

NLB Group in Q1 2026: Resilient Underlying Performance and Continued Growth Momentum

Ahead of the **NLB Investor Day on 7 May 2026**, that brings together financial experts, investors, and analysts – this year in Sarajevo, Bosnia and Herzegovina – the NLB Group announces its operating results for the first quarter of 2026.

While key highlights are discussed in detail below, some key takeaways include:

- Profitability remained solid with **profit after tax at EUR 119.3 million**, down 5% YoY due to a higher burden of non-recurring items. The underlying performance was resilient, with **recurring profit before impairments and provisions increasing 5% YoY**.
- **Net interest income rose 3% YoY to EUR 240.6 million**, supported by continued loan volume growth, which more than offset the effect of lower interest rates. On a QoQ basis, net interest income decreased by EUR 3.2 million, primarily due to fewer days in the period (EUR 5.1 million). Excluding this effect, net interest income increased by EUR 1.9 million, with higher income from loans more than offsetting the continued funding pressure in SEE banks.
- Loan growth remained broad-based and robust. **Gross loans increased 3% YtD and 14% YoY**, with strong momentum across geographies and client segments. In particular solid growth was recorded in the corporate and state segment in Slovenia, while retail lending, including housing and consumer loans, continued to show healthy demand. NLB Group's subsidiary banks in the South-Eastern European (SEE) region also maintained solid lending growth.
- The net interest margin showed stabilisation trends. On a QoQ basis, NIM decreased marginally to 3.19%, with NLB starting to show stabilisation and slight increase (to 2.57% from 2.54% in Q4), while SEE banks experienced continued pressure to raise more expensive term deposits to fund the strong long-growth.
- **Net fee and commission income** continued to show robust growth, achieving **an increase of 8% YoY to EUR 86.6 million**, driven mainly by investment funds, bancassurance and account-related services, with notable contributions from SEE markets.
- Net non-interest income declined due to non-recurring effects. NNII decreased 7% YoY and 25% QoQ, driven primarily by the absence of positive one-offs from the prior year (such as resolved legal disputes and real-estate divestments), valuation effects, higher donations and seasonality in the fee and commission income as well as the accrual of regulatory costs in Q1.
- Cost discipline remained solid with like-for-like cost growth of 3.5% YoY, mainly due to salary adjustments and higher IT expenses. The **cost-to-income ratio stood at 47.4%**, below guidance.
- Asset quality indicators remained strong. Net impairments and provisions for credit risk amounted to EUR 12.8 million, driven by loan growth and credit migration, primarily in retail. The **cost of risk stood at 26 bps annualised**.
- Liquidity and funding profile remained sound. Deposit growth continued to support loan expansion, with customer deposits up 1% YtD and a healthy loan-to-deposit ratio of 77.8%.
- The capital position with a total capital ratio as at 31 March at 19.4% and CET1 at 14.8%, supports continued organic growth, M&A flexibility, and attractive shareholder remuneration, with a **55% dividend pay-out ratio expected for 2026**, implying high-single-digit dividend growth.

“The most resilient institutions are defined by long-term consistency and discipline across changing and challenging conditions. NLB Group is one such institution. Even in an environment defined by elevated uncertainty and tighter financial conditions, the Group continues to demonstrate quiet strength in its fundamentals and its ability to deliver stable performance. This is not accidental. It is the result of a clear strategy, strong governance, and a deeply embedded risk culture – a fact further reflected in the recent NLB's upgrade by Moody's, which was both encouraging and validating,” commented **NLB's CEO Blaž Brodnjak** upon publication of the results. “Our fundamentals remain solid across the board. Asset quality indicators

continue to be sound, while our liquidity and funding position remain robust and well-diversified. This strong capital base of ours is not merely a buffer – it is a strategic enabler. It supports continued organic growth, provides flexibility for disciplined and value-accretive M&As, and allows for attractive and sustainable shareholder remuneration. We look forward to discussing all of this and more at tomorrow's NLB Investor Day, hosted this time in Sarajevo," he added.

