

# Addiko Bank

---

## Addiko Group 1Q26 Results: Webcast Transcription

13 May 2026  
14:00 CET

**Speakers:**

Herbert Juranek (CEO)

Edgar Flagggl (CFO)

Tadej Krašovec (CRO)

Ganesh Krishnamoorthi (CMO & CIO)

**Herbert Juranek**

Good afternoon, ladies and gentlemen. Very welcome to the presentation of the first quarter results 2026 of Addiko Bank on behalf of my colleagues, Ganesh, Tadej, Edgar and Stephan. We have prepared the following agenda for you.

I will start with the highlights of the first quarter and then hand over to Ganesh, who will update you on the development on the business side. Afterwards, Edgar will provide you with more insight on our financial performance, and Tadej will inform you about the situation in the risk area.

At the end, I will do a short wrap-up and comment on our outlook for 2026 before we move on to Q&A. Let me start with the earnings and asset quality. In the first quarter of 2026, we achieved a net profit of €10.1 million. This is around 30% below the strong Q1 result due to several one-time effects and environment-related factors that we will address during our presentation. Nevertheless, the result is also around 16% above the result of the fourth quarter of last year.

The return on average tangible equity amounted to 4.7% with earnings per share at 52 eurocents. The operating result came in at €20.1 million compared to €25.3 million in Q1 2025. On the risk side, the picture remains very stable. The NPE volume stood at €132 million with the NPE ratio stable at 2.6%. At the same time, the coverage ratio improved further to 81.9%. Cost of risk remained very low at 0.2%.

Turning to business development. In Consumer lending, we once again delivered strong growth with new business up by more than 12%. In SME lending, new business development continues to differ by country, and we are working on targeted measures to further reinforce growth in this segment. Ganesh will give you more insights in his part.

Net interest income remained stable. The growth in Consumer lending and contributions from the sovereign bond portfolio largely offset the impact of the lower interest rate environment. Net commission income amounted to €18 million, broadly in line with the prior year.

Overall, we managed to keep our net banking income stable despite severe negative effects coming from the regulatory front and a significant lower interest rate environment compared to last year. Let me briefly touch on funding, liquidity and capital.

Our funding position remains very solid with customer deposits of €5.3 billion, a loan-to-deposit ratio of around 70% and a liquidity coverage ratio well above 290%. Our capital position is also very strong with a total capital ratio of 21.7% entirely in CET1.

Finally, on ESG and regulation, I would like to state that we have implemented CSRD compliant ESG reporting for 2025 and that the impact of the new NaBeG requirements for 2026 is currently under evaluation with expected reliefs on our disclosure requirements.

---

Overall, we started 2026 with a resilient business model, strong capital, ample liquidity buffers and a clear growth momentum in our core Consumer business. Let me briefly comment on our Annual General Meeting.

The AGM was held on 20 April 2026 and all agenda items were approved as proposed. Around 69% of shareholders registered to attend the meeting with approximately 51% ultimately participating.

At the AGM, all agenda items were approved with vote levels of 99% or higher. Shareholders also approved the extension of the term of office of Kurt Pribil for 1 year and Frank Schwab for 3 years. Turning to the shareholder structure and dividend topic.

In line with supervisory expectations and regulatory requirements, the dividend remains suspended, taking into account ongoing regulatory considerations related to the current shareholder structure. While voting rights restrictions for a shareholder group were lifted in early February 2025, the banking supervisory authorities continue to identify uncertainties regarding the overall shareholder structure.

These concerns may extend to potential limitations on certain recovery options in the conceivable event of a stress or crisis situation. Against this background and in the interest of the bank, the Management Board maintained its position of not resuming dividend payments as long as the ownership structure has not conclusively clarified and the related supervisory concerns have not been fully resolved.

Finally, as announced in our last earnings call, Addiko shares were reclassified effective 1 April 2026 from Prime market to Standard market of the Vienna Stock Exchange. I will now turn to the intended voluntary takeover offers. On the 8 April 2026, Raiffeisen Bank International AG announced its intention to launch a voluntary public takeover offer to acquire control of all Addiko shares at a price of €23.05 per share.

