

August 7, 2025

# Solid Business Results and Clear Ambition Drive NLB Stock Toward an All-time High

In the first half of 2025, **NLB Group achieved a profit after tax of EUR 274.4 million**, successfully combating the declining interest rate environment with stable net interest income, growing net fee and commission income, cumulatively adding 5% YoY to the topline, and a strict cost containment agenda, while supporting clients in the region with the double-digit annual growth rate of loans. Furthermore, robust asset quality, coupled with comfortable capital ratios and abundant liquidity provide a solid base for further growth ambitions.

Transformation of the Group with deliberate, measured, and targeted investments into capacity, namely targeting people, processes, or technology has also begun in earnest during this period and is already bearing fruit. **Significant transformation achievements** worth outlining are:

- **Growth of digital penetration to 58.2%**, with **digital sales in retail segment in Slovenia achieving 33.6%**
- Build and deploy **next generation digital banking app “NLB Klik”** in Slovenia, scale up for Serbia in preparation; setting up a solid platform for better integration in future ecosystem / partner collaboration plays
- Broaden Asset management product range in Slovenia and Serbia with the launch of an **Alternative Investment Fund** and set up of a **Serbian equity feeder fund**
- **Finalising integration of Summit Leasing into NLB Lease&Go** as of 7 July 2025
- Continued scale-up of RPA/AI deployment across the group to accelerate **process streamlining**

“Sound business results that inspire confidence and strengthen the foundation of our Group, as well as the wider economic environment of our home region, represent only one side of the story we are focusing on in the NLB Group. The other is our growth ambition and commitment to delivering on our business strategy,” commented NLB’s CEO **Blaž Brodnjak** upon publication of the results. “We believe the future of banking belongs to those who see beyond transactions – to relationships. To those who recognise clients’ needs at any given moment in their life, anticipate their evolving expectations, and design the ecosystem of banking and embedded finance services that adapt accordingly. To those who build on lasting relationships. On trust. On consistency. And reliability. On everything that serves not only shareholders, but also the communities we empower every day.”

“Investors distrust most banking models, with cited factors including intensifying competition, shifting client behaviour, tech disruption, and macroeconomic uncertainty. NLB Group banks in the region are not immune to these challenges. However, what we believe investors recognise in the Group is not only its consistent ability to deliver solid results, underpinned by prudent risk management and operational discipline, but a clear ambition to lead – not follow – in shaping client-centric financial services. They see a Group that aligns strategic intent with disciplined execution and remains focused on delivering sustainable, long-term value for all stakeholders,” said Chairman of the Supervisory Board **Primož Karpe**.

This alignment between strategy and execution is evidenced by the growth in shareholder returns delivered over the years, being through price appreciation (in the first six months of 2025 exceeding 17%) or through dividends (with the first tranche of EUR 6.43 gross of expected 2025 dividends already paid to shareholders). It is also reflected by the **share price of the NLB d.d. reaching all-time high and hovering around book value per share** at the beginning of August – an indication that investors are as excited for the future as we are.

## Key Highlights of the Q2 and H1

### Income statement review<sup>1</sup>

**The Group recorded strong performance in the second quarter with its result before impairments and provisions increasing by 3% from the first quarter and after-tax result increasing by 18% QoQ to reach EUR 148.5 million.** In the first half of 2025, NLB Group achieved a profit after tax of EUR 274.4 million. Despite a trend of declining interest rates, NLB Group managed to record YoY growth in net interest income – primarily due to growth in loan volumes and the positive contribution of the SLS Group acquisition – while the main cost drivers in the period were the acquisition's associated expenses, Group-wide salary adjustments, significant IT investments to accelerate digitisation, and a few non-recurring items.

**Net interest income (NII) in Q2 reached EUR 232.5 million, up 2% YoY, fully absorbing the costs of a EUR 500 million senior funding transaction and cumulative rate cuts by the ECB of 175 basis points.** On a QoQ basis the ECB's rate cuts of 50 basis points (from 2.5% to 2.0%) were almost offset by a high loan growth of 3% (YtD 7%).

The **net interest income sensitivity, simulated by a 100-bps immediate parallel downward shift in interest rates**, currently stands at approximately **EUR -67.6 million or -2.34% of the T1 capital**, driven mainly by:

- Cash (EUR -20.4 million),
- Floating rate loan positions (EUR -61.1 million)
- While being partially compensated by interest rate swaps (EUR 9.7 million).

The focus on stabilising the net interest income includes ongoing increased fixed interest rate loan stock, active management of the funding mix, liabilities hedging activities, and increasing the duration and volume of the banking book securities portfolio.

