

**EARNINGS CALL TRANSCRIPTION**

# Q1 2026 RESULTS

21 April 2026 at 10:00 CEST

**SPEAKERS:**

**ANAS ABUZAAKOUK**

**ENVER SIRUCIC**



easybank

knab

easyleasing

PayLife

MoCo

BFL

startbausparkasse  
eine marke der bawag p.s.k.

Qlick

SÜDWESTBANK

zahnärzte  
kasse

IDAHO FIRST BANK

HealthAG

PEAK BANK

**Anas Abuzaakouk:**

Thank you, Operator. I hope everyone is keeping well. I am joined this morning by Enver, our CFO.

Let's start with a summary of the first quarter results on slide three. We delivered net profit of €232 million and a Return on Tangible Common Equity of 28% during the first quarter. The operating performance of our business was very strong, with core revenues of €579 million, pre-provision profits of €391 million, and a cost income ratio of 33%, realising the benefits from our investments over the years as we build out a pan-European and U.S. banking group. Total risk costs were €65 million, translating into a risk cost ratio of 46 basis points. We have a low NPL ratio of 80 basis points and continue to see solid credit performance across our businesses. In terms of our balance sheet and capital, average customer loans and average customer funding were both up 1% quarter-over-quarter. We have a fortress balance sheet with €13.6 billion in cash, equal to approximately 19% of our balance sheet, an LCR of 176% and overall strong asset quality. Our pro-forma CET1 ratio stands at 15.4%, with €650 million of excess capital. On the back of a record year in 2025, and having integrated both Knab and Barclays Consumer Bank Europe, which was rebranded to easybank earlier this year, we are thrilled to have been selected by PTSB as the preferred buyer. We said this last week, but I cannot stress this enough, the trust and confidence placed in us by the PTSB board and the Minister for Finance of Ireland as the bank's majority shareholder is something we take very seriously and are keen to demonstrate our capabilities and contributions.

Ireland is an incredibly attractive market with all the ingredients for successful banking, pro-growth economic policies, human capital, and a gateway to EU markets. We aim to drive competition through investment and innovation, supporting PTSB's customers and, more broadly, the Irish economy while delivering long term sustainable growth. We plan to provide an updated mid-term outlook with full year earnings, assuming a successful closing of the PTSB transaction which is subject to shareholder and regulatory approvals. Excluding any potential PTSB impact, we reconfirm all of our 2026 targets, with net profit over €960 million, Return on Tangible Common Equity over 20% and a cost-income ratio under 33%.

Okay, moving on to slide four. the PTSB acquisition. PTSB represented an opportunity to acquire the third largest bank in one of our core markets, and one that we have followed closely over the years. PTSB serves approximately 1.3 million customers with

a strong history as primarily a mortgage lender providing essential retail banking services through a community banking-focused branch network across the country. The total balance sheet amounts to €30.5 billion, with €22 billion of customer loans and approximately €26 billion of deposits. Our three key focus areas will be, one, accelerating growth by complementing PTSB's current product offering with the full suite of retail and SME banking products, as well as corporate, public sector and commercial real estate lending. Two, investing in technology and distribution, building up greater digital capabilities while investing in an advisory-focused branch network. We aim to consistently invest in the franchise to position PTSB to compete both in today's environment and over the long term, ensuring the franchise is at the forefront of innovation. Three, marrying local knowledge with broader group capabilities as we leverage the local expertise of the PTSB team with a deep understanding of the Irish market and close relationship to customers with the tech/ops platform and balance sheet strength of BAWAG Group.

