



NLB Group
Takeover Offer for Addiko Bank AG Conference Call

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Conductors:

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Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Konstantinos, your Chorus Call operator. Welcome and thank you for joining the NLB Group live webcast, to present and discuss the takeover offer for Addiko bank AG. All participants will be in listen-only mode and the conference is being recorded. The presentation will be followed by question-and-answer session. Anyone who has a question, may submit their question via the live feedback box below the presentation.

At this time, I would like to turn the conference over to Mr. Blaž Brodnjak, CEO & Mr. Archibald Kremser, CFO.
Mr Brodnjak, you may now proceed.

BRODNJAK B: Thank you very much. A warm welcome, everyone, just a good month after the Investor Day, following the material event on Friday. NLB Group has, of course, found its way to you, and your hearts and heads, to discuss further opportunity. We have just communicated a strategy, and we're drawing your attention to the disclaimer, following up to what is, of course, a material event. And it is a fact that NLB Group has, on Friday, published the binding bid, the offer to all shareholders of Addiko Group.

It is not, I guess, coming as a major surprise to anyone, as we have been signalling, for last couple of years, that NLB has been analysing all material assets in the region, and has been working, actually, on the analysis of the Addiko asset, as the potential opportunity for more than two years. So, we have

been really investigating into the intelligence, and the key terms of the offer are, we believe, pretty straight. So, it's a pure cash offer for 100% of shares.

And by that, also introducing a success threshold of the offer of 75%, which is, of course, assuming statutory control, with the aim to obtain, potentially, exclusive control over the asset. And by that, obviously, being able to exercise full strategic aspirations. The acceptance period has been set to ten weeks, which is ending on the 16th of August. And we have been applying all standard reps and warranties for such transactions, in the sense of treating this as a public listed company at Vienna Stock Exchange.

We have published this on Friday, as said, and since then, we have been working on potentially finding ways to the shareholder base. This is, as said, aiming at all shareholders, not exclusive to the ones that have potentially not yet accepted some other offers. So, this is, in fact, actually acting as a competitive bid to what has been already in place, as the minority bid from alternative offering party. In this respect, what we are talking about is the asset that is, of course, covering multiple markets.

As we have all been aware, NLB has been playing exclusively in the territory of what was formerly known as Yugoslavia, and as the leading bank from Slovenia, covering, basically, all former republics, apart from the Republic of Croatia. Addiko has been headquartered in Austria, but with, really, an operative retail banking franchise, addressing the markets

where NLB Group has already been present, apart from the Republic of Croatia, where NLB has not yet been banking.

And as such, of course, the Republic of Croatia has been a natural bridge to our other markets. And as the largest economy of the region, of the utmost interest of NLB Group to, at certain point of time, of course, also be able to do banking and universal financial services distribution business also in this market. So, once analysing the Addiko structure, in terms of geographies, as said, very favourable distribution.

Bringing obvious synergies to the business in the markets of our presence through in-market consolidations, but potentially, also considering dual branding strategies. It's too early to develop this thought further, but generally, what we are aiming at is, of course, also retaining the significant talent pool. The business has been headquartered in Austria, and has been developing end-to-end digital solutions, especially for consumer lending and micro-lending.

And in this respect, we have seen significant value, actually, in this franchise, also, in terms of the knowhow experience, and digital solutions. So, the holding in Austria might serve, obviously, as a steering hub, as well, for the potentially dual market strategy, in the sense of addressing clients with potential multiple propositions. And as such, as said, we count on this rich talent pool as a major contributor, potentially, once, hopefully closing the transaction, to the NLB Group of talent.

In this respect, clear synergies in as said, markets where we already play, and a significant boost to potential operations of the Group, by adding a new geography. This is, of course, a cash lending platform, mainly, when it comes to Croatia, and of course some specific and selective micro-lending. But, of course, we would want to add, clearly, a corporate business, as well, infrastructural finance, public finance, and other services, to be able to redistribute universal financial services, also in Croatia.

This is, for us all, an incrementally significant opportunity. And by that, we believe something that is worthwhile addressing. All clearly subject to regulatory clearances, and as said, acceptance of shareholders. There is, obviously, a set of numbers associated with this business. We have always been talking about our absorption capacity of €4 billion, approximately, of risk weighted assets, with this €6.2 billion of assets from Addiko Group. This is, more or less, exactly what we have been talking about.

Within the presentation of the new strategy, we have been talking about organic evolution with, let's say, high single digit growth rates, in terms of CAGR of loan volume. On the other hand, we have also been talking about, let's say, €5 to €6 billion of tactical M&A space. And this asset basically qualifies exactly into this level of dimension. In this respect, this would fast forward, in principle, the implementation of the strategy, since if this was successful, let's say, towards the second half of next year, this would bring the asset base of NLB Group to €32, €33 billion very early in the process.

