

# Addiko Bank

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## Addiko Group YE25 Results: Webcast Transcription

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**Speakers:**

Herbert Juranek (CEO)

Edgar Flagggl (CFO)

Tadej Krašovec (CRO)

Ganesh Krishnamoorthi (CMO & CIO)

Herbert Juranek

Good afternoon, ladies and gentlemen. Let me welcome you to the presentation of the results of the business year 2025 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 key highlights and the related achievements of 2025. After that, I will pass on to Ganesh, who will update you on our results on the business side.

In the second chapter, Edgar will share insights into our financial performance, while Tadej will outline the progress made in the risk area. At the end, I will present to you the cornerstones of our new midterm Specialization Program and our updated guidance 2026. After that, we will move on to Q&A.

So let's begin with the highlights. I am content to inform you that despite negative influences coming from the legislative changes in several countries, we were able to close 2025 with a net profit of €44 million. These result includes a net profit for the fourth quarter of 2025 of €8.7 million, which is €1 million higher than the result of €7.7 million in the fourth quarter of 2024.

Our earnings per share for 2025 amount to €2.28 and our return on average tangible equity comes in at 5.2%, also influenced by the increased equity base.

Overall, 2025 was a challenging year for Addiko because of reasons we will come back later on. Nevertheless, we were successful to achieve a 20% growth rate on new business in consumer lending and finally, to return to a positive trend in SME with an 11% growth rate on new business.

Net interest income was with 1.8%, slightly lower year-on-year, driven by the impact of the lower interest environment on our back book and on our national bank deposits. A key positive is that thanks to our strong sales performance and the strategic cooperation agreement in our insurance business, we were able to increase our net commission income by 7.6% year-on-year.

Altogether, we managed to slightly improve our net banking income by 30 basis points despite a significantly lower rate environment. Ganesh will give you more insights into the business development during his presentation.

Because of our strict cost management, we accomplished to limit the increase of our administrative cost below inflation to only 1.6%. Nonetheless, due to the factors mentioned before, our operating result ended up at €109.8 million compared to €112.3 million in 2024.

Let's briefly comment on our positive risk performance. We successfully reduced NPE volume further to €125.5 million compared with €144.7 million at the end of 2024. Consequently, our NPE ratio also improved to 2.5% down from 2.9% in the previous year.

On top of that, our coverage ratio continued to improve to 81.7% from 80% at the end of last year. Ultimately, the cost of risk on net loans ended up at 0.96% or €35.2 million compared to €36 million last year. Tadej will give you more details on the risk development later.

Our funding situation remained quite solid with €5.3 billion deposits and a loan-to-deposit ratio of 70%. Our liquidity coverage ratio is currently comfortable above 300% at group level. And finally, our capital position gets even a bit stronger with 22.4% total capital ratio, all in CET1 based on Basel IV regulations compared to 22% based on Basel III in the previous year.

Next page, please. As mentioned earlier, Addiko faced interventions from regulators and governments that negatively impacted the bank's performance in several of our markets. Croatia introduced a 40% debt-to-income cap for non-housing loans effective 1 July 2025 and required banks to provide essential banking services free of charge since January 2026.

Serbia, Republika Srpska and Montenegro introduced interest rate caps, fee restrictions and debt caps. Overall, these measures are having a significant negative impact on our core revenues. Consequently, we have introduced initiatives to counterbalance the income reductions and to develop new income sources. Going forward, all regulatory effects, as known of today, are already reflected in our updated guidance.

As reported in our earnings calls last year, we entered the Romanian market via our Slovenian bank through EU passporting, offering a fully automated digital lending solution for consumers. In the second half of 2025, we launched several marketing campaigns to build awareness and strengthen our brand positioning.

Although we achieved our recognition and recall targets, the conversion rates were below our expectations. Consequently, we refined our marketing approach. The new marketing campaign supported by an Addiko Song and a life-sized Oskar combined with targeted brand-building initiatives was launched in mid-February. We will keep you updated on the progress and will conduct a results-driven review in the second half of this year.

