



NLB Group presentation – H1 2018 results

September 2018



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Introduction

NLB's Management Board



BLAŽ BRODNJAK



*Chief Executive Officer (CEO)
Chief Marketing Officer (CMO)*

- Led NLB's restructuring since Dec-12
- Over 19 years of experience in financial services, including senior positions at Bawag, Raiffeisen, Triglav and Hypo Alpe Adria



ARCHIBALD KREMSE



Chief Financial Officer (CFO)

- Led NLB's restructuring since Jul-13
- Over 19 years of experience in financial services, including senior positions at Ernst & Young and Dexia-Kommunalkredit Group



ANDREAS BURKHARDT



Chief Risk Officer (CRO)

- Led NLB's restructuring since Sep-13
- Over 19 years experience in financial services, including senior positions at Volksbank



LÁSZLÓ PELLE



Chief Operating Officer (COO)

- Joined NLB in Oct-16
- Over 21 years experience in financial services, including senior positions at Erste, HSBC and Citigroup

✓ *Team has led NLB's restructuring since 2013*

✓ *Over 80 years of combined experience in financial services*

✓ *Proven track record in the CEE banking sector*

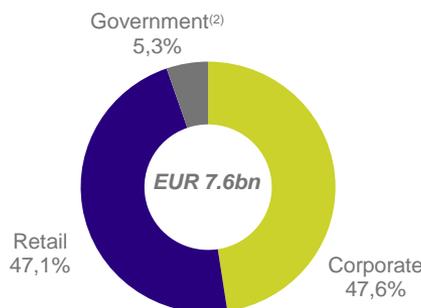
Overview of NLB Group

- ✓ **The largest banking and financial institution in Slovenia by total assets**
 - ✓ 23.2% market share by total assets (as of Jun-18)
- ✓ **Active in Slovenia and 6 attractive markets⁽¹⁾ in South-Eastern Europe with combined population of 15m (combined with Slovenia 17m)**
 - ✓ Top-3 position in 3 markets by total assets
- ✓ **Substantial turnaround in operational profitability and asset quality since 2013**
 - ✓ ~14% reduction in operating costs (FY'13-FY'17)
 - ✓ 8.3% NPL ratio in Jun-18 vs. Dec-12 peak of 28.2%
- ✓ **Attractive dividend payout ratio**
 - ✓ 48% of 2015 NLB Group net profit paid out in 2016
 - ✓ 58% of 2016 NLB Group net profit paid out in 2017
 - ✓ In September 2018, NLB applied to the ECB for formal approval for the distribution of dividends from retained earnings of NLB d.d. from fiscal year 2017 and retained earnings from previous years of NLB d.d. NLB also applied for the inclusion of the NLB's semi-annual profit in its CET1 capital on both the individual and consolidated basis.

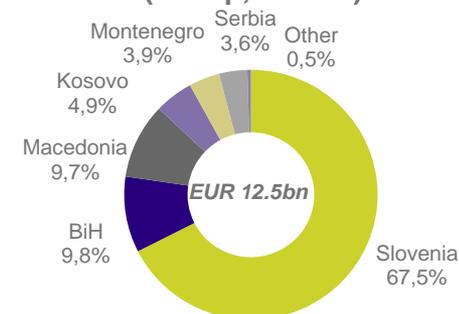
Key figures

Balance sheet (EURm)	Jun-17	Dec-17	Jun-18	Δ y-o-y
Total assets	12,070	12,238	12,516	+4%
Loans to customers (net)	6,974	6,994	7,059	+1%
Customer deposits	9,491	9,879	10,018	+6%
Attributable equity	1,538	1,654	1,797	+17%
P&L (EURm)	H1'17	FY'17	H1'18	Δ y-o-y
Net interest income	149	309	152	+2%
Pre provision income	102	204	103	+1%
Profit after tax	118	225	105	-11%
Key ratios (%)	H1'17	Dec-17	H1'18	Δ y-o-y
CET1 ratio	16.5%	15.9%	18.7% ⁽⁵⁾	+2.2pp
NPL ratio	12.6%	9.2%	8.3%	-4.3pp
NPL coverage ratio	76.1%	77.5%	73.7%	-2.4pp
C/I ratio	57.7%	58.3%	57.6%	-0.1pp
RoE after tax ⁽⁴⁾	15.5%	14.4%	12.1%	-3.4pp

Gross loans by customer (Group, Jun-18)



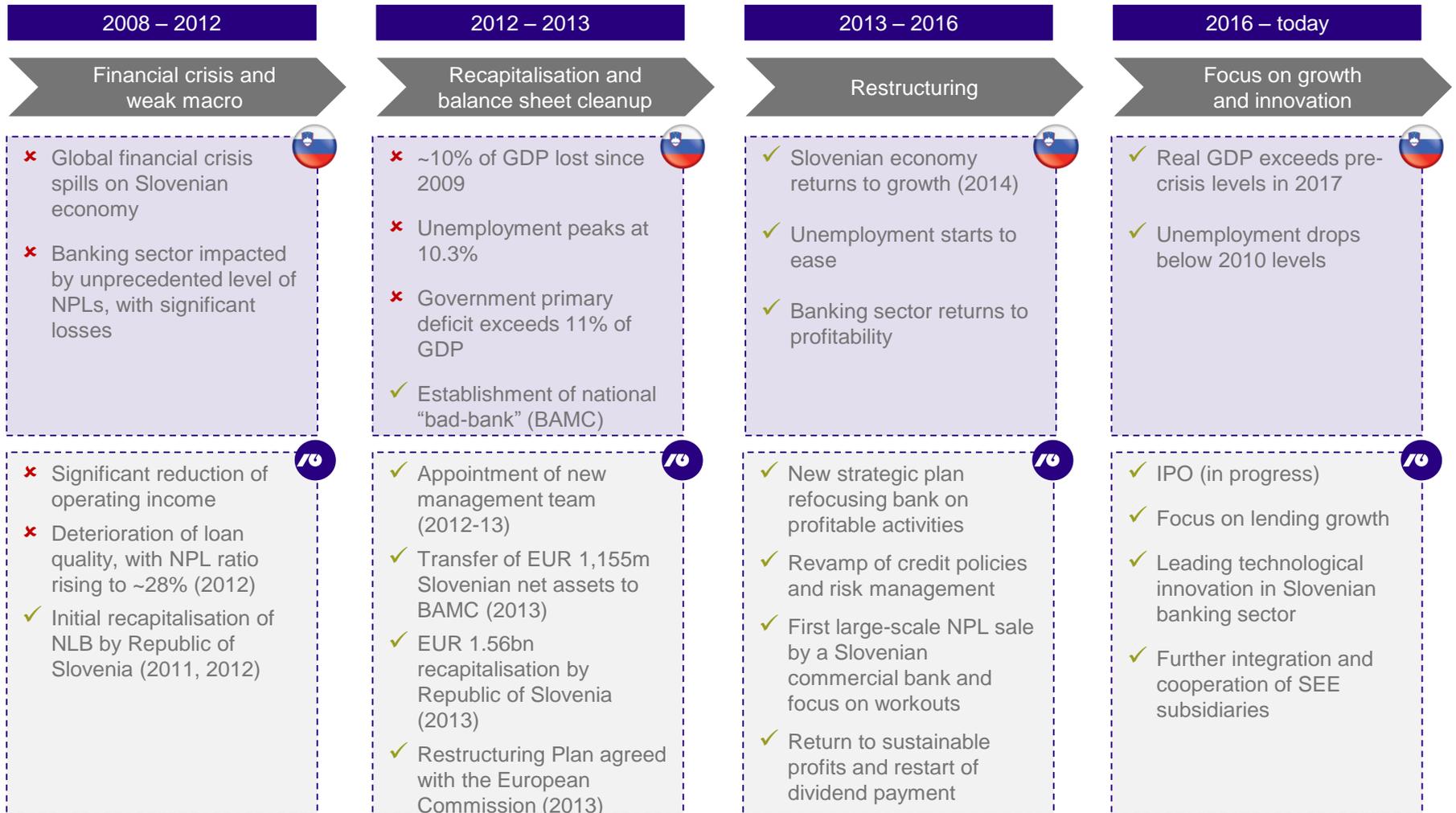
Total assets by country (Group, Jun-18)⁽³⁾



Source: Company information, Bank of Slovenia

Note: (1) Macedonia, The Federation of Bosnia and Herzegovina, Republika Srpska, Kosovo, Montenegro and Serbia; (2) Government departments, municipalities and agencies; (3) Geographical analysis based on location of assets of the NLB Group; (4) H1'17 and H1'18 based on annualised figures; (5) Including undistributed dividend (EUR189.1m), positive effect from implementation of IFRS 9 (EUR 43.8 million for NLB Group) and conclusion of transitional arrangements relevant until the end of 2017

