Addiko Bank

Addiko Group: Annual General Meeting 2022

14 April 2022

Summary of the Year 2021

Summary

- **Net profit of €13.6mn in 2021** (2020: €1.4mn) despite challenging environment
- **SREP 2021 reduces capital ratios:** P2R at 3.25% (down from 4.1%), P2G at 2% (down from 4%), the latter being dependent on the results of the AQR stress test going forward
- First **visible effects of the Transformation Program already in 2021**

Next 12 Months

1 Business growth – Boosting growth in focus areas

- **Successful shift in focus towards lower SME tickets** while reducing low-yielding and higher ticket medium SME loans (-18.5%)
- **Growth in focus book at 9.5%** when excluding medium SME loan book
- **Decrease in non-focus book by 32.8%** YoY following significantly accelerated run-down

2 Costs – Align organization & costs with specialist strategy

- **Operational OPEX run-rate reduction lined up to achieve new 2022 OPEX guidance**
- **First results already visible in 2021** with reported operating expenses of €171.1mn (beat guidance by €2.9mn)
- **Branch right-sizing** - 13 branches closed last year (down to 155)

3 Special topics – Tackle special topics proactively

- Push for the **NPE reduction initiated at the beginning of 2H21**
- **NPE volume down by 20%** to €194mn (vs. 2020's €244mn)
- **NPE ratio (on-balance loans) at 4.0%**

Key Highlights 2021

Addiko Bank

Earnings

- **2021 net profit** of €13.6mn (YE20: €1.4mn)
- **Business in focus areas:**
  - New business generation strongest in 4Q21 (up 15% vs. 4Q20)
  - Gross disbursements up 34% YoY
  - NCI of focus book up 13% YoY
- **Provisioning** at **-0.40% Cost of Risk** with €-13.2mn (YE20: €-48.4mn at CoR -1.4%)
- **Operating result** down by -12.5% YoY to €54.9mn mainly affected by costs for management changes, regular bonus accruals and restructuring costs
- **Dividend of €46.6mn (€2.39 per share)** distributed in two tranches in 2021
- 2021 EPS at €0.70

Asset Quality Containment

- **NPE volume down by 20% YoY to €194mn** (YE20: €244mn)
- **NPE ratio** at 2.9% (YE20: 3.5%), NPE ratio (on-balance loans) at 4.0% (YE20: 4.7%)
- Overall **exposure in moratoria down to only €2.4mn** (YE20: €164mn)
- **Business portfolio behavior remained stable** despite expired moratoria (>94% of portfolio with no overdues)
- **NPE coverage** at 71.9% (YE20: 73.6%)

Funding, Liquidity & Capital

- **Funding situation remained solid** at €4.71bn customer deposits with LCR at c. 252%
- **Capital ratio strong** at transitional **CET1 ratio of 22.2%**, IFRS 9 fully-loaded CET1 ratio of 21.6% (2020: 20.3% and 19.3%, respectively)

Guidance 2021 Confirmed by Actuals

2021 Guidance

For the full year 2021 the Group delivered:

Outlook 2021 (as disclosed in 3Q21)	Final 2021 results
Net Banking Income: stable at 2020 level	✓
Operating expenses: below €174mn	✓
TCR ratio: above 18.6% on a transitional basis	✓
Gross performing loans: c. €3.35bn (previously c. €3.5bn) with >5% growth in focus	i
Sum of other result and credit loss expenses on financial assets: <1% on average net loans and advances to customers (revised with 1H21 disclosure)	✓

- Growth in focus at 9.5% YoY excluding medium SMEs
- Overall focus book growth at 4% YoY influenced by intentional reduction in low-yielding and high-ticket medium SMEs

Gross Performing Loans

- Faster decrease in overall gross performing loans to €3.28bn due to accelerated run-down in non-focus (-32.8%) and exit from low-yielding and high-ticket medium SMEs (-18.5%)
- Full focus on Consumer & SME business going forward with shift towards micro and small tickets in SME

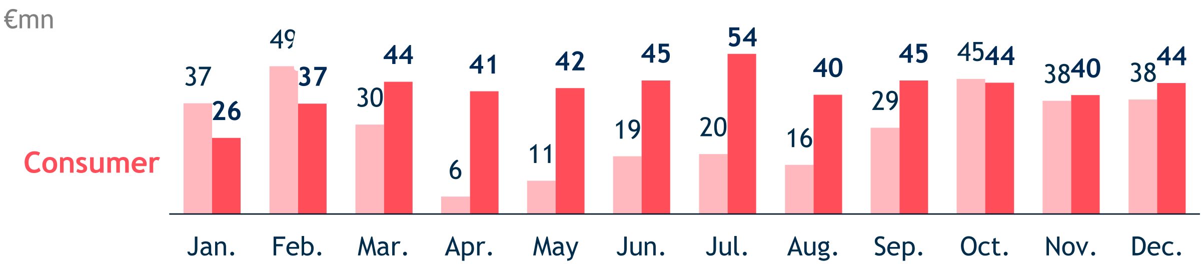
CHF Slovenia	• The Slovenian Parliament **passed the CHF law** on 2 February 2022 requiring lenders to **retroactively introduce** an **exchange-rate cap clause of 10%** in relation to all agreements for CHF loans concluded between 28 June 2004 and 31 December 2010 (up to 17 years back) • Addiko has calculated a **worst-case scenario of €100mn to 110mn** based on its own interpretation of the imprecise nature of this legislation as disclosed on 2 February • The law **contradicts European law and the Slovenian Constitution**, in the view of Addiko which is confirmed by several Slovenian and international law offices • Upon entry into force on 26 February 2022, **Addiko filed an appeal against the CHF law with the Constitutional Court in Slovenia**, combined with a **request for suspensive effect**, together with 8 other affected banks; also the National Bank of Slovenia filed an appeal against the CHF Law • In addition, Addiko filed a **Request for Arbitration with the ICSID** in Washington, DC against the Republic of Slovenia (BIT claim) • On 4 March 2022, the **Slovenian government provided feedback** to the Constitutional Court that they were against the CHF Law and would support a suspension • On 10 March 2022, the Constitutional Court **unanimously suspended the CHF Law in its entirety** until it has reached a final decision regarding its constitutionality
Dividend 2021	• Even with the new SREP in place, the **ECB requested a conservative stance** on dividends • Based on their continuous dialogue, the Management was close to an agreement with the ECB • The **surprising introduction of the CHF law in Slovenia changed the situation** • **No dividend for 2021** in light of the potential worst-case scenario to mitigate future capital add-ons
Russia-Ukraine War	• **Limits** to affected banks in CSEE **were cut in time** • **Addiko Group's direct exposure** to Ukraine, Russia and Belarus at **below €10k** • Indirect loan exposure of up to €13mn while potential impacts, if any, are being analyzed • The overall global impact and knock-on effects on the region cannot be assessed at this point

