

Addiko Bank Increases 2023 Profit by 60% to €41.1 Million, Announces Dividend Proposal of €1.26 per Share

- 2023 net profit up 60% to €41.1m vs. €25.7m in previous year
- Double-digit growth in focus business continued
- Net interest income up 29% YoY, driven by Consumers, SMEs and income related to liquidity management and treasury
- Gross performing loan book continued to grow to €3.5b vs. €3.3b in previous year
- Funding solid, deposit volumes in focus areas up 6% YoY
- Expansion into new market Romania on track for 2024
- CET1 ratio rises to 20.4% (fully-loaded) with proposed dividend already deducted
- Dividend proposal of €1.26 per share for the year 2023
- Mid-Term Guidance updated

Vienna, 6 March 2024 - Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), increases the full-year profit by 60%, boosts its dividend and announces market entry in Romania.

“2023 was another strong year for Addiko with solid loan growth and focused cost management, allowing us to propose a higher dividend than for the previous 2 years combined,” said Chief Executive Officer Herbert Juranek. *“Moreover, we managed to decrease our non-performing exposure to an all-time low of €138 million, representing an NPE ratio of 2.0%. Our solid business development and proven business model gives us the confidence to announce the expansion into a new market in 2024 - Romania. We will start slowly and focus on unsecured personal loans followed by term deposits and savings accounts, which will be delivered exclusively via digital channels.”*

In 2023, the Group solidified its position as a specialist bank known for its fast loans, improved digital services and strong commitment to customer satisfaction. The group-wide Acceleration Program is focused on growing business in its key areas Consumers and SMEs, improving operations and boosting digital capabilities. The expansion into Romania is planned with a cautious approach, carefully balancing investments, risks and a reasonable timeframe to generate value adding returns. The European passporting framework was selected as the optimal choice for an efficient business model with minimal investment outlay.

“On the back of our solid 2023 results and the momentum of our Acceleration Program, we have updated our Mid-Term Guidance and now give a more detailed outlook on the planned increase in revenues and dividends,” continued Juranek. *“Our more specific targets until 2026 clearly showcase our ambition for the next few years.”*

Strong results in 2023 with continued double-digit growth in focus business

- Operating result up 41.1% to €103.9m vs. €73.6m last year
- Improved CIR, operating expenses within guidance due to effective cost management
- Cost of Risk at 0.34% or €11.8m compared to €15.4m a year earlier
- NPE ratio falls to historic low of 2.0% (YE22: 2.4%) with increased NPE coverage at 80.9% (YE22: 75.4%)
- Return on average Tangible Equity at 5.5%, up from 3.4% in previous year
- EPS of €2.12 compared to €1.32 a year earlier

The **result after tax** of €41.1m (YE22: €25.7m) reflected the strong business development, successful repricing, provisions for legal claims and relatively benign credit losses. **Expected credit loss expenses** stood at €11.8m or 0.34% Cost of Risk (YE22: €15.4m). Since the underlying asset quality continued to be strong, Addiko decided to reduce the post-model adjustment to €6.5m to reflect remaining uncertainties.

The **share of the two focus segments Consumer and SME** of the total gross performing loan book increased to 87% compared to 82% at year-end 2022 in line with Addiko's strategy. The overall customer gross performing loan book grew to €3.5b compared to €3.3b at the end of 2022 while the non-focus as well as the medium SME loan book continued to decrease. The overall focus book growth was at a strong 11% YoY while the focus portfolio excluding the medium SME loans grew by even 15%.

Net interest income rose significantly by 29.2% to €228.0m (YE22: €176.4m) with improved **NIM** at 3.75% (YE22: 2.98%). The **net fee and commission income** decreased by 7.4% YoY to €67.1m (YE22: €72.5m), mainly influenced by lost income from FX/DCC in Croatia following the introduction of the Euro on 1 January 2023. **Operating expenses** increased to €178.6m (YE22: €168.0m) as a result of significantly higher inflation. The **cost-income ratio** further improved by 7 percentage points to 60.5% (YE22: 67.5%), reflecting Addiko's targeted cost management.

The **NPE ratio** was reduced to a historic low of 2.0% (YE22: 2.4%) at an improved **NPE coverage** of 80.9% (YE22: 75.4%), the **NPE ratio related to on-balance loans** was at 2.8% (YE22: 3.3%) based on a lower **non-performing exposure (NPE)** of €138m (YE22: €163m).

The **CET1 ratio** rose to a strong 20.4% fully-loaded (2022: 20.0%) and already reflects the proposed dividend of €24.6m for the year 2023. The Group's funding situation remained solid with €5.0b customer deposits and a Liquidity Coverage Ratio of 313%.

The Management Board of Addiko Bank AG aims for a **dividend proposal of €1.26 per share**, equal to €24.6m in total, at the upcoming AGM on 26 April 2024. This corresponds to 60% of the net profit for 2023 and will be distributed as a capital repayment.

New Outlook 2024 and Mid-Term Guidance

On the back of the solid 2023 results and the momentum of the Acceleration Program, Addiko has updated its Mid-Term Guidance. The new guidance maintains consistency with previously disclosed goals, yet exhibits a higher level of transparency and granularity. Key enhancements include the harmonisation of targets for the Outlook 2024 and the Mid-Term Guidance, along with the provision of additional yearly targets and information leading up to the mid-term period. The expansion into Romania is not expected to have a notable impact on business until 2026, the start-up costs are reflected in the guidance.

	Actuals 2023	Outlook 2024	Guidance 2025	Guidance 2026	Previous Guidance
Income & Business					
Total loan book growth ¹	€3.5b	>6% CAGR 2023-2026			c. 10% CAGR in focus book
NIM ²	3.8%	>3.8%	>4.0%	>4.1%	>3.8%
NBI (growth YoY) ²	€295.2m	>4.5%	c. 9%	c. 9%	n.a.
OPEX	€178.6m	<€191m			(CIR c. 50%)
Risk & Liquidity					
CoR ³	0.34%	c. 1%	<1.1%	<1.2%	c. 1.2%
NPE ratio ⁴	2.8%	<3% as guiding principle			n.a.
Total capital ratio	20.4%	>18.35% subject to yearly SREP			>18.6%
LDR	69%	Ramping up to <80%			<100%
Profitability					
RoATE ⁵	5.5%	c. 6.5%	c. 9%	>10%	>10%
DPS ⁶	€1.26	>€1.2	>€1.6	>€2	60% of net profit

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 31 December 2023 approximately 0.9 million customers in CSEE using a well-dispersed network of 154 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.