In 2025, NII sensitivity improved by EUR 3.1 million or 13 bps (from -2.47% to -2.34% relative to the T1 capital, or from EUR -70.7 million to a level of EUR -67.6 million in case of a -100-bps parallel shift). The Group reduced the NII sensitivity in 2025 by increasing the volume of fixed-interest rate loans (EUR 1,393 million), new interest rate hedges on issued liabilities (EUR 500 million), and additional investments in high-quality debt securities (EUR 492 million, partially hedged) – while increased central bank balances (EUR 126 million) contributed negatively to net interest income sensitivity. Due to the uncertainty surrounding the future path of interest rates, the Group did not undertake any material targeted NII sensitivity management actions in Q2 2025 and, as a result, kept NII sensitivity virtually unchanged QoQ.

**Net non-interest income (NNII) reached EUR 92.1 million in the second quarter of 2025 – a 20% increase QoQ** with a caveat that net non-interest income in Q1 was significantly affected by the accrual of one-off expenses for regulatory costs in NLB, amounting to EUR 11.4 million. Net fee and commission income recorded solid 3% growth QoQ to reach EUR 82.7 million on the back of seasonally strong consumer spending.

The Group's net non-interest income in first half of the year recorded an 18% YoY increase, driven by higher net fee and commission income, as well as several positive one-off effects, including a gain related to a resolved legal dispute and the sale of real estate.

**Total costs in Q2 amounted to EUR 152.5 million**, an increase of 6% (EUR 8.6 million) QoQ, primarily due to IT investments and accelerated digitalisation. **Like-for-like cost growth in H1 stands at 8%, normalising mostly for integration effects of SLS** and otherwise being mostly a function of investments in people and technology. **CIR (excluding BS tax) stands thus at 46.7%** with our target remaining at around 48%.

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<sup>1</sup> From June 2025 onwards and for the previous periods, the income statement is presented according to the new methodology. Operating lease is presented on a net basis: non-interest income and related costs are netted by the amount of amortisation (EUR 3.6 million in H1 2025 and EUR 1.0 million in H1 2024).

## Asset quality

**In Q2 2025, net impairments and provisions for credit risk were released in the amount of EUR 20.3 million.** NLB Group introduced improvements to IFRS 9 models and parameter calculation, which led to a release of provisions in subsidiary banks. Repayments of written-off receivables in the amount of EUR 8.0 million were added to the additional release. Established provisions resulted from new financing (Stage 1) and transfers between stages due to the credit quality deterioration of particular clients. **Cost of risk for H1 2025 stands at -4 bps.**

In the first half of the year, the Group net released EUR 5.8 million of impairments and provisions for credit risk. This was primarily driven by improvements to IFRS 9 models and parameter calculations, resulting in a release of EUR 15.2 million. Additionally, repayments of written-off receivables amounted to EUR 13.4 million, while new provisions were established in connection with new financing and stage transfers due to credit quality deterioration of certain clients.

In the current macroeconomic environment, the Group's asset quality remains robust. The majority of the Group's loan portfolio is classified as Stage 1 (92.9%), with a low portion in Stage 2 (5.5%) and Stage 3 (1.5%). The increase in Stage 2 allocation was mainly observed in the retail segment due to improved statistical models in subsidiaries in Q2. However, the share of the Stage 2 portfolio remains moderate. In addition, 70.3% of Stage 2 retail exposure shows no delays.

An increase in the higher-quality loan portfolio and only a slight increase in the NPL portfolio led to a slight decrease in the **NPL ratio** from the 2024-year level, **standing at 1.5%**. Based on the EBA methodology, the internationally comparable NPE ratio stood at 1.0%. As defined by the EBA, the Group's gross NPL ratio remained stable at 1.9% at the end of H1 2025.

**Other impairments and provisions in H1 were net established in the amount of EUR 3.3 million**, mainly due to legal provisions in NLB Komercijalna Banka, Beograd and NLB.

	in EUR millions/%						
	1–6 2025	1–6 2024	Change YoY	Q2 2025	Q1 2025	Q2 2024	Change QoQ
<b>Key Income Statement Data</b>							
<b>Net operating income</b>	635.0	603.0	5%	324.6	310.4	305.4	5%
Net interest income	466.4	460.4	1%	232.5	233.9	228.3	-1%
Net non-interest income	168.6	142.6	18%	92.1	76.5	77.1	20%
o/w Net fee and commission income	163.1	150.0	9%	82.7	80.4	78.9	3%
Total costs	-296.3	-257.8	-15%	-152.5	-143.9	-134.0	-6%
Tax on balance sheet	-16.3	-16.2	0%	-8.2	-8.1	-8.1	-1%
<b>Result before impairments and provisions</b>	322.4	329.0	-2%	164.0	158.5	163.2	3%
Impairments and provisions	2.5	10.4	-76%	14.7	-12.2	15.1	-
<i>Impairments and provisions for credit risk</i>	5.8	11.7	-50%	20.3	-14.5	16.0	-
<i>Other impairments and provisions</i>	-3.3	-1.3	-163%	-5.6	2.3	-1.0	-
<b>Result after tax</b>	274.4	292.0	-6%	148.5	125.8	152.0	18%

