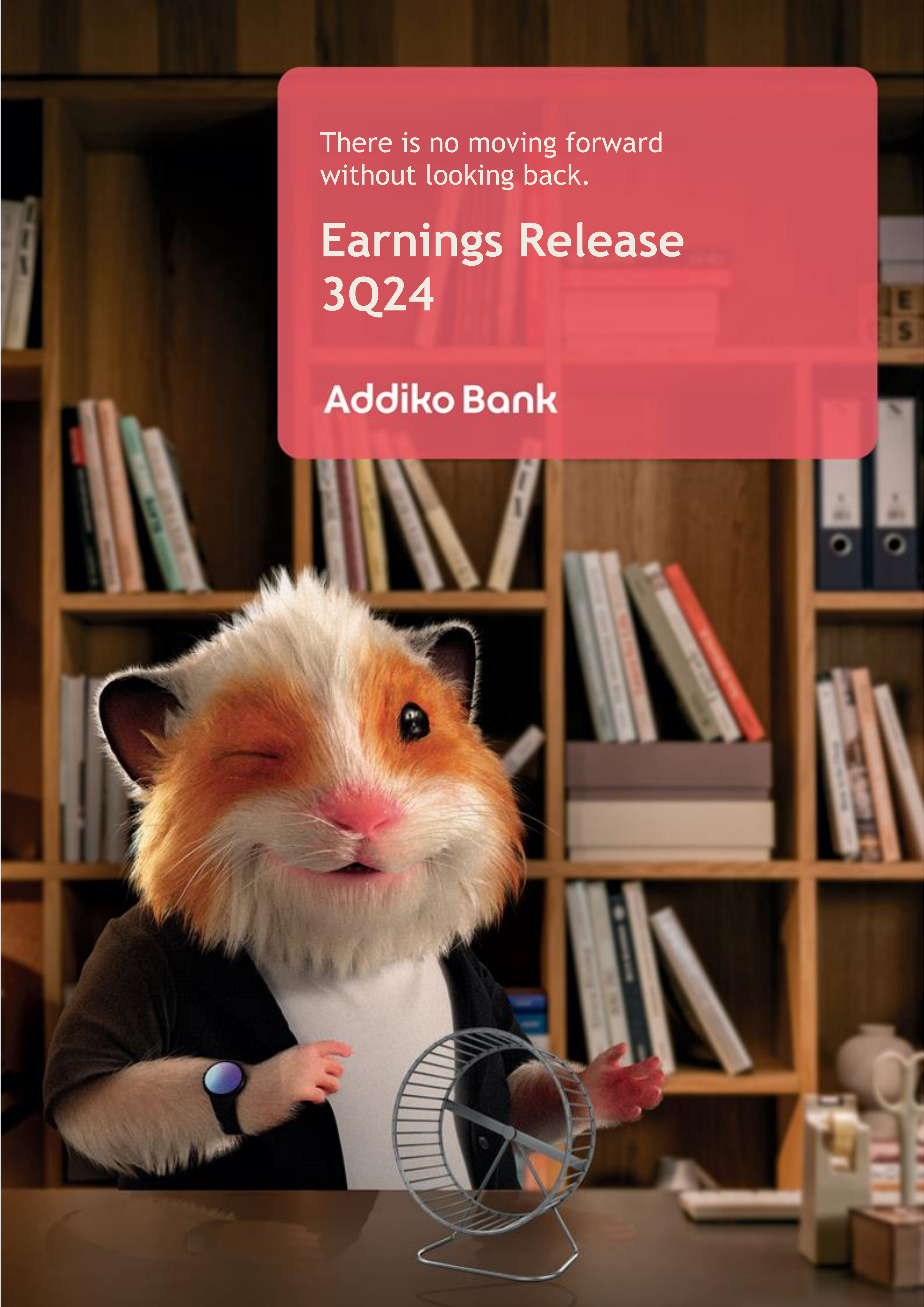
There is no moving forward without looking back.

Earnings Release 3Q24

Addiko Bank



HIGHLIGHTS

1 Key financial data

EARNINGS	
Net Profit	€37.7m
Operating Result	€83.5m
EPS	€1.95
NIM	3.9%
ASSET QUALITY	
Cost of Risk on net Loans	-0.7%
NPE Ratio on-balance loans	2.9%
NPE Volume	€140.7m
CAPITAL	
CET1 Ratio	21.1%

2 Business development

- NET PROFIT in first 9 months at €37.7m (up 25% YoY)
- INCREASED PROFITABILITY driven by higher net banking income & lower costs for legal cases
- TAKEOVER BIDS not successful, but leading to additional advisory costs of €3.0m
- MODEST OVERALL GROWTH IN LOANS (total up 1.1% vYE23) with focus growth at +4.5% vYE23 and increasing DEPOSITS (+2.1% vYE23)
- OUTLOOK 2024: no change compared to Outlook (as adjusted in 1H24)

3 Outlook for the full year 2024 (as adjusted in 1H24)

Loan Book Growth	>6% CAGR 2023-2026	Cost of Risk on net Loans	ca. 1%
NIM	>3.8%	Total Capital Ratio	>18.35%
Net Banking Income	>4.5%	RoATE	6.0%
OPEX	<€195m	DPS	>€1.2

