Addiko Bank

3Q19 Results Presentation

Razvan Munteanu (CEO)
Johannes Proksch (CFO)
Edgar Flaggl (IR)

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3Q19 Highlights

Addiko Overview

Financials Update

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Summary Highlights 3Q19

Addiko Bank

Operational Performance on Track Despite CHF Croatia one-off

- **Adjusted result after tax** of €39.6mn[1] up by c. 44% (€27.4mn[2] in 3Q18)
- **Reported result after tax** of €23.4mn (3Q18's €96.4mn driven by €61mn positive one-off)
- Transitional **CET1** ratio of 17.4% (IFRS 9 Fully-Loaded CET1 ratio of 16.8%)
- Adjusted **Return on Tangible Equity** (@14.1% CET1 Ratio) of 7.1% (YE18: 4.2%)

Risk Profile Remains Above Expectations

- **NPE ratio down** to 4.4%, NPE provision coverage up at 75.3%
- Adjusted **Cost of Risk** (net loans) at +0.1% supported by releases in non-focus areas
- No further impacts from **CHF conversion law** in Serbia, c. 90% of eligible exposure converted as of 3Q19 (€7.1mn CHF exposure remaining in Serbia)
- Croatian Supreme Court ruling on CHF clauses (September) fully reflected in 3Q19 provisioning

Digital Transformation Continued

- **Digital users** increased to 199 thousand (up 14% vs. YE18)
- Share of **digitally originated consumer loans** improved to 9.1% in 3Q19 (8.2% in 1H19) and contribution of **Bank@Work** increased to 27% (25% in 1H19)
- Simple **SME term loans** originated **digitally** in Serbia and Slovenia at 17.3% in 3Q19 (9% in 1H19) – full roll-out in Croatia completed as planned

Business Climate

- Regulators concern in region over consumer lending growth triggered restrictions on consumer lending (market grew by 7.2% YTD since YE18)
- Impacts from verdict on CHF clauses in Croatia likely to take years to materialize
- Draft **SREP 2020 under clarification** (esp. on P2G of 4%) - underlying business and risk profile on track
  - Tier 2 issuance deferred so far while obtaining clarity on draft SREP 2020

[1] Main one-offs in 2019 relate to net provision on CHF currency clauses (€-8.7mn), CHF conversion law in Serbia (€-8.1mn), restructuring costs (-2.3mn), costs for capital market readiness (€-2.0mn), net provision on unilateral interest clauses (€-1.9mn), active legal settlements(€1.3mn), deferred tax ramp up (€2.1mn), risk related impact of selected legacy exposures excluded from new risk framework (€3.0mn). [2] Main one-offs in 2018 relate to Tier 2 expenses (€-3.6mn), costs for capital market readiness (€-1.1mn), risk related impact of selected legacy exposures excluded from new risk framework (€-0.5mn), onerous contracts (€1.5mn), active legal settlements (€3.7mn), deferred tax ramp up (€8.1mn), Tier 2 waiver (€60.8mn).

FURTHER PROGRESS IN 3Q19

Addiko Bank

Target metric	1H19 (YTD)	3Q19 (YTD)	Mid-Term target level	
Focus vs. Non-Focus (Gross Performing Loans)	60% vs. 40% (gross performing loan growth of 4.6% vs 1H18)	61% vs. 39% (gross performing loan growth of 4.3% vs. 3Q18)	80% vs. 20% (Mid single-digit gross performing loans growth)	• Continued shift towards focus areas Consumer & SME
Net Interest Margin	3.0% (adjusted)	3.0% (adjusted)	~4.0%	• Supported by loan book shift, deposit repricing and liquidity optimization
Net Fee and Commission Income Growth	8.9% (adjusted, 1H19 vs. 1H18)	7.8% (adjusted, 3Q19 vs. 3Q18)	Low-Teens CAGR	• Slower card related NCI, partially compensated by higher SME contribution
Cost / Income Ratio	76.6% (adjusted)	75.2% (adjusted)	<45.0%	• Announced cost measures in implementation, further potentials in assessment
Cost of Risk[1]	0.2% (adjusted, not annualized)	0.1% (adjusted, not annualized)	~(1.6)%	• Releases continue to compensate appropriate provisioning in focus
Return on Tangible Equity (@14.1% CET1 Ratio)[2]	8.2% (adjusted)	7.1% (adjusted)	>12.0%	• Further improvements, supported by operating performance and risk releases
Total Capital Ratio	17.6%	17.4%	>16.1%	• Excluding accrued profits and dividends, minor RWA development
Loan / Deposit Ratio (Customer)	80.1%	79.5%	~100.0%	• Ongoing optimization of excess liquidity while growing customer loan book
Dividend Payout	n.m.	n.m.	60.0%	• Committed to pursue dividend payment out of profit • Special dividend under review

[1] Cost of risk over net loans, not annualized.
[2] Assuming theoretical tax rate of 21% and costs for T2 equal to 2% of RWAs.

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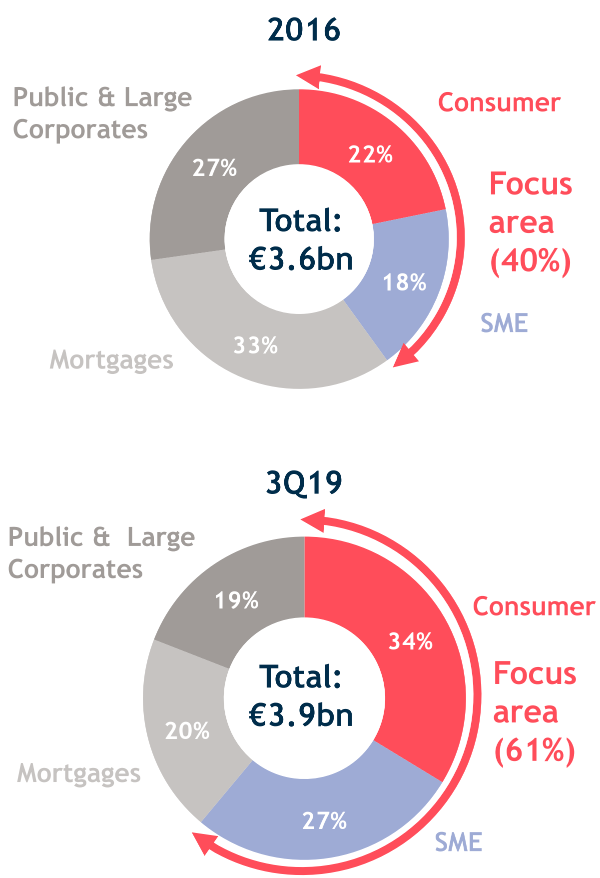
CONTINUED REPOSITIONING INTO FOCUSED AREAS – CONSUMER AND SME

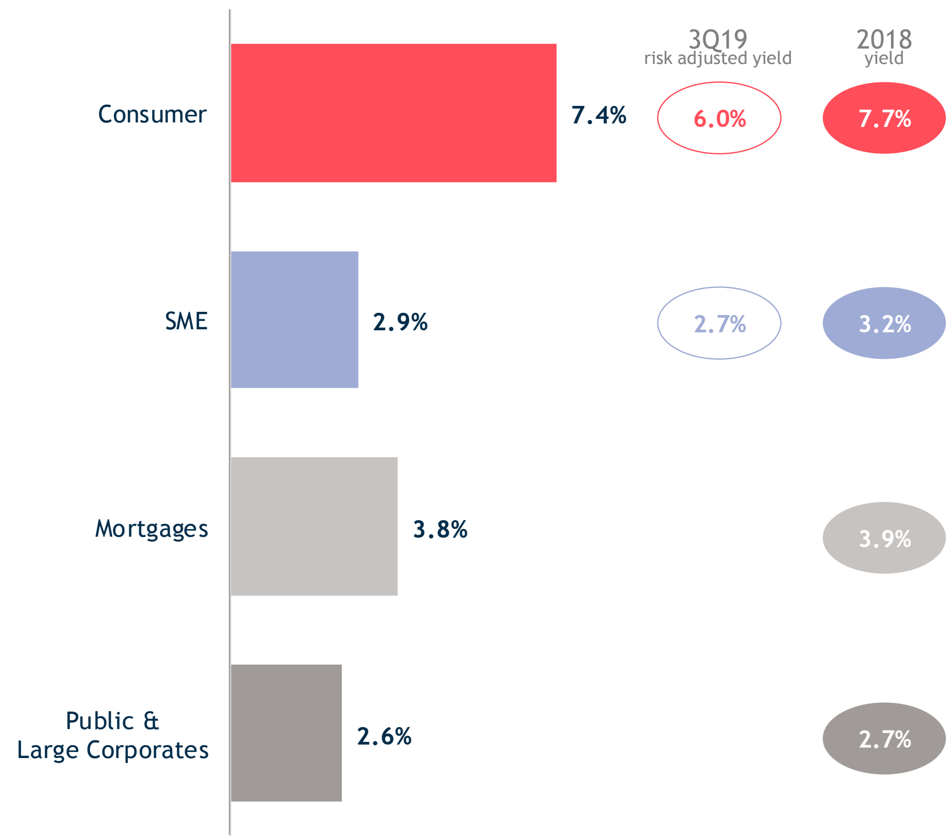
Gross performing loans by segment



- Rapidly increasing contribution of focus areas in overall loan book

Gross yield by segment[1]

3Q19 YTD



- Business mix shift driving yield expansion (difference in yields between focus and non-focus of c.2.2%)
- New business yields in Consumer increased by 30bps YTD, in SME relatively flat

[1] The gross yield is calculated as annualised regular interest income (i.e. excl. interest income from NPEs, interest like income and before FTP) divided by the simple average of gross performing loans based on beginning and end of period amounts.

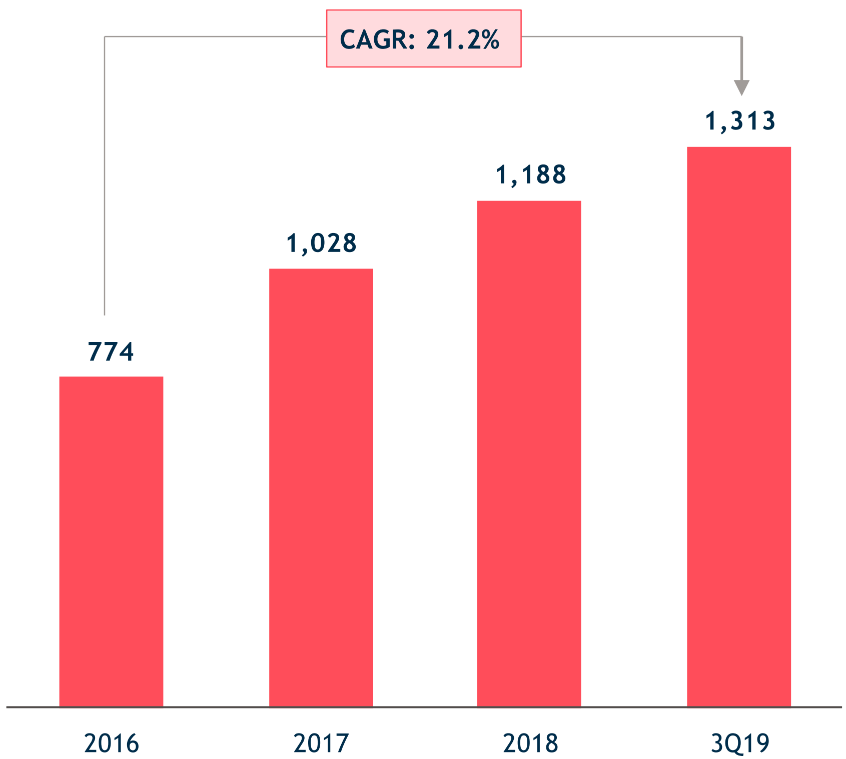
Consumer & SME: Winning by Convenience and Speed, with Digital Transformation to Complement Established Capabilities