## Statement of financial position review

The Group's **total assets amounted to EUR 29,573.0 million** (in NLB d.d. EUR 18,377.3 million, growth of 8% YtD), reflecting an increase of EUR 1,537.7 million YtD and EUR 2,959.4 million YoY, with YoY increase being affected by the SLS Group acquisition. The Group maintained a healthy funding profile alongside loan growth, with a stable **LTD ratio (net) of 76.5%** and solid liquidity at the Group level. The LTD ratio QoQ remained stable (declined by 0.1 p.p.) as loan growth in the second quarter was supported by the growth of deposits in the same magnitude.

In Q2 2025, loan volume continued to grow at the same pace as the last quarter, with growth widespread across geographies and segments, and achieved a **7% YtD** increase at the Group level, **to reach EUR 17,834.5 million gross loans**.

In **Slovenia**, business activity remained strong, supported by the **vibrant new production of loans**. NLB recorded a 5% YtD growth in gross loans to corporate and state, largely driven by new loan production and the disbursement of previously approved loans. Loans to individuals also grew, with notable momentum in housing loans – EUR 364.0 million new housing loans were approved in H1 2025, compared to EUR 208.3 million in H1 2024. New production of consumer loans also remained strong, with EUR 280.7 million in H1 2025, compared to EUR 261.8 million in H1 2024.

In **SEE banks**, the growth of gross loans was even higher than in Slovenia, with **10% growth achieved in gross loans to individuals and 7% growth of gross loans to corporate and state**. Loan growth in SEE markets was fuelled by a combination of declining interest rates, improving economic activity, and more favourable loan conditions – factors that significantly boosted loan demand from both corporates and individuals.

**Lending rates** in H1 2025 declined across SEE and Slovenia, as this was driven by lower market rates following the ECB's monetary easing, as well as deliberate action by the Group to align with client expectations, supported by improved funding conditions.

**Deposits from customers grew by 3% YtD (by EUR 631.5 million) to reach EUR 22,837.8 million**, with strong growth in deposits from individuals by 4% more than offsetting a temporary Q1 drop in corporate deposits. In Q2, deposit growth resumed across all markets.

Deposits from individuals showed stable growth in most banking members. In NLB, deposits from individuals in the second quarter grew by 4% and contributed positively to the overall deposit growth, following the flattish trend in the first quarter, marked by the RoS retail bond issue.

In SEE banks, higher interest rates attracted more deposits from individuals, providing additional funding to support loan growth. In contrast, corporate and state deposits saw a slight 1% decrease YtD as the drop by 6% in the first quarter was not entirely offset by a healthy rebound of 5% in the second quarter.

In Slovenia, **deposit rates** declined as the ECB began easing policy and banks continued to meet their liquidity needs domestically, while at the same time deposit rates in SEE have increased during the first half of 2025, driven by heightened liquidity needs, intensified competition for funding, and regulatory pressure to strengthen stable funding buffers.

As at 30 June 2025, the **Group's TCR stood at 18.4%** (a 0.4 p.p. decrease compared to the end of 2024), while the **CET1 ratio** stood at **15.1%**, remaining well above regulatory requirements. The lower total capital adequacy resulted from a higher RWA of EUR 392.1 million compared to the end of 2024, although the capital increased by EUR 4.0 million compared to the end of 2024.

The first tranche of dividends out of the 2024 profit was confirmed at the June General Meeting of NLB d.d. and has already been paid out. Shareholders received dividends of EUR 128.6 million or EUR 6.43 gross per share. The total capital does not include the envisaged amount to be paid out as a second tranche of the dividend in 2025. Therefore, there will be no effect on the capital if the dividends are paid.

	30 Jun 25	31 Mar 25	31 Dec 25	30 Jun 24	Change YtD	Change YoY	Change QoQ
in EUR millions/%/p.p.							
Key Financial Position Statement Data							
Total assets	29,573.0	28,678.5	28,035.4	26,613.7	5%	11%	3%
Gross loans to customers	17,834.5	17,295.9	16,721.4	14,726.7	7%	21%	3%
Net loans to customers	17,481.5	16,923.3	16,363.6	14,399.3	7%	21%	3%
Deposits from customers	22,837.8	22,078.9	22,206.3	20,693.8	3%	10%	3%
Equity (without non-controlling interests)	3,386.2	3,356.2	3,226.0	3,081.3	5%	10%	1%
Other Key Financial Indicators							
LTD	76.5%	76.6%	73.7%	69.6%	2.9 p.p.	7.0 p.p.	-0.1 p.p.
Common Equity Tier 1 Ratio	15.1%	15.4%	15.3%	15.8%	-0.7 p.p.	-0.3 p.p.	-0.7 p.p.
Tier 1 Ratio	15.5%	15.9%	15.8%	16.3%	-0.3 p.p.	-0.8 p.p.	-0.4 p.p.
Total capital ratio	18.4%	18.8%	18.7%	19.7%	-0.4 p.p.	-1.4 p.p.	-0.4 p.p.
Total risk exposure amount (RWA)	18,608.2	18,099.7	18,216.1	16,017.2	2%	16%	3%
Employees							
Number of employees	8,268	8,292	8,322	8,049	-54	219	-24