Which means that, of course, even lower CAGRs, more or less following nominal GDP growth of the region, might suffice to reach, then, the €50 billion asset aspiration that we communicated within the strategy. So, in specific markets, of course, there are a bit different positions of Addiko Group, but generally, a specialised retail lender, consumer lender, which is exactly going in line with what we have been talking about already some eight years ago, and then throughout the last period, that we want to also become an expert in developing a consumer lending platform.

And here, more or less, we are talking about such a platform already existing. So, a nice contribution, and a complementary, more or less, add on to the business operations. The economics of the business are still not yet of course at the level that would necessarily justify cost of capital. But we believe that through the synergies and focus, we can bring this business there, and by that, obviously, justify not only the acquisition, but of course, real value accretion for our shareholder base.

Key attractions, as said, the offer is addressing all shareholders with cash proposition, which means we are aiming at 100% of shares. We are offering cash. The price has been following the latest market movements throughout last month, and is offering, obviously, a significant premium to this. And if you look at simply, more or less, the last year, actually, this is a real premium to what you have been seeing in the market. We, as said, are aiming at full control.

We believe we have been a credible counterparty, systemic business, regulated in the European Monetary Union, supervised by the European Central Bank directly. Headquartered in a European Monetary Union country. Proven to be able to not only acquire, but meaningfully integrate, in the last three years, more or less, three banks, three countries, adding asset management business, adding leasing, recently. And by that, showing simply the strength and the discipline at delivering the synergies and value accretion promised, while bidding.

So, with this acquisition, NLB would, in principle, further cement one of the leading positions, aiming towards the leading position of the region, as potentially becoming the only banking Group covering all of the markets of former Yugoslavia. No one else has been doing this so far. And by that, of course, becoming a natural choice provider of the it trade financial services, be it simply following the flows of goods and capital, and financial services of the region.

Entry into Croatia is specifically relevant for us. As said, this is not only the bridge to other countries, this is the largest GDP country of the region. And by that, of course, after the adoption of the Euro, and applying the Schengen regime, simply Slovenia becoming an expanded home market for the Croatian economy, and the other way around. And by that, obviously, there have been tremendous opportunities and synergies within these two countries, all, of course, belonging to the European Monetary Union.

Our capital and liquidity strength has been obvious. We have been of course showing this throughout the last years. As said, we have been consciously keeping certain buffers in capital, exactly in order to be able to address such opportunities, should they come our way. They have been a bit accelerated, obviously, now by some other bits. And that's why, of course, as said, we have been ready, and would actually react within more or less a matter of a month or two, to be able to provide a binding bid for the whole asset.

As said, the specific incremental complementary universe of consumer lending, and end-to-end digitised solutions is something we cherish, and we specifically value when it comes to Addiko the asset. And what we also learnt, while discussing this with the management, and meeting, of course, people from the Group throughout the last years, is that there is a significant value in the talent pool. So, we see, really, a lot of shared values on one side, on the other side, knowhow and experience, that could actually be transferred to the NLB Group as best practice sharing.

And by that, really, as said, incrementally benefiting significantly. I was mentioning our track record, in terms of being able to acquire and being able to integrate. I will not dwell more on the financials. I will then, with that, pass the word to Archibald to guide you through the other elements of the economics and structure of the deal, and then, of course, wrap up and open for questions.

KREMSER A: Thanks, Blaz. Welcome from my side, as well. A lot has been said, in fact, most has been said, so I'll not spent too much time. There'll be sufficient possibility for Q&A. Clearly, this offer is meant to be attractive, and we believe it's very attractive for all categories of shareholders. And you see here the charts and various premiums over the various volume weighted average price. Clearly, also a premium to other competing offers. And so, in our sense, it's a very fair deal, and value accretive, I think, for everybody.

So, that's an absolute win-win situation, and we're very happy to be able, and having been able, to publish this offer in that way. We have spoken already that probably, that is, I dare to say, a very rare opportunity for all shareholders to basically tender in the shares. And in that sense, it's anyone's guess, but we dare to say that it's a quite unique opportunity. And NLB, clearly, is a qualified and credible counterparty to this transaction, as a listed ECB regulated business.

With the track record we have mentioned already, I think we bring everything to the table that can, basically, bring this transaction to a positive conclusion for everybody. Blaz has already mentioned the strategic rationale here. It's just a bit more technically, in terms of market shares. Clearly, there is a slight upward move in pretty much all markets that are important to us, and of course, specifically, interesting for us, also, entering Croatia, as is mentioned here.

We have, I think, sufficiently explained in the past that we are credible in M&A. We know how to price, and we know how

to integrate in a way that works for all sides, from regulators, shareholders, employees, pretty much all stakeholders, customers, crucially important. And here, you see the list of transactions that we believe have underpinned that point. One of them pending, still, to be fair. Generali was closed.

