Addiko Bank

1Q22 Earnings Release

1. About Addiko Bank

Addiko Group is a specialist banking group focusing on providing banking products and services to Consumer and Small and Medium-sized Enterprises (SME) in Central and South-Eastern Europe (CSEE). The Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, and regulated 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. Addiko Group is a publicly listed company owned by a diversified investor base. Through its banks, the group services approximately 0.8 million customers, using a network of 153 branches and modern digital banking channels.

Based on its strategy, Addiko Group 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”), offering unsecured personal loan products for consumers and working capital loans for its SME customers. These core activities are largely funded by retail deposits. Addiko Group’s Mortgage, Public and Large Corporate lending portfolios (its “non-focus areas”) have been gradually reduced over time, thereby providing liquidity and capital for the growth in its Consumer and SME lending.

Addiko Group delivers a modern customer experience in line with its strategy. Banking products and services have been standardised, especially in the Consumer and the SME segment, to improve efficiency, manage risks and maintain asset quality. This specialist approach is continuously fine-tuned to react to customer needs and the market environment.

2. Significant events

2.1. Share Buyback

On 22 March 2022, Addiko Bank AG started a share buyback programme on the basis of the authorisation resolution of the Annual General Meeting of 27 November 2020 pursuant to § 65 para 1 no 4 Stock Corporation Act. The Management Board of the bank announced on 16 March 2022 to exercise the authorisation of the Annual General Meeting and to implement the share buyback. The purpose of the repurchase is to offer the shares to members of the Management Board of Addiko Bank AG under the variable Remuneration Plan.

On 31 March 2022, 23,007 shares were bought back for a value of EUR 273,102. The share programme was finalised on 11 April 2022 as the maximum amount of EUR 569,030 was reached. In total, 47,633 shares, at a weighted average price per share of EUR 11.95 and a total value of EUR 596,030.39, corresponding to approximately 0.2% of the share capital of Addiko Bank AG, were acquired. The shares were exclusively bought on the Vienna Stock Exchange by a credit institution which made its decision concerning the timing of the purchases independently of the bank.

Further information on the share buyback programme can be found on the website of Addiko Bank AG https://www.addiko.com/sharebuyback.

2.2. CHF law in Slovenia

On 25 January 2022, the National Assembly of Slovenia passed the “Law on limitation and distribution of currency risk among creditors and borrowers on loans in Swiss francs” (“Slovenian CHF Law”). The purpose of the law is to restructure consumer loans denominated in CHF (or containing a currency clause in CHF) that were concluded up to 18 years ago, between 28 June 2004 and 31 December 2010 (regardless of whether the agreements are still in force). Inter alia, lenders are required to retroactively introduce an exchange rate cap clause in relation to all such agreements for CHF loans concluded in the aforementioned period. During the validity of the FX cap, the value of instalments and other payments under such loans shall equal the amount at which the FX cap has been triggered and the lender would be required to repay any overpayment to the relevant borrower. This means that almost all currency developments that are disadvantageous for the borrower must be borne by the lending banks. Further, any overpayment on such loans by the relevant borrowers shall be subject to default interest to be paid by the lender. The rule would apply from the time of the conclusion of the loan and would be applicable to any fluctuation in the exchange rate of more than 10%.

Since the law affects civil law contractual relationships retroactively, the constitutionality of the law has been extensively debated during the legislative process with a number of national and European authorities considering the law to violate the Slovenian Constitution. The shareholders of affected Slovenian banks (including Addiko) submitted a joint letter to several Slovenian and European authorities expressing great concern regarding the law. On 28 February 2022, Addiko and eight other banks filed an appeal against the CHF law with the Constitutional Court in Slovenia, combined with a request for suspensive effect, as the law contradicts European law and the Slovenian Constitution in the view of Addiko which was confirmed by several Slovenian and international law firms. In addition, Addiko filed a request for arbitration with the ICSID in Washington, DC against the Republic of Slovenia on the infringement of the bilateral investment treaty (BIT claim).

The Constitutional Court of the Republic of Slovenia adopted a decision on 10 March 2022 to temporarily suspend the implementation of the law in its entirety. The decision was adopted unanimously. The court stated that the enactment of the law, which entered into force at the end of February, was suspended until having reached a final decision regarding its constitutionality. During this time the deadlines set for individual liabilities of banks do not apply.

Based on the assessment of the law by Addiko and opinion of external lawyers, Addiko deems it unlikely that the law will pass the constitutional assessment and for this reason no provisions were necessary to be recognised. In the unlikely case that the legal remedies are unsuccessful, Addiko Bank AG has conducted a preliminary impact analysis, according to which it determined a potential negative pre-tax impact in the range of approximately EUR 100 to 110 million, based on its own interpretation and assuming a worst-case scenario. The impact on Addiko would be material but the Group and its Slovenian subsidiary would continue to fulfill all mandatory regulatory capital requirements.

2.3. Russian-Ukrainian war

In February 2022, Russia began a military invasion of Ukraine. The Russian-Ukrainian war has led to a quite considerable volatility in the financial markets, in particular to shifts in credit spreads, interest rates and foreign exchange rates.

Addiko is closely monitoring its bond portfolio positions consisting mostly of sovereigns in the CSEE region. Despite the significant volatility in market value, it is not expecting any operating impact from these developments, as given its strong liquidity position the Group has the capability of keeping the positions until maturity to collect interest income in line with it's business strategy. Addiko's portfolio does not include any direct exposures of Russian or Ukrainian government bonds.

With regard to the credit portfolio, Addiko has no noteworthy direct exposure to Russia, Ukraine or Belarus reflecting the strategic focus towards the CSEE region. The Group exposure to corporates with significant revenues, production or supply chains related to Russia or Ukraine is very limited, while these exposures are carefully monitored with the intention of identifying any significant increase in credit risk at a very early stage. On the other hand, Russia's invasion of Ukraine has increased risks globally. The length and intensity of the Russian-Ukrainian war might cause additional spillover effects in the mid-term period, such as a rise in the price of energy sources or their availability, which may at a later period have some impact also on other segments of the credit portfolio. Further geopolitical developments might lead to economic difficulties and failure of banks based in the CSEE region. As a consequence, any potential activation of national deposit insurance and resolution systems might have financial impacts on Addiko banks in the region.

3. Corporate Governance

On the Annual General Meeting on 14 April 2022, the number of the members of the Supervisory Board was reduced from six to five. Mr. Sava Ivanov Dalbokov and Mr. Johannes Proksch were appointed as new Supervisory Board members, replacing Mr. Pieter van Groos, Mr. Sebastian Prinz von Schoenaich-Carolath and Mrs. Dragica Pilipovic-Chaffey.

4. Outlook

The Group will continue to accelerate its specialist strategy in the CSEE markets, focusing on sustainable business growth in the segments Consumer and with a specific focus on micro and small enterprises within SME, supported by a brand repositioning which will be introduced in the second quarter 2022.

In summary, the outlook for the full year 2022 remains unchanged, despite elevated pressure on operating expenses as a consequence of inflation:

- Gross performing loans at ca. EUR 3.3 billion with >10% growth in focus, despite further reduction in medium SMEs
- Net Banking Income stable at 2021 level despite the accelerated run-down in non-focus
- Operating expenses to further decrease to below EUR 165 million, excluding the cost for the implementation of the EURO in Croatia (costs in the mid-single digit million range)
- TCR above 18.6% on a transitional basis
- Sum of other result and credit loss expenses on financial assets at ca. 1% on average net loans and advances to customers.

The above Outlook 2022 does not consider any potential impacts from the Slovenian CHF Law, which has been suspended temporarily in its entirety by the Constitutional Court of the Republic of Slovenia on 10 March 2022 until having reached a final decision regarding its constitutionality. If the current level of inflation remains significantly elevated, operating expenses are expected to increase, mainly due to wage pressure in the markets, and energy costs.

5. Financial development of the Group

5.1. Detailed analysis of the result

EUR m

	01.01. - 31.03.2022	01.01. - 31.03.2021	(abs)	(%)
Net banking income	58.2	56.7	1.5	2.7%
Net interest income	41.3	41.9	-0.7	-1.6%
Net fee and commission income	17.0	14.8	2.2	14.7%
Net result on financial instruments	0.5	2.7	-2.2	-83.2%
Other operating result	-3.3	-3.7	0.4	-10.0%
Operating income	**55.4**	**55.7**	**-0.3**	**-0.6%**
Operating expenses	**-41.1**	**-44.4**	**3.3**	**-7.5%**
Operating result before impairments and provisions	**14.3**	**11.3**	**3.0**	**26.4%**
Other result	-5.1	-0.5	-4.7	>100%
Credit loss expenses on financial assets	-1.2	-4.1	2.9	-70.2%
Result before tax	**8.0**	**6.8**	**1.2**	**17.8%**
Tax on income	-1.5	-1.8	0.3	-16.0%
Result after tax	**6.5**	**5.0**	**1.5**	**30.0%**

The **net banking income** improved by EUR 1.5 million to EUR 58.2 million (1Q21: EUR 56.7 million) mainly driven by an increased net fee and commission income in the segments Consumer and SME, and a decrease of net interest income stemming from the intentionally accelerated reduction in the non-focus business.

The **net interest income** was positively impacted by the Consumer and SME Business, which increased by EUR 2.4 million compared with 1Q21. This development was mainly driven by a higher volume of EUR 126 million in the Consumer Business which compensated slightly lower loan book interest rates, down by -19bp. The increase in SME Business was driven by both higher volumes of EUR 52 million as well as improved interest rates of +53bp. The positive development in the focus segments was absorbed by the impact from the accelerated run-down of the non-focus segments, in which the regular interest income decreased by EUR -2.1 million following a sharp and intentional decrease of EUR 390 million in volume, mainly due to repayments in Large Corporates and portfolio sales in the Public Finance segment. On the liability side, the net interest income was positively influenced by the reduction of the interest rate of deposits (-6bp) driven by a further shift from higher yielding term deposits to lower yielding a-vista deposits (share in a-vista increased from 65% to 70%) and further deposits repricing. Overall, by taking into consideration also the decrease of interest income generated by the treasury business (EUR -0.9 million from lower bond yields and higher negative interests on cash volumes), the net interest income decreased from EUR 41.9 million at 1Q21, by EUR -0.7 million, or -1.6%, to EUR 41.3 million at 1Q22.

