

NLB Group Webcast

Acquisition of Sberbank banka d.d.



March 4th, 2022

NLB Group

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NLB is regulated by The Bank of Slovenia i.e. "Banka Slovenije, Slovenska 35, 1505 Ljubljana, Slovenia" and by The Securities Market Agency i.e. "Agencija za trg vrednostnih papirjev, Poljanski nasip 6, 1000 Ljubljana, Slovenia.

Executive Summary

NLB acting in a measured and value accretive manner for the shareholders



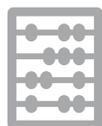
- The Single Resolution Board (SRB) determined on 27 February that Sberbank Europe AG in Austria and its subsidiaries in Croatia (Sberbank d.d.) and Slovenia (Sberbank banka d.d.) were failing or likely to fail due to a rapid deterioration in their liquidity situation, confirming the European Central Bank's assessment. The SRB applied suspension of payments, enforcement and termination rights, known as a moratorium, to the three banks.
- On 1 March 2022, the Bank of Slovenia issued a decision, to issue a resolution tool in respect of the sale of 100% shares issued by Sberbank banka d.d.
- On the same day SRB decided to transfer all shares of the Slovenian subsidiary Sberbank banka d.d. to NLB d.d. for the consideration of **EUR 5.11 million**, payable to the SRB.
- On 2 March 2022 NLB acquired all the necessary approvals and immediately **provided material liquidity support**. By that **NLB removed uncertainty for Sberbank banka d.d.'s customers and strengthened the stability of the Slovenian banking sector**.
- Pursuant to the provisions of the ZRPPB-1 in case an independent valuation of the bank that was subject to resolution, made after the conclusion of the resolution (e.g. sale of the bank), establishes previous shareholders were deprived by the measure of the regulator, they **shall be compensated through the means of The Single Resolution Fund**.

Transaction rationale

The transaction is consistent NLB's strategic ambitions to consolidate in its core markets

Strategic Rationale

Achieving greater scale in the domestic market



Effective use of excess liquidity and capital



Proving to all the stakeholders we are agile, have financial strength to react when opportunity arises and have a disciplined approach to M&A

No. of customers: 53,447

Retail: 45,345
Corporate: 8,102



Financial Rationale

Revenue, funding and cost synergies



Run-rate synergies expected to be achieved in 2024, 2/3 of integration costs already in 2022



Negative goodwill positively impacts P&L and capital (subject to PPA and regulatory verification). Impact of closing pre negative goodwill seen at 130bps decrease of TCR

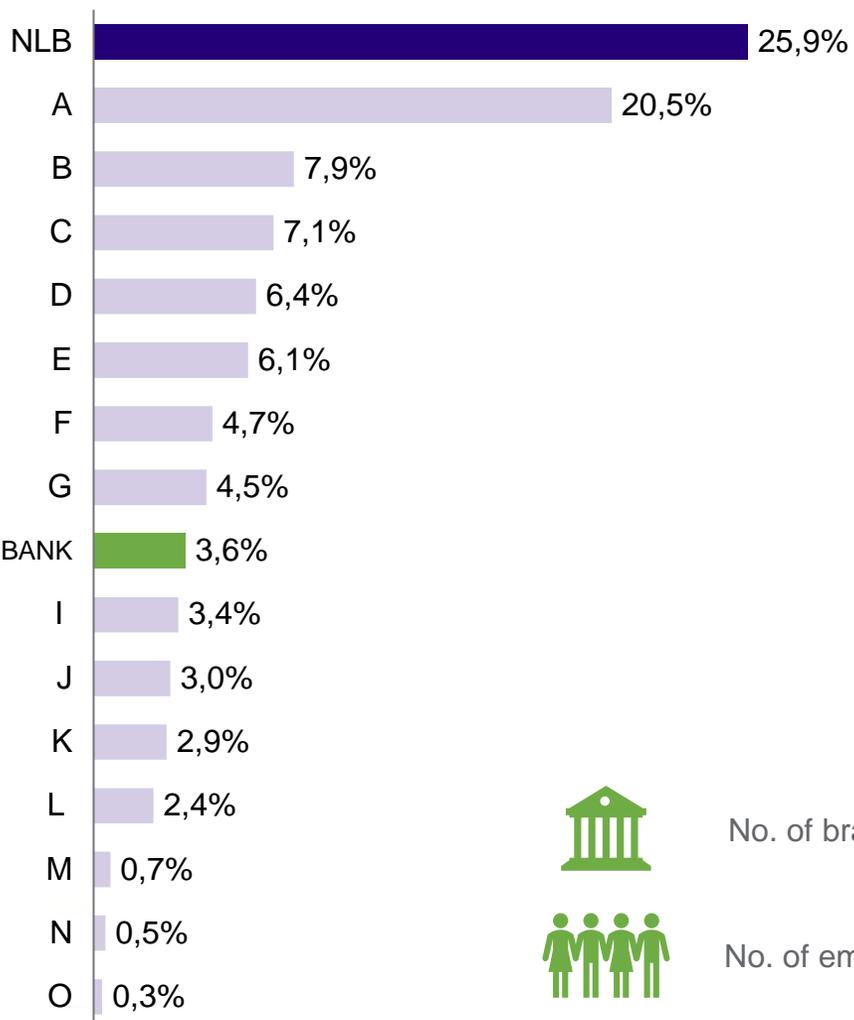
Transaction expected to be earnings accretive already in the year 2023