The decrease in interest rates on loans and central bank balances led to a YoY decline in the Group's annual net interest margin by 0.28 p.p. to 3.40%. Similarly, the operational business margin fell by 0.33 p.p. YoY to 4.66%. However, this decline was effectively mitigated by replacing less profitable central bank balances with a more lucrative loan portfolio acquired from the SLS Group, an increased volume of loans to individuals and investments in securities.

	1-6 2025	1-6 2024	Change YoY
in %/p.p./bps			
Key Financial Indicators			
Return on equity after tax (ROE a.t.)	16.4%	19.4%	-3.0 p.p.
Return on equity after tax (ROE a.t.) normalised (i)	23.3%	30.1%	-6.8 p.p.
Return on assets after tax (ROA a.t.)	1.9%	2.2%	-0.3 p.p.
Net interest margin (on interest bearing assets)	3.40%	3.68%	-0.28 p.p.
Operational business margin	4.66%	4.99%	-0.33 p.p.
Cost-to-income ratio (CIR)(ii)	46.7%	42.8%	3.9 p.p.
Cost of risk net (bps)	-4	-18	14

(i) ROE a.t. normalised = result a.t. divided by the average risk-adjusted capital. An average risk-adjusted capital is calculated as a Tier 1 requirement of average RWA reduced by minority shareholder capital contribution.

(ii) Tax on total assets is excluded from the calculation. From June 2025 onwards and for the previous periods, CIR is adjusted to the new methodology. Operating lease is presented on a net basis: non-interest income and related costs are netted by the amount of amortisation.

## Outlook<sup>2</sup>

The performance in the first half of 2025 leads the NLB Group to **reiterate** previously communicated **guidance for 2025 with updates on the loan growth and ROE after tax**. After recording year-to-date growth of 7% in net loans to customers, neatly spread across geographies and segments, the Group is upgrading guidance for **full-year loan growth** to a **low double-digit**.

**Cost of risk guidance remains in the 30 to 50 bps range**, with the expectation to land at the lower end of the guided range, unless a material deterioration in the business environment occurs in the second half of the year.

The first tranche of dividends out of the 2024 profit was confirmed at the June General Meeting of NLB d.d. and has already been paid out. Shareholders received dividends of EUR 128.6 million or EUR 6.43 gross

<sup>2</sup> The indicated outlook constitutes forward-looking statements which are subject to a number of 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.

per share. As in the previous years, the second tranche is expected to be submitted for approval at the General Meeting taking place towards the end of this year, subject to no material M&A activity becoming actionable, bringing the total payout in 2025 to EUR 257 million or 50% of the 2024 profit.

The Group is **reaffirming the outlook for 2026**, and the operating environment continues to support growth aspirations.

	Outlook for 2025	Revised Outlook for 2025	Outlook for 2026
Recurring income	~ EUR 1,200 million	~ EUR 1,200 million	> EUR 1,300 million
CIR	~ 48%	~ 48%	Below 48%
Cost-of-risk	30–50 bps	30–50 bps	30–50 bps
Loan growth	High single-digit	<b>Low double-digit</b>	High single-digit
Dividends	50% of 2024 profit	50% of the 2024 profit	50–60% of 2025 profit
ROE a.t.	~ 15%	~ 15%	~ 15%
ROE a.t. normalised <sup>(i)</sup>	> 20%	<b>~ 20%</b>	> 20%
M&A potential	M&A capacity of up to EUR 4 billion RWA <sup>(ii)</sup>		

<sup>(i)</sup> ROE a.t. normalised = result a.t. divided by the average risk-adjusted capital. An average risk-adjusted capital is calculated as a Tier 1 requirement of average RWA reduced by minority shareholder capital contribution.

<sup>(ii)</sup> Assisted with the combination of capital from issuing AT1 notes and a temporary reduction of the dividend payments.

## You are Kindly Invited to the Webcast Presentation

We kindly invite all interested stakeholders to the **presentation of the NLB Group's Second Quarter and First Half-year 2025 results**, hosted by the NLB Management Board. The call will take place on Thursday, 7 August 2025, at 16:00 CEST/15.00 UK 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**.