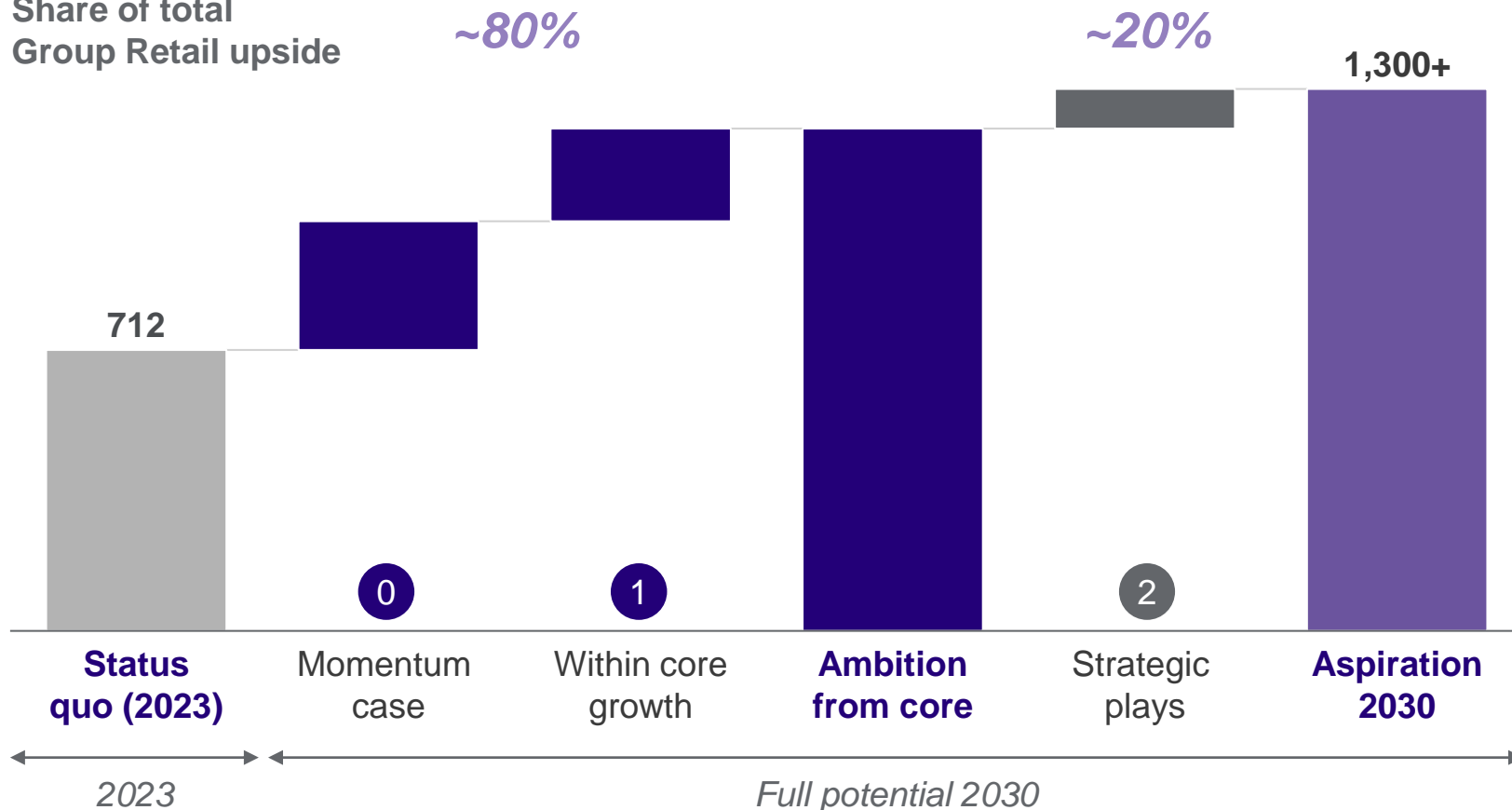
Digital penetration %

Group Retail

Reach >1.3bn EUR in revenues focusing on the core and two strategic plays

NLB Group Retail revenue, 2023-30, EUR mn









Share of total
Group Retail upside



- 0 **“Momentum case”**
Grow with the market at ~5.5% CAGR
 - 1 **‘Within core growth’**
Expand NLBs position across markets and products
 - 2 **‘Strategic plays’**
‘Attacking’ 2 big strategic plays (beyond-banking)
- +
- 3 **‘Cost-to-serve’ improvements**
Productivity measures across branch network - strategic re-investment into top talent

