Addiko Bank

1H19 Results Presentation

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1H19 Highlights

Addiko Overview

Financials Update

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Financials Update

Summary Highlights 1H19

Addiko Bank

Listing Successfully Executed

- **Listing** on the Vienna Stock Exchange on July 12th marked a significant milestone - confirms demand for specialist player with an established financial track record
- Part of the **ATX Prime** market with free float of c. 55%
- **Full focus** on executing **specialist strategy** and delivery of **mid-term targets**

Financials Track Record Continued

- 1H19 **result after tax** of €20.2mn (€92.8mn in 1H18)
- **Adjusted result after tax** of €28.5mn up by c. 44% (€19.9mn in 1H18)
- Transitional **CET1** ratio of 17.6% (IFRS 9 Fully-Loaded CET1 ratio of 17.0%)
- Adjusted **Return on Tangible Equity** (@14.1% CET1 Ratio) of 8.2% (YE18: 4.2%)

Risk Profile Further Improved

- **NPE ratio down** to 4.6%, NPE provision coverage at 73.2% - largest NPE exposure at below €14mn 10th largest NPE at below €2mn
- Adjusted **Cost of Risk** (net loans) at +0.2% supported by releases in SME and non-focus areas
- Impact from **CHF conversion law** in Serbia (enacted in 2Q19) **reflected**

Digital Transformation Continued

- **Digital users** increased to 191 thousand (up 9% vs. YE18)
- Share of **digitally originated consumer loans** improved to 8.2% in 1H19 (3.8% for 2018) and contribution of **Bank@Work** increased to 25% (17% for 2018)
- Simple **SME term loans** originated **digitally** in Serbia and Slovenia at 9% in 1H19 (12% in 2H18)

Further Progress in 1H19 On Track Towards Mid-Term Targets

Addiko Bank

Target metric	2018	1H19	Mid-Term target level	
Focus vs. Non-Focus (Gross Performing Loans)	56% vs. 44%	**60% vs. 40%** (gross performing loan growth of 4.6% vs 1H18)	**80% vs. 20%** (Mid single-digit gross performing loans growth)	• Continued shift towards focus areas Consumer & SME
Net Interest Margin	2.8% (adjusted)	**3.0%** (adjusted)	**~4.0%**	• Supported by loan book shift, deposit repricing and liquidity optimization
Net Fee and Commission Income Growth	6.7% (adjusted)	**8.9%** (adjusted, 1H19 vs. 1H18)	**Low-Teens CAGR**	• Continued growth - acceleration expected in 2H19
Cost / Income Ratio	78.1% (adjusted)	**76.6%** (adjusted)	**<45.0%**	• Further cost optimization measures in implementation
Cost of Risk[1]	0.0% (adjusted)	**0.2%** (adjusted, not annualized)	**~(1.6)%**	• Releases continue to drive the provisioning line
Return on Tangible Equity (@14.1% CET1 Ratio)[2]	4.2% (adjusted)	**8.2%** (adjusted)	**>12.0%**	• Further improvements, supported by operating performance and risk releases
Total Capital Ratio	17.7%	**17.6%**	**>16.1%**	• Organic capital generation in line with minor development in RWA
Loan / Deposit Ratio (Customer)	78.3%	**80.1%**	**~100.0%**	• Ongoing optimization of excess liquidity while growing customer loan book

[1] Cost of risk over net loans, not annualized.
[2] Assuming theoretical tax rate of 21% and costs for T2 equal to 2% of RWAs.

1H19 Highlights

Addiko Overview

Financials Update

Addiko Bank

Overview of Addiko…

- ✓ Fully licensed bank with HQ in Austria, focused 100% on Central and South Eastern Europe
- ✓ Addiko Bank AG is regulated by the Austrian Financial Market Authority ("FMA")[1]
- ✓ "Good Bank" spin-off of the former Hypo Group Alpe Adria
- ✓ Transformed into a lean, agile & innovative pan-regional platform focused on growth in consumer and SME lending
- ✓ Listed on the Vienna Stock exchange on July 12th 2019, admitted to ATX Prime on July 15th 2019 (c. 55% free float)

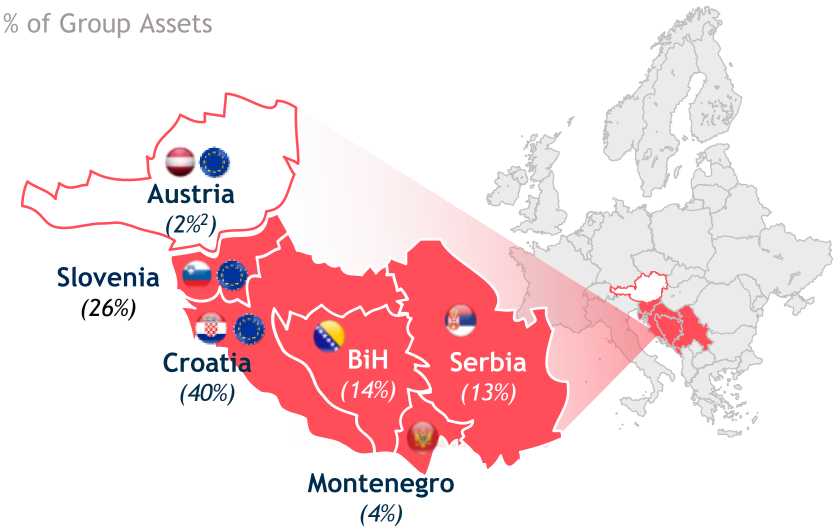
…Repositioned as a focused CSEE specialist lender

Consumer

SME

Operating as one region - one bank

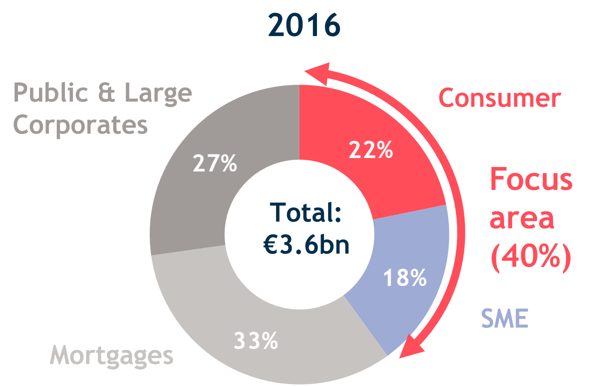
1H19, % of Group Assets

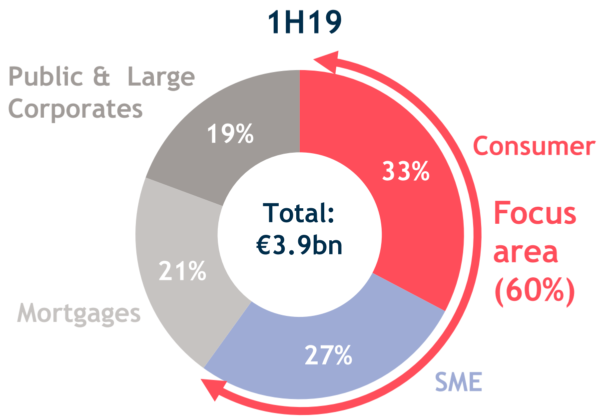


~0.8mn *Customers*	**196** *Branches*	**€6.2bn** *Total Assets*	**68%-32%** *EU vs EU accession asset split[3]*
€3.9bn *Loans and Receivables*	**€4.9bn** *Customer Deposits*	**€848mn** *Equity*	**ba2** *Baseline credit rating issued by Moody's*

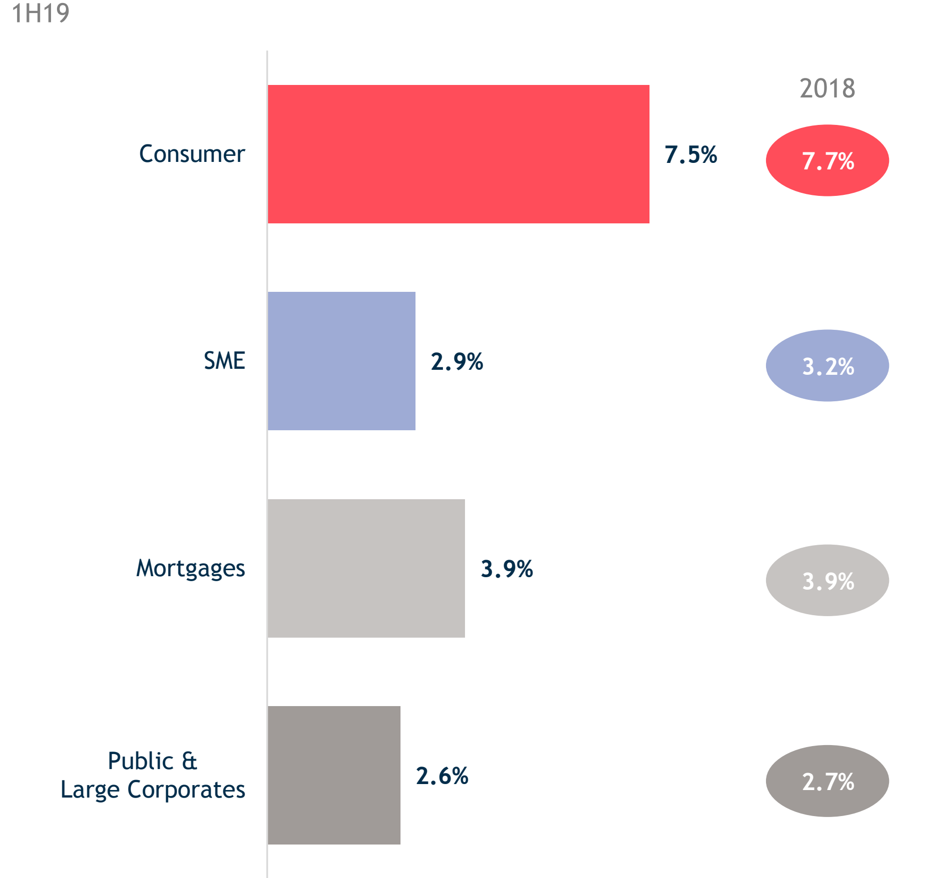
Source: Company reports, World Bank.
[1] Finanzmarktaufsicht Österreich.
[2] Includes total assets from Holding (€1,373mn) and consolidation effects of (-€1,222mn).
[3] EU is calculated based on sum of total assets from Slovenia, Croatia and Holding (incl. consolidation). EU accession is calculated based on sum of total assets from Bosnia & Herzegovina, Serbia and Montenegro.