Demonstrated significant improvement since financial crisis

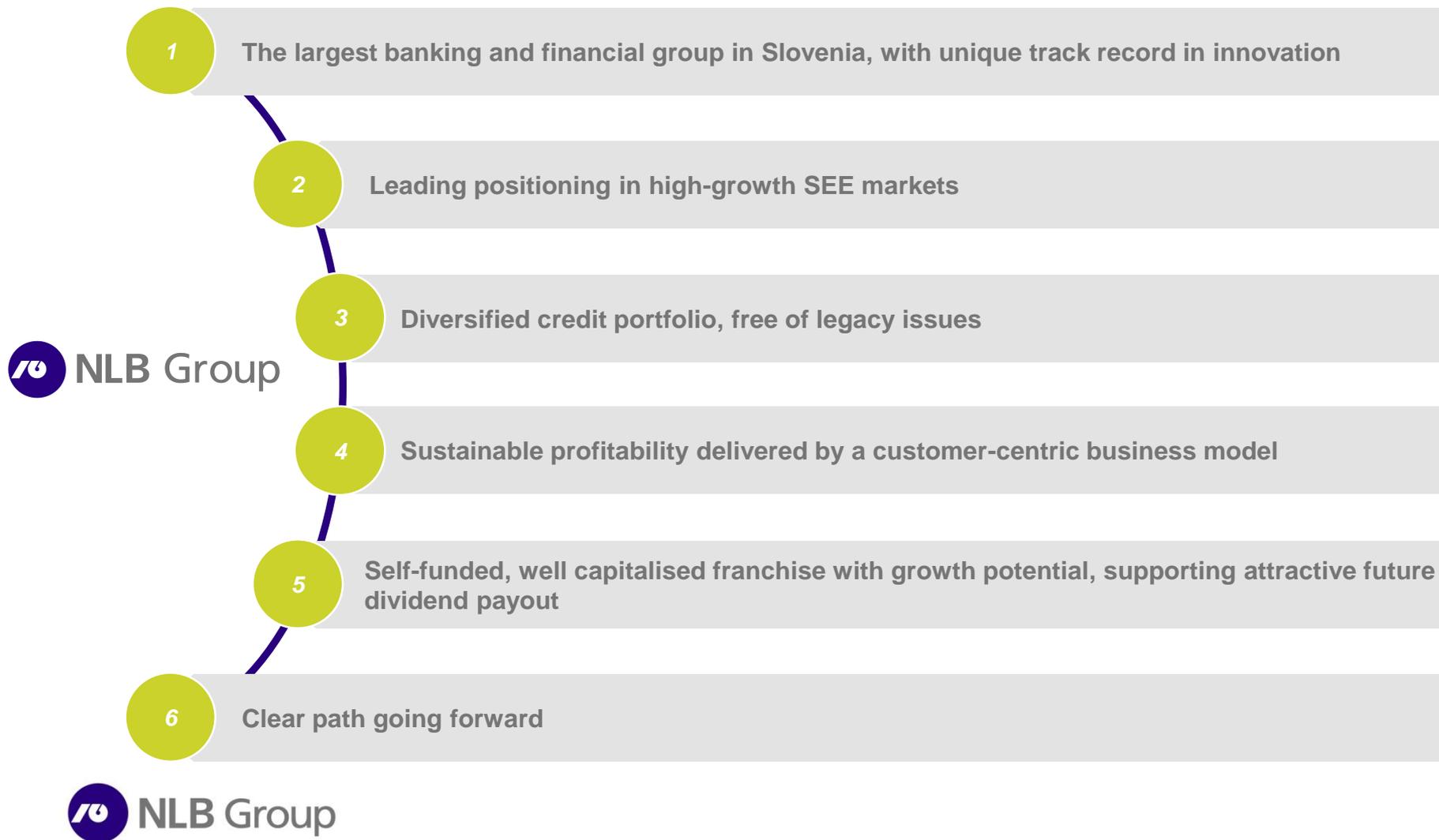




Investment highlights

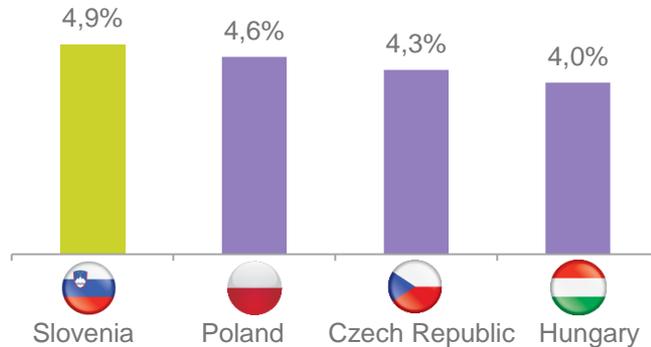
Investment highlights of NLB Group

National champion in Slovenia and among top players in selected SEE markets

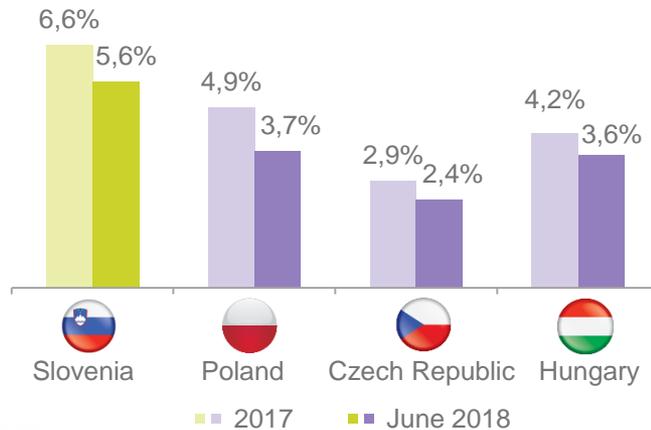


1 Slovenian macro environment supporting banking sector

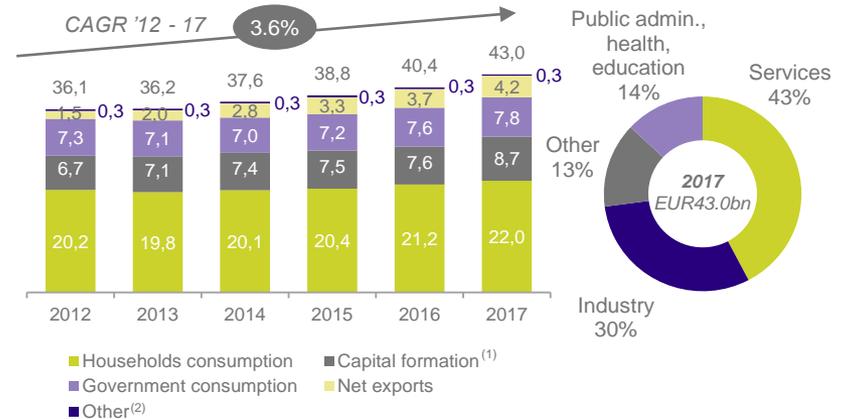
Real GDP growth (2017)



Reduced unemployment rate



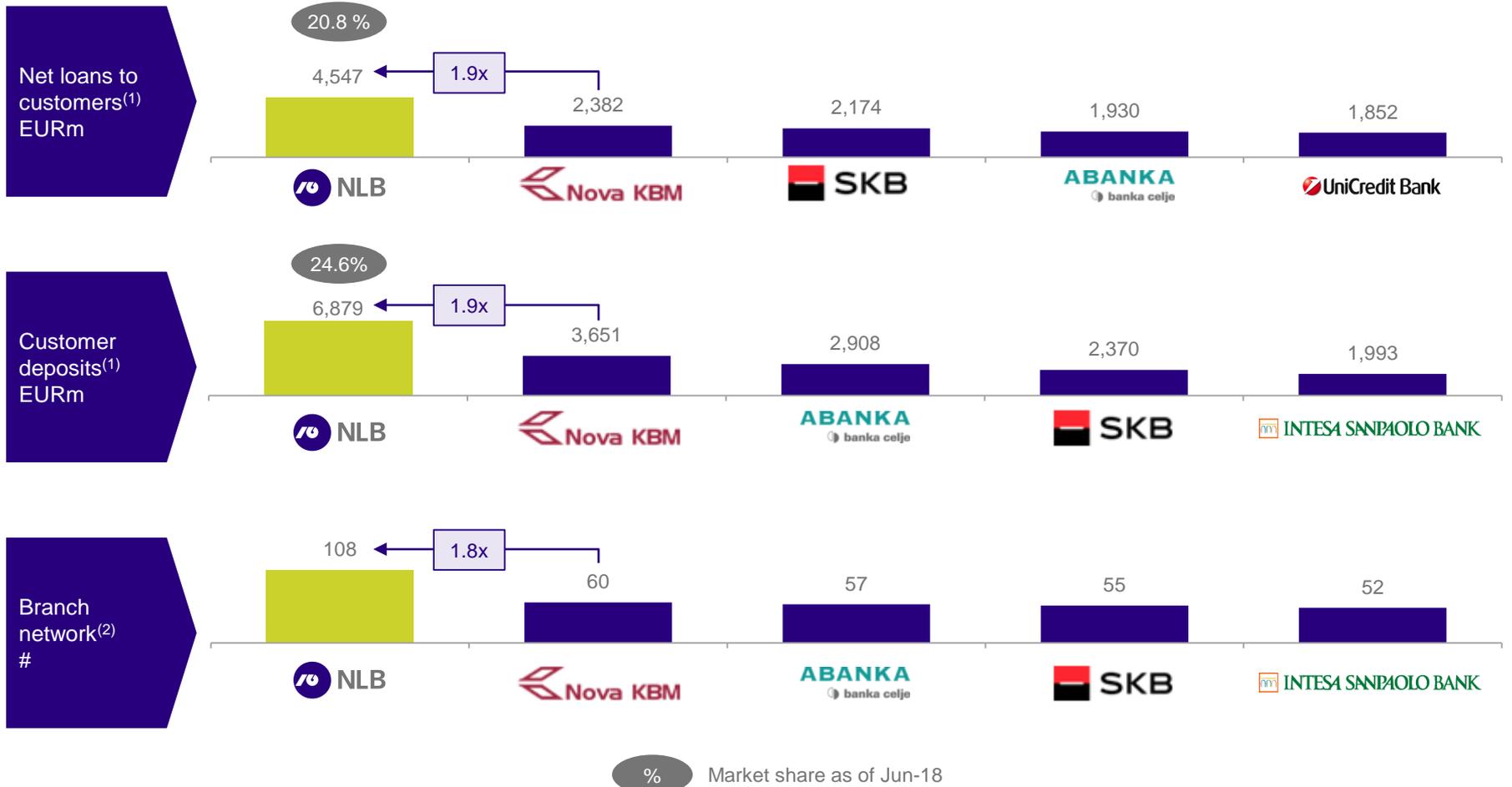
Nominal GDP by source and activities (EURbn)



- Solid real GDP growth achieved in 2017 (+4.9% y-o-y), ahead of other CEE economies
- Y-o-Y growth in 2017 vs 2016 driven by increased gross capital formation (+13.2%) and households consumption (+1.9%), with consistent improvement in net exports (+13%)
- Economic recovery continued to lead reduction in unemployment, reaching its lowest level since 2008

1 Dominant player in the Slovenian banking sector

Market leader across products in Slovenia



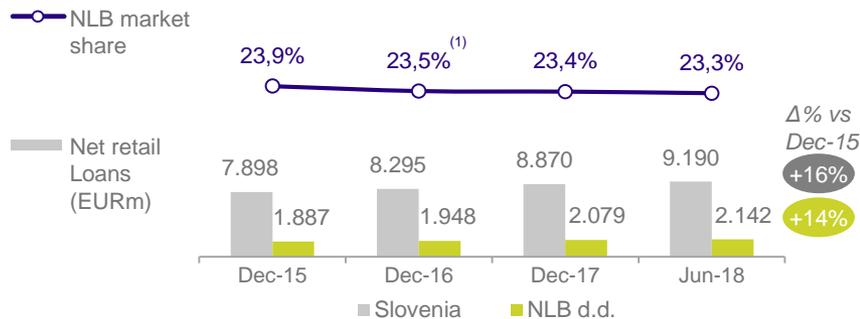
Source: Net loans, deposits and branches as per Company information; Market shares calculated based on respective aggregates of Bank Of Slovenia
 Note: (1) Net loans and deposits from non-banking sector for NLB as at 30 June 2018, other banks as at 31 March 2018 (latest available); (2) Branches: NLB as at 30 June 2018; other banks as at 31 December 2017