Group Retail

Our focus will be on eight strategic initiatives

Strategic plays	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.) 
Within core growth	5. Affluent (incl. PB) scale-up Differentiated Mass affluent proposition (e.g., leveraging Skladi); 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 

Joint "one-bank" strategic priorities incl. Investments (NLB Skladi), Mobility (NLB Lease&Go), and Loyalty (Payments)

Group Retail

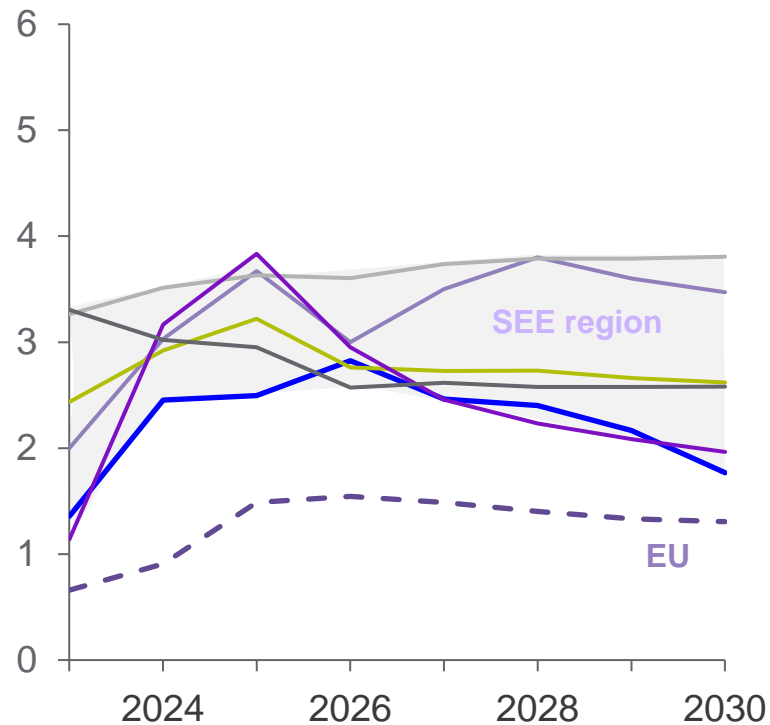
This will drive a change across key dimensions