Gross performing loans by segment





Gross yield by segment[1]



Rapidly increasing contribution of focus areas in overall loan book

Business mix shift driving yield expansion (difference in yields between focus and non-focus of c.2.2%)

[1] The gross yield is calculated as annualised regular interest income (i.e. excl. interest income from NPEs, interest like income and before FTP) divided by the simple average of gross performing loans based on beginning and end of period amounts.

SIMPLE BALANCE SHEET COMPOSITION

Addiko Bank

Liquid balance sheet
- LCR ratio: 151% (YE18: 150%)

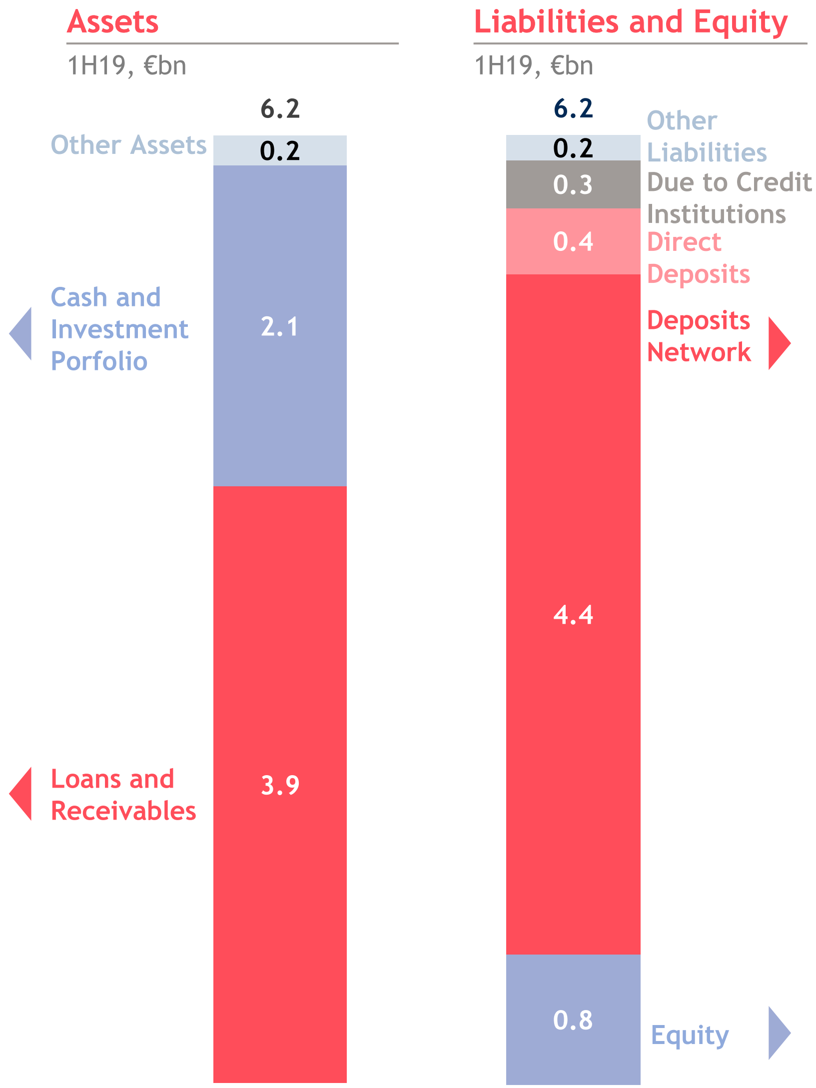
Liquid assets
- €0.9bn of cash
- €1.2bn of investment portfolio

Data as of 1H19

Substantially de-risked asset base
- NPE ratio: 4.6% (YE18: 5.6%)

High-provision coverage levels
- 73.2% NPE coverage ratio (YE18: 75%)
- 122.1% incl. collateral (YE18: 120.8%)

Data as of 1H19



Strong deposit base
- Loan-deposit ratio (customer) : 80% (YE18: 78%)

Funding surplus[1]: €1.0bn

Data as of 1H19

Robust capital base
- 17.0%[2] fully-loaded CET1 ratio (after deduction of the FY18 dividend) vs. 11.1% CET1 requirement and 14.6% total capital requirement

Further optimization via T2 issuance in 2H19 in preparation

Data as of 1H19

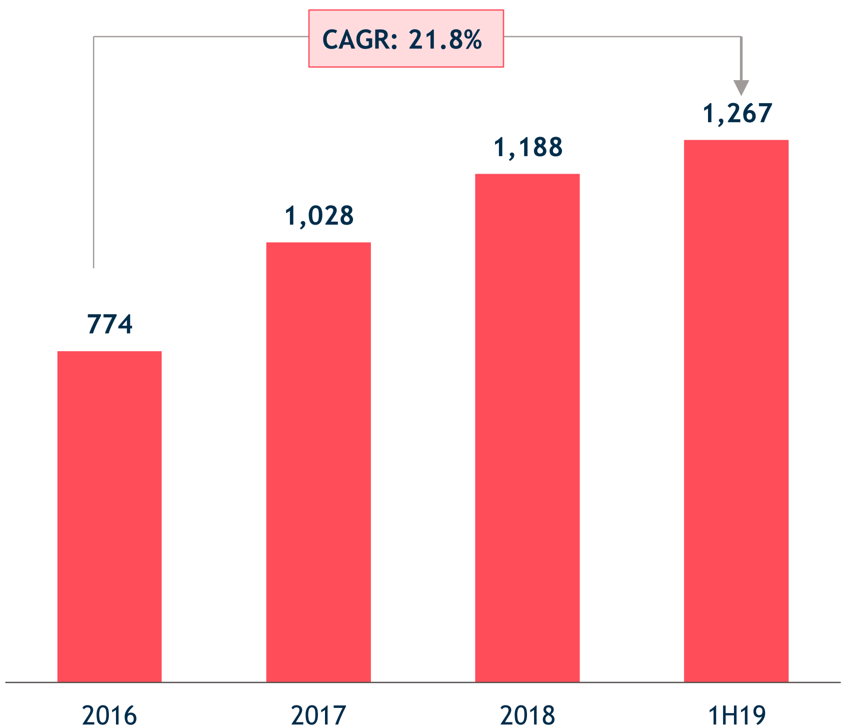
[1] Calculated as difference between deposits of customers and loans and advances to customers. [2] Transitional CET1 ratio amounts to 17.6% as of 1H19.

Consumer & SME: Winning by Convenience and Speed, with Digital Transformation to Complement Established Capabilities

Consumer

Strong growth in high margin business

Consumer - gross performing loans (€mn)



NCI Growth[2]

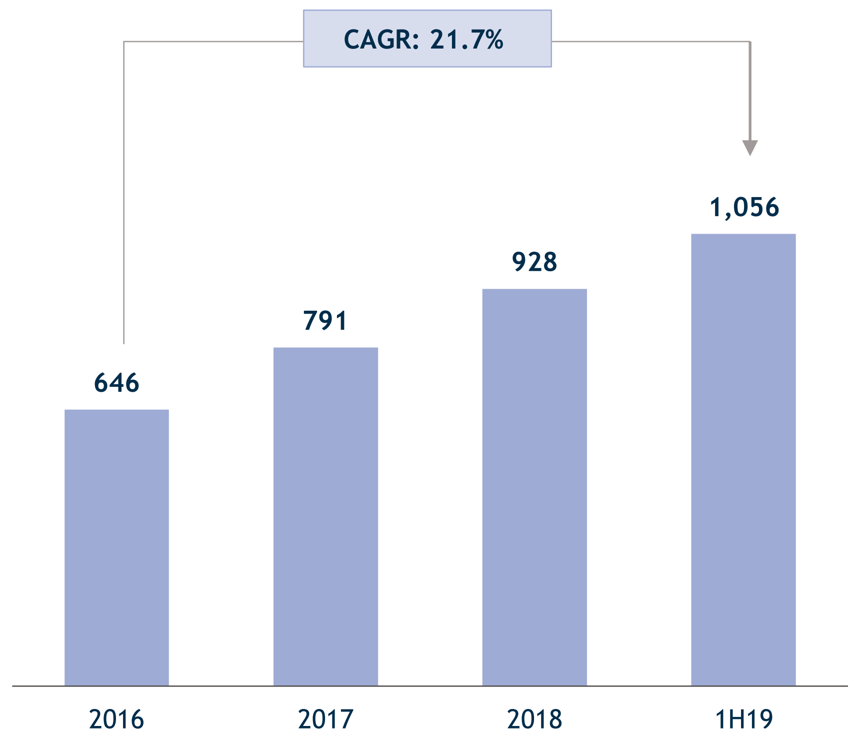
€41.0mn / +7.6% 2018 vs. 2017	€20.1mn / +1.9% 1H19 vs. 1H18

Accelerating bancassurance reflected in 7% contribution to 1H19 NCI[3] (vs. 5% in full year 2018) – FX DCC usually strong in second half of the year

SME[1]

Healthy SME growth

SME - gross performing loans (€mn)



NCI Growth[2]