On slide five: The impact of the PTSB acquisition on the BAWAG Group franchise. The PTSB acquisition will grow BAWAG Group total assets by around 40%. The group will serve over five million customers across seven countries, with over 90% of revenue and customer loans from Euro-area countries, further diversifying our earnings, funding, and geographic exposure. Given PTSB's solid position in mortgage lending and retail deposits, residential mortgages will account for two thirds of total customer loans, and retail deposits will account for three quarters of all funding, further strengthening our balance sheet funding and serving as a catalyst for growth. We see significant opportunities to invest in technology, enhancing digital capabilities, customer engagement and product innovation. Today, technology spend accounts for around 30% of our total spend at BAWAG Group, a competitive advantage and true differentiator. Our spend is strategic, judicious and focused on the long term. We plan to leverage our tech ops platform, strengthen in-house capabilities and position the bank to compete not just today, but long into the future. On the back of these investments, there will be several synergies in non-personnel-related costs, which account for 55% of operating expenses at PTSB. Our goal is to establish a consistent operating rigor, deliver for our customers, underpinned by a strong culture of operational excellence anchored to our meritocratic principles focused on retaining, developing and promoting top talent. We also plan to capture benefits from overall funding and capital optimization given BAWAG's strong credit rating, funding stack, and balance sheet management.

From a financial standpoint, the acquisition will be P&L-accretive day one and in line with our through-the-cycle group return requirements, with the return on tangible common equity over 20%. The transaction is expected to contribute net profit over €250 million by 2028, translating into over 20% EPS accretion; and from a capital allocation perspective, is more creative than a share buyback by more than two times. Given our strong capital position and capital generation, our goal is to fully self-fund the deal, which we will discuss in more detail. We also see opportunities to grow our product offering, growing both the number of lending and advisory products, expanding cross-sell opportunities across PTSB's customer base, as well as addressing new customers and new segments. We will leverage our product factories and partnerships to provide a full suite of retail and SME banking products. We hope to do this through a modern and digitally-enabled branch network, reducing friction from transactional banking and freeing up capacity for more customer-focused advisory. The goal is to provide customers with simple, intuitive and affordable financial products and services that promote their financial health. However, we will remain patient and disciplined given our conservative approach to risk management, emphasizing risk-adjusted returns rather than leverage driven growth. Given our experience with acquisitions and prudent nature, the goal is to build a strong foundation that will serve as a springboard for future growth. This is potential upside opportunity to our targets, as we do not put any timeline on these organic, incremental growth opportunities. Since 2012, our strategy has been consistent; grow within our core markets, prioritizing our customers' needs, deliver efficiency through operational excellence, and keep a safe and secure risk profile, all while embracing a continuous improvement mindset in building the right culture. The PTSB acquisition will have been our 15th acquisition since 2015. As M&A is a key plank of our strategy, we hope to capture all the learnings over the past decade to ensure a successful integration, leveraging best practices as we continue to adapt and improve with each new acquisition. With that, I'll hand it over to Enver to go into detail on the capital development and how we plan to fund the deal.

**Enver Siručić:**

Thank you, Anas. I will continue on slide six. Capital development, our reported CET1 ratio landed at 15%. On a pro forma basis, our CET1 ratio was 15.4%, equal to €650 million of excess capital above our CET1 target of 12.5%. This factors in the sale of a minority investment designed in the fourth quarter of 2025, and is expected to close in the second quarter of this year. We generated

103 basis points of gross capital from earnings, and we also completed one SRT transaction, which mostly funded the underlying business growth. We have not made any dividend accruals in the first quarter, and we plan not to do so in the first half of 2026; which leads me to the next slide on how we plan to fund the transaction.

Slide seven. As of today, we anticipate that the transaction will cost us approximately 450 basis points of CET1 capital, which means that we need to be around 17% to also meet our management target of 12.5%. Our starting point as of year-end was 14.6%, or 210 basis points above our target, and we plan to generate another 250 basis points the first half of 2026. 200 of the 250 basis points will come from a dividend policy change for 2026. In simple terms, we will use our first half profit to fund the deal, and only our second half profit of approximately €500 million will be eligible for a dividend payment. In addition, we plan to execute several RWA measures that will generate roughly 50 basis points.