The offer is intended to be subject to a minimum acceptance threshold of more than 75% of the outstanding Addiko shares and does not constitute a delisting offer within the meaning of the Austrian Stock Exchange Act. In addition, RBI announced its intention to enter into an agreement with Alta Group d.o.o. from Serbia, which subject to a successful completion of the takeover offer would provide for the sale of Addiko's subsidiaries outside the European Union.

The envisaged purchase prices are intended to correspond at least to the respective fair market value of the companies concerned. The completion of the so-called carve-outs is subject to the usual antitrust, supervisory and regulatory approvals. Let me now turn to the voluntary takeover offer announced by Nova Ljubljanska banka d.d. or NLB.

On 9 April 2026, NLB announced its intention to also launch a voluntary public takeover offer to acquire control of all Addiko shares. The announced offer price amounts to €29 per share. NLB's objective is to acquire a significant majority shareholding in Addiko through this offer. NLB intends to integrate Addiko's banking subsidiaries in the 5 overlapping markets into its existing operations.

For subsidiaries outside the European Union, NLB announced that it will initially conduct a cost-benefit analysis. Should a divestment of individual subsidiaries be deemed appropriate, the envisaged sale price is intended to correspond at least to the fair value of the respective subsidiary.

The publication of NLB's takeover offer was published out today in the morning. The minimum acceptance threshold was set at 75%, replacing the prior reference to a significant majority. Today, at 10:45, RBI announced that they increased the offer price from €23.05 per share to €26.5 per share cum dividend 2025.

The publication of RBI's takeover offer is expected to take place between the 14 and 19 of May 2026. These takeover offers will create additional costs that were not included in our original planning assumption. As customary, the Management Board and the Supervisory Board will carefully review them and within the legally prescribed time frames, position themselves accordingly vis-a-vis the shareholders in line with the statutory duties.

The statements as well as the takeover offers themselves will be published on our website at [www.addiko.com](http://www.addiko.com). Let me now come back to our internal key initiative. We already introduced the Specialization Program and its overarching goals in our last investor call. Today, I would, therefore, like to focus on what is new and more importantly, on the concrete topics we are working on in 2026.

Let me begin with business expansion. This year, our focus is on selectively broadening the product stack where we see clear incremental risk-adjusted revenue potential. Concretely, this includes expanding products such as investments, digital insurance and factoring with a strong focus on attracting new customers while deepening engagement with our existing client base.

In parallel, we are working on increasing digital channel usage and strengthening primary banking relationships, ensuring better product penetration and higher lifetime value across our customer base.

In addition, we are evaluating new market opportunities. We will enter selected priority segments with tailored offerings, evaluate partnerships and further scale point of sales and partnership-driven acquisition models. The second area is engine and platform with a strong emphasis on decision models, analytics and AI.

This year is about translating these capabilities into tangible business impact. We are rolling out AI-enhanced decision models to

improve decision quality and speed while significantly shortening development and delivery cycles across the organisation. At the same time, we are accelerating end-to-end automation across risk and service processes.

The objective is clear: reduce manual workload, lower FTE intensity, shorten turnaround times and improve both customer experience and compliance outcomes. Finally, competencies and people. In 2026, the focus here is on measurable productivity gains and skills readiness. We want to increase efficiency through digital tools and automation, optimising FTE allocation and ensuring 24/7 operational continuity and resilience.

In parallel, we are investigating in building capital, data and AI skills across the workforce, retaining key talent and strengthening a culture of innovation and continuous learning to support the execution of the Specialization agenda. We will keep you updated on the progress of the program. With that, I would like to hand over to Ganesh, who will present to you the progress on the business development.

---

**Ganesh Krishnamoorthi**

Thank you, Herbert. Good afternoon, everyone.

Moving to page seven. The first quarter 2026 was characterised by a lower interest rate environment, continued competitive pressure and ongoing regulatory limitations in our key markets. These factors affected demand, intensified competition and contributed to further price pressure.

Despite these negative effects, our specialist strategy continued to show resilience. Consumer segment remained the key growth engine on the first quarter. The new business increased around 12% year-over-year despite the debt-to-income limitations in Croatia and Montenegro.

