6 August 2026

NLB Group Delivers Solid Performance in Q2 2026 with Core Revenues up 6% YoY on the Back of the YoY Growth of the Loan Volume in the Home Region by 12%

NLB Group, the leading banking and financial group with headquarters in Southeast Europe, delivered solid results in the second quarter of 2026, with a net profit of EUR 133.1 million, reflecting disciplined execution of the Group's strategic priorities.

Growth continued across all key revenue categories and geographies, supported by stronger customer engagement, consistent business diversification across the Group's regional platform, focusing mostly on expanding wealth and investment services, and further progress in digital adoption. Across the NLB Group, digital sales capabilities continue to gain momentum. In Slovenia, end-to-end digital journeys for everyday banking products are accelerating adoption, with digital sales exceeding 40% for selected products. Similar capabilities are expanding across the Group's markets, enabling customers in NLB banks Skopje, Prishtina, and Belgrade to access key banking products through convenient digital channels. The results reflect NLB's successful pivot toward a more diversified and balanced revenue base, as well as a greater resilience of the business model.

"NLB Group continues to evolve its traditional banking model into a broader financial services platform, with stronger customer relationships, digital capabilities, and diversified revenue streams becoming key drivers of sustainable growth. Supported by our solid foundations, clear strategy, and robust capital position, we are well placed to capture future opportunities, strengthen our capabilities, and further expand our presence across Southeast Europe, our home region. As it continues to evolve, we remain disciplined, yet ambitious in assessing opportunities that strengthen our strategic position and create long-term value. Our focus extends beyond the banking sector towards broader financial services ecosystem that could deepen our regional footprint, meaning that we are equally open to exploring opportunities in insurance and asset management. Our financial strength gives us the flexibility to pursue disciplined strategic investments and selectively seize opportunities that enhance our long-term growth potential and create lasting value for our shareholders, customers, and the communities we serve," commented **NLB's CEO Blaž Brodnjak**.

This strategic evolution is also translated into clear financial ambitions, as outlined in the Group's 2030 financial roadmap. Supported by high single-digit loan and deposit growth, as well as the continued expansion of ancillary businesses, NLB expects its organic growth engine alone to deliver revenues exceeding EUR 1.8 billion. Furthermore, upgraded capital return ambitions project the dividend payout ratio to move towards 60%, compared with the previous guidance range of 50–60%, while the cost-to-income ratio is expected to reach the low 40s, compared with previous guidance of below 45%. These targets reflect NLB's confidence in sustained earnings quality and support the Group's overarching ambition of delivering a 20–30% IRR total shareholder return by 2030.

"The strategic direction pursued by NLB Group reflects a clear understanding of how banking is changing and what clients increasingly expect from their financial partners. NLB Group is responding to the evolving market environment while building on the foundations that have always defined a trusted bank: stability, expertise, and long-term relationships. The Supervisory Board is confident that disciplined execution positions the Group to turn its strategic ambitions into sustainable performance," commented **Chairman of the Supervisory Board Primož Karpe**.

Key Highlights of the Q2 and H1

Earnings Review: Income Statement Highlights and Trends

NLB Group achieved strong underlying performance in the second quarter of the year. **Profit after tax of EUR 133.1 million** increased by 12% QoQ as net non-interest income increased by 33% in the same period[1]. At the same time, net interest income recorded solid 3% QoQ growth as robust loan growth supported growth of NII. Core operating performance remained strong, with **recurring profit before impairments and provisions increasing by 11% QoQ to EUR 176.2 million**.

Net interest income in the H1 increased by 5% YoY, supported by continued strong loan growth at stabilising rates across the Group. Net fee and commission income increased by 10% YoY, supported by broad-based growth across the Group, primarily driven by investment funds, bancassurance and investment banking all recording strong double digit growth YoY. Total costs increased moderately by 3.6% YoY on a like-for-like basis, while stronger revenue growth improved the CIR to 46.5%. Recurring profit before impairments and provisions increased by 9% YoY, supported by growth in both net interest income and net fee and commission income, as higher business volumes more than offset the impact of lower interest rates.

Net interest income increased 3% QoQ to reach EUR 247.3 million, resulting in 5% NII increase in the H1 2026 versus H1 2025. This increase was mainly driven by increased loan volumes (EUR 28.9 million YoY) as well as by higher income from securities (EUR 15.7 million YoY), driven by a combination of increased volumes and higher yields. The increase was more pronounced in Slovenia (with 10% YoY growth in NII), while our regime of self-funding in subsidiaries resulted in incrementally higher funding costs in some SEE markets, putting temporary pressure on NII growth.

