

## Addiko Doubles Profit for First Nine Months to €19.6 Million, Double-Digit Growth in Consumer and SME Business

- Net profit more than doubles to €19.6m YTD compared to €9.6m in previous year
- Transformation Program yields higher new business while maintaining cost discipline:
  - Operating result increases by 28%
  - New business in focus area up 30%
  - Growth in focus loan book excluding medium SME loans at 15%
- New marketing campaigns launched to further drive growth
- CET1 ratio at 21.3% with reclassification of treasury portfolios of EU entities executed
- Preparation of new share buyback in progress
- Positive outlook for the business year 2022 confirmed

Vienna, 9 November 2022 - Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), achieved a profit after tax of €19.6 million for the first nine months 2022, more than doubling the €9.6 million a year earlier.

*“The results confirm that we are on the right track as we gain new customers and disburse more loans even in a more difficult macroeconomic environment while keeping our prudent risk approach,” said Group CEO Herbert Juranek. “We are also delivering on cost management and are therefore prepared for a period of higher volatility. Addiko launched a new marketing campaign to make sure our customers know that we are there for them.”*

*“Addiko will maintain its focus on digital innovation and attractive product offerings to consumers and business owners across the region,” he continued. “In addition, Addiko will also continue to work on its ESG action plan and on a new share buyback after the completion of a first program in April this year.”*

### Solid third quarter 2022 with significant growth in focus business:

- Operating result up 28% to €55.6m vs €43.5m last year
- Operating expenses in line with guidance, down 2.2% vs last year
- Cost of Risk at -0.49% or €-16.3m compared to €-12.9m a year earlier
- NPE ratio stable at 2.8% (YE21: 2.9%) with increased NPE coverage at 78.9% (YE21: 71.9%)
- Return on Tangible Equity (at 14.1% CET1 ratio) up to 4.6% YTD (YE21: 2.5%)
- 3Q22 YTD EPS of €1.01 doubling from €0.49 a year earlier

The result after tax of €19.6m (3Q21: €9.6m) was supported by strong business development, solid performance in cost management and balanced credit losses. Credit loss expenses stood at €-16.3m or -0.49% Cost of Risk (3Q21: €-12.9m). While the underlying asset quality continued to be strong, Addiko decided to remain prudent in provisioning given the increased volatility of the economic environment and to keep the post-model adjustment unchanged at €13m.

The share of the two focus segments Consumer and SME of the gross performing loan book increased to 81% compared to 74% at year-end 2021. The overall gross performing loan book at €3.34b remained stable and returned to growth compared to €3.29b at the end of 2021 despite the intentional and 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 9% YoY (+10% since the beginning of 2022), while the focus portfolio excluding the medium SME loans grew significantly by 15%.

**Net interest income** rose by 2% to €129.3m (3Q21: €126.8m) with improved **NIM** at 2.97% (3Q21: 2.85%), despite the intentional run-down of the non-focus book. This was complemented by significant growth of the **net fee and commission income** by 11.9% YoY to €55.4m (3Q21: €49.5m). **Operating expenses** were lowered by 2.2% YoY to €-124.7m (3Q21: €-127.5m) as a result of the Transformation Program despite the euro implementation costs in Croatia, brand repositioning costs and inflationary pressures. The **cost-income ratio** further improved to 67.5% (3Q21: 72.3%).

The **NPE ratio** remained stable at 2.8% (YE21: 2.9%) at an **NPE coverage** of 78.9% (YE21: 71.9%), the **NPE ratio related to on-balance loans** was at 3.9% (YE21: 4.0%) based on a **non-performing exposure (NPE)** of €183m (YE21: €194m).

The **CET1 ratio** stood at 21.8% on a transitional basis and at 21.3% IFRS 9 fully-loaded (YE21: 22.2% and 21.6%, respectively). The capital ratio has been positively influenced by the ECB waiver for structural FX positions granted in August 2022 and the reclassification of the treasury portfolios of the EU entities, executed to reflect the change in the overall strategy of the bank.

For the full year 2022, the Group confirmed its positive outlook last revised in 1H22:

- Gross performing loans at ca. €3.3b with more than 10% growth in focus areas
- Net banking income above €240m as a result of improved business activities despite the accelerated run-down in non-focus (prev. stable at 2021 level of ca. €236m)
- Operating expenses below €167m due to increased inflationary pressures excluding the Euro implementation in Croatia estimated at a mid-single digit million euro-cost (prev. below €165m)
- CET1 ratio 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 3Q22 results release can be downloaded under the following link: [www.addiko.com/financial-reports/](http://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.

#### Contact

Constantin Gussich

Head of Investor Relations & Group Corporate Development

[investor.relations@addiko.com](mailto:investor.relations@addiko.com)

#### 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 30 September 2022 approximately 0.8 million customers in CSEE using a well-dispersed network of 154 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.