Now with regards to our ESG program, I can confirm that all initiatives remain on schedule and are advancing in line with plan. Additional information is set out in the appendix of this presentation.

Let me briefly touch on our regulatory sustainability disclosures. As part of the updated EU taxonomy framework, the Commission has introduced a temporary opt-out for financial institutions.

In our case, this is fully aligned with our business model. Addiko made use of this opt-out as we do not engage in taxonomy-relevant lending activities. This approach avoids unnecessary administrative burden while maintaining full transparency in our ESG reporting.

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Next page, please. Let me briefly comment on our share performance and the scheduled changes to our listing. Addiko's share price increased noticeably during 2025, closing the year at €22.5 and continued to rise further in 2026 to €26.4 as of yesterday evening.

At the same time, trading volumes and overall liquidity has remained persistently very low, making professional market making difficult and not economically viable for providers. As a consequence, and in line with the Vienna Stock Exchange rules, our shares will be reclassified from the Prime Market to the Standard Market with effect of 1 April 2026.

This reclassification has no impact on our strategy or operations but better reflects the liquidity profile of the stock.

Let me now address the regulatory concerns regarding our shareholder structure. Following the sanction imposed by the European Central Bank in 2024 for exceeding the 10% ownership threshold without prior approval, certain regulatory uncertainties continue to persist.

Although the voting restrictions applicable to a specific shareholder group were lifted in early February 2025, the supervisory authorities continued to identify residual uncertainties concerning the bank's shareholder structure.

The bank remains fully committed to maintaining a transparent, cooperative and constructive relationship with all relevant regulatory bodies and we continue to engage actively with them to address the outstanding supervisory considerations.

In this context, I need to mention that the current shareholder situation continues to create significant additional efforts and a severe distraction for the bank. Nevertheless, we will carry on to do our best to fulfil the increasing related demands put upon us by our regulators.

In line with supervisory expectations and regulatory requirements, the dividend distribution for the financial year 2025 remains suspended, taking into account regulatory considerations related to the shareholder structure.

From the perspective of the bank's long-term stability and in the best interest of all stakeholders, the Management Board maintains its position that dividend payments will not be resumed until the ownership structure has been conclusively clarified and the related concerns raised by the supervisory authorities have been fully resolved.

Now, let me briefly outline how we performed against our 2025 guidance. The positive message is that despite headwinds, we delivered on our 2025 guidance. In income and business, our loan book grew by 7% year-on-year, supported by strong consumer demand and the renewed pickup in SME in the fourth quarter. Our NIM ended up at 3.7% and net banking income held stable. Costs

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were managed well, with OPEX at €195.4 million, coming in below guidance.

In risk and liquidity, performance remained fully in line with expectation. We kept the cost of risk below 1%, achieved an NPE reduction to a level of 2.5% and closed the year with a loan-to-deposit ratio of 70%. In profitability, we reached a return on average tangible equity of 2.5%. Overall, these results reflect our disciplined approach in a demanding environment.

Now let me hand over to Ganesh for further insights into the business development.

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**Ganesh Krishnamoorthi**

Thank you, Herbert, and good afternoon, everyone. Moving to page 7. As Herbert mentioned, 2025 has been a challenging operating environment. Credit demand remained resilient across our markets. However, interest rates declined rapidly during the year. This intensified competition and created significant pricing pressure. As a result, loan book retention also became more challenging as customers increasingly refinanced their loans at the lower rates.

At the same time, unexpected regulatory interventions also affected market dynamics. The most notable example is Croatia, where a 40% debt-to-income cap was introduced on 1 July. In Serbia, authorities mandated lending rate caps, which led to interest rate reduction. These measures tightened our lending conditions and also affected our pricing in both the markets.

Nevertheless, despite these headwinds, our continued focus on digital-savvy customers, the micro SME segment and point-of-sale financing combined our strategy of offering lower-ticket, high-margin loans with speed and convenience while maintaining prudent risk discipline enabled us to deliver strong growth.