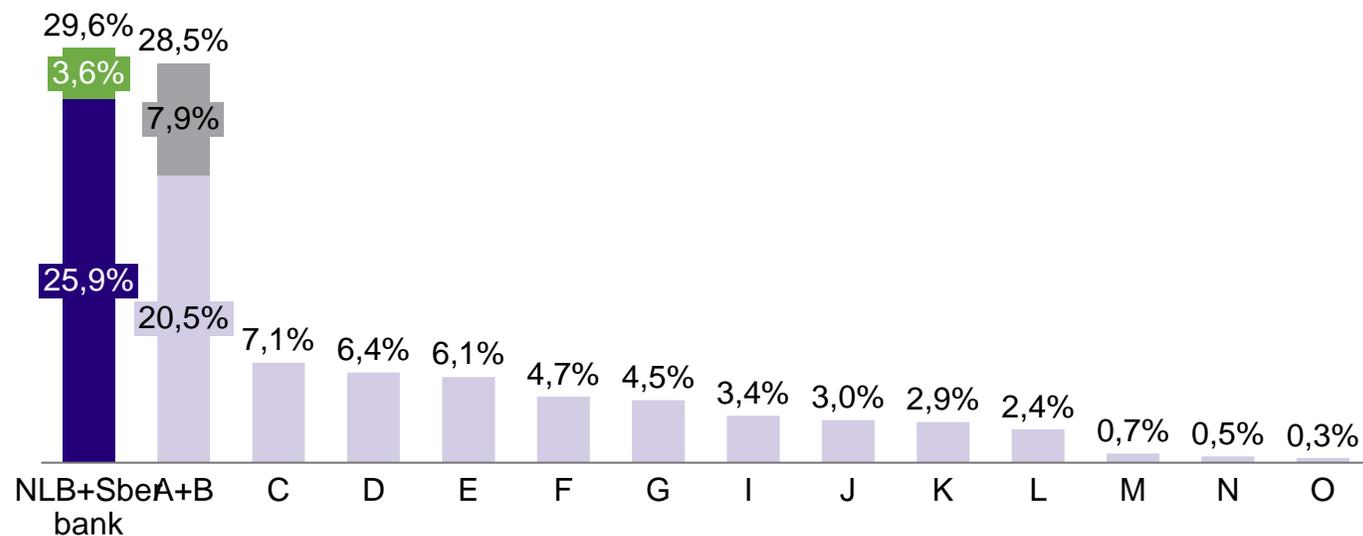
Overview of the acquired entity

NLB regaining leading market position in Slovenia

Market shares of total assets as at 30 Sep 2021



Pro-forma market shares of total assets as at 30 Sep 2021



No. of branches: 12

No. of employees: 388



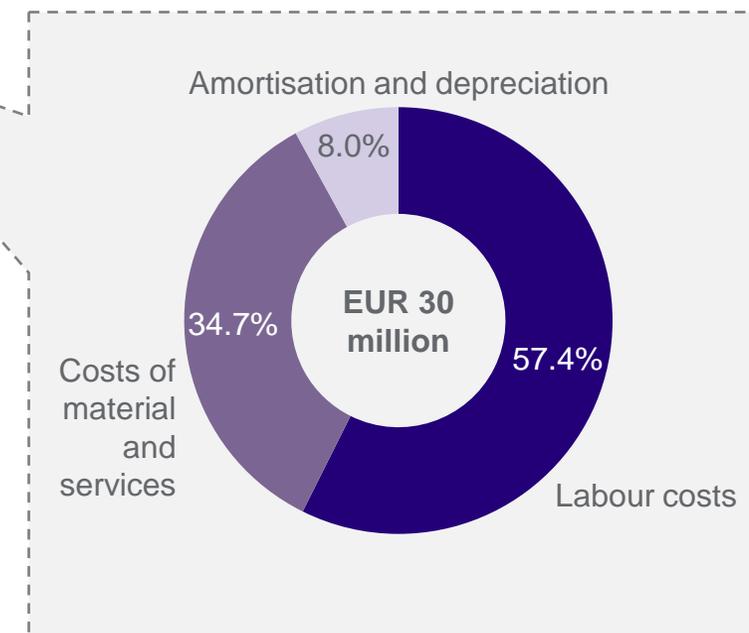
Overview of the acquired entity

	in EURm				
	2017	2018	2019	2020 Unaudited	2021
INCOME STATEMENT					
Net interest income	33	33	35	30	26
Net fee and commission income	8	9	10	12	14
Other income	0	0	1	-1	2
Total income	41	42	47	43	43
Expenses	-26	-28	-29	-29	-30
Pre-provision income	15	14	17	13	13
Provisions and impairments	-11	-4	-4	-11	1
Profit before tax	4	10	13	1	13
Net income	3	8	10	1	10

	in EUR m				
	2017	2018	2019	2020 Unaudited	2021