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%

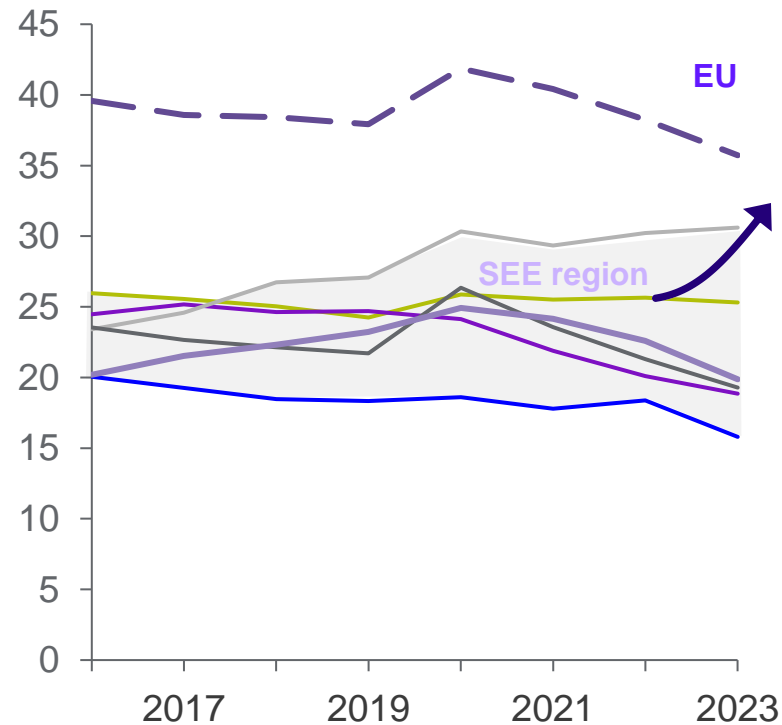
Group CIB

Real GDP in the region is growing faster than EU,
Corporate debt levels continue to converge

Real GDP growth, in %



Corporates debt as % of GDP, in %



Implications



SEE Economies projected to grow Real GDP faster vs. EU by 2030 (1-3 p.p. above EU)



Regional corporates less indebted as share of GDP vs. EU average (by 10-20 p.p.)



Higher momentum growth of GDP vs. EU countries, together with large planned investments in Transition financing to propel our region to converge towards EU average

Group CIB

Mission: Become the #1 CIB franchise in the SEE region

Key achievements to date

- Strong CIB franchise across the region
