Addiko Group preliminary 2019 results:
Result after tax of €35.1mn
Continued operational performance improvement

- **Adjusted 2019 result after tax of €40.9mn, approx. +32% vs. prior year (2018: €30.9mn)**
- **Reported 2019 result after tax of €35.1mn influenced by negative one-offs related to CHF legislation in Serbia and Croatia (2018's €104.2mn predominantly driven by a €61mn positive one-off)**
- **Adjusted Return on Tangible Equity (@14.1% CET1 ratio) increased to 5.6% (2018: 4.2%)**
- **Continued transformation of loan book towards focus areas Consumer and SME amounting to 62% of the gross performing loan book (2018: 56%)**
- **NPE ratio further reduced to 3.9%; NPE provision coverage at 73.8%**
- **Transitional CET1 ratio at 17.7% excl. accrued dividends and profit (IFRS 9 Fully-Loaded CET1 ratio of 17.1%)**
- **Clarifications on regulatory capital requirements in progress, in the meantime updated Pillar 2 Requirement (P2R) for 2020 stands at 4.1% (vs. 4.3% in first draft SREP)**
- **Dividend proposal, Targets and Outlook will be published together with the audited financial statement on March 5th, 2020**

Vienna, February 5th, 2020 – Addiko Group, a Consumer and SME specialist bank headquartered in Austria, released its preliminary results for the full year 2019 today. The Bank reported a 2019 result after tax of €35.1mn including one-offs (2018: €104.2mn), with a fourth quarter result after tax of €11.7mn (4Q18: €7.8mn).

Adjusted for one-offs, Addiko Group delivered further improved results and achieved a 4.6% increase in net banking income at stable cost, continuing to benefit from credit loss releases. The adjusted result after tax of €40.9mn improved by approx. 32% compared to the full year 2018 (2018: €30.9mn). The continued positive development resulted in improved adjusted return on tangible equity with 4.9% (2018: 3.7%). The return on tangible equity (@14.1% CET1 Ratio) on an adjusted basis amounted to 5.6% (2018: 4.2%).

The adjustments in the year 2019 are largely a result of provisions in connection with legal matters regarding CHF loans in Croatia, write off's following the CHF conversion law in Serbia, restructuring provisions and IPO expenses, and a positive one-off related to the successful restructuring of the Group's largest NPE in Croatia. The adjustment in the 2018 result was predominantly influenced by a positive impact of a Tier 2 waiver from the previous sole shareholder AI Lake (Luxembourg) S.à r.l.

Preliminary 2019: Continued operational performance improvement, solid risk metrics

The **result after tax** of €40.9mn on an adjusted basis (2018: €30.9mn) was mainly driven by the continued execution of Addiko's focus strategy reflected in a further **increased share of the two focus segments Consumer and SME** amounting to 62% of the gross performing loan book at year end 2019 (2018: 56%) while the size of the overall gross performing loan book increased by 2.7% vs. 2018 to €3,870mn.

The growth of gross performing loans **in the focus areas** has continued and increased the volume by 13.4% compared to 2018 (13.0% for Consumer and 14.1% for SME lending activities). Despite a challenging interest environment and additional administrative measures and recommendations introduced by local regulators to limit the growth of the consumer lending market in the CSEE region, yields remained stable in the focus areas Consumer and SME during 2019.

The adjusted **net interest income** increased by 3.6% to €183.0mn (2018: €176.7mn) with **NIM** at 2.99% (+0.2% compared to 2018). The adjusted **net fee and commission income** increased by 7.7% to €67.2mn (2018: €62.4mn) while adjusted **operating expenses** remained comparable to last year and amounted to €-187.2mn (2018: €-186.9mn). In the context of the cost optimization measure related to the reduction of 180 FTEs and 8 branches as disclosed in 1H19, the ongoing execution so far resulted in the release of 229 FTEs and the closure of 17 branches between June 30th and December 31st, 2019. The adjusted **cost-income ratio** improved to 74.8% in 2019 (2018: 78.1%).

The positive trend in NPE reduction continued in the fourth quarter 2019, resulting in a non-performing exposure of €276.5mn (2018: €403.8mn) a resulting **NPE ratio** of 3.9% (2018: 5.6%) at **NPE coverage** of 73.8% at the end of 2019 (2018: 75.4%).