But I think, most important in this context, are the two lower lines, and already mentioned, acquisitions and subsequent integrations of three banks in three markets in three years, which, to be fair, was a stretch to the organisation. But the organisation has grown through that stretch, and now we are confident that we really have a platform and the capability to not just acquire, but also, integrate to the benefit of everybody.

I think, crucially important, and I guess a lot of our investors are very much focused on our ability to fund the deal. And here, we, I think, make very clear that, in essence, we are funded relative to current P2G requirements. There is, of course, the outstanding commitment of us to maintain our target levels that we have just published in our Capital Markets Day for both CET1 to exceed 13%, and tier ones to trend around 15%.

Now, in a proforma calculation, as you see here, for a 25 year end consolidation, you see that we are pretty much in line with those targets, with a small gap on the tier one space, which we, preferably, intend to close with AT1 instruments, should they be available, and the market accessible. Otherwise, of course, we can also consume a bit of our

dividend capacity, which, importantly, in this proforma calculation, isn't touched.

So, this basically allows for every dividend ambition that we have been communicating so far. And you see the details mentioned here. So, that chart shows not just the proforma Addiko acquisition, but, of course, also the pending summit leasing acquisition, and our organic growth. So, it's a fully-fledged waterfall, I think, very transparent. Also mentioning all assumptions in detail. And you can, of course, subsequently to this call, study them more closely.

But in essence, we believe we are funded and capitalised, and I think that brings a crucial quality to this particular proposition. We have, I think, mentioned sufficiently the business and the business composition. We have had a chance to study this, of course, mostly desktop based, but also, in some limited discussions. And in that sense, we believe this business is, indeed, a very good fit to our own business. And Blaz highlighted, specifically, the interest of a much more digital customer value proposition, which we believe Addiko has figured out in a very good way.

Not just in single markets, but actually, as a geographic platform. The technicalities around the timing are very clear. And, of course, this is a fully regulated space, I'm not going to read out all the dates. Clearly, the first crucial milestone is 16th August for all relevant stakeholders, and of course, particularly the shareholders, with the end of our acceptance

period. And then, of course, we have also committed to a long stop date of mid/end June 2025.

By that, we will have to have obtained all necessary approvals, which is, of course, quite a list, given the geographic footprint. Of course, we will reach out in very short future to, and have already, to some extent, talked to the regulators and all other stakeholders relevant in this matter, and will do our very best to bring this closing to a fruitful conclusion. With that, we are done with this short, but, we hope, informative presentation. I'll hand the word back to Blaz, and of course, we are open for questions.

BRODNJAK B:

Thank you. So, to sum it up, it's a pretty straightforward value proposition to the existing shareholders of Addiko, and of course, also, shareholders of NLB Group. Because on the other hand, this is, we believe, value accretive for us, for our shareholders. On the other hand, this is bringing significant prospects and opportunities also for the talents of Addiko, and of course, shareholders of Addiko, to exit at fair and transparent terms.

So, we cordially invite all shareholders to accept our offer. As said, it's expiring on August 16th, and clearly, this is the timeframe, within which, we will, of course, also be talking to major shareholders, that's clear. So, we hope, of course, to simply find their interest, and as said, this is what we can communicate, as of today. So, with that, with saying that, we will open the floor for questions or comments, thank you.

OPERATOR: The first question, and I quote, there have been a few announcements made in relation to the shareholdings in Addiko by various parties recently, for example, Agri Europe, Alta Pay, and Diplomat Pay. How do you see your offer, versus these other potential investors? Thank you.

BRODNJAK B: Thank you. We can't possibly comment on offers and their strategies. What we are doing here is, as said, a fully transparent offer for 100%, with cash and with a reasonable price. And we, by that, believe that this is the credible offer, and that, of course, shareholders will find their interest in accepting such an offer, and that's all I can say. So, in terms of a structure, if you ask me whether it is inferior or superior, I can hardly comment.

But I can only say that in our offer, in principle, you get 100% acceptance, not 17% or 27% acceptance, or whatever else, or there is no offer yet at all. And at predictable terms, and at a price that is higher than other existing, publicly known offers. And in this respect, we believe that it is an attractive deal.

OPERATOR : The second question, and I quote, what influence will the unresolved issue of NLB's entry into the Croatian market have on your offer? Thank you.

BRODNJAK B: Well, we, of course, are assuming that we will be actually cleared also for Croatian market, and in this respect, otherwise, we would not simply provide a bit. Of course, there is always a likelihood that political interest would prevail,

versus, or in front of, economic interest, assuming, of course, legacy issues that have been perceived maybe the other way in some countries than in other countries.

But I can only say that NLB has been a privately owned business, listed in London and Ljubljana, the only one from the region, actually, listed in London, with a highly diversified shareholder base. The top ten private investors hold more than 25% of ownership, the top 25 own, actually, more than 50% of ownership. And 9% of this ownership is actually in the hands of Croatian pension funds, which means Croatian people, future pensioners of the Republic of Croatia, who we appreciate very much, and, of course, we also appreciate their trust in the business.