Addiko Bank

Consumer

Strong growth in higher margin business

Consumer - gross performing loans (€mn)



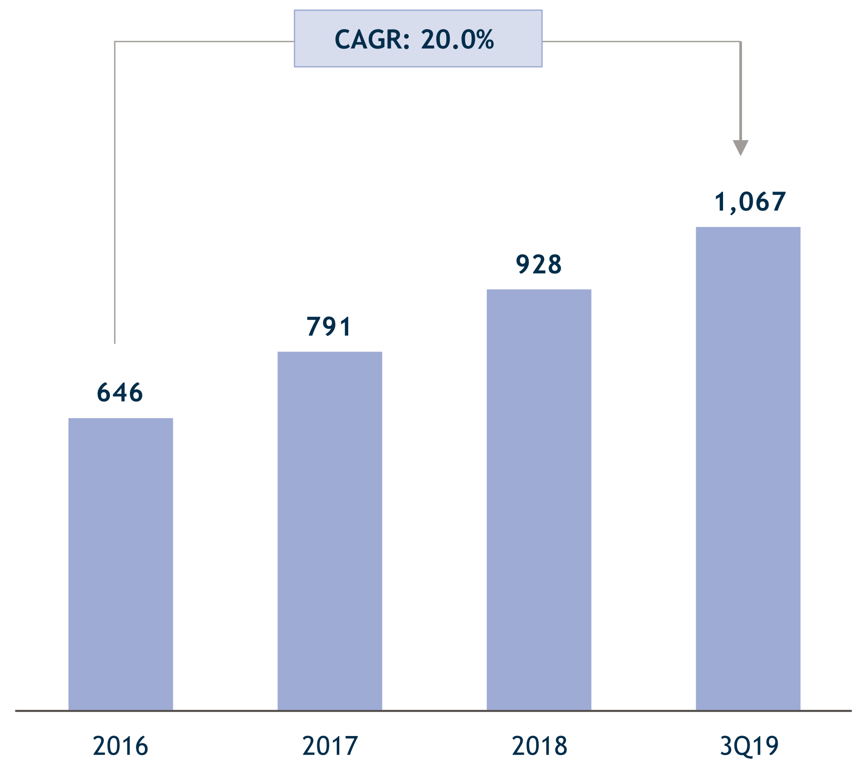
NCI Growth[1]	2016	2017	2018	3Q19
		€38.1mn	€41.0mn/+7.8% 2018 vs. 2017	€31.4mn/+2.8% 3Q19 vs. 3Q18

Accelerating bancassurance reflected with 6% contribution to 3Q19 YTD group NCI[2] and strong FX/DCC with 18%

SME

Healthy SME growth

SME - gross performing loans (€mn)



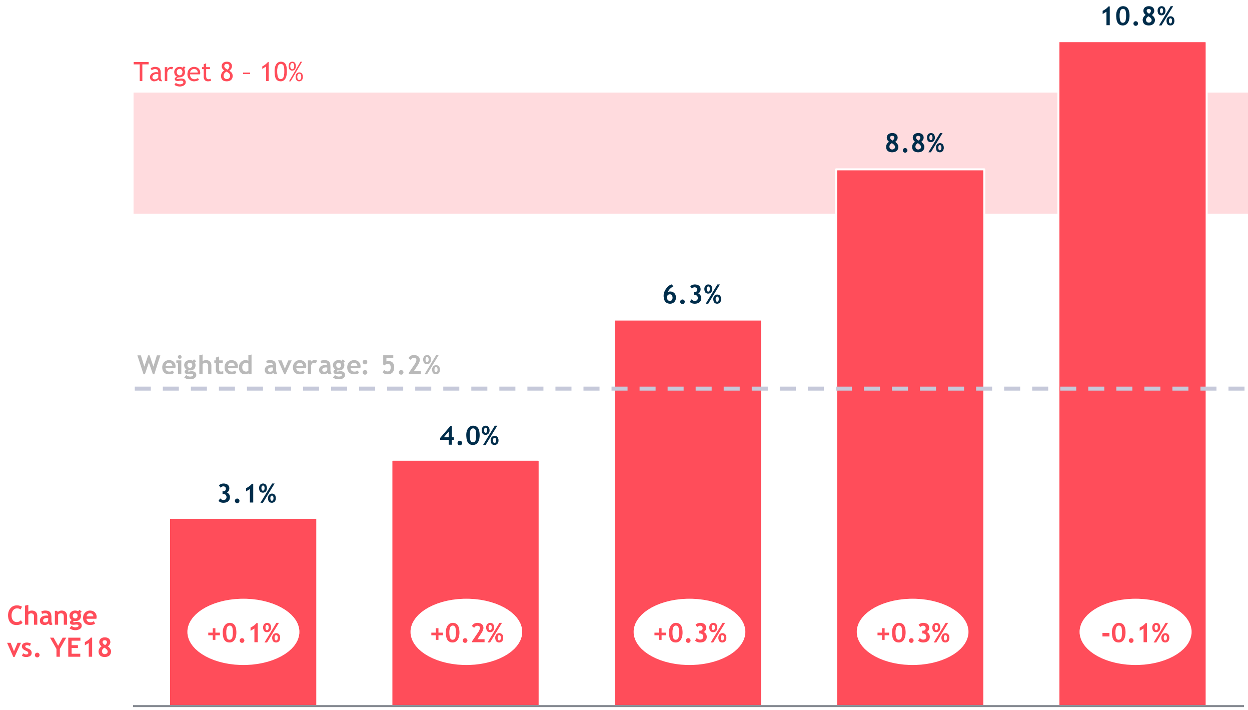
NCI Growth[1]	2016	2017	2018	3Q19
		€14.3mn	€15.1mn/+5.6% 2018 vs. 2017	€13.1mn/+20.9% 3Q19 vs. 3Q18

Lower yields compensated by further accelerated NCI generation via FX- and trade finance products, and continuous shift towards better ratings and shorter maturities

[1] Segmental data not available pre-2017 for NCI by segment/business.
[2] Group NCI, excludes negative contribution from "other"

Addiko market share - consumer loans (stock outstanding, 3Q19)[1,2]

	Serbia	Croatia	Bosnia & Herzegovina	Slovenia	Montenegro
Market Size, €bn	5.8	9.9	4.1	4.3	0.9
Market Growth (3Q19 vs. YE18)	+10.0%	+7.3%	+5.8%	+5.3%	+5.5%



Solid market growth: 7.2% YTD growth of unsecured consumer lending market in our region (market size up c. €1.7bn)

Significant market growth in the largest markets Croatia (+7%) and Serbia (+10%)

Target market share: Delivering on targets across the region - aim to reach 8-10% market share

Controlled manner: Control in lending growth - focus on risk profile and profitability

Digitalization: Addiko well positioned to strengthen market share amid increasing digitalization in the region

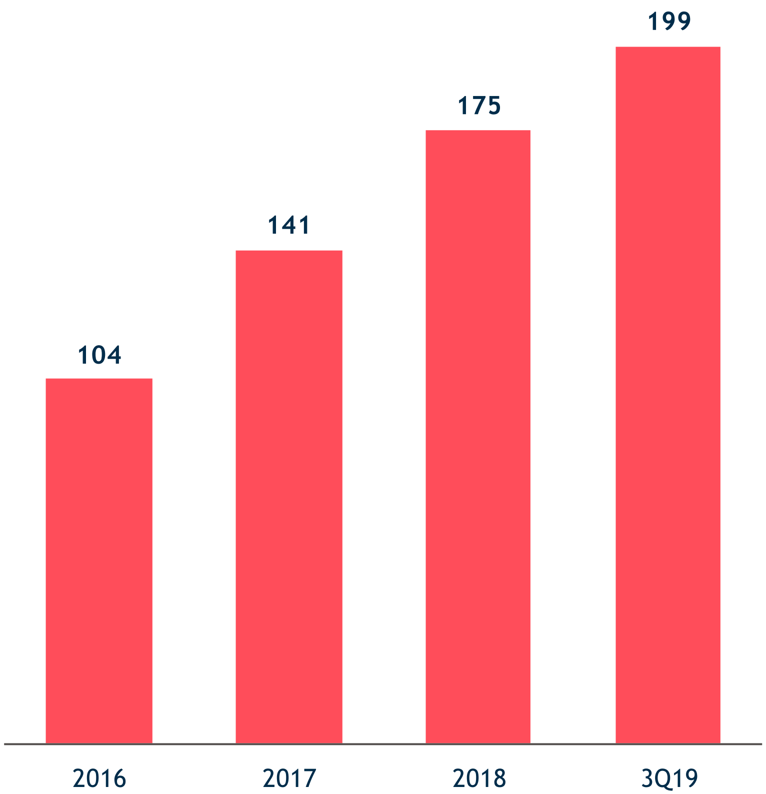
[1] Source: The Vienna Institute for International Economic Studies (wiiw).
[2] Calculated as of 3Q19 based on Consumer Business gross performing loans divided by the respective local market consumer gross performing loans (market size).

Digital capabilities

Registered Mobile Banking Users (ths.)

2016	2017	2018	3Q19
58	84	120	149

Digital Users (ths.)



9.1%
Consumer loans originated through Web in 1H19 / % of total consumer loans disbursements (vs. 8.2% in 1H19; vs. 3.6% in 3Q18)

27%
Bank at work (vs. 25% in 1H19; vs. 16% in 3Q18)

65.4%
Share of automated loan decisions (only consumer loans) in 3Q19 (vs. 61% for 2018)

<25 min[1]
Decision time in Serbia and Montenegro (only consumer loans) since launch of new APS

17.3%
Simple SME term loans sold via digital platform (in Slovenia and Serbia (vs. 9% in 1H19)

[1] Median as of YTD September 2019.

Building Leadership in Digital Lending for SMEs

		2016	YE2019 (Release 2.0 & 2.5)	1H20 (Release 3.0)
Digital Roll out to:		• No countries	Serbia, Slovenia, Croatia	Bosnia & Herzegovina, Montenegro
Features / products		• No products available	• Simple term loans • Guarantees • Micro Loans • Flexible Interest Rate adaptation • Client eligibility check • Enhanced risk criteria	• Onboard both BiH banks and Montenegro • Flexible usage of Frame Products • Automated Credit Application Form • Automatic Disbursement
Key results	**From request submitted to request approved** *(time-to-decision)*	**7** days	**~1** day	
	From meeting with client until signed documents sent to disbursement	**2** weeks	**2,5** days	
	From request submitted to money disbursed *(time-to-cash)*	**~4** weeks	**6** days	
	Touchpoints	**~10**	**<3**	

Key takeaways

- **Operational Excellence**: End-to-end simple loan and digital trade finance developed within 9 months using Appian
- **Real-Time**: Ability to monitor through dashboard report in real-time
- **Across Countries**: Piloting across countries i.e. EU and non-EU, plan to be rolled out group-wide in 1H20 via release 3.0
- **Immediate Success**: **17.3%** of total SME disbursements in Serbia and Slovenia in 3Q19 (9% in 1H19)