Net fee and commission income recorded 6% QoQ growth (increased by EUR 5.6 million) to reach EUR 92.2 million, supported by broad-based growth across most fee categories. The strongest quarterly growth was recorded in the payment services and basic account-related services, while bancassurance and investment fund fees continued to grow. Fee income from card services recovered from the seasonally weaker first quarter, returning to more typical levels of customer activity. YoY dynamic was even stronger at 10% growth of net fee and commission income in the first six months of the year.

Total costs increased by 5% QoQ, driven by increased general and administrative expenses related to deliberate and targeted IT investments to continue transforming the Group. In the second quarter the average share price increased by more than 12% as compared to Q1, which led to higher variable compensation linked to the share price movement. Miniscule growth of employee costs on quarterly basis and even decline on yearly comparison is an indication of moderation of wage inflation across the region. Compared to H1 2025, total costs in H1 2026 increased by 3.6% on a like-for-like basis, excluding EUR 3.0 million of non-recurring general and administrative costs recognised in the previous period. The increase was broadly evenly split between higher employee costs and other general and administrative expenses. Employee costs increased by EUR 4.2 million YoY, primarily reflecting salary adjustments across the Group, whereas employee costs increased at or below inflation rates in the region. Other G&A expenses increased by EUR 7.9 million YoY on like-for-like basis, mainly driven by higher IT-related costs.

The **CIR** (excluding balance sheet tax) improved by 0.2 pp YoY to **46.5%,** as growth in net operating income outpaced the increase in operating expenses, reflecting the Group's resilient revenue generation and disciplined cost management.

Asset quality

In H1 2026, the Group **established net impairments and provisions for credit risk of EUR 32.0 million**, primarily driven by lending growth and credit migration in the retail and corporate portfolios. This was partially offset by EUR 12.9 million in recoveries from written-off receivables, as well as updates to risk parameters and model changes, which contributed an additional release of EUR 3.3 million.

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[1] The growth in NNII was driven by higher net fee and commission income, positive contribution from non-recurring items compared with a negative contribution in Q1, and the dynamic of accruing DGS-related regulatory costs at NLB d.d. (close to EUR 14 million QoQ difference).

Consequently, the **Cost of Risk** for H1 2026 stood at **32 bps annualised**.

In H1 2026, the Bank experienced stable trends in the quality of its credit portfolio. The NLB Group's regional resilience to the crisis and portfolio diversification have resulted in a moderate cumulative formation of new NPLs in H1 2026, amounting to EUR 100.1 million, representing 0.4% of the total loan portfolio.

In H1 2026, **the non-performing credit portfolio stock in the Group decreased to EUR 459.8 million** as at 30 June 2026, representing a net reduction of EUR 9.8 million in H1 2026. The positive effects of NPL resolution, primarily reflected in repayments and loan upgrades, have partially offset new inflows of non-performing loans. Moreover, EUR 224.3 million in NPLs showed no payment delays.

Despite a modest decrease in the non-performing credit portfolio, the **NPL ratio** remained broadly unchanged from its end-2025 level and stood **at 2.0%** as of 30 June 2026. Based on the EBA methodology, the internationally comparable NPE ratio stood at 1.3%, while the Group's gross NPL ratio slightly decreased to 2.3% at the end of H1 2026.

in EUR millions/%

	1–6 2026	1–6 2025	Change YoY	Q2 2026	Q1 2026	Q2 2025	Change QoQ
Key Income Statement Data							
Net operating income	653.7	635.0	3%	341.9	311.8	324.6	10%
Net interest income	488.0	466.4	5%	247.3	240.6	232.5	3%
Net non-interest income	165.7	168.6	-2%	94.5	71.2	92.1	33%
o/w Net fee and commission income	178.8	163.1	10%	92.2	86.6	82.7	6%
Total costs	-303.8	-296.3	-3%	-155.9	-147.9	-152.5	-5%
Tax on balance sheet	-18.2	-16.3	-12%	-9.2	-9.0	-8.2	-1%
Result before impairments and provisions	331.7	322.4	3%	176.8	154.9	164.0	14%
Impairments and provisions	-32.4	2.5	-	-18.7	-13.6	14.7	-37%
Impairments and provisions for credit risk	-32.0	5.8	-	-19.1	-12.8	20.3	-49%
Other impairments and provisions	-0.4	-3.3	87%	0.4	-0.8	-5.6	-
Result after tax	252.4	274.4	-8%	133.1	119.3	148.5	12%