So in total, with the starting excess capital of 210 basis points and the dividend policy change and the RWA measures, we should have more than 450 basis points of excess capital by June 2026 to self-fund the whole deal. As an alternative, we would have the opportunity to further adjust the dividend for 2026 or raise capital, but it is clearly not our preferred option. In terms of CET1 targets, these remain unchanged at 12.5% or above 13% for excess capital distributions.

Moving to slide nine, our P&L and balance sheet overview. We delivered a strong quarter with net profit of €232 million, and the return on tangible common equity of 27.6%. Core revenues increased by 1% quarter-over-quarter, with net interest income up 2% and net commission income up 1%. Operating expenses declined by 3% in the quarter, resulting in a cost-income ratio of 32.5%, in line with our through-the-cycle target of below 33%. Risk costs amounted to €65 million, reflecting the changing asset mix towards consumer unsecured. In terms of balance sheet, customer loans decreased by 1% quarter-over-quarter while customer deposits were down 3%. Tangible common equity increased by 3% quarter-over-quarter, not including any dividend for 2026. We continue to maintain a fortress balance sheet with €14 billion in cash, representing approximately 20% of our total assets and LCR of 176%, and a strong asset quality reflected in a low NPL ratio of just 80 basis points.

Moving to slide ten. On slide ten, core revenues. Net interest income increased by 2% in the quarter, driven by customer loan growth of 1%, with growing consumer business and overall flat

mortgage portfolio with varying trends across countries. Net interest margin stood at 345 basis points, reflecting ongoing changing asset mix, while the deposit beta decreased to 35%. We also provide an updated NII rate sensitivity, every 25 basis points increase delivers €25 million per year after 12 months and €50 million per year after 24 months. Net commission income increased to €99 million with continuous strong results across business lines of retail and SME, particularly in credit cards and payments. For the rest of the year, we expect net interest income to grow gradually in the stable development in net commission income.

On slide 11. Operating expenses amounted to €188 million, representing a 3% quarterly decline, with a cost income ratio of 32.5%, which is broadly in line with the pre-acquisition levels and our through-the-cycle target. The integration of the Knab business is now broadly completed, while the integration of the rebranded easybank business in Germany is well on track. Risk cost for the quarter amounted for €65 million, with an increase of consumer unsecured in the overall asset mix, primarily driven by credit cards and the corresponding ECL increase in Q1, driven by exposure growth and new business being the main drivers. We continue to closely monitor the evolving geopolitical situation and its potential implications for our portfolio. Direct exposures to sectors most sensitive to geopolitical shocks remain limited, particularly industries with high energy intensity or significant supply chain dependencies.

Slide 12. Retail and SME. The retail and SME segment delivered net profit of €198 million, a Return on Tangible Common Equity of 35.5%. Pre-provision profits amounted to €341 million, broadly flat quarter-over-quarter. Risk costs amounted to €65 million, corresponding to 67 basis points, while credit quality remained solid with an NPL ratio of 1.3%. We expect continued growth across the franchise. Corporates, real estate and public sector, this segment delivered net profit of €42 million, with a return on tangible common equity of 30.8%. Our focus remains on disciplined underwriting and risk-adjusted returns.

And finally, on slide 13. Reconfirming 2026 outlook and targets. We reconfirm our net profit target of more than €960 million in 2026. Our through-the-cycle targets also remain unchanged, with an RoTCE of greater than 20%, cost-income ratio of below 33% and a CET1 target of 12.5%. And with that, Operator, let's open up the call for Q&A. Thank you.

**Gulnara Sokolova (Morgan Stanley):**

Hi. Good morning. Thank you for taking my questions. I have three, please. And the first question regarding the PTSB transaction. What level of shareholder acceptance do you expect and how material is the risk that the shareholders could push for a higher price?

**Anas Abuzaakouk:**

Well, thanks for the question, Gulnara. We can't comment on the shareholders outside of the government, but the government obviously is committed at 57.5%. So we'll see how things develop. But I do think it was a robust process, and we're confident that the transaction will come to fruition.