Current Environment Exceeding Previous Forecasts

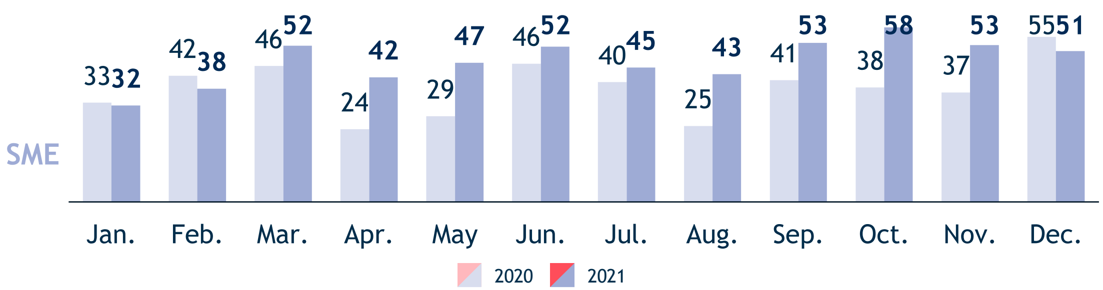
GDP forecasts[1] (%, real growth)

	Previous Forecasts							Updated Forecast
	2021E Base	2022E Base	2021E Pessimistic	2022E Pessimistic	2023E Basie	2024E Base		2021E Base
Slovenia	5.2%	4.1%	3.0%	0.7%	3.3%	2.8%		6.6%
Croatia	7.2%	5.0%	3.8%	1.6%	4.5%	4.0%		8.7%
Serbia	6.6%	4.6%	3.1%	2.1%	4.5%	4.4%		7.5%
Bosnia & Herzegovina	3.7%	3.1%	0.2%	0.6%	3.5%	3.0%		4.8%
Montenegro	8.4%	4.8%	4.9%	2.3%	2.4%	3.5%		11.4%
Euro Area	4.8%	4.4%	2.1%	1.3%	3.1%	2.9%		5.1%

New business continued on path of recovery during 2021



YE21$_{YTD}$: 501



YE21$_{YTD}$: 566

- **Solid 2021 macro** exceeding previous forecasts
- Overall, strong household consumption, flourishing business investments and rebound in tourism
- **Inflation gaining momentum** in the region (higher food and energy prices)
- **Political tensions** reoccurring in the region may have detrimental effect
- **Ongoing pandemic** still affecting the region with periodic waves
- So far **limited effect on economy** since people and companies are getting used to Covid-19 “normality”

- Further evolution of the war in Ukraine and associated impacts might influence the economic development in CSEE and the world

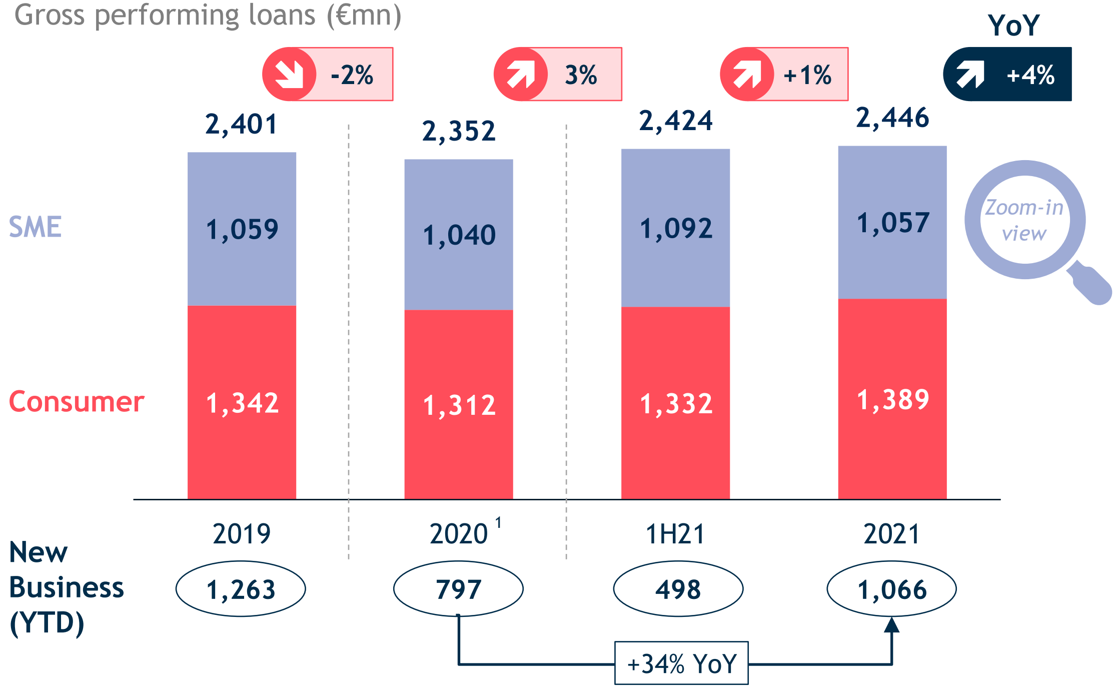
[1] Source: The Vienna Institute for International Economic Studies (wiiw).

Focus Portfolio Development on Track with Sharpened Approach in SME

Addiko Bank

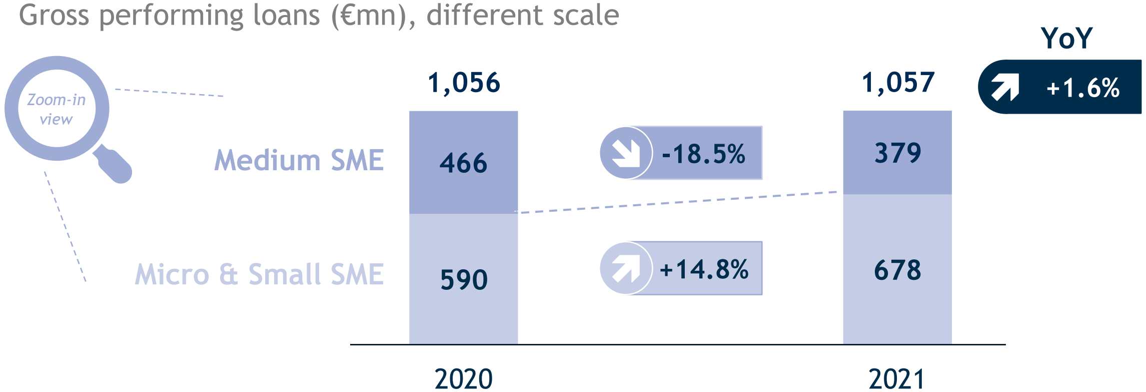
Focus portfolio development

Gross performing loans (€mn)



Portfolio shift towards smaller SMEs

Gross performing loans (€mn), different scale



- In 2021, management **decided to shift towards lower SME tickets** which resulted in significant growth:
- **9.5% growth in focus book** excluding the medium SME loan book (overall focus book growth at 4.0% YoY)
  - +14.8% growth in small & micro segment
  - -18.5% reduction in medium SMEs
- Focus book increased to 74% of gross performing loans (Mid-Term target: c. 95%)
- **New business in focus up 34% YoY**
- Focus yield slightly up to 5.3% despite pricing pressure
- Accelerated non-focus reduction: down 33%
- **Prudent risk approach remains** strategic anchor

[1] From 1Q21 sub-segment Micro shifted from Consumer to SME (respective values for 2020: €1,296mn in Consumer and €1,056mn in SME).