So, we believe that it is in the interest of these people, it's in the interest of regional economy, it is in the interest of Croatian companies, Slovenian companies, and the regional companies for NLB to be able to, of course, also support them with services in Croatia. And we hope, and believe, that at the end, this should be a prevailing argument, not politics.

OPERATOR: The next question, and I quote, what are the financial frameworks of the offer? Thank you.

KREMSER A: Well, I think we have outlined very clearly the offer price, our acceptance threshold, so I think it's important to underline, again, that this is unlimited, but not less than 75% of outstanding shares, so this is important. We aim for control, and not for partial control, because not just that this bit has

to be credible for investors, it also has to be credible for us and the regulator, eventually.

So, we believe that's fair and square. And as outlined, we also have the capacity to digest it. Of course, that's always subject to regulators to have the final say. We don't pre-empt that. But as mentioned before, we are in the midst of initiating these talks, and very much look forward to that conversation.

BRODNJAK B: And monetary terms, that's €390 million. So, if this was part of the question, €390 million, for 100% of shares, which somehow corresponds to approximately half of book value.

OPERATOR: The next question, and I quote, does NLB have enough funds to cover the transaction? Thank you.

BRODNJAK B: Yes, the deal is funded, as Archibald explained, both in terms of capital and liquidity.

OPERATOR: The next question, and a quote, what are your plans, if your bid is not successful?

BRODNJAK B: Well, there is no fallback to this. So, we have entered this transaction with cold head and calm hand. So, we don't base our strategy on this specific acquisition. As we explained at the Investor Day, we have a strong, organic path on one side, on the other side, we are in a position and equipped with resources, capital, and liquidity to be able to address eventual acquisition opportunities, M&A opportunities. This one has just come, potentially, our way.

We are not, depending, in terms of our strategy, realisation and crystallisation on a specific market, i.e. Croatia or Albania, or on a specific asset. So, neither market, nor asset. So, in this respect, we believe that this is simply a good opportunity for us to fast forward the implementation of the strategy. If it didn't happen, this would, by no means, be it a tragedy or a disaster.

We would simply focus on alternatives. As said, for two and a half years, we have been analysing every single asset of the region, and there might be other geographies, other assets, if not this year or next year, in the upcoming years, and strategies, actually, a strategy for the period until the end of 2030. And until then, we believe that we will be able to find ways to obtain this €5 to €6 billion, actually, through the acquisitions.

OPERATOR: The next question is a series of questions, and I quote, until when do other parties already participating in the process or not, have to submit bidding offers?

BRODNJAK B: Well, our offer is valid, so the acceptance period is actually in place until 16th August. So, until then, they can accept our offer. As we explained, it is a competitive offer to the only other published offer. So, in this respect, even if they have accepted the alternative offer already, they can still accept ours. So, they can withhold, more or less, the acceptance of the alternative offer, and can accept our offer. And they have

time until August 16th. We are not aware of other official published offers.

We are just reading that there have been other SPAs signed, and so on, but that's all we have known so far. NLB has, by now, not acquired a single share, neither at the stock exchange, nor through proprietary SPAs. So, NLB is actually entering this transaction with a clean sheet, offering 100% to everyone, not trying to park some shares, not trying to obtain something upfront, treating all shareholders equally and fairly.

OPERATOR: What can shareholders expect, if takeover is not successful in regard to excess capital?

BRODNJAK B: Well, this is...this remains to be seen, because, until the end, middle of August, we will simply now wait for the outcome. We have said, on many occasions, that of course, we will be actively seeking alternative opportunities, as well. If no material ones will actually come our way, then pretty soon, of course, we could always upsize the dividend, but it's too early, from today's perspective, to actually talk about this, as we have hopes that this transaction will be successful.

KREMSER A: But I refer you straight to the wording that we have published at the Capital Markets Day. It's all written there. We have target capital levels that we try to achieve. And, of course, those capital levels always allow for a bit of tactical M&A. And we have also communicated a dividend strategy. So, none of this is touched by what is published now, just that, of course,

this now very much focuses our minds, because it's the thing at hand.

BRODNJAK B: And it is, just now, a demonstration of how pragmatic it was to keep certain capital buffers. Because now we are able to act upon this deal in a funded way. So, we are in a possession of sufficient capital and liquidity to be able to actually act the way we acted in a matter of, more or less, a month and a half, producing a binding bid.

OPERATOR: What's the likelihood of the regulator approving the takeover? And what are the main hurdles you need to overcome?

BRODNJAK B: We can't operate with likelihoods and probabilities here, so we believe it should be, of course, cleared. And it is, as Archibald explained, a complex process, because there are multiple regulatory bodies and supervisory bodies that have to be addressed, be it from the competition protection space, be it from, obviously, the banking regulation space, in all of the relevant geographies. And that's why we have, also within the bid, outlined the long stop date, which means that the available period until official closing is end of June next year.