The **net fee and commission income** increased to EUR 17.0 million (1Q21: EUR 14.8 million) as a result of increasing business activities in the Consumer segment (EUR +1.5 million). This was mainly driven by increase in Accounts & Packages, bancassurance and FX&DCC. Also, the SME Business improved (EUR +0.9 million), which was mainly related to more transactions, trade finance and FX&DCC. The increase in net fee and commission income in the first quarter of 2022 was reflecting the continued normalisation of the economic activity, while the comparative period in 2021 was negatively impacted by the Covid-19 pandemic related slowdown in business activities.

The **net result on financial instruments** amounted to EUR 0.5 million at 1Q22, compared to EUR 2.7 million at 1Q21. The lower result compared with the previous period is mainly connected with the change in the business strategy in relation to investments in debt instruments and the intention to focus on the collection of interest income.

The **other operating result** as the sum of the other operating income and the other operating expense decreased from EUR -3.7 million at 1Q21, by EUR 0.4 million, to EUR -3.3 million at 1Q22 mainly due lower recovery and resolution fund expenses than in the previous period and a positive one-off from the sale of real estate assets in 1Q22. This position includes the following significant items:

- Front-loaded regulatory charges from the recovery and resolution fund of EUR -1.3 million (1Q21: EUR -1.5 million).

- Deposit guarantee expenses of EUR -1.4 million (1Q21: EUR -1.4 million).
- Bank levies and other taxes increased from EUR -0.8 million at 1Q21 to EUR -0.9 million at 1Q22 mainly due to the higher supervision fees charged by the ECB.
- Restructuring costs decreased from EUR -0.2 million at 1Q21 to EUR 0.0 million at 1Q22.

Operating expenses decreased from EUR -44.4 million at 1Q21 to EUR -41.1 million at the current reporting date:

- Personnel expenses decreased compared to the previous period from EUR -23.9 million at 1Q21 to EUR -21.2 million at 1Q22. The decrease in 1Q22 mainly consists of lower expenses for wages and salaries as a direct consequence of the transformation program as well as the fact that the previous period was negatively affected by the recognition of severance expenses in amount of EUR 1.5 million connected with the 2021 management board changes.
- Other administrative expenses decreased from EUR -15.9 million at 1Q21 by EUR 0.5 million to EUR -15.4 million at 1Q22.
- Depreciation and amortisation decreased from EUR -4.6 million at 1Q21, by EUR -0.2 million, to EUR -4.4 million at 1Q22.

The other result amounting to EUR -5.1 million (1Q21: EUR -0.5 million) was mainly impacted by credit linked and portfolio based provisions for expected legal matters on Swiss-franc denominated loans in Croatia as well as costs from the legal actions taken in connection with the "Slovenian CHF Law". In addition, the Group recognised provisions for the potential negative impacts of consumer associations actions on floor practices in Slovenia during 1Q22.

Credit loss expenses on financial assets amount to EUR -1.2 million compared to EUR -4.1 million in 1Q21, which still proves that the economy and clients are more resilient and the actual cost of risk is better than initially anticipated. Addiko does not have any noteworthy direct exposure towards Russia or Ukraine as well as only insignificant amounts of indirect exposure, and therefore does not record an impact on credit loss expenses in this regard. However, the management overlay of EUR 9 million was maintained in light of the overall economic uncertainty stemming from the ongoing geopolitical developments.

As of the reporting date, the remaining portfolio in moratoria is reduced to an insignificant exposure of only EUR 0.9 million (1Q21: EUR 164.9 million).

Tax on income amounted to EUR -1.5 million at 1Q22 compared to EUR -1.8 million at 1Q21.

5.2. Detailed analysis of the statement of financial position

EUR m

	31.03.2022	31.12.2021	(abs)	(%)
Cash reserves	1,272.1	1,361.7	-89.6	-6.6%
Financial assets held for trading	20.5	32.6	-12.1	-37.1%
Loans and receivables	3,366.0	3,284.4	81.5	2.5%
Loans and advances to credit institutions	31.3	5.7	25.6	>100%
Loans and advances to customers	3,334.6	3,278.7	55.9	1.7%
Investment securities	1,002.9	1,012.2	-9.3	-0.9%
Tangible assets	67.0	70.6	-3.6	-5.1%
Intangible assets	25.4	26.7	-1.4	-5.1%
Tax assets	33.0	26.9	6.1	22.9%
Current tax assets	2.5	2.7	-0.2	-7.8%
Deferred tax assets	30.5	24.1	6.4	26.4%
Other assets	16.7	14.9	1.7	11.7%
Non-current assets held for sale	1.2	12.3	-11.1	>100%
Total assets	**5,804.6**	**5,842.3**	**-37.7**	**-0.6%**

The statement of financial position of Addiko Group is showing a simple and solid interest-bearing asset structure: 57% of the assets are represented by customer loans, most of which belong to the focus area. In addition, a substantial part of the residual assets is represented by cash reserves and high rated plain vanilla debt securities predominantly related to CSEE sovereign bonds. With regard to the statement of financial position, Addiko's strategy continued to change the business composition from lower margin Large Corporate, Mortgage and Public Finance lending towards higher value-added lending in the focus segments Consumer and SME. This is reflected by a further increase in the share of these two segments to 75.9% of total the gross performing loan book (YE21: 74.4%).

As of 1Q22, the **total assets** of Addiko Group stood at EUR 5,804.6 million and decreased by EUR -37.7 million or -0.6% compared to YE21 (EUR 5,842.3 million). The total risk, i.e. risk-weighted assets including credit, market and operational risk, (Basel III considering IFRS 9 transitional arrangements), increased to EUR 3,764.0 million (YE21: EUR 3,624.9 million), mainly driven by the implementation of the new EBA guideline on structural FX.

The cash reserves slightly decreased to EUR 1,272.1 million as of 31 March 2022 while maintaining a liquidity position (YE21: EUR 1,361.7 million).

Overall, **loans and receivables** increased to EUR 3,366.0 million from EUR 3,284.4 million at the first quarter 2022:

- Loans and receivables to credit institutions (net) increased by EUR 25.6 million to EUR 31.3 million (YE21: EUR 5.7 million).
- Loans and receivables to customers (net) increased by EUR 55.9 million to EUR 3,334.6 million (YE21: EUR 3,278.7 million). The change was mainly in the focus segments Consumer and SME lending with an increase of EUR 92.1 million to an amount of EUR 2,518.2 million in 1Q22 (YE21: EUR 2,426.1 million), while in the non-focus segments, Large Corporate, Mortgage and Public Finance decreased by EUR 36.6 million to EUR 812.6 million in first quarter 2022 (YE21: EUR 849.2 million).

The **investment securities** slightly decreased from 1,012.2 million at YE21 to EUR 1,002.9 million at 1Q22. The investments are largely in high rated and investment grade government bonds mainly from the CSEE region and have maturities of less than five years. All investments are "plain vanilla" without any embedded options or other structured features. Due to its solid liquidity levels and the fact that new business volumes in the focus segments are expected to be funded by the accelerated run-down of the non-focus segments, Addiko adapted its investment strategy during the preparation of the 2022 business plan in order to have, next to debt instruments managed to ensure liquidity, a stable volume of instruments aimed to generate interest income until maturity.

Tax assets increased to EUR 33.0 million (YE21: EUR 26.9 million), thereof EUR 10.9 million refer to deferred taxes on tax loss carried forward (YE21: EUR 10.4 million).

Other assets increased to EUR 16.7 million (YE21: EUR 14.9 million). The main amounts in this position are related to prepaid expenses and accruals of EUR 10.6 million (YE21: EUR 7.9 million) as well as receivables for paid in deposits and receivables related to the card business.

EUR m

	31.03.2022	31.12.2021	(abs)	(%)
Financial liabilities held for trading	1.4	2.3	-0.9	-40.1%
Financial liabilities measured at amortised cost	4,927.7	4,933.6	-5.9	-0.1%
Deposits and borrowings of credit institutions	190.1	174.6	15.5	8.9%
Deposits and borrowings of customers	4,684.3	4,708.2	-23.9	-0.5%
Other financial liabilities[1)]	53.3	50.8	2.4	4.8%
Provisions	68.0	69.9	-1.9	-2.7%
Tax liabilities	6.7	5.8	0.9	>100%
Current tax liabilities	6.7	5.8	0.9	>100%
Other liabilities	30.4	25.7	4.7	18.3%
Equity	770.5	805.1	-34.6	-4.3%
Total equity and liabilities	**5,804.6**	**5,842.3**	**-37.7**	**-0.6%**

[1)]The position "Issued bonds, subordinated and supplementary capital" in the amount of EUR 0.1 million (YE21: EUR 0.1 million) is presented within "Other financial liabilities" starting from 1Q22.

On the liabilities' side, **financial liabilities measured at amortised cost** remained stable, with a slight decrease to EUR 4,927.7 million compared to EUR 4,933.6 million at year end 2021:

- Deposits and borrowings of credit institutions increased from EUR 174.6 million at YE21 to EUR 190.1 million as of 1Q22 and include EUR 34.8 million from the participation in targeted longer-term refinancing operations (TLTRO) with the Slovenian National Bank (YE21: EUR 54.7 million).
- Deposits and borrowings of customers remained stable, with a slight reduction to EUR 4,684.3 million (YE21: EUR 4,708.2 million). The solid funding profile is one of the strengths of the Group, which drives its low dependence on market funding. Around 30% of the deposits are term deposits, mainly Euro denominated, followed by Croatian Kuna (HRK), Bosnia-Herzegovina Convertible Marka (BAM) and Serbian Dinar (RSD).
- Other financial liabilities decreased from EUR 50.8 million at YE21 to EUR 53.3 million at 1Q22.

