

Addiko Bank Increases Profit for the First Half 2024 to €25.5 Million, up 31% YoY

- 1H24 net profit up 31% to €25.5m vs. €19.5m in previous year
- Strong new business development in Consumer, up 31% YoY; outperforming SME
- Net interest income up 12% YoY, driven by Consumers, SMEs and income related to liquidity management and treasury
- Takeover bids leading to unforeseen one-off costs amounting to €2.9m as of 1H24
- CET1 ratio stable at strong 20.4% (fully-loaded)
- Dividend of €1.26 per share paid to shareholders on 7 May 2024

Vienna, 8 August 2024 - Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), achieved a profit after tax of €25.5m in the first half 2024 driven by solid business development and focused cost management. The result was impacted by one-off costs related to the takeover bids and amounting to €2.9m in 1H24. The 1H24 result marks an improvement of 31% over the previous year or 45% excluding these one-off costs.

"Our performance in the first half of 2024 highlights our strategic vision and operational excellence. We achieved a net profit of EUR 25.5 million, an improvement of 31% compared to the previous year. The growth in our focus area of consumer financing was particularly strong compared to the market while we continued to maintain our premium pricing strategy," said Chief Executive Officer Herbert Juranek. *"In addition to the normal course of business, the Group Management Board was occupied with activities related to the recent shareholder announcements and takeover bids, which affected the operational business to a certain extent and caused unplanned one-off costs. Whatever the outcome, we are confident in our business model and in our team. We look forward to the second half of the year remaining focused on leveraging our strengths and exploring new growth opportunities".*

Strong performance in the first half of 2024

- Operating result up 8.9% to €54.0m vs. €49.6m last year
- General administrative expenses impacted by extraordinary costs from the takeover bids as well as inflationary cost increases
- Cost of Risk at 0.44% or €15.5m compared to €9.2m a year earlier
- NPE ratio stood at 2.0% (YE23: 2.0%) with NPE coverage at 80.7% (YE23: 80.9%)
- Return on average Tangible Equity rose to 6.6% (1H23: 5.4%)
- EPS of €1.32 compared to €1.00 a year earlier

The **result after tax** of €25.5m (1H23: €19.5m) reflected the solid business development, successful repricing, provisions for legal claims and relatively benign credit losses. **Expected credit loss expenses** stood at €15.5m or 0.44% Cost of Risk (1H23: €9.2m). To reflect the macroeconomic volatility, Addiko increased the post-model adjustment to €9.3m (1Q24: €6.5m).

The **share of the two focus segments Consumer and SME** of the total gross performing loan book increased to 88% compared to 85% a year earlier and in line with Addiko's strategy. The overall customer gross performing loan book grew to €3.55b compared to €3.45b at the end of 1H23 while the non-focus as well as the medium SME loan book continued to decrease. The overall focus book increased by 8% YoY while the focus portfolio excluding the medium SME loans grew by 11%.

Net interest income rose by 11.5% to €120.6m (1H23: €108.1m) with improved **NIM** at 3.95% (1H23: 3.67%). The **net fee and commission income** increased by 8.4% YoY to €35.3m (1H23: €32.5m), mainly driven by a product push in accounts & packages, bancassurance and card business. **General administrative expenses** (OPEX) increased to €97.0m (1H23: €86.9m) as a result of the high inflation as well as the one-off costs amounting to €2.9m related to the takeover bids of Agri Europe Cyprus and Nova Ljubljanska banka's (NLB). The **cost-income ratio** increased to 62.2% (1H23: 61.7%). Excluding these one-off costs, the cost-income ratio would have improved to 60.4%

The **NPE ratio** remained stable at 2.0% (YE23: 2.0%) at an **NPE coverage** of 80.7% (YE23: 80.9%), the **NPE ratio related to on-balance loans** was at 2.8% (YE23: 2.8%) based on a **non-performing exposure (NPE)** of €137m (YE23: €138m).

The **CET1 ratio** was at a strong 20.4% fully-loaded (YE23: 20.4%) which does not include the interim profit for the first half of the year. The Group's funding situation stood at €5.0b customer deposits at a Liquidity Coverage Ratio of 355%.

Addiko's share price rose significantly in the first six months of 2024, reflecting the Group's good earnings performance, along with **two takeover offers** made by Agri Europe Cyprus Ltd. and Nova Ljubljanska banka d.d. (NLB). The acceptance periods for both competing offers will end on 16 August 2024 at 5pm Vienna time.

For the full year 2024, the Group had to take into account the unforeseen one-off costs for the two takeover bids (€2.9m in 1H24) and consequently adjusted operating expenses and RoATE: <<

	Outlook 2024	Guidance 2025	Guidance 2026
Income & Business			
Total loan book growth ¹		>6% CAGR 2023-2026	
NIM ²	>3.8%	>4.0%	>4.1%
NBI (growth YoY) ²	>4.5%	c. 9%	c. 9%
OPEX	<€195m (prev. <€191m)		<€191m
Risk & Liquidity			
CoR ³	c. 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	c. 6.0% (prev. c. 6.5%)	c. 9%	>10%
DPS ⁶	>€1.2	>€1.6	>€2

¹⁾ Gross performing loans. ²⁾ Assuming an average yearly ECB 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 paid out of the result of the respective year, distributed in the following calendar year subject to AGM decision, in line with new dividend policy.

The financial report can be downloaded under the following link: www.addiko.com/financial-reports/

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

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About Addiko Group

Addiko Group 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, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 30 June 2024 approximately 0.9 million customers in CSEE using a well-dispersed network of 155 branches and modern digital banking channels.

Based on its strategy, Addiko Group has repositioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities as well as payment services (its "focus areas"). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers and is largely funded by retail deposits. Addiko Group's Mortgage business, Public and Large Corporate lending portfolios (its "non-focus areas") are subject of an accelerated run-down process, thereby providing liquidity and capital for the growth in its Consumer and SME lending.