Key data

			EUR m
Selected items of the profit or loss statement	**3Q24**	**3Q23**	**(%)**
Net banking income	235.3	217.7	8.1%
Net interest income	181.7	167.5	8.5%
Net fee and commission income	53.6	50.3	6.6%
Net result on financial instruments	1.1	0.4	>100%
Other operating result	-9.8	-8.1	21.0%
Operating income	**226.6**	**210.0**	**7.9%**
General administrative expenses	**-143.1**	**-131.9**	**8.5%**
Operating result before impairments and provisions	**83.5**	**78.1**	**6.9%**
Other result	-10.5	-32.6	-67.9%
Expected credit loss expenses on financial assets	-25.0	-9.5	>100%
Taxes on income	-10.3	-6.0	73.7%
Result after tax	**37.7**	**30.1**	**25.2%**
Performance ratios	**3Q24**	**3Q23**	**(pts)**
Net interest income/total average assets	3.9%	3.7%	0.2
Return on average tangible equity	6.4%	5.5%	0.9
Cost/income ratio	60.8%	60.6%	0.2
Cost of risk ratio (CRB)	-0.5%	-0.2%	-0.3
Cost of risk ratio (on net loans)	-0.7%	-0.3%	-0.4
Selected items of the statement of financial position	**Sep24**	**Dec23**	**(%)**
Loans and advances to customers	3,527.4	3,489.2	1.1%
Deposits and borrowings from customers	5,139.2	5,032.6	2.1%
Equity	830.0	801.1	3.6%
Total assets	6,251.2	6,151.5	1.6%
Balance sheet ratios	**Sep24**	**Dec23**	**(pts)**
Loan to deposit ratio	68.6%	69.3%	-0.7
NPE ratio (on balance loans)	2.9%	2.8%	0.1
NPE coverage ratio	80.8%	80.9%	-0.1
Liquidity coverage ratio	386.3%	313.4%	72.9
Common equity tier 1 ratio / Total capital ratio [1)]	21.1%	20.4%	0.7

[1)] As of 1 January 2023, there is no difference between the transitional and the fully-loaded regulatory capital base due to the expiry of the IFRS 9 and Article 468 CRR (EU 2020/873) transitional capital rules.

Earnings Release 3Q24

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 the stock-market listed parent company Addiko Bank AG in Austria and six subsidiary banks in Croatia, Slovenia, Bosnia & Herzegovina (two banks), Serbia and Montenegro. Addiko Bank AG is rated by Fitch Ratings. Since August 2023, there has been no change in the rating (Long-Term Issuer Default Rating (IDR) of “BB” and Viability Rating (VR) of “bb”, stable outlook on the Long-Term IDR).

On 21 August 2024, the results of the takeover offer made by Nova Ljubljanska banka d.d. (NLB) to acquire control as well as the voluntary partial tender offer made by Agri Europe Cyprus Ltd. (Agri Europe Cyprus) were announced. The acceptance period for both offers ended on 16 August 2024. While the first did not reach the minimum acceptance threshold of 75% set forth by NLB, the latter was accepted by shareholders holding 12,853 bearer shares in Addiko.

The current shareholder structure of Addiko Bank AG and relevant information regarding their voting rights is available on its website at https://www.addiko.com/shareholder-structure/. Both offers did not have an impact on Addiko’s customer business. Addiko remains fully committed to its strategic plan, prioritising innovation in digital banking and excellence in customer service.

The figures shown in the Earnings Release 3Q24 are prepared on a consolidated basis and comprise the period 1 January – 30 September 2024 (3Q24). This report does not represent condensed financial statements in the meaning of IAS 34.

1. Financial development of the Group

1.1. Overview of financial performance

- **Operating result before impairments and provisions**, up 6.9% to EUR 83.5 million vs. EUR 78.1 million the previous year
- **General administrative expenses** above expectations due to extraordinary advisory costs of EUR 3.0 million connected with the takeover offers published in the second quarter of 2024 by Agri Europe Cyprus and NLB
- **Cost of risk ratio (on net loans)** at 0.7% or EUR 25.0 million compared to EUR 9.5 million a year earlier
- **NPE ratio (on balance loans)** stood at 2.9% (YE23: 2.8%) with stable **NPE coverage** at 80.8% (YE23: 80.9%)
- **Return on average tangible equity** up to 6.4% (3Q23: 5.5%)

The **result after tax** reached EUR 37.7 million, 25.2% higher YoY (3Q23: EUR 30.1 million), mostly due to positive business development and successful repricing in an environment of high interest rates. By excluding advisory costs of EUR 3.0 million related to the takeover offers published in the second quarter of 2024, Addiko would have achieved a result after tax of EUR 40.7 million in 3Q24, marking a 35.3% YoY increase.

The **share of the two focus segments Consumer and SME** as a percentage of the gross performing loan book increased to 89.1% compared to 86.5% at year-end 2023. The overall customer gross performing loan book continued along its growth trajectory, expanding to EUR 3.53 billion compared to EUR 3.49 billion at the end of 2023, while the non-focus loan book continued to decrease. The overall focus book grew by 5% YoY, driven by a significant increase of the Consumer segment of 11%.

Net interest income achieved robust growth of 8.5%, rising to EUR 181.7 million (3Q23: EUR 167.5 million) with improved NIM at 3.9% (3Q23: 3.7%). **Net fee and commission income** increased by 6.6% YoY to EUR 53.6 million (3Q23: EUR 50.3 million), benefitting from increased engagement in bancassurance and accounts & packages. **General administrative expenses** went up to EUR 143.1 million (3Q23: EUR 131.9 million) due to the high inflation and a one-off increase in advisory costs of EUR 3.0 million related to Agri Europe Cyprus' partial tender offer published on 16 May 2024 and NLB’s takeover bid on 7 June 2024. The Cost/income ratio increased to 60.8% (3Q23: 60.6%). Excluding the unforeseeable advisory costs connected with the takeover offers, the Cost/income ratio would have improved to 59.5%. **Other result** amounted to EUR -10.5 million, significantly below the comparative period (3Q23: EUR -32.6 million), which in the previous year was impacted by an unexpectedly high inflow of new cases on Swiss franc-denominated loans in Croatia shortly before the statute of limitations expired in June 2023.

Expected credit loss expenses stood at EUR 25.0 million or 0.7% Cost of risk ratio (on net loans) (3Q23: EUR 9.5 million), with the prior period being lower due to upgrades in individual corporate cases which led to net releases in stage 2. The **NPE ratio** remained stable at 2.9% (YE23: 2.8%) based on a **non-performing exposure (NPE)** of EUR 140.7 million (YE23: EUR 138.0 million). **NPE coverage** remained stable at 80.8% (YE23: 80.9%).