Consumer new business strongly increased by 20% year-over-year, resulting in 10% growth of our consumer loan book with an attractive new business yield of around 7%. In the SME segment, the new business grew 11% year-over-year with a yield of around 5%.

Overall, our focus loan book expanded by 7% year-over-year with a blended yield of 6.4%. As a result, the focus book now represents 92% of our total portfolio, demonstrating the resilience of our specialized strategy, even in a more competitive and regulated environment.

Please turn to page 8 for a more detailed outlook. Looking more closely to our Consumer segment, the strong double-digit growth we delivered was driven by several key factors. First, we benefited from solid market demand across our core geographies.

Second, we successfully launched full digital end-to-end lending with zero human interventions in three of our core markets, clearly differentiating our offerings from competitors and significantly improving speed and customer convenience.

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Third, our point-of-sale proposition continues to perform well, delivering 14% year-over-year growth, further supported by the launch in Bosnia and Herzegovina. Fourth, we identified a sweet spot between growth and pricing, allowing us to proactively retain customers and protect the loan book through disciplined repricing actions.

In addition, we launched newly redesigned mobile app with the introduction of new card features, including Google Pay and Apple Pay integrations, which contributed to a 12% year-over-year increase in net commission income.

Finally, in response to evolving regulatory environment, we are already implementing mitigating measures, including down selling, introducing co-debtor structures and focusing on high-quality customer segments with larger ticket size. We are confident that these initiatives will not only offset regulatory headwinds but also strengthen the foundation for sustainable quality growth going forward in 2026.

Let's turn to the SME segment. Our core business model remains unchanged, to be the fastest provider of unsecured lower-ticket loans to underserved micro and small enterprises through our digital agents platform.

As mentioned earlier, the market environment remained challenging due to aggressive pricing, which has created some pressure on our loan book retention. However, with improving market demand, we implemented several targeted initiatives to reignite growth.

First, our turnaround plan in Serbia supported by a new leadership team delivered strong momentum with 43% year-over-year growth in new business. Second, we placed a strong emphasis on retaining quality clients and protecting the loan book through more targeting pricing, loan prolongations and enhanced service delivery.

Third, while maintaining our core focus on unsecured lending, we broadened our product offering by placing also greater focus on slighter larger tickets and secured lending, supported by experienced and high-quality teams to ensure continued risk discipline. This resulted in double-digit year-over-year growth in investment loan volumes.

Finally, we launched a new digital SME tool designed to process high ticket loans, faster and with greater simplicity, providing a clear competitive advantage. Overall, we believe these initiatives will position us well to return to sustainable growth in the SME segment going into 2026.

Lastly, let me briefly touch on our progress in AI adoption last year. We are actively investing in AI technologies to enhance both operational efficiency and customer experience across the organization. The two AI applications are already live, one supporting employees by handling HR-related inquiries and others

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assisting our call center by analyzing customer inquiries and generating response recommendation.

In addition, we are currently exploring further AI use cases across IT, risk and marketing with the aim of strengthening operational efficiency and enabling core data-driven decision-making across the bank.

To summarize, while 2025 presented a challenging operating environment, it also pushed us to further refine our specialist business model and adapt our pricing approach. Most importantly, we launched several new propositions that enhance speed, convenience and value for our customers across the Consumer and SME segment, positioning us well for continued growth going forward.

Looking ahead to 2026, we will continue to focus on profitable growth, while implementing measures to mitigate the impact of the recent regulatory restrictions, in particular, we aim to accelerate growth in Romania through a refreshed marketing approach and strengthened broker partnerships and we will launch our point-of-sale lending business in Croatia. At the same time, we will further enhance our end-to-end digital value proposition and refine our dynamic pricing capabilities to better balance growth and profitability.

In parallel, we are developing a new specialist program focused on new lending products aimed at deepening customer engagement and further expanding our fee-driven income streams. Herbert will provide you more details on this later. Please let me hand over to Edgar.