€15.1mn / +5.6% 2018 vs. 2017	€8.5mn / +27.6% 1H19 vs. 1H18

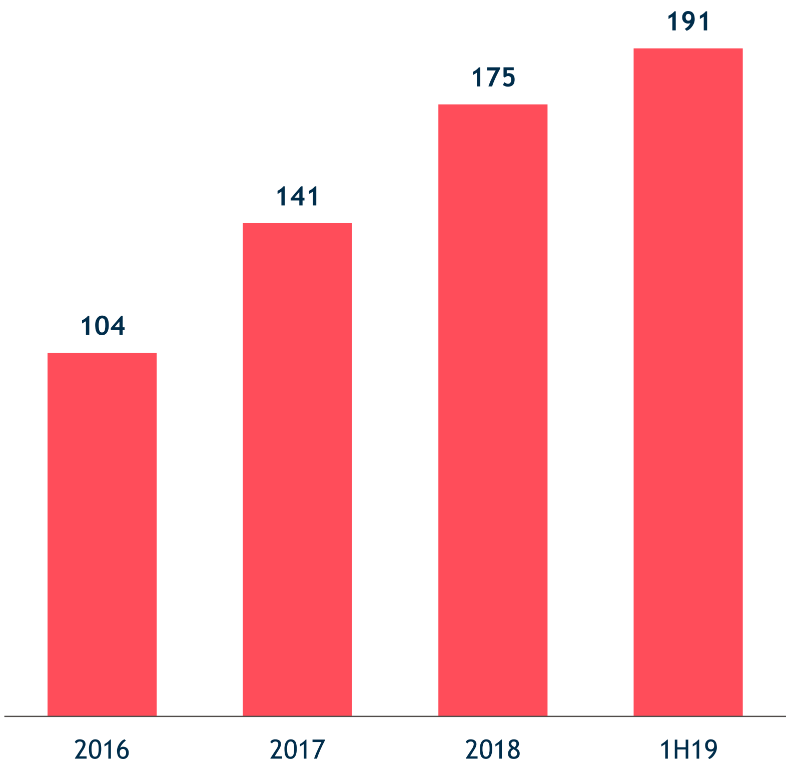
Lower yields compensated by increased NCI generation and shift towards better ratings and shorter maturities

[1] SMEs defined as enterprises with ≤ €40mn in annual gross revenue.
[2] Segmental data not available pre-2018 for NCI split.
[3] Excludes negative contribution from "other"

Digital capabilities

	2016	2017	2018	1H19
Digital Penetration[1]	33%	43%	52%	56%
Registered Mobile Banking Users (ths.)	58	84	120	140

Digital Users (ths.)



8.2%
Consumer loans originated through Web in 1H19 / % of total consumer loans disbursements (vs. 3.8% 2018)

25%
Bank at work (vs. 17% 2018)

9%
Simple SME term loans sold via digital platform (in Slovenia and Serbia (vs. 12% during ramp-up in 2H18)[2]

63%
Share of automated loan decisions (only consumer loans) in 1H19 (vs. 61% for 2018)

<25 min[3]
Decision time in Serbia (only consumer loans) since launch of new APS

[1] Measured as digital users as % of primary customers. Primary customers are a sub-group of the active customers and have a salary account within the Bank, i.e. have a regular monthly inflow of main income.
[2] Compared to 2H18 as digital disbursements were launched in mid-June 2018.
[3] Median as of YTD June 2019.

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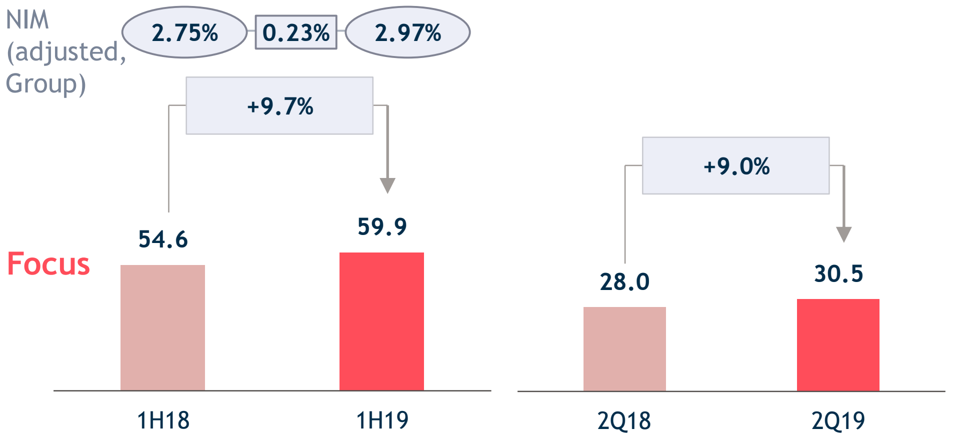
- **Financials Update**

Regular interest income (focus only)

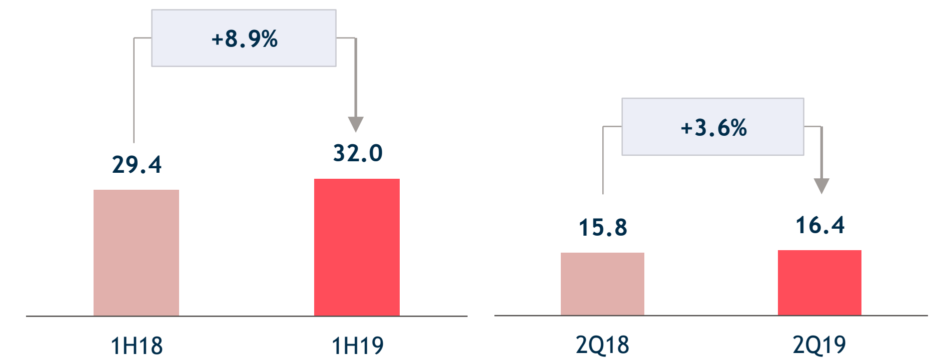
€mn



- Increase in NIM due to shift from non-focus to focus, repricing of deposits and optimization of liquidity portfolio

Net fee and commission income (adjusted)

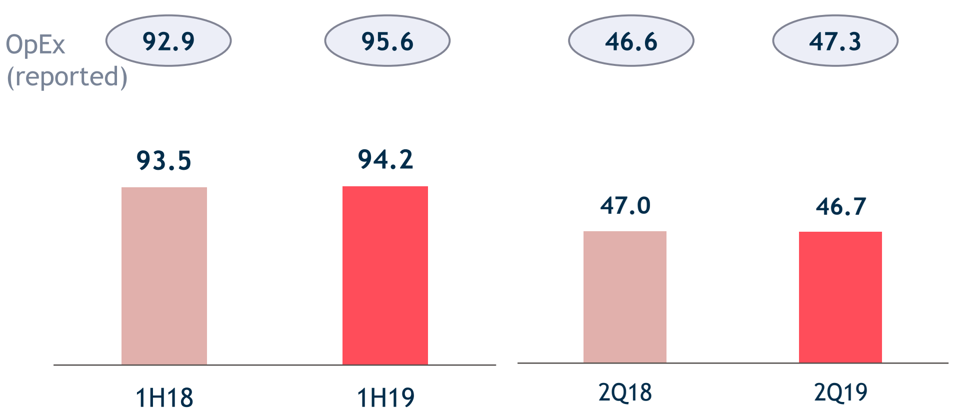
€mn



- Increase due to new account packages and bancassurance and is increasingly SME related

Operating expenses (adjusted)

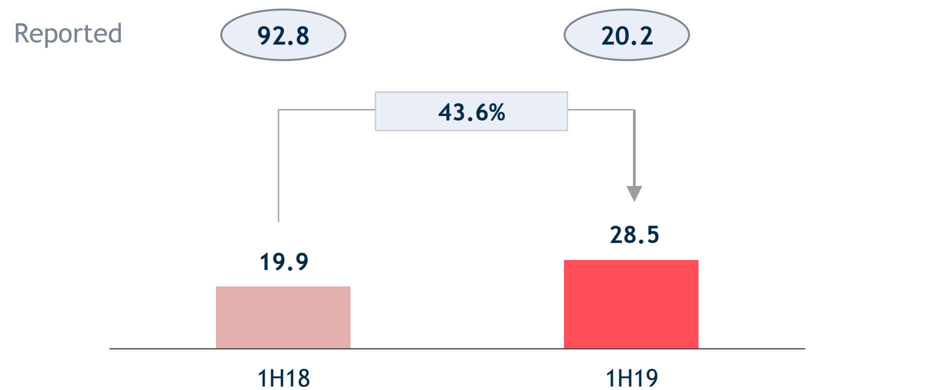
€mn



- 2019 is a continuation of 2018
- Benefits from cost optimization program will be seen in 2020

Result after tax (adjusted)