Provisions decreased from EUR 69.9 million at YE21 to EUR 68.0 million at 1Q22. This position includes mainly credit linked and portfolio-based provision in relation to expected court rulings on Swiss-franc denominated loans. This balance sheet position includes also provisions for variable performance-based bonus expenses.

Other liabilities increased from EUR 25.7 million at YE21 to EUR 30.4 million in 1Q22, mainly reflecting accruals for services received but not yet invoiced (1Q21: EUR 29.5 million, YE21: EUR 24.8 million) as well as liabilities for salaries and salary compensations not yet paid.

The development of **equity** from EUR 805.1 million to EUR 770.5 million was mainly driven by the impact on the financial markets of the Russian military invasion of Ukraine which started in February 2022 and determined a considerable increase in the volatility of market prices. Since the beginning of the crisis, Addiko has observed credit spreads widening from 50 to 200 bps for selected positions in its portfolio, which is currently impacting the FVTOCI positions, whose market value decreased by EUR -14.1 million. Addiko is closely monitoring its major bond portfolio positions, mostly sovereigns in the CSEE region and despite the significant decrease in market value is not expecting any operating impacts from the change in the market value, as given its strong liquidity the Group has the capability of keeping the positions until maturity to collect interest income in line with its business strategy. The Group does not hold any noteworth direct exposures to the Russian or Ukraine government. In addition to the changes in the market value of the bond portfolio, the Group equity was impacted by the negative change of the FX reserves (EUR -3.5 million). These negative changes were partially compensated by the profit for the reporting period in the amount of EUR 6.5 million. The effects from the share buyback programme amounted to EUR -0.3 million.

5.3. Capital and liquidity requirements

Starting from 1 March 2022, the new SREP decision for 2021 starts being applicable, prescribing an Overall Capital Requirement (OCR) of 13.75% for the Group:

- 11.25% TSCR (8% Pillar 1 Requirement and 3.25% Pillar 2 Requirement decreased from 4.10% from the previous decision); and
- 2.5% CBR (2.5% Capital Conservation Buffer and 0% Countercyclical Buffer).

In addition to the capital requirement, the SREP decision includes a reduction of the Pillar 2 Guidance (P2G) from 4.00% to 2.00%.

Based on the new requirements and guidance the regulator therefore expects Addiko to maintain a total capital ratio of 15.75% (11.25% SREP requirement, plus 2.5% CCB, plus 2% P2G).

The ECB started with the Comprehensive Assessment Stress Test in June 2021, whose result is expected to be included in the next SREP letter and in particular in the determination of the P2G going forward.

As of 31 March 2022, the **capital base** of Addiko Group was solely made up of CET1, and stood at 20.4% (YE21: 22.2%) on a transitional basis which is significantly above applicable requirements and the guidance (P2G). Addiko's fully phased-in CET1 stood at a solid 20.1% (YE21: 21.6%).

The development of the capital on a transitional basis during the first quarter 2022 is mainly driven by the following two items:

- the decrease of the portion that banks may add to the capital from the initial application of IFRS 9 in accordance with the prescribed phase-in rules and amounting to EUR 12.9 million, and
- the negative changes in OCI driven by the market volatility following the start of the Russian-Ukrainian war of EUR 40.9 million. This negative impact is partially neutralised by the decision to apply, starting with 1Q22, article 468 CRR allowing to neutralise during 2022 40% of the amount of unrealised gains and losses for exposures to central governments measured at fair value through other comprehensive income.

In accordance with article 26 CRR, the profit of the first quarter in 2022 is not included in the calculation of the regulatory capital.

The RWAs increased from EUR 3,624.9 million to EUR 3,764.0 million on a transitional basis, and from EUR 3,597.7 million to EUR 3,749.7 million on a fully loaded basis. The increase of EUR 157.8 million was mainly driven by the implementation of the guideline on structural FX under Article 352 (2) CRR (EBA/GL/2020/09). Addiko is waiting for ECB approval of its waiver application to exclude the structural FX positions HRK and RSD from the calculation of own funds requirements. According to 1Q22 figures, the approval would lead to a reduction of the RWAs for market risk in amount of EUR 97.4 million.

Addiko’s leverage ratio remained sound at 12.3% at the end of 1Q22 (YE21: 12.9%).

The **liquidity position** of the Group remained strong, with the LTD ratio (net) of 71.2% (YE21: 69.6%), thus fulfilling all liquidity indicators with significant headroom to regulatory requirements.

6. Segment information

EUR m

31.03.2022	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	34.6	14.9	3.7	2.2	1.2	1.6	58.2
Net interest income	25.2	8.5	3.7	1.3	0.8	1.8	41.3
o/w regular interest income	24.3	8.6	4.2	1.5	0.4	3.3	42.3
Net fee and commission income	9.3	6.5	0.0	0.9	0.4	-0.2	17.0
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Other operating result	0.0	0.0	0.0	0.0	0.0	-3.3	-3.3
Operating income	**34.6**	**14.9**	**3.7**	**2.2**	**1.2**	**-1.2**	**55.4**
Operating expenses	**-20.0**	**-7.5**	**-0.5**	**-1.0**	**-0.5**	**-11.7**	**-41.1**
Operating result before change in credit loss expense	**14.6**	**7.5**	**3.2**	**1.3**	**0.7**	**-13.0**	**14.3**
Other result	0.0	0.0	0.0	0.0	0.0	-5.1	-5.1
Credit loss expenses on financial assets	-4.3	1.2	1.6	0.2	0.1	-0.1	-1.2
Result before tax	**10.3**	**8.7**	**4.8**	**1.5**	**0.8**	**-18.2**	**8.0**
Business volume							
Net loans and receivables	1,407.6	1,110.7	513.5	233.2	65.9	35.2	3,366.0
o/w gross performing loans customers	1,431.2	1,106.4	509.0	232.5	64.9		3,343.9
Gross disbursements	149.4	175.4	0.9	18.3	2.3		346.4
Financial liabilities at AC [1]	2,453.2	1,045.1	0.0	274.4	388.1	766.9	4,927.7
RWA [2]	1,062.7	869.8	313.0	275.4	36.6	536.0	3,093.4
Key ratios							
NIM [3]	5.7%	2.6%	1.3%	1.4%	0.8%		2.9%
Cost/Income Ratio	57.7%	50.0%	12.8%	43.2%	40.8%		70.5%
Cost of risk ratio	-0.3%	0.1%	0.3%	0.1%	0.1%		0.0%
Loan to deposit ratio	57.4%	106.3%	0.0%	85.0%	17.0%		71.2%
NPE ratio (on-balance loans)	4.5%	4.7%	8.3%	4.6%	3.4%		3.9%
NPE coverage ratio	78.9%	64.5%	78.6%	53.6%	40.1%		72.2%
NPE collateral coverage	5.1%	63.1%	72.9%	83.3%	95.7%		46.3%
Change CL/GPL (simply Ø)	-0.3%	0.1%	0.3%	0.1%	0.2%		0.0%
Yield GPL (simply Ø)	7.0%	3.2%	3.3%	2.5%	2.6%		4.8%

[1] Financial liabilities at AC at 1Q22 include the Direct deposits (Austria/Germany) amounting to EUR 438 million, EUR 190 million Deposits of credit institutions, EUR 139 million Other liabilities. [2] Includes only credit risk (without application of IFRS 9 transitional rules). [3] Net interest margin on segment level is sum of interest income (without interest income on NPE) and expenses including funds transfer pricing divided by the respective average business volume using daily balances.

EUR m

31.03.2021	Focus segments Consumer	Focus segments SME Business	Non-focus segments Mortgage	Non-focus segments Large Corporates	Non-focus segments Public Finance	Corporate Center	Total
Net banking income	32.3	12.5	4.4	3.5	1.4	2.6	56.7
Net interest income	24.5	6.9	4.4	2.3	1.2	2.7	41.9
o/w regular interest income	23.4	7.4	5.3	2.9	0.9	3.7	43.5
Net fee and commission income	7.8	5.6	0.0	1.2	0.2	-0.1	14.8
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	2.7	2.7
Other operating result	0.0	0.0	0.0	0.0	0.0	-3.7	-3.7
Operating income	**32.3**	**12.5**	**4.4**	**3.5**	**1.4**	**1.7**	**55.8**
Operating expenses	**-21.2**	**-8.1**	**-0.7**	**-1.6**	**-0.6**	**-12.3**	**-44.4**
Operating result before change in credit loss expense	**11.1**	**4.4**	**3.7**	**1.9**	**0.9**	**-10.7**	**11.4**
Other result	0.0	0.0	0.0	0.0	0.0	-0.5	-0.5
Credit loss expenses on financial assets	-6.0	-0.7	1.6	1.0	0.3	-0.3	-4.1
Result before tax	**5.1**	**3.8**	**5.3**	**2.9**	**1.2**	**-11.4**	**6.8**
Business volume							
Net loans and receivables	1,276.7	1,050.7	621.2	450.2	132.9	22.5	3,554.1
o/w gross performing loans customers	1,305.7	1,054.8	609.6	452.9	133.4		3,556.3
Gross disbursements	106.8	122.6	0.9	23.6	0.8		254.6
Financial liabilities at AC [1]	2,470.7	960.9	0.0	402.5	375.2	805.0	5,014.2
RWA [2]	962.4	830.3	370.9	494.3	75.6	711.8	3,445.3
Key ratios							
NIM [3]	5.9%	2.1%	1.5%	1.4%	1.4%		2.9%
Cost/Income Ratio	65.6%	64.5%	15.0%	45.5%	40.4%		78.2%
Cost of risk ratio	-0.4%	0.0%	0.2%	0.1%	0.2%		-0.1%
Loan to deposit ratio	51.7%	109.3%	0.0%	111.9%	35.4%		74.5%
NPE ratio (on-balance loans) [4]	5.2%	5.8%	11.0%	2.3%	0.6%		4.6%
NPE coverage ratio	84.5%	72.0%	71.6%	71.1%	48.7%		75.6%
NPE collateral coverage	5.2%	52.8%	73.8%	55.9%	50.3%		45.1%
Change CL/GPL (simply Ø)	-0.5%	-0.1%	0.3%	0.2%	0.2%		-0.1%
Yield GPL (simply Ø)	7.2%	2.9%	3.4%	2.5%	2.7%		4.5%

[1]Financial liabilities at AC at 1Q21 include the Direct deposits (Austria/Germany) amounting to EUR 439 million, EUR 214 million Deposits of credit institutions, EUR 152 million Other liabilities. [2]Includes only credit risk (without application of IFRS 9 transitional rules). [3]Net interest margin on segment level is sum of interest income (without interest income on NPE) and expenses including funds transfer pricing divided by the respective average business volume using daily balances. [4]The NPE Ratio (On-balance loans) as at 1Q21 is restated compared to the 1Q21 earning releases from last year and considers exposure to national bank within the denominator.