1 Dominant player in the Slovenian banking sector

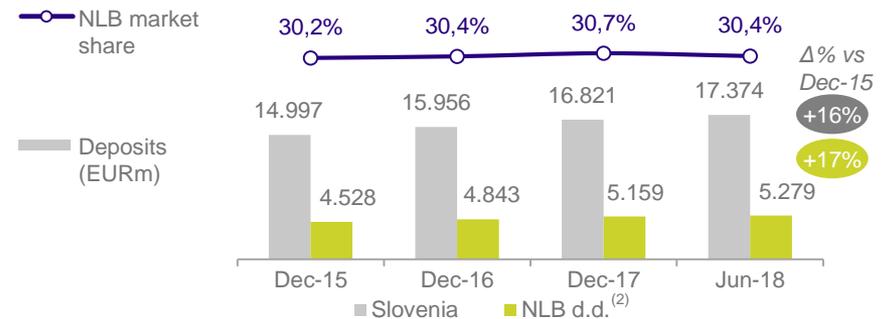
Retail banking

High and stable market shares across products in Retail segment

Retail net loans in Slovenia

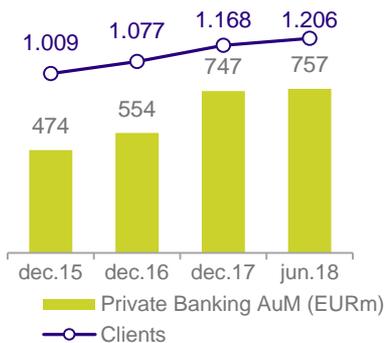


Retail deposits in Slovenia

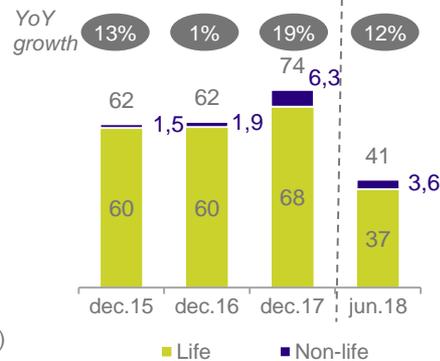


Upside from fee generating products

NLB Private banking offering



NLB bancassurance GWP (EURm)



- Improving macro and low household indebtedness (21% GDP in 2015) driving retail banking growth
- #1 player in Private Banking⁽³⁾
 - Limited competition and strong cross-selling capabilities with bancassurance and asset management
- #1 player in Slovenian asset management⁽⁴⁾
 - AuM of EUR1.25bn as of Jun-2018 including investments in mutual funds and discretionary portfolios
- Growing bancassurance business across products
 - Life: NLB Vita has reached 14.8% market share by GWP, becoming #3 largest player in the Slovenian market as of Jun-18
 - Non-life: Solid growth, in partnership with #3 non-life company (Generali)



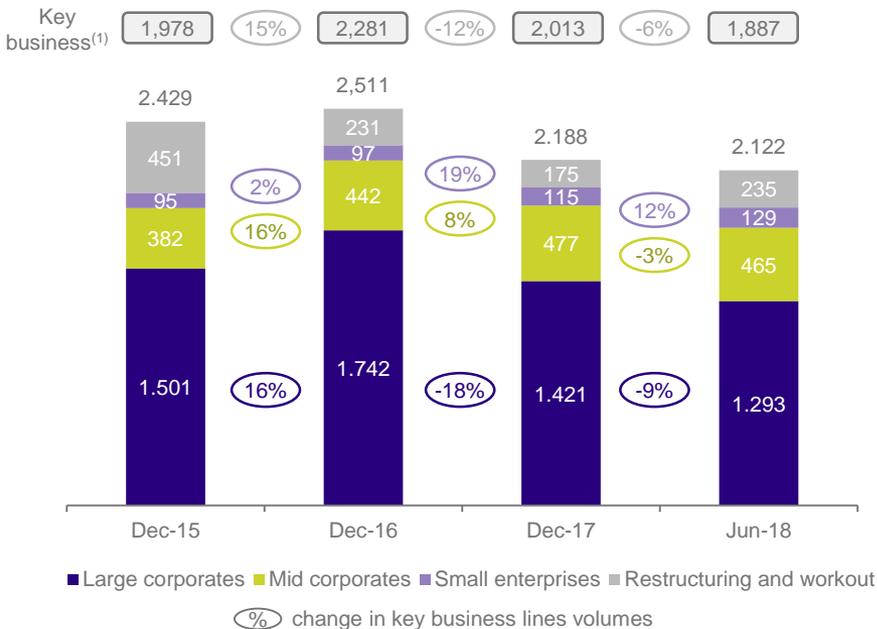
Source: Bank of Slovenia, Company information, Slovenian Fund Management Association

Note: All figures refer to full year ending 31-Dec unless stated otherwise; (1) Excluding the NPL sale effect of EUR27m net; (2) Excludes deposits of foreign persons; (3) Company information; (4) By AuM (Slovenian Fund Management Association)

1 Dominant player in the Slovenian banking sector

Corporate banking

Strong growth in Mid Corporate and Small Enterprise loans (gross loans, EURm)



- Largest bank in the country with the high capacity to lend to and service large clients
 - Serves ~18k corporate clients as of Jun-18
- Competitive advantage in SME market due to largest branch network fueled the growth in Mid Corporate and Small Enterprises
- Large Corporate portfolio has declined since 2016 mainly due to EC commitments that involve:
 - a ban cross-border lending; and
 - impose RoE targets, affecting NLB ability to participate in recent issuance by State-owned enterprises
- Once the restrictions are lifted NLB would be able to explore these and other opportunities to restore a healthy growth in Large Corporate segment

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

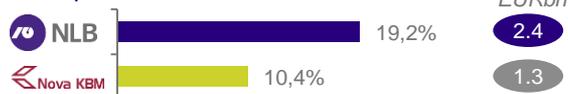
12.7k⁽³⁾
POS terminals

36% mkt share⁽³⁾
in merchant acquiring

EUR16.1bn
assets under custody⁽⁴⁾

Leading market share across products⁽²⁾

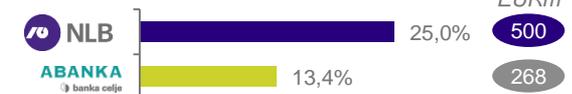
#1 in corporate and state loans



#1 in corporate and state deposits



#1 in guarantees and letters of credit



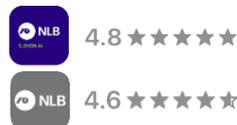
Source: Bank of Slovenia, Company information

Note: All figures refer to full year ending 31-Dec unless stated otherwise; (1) Key business excludes restructuring and workout; (2) As of Mar-18; (3) As of Jun-18; (4) Investment banking & Custody as of Jun-18

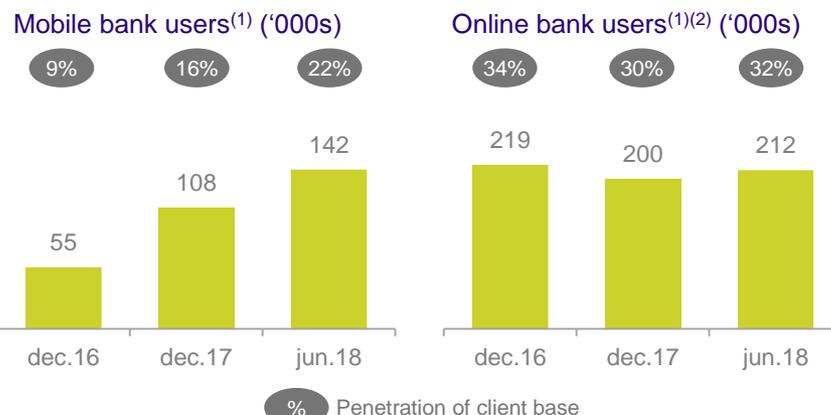
1 Unique track record of innovation

The pioneer of banking innovation in Slovenia

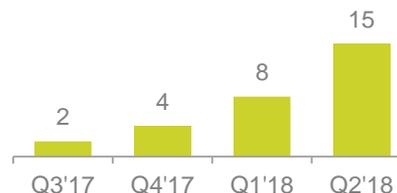
-  **First** Slovenian bank to launch **contactless cards**
-  **First** Slovenian bank to launch **contactless ATMs**
-  **Unique** **chat and video call** helpdesk functionalities
-  **Only** bank with **omnichannel 24/7 support** (through phone, chat and video call)
-  **Only** bank with **fully mobile express loan capabilities** (Consumer & SME)
-  **Top-ranked financial apps** on App Store and Google Play



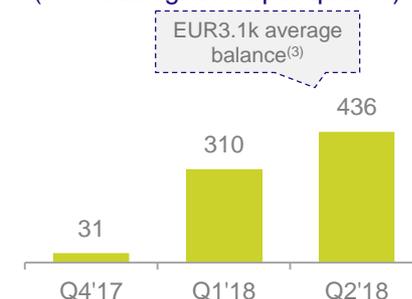
Demonstrated success in moving to digital



Increased use of chat and video call functionality ('000s of contacts)



Express loans through mobile app (# of loans granted per quarter)



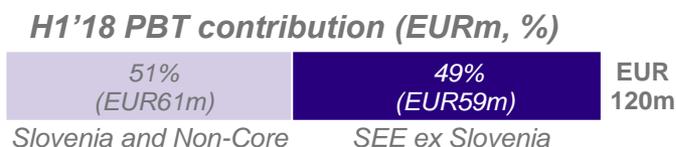
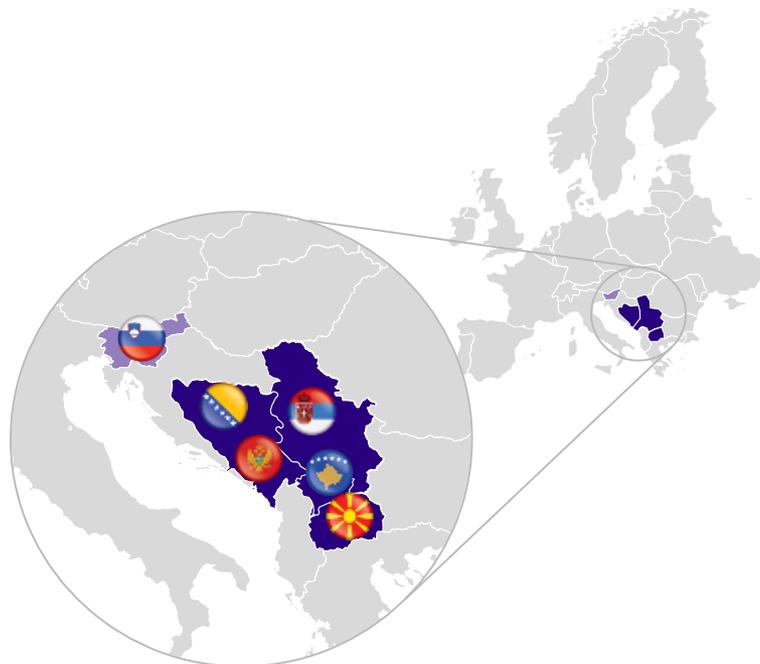
Note: All figures are for Slovenia
 (1) Individual users (Klikin and NLB Klik); (2) In Jul-2017 ~30,000 inactive NLB Klik users systematically eliminated; (3) Average for total period of implementation from Dec-17 to Jun-18

2 Present in attractive high-growth markets in SEE, offering significant convergence potential

Slovenia	EUR
GDP (EURbn)	43.0
Real GDP growth (%)	4.9
Population (m)	2.1
Household indebtedness ⁽⁴⁾	23%

Bosnia and Herzegovina ⁽²⁾	EUR ⁽³⁾
GDP (EURbn) ⁽¹⁾	16.0
Real GDP growth (%)	3.1
Population (m)	3.5
Household indebtedness ⁽⁴⁾	28%