So, we believe that until then, which is more or less almost a year since publishing the bid, should be a sufficient time frame to obtain all of these approvals.

OPERATOR: The next question, and I quote, have you included Addiko Bank numbers into your latest, and very ambitious, long-term guidance presented recently at the Capital Markets Day?

BRODNJAK B: Well, as said, we have communicated, at the Investor Day, that we've got an ambition of, let's say, €5 to €6 billion of M&A growth, and let's say, 8% CAGR, when it comes to the organic growth. Now we are talking about €6 billion asset, more or less, being acquired now, already a month after presenting the strategy, yet with the fact of closing Second Half of next year. But yes, until end of 25, this would mean that we come to €32, €33 billion of asset base.

Which means that in order to come to the €50 billion, it would require much lower CAGR, in terms of total volume. But as said, we don't base the strategy on success of this specific acquisition. So, yes, it fast forwards the whole thing, it adds to the high probability of us delivering the strategy, but otherwise, we would still keep seeking for comparable opportunities. Of course, there might not be such, with multiple market operations, with of course, holding in Vienna, which allows, actually, even obtaining an asset in Croatia, potentially legally, and so on.

And it would require then, of course, a rethink of how to potentially enter the Croatian market, if at all, right? But on the other side, there will be an in market consolidation happening still in the markets of the of the region. So, of course, we will be further heavily interested in potential acquisitions in the Federation of Bosnia-Herzegovina, predominantly Serbia, clearly. Let's see what Slovenia will bring, at the end of the day. This process is not over, you

know. We have been talking about potentially having the interest for our Albanian market.

Would there be finally a seller, again, of a material asset there? Piece by piece, you might, again, come to €5 to €6 billion in six and a half years, and by that, simply crystallise what we have been talking about. Until then we simply focus on organic growth. We have been growing significantly, as per the guidance, mid-single digit last year, mid-single digit this year. Next year, we believe that simply following the growth of the general economy, let's say, 2% to 3% inflation, 2% to 3% real growth, on average, in aggregate terms, right?

You should be growing 6%. And then you see how shallow these markets still are, in terms of household debt to GDP, and total debt to GDP. You would hope that there would be a convergence, and at least, let's say, two percentage points on top of what is nominal growth of GDP. Anyhow, you should be able to deliver the organic, as well, right? Focus on the asset management is clear. So, as that, we bought the business in North Macedonia, just closed it.

We are now really beefing up the business in Serbia, when it comes to the investment fund business, the asset management business. We are thinking of, potentially, adding, potentially, even a proprietary insurance, you know, arm within the banking Group, and so on. So, there are many elements of the strategy that will be addressed on the go. And as said, this one came a bit early, but since there was a

bid, of course, we were ready to act with a competitive bid, because we believe there is value in this asset.

If we didn't succeed, this would, by no means, mean any disaster for us. We would simply move on and focus on alternatives.

KREMSER A: And just to be clear, of course, at the Capital Markets Day, we were still at the generic level, in terms of our M&A ambitions. Otherwise, of course, we would have had to talk about it, so that was by no means the case. Just for the record.

BRODNJAK B: Yes, absolutely.

OPERATOR: The next question, and I quote, what would be your maximum digestible impact on the NLB Group's CET1 from the consolidation of Addiko, assuming 100%?

KREMSER A: We have, I think, laid out the capital stack. You'll see that we would pretty much eat into our buffers, as they are. We have actually provided here the complete picture, not just the Addiko proforma, because that would only tell you half of the story. But everything happening up until the end of 25. And you see that we are pretty much in line with our CET1, you can see here, at 14%, ending in 25. And just short of our tier one target of 15%.

And so, in that sense, as we write here, we would like to close this little gap with AT1s. And to remind you that this still

assumes quite the dividend levels we had in mind originally. So, in that sense, it's, of course, from a capital point of view, stretch case, which is why we would like to also tap into the capital market for the AT1 at a reasonable time, and of course, a reasonable price. There is no pressure or push to do so.

But as AT1, you know, that is exactly the bucket that we, in essence, always earmarked for that kind of situation, when we have a bit of a bigger M&A to digest. And we have, of course, since we are listed, multiplied our efforts to be able to access capital markets. We have built a liability balance sheet in excess of around €1.5 billion across the whole capital stack. So, we put a lot of effort into gaining this access, and in that sense, now would be the moment to really test it.

If we succeed, great. If not, it's a little bit of compromising on parts of the dividends, but not to a very material extent. And I think very much in line with our ambition to create shareholder value.

OPERATOR: The next question, and I quote, what are your plans, at this stage, for Addiko's headquarters and its local banking license in Austria?