This demonstrates the strength of our digital lending and POS proposition, the quality of our customer base and our ability to continue generating alternative volumes even under regulatory constraints. As a result, Consumer loan book grew 9% year-over-year with a new business yield of around 6.3%.

The SME environment was more challenging in the first quarter. Nevertheless, the SME loan book grew 4% year-over-year with a yield of around 4.6%. I will explain the key reasons for softer SME new business development on the next page. Overall, our focused loan book expanded by 7% year-over-year with a blended yield of 6.2%.

As a result, the focus book is now representing 92% of our total loan portfolio, demonstrating the resilience of our specialist strategy.

Please turn to page eight for more detailed insights. Looking more closely at the Consumer segment, regulatory interventions continue to affect market dynamics in our key markets. In Croatia, the 40%

---

debt-to-income cap introduced on 1 July last year, tightened lending conditions and affected demand.

In Serbia, the mandated lending rate cap led to reduction in interest rates and added further pressure on pricing and liquidity. In addition, the implementation of free accounts in Croatia created a negative impact on fee income.

Together, these measures affected both lending volumes and profitability, requiring us to adjust pricing, product design and mitigation actions accordingly. Looking ahead, we are taking further actions to support profitable growth. First, in Croatia, our mitigation measures are now fully launched. This includes consolidation loans and co-debtor product improvements, which allows us to increase the customer eligibility within the new regulatory framework, while maintaining prudent risk standards. Second, we continue to expand our partnership ecosystem.

This includes the onboarding of a new major partner in Serbia and the continued development of our partnership business in Croatia. Third, we will continue to optimise our digital lending funnels in key markets to improve conversions, speed and customer experience. Fourth, we will expand revenue pools through a focused set of new products, including home equity loans, digital insurance, digital investments and stronger customer engagement initiatives.

And finally, we will selectively increase lending prices across markets where feasible, supported by new dynamic pricing tools, which continue to optimise deposit costs to improve our net interest margin. Together, these measures will allow us to better balance growth, margin and risk appetite across markets.

We believe these measures will support further profitable growth under the new regulatory framework and strengthen the resilience of our Consumer business. Let's turn now to SME. The SME environment was more challenging in the first quarter. The overall SME new business declined around 5% year-over-year, mainly driven by a double-digit decline in January and February in Slovenia and Croatia. There are three main reasons for this development.

First, in Croatia, the major state-driven project on the digitalisation of invoices created operational strain for entrepreneurs for the implementation. This impacted their day-to-day operations and reduced lending demand, especially in the micro and small segment. Second, in Slovenia, macroeconomic volatility and investment uncertainty led many entrepreneurs to preserve liquidity and postpone investment decisions.

Third, the market remains highly competitive, particularly in standard working capital and unsecured lending, which continues to put pressure on volumes and pricing. In response, we have launched a clear turnaround growth agenda, particularly in Croatia and Slovenia.

---

The key objective is to evolve our SME business from a pure fast unsecured lending model towards a deeper business relationship with SME clients. This includes a stronger focus on limited ticket investment loans, secured lending and multipurpose credit frames.

At the same time, we are also working to build stronger brand awareness and consideration for Addiko as a relevant SME banking partner, not only for fast working capital financing, but also for broader and deeper financial relationship with entrepreneurs.

This shift is already visible in the portfolio with the medium SME segment strongly growing year-over-year, while micro and small SME remained under pressure. In parallel, we are launching a new factoring product in Slovenia in partnership with a leading digital factor company, starting with a controlled pilot before scaling the proposition further.

This enables us to support financing with SME supply chain while maintaining end exposure to more established premium clients. We are also improving operational efficiency by automating credit decision processes, digitalising origination for our broader SME products and expanding self-service capabilities in digital channels, including loan initiation through mobile app.

In addition, we are adjusting the sales operating model for further lending needs and SME customers will value targeted relations support. Therefore, our model will contribute digital efficiency and scalability with selective relationship management. Overall, our SME strategy remains unchanged.

We want to be the fastest and most convenient provider of financing to underserved micro, small and selected medium-sized enterprises, but we are also adapting the model to current environment by building a stronger brand consideration, broadening secured lending, improving our digital origination and making the sales force more scalable and resilient.