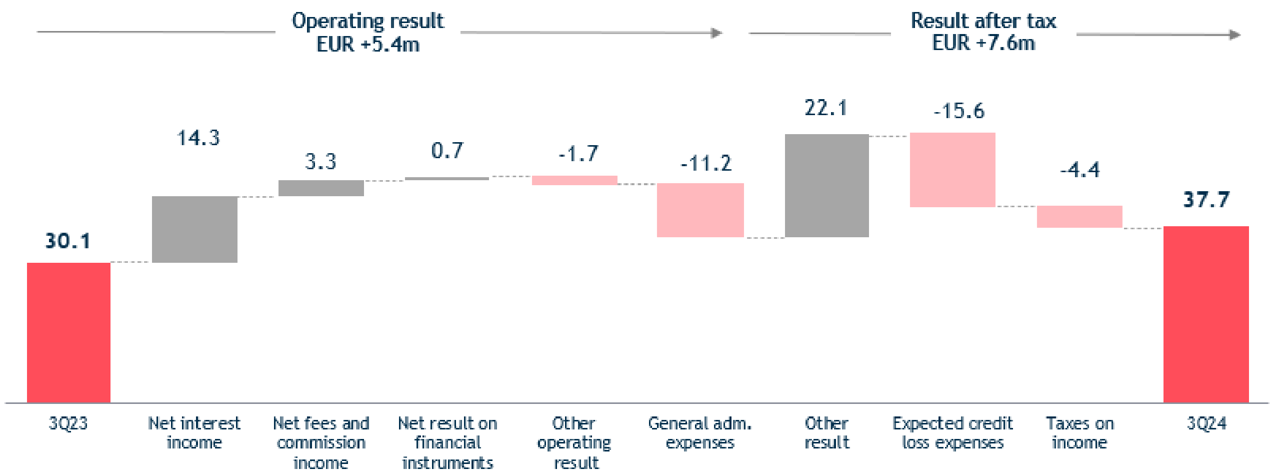
Total **equity** rose to EUR 830.0 million (YE23: EUR 801.1 million). After regulatory deductions, the **CET1 ratio** stood at 21.1% (YE23: 20.4%). The interim profit for the reporting period is not included in the CET1 ratio.

1.2. Analysis of the result

EUR m

	01.01. - 30.09.2024	01.01. - 30.09.2023	(abs)	(%)
Net banking income	235.3	217.7	17.6	8.1%
Net interest income	181.7	167.5	14.3	8.5%
Net fee and commission income	53.6	50.3	3.3	6.6%
Net result on financial instruments	1.1	0.4	0.7	>100%
Other operating result	-9.8	-8.1	-1.7	21.0%
Operating income	**226.6**	**210.0**	**16.6**	**7.9%**
General administrative expenses	**-143.1**	**-131.9**	**-11.2**	**8.5%**
Operating result before impairments and provisions	**83.5**	**78.1**	**5.4**	**6.9%**
Other result	-10.5	-32.6	22.1	-67.9%
Expected credit loss expenses on financial assets	-25.0	-9.5	-15.6	>100%
Result before tax	**48.0**	**36.0**	**12.0**	**33.3%**
Taxes on income	-10.3	-6.0	-4.4	73.7%
Result after tax	**37.7**	**30.1**	**7.6**	**25.2%**

Result after tax of Addiko Group – development YoY (in EUR million)



Net banking income improved by EUR 17.6 million to EUR 235.3 million in the first three quarters of 2024.

Net interest income of EUR 181.7 million increased by EUR 14.3 million or 8.5% compared with 3Q23. The growth mainly came from loans to customers, with EUR 20.1 million, cash balances at central banks and other demand deposits (EUR 3.7 million) and securities (EUR 8.7 million). At the same time, interest expenses increased due to higher expenses for customer deposits (EUR 17.4 million). Overall, the net interest margin for the first nine months in 2024 (YTD 3Q24) of 3.9% was 24bps higher compared to the same period of the previous year, as the rise in the yield on average interest earning assets of 58bps was partly offset by the rise in the funding costs of average interest-bearing liabilities of 44bps.

Addiko Bank

Net fee and commission income increased to EUR 53.6 million in the first nine months of 2024, compared to EUR 50.3 million in the same period of the previous year. This growth was mainly driven by improved sales performance supported by the beneficial effects of an upsurge in economic activity and consumer spending. As a result, there was an increase in fees generated across the Group, especially in areas such as bancassurance and accounts & packages.

The **net result on financial instruments** amounted to EUR 1.1 million at 3Q24, resulting from FX and related trading activities, compared to EUR 0.4 million at 3Q23.

Other operating result, which is the sum of other operating income and other operating expense, decreased by EUR 1.7 million from EUR -8.1 million at 3Q23 to EUR -9.8 million at 3Q24. This position included the following significant items:

- Deposit guarantee expenses of EUR 4.8 million (3Q23: EUR 4.5 million).
- Bank levies and other taxes increased to EUR 6.0 million (3Q23: EUR 3.3 million), mainly driven by the EUR 2.1 million newly established special bank tax on the balance sheet in Slovenia.
- Gains from the sale of non-financial assets, mainly resulting from the disposal of non-core real estate assets in Bosnia & Herzegovina, increased to EUR 2.8 million (3Q23: EUR 0.8 million).
- Other expenses amounted to EUR 1.9 million (3Q23: EUR 1.1 million), included EUR 0.6 million (3Q23: EUR 0.2 million) for restructuring costs related to optimising the organisation and business processes.

General administrative expenses increased to EUR 143.1 million at 3Q24 from EUR 131.9 million at 3Q23:

- Personnel expenses increased by EUR 4.5 million to EUR 77.3 million in the reporting period. The development is mainly due to inflation-related salary increases and the activation of the long-term Performance Acceleration Incentive Framework (PAIF) remuneration program with the price of the Addiko shares crossing the long-term target value threshold during the second quarter of the year.
- Other administrative expenses increased by EUR 6.9 million to EUR 53.1 million. The increase was mainly driven by higher advisory costs of EUR 3.0 million related to the voluntary partial tender offer published by Agri Europe Cyprus on 16 May 2024 and the voluntary public takeover offer aiming at control published by NLB on 7 June 2024. Furthermore, the development was influenced by higher advertising costs and inflation-related adjustments to the cost base.
- Depreciation and amortisation decreased by EUR 0.2 million to EUR 12.7 million.