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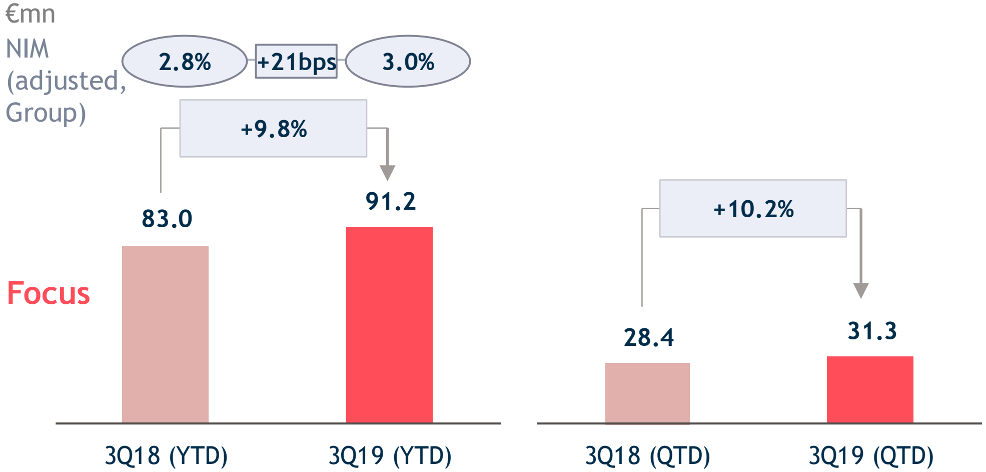
Key Performance Development

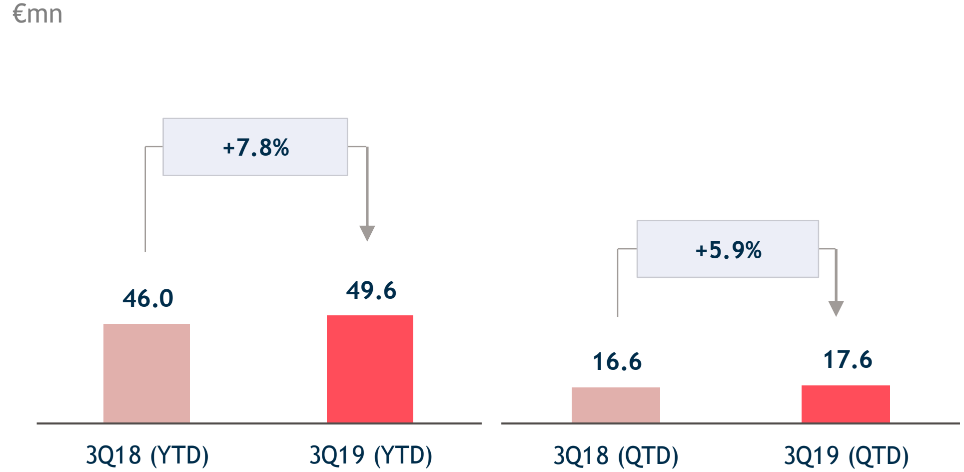
Addiko Bank

Regular interest income (focus only)



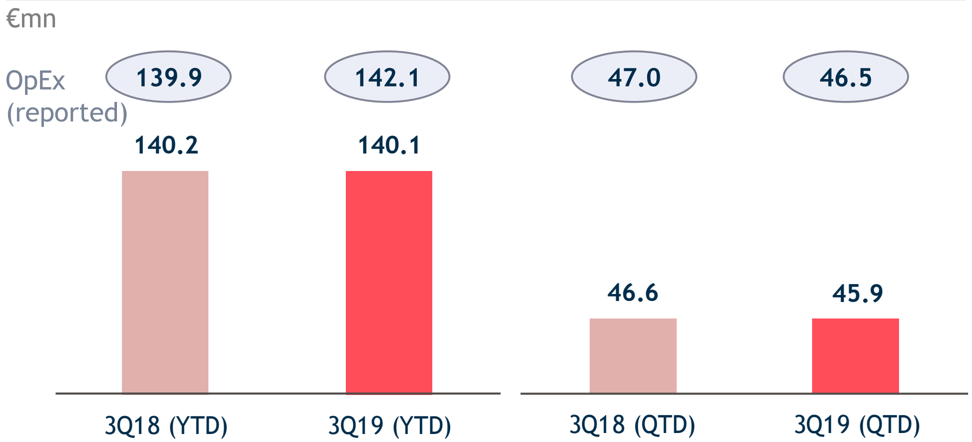
- Increase in NIM due to shift from non-focus to focus, repricing of deposits and further optimization of liquidity portfolio

Net fee and commission income (adjusted)



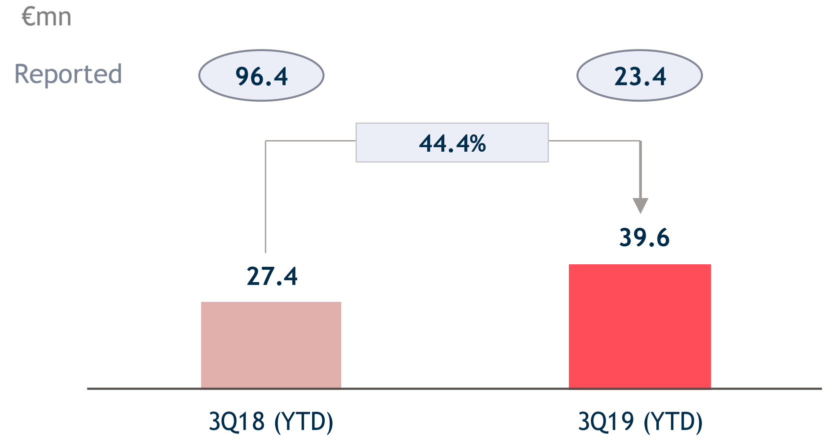
- Increase due to new account packages and bancassurance and is increasingly SME related

Operating expenses (adjusted)



- 2019 is a continuation of 2018
- Benefits from cost optimization program will be seen in 2020

Result after tax (adjusted)

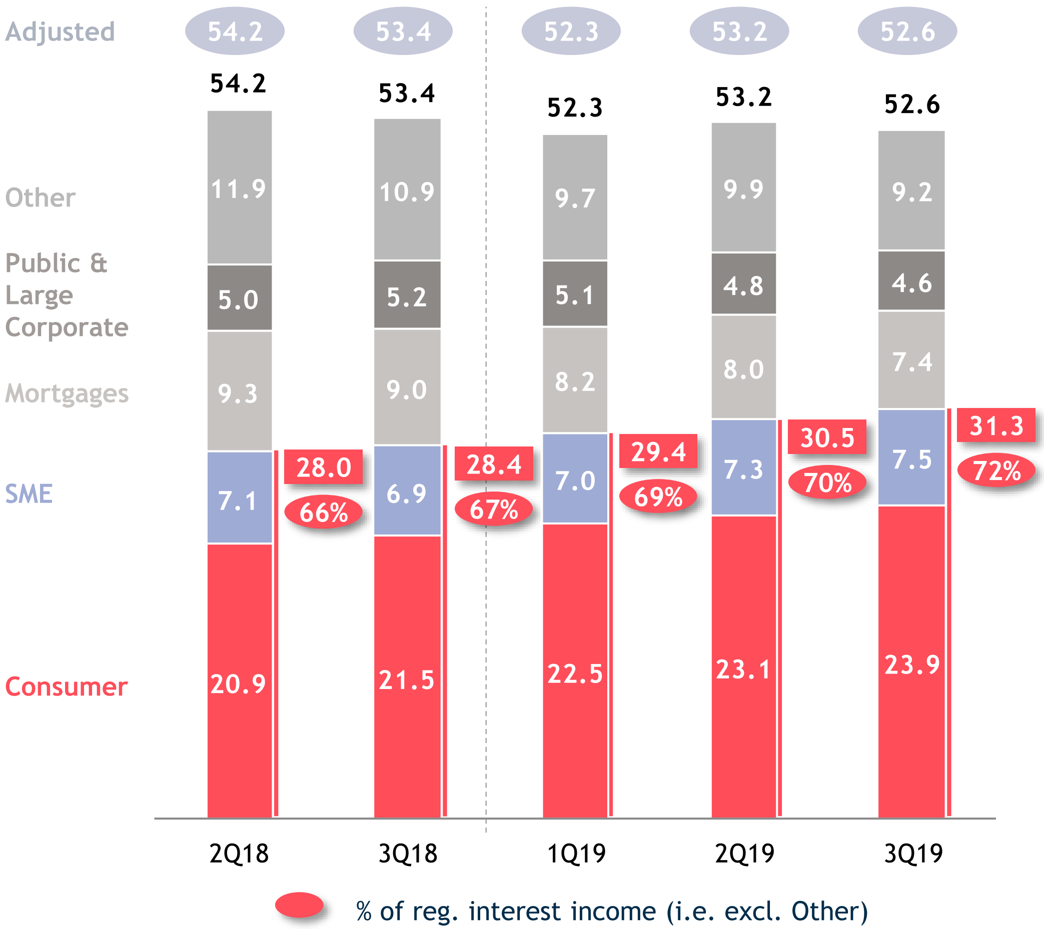


- Improvement in adjusted RoATE (@14.1% CET1) to 7.1% in 3Q19 from 5.3% in 3Q18 (YE18: 4.2%)

Interest Income Dynamics

Interest income by quarter[1]

Reported, €mn



Ongoing growth via shift from maturing loan volumes in non-focus to focus - decrease in non focus interest income compensated with increase in focus during the third quarter 2019

Gross yield by quarter[2]

	2Q18	3Q18	1Q19	2Q19	3Q19
Consumer	7.6%	7.5%	7.5% 7.1% new business	7.4% 7.3% new business	7.3% 7.4% new business
SME	3.3%	3.0%	2.9% 2.9% new business	2.9% 2.9% new business	2.8% 2.8% new business
Public & Large Corporate	2.7%	2.7%	2.7%	2.5%	2.5%
Mortgages	3.9%	3.9%	3.8%	3.9%	3.7%

- Low interest environment marginally reflected in business yields
- New business yields in Consumer increased by 30bps YTD, in SME relatively flat

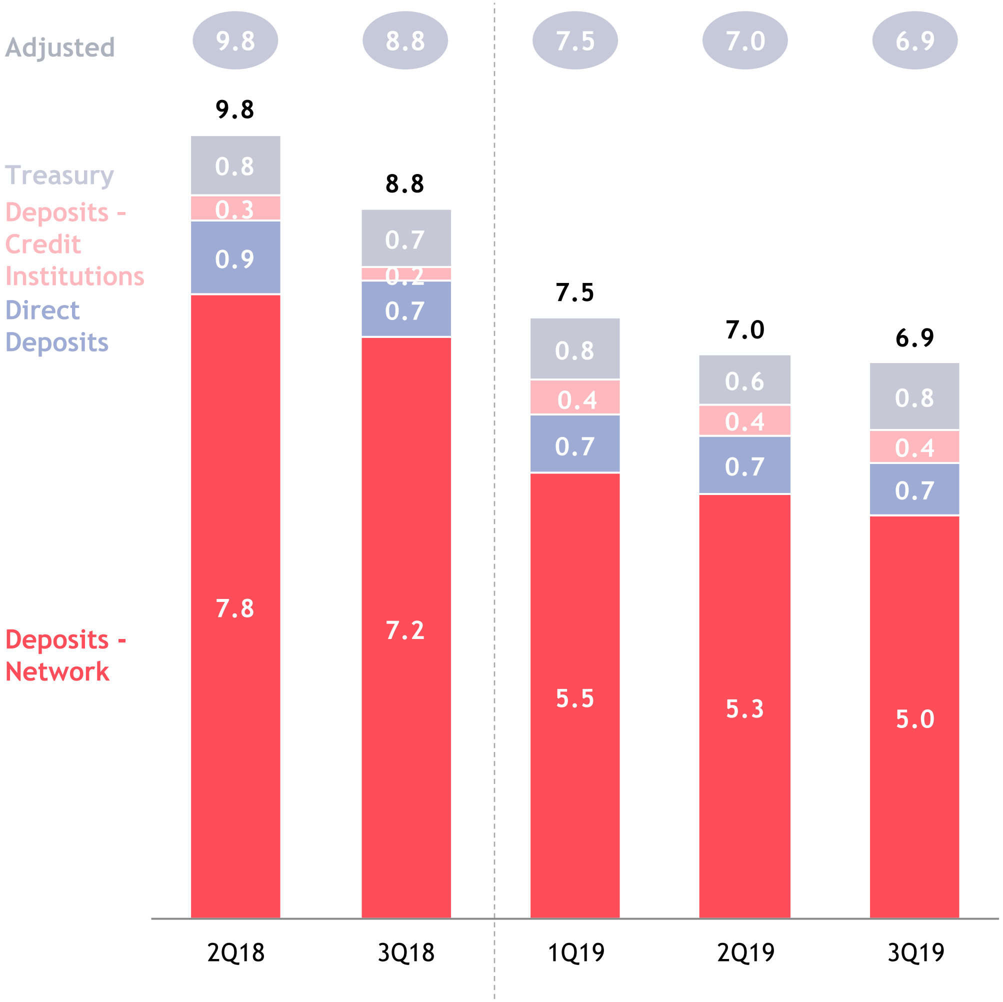
[1] For segments only regular interest income is shown.