**Gulnara Sokolova:**

Thank you. And the second question, on the 40-basis points participation sale that you also highlighted the last quarter, can you remind us how was it generated and why does it have any impact on the P&L? And additionally, for the 50 basis points risk weighted assets measures related to the funding of the deal, could you outline any expected P&L implications and do you need any regulatory approvals for that?

**Anas Abuzaakouk:**

Gulnara, it was a bit hard to hear your questions, but I think you were asking about the participation, how that was an impact of 40 basis points. And then did you catch that?

**Enver Siručić:**

Yeah, I think the timeline. Gulnara, I think it's simple. Closing will only take place in the next two to three weeks. Once closing is completed, you will see the full impact reflected in our CET1, which is basically reversing the deduction that we have on CET1 right now from that participation. And I think the second one was on the ...

**Gulnara Sokolova:**

And the impact on the P&L, you don't have any impact from the 40-basis points sale, correct?

**Enver Siručić:**

There is going to be a P&L impact, but that's not reflected in the CET1 impact.

**Gulnara Sokolova:**

And from 50 basis points risk weighted assets measures, is there any P&L impact from this? And do you need any regulatory approvals?

**Enver Siručić:**

So we stated on the page, all financial impacts are completely reflected in the targets. So obviously if it comes to the P&L impact, or to CET1 impact, that's all considered in our numbers already. P&L- and capital-wise.

**Gulnara Sokolova:**

And there's no regulatory approvals required for the SRTs and other measures?

**Enver Siručić:**

Depends on the measures, but most of them don't require approval. Some might, like SRTs, need approval from the ECB.

**Gulnara Sokolova:**

And third question, looking at the peers in Ireland, for instance, Bank of Ireland is operating at 14.5% CET1 target. Would you expect your Irish business to run at a similar level of capital, or do you see a scope to operate closer to the group target of 12.5?

**Anas Abuzaakouk:**

I think it's premature to discuss any capital targets. I think we've been pretty consistent that 12.5% has been a robust capital target across the group. So we'll address that upon closing, obviously subject to shareholder and regulatory approvals. Thank you.

**Gulnara Sokolova:**

And just a last question, if I may. Regarding the share buybacks, is it fair to assume that you would need to reach a CET1 ratio above 13% before considering initiating any further buybacks?

**Enver Siručić:**

That is correct, Gulnara. Any excess capital above is based on 13% target.

**Gulnara Sokolova:**

Thank you.

**Operator:**

Thank you.

**Operator:**

Thank you. Your next question comes from the line of Jeremy Sigee from BNP Paribas. Please go ahead.

**Jeremy Sigee (BNP Paribas):**

Thank you. Good morning. Two questions, please. Both to do with the sort of shape of PTSB. Firstly, with Knab and Barclays, it was striking that you reduced bits of balance sheet quite materially on integration. There were bits of portfolios that were not core for you. Are there any bits of PTSB that you identify already at this stage that you might want to slim down or do less of? And then my second question really is the opposite of that actually, which is, do you already have ideas of products and services that you do elsewhere in the group that you think look compelling additions to PTSB, things that could work well with that franchise that they're not already doing?

**Anas Abuzaakouk:**

Yeah. Thanks, Jeremy. Just as it relates to Barclays and Knab, outside of just the securities portfolio, everything was core. There was a consumer loan portfolio in Knab which we had sold off, but that was part, the day one we had anticipated so. There weren't really portfolios that we ran down or sold off other than what was kind of highlighted from the get-go. As it relates to PTSB, obviously, they're primarily a mortgage lender. They have started in SME lending, in consumer loans. We hope to further those efforts. And I think the complementary - to your second question, the complementary products, we tried to lay out on one of the pages where we said speciality finance, we think factoring and leasing could be really interesting.

We hope to introduce our brokerage product as well, in addition to obviously the advisory products and insurance as well as in funds, which PTSB is already doing. So hopefully we'll be able to enhance that. And then on the non-retail and SME side, I think there could be some interesting opportunities, in particular commercial real estate. We're pretty big in public sector lending in the DACH-region, and potentially corporates if their risk adjusted returns are there. So I think the takeaway is we're going to be able to bring a full suite of retail and SME and corporate banking products. And pretty excited about the opportunity.