The segment reporting presents the results of the operating business segments of Addiko Group, prepared on the basis of the internal reports used by the Management to assess the internal performance and is used as a source for decision making. The business segmentation is subdivided into higher value adding Consumer and SME Business, which represent the focus segments of Addiko Group, and into the non-focus segments, which comprises out of Large Corporates, Mortgages and Public Finance. According to the Group's strategy the accelerated contraction of lower margin Large Corporate, Mortgage and Public Finance lending is managed accordingly.

Consumer strategy

Addiko's strategy is to offer modern banking, focusing on products for the essential needs of customers via unsecured loans and payments, communicated in a simple and transparent manner and delivered efficiently via a hybrid distribution approach consisting of physical branches and modern digital channels. In the segment Consumer the focus is on unsecured lending, followed by account packages with regular transactions. Addiko also puts significant efforts into continuously improving digital capabilities and is recognised in its markets as a digital challenger with digital products and services such as Webloans, mLoans and online account opening capabilities. In the context of the Covid-19 pandemic, various processes were moved from the branch network to alternative digital channels, in order to respond to the social distancing requirements and changing customer preferences.

The first quarter 2021 Addiko was still impacted by the lockdown measures implemented by the local governments to contain the spread of Covid-19. As a result, the demand for loans and the number of transactions dropped with a gradual recovery during the remainder of 2021. In the first quarter 2022 the business and sales activities were further intensified across the region, sales channels were also adapted to the new environment, allowing customers increasing remote access to the bank’s product and services, leveraging Addiko's digital capabilities and assisted sales channel.

Moreover, the digital engagement of customers preferring to use mobile channels significantly improved in the context of the Covid-19 pandemic, thereby proving the capabilities and awareness of the mobile app available in all Addiko entities. This allowed an improving digital contribution to the sales results during 2021 and the first quarter 2022, as the bank was able to respond well to social distancing requirements.

Consumer 1Q22 Business review

In comparison to 1Q21 the net interest income increased by EUR 0.8 million to EUR 25.2 million (1Q21: EUR 24.5 million) at a NIM of 5.7% resulting from increasing business activities, despite general margin pressure and regulatory caps on interest rates that can be charged in Addiko's largest market Croatia. The net fee and commission income increased by EUR 1.5 million to EUR 9.3 million at 1Q22 compared to EUR 7.8 million at 1Q21, due to higher income from Account & Packages, lending activities, bancassurance and FX&DCC.

The operating result before change in credit loss expenses at 1Q22 amounted to EUR 14.6 million, up 31.5% versus 1Q21 driven by the overall positive development in the operating income with further reduction on operating expenses. The Cost/Income ratio improved to 57.7% (1Q21: 65.6%). The result before tax amounted to EUR 10.3 million (1Q21: EUR 5.1 million), which is up >100% YoY, also influenced by lower allocations of credit loss expenses on financial assets.

The gross disbursements at 1Q22 are close to pre-Covid-19, increased by 40% compared to 1Q21 and reflect the recovery of business activities in the markets where Addiko is present. Consequently, the 1Q22 consumer gross performing loans significantly increased by +9.6% compared to 1Q21. The NPE ratio (on-balance loans) also improved with a decrease of 70bps illustrating the continued focus on the asset quality of the portfolio and dedicated NPE reduction initiatives.

SME strategy

Addiko's strategy is to offer modern banking, focusing on products for the essential needs of customers via unsecured loans and payments, communicated in a simple and transparent manner and delivered efficiently via a hybrid distribution approach consisting of physical branches and modern digital channels. In the SME segment, the focus is on shorter term unsecured financing, followed by transaction banking and trade finance products.

In recent years Addiko has started a group-wide project to build up a new digital platform to cater to the needs of modern SME customers by providing primarily simple loan financing with market leader delivery times. The underlying application process has therefore been redesigned from scratch resulting in a state-of-the-art customer experience combined with transparent and tangible process and performance metrics for the bank. In 2021, the group-wide roll out of this platform as well as the underlying digital processes has been finalised, which results in a homogenous digital ecosystem that can be further leveraged with targeted products and services in the years to come. The focus continues to be on offering a compelling value proposition for digitally enabled loan products and online self-services capabilities that further reduce the cost-to-serve. Addiko has been further increasing the focus on untapped niches of micro and small enterprises in need of financing whilst reducing higher ticket and low-yielding medium SME lending.

SME 1Q22 Business review

The net interest income increased by EUR 1.6 million or 23.0% to EUR 8.5 million at 1Q22 compared to EUR 6.9 million at 1Q21, with NIM at 2.6%, due to the accelerated growth related to micro and small enterprises carrying higher interest yields (yield increase of 35bps based on simple average). The net fee and commission income increased by 15.4% compared to 1Q21, due to the higher income from Accounts & Packages, trade finance and FX&DCC on the back of targeted initiatives and the economic recovery across the region.

Operating expenses decreased by EUR 0.6 million compared to 1Q21 driven by lower personnel expenses following FTE reductions and lower overhead costs. Consequently, the operating result before change in credit loss expenses at 1Q22 amounted to EUR 7.5 million, and thereby improved by 68.6% compared to 1Q21. The Cost/Income ratio decreased to 50.0% (1Q21: 64.5%) driven by the overall positive development in the operating income with further reduction in operating expenses. The result before tax amounts to EUR 8.7 million (1Q21: EUR 3.8 million), which is also related to releases of credit loss expenses on financial assets.

The gross disbursements at 1Q22 are above the pre-Covid-19 level and increased by 43% compared to 1Q21. The NPE ratio (on-balance loans) came down to a level of 4.7% (1Q21: 5.8%) and underlined the solid quality of the SME portfolio.

Mortgage 1Q22 Business review

Mortgage lending is defined as non-focus, and primarily targets the managed and gradual run-down of existing and profitable customers loans along their contractual maturity. Given the run-down strategy, mortgage lending products are not actively marketed.

This is reflected in the operating income which amounted to EUR 3.7 million at 1Q22, representing an 15.8% decrease in comparison to EUR 4.4 million at 1Q21. This reduction in operating income is mainly driven by a EUR 100.6 million lower gross performing loan book which consequently results in lower net interest income.

Large Corporates 1Q22 Business review

The Large Corporates segment comprises Addiko's business activities relating to loan products, services and deposit products, as well as other complementary products to companies with an annual turnover of above EUR 50 million. An accelerated run-down path is pursued in this segment, as initiated during the second half of 2021 while Addiko will continue to serve selected customers with a favorable and balanced view on value generation.

As a non-focus segment Large Corporates records a lower volume in gross performing loans and consequently lower operating income in 1Q22 in comparison to the same period last year. The net interest income decreased by EUR 1.0 million to EUR 1.3 million at 1Q22 compared to EUR 2.3 million at 1Q21, with NIM at 1.4%. The net fee and commission income amounted to EUR 0.9 million (1Q21: EUR 1.2 million) decreased due to the reduction in gross performing loans and the exit from non-focus custody business in Croatia. The result before tax amounted to EUR 1.5 million at 1Q22 (1Q21: EUR 2.9 million) which was additionally impacted by slightly lower releases from credit loss expenses on financial assets.

The NPE ratio (on-balance loans) increased by 227bps to 4.6% mainly driven by the reduced loan book versus 1Q21 rather than an overall worsening of the credit quality of the portfolio.

Public Finance 1Q22 Business review

The Public Finance segment is part of the non-focus area and comprises Addiko's business with key public institutions in CSEE countries, such as ministries of finance, state enterprises and local governments. Given the run-down strategy, lending products in the Public Finance segment are not actively marketed.

The net interest income amounted to EUR 0.8 million at 1Q22 (1Q21: EUR 1.2 million), with NIM at 0.8%. The decrease in net interest income was related to the run-down of the portfolio (51.4% lower gross performing loans compared to 1Q21). The net fee and commission income slightly increased by EUR 0.1 million compared to the same period last year due to higher FX&DCC and implemented a-vista deposits fees. The Public Finance segment generated an operating income of EUR 1.2 million (1Q21: EUR 1.4 million) and a result before tax of EUR 0.8 million at 1Q22 (1Q21: EUR 1.2 million).

The NPE ratio increased by 277bps at 1Q22 predominantly mainly driven by a reduction in the gross performing loan balance.

Corporate Center

The Corporate Center segment is primarily an internal segment without direct product offerings to external customers and comprise the results from Addiko's liquidity and capital management activities. This segment reflects Addiko's treasury activities as well as other functions, such as overhead, project-related operating expenses, contributions to the Single Resolution Fund, bank levies and other one-off items, including Addiko Group's reconciliation to IFRS (i.e., consolidation effects). In addition, this segment includes direct deposit activities of Addiko Bank AG to customers in Austria and Germany, which are steered by Group Treasury and conducted for liquidity management purposes.