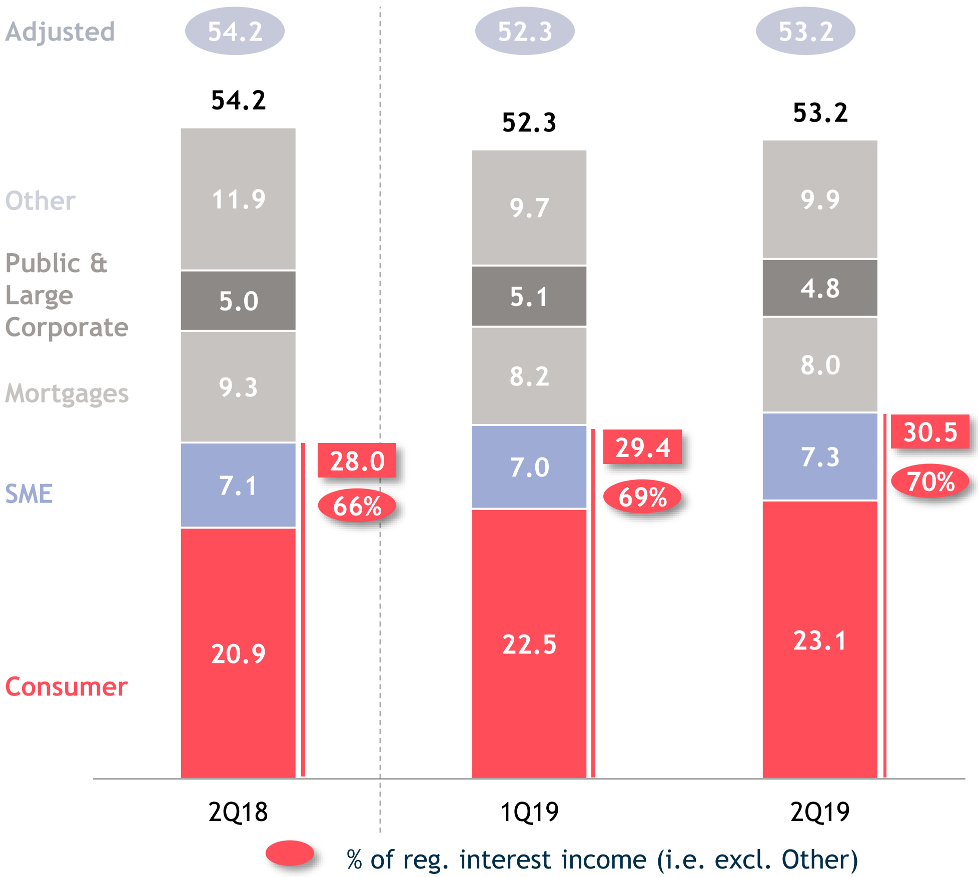
€mn



- Improvement in adjusted RoATE (@14.1% CET1) to 8.2% in 1H19 from 5.7% in 1H18 (YE18: 4.2%)

Interest income[1]

Reported, €mn



Gross yield[2]

	2Q18	1Q19	2Q19
Consumer	7.6%	7.5%	7.4%
SME	3.0%	2.9%	2.9%
Public & Large Corporate	2.7%	2.7%	2.5%
Mortgages	4.3%	3.8%	3.1%

Growth in focus interest income due to shift to higher margin business – ongoing shift from maturing loan volumes in Mortgages and Public & Large Corporates to Consumer and SME

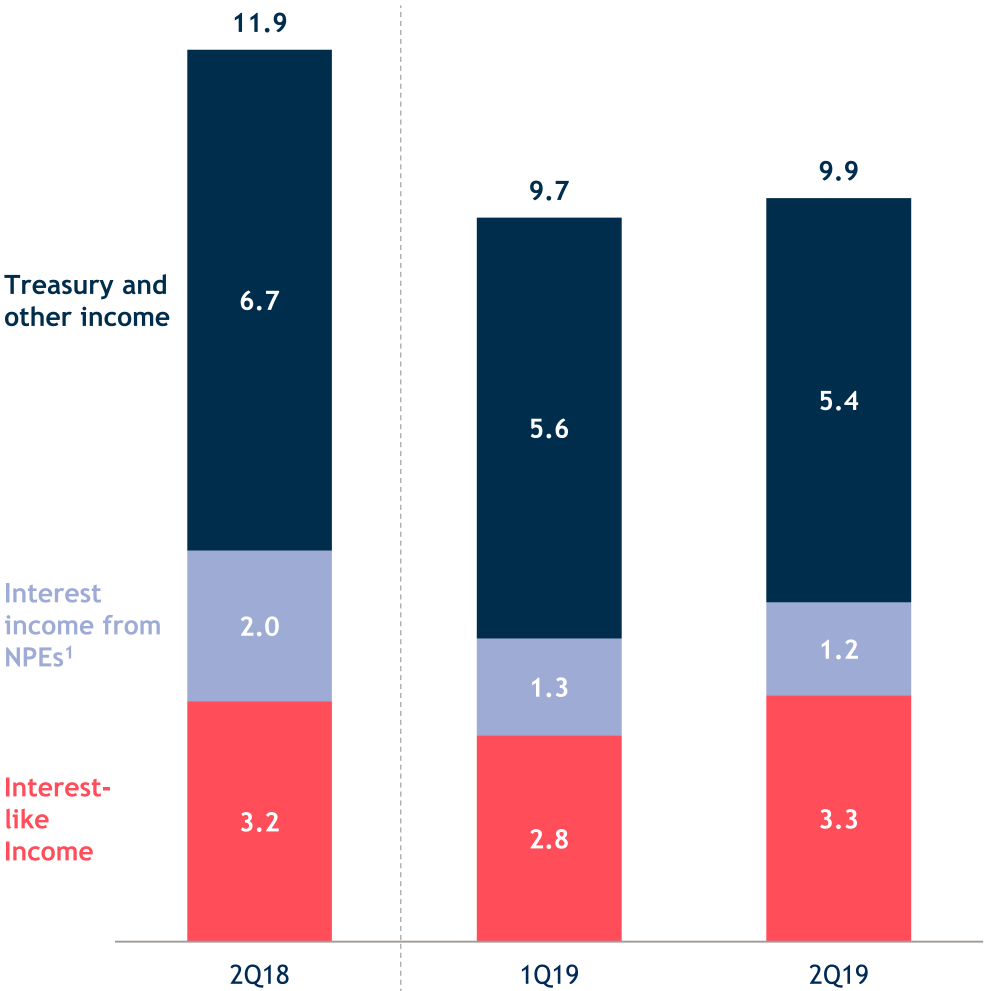
Stable consumer yields in a challenging interest environment, while SME yields have been decreasing as portfolio is shifting to higher quality names and revenues are supported by fee income

[1] For segments only regular interest income is shown.
[2] The gross yield is calculated as annualised regular interest income divided by the simple average of gross performing loans based on beginning and end of period amounts.

Other Interest Income

Other interest income

Reported, €mn



- ***Treasury and other income:*** stable development due to the plain vanilla bond portfolio (89% in investment grade, since Croatia was upgraded by S&P and Fitch)

- ***Interest income from NPEs:*** lower interest income mainly due to successful reduction in NPEs

- ***Interest like income*** *(i.e. fees accrued over the lifetime of the loan)****:*** similar level to 2Q18, 1Q19 influenced by non-focus

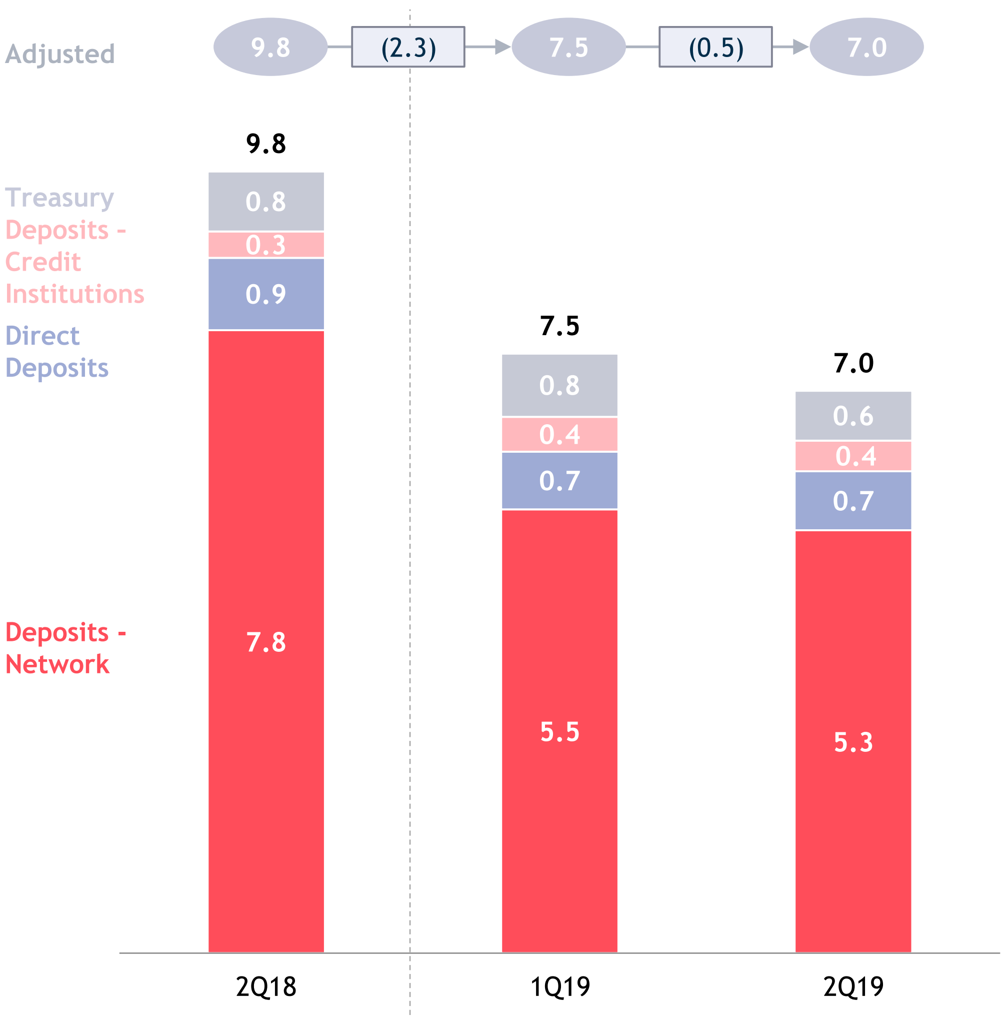
[1] Interest income from NPEs referred to as "unwinding" in reporting in previous periods