[2] The gross yield is calculated as annualised regular interest income divided by the simple average of gross performing loans based on beginning and end of period amounts. New business yields calculated are calculated using daily averages.

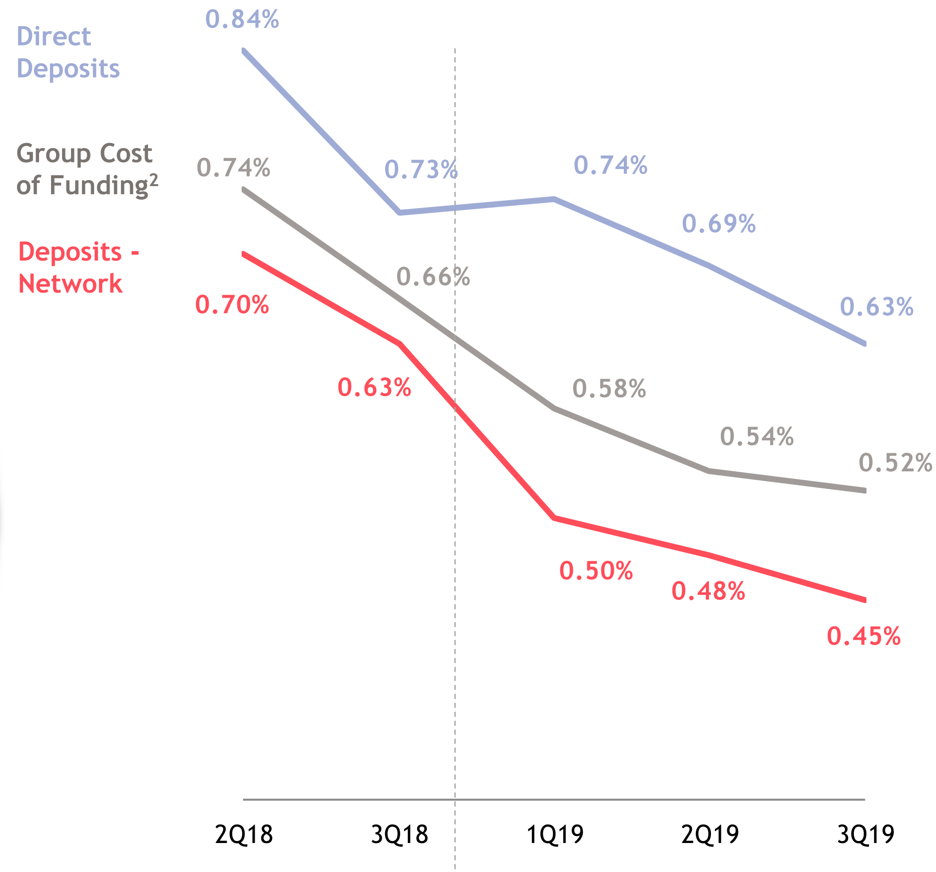
Interest Expense Dynamics

Interest expense by quarter

Reported, €mn



Cost of funding by quarter[1]



Further reduction in deposit costs due to active management of deposit mix – limited increase in financial liabilities to €4,909mn (€4,837mn in 2018)

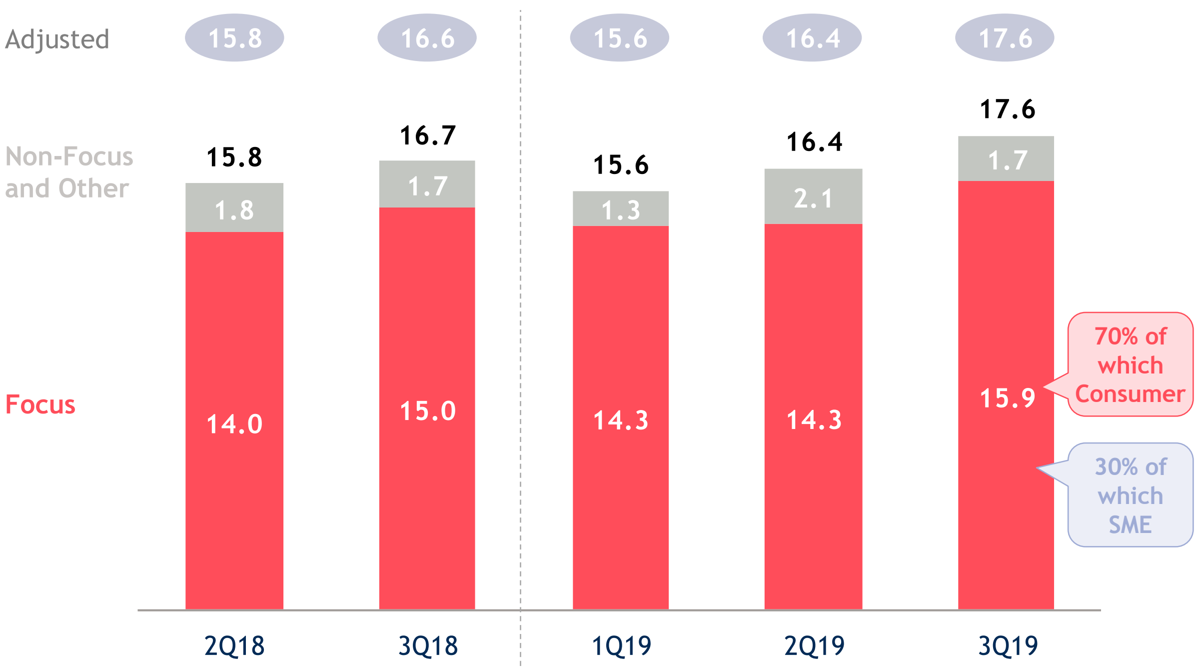
[1] Denominator based on simple average.
[2] Includes customer deposit costs, costs for deposits from credit institutions and Treasury costs.

Commission Income Dynamics

Addiko Bank

Net fee and commission income by quarter

Reported, €mn



Focus

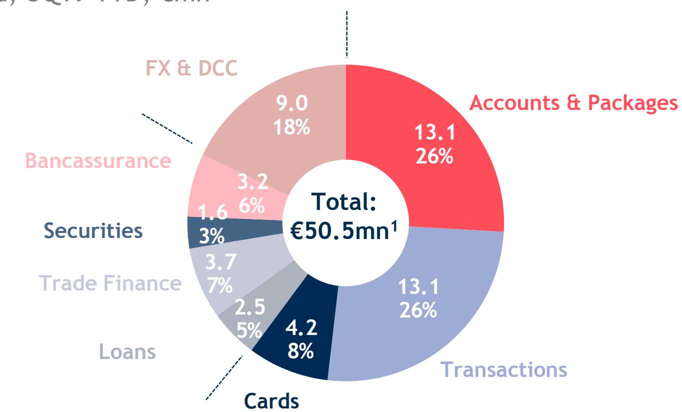
	2Q18	3Q18	1Q19	2Q19	3Q19
Consumer	75.9%	71.7%	72.0%	68.8%	70.6%
SME	24.1%	28.3%	28.0%	31.2%	29.4%

Key highlights

- ***Increase:*** reported net fee and commission income has increased by 7.9% YTD vs. prior year, 3Q19 (QTD) up 7.6% vs. 2Q19 (QTD)
- ***Additional fee income:*** bancassurance and account packages, digital guarantee and trade finance in SME to drive more fee income
- ***Contribution from focus:*** Consumer and SME segments account for c. 90% of net fee and commission income
- ***Products:*** accounts and packages and transactions have the largest shares, each contributing 26% to group total; FX DCCC strong in third quarter 2019

By product type

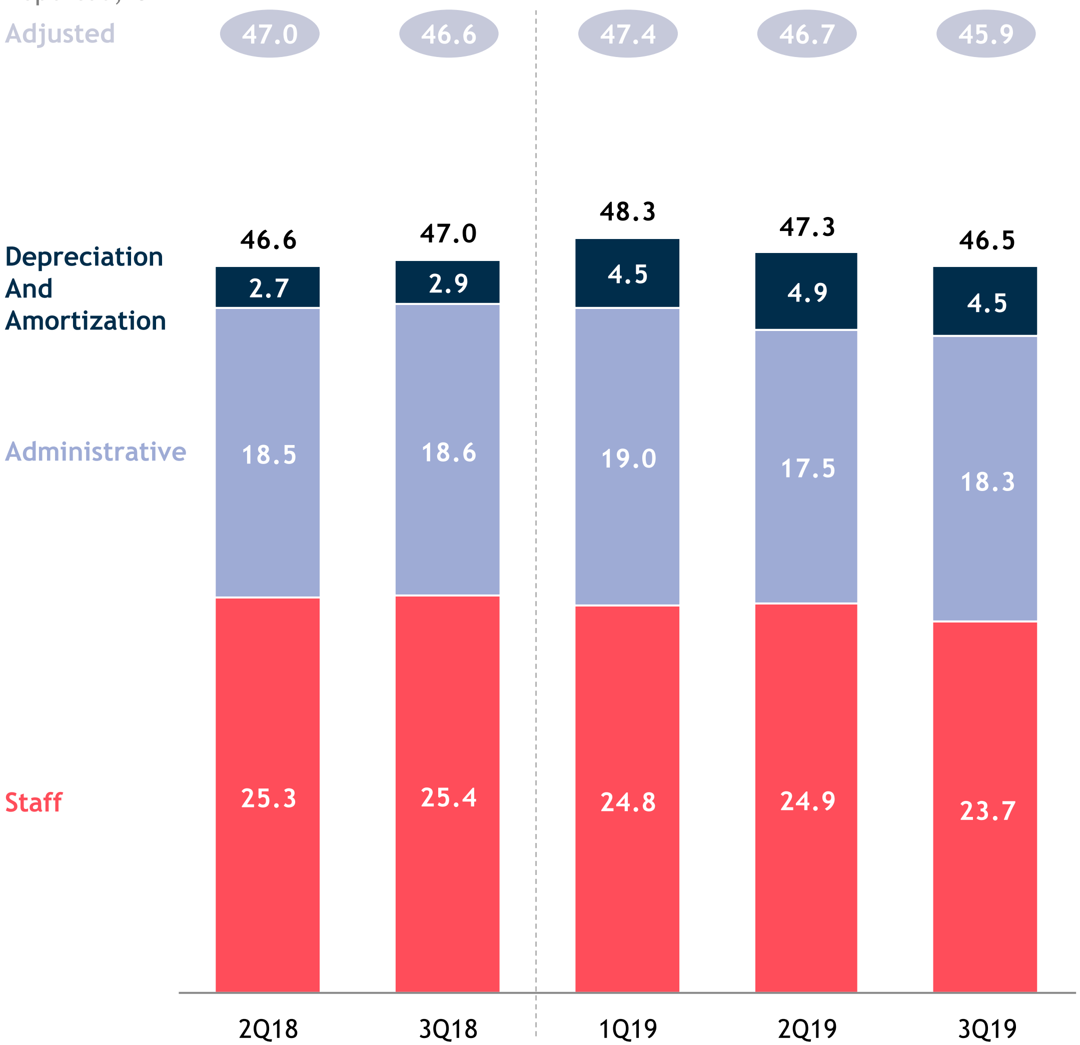
Reported, 3Q19 YTD, €mn



[1] Excludes €0.9mn of negative contribution from "other"