Montenegro	EUR
GDP (EURbn)	4.2
Real GDP growth (%)	4.3
Population (m)	0.6
Household indebtedness ⁽⁴⁾	27%



Serbia	RSD
GDP (EURbn) ⁽¹⁾	36.8
Real GDP growth (%)	1.9
Population (m)	7.0
Household indebtedness ⁽⁴⁾	20%

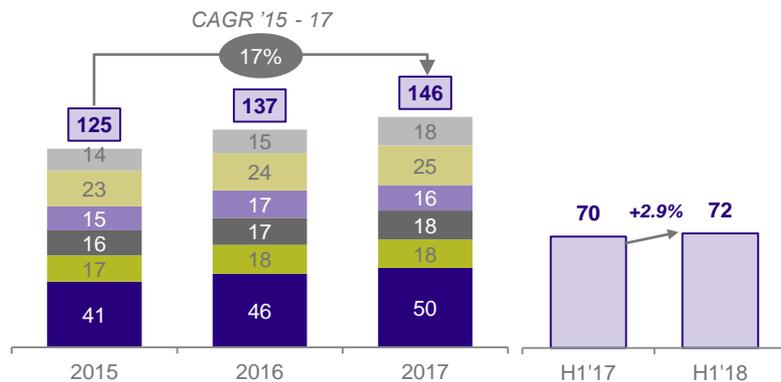
Kosovo	EUR
GDP (EURbn)	6.3
Real GDP growth (%)	3.7
Population (m)	1.8
Household indebtedness ⁽⁴⁾	14%

Macedonia	MKD
GDP (EURbn) ⁽¹⁾	10.1
Real GDP growth (%)	0.0
Population (m)	2.1
Household indebtedness ⁽⁴⁾	23%

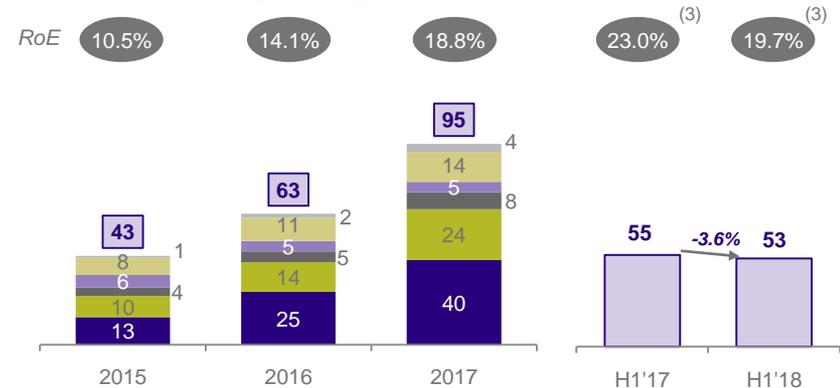
Aggregate metrics (excl. Slovenia)	EUR 73.4bn nominal GDP	15.0m population	EUR-denominated 3 of 5 countries ⁽³⁾
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2 Consistent volume and revenue growth in International delivering 20% RoE⁽³⁾ in H1'18

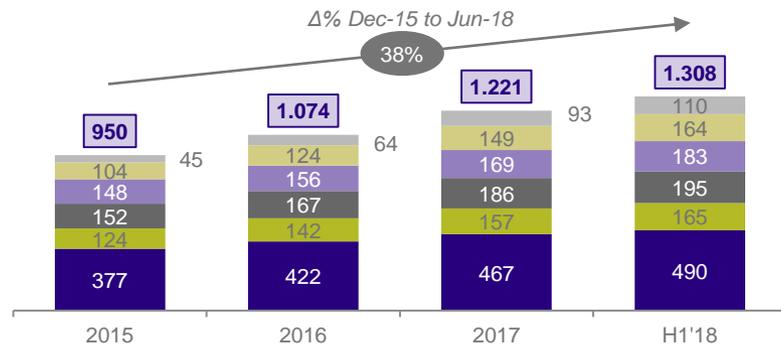
Net interest income (EURm)



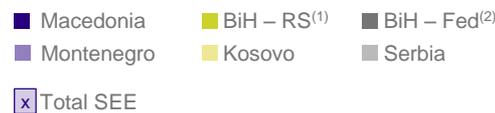
Profit after tax (EURm)



Net retail loans (EURm)



Net corporate loans⁽⁴⁾ (EURm)



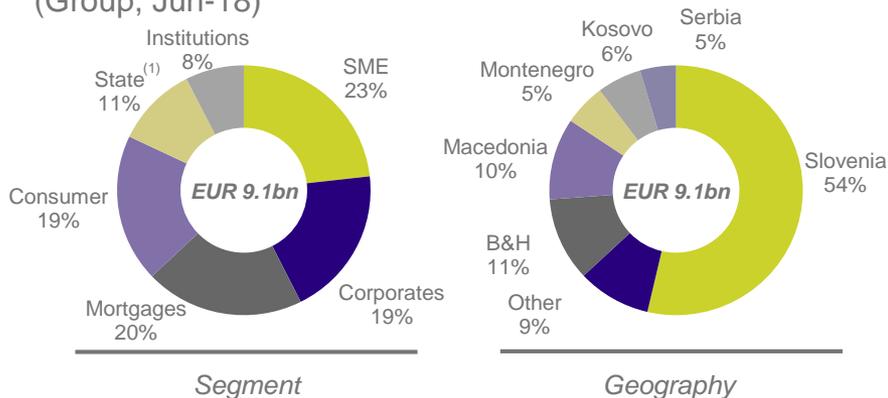
Source: Company disclosure

Note: Figures represent simple sum of individual financials from core foreign banks only (SPV in Serbia and Montenegro are excluded) excluding consolidation adjustments; (1) Republika Srpska; (2) Federation of BiH; (3) Annualised figures; (4) State loans are included

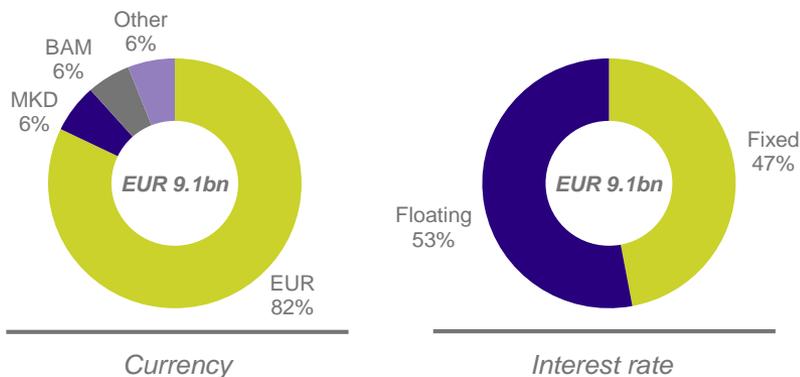
3 Diversified loan portfolio

Focused on its core markets and cautious risk taking

Credit portfolio by segment and geography
(Group, Jun-18)

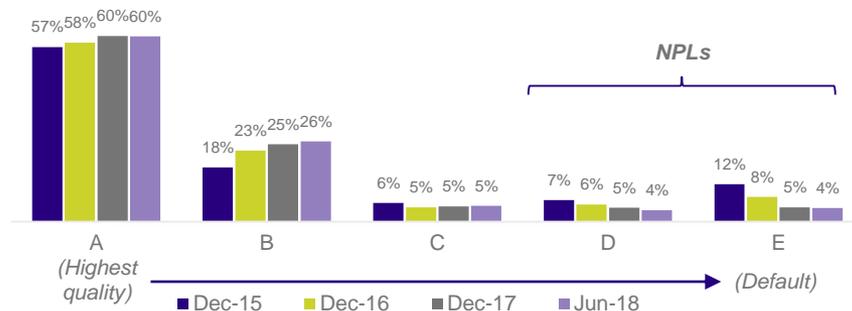


Credit portfolio by currency and rate type
(Group, Jun -18)



- **No large concentration** in any specific industry or client segment
- **NLB's lending strategy** focuses on its core markets of retail, SME and selected corporate business activities
- **Credit business** restricted for certain business sectors as part of DG Comp commitments (construction, transport and financial holdings)
- Great emphasis is also placed on **further improvement of credit portfolio**
 - Intensive and proactive handling of problematic customers
 - Changes in the credit process
 - Early warning system for detecting increased credit risk

Improving structure of credit portfolio by client credit ratings (Group)⁽²⁾



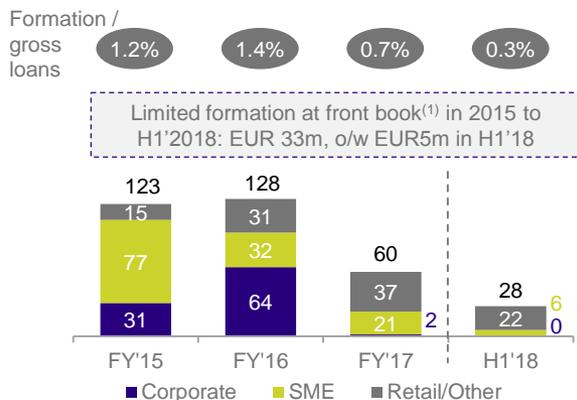
Source: Company information

Note: (1) State includes exposures to central banks; (2) Rating A, B and C are performing exposures. Rating A: investment grade clients with high financial stability; Rating B: clients with high ability to repay their obligations, a significant aggravation of the economic environment would cause problems to them; Rating C: performing clients with increased level of risk who may encounter problems with settlement of liabilities in the future; Rating D and E are NPLs: Default clients (article 178 of CRR), including clients in delay >90days and other clients considered 'unlikely to pay' with delays below 90 days. Numbers may not add up to 100% due to rounding

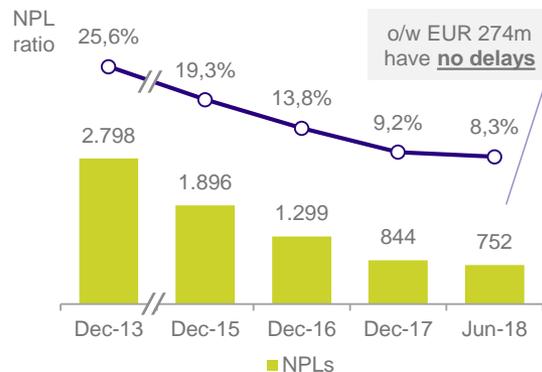
3 NLB has achieved a **turnaround in asset quality**

Further improvements driven by active NPL management and economic recovery

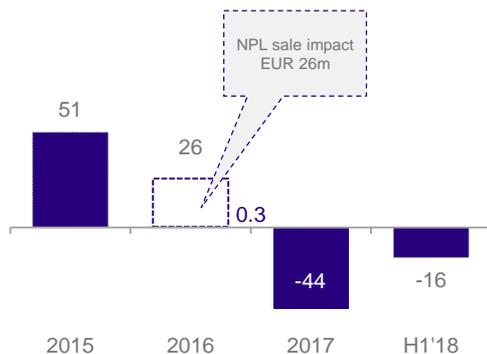
Gross NPL formation has been low since 2014 (Group, EURm)