Let me also touch briefly on technology and AI. In 2026, our focus will be on using AI to enhance business automation, improve digital funnels, support better pricing and risk decisions and further reduce manual processing across Consumer and SME. To summarise, Q1 confirms that our specialist strategy remains resilient. Consumer continues to deliver solid growth despite regulatory headwinds.

In SME, we saw a softer start of the year, but the turnaround actions are clearly defined and are already under way. Looking forward, we will continue to focus on profitable growth, prudent risk discipline, digital execution and expansion of fee-driven revenue pools.

With that, I hand over to Edgar.

---

Edgar Flaggl

Thank you, Ganesh. Good afternoon, everyone.

Let me speak about page ten, where we summarise our financial performance for the first quarter of 2026 and then turn to page

---

eleven to cover our capital position, which continues to be a clear strength of the group.

Starting on page ten and the top line. Despite a significantly lower rate environment compared to the first quarter of last year, we managed to keep our net banking income broadly stable, supported by strong Consumer lending volumes, disciplined balance sheet management and a resilient funding profile.

Net interest income increased slightly by 0.4% year-on-year. This reflects high average loan volumes, in particular in the Consumer business as well as continued contributions from our sovereign - mainly government - bond portfolio. These positive effects largely offset the ongoing loan yield compression and lower income from Central Bank placements following the ECB rate cuts.

The lower interest income was more than offset by a meaningful reduction in funding costs, driven by deposit repricing and an improved deposit mix, including a higher share of a-vista deposits. With that said, competitive dynamics in Serbia and Montenegro led to some quarter-on-quarter pressure on deposit costs.

Net fee and commission income came in at €18 million, down slightly by 0.9% year-on-year. This development is mainly driven by lower transaction-related fees and card revenues, while bancassurance income contributed to perform well and partly compensated the decline. Overall, our core fee base remains stable and largely driven by the Consumer segment.

Turning to costs. Our general and administrative expenses - in short OPEX - increased by 6.1% year-on-year. This was mainly driven by wage increases, including inflation-linked adjustments and specifically government-driven minimum wage changes as well as seasonality effects. In addition, OPEX includes a non-recurring €0.8 million effect related to the remeasurement of share-based compensation following the recent increase in Addiko's share price.

As a result, our cost-income ratio for the quarter came in at 66.7%, up year-on-year, reflecting the lower interest rate environment, market-driven deposit pricing dynamics in selected countries and the cost effects I just outlined.

Looking at the other operating results, this line was mainly impacted by higher deposit insurance contributions in Slovenia, which were fully booked in the first quarter this year, whereas the prior year charges were largely recognised later in the year. In addition, the net result on financial instruments was negative in the quarter, mainly reflecting FX volatility as well as a one-off effect from a targeted bond sale.

Now briefly on the other results, which came in benign in the first quarter. However, we continue to monitor developments in Slovenia closely, in particular, regarding the Statute of Limitation Assessment by higher courts, and we expect some normalisation in

---

the form of related charges and legal costs to materialise in the following quarter.

In this context, we are also observing the upcoming changes in the composition of the Supreme Court in Croatia. Putting it all together, the operating result declined by 20.6% year-on-year to €20.1 million. Risk costs remained very benign with an expected credit loss expense of €6.2 million, corresponding to cost of risk of 0.17% on net loans, not annualised.

The result after tax amounted to €10.1 million compared to a very strong first quarter last year that also benefited from some favourable one-offs and a different rate environment. On that note, the tax line also benefited from a small one-off deferred tax adjustment, resulting in a lower effective tax rate compared to the prior year period.

Overall, while earnings in the first quarter are below the exceptionally strong prior year level, they, however, demonstrate the resilience of our core business model in a charitably speaking, more challenging operating environment.

Let me now turn to page eleven and our capital position. Our CET1 ratio stood at 21.7% at the end of the first quarter compared to 22.4% at year-end 2025. This figure includes the audited profit for the full year 2025 and in line with the supervisory expectations and regulatory considerations related to the current ownership structure, no dividend has been deducted.

You will also see a slight negative movement in OCI, reflecting global market volatility with fair value reserves on debt instruments at minus €18.2 million compared to minus €16.3 million at year-end 2025. Risk-weighted assets increased by around 3% in the first quarter since year-end 2025.