The **Chairman of the Supervisory Board Primož Karpe** also commented on the Group's results in the first quarter, emphasising: "The Supervisory Board is satisfied with the Group's disciplined execution and the continued strength of its financial and risk profile. We are confident that Group's relentless focus on disciplined delivery of strategic objectives, combined with a robust risk framework and strong capital position, will continue to underpin its resilience and sustainable value creation as the growth across key metrics should accelerate in the years ahead."

Key Highlights of the Q1

Earnings Review: Income Statement Highlights and Trends

NLB Group achieved a **solid profit after tax of EUR 119.3 million** in the first quarter of the year - a decline of 5% YoY that needs to be viewed in the context of non-recurring effects - as the base period benefited from favourable one-offs, while the current period is burdened by negative non-recurring items. Underlying performance remained strong, with **recurring profit before impairments and provisions increasing by 5% YoY**, supported by growth in both net interest income and fee income, as higher business volumes more than offset the impact of declining interest rates.

Net interest income grew by 3% (reaching EUR 240.6 million) YoY. On a quarterly basis, NII declined by 1%, largely a consequence of fewer days in the period, while income from loans more than offset the rise in customer deposit expenses. Excluding this effect, net interest income increased by EUR 1.9 million, with higher income from loans more than offsetting the continued funding pressure in SEE banks.

Compared to the same period last year, growth in interest income was primarily driven by higher loan volumes (EUR 11.3 million), particularly to individuals, as well as by securities (EUR 7.4 million, with approximately 60% attributable to increased volumes and the remainder to higher yields). Interest income from balances with banks and central banks declined by EUR 4.6 million, reflecting lower interest rates. At the same time, interest expenses increased, mainly due to the higher cost of customer deposits (EUR 6.8 million).

Net fee and commission income, a key component of net non-interest income, **recorded strong YoY growth of 8% (to reach EUR 86.6 million)**, primarily driven by higher income from investment funds, bancassurance, and account-related services, particularly in the SEE markets. The bancassurance business recorded notable growth not only in Slovenia but also across the SEE markets, which contributed significantly to fee income. The decline of NFCI QoQ reflects a tough comparison with the prior quarter, which benefited from strong card services performance driven by seasonal spending and improved commercial terms with providers.

One of the key items for understanding income statement on both QoQ and YoY dynamics are **net non-interest income (NNII)**. **With EUR 71.2 million** in Q1, they exhibit a 7% YoY decline and 25% QoQ. On the former, the difference of EUR 11.2 million in non-recurring NNII YoY can be explained with the fallout of positive items from the previous year (such as resolved legal disputes and RE divestments), and valuation effects, higher donations, and other less significant movements in this year. On a quarterly comparison, besides a seasonally strong fourth quarter (explained in the NFCI section), the accrual of regulatory costs in NLB in the amount of EUR 13.2 million led to the QoQ decline.

Total costs increased by 3.5% YoY on a like-for-like basis. However, this excluded EUR 3.0 million of non-recurring G&A costs in the previous year and the EUR 2.1 million effect from variable compensation in the current year, as the recognition of these adjustments commenced in Q2 2025. The growth was driven in large part by salary adjustments across the Group and increased IT costs. On a QoQ basis, costs were 15% lower, reflecting the seasonal pattern of higher costs in the last quarter of the year.

The CIR (excluding balance sheet tax) stood at **47.4%, below the guided level**.

Asset quality

In Q1 2026, the Group **established net impairments and provisions for credit risk of EUR 12.8 million**, primarily driven by lending growth and credit migration, mainly in the retail sector. This was partially offset by EUR 3.7 million in recoveries from written-off receivables, largely concentrated in Serbia and Slovenia.

Consequently, the **Cost of Risk** for Q1 2026 stood at **26 bps annualised**.