The Corporate Center segment's prime responsibilities comprise the Group-wide asset and liability management (ALM) steering, management of liquidity portfolios within the regulatory requirements and the optimisation of the funding mix of Addiko's banking subsidiaries in CSEE.

Corporate Center 1Q22 Business review

The segment reporting illustrates combined figures for treasury and positions related to central functions. The net interest income in the Corporate Center covers the following aspects: 1) the customer margin assets and liabilities of the treasury segment, 2) the interest and liquidity gap contribution (IGC) reduced by the distribution of the IGC to the market segments (see explanation in following point Asset Contribution) and 3) the consolidation effects.

The net interest income at 1Q22 amounted to EUR 1.8 million (1Q21: EUR 2.7 million) driven by a decrease of interest income from the treasury bond portfolio mainly related to lower yields and higher negative interests on the cash portfolio. The net result on financial instruments amounted to EUR 0.5 million at 1Q22, compared to EUR 2.7 million at 1Q21 mainly relates to lower realised profits from the sale of debt securities as a result of the business strategy to collect interest income until maturity.
The other operating result decreased from EUR -3.7 million at 1Q21, by EUR 0.4 million, to EUR -3.3 million at 1Q22 mainly due to lower recovery and resolution fund expenses than in the previous period. This position includes the following significant items:

- Front-loaded regulatory charges from the recovery and resolution fund of EUR -1.3 million (1Q21: EUR -1.5 million)
- Deposit guarantee expenses of EUR -1.4 million (1Q21: EUR -1.4 million)
- Bank levies and other taxes increased from EUR -0.8 million at 1Q21 to EUR -0.9 million at 1Q22 mainly due to the higher supervision fees charged by the ECB
- Restructuring costs decreased from EUR -0.2 million at 1Q21 to EUR 0.0 million at 1Q22

Operating expenses decreased by EUR 0.6 million, to EUR -11.7 million at 1Q22 (1Q21: EUR -12.3 million) driven by the transformation Program initiated during the second half of 2021.

The other result amounting to EUR -5.1 million (1Q21: EUR -0.5 million) was mainly impacted by credit linked and portfolio based provisions for expected legal matters on Swiss-franc denominated loans in Croatia as well as costs from the legal actions taken in connection with the Slovenian CHF Law. In addition, the Group recognised in 1Q22 provisions for the potential negative impacts of consumer associations actions on floor practices in Slovenia.

Asset Contribution

The net interest income in the Corporate Center at 1Q22 includes only a fraction of the positive impact from interest and liquidity gap contribution (IGC) of EUR 9.5 million. The majority of the IGC in the amount of EUR 7.9 million is distributed to the market segments according to their respective asset contribution. IGC is the result of partially funding longer term assets with stable but shorter-term liabilities. The extent of this maturity transformation is strictly managed in accordance with regulatory and internal limits. The Addiko Funds Transfer Pricing (FTP) methodology assigns internal funding costs to assets and internal funding benefits to liabilities on a matched maturity basis. This means, if maturities of loans and deposits of a certain segment were the same, IGC would be zero. Since a certain percentage of longer-term assets is funded by shorter term liabilities, market segments are therefore charged more for their assets than compensated for their liabilities within the applied funds transfer pricing (FTP) methodology. By compensating those market segments delivering longer term assets against shorter term liabilities, the respective part of IGC is re-distributed from the segment Corporate Center to the originator of the IGC, i.e. the respective market segment.

7. Summary of consolidated statement of profit or loss

EUR m

	01.01. - 31.03.2022	01.01. - 31.03.2021
Interest income calculated using the effective interest method	45.1	46.2
Other interest income	0.4	0.6
Interest expenses	-4.1	-4.9
Net interest income	**41.3**	**41.9**
Fee and commission income	21.5	18.8
Fee and commission expenses	-4.6	-4.0
Net fee and commission income	**17.0**	**14.8**
Net result on financial instruments	0.5	2.7
Other operating income	1.1	1.1
Other operating expenses	-4.4	-4.7
Operating income	**55.4**	**55.7**
Personnel expenses	-21.2	-23.9
Other administrative expenses	-15.4	-15.9
Depreciation and amortisation	-4.4	-4.6
Operating expenses	**-41.1**	**-44.4**
Operating result before impairments and provisions	**14.3**	**11.3**
Other result	-5.1	-0.5
Credit loss expenses on financial assets	-1.2	-4.1
Result before tax	**8.0**	**6.8**
Tax on income	-1.5	-1.8
Result after tax	**6.5**	**5.0**
thereof attributable to equity holders of parent	6.5	5.0

EUR m

	01.01. - 31.03.2022	01.01. - 31.03.2021
Result after tax	**6.5**	**5.0**
Other comprehensive income	**-40.9**	**-5.5**
Items that will not be reclassified to profit or loss	**-0.1**	**0.0**
Fair value reserve - equity instruments	-0.1	0.0
Net change in fair value	-0.1	0.0
Items that are or may be reclassified to profit or loss	**-40.8**	**-5.5**
Foreign currency translation	-3.5	-0.7
Gains/losses of the current period	-3.5	-0.7
Fair value reserve - debt instruments	-37.3	-4.8
Net change in fair value	-43.9	-3.8
Net amount transferred to profit or loss	0.2	-1.7
Income tax	6.4	0.7
Total comprehensive income for the year	**-34.4**	**-0.5**
thereof attributable to equity holders of parent	-34.4	-0.5

8. Summary of consolidated statement of financial position

EUR m

	31.03.2022	31.12.2021
Assets		
Cash reserves	1,272.1	1,361.7
Financial assets held for trading	20.5	32.6
Loans and receivables	3,366.0	3,284.4
Loans and advances to credit institutions	31.3	5.7
Loans and advances to customers	3,334.6	3,278.7
Investment securities	1,002.9	1,012.2
Tangible assets	67.0	70.6
Property, plant and equipment	62.9	65.5
Investment property	4.1	5.1
Intangible assets	25.4	26.7
Tax assets	33.0	26.9
Current tax assets	2.5	2.7
Deferred tax assets	30.5	24.1
Other assets	16.7	14.9
Non-current assets held for sale	1.2	12.3
Total assets	**5,804.6**	**5,842.3**
Equity and liabilities		
Financial liabilities held for trading	1.4	2.3
Financial liabilities measured at amortised cost	4,927.7	4,933.6
Deposits and borrowings of credit institutions	190.1	174.6
Deposits and borrowings of customers	4,684.3	4,708.2
Other financial liabilities[1)]	53.3	50.8
Provisions	68.0	69.9
Tax liabilities	6.7	5.8
Current tax liabilities	6.7	5.8
Other liabilities	30.4	25.7
Equity	770.5	805.1
thereof attributable to equity holders of parent	770.5	805.1
Total equity and liabilities	**5,804.6**	**5,842.3**

[1)]The position "Issued bonds, subordinated and supplementary capital" in the amount of EUR 0.1 million (YE21: EUR 0.1 million) is presented within "Other financial liabilities" starting from 1Q22.

9. Risk Report

A summary of Addiko risk policies in relation to risk management, internal organisation, risk strategy and risk appetite framework organisation is set out in the Note of the same name in the consolidated financial statements as of 31 December 2021.

Credit risk

Allocation of credit risk exposure within the Group

As at 31 March 2022, the overall gross exposure within the Group is reduced by EUR 109.0 million (or -1.6%) compared to YE21. Following the business strategy, most of the reduction since beginning of the year is recognised in the corporate center as well as in the non-focus portfolio, which is partially compensated by an increase in the focus portfolio. On overall level, decreases in the exposures are recognised in all legal entities except in Addiko Holding AG, which is mainly driven by increased deposits at the National Bank of Austria. Within the Group, credit risk exposure breaks down as presented in the table.

EUR m

	31.03.2022	31.12.2021
Addiko Croatia	2,406.8	2,482.2
Addiko Slovenia	1,563.7	1,615.9
Addiko Serbia	1,062.9	1,070.9
Addiko in Bosnia & Herzegovina	1,118.9	1,133.9
Addiko in Montenegro	226.2	231.3
Addiko Holding	278.2	231.5
Total	**6,656.8**	**6,765.8**

Credit risk exposure by rating class

At 31 March 2022 26.0% (YE21: 25.1%) of the exposure is categorised as rating classes 1A to 1E. This exposure mainly relates to receivables from financial institutions and private individuals with a minor part within corporate and sovereigns.

During 1Q22 the NPE Stock reduced by EUR 6.8 million (or –3.5%), primarily in the non-focus portfolio as well as within the SME portfolio as a result of write offs / portfolio sales as well as due to collection effects. These reductions are partially compensated by NPE stock increase in Consumer portfolio (in all legal entities except Addiko Banja Luka).