Operating expenses development by quarter

Reported, €mn



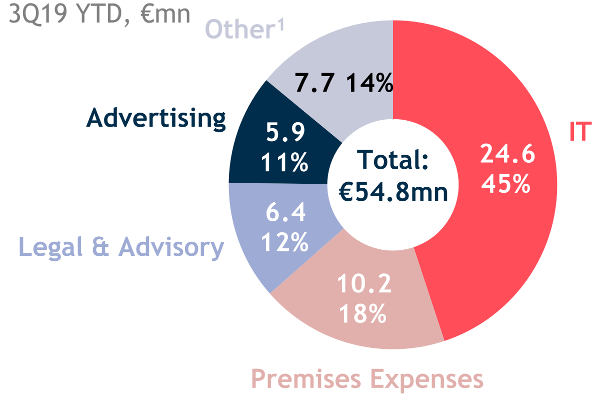
- ***IFRS 16:*** increase in depreciation and amortization in 2019 mainly due to the first-time implementation of the new leasing standard under IFRS 16 (corresponding decrease in admin/rental expenses)

- ***Standardisation and digitalisation:*** focus on standardisation and digitalisation will continue to drive cost improvements year over year - partially re-invested in IT

- ***Trend & outlook:***
  - *a*nnounced cost optimization initiative with reduction of 180 FTEs and 8 branches well on track
  - further optimization potentials in assessment

Administrative expenses

Reported, 3Q19 YTD, €mn

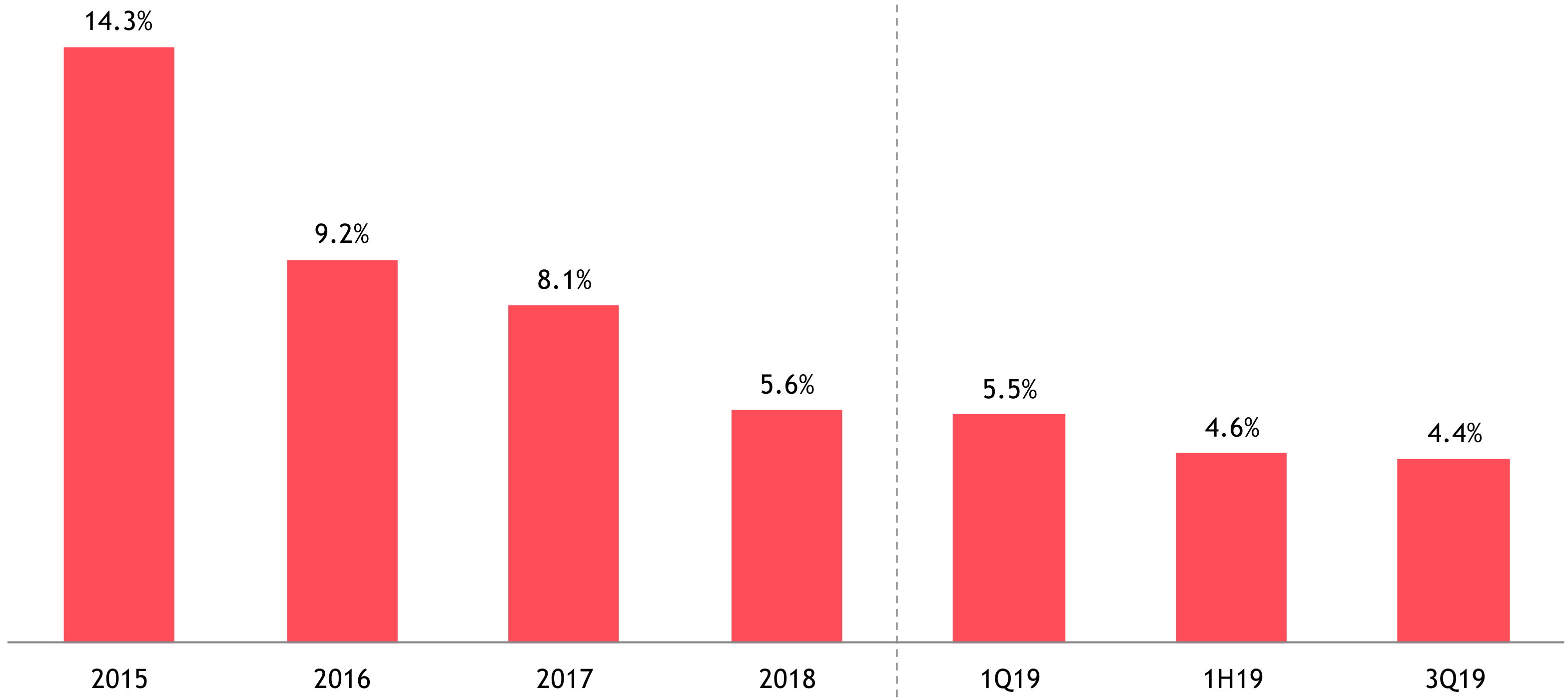


[1] Includes vehicle expenses, travel expenses, education expenses, expenses for legal form, other insurance and other.

Decreasing non-performing loan portfolio (YTD)

	2015	2016	2017	2018	1Q19	1H19	3Q19
NPE Volumes, €mn	1,229	761	606	404	393	329	317
NPE Coverage Ratio[1] (Ex-Collateral)	61.7%	67.5%	67.0%	75.4%	75.8%	73.2%	75.3%

NPE Ratio[2]

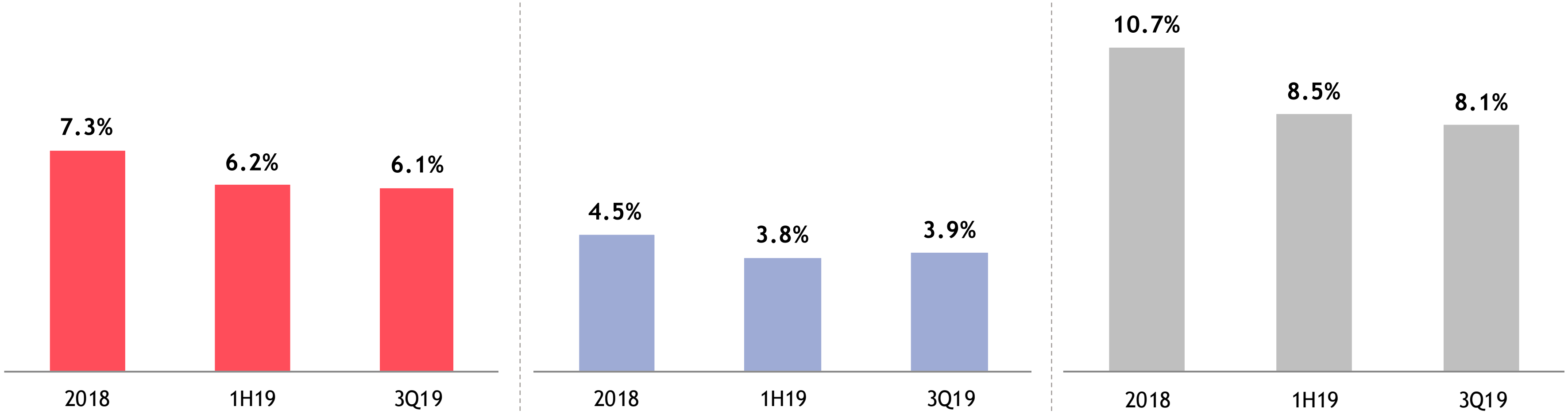


	2015	2016	2017	2018	1Q19	1H19	3Q19
NPE Ratio Under New Risk Framework[3]	NM	1.6%	1.3%	1.4%	1.5%	1.6%	1.8%

[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure. [3] Calculated as non-performing exposure (new risk framework) divided by total credit risk exposure (new risk framework). Total exposure under the new risk framework amounts to €5.4bn as of 2018. Previous risk framework includes all clients where no new risk decision / approval was done afterJan-2016 - all clients which were NPE or forborne on Jan-2016 and stayed NPE since then (even if any approval was done during restructuring).

YTD Update on NPE and Cost of Risk Development

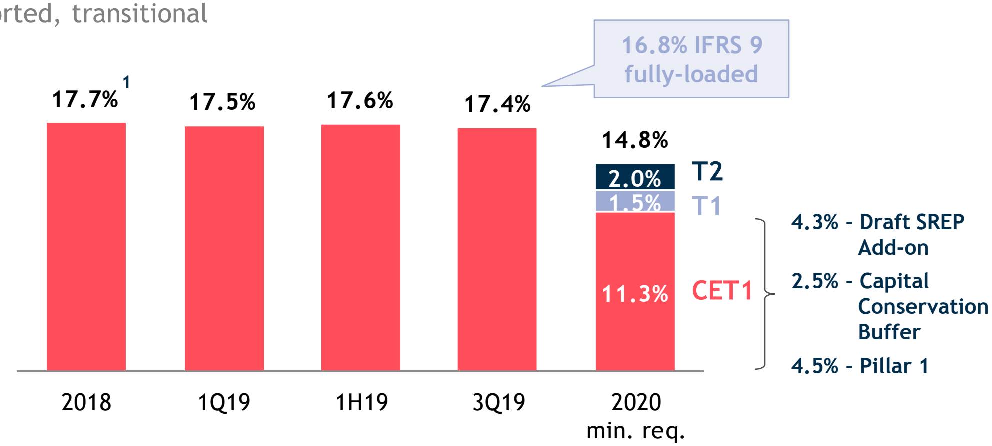
	Focus						Non-Focus[3]		
	Consumer €mn			SME €mn			€mn		
	2018	1H19	3Q19	2018	1H19	3Q19	2018	1H19	3Q19
NPE Coverage Ratio (Excl. Collateral)[1]	91.1%	91.3%	92.0%	63.7%	63.8%	67.2%	71.9%	67.2%	69.0%
NPE Ratio[2]	7.3%	6.2%	6.1%	4.5%	3.8%	3.9%	10.7%	8.5%	8.1%
Total NPE	*104*	*91*	*92*	*71*	*64*	*68*	*230*	*175*	*157*
Credit Risk Exposure	*1,415*	*1,476*	*1,514*	*1,559*	*1,693*	*1,742*	*2,146*	*2,053*	*1,922*
NPE Ratio - New Risk Framework	*2.6%*	*2.9%*	*3.0%*	*2.0%*	*1.8%*	*2.3%*	*1.2%*	*1.6%*	*1.7%*
Credit Loss Expenses (YTD)	€(9.5)mn *Impairments*	€(9.3)mn *Impairments*	€(17.1)mn *Impairments*	€(7.4)mn *Impairments*	€3.4mn *Releases*	€(1.8)mn *Impairment*	€19.7mn[4] *Releases*	€7.8mn[4] *Releases*	€19.4mn[4] *Releases*



[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure. [3] Excludes Financial Institutions and Corporate Center.
[4] Including releases in Corporate Center (€4.1mn in 2018 and €1.3mn in 1H19, €6.4mn in 3Q19).