Based on the result for the first nine months of the year 2024, the Cost/income ratio landed at 60.8%. Excluding the unexpected one-off costs directly connected with the takeover offers, the Cost/income ratio would have improved to 59.5% (3Q23: 60.6%).

The **other result,** at EUR -10.5 million (3Q23: EUR -32.6 million) was primarily influenced by the reassessment and provisioning of existing court cases in Serbia and of new court cases for Swiss franc-denominated loans in Slovenia. The comparative reporting period was significantly affected by an unexpectedly high inflow of new cases concerning Swiss franc-denominated loans in Croatia shortly before the statute of limitations expired in June 2023.

Expected credit loss expenses on financial assets (ECL) increased by EUR 15.6 million to EUR -25.0 million during the reporting period, compared to EUR -9.5 million in the same period in 2023. The development was mainly influenced by provision requirements in the Consumer portfolio as well as by provisions for larger tickets within the SME segment. The ECL results during third quarter were also materially impacted by the expected effects of credit risk model changes. The resulting front-loading of expected effects, which are to be implemented in the fourth quarter, amounted to EUR 4.2 million.

Taxes on income increased to EUR 10.3 million at 3Q24 compared to EUR 6.0 million at 3Q23. The development reflects the higher result before tax achieved during the reporting period compared with the previous year, the temporary increase in the corporate tax rate in Slovenia, as approved by the Slovenian parliament in 2023, from 19% to 22% for the calendar years 2024, 2025, 2026, 2027 and 2028 as well as the higher amount of withholding taxes recognised by Addiko Bank AG in connection with intragroup dividends received from Addiko's non-EU subsidiaries, which increased from EUR 13.5 million at 3Q23 to EUR 21.6 million at 3Q24.

Overall, the **result after tax** increased significantly by 25.2% YoY to EUR 37.7 million (3Q23: EUR 30.1 million). By excluding one-off advisory costs in the amount of EUR 3.0 million, which were incurred during the reporting period in connection with the takeover offers from Agri Europe Cyprus and from NLB, Addiko would have achieved a result after tax of EUR 40.7 million in the first none months of 2024, an increase of 35.3% YoY.

1.3. Analysis of the statement of financial position

EUR m

	30.09.2024	31.12.2023	(abs)	(%)
Cash and cash equivalents	1,202.2	1,254.5	**-52.3**	-4.2%
Financial assets held for trading	29.1	29.5	**-0.4**	-1.3%
Loans and advances to credit institutions	26.2	66.6	**-40.5**	-60.7%
Loans and advances to customers	3,527.4	3,489.2	**38.2**	1.1%
Investment securities	1,341.5	1,178.6	**162.9**	13.8%
Tangible assets	54.4	57.6	**-3.2**	-5.6%
Intangible assets	22.9	23.3	**-0.5**	-2.0%
Tax assets	31.1	36.8	**-5.8**	-15.7%
Current tax assets	0.6	1.7	**-1.1**	-66.5%
Deferred tax assets	30.5	35.1	**-4.7**	-13.3%
Other assets	15.4	14.0	**1.4**	10.1%
Non-current assets held for sale	1.2	1.3	**-0.1**	-10.5%
Total assets	**6,251.2**	**6,151.5**	**99.7**	**1.6%**

EUR m

	30.09.2024	31.12.2023	(abs)	(%)
Financial liabilities held for trading	2.1	4.2	-2.1	-50.0%
Deposits and borrowings from credit institutions	82.2	106.8	-24.6	-23.0%
Deposits and borrowings from customers	5,139.2	5,032.6	106.6	2.1%
Other financial liabilities	49.4	59.3	-10.0	-16.8%
Provisions	95.4	99.2	-3.7	-3.8%
Tax liabilities	1.2	4.1	-2.9	-70.4%
Current tax liabilities	1.2	4.1	-2.9	-70.2%
Other liabilities	51.7	44.2	7.5	16.9%
Equity	830.0	801.1	28.9	3.6%
Total equity and liabilities	**6,251.2**	**6,151.5**	**99.7**	**1.6%**

2. Segment information

Addiko Group's business segments reflect its strategy focused on repositioning itself as a specialist Consumer and SME banking group with a focus on growth in these two 'focus segments' while simultaneously conducting an accelerated run-down in the lower yielding non-focus segments, which include Large Corporate, Mortgage and Public Finance.

EUR m

30.09.2024	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	134.6	85.8	15.0	5.1	3.8	-8.8	235.3
Net interest income	102.9	65.5	15.0	3.6	3.2	-8.4	181.7
o/w regular interest income	98.6	56.2	11.3	2.7	1.2	52.4	222.5
Net fee and commission income	31.7	20.3	0.0	1.4	0.5	-0.4	53.6
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	1.1	1.1
Other operating result	0.0	0.0	0.0	0.0	0.0	-9.8	-9.8
Operating income	**134.6**	**85.8**	**15.0**	**5.1**	**3.8**	**-17.6**	**226.6**
General administrative expenses	**-66.6**	**-28.3**	**-1.1**	**-2.1**	**-1.2**	**-43.8**	**-143.1**
Operating result before impairments and provisions	**68.0**	**57.5**	**13.9**	**3.0**	**2.5**	**-61.4**	**83.5**
Other result	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-10.4**	**-10.5**
Expected credit loss expenses on financial assets	-16.6	-13.3	4.3	-0.6	0.9	0.3	-25.0
Result before tax	**51.4**	**44.2**	**18.2**	**2.4**	**3.4**	**-71.5**	**48.0**
Business volume							
Net loans and receivables	1,831.6	1,293.0	320.5	44.0	23.6	40.8	3,553.6
o/w gross performing loans customers	1,846.1	1,301.2	320.7	43.3	22.8		3,534.1
Gross disbursements	637.0	521.6	0.1	8.1	0.0		1,166.7
Financial liabilities at AC [1]	2,870.6	1,111.1	0.0	83.6	284.2	921.2	5,270.8
Key ratios							
NIM [2]	5.4%	4.0%	-0.8%	3.3%	0.9%		3.9%
Cost/Income ratio	49.5%	33.0%	7.1%	41.2%	32.5%		60.8%
Cost of risk ratio (CRB)	-0.8%	-0.7%	1.3%	-0.4%	2.9%		-0.5%
Cost of risk ratio (on net loans)	-0.9%	-1.0%	1.3%	-1.3%	3.7%		-0.7%
Loan to deposit ratio	63.8%	116.4%	0.0%	52.7%	8.3%		68.6%
NPE ratio (on balance loans)	3.4%	3.3%	4.6%	19.6%	6.3%		2.9%
NPE coverage ratio	80.8%	80.0%	83.1%	83.9%	56.6%		80.8%
Yield GPL (simple average)	7.4%	5.8%	4.4%	6.2%	6.1%		6.5%