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**Edgar Flaggl**

Thank you, Ganesh, and good day, everybody. Let's turn to page 10 for an overview of our performance for the full year 2025. Despite a challenging interest rate environment and cost pressures, we delivered stable results, supported by a resilient consumer lending, strong fee income and a robust capital position. Now let's take this one by one. Our net interest income came in at €238.4 million, a slight year-on-year decrease of 1.8%.

This reflects the lower rate environment, which weighed on income from our variable back book, so circa 13% of our book, and the income on National Bank deposits. At the same time, balanced treasury and liquidity management activities as well as lower funding costs acted as a stabilizer. As a reminder, the rate backdrop shifted materially throughout the year with 4 rate cuts totalling 100 basis points during 2025, which also pressured pricing on new loans and elevated early repayments of higher-priced parts of the back book.

On the business side, as Ganesh pointed out already, momentum in our Consumer segment remained quite strong, with interest income up 6.3%, driven by the 10% growth in the Consumer loan book. Overall, the focus book grew 7% year-on-year, showing also a slight

improvement during the last quarter of 2025. On the fee side, we delivered solid growth. Net fee and commission income rose 7.6% to €73 million, driven by bancassurance, accounts and packages and card business, which altogether grew 13% year-on-year, with bancassurance as a key contributor.

Looking into the year 2026, those new regulations in Croatia limiting fees on banking products already have an impact on fee generation today and we'll keep having an impact going forward. Putting it together for 2025, net banking income came in at €316.9 million and was broadly stable year-on-year despite a challenging environment. Our general administrative expenses, in short OPEX, increased slightly to €195.4 million, up 1.6% year-on-year, mainly due to wage adjustments, targeted operational investments and general indexation increases.

When excluding the €3 million in extraordinary advisory costs related to the takeover offers in the year 2024, operational costs were up just 3.2% year-over-year. Our cost-income ratio came in at 61.7%, which is a tad higher than last year. The operating result landed at €109.8 million, down 2.3% year-on-year.

The other result, which includes costs for legal claims as well as for operational banking risks remained manageable for the full year. We have allocated some additional provisions for new legal claims in Slovenia and made a rather small top-up in Croatia as part of the year-end closing also to reflect increased lawyer costs.

The main point in Slovenia remains what the higher courts will rule upon regarding the applicable statute of limitation and if that will be in line with the currently dominant legal opinions. When it comes to risk costs, our expected credit loss expenses were €35.2 million, which translates into a cost of risk of just south of 1% on net loans for the full year. Tadej will provide more insights in just about a moment.

All in all, we delivered a net profit after tax of €44 million, which translates into a return on average tangible equity of 5.2%. So, while operating in a lower rate environment and managing cost pressures and new regulatory constraints, our focus business remained resilient with solid momentum in Consumer lending and continued support from fee-generating activities last year, while also SME lending started to pick up again during the fourth quarter last year, specifically also in Serbia.

Turning to page 11 and our capital position which remains a real strength. Our CET1 ratio came in at a very robust 22.4% at year-end 2025. For context, that's slightly up from the 22% at year-end 2024, which, however, was based on Basel III. While as we all know, for 2025, the new Basel IV or call it CRR3 rules apply. This CET1 ratio now includes the audited profit for the year with no dividends being deducted in line with supervisory expectations and taking into account regulatory considerations related to the current shareholder structure.

You will also notice that our risk-weighted assets increased and that's mainly driven by changes in risk weighting under Basel IV as well as the new interpretation of EBA guidelines on structural FX, which we discussed in previous earnings calls. Looking ahead, we have already reported on the final SREP for 2026, which includes a small increase of our Pillar 2 requirement, so up by 25 basis points to 3.5%, while the Pillar 2 guidance remains unchanged at 3%.

So, in short, our capital is strong, and our buffers are ample, supporting controlled growth while we navigate the evolving and not often straightforward regulatory landscape.

With that, I will hand over to Tadej for more on risk management.

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**Tadej Krašovec**

Thank you, Edgar, and good afternoon, everyone. Let me provide an overview of our credit risk performance for the year 2025. As indicated on the chart to the left, one of our key risk management initiatives was reducing of NPE volumes. We achieved this through proactive portfolio management, portfolio and forward flow sales, write-offs, targeted restructuring and collections. The result is clearly visible.