2021 Laid a Solid Foundation to Becoming the Leading Specialist Bank for Consumer & SME Customers in CSEE

Addiko Bank

Key Strategic Pillars

Consumer
Strengthening Digital USP & grow customers

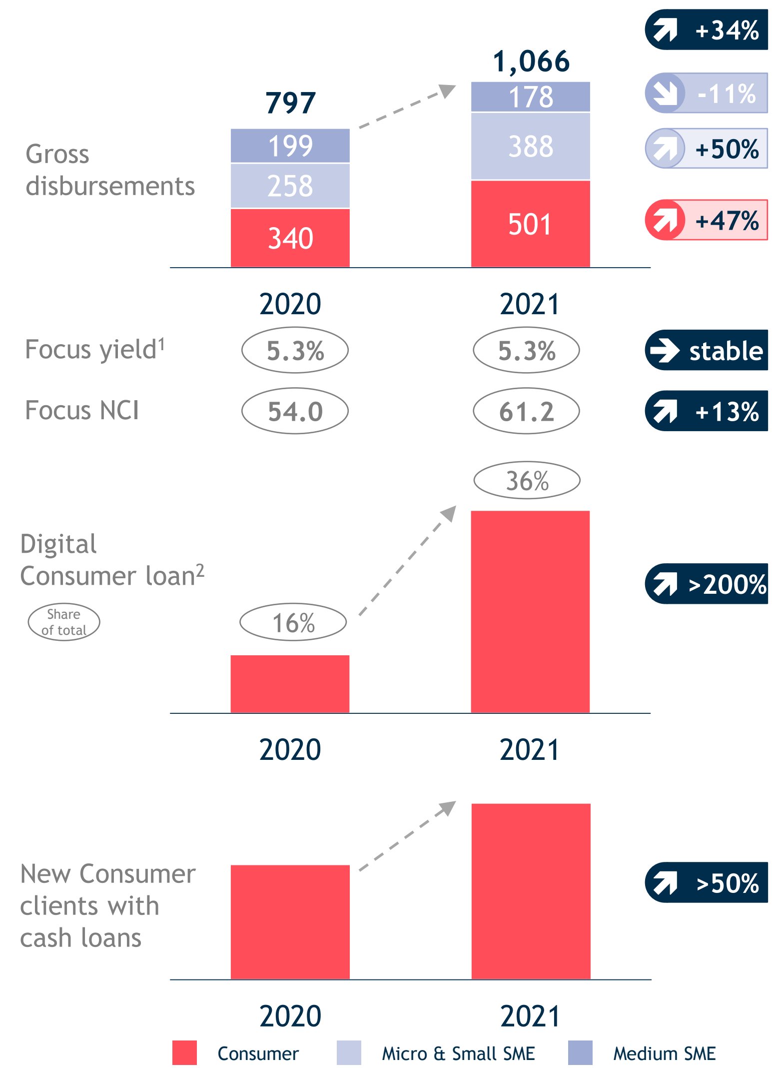
SME
Focus on niche segments low ticket size, high yields

Expand by innovation
BNPL, partnerships & Digital SME

Operational excellence
Branch rightsizing & reduced IT expenses

Improving dynamics in 2021

€mn, digital users and clients in thousand



[1] Focus yield equals the gross yield of focus segments and is calculated as regular interest income (i.e. excluding interest income on NPE, interest like income and before FTP) divided by the simple average of gross performing loans based on beginning and end of period amounts.
[2] Consumer loans originated through Web (incl. digitally initiated loans and overdraft in Slovenia) / total consumer loans disbursements.

Game changers drive the Addiko Consumer & SME Ecosystem

- Albeit early, **2022 business development started promising**[1]:
  - **New customer** growth in Consumer +175% YoY
  - **Credit card sales** up +37% YoY
  - New business volume in Consumer up +50% YoY
  - New business volume in SME up +49% YoY (excl. medium SME up +91% YoY)
- Launch of **brand repositioning & USP** on track for 2Q22
- New **partnerships with large retailers** for consumer goods
- Cooperation with **BNPL** FinTech partner signed

Growth

Until 2020

- Simple lending
- Brand <> Product
- Digital infrastructure
- Prudent risk approach

2021

B2C

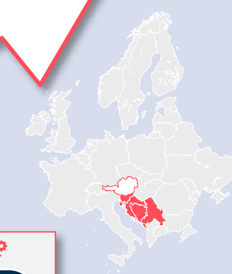
- Shift to higher yielding Micro & Small SME ✓
- From product driven lending to financing of customer needs ✓
- Group-wide digital lending for Consumers ✓
- Established partnership channel ✓
- Digital lending for Micro SME ✓

2022

+B2B2C

- Brand & USP refresh
- BNPL with FinTech partner
- Ramp-up credit card business with platform
- Onboard new partners
- Full End-2-End digital lending capabilities
- Boost new customer acquisition in Consumer & SME lending

2023+



Plug & Play

- Digital Consumer lending
- Digital SME lending
- Cards & Payments

BNPL small retailers

Platform big retailers

Embedded financing in marketplace

Building digital capabilities & product stack	Enabling the Ecosystem	Expanding the Ecosystem

[1] YoY based on YTD figures for 1Q22.

Addiko's Journey Towards a Specialist Lender for Consumer and SME

"The role of Addiko is to make your life easier, to help you in unpredicted situations and to help you get things you want."