[1] Financial liabilities at AC include the Direct deposits (Austria/Germany) amounting to EUR 589 million, EUR 82 million Deposits of credit institutions and EUR 250 million other liabilities. [2] Net interest margin on segment level is the 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

30.09.2023	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	120.0	75.8	18.4	6.3	4.5	-7.2	217.7
Net interest income	90.9	56.9	18.4	4.2	3.9	-6.8	167.5
o/w regular interest income	84.3	47.7	13.8	3.6	1.4	41.2	192.2
Net fee and commission income	29.1	18.9	0.0	2.0	0.6	-0.3	50.3
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Other operating result	0.0	0.0	0.0	0.0	0.0	-8.1	-8.1
Operating income	**120.0**	**75.8**	**18.4**	**6.3**	**4.5**	**-14.9**	**210.0**
General administrative expenses	**-62.1**	**-25.5**	**-1.0**	**-2.5**	**-1.3**	**-39.4**	**-131.9**
Operating result before impairments and provisions	**57.9**	**50.2**	**17.4**	**3.7**	**3.2**	**-54.3**	**78.1**
Other result	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-32.6**	**-32.6**
Expected credit loss expenses on financial assets	-8.0	-5.7	3.7	0.2	0.6	-0.3	-9.5
Result before tax	**49.9**	**44.5**	**21.1**	**3.9**	**3.7**	**-87.2**	**36.0**
Business volume							
Net loans and receivables	1,652.1	1,326.4	378.8	87.8	34.9	72.1	3,552.1
o/w gross performing loans customers	1,668.4	1,325.9	377.5	87.4	34.0		3,493.3
Gross disbursements	523.0	629.4	0.0	12.1	0.2		1,164.6
Financial liabilities at AC [1]	2,813.1	1,123.7	0.0	232.9	230.9	881.9	5,282.5
Key ratios							
NIM [2]	5.3%	3.4%	-0.3%	2.2%	0.8%		3.7%
Cost/Income ratio	51.7%	33.7%	5.5%	40.4%	29.3%		60.6%
Cost of risk ratio (CRB)	-0.4%	-0.3%	0.9%	0.1%	1.2%		-0.2%
Cost of risk ratio (on net loans)	-0.5%	-0.4%	1.0%	0.2%	1.6%		-0.3%
Loan to deposit ratio	58.7%	118.0%	0.0%	37.7%	15.1%		68.5%
NPE ratio (on balance loans)	3.5%	3.9%	5.3%	10.2%	6.4%		3.1%
NPE coverage ratio	80.2%	76.3%	80.2%	91.2%	65.8%		79.2%
Yield GPL (simple average)	7.0%	5.1%	4.6%	5.1%	4.8%		5.9%

[1] Financial liabilities at AC include the Direct deposits (Austria/Germany) amounting to EUR 600 million, EUR 143 million Deposits of credit institutions and EUR 149 million other liabilities. [2] Net interest margin on segment level is the 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.

3. Outlook

A positive macroeconomic outlook for the CSEE region in 2024 is expected to support the development of the Group. Compared to its spring forecast, the Vienna Institute for International Economic Studies (wiiw) raised in its autumn forecast the GDP growth projections for Croatia, Bosnia & Herzegovina and Serbia. Forecasted GDP growth at YE24 is 3.3% (previously expected 2.9%) for Croatia, 2.6% (previously 2.5%) for Bosnia & Herzegovina and a strong 3.8% (previously 3.0%) for Serbia. The expectations for GDP growth in Slovenia and Montenegro were lowered to 1.7% (previously 2.5%) and 3.5% (previously 4.2%), respectively.

After two years of high inflation in the CSEE region, inflation has started to come down as expected. For Bosnia & Herzegovina, Slovenia and Croatia, the range is now between 2.0% and 3.6% (previously expected in spring forecast 2.8% and 3.5%) and for Serbia and Montenegro between 4.5% and 4.8% (previously 4.5%).

After the European Central Bank (ECB) implemented ten interest rate hikes in the period from July 2022 to September 2023, the key interest rate, the rate on the marginal lending facility, for central bank loans stood at 4.5%, marking the highest level of the past two decades. Since 6 June 2024, the ECB lowered its key interest rates three times and the rate on the marginal lending facility is now at 3.65%, the rate on the deposit facility is at 3.25% (both with effect from 23 October 2024). With the expected further decline in inflation, market participants also expect the ECB to make further interest rate cuts in the near future.

Based on the financial development of the first nine months of 2024 and the current macroeconomic outlook for the CSEE region, the Outlook for the full year 2024 remains unchanged – as updated with the disclosure of 1H24 results in August 2024. While demand in the Consumer segment remained strong, the SME segment developed below expectations resulting in a lower overall loan book growth. This effect is expected to persist for an extended period, impacting the mid-term loan growth of >6% CAGR 2023-2026. While the macroeconomic backdrop in the CSEE region is predicted to remain positive, the rate environment is now forecasted to drop below mid-term expectations. The mid-term targets are therefore currently under review.