The following table shows the exposure by rating classes and market segment as at 31 March 2022:

EUR m

31.03.2022	1A-1E	2A-2E	3A-3E	Watch	NPE	No rating	Total
Consumer	272.8	810.5	305.5	152.5	67.4	25.0	1,633.7
SME	226.9	892.4	446.0	130.4	60.1	13.9	1,769.6
Non-focus	314.5	443.8	155.1	77.5	60.0	2.1	1,053.0
o/w Large Corporate	40.6	198.9	120.9	37.4	11.6	1.2	410.6
o/w Mortgage	260.3	199.2	23.6	24.9	46.1	0.9	555.1
o/w Public Finance	13.6	45.7	10.6	15.2	2.3	0.0	87.4
Corporate Center [1)]	914.4	1,058.6	227.2	0.0	0.0	0.2	2,200.4
Total	**1,728.6**	**3,205.3**	**1,133.8**	**360.5**	**187.4**	**41.2**	**6,656.8**

[1)] Corporate Center includes financial institutions considering national bank exposure, on demand deposits as well as securities

The following table shows the exposure by rating classes and market segment as at 31 December 2021:

EUR m

31.12.2021	1A-1E	2A-2E	3A-3E	Watch	NPE	No rating	Total
Consumer	262.2	790.5	293.5	151.2	63.3	18.8	1,579.3
SME	217.3	859.7	476.1	143.6	61.6	7.4	1,765.8
Non-focus	331.5	493.8	156.9	75.6	69.3	1.7	1,128.9
o/w Large Corporate	43.3	224.8	120.3	36.4	11.5	0.8	437.2
o/w Mortgage	273.5	212.4	25.0	23.0	55.6	1.0	590.5
o/w Public Finance	14.7	56.5	11.6	16.2	2.3	0.0	101.3
Corporate Center [1)]	889.9	1,150.0	251.6	0.0	0.0	0.2	2,291.7
Total	**1,700.9**	**3,294.0**	**1,178.2**	**370.4**	**194.2**	**28.1**	**6,765.8**

[1)] Corporate Center includes financial institutions considering national bank exposure, deposits as well as securities

Credit risk exposure by region

The Addiko Group's country portfolio focuses on Central and South Eastern Europe. The following table shows the breakdown of exposure by region within the Group (at customer level):

EUR m

	31.03.2022	31.12.2021
SEE	5,936.1	6,089.6
Europe (excl. CEE/SEE)	453.4	367.7
CEE	206.8	252.1
Other	60.5	56.4
Total	**6,656.8**	**6,765.8**

As at 31 March 2022, CEE include direct exposure towards Russia in the amount of EUR 1.5 thousand and towards Ukraine in the amount of EUR 0.8 thousand.

Presentation of exposure by overdue days

EUR m

31.03.2022	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	1,498.6	73.8	8.4	4.9	48.0	1,633.7
SME	1,695.4	38.8	3.7	2.8	29.0	1,769.6
Non-focus	1,001.0	12.3	2.4	2.6	34.7	1,053.0
o/w Large Corporate	404.8	3.6	0.0	1.4	0.7	410.6
o/w Mortgage	511.1	8.7	2.4	1.2	31.7	555.1
o/w Public Finance	85.1	0.0	0.0	0.0	2.3	87.4
Corporate Center	2,200.4	0.0	0.0	0.0	0.0	2,200.4
Total	**6,395.5**	**124.9**	**14.5**	**10.3**	**111.6**	**6,656.8**

The worsening of macroeconomic situation caused by Covid-19 did not result in a material increase of days past due on the portfolio level - partially also supported by (predominantly already expired) moratoria, which were in all Addiko entities granted based on local regulation and EBA guideline 2020/02/20 from April 2020 (including updates). The Group banking members granted during 2020 and 2021 75,698 such moratoria of which 34 accounts (34 customers) with an exposure of EUR 0.9 million are still active at 1Q22.

EUR m

31.12.2021	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	1,459.1	62.0	8.6	4.3	45.3	1,579.3
SME	1,691.4	41.4	7.2	2.2	23.5	1,765.8
Non-focus	1,064.8	16.6	3.8	1.5	42.3	1,128.9
o/w Large Corporate	431.3	5.2	0.0	0.0	0.7	437.2
o/w Mortgage	536.8	10.3	2.5	1.5	39.3	590.5
o/w Public Finance	96.8	1.0	1.2	0.0	2.3	101.3
Corporate Center	2,290.3	1.4	0.0	0.0	0.0	2,291.7
Total	**6,505.6**	**121.4**	**19.6**	**8.0**	**111.1**	**6,765.8**

Development of the coverage ratio

The coverage ratio 1 (72.2%) remains on the same level compared to the YE21 (71.9%). Decreases are recognised in Addiko Bank Banja Luka and Addiko Bank Slovenia and are mainly driven by collection activities as well as by executed write offs during 1Q22.

The following tables show the NPE and coverage ratios at 1Q22 and YE21:

EUR m

31.03.2022	Exposure	NPE	Provisions	Collateral (NPE)	NPE Ratio	NPE Ratio (On-balance loans)	Coverage Ratio 1	Coverage Ratio 3
Consumer	1,633.7	67.4	53.2	3.4	4.1%	4.5%	78.9%	84.0%
SME	1,769.6	60.1	38.7	37.9	3.4%	4.7%	64.5%	127.6%
Non-focus	1,053.0	60.0	43.4	45.5	5.7%	6.9%	72.3%	148.1%
o/w Large Corporate	410.6	11.6	6.2	9.6	2.8%	4.6%	53.6%	136.9%
o/w Mortgage	555.1	46.1	36.2	33.6	8.3%	8.3%	78.6%	151.5%
o/w Public Finance	87.4	2.3	0.9	2.2	2.6%	3.4%	40.1%	135.8%
Corporate Center	2,200.4	0.0	0.0	0.0	0.0%	0.0%	1.1%	1.1%
Total	**6,656.8**	**187.4**	**135.3**	**86.8**	**2.8%**	**3.9%**	**72.2%**	**118.5%**
o/w Credit Risk Bearing	**4,612.9**	**187.4**	**135.3**	**86.8**	**4.1%**	**4.9%**	**72.2%**	**118.5%**

EUR m

31.12.2021	Exposure	NPE	Provisions	Collateral (NPE)	NPE Ratio	NPE Ratio (On-balance loans)	Coverage Ratio 1	Coverage Ratio 3
Consumer	1,579.3	63.3	49.9	2.7	4.0%	4.3%	78.8%	83.1%
SME	1,765.8	61.6	39.5	40.3	3.5%	5.0%	64.1%	129.5%
Non-focus	1,128.9	69.3	50.2	53.1	6.1%	7.5%	72.4%	149.0%
o/w Large Corporate	437.2	11.5	6.1	9.5	2.6%	4.4%	53.5%	136.8%
o/w Mortgage	590.5	55.6	43.1	41.4	9.4%	9.4%	77.6%	152.0%
o/w Public Finance	101.3	2.3	0.9	2.2	2.3%	2.8%	40.6%	136.4%
Corporate Center	2,291.7	0.0	0.0	0.0	0.0%	0.0%	85.0%	85.0%
Total	**6,765.8**	**194.2**	**139.5**	**96.1**	**2.9%**	**4.0%**	**71.9%**	**121.4%**
o/w Credit Risk Bearing	**4,605.1**	**194.2**	**139.5**	**96.1**	**4.2%**	**5.2%**	**71.9%**	**121.4%**

10. Own funds and capital requirements

Own funds according to the CRR consist of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk. The determination of eligible total capital in accordance with the applicable regulations is based on international accounting standards. The regulatory minimum capital ratios including the regulatory buffers as of 31 March 2022 and 31 December 2021 amount to:

	31.03.2022			31.12.2021		
	CET1	T1	TCR	CET1	T1	TCR
Pillar 1 requirement	4.500%	6.000%	8.000%	4.500%	6.000%	8.000%
Pillar 2 requirement	1.828%	2.438%	3.250%	4.100%	4.100%	4.100%
Total SREP Capital Requirement (TSCR)	**6.328%**	**8.438%**	**11.250%**	**8.600%**	**10.100%**	**12.100%**
Capital Conservation Buffer (CCB)	2.500%	2.500%	2.500%	2.500%	2.500%	2.500%
Counter-Cyclical Capital Buffer	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Combined Buffer Requirements (CBR)	**2.500%**	**2.500%**	**2.500%**	**2.500%**	**2.500%**	**2.500%**
Overall Capital Requirement (OCR)	**8.828%**	**10.938%**	**13.750%**	**11.100%**	**12.600%**	**14.600%**
Pillar 2 guidance (P2G)	**2.000%**	**2.000%**	**2.000%**	**4.000%**	**4.000%**	**4.000%**
OCR + P2G	**10.828%**	**12.938%**	**15.750%**	**15.100%**	**16.600%**	**18.600%**

In addition to Pillar 1 minimum capital ratios, institutions also have to fulfil other capital requirements that are being imposed by the supervisory institution or by the legislation:

- Pillar 2 requirement (SREP requirement): bank specific, obligatory requirement set by the supervisory institution through the Supervisory Review and Evaluation Process (SREP) (together with the Pillar 1 requirement it represents the minimum total SREP requirement – TSCR). While the 2020 SREP assessment prescribed a P2R of 4.1% at all levels of capital the SREP 2021 decision specifies a P2R of 3.25% (at least 56.25% must be held in CET1 and at least 75% in Tier 1), which applies from 1 March 2022.
- Applicable combined buffer requirement (CBR): system of capital buffers to be added on top of TSCR – breaching of the CBR is not a breach of capital requirement, but triggers limitations in the payment of dividends and other distributions from capital. Some of the buffers are prescribed by law for all banks and some of them are bank specific, set by the supervisory institution (CBR and TSCR together form the overall capital requirement – OCR). According to Section 22 (1) BWG, Addiko Group has to establish a capital conservation buffer in the amount of 2.5%. As prescribed by CRD IV and the Banking Act (BWG), CCB was linearly increasing and has reached the fully loaded level of 2.5% in 2019.
- Pillar 2 Guidance: capital recommendation over and above the OCR, set by the supervisory institution through the SREP process. It is bank specific, and as a recommendation not obligatory. Any non-compliance does not affect dividends or other distributions from capital, however, it might lead to intensified supervision and imposition of measures to re-establish a prudent level of capital. The FMA performed the 2020 SREP assessment using a pragmatic approach in the light of the Covid-19 pandemic, which carried forward the 2019 SREP decision with a Pillar 2 guidance (P2G) in the amount of 4%. The SREP 2021 decision now includes a P2G of 2% to be fully met by CET1, which applies from 1 March 2022.