Until 2020

Traditional Banking

2021

Modern Banking

Authority
In unsecured lending category

New brand character
associated with positive emotions

Tailored products
for target customer segments

2022

Specialist in Unsecured Lending for Consumer & SME

2023 onwards

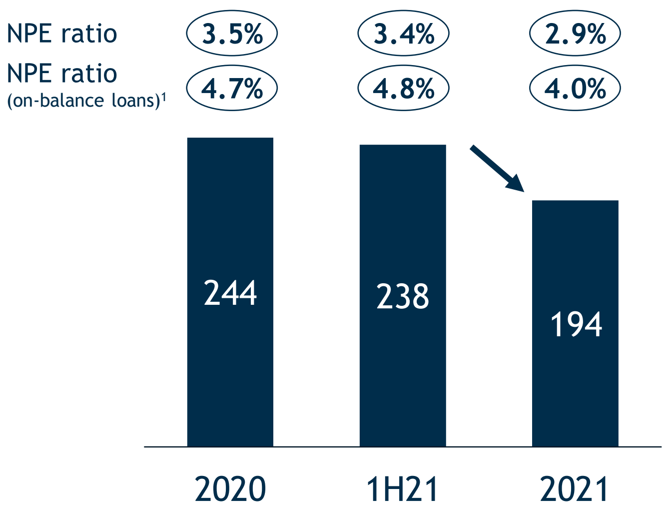
Digital Ecosystem

NPE Volume Reduced by 20%

Addiko Bank

NPE volume & ratio development

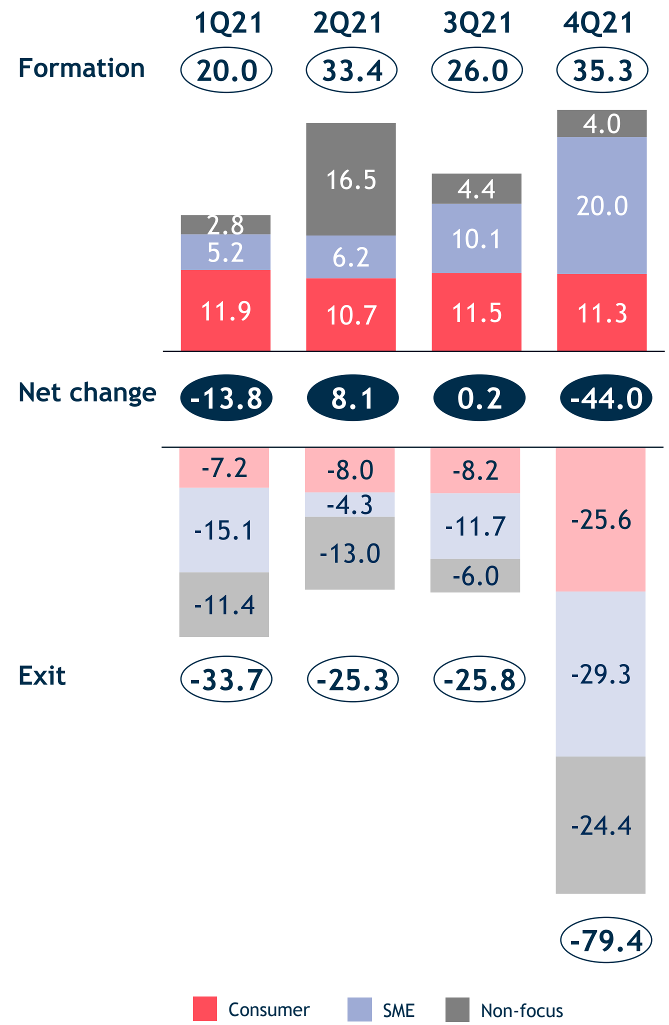
€mn



- Push for NPE reduction initiated as part of Transformation Program during 2H21
- Decrease of €50mn in NPE volume as result, NPE ratio (on balance loans) down to 4.0%
- More than 50% of NPE formation in SME during 4Q21 mainly related to proactive & prudent reflection of AQR feedback on clients potentially affected by Covid-19
- In total, NPE formation remained well below expectations across segments

Quarterly NPE formation & exit during 2021

€mn, QTD



[1] Incl. exposure towards National Banks (respective values excl. National Banks: 2020: 5.9%, 1H21: 6.0%).

Capital Position Remains Strong

Addiko Bank

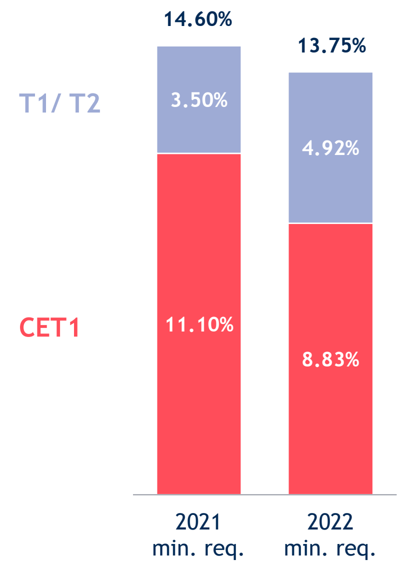
Capital development[1]

% CET1/TCR, YTD, RWAs transitional and fully-loaded in €mn

Capital requirement & guidance

SREP 2021 (valid as of 1 March 2022)

- **Pillar 2 Requirement (P2R) of 3.25%** (4.1% in 2020), of which at least 56.25% must be held in CET1 and at least 75% in Tier 1
- In addition, **Pillar 2 Guidance (P2G) of 2%** (4% in 2020)
- The ongoing Comprehensive Assessment (AQR & CAST), whose result is expected in the second quarter 2022, will have an effect on the final evaluation of the P2G going forward



Mid-Term Targets in Line with Transformation Program

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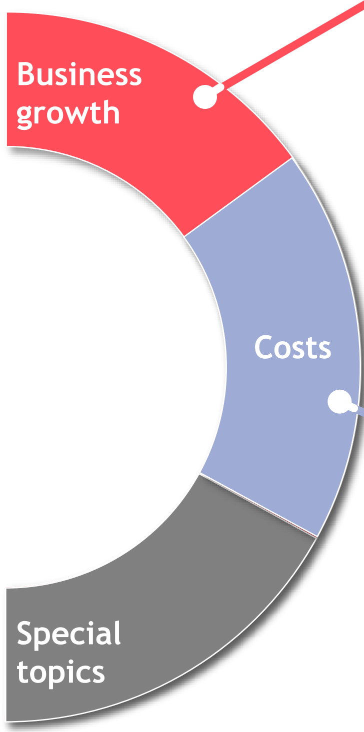
Pillars of the Transformation Program



Business growth	Focus vs. Non-Focus (Gross Performing Loans)	c. 95% in Focus
	Net Interest Margin	c. 3.8%
	Focus loan book growth	c. 10% CAGR
	Cost of Risk (over net loans)	c. (1.4)%
	Loan / Deposit Ratio (Customer)	<100%
Cost Base	Cost / Income Ratio	c. 50%
Leading to	Return on Tangible Equity (@14.1% CET1 Ratio)	>10%
	Total Capital Ratio	>16.1%
	Dividend Payout (excl. any potential excess capital)	60.0% (of net profit)

The above Mid-Term Targets do not consider any potential impacts from the Slovenian CHF law or any potential knock-on effect from the Ukraine conflict on the CSEE region.

Additional Materials

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] and by the European Central Bank ("ECB")
- ✓ Pan-regional platform focused on growth in Consumer and SME lending
- ✓ Listed on the Vienna Stock exchange on 12 July 2019, admitted to ATX Prime on 15 July 2019 (19.5mn shares)

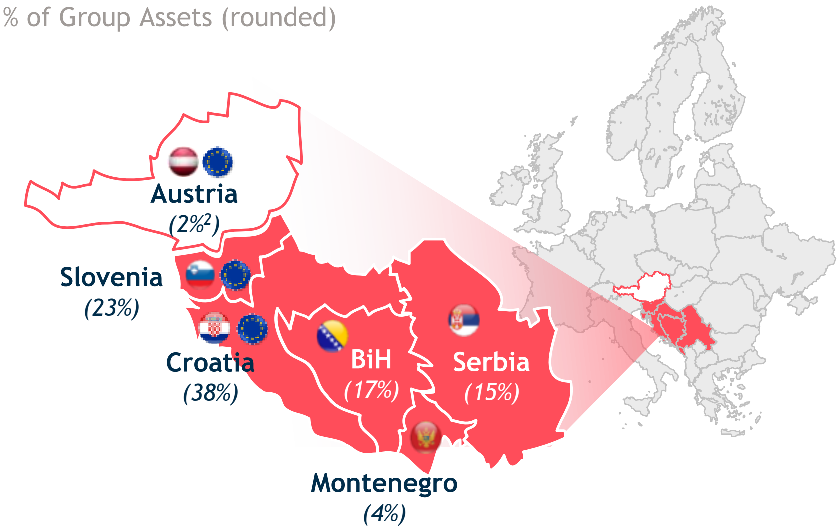
Repositioned as a focused CSEE specialist lender

Consumer

SME

Operating as one region - one bank

2021, % of Group Assets (rounded)



2021

~0.8mn *Customers*	**155** *Branches*	**€5.8bn** *Total Assets*	**64%-36%** *EU vs. EU accession asset split*[3]
€3.3bn *Loans and Receivables*	**€4.7bn** *Customer Deposits*	**€805mn** *Equity*	**Ba1(cr)/NP(cr)** *Counterparty Risk Assessment issued by Moody's*

[1] Finanzmarktaufsicht Österreich.
[2] Includes total assets from Holding (€1,010mn) and consolidation/recon. effects of (-€894mn).
[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.