	Outlook 2024	Guidance 2025	Guidance 2026
Income & Business			
Total loan book growth [1]			
NIM [2]	>3.8%	>4.0%	>4.1%
NBI (growth YoY) [2]	>4.5%	ca. 9%	ca. 9%
OPEX	<€195m	<€191m	<€191m
Risk & Liquidity			
CoR [3]	ca. 1%	<1.1%	<1.2%
NPE ratio [4]	<3% as guiding principle		
Total capital ratio	>18.35% subject to yearly SREP		
LDR	Ramping up to <80%		
Profitability			
RoATE [5]	ca. 6.0%	ca. 9%	>10%
DPS [6]	>€1.2	>€1.6	>€2

[1] Gross performing loans. [2] Assuming an average yearly deposit facility rate of 385bp in 2024, 325bp in 2025 and 263bp in 2026. [3] On net loans. [4] On on-balance loans (EBA). [5] Assuming an effective tax rate of ⩽19% and considering pull-to-par effect of majority of negative fair value reserves in FVTOCI. [6] Dividend for result of the respective year, distributed in the following calendar year subject to AGM decision, in line with new dividend policy.

The main risk factor influencing the achievement of the above targets relates to the economic cycle and economic development in Addiko's core countries Slovenia, Croatia, Bosnia & Herzegovina, Serbia and Montenegro. Some of those countries are marked by significant political instability in various forms, with nationalist-conservative rhetoric dominating the local political stage. A severe local political crisis is hard to predict as it could emerge out of a minor event that may have attracted little attention previously.

Besides an escalation of Russia's war in Ukraine or a major geopolitical crisis, economic risks could materialise. Four major factors play a decisive role for the local economies: employment, inflation, the pace and extent of monetary policy tightening to fight inflation and economic growth - all of which can have a major impact on domestic demand for loans or the ability of customers to repay outstanding amounts. In a scenario of galloping inflation set off by a wage-price-spiral, central banks would be forced to further increase the reference rate, which might not only lead to financial market volatility but could also cause a severe recession.

The bank faces regulatory risks from the implementation of various regulatory and consumer protection initiatives, e.g. MREL, PSD2, GDPR, caps on loan interest rates or fees etc. Potential regulatory constraints could also negatively impact the Group’s ability to improve efficiency.

Moreover, Addiko Group is exposed to non-financial and legal risks that may materialise regardless of the economic environment. The Group is involved in a number of passive legal disputes. There is a future risk of additional legal proceedings and amounts becoming disputed due to changed court practice, binding sample proceeding decisions and new laws (e.g. conversion laws, amendments to consumer credit acts, consumer protection acts). A lack of legal certainty or Addiko Group’s inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on Addiko Group’s business, financial position and results of operations.

Since Addiko Group is subject to a large number of tax regulations, some of which have only been in effect for a short period of time or are frequently amended and enforced by various political subdivisions, there is a risk that tax audits could, on account of diverging interpretations, result in assessments of tax deficiencies, which could impose additional and unforeseen tax liabilities on Addiko Group. The Group regularly reviews its estimates relating to deferred tax assets, including its assumptions about future profitability. Based on the new business plan of Addiko Bank Slovenia, which is to be updated in the fourth quarter of 2024, an impairment of the capitalised deferred tax assets cannot be ruled out. From today's perspective, such an impairment could be in the low single-digit million range.

In September 2017, the Group filed a Requests for Arbitration with the ICSID in Washington, DC against the Republic of Croatia regarding the Conversion Laws claiming EUR 153 million. The Group claims that the Bilateral Investment Treaty (BIT) regarding the fair and equivalent treatment under the respective BIT was violated. The main hearing was conducted in March 2021 and parties are awaiting the final outcome. If the action is unsuccessful, court fees and legal costs could amount up to approximately EUR 11 million. Based on legal advice, management believes that the action will prove successful.

Addiko also regularly assesses and reports on ESG risks that may impact the Group. Therefore, Addiko conducts an annual self-assessment of its exposure to ESG risks, which currently encompasses climate-related and environmental risks. The results thereof are used to define the key areas of action at Addiko.

4. Credit risk

4.1. Allocation of credit risk exposure within the Group

As of 30 September 2024, the overall gross exposure within the Group increased by EUR 63.0 million (or 0.9%) compared to YE23. In line with the business strategy, the increase was driven by the focus portfolio (especially within Consumer) as well as by the increases within the Corporate Center, while the non-focus portfolio further decreased as planned.

Exposure levels increased across all group entities, except for Addiko Bank Slovenia, Addiko Bank Serbia and Addiko Bank Montenegro. This increase, aside from increases in focus segment, was largely influenced by increases within the Corporate Center in Addiko Bank Croatia, Addiko Bank Sarajevo and Addiko Bank AG.

Within the Group, the credit risk exposure breaks down as presented in the following table:

EUR m

	30.09.2024	31.12.2023
Addiko Croatia	2,410.2	2,356.6
Addiko Slovenia	1,618.6	1,678.9
Addiko Serbia	1,065.0	1,130.5
Addiko in Bosnia & Herzegovina	1,304.8	1,213.1
Addiko in Montenegro	230.5	236.4
Addiko Holding	363.2	313.8
Total	**6,992.3**	**6,929.3**

4.2. Credit risk exposure by rating class

As of 30 September 2024, roughly 39.3% (YE23: 37.3%) of the exposure falls into rating classes 1A to 1E. This portion is largely associated with receivables from financial institutions and private individuals, with a minor part pertaining to corporate and sovereign debts.

During the first three quarters of 2024 the NPE Stock increased by EUR 2.7 million compared to YE23. Increases in the Consumer portfolio (in almost all group entities except Addiko Bank Croatia) as well as in the SME portfolio (except in Addiko Bank Sarajevo and in Addiko Bank Montenegro) have been partially offset by reductions within the non-focus segments, because of write offs and portfolio sales as well as due to successful collection.