Interest Expense Dynamics

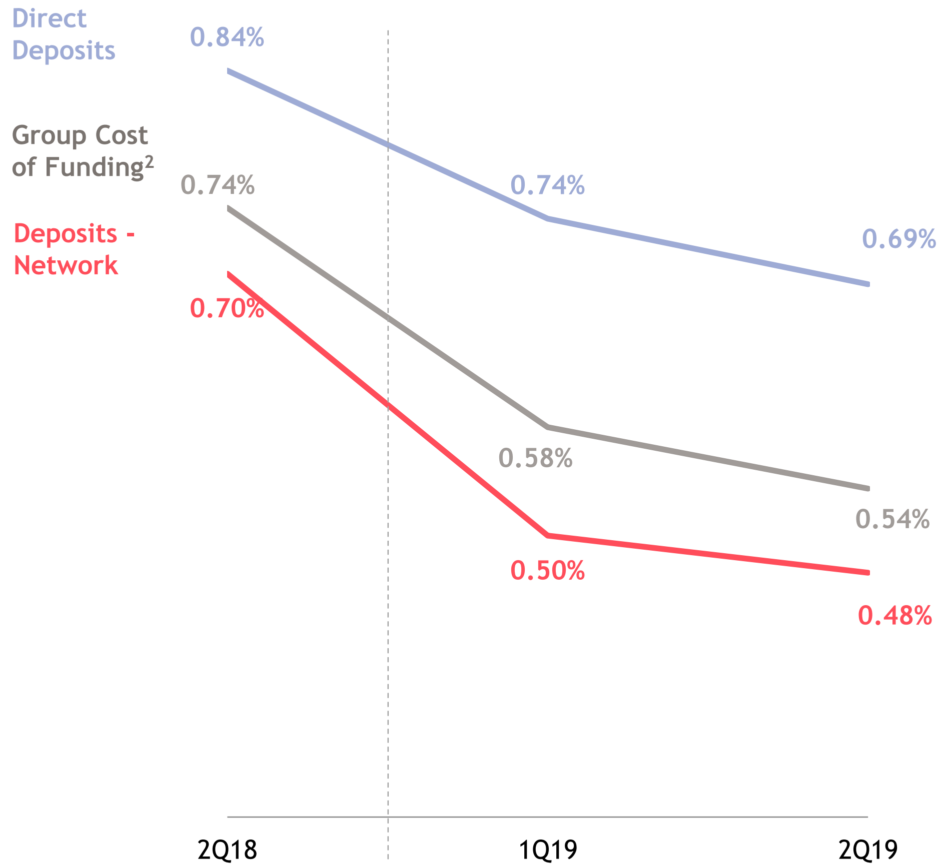
Addiko Bank

Interest expense

Reported, €mn



Cost of funding[1]



Significant reduction in deposit costs due to active management of deposit mix – limited increase in financial liabilities to €4,865mn (€4,837mn in 2018)

[1] Denominator based on simple average.
[2] Includes customer deposit costs, costs for deposits from credit institutions and Treasury costs.

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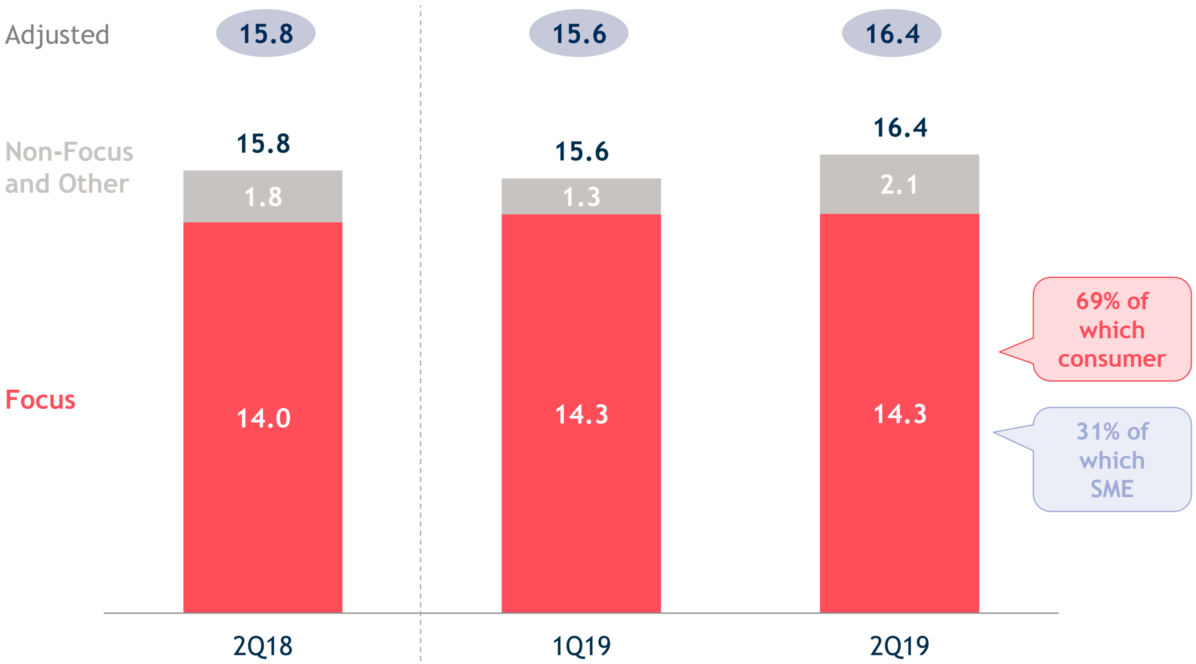
Net fee and commission income

Reported, €mn



Focus

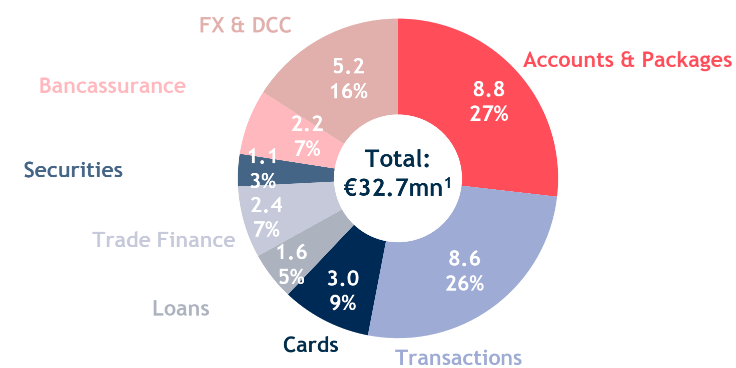
	2Q18	1Q19	2Q19
Consumer	75.9%	72.0%	68.8%
SME	24.1%	28.0%	31.2%

Key highlights

- ***Increase:*** Net fee and commission income has increased by ~8.9% from 1H18 to 1H19 (5.5% 2Q19 vs. 1Q19)
- ***Additional fee income:*** New initiatives (e.g. bancassurance) and packages expected to drive more fee income
- ***Contribution from focus:*** Consumer and SME segments account for almost 90% of net fee and commission income
- ***Products:*** Accounts and packages and Transactions have the largest shares, each contributing 26-27% to group total

By product type

Reported, 1H19, €mn



[1] Excludes €0.7mn of negative contribution from "other"

Other income breakdown

€mn

	1H18	1H19
Deposit guarantee	(4.5)	(4.5)
Bank levies and other taxes	(1.0)	(1.9)
1 Recovery and Resolution Fund	(2.4)	(1.3)
2 Restructuring	(0.8)	(2.3)
3 Legal provisions (net)	1.8	(0.5)
Impairments non-financial assets (net)	0.3	(0.8)
Other	0.5	(1.1)
Other operating result	(6.0)	(12.5)
Net result on financial instruments	70.6	9.3
Other income (reported)	**64.6**	**(3.2)**
4 Adjustments	(61.9)	2.9
Other income (adjusted)	**2.6**	**(0.3)**

1 ***Recovery and Resolution Fund:*** decrease in the upfront booking of the full year impact for recovery and resolution fund

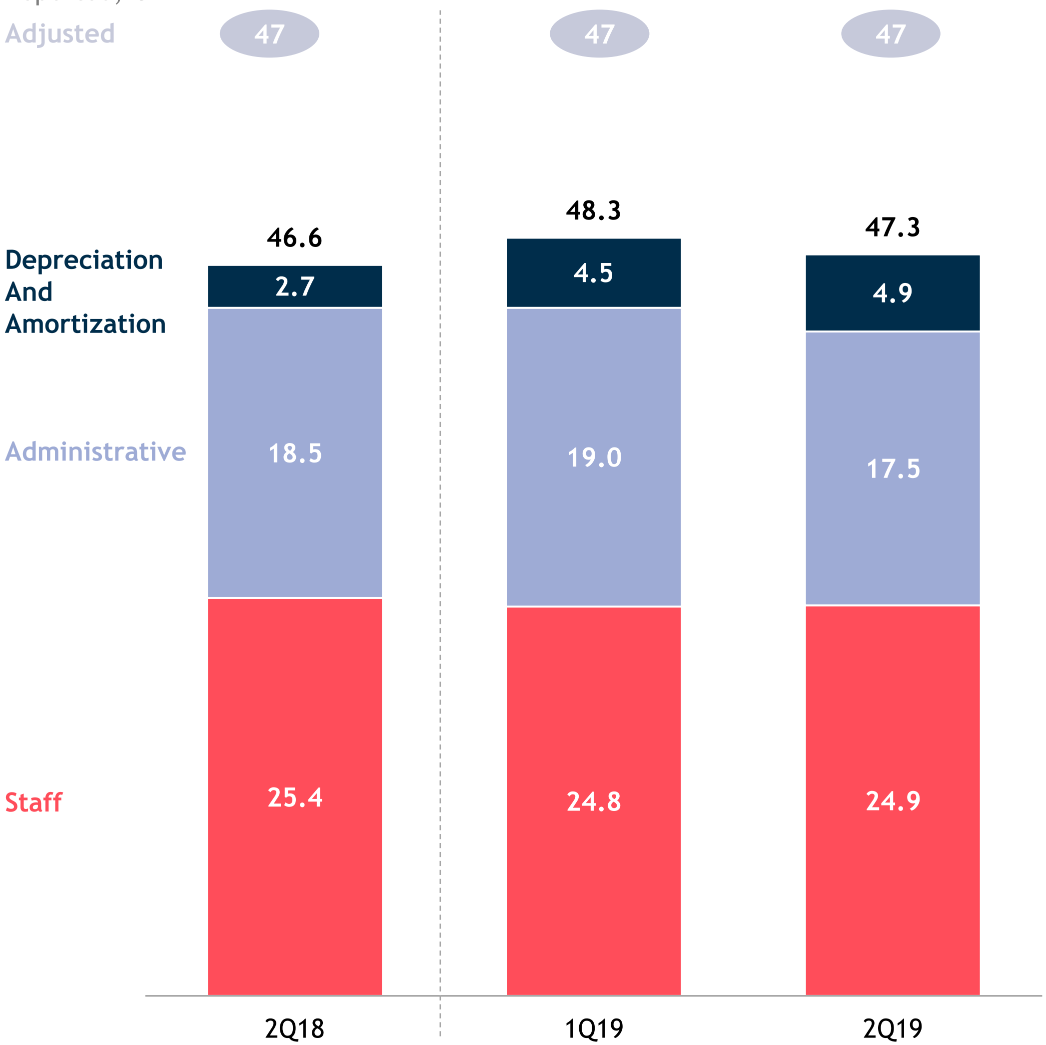
2 ***Restructuring:*** increase to €2.3m mainly related to restructuring costs for back-office FTE optimization and planned branch closures