This was well contained and mainly driven by loan book growth as well as the ongoing phase-in of regulatory effects, including the Article 500a of the CRR. So, the main driver was credit risk RWAs, which increased by €97 million, in line with business development.

Importantly, our capital buffers remain clearly and well above regulatory requirements and guidance giving us sufficient flexibility to support disciplined growth, absorb volatility and manage the evolving regulatory environment.

So, to summarise, and I will echo some of the points that were already made, we delivered stable net banking income in a materially lower and quite operationally challenging rate environment.

Consumer lending volumes continue to support revenues despite new regulatory restrictions, curbing revenue generation year-over-year, while cost discipline and benign risk costs underpin profitability. Our capital and liquidity position remain very strong with ample buffers.

---

With that, I will hand over to Tadej, who will walk you through the risk development in more detail.

---

**Tadej Krašovec**

Thank you, Edgar. I will provide an overview of our credit risk performance for the first quarter of 2026. As indicated on the slide, we continue to see balanced development in our NPE portfolio.

NPEs in the first quarter slightly increased to €132 million, primarily driven by somewhat higher inflows from SME defaults as well as movements within the Consumer portfolio. Nevertheless, NPE volume is much better than our expectations for the first quarter.

The overall NPE ratio remained stable at 2.6%, underscoring the continued active portfolio management. Looking at the quarterly dynamics, both NPE formation and exit remained well-controlled, confirming broadly balanced development and continued stability across the portfolio.

Moving to loan loss provisions and cost of risk. In the first quarter of 2026, credit loss expenses amounted to €6.2 million, resulting in a cost of risk of 0.17% on net loans. Breaking this down by segment, the cost of risk stood at around 0.2% in Consumer segment, and 0.3% in SME, while the non-focus segments continued to show releases of around 0.3%.

The increases in provisions compared to the previous year was mainly driven by lower releases in the non-focus segment and higher provisions in SME. The overall post-model adjustment remained unchanged at €1.2 million.

Stepping back, the first quarter was a good one from a risk perspective across practically all segments. The level of provisions came in below our expectations and default rates remain within or even slightly better than what we had anticipated. At the same time, we remain mindful that the current global situation, particularly developments related to the conflict in the Middle East, increases uncertainty.

This makes it more difficult to predict how our clients will be impacted going forward, and which industries may come under greater pressure if the situation remains unresolved for a longer period of time.

Therefore, maintaining a prudent risk approach remains key. We continue to closely monitor developments across segments and geographies and stand ready to react quickly where needed.

To summarise, our portfolio position remains resilient, supported by stable asset quality, balanced NPE development and a low cost of risk, while we remain cautious given the elevated level of external and global uncertainty.

Thank you. With that, I go back to Herbert.

---

---

**Herbert Juranek**

Thank you, Tadej. Let's move on to our outlook. In the upper part of the page, you see our current outlook figures for 2026. Here, the key message is, we keep this outlook unchanged.

Now, let me briefly give you our perspective on the environment. Global uncertainties increased significantly during the first quarter due to the war between the U.S., Israel and Iran. The mid and long-term consequences on the economy and knock-on effects on our region are currently difficult to forecast.

In addition to potential negative influences coming from this agenda and as already reported, we need to address government and regulator-driven constraints that limit our revenue generation. Nevertheless, so far, the macro backdrop in CSEE remained broadly stable for the time being. We are confident that we will be able to continue solid growth in our Consumer business.

Furthermore, also we expect the SME environment to remain highly competitive. Our targeted initiatives are expected to create new growth opportunities also in this business segment.

As mentioned, the Serbian market is currently challenging to a highly competitive environment and unreasonable pricing. However, we continue to pursue growth based on disciplined and reasonable pricing. Altogether, speaking for all markets, we will keep our prudent approach in terms of risk management to balance growth versus risk appetite as a priority over volume growth.

With regards to the intended offers, I would like to reiterate that the Management Board and the Supervisory Board will carefully review the relevant documentation and will take a position towards the shareholders in due course in line with legal obligations.

In parallel, we will do our best to encourage and motivate our teams in order not to lose focus. Therefore, together with our teams, we will continue to work towards our goal of becoming the leading specialist bank for Consumers and SMEs in Southeast Europe. On that basis, we continue to work with full energy to further improve the bank to create value for our clients and for our shareholders.