**Jeremy Sigee:**

That's it. Thank you.

**Anas Abuzaakouk:**

Excellent. Thank you.

**Operator:**

Thank you. Your next question today comes from the line of Gabor Kemeny from Bernstein Autonomous. Please go ahead.

**Gabor Kemeny (Bernstein Autonomous):**

Good morning. A few questions from me, firstly on PTSB. Can you give us any steer on how you think about the size of the bad will creation from this deal, perhaps including the fair value reserve you see on PTSB balance sheet? And then further to that, on your statement that you would invest the badwill in the business, can you walk us through how you are actually thinking about the restructuring and the integration of so what you would actually invest in, if you could elaborate on that?

Next question would be on your targets and your financial targets. So as I understand, you are guiding us to more than 25% return on allocated capital based on the around one billion of capital you would invest here. My question is on the profit side, the more than €250 million, because I see the PTSB standalone consensus being around the €220 million for 2028 right now. So that doesn't seem that you count on meaningful revenue and cost synergies. Can you walk us through your thinking there?

And my final question will be, I believe that you are going to be subject to a subordinated MREL requirement with your balance sheet exceeding €100 billion. Can you give us any sense on how you expect to meet those requirements and then the impact on your financials? Thank you.

**Anas Abuzaakouk:**

Okay, I will, let's mix it around. I'll take that second question with respect to the net profit target. And then Enver will take the badwill, and I think you're referring to the balance sheet size. So (a) the net profit target is greater than €250 million. We tried to give some indications in terms of if you look at kind of the scenarios around the non-personnel costs and the percentage of PTSB where we see some, I think, initial opportunities and synergies. Historically, we've tended to be pretty conservative and prudent in our forecasts. This is no different with this particular transaction. I would say that probably the biggest element I've mentioned it during the presentation, is the revenue opportunities, which we think are going to be very interesting. Those are not in the targets, the incremental growth opportunities, the introduction of new products and new segments. And the reason being you need to have a solid foundation. And those are organic, and we're never going to just chase things. We're going to be patient and disciplined, focus on risk-adjusted returns. But we think those are

going to be really interesting opportunities as Ireland has a really robust banking market. So I will pass it to Enver, the other two questions.

**Enver Siručić:**

Yes. So, Gabor, on the first question on the badwill reinvestment, it's very consistent to what we have done in the prior acquisitions. So, we tried to reinvest most or all parts of the badwill typically into tech investments, integration costs, if necessary for restructuring costs, and also marking balance sheet items conservatively. So, it's a mix of these things that altogether will make us reinvest most parts or all parts of the badwill of the transaction.

On your third question on MREL. So, we obviously have informed the SRB. It's too early to say like if there's going to be a subordination requirement on our level. If that is going to be the case, we would expect there is going to be a transition path to fulfil that requirement. And it's going to take a few years. So again, a bit too early, but something that we have in our plans as well.

**Gabor Kemeny\_**

Thank you. Just a small follow up on the balance sheet marks. Where do you see a likelihood that you will have to mark down practically balance sheet items at PTSB?

**Enver Siručić:**

So we cannot really go into the details. But how we look at it are certain spread levels, especially on the asset side, that we define as a benchmark. And again, we have done that consistently with all assets for all businesses that we have acquired in the past as well.

**Gabor Kemeny:**

Understood. Thank you.

**Anas Abuzaakouk:**

Thanks, Gabor.

**Operator:**

Thank you. Your next question today comes from the line of Amit Ranjan from JP Morgan. Please go ahead.

**Amit Ranjan (JP Morgan):**

Yes. Hi. Good morning and thank you for taking my questions. Can I ask on slide seven please and the timeline of first half 2026? Is that a guide point for you, i.e., you would assess the capital position at the end of first half and that drives future capital

measures? Is that guide point agreed with the regulator? What's the rationale for that, please?