The moderating global growth, elevated uncertainty and tighter financial conditions may increase credit risk and put upward pressure on NPLs. In the first quarter of 2026, the Bank experienced stable trends in the quality of its credit portfolio. As of 31 March, 2026, the **NPL and NPE ratios stood at 2.0% and 1.4%**, respectively. A marginal improvement in coverage ratios (CR1: 84.2%; CR2: 50.4%) was observed after the downward trend in 2025. The Group's NPL coverage remains robust, exceeding the EBA's reported EU-bank average of 41.4% (as of Q4 2025).

| | in EUR millions/% | | | | | | |
|---|-------------------|----------|------------|---------|---------|---------|------------|
| | 1–3 2026 | 1–3 2025 | Change YoY | Q1 2026 | Q4 2025 | Q1 2025 | Change QoQ |
| Key Income Statement Data | | | | | | | |
| Net operating income | 311.8 | 310.4 | 0% | 311.8 | 339.3 | 310.4 | -8% |
| Net interest income | 240.6 | 233.9 | 3% | 240.6 | 243.8 | 233.9 | -1% |
| Net non-interest income | 71.2 | 76.5 | -7% | 71.2 | 95.5 | 76.5 | -25% |
| <i>o/w Net fee and commission income</i> | 86.6 | 80.4 | 8% | 86.6 | 92.5 | 80.4 | -6% |
| Total costs | -147.9 | -143.9 | -3% | -147.9 | -173.2 | -143.9 | 15% |
| Tax on balance sheet | -9.0 | -8.1 | -12% | -9.0 | -8.8 | -8.1 | -3% |
| Result before impairments and provisions | 154.9 | 158.5 | -2% | 154.9 | 157.4 | 158.5 | -2% |
| Impairments and provisions | -13.6 | -12.2 | -12% | -13.6 | -46.7 | -12.2 | 71% |
| <i>Impairments and provisions for credit risk</i> | -12.8 | -14.5 | 12% | -12.8 | -36.4 | -14.5 | 65% |
| <i>Other impairments and provisions</i> | -0.8 | 2.3 | - | -0.8 | -10.4 | 2.3 | 92% |
| Result after tax | 119.3 | 125.8 | -5% | 119.3 | 97.0 | 125.8 | 23% |

Financial Position Highlights and Key Developments

The Group's **total assets amounted to EUR 32,270.8 million**, reflecting an increase of EUR 796.0 million (3%) YtD and EUR 3,592.3 million (13%) YoY. The Group maintained a healthy funding profile alongside loan growth, with a solid **LTD ratio (net) of 77.8%** and strong liquidity at the Group level.

YtD, **the Group** exhibited strong, **3% loan growth**. Gross loans by the end of the quarter were **EUR 19,717.6 million, an increase of EUR 624.1 million**. Loan volumes continued to grow at a solid pace in Q1 2026 across geographies and business segments. This particularly strong gross loans growth was recorded in the corporate and state segment in Slovenia with a 5% increase in gross loans to the corporate and state segment, driven by increased investment activity, higher working capital needs, and sustained client demand. Loans to individuals grew at a somewhat slower pace, by 3%, while housing loans continued to show momentum, with over EUR 200 million in new loans approved in Q1 2026, more than 20% above the prior-year period. New production of consumer loans also remained strong, reaching almost EUR 150 million in Q1 2026, slightly above the prior year.

SEE banks also maintained solid growth momentum in gross loans, with 3% growth recorded across the individual and corporate and state segments.

Over the last year, lending rates declined at the Group level, reflecting repricing following the earlier easing cycle. In recent quarters, however, trends have stabilised, with lending rates in NLB remaining broadly unchanged over the past three quarters. In the SEE banks, lending rates continued to decline, albeit at a significantly slower pace compared to earlier periods, indicating gradual stabilisation at the Group level.

Average lending rates in Q1 2026 stabilised at 5.04% on the Group level, with average rates at 5.58% across SEE and 4.10% in Slovenia.