BRODNJAK B: Well, the holding is here to stay, for various reasons. Obviously, we can't assume direct ownership in Croatia, so in any case, we need an indirect ownership to be able to actually hold a Croatian asset. On the other side, as I mentioned before, we have, during the discussions, realised that there is

a very significant talent pool sitting in this entity. It's still too early to say whether we would, of course, need a banking operation there.

But we would, for sure, may even want to consider a steering mechanism, or a methodological setup, modelling setup, really, talents that actually have developed the 50% digital production throughout the region. That's a massive success. And in this respect, we do count on this talent pool. We believe that NLB can learn a lot from this talent pool. Everyone is seeking this talent, modellers, IT guys, and so on.

So, in this respect, this is predominantly where we see value. And by that, we would want to keep the entity in Austria. But as said, it's too early to say whether we want to develop a banking proposition. You might want to think, is there something for diaspora from the region? We have not yet figured out whether there would be some value proposition that they would really cherish, and that would justify, actually, a banking operation in Austria, with the operational retail setup there.

But as said, a steering, methodological modelling landscape, there is a significant talent pool that we believe we can only benefit from.

OPERATOR: The next question is a series of questions, and I quote, dear Mr Brodnjak, dear Mr Kremser, thank you for the webcast. Do you expect the regulator to increase capital requirement for

the NLB Group, considering the difference in risk profile of the potential acquisition targets?

BRODNJAK B: Well, this is not on us to judge. We would hope not. After what we saw with how this business is being run, and then, of course, applying our governance structure, and our criteria of how we underwrite and manage risks. And, of course, you need to apply look through mechanisms in this respect, in terms of policies, approaches, decision making processes, and so on. We believe that there would not be a justified reason, but of course, that's not on us to judge.

OPERATOR: Could you give a ballpark estimate for that increase?

BRODNJAK B: Well, I did respond. I cannot judge whether there would be an increase.

OPERATOR: The next question, and I quote, just to clarify, on the provided proforma capital ratio estimate, post-acquisition, does it assume the purchase of 100% of Addiko? Thank you.

KREMSER A: That is, indeed, a scenario for 75. But 100% is not so different, as for 75, basically, you absorb the minorities, and consolidate them into your capital.

OPERATOR: The next question, and I quote, can you quantify, perhaps, with a range of expected synergies from the transaction, and likely merger costs?

BRODNJAK B: Well, it's too early to be very concrete, so we will be working on this throughout summer. And if we will have enough time then, then obviously, between 16th August until obtaining all the permits to close the deal. And as said, maybe we could potentially be playing with an idea to maybe keep, in specific markets, even dual brand strategy, and having a really niche player, in terms of deposit gathering and cash lending platform on the different brands, a fully digital value proposition, for example.

In some markets, fully consolidate. In aggregate terms, we believe that with some full consolidations, or some partial consolidations, we would, of course, also crystallise significant synergies. But it is, at this point in time, too early. Negative goodwill calculations are pretty straightforward. The actual synergies, of course, really then depend on what you do finally, with, of course, as said, how we run the business in specific markets.

OPERATOR: The next question, and I quote, if, by 17th August, less shares than the threshold are tendered, do you plan to raise the offer price, or drop the 75% condition?

BRODNJAK B: Well, we can't comment on that, obviously, at this point in time. Currently, the offer is as it is. Until 16th August, it is valid, and we will cross any of these bridges, once we get there. In principle, we believe that it's a fair offer, it's transparent, and it's for 100%.

KREMSER A: And to emphasise, the 75% is really important.

BRODNJAK B: The 75% is here to stay.

OPERATOR: The next question, and I quote, is a series of questions. What are your thoughts about the asset management segment in Croatia? Would it be interesting to you to enter the market, in case you can't enter the banking segment in Croatia?

BRODNJAK B: Well, Croatia is for us, obviously, a market of high interest, from various points of view, obviously. So, as said, we have signed the SPA for leasing, and hopefully, we'll be able to obtain the final approvals in a couple of weeks. And by that, we can start doing business this way. And then, of course, if we then came with the bank, this would actually be a catalyst for the full range. We don't actually see a real reason to enter a purely asset management business without the bank channel.

We have proven that we have been, you know, by far, the most successful distributor of universal financial services, because we sit on the bank, the client accounts. And the clear value is, of course, with salary recipients, where you can then discuss with the client, obviously, what to do, in terms of long-term savings. And in this respect, without having a banking channel, it is a totally different business.

So, asset management, without what is actually the gist of your competitive advantage, and this is your vertically integrated business model with branch network, and, or video chat supported contact centres, and so on, is simply totally

inferior, in terms of how you can perceive the value of such a business, right? We distribute more than 70% of all life insurance policies in Slovenia, distributed through the banking channel, but that's because of the banking channel.

We actually built the business of classical life insurance in Slovenia from 0% to 20% with Vita, but that's purely because we were actually selling this through the bank channel. So, without the bank channel, the ancillary services, actually, have much less charm, much less charm for us.