The following table shows the exposure by rating classes and market segment as of 30 September 2024:

EUR m

30.09.2024	1A-1E	2A-2E	3A-3E	4A-4E	NPE	No rating	Total
Consumer	348.0	1,154.8	352.7	157.0	64.8	4.5	2,081.7
SME	277.1	1,103.7	359.4	121.8	47.0	3.8	1,912.8
Non-Focus	200.7	217.1	49.5	16.4	28.8	1.4	514.0
o/w Large Corporate	20.8	82.5	26.3	5.2	11.7	0.9	147.3
o/w Mortgage	165.7	124.7	20.3	9.6	15.5	0.6	336.4
o/w Public Finance	14.2	10.0	2.9	1.6	1.5	0.0	30.3
Corporate Center [1)]	1,924.2	355.3	204.1	0.0	0.0	0.1	2,483.8
Total	**2,750.0**	**2,830.9**	**965.7**	**295.2**	**140.7**	**9.9**	**6,992.3**

[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 of 31 December 2023:

EUR m

31.12.2023	1A-1E	2A-2E	3A-3E	4A-4E	NPE	No rating	Total
Consumer	328.8	1,014.8	347.5	158.4	57.7	17.7	1,924.9
SME	255.1	1,118.7	438.0	97.1	45.7	3.5	1,958.1
Non-Focus	245.7	264.2	65.9	23.0	34.5	1.6	634.9
o/w Large Corporate	31.0	105.0	38.6	9.7	14.1	1.3	199.7
o/w Mortgage	185.0	144.7	22.1	11.9	18.3	0.2	382.3
o/w Public Finance	29.7	14.5	5.2	1.4	2.1	0.0	53.0
Corporate Center [1)]	1,754.2	372.3	275.0	0.0	0.0	10.0	2,411.4
Total	**2,583.8**	**2,770.0**	**1,126.4**	**278.4**	**138.0**	**32.8**	**6,929.3**

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

5. Own funds and capital requirements

5.1. Capital requirements

The European Central Bank (ECB) is the competent authority in charge for the direct supervision of Addiko Group, the parent entity and the two subsidiaries operating in Slovenia and Croatia. The individual banking operations in the other countries are directly supervised by their local regulators.

Addiko Group regulatory minimum capital ratios, including the regulatory buffers and the capital requirements determined in the Supervisory Review and Evaluation Process (SREP) are presented in the following table:

	30.09.2024			31.12.2023		
	CET1	T1	TCR	CET1	T1	TCR
Pillar 1 requirement	4.50%	6.00%	8.00%	4.50%	6.00%	8.00%
Pillar 2 requirement	1.83%	2.44%	3.25%	1.83%	2.44%	3.25%
Total SREP Capital Requirement (TSCR)	**6.33%**	**8.44%**	**11.25%**	**6.33%**	**8.44%**	**11.25%**
Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Counter-Cyclical Capital Buffer (CCyB)	0.63%	0.63%	0.63%	0.46%	0.46%	0.46%
Systemic Risk Buffer (SyRB)	0.50%	0.50%	0.50%	0.25%	0.25%	0.25%
Combined Buffer Requirements (CBR)	**3.63%**	**3.63%**	**3.63%**	**3.21%**	**3.21%**	**3.21%**
Overall Capital Requirement (OCR)	**9.96%**	**12.07%**	**14.88%**	**9.54%**	**11.65%**	**14.46%**
Pillar 2 guidance (P2G)	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%
OCR + P2G	**12.96%**	**15.07%**	**17.88%**	**12.79%**	**14.90%**	**17.71%**

Based on the currently valid SREP decision 2023, a **Pillar 2 Requirement** (P2R) of 3.25% is applicable from 1.1.2024.

In relation to the **combined buffer requirement** (CBR) as of 30 September 2024 the **countercyclical capital buffer** (CCyB) amounted to 0.63% (up from 0.46% at the end of last year), whereas almost 0.50% (up from 0.33%) resulted from the increased 1.5% CCyB for Croatia and 0.13% from the 0.5% CCyB for Slovenia. In January 2025 the CCyB rate of Slovenia will be set to 1.0% (CCyB requirement increase by 0.13%). Addiko is also subject to a **systemic risk buffer** (SyRB) of 0.5% (2023: 0.25%).

Based on the SREP 2023 decision the Pillar 2 guidance (P2G) for periods starting from 1 January 2024 is at 3.00% (2023: 3.25%). The SREP received in October 2024 stipulates no changes to the P2R and the P2G for the year 2025.

Consolidated own funds

The regulatory reporting on a consolidated basis is performed at the level of Addiko Bank AG as the EU parent financial holding company of the group of credit institutions.

The Group's regulatory capital consists entirely of Common Equity Tier 1 capital, which includes ordinary share capital, related share premiums, retained earnings, reserves and accumulated other comprehensive income after adjustment for dividends proposed after the end of the reporting period and deductions for intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

The following table therefore shows the breakdown of the Group's own funds pursuant to CRR using IFRS figures.

EUR m

	30.09.2024	31.12.2023
Common Equity Tier 1 (CET1) capital: Instruments and reserves		
Capital instruments and the related share premium accounts	195.0	195.0
Retained earnings	302.4	286.0
Accumulated other comprehensive income (and other reserves)	297.8	281.2
Independently reviewed (interim) and eligible profits net of any foreseeable charge or dividend	0.0	16.5
o/w Interim eligible profit of the current year	0.0	41.1
o/w Foreseeable charge or dividend	0.0	-24.6
CET1 capital before regulatory adjustments	**795.2**	**778.7**
CET1 capital: regulatory adjustments		
Additional value adjustments	-0.7	-0.8
Intangible assets (net of related tax liability)	-15.4	-15.3
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)	-12.8	-12.8
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-2.1	-2.9
Other regulatory adjustments (including IFRS 9 transitional rules)	-0.9	-0.7
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-31.9**	**-32.6**
Common Equity Tier 1 (CET1) capital	**763.3**	**746.1**
Tier 2 (T2) capital: instruments and provisions		
Tier 2 (T2) capital	**0.0**	**0.0**
Total capital (TC = T1 + T2)	**763.3**	**746.1**
Total risk weighted assets	3,615.6	3,653.2
Capital ratios and buffers %		
CET1 ratio	21.1%	20.4%
TC ratio	**21.1%**	**20.4%**

The capital requirements in force during the reporting period, including a sufficient buffer, were met at all times both on a consolidated basis as well as in its individually regulated operations.