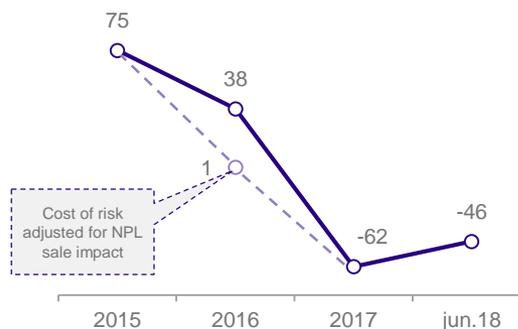
Active workout drove gross NPL ratio down despite falling loan volumes (Group, EURm)



Low NPL formation drove normalisation of loan provisions (Group, EURm)⁽²⁾



Record low cost of risk (Group, %)



Reduction of NPLs remains a key focus

- Gross NPLs at Group level reduced by EUR 93m in H1'18
- Positive momentum expected through active portfolio management and macro recovery

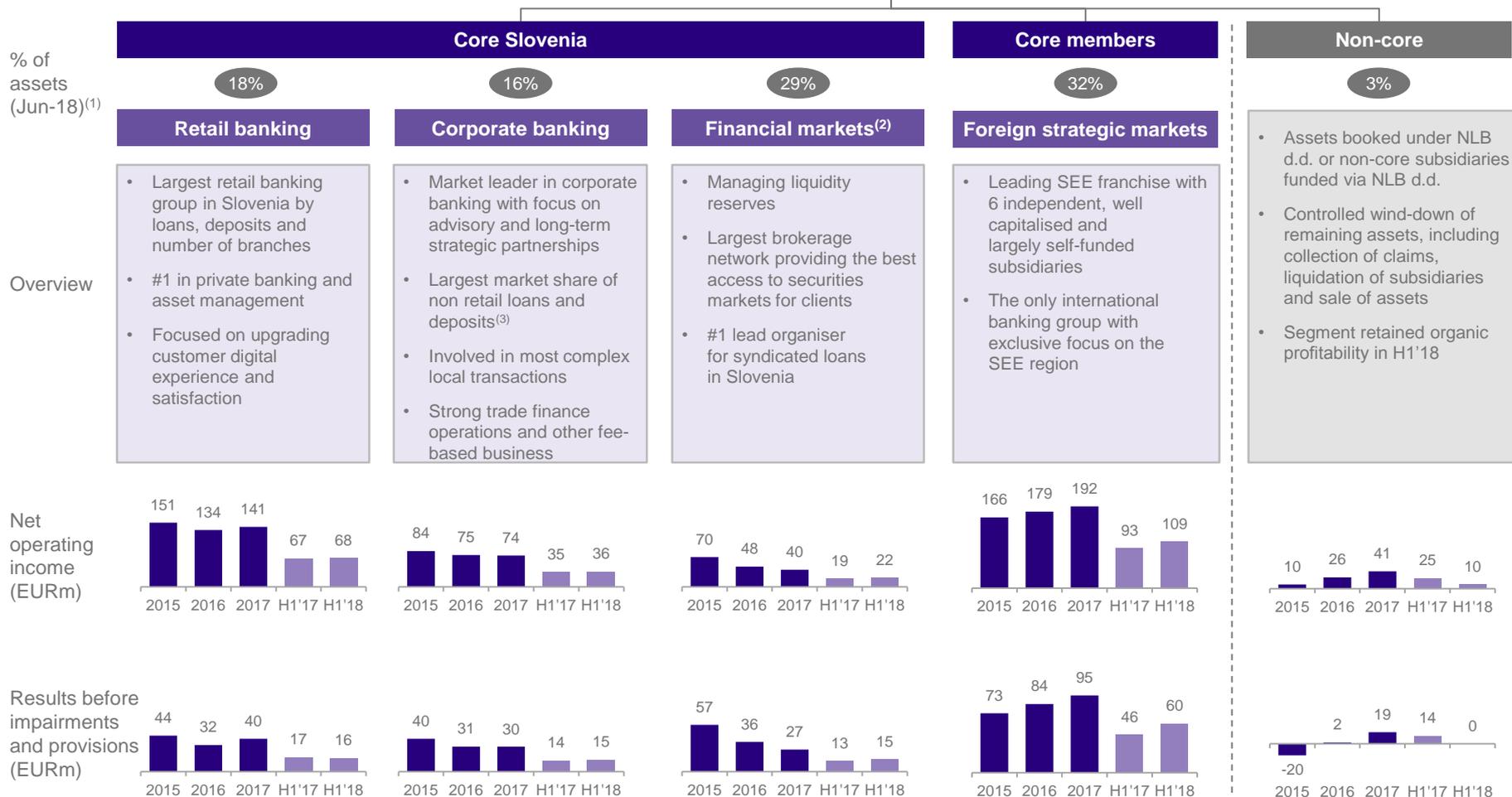
High coverage of NPLs

- Coverage ratio remained high in Jun-18 at 74% despite release of pool provisions in H1'17 and YE'17 post IFRS9 implementation
- Total coverage ratio (cash and collateral) remained high in Jun-18 at 141%

Active approach to NPL management

- Strong emphasis on restructuring (over 61% of NPLs in restructuring process), with increasing use of other active NPL management tools (foreclosure of collateral, sale of claims, active marketing and sale of pledged assets)

4 Group refocused on profitable activities

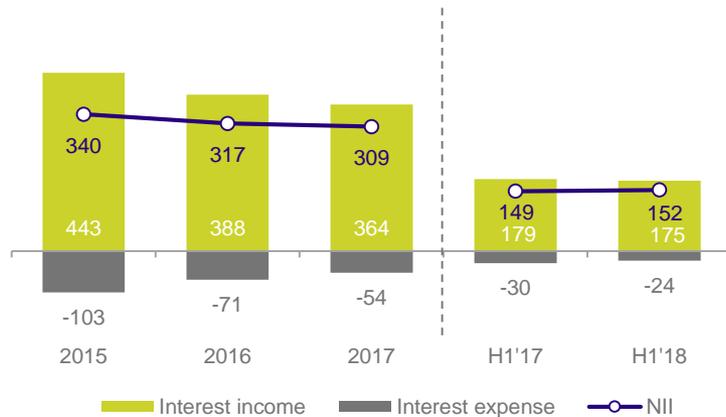


Source: Company information

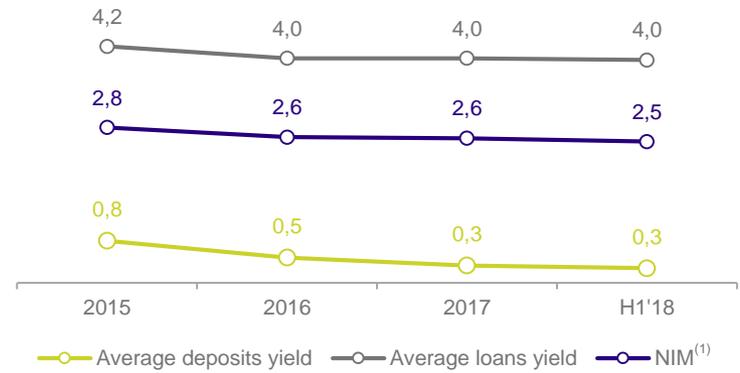
Note: (1) Other activities 2%; (2) All numbers include Investment Banking; (3) As per Bank of Slovenia and internal calculations as of 31-Mar-2018

4 Strong revenue performance driven by stable NIM and resilient fee income

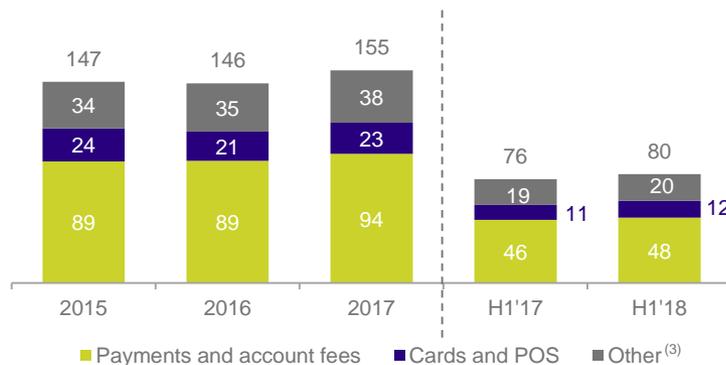
Lower reinvestment rate compared to assets maturing resulting in decreasing net interest income (Group, EURm)



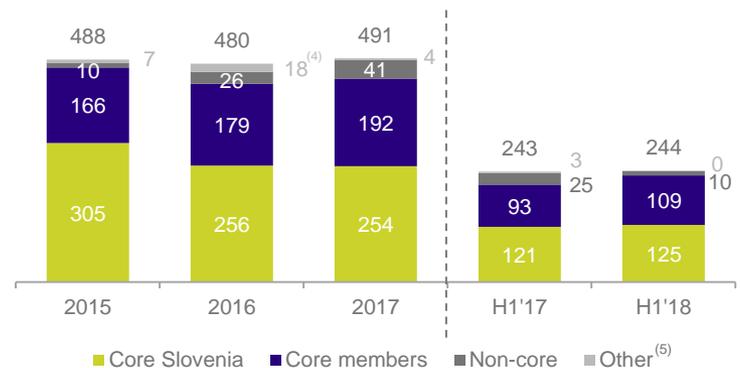
Stable NIM (Group, %)



Net fee income growing y-o-y supported by improvement in ancillary products and payments (Group, EURm)