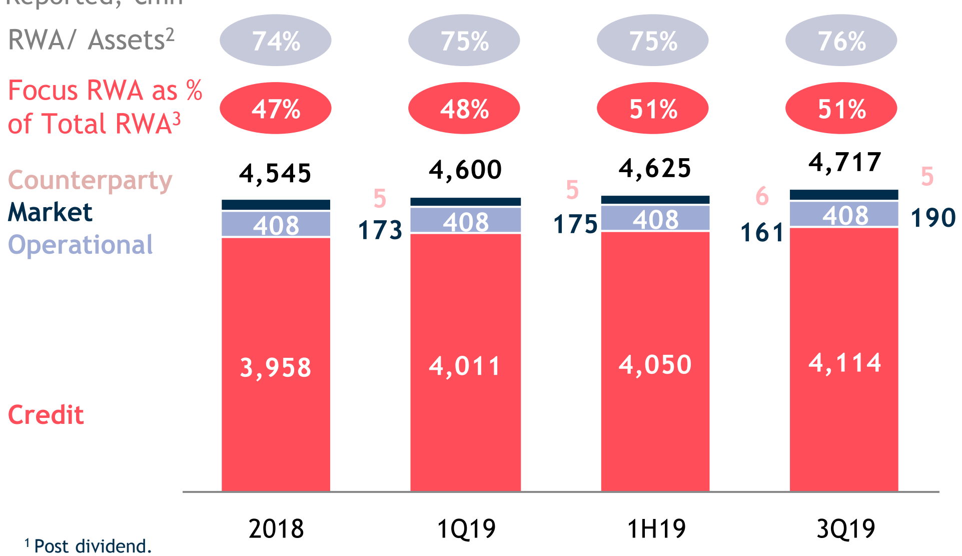
Breakdown of capital position and capital requirements

Reported, transitional



RWA breakdown

Reported, €mn



- Addiko has **significant buffers** above minimum capital requirements
- Draft **SREP for 2020** indicating a Pillar 2 Requirement (P2R) of 4.3% (4.1% for 2019). In addition, a Pillar 2 Guidance (P2G) of 4% is foreseen by the draft decision
- Addiko remains **focused on capital optimization** including issuance of the proposed Tier 2 transaction, following clarity on SREP 2020 and excess capital distribution
- Addiko is currently using the **standardised approach** for its RWA calculation, with most of its RWAs stemming from credit risk
- Overall Basel IV is expected to have a limited impact on Addiko Group, as the Group determines Credit Risk RWAs using the Standardised approach, hence discussions on Internal Rating floors do not apply
- ~60% of loans and receivables in focus have 48% risk weight[3] as of 3Q19

[1] Post dividend.
[2] Calculated as total RWA divided by total assets
[3] Based on segment credit RWA (i.e. excl. operational / market / counterparty RWA). Total RWA excl. Corporate Center.

Focus Unchanged, Business Climate challenges Being Addressed

- *Execution of strategy and loan book shift towards focus in line with expectations*
- *One-offs related to CHF Croatia 3Q19 and Serbia 2Q19 digested*
- *Mid-term targets will be reviewed and communicated with YE2019 financials*
- *Tier 2 issuance deferred, so far, while obtaining clarity on draft SREP 2020*
- *Cost optimization actions accelerated (incl. potential branch structure)*
- *Commitment to pursue dividend distribution out of profit, and excess capital once available*

Additional Information

Overview of Addiko...

- Fully licensed bank with HQ in Austria, focused 100% on Central and South Eastern Europe
- Addiko Bank AG is regulated by the Austrian Financial Market Authority ("FMA")[1]
- "Good Bank" spin-off of the former Hypo Group Alpe Adria
- Transformed into a lean, agile & innovative pan-regional platform focused on growth in Consumer and SME lending
- Listed on the Vienna Stock exchange on July 12th 2019, admitted to ATX Prime on July 15th 2019 (c. 55% free float)

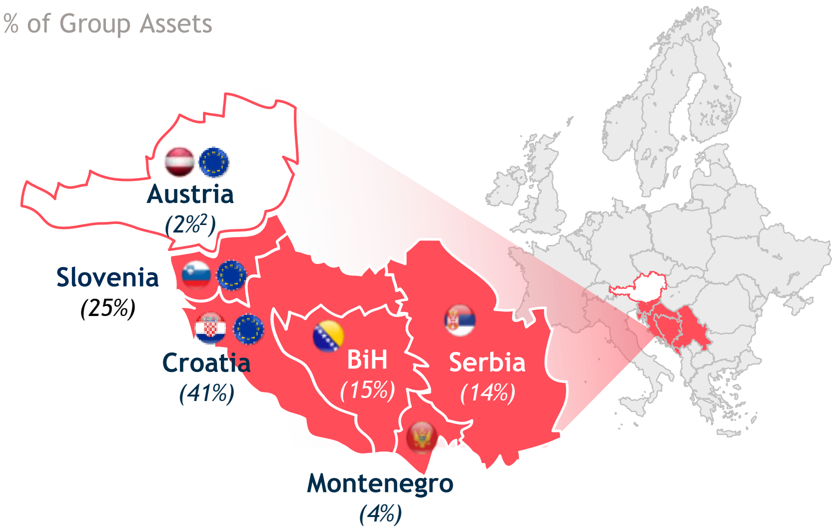
...Repositioned as a focused CSEE specialist lender

Consumer

SME

Operating as one region - one bank

3Q19, % of Group Assets



3Q19

~0.8mn Customers	**195** Branches	**€6.2bn** Total Assets	**68%-32%** EU vs EU accession asset split[3]
€3.9bn Loans and Receivables	**€4.9bn** Customer Deposits	**€857mn** Equity	**ba2** Baseline credit rating issued by Moody's

Source: Company reports, World Bank.
[1] Finanzmarktaufsicht Österreich.
[2] Includes total assets from Holding (€1,337mn) and consolidation/recon. effects of (-€1,220mn).
[3] EU is calculated based on sum of total assets from Slovenia, Croatia and Holding (incl. consolidation). EU accession is calculated based on sum of total assets from Bosnia & Herzegovina, Serbia and Montenegro.

Simple Balance Sheet Composition

Liquid balance sheet
- LCR ratio: 158% (YE18: 150%)

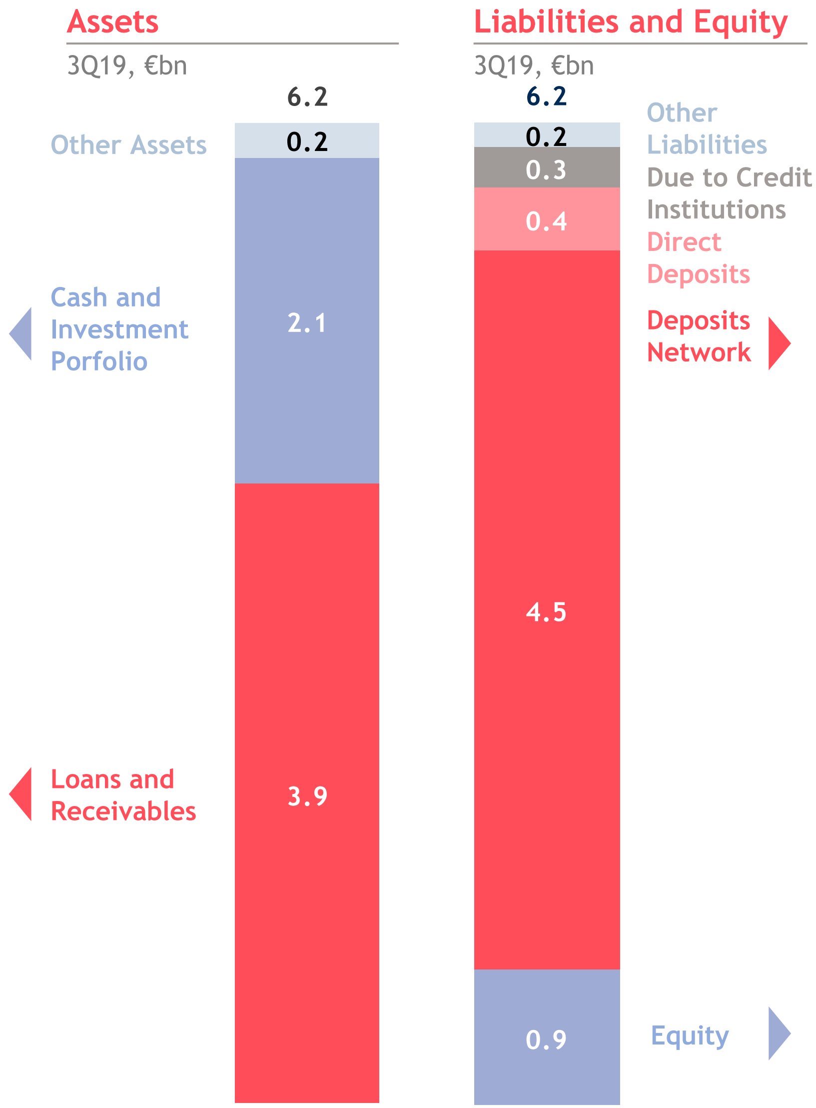
Liquid assets
- €0.9bn of cash
- €1.2bn of investment portfolio

Data as of 3Q19 YTD

Substantially de-risked asset base
- NPE ratio: 4.4% (YE18: 5.6%)

High-provision coverage levels
- 75.3% NPE coverage ratio (YE18: 75.4%)
- 124.0% incl. collateral (YE18: 120.8%)

Data as of 3Q19 YTD



Strong deposit base
- Loan-deposit ratio (customer) : 79.5% (YE18: 78.3%)

Funding surplus[1]: €1.0bn

Data as of 3Q19 YTD

Robust capital base
- 16.8%[2] fully-loaded CET1 ratio (after deduction of the FY18 dividend) vs. 11.1% CET1 requirement and 14.6% total capital requirement

Further optimization via proposed Tier 2 issuance

Data as of 3Q19 YTD

[1] Calculated as difference between deposits of customers and loans and advances to customers. [2] Transitional CET1 ratio amounts to 17.4% as of 3Q19.

Addiko Bank

Key financials (YTD)

Reported, €mn

Group income statement (reported)	3Q18	3Q19
Interest income	160.2	158.1
Interest expense	-32.6	-21.4
Net interest income	**127.6**	**136.7**
Net fee and commission income	46.0	49.6
Net banking income	**173.6**	**186.3**
Other income[1]	61.5	-15.5
Operating income	**235.1**	**170.7**
Operating expenses	**-139.9**	**-142.1**
Operating result	**95.2**	**28.7**
Credit loss expenses on financial assets	4.6	0.5
Result before tax	**99.8**	**29.2**
Tax on income	-3.4	-5.8
Result after tax	**96.4**	**23.4**

Group balance sheet	3Q18	3Q19
Net customer loans	3,776.4	3,904.2
Total assets	6,243.9	6,181.8
Customer deposits	4,959.9	4,908.9
Shareholders' equity	853.9	856.7

Key ratios	3Q18	3Q19
NIM	268	296
Cost/income ratio	81%	76%
Cost of risk (not annualised)	0.1%	0.0%
RoATE	15.6%	3.8%
Loan-deposit ratio (customer)	76%	80%
CET1 ratio (transitional)	16.37%	17.37%
Total capital ratio (transitional)	16.37%	17.37%

Comments

As a result of the transformation, the following adjustments need to be made:

1. T2 expenses and waiver impact (1Q18)
2. CHF conversion Serbia (law enacted in 2Q19)
3. Provisions related to CHF legal matters in Croatia in 2019 (2Q19 and 3Q19)
4. Restructuring costs related to optimization initiatives in 2019
5. Releases in legal provisions related to solved legal cases (active settlement strategy)
6. Capital Market readiness (IPO) costs
7. Risk allocation related to legacy corporate exposures which would not have been approved according New Risk Framework as defined in 2016
8. DTA recognition

Other (non-transformational) one-offs are still included in adjusted results

[1] Includes net result on financial instruments and other operating result.