In Q1 2026, **customer deposits at the Group level grew by 1% to 24,835.3 million**, with a stronger growth of 3% in the corporate and state segment. In Slovenia, deposits from individuals remained broadly stable in Q1 2026, also reflecting the issuance of the third Republic of Slovenia retail bond, which temporarily redirected part of household savings. Deposits from corporate and state clients increased at a somewhat stronger pace, achieving 2% growth in Q1. In the SEE banks, deposits from individuals recorded modest growth, while the corporate and state segment recorded a more pronounced increase of 4%. This was primarily driven by selected markets offering higher deposit rates to support funding needs related to continued loan growth.

Deposit rates at the Group level have increased over the last two quarters, following a broadly stable trend in the preceding periods. This development reflects diverging dynamics between NLB and SEE banks. In NLB, deposit rates continued to decline, in line with the repricing of deposits following the earlier easing cycle and stable funding conditions. In contrast, SEE banks recorded a further increase in deposit rates, with the strongest growth observed in the most recent quarter. This was primarily driven by selected markets, where more active deposit pricing was applied to support funding needs amid continued loan growth.

As at 31 March 2026, the Group **Total capital ratio (TCR) stood at 19.4%**, reflecting a 0.8 pp decrease compared to the end of 2025 (mainly due to an increase in RWA of EUR 654.1 million and a capital decrease of EUR 22.3 million), and a **CET1 ratio of 14.8%, both well above regulatory requirements**.

The total capital does not include the envisaged amount to be paid out as a dividend in 2026. Therefore, there will be no effect on the capital if the dividends are paid. For 2026, the Bank expects to distribute **55% of last year's profit (subject to no material M&A)**, representing a **5 pp increase in the pay-out ratio**. This translates into high single-digit dividend growth and an attractive dividend yield, reinforcing NLB Group's status as a compelling investment opportunity characterised by high and consistently growing dividends, while achieving strong organic growth rates.

| | in EUR millions/%/p.p. | | | | |
|--|------------------------|-----------|-----------|------------|------------|
| | 31 Mar 26 | 31 Dec 25 | 31 Mar 25 | Change YtD | Change YoY |
| Key Financial Position Statement Data | | | | | |
| Total assets | 32,270.8 | 31,474.8 | 28,678.5 | 3% | 13% |
| Gross loans to customers | 19,717.6 | 19,093.4 | 17,295.9 | 3% | 14% |
| Net loans to customers | 19,317.0 | 18,705.5 | 16,923.3 | 3% | 14% |
| Deposits from customers | 24,835.3 | 24,509.9 | 22,078.9 | 1% | 12% |
| Equity (without non-controlling interests) | 3,883.7 | 3,781.6 | 3,356.2 | 3% | 16% |
| Other Key Financial Indicators | | | | | |
| LTD | 77.8% | 76.3% | 76.6% | 1.5 pp | 1.1 pp |
| Common Equity Tier 1 Ratio | 14.8% | 15.4% | 15.4% | -0.6 pp | -0.6 pp |
| Tier 1 Ratio | 16.7% | 17.4% | 15.9% | -0.7 pp | 0.9 pp |
| Total capital ratio | 19.4% | 20.1% | 18.8% | -0.8 pp | 0.6 pp |
| Total risk exposure amount (RWA) | 20,163.9 | 19,509.8 | 18,099.7 | 3% | 11% |
| Employees | | | | | |
| Number of employees | 8,064 | 8,107 | 8,292 | -43 | -228 |

On a QoQ basis, the Group's **net interest margin** decreased 6 bps to **3.19%**. In NLB, the increase of the margin confirmed the previously observed bottoming out process. In contrast, a more pronounced decline was recorded in the SEE banks. The compression in SEE was primarily driven by higher funding costs,

reflecting a significant increase in deposit yields alongside a slight decline in loan yields. In contrast, in NLB, both loan and deposit yields decreased, resulting in a broadly stable margin.