We achieved a significant €19 million reduction in NPE volume compared to the end of the previous year. Out of that, as illustrated on the right-hand side of the slide, the NPE portfolio decreased by €14.5 million in the last quarter alone, driven by high NPE outflow and a well contained inflow. Consequently, we concluded 2025 with an NPE volume of €126 million and attained a record low NPE ratio of 2.5%.

Throughout the year, we placed significant emphasis on developing statistically driven credit risk steering approaches and enhanced monitoring tools. This allowed us to promptly identify subsegment and channel developments that did not align with our expectations, enabling swift implementation of risk restrictions or also relaxations to positively influence the bank's portfolio quality.

Particularly in declining interest rate environment, rigorous oversight of our risk profile and optimization of risk return balance remain essential to operate within our risk appetite, mitigate adverse selection and ensure the resilience of the bank's balance sheet.

However, not all regions performed entirely in line with our forecasts. The micro segment posted ongoing challenges in Croatia, Serbia and Slovenia. And furthermore, the SME sector in Slovenia exhibited variances from our 2025 outlook, necessitating additional controls within the credit process. We are confident that the refined risk criteria and enhanced controls introduced will help mitigate further adverse selection.

Moving to slide 13. Loan loss provisions totalled at €35.2 million in 2025, resulting in a cost of risk of minus 0.96% on net loans, both figures notably better than anticipated. This positive outcome was

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largely attributable to exceptional late collections, an area we have improved as part of our Acceleration Program during 2024, which exceeded even our ambitious targets.

The segment's breakdown for 2025 is as follows: The Consumer segment recorded a negative 0.79% cost of risk; SME segment, minus 1.9%; while the Non-focus segments contributed to provision releases with a positive cost of risk of 1.88%. In the final quarter, that means Consumer provisions were €1.7 million; SME segment, we generated €8.6 million; and in Non-focus segment, we saw a release of provisions in the amount of €1.4 million.

The SME segment figures were impacted by a single large case in Slovenia, I elaborated on in previous earnings calls already. The post-model adjustment was slightly reduced from €1.4 million to €1.2 million.

To summarize, Addiko's portfolio position remains robust and resilient, supported by strong collection performance and active portfolio management. Our focus remains on decision models, intelligent risk rules, advanced and automated statistical monitoring and rapid response when every critical risk indicators or the risk return balance require attention.

Thank you. And with that back to Herbert.

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**Herbert Juranek**

Thank you, Tadej. Now I would like to present the highlights of our new Specialization Program to you. The new Specialization Program has just been launched and is designed as a 3-year program running from 2026 to 2028. It supports the execution of our specialist banking vision and aims to unlock additional value through a focused performance and transformation agenda.

The first pillar is Business Expansion. Here, we will broaden our product stack and strengthen our ecosystem, meaning we will enhance our core offering, add relevant adjacent products and create a more connected experience for our customers.

In addition, we will explore selective new market opportunities in a measured and disciplined way, focusing on areas where our digital lending capabilities can be applied effectively, where fee-based revenues can be expanded and where we see sound risk-adjusted potential.

The second pillar focuses on our Engine & Platform. We will upgrade our platforms and decisioning capabilities with AI-enabled tools to further strengthen analytics, risk processes and service excellence, supporting greater efficiency and competitiveness.

The third pillar is Competencies & People. We'll continue to invest in skills, training and development while ensuring the right capacity and efficiency across our teams to support the next phase of our strategy. We consider this an important investment in order to

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enable the successful implementation of our ambition on Pillar 1 and Pillar 2.

Overall, our approach is to expand our offering, grow fee-based revenues, strengthen customer engagement and continue optimizing costs through automation and AI-assisted processes. This program sets the foundation for scaling our specialist model and supporting sustainable growth in the years ahead. We will present more details of the program in our presentation of our Q1 results on the 13 May.