- **Clear market leader in SLO** with ~26% loan market share
- **Prudent and profitable book building** (low NPL ratio, ~24% RoRAC)
- **Full depth CIB playbook** (incl. trade finance, corporate finance and custody)
- **Regional ESG front-runner** (330mn EUR green bond issued)

Strategic goals until 2030



Position as **#1 SME bank** in the region and **market leader in transition finance**



Profitable growth across markets with close control of risk (CoR < 50bps)



Innovative e2e operating model with digitized and streamlined processes

3.2bn EUR

new transition finance volume in 2030

500m+ EUR

in revenues (~8% CAGR)

<45%

Segment cost-income-ratio

100%

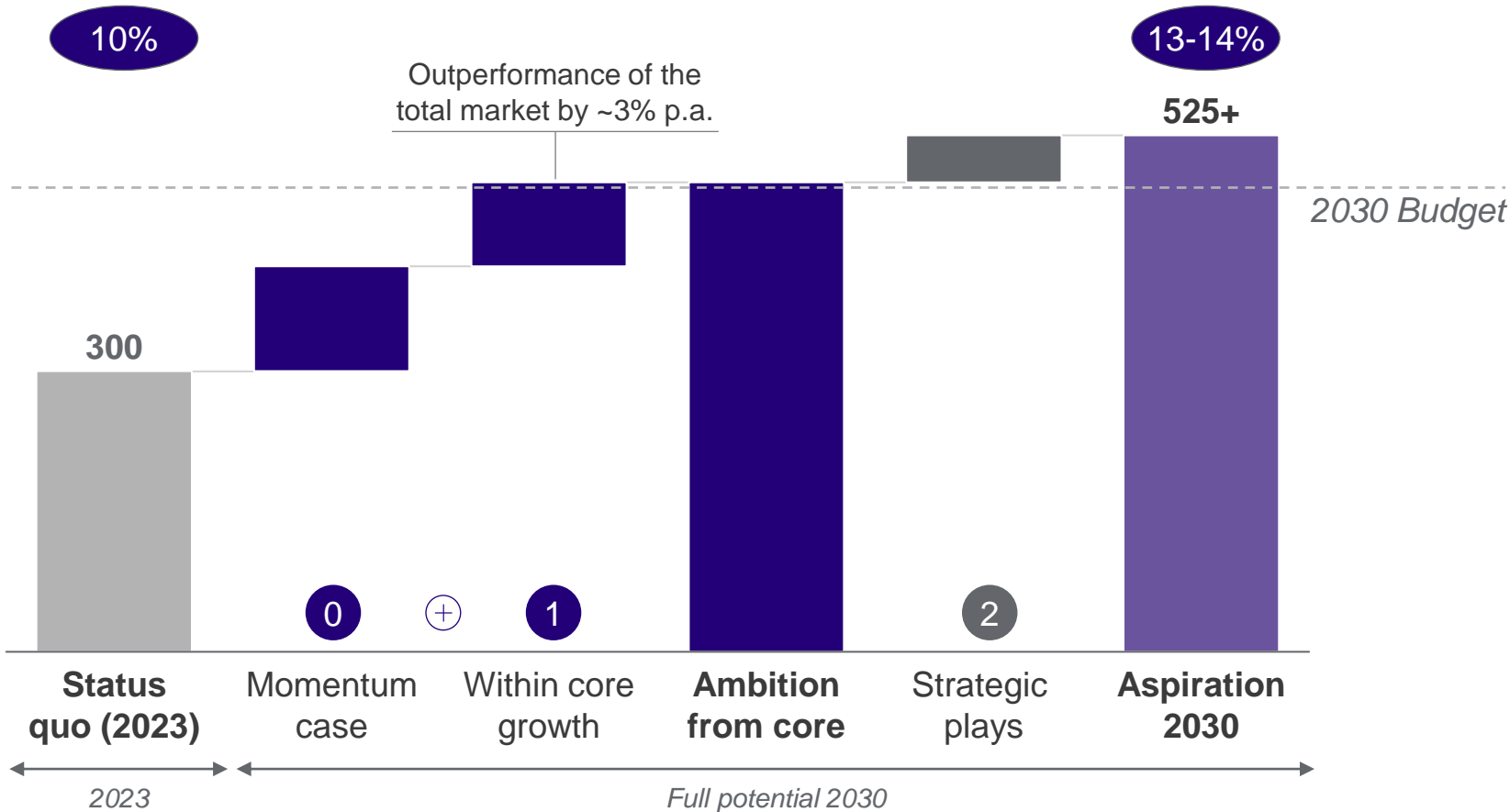
Digital onboarding for SMEs (happy case)