Herbert Juranek

Chief Executive Officer

Chair of the Management Board

>20 years in Banking

Addiko since May 2021

Edgar Flaggl

Chief Financial Officer

>10 years in Banking

Addiko since July 2012

Tadej Krašovec

Chief Risk Officer

Member of the Management Board

>18 years in Banking

Addiko since September 2016

Ganesh Krishnamoorthi

Chief Market, IT & Digitalization Officer

Member of the Management Board

>20 years in Banking

Addiko since August 2020

Simple Balance Sheet Composition

Addiko Bank

Liquid balance sheet
- LCR ratio: 252% (YE20: 209%)

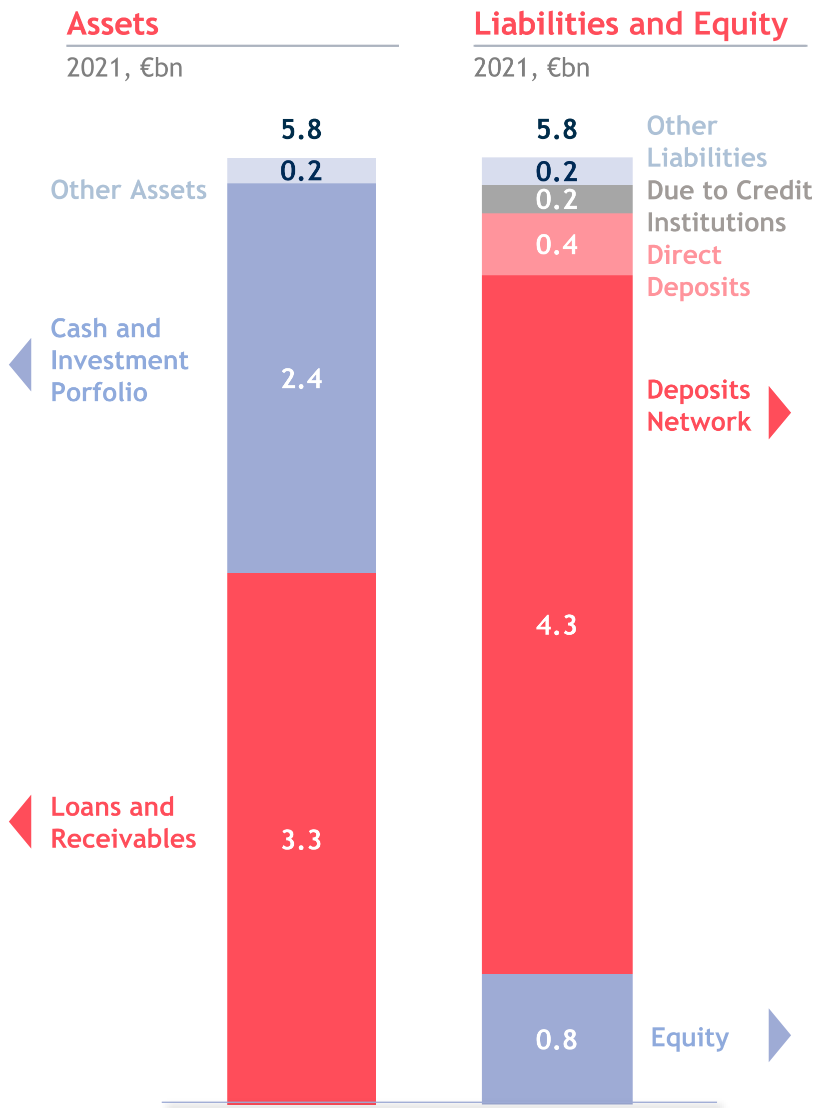
Liquid assets
- €1.36bn of cash (-14bps on avg.)
- €1.01bn of investment portfolio (116bps on avg.)

Data as of YE21

Substantially de-risked asset base
- NPE ratio: 2.9% (YE20: 3.5%)
- NPE ratio (on-balance) :4.0% (YE20: 4.7%)

Solid provision coverage levels
- 71.9% NPE coverage ratio (YE20: 73.6%)
- 121.4% incl. collateral (YE20: 122.6%)

Data as of YE21



Strong deposit base
- Loan-deposit ratio (customer) : 69.6% (YE20: 75.8%)

Funding surplus[1]: c. €1.4bn

Data as of YE21

Robust capital base
- 21.6%[2] fully-loaded CET1 ratio

Ongoing RWA optimization, potential capital optimization with eligible instruments in future

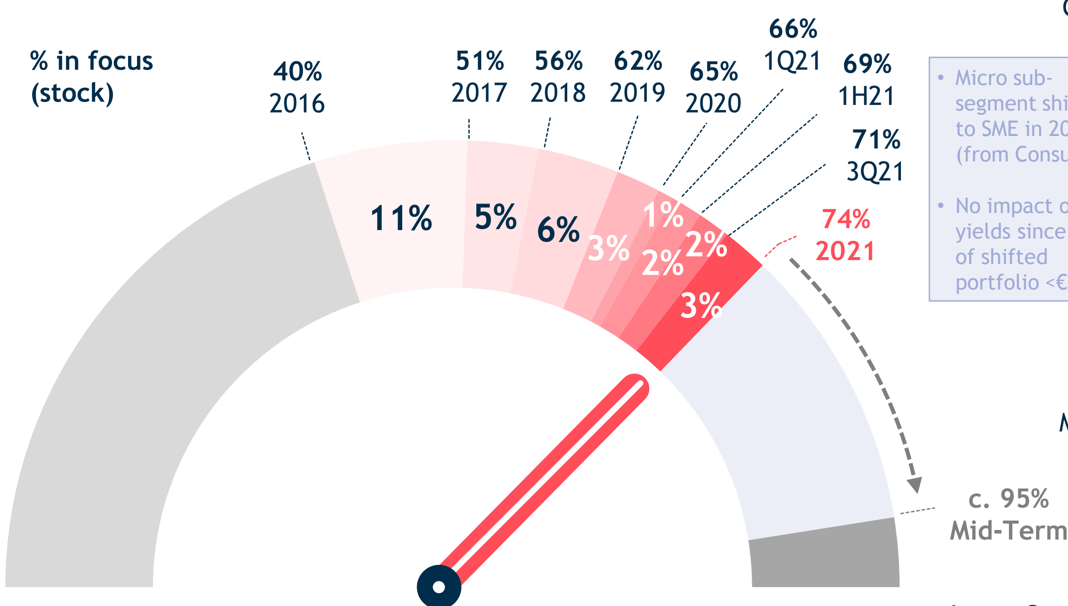
Data as of YE21

[1] Calculated as difference between deposits of customers and loans and advances to customers. [2] Transitional CET1 ratio amounts to 22.2% as of YE21.