3 ***Legal provisions:*** higher provisions mainly due to legal claims from CHF mortgage clients in Croatia not having converted as a consequence of the law

4 ***Adjustments:*** mainly related to transformational one-offs

Operating expenses development

Reported, €mn



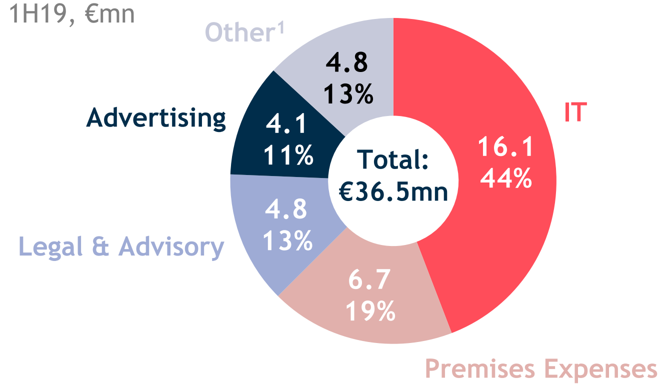
- ***IFRS 16:*** increase in depreciation and amortization in 2019 mainly due to the first-time implementation of the new leasing standard under IFRS 16 (corresponding decrease in admin/rental expenses)

- ***Standardisation and digitalisation:*** focus on standardisation and digitalisation will continue to drive cost improvements year over year – partially re-invested in IT

- ***Trend & outlook:*** recent performance relatively flat despite Capital Market readiness expenses – decrease expected from 2020 onwards, following the implementation of further cost optimization measures in 2H19

Administrative expenses

Reported, 1H19, €mn

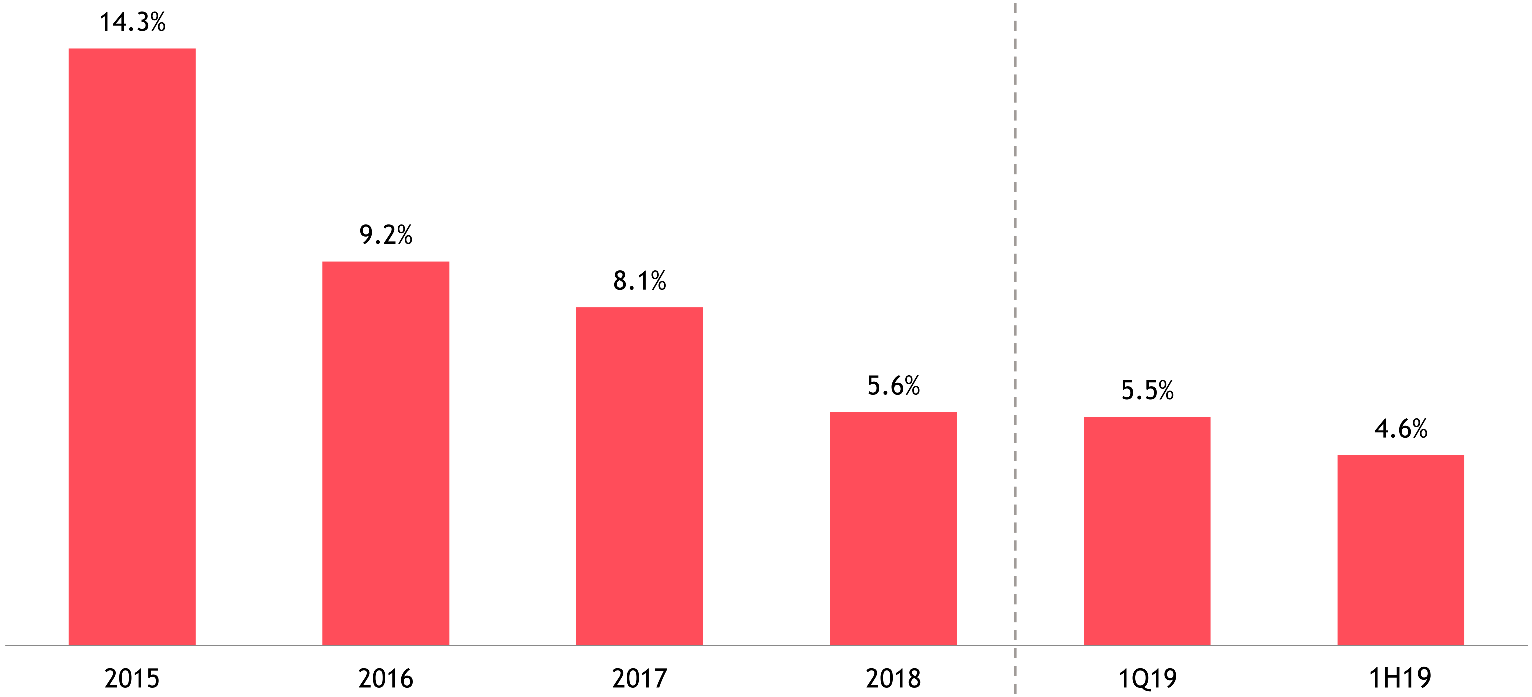


[1] Includes vehicle expenses, travel expenses, education expenses, expenses for legal form, other insurance and other.

Decreasing non-performing loan portfolio

	2015	2016	2017	2018	1Q19	1H19
NPE Volumes, €mn	1,229	761	606	404	393	329
NPE Coverage Ratio[1] (Ex-Collateral)	61.7%	67.5%	67.0%	75.4%	75.8%	73.2%

NPE Ratio[2]



	2015	2016	2017	2018	1Q19	1H19
NPE Ratio Under New Risk Framework[3]	NM	1.6%	1.3%	1.4%	1.5%	1.6%

[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure. [3] Calculated as non-performing exposure (new risk framework) divided by total credit risk exposure (new risk framework). Total exposure under the new risk framework amounts to €5.4bn as of 2018. Previous risk framework includes all clients where no new risk decision / approval was done afterJan-2016 - all clients which were NPE or forborne on Jan-2016 and stayed NPE since then (even if any approval was done during restructuring).

Update on NPE and Cost of Risk Development

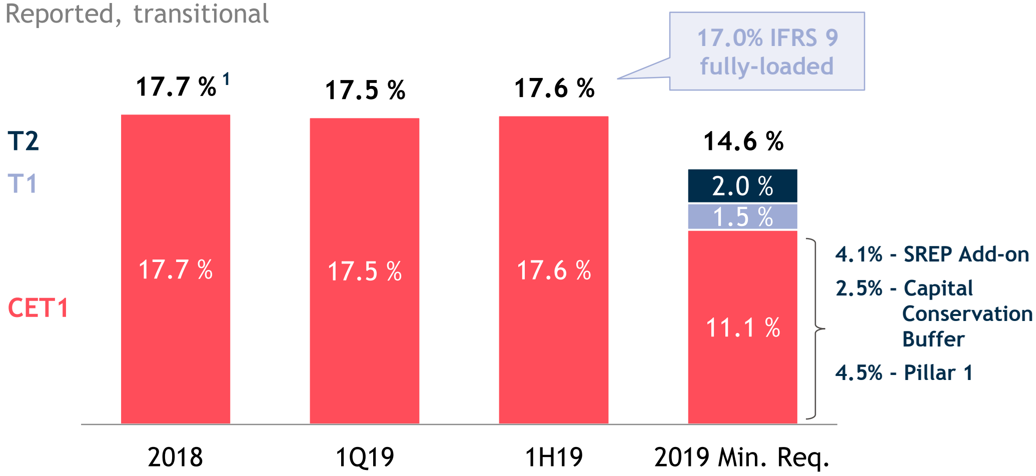
Addiko Bank

	Focus: Consumer (€mn)		Focus: SME (€mn)		Non-Focus[3] (€mn)	
	2018	1H19	2018	1H19	2018	1H19
NPE Coverage Ratio (Excl. Collateral)[1]	91.1%	91.3%	63.7%	63.8%	71.9%	67.2%
NPE Ratio[2]	7.3%	6.2%	4.5%	3.8%	10.7%	8.5%
Total NPE	*104*	*91*	*71*	*64*	*230*	*175*
Credit Risk Exposure	*1,415*	*1,476*	*1,559*	*1,693*	*2,146*	*2,053*
NPE Ratio - New Risk Framework	*2.6%*	*2.9%*	*2.0%*	*1.8%*	*1.2%*	*1.6%*
Credit Loss Expenses	€(9.5)mn *Impairments*	€(9.3)mn *Impairments*	€(7.4)mn *Impairments*	€3.4mn *Releases*	€19.7mn[4] *Releases*	€7.8mn[4] *Releases*

[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure. [3] Excludes Financial Institutions and Corporate Center.
[4] Including releases in Corporate Center (€4.1mn in 2018 and €1.3mn in 1H19).