OPERATOR: The next question, again, is a series of questions, and I quote, can you please elaborate on how attractive this takeover would be for NLB, if it would not be possible for NLB to enter the Croatian market this way? For example, if the Croatian regulator does not approve of this transaction in regards to Addiko Bank, Croatia.

BRODNJAK B: Well, this is one of the closing conditions. So, without an approval of the Croatian regulator, there is no deal. It's as simple as that. 40% of the balance sheet of this business is basically Croatia. Now, without Croatia, it is, for us, a different value proposition. So, in this respect, as said, it is, at the end, in the hands of regulators, both in terms of how many shares will actually be transactable at all, given the fact that there have been, of course, alternative developments that we don't necessarily fully understand, or have full clarity about.

And then, of course, it is in the hands of regulators, when and to what extent we would obtain the necessary approvals. And

without them, there is no deal. And if someone assesses that the alternative bidders are more appropriate to enter certain markets, fine. It's their prerogative, and their sovereign decision. We can't judge. We believe that it is in the interest of the Croatian economy, public sector, and citizens, for us, as a regional, systemic institution, with exclusive strategic focus on this region, being able to speak the Iekavsky dialect of the language, versus maybe some other competitors. And in this respect, that's, of course, in the end, in the hands of regulators. In this respect, I guess it would be even the European Central Bank, but of course, the Croatian National Banks opinion matters a lot.

OPERATOR: Does the Croatian regulator's refusal to clear this transaction represent a deal breaker for NLB?

BRODNJAK B: Of course, this is what I said. It would, of course, eliminate this transaction.

OPERATOR: The next question, and I quote, if the shareholder accepts the offer, when can he expect cash, and what are possible scenarios along the way?

BRODNJAK B: As per closing, and then it's, of course, again, in the hands of the regulators. If they move faster, it will be faster. We have introduced the long stop date, which is 30th June 2025, so this will be the latest. Because even if, until then, there are no regulatory clearances, the deal would also fade away.

OPERATOR: The next question, and I quote, isn't AT1 too expensive way to cover MREL requirements? Would it be preferable to pay less dividend and to increase retained earnings?

BRODNJAK B: We should not mix things here. AT1 is a capital instrument, as well, it is not only MREL. So, this would actually allow for us to pay full dividends still, despite obtaining a material asset. So, that's the main purpose of AT1 is, in this context, not MREL. In this context, it's actually providing capital, in order not to have to eat into the dividend. We are not playing with this assumption as of now, but this would secure that we would not have to compromise on dividend payouts.

And if you look at the current market environment, it's actually very receptive to AT1s, pricing of 70%-ish or so. This is reasonable to pay for capital. This is a capital instrument, and of course, at the same time, an MREL instrument. So, it has a different level of quality.

KREMSER A: Should there be an MREL gap incrementally, which, if anything, is not very material, we would cover it with the customary instruments. And, of course, all of these considerations are priced into our, basically, willingness to bid, so that's priced into the purchase price. All of these needs.

BRODNJAK B: And we have proven we can issue, of course, senior preferreds and tier two with significant oversubscription. But in this case, AT1 is covering for, of course, tier one capital. And in this respect, that's, as said, a dividend enabler.

KREMSER A: Just to underline, we are really very focussed on shareholder value creation. Of course, for existing NLB shareholders, it's all about capital returns and growth. I think this is a growth opportunity, as was outlined, that squarely fits into our strategic ambitions. And as we also outline here, it's, in our view, a sensible use of existing buffers. And so, ticks a lot of boxes.

And as we also mentioned, I think, for existing Addiko shareholders, it's a very, very attractive and extremely rare exit opportunity, at a pretty significant premium to where this stock has traded not so long ago. So, I think it really ticks a lot of boxes, in terms of shareholder value creation for both sides. As we said, it's a win, win, this offer is a win, win.

OPERATOR: The next question, and I quote, let's think pink. If this deal goes through, would the 2026 Investor Day be in Zagreb, or Vienna.

BRODNJAK B: It might be in Rovinj, I don't know. The Croatian coast is beautiful. It's too early, obviously. But, of course, if we were welcome to Croatia, of course, we would want to show us the courtesy. We love Zagreb. I spend a lot of time in Croatia. There are 122,000 Slovenes owning second homes in Croatia, so this is a heavily connected region. And in this respect, we would love to have an opportunity to host investors in Zagreb, or as said, Rovinj, or Dubrovnik.

OPERATOR: The next question, and I quote, are Addiko's customers, services, and operations safe, despite the takeover bid?

BRODNJAK B: There is no change of whatever, quality, or stability, or the nature of services of Addiko. Addiko is an independent business. We don't have any control over the business, until closing, basically. And we have been, and the management of Addiko, extra careful, in order to not compromise on anything of that. As said, first a listed business, second, heavily regulated both businesses. We are also a listed business, so we are extremely careful.

