

Addiko Reports Higher Profit of €6.5 Million for 1Q22, Starts Brand Repositioning to Boost Customer Growth

- Transformation program leads to significant growth over previous year:
 - Growth in focus loan book reaches 15% excluding medium SME loans
 - Micro & Small SMEs improve by 26%
 - New business in focus area is up 42%
- Brand repositioning to support growth momentum with campaigns, product offerings
- Swiss Franc Law in Slovenia temporarily suspended by the Constitutional Court
- Two new Supervisory Board members elected at Annual General Meeting
- Outlook 2022 unchanged despite elevated inflation pressure
- Inaugural share buyback completed in April 2022

Vienna, 11 May 2022 - Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), released its unaudited results for the first quarter 2022 today, reporting a profit after tax of €6.5 million, up from €5 million a year earlier.

“During the first quarter we saw significant growth in our Consumer and SME business resulting in a higher net profit. This is a direct result of our transformation program initiated last year,” said Group CEO Herbert Juranek. *“Based on the activity of our customers, we remain optimistic despite greater market volatility mainly driven by the Russian-Ukrainian war, elevated inflationary pressures and supply chain disruptions. We will monitor these developments closely.”*

“To further fuel the growth momentum in our core business and take the next step in our transformation, we are introducing a brand repositioning in May,” said Juranek. *“With the introduction of Oskar as our brand ambassador we want to show our customers that we are getting ever better and faster to help them achieve their goals in life.”*

Solid 1Q22 performance

- Operating result up 26% to €14.3m vs €11.3m last year
- Provisioning at -0.04% Cost of Risk with €-1.2m, down from CoR of -0.12%
- NPE ratio at 2.8% (YE21: 2.9%) with NPE coverage at 72.2% (YE21: 71.9%)
- Return on Tangible Equity (@14.1% CET1 ratio) almost doubled to 4.5% (YE21: 2.5%)
- 1Q22 EPS of €0.33

The result after tax of €6.5m (1Q21: €5.0m) was supported by a solid business development, an improving trend in operating expenses and low credit losses with an overall strong asset quality. Credit loss expenses of €-1.2m or -0.04% Cost of Risk (1Q21: €-4.1m) remained benign.

The share of the two focus segments Consumer and SME of the gross performing loan book increased to 76% compared to 74% at year-end 2021. The overall gross performing loan book at €3.34b returned to growth compared to €3.28b at the end of 2021 despite the accelerated run-down in the non-focus areas as well as the reduction in the low yielding higher-size medium SME loan book. The overall focus book growth was at 8% YoY, the focus portfolios excluding the medium SME loans grew by 15%.

Net interest income declined by 2.9% to €41.3m (1Q21: €41.9m) with stable **NIM** at 2.87% (1Q21: 2.87%). **Net fee and commission income** increased significantly by 14.7% YoY to €17.0m (1Q21: €14.8m). **Operating expenses** went down by 7.5% YoY to €-41.1m (1Q21: €-44.4m) as a result of the Transformation Program. The **cost-income ratio** slightly improved to 70.5% (1Q21: 78.2%, YE21: 72.4%)

The **NPE ratio** stood at 2.8% (YE21: 2.9%) at an **NPE coverage** of 72.2% (YE21: 71.9%). The **NPE ratio related to on-balance loans** stood at 3.9% (YE21: 4.0%) based on a **non-performing exposure (NPE)** of €187m (YE21: €194m).

The **CET1 ratio** decreased to 20.4% on a transitional basis and to 19.7% IFRS 9 fully-loaded (2021: 22.2% and 21.6%, respectively) influenced by the current market volatility in sovereign bonds in the CSEE region and the RWA growth related to the guideline on structural FX positions.

The 1Q22 results release can be downloaded under the following link: www.addiko.com/financial-reports/

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

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About Addiko Group

Addiko Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 31 March 2022 approximately 0.8 million customers in CSEE using a well-dispersed network of 153 branches and modern digital banking channels.

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