Key Financials 3Q19 - Adjusted

Addiko Bank

Key financials (YTD)

Adjusted, €mn

Group income statement (adjusted)	3Q18	3Q19
Interest income	160.2	158.1
Interest expense	-29.0	-21.4
Net interest income	**131.2**	**136.7**
Net fee and commission income	46.0	49.6
Net banking income	**177.2**	**186.3**
Other income[1]	-3.2	-3.9
Operating income	**174.0**	**182.4**
Operating expenses	**-140.2**	**-140.1**
Operating result	**33.8**	**42.3**
Credit loss expenses on financial assets	5.1	5.6
Result before tax	**39.0**	**47.9**
Tax on income	-11.5	-8.3
Result after tax	**27.4**	**39.6**

Group balance sheet	3Q18	3Q19
Net customer loans	3,776.4	3,904.2
Total assets	6,243.9	6,181.8
Customer deposits	4,959.9	4,908.9
Shareholders' equity	853.9	856.7

Key ratios	3Q18	3Q19
NIM	276	296
Cost/income ratio	79%	75%
Cost of risk (not annualised)[2]	0.1%	0.1%
RoATE	4.4%	6.4%
RoATE (@14.1% CET1)	5.3%	7.1%
Loan-deposit ratio (customer)	76%	80%
CET1 ratio (transitional)	16.37%	17.37%
Total capital ratio (transitional)	16.37%	17.37%

[1] Includes net result on financial instruments and other operating result.
[2] Calculated over net loans

Key highlights

- ***Interest income:*** relatively stable mainly due to an increase in interest income in Consumer and SME (€8.2mn) compensating decrease in non-focus (€-5.1mn). Slight decline in our overall interest income related to:
  - A one-off in 3Q18 related to a termination fee from a large public entity of €0.6mn accounted for as interest like income and
  - Reduced interest income from NPEs (down €2.5mn vs. 3Q18) as a consequence from continued reduction of NPEs in the third quarter
  - Lower yields on the bond portfolio reflecting current situation on the market (continued negative interest environment)

- ***Interest expense:*** decrease mainly due to active re-pricing (-18bps) and shift of higher-yield term deposits to lower-yield current deposits (impact of €4.3mn) despite increase in deposits

- ***Net fee and commission income:*** increase of €3.6mn mainly due to bancassurance, transactions and roll-out of further functionalities for guarantee and trade finance products in SME

- ***Other income:*** includes gains from sale of financial instruments (OCI) but influenced by IT impairments

- ***Operating expenses:*** relatively flat due to strict monitoring and initiated cost efficiency programs executed

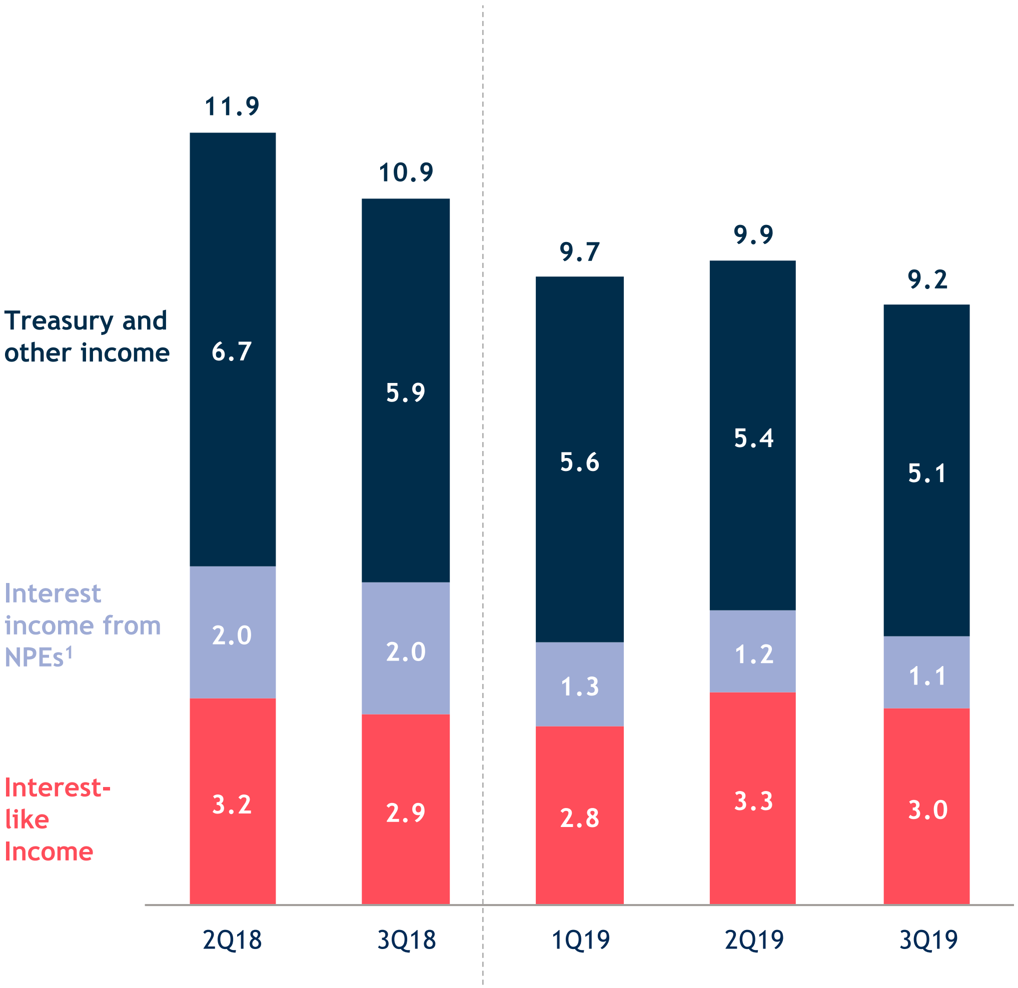
- ***Credit loss expenses on financial assets:*** provisioning in Consumer (€15.5mn) compensated by releases in non-focus areas

- **Capital ratios** improved by 1% YoY excluding profits or dividends

Improvement in adjusted RoATE (@14.1% CET1) to 7.1% in 3Q19 from 5.3% in 3Q18 (YE18: 4.2%)

Other interest income by quarter

Reported, €mn



- ***Treasury and other income:*** stable development continuously decreasing due to the overall yield environment and the plain vanilla bond portfolio (c. 90% with investment grade ratings, since Croatia was upgraded by S&P and Fitch)

- ***Interest income from NPEs:*** lower interest income mainly due to successful reduction in NPEs

- ***Interest like income** (i.e. fees accrued over the lifetime of the loan)**:*** similar level to 3Q18, 2Q19 influenced by conversion of CHF loans (non-focus) in Serbia

[1] Interest income from NPEs referred to as "unwinding" in reporting in previous periods

Other Income

Other income breakdown (YTD)

€mn

	3Q18	3Q19
Deposit guarantee	(6.7)	(6.8)
Bank levies and other taxes	(2.6)	(2.9)
1 Recovery and Resolution Fund	(2.4)	(1.3)
2 Restructuring	(1.3)	(2.3)
3 Legal provisions (net)	3.5	(9.6)
Impairments non-financial assets (net)	(1.1)	(0.8)
Other	1.2	(1.2)
Other operating result	(9.4)	(24.9)
Net result on financial instruments	70.9	9.3
Other income (reported)	**61.4**	**(15.6)**
4 Adjustments	(64.7)	11.7
Other income (adjusted)	**(3.2)**	**(3.9)**

1 ***Recovery and Resolution Fund:*** decrease in the upfront booking of the full year impact for recovery and resolution fund

2 ***Restructuring:*** increase to €2.3m mainly related to restructuring costs for back-office FTE optimization and planned branch closures

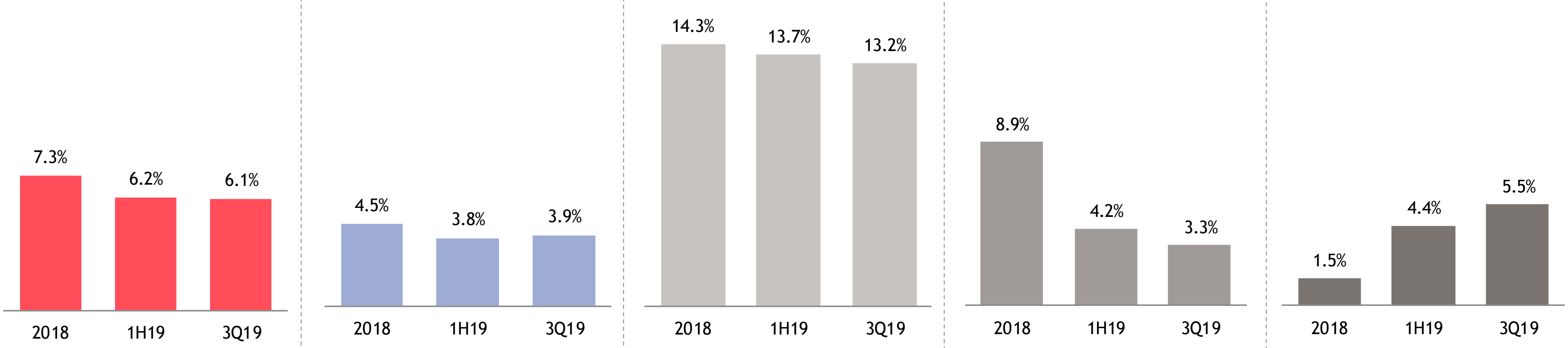
3 ***Legal provisions:*** higher provisions mainly due to legal claims from CHF clients in Croatia not having converted as a consequence of the law (including recent ruling by the Supreme Court of Croatia on CHF)

4 ***Adjustments:*** mainly related to transformational one-offs resulting from Tier 2 waiver in 1Q18, provision releases for legal cases in 3Q18 as well as CHF clause provision for Croatia and restructuring costs in 2019

Addiko Bank

Consumer | SME | Mortgages | Large Corporates | Public Finance

€mn



Segment	Period	NPE Coverage Ratio[1]	Total NPE	Total Credit Risk Exposure	NPE Ratio - New Risk Framework	Credit Loss Expenses (YTD)
Consumer	2018	91.1%	104	1,415	2.6%	€(9.5)mn Impairments
Consumer	1H19	91.3%	91	1,476	2.9%	€(9.3)mn Impairments
Consumer	3Q19	92.0%	92	1,514	3.0%	€(17.1)mn Impairments
SME	2018	63.7%	71	1,559	2.0%	€(7.4)mn Impairments
SME	1H19	63.8%	64	1,693	1.8%	€3.4mn Releases
SME	3Q19	67.2%	68	1,742	2.3%	€(1.8)mn Impairment
Mortgages	2018	73.6%	145	1,016	2.9%	€9.5mn Releases
Mortgages	1H19	73.6%	127	926	2.8%	€0.8mn Releases
Mortgages	3Q19	73.5%	118	889	2.7%	€5.7mn Releases
Large Corporates	2018	70.1%	81	907	0.4%	€3.6mn Releases
Large Corporates	1H19	44.4%	38	912	1.2%	€5.2mn Releases
Large Corporates	3Q19	48.8%	27	819	1.4%	€6.0mn Releases
Public Finance	2018	42.0%	3	223	0.0%	€2.4mn Releases
Public Finance	1H19	74.1%	9	215	0.0%	€0.5mn Releases
Public Finance	3Q19	70.5%	12	215	0.0%	€1.2mn Releases

[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure.