BALANCE SHEET					
Loans and advances to customers	1,311	1,278	1,314	1,200	1,153
Total assets	1,741	1,748	1,871	1,839	1,721
Deposits from non-bank customers	1,212	1,271	1,368	1,340	1,274
Shareholders' equity	172	173	183	184	195

	in %				
	2017	2018	2019	2020 Unaudited	2021
RATIOS					
Net interest margin ⁽¹⁾	1.84	1.89	1.92	1.61	1.49
Business operating margin ⁽¹⁾	2.27	2.38	2.54	2.29	2.49
ROE a.t.	1.77	4.85	5.85	0.52	5.4
NPL ratio ⁽²⁾	11.7	8.3	4.1	5.5	4.4
CET1 ratio	14.9	14.3	14.5	18.8	18.7

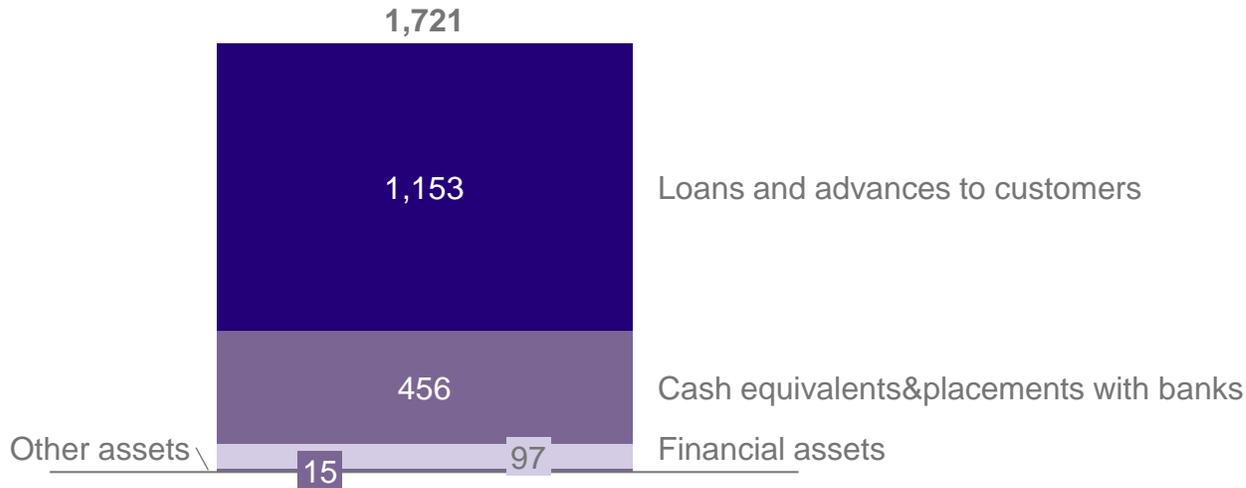
⁽¹⁾ Based on total assets ⁽²⁾ Non-performing loans and other financial assets / classified loans and other financial assets (excluding balances with central bank accounts and sight deposits with banks)