International supporting revenue in the core operations (Group, EURm)⁽²⁾

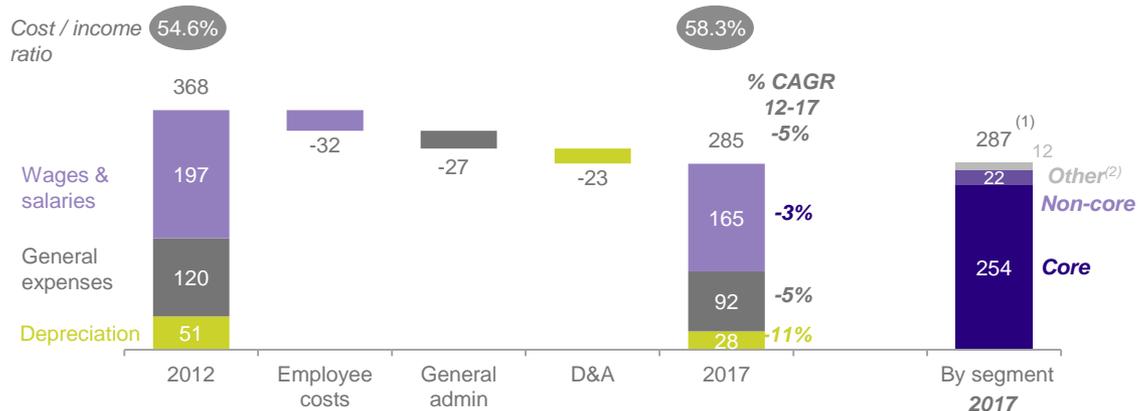


Source: Company information

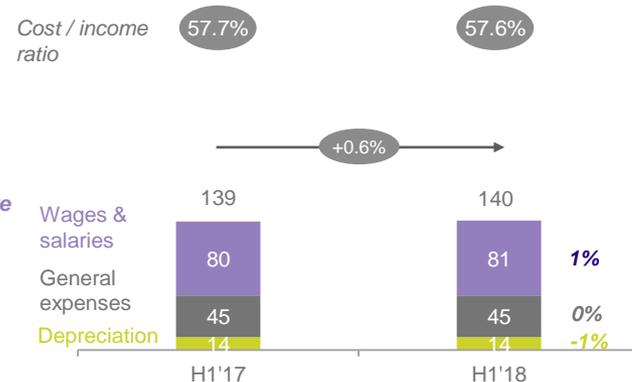
Note: (1) Based on interest bearing assets; (2) The sum of net revenues and costs of the segments is greater than items from the consolidated income statement of the NLB Group, difference results from the activities between the segments which are netted on the Group level. Consolidation adjustment amounts to EUR0.9m in H1'18, EUR1.4m in H1'17, EUR2.5m in 2017, EUR4.0m in 2016 and EUR3.9m in 2015; (3) Includes investment funds, guarantees, investment banking, insurance products and other services; (4) Includes income from sale of Visa share; (5) Other activities include categories in Bank whose operating results cannot be allocated to individual segments. They include revenues from external activities (IT and Cash services for other banks)

4 Continuous cost reduction since 2012

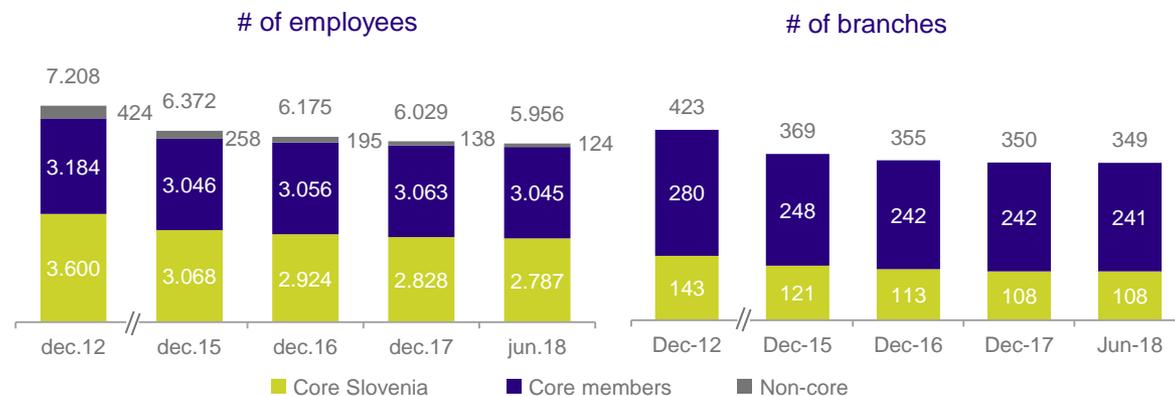
Operating expenses reduction (Group, EURm)



...with stable costs in H1'18 (Group, EURm)



Employees and branches evolution – stronger rationalisation in tougher Slovenia market (#)



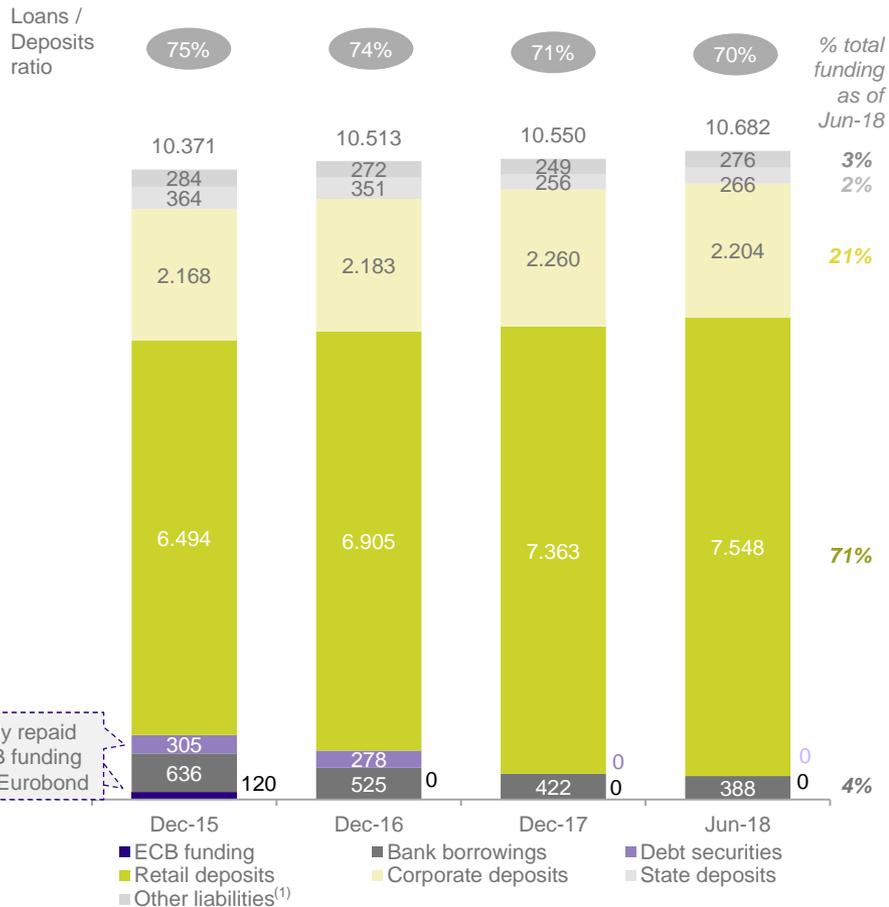
- Headcount dropped by 17% over 2012-H1'18 driven primarily by Slovenia core & non-core
- Ongoing closures of unprofitable branches
- Ongoing initiatives to retain customers from closed branches by offering relocation at attractive terms to next closest branch
 - In 2016 client departures from closed offices amounted to 5.3%, only slightly surpassing 4.8% NLB average churn
- Non-staff expenses decreased by 30% (e.g. optimisation of procurement management, optimisation of premises, decrease of non-core cost base due to divestments)



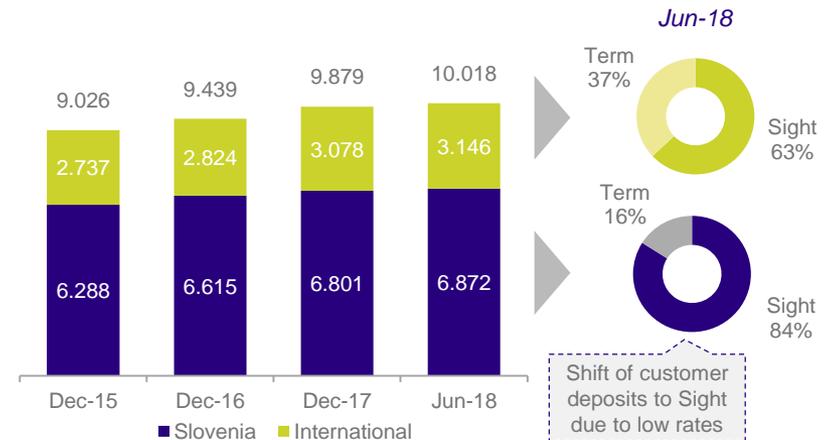
Note: (1) The sum of costs of the segments is greater than items from the consolidated income statement of the NLB Group, difference results from the activities between the segments which are netted on the Group level. Consolidation adjustment amounts to EUR2.5m in 2017; (2) Costs that cannot be allocated to other segments and consist mainly from restructuring costs and expenses of vacant business premises

5 Funding structure driven by stable and price insensitive deposit base

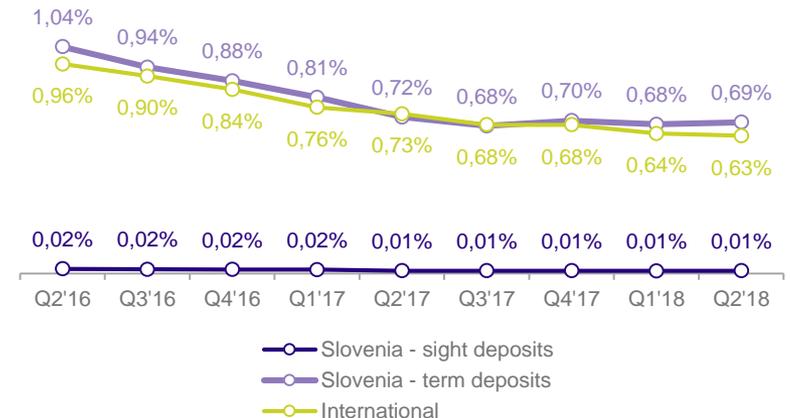
Deposits accounting for 94% of funding (Group, EURm)



Deposit split (Group, EURm)

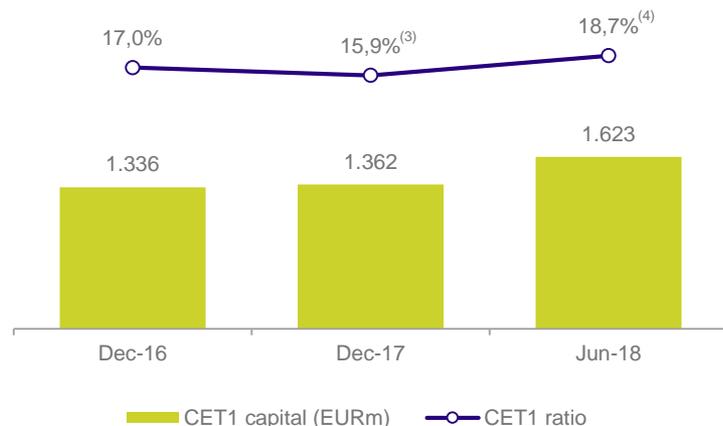


Focus on decreasing deposit yields in the region (%)



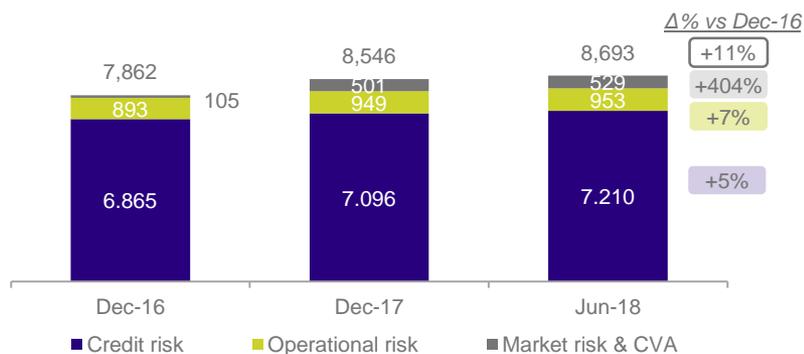
5 Well capitalised franchise with solid capital position...