Total capital increased by EUR 17.2 million during the reporting period, reflecting the following components:

- The positive OCI development of EUR 15.9 million resulted from the following parts: EUR 15.3 million from debt instruments measured at FVTOCI, EUR 0.5 million from equity instruments and EUR 0.1 million from the change of foreign currency reserves.
- The EUR 0.2 million decrease of other regulatory deduction items resulting from: a slight decrease in the prudential valuation adjustments connected with assets/liabilities measured at fair value (total capital increased by EUR 0.1 million) and in the deferred tax assets on existing taxable losses (total capital increased by EUR 0.1 million). The amount of intangible assets to be deducted from capital and the deduction item out of non-performing exposures in context with the SREP process remained stable during the reporting period.
- The equity-settled share-based payments and the share buy-back program resulted in a total capital increase of EUR 0.8 million.
- As a result of the increased amount of treasury shares not entitled to dividends, the dividend payout amount was less than previously anticipated with a positive effect on equity of EUR 0.3 million.
- With reference to article 26 CRR, the interim profit of the reporting period (EUR 37.7 million) was not included into the calculation of the regulatory capital.

Risk structure

Addiko Group uses the standardised approach in the calculation of the credit, market and operational risk, which partly explains the relatively high risk density (measured by comparing RWA to assets) of 57.8% (YE23: 59.4%). 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) decreased by EUR 37.6 million during the reporting period:

- The **RWA for credit risk** decreased by EUR 16.5 million. Although new disbursements in the focus segments Consumer and SME resulted in higher RWA figures (EUR 79.1 million), this development was more than offset by an exposure decrease in the non-focus segments Large Corporates (EUR 43.7 million), Mortgages (EUR 31.7 million) and Public Finance (EUR 3.9 million). Furthermore, the application of the article 500a of the regulation (EU) 2024/1623 led to lower risk weights for certain sovereigns and financial institutions, which represents the main effect in the segment Corporate Center (EUR 16.3 million).
- The **RWA for counterparty credit risk (CVA)** decreased marginally during the reporting period by EUR 1.1 million.
- The **RWAs for market risk** decreased by EUR 20.0 million, principally driven by lower open positions in CHF (RWA decrease of EUR 7.0 million), BAM (EUR 6.5 million) and others (EUR 6.5 million; mainly USD).
- The **RWA for operational risk** remained stable in line with the previous year-end. The RWA for operational risk is based on the three-year average of relevant income, which represents the basis for the calculation.

EUR m

	30.09.2024	31.12.2023
Credit risk pursuant to Standardised Approach	3,044.0	3,060.5
Counterparty credit risk	2.6	3.6
Market risk	134.0	154.0
Operational risk	435.0	435.0
Total risk exposure amount	**3,615.6**	**3,653.2**

Leverage ratio

The leverage ratio for the Addiko Group, calculated in accordance with Article 429 CRR, was 11.7% on 30 September 2024 and increased slightly (YE23: 11.6%). The development is mainly due to the above-mentioned development of the Tier 1 capital which was partially compensated by an increased total leverage ratio exposure.

EUR m

	30.09.2024	31.12.2023
Tier 1 capital	763.3	746.1
Total leverage ratio exposure	6,523.7	6,421.8
Leverage ratio %	**11.7%**	**11.6%**

Capital allocation

The Group's policy aims to keep a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Group employs a centralised capital management process which covers both normative and economic perspectives of capital management. Securing the Group's ability to satisfy capital requirements in economic perspective forms a central part of the “Internal Capital Adequacy Assessment Process” (ICAAP) steering activities. The starting point for performing the risk-bearing capacity calculation is the identification of all material risks through an annual risk inventory. The value at risk (VaR) method with a confidence level of 99.9% is used to calculate the risk capital requirements for the main risk categories credit, market and liquidity risk.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken during the budgeting process. Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of expectations of specific risk drivers' development in the following period, synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer-term strategic objectives.

5.2. MREL requirements

The Bank Recovery and Resolution Directive (BRRD) provides that institutions established in the European Union (EU) should meet a minimum requirement for own funds and eligible liabilities (MREL) to ensure an effective and credible application of the bail-in tool. 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.

Based on the resolution plan received on 25 May 2023 from the SRB, Addiko Group consists of two resolution entities - Addiko Bank d.d. (Croatia) and Addiko Bank d.d. (Slovenia) – as both entities were assessed by the resolution authority to provide critical functions to the local market. Addiko Bank AG is the liquidation entity. The SRB concluded that a multiple point of entry (MPE) is a suitable strategy for Addiko Group. On 21 February 2024 the SRB determined the following minimum requirements for own funds and eligible liabilities in its decision with immediate effect:

- Addiko Bank d.d. (Croatia) 22.2% of TREA and 5.2% of LRE on an individual basis.
- Addiko Bank d.d. (Slovenia) 11.3% of TREA and 3.0% of LRE on an individual basis. The bank has to ensure a linear build-up of own funds and eligible liabilities towards the MREL requirement applicable as of 30 June 2025 of 20.9% of TREA and 5.2% of LRE on an individual basis.
- Addiko Bank AG 11.3% of TREA and 3.0% of LRE on an individual basis.

During the reporting period the MREL ratio of all entities was always above the respective requirements.

Vienna, 5 November 2024

Contact

**Publisher of the Earnings release
and responsible for the content:**
Addiko Bank AG
Canettistraße 5/12
1100 Wien
www.addiko.com

Disclaimer

Certain statements contained in this report may be statements of future expectations and other forward-looking statements that are based on management's current view and assumptions at the date of approving this report (5 November 2024) and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Actual results may differ materially from the results predicted and information on past performances do not permit reliable conclusions to be drawn as to the future performances. Forward-looking statements based on the management's current view and assumptions might involve risks and uncertainties that could cause a material deviation from the statement contained herein. Neither Addiko Bank AG nor any of its affiliates or representatives shall be liable for whatever reason for any kind of damage, loss, cost or expenses of any kind arising directly and/or indirectly out of or in connection with any use of this report or its content or otherwise arising in connection with this document. This report does not constitute a recommendation or an invitation or offer to invest or any investment or other advice or any solicitation to participate in any business and no one shall rely on these materials regarding any contractual or other commitment, investment, etc.

The tables in this report may contain rounding differences. Any data is presented on the Addiko Group level (referred to as Addiko Bank or the Group throughout the document) unless stated otherwise.

The Report was produced in-house using the software of firesys GmbH.