3Q19 YTD (€mn, IFRS, reported)	Addiko Bank d.d., Zagreb	Addiko Bank d.d., Ljubljana	Addiko Bank d.d., Banja Luka	Addiko Bank a.d., Sarajevo	Addiko Bank a.d., Beograd	Addiko Bank A.D., Podgorica
Macro (2018)						
GDP / Capita (€ at PPP)	18.4	25.2	9.3	9.3	11.7	13.9
Population (mn)	4.2	2.1	3.5	3.5	7.0	0.6
Country Rating (S&P/M/F)[1]	BBB-/Ba2/BB+	A+/Baa1/A-	B/B3/NR	B/B3/NR	BB/Ba3/BB	B+/B1/NR
P&L						
Net interest income	48.7	30.4	9.4	10.6	23.2	8.4
Net commission income	22.8	8.1	4.6	4.8	8.0	1.6
Other income	(6.2)	(0.8)	(0.3)	(0.1)	(1.1)	(0.9)
Total income	65.3	37.7	13.7	15.2	30.1	9.1
Operating expenses	(41.2)	(20.1)	(10.6)	(12.0)	(21.7)	(5.9)
Operating profit	24.1	17.6	3.0	3.3	8.3	3.2
Change in credit loss expenses	(2.8)	1.1	0.3	1.4	(3.4)	0.5
Result before tax	21.3	18.7	3.3	4.7	4.9	3.7
Key Ratios						
Net interest margin	2.6%	2.6%	3.0%	3.0%	3.6%	4.7%
Cost / income ratio	57.7%	52.2%	76.0%	78.0%	69.6%	58.7%
Loan-deposit ratio[2]	68.2%	101.1%	87.0%	76.5%	99.4%	96.5%
NPE ratio (CRB based)	7.5%	2.1%	11.4%	11.6%	4.2%	7.4%
NPE coverage ratio	70.5%	71.7%	86.3%	85.4%	69.8%	63.0%
Balance Sheet						
Total assets	2,505	1,565	417	484	855	239
Loans and receivables	1,405	1,323	278	275	581	191
o/w gross performing loans	1,359	1,209	278	272	585	194
Financial liabilities at amortised cost	2,062	1,387	332	363	663	213
RWA	1,467	942	314	361	742	175

$\underbrace{\text{Zagreb + Ljubljana}}_{\text{Account for 66\% of Group assets}}$

Source: Company disclosure. Does not include Holding and reconciliation.

[1] Refers to Standard & Poor's, Moody's and Fitch.

[2] Calculated as loans and receivables divided by financial liabilities at amortised cost.

Addiko Bank

Detailed balance sheet overview (YTD)

Reported, €mn

	2016	2017	2018	3Q18	3Q19
Liquid Assets	3,287.6	2,582.5	2,211.8	2,261.7	2,083.6
Cash reserves	1,878.2	1,285.9	1,002.9	1,029.2	915.6
Investment Portfolio	1,409.4	1,296.6	1,208.9	1,232.5	1,168.0
Financial assets held for trading	17.4	19.8	24.3	27.9	24.1
Investment securities	1,391.9[1]	1,276.8[1]	1,184.6	1,204.6	1,143.9
Loans and receivables	3,779.9	3,757.2	3,792.9	3,836.8	3,913.7
Loans and receivables to credit institutions	49.4	65.3	5.6	60.4	9.5
Loans and receivables to customers	3,730.5	3,691.9	3,787.3	3,776.4	3,904.2
Derivatives – hedge accounting	0.1	0.1	-	-	-
Tangible assets	70.4	57.3	57.7	56.2	86.5
Property, plant & equipment	67.9	55.3	55.7	54.2	84.1
Investment properties	2.5	2.0	2.0	2.0	2.4
Intangible assets	17.3	21.8	30.3	28.8	32.2
Tax Assets	2.6	22.3	28.3	23.8	21.3
Current tax assets	2.6	1.6	1.7	1.7	1.7
Deferred tax assets	-	20.6	26.6	22.1	19.7
Other assets	18.9	24.8	25.5	30.6	37.9
Non-current assets and disposal groups classified as held for sale	39.3	19.5	5.7	5.9	6.5
Total assets	**7,216.1**	**6,485.5**	**6,152.1**	**6,243.9**	**6,181.8**
Deposits from credit institutions	316.0	341.6	324.4	291.0	254.4
Deposits from customers	4,435.6	4,933.8	4,836.7	4,959.9	4,908.9
Issued bonds, subordinated and supplementary capital	73.5	198.5	1.1	1.1	0.1
Other financial liabilities	1,215.3	47.3	40.3	35.5	55.4
Financial liabilities measured at amortized cost	**6,040.4**	**5,521.2**	**5,202.5**	**5,287.5**	**5,218.8**
Financial liabilities at fair value through profit or loss	25.0	-	-	-	-
Financial liabilities held for trading	9.1	1.8	2.1	1.0	7.8
Derivatives – hedge accounting	6.9	-	-	-	-
Total interest bearing liabilities	**6,081.4**	**5,523.0**	**5,204.6**	**5,288.5**	**5,226.6**
Provisions	107.8	83.3	62.0	71.7	67.6
Tax liabilities	1.4	1.3	1.0	2.2	0.1
Current tax liabilities	1.0	0.9	0.9	1.9	-
Deferred tax liabilities	0.5	0.5	0.1	0.3	0.1
Other liabilities	28.1	33.8	25.1	27.7	30.7
Liabilities included in disposal groups classified as held for sale	2.7	-	-	-	-
Total liabilities	**6,221.4**	**5,641.5**	**5,292.5**	**5,390.1**	**5,325.1**
Total shareholders' equity	**994.7**	**844.0**	**859.5**	**853.9**	**856.7**
Total liabilities and shareholders' equity	**7,216.1**	**6,485.5**	**6,152.1**	**6,243.9**	**6,181.8**

[1] The line item "Investment securities" was introduced in the Audited Consolidated Financial Statements as of and for the financial year 2018, due to introduction of IFRS 9. The position includes also the IAS 39 positions "available-for-sale financial assets "and "held-to-maturity investments" as presented in the Audited Consolidated Financial Statements for the financial years 2016 and 2017.

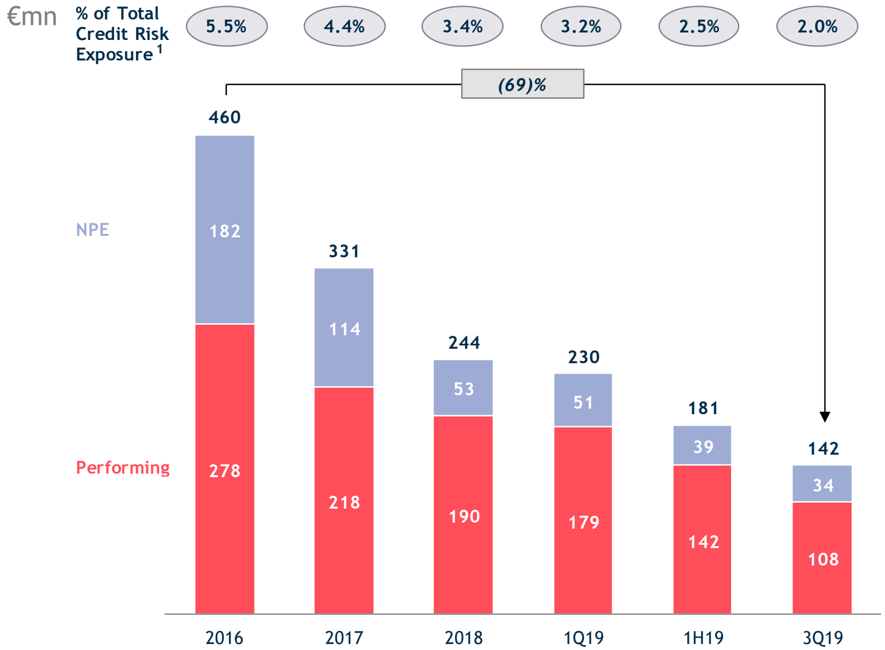
Detailed income statement overview (YTD)

Reported, €mn

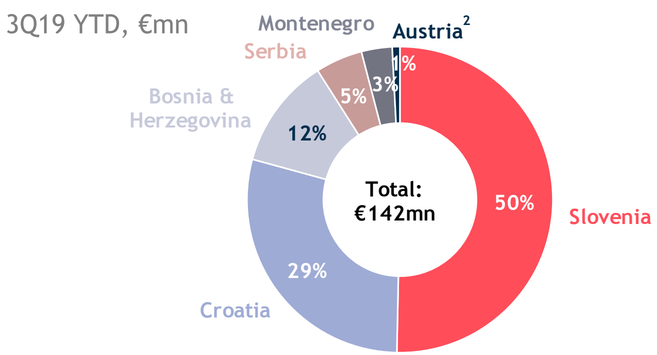
	2016	2017	2018	3Q18	3Q19
Interest income calculated using the effective interest method	232.2	226.0	209.6	157.0	155.5
Other interest income	6.0	8.3	4.2	3.2	2.5
Interest expense	(79.4)	(68.9)	(40.7)	(32.6)	(21.4)
Net interest income	**158.8**	**165.3**	**173.2**	**127.6**	**136.7**
Fee and commission income	62.0	71.3	76.5	56.5	61.4
Fee and commission expense	(12.0)	(12.8)	(14.1)	(10.5)	(11.7)
Net fee and commission income	**50.0**	**58.5**	**62.4**	**46.0**	**49.6**
Net result on financial instruments	20.3	9.7	70.0	70.9	9.3
Other operating income	29.6	27.4	19.1	18.0	9.6
Other operating expenses	(71.6)	(34.0)	(35.7)	(27.5)	(34.5)
Operating result	**187.0**	**226.9**	**289.0**	**235.1**	**170.7**
Personnel expenses	(99.8)	(97.4)	(99.4)	(75.1)	(73.4)
Other administrative expenses	(93.1)	(80.9)	(78.0)	(56.4)	(54.8)
Depreciation and amortization	(19.5)	(11.7)	(10.7)	(8.3)	(13.9)
Operating expenses	**(212.4)**	**(190.1)**	**(188.1)**	**(139.9)**	**(142.1)**
Operating result before change in credit loss expense	**(25.4)**	**36.9**	**100.9**	**95.2**	**28.7**
Credit loss expenses on financial assets	4.4	(15.1)	2.8	4.6	0.5
Result before tax	**(21.0)**	**21.8**	**103.7**	**99.8**	**29.2**
Taxes on income	(2.9)	19.9	0.5	(3.4)	(5.8)
Result after tax	**(23.9)**	**41.6**	**104.2**	**96.4**	**23.4**

CHF Loans Significantly Managed Down

CHF portfolio overview



CHF credit risk exposure by countries



CHF conversion across countries

Slovenia	National Council adopted resolution to prepare legislation initiative on the protection of consumers on CHF loans in Apr-2019 - Legal Service of Slovenian parliament published a negative opinion to the initiative, questioning the constitutionality of such law and sees violation of European laws. The Legal Service of the Slovenian parliament published a negative opinion to the initiative, questioning the constitutionality of such law and sees violation of European laws. On 8 October 2019 such proposed draft law was rejected by the Finance Committee of the Slovenian Parliament.
Croatia	Conversion Law enacted in September 2015. Ruling by the Supreme Court of Croatia published on 17 September 2019 declaring F/X clauses in CHF loans as null and void. The management reflected a provision of €8.7mn in 3Q19 results.
Serbia	Law enacted end of April-2019.
Bosnia & Herzegovina	The conversion law draft was voted down by parliament in October 2017 in favour of a widely accepted voluntary offer.
Montenegro	Law on conversion of CHF loans enacted on Jul-2015 and amended Sep-2016.

[1] Calculated as total CHF credit risk exposure divided by total credit risk exposure of Addiko Group.
[2] Reflects Holding's short term balance related to hedging CHF exposures for Addiko subsidiaries

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VIENNA, NOVEMBER 2019