

# Addiko Bank

## PRESS RELEASE

### Addiko Bank publishes 2017 financial report: Positive net result concludes operational turnaround

- Year-end post-tax result of EUR 41.6m marks significant YoY improvement of EUR 65.6m
- New loan disbursements up 19% YoY to EUR 1.473m
- Deposit growth of 11% to EUR 4.934m
- Strong capital base with Total Capital Ratio (TCR) of 17.1% among best in region
- Improved asset quality with NPL ratio down to 8.1% and NPL coverage ratio at 67.0%
- Razvan Munteanu appointed as new CEO from 1 April 2018

*Vienna, 12 March 2018* - Addiko Bank, the international financial Group operating through six banks with its core business in Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro, today released its consolidated 2017 financial report. In its second full year under new ownership, Addiko Bank posted its first-ever positive net result of EUR 41.6 million (2016: EUR -23.9 million), confirming the successful conclusion of a two year turnaround that included substantial investment in new products and technology, an organizational refit and a rebranding of the entire Group.

“Addiko Bank has become a strong and profitable retail and SME bank that is focused entirely on the SEE region, with a straightforward value proposition and a market-leading digital offer”, said Ulrich Kissing, CEO of Addiko Bank. “We are proud of our robust turnaround and have put the Bank on a successful path toward continued growth.”

The significant improvement in operating profit to EUR 36.9 million (2016: EUR -25.4 million) was driven by gains in net interest income (+4% YoY) and net commission income (+17% YoY) combined with a further 10.5% reduction in total expenses, reflecting the effects of the Group’s new operational set-up and tight cost management. All of the banking network’s subsidiaries contributed positive results, reaffirming the Group’s position as a strong, stable and straightforward partner for retail and SME clients across the SEE region.

With a 19% YoY increase in new disbursements to EUR 1.473 million, Addiko Bank’s loan portfolio is firmly back on a growth path. Retail disbursements in consumer lending grew by 28% and Corporate/SME loan disbursements by 24%. In line with its strategy, Addiko Bank continued to reduce its Public and Mortgage business by EUR 398 million. Meanwhile, the Group’s funding mix continued to improve, driven by a consistent focus on gathering primary funds. Total customer deposits grew 11% to EUR 4.934 million, underscoring the Group’s solid funding base and comfortable liquidity position. Addiko Bank continued to invest heavily in its digital platform, prompting a 40% YoY increase in digital customers and a 33% increase in digital transactions.

Following the successful transformation of its business model into a banking group focused on Consumer Finance and SME, and supported by above market growth in its core products across the region, Addiko Bank now operates on the basis of a strong capitalization that allows for further growth, with all banking entities being self-funded. The improvement of the bank’s loan portfolio and asset base led to a reduction in its NPL ratio to 8.1% (2016: 9.2%) and a NPL coverage ratio of 67.0% (2016: 67.5%). With a Total Capital Ratio (TCR) of 17.1% (2016: 16.4%) and Common Equity Tier 1 (CET1) ratio of 14.9% (2016: 15.0%), Addiko Bank continues to rank amongst the best capitalized banks in the SEE region.

With the conclusion of the Group’s operational turnaround that followed its acquisition by Advent International and the European Bank for Reconstruction and Development in mid-2015, CEO Ulrich

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Kissing has decided to leave Addiko Bank at the end of March 2018. He will be succeeded by Razvan Munteanu, currently Chief Retail Officer of Addiko Bank, as CEO from 1 April 2018.

“Ulrich Kissing has managed a successful turnaround of Addiko Bank, and we are deeply grateful for his strong leadership”, said Hermann-Josef Lamberti, Chairman of the Supervisory Board of Addiko Bank. “The appointment of Razvan Munteanu as his successor is a signal of continuity. Razvan has played a crucial role in refocusing Addiko Bank as a straightforward and digitally savvy retail and SME bank, and he will continue to keep the Group focused on further improvements in operating performance.”

The consolidated 2017 report can be found at:  
<https://www.addiko.com/en/financial-statement-2017>

## About Addiko Bank

Addiko Bank AG is an international financial Group headquartered in Vienna, Austria, operating through six banks with its core business in Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro. The banking network efficiently provides clear and direct quality services for more than one million clients. Addiko Bank is exclusively oriented on markets and clients in the SEE region. In mid-2015 Advent International and the European Bank for Reconstruction and Development acquired Addiko Bank with its Southeast Europe banking network.

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