Group CIB

Reach >500m EUR in revenues focusing on the core and two strategic plays

● NLB revenue market share

NLB Group CIB revenue, 2023-30, EUR mn



- 0 **“Momentum case”**
Grow with the market at ~5% CAGR
- 1 **‘Within core growth’**
Expand NLBs position across markets and high growth products (esp. Serbia)
- 2 **‘Strategic plays’**
‘Attacking’ 2 big strategic plays (beyond-banking)

Group CIB

We will focus on six strategic initiatives

Strategic plays

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 services



Within core growth (BU initiatives)

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



Operating platform

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



Group CIB

This will drive a change across key dimensions

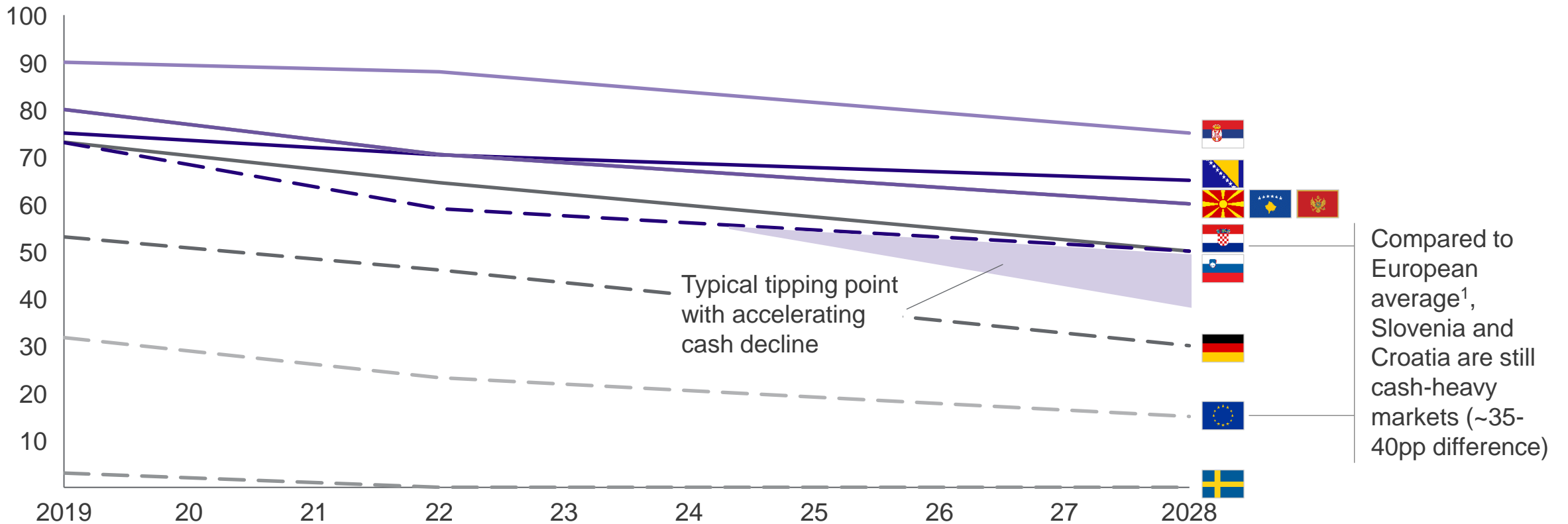
Strategic ambition		Impact ambition towards...	
		Today	2030
 Double down on scale and customer monetization	Revenue per active client	12.5k	20k
	Share of fee income	27%	>37%
	Cross-sell ratio	3.2	4.0
 Deliver market differentiating customer experience	NPS	33	>50
	Time to decision on financing <small>Fast track for std. SME financing</small>	3-10 days	<2 days
	Time to onboard new clients <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	Power: 0.165 Steel: 0.600 CRE: >30%

Group Payments

Given European market trends, we assume a significant decline of cash usage across NLB markets

— Bosnia and Herzegovina — Kosovo — North Macedonia — Slovenia — Sweden
 — Croatia — Montenegro — Serbia — Germany — Europe¹

Cash usage in NLB's key markets and select countries, Percentage of cash transaction value per country



Group Payments

Mission: Become the core payment platform and innovator for the SEE region

Key achievements to date

Payments **established as a core capability** for the Group

220m+ EUR in fee income

connected to accounts, packages, cards and payments in FY 2023

NLB Pay (4.5/5 customer reviews¹) rolled-out across markets

Regional front-runner for instant pay, Apple Pay, Google Pay, merchant acquiring and other digital payments innovations

Driver of **innovation** and client momentum

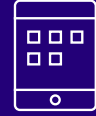
Strategic goals until 2030



Roll-out payments innovations across the group and increase customer stickiness



Focus on **digital payments and merchant solutions**



Shape the cash transition - increasing financial inclusion and combating the shadow economy