Acceleration of Growth in Focus Areas Consumer & SME

Gross performing loans in focus segments

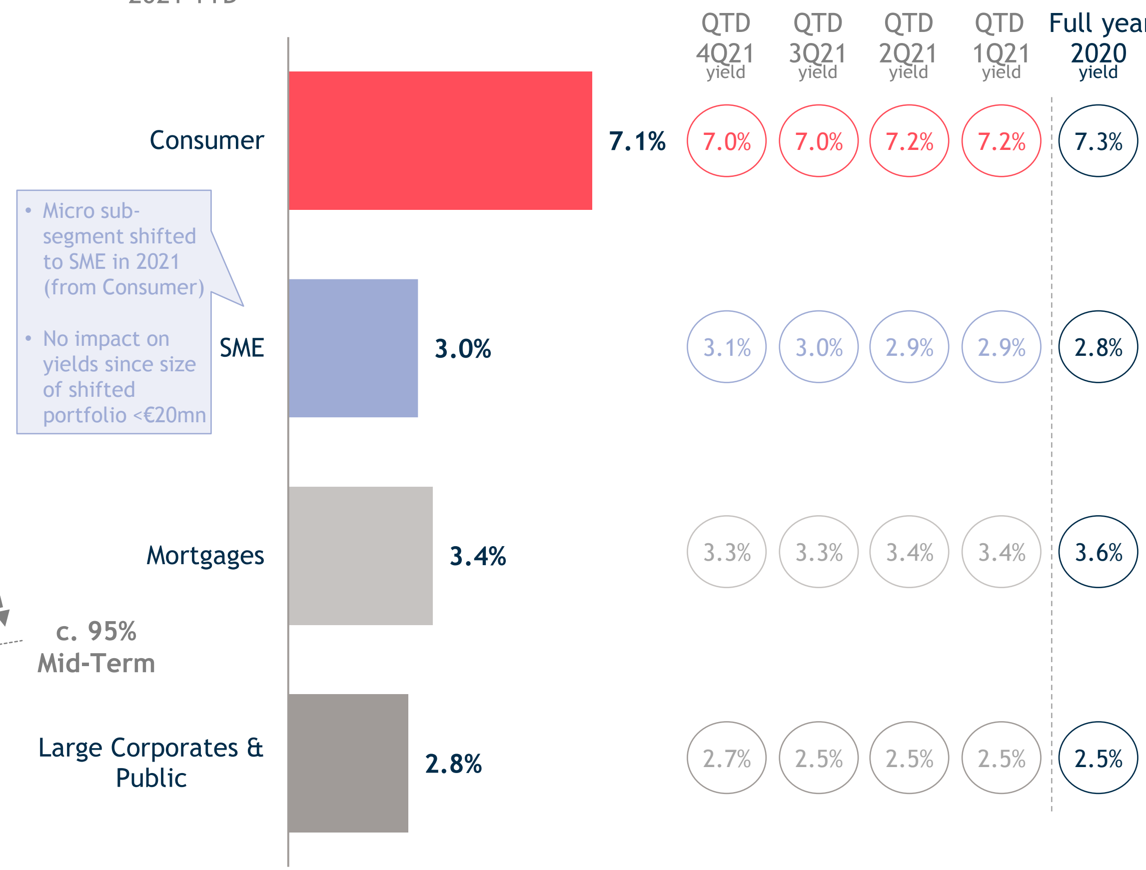
Gross loans of focus segments as % of total gross performing loans



% change of gross performing loans in focus vs. previous period

Gross yield by segment[1]

2021 YTD



- **Shift to focus inching up** -double digit growth in focus as management ambition
- **Ambition to develop focus book share** towards Mid-Term target of c. 95%
- **Focus yield** slightly up to 5.3% during 2021
- Yield improvements in Large Corporates & Public Finance due to accelerated run-down of low yielding loans

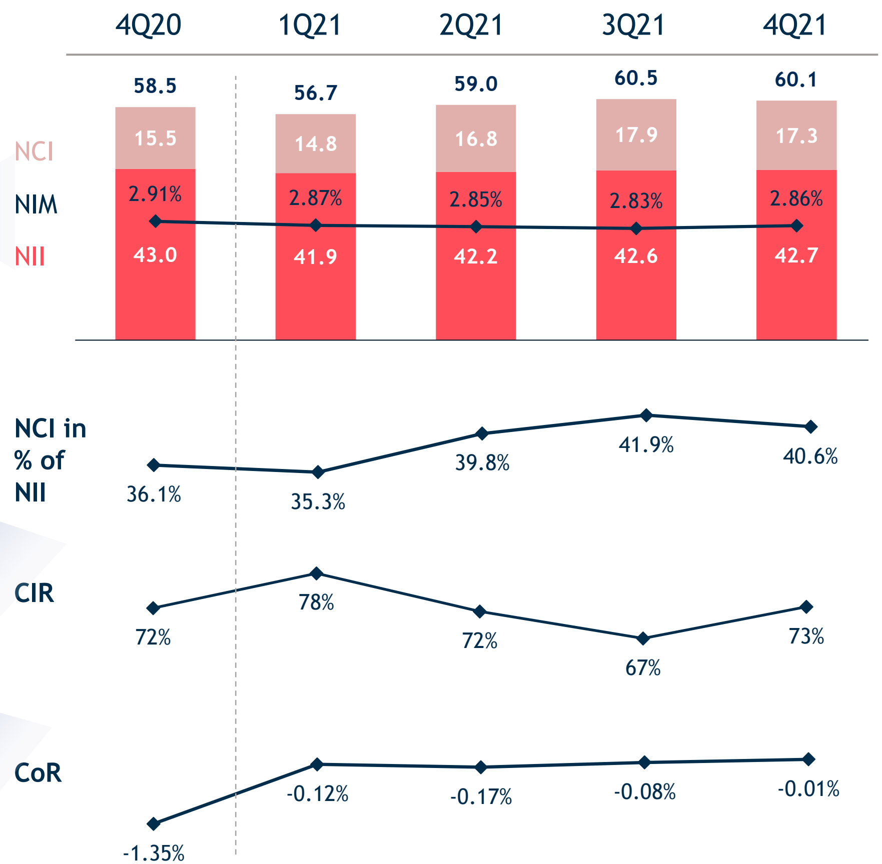
[1] The gross yield is calculated as regular interest income (i.e. excluding interest income on NPE, interest like income and before FTP) divided by the simple average of gross performing loans based on beginning and end of period amounts.

Financial Performance 2021 at a Glance

Financial Performance 2021

€mn

	2021	4Q21 (QTD)	YoY
Net interest income	169.5	42.7	-2.9%
Net fee & commission income	66.8	17.3	+11.7%
Net banking income	**236.3**	**60.1**	**+0.8%**
Net result on financial instruments	6.2	1.6	-46.9%
Other operating result	-16.5 (1)	-6.6	+20.3%
Operating expenses	-171.1	-43.6	+0.8%
Operating result[1]	**54.9**	**11.5**	**-12.5%**
Other result	-20.9 (2)	-5.0	>100%
Credit loss expenses on financial assets	-13.2	-0.4	-72.6%
Tax on income	-7.2	-2.0	+45.4%
Result after tax	**13.6**	**4.0**	**>100%**



- **Net banking income slightly up** despite short term income impact of accelerated non-focus reduction and exit from low-yielding medium SMEs, also supported by lower funding cost
- **NIM up QoQ and growth in contribution of NCI** on the back of increased business activities
- **OPEX partially reflecting savings from Transformation Program**, 4Q21 with usual seasonality
- **Cost of Risk well below expectations**

Deep-dive

1. Mainly influenced by transformational restructuring and deposit guarantee costs
2. Impairments on non-financial assets (incl. renegotiated IT contract) and legal provisions

[1] Operating result before impairments and provisions.

