

Addiko Group Reports 1H21 Profit of €6.1 Million: Signs of Increase in Consumption and Demand

- Result after tax of €6.1 million for the first six months vs €-12.2 million last year
- New management team complete with 4 experienced executives, led by Herbert Juranek
- Launch of transformation program to become leading specialist bank for Consumer & SME
- Addiko maintained solid funding and liquidity
- After lift of ECB dividend ban, conditional second tranche of €2.03 per share currently expected in fourth quarter of 2021

Vienna, 11 August 2021 - Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), released its unaudited results for the first half of 2021 today, reporting a profit after tax of €6.1m.

“The recovery is slower than anticipated because of local Covid-related restrictions, but we see an overall improvement in the macroeconomic environment and signs that business activities are starting to pick up,” said Herbert Juranek, CEO of Addiko Bank AG, *“this means consumers are increasing spending, and SMEs are back in business. We have an ambitious plan and teamed up with our country CEOs to accelerate our transformation to become the leading specialist bank in our region.”*

First half 2021 performance

- Operating result at €28.1m vs €27.5m last year
- Provisioning at -0.3% Cost of Risk with €-10.2m, down from €-29.2m at CoR -0.8% YoY
- NPE ratio at 3.4% (YE20: 3.5%) with NPE coverage at 71.7% (YE20: 73.6%)
- Transitional CET1 ratio remains strong at 19.8% (and at 18.9% with IFRS 9 fully-loaded) - with approved 2020 dividend already deducted
- 1H21 EPS of €0.31, first tranche of dividend (€0.36 per share) paid on 4 May 2021

The result after tax of €6.1m for the first half (1H20: €-12.2m) reflects lower credit loss expenses of €-10.2m or -0.3% Cost of Risk (1H20: €-29.2m). Despite the slowly improving macroeconomic environment, Addiko did not release the IFRS 9 post-model overlay provisions recognised during 2020. The operating result increased by 2.1% to €28.1m (1H20: €27.5m) reflecting the slow recovery in business activities. The result includes costs for management changes and regular bonus accruals, with the latter not having been included in the previous year.

The share of the two focus segments Consumer and SME of the gross performing loan book increased to 69% compared with 65% at year-end and is in line with Addiko’s overall business strategy. The size of the overall gross performing loan book was little changed at €3,530m compared with €3,604m at the end of 2020. The focus portfolio returned to growth in the first half of 2021 after a decline during the pandemic.

Net interest income declined by 5.0% to €84.2m (1H20: €88.6m) with NIM at 2.87% (1H20: 2.97%). Net fee and commission income increased significantly by 9.3% YoY to €31.6m (1H20: €28.9m). Operating expenses went up by 4.2% YoY to €-86.8m (1H21: €-83.3m) mostly driven by one-off costs and the return to regular bonus accruals.

The **cost-income ratio** declined to 71.8% in the second quarter, overall resulting in 75.0% for the first half of 2021 (1H20: 70.8%).

The bank's **transformation program** will focus on boosting revenue and growth in the focus areas through digital and hybrid offerings and lowering costs by streamlining operations. Progress of the program will be announced during the regular disclosures of Addiko Bank AG.

The **NPE ratio** stood at 3.4% (YE20: 3.5%) at an **NPE coverage** of 71.7% (YE20: 73.6%). The **NPE ratio related to on-balance loans** stood at 6.0% (YE20: 5.9%) based on a **non-performing exposure (NPE)** of €238.0m (YE20: €243.7m). The stable NPE development is the result of Addiko's robust asset quality as well as a prudent risk approach and influenced by the remaining exposure in moratoria.

The overall exposure in moratoria decreased significantly to €105m (YE20: €164m) driven by a large reduction in Slovenia. In total, only 1.5% of Addiko Group's total exposure was in moratoria as of 1H21 with ca. 93% of the business portfolio remaining without overdues.

The **CET1 ratio** stayed strong at 19.8% on a transitional basis (18.9% IFRS 9 fully-loaded) with the approved second tranche of the dividend of up to ca. €39.6m already fully deducted. The **first tranche** of ca. €7m was distributed on 4 May 2021.

On 23 July 2021, the European Central Bank lifted the recommended dividend ban from last year with end of September. Therefore, Addiko currently expects the conditional second tranche of the dividend of €39.6m (€2.03 per share) to be distributed in the fourth quarter 2021 in line with the Annual General Meeting decision from 26 April 2021.

For the full year 2021, the Group currently expects:

- Gross performing loans at ca. €3.5b with >5% growth in focus
- Net Banking Income stable at 2020 level
- Operating expenses to remain below €174m
- CET1 Ratio above 18.6% on a transitional basis
- REVISED: Sum of other result and credit loss expenses on financial assets <1% on average net loans and advances to customers (previously: Credit loss expenses on financial assets <1% on average net loans and advances to customers)

The 1H21 results release can be downloaded under the following link: www.addiko.com/financial-reports/

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 supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 30 June 2021 approximately 0.8 million customers in CSEE using a well-dispersed network of 166 branches and modern digital banking channels.

Based in its focused strategy, Addiko Group has repositioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities as well as payment services (its "focus areas"). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers, and is largely funded by retail deposits. Addiko Group's Mortgage business, Public and Large Corporate lending portfolios (its "non-focus areas") have been gradually reduced over time, thereby providing liquidity and capital for continuous growth in its Consumer and SME portfolios.