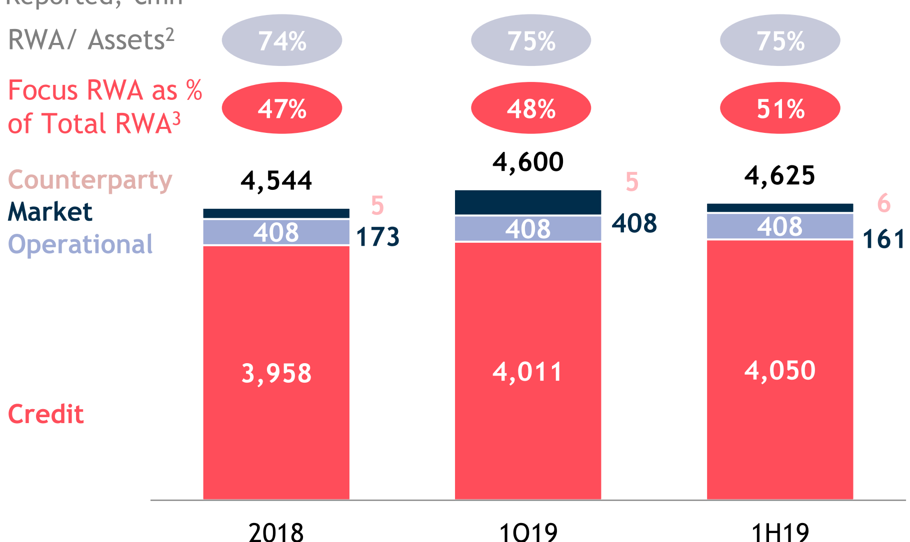
Breakdown of capital position and capital requirements

Reported, transitional



RWA breakdown

Reported, €mn



Addiko has **significant buffers** above minimum capital requirements

Addiko is **focused on capital optimization** and is preparing for Tier 2 issuance in 2H19 (no decision yet)

Addiko is currently using the **standardised approach** for its RWA calculation, with most of its RWAs stemming from credit risk

Overall Basel IV is expected to have a limited impact on Addiko Group, as the Group determines Credit Risk RWAs using the Standardised approach, hence discussions on Internal Rating floors do not apply

~60% of loans and receivables in focus, 51% risk weight[3] as of 1H19

[1] Post dividend.
[2] Calculated as total RWA divided by total assets
[3] Based on segment credit RWA (i.e. excl. operational / market / counterparty RWA). Total RWA excl. Corporate Center.

Addiko Is On Track to Meet Targets

Addiko Bank

- *Execution of strategy and loan book shift towards focus in line with expectations*
- *Solid results despite global uncertainties and one-offs related to CHF Croatia and Serbia*
- *On track towards meeting mid-term targets*
- *Preparations for Tier 2 issuance in 2H19 progressing (no decision yet)*
- *Quarterly results reporting established*

Additional Information

Key Financials 1H19 Financials - Reported

Addiko Bank

Key financials

Reported, €mn

Group income statement (reported)	H1 2018	H1 2019
Interest income	106.7	105.5
Interest expense	-23.7	-14.5
Net interest income	**83.0**	**91.0**
Net fee and commission income	29.4	32.0
Net banking income	**112.4**	**123.0**
Other income[1]	64.6	-3.2
Operating income	**176.9**	**119.7**
Operating expenses	**-92.9**	**-95.6**
Operating result	**84.0**	**24.1**
Credit loss expenses on financial assets	12.7	1.9
Result before tax	**96.7**	**26.0**
Tax on income	-3.9	-5.8
Result after tax	**92.8**	**20.2**

Group balance sheet	H1 2018	H1 2019
Net customer loans	3,779.0	3,896.6
Total assets	6,226.2	6,188.8
Customer deposits	4,907.1	4,864.7
Shareholders' equity	851.8	848.4

Key ratios	H1 2018	H1 2019
NIM	263	297
Cost/income ratio	83%	78%
Cost of risk (not annualised)	0.2%	0.0%
RoATE	22.7%	4.9%
Loan-deposit ratio (customer)	77%	80%
CET1 ratio (transitional)	16.45%	17.62%
Total capital ratio (transitional)	16.45%	17.62%

Comments

As a result of the transformation, the following adjustments need to be made:

1. T2 expenses and waiver impact (1Q18)
2. CHF conversion Serbia (law enacted in 2Q19)
3. Provisions related to CHF legal matters in Croatia in 2019
4. Restructuring costs related to optimization initiatives in 2019
5. Releases in legal provisions related to solved legal cases (active settlement strategy)
6. Capital Market readiness (IPO) costs
7. NPE related one-offs for large corporates outside target portfolio
8. DTA recognition

Other (non-transformational) one-offs are still included in adjusted results

[1] Includes net result on financial instruments and other operating result.

KEY FINANCIALS 1H19 FINANCIALS - ADJUSTED

Addiko Bank

Key financials

Adjusted, €mn

Group income statement (adjusted)	H1 2018	H1 2019
Interest income	106.7	105.5
Interest expense	-20.1	-14.5
Net interest income	**86.6**	**91.0**
Net fee and commission income	29.4	32.0
Net banking income	**116.0**	**123.0**
Other income[1]	2.6	-0.3
Operating income	**118.6**	**122.6**
Operating expenses	**-93.5**	**-94.2**
Operating result	**25.1**	**28.5**
Credit loss expenses on financial assets	4.2	7.5
Result before tax	**29.3**	**36.0**
Tax on income	-9.5	-7.5
Result after tax	**19.9**	**28.5**

Group balance sheet	H1 2018	H1 2019
Net customer loans	3,779.0	3,896.6
Total assets	6,226.2	6,188.8
Customer deposits	4,907.1	4,864.7
Shareholders' equity	851.8	848.4

Key ratios	H1 2018	H1 2019
NIM	275	297
Cost/income ratio	81%	77%
Cost of risk (not annualised)[2]	0.1%	0.2%
RoATE	4.9%	7.0%
RoATE (@14.1% CET1)	5.7%	8.2%
Loan-deposit ratio (customer)	77%	80%
CET1 ratio (transitional)	16.45%	17.62%
Total capital ratio (transitional)	16.45%	17.62%

Key highlights

- ***Interest income:*** relatively stable mainly due to an increase in interest income in Consumer and SME (€5.2mn) compensating decrease in non-focus. Slight decline in our overall interest income related to:
  - A one-off in 1H18 related to a termination fee from a large public entity of €0.6mn accounted for as interest like income and
  - Reduced interest income from NPEs (down €1.6mn vs. 1H18) as a consequence from the successful NPE reductions
- ***Interest expense:*** decrease mainly due to a shift from higher-yield term deposits to lower-yield current deposits (impact of €5.0mn)
- ***Net fee and commission income:*** increase of €2.6mn mainly due to new fee models and new product packages in Consumer and SME
- ***Other income:*** includes gains from sale of financial instruments (OCI) but influenced by IT impairments and provisions for legal cases
- ***Operating expenses:*** relatively flat due to strict monitoring and initiated cost efficiency programs, further reduction from 2020
- ***Credit loss expenses on financial assets:*** provisioning in Consumer (€9.3mn) compensated by releases in SME and non-focus
- In the first quarter 2019 a dividend in the amount of €50mn was distributed to the shareholder of Addiko Bank AG

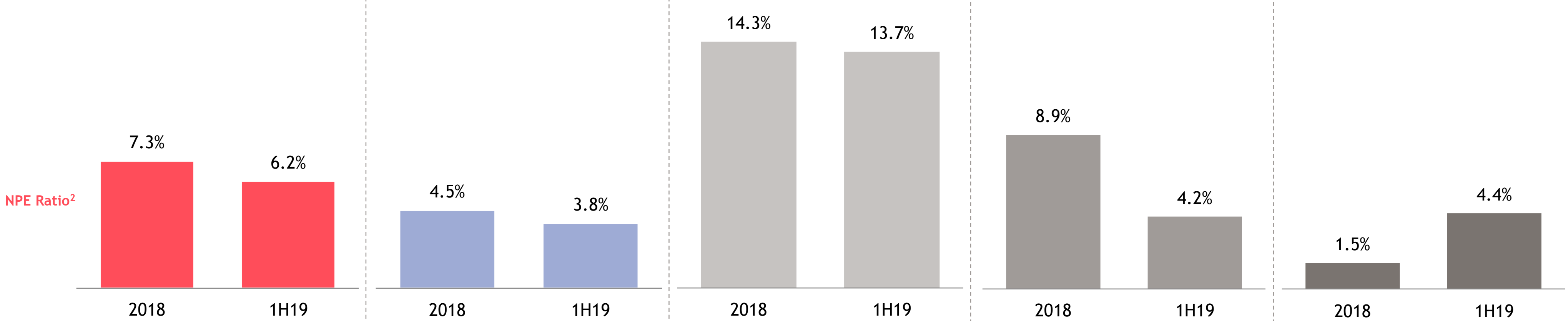
Improvement in adjusted RoATE (@14.1% CET1) to **8.2%** in H1 2019 from **5.7%** in H1 2018

[1] Includes net result on financial instruments and other operating result.
[2] Calculated over net loans