The **CET1 ratio** excluding accrued profits or dividends for the year 2019 stands at 17.7% on a transitional basis (17.1% IFRS 9 Fully-Loaded). As previously disclosed the bank will continue to work on a Tier 2 instrument to optimize its capital position, timing this activity in line with the clarifications with the regulator.

The data contained in this release is based on unaudited figures and subject to revision upon completion of the audit processes. On March 5th, 2020 Addiko Group will publish its full audited annual report for the year 2019, including dividend proposal to the Annual General Meeting for the 2019 financial year, Targets and Outlook.

Addiko Bank

Preliminary 2019: Key data

Group income statement (in EUR million)	Reported YE18	Reported YE19 (preliminary)	Reported Change (%)	Adjusted YE18	Adjusted YE19 (preliminary)	Adjusted Change (%)
Net interest income	173.2	183.0	5.7%	176.7	183.0	3.6%
Net fee and commission income	62.4	67.2	7.7%	62.4	67.2	7.7%
Net banking income	**235.5**	**250.2**	**6.2%**	**239.1**	**250.2**	**4.6%**
Net result on financial instruments	70.0	13.4	(80.8)%	9.0	9.2	2.1%
Other operating income	(16.5)	(39.2)	>100%	(18.2)	(26.9)	47.8%
Operating income	**289.0**	**224.4**	**(22.4)%**	**229.9**	**232.4**	**1.1%**
Operating expenses	(188.1)	(189.2)	0.6%	(186.8)	(187.2)	0.2%
Operating result before change in credit loss expense	**100.9**	**35.2**	**(65.1)%**	**43.1**	**45.3**	**5.1%**
Credit loss expenses on financial assets	2.8	2.9	1.9%	2.3	7.0	>100%
Operating result before tax	**103.7**	**38.1**	**(63.3)%**	**45.4**	**52.2**	**15.1%**
Tax on income	0.5	(2.9)	>100%	(14.5)	(11.4)	(21.4)%
Result after tax	**104.2**	**35.1**	**(66.3)%**	**30.9**	**40.9**	**32.2%**

Key ratios (YTD)	Reported YE18	Reported YE19 (preliminary)	Reported Change (abs.)	Adjusted YE18	Adjusted YE19 (preliminary)	Adjusted Change (abs.)
NIM	2.74%	2.99%	0.3%	2.80%	2.99%	0.2%
Cost/income ratio	79.9%	75.6%	(4.3)%	78.1%	74.8%	(3.3)%
Loan to deposit ratio	78.3%	80.1%	1.8%	78.3%	80.1%	1.8%
RoATE (@14.1% CET1)				4.2%	5.6%	1.4%

Group balance sheet (in EUR million)	31.12.2018	31.12.2019 (preliminary)	Change (%)
Net customer loans	3,787.3	3,871.9	2.2%
Total assets	6,152.1	6,083.6	(1.1)%
Customer deposits	4,836.7	4,831.2	(0.1)%
Shareholders' equity	859.5	861.3	0.2%
Risk-weighted assets	4,545.0	4,600.8	1.2%

The preliminary 2019 results release can be downloaded under the following link: www.addiko.com/news/.

Addiko Group's Investor Relations website https://www.addiko.com/investor-relations/ contains further information, including financial and other information for investors.

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About Addiko Group

Addiko Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and regulated by the Austrian Financial Markets Authority, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (two banks), Serbia and Montenegro. Addiko Group, through its six subsidiary banks, services as of December 31, 2019 approximately 0.8 million customers in CSEE, using a well-dispersed network of 179 branches and modern digital banking channels. Addiko Bank AG manages its subsidiary banks through group-wide strategies, policies and controls and manages Addiko Group's liquidity reserve.

Addiko Group repositioned itself as a specialist consumer and SME banking group with a focus on growing its consumer business and SME lending activities as well as payment services (its "focus areas"), offering unsecured personal loan products for consumers and working capital loans for its SME customers funded largely by retail deposits. Addiko Group's mortgage business, public lending and large corporate lending portfolios (its "non-focus areas") are gradually reduced over time, thereby providing liquidity and capital for the gradual growth in its consumer business and SME lending.