Now let's move on to the final page. Before I walk you through our updated guidance, let me briefly outline the context behind our assumptions. Despite the fact that the global economic environment has become increasingly unpredictable, our CSEE markets continue to show comparatively resilient performance.

We expect our region to deliver higher growth rates over the next two years than the European Union average. Nevertheless, the combination of regulatory fee and rate restrictions, aggressive pricing behaviour by several competitors and cost pressure driven by governmental-related factors such as increases in minimum wages requires us to further strengthen our operating model.

This is precisely why our Specialization Program will play a key role. It is designed to enhance efficiency, strengthen competitiveness and improve risk-adjusted performance in the coming years.

Now let me walk you through our operating guidance, starting with loan growth. We expect our loan book to continue expanding at a healthy pace with a CAGR of more than 6% over the period from 2025 to 2027. This reflects the momentum in our core segments and the continued scaling of our specialist model.

Looking ahead, looking at our interest margin, for the coming years, we anticipate the NIM to remain above 3.6%, taking into account the regulatory environment, interest rate caps and a more moderate rate trajectory.

Based on impacts resulting from the latest regulatory-driven measures, we expect NBI to remain broadly flat in 2026, before returning to growth above 5% in 2027 as our business mix evolves and the effects of our Specialization Program begin to materialize.

Operating expenses. Our focus on efficiency continues. We keep our OPEX below €205 million in both 2026 and 2027, while still investing selectively to support our transformation agenda and competitiveness.

Cost of risk and asset quality. We expect a cost of risk of around 1.3% going forward, reflecting prudent underwriting and disciplined risk-adjusted growth. At the same time, we aim to keep the NPE ratio below 3%, which remains our guiding principle for portfolio quality.

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Capital and liquidity. We expect the total capital ratio to remain above 18.8%, subject to the yearly SREP outcome. Our capital strength provides a solid foundation for controlled growth. Accordingly, we plan to gradually increase the loan-to-deposit ratio towards 80%, supporting loan expansion while maintaining a conservative liquidity profile.

Based on these assumptions and the higher capital base, we expect the return on average tangible equity to be around 4.5% in 2026, rising towards 6% in 2027, supported by growth, efficiency measures and the contribution from the Specialization Program.

Regarding the dividend, I addressed the situation earlier. However, in this context, I would like to stress again that the current shareholder situation continues to create significant additional efforts for the bank, which is a severe distraction. Nevertheless, we will carry on to do our best to cooperate and to fulfil the increasing related requests put upon us by our regulators.

The management of the bank is fully focused on protecting the bank and acting in the best interest of all stakeholders. In this spirit, we will continue working with full energy to make Addiko the leading specialist bank in Southeast Europe, creating value for both our clients and our shareholders.

With that, I would like to conclude the presentation. Our next events are the Annual General Meeting on 20 April 2026 in Vienna and the presentation of our Q1 results on 13 May. Thank you very much for your attention. We are now ready for your questions. Operator, back to you.

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**Operator (Q&A)**

We will now begin the question-and-answer session. Anyone who has 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.

The first question comes from the line of Mladen Dodig from Erste Bank. Please go ahead.

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**Mladen Dodig**

Good afternoon, gentlemen. Hi, how are you? Congratulations on the results, and I particularly congratulate on the revamped growth and movements finally in SME, that where my first question comes. If I look at the guidance and the last year update for 2025, 2026, it appear a little bit conservative, if I remember correctly.

Actually, I'm looking at it, it was more than 7% CAGR, and now it's more than 6%. I mean it's a small tweak, but would you consider that a little bit conservative considering the effect that you have finally started to catch up with the market and competitors? And

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just for the moment, I will forget now about the whole situation right now, we have geopolitically.

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**Herbert Juranek**

So, first of all, thank you very much, Mladen. Before I hand over to Ganesh, I would say we looked at it. And I mean, you call it conservative, but we also need to see the restriction put upon us coming from the regulatory front in several markets, which are also influencing the overall growth potential. But Ganesh, you want to comment this.