On a YoY basis, the net interest margin declined by 27 bps to 3.19%, with a more pronounced decline in SEE banks than in NLB, reflecting stronger pressure from deposit repricing in these markets. Similarly, the operational business margin decreased by 0.31 pp to 4.41%.

| Key Financial Indicators | in %/pp/bps | | |
|--|-------------|----------|------------|
| | 1-3 2026 | 1-3 2025 | Change YoY |
| Return on equity after tax (ROE a.t.) | 12.4% | 15.3% | -2.9 pp |
| Return on tangible equity after tax (ROTE a.t.) ⁽ⁱ⁾ | 14.7% | 17.1% | -2.4 pp |
| Return on equity after tax (ROE a.t.) normalised ⁽ⁱⁱ⁾ | 19.3% | 22.4% | -3.1 pp |
| Return on assets after tax (ROA a.t.) | 1.5% | 1.8% | -0.3 pp |
| Net interest margin (on interest-bearing assets) | 3.19% | 3.46% | -0.27 pp |
| Operational business margin | 4.41% | 4.72% | -0.31 pp |
| Cost-to-income ratio (CIR) ⁽ⁱⁱⁱ⁾ | 47.4% | 46.3% | 1.1 pp |
| Cost of risk net (bps) | 26 | 37 | -11 |

(i) ROTe = annualised result a.t., (regulatory charges 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 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. Following the AT1 bond issuance in November 2025, under the ROE normalised calculation, the result a.t. is reduced by AT1 coupons, and the average risk-adjusted capital is calculated according to the CET1 target of 13% instead of the regulatory Tier1 requirement. ROE normalised for 2025 under the previous methodology would amount to 20.6%.

(iii) 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.

A Forward-looking Outlook and Strategic Priorities¹

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

| | Outlook for 2026 | Outlook for 2027 |
|-------------------------------------|--|----------------------------|
| Recurring income | > EUR 1,300 million | ~ EUR 1,500 million |
| CIR | Below 48% | Below 47% |
| Cost of risk | 30–50 bps | 30–50 bps |
| Loan growth | High single-digit | High single-digit |
| Dividends | 55% of the 2025 profit | 50%–60% of the 2026 profit |
| ROTE a.t. ⁽ⁱ⁾ | ~ 15% | ~ 15% |
| ROE a.t. normalised ⁽ⁱⁱ⁾ | ~ 20% | ~ 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 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 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. Following the AT1 bond issuance in November 2025, under the ROE normalised calculation, the result a.t. is reduced for AT1 coupons, and the average risk-adjusted capital is calculated according to the CET1 target of 13% instead of the regulatory Tier 1 requirement. ROE normalised for 2025 under the previous methodology would amount to 20.6%.

(iii) Assisted with the combination of capital from issuing AT1 notes and a temporary reduction of the dividend payments.

You are Kindly Invited to Follow NLB Investor Day on 7 May 2026

NLB Group will reveal more about the key performance indicators, our ambitions, our long-term vision, the progress of our strategy two years since it was published, and, in general, our story behind the numbers at tomorrow's (7 May, 2026) [NLB Investor Day](#).

Following our first two Investor Days in 2022 in Belgrade and in 2024 in Ljubljana, the next NLB Investor Day will be held in Sarajevo, Bosnia and Herzegovina. NLB's perspective as a systemically important institution namely extends well beyond Slovenia's borders to all the markets in which we operate, and to which we are

¹ 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.

opening opportunities for growth and development. Registration for the live event is unfortunately no longer possible, however, **the interested public can follow the event online by registering [here](#)**. A recording of the event will also be available later.

On Friday, **8 May 2026**, NLB Investor Day will be followed by the **Financials Investor Conference** – an exclusive gathering of investors and analysts, featuring meetings with leading financial institutions from Central and Eastern Europe, the Baltics and the Caucasus: Banca Transilvania, TBC Group, Lion Finance Group PLC, Georgia Capital, Artea, and LHV.