Financial Position Highlights and Key Developments

The Group's **total assets amounted to EUR 31,852.5 million**, representing an increase of EUR 377.7 million (1%) YtD and EUR 2,279.5 million (8%) YoY. YtD and YoY growth was primarily driven by continued expansion in customer lending, while customer deposits also increased. The early redemption of EUR 500 million notes at the end of June reduced cash balances and decreased total assets in the second quarter. As loan growth outpaced deposit growth, the **(net) LTD ratio increased to 78.4%**, while the Group maintained a solid funding profile and a strong liquidity position.

The Group exhibited strong **loan growth of 12% YoY, or 5% YtD**. with gross loans by the end of the quarter at **EUR 20,060.8 million**. Loan growth in retail retail was with 6% YtD stronger when compared to still solid demand in corporate lending (4% YtD).

The lending rates in Slovenia and in the region stabilised after the period of decline in base rates at **5.02%** on the Group level, with average rates at 5.56% across SEE and 4.09% in Slovenia.

In Q2 2026, **customer deposits at the Group level grew by 2% YtD to 25,075.9 million**, with a strong 4% growth of deposits from individuals. In Slovenia, the strong growth of deposits from individuals in the second quarter was supported by the seasonal inflow of holiday allowance payments. In contrast, deposits from corporate and state declined, partially reflecting the payment of tax liabilities in Q2. As at 30 June 2026, term deposits accounted for 8% of NLB's deposit base, with their share declining over the past year. At the same time, NLB maintained a sizeable and growing savings account base, with balances increasing by 12% YoY and representing 35% of sight deposits as at 30 June 2026. Savings accounts offer higher interest rates than standard sight deposits, with most interest rates set as a proportion of 6M EURIBOR.

The SEE banks also recorded stronger growth in deposits from individuals than in the first quarter, with all Group members reporting positive developments in the retail segment. Deposits from corporate and state also recorded broad-based growth, with positive developments in nearly all markets, while growth rates varied across the Group members. At the aggregate SEE level, the share of term deposits increased to 31% of the deposit base as at 30 June 2026, from 27% as at 30 June 2025, reflecting higher deposit pricing in selected markets to support funding needs amid continued loan growth.

Deposit rates at the Group level have increased over the last several quarters, reflecting diverging trends between NLB and the SEE banks. In NLB, the average deposit rate continued to decline (to 0.24%), reflecting ongoing repricing and a more favourable deposit mix. In contrast, some SEE banks have recorded a gradual increase in deposit rates (to 1.05%), primarily reflecting a temporary adjustment to the funding mix in selected markets, where the share of higher-priced term deposits increased to support loan growth. This adjustment forms part of active balance sheet management, balancing funding needs, liquidity, and asset pricing.

As at 30 June 2026, the Group **Total Capital Ratio (TCR) stood at 19.3%**, reflecting a 0.8 pp decrease compared with the end of 2025 (mainly due to an increase in RWA of EUR 740.0 million, which was accompanied by a capital decrease of EUR 14.9 million compared with the end of 2025), and a **CET1 ratio of 14.8%, both well above regulatory requirements**.

Total capital does not include the envisaged amount to be paid out as a second tranche of the 2026 dividend. Therefore, the payment of the dividend will have no effect on the capital position.

					in EUR millions/%/pp
	30 Jun 26	**31 Dec 25**	**30 Jun 25**	**Change YtD**	**Change YoY**
Key Financial Position Statement Data					
Total assets	31,852.5	31,474.8	29,573.0	1%	8%
Gross loans to customers	20,060.8	19,093.4	17,834.5	5%	12%
Net loans to customers	19,654.0	18,705.5	17,481.5	5%	12%
Deposits from customers	25,075.9	24,509.9	22,837.8	2%	10%
Equity (without non-controlling interests)	3,895.1	3,781.6	3,386.2	3%	15%
Other Key Financial Indicators					
LTD	78.4%	76.3%	76.5%	2.1 pp	1.8 pp
Common Equity Tier 1 Ratio	14.8%	15.4%	15.1%	-0.7 pp	0.3 pp
Tier 1 Ratio	16.7%	17.4%	15.5%	-0.7 pp	1.2 pp
Total capital ratio	19.3%	20.1%	18.4%	-0.8 pp	1.0 pp
Total risk exposure amount (RWA)	20,249.8	19,509.8	18,608.2	4%	9%
Employees					
Number of employees	8,064	8,107	8,268	-43	-204