NLB Group CET1 capital and CET1 ratio (Group, EURm)

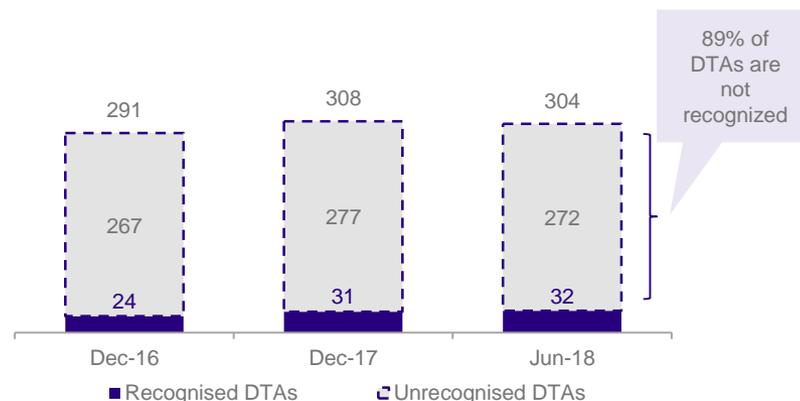


- Highest quality capital (CET1) at Group and NLB d.d.⁽¹⁾, reaching 18.7% in Jun-18
- Increase in credit RWAs in H1 2018 is mainly due to lower coverage by impairments and provisions resulting from transition to IFRS 9 and due to consumer and housing loans growth . Increase in market RWAs is mainly due to opening positions in domestic currencies of non-euro subsidiary banks
- In June 2018, the overall capital requirement (OCR) amounted to 13.375% for the Bank on the consolidated level, consisting of:
 - 11.50% total SREP capital requirement (TSCR) (8% Pillar 1 requirement and 3.50% Pillar 2 requirement) and
 - 1.875% CBR (1.875% Capital conservation buffer and 0% Countercyclical buffer)

RWA increase driven by retail lending and regulatory adjustments for SEE subsidiaries placements (Group, EURm)



Upside from DTAs⁽²⁾ (Group, EURm)



Source: Company information

Note: (1) NLB d.d. CET1 ratio amounted to 26.2% as of Jun-18; (2) NLB d.d. recognised DTAs in an amount that is expected to be reversed in the foreseeable future (i.e. within five years based on future profit projections); Out of EUR306m Dec-17 gross deferred tax assets of NLB, EUR 205m are generated from tax losses which can be used to reduce annual tax base of NLB by 50%; (3) Envisaging dividend payment in 100% profit after tax of the Bank (EUR 189m) and IFRS implementation effect (EUR 44m); (4) Including undistributed dividend (EUR189.1m), positive effect from implementation of IFRS 9 (EUR 43.8m for NLB Group) and conclusion of transitional arrangements relevant until the end of 2017

6 Clear strategy to address current challenges

Key challenges

Sector and regulation

- Regulatory interventions
- Further complexity through new regulations (MREL, Basel IV)
- Market consolidation

Macro

- Low interest rate environment
- Potential political and geopolitical risks

Social and consumer

- More demanding and knowledgeable clients
- Preference for digital channels

Products and technology

- Product competition from new, lower-cost entrants
- Enhanced customer insights through sophisticated data management
- Impact of social media

Key priorities

Focus on customer experience

- ✓ Omni-channel product distribution
- ✓ Partnership programmes
- ✓ End-to-end customer solutions



Optimised product offering

- ✓ Pricing optimisation
- ✓ Simplified product offering
- ✓ Further focus on fee-based products



Simplicity champion

- ✓ Operational optimisation
- ✓ Right sizing workforce
- ✓ IT transformation



Enhanced distribution

- ✓ Migration to digital channels
- ✓ Sales process optimisation
- ✓ Improved customer insight



Improved risk management

- ✓ Optimised risk processes
- ✓ Improved risk modelling
- ✓ Streamlined risk governance



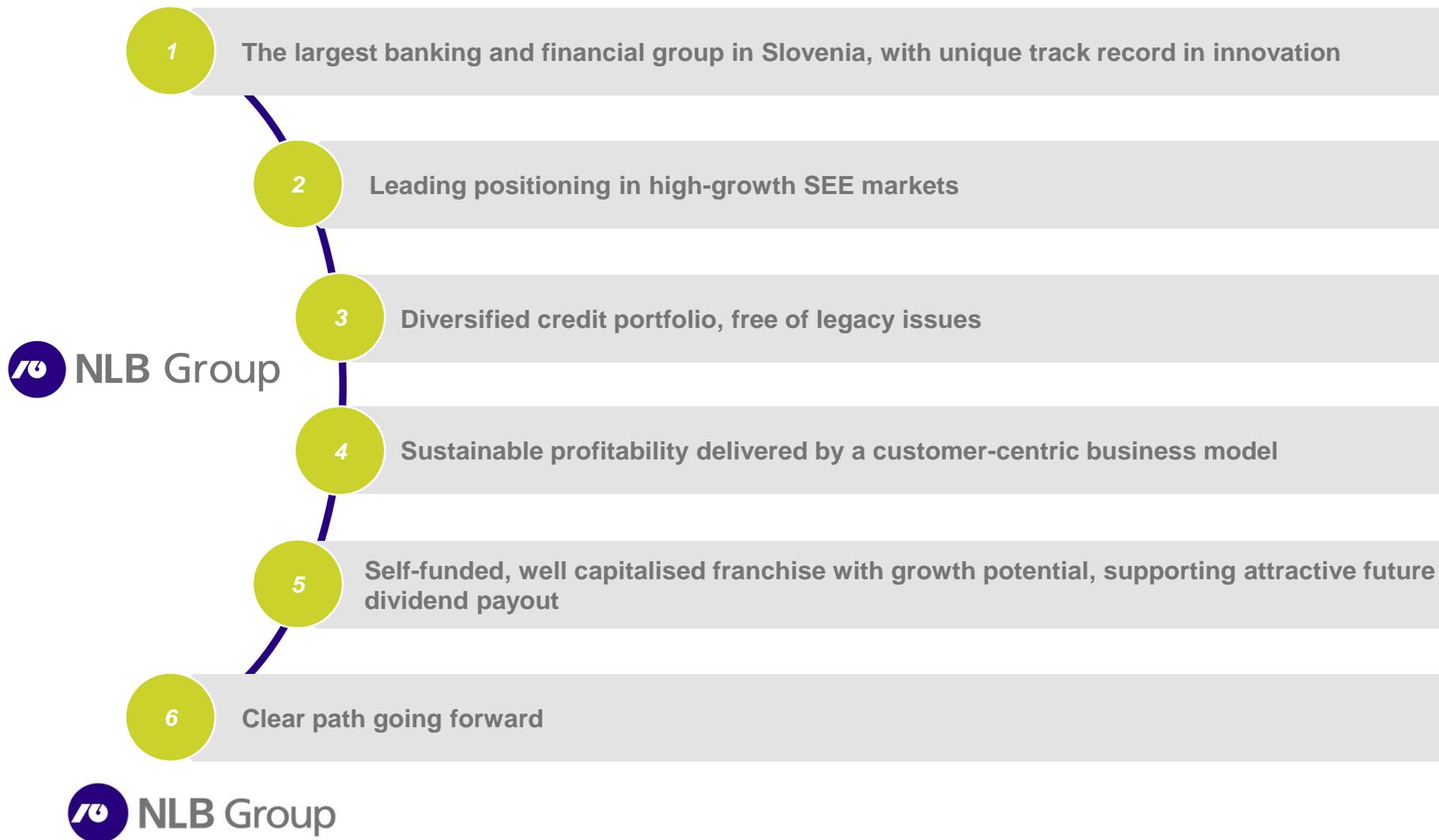
Regional specialist

- ✓ Exclusive strategic interest in and unique understanding of the region
- ✓ Consistent strategy across markets



Investment highlights of NLB Group

National champion in Slovenia and among top players in selected SEE markets





Appendix A

Additional materials

SEE banks continuing solid performance in H1'18

- ✓ Profitability improvement across all markets in SEE, with 23% pre-provision income growth y-o-y
- ✓ Growing credit portfolio in all markets, with aggregate deposits balance marginally up q-o-q
- ✓ Reversal of pool provisions represents EUR12m of total PBT increase

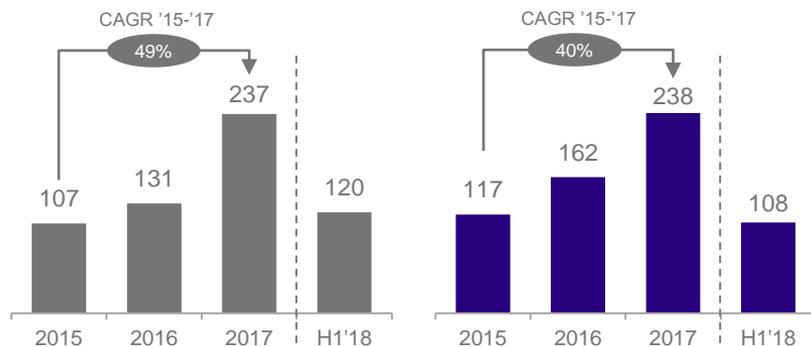
	NLB Banka Skopje 		NLB Banka Banja Luka 		NLB Banka Sarajevo 		NLB Banka Prishtina 		NLB Banka Podgorica 		NLB Banka Beograd 		Total core members ⁽¹⁾		
Ownership	87.0%		99.9%		97.0%		81.0%		99.0%		100%				
B/S (EURm)	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Δ
Total assets	1,236	1,231	670	693	531	548	584	616	457	469	371	417	3,849	3,974	3%
Net loans	797	817	349	368	333	351	387	444	265	290	239	284	2,370	2,554	8%
Deposits	1,005	982	533	557	428	436	507	531	360	367	260	287	3,093	3,160	2%
P&L (EURm)	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	Δ
NII ⁽²⁾	23.9	23.7	9.2	8.8	9.0	8.7	12.0	12.9	7.8	8.5	8.4	9.6	70.3	72.2	3%
NNII ⁽²⁾	6.2	16.1	4.6	5.3	3.6	4.1	2.1	2.3	2.6	2.7	1.7	1.7	20.8	32.2	55%
OpEx	-11.3	-12.2	-6.2	-6.5	-6.8	-7.0	-5.5	-6.0	-6.2	-5.9	-7.7	-8.7	-43.7	-46.3	6%
PPI	18.8	27.7	7.6	7.6	5.8	5.8	8.7	9.3	4.2	5.2	2.4	2.6	47.5	58.1	23%
PAT	20.7	22.6	15.7	9.8	4.0	5.5	7.9	7.4	2.4	5.5	4.2	2.5	55.0	53.2	-3%
Ratios	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	H1'17	H1'18	Δ
L/D	81%	83%	67%	66%	78%	80%	82%	84%	78%	79%	94%	99%	77%	81%	n/m
NIM	4.7%	3.9%	2.9%	2.6%	3.5%	3.2%	4.9%	4.3%	3.9%	3.9%	6.2%	5.1%	n/a	n/a	n/m
C/I	37%	30%	45%	46%	54%	55%	39%	39%	60%	53%	76%	77%	47%	45%	n/m
RoE ⁽³⁾	30%	25%	39%	22%	13%	15%	25%	22%	6%	16%	17%	8%	23%	20%	n/m