100m+ EUR

Incremental revenue by 2030

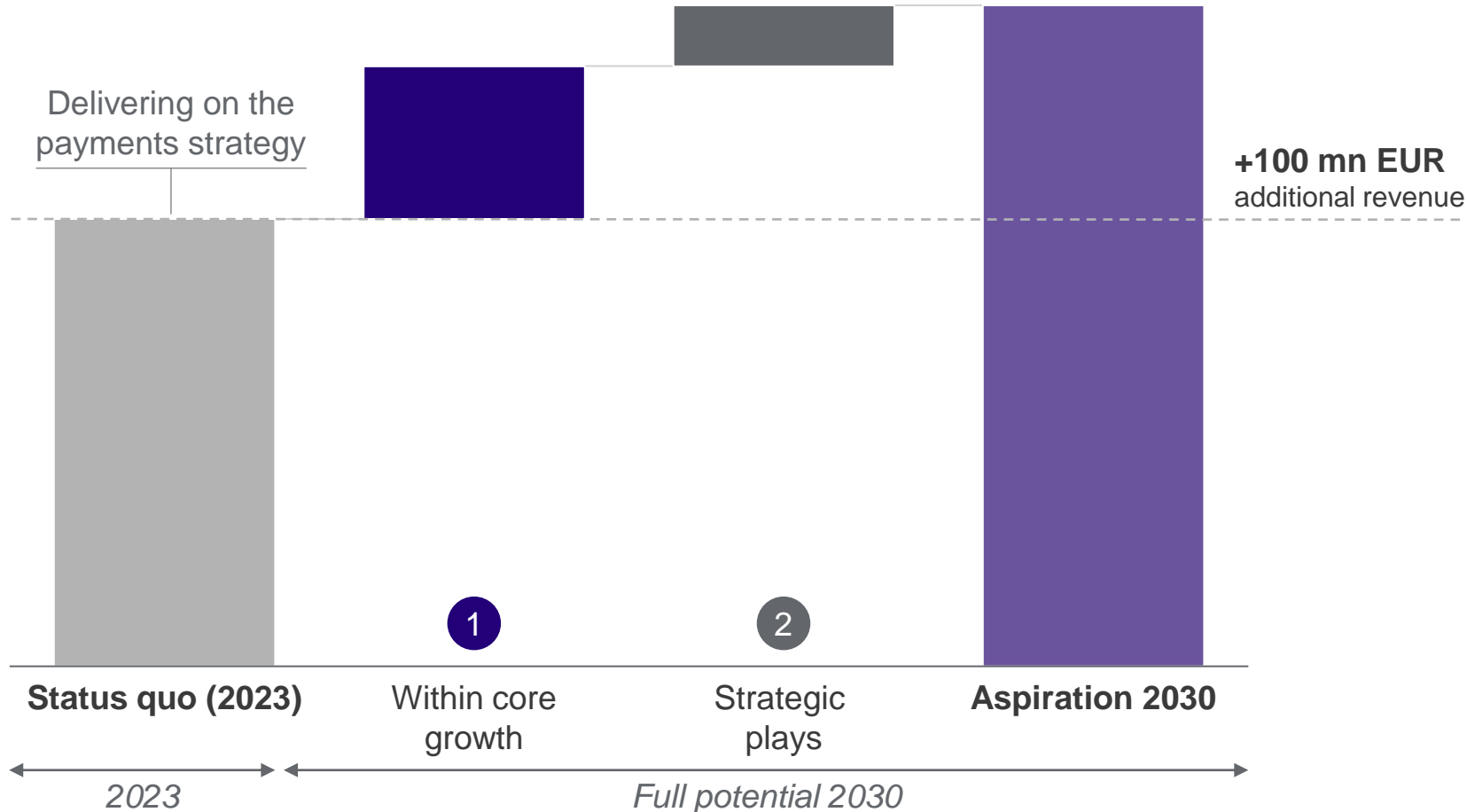
>80%

mobile active by 2030

Group Payments

Generate >100m EUR add. revenue from core innovations and 2 strategic plays

NLB Group Payments revenue, 2023-30, EUR mn



- 1 'Within core growth'**
Accelerate payment specific offering
 - 2 Strategic plays**
'Attack' 2 strategic plays (cash transition and customer loyalty)
- ! Joint "one-bank" strategic priorities**
Cross-boarder payments, cash management platform for CIB)

Group Payments

Our focus will be on six strategic initiatives

Strategic plays

1. Cash transition

Encourage use of digital payments and alternatives, while optimizing the use of cash transactions (for example in branches) and the operating model



2. Customer stickiness

New Group-wide loyalty solution, incentivizing digital migration and customer steering, potentially expanding further externally



Within core growth (BU initiatives)

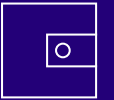
3. Merchant acquiring

NextGen services for merchant offering (driving technological advances) 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



Operating platform

5. Digital operating platform

Competitive platform (e.g., NLB Pay) with breadth of offerings aggregating and enabling all strategic initiatives, built on the foundations of group-wide collaboration and synergies




6. Partnerships

Build up and evolve broader universe across technology, sales & distributions and value-added services for merchant acquiring, issuing and loyalty



Group Payments

This will drive a change across dimensions

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