Key financials

P&L

	in €mn	YTD			QTD		
		YE21 (YTD)	YE20 (YTD)	+/- PY	4Q21	3Q21	+/- PQ
	Net interest income	169.5	174.7	-2.9%	42.7	42.6	0.3%
	Net fee and commission income	66.8	59.8	11.7%	17.3	17.9	-2.9%
	Net banking income	**236.3**	**234.4**	**0.8%**	**60.1**	**60.5**	**-0.7%**
	Other income [1]	-10.3	-2.0	>100%	-5.0	-4.4	13.0%
	Operating income	**226.0**	**232.5**	**-2.8%**	**55.1**	**56.0**	**-1.7%**
	Operating expenses	**-171.1**	**-169.7**	**0.8%**	**-43.6**	**-40.7**	**7.2%**
1	**Operating result** [2]	**54.9**	**62.8**	**-12.5%**	**11.5**	**15.4**	**-25.4%**
	Other result	-20.9	-8.1	>100%	-5.0	-6.9	-26.9%
	Credit loss expenses on financial assets	-13.2	-48.4	-72.6%	-0.4	-2.6	-85.7%
	Result before tax	**20.8**	**6.3**	**>100%**	**6.0**	**5.8**	**3%**
2	**Result after tax**	**13.6**	**1.4**	**>100%**	**4.0**	**3.5**	**15%**

Balance Sheet

	in €mn	YE21 (YTD)	YE20 (YTD)	+/- PY	+/- PQ
	Total assets	5,842	5,915	-1.2%	-2.6%
	Loans and receivables to customers	3,279	3,585	-8.5%	-5.6%
3	o/w gross performing loans	3,287	3,604	-8.8%	-5.6%
	Customer deposits	4,708	4,728	-0.4%	-1.4%
	Shareholders' equity	805	852	-5.5%	-5.5%

Key Ratios

		YE21 (YTD)	YE20 (YTD)	+/- PY (pts)	+/- PQ (pts)
	NIM (in bps)	288	291	-3	4
	Cost/income ratio	72.4%	72.4%	0.0%	0.1%
	NPE Ratio (GE based)	2.9%	3.5%	-0.7%	-0.5%
	NPE Ratio (on-balance loans)	4.0%	4.7%	-0.8%	-0.8%
	Cost of risk (net loans)	-0.40%	-1.35%	0.9%	-0.03%
	Loan-deposit ratio (customer)	69.6%	75.8%	-6.2%	-3.1%
4	CET1 ratio (transitional)	22.2%	20.3%	1.9%	2.3%
4	Total capital ratio (transitional)	22.2%	20.3%	1.9%	2.3%
4	CET1 ratio (fully-loaded)	21.6%	19.3%	2.3%	2.5%
4	Total capital ratio (fully-loaded)	21.6%	19.3%	2.3%	2.5%

1. **Operating result** at €54.9mn down by -12.5%:
   - **Net Banking income flat YoY** influenced by accelerated run-down in non-focus as well as reduction in the low-yielding and high-ticket SME loan book, largely compensated by loan growth and higher fee income from the focus areas Consumer and Micro & Small SMEs
   - **Other income down by €8.3mn YoY** on lower gains from bond realizations, higher restructuring costs & ECB supervision fees - partially compensated by lower deposit insurance costs
   - **Operating expenses up by €1.4mn YoY** driven by bonus accruals (€7.3mn) and cost for management changes (€1.5mn), mitigated by Transformation Program savings initiated during 2H21
2. **Result after tax of €13.6mn** reflecting net increase in provisions for legal claims (€-16.4mn) & impairment on non-financial assets (€-4.2mn), compensated by lower credit losses with overall strong asset quality
3. **Reduction in the performing loan book** by €316mn YoY driven by accelerated run-down in non-focus and reduction in low yielding and high-ticket medium SME loans
4. **Improved CET1 ratio stands at** 22.2% (21.6% fully-loaded) mainly driven by RWA reduction

RoATE (@14.1% CET1) at 2.5%

[1] Includes net result on financial instruments and other operating result. [2] Operating result before impairments and provisions.

Outlook 2022

For the full year 2022 the Group currently expects:

- **Gross performing loans:** c. €3.3bn with >10% growth in focus
- **Net Banking Income:** stable at 2021 level despite accelerated run-down in non-focus
- **Operating expenses:** below €165mn excluding EURO project in Croatia (mid-single digit euro million cost)
- **Total Capital Ratio:** above 18.6% on a transitional basis
- **Sum of other result and credit loss expenses on financial assets:** c. 1% on average net loans and advances to customers

The Outlook 2022 does not consider any potential impacts from the Slovenian CHF law or any potential knock-on effect from the Ukraine conflict on the CSEE region

Macro Risks & Perspectives

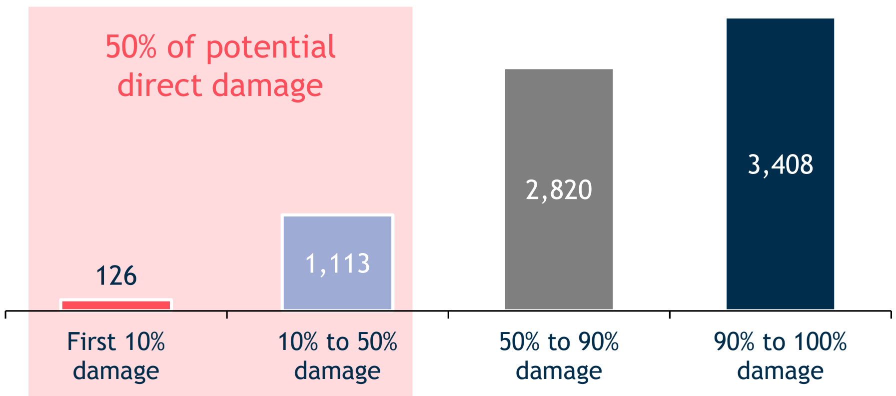
- Good macro backdrop expected to continue in 2022, certain volatility still remains
- Further evolution of war in Ukraine and associated impacts unknown at this point
- Inflation gaining momentum in the region, possibly further fuelled by the Ukraine conflict
- Covid-19 pandemic ongoing, however people and businesses getting used to the new normal

Update on CHF Law in Slovenia: Significant Share of the Direct Damage is Related to Large Pay-outs for Only a Few People

Addiko Bank

A perspective on distribution of the direct impact

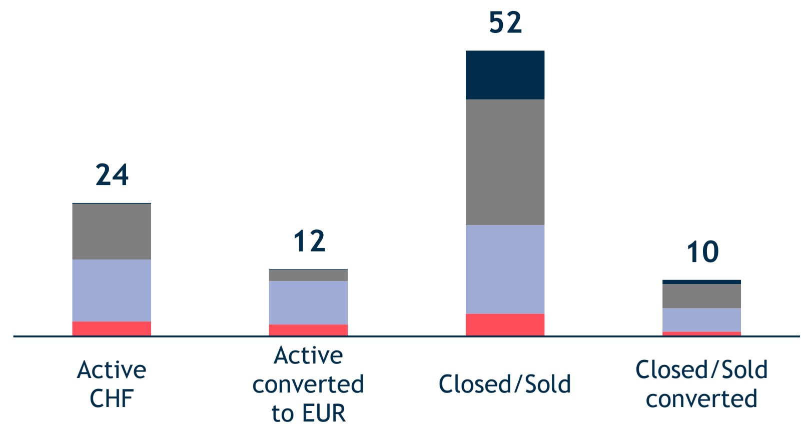
loans (or customers)



