

Addiko Bank Increases 9M 2023 Profit by 53% to €30.1 Million; Full-Year Outlook Confirmed

- Nine-month net profit up 53% to €30.1m vs. €19.6m in previous year
- Double-digit growth in focus business continued
- Net interest income up by 29% YoY, driven by Consumers, SMEs and income related to liquidity management and treasury
- Gross performing loan book continued to grow to €3.49b
- CET1 ratio remains high at 19.5% (fully-loaded), funding solid
- Economies in CSEE keep motoring on while EU is slowing down
- Full-year outlook 2023 confirmed

Vienna, 8 November 2023 - Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), achieved a profit after tax of €30.1 million for the first nine months 2023, driven by solid business development and focused cost management.

“Our results prove that we are on the right track with our offerings in a region that shows impressive resilience even in times of slowing economies in many parts in Europe,” said Chief Executive Officer Herbert Juranek. “The investments in our digitization capabilities are paying off, and our loan volumes are still significantly rising. This confirms that our customers are convinced about our products and attractive terms.”

Addiko has been prioritising growth in the focus areas of Consumers and SMEs, complemented by operational excellence. The bank’s digital capabilities are shortening the time from loan application to decision considerably, made possible by data analytics, automation tools and Addiko’s efficient risk management.

Addiko is confirming its full-year outlook of ca. €3.5b of gross performing loans and more than 10% growth in the bank’s focus areas. Excluding medium SMEs, loans grew at an even higher rate of 14%. The envisaged full-year growth in the focus book has therefore been already reached after nine months.

“Europe is entering a phase of higher volatility as inflation and geopolitical tensions remain elevated, weighing on economic activity,” said Juranek. “For us, this means that we have to be better than the competition with our product offerings and services. Our nine-months results give me the confidence that we are on the right track.”

Solid first nine months 2023 with strong growth in focus business

- Operating result up 40% to €78.1m vs. €55.6m last year
- Operating expenses below guidance due to effective cost management
- Cost of Risk at 0.27% or €9.5m compared to €16.3m a year earlier
- NPE ratio falls to 2.2% (YE22: 2.4%) with increased NPE coverage at 79.2% (YE22: 75.4%)
- Return on average Tangible Equity at 5.5%, up from 3.4% in previous year
- 3Q23 EPS of €1.55 compared to €1.01 a year earlier

The result after tax of €30.1m (3Q22: €19.6m) reflected the strong business development, successful pricing increases, provisions for legal claims and relatively benign credit losses. Credit loss expenses stood at €9.5m or 0.27% Cost of Risk (3Q22: €16.3m). While the underlying asset quality continued to be strong, Addiko decided to keep the post-model adjustment at 1H23’s level

of €18.5m (YE22: €20.7m) to reflect uncertainties and the volatility in the macroeconomic environment in the region.

The share of the two focus segments Consumer and SME of the gross performing loan book increased to 86% compared to 82% at year-end 2022 in line with Addiko's strategy. The overall customer gross performing loan book continued to grow to €3.49b compared to €3.30b at the end of 2022 while decreasing the non-focus as well as the medium SME loan book. The overall focus book growth was at 11% YoY while the focus portfolio excluding the medium SME loans grew significantly by even 14%.

Net interest income rose significantly by 29.5% to €167.5m (3Q22: €129.3m) with improved NIM at 3.67% (3Q22: 2.97%). The net fee and commission income decreased by 9.2% YoY to €50.3m (3Q22: €55.4m), mainly influenced by lost income from FX/DCC in Croatia following the introduction of the Euro on 1 January 2023. Operating expenses increased to €131.9m (3Q22: €124.7m) as a result of significantly higher inflation. The cost-income ratio further improved to 60.6% (3Q22: 67.5%), reflecting Addiko's targeted cost management.

The NPE ratio was further reduced to 2.2% (YE22: 2.4%) at an improved NPE coverage of 79.2% (YE22: 75.4%), the NPE ratio related to on-balance loans was at 3.1% (YE22: 3.3%) based on a lower non-performing exposure (NPE) of €153m (YE22: €163m).

The CET1 ratio stood at a strong 19.5% fully-loaded (2022: 20.0%). The Group's funding situation remained solid with €5.1b customer deposits and a Liquidity Coverage Ratio of 331%. On 4 May 2023, Addiko distributed a dividend of €23.6m (€1.21 per share) to shareholders.

For the full year 2023, the Group confirmed its outlook as upgraded in 1H23:

- Gross performing loans at ca. €3.5b with more than 10% growth in focus areas
- Net banking income up by ca. 15%, positively impacted by the rising interest rate curve, despite increasing funding costs and run-down of the non-focus (previously ca. 10%)
- Operating expenses below €179m, mainly driven by inflation
- Total capital ratio above 18.6% on a fully-loaded basis
- Sum of other result and credit loss expenses on financial assets below 1.5% on average net loans and advances to customers (previously ca. 1.2%)

The 3Q23 results 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 September 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.