Double-digit increase in profit before tax since 2015

Normalising NLB Group profit before tax (Group, EURm)

Reported PBT

Normalised PBT



	2015	2016	2017	H1'18
Profit before tax	106.8	130.6	237.3	120.0

1	Exceptional items	-7.1	13.2	12.3	12.2
2	NPL Sale		-29.9		
	Restructuring provisions		-10.6	-8.6	
	Performance rewards			-3.0	
3	Restructuring expenses	-3.5	-3.8	-1.8	-0.1
	Total one-off items	-10.6	-31.2	-1.1	12.1

Profit before tax - normalised	117.3	161.8	238.4	107.9
Pre-provision profit	185.6	186.2	203.9	103.1
Pre-provision profit – normalised	196.2	180.9	195.5	91.0

One-off items

1 Exceptional items:

2018:

- EUR 12.2m gain on sale of the NLB Nov penziski fond, Skopje

2017:

- EUR 9.5m sale of non-core equity participation
- EUR 1.2m a court settlement with Zavarovalnica Triglav
- EUR 1.6m the sale of Czech factoring company

2016:

- EUR 7.8m gain on sale of Visa Europe to Visa Inc.
- EUR 5.5m success fee and gain on sale of equity investments

2015:

- EUR -10.6m exchange difference on CHF
- EUR 5.2m gain on sale of Republic on Slovenia bonds
- EUR -1.7m other items

2 Other items:

2017:

- EUR -3.0m performance rewards in NLB d.d.
- EUR -8.6m restructuring provisions

2016:

- EUR -10.6m restructuring provisions
- EUR -29.9m NPL sale impact: EUR -4.1m reduction of net interest income and EUR -25.8m additional loan loss provisions following the NPL portfolio sale

3 Restructuring expenses:

- Expenses related to fulfillment of commitments towards EC (non-core disposal, compliance, EC procedures, NPL wind-down, cost reduction program)

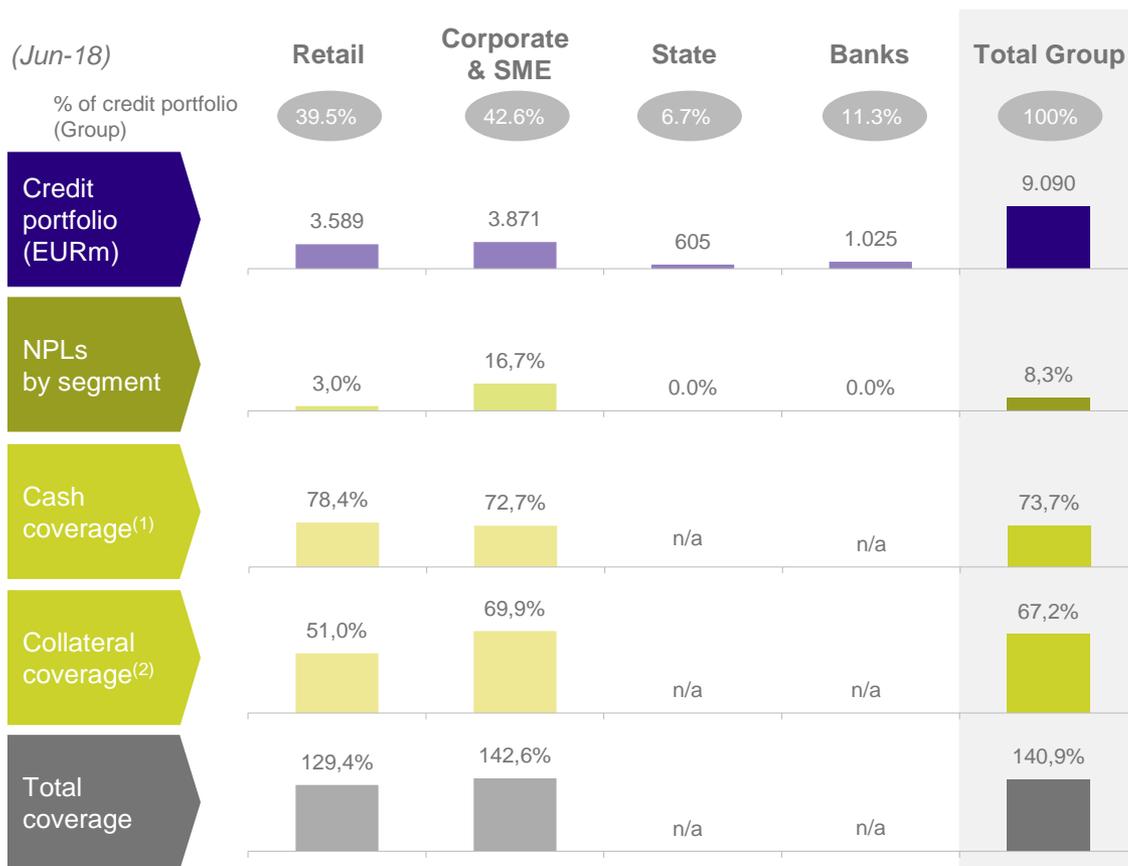


Appendix B

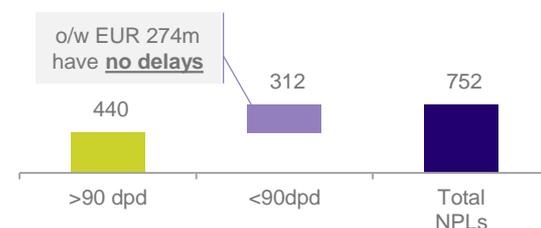
Asset quality

NPLs adequately covered by provisions and collateral, with limited off balance sheet non-performing exposures

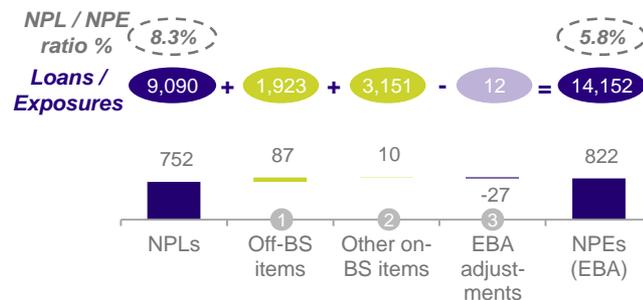
- ✓ Total coverage exceeds 100% across segments
- ✓ Limited non-performing exposures from off-balance sheet items (~EUR87m)



Group NPL structure (Jun-18, EURm)



Group NPL to NPE bridge (Jun-18, EURm)



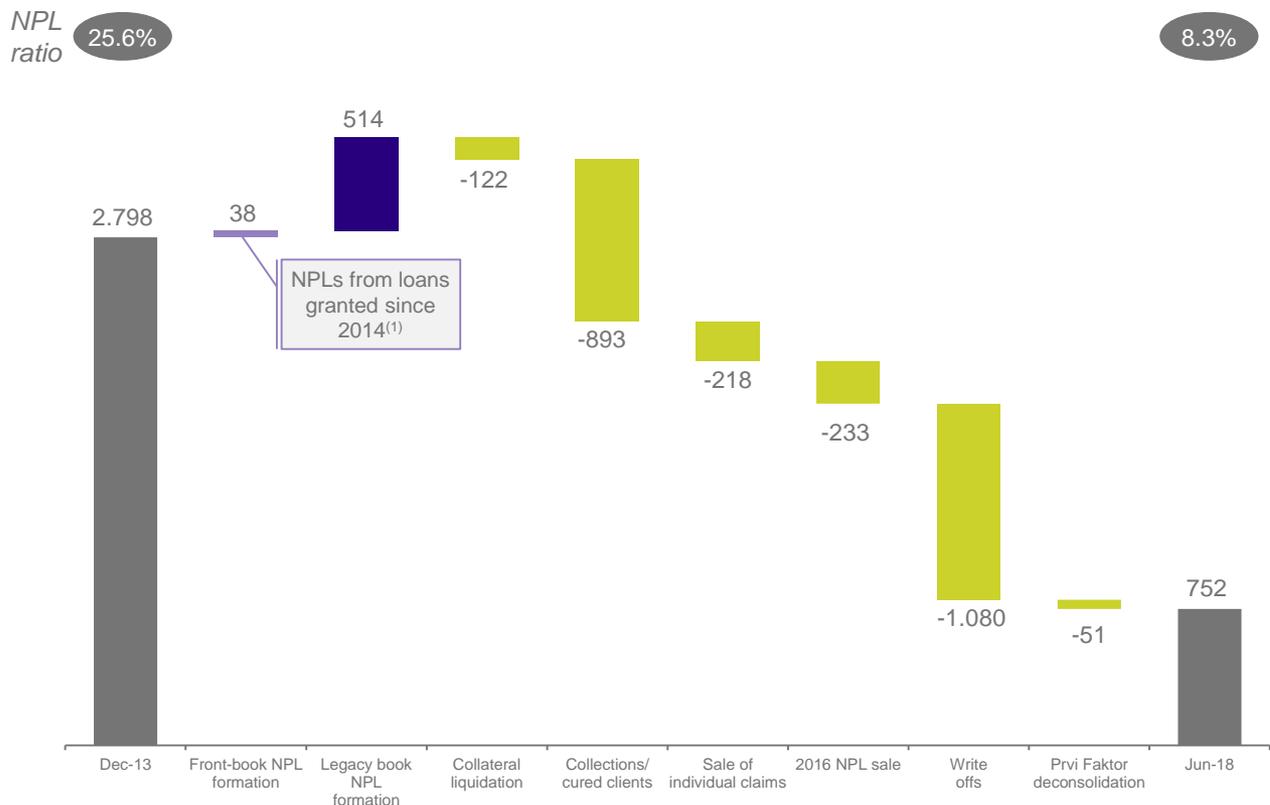
- Includes letters of credit, guarantees and other contingent liabilities
- Includes securities (AC & FVOCI), accrued income and receivables and other assets
- Includes securities FVTPL and other adjustments



Source: Company information
 Note: (1) Cash coverage calculated including both individual and pool provisions; (2) Calculated based on collateral capped at NPL exposure

Demonstrated impact to asset quality

Impact on NPL ratio (Dec-13 to Jun-18, Group, EURm)



Comments

- Cured clients, collections and collateral liquidation contributed 39% of NPL stock reduction since Dec-13
- Sale of NPL portfolio in Q2'16 contributed 9% of this reduction
- Write-off following strict restructuring and workout process
- Besides NPL resolution, NLB Group has demonstrated solid progress with resolving off-balance exposures, resulting in sizeable P&L gains in 2016, 2017 and H1'18