On a QoQ basis, the Group's **net interest margin** recorded a modest **increase of 2 bps to 3.21%**, indicating stabilisation after the recent downward trend. On a YoY basis, NLB Group NIM is lower by 13 bps. In NLB, the margin increased for the second consecutive quarter and is up 6 bps QoQ and 11 bps YoY, supported by its predominantly sight-deposit funding base and active asset pricing. In contrast, a decline was recorded in the SEE banks, primarily reflecting continued competition for customer deposits and the need to secure funding to support strong loan growth in selected markets. The Group's diversified funding profile and proactive balance sheet management helped limit the impact of these market-specific pressures at the Group level.

Key Financial Indicators	1-6 2026	1-6 2025	in %/pp/bps Change YoY
Return on equity after tax (ROE a.t.)	13.0%	16.4%	-3.4 pp
Return on tangible equity after tax (ROTE a.t.)(i)	14.5%	17.5%	-3.0 pp
Return on equity after tax (ROE a.t.) normalised(ii)	19.1%	23.4%	-4.3 pp
Return on assets after tax (ROA a.t.)	1.6%	1.9%	-0.3 pp
Net interest margin (on interest-bearing assets)	3.21%	3.40%	-0.19 pp
Operational business margin	4.45%	4.66%	-0.21 pp
Cost-to-income ratio (CIR)(iii)	46.5%	46.7%	-0.2 pp
Cost of risk net (bps)	32	-4	36

(i) ROTE = annualised result a.t. (regulatory charges for NLB are not taken into annualisation) reduced for AT1 coupons, divided by the average equity, reduced for average intangible assets and average AT1 capital.
(ii) ROE normalised = annualised result a.t.(regulatory charges for NLB are not taken into annualisation) after AT1 coupons, divided by the average risk-adjusted capital. Average risk-adjusted capital is calculated as the CET1 strategic target of average RWA, reduced by the CET1 minority shareholder capital contribution.
(iii) Tax on total assets is excluded from the calculation.

A Forward-looking Outlook and Strategic Priorities[2]

The NLB Group reaffirms its full-year outlook and guidance for 2026 and 2027, as previously communicated.

	H1 2026 Delivery	Outlook for 2026	Outlook for 2027
Recurring income	EUR 656.6 million	> EUR 1,300 million	~ EUR 1,500 million
CIR	46.5%	Below 48%	Below 47%
Cost of risk	32 bps	30–50 bps	30–50 bps
Loan growth	5%	High single-digit	High single-digit
Dividends	EUR 138,4 million (first tranche)	55% of the 2025 profit	50%–60% of the 2026 profit
ROTE a.t. (i) ROE a.t. normalised(ii)	14.5% 19.1%	~ 15% ~ 20%	~ 15% ~ 20%
M&A potential		M&A capacity of up to EUR 4 billion RWA(iii)	

(i) ROTE a.t. = annualised result a.t. (regulatory charges for NLB are not taken into annualisation), reduced for AT1 coupons, divided by the average equity, reduced for average intangible assets and average AT1 capital.
(ii) ROE a.t. normalised = annualised result a.t. (regulatory charges for NLB are not taken into annualisation), reduced for AT1 coupons, divided by the average risk-adjusted capital. Average risk-adjusted capital is calculated as the CET1 strategic target of average RWA, reduced by the CET1 minority shareholder capital contribution.
(iii) Assisted with the combination of capital from issuing AT1 notes and a temporary reduction of the dividend payments.

You are Kindly Invited to Join the Q2 and H1 Earnings Call

We kindly invite all interested stakeholders the **NLB Group's First Half 2026 Earnings Call**, hosted by the NLB Management Board. The call will take place on Thursday, 6 August 2026, at 16:00 CEST/15.00 BST and will be available at **https://www.nlb.si/ir-events**.

Members of the Management Board will, as usual, receive and address your questions live during the webcast. However, if you already know what you wish to ask them, you may submit your questions in advance. If you register for the event, you will be able to send them via the web app, or you may simply send them to the email address **IR@nlb.si**.

[2] The indicated outlook constitutes forward-looking statements which are subject to several risk factors and are not a guarantee of future financial performance. The interest rate outlook is uncertain, given the adaptive monetary policy of the ECB and local central banks to the general economic sentiment.