With that, I would like to conclude the presentation. Our next earnings call to present to you the half year results is scheduled for 13 August 2026. I would like to thank you for your attention. We are now ready for your questions. Operator, back to you.

---

**Operator (Q&A)**

Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. You will hear a tone to confirm that you have entered in the queue. If you wish to remove yourself from the question queue, you may press star and two.

Participants are requested to use only headsets while asking a question. Anyone who has a question may press star and one at this time. If you are participating by other webcast, you can ask

---

---

questions by using the Question Mark button. One moment for the first question please.

And the first question comes from Mladen Dodig from Erste Bank. Please go ahead.

---

**Mladen Dodig** Hello. Can you hear me?

---

**Herbert Juranek** Yes.

---

**Mladen Dodig** Good afternoon, gentlemen. Thank you for the call. And well, as always, congratulations on the results in a quite challenging environment.

Thank you for mentioning Serbian market so many times. It really makes me proud too, as I'm looking at your numbers here. And, obviously, the recovery is quite visible. And could you just maybe elaborate a little bit? I know that there is quite a fight for deposits here. Do you think that it will end, in asset yields are going slightly up as the demand is still, kind of, healthy, or there will be more of a pressure. Basically, the question is related to whether you see your NIM stable ahead?

---

**Herbert Juranek** Thank you, Mladen. Thank you. And also thank you for your kind words. I would suggest maybe to give a brief comment from my side, and then I would hand over to Ganesh to give you his view from the business perspective.

We anticipate the situation, especially in Serbia to continue for the time being. So, meaning the price pressure on both sides on the asset and on the liability side. Nevertheless, we also decided for ourselves to not attend and do any unreasonable business. So, we will further adjust our yields on both ends of the balance sheet in the right direction in order to improve further on the margins in this year.

But I would hand over to Ganesh to give you more background on this. Thank you.

---

**Ganesh Krishnamoorthi** Hi, Mladen. This is Ganesh. I would just extend what Herbert said. So, I think we have some record months in Consumer. A lot of refinancing is happening. We are doing quite a double-digit 44% growth in the recent months. So, it's a very high-volume growth is happening on the lending side.

But then the margins are under pressure, as you know. And what we are doing basically is also increasing our pricing wherever it is possible. As, you know, there is a lending cap by the government,

---

---

followed by NBS. So, we are increasing our prices regardless of how competition will progress.

And we want to have more profitable business from a lending perspective. And we are doing everything to collect deposits more in a cheaper way, but it's very tough currently in the market. That's what we have seen.

---

**Mladen Dodig**

Understand. Thanks. And with all these specific stories around SMEs in particular geographies, once it's, let's say, resolved or the situation stabilises, do you expect that your SME part could really work a little bit better because of this, I don't know how much four-point something percent lower new business. Do you think that could balance or level up?

---

**Ganesh Krishnamoorthi**

I certainly think, because as I mentioned in Croatia, we had this one-time effect in a couple of months where the SMEs have been affected by this digital invoicing story, and that is done.

And so immediately, people have dropped price in Croatia. So, I'm sure we can actually turn around this Croatian business in there. And we are moving towards a bit higher ticket size and multipurpose frames, as I mentioned in the call.

So, we are actually not only just, we are also reinventing ourselves on the medium segment and more secured lending side. So that would help us in Croatia turnaround.

And in Slovenia, we are also launching this partnership with a new factoring opportunity there, and that would also, started as a pilot, but that would also help us long-term. So, we do have some measures. We have seen the blueprint of Serbia, how it's working. We are in a very healthy double-digit growth, and we want to copy this in Croatia and Slovenia, so to get a healthy turnaround.

---

**Mladen Dodig**

So, there will be more medium SME tickets ahead also?

---

**Ganesh Krishnamoorthi**

Correct.

---

**Mladen Dodig**

Okay. One question for Edgar, if I may. I had some interference on the line. So, if Edgar, could you please just on operating costs, a few details why such increase?