The second one is on slide 13. You are reconfirming the through-the-cycle targets. Can I please clarify if these targets are including PTSB as well or standalone? And the last one is on deposits, if you could please talk about the sequential decline during the quarter if it was related to any particular region please. Thank you.

**Enver Siručić:**

Thanks, Amit. All good questions. Why half year? It's kind of natural if you think about it. So, we'll have the scheme board happening around summertime. So expecting now for July. So we want to have a clean starting point as of half year. And then all the applications and processes will happen after that. So clean starting point. By that point in time, we want to have the full self-funding capacity addressed. So that's why we chose to have it as a half year.

On the targets they are simply stand alone. So, the targets that you see in the back are standalone without PTSB. Reason for that is tied to the first question, it's timing. So timing of the deal, we expect closing to be Q4 or early 2027. So right now we don't assume any impact on the financials in 2026 other than potentially the capital position itself.

And the third one, deposit decline. It's unfortunately the seasonality of things. So a better way to look at it is the average deposit balances that you see across the different lines. And they have been flat or increasing quarter-over-quarter. So it's simply just a point in time that sometimes at year-end, just that point in time balances are higher versus Q1. We look at average balances and they kept growing actually over the quarter.

**Amit Ranjan:**

Okay, great. Thank you. And sorry. One clarification on slide ten. The NII sensitivity to 25 basis points, is that for a parallel shift?

**Enver Siručić:**

Sorry. Say it again. Is that, parallel shift, yes, Amit. It's a parallel shift. Yeah. Just to make it simple we assume the parallel shift of the curve. Yeah.

**Amit Ranjan:**

Okay. Thank you. Very helpful.

**Enver Siručić:**

Thanks.

**Operator:**

Thank you. Your next question today comes from the line of Mate Names from UBS. Please go ahead.

**Mate Names (UBS):**

Yes. Thank you for the presentation. I have two questions, please. The first one will be on the phasing of bottom-line benefits. Could you give us a sense to what extent we could see already quite substantial bottom-line contribution coming through in 2027 given you're planning to invest the badwill into investments, restructuring, changing balance sheet marks and so on? And to what extent can we get closer to the flagged 20% benefit already in '27? Or is that largely back-end loaded? That's the first one, i.e., the timing.

Second question would be on the existing footprint. It seems like loan growth is showing a continuation of trends that we've been seeing in the past couple of quarters. Could you share your views on the outlook on loan growth particularly, I guess, in housing loans, and if you could perhaps talk a little bit about the country level trends? Thank you.

**Anas Abuzaakouk:**

I'll take the contribution. You take the loan ...

**Enver Siručić:**

Yes, I'll take the first one. So again, it's premature. We gave the guidance for 2028 of 250 plus. But the way we look at it is first of all, it depends on the closing timeline. So if the transaction closes end of year, we will have a full year contribution 2027. If it only closes in Q1, obviously it's going to be less. So that's number one. And the second one, I think the way we look at it is gradual. It's going to be a gradual development from now until 2028. So you will have already quite a relevant impact in 2027.

**Anas Abuzaakouk:**

And, Mate, with regards to the loan growth, like we do every quarter, I guess if we just go around the horn on the different products, mortgages is more of the same from prior quarters, certain countries it's pretty challenging market. We do see the Netherlands picking up, Ireland, there's some interesting opportunities, but I think Austria, Germany continue to be pretty challenging from a pricing standpoint, as well as what you see in terms of advance rates and credit. Consumer and SME actually has been pretty solid. If you go back the past five, six quarters, it's actually been performing really well and credit cards is really a completely different dynamic. That was part of the reason on the

risk costs. We actually overperformed in the credit cards, but you get hit with the ECL charge in the first quarter. So that has progressed better than anticipated in the consumer loans, and the speciality finance does continue to grow. So that's kind of the retail and SME story.