There have been absolutely no implications, no connections with NLB and Addiko. So, whatever Addiko does, and keeps doing this is what affects clients. Whatever NLB does, doesn't affect clients of Addiko.

KREMSER A: If anything, it should give Addiko's customers assurance that NLB was interested. And for sure, if we were to close on that, for Addiko customers, broadly speaking, it's good news, because they are then covered by our regulatory capital and liquidity umbrella. So, that's all we can say to that. We would look forward to work with Addiko's customers, of course.

OPERATOR: The next question, and I quote, if the acquisition will go through, when do you assume Addiko's assimilation will be completed. In a sense, what is the desired, and most probable timeline?

BRODNJAK B: Well, as I said, depending on closing, we would actually assume control. So, first, we have to get to the 75%. If there was 75% success threshold achieved, there would be automatic three-month extension. But in any case, we need regulatory approvals, with a long stop date of end of June next year. As of then, obviously, we could already trigger, in parallel, multiple integrations, and, or, of course, multiple adjustments of business models in specific countries.

If there was no integration, and that was a dual brand strategy, and there was, of course, a digital only proposition on one side, and a classical, universal financial services provider on the other, this requires different set of measures, then, of course, full integration of core banking systems, and all the satellites, and so on, and client base, and so on. But we have proven that we can integrate meaningfully, let's say, in up to 18 months from the beginning of the process.

So, let's say we start these processes in July next year, we would hope to complete everything, let's say, within latest two years. So, some banks potentially integrated towards the end of 26, some may be a bit later, and some would not be integrated maybe in 12 months, already flying the new way. What we believe is that there is going to be a lot of opportunities for talents in both banks, and specifically, in Addiko, we see a lot of knowhow experience, especially in consumer lending activities.

Even if we went for a digital only value proposition on the site of the second brand, we, at this point in time, are seeking for

a lot of talents in our branch network. So, people from the branch network of Addiko would, to a significant extent, find opportunities in the branch network of NLB. So, there are many overlapping possibilities in this respect.

OPERATOR: The next question, and I quote, what will happen to Addiko Bank, Slovenia? Is it expected to be consolidated to NLB, or will it keep the existing business model strategy that is very different to NLB's?

BRODNJAK B: I have said two or three times that we are considering, in specific markets, Slovenia included, that there might not be an integration, and that there might be, it's, as said, not yet a taken decision, but that there might be, actually, a second brand, digital only value proposition for our clients. A kind of deposit gathering and cash lending platform. And this would secure jobs, and independence, and continuous operations, own brand, own business, also for, potentially, talent in Slovenia.

OPERATOR: The next question, and I quote, what will happen to customer service during the integration?

BRODNJAK B: Well, during the integration, nothing will change much, right? So, in principle, you freeze any new developments and so on, but you keep offering, more or less, what is been standardly offered. Because integration, in principle, is being done in a shadow and test environment, until it goes live in physical production. So, client services would not be significantly impaired. And there might be a full integration just in a couple

of markets, and so on. So, it is too early, but during the integration, there should be no real impact on client services.

KREMSER A: I think a big part of the credibility of this bit is the fact that we have integrated three banks in three markets, more or less. There are always struggles. I wouldn't pretend that there was no problem whatsoever. But more or less, we have managed, I think, very well, to integrate and onboard all these customers, so without any visible impairment of services. And I think that's a big part of the credibility underpinning this offer, that we are not just out there to buy, but we are very conscious of what it takes to integrate in a good way.

BRODNJAK B: On the other hand, clients that would then become part of NLB Group, would also become part of, of course, the universal financial services portfolio of NLB Group. Favourable housing loans, where we want to be a leading bank in all of our markets. The asset management products, the whole portfolio, the whole range of services that NLB has been offering, on top of what is, more or less, standardised deposit gathering and cash lending.

So, even in case of full integration, actually, clients would benefit from the wealthy portfolio, and range of NLB services, where we try to differentiate ourselves as the leading asset manager of the region.

OPERATOR: Ladies and Gentlemen, in the interest of time, I will now turn the conference over to management for any closing comments. Thank you.

BRODNJAK B: Thank you very much. Thank you for your interest, many questions. We welcome them. We understand certain insecurities, or whatever, dilemmas around that. What we have provided is actually a credible, transparent, funded, equally treating shareholders on the Addiko side, and value accretive to the shareholders of NLB Group offer. We cordially invite everyone to consider it. It is actually open until 16th August.

On the go, of course, we are available for any further questions that we can publicly respond to. We will keep trying, also addressing some other larger shareholders. We believe it is, as Archibald said, a win, win for everyone around the table, and in this respect, a unique and rare opportunity. And in this respect, I just hope that on 16th August, we will establish that we have reached the 75% threshold, and there will be an automatic three month extension.

And then, of course, until the latest June next year, there is a closing, and then there is a good and prosperous future for talents of Addiko and NLB Group.