---

**Edgar Flagg**

Sure. Hi, Mladen, and thanks for joining the call. Always great to have you. Look, I mean, on the operating costs, we all have seen governments increasing minimum wages. Last year, we had it in the course of the year in the Republika Srpska.

---

We also had smaller adjustments in one of the other countries. So, this year, we actually had it as - probably - as a pre-election present also in Slovenia. So, a small part of that will be reflected in Q1 as well. So, increase in minimum wages cost a couple of hundred thousand on a full year basis.

---

**Mladen Dodig**

Okay.

---

**Edgar Flagg**

Point two. It unfortunately also affects to a certain extent, the whole staffing pyramid, because it still needs to work out among the different employment levels. So, this is clearly driven by not only inflation, but also by one of the other political priority.

On top of that, what we had, and this is a larger effect in Q1 2026 due to the increase of the share price, we had to revalue our phantom shares on stock, so to speak. This impacted OPEX as well. And on top of that, you have all the nitty-gritty inflation adjustments of IT service contracts, rental contracts that were not yet fully adjusted in the first quarter last year, but starting this year, or during the first quarter have been adjusted.

---

**Mladen Dodig**

Yes. And this pre-loading of deposit insurance cost, that's in other items, right?

---

**Edgar Flagg**

That's in other operating income, and that's actually new that came last year, partially in the first quarter, partially in the second quarter. So, a new request from the Bank of Slovenia towards all banks to front-load the deposit insurance costs on one hand and on the other hand, also increased the costs related to deposit insurance. This year, these increased costs are fully reflected in the first quarter.

---

**Mladen Dodig**

Thank you. Any upticks from Romania, some palpable developments or still early to say?

---

**Edgar Flagg**

Maybe I'll start on the cost base. So, we did have some marketing activities. This is also part of front-loaded marketing costs that Herbert pointed out. But when it comes to the rest of Romania, maybe Ganesh wants to chime in.

---

**Ganesh Krishnamoorthi**

Yes. So, Romania, as you know, we tried the B2C model, and we continue to expand there. But still, it's still a slow cooking process. We have not seen a significant effect on the business yet. So, we are also on top of it, we are taking a couple of bets in Romania, especially expanding with B2B2C model with the brokers, and also adding a more refinancing capability there. So, we are really hoping

---

---

to expand more in the alternative channels, and see if we can further grow there in Romania.

---

**Mladen Dodig**

Thank you very much. Well, I'm sure there is no questions regarding the takeovers you could answer. But maybe just this, you mentioned a couple of times a legal obligation to give opinion on them. Is there a certain period in terms of days, or you can wait for the other official terms coming from RBI, or we might see something earlier on NLB thing?

---

**Herbert Juranek**

So as you know, NLB came out today. And RBI needs to come out between tomorrow, so the 14th until the 19th with their offer. And our reaction time is 10 trading days.

---

**Mladen Dodig**

10 trading days.

---

**Herbert Juranek**

So, within 10 trading days, we have to file our statement. The statement will be done by us. There will be a statement from the Management Board, there will be a statement from the Supervisory Board and there will be a statement from the Works Council.

So, as we had it last time when we got the offers from Agri and NLB, at that time, all these offers were aligned and the same. We will see how it will be this time. But for that, we first need to see the offers.

---

**Mladen Dodig**

So basically, it's possible that you might come out with the opinions on the same date for both?

---

**Edgar Flagg**

It is possible that would mean we are faster than prescribed by law on RBI for that it needs to come out first.

---

**Mladen Dodig**

Yes, of course. Well, what can I say, thank you very much and yes, I hope to hear from you in the next update.

---

**Herbert Juranek**

Thank you very much, Mladen.

---

**Mladen Dodig**

Bye.

---

**Herbert Juranek**

Thank you.

---

---

**Operator** So, there are no further questions on the telephone line at this time. So, I would like to hand back to the team if there are any questions on the webcast.

---

**Edgar Flagg** Thank you, operator. We have no questions on the webcast.

---

**Operator** All right. Thank you very much. Then I would like to turn the conference back over to Herbert for any closing remarks.

---

**Herbert Juranek** Thank you very much. Thank you for listening and for the attention. As said, our next call is on the 13 August, where we will present the half year's results. Otherwise, thank you very much, and have a good day. Goodbye.

---