And then the corporates, commercial real estate, public sector, the real driver there is the real estate or commercial real estate business. We had a strong closing in the fourth quarter. We have a pretty, I'd say, robust pipeline. Some of that got pushed into the second quarter. So we should see growth on the real estate side. And then corporates, it's more of the same. I do think that you are starting to see more discipline in part, obviously, what you're seeing in the private credit space. Hopefully that provides a lot more discipline and rationale pricing yet to be determined. And the public sector space, there's unique opportunities, but those are more idiosyncratic. So I think in kind of taking all of that into the mixer, we're still at our growth targets that we've communicated earlier in the year, we feel pretty confident about. So I hope that helps.

**Mate Names:**

That does. Thank you.

**Anas Abuzaakouk:**

Thanks, Mate.

**Operator:**

Thank you. Your next question comes from the line of Hugo Cruz from KBW. Please go ahead.

**Hugo Cruz (KBW):**

Hello. I thank you for the time. So I have a few questions. So first, I would like to ask you about what could be the tax group after, tax rate for the group after the PTSB acquisition. I'm mindful that Ireland has a lower tax rate than the rest of your footprint. So for example, could it make sense for you to move costs to Ireland to take advantage of this differential?

Second, your guidance on dividends is quite clear. But obviously it will depend on the volume growth that you report in the second half of the year. So I don't know if you could say anything about that.

Third question, do you expect to adopt any further material RWA measures in the second half of after the PTSB acquisition? Again I'm mindful, PTSB is quite a high RWA density. So I wonder if that could be a source of synergies. And finally, PTSB is deposit-rich.

How can you use that? Can you use those deposits outside Ireland and therefore grow deposits outside Ireland less than you would otherwise? Thank you.

**Enver Siručić:**

Yeah. I'll start with the group structure. So yes, obviously, we are thinking about the overall group structure, but it's really premature to share any details of that. What I can share with you is the tax rate direction. So as of now, we are oscillating around 26% as a group tax ratio. I think after the combination, we should be in the low 20s. So that's what we can say as of today. Obviously, if things change from a structural perspective, that number could be different.

And I would also take the deposit question. So just the imbalances, we are deposit-rich. The thing is, we are deposit-rich in almost every country. So we're deposit-rich in Austria, Netherlands and then in Ireland as well. So yes, we will think about a structure to make capital and liquidity quite fungible. But ideally, we can deploy that excess liquidity in the market in Ireland. That would be our primary goal.

And then there was a question, I think, on if there are any RWA measures planned for the second half. So, our focus is now to get the measures done for first half to get wholesale funding capacity addressed by half year, but we always look at things, and potentially there could be more happening in the second half. But that's not our priority right now. Is there something else? Hugo, could you repeat? I thought there was something else, but I think I missed it.

**Hugo Cruz:**

Yeah. Sorry. Just one more, which was the volume growth. The dividend in the second half. It's a function of volume growth. So I was wondering...

**Enver Siručić:**

That's a function -- Yeah. So we indicated that on the page that we expect net profit of the second half to be larger than the first half. And that's a function of two things. So asset growth will continue. NIM expansion, as asset mix and deposit betas are getting better, will improve. So top line is going to grow gradually while the OpEx line is going to come down further. So you will just see better operating leverage if that drives the higher profit in the second half.

**Hugo Cruz:**

Okay. Thank you.

**Enver Siručić:**

Thank you.

**Operator:**

Thank you. Your next question comes from the line of Tobias Lukesch from Kepler Cheuvreux. Please go ahead.

**Tobias Lukesch (Kepler Cheuvreux):**

Yes. Good morning. Also two or three questions from my side, please. Firstly, touching on capital and SRT. So could you maybe share the SRT benefit that you achieved in Q1, and also maybe shed some light on the further plan for 2026, and maybe also give the total amount of the loan book, which is currently under SRT programme?