In response to the Covid-19 pandemic, the ECB communicated on 12 March 2020 temporary capital relief measures with regard to the full usage of the capital conservation buffer as well as the P2G, allowing institutions temporarily to operate below these requirements. In its announcement letter from 28 July 2020, the ECB clarified that banks do not need to start refilling combined buffer requirements and P2G before the end of 2022. Given its solid capital structure Addiko had no need to make use of these options. The capital requirements in force during the year, including a sufficient buffer, were met at all times on a consolidated basis.

Regulatory reporting on a consolidated basis is performed on the level of Addiko Bank AG as the EU parent financial holding company of the group of credit institutions. The following table shows the breakdown of own funds requirements within the Group by applying transitional rules as per 31 March 2022 and 31 December 2021 pursuant to CRR applying IFRS figures.

EUR m

Ref[1)]		31.03.2022	31.12.2021
	Common Equity Tier 1 (CET1) capital: Instruments and reserves		
1	Capital instruments and the related share premium accounts	195.0	195.0
2	Retained earnings	284.5	270.8
3	Accumulated other comprehensive income (and other reserves)	284.8	325.2
5a	Independently reviewed (interim) and eligible profits net of any foreseeable charge or dividend	0.0	13.6
5aa	o/w Interim eligible profit of the current year	0.0	13.6
5ab	o/w Foreseeable charge or dividend	0.0	0.0
6	**CET1 capital before regulatory adjustments**	**764.3**	**804.6**
	CET1 capital: regulatory adjustments		
7	Additional value adjustments	-1.0	-1.1
8	Intangible assets (net of related tax liability)	-13.8	-16.1
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met)	-10.9	-10.4
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-0.6	0.0
27a	Other regulatory adjustments (including IFRS 9 transitional rules)	29.3	27.1
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**3.0**	**-0.4**
29	**Common Equity Tier 1 (CET1) capital**	**767.3**	**804.3**
	Tier 2 (T2) capital: instruments and provisions		
58	**Tier 2 (T2) capital**	**0.0**	**0.0**
59	**Total capital (TC = T1 + T2)**	**767.3**	**804.3**
60	Total risk weighted assets	3,764.0	3,624.9
	Capital ratios and buffers %		
61	CET1 ratio	20.4%	22.2%
63	TC ratio	20.4%	22.2%
64	Institution CET1 overall capital requirement	8.8%	11.1%
65	o/w capital conservation buffer requirement	2.5%	2.5%
68	CET 1 available to meet buffer (as % of risk exposure amount)	9.1%	10.1%
	Amounts below the thresholds for deduction (before risk weighting)		
72	Not significant direct and indirect holdings of own funds and eligible liabilities of financial sector entities (amount below 10% threshold and net of eligible short positions)	3.4	3.3
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	19.6	13.8

[1)] The references identify the lines prescribed in the EU template, which are applicable and where there is a value. The structure is based on the technical standards included in (EU) 2021/637 of 15 March 2021.

Total capital decreased by EUR 37.0 million during the reporting period, reflecting the net impact of the following components:

- The effect out of the other comprehensive income (OCI) summed up to a negative development of EUR 25.8 million. The OCI decreased by EUR 40.9 million due to market related movements (EUR -37.5 million) and the net amount transferred to profit or loss (EUR +0.2 million) from debt instruments measured at FVTOCI. This strongly negative development could be neutralised by applying the temporary treatment of unrealised gains and losses measured at FVTOCI in accordance with Article 468 CRR. This allows to add back to capital EUR 15.0 million, corresponding to 40% of the unrealised gains and losses during 2022. In addition, to the impact of the debt instruments the total capital was also impacted by a EUR -3.5 million decrease of the foreign currency reserves, whereas the market development of equity instruments remained quite stable (EUR -0.1 million).
- A negative effect of EUR 12.9 million resulted from the IFRS 9 transitional rule with the following two components: based on the relevant regulation, starting with 1 January 2022, the portion of the ECL from initial application of IFRS 9 which could be added back decreased from 50% to 25%, leading to EUR 10.0 million negative impact on capital. The dynamic component of the capital add-on from the IFRS 9 transitional rule as amended on 24 June 2020 by the

regulation (EU) 2020/873 allows to add back to capital 75% (down from 100% in the years 2020/21) of the increase in stock of stage 1 and stage 2 ECL since 1 January 2020, decreased by EUR 2.9 million;

- A decrease in other regulatory deduction items in the amount of EUR 1.8 million due to less investments in intangible assets and less software in use connected with the Draft Regulatory Standards on the prudential treatment on software assets – EBA/CP/2020/11 (EUR 2.3 million) and an increase in deferred tax assets on existing taxable losses (EUR 0.5 million). Moreover, the Governing Council of the ECB has adopted the decision of Addiko to buy-back round EUR 0.6 million of its own CET1 instruments pursuant to Article 77 (1) lit. a and Article 78 (1) lit. b CRR combined with the deduction of this predetermined amount in accordance with Article 36 (1) lit. a CRR. In the course of this, there was also a positive impact in the amount of EUR 0.5 million in equity from the recognition of equity-settled share-based payments.

Capital requirements (risk-weighted assets) based on a transitional basis

In the scope of regulatory risks, which include credit risk, operational risk and market risk, Addiko Group uses the standardised approach in the calculation of the credit and operational risk, which partly explains a relatively high risk density, measured by comparing RWA to assets, of 64.8% at the end of first quarter 2022 (YE21: 62.0%), while the bank's focus on unsecured consumer lending and SME business is another important source of the reported risk density.

The risk-weighted assets (RWA) increased by EUR 139.1 million during the reporting period:

- The RWA for credit risk decreased by EUR 20.7 million split into Financial Institutions (EUR - 30 million, mainly in Addiko Croatia, Slovenia and Serbia), in Mortgages and Large Corporates (EUR -18 million, mainly in Addiko Slovenia and Croatia) and in Public Finance (EUR – 13 million in Addiko Slovenia). The decrease in the SME portfolio was driven by collateral increases (EUR -13 million) and lower exposures (EUR -11 million). New disbursements in consumer portfolio throughout the Addiko Group led to an increase in RWA of EUR 58 million. Due to a growth in deferred tax assets, mainly in ABC and ABSE, RWA increased by EUR 19 million. The residual RWA decrease in the amount of EUR 13 million was mainly connected with the application of the IFRS 9 transitional capital rules described in total capital above.

- The RWAs for market risk increased by EUR 157.8 million. On the one hand the market values of the relevant trading book positions (below the threshold values from Article 94 (2) CRR) did still not require RWA, but on the other hand the guideline on structural FX under Article 352 (2) CRR (EBA/GL/2020/09) led to an increase in RWA by EUR 157.8 million. Addiko is waiting for ECB approval of its waiver application to exclude the structural FX positions HRK and RSD, which have been deliberately taken to hedge capital ratios, from the calculation of own funds requirements for foreign exchange risks in line with the EBA guidance. According to 1Q22 figures, the approval would lead to a reduction of the RWAs for market risk in amount of EUR 97.4 million.

- The RWA for operational risk remained stable in line with the previous quarter. The RWA for operational risk is based on the three-year average of relevant income, which represents the basis for the calculation. RWA for counterparty credit risk (CVA) increased by EUR 1.9 million due to new business.

EUR m

Ref[1)]	31.03.2022	31.12.2021
1 Credit risk pursuant to Standardised Approach	3,106.3	3,126.9
6 Counterparty credit risk	6.0	4.1
20 Market risk	247.7	89.9
23 Operational risk	404.0	404.0
29 Total risk exposure amount	**3,764.0**	**3,624.9**

[1)] The references identify the lines prescribed in the EU template, which are applicable and where there is a value

Leverage ratio on a transitional basis

The leverage ratio for Addiko Group, calculated in accordance with the CRD IV, was 12.9% at 31 December 2021, down to 12.3% at 31 March 2022. While the development was driven by the described reduction in Tier 1 capital the total leverage exposure changed only slightly.

EUR m

Ref[1]		31.03.2022	31.12.2021
2	Tier 1 capital	767.3	804.3
13	Total leverage ratio exposure	6,227.0	6,227.9
14	**Leverage ratio %**	**12.3%**	**12.9%**

[1] The references identify the lines prescribed in the EU template, which are applicable and where there is a value

Disclosure template IFRS 9/Article 468 CRR

Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

EUR m

Ref[1]	31.03.2022	31.12.2021
Available capital (amounts)		
1 Common Equity Tier 1 (CET1) capital	767.3	804.3
2 CET1 capital as if IFRS 9 had not been applied	753,0	777.1
2a CET1 capital as if the temporary treatment of unrealised gains and losses measured at FVT OCI had not been applied (Art. 468 CRR)	752.3	n.a.
2b CET1 capital as if all temporary treatments had not been applied	738.0	777.1
5 Total capital (TC)	767.3	804.3
6 TC as if IFRS 9 transitional rules had not been applied	753.0	777.1
6a TC as if the temporary treatment of unrealised gains and losses measured at FVT OCI had not been applied (Art. 468 CRR)	752.3	n.a.
6b TC as if all temporary treatments had not been applied	738.0	777.1
Risk-weighted assets		
7 Total RWAs	3,764.0	3,624.9
8 Total RWAs as if IFRS 9 transitional rules had not been applied	3,749.7	3,597.7
8a Total RWAs as if the temporary treatment of unrealised gains and losses measured at FVT OCI had not been applied (Art. 468 CRR)	3,765.4	n.a.
8b Total RWAs as if all temporary treatments had not been applied	3,751.1	3,597.7
Capital ratios %		
9 CET1	20.4%	22.2%
10 CET1 as if IFRS 9 transitional rules had not been applied	20.1%	21.6%
10a CET1 as if the temporary treatment of unrealised gains and losses measured at FVT OCI had not been applied (Art. 468 CRR)	20.0%	n.a.
10b CET1 as if all temporary treatments had not been applied	19.7%	21.6%
13 TC	20.4%	22.2%
14 TC as if IFRS 9 transitional rules had not been applied	20.1%	21.6%
14a TC as if the temporary treatment of unrealised gains and losses measured at FVT OCI had not been applied (Art. 468 CRR)	20.0%	n.a.
14b TC as if all temporary treatments had not been applied	19.7%	21.6%
Leverage ratio (LR)		
15 LR total exposure measure	6,227.0	6,227.9
16 LR	12.3%	12.9%
17 LR as if IFRS 9 transitional rules had not been applied	12.1%	12.5%
17a LR as if the temporary treatment of unrealised gains and losses measured at FVT OCI had not been applied (Art. 468 CRR)	12.1%	n.a.
17b LR as if all temporary treatments had not been applied	11.9%	12.5%

[1] The references identify the lines prescribed in the EU template, which are applicable and where there is a value

Addiko has opted at the level of the Addiko Group to take advantage of the transitional capital rules in respect of IFRS 9 published by the EU on 21 December 2017 and amended on the 24 June 2020. These permit banks to add back to their capital base a portion of the impact that IFRS 9 has upon their loan loss allowances during the first five years of use. The portion that banks may add back resulting from initial application of IFRS 9 amounts to 95%, 85%, 70%, 50% and 25% each in the first five years of IFRS 9. With introduction of regulation EU 2020/873 additional loan loss allowances since 1 January 2020 resulting from stages 1 and 2 due to Covid-19 pandemic can be included in own funds with a share of 100%, 100%, 75%, 50% and 25% each year until 2024.