Meaningful NPE Reduction in 1H19

Addiko Bank

€mn	Consumer 2018	Consumer 1H19	SME 2018	SME 1H19	Mortgages 2018	Mortgages 1H19	Large Corporates 2018	Large Corporates 1H19	Public Finance 2018	Public Finance 1H19
NPE Coverage Ratio[1]	91.1%	91.3%	63.7%	63.8%	73.6%	73.6%	70.1%	44.4%	42.0%	74.1%
NPE Ratio[2]	7.3%	6.2%	4.5%	3.8%	14.3%	13.7%	8.9%	4.2%	1.5%	4.4%



	Consumer 2018	Consumer 1H19	SME 2018	SME 1H19	Mortgages 2018	Mortgages 1H19	Large Corporates 2018	Large Corporates 1H19	Public Finance 2018	Public Finance 1H19
Total NPE	*104*	*91*	*71*	*64*	*145*	*127*	*81*	*38*	*3*	*9*
Total Credit Risk Exposure	*1,415*	*1,476*	*1,559*	*1,693*	*1,016*	*926*	*907*	*912*	*223*	*215*
NPE Ratio - New Risk Framework	*2.6%*	*2.9%*	*2.0%*	*1.8%*	*2.9%*	*2.8%*	*0.4%*	*1.2%*	*0.0%*	*0.0%*
Credit Loss Expenses	€(9.5)mn *Impairments*	€(9.3)mn *Impairments*	€(7.4)mn *Impairments*	€3.4mn *Releases*	€9.5mn *Releases*	€0.8mn *Releases*	€3.6mn *Releases*	€5.2mn *Releases*	€2.4mn *Releases*	€0.5mn *Releases*

[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure.

Breakdown by Entity

	1H 2019 (€mn, IFRS) - reported	Addiko Bank d.d., Zagreb	Addiko Bank d.d., Ljubljana	Addiko Bank d.d., Banja Luka	Addiko Bank a.d., Sarajevo	Addiko Bank a.d., Beograd	Addiko Bank A.D., Podgorica
Macro (2018)	GDP / Capita (€ at PPP)	18.4	25.2	9.3	9.3	11.7	13.9
	Population (mn)	4.2	2.1	3.5	3.5	7.0	0.6
	Country Rating (S&P/M/F)[1]	BBB-/Ba2/BB+	A+/Baa1/A-	B/B3/NR	B/B3/NR	BB/Ba3/BB	B+/B1/NR
P&L	Net interest income	32.6	20.0	6.2	6.9	15.7	5.7
	Net commission income	14.5	5.4	2.9	3.0	5.2	1.1
	Other income	(2.5)	(0.7)	(0.2)	0.1	(0.5)	(0.5)
	Total income	44.6	24.8	9.0	10.0	20.4	6.2
	Operating expenses	(27.8)	(13.5)	(7.2)	(7.9)	(14.7)	(3.8)
	Operating profit	16.8	11.3	1.8	2.1	5.6	2.4
	Change in credit loss expenses	2.7	1.5	0.0	0.3	(2.6)	(0.5)
	Result before tax	19.5	12.8	1.8	2.3	3.0	1.8
Key Ratios	Net interest margin	2.7%	2.5%	3.1%	3.0%	3.8%	4.9%
	Cost / income ratio[2]	59.1%	52.9%	78.4%	79.9%	70.7%	56.8%
	Loan-deposit ratio	76.5%	99.4%	86.7%	78.4%	104.9%	97.3%
	NPE ratio (CRB based)	7.6%	2.2%	11.3%	11.3%	5.0%	7.0%
	NPE coverage ratio	68.8%	71.6%	85.6%	85.0%	58.5%	71.9%
Balance Sheet	Total assets	2,459	1,627	407	486	825	233
	Loans and receivables	1,412	1,302	275	277	585	190
	o/w gross performing loans	1,361	1,195	272	273	580	194
	Financial liabilities at amortised cost	2,028	1,454	323	367	634	209
	RWA	1,438	959	316	369	686	174

$\underbrace{\text{Zagreb + Ljubljana}}_{\text{Account for 66\% of Group assets}}$

Account for 66% of Group assets

Source: Company disclosure. Does not include Holding and reconciliation.
[1] Refers to Standard & Poor's, Moody's and Fitch.
[2] Calculated as loans and receivables divided by financial liabilities at amortised cost.

Detailed balance sheet overview

Reported, €mn

	2016	2017	2018	H1 2018	H1 2019
Liquid Assets	3,287.6	2,582.5	2,211.8	2,287.6	2,098.1
Cash reserves	1,878.2	1,285.9	1,002.9	1,124.6	899.5
Investment Portfolio	1,409.4	1,296.6	1,208.9	1,163.1	1,198.6
Financial assets held for trading	17.4	19.8	24.3	22.4	24.3
Investment securities	1,391.9 [1]	1,276.8 [1]	1,184.6	1,140.7	1,174.4
Loans and receivables	3,779.9	3,757.2	3,792.9	3,786.4	3,906.1
Loans and receivables to credit institutions	49.4	65.3	5.6	7.4	9.5
Loans and receivables to customers	3,730.5	3,691.9	3,787.3	3,779.0	3,896.6
Derivatives - hedge accounting	0.1	0.1	-	-	-
Tangible assets	70.4	57.3	57.7	57.0	89.4
Property, plant & equipment	67.9	55.3	55.7	55.0	87.4
Investment properties	2.5	2.0	2.0	2.0	2.0
Intangible assets	17.3	21.8	30.3	26.3	30.5
Tax Assets	2.6	22.3	28.3	22.2	21.4
Current tax assets	2.6	1.6	1.7	1.7	1.6
Deferred tax assets	-	20.6	26.6	20.5	19.8
Other assets	18.9	24.8	25.5	30.8	37.9
Non-current assets and disposal groups classified as held for sale	39.3	19.5	5.7	15.8	5.4
Total assets	**7,216.1**	**6,485.5**	**6,152.1**	**6,226.2**	**6,188.8**
Deposits from credit institutions	316.0	341.6	324.4	275.1	312.6
Deposits from customers	4,435.6	4,933.8	4,836.7	4,907.1	4,864.7
Issued bonds, subordinated and supplementary capital	73.5	198.5	1.1	1.2	1.1
Other financial liabilities	1,215.3	47.3	40.3	90.7	68.0
Financial liabilities measured at amortized cost	**6,040.4**	**5,521.2**	**5,202.5**	**5,274.1**	**5,246.5**
Financial liabilities at fair value through profit or loss	25.0	-	-	-	-
Financial liabilities held for trading	9.1	1.8	2.1	0.9	5.5
Derivatives - hedge accounting	6.9	-	-	-	-
Total interest bearing liabilities	**6,081.4**	**5,523.0**	**5,204.6**	**5,275.0**	**5,252.0**
Provisions	107.8	83.3	62.0	73.6	61.2
Tax liabilities	1.4	1.3	1.0	2.0	0.3
Current tax liabilities	1.0	0.9	0.9	1.0	0.1
Deferred tax liabilities	0.5	0.5	0.1	1.0	0.2
Other liabilities	28.1	33.8	25.1	23.7	26.9
Liabilities included in disposal groups classified as held for sale	2.7	-	-	-	-
Total liabilities	**6,221.4**	**5,641.5**	**5,292.5**	**5,374.3**	**5,340.5**
Total shareholders' equity	**994.7**	**844.0**	**859.5**	**851.8**	**848.4**
Total liabilities and shareholders' equity	**7,216.1**	**6,485.5**	**6,152.1**	**6,226.2**	**6,188.8**

[1] The line item "Investment securities" was introduced in the Audited Consolidated Financial Statements as of and for the financial year 2018, due to introduction of IFRS 9. The position includes also the IAS 39 positions "available-for-sale financial assets "and "held-to-maturity investments" as presented in the Audited Consolidated Financial Statements for the financial years 2016 and 2017.

Detailed income statement overview

Reported, €mn

	2016	2017	2018	1H18	1H19
Interest income calculated using the effective interest method	232.2	226.0	209.6	104.7	103.8
Other interest income	6.0	8.3	4.2	2.1	1.7
Interest expense	(79.4)	(68.9)	(40.7)	(23.7)	(14.5)
Net interest income	**158.8**	**165.3**	**173.2**	**83.0**	**91.0**
Fee and commission income	62.0	71.3	76.5	36.0	39.3
Fee and commission expense	(12.0)	(12.8)	(14.1)	(6.7)	(7.4)
Net fee and commission income	**50.0**	**58.5**	**62.4**	**29.4**	**32.0**
Net result on financial instruments	20.3	9.7	70.0	70.6	9.3
Other operating income	29.6	27.4	19.1	13.4	4.0
Other operating expenses	(71.6)	(34.0)	(35.7)	(19.5)	(16.6)
Operating result	**187.0**	**226.9**	**289.0**	**176.9**	**119.7**
Personnel expenses	(99.8)	(97.4)	(99.4)	(49.7)	(49.7)
Other administrative expenses	(93.1)	(80.9)	(78.0)	(37.8)	(36.5)
Depreciation and amortization	(19.5)	(11.7)	(10.7)	(5.4)	(9.4)
Operating expenses	**(212.4)**	**(190.1)**	**(188.1)**	**(92.9)**	**(95.6)**
Operating result before change in credit loss expense	**(25.4)**	**36.9**	**100.9**	**84.0**	**24.1**
Credit loss expenses on financial assets	4.4	(15.1)	2.8	12.7	1.9
Result before tax	**(21.0)**	**21.8**	**103.7**	**96.7**	**26.0**
Taxes on income	(2.9)	19.9	0.5	(3.9)	(5.8)
Result after tax	**(23.9)**	**41.6**	**104.2**	**92.8**	**20.2**

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VIENNA, AUGUST 2019