Secondly, on the potential share buyback readiness. So if I understand you correctly, you're basically set up for the full acquisition by the end of H1. Then, in H2 total earnings will be distributed as dividends. So that would bring or keep you at a roughly 12.5% CET1 ratio. Then assuming you kind of only 13% by Q1, would that mean that by Q2 next year, by the end of Q2 next year, you would have excess capital, which could be considered to be distributed, again, not accounting for potential RWA measures, SRT, etc.? So if that was the case, like how quickly would you then potentially announce further buybacks? Should we expect that then to happen around Q2 results and be executed quite fast? Thank you.

**Enver Siručić:**

So thanks, Tobias. I hope I got all the questions. First one on the SRT impact. Directionally, the benefit in the first quarter was around 20 basis points to our CET1 ratio. And I think the second question, kind of the topic of the second question was potential share buyback readiness. It's really too early, we are completely focussed right now on getting everything done for the transaction. But we'll follow the same principle as we did in the past. So comes year end and probably then also the first half, we will assess the capital position and then look into organic growth, potential other opportunities and then decide if we want to distribute. Nothing is going to change. So our excess capital policy will remain the exact same as we have done in the past. And it's really too early to say if we are going to do something in Q2 of 2027. Let's wait for that and then address it by then.

**Anas Abuzaakouk:**

Very forward thinking, though.

**Enver Siručić:**

Yeah.

**Tobias Lukesch:**

Sure. Thanks, Enver. And maybe quickly following up on the SRT. So 20 bps for Q1. Can you remind us how much of the book is now basically under SRT or what kind of RWA relief you got so far from SRTs in percentage points and what you potentially still consider for the year to come?

**Enver Siručić:**

Yeah. So we have that page in the appendix, page 15, where we show the split. Right now, €10 billion of the balance sheet is covered under the SRT.

**Operator:**

Thank you. We have one further question. And the question comes from the line of Chris Hallam from Goldman Sachs. Please go ahead.

**Chris Hallam (Goldman Sachs):**

Yeah. Good morning, everybody. Just two from me. So first of all, thank you for the updated NII sensitivity. How would that change with the integration of PTSB? Obviously, they run quite a different hedging program to you. And so would you plan to align that and bring them on to your sort of beta hedge program? And would any costs associated with that all be wrapped up in any sort of day one costs on the acquisition?

And then second, just to come back to some of your comments just now on the dividend, I guess I'm just trying to solve for whether the number for FY 2026 should be €500 million or lower. And I appreciate it's too early for you to say with any certainty, but just from a sequencing perspective, you get to the 17% plus CET1 needed to fund the deal by the end of the first half. Then through the second half, you're essentially accruing at 100% of net profit. You're then going to make a determination in January or February as to what the right sized dividend is for FY 2026. So as long as the impact remains at 450 basis points, you should mechanically be able to pay out the 500 in April next year and remain above that 12.5% for Q4 pro forma. The only thing I think that might bring that €500 million dividend number lower is organic RWA growth in the second half of this year. Is that the right way to think about all of that just from a sequencing perspective?

**Enver Siručić:**

Yes. Chris. 100% right. That's exactly how we think about it.

**Chris Hallam:**

Okay.

**Enver Siručić:**

And just coming back to the NII sensitivity. So it's again, too early to provide the combined sensitivity NII sensitivity. Also PTSB, if you look at their balance sheet structure, it's heavily deposit-funded, which means they are sensitive to rates. When you talk about the hedging approach, we will try to be as consistent as possible across the group. But we also obviously reflect what the specifics are in different markets. And the Irish market is different than some of the other markets that we are in. So I think the best way to address it is, it's going to be a mix of what currently PTSB is doing and what we are doing at group level.

**Chris Hallam:**

Okay. Super clear. Thank you.

**Operator:**

Thank you. That was our final question for today. I will now hand the call back for closing remarks.

**Anas Abuzaakouk:**

Thank you, Operator. Thanks, everyone, for attending. Really good questions. We look forward to catching up with you guys for second quarter results. And for those who are attending tomorrow's AGM as well, look forward to talking to you. Take care guys. Bye.