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**Ganesh Krishnamoorthi**

Yes. Mladen, so I think we believe the 6% CAGR is a reasonable growth, considering all the restrictions what we have. We do have some challenges also in SME in some other countries, which we need to work on. So yes, I mean, considering all these facts, that's why we revised from 7% to 6% CAGR.

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**Mladen Dodig**

And a little tweak on return on average tangible equity, I would say that also comes from the fact that your equity now keeps growing without chance to moderate it, right?

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**Herbert Juranek**

That's right. So I mean, as I said, as long as the shareholder situation does not change and the regulatory view to that, we will not pay out the dividend. And consequently, the equity base will increase.

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**Mladen Dodig**

Of course, yes. And second question or third, 0.96 basis points risk versus 1.3 guidance, do you think that this might still go lower below this 1.3 in 2026?

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**Tadej Krašovec**

Tadej speaking here. I think, yes, I think it will be below 1.3. This is our expectations also, also driven by coming back to the limitations in each individual country, right? They protect us to play in the sub-segments that are a bit more risky, but where we achieve higher interest rate. But of course, cost of risk at the end will also be lower due to that. It will be below 1.3% is expectations, I can estimate.

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**Mladen Dodig**

Just looking also on net banking income last year, the guidance, 2026, you just moulded to 2027, the growth more than 5%. And for 2026, you expect flattish development. Of course, I would say, as you mentioned in the call, aggressive pricing from the competitors too.

But do you expect that there might be some more decreasing interest rate environment, although now it's very difficult to make such a statement as we already these days are seeing the inflationary pressures coming from the Middle East conflict?

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I mean probably I would like to see in outlook 2026 some percentage for the net banking income growth, but as you stated flat, perhaps this is kind of a global explanation, right?

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**Edgar Flagg**

Hi Mladen, this is Edgar speaking. So a straight answer, our rate assumptions are flat. So as you rightfully say, who knows what the reality will be what's going on in the Middle East? But we assume a flat environment, so deposit facility rate 2% throughout our guidance.

When you compare also movements in terms of net banking income, please don't forget that all these regulatory and legal restrictions that have been put in place either last year or starting this year, for example, the Croatian topic on free accounts, etcetera, this has a full year 2026 impact of €10.5 million on the top line alone. So you will.

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**Mladen Dodig**

€10.5 million only in Croatia?

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**Edgar Flagg**

No, no, not only Croatia.

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**Mladen Dodig**

No, fee and income, okay.

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**Edgar Flagg**

Yes. Croatia would be roughly 70% if you take the NCI and the DTI restriction. I think we disclosed that in the Q3 earnings call. So you will probably find this in the script as well.

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**Mladen Dodig**

Okay. Thank you. And a final question from my side, again, of course, about dividend. So let's assume that some situation gets resolved and you get a nod from the regulator to pay out something, what do you think how that might look like? And what would be your - where will you be leaning to paying a lot immediately or some gradual payments, of course, provided that a regulator would agree to that, too?

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**Herbert Juranek**

Well, so first of all, we will decide it when this situation is here. I mean our clear ambition as a general comment as a management is to pay a dividend. I mean that's the whole purpose of the thing and we had this. Our guidance was around about 50% before this was introduced. So I think this is an area we are aiming for. You also know that if you want to pay out a dividend, which is above the yearly profit, you need - so out of equity - you need the approval of the regulator for that.

So what we would do is when the situation is solved, we will look at it. We will look at the state of the bank, what is healthy and what we can do and then we will judge and decide on that. But for

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the time being, we don't want to comment it. We feel also obliged vis-a-vis our supervisors, and we share with them the view that currently, we will not pay out something.

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**Mladen Dodig** Okay, that's it from my side. Thank you very much. And thank you for your time and call.

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**Edgar Flagg** Thank you very much.

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**Operator** There are no more questions on the phone at this time.

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**Herbert Juranek** Okay. Do we have any other questions?

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**Edgar Flagg** We also have no questions on the webcast.

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**Herbert Juranek** Okay. So as there are no further questions, we thank you for your attention and wish you all the best. Thank you for dialling in. Goodbye.

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