In March 2022 Addiko decided to make use of the temporary treatment in accordance with Article 468 CRR of the regulation EU 2020/873 in order to limit the potential future impacts of the currently unpredictable developments in the Ukraine-Russia conflict on the markets, which allows to add back to CET1 during 2022 40% of the unrealised gains and losses measured at fair value through OCI.

MREL

In order for banks to have in place a sufficient amount of equity and debt which is eligible to absorb losses in resolution and may be used for a bail-in so that banks can be resolved without recourse to public financial support, Austrian banks are required by the BaSAG to meet MREL (minimum requirement for own funds and eligible liabilities) at all times. MREL targets are determined on a case-by-case basis for each institution or banking group by the competent resolution authority, which is the SRB (Single Resolution Board) in the case of Addiko Group.

On 28 January 2022, Addiko received the yearly resolution plan from the Single Resolution Board (SRB). The resolution plan is in line with the previous year decision, whereby only Addiko Bank d.d. (Croatia) is identified to provide critical functions to the market and for this reason classified as resolution entity. This means that there are no MREL requirement defined for the whole Addiko Group, but only for the Croatian entity, which are already covered by the local own funds and eligible liabilities.

11. Glossary

ABC	Addiko Bank d.d., Croatia
ABBL	Addiko Bank a.d., Bosnia & Herzegovina (Banja Luka)
ABH	Addiko Bank AG, Austria (Holding)
ABM	Addiko Bank a.d., Montenegro
ABS	Addiko Bank d.d., Slovenia
ABSA	Addiko Bank d.d., Bosnia & Herzegovina (Sarajevo)
AC	Amortised costs
BaSAG	Bundesgesetz über die Sanierung und Abwicklung von Banken, “Austrian Banking Recovery and Resolution Act”
Change CL/GPL (simple Ø)	Change in CL / simple Ø gross performing loans
CL	Credit loss
Common Equity Tier 1 (CET1)	Own funds as defined by Art 26 et seq. CRR which represent the highest quality of capital
Additional Tier 1 (AT1)	Own funds as defined by Art 51 et seq. CRR
Cost/income ratio (CIR)	Operating expenses / (Net interest income + Net fee and commission income)
Cost of risk ratio	Credit loss expenses on financial assets/Credit risk bearing exposures (not annualised)
Credit institutions	Any institution covered by the definition in Article 4(1)(1) of CRR (“undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account”) and multilateral development banks (MDBs)
Coverage Ratio 1	Describes to which extent defaulted non-performing exposure have been covered by impairments (individual and portfolio-based loan loss provisions) thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses set in relation to defaulted non-performing exposure
Coverage Ratio 3	Describes to which extent defaulted non-performing exposure have been covered by impairments (individual and portfolio-based loan loss provisions) as well as by collaterals at internally recongised value, thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses plus allocated collaterals set in relation to defaulted non-performing exposure
CRR	Capital requirements regulation; Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance
CSEE	Central and South-Eastern Europe
Customer loans	Exposure of on balance loans including accrued interest, gross amount of provisions of performing and non-performing loans
Derivatives	Financial instruments whose value depends on the value of an underlying asset (such as stocks or bonds)
ECB	European central bank
ECL	Expected credit loss
Fair value	Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date
FMA	Finanzmarktaufsicht
FVTOCI	Fair value through other comprehensive income
FX&DCC	Foreign exchange and dynamic currency conversion
Gross disbursements	Disbursements include disbursements of term loans (Consumer- Mortgage and Housing loans and Corporate term loans, not including revolving loans) and internal refinancing which relates to intra – bank transactions.
Gross exposure	Exposure of on and off balance loans including accrued interest and gross amount of provisions for performing loans and non-performing loans
Gross performing loans (GPL)	Exposure of on balance loans without accrued interest but including gross amount of provisions of performing loans
Households	Individuals or groups of individuals as consumers and producers of goods and non-financial services exclusively for their own final consumption, and as producers of market

	goods and non-financial and financial services provided that their activities are not those of quasi-corporations. Non-profit institutions which serve households ("NPISH") and which are principally engaged in the production of non- market goods and services intended for particular groups of households shall be included
Interest like income	Includes penalty interest income and accrued fees on loan processing
Large Corporates	The segment Large Corporates includes legal entities and entrepreneurs with annual gross revenues of more than EUR 40 million
Leverage ratio	The ratio of Tier 1 capital to specific exposures on and off the statement of financial position calculated in accordance with the methodology set out in CRR
Loans and receivables	Gross carrying amount of loans and receivables less ECL allowance
Loan to deposit ratio	Indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is based on net customer loans and calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households. Segment level: Loans and receivables divided by financial liabilities at amortised costs
MREL	Minimum requirement for own funds and eligible liabilities
Net banking income	The sum of net interest income and net fee and commission income
Net interest income (segment level)	Net interest income on segment level includes total interest income related to effective interest rate from gross performing loans, interest income from NPE, interest like income, interest expenses from customer deposits, consideration of funds transfer pricing and allocated contribution from interest and liquidity gap
NIM	Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries, joint ventures and associates, intangible fixed assets, tangible fixed assets, tax assets and other assets)
Non-financial corporations	Corporations and quasi-corporations not engaged in financial intermediation but principally in the production of market goods and non-financial services according to the ECB BSI Regulation
NPE	Defaulted, non-performing exposure (Gross Carrying Amount). A default and thus a non-performing exposure applies if it can be assumed that a customer is unlikely to fulfill all of its credit obligations to the bank, or if the debtor is overdue at least 90 days on any material credit obligation to the bank
NPE ratio	Is an economic ratio to demonstrate the proportion of loans that have been classified as defaulted non-performing in relation to the entire customer loan portfolio. The definition of non-performing has been adopted from regulatory standards and guidelines and comprises in general those customers where repayment is doubtful, a realisation of collaterals is expected, and which thus have been moved to a defaulted customer rating segment. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management. Non-performing exposure/total exposure (on and off balance)
NPE Ratio (On-balance loans)	Ratio to demonstrate the proportion of loans (only on-balance exposure considered) that have been classified as defaulted non-performing in relation to the credit risk bearing Exposure (on balance)
Option	The right to buy (call) or sell (put) an underlying reference asset at an agreed price within a specific period of time or at a fixed point in time
PI	Private individuals
Pillar 2 Guidance (P2G)	The level and quality of own funds the institution is expected to hold in excess of its overall capital requirements. The Pillar 2 guidance is a non-legally binding expectation of the regulatory authorities
Pillar 2 Requirement (P2R)	Additional own funds requirements imposed in accordance with Article 104(1)(a) of Directive 2013/36/EU. The Pillar 2 requirement covers risks underestimated or not covered by Pillar 1
Public Finance	The segment Public Finance includes all state-owned entities

Regular interest income	Regular interest income is related to nominal interest rate from gross performing loans excluding income from origination fees, penalty interests and funds transfer pricing
Risk-weighted assets (RWA)	On-balance and off balance positions, which shall be risk weighted according to (EU) No 575/2013
SME	SME contains Micro sub-segment which includes private entrepreneurs and profit-oriented entities with annual gross revenues of less than EUR 0.5 million as well as all legal entities and private entrepreneurs with Annual Gross Revenues (AGR) from EUR 0.5 to 50.0 million.
SRB	Single resolution board
Stage 1	Impairment stage which relates to financial instruments for which expected credit loss model applies and for which no significant increase in credit risk has been recorded since their initial recognition. The impairment is measured in the amount of the 12-month expected credit loss
Stage 2	Impairment stage which relates to financial instruments for which expected credit loss model applies and for which are subject to significant increase in credit risk has been recorded since their initial recognition. The impairment is measured in the amount of the lifetime expected credit loss
Stage 3	Impairment stage which relates to financial instruments for which expected credit loss model applies and which are credit-impaired. The impairment is measured in the amount of the lifetime expected credit loss
Total capital ratio (TCR)	All the eligible own fund according to article 72 CRR, presented in % of the total risk according to article 92 (3) CRR
Tier 1 capital (T1)	Sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution
Tier 2 capital	Own funds consisting of the sum of Tier 1 capital and supplementary capital (Tier 2). According to Regulation (EU) Nbr 575/2013 Art 62 to Art 71, Tier 2 refers to instruments or subordinated loans with an original maturity of at least five years that do not include any incentive for their principal amount to be redeemed or repaid prior to their maturity (and fulfill other requirements)
Yield GPL (simple Ø)	Regular interest income annualised / simple Ø gross performing loans

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