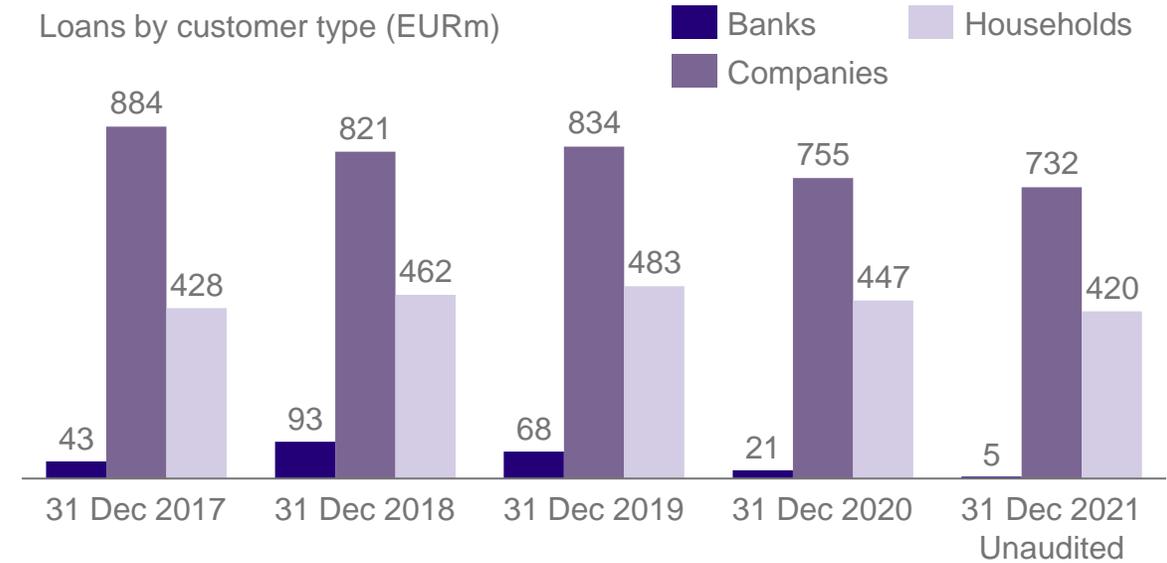
Sberbank's assets

Complementary loan book focused on Slovenian SMEs and retail

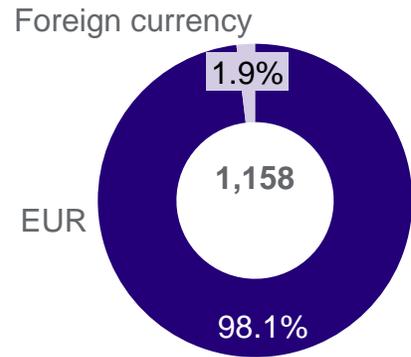
Assets (31 Dec 2021 Unaudited, EURm)



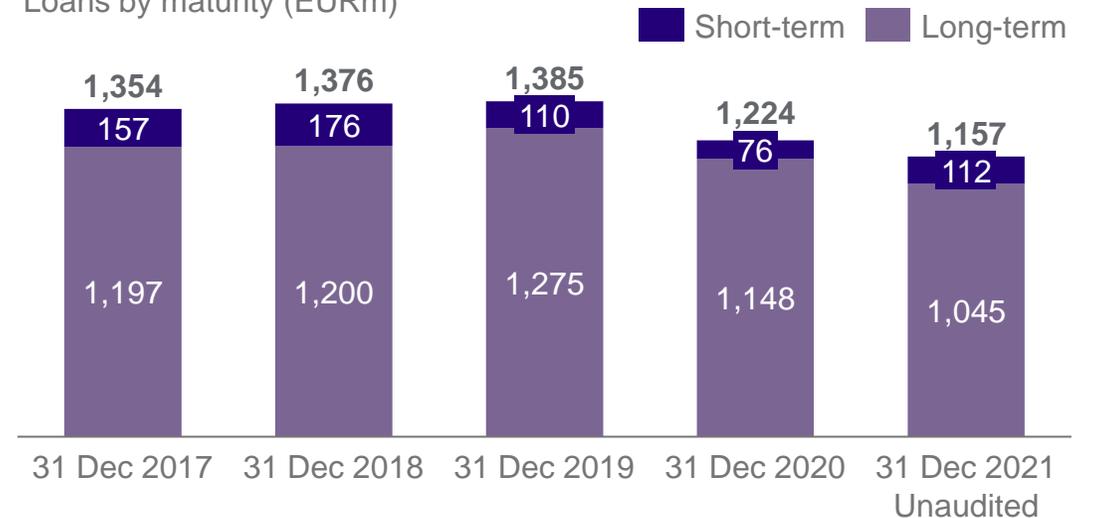
Loans by customer type (EURm)



Loans by currency (31 Dec 2021 Unaudited, EURm)



Loans by maturity (EURm)



Acquisition of Sberbank Banka d.d. is funded from existing excess capital

Capital position well above regulatory requirements after acquisition, not accounting for negative goodwill

in EURm

NLB Group	YE 2021	Sberbank*	Pro-forma YE 2021
CET1 capital	1,960		1,960
Tier 1 capital	1,966		1,966
Total capital	2,252		2,252
TOTAL RWA	12,667	1,011	13,678
CET 1 Ratio	15.47%	-1.14%	14.33%
Tier 1 Ratio	15.52%	-1.15%	14.37%
Total Capital Ratio	17.78%	-1.31%	16.47%

Buffer to Regulatory Requirement

CET1 Capital Surplus	4.92%		3.78%
Tier1 Capital Surplus	2.95%		1.81%
Total Capital Surplus	2.53%		1.22%

* RWA as at 31.12.2020 (Annual Report 2020)

As at 31. December 2021, the CET1 ratio of the NLB Group stood at 15.47% (4.92 p.p. above regulatory requirements) and the total capital ratio for the Group stood at 17.78% (2.53 p.p. above regulatory requirements).

Capital simulation show that the capital position of the NLB Group will remain stable and will be sufficient to fully absorb Sberbank Banka d.d. acquisition.

Acquisition will be reflected in RWA increase by approximately 1 billion EUR which corresponds to decrease of CET1 ratio and Total capital ratio by 1.14 p.p. and 1.31 p.p., respectively.

The capital ratios will be maintained above all regulatory prescribed levels (including P2G) also after acquiring Sberbanka banka d.d. Capital position is expected to be further strengthened when the effect from negative Goodwill will be accounted into capital.

Evaluation of assets and liabilities of Sberbank banka d.d. is subject to further analysis and detailed due diligence. NLB currently assesses potential fair value adjustments (with potential impact from CHF law included) in an amount between EUR 50 million and EUR 80 million, having an impact on negative goodwill.



NLB Investor Day

We are pleased to invite investors, analysts and financial media to the first **NLB Investor Day**, which will be held on **Thursday, 12 May 2022**, in **Belgrade, Serbia**.

For further details please visit our homepage: <https://www.nlb.si/investorday>

Investor Relations details

For any further questions please refer to Investor Relations.

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Thank You!

Q&A