Application to all accounts which fall within the period as prescribed by the law **regardless if customer contact data is available or not**

Split of direct impact by status

€mn



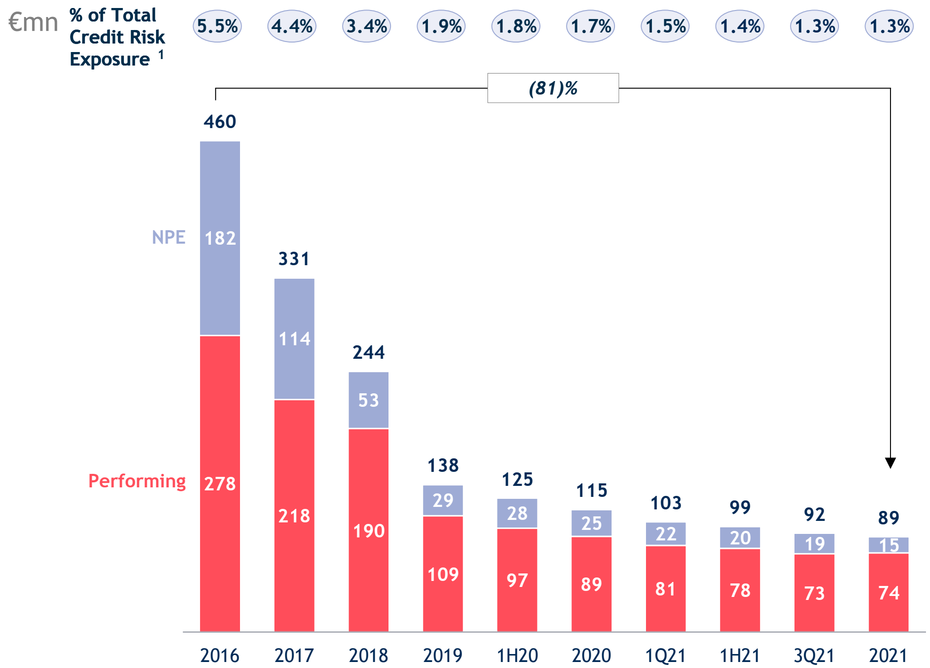
	Active CHF	Active converted to EUR	Closed/Sold	Closed/Sold converted
90% to 100% damage	0	0	9	1
50% to 90% damage	10	2	23	4
10% to 50% damage	11	8	16	4
First 10% damage	3	2	4	1

- The **disclosed worst-case impact of €100mn to 110mn** includes all costs
- Subsequent and non-adjusting event, however proforma YE21 impact would be c. 2.8% on fully-loaded CET1 ratio
- In total more than 9.9k **historical and current loans/borrowers affected** related to direct impact estimate of c. €100mn
- **More than 60% of negative impact** related to **historic loans** that have been **closed or sold before YE21**
- **50% of direct impact** is related to **only 1.2k borrowers**:
  - **borrowers that took out large loan amounts** (i.e. 1.6 to 10 times the average loan amount)
  - **borrowers** who would **each get a pay-out of €40k on average** (equals **c. 1.5x the Ø yearly net wage** in Slovenia), ranging **up to c. €130k by borrower** (equals **4.8x the Ø net yearly wage** in Slovenia)

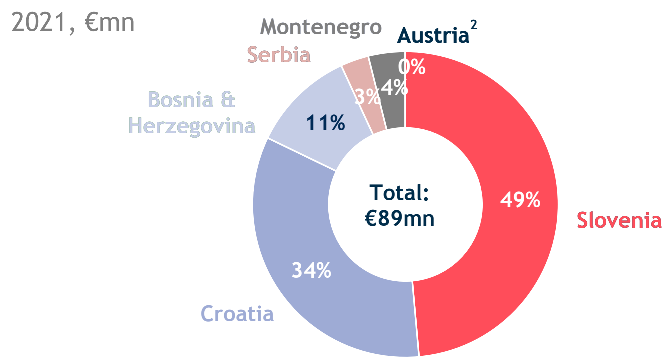
CHF Loans Significantly Managed Down

Addiko Bank

CHF portfolio overview



CHF credit risk exposure by countries



CHF conversion across countries

Slovenia

- In the past, several legislation initiatives on CHF loans have been started but eventually rejected, questioning the constitutionality of such law and a potential violation of European laws
- The Ministry of Finance announced in 2/2020 that it will not continue to mediate between banks and Association Frank and will not block further initiatives regarding a potential CHF conversion law
- In 4/21, new draft CHF Law submitted to Parliament
- ABS continued voluntary CHF loan conversion: Until YE2021, 508 settlement offers sent out o/w 21% were accepted
- On 2.2.22, Parliament passed draft CHF law which came into force on 26.2.22 and requires lenders to retroactively introduce an exchange-rate cap clause of 10% in relation to all agreements for CHF loans concluded between 28.6.04 and 31.12.10 . Estimated worst-case damage at €100-110mn disclosed
- On 10 March 2022, Constitutional Court suspended the CHF Law in its entirety until having reached a final decision regarding constitutionality

Croatia

- Conversion Law enacted in 9/15
- Ruling by Supreme Court in 9/19 declaring FX clauses in CHF loans as null and void
- Supreme Court referred case regarding converted CHF loan to Court of Justice of the EU stating that conversion annexes are valid (i.e. that already converted loans cannot file another lawsuit for a compensation)
- In 2/22, the Attorney General opined that CHF loans in Croatia do not fall under the EU consumer protection directives. The SC also ruled that converted loans borrowers are not entitled to additional reimbursements

Serbia

- Law enacted end of 4/2019

Bosnia & Herzegovina

- The Conversion Law Draft was voted down by parliament in 10/17 in favour of a widely accepted voluntary offer
- Vote for Draft Conversion Law was withdrawn late 9/20
- Draft Conversion Law put to vote again and in 1/2021 the Parliament stated that all objections and facts needed to be attached to draft (i.e. effects on banking sector as a whole or low number of active CHF loans)
- In Q4/2021, the Bosnian CHF Association announced that there is no need for a CHF Law since almost 91% of the loans were settled

Montenegro

- CHF conversion law enacted in 7/15 and amended in 9/16
- First instance ruling in mass proceedings declaring CHF clause invalid but not awarding plaintiffs any amount since they can convert under the Conversion Law 2015. Consequently, the amount in dispute was reduced

[1] Calculated as total CHF credit risk exposure divided by total credit risk exposure of Addiko Group.

[2] Reflects Holding's short-term balance (if any) related to hedging CHF exposures for Addiko subsidiaries (no balance as of 31.12.2021).

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VIENNA, APRIL 2022

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

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 by 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 31 December 2021 approximately 0.8 million customers in